

1<sup>st</sup> February 2016

**AGENDA ITEM**

**COMBINED AUTHORITY TRANSPORT LEVY & SYPTE BUDGET 2016/17**

**Summary**

- This paper represents the latest draft iteration of the forthcoming report to CA leaders on the proposed transport levy for 2016/17
- The CA is required to agree a transport levy each year with the levied South Yorkshire districts
- This levy funds the transport activities of the CA, principally through resourcing the grant paid to the South Yorkshire Passenger Transport Executive (SYPTE)
- To meet statutory timetables, the levy will need to be agreed at the 2<sup>nd</sup> February CA leaders' meeting
- Reflecting resource pressures across local government, the South Yorkshire Local Authorities have asked the CA and PTE to draw up proposals to reduce the levy by 10% on the 2015/16 figure
- This paper proposes a mixture of policy choices, efficiency savings, and special capital financing measures, to reach a 10% reduced levy of £60.5m for 2016/17

**1. Issue**

- 1.1. Each year the Combined Authority (CA) (and previously the Integrated Transport Authority) negotiates a levy on the South Yorkshire Local Authorities to fund its transport activity.
- 1.2. To meet statutory requirements, the levy will need to be approved by CA leaders at the 1st February meeting. By law the levy must be set on or before the 15<sup>th</sup> February.

- 1.3. The levy principally goes towards resourcing a grant paid by the CA to South Yorkshire Passenger Transport Executive (SYLTE). SYLTE provides the operational public transport arm serving the CA and the funding Local Authorities. The levy also resources the CA's own transport related administration costs and its inherited debt charges.
- 1.4. To determine the levy requirement, both SYLTE and the CA develop revenue budget projections to identify all expenditure, and other sources of income. The balance between total expenditure and income generated is the levy requirement.
- 1.5. Each year SYLTE and the CA will have pressures arising from service demand and price inflation. SYLTE and the CA may also have pressures relating to decreased income generation.
- 1.6. SYLTE/CA also need to consider the pressures faced by the funding Local Authorities. As the levy is negotiated rather than imposed, there is a need for close working with the Local Authorities to determine what is affordable.
- 1.7. For the forthcoming 2016/17 financial year, the Local Authorities have asked for options to be modelled for a reduction on the levy of 10%.
- 1.8. This paper delivers a proposal on how to achieve a levy that meets this reduction.
- 1.9. To facilitate expenditure reductions, a blend of policy choices and operating efficiency changes are proposed.
- 1.10. To bridge the gap from these measures and the target 10% reduction, officers propose to deploy a significant amount of revenue reserves held at the CA and SYLTE.
- 1.11. The proposals in this budget see the levy supported by £7.4m of reserves. This represents 53% of all the savings required to meet the 10% levy reduction.
- 1.12. Using reserves in this manner is not usually sustainable. Much work, however, has been completed in collaboration with regional finance teams to ensure that the one-off flexibilities garnered from the award of the capital grant can be used to hold the levy at the proposed 16/17 level into the future.
- 1.13. This is only achievable because of falling costs at SYLTE as expensive loans are repaid. Use of reserves over and above the level proposed would result in future levy hikes that could not under current forecasts be offset.

## 2. **Recommendations**

- 2.1. Agree the proposed levy of £60.5m;
- 2.2. Note that this levy is supported by £7.4m of reserves, representing 53% of all the savings required to achieve the 10% reduction;

2.3. Note that this proposed levy is contingent on the implementation of the policy choices referred to in this document, including the 10p increase on child concessionary fares.

### **3. Background Information**

#### **3.1. The CA Budget and the Transport Levy**

**3.2.** The CA revenue budget can be split into two component parts: the transport budget to support South Yorkshire (SY) activity; and the wider CA/LEP city region wide economic development budget.

**3.3.** It is proposed to approve and report on the two component budgets separately. This will aid transparency, and recognises that the transport budget is a SY, rather than City Region, concern.

**3.4.** This paper principally deals with the transport budget that will determine the levy on the SY Local Authorities. This budget funds strategic transport planning, and supports the delivery of affordable and accessible public transport to meet South Yorkshire's needs through access to education, training, jobs and essential services.

**3.5.** The transport budget consists of revenue income and expenditure. Expenditure is principally related to the grant paid to SYPTE, but also includes the CA's debt costs (provisions for repayment and interest) and administration charges.

**3.6.** SYPTE provide the operational public transport arm to deliver the CA's transport activity in South Yorkshire. Their role is to encourage the use of public transport throughout South Yorkshire and to promote the public transport network.

**3.7.** The funding received by SYPTE supports concessionary travel, community transport, bus services which are not commercially provided by bus operators, information provision, customer assistance, interchange operations, provision and maintenance of bus stops, and tram services.

**3.8.** CA transport income is generated from returns on cash investments.

**3.9.** The balance between total expenditure and income becomes the levy requirement. Accordingly, to reduce the levy – as has been requested by the Local Authorities – the CA and SYPTE must work together to reduce expenditure and/or raise income.

**3.10.** The CA/SYPTE can also look at other special measures, such as releasing reserves. However, it should be noted that such measures are rarely sustainable and so represent only short-term solutions.

#### **3.11. The Budget Challenge**

**3.12.** In 2015/16 the CA revenue budget was supported by a levy on the SY Local Authorities of £68.381m. This allowed the CA to grant SYPTE £66.6m to meet its operational costs. This position was supported by a draw on the CA's reserves of £5.2m, and a draw on SYPTE's reserves of £2.2m.

- 3.13.** These reserves were only available due to the award of the £72.9m capital grant from the CA to SYPTE in 2014/15.
- 3.14.** This grant award allowed for a £39.7m underspend to be accrued at the CA level in 2014/15 which was carried to reserves, and the accrual of a £33.2m reserve at SYPTE. The reserve at SYPTE is held to be released against depreciation charges which would otherwise be a cost to the levy.
- 3.15.** These reserves deliver significant flexibility. They are, however, the result of a one-off piece of innovative intra-group activity that is unlikely to be repeated. It is essential then that these reserves are used in a sustainable manner to support pressures on the levy and partners in a prudent manner.
- 3.16.** Reflecting the significant budget pressures local authorities are facing, the SY Local Authorities have requested a 10% reduction on the levy. Based on the 2015/16 figure (£68,381), this represents a reduction in funding to the CA of £6,838k.
- 3.17.** Accordingly, the CA has an initial pressure of £6,838k but it must also consider its other opening pressures. As the 2015/16 levy was supported by a “one off” £5.2m draw on CA reserves and £2.2m of SYPTE reserves, this amount too must be found for 2016/17.

<b>Opening pressures:</b>	<b>£'000</b>
Use of reserves (CA)	5,213
Use of reserves (SYPTE)	2,236
Levy reduction	6,838
<b>Total</b>	<b>14,287</b>

- 3.18.** Forward forecasting suggests, however, that the CA’s returns generated from cash held on deposit are likely to improve significantly. This cash is held principally to repay debts as they fall due. The CA fundamentally changed its investment strategy in 2015/16 to lend to on a longer-term to CA partner authorities. This has seen loans advanced to Doncaster, Rotherham, and Sheffield at competitive rates. These loans bring in income for the CA which is then used to support the levy, creating a virtuous cycle.
- 3.19.** Meeting the Budget Challenge
- 3.20.** To meet these net pressures CA finance officers have been working closely with SYPTE officers and regional finance colleagues to find ways to reduce expenditure and/or raise income. As the CA’s principal cost relates to the grant to SYPTE, the majority of the cost reductions will fall there. The work

undertaken by SYPTE is outlined later in this paper, with savings of £5.8m identified from a blend of efficiencies, cost savings, and policy choices.

- 3.21.** The CA, however, can contribute by considering its own costs and its reserves.
- 3.22.** The CA has worked to hold administration costs at their current levels, despite increased costs around insurance and audit fees. These increases have been offset by reductions in subscriptions and other discretionary spend.
- 3.23.** A major piece of work has been conducted in collaboration with regional finance colleagues to consider the use of the reserves created by the award of the capital grant. The CA Section 151 officer set the parameters for this work, with an emphasis on ensuring that the use of reserves was sustainable. This means that we use the reserves to support sustainable reductions in the levy to enable longer-term support to partners where we may otherwise have had to raise the levy.
- 3.24.** The CA's forecast closing balance on revenue reserves stands at around £44m, or 62% of total 15/16 net expenditure. This is a very healthy position but needs to be considered in the context of financial risks, and the one-off situation we find ourselves in following the reserves created from the capital grant.
- 3.25.** The forecast revenue reserves relate to the PFI reserve (c. £4.5m) and the General Fund (c. £39.5m). The PFI reserve is required to meet future unitary charge payments for the Doncaster Interchange. The General Fund reserve relates principally to the revenue underspend created in 14/15 from the capital grant award, but also dividend awarded (but largely unpaid) to the former ITA by its subsidiary property company (£5.8m).
- 3.26.** Risk reviews on the reserves prompt the s151 officer to recommend that there is no draw on the £5.8m element of the General Fund reserve at this stage. As part of the external audit of the statutory accounts, KPMG raised concerns over the ability of the subsidiary property company to actually pay the CA the dividend cash. Such uncertainty could, potentially, lead to a write-down on the dividend which would negate the reserve. Accordingly, it is felt prudent to avoid draws on this element of the reserve.
- 3.27.** It should be noted that a number of reviews of the property company have taken place, and the CA has moved to assert control over the company by appointing directors and a new company secretary. External advice encourages the CA to look to wind the company up and repatriate its assets to the CA. As part of this move the implications on the outstanding debt due to the CA will be resolved.
- 3.28.** Within this context the CA S151 has approved a further release of reserves of £5.4m to support the 2016/17 levy, and supports SYPTE releasing £2m of reserves to offset depreciation. This represents £7.5m of reserve support to help reduce the levy by 10%.
- 3.29.** The levy reduction target will be achieved as follows:

Item	£'000	%
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<b>Pressures 2015/16</b>	<b>14,287</b>	
Reduced depreciation requiring less SYPTE reserve	(206)	
<b>Current pressure 2016/17</b>	<b>14,081</b>	
<b>SYPTE Actions:</b>		
Net efficiencies	(1,070)	7%
Cost savings (principally on debt)	(1,671)	12%
Demand reductions	(1,750)	12%
Policy choices	(1,390)	10%
<b>Total SYPTE</b>	<b>(5,881)</b>	<b>41%</b>
<b>CA Actions:</b>		
Reduced debt costs	(91)	1%
Increased investment income	(639)	5%
<b>Total CA</b>	<b>(730)</b>	<b>5%</b>
<b>Sub-total</b>	<b>(6,611)</b>	<b>46%</b>
<b>Use of Reserves</b>		
SYPTE	(2,030)	15%
CA	(5,440)	39%
<b>Total Use of Reserves</b>	<b>(7,470)</b>	<b>54%</b>
<b>Total Mitigations</b>	<b>(14,081)</b>	

The use of reserves in this manner sustains the levy at the 10% reduction. However, to avoid a £7.5m levy increase in 2017/18 the CA and SYPTE will need to find further cost savings or commit to matching this reserve release again.

### 3.30. Capital Financing

3.31. Similar to many authorities across the region, the CA and SYPTE have undertaken significant reviews of their capital financing position over recent years.

3.32. The CA has led a significant challenge of SYPTE and former SY ITA financing, and has moved to restructure financing liabilities to help reduce strain on the transport levy.

3.33. Since 2014, the CA has awarded SYPTE £103.4m of capital grants in an innovative financing arrangement that has delivered significant revenue savings and flexibility to the transport levy, allowing for sustainable levy reductions whilst protecting service delivery from cuts that would otherwise have been necessary.

3.34. These grants have moved SYPTE from being in a deficit position of £30.5m at the start of financial year 2013/14, to being in balance by the end of that year, and to a position at the end of 2015/16 where revenue reserves of £72.9m were created for the CA Financial Group.

3.35. The CA and SYPTE have further considered other options, and invited challenge from partners including a partner review from RMBC finance. This collaboration raised a number of further opportunities for cost deferrals.

3.36. At this stage, the CA S151 officer has not endorsed the implementation of these options. Further debt restructuring over and above that already conducted may be challenged by external auditors through interpretation of what is considered to be 'prudent', and could result in a revised review of the significant benefit already created.

3.37. Options will be held under consideration for implementation in future years.

**3.38. The Levy Proposal**

**3.39.** Given the pressures described in this paper, the proposals on use of reserves, and the savings identified by SYPTE to-date, the CA's levy proposal, with comparators to 2015/16, is as follows:

	<b>2015/16</b>	<b>2016/17</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Democratic Representation	40	40	0
Administration	278	278	0
Debt Costs	4,838	4,747	(91)
Investment Income	(1,350)	(1,989)	(639)
<b>Net CA Expenditure</b>	<b>3,807</b>	<b>3,076</b>	<b>(731)</b>
Grant to SYPTE pre adjustment for Transport Hub transfer to CA/LEP budget**	69,786	63,907	(5,881)
<b>Total Net CA Expenditure</b>	<b>73,594</b>	<b>66,983</b>	<b>(6,611)</b>
Funded by: Use of CA reserves	5,213	5,440	227
<b>Levy</b>	<b>68,381</b>	<b>61,543</b>	<b>(6,838)</b>
<b>Levy Reduction Achieved</b>			<b>10%</b>
<b>Adjustment for Transport Hub transfer to CA/LEP budget*</b>	<b>0</b>	<b>1,035</b>	<b>(1,035)</b>
<b>Levy to be Charged to SY Authorities</b>	<b>68,381</b>	<b>60,508</b>	<b>(7,873)</b>
Grant from CA to SYPTE after Adjustment for Transport Hub to CA/LEP budget**	69,786	62,872	(6,914)

\*The SYPTE Strategic Transport Hub team has been transferred out of SYPTE to the SCR Executive. Accordingly, this cost now falls on the CA/LEP budget which is part funded by SY partners through subscriptions. As this cost does not represent a 'saving' to partners – just a movement between budgets – it is not counted towards the 10% reduction required.

\*\* This includes the costs of the Transport hub, therefore the actual grant will be reduced by £1,035k i.e. £62,872k.

**3.40.** The levy requirement is split between the SY Local Authorities on the basis of forecast population figures. The figures are sourced from the Office for National Statistics.

**3.41.** Based on the latest figures released in May 2015, the forecast populations for the next financial year, and relative percentage share and cost, across SY are as follows:

<b>LA</b>	<b>Population</b>	<b>Population %</b>	<b>Levy</b>
Barnsley	237,843	17.41%	10,537
Doncaster	304,185	22.27%	13,476
Rotherham	260,070	19.04%	11,521
Sheffield	563,749	41.27%	24,975
<b>South Yorkshire</b>	<b>1,365,847</b>		<b>60,508</b>

### **South Yorkshire Passenger Transport Executive (SYPTe) Revenue Budget**

3.42. This section of the report details the budget build up for SYPTe. SYPTe is the operational arm of the CA tasked with delivering the CA's transport activities. SYPTe is also the primary beneficiary of the transport levy, being the recipient of the revenue grant awarded from the CA. As SYPTe delivers the CA's public transport agenda, most of the efficiency savings fall to be made at SYPTe alongside policy choice about the range of scope of services provided.

3.43. SYPTe's pressures for the forthcoming financial year are as follows:

<b>Opening pressures:</b>	<b>£'000</b>
Use of reserves (SYPTe)	2,030
Pay pressures	429
Security contract cost rise	123
Savings required after CA reserve contribution to meet 10% levy reduction	5,881
<b>Total</b>	<b>8,463</b>

3.44. To meet these pressures SYPTe has considered the following:

- The opportunity to release reserves created from the capital grant received from the CA;
- Operational efficiencies;

- Cost savings arising from reduced demand for services and falling debt charges; and,
- Savings that can be generated from reviewing the support the PTE provides for discretionary services (often referred to as policy choices).

3.45. To meet these pressures, this budget proposes the following mitigations:

<b>Item</b>	<b>£'000</b>	<b>%</b>
<b>Pressures</b>	<b>8,463</b>	
<b>Efficiencies:</b>		
Additional income generation	(233)	3%
White Young Green implementation	(168)	2%
Customer Chanel Migration Programme	(223)	3%
Vacancy control	(555)	7%
Other Non-pay savings (supplies/services)	(443)	5%
<b>Total efficiencies</b>	<b>(1,622)</b>	<b>20%</b>
<b>Cost savings:</b>		
Demand reductions	(1,750)	20%
Falling debt charges	(1,671)	20%
<b>Total cost savings</b>	<b>(3,421)</b>	<b>40%</b>
<b>Policy choices:</b>		
10p rise on child concessionary fares	(1,070)	13%
Reduced contribution to supported bus services	(320)	3%
<b>Total policy choices</b>	<b>(1,390)</b>	<b>16%</b>
<b>Use of Reserves</b>		
Use of capital grant reserve	(2,030)	24%
<b>Total Use of Reserves</b>	<b>(2,030)</b>	
<b>Total Mitigations</b>	<b>(8,463)</b>	<b>100%</b>

3.46. The following section of the report describes the actions shown above in more detail.

3.47. In common with the Local Authorities, SYPTTE has delivered significant savings since 2010/11, with a 29% reduction in budget and a 48% reduction in the workforce. Whilst in the earlier years we have been successful in minimising the impact of cuts on customers, as austerity has continued it has no longer been possible to avoid cuts to services and in 2014/15 and 2015/16 cuts were made to customer facing services.

3.48. The SYPTTE cost base is made up of the following: 41% statutory ENCTS concessions; 29% financial obligations, debt repayments etc.; 15% policy decisions funding discretionary concessions as well as supplementary and community transport

bus services; and 15% other services, including provision of Interchanges, sites, stops/shelters, shops, information, planning and support costs etc.

- 3.49. The first two cost areas above are both non-discretionary expenditure and are notionally supported via Revenue Support Grant (RSG) paid by Government to the Local Authorities. However, the significant cuts to RSG have effectively broken the link between what that grant purported to support, and the extent to which it does.
- 3.50. **SYLTE Costs Savings.** As described above a review of the capital financing, borrowing and pension's position was undertaken in conjunction with Combined Authority and LA Treasurers to identify opportunities for savings. £3,421k savings have resulted primarily from reduced interest payments on loans and reduced concessionary payments.
- 3.51. **SYLTE Efficiencies** Identification of operational efficiency savings of £1,622k resulting from specific programmes or budget challenge savings. Savings from ongoing corporate programmes include: the second year of an efficiency and effectiveness review (White Young Green) which generated £168k; and the Customer Channel migration Programme which modernised the customer offer to the travelling public, which generated £223k following the closure of the Travel Information Centres. Other non-specific savings included £126k pay savings (net of pay pressures of £429k); £443k other non-pay savings and £233k additional income.
- 3.52. **Discretionary Expenditure (Policy Choices)** SYLTE reviewed the discretionary services that it provides to ensure that they were still appropriate given the financial pressure on the funding organisations. SYLTE currently funds a number of discretionary concessions and services for different groups of travelling public including :
- CHILD CONCESSION - 70p child concessionary fare;
  - ELDERLY CONCESSION - free tram travel (to match the statutory national bus concession; and half fare for train travel in South Yorkshire
  - DISABLED CONCESSION - free travel before 09:30 and after 23:00 on weekdays; free tram travel at all times; free train travel at all times (including travel in to/out of West Yorkshire on Northern Rail Services); and free travel for companions of severely disabled people which mirrors the times and places described for disabled people above
  - TENDERED BUS SERVICES – provision of essential / supplementary services where no commercial service is available in accordance with agreed criteria
  - PROVISION OF INFORMATION SERVICES - electronic Passenger Information Displays (PIDs) at interchange departure stands; outdoor interactive touchscreen information kiosks; electronic PIDs at 'On street' Bus stops and Shelters; and bus stop printed timetables

- 3.53. Public consultation was undertaken exploring the public's preferences for supporting the PTE's activities that impact directly on customers. This allowed SYPTE to understand and assess the impact on customers of any potential changes. The public consultation took place between 4 September and 4 October 2015 (see Appendix A for a summary of the results). The results of the consultation as well as Equality Impact Assessments (EIA) were used to inform proposed policy choices which were discussed at the Transport Committee's Members Working Group held on 23 November where representatives from all four Local Authorities were present.
- 3.54. **Policy change proposal** Following stakeholder engagement and consultation with Members and Officers, and with due consideration, it is proposed that Members agree to increase the child concessionary fare from 70p to 80p – providing a full year saving up to £1.6m. It is proposed that the fare increase is introduced in line with the school year. Discussions with members identified a desire to introduce SMART enabled value for money (vfm) commercial travel products in order to minimise the impact on affected customer groups and SYPTE has agreed that in principle this can be achieved. SYPTE will work with TravelMaster who will launch a multi-operator value for money SMART product. SYPTE believe this product will offer better value than purchasing individual single fare tickets for the significant number of children. In addition a range of single operator value for money tickets are also readily available.
- 3.55. In considering and making a recommendation to increase the child concession fare from 70-80p, Members must have due regard to Section 149 of the Equality Act 2010 which sets out the public sector equality duty. In order to aid Members in discharging the duty to have due regard to the need to advance equality of opportunity, between people who share a protected characteristic and people who do not share it, the outputs of the aforementioned consultation were used to inform the Equality Impact Assessments (EIA's) where cuts are proposed which directly impact on customers. The relevant EIA for the increase in child concession fare from 70-80p is attached to this report as Appendix B, and must be read in conjunction with the following paragraphs and due regard be given to the highlighted impacts on persons with protected characteristics.
- 3.56. The current concession is available to the under 16's, and 16-18 year olds in full time education. It allows customers to travel on buses and trams in South Yorkshire and pay 70p per journey or purchase multi or single operator prepaid child tickets. .
- 3.57. The main impact will be on young people and their families who will have to pay increased fares, and any increases may be seen as a barrier to travel. Whilst the exact impact of this change is hard to quantify SYPTE has identified alternative products which will mean that these impacts can be mitigated.
- 3.58. The numbers of people affected by the proposed changes are based on the numbers of known customers in protected groups, adjusted by the consultation response and the impacts arising therefrom. These numbers should therefore be treated as the best available, based on the data we have (this comment also applies to the figures set out in the EIA).

3.59. Of those using the 70p concession 28.6% said that they would make fewer journeys, 43% would switch to another mode of travel, 30.7% would still buy a single ticket and 16.8% would buy a daily/weekly ticket.

3.60. The following table summarises the key impacts and mitigations:

<b>Protected Characteristics</b>	<ul style="list-style-type: none"> <li>• Age</li> <li>• Religion or belief</li> <li>• Disability</li> </ul>
<b>Impacts</b>	<p>Increased financial hardship for low income families. In 2012 23.5% of children were living in relative poverty. The 70p-80p increase would increase annual travel costs by £38 to £304 per school year to £342 if travelling by one bus to and one bus from school each school day.</p> <p>Some children including those attending denominational schools may need to undertake 'two legged' journeys and will be most affected.</p> <p>We would expect a decline of 6% in the number of journeys made as different modes of travel are used.</p> <p>There is an expectation that the operators would increase their prepaid period tickets by a similar increase, for example a First or Stagecoach Day prepaid ticket would increase from £2.00 to £2.30 (rounded to the nearest 10p).</p> <p>The change to the concession will have an impact on the MiCard scheme, which will be borne either by the customers who have them or by the Council. The estimated costs are c £70k. The cost to the Local Authorities of providing the zero fare passes would also increase</p>
<b>Mitigations</b>	<p>Most young people can purchase multi operator and single operator prepaid period value for money tickets.</p> <p>Disabled children will still have their disabled concession passes.</p>
<b>Number of Customers</b>	<p>Whilst there are 198,000 South Yorkshire residents under 16 or aged 16-18 in full time education, only 61,000 have Mega travel passes and 18,000 have 16-18 student passes.</p> <p>The National Travel Survey reported that 5% and 29% of children travel by bus to primary and secondary school respectively.</p>
<b>PTE Savings (£)</b>	Up to £1.6m pa for increase from 70-80p

3.61. SYPTE has proposed net Operating savings of £5.881m reducing the revenue grant required by the PTE in 2016/17 to £62.872m.

**3.62. Public Sector Equality Duty** It is clear by the nature of the decision to be taken that the Public Sector Equality Duty under the Equality Act 2010 is engaged. The report has highlighted where proposals for cuts have Equality Act implications, therefore in making the decisions contained in this report, Members are reminded of their legal duty under section 149 of the Equality Act to have due regard to the need to:

- i) Eliminate discrimination, harassment and victimisation;
- ii) Advance equality of opportunity between those who share a protected characteristic and persons who do not share it; and
- iii) Foster good relations between those who share a protected characteristic and persons who do not share it.

**3.63.** Relevant 'protected characteristics' under the Equality Act include, for example, age, disability, race and sex. In having due regard to the need to advance equality of opportunity between persons who share protected characteristic and person who do not, members should have due regard to the need to:

- a) Remove or minimise disadvantage suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- b) Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- c) Encourage persons who share a relevant protected characteristic to participate in public life or in any activity in which participation by such persons is disproportionately low

**3.64.** As decision makers, Members must know and understand the legal duties in relation to the public sector equality duty and consciously apply the law to the facts when considering and reaching decisions where equality issues arise. In particular Members:

- Must be aware of their responsibilities under the duty (knowledge)
- Must ensure adequate evidence has been considered to understand the effects of the decision to be made (sufficient information)
- Must consciously and actively consider the relevant matters – in particular by rigorously considering the identified adverse impacts and the way in which they can be mitigated – in such a way that they influence decision-making (real consideration)
- Must consider the matters before and at the time a decision is taken and not simply after the event, and must keep matters under review (timely and under review)
- Must not delegate to third parties who are carrying out functions on the authority's behalf (no delegation)
- Should ensure that there is a record/audit trail of how due regard has been shown.

**3.65.** Members should consciously consider with an open mind the impacts and benefits on the persons with the protected characteristic as set out in this report and the impact of the decision on the equality objectives set out above and the desirability of promoting them. It is for Members to determine the weight to be

given to the various factors that inform the decision, including the equality impacts and the legal duty to have due regard under section 149 and such countervailing factors as are relevant to the decision, including the financial constraints. Members are reminded that section 149 does not compel them to any particular policy decision, but that its intention is to influence the process by which the decision is reached.

## 1. Implications

### i. Financial

The financial implications are discussed in the main body of the report

### ii. Legal

The setting of the Transport budget and the setting of the levy is a matter for the Combined Authority. The Transport Levying bodies Regulations 1992 requires that the Levy is set by 15 February each year

Under the 1983 Transport Act SYPTTE is required to ensure, as far as is practicable, that income and expenditure in its accounts balance in any one period

### iii. Diversity

Diversity implications have been considered throughout the budget setting process, and the Equality Act implications and considerations made are discussed in length within the report and the Equality Impact Assessments appended hereto. It is clear that some of the proposals have implications for disabled, young and elderly people.

### iv. Equality

#### **Equality Act Duty**

Section 149 of the Equality Act 2010 sets out the public sector equality duty in the following terms:

(1) A public authority must, in the exercise of its functions, have due regard to the need to:

- (a) Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

(2) A person who is not a public authority but who exercises public functions must, in the exercise of those functions, have due regard to the matters mentioned in subsection (1).

(3) Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- (a) Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;

(b) Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;  
(c) Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

(4) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

(5) Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- (a) Tackle prejudice, and
- (b) Promote understanding.

(6) Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.

(7) The relevant protected characteristics are:

- age;
- disability;
- gender reassignment;
- pregnancy and maternity;
- race;
- religion or belief;
- sex;
- sexual orientation”

APPENDIX A – HAVE YOUR SAY CONSULTATION SUMMARY

APPENDIX B – EQUALITY IMPACT ASSESSMENT FOR INCREASE IN CHILD CONCESSION FARE FROM 70p TO 80p:

**REPORT AUTHOR**                      **Gareth Sutton**

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Background papers used in the preparation of this report are available for inspection at  
– N/A

Other sources and references: None