

WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

AUDIT AND GOVERNANCE COMMITTEE

DATE: 14 DECEMBER 2007

AGENDA ITEM NO: **9A**

SUBJECT: LOCAL TRANSPORT BILL & GOVERNANCE REVIEW

Report of the Passenger Transport Executive

1. MATTER FOR CONSIDERATION

- 1.1. To provide an update on the recent changes made in the revised Local Transport Bill.
- 1.2. To provide an update on the Leeds City Region Transport Governance Review.

2. INFORMATION

The Revised Bill

- 2.1. The draft Local Transport Bill was published for consultation by the Government in May 2007. At its meeting on 28 September, the Audit and Governance Committee considered the Draft Bill and the Members Seminar that had been held. The revised Bill was introduced in the House of Lords on 7 November 2007. It still includes proposals to reform transport governance arrangements and for local areas to undertake their own local reviews to decide what governance model would work best locally.
- 2.2. The revised Bill now renames all PTA's as "Integrated Transport Authorities" (ITA) to reflect their role in coordinated, conurbation-wide transport planning, rather than just "passenger transport". It also retains the requirement to produce Local Transport Plans (LTP) rather than the new Integrated Transport Strategy that was originally proposed. The revised Bill places a new duty on the ITA to produce the LTP. However the five year cycle for LTP's has been removed in favour of more flexible timescales to be decided locally. The revised Bill also now allows (subject to agreement by all relevant authorities) for expanded or new ITA areas to incorporate parts of adjacent shire counties, rather than having to incorporate whole counties as had been proposed in the draft Bill.
- 2.3. The revised Bill retains the bus reforms to improve local bus services. For Voluntary Partnership Agreements the competition test will now apply to a broader range of agreements and for Quality Partnership Schemes, fares, frequencies and timings can only now be included where there are no objections from operators.

- 2.4. For Quality Contracts, the revised Bill has balanced the contrasting views expressed by authorities and bus operators in the consultation, with the full range of benefits and costs now included in the public interest test. New regulations are expected to provide greater flexibility for authorities to procure tendered services where an incumbent operator withdraws services at short notice in the transition period to a QC scheme.
- 2.5. The revised Bill retains the original proposals for local authorities and ITA's to jointly promote local road pricing schemes to address local congestion issues.

Governance Review

- 2.6. The Leeds City Region (LCR) Leaders Board have requested that Metro lead the work on the Transport Governance Review across the LCR on behalf of the City Region partners. The LCR Governance Steering Group (chaired by Metro's Director General) and the LCR Transport Panel will oversee the Review and make regular reports to the Leaders Board.
- 2.7. At earlier meetings, the Audit and Governance Committee and the PTA have endorsed the approach for this governance review across the City Region. The Audit and Governance Committee will oversee the review on behalf of the PTA.
- 2.8. Following a review of experience, capability and value for money, it has been concluded that Atkins Consultants are best placed to undertake the work. Atkins have been leading work on transport governance in a number of areas of the country including Metropolitan and PTA areas to help shape the final form of the Local Transport Bill. They are also working closely with the DfT on reviewing the next steps for the Local Transport Plan process.
- 2.9. On this basis, Atkins was invited to prepare a proposal for this work. An extract of their proposal is attached as **Appendix A**.
- 2.10. At the Leeds City Region Leaders Board on 3 December, Atkins' proposal was approved. They expect to commence the detailed engagement process across all the City Region partners, including Metro, in January 2008.
- 2.11. The Leaders Board noted that the engagement process with each partner authority was a critical part of the Review. Each partner needs to begin to develop an engagement process that maximises the effectiveness of the in depth discussions with Atkins in Stages II and III of the review.
- 2.12. A Question and Answer sheet is attached as **Appendix B** and could be useful for City Region authorities to introduce the review to their nominated representatives.

2.13. Within Metro, an internal Change Management Team has been established to carry out an internal review to run alongside the wider City Region review being undertaken by Atkins and this is the subject of a separate agenda item.

3. FINANCIAL AND LEGAL IMPLICATIONS

3.1. None as a direct result of the report.

4. STAFFING IMPLICATIONS

4.1. None as a direct result of the report.

5. EQUAL OPPORTUNITY IMPLICATIONS

5.1. None as a direct result of the report.

6. RECOMMENDATIONS

6.1. That the recent changes made in the revised Local Transport Bill are noted.

6.2. That the progress on the Leeds City Region Transport Governance Review is noted.

**Director General
West Yorkshire Passenger Transport Executive**

Review of Transport Governance in the Leeds City Region - Proposal

Stage I – Inception and Scoping

Task 1.1 – Early Client Engagement and Inception Tasks

On acceptance of our proposal, we will meet with Metro, and representatives of the Steering Group as necessary, as soon as possible. The aims of these meetings are to confirm our appointment, clarify key areas of the project brief and proposal, adjust resourcing plans and address outstanding contractual issues and collect key data, internal correspondence and stakeholder contact details. An early meeting also offers an opportunity to understand the current aspirations and debate relating to transport governance in the LCR, gauge stakeholder perceptions and identify sensitivities or “off-limits” issues.

In parallel with an early meeting, we will commence mobilisation of the team and basic inception tasks. This will include establishing client liaison arrangements, protocols for record keeping and establishment of a document

library and evidence base. With regards to the latter, we intend to maintain key project records on a web-based “SharePoint” site with varying levels of access by the project team and also agreed client representatives. This will both improve co-ordination amongst the team and result in an evidence store which can be used for subsequent development, scrutiny and implementation of the governance review.

Task 1.2 – Background Review and Early Contact with Government

We will quickly review recent thinking on the city region governance debate, including the LCR Development Plan, PTEG Review of Reform Options for Metropolitan Transport Governance, the precise provisions of the Local Transport Bill and emerging evidence on local authority and stakeholder views on the Bill’s governance provisions as articulated in the four DfT regional consultation seminars held in June 2007¹ and other similar events². We will also consider the implications for the LCR of the proposals set out in the Sub-National Review of Economic Development and Regeneration and Comprehensive Spending Review, for example, potential new powers for a Supplementary Business Rate. Finally, we will investigate whether transferable lessons can be learnt from recent process of the Government inviting applications for unitary local government in two-tier areas.

Due to close contacts with PTEG and DfT on key aspects of the metropolitan governance debate and future of local transport planning, we anticipate undertaking this background review quickly with the intention of updating the evidence base as the study progresses and devoting most resources to the specific LCR context.

We will make contact with DfT and Government Office for Yorkshire and the Humber both to inform them of the governance review and to seek informal advice on their current thinking of the scope and requirements of such reviews which may subsequently inform guidance. Depending on advice we receive from DfT, we may also seek contact with the relevant officials within the Highways Agency and Network Rail, and Communities and Local Government (CLG), the Department for Business, Enterprise & Regulatory Reform (BERR) and other Government Departments as necessary.

Task 1.3 – Scoping Paper

Building on this proposal, discussions with Metro and the Steering Group, and our background review, we will prepare a scoping paper. This will set out the overall rationale for the review, methodology, timescales and expected outcomes. The Scoping Paper will cover:

¹ See <http://www.dft.gov.uk/pgr/regional/localtransportbill/sumlocaltransbillseminars>.

² For example, The Core Cities Summit in Nottingham (7-8 Nov 2007), for which our Project Director, Andy Southern, is one of the panel members.

- ◆ further thoughts on some key issues, building our appreciation above;
- ◆ specific objectives and desired outcomes of the governance review process, taking into account any initial advice from DfT or GOYH in this area;
- ◆ key dimensions for reform, including structure, powers, funding, geography and political process;
- ◆ key aspects of the methodology, developing the proposals set out here;
- ◆ initial suggestions for the development of objective criteria for assessing the benefits of possible governance models, taking the PTEG and CLG work cited above as a starting point;
- ◆ an outline structure for the Interim and Final Reports;
- ◆ project management, communications and mitigating risks to the successful completion of the review; and
- ◆ additional tasks which could be undertaken as part of Stages II and III, but as subsequent work.

We will produce the Stage I Scoping Report as a stand-alone document for review by the Steering Group. We will also prepare and deliver a presentation of our proposals to the Steering Group highlighting the key outcomes from this stage of work. Key members of the study team will attend this presentation, answer questions and engage in discussions in key areas. In line with the brief a CD will be supplied containing the report and presentation for future use by the Steering Group, as well as being made available for download on our project SharePoint site. We will reflect comments from the Steering Group in taking forward Stages II and III of the work programme.

In parallel with the Scoping Paper we will confirm the work programme and cost for Stage II, commencing work once we receive client approval to do so.

Stage II – Issues and Options (Interim) Report

The aim of the Issues and Options (Interim) Report is to present a rounded analysis of existing transport planning and delivery in the LCR, the strengths and weaknesses of current governance arrangements and consequently the case for reform. The report will also set out the range of potential reform options which should form the basis for further discussion in West Yorkshire and the wider LCR.

Task 2.1 – Current Structures, Institutions and Policy Drivers

Building on Stage I, we will document the existing governance structures, institutions and policy drivers for transport in West Yorkshire and the wider LCR. Subject to data, we will also summarise the resources devoted to the existing local authorities and stakeholders, including resident population, capital and revenue budgets, staff numbers, and where relevant number of elected members and most recent LTP and CPA scores.

Our approach will be based on a combination of the LCR Long-Term Vision for Transport, review of publicly-available documents, direct data requests and stakeholder engagement. Areas for consideration will include planning and delivery of LTP investment, strategic road and rail, other regional priorities and the wider agenda for modernisation of local and regional government. Recent changes to the treatment of transport within the LCR will need to be understood, including the role of the Transport Panel and Connectivity Partnership, the emerging Multi-Area Agreement and their relationship with delivery of the three Local Transport Plans³.

Task 2.2 – Key Principles

In assessing current and future governance arrangements, it is important to have a consistent and transparent set of principles against which the LCR authorities, stakeholders and the Government can structure the debate, make key decisions and judge the success or otherwise of the reforms put in place. Based on earlier work for PTEG and DfT, we suggest that these principles might include lessons from delivery to date, accordance with central and local objectives, and measures of good governance and policy formulation.

³ West Yorkshire, North Yorkshire and York City. The inclusion of Barnsley as a member of South Yorkshire PTA/PTE will also need to be briefly considered.

We will set out a number of key principles for discussion and endorsement, consult on them and use the measures as the basis for refreshed assessment criteria developed in Stage I. Any early advice from DfT on likely future guidance on governance reviews will be taken on board.

Task 2.3 – SWOT Analysis and Current Outcomes

In line with the requirements of the brief and the definition of key principles under Task 2.2, we will undertake a critical analysis of the current governance arrangements operating in the LCR. This will include a SWOT analysis exercise and will be undertaken both for the West Yorkshire conurbation and wider LCR.

In parallel with this, and feeding into it, we will review current and recent performance of the City Region in terms of key transport outputs and outcomes. This will be done both in terms of absolute outcomes, and also in comparison to other parts of the region and nationally. The review will be based on the 2006 LTP1 Delivery Reports, Final LTP2s and updated LTP2 core outcomes for 2006-2007.

Task 2.4 – Stakeholder Consultation

We will hold individual in depth discussions with, and obtain the views of, all twelve LCR partner authorities on the key issues of the review. Key lines of enquiry will be agreed with the Steering Group beforehand. These meetings, which we recommend should take place across the City Region in order to emphasise the inclusivity of the review and allow an element of site visits to understand local issues, will include consideration of the fitness for purpose of current arrangements, perceptions of the Government's objectives and initial suggestions for reform proposals. The latter will, at this stage, be open-ended and not intended to constrain or influence authorities' views in any way. It is envisaged that these discussions will be undertaken with key officers in each authority, as well as elected Members.

We will also hold in depth discussions with key stakeholders including bus and rail operators, the Highways Agency, Network Rail, Yorkshire Forward, AWYA, GOYH, DfT and key business groups.

The outcomes of the programme of meetings will be documented both individually and across stakeholders with the intention of identifying and categorising areas of consensus, uncertainty and conflict.

Task 2.5 – Comparative Experience

As required by the brief, we will investigate and review other existing governance arrangements in operation elsewhere in other metropolitan areas and core cities. Much of this has already been undertaken for the PTEG metropolitan governance reform options work, but there is potential to update and broaden the analysis. In particular, we now have access to information on new transport institutions currently being established in the Middle East (e.g. Dubai Roads and Transport Authority and Abu Dhabi Department of Transport) as well as the transformation of Strathclyde PTA/PTE to a newly constituted Regional Transport Partnership, and other examples across Europe including Madrid, Barcelona, Munich, and Copenhagen.

We will also investigate emerging governance proposals in other metropolitan conurbations and core cities in England. We are aware that the other five PTA/PTE areas are at varying stages of considering their governance arrangements and are likely to adopt differing models depending on local circumstances and drivers. Given the sensitive nature of some of the issues, we intend to work through PTEG in order to co-ordinate this review. We also have contacts within Greater Bristol, South Hampshire, South Essex and the "Three Cities" (Nottingham, Derby and Leicester) which appear to be considering the establishment of PTE-style arrangements, and are aware of the work being done in the Tees Valley on linking transport into a cross-boundary Multi-Area Agreement. Other cases will be investigated in agreement with the Steering Group.

Task 2.6 – Expert Roundtable

Based on Tasks 2.1 to 2.5, we will initiate a roundtable discussion of the key experts within our team and members of the Steering Group on the study findings to date. Other stakeholders may be invited as agreed with the Steering Group. This roundtable will aim to consider evidence gathered to date and discuss views on:

- ◆ the fitness for purpose of the existing governance arrangements in West Yorkshire and the wider LCR;
- ◆ the strength of the case for reform (and in which areas);
- ◆ the options available in the short- and the medium-term;

- ◆ perceived advantages and disadvantages, in outline, of key reform options; and
- ◆ overall balance of opinion on those options.

The aim of the workshop will be to identify areas where there is general consensus on the way forward and where differences of view between stakeholders may require further discussion, evidence gathering or flexibility in policy making. Any particular “red line” issues will be identified for particular consideration.

We envisage that the roundtable session will last half a day, centre around a number of key lines of inquiry and be facilitated by the Project Director and Project Manager. A short briefing note will be produced in advance of the workshop which will provide a structured agenda for discussion. A report from the workshop will be produced, setting out the relevant issues and options informing subsequent tasks within the work programme.

Task 2.7 – Issues and Options (Interim) Report

The drafting of the Interim Report will encompass the tasks above and include an analysis of transport structures and delivery in West Yorkshire and the LCR, the case for and against reform and an overview of potential governance options which could be considered. Initial comments will be made on the overall feasibility of the options, based on the expert roundtable, comparative experience and our own judgment.

Following submission of the Interim Report, we will prepare and deliver presentations to the Governance Review Steering Group, Transport Panel, and Connectivity Partnership highlighting the key outcomes from Stage II. Key members of the study team will attend these presentations, answer questions and engage in discussions in key areas. We regard these meetings as especially important since they will shape which options are seriously within scope of Stage III or should be removed from future consideration.

In line with the brief a CD will be supplied containing the report and presentation for future use by the Steering Group, as well as being made available for download on our project SharePoint site. We will reflect comments from the Steering Group in taking forward Stage III of the work programme.

In parallel with the Stage II Report, we will confirm the work programme and cost for Stage III. This offers an opportunity to vary the programme according to any changes in circumstances and what realistically can be submitted to DfT in due course. We will commence work on Stage III once we receive client approval to do so.

Stage III - Governance Review (Final) Report

The precise scope and programme for Stage III will depend critically on the outcomes of Stage II and the governance options likely to be taken forward. The extent of consultation and technical work is likely to be significantly greater if more “radical” options are taken forward, for example, and this will influence the work programme, staff involvement and costs entailed. The following tasks are provisional, therefore, and will be confirmed or modified as the study progresses.

Our approach assumes that public consultation or engagement will not be required at this stage. We are happy to re-consider this item, however, following discussions with the Metro client manager and Steering Group.

Task 3.1 – Stakeholder Consultation

We will hold individual in depth one-to-one meetings with and obtain the views of all LCR authorities and stakeholders on the outcomes of the Stage II Review. We expect this process to be more focused than Stage II, extensive throughout the Stage III period and grounded on the specific concerns of each stakeholder. Whilst we expect the discussions with local authorities to be officer-led, the involvement and articulation of views from members will be especially crucial at this point if the Final Report is to be broadly acceptable to all parties.

Task 3.2 – Option Assessment

We will undertake a SWOT analysis of each of the potential governance models identified in Stage II. We will also apply the assessment criteria to evaluate the costs and benefits of each model, and draw on the experience of Warwick Business School and others in undertaking such an assessment. Assessment criteria will be developed in partnership with stakeholders during the consultation exercise in Task 2.4. We will also explore the potential for holding a Stage III stakeholder seminar to confirm the assessment criteria.

We will undertake an initial assessment of the set up costs, running costs and efficiencies associated with each of the potential governance models, based on the data collected in Task 2.1, basic “rules of thumb” and our own professional judgment against stated assumptions. In parallel, we will carry out an assessment of how appropriate accountability can be built into each of the potential governance models.

Task 3.3 – Preferred Option(s)

From Task 3.2, we will aim to produce recommended governance models for the LCR, covering both West Yorkshire and the wider City Region, based on the qualitative and quantitative evidence, stakeholder views and our own professional judgment. The intention is not to recommend a single solution but set out different scenarios and associated dimensions for consideration by the stakeholders. For the models recommended, we will produce a clear rationale for our opinion, its strengths and weaknesses and we will indicate what institutional, financial, transitional, phasing and management planning that will be required.

Task 3.4 – Implementation Strategy

We will propose an implementation strategy with timescales for the recommended governance models, including parallel development of the proposed Multi-Area Agreement, an estimation of what can be realistically implemented by April 2011 when the next round of local transport planning commences, and what may be possible over the programme period of the Transport Vision. Specific workstreams will be identified with recommendation on who should be responsible for progressing them. We will identify the key components of a detailed business case to take forward the proposals, which will include a summary of the requirements for each of the key components.

We will endeavor to quantify any cost implications associated with the preferred models. This will include considering any efficiency gains arising out of the potential models. The precise method by which this is done requires further discussion with the Steering Group, but could include CIPFA statistics, benchmark comparisons with other local authorities and our own calculation based on the data for existing arrangements collected as Task 2.1. Potential opportunities could include, for example, cost savings in the back office, management structures and the democratic core costs of more streamlined forms of local government. There are also potentially significant gains which could be made to the effectiveness of the workforce through planned interventions to enhance skills, capacity and flexibility, as well as service transformation and business process re-engineering within any new or reformed organisation. We will also identify the potential for benefits arising from improved delivery of services arising from adopting the preferred model.

We do not intend, at this point, to construct a detailed financial model for revised governance structures and arrangements. We would be happy to provide a methodology and quote for this task, however, should it be a required item from the Steering Group in anticipation of a formal submission to DfT.

Tasks 3.5 and 3.6 – Final Governance Review Report

We will produce a draft Stage III Final Report, including a stand-alone “Plain English” executive summary, and deliver presentations to the Transport Governance Review Steering Group, Transport Panel and Connectivity Partnership highlighting the key outcomes and recommendations from the Stage III Final Review. Key members of the study team will attend these presentations, answer questions and engage in discussions. We will then finalise the Stage III Report in light of verbal and written comments received.

In line with the brief a CD will be supplied containing the report and presentation for future use by the Steering Group, as well as being made available for download on our project SharePoint site. We will reflect comments from the Steering Group in finalising the Final Report.

We will also indicate next steps in taking the Final Report forward, including specific items (such as public consultation and a financial model) likely to be required by DfT in assessing any governance review and proposal for change.

Question 9: When will final decisions be made?

The Review will not take any decisions. It will identify potential options and evaluate their merits in supporting better transport governance and delivery of the City Region Development Programme.

It is anticipated that the Local Transport Bill and associated secondary legislation will describe the process in more detail and set timescales and targets for the completion of the reform if any changes are to be implemented.

Question 10: How does this review link with other policy drivers?

The Review will consider other emerging policy issues in the engagement process such as the City Region Development Programme, Multi-Area Agreements, LTP delivery and the Government's response to Eddington and Stern.

Question 11: Will members of the public be involved?

No, the Review includes an extensive stakeholder engagement process but the wider public will not be directly involved at this stage. Following the passage of the Local Transport Bill and relevant secondary legislation, an application to reform current transport governance arrangements might be prepared. The decision to prepare this application (or not) will include a consultation stage where public participation will be encouraged.

Stakeholders involved in the Review will include business and user groups, bus and rail operators, Highways Agency, Network Rail, Government Office, Yorkshire Forward, Y&H Assembly, and DfT,

Question 12: Who to contact for more information?

The main point of contact for the Review is Helene Vergereau at Atkins. Helene can be contacted by phone on 0113 205 1242 (office) or on 0783 4506 861 (mobile) email at helene.vergereau@atkinsglobal.com, or post at Atkins Transport Planning, The Old Brewery, High Court, The Calls, Leeds LS2 7ES November 2007

Review of Transport Governance in the Leeds City Region

Frequently Asked Questions

Question 1: What is the Review of Transport Governance in the Leeds City Region about?

The government has published its Local Transport Bill and says City Regions like ours need to get better at making strategic transport decisions. The Government proposes to invite us to undertake our own review of transport governance to explore if we can improve our decision making. The Bill is expected to become law in Summer 2008.

Question 2: Who is leading the Review?

The Review is led by the City Region Leaders Board through its Transport Panel, Governance Steering Group and Connectivity Partnership (includes all local authority, PTA and business partners).

Question 3: Why do the Review now?

The Local Transport Bill has already started its parliamentary passage and it is anticipated that it will require metropolitan and other large urban areas in England to undertake a review of transport governance arrangements. The City Region Leaders Board has asked that the review gets underway now so it puts the City Region in a strong position when the Bill is enacted.

Question 4: What are the objectives of the Review?

The objective of the Review is to get better strategic decision making for transport in the City Region, and in turn support economic growth and the delivery of the Leeds City Region Development Programme.

Question 5: Which options are being considered?

The Review will identify and examine a wide set of options for future governance arrangements within the City Region and propose a preferred option or a set of preferred options to be taken forward by the City Region partners.

No options have been ruled in or out at this stage and the Review aims to include and evaluate all potential options with regards to:

- powers of direction and responsibility;
- roles such as planning, delivery, enforcement, performance monitoring;
- governance arrangements (structures and processes, accountability and role of elected members, relationships between authorities, agencies, and organisations);
- funding;
- modes of transport and related strategies (including public transport, highways and traffic management, strategic/core routes, soft modes, Smarter Choices);
- geographical coverage;
- extent/degree of change needed/desired;
- relationship with wider governance structures in the City Region.

Question 6: How will options be evaluated?

The evaluation criteria have yet to be developed but could include strategic leadership, stakeholder buy-in, coherence and visibility, quality of local community engagement and participation, neighbourhood empowerment, delegation, accountability, affordability, efficiency and value for money. It is anticipated that the criteria will be developed with the City Region partners.

Question 7: How will the partners be engaged?

Atkins Consultants have been commissioned by the City Region Leaders Board to undertake the Review. The consultants will organise the engagement process in three stages and report to the Leaders Board through the Transport Panel, Governance Steering Group and Connectivity Partnership.

- **Stage 1 Engagement** - City Region partner authorities will be asked to identify and assess existing governance arrangements for the delivery of transport and infrastructure in the area and develop possible options for reform. This first stage will take place in January – February 2008, with the consultants contacting each authority to organise meetings, supplemented by phone interviews where necessary.
 - **Stage 2 Engagement** – Partners will be asked to evaluate a range of future options identified, discussing strengths and weaknesses of each option, what they would mean for each of the partners and what impact they would have on transport planning and delivery for the City Region. This stage is anticipated to take place in spring 2008.
 - **Stage 3 Engagement** - Partners will be asked about their views on the preferred option/set of options. This stage is anticipated to take place in spring-summer 2008.
- The Review will be undertaken with objectivity and inclusivity across all the authorities and stakeholders.

Question 8: How will my comments be recorded?

The engagement process with each partner will need to remain open and honest for the Review to achieve its objectives. If requested to do so by individual participants, Atkins will preserve the anonymity of any individual's comments made in the engagement process.