

WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY
AT A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE
HELD IN WELLINGTON HOUSE ON
FRIDAY 14 MARCH 2008

PRESENT: Councillor C Campbell (Chair)

Councillors J Jarosz, J S King, T Leadley, M Lyons and G Phelps

In Attendance: B Glaister, P Lundy and J Talbot - District Audit

29. COUNCILLOR STANLEY KING

The Chair referred to the impending retirement of Councillor Stanley King who would not be standing for re-election. He paid tribute to his tireless dedication to public transport in West Yorkshire. Councillors Lyons and Phelps also highly praised Councillor King's work as a Councillor and PTA member and wished him well on his retirement.

30. MR TONY DARBYSHIRE

The Chair referred to the impending retirement of Mr Darbyshire after 16 years of distinguished service with the Passenger Transport Authority.

The Chair expressed the appreciation of the Committee and best wishes of members for a long and successful retirement.

31. DECLARATIONS OF INTEREST

There were no personal or prejudicial interests declared by members at the meeting.

32. MINUTES

RESOLVED - That the minutes of the meeting held on 14 December 2007 be approved.

33. BVPP AUDIT CERTIFICATE

The Committee considered a report of the Chief Financial Officer on the receipt of the Best Value Performance Plan Audit Certificate 2006/07.

It was reported that in line with similar comments in the other certificates issued for 2006/07, the Auditors had indicated that the plan was satisfactory and had not made any adverse recommendations.

RESOLVED - That the Auditors certificate for the Best Value Performance Plan for 2006/07 be received and noted.

34. EXCLUSION OF THE PRESS AND PUBLIC

During consideration of the following item the Committee considered that, due to the nature of the discussions, future negotiations would be prejudiced should certain information be disclosed to the press and public.

RESOLVED - That, in respect of agenda item 6 (Annual Budget 2008/09), the press and public be now excluded on the grounds that if they were present there would be disclosure to them of exempt information defined in paragraph 3 of Schedule 12a of the Local Government Act 1972.

***35. ANNUAL BUDGET 2008/09**

The Committee considered a report of the Clerk and Chief Financial Officer on the annual budget for 2008/09.

The Committee noted that the annual capital and revenue budget for 2008/09 had now been approved by the Authority. Consideration was also given to the incorporated risks and proposed monitoring arrangements.

It was commented that whilst the general budget was in line with previous budgets, the key risks identified related to the expenditure on Concessionary Fares reimbursements. To address that uncertainty it was reported that the budget contained a high level of reserves of £6m to allay the Authority's and the Districts concerns about the reimbursement formula and the potential future risks areas.

In response to a number of concerns raised by the Committee, the Director General commented that it was anticipated that the approved resources were sufficient to meet those costs during 2008/09.

The Director General also gave the Committee an update on negotiations which were being held with First to try and achieve a negotiated agreement.

RESOLVED - That the report be noted.

36. STATEMENT OF INTERNAL CONTROL

The Committee considered a report of the Clerk and Chief Financial Officer on changes to the arrangements for internal control in the Authority since the last meeting.

Risk Matters

Members noted that there had been no significant overall changes in the risks, although under the traffic light system the following had been identified as 'red' and therefore required constant monitoring:

- (i) National proposals for the development of PTAs and PTEs (Local Transport Bill 2007).
- (ii) First Group appeal on concessionary fares reimbursement 2006/07 and 2007/08.
- (iii) National arrangements for 2008 Concessionary Scheme.

Public Interest report on Merseytram

The Committee noted the Public Interest Report on Merseytram issued by the Auditors. Reference was also made that Officers had reviewed the reports and were satisfied that they were not directly relevant to the Leeds Supertram scheme. The matters raised had been referred to both the Executive Board and the NGT Officer Group for their review and action to ensure that all appropriate matters were being considered during the development of the NGT scheme.

Replacement of the SIC with an AGS

It was reported that CIPFA had indicated that the Statement of Internal Control was being replaced by the Annual Governance Statement which would now cover all financial and other controls, governance arrangements and risk monitoring.

Changes to Control Arrangements

It was reported that due to the retirement of the Chief and Deputy Financial Officers of the PTA in March, the Assistant Director (Finance) would be taking over the role as the Chief Financial Officer for the Authority. Amended procedures and revised financial regulations would be reported to the next meeting of the Committee.

RESOLVED - That the report be noted.

37. AUDIT COMMISSION REVIEW OF BUS USAGE AND PRESENTATION

The Committee considered a report and presentation of the Audit Commission's review of bus usage in West Yorkshire and the initial responses to the recommendations set out in their report.

The Committee was advised that following the Audit Commission's recent review, both Metro and the District Councils had now commented on the draft report. Mr Glaister of the Audit Commission outlined to Members the

constructive conclusions of the review, which included strong leadership by Metro, a high level of satisfaction with bus services and information, good understanding of community needs by Metro/District Councils, improved performance management partnerships and a clear structure for managing/reporting information. However, he stressed that West Yorkshire was not on track to deliver its LTP target to increase bus patronage by 5% by 2010/11. It was acknowledged that issues surrounding fares and ticketing, punctuality and reliability were barriers to improving patronage. It was also suggested that measures including increased LTP investment and enhanced partnership working, including a framework for PTA members to report back to their councils, could improve outcomes.

It was, therefore, proposed that an action plan in response to the report be developed by the West Yorkshire authorities, the basis of which was set out in the submitted report. The proposed plan recommended approaches to improved partnership working, improved value for money and improved communications and to encourage use of public transport.

RESOLVED -

- (i) That Mr Glaister be thanked for his presentation.
- (ii) That the draft action plan be developed further through discussions with District Councils and operators and that it be progressed through the Authority's Bus Working Group and Local Transport Plan Steering Group.

38. INTERNAL AUDIT REPORT

The Committee considered a report of the Internal Audit Manager detailing reviews which had been carried out and key issues that had been identified.

It was reported that since the last meeting the Internal Audit Section had completed the following reviews:

- (i) Payroll and HR Records
- (ii) Debtors
- (iii) Passenger Facilities Maintenance

The Committee were also advised that a peer review of the Internal Audit function provided to Metro had been performed by the Chief Internal Auditor of Strathclyde Partnership for Transport and that the key issues from the review would be reported to the next meeting.

RESOLVED - That the report be noted.

39. LOCAL TRANSPORT BILL UPDATE

The Committee were given an oral update on the Local Transport Bill.

It was reported that the second reading of the Bill was scheduled to be held on 26 March 2008. A response to the Bill had been prepared by *pteg* on behalf of all the Passenger Transport Authorities.

Comment was made that when the Bill was originally introduced it extended the scope of Statutory Quality Partnerships so that timings, frequencies and maximum fares could be specified. However, since that time the DfT had watered down the proposals by giving operators the right of objection via an appeal to the traffic commissioners to which the Local Transport Authority would not be party.

The Committee expressed concern at the DfT's decision giving operators a wider ranging right of objection to the provision of timing, frequencies and in maximum fares, particularly when the PTA would not be involved in the appeal process resulting in passengers being the ultimate loser. They also commented that the PTA would not introduce a scheme that was unreasonable or unworkable and that any operator who had any concerns about a SQP could raise them during negotiations instead of using an appeal mechanism which could be a lengthy and frustrating process taking 3-4 years. Comment was made that by giving power to the Traffic Commissioners for Quality Partnerships and to determine Quality Contract applications it would give unelected and unaccountable bodies a veto of Local Transport Strategies that would have been approved by locally elected accountable politicians and which were key to the delivery of wider strategies for traffic management, economic regeneration and social inclusion.

RESOLVED - That the response submitted by *pteg* on behalf of the PTAs be endorsed.

40. EXCLUSION OF THE PRESS AND PUBLIC

The Committee considered a recommendation to exclude the press and public from the following item which contained exempt information as defined in paragraph 7 of Schedule 12A of the Local Government Act 1972.

RESOLVED - That, in respect of agenda item 7 (Huddersfield Travel Centre), the press and public now be excluded from the meeting on the grounds that if they were present there would be disclosure to them of exempt information defined in paragraph 7 of Schedule 12a of the Local Government act 1972.

***41. HUDDERSFIELD TRAVEL CENTRE**

The Committee considered a report of the Internal Audit Manager on the work undertaken relating to reported anomalies in processing ticket sales at Huddersfield Travel Centre.

The Committee were informed that procedures were now in place to correct outstanding weaknesses and that external experts in retail systems had been

commissioned to carry out further in-depth testing of the system to ensure that it was robust and fit for purpose.

RESOLVED - That the report and actions being taken be noted.