AT A MEETING OF THE WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY HELD IN WELLINGTON HOUSE ON FRIDAY 9 FEBRUARY 2007

PRESENT: Councillors J S King (Chair)

Councillor D Blackburn, D Congreve, R Downes, C Greaves, K Hussain, B Hyde, J Jarosz, S Khan, M Lyons, P McBride, G Phelps, K Rhodes, D Schofield, M Slater, L Smaje, C Smith, T Swift, C Townsley, G Wainwright, M Walker and A Wallace

81. DECLARATIONS OF INTEREST

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

82. MINUTES OF THE MEETINGS OF THE AUTHORITY HELD ON 17 NOVEMBER AND 8 DECEMBER 2006

RESOLVED - That the minutes of the meetings of the Authority held on 17 November 2006 and 8 December 2006 be approved and signed by the Chair.

83. MINUTES OF THE SEMINAR ON GOVERNANCE AND POWERS HELD ON 31 JANUARY 2007

RESOLVED - That the minutes of the seminar on Governance and Powers held on 31 January 207 be approved and signed by the Chair.

84. MINUTES OF THE MEETINGS OF THE RAIL WORKING GROUP HELD ON 2 NOVEMBER, 22 NOVEMBER AND 12 DECEMBER 2006

RESOLVED - That the minutes of the meetings of the Rail Working Group held on 2 November, 22 November and 12 December 2006 be noted.

85. MINUTES OF THE MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE HELD ON 28 NOVEMBER 2006

RESOLVED - That the minutes of the meeting of the Audit and Governance Committee held on 28 November 2006 be noted.

86. MINUTES OF THE MEETINGS OF THE TENDERED SERVICES WORKING GROUP HELD ON 4 DECEMBER 2006 AND 8 JANUARY 2007

RESOLVED - That the minutes of the meetings of the Tendered Services Working Group held on 4 December 2006 and 8 January 2007 be noted.

87. MINUTES OF THE MEETING OF THE STAFFING WORKING GROUP HELD ON 8 DECEMBER 2006

RESOLVED - That the minutes of the meeting of the Staffing Working Group held on 8 December 2006 be noted.

88. MINUTES OF THE MEETING OF THE LOCAL TRANSPORT PLAN STEERING GROUP HELD ON 14 DECEMBER 2006

RESOLVED - That the minutes of the meeting of the Local Transport Plan Steering Group held on 14 December 2006 be noted.

89. MINUTES OF THE MEETINGS OF THE CONCESSIONARY FARES WORKING GROUP HELD ON 3 JANUARY AND 31 JANUARY 2007

RESOLVED - That the minutes of the meetings of the Concessionary Fares Working Group held on 3 January and 31 January 2007 be noted.

90. MINUTES OF THE JOINT MEETING OF THE BUS AND TENDERED SERVICES WORKING GROUPS HELD ON 8 JANUARY 2007

RESOLVED - That the minutes of the joint meeting of the Bus and Tendered Services Working Groups held on 8 January 2007 be noted.

91. MINUTES OF THE MEETING OF THE LEEDS PASSENGER CONSULTATIVE COMMITTEE HELD ON 15 JANUARY 2007

RESOLVED - That the minutes of the meeting of the Leeds Passenger Consultative Committee held on 15 January 2007 be noted.

92. MINUTES OF THE MEETING OF THE CALDERDALE PASSENGER CONSULTATIVE COMMITTEE HELD ON 16 JANUARY 2007

RESOLVED - That the minutes of the meeting of the Calderdale Passenger Consultative Committee held on 16 January 2007 be noted.

93. MINUTES OF THE MEETING OF THE KIRKLEES PASSENGER CONSULTATIVE COMMITTEE HELD ON 17 JANUARY 2007

RESOLVED - That the minutes of the meeting of the Kirklees Passenger Consultative Committee held on 17 January 2007 be noted.

94. MINUTES OF THE MEETING OF THE WAKEFIELD PASSENGER CONSULTATIVE COMMITTEE HELD ON 18 JANUARY 2007

RESOLVED - That the minutes of the meeting of the Wakefield Passenger Consultative Committee held on 18 January 2007 be noted.

95. MINUTES OF THE MEETING OF THE BRADFORD PASSENGER CONSULTATIVE COMMITTEE HELD ON 19 JANUARY 2007

RESOLVED - That the minutes of the meeting of the Bradford Passenger Consultative Committee held on 19 January 2007 be noted.

96. MINUTES OF THE MEETING OF THE BUSINESS IMPROVEMENT GROUP HELD ON 22 JANUARY 2007

RESOLVED - That the minutes of the meeting of the Business Improvement Group held on 22 January 2007 be noted.

97. EXCLUSION OF THE PRESS AND PUBLIC

The Authority considered a recommendation to exclude the press and public from the following item, which contained exempt information as defined in Paragraph 3 of Schedule 12a Local Government Act 1972.

RESOLVED - It was agreed that because discussion of the report might prejudice future legal proceedings, the public would be better served by maintaining the exemption and, therefore, the press and public were excluded.

98. CONCESSIONARY FARES - FIRST APPEAL

The Authority considered a report of the Passenger Transport Executive on the outcome of the First Appeal against Metro's West Yorkshire Concessionary Travel Scheme reimbursement arrangements.

It was reported that the Adjudicator had based his decision on the DfT toolkit approach rather than the DfT endorsed 'revenue displacement' method, which had been used by Metro. He had upheld part of First's appeal and directed Metro to increase its payments to First in 2006/07 by £1.7 million.

However, he also directed Metro to review the actual payment in light of journeys made by permit holders after the year-end. The Adjudicator rejected First's claim regarding the treatment of discounted fares and capacity issues, but considered that a different price elasticity should have been used.

It was noted that the overall financial impact of the decision had to be considered in conjunction with the changes in demand for concessionary travel. Further detailed analysis was required and it was not possible as yet to quantify the impact it would have on the budget for 2007/08 and the 3 year financial strategy. However, it was commented that initial calculations were that the final cost could be up to £2 million in 2006/07 and up to £4 million in 2007/08. These significant additional costs will be met from reserves and revenue savings.

The Authority expressed concern regarding the implications for the future management of the budget for concessionary travel as operator actions on fares were outside the Authority's control, which left future budgetary costs very unclear.

Advice received from Counsel was discussed by the Authority who accepted that it could not afford to take the risks involved and that other mitigation measures should be pursued. Members also stressed the need to make strong representations to the Government and lobby local MPs regarding the additional budgetary costs arising from the decision, particularly PTAs being unable to influence the operators' ability to control the reimbursement levels through fare increases. This issue would be raised at a future meeting the PTA Chairs were to have with the Secretary of State for Transport.

RESOLVED - That the actions proposed in the report be noted.

The Press and Public returned to the meeting.

99. AUTHORITY AND EXECUTIVE REVENUE BUDGET 2006/07 AND 2007/08

The Authority considered a report of the Chief Financial Officer and Director General on the 2006/07 and 2007/08 budget.

In proposing the budget on behalf of the PACT, the Chair commented that the overall financial position for the Authority was considered at the pre-budget meeting when the 3 year financial strategy was discussed and at that meeting the strategy put forward continued the previously agreed approach with the exception of the removal of the Supertram funding element of the levy. He went on to say that there had been a number of meetings taken to determine the level of the levy for 2007/08. The head line level of the levy had been raised by 4%, which followed the agreement made with the District Councils whereby the Authority released surplus resources in exchange for the annual 4% increase. The Government's rejection of the Supertram scheme had

meant that the special element of the levy of £1.5m per annum was no longer required and that any future funding for the replacement rapid transit development would be considered separately.

The Chair then reported on the budgetary implications following the decision on the appeal made by the First Group. He indicated that the potential headroom created in the budget by the less than expected increase in patronage together with appropriate use of reserves and savings would allow the Authority to meet the cost in 2006/07. However, further work would need to be taken to resolve the 3 year financial strategy. It was emphasised that if any policy changes were required they would be fully debated by the Authority before any such revisions were made.

Concerning the subsidised bus services, the Chairman indicated that it was essential for the Tendered Services Working Group to continue to scrutinise all tenders to achieve value for money and to remove subsidies from profitable services.

It was reported that although no services, which met the Authority's '6 and 20' rule, had been lost, there was pressure to review certain areas across West Yorkshire to determine if there were any services that could be created and subsequently developed and promoted to a viable level of patronage to increase the network. In this respect, as part of the budget process, £500,000 had been put aside to support services on a 'lose it or use it' basis, particularly those marginal services that carried less than 6 passengers, but between 3 and 5 passengers.

The Chair concluded his budget speech by referring to the current year's achievements, which included:

- Attaining Beacon Status.
- Chartermark.
- Retaining Investors in People status.
- Featuring in The Guardian's Top 100 Employers.
- The real time information system (which was now the largest in the country).
- Leeds and Huddersfield FreeCity/Town bus services.
- Taking a prominent role in the development of, and taking forward, the City Region's transport vision.

Councillor Lyons spoke on behalf of the Labour Group regarding increasing the tendered service budget. He told the meeting that monies needed to be injected into the tendered services budget to stop the decline of bus services across West Yorkshire. He indicated that many parts of West Yorkshire did not have a good reliable bus service because of the actions of the bus operators. Considerable mileage had been lost in the last 3 years, with the likelihood of further cuts in 2007/08. He commented that there was no reference in the budget to the decision made at the last meeting whereby officers were asked to find appropriate savings to supplement the tendered services budget to allow a real change to the bus network in West Yorkshire.

In response, the Chair reiterated that the sum of £500,000, which had been set aside in the contingency fund, would be solely used for tendered services.

After the discussion a vote was taken on the alternative proposal by Councillor Lyons and seconded by Councillor Phelps. The result was as follows:-

For	**9**
Against	**13**

A vote was then taken on the original budget presented to Members, as detailed in the submitted report, which was proposed by Councillor King and seconded by Councillor Greaves.

For	**13**
Against	**9**

RESOLVED -

(A) **<u>Revenue Budgets</u>**

(i) That the Authority's budget for 2006/07 and 2007/08, as detailed in the submitted report, be approved.

(ii) That the Executive's budget for 2006/07 and 2007/08, as detailed in the submitted report, be approved.

(iii) That the implications of the budget, as detailed in the submitted report, be noted and that the results of the negotiations on trailer car units be approved.

(iv) That the Passenger Transport Executive be authorised to use the Authority's grant in accordance with the Capital and Revenue budgets, subject to the provision that the following require the specific prior approval of the Authority, as defined in paragraph 11 of the submitted report:

- All capital commitments.
- Releases from the Contingency Fund.
- All virements as defined in the submitted report.

(B) **<u>Levy</u>**

(i) That, in accordance with the powers contained in the Local Government Finance Act 1988 (as amended) and the Transport Levying Bodies Regulations 1992, and having regard to the requirements of the Passenger Transport Authority, a levy of £89.433m be determined for the year ended 31 March 2008.

(ii) That the payment of the levy be agreed with each District Council on the basis of 10 equal consecutive monthly instalments commencing in April 2007.

(iii) That approval be given to a payment of £3.715m being made to the District Councils in accordance with the table set out in paragraph 3 of the submitted report.

(C) **Revenue Grant to the Executive**

(i) That, in accordance with Section 4(i) Transport Act 1983, revenue grants up to the sum of £148.305m be made to the Passenger Transport Executive in 2007/08 (to include the Government rail and rural bus grants, which were to be adjusted later to reflect the actual receipts by the Authority).

(ii) That the Authority direct the Passenger Transport Executive under Section 11(3A) of the Transport Act 1968 to finance any deficit in 2007/08 by an appropriation from their reserves.

(D) **Capital Programme**

(i) That the position of the local transport allocation [SCE(R)] be noted in relation to the Authority's schemes and that the Executive be authorised to explore other methods of supplementing LTP resources.

(ii) That expenditure on the Yellow Bus scheme in the sum of £0.504m, as detailed in paragraph 9 of the submitted report, be approved.

(iii) That the special funding arrangements established for the Supertram scheme be cancelled and that repayment of £2.5m be made to Leeds City Council.

(iv) That the Chief Financial Officer be authorised to arrange appropriate funding of all expenditure in 2006/07 and 2007/08, subject to statutory limitation and subsequent reporting back to the Authority.

(v) That grants and other external funding be sought wherever possible to maximise funds available to the Authority.

(vi) That no uncommitted capital schemes be commenced without the prior approval of the Authority, who shall also determine the method of funding.

(E) **Treasury Management**

That in accordance with Appendix B of the submitted report:-

(i) The adoption of the CIPFA Code of Practice for Treasury Management in Public Services be reaffirmed.

(ii) The Treasury Management policy, as outlined in Appendix B of the submitted report, be approved.

(iii) The overall capital programme and prudential limits for the next 3 years, as set out in Appendix B of the submitted report, be adopted as follows:

i Operational Boundary as shown.
ii Authorised Limit as shown.
iii Maturity Loan structure as shown.
iv A variable rate loan limit of 40%
v A fixed rate loan limit of 100%.

(iv) That the short-term investment criteria be reaffirmed.

100. CAPITAL PROGRAMME

The Authority considered a report of the Passenger Transport Executive on the release of capital expenditure with regard to the following schemes.

It was reported that the Department for Transport had issued the annual settlement letter in December, which had assessed both the 2nd West Yorkshire Local Transport Plan and the delivery of the 1st Local Transport Plan as 'good'

Scheme	**£**
Rural Infrastructure	150,000
Shelter Programme	2.805m
Wakefield FreeCityBus	373,800
Phase II - AccessBus Vehicle Replacement	618,000
Rapid Transport Project Development	770,000
Other LTP Project Development	500,000

RESOLVED - That the expenditure, as outlined in paragraph 2 of the submitted report, be approved.

101. RAIL CANCELLATIONS AND DELAYS

The Authority considered an item submitted by Councillor Lyons under Standing Order 3(3) on train performance.

Councillor Lyons told the meeting that although reliability, cancellations and strengthenings had improved over the last 12 months, he was still receiving complaints regarding poor performance. He commented that he was aware that some lines performed better than others and varied at certain times of the day. He, therefore, proposed that in order that performance could be

measured against Franchise benchmarks and Metro targets, the Rail Working Group should receive information in terms of specific journeys, which had not operated i.e. date, station departure time and station arrival time, together with actual strengthening on each train.

The Authority fully accepted the proposal forwarded by Councillor Lyons, with the suggestion that a report be submitted to the Rail Working Group outlining different options of presenting the information, taking into consideration the issues, which had been raised.

RESOLVED - That a report be submitted to the Rail Working Group outlining different options of presenting the information.

102. EXCLUSION OF THE PRESS AND PUBLIC

The Authority considered a recommendation to exclude the press and public from the following item, which contained exempt information as defined in Paragraph 3 of Schedule 12a Local Government Act 1972.

RESOLVED - It was agreed that, because disclosure of the report might prejudice future negotiations on bus station leases, the public would be better served by maintaining the exempt information and, therefore, the press and public was excluded.

103. LEASE : PONTEFRACT BUS STATION KIOSK

The Authority considered a report of the Passenger Transport Executive on the proposed terms for the granting of a new lease in respect of the kiosk at Pontefract bus station.

RESOLVED -

(a) That approval be given to the granting of a 5 year lease to K Wrigley, subject to the terms outlined in paragraph 3 of the submitted report.

(b) That the Passenger Transport Executive be authorised to complete the necessary documentation.