

SOUTH YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

06 MARCH 2014

PRESENT: Councillor M Jameson (Chair)
Councillors: L Bramall, I Auckland, B Johnson, A Jones, D Leech,
B Lodge, R Miller, D Nevett, T Rippon and G Smith

H Brier, M McCarthy, M Oades, S Pick and C Tyler (South Yorkshire
Joint Secretariat)

T Belshaw, S Davenport, A Eckford, J Hurley, B Still and D Young (South
Yorkshire Passenger Transport Executive)

A Kemp (South Yorkshire LTP Partnership)

J Bann (Sheffield CC), T Finnegan-Smith (Rotherham MBC) and S King
(Doncaster MBC)

Apologies for absence were received from Councillors:
R Russell

1 **APOLOGIES.**

Apologies were noted as above.

2 **ANNOUNCEMENTS.**

T Belshaw informed members that further to the comments made by Network Rail at the last meeting of the Authority regarding weather related issues concerning the Midland Main Line north of Chesterfield; 1 of the 2 lines was closed on 18th February following significant track slippage. Bus service replacements have been in operation. Work to address the situation has been carried out ahead of schedule and normal rail services will resume from Saturday 8th March. Further works to shore up the saturated hillside will continue for the next few months.

It was reported that First South Yorkshire has announced changes to their pricing structure, to be introduced from 30th March. There will be some price rises on single day and week tickets and some new child day and week tickets are to be introduced at a lower price.

It was announced that Rotherham Station has won the Rail Business Awards' Station Excellence award. This has been jointly awarded to SYPTE, Rotherham MBC, Northern Rail and Network Rail.

D Young advised Members that the LGA are being very active in raising concerns in respect of the level at which the government is scaling back funding available to local authorities (a reduction of c40% since 2010) with a key transport related concern being that the government is no longer even meeting the funding levels promised for the core elements of the English National Concessionary Scheme, putting further pressure on local authorities to cut discretionary elements and tendered services. Additional information and press releases are available on request.

The Chair acknowledged that this would be the last meeting of the South Yorkshire Integrated Transport Authority, in advance of the incoming Combined Authority and Transport committee arrangements, and reflected on some of the significant successes of both the Integrated Transport Authority and its predecessor, the Passenger Transport Authority. The Chair thanked officers and Members, past and present, for their dedication and services provided in pursuit of achieving the aims and objectives of the Authority. Successes over the past 40 years noted included:

- The redevelopment of all existing or introduction of new bus interchanges
- The Supertram system, the UK's first modern tramway
- New or improved 'world class' rail stations in all 4 districts
- Park and Ride sites at various interchanges and stations
- The championing of low child fares
- Enhanced concessions for the elderly and disabled prior to the regrettable imposition of central government budget cuts
- The introduction of the Sheffield Bus Partnership and work on further quality contracts
- Numerous industry awards, most significantly the PTE/ITA of the year in 2007 and 2013

3 URGENT ITEMS.

The Chair invited the members of the public present to speak on the decision made at the last meeting of the Authority which endorsed concessionary fare savings.

Questions were raised regarding the legality of the decision to remove the discretionary, locally funded concessionary enhancements and revert to the delivery of the legally prescribed English National Concessionary Travel Scheme, and whether the issue under consideration had been subjected to a human rights impact assessment as part of the public consultation process.

S Davenport (Principal Secretary and Solicitor - SYPTE) indicated that 1 formal letter of legal challenge has been received from Sheffield Citizens' Advice and Law Centre purporting a legal challenge (on the grounds that the decision fails to comply with the public sector equality of duty). This was received on 5th March and will be considered and responded to as per agreed the timescales for such matters.

A member of the public reproached Members for allegedly wasting taxpayers' money, suggesting this could have been used to offset the cuts. It was further suggested that there had been a lack of consultation with the public on the proposed changes.

D Young (Deputy Interim Director General - SYPTE) confirmed that an Equalities Impact Assessment of the proposed changes was undertaken and consultation was undertaken at a strategic level with key organisations representative of all user groups, in particular the Transport4All group. From these engagements it was determined that the overwhelming view reached was that it would be better to protect the continuation of existing tendered bus services and ensure communities are not isolated, a situation which would be more constrictive to accessibility for all service users than the decision to reduce concessionary enhancements.

D Young further noted that the difficulties associated with this decision are recognised but in making the necessary budget cuts, the protection of existing services presents the least 'worst option' for all service users.

A member of the public emphasised to the Authority Members the difficulties that the reductions to the concessionary offer will present and questioned the validity of the term 'service' in respect of public transport.

The Chair provided information to help explain the role of the Authority and SYPTTE and that of the public transport operators who may determine ticketing offers on commercial grounds.

D Young acknowledged that the decision to reduce the concessionary offer will have consequences. The Traveline service will continue to advise users on what assistance is available for individual trips.

A member of the public challenged the speed at which Members have responded to letters and emails lodged in respect of this matter. It was confirmed that all relevant correspondence will be addressed.

A member of the public questioned why c£60m is being found to fund the tram train trial between Sheffield and Rotherham. It was confirmed that this is being funded directly by central government and not by the ITA.

A member of the public requested a list of all the organisations engaged as part of the public consultation. D Young confirmed that this information is available and arrangements were made for its provision.

Cllr Bramall reiterated Members' recognition that the cuts will have a direct impact and no pleasure is taken in making such decisions.

A member of the public questioned the apparent disparity between concessionary cuts and the prolific service provision on some specific routes (citing the frequency of the X78 service as an example). B Still (Interim Director General - SYPTTE) offered to provide more information to explain how and why services are funded and operated and requested contact details.

Regarding the consultative process, a member of the public suggested that a 'human rights impact assessment' of the matter under consideration would need to be informed by input wider than just service users.

4 ITEMS TO BE CONSIDERED IN THE ABSENCE OF THE PUBLIC AND PRESS.

RESOLVED - That:

1. Item 17 'Northern Direct Franchise Award' be considered in the absence of the public and press.

5 DECLARATIONS OF INTEREST BY INDIVIDUAL MEMBERS IN RELATION TO ANY ITEM OF BUSINESS ON THE AGENDA.

No declarations received.

6 REPORTS FROM AND QUESTIONS BY MEMBERS.

Cllr Nevett appraised past invites to representatives from Peel Holdings / RHADS to attend a meeting of the Authority and asked whether these have been forthcoming. B Still informed members that Peel have apologised for the delay, citing time required to develop and finalise plans prior to presentation, and confirmed they are keen to attend the 30th June meeting of the Transport Committee.

Cllr Nevett informed Members that he was regrettably due to attend the funeral of Cllr John Quinn. Cllr Quinn was a former Mayor of Doncaster and a past member of the Passenger Transport Authority.

Cllr Nevett asked whether any specific road improvements would be forthcoming due to the arrival of the Tour de France in South Yorkshire, noting suggestions that such works are being planned in other regions.

7 MINUTES OF THE AUTHORITY MEETING HELD ON 6 FEBRUARY 2014

Cllr Auckland asked whether the Combined Authority meetings (discussed at item 19 of the minutes of the previous meeting - SCR Combined Authority Transport Committee Governance and Logistic arrangements) will be held in public. B Still confirmed that the meetings will be held in public. The 1st meeting of the Combined Authority will be held on 22nd April, with the venue to be confirmed.

Regarding the 2014/15 budgetary consideration (discussed at item 11) and in light of the previous concessionary fare discussion, Cllr Auckland asked whether the public transport operators are being proactively engaged in respect of proactively finding solution for service users affected by the cuts. Also, what publicity is planned to inform service users of all changes?

The Chair indicated that he had spoken to Brandon Lewis (First) who had indicated that First won't be introducing an operator led concessionary reduced fare but drivers will be instructed to be sympathetic to pass holders who are attempting to use their passes just outside the time limitations.

Regarding communications with service users, D Young reported that briefings have been held with bus, tram and train operators at all stages of the decision making process to ensure front line staff (drivers and conductors) are not inadvertently misinforming passengers. A detailed programme of communication with customers will be introduced now decisions have been made. Community Transport providers are actively informing service users of the new fare structures. The 15k people with concessionary passes who have signed up to receive update by email will be informed accordingly. Poster campaigns on vehicles and in interchanges and press advertisements will be used and partner organisations will be asked to relay information to their own respective members. On-vehicle information will inform users of the FreeBee and 638 services that they will ease operation on 28th April.

In addition, discussions are being held with service operators to consider what services might be retimed to run just after 9.30am.

It was further noted that the Authority is beholden to any additional commercial products that the operators themselves wish to introduce.

Cllr Bramall indicated that Sheffield CC are considering the potential for funding some sort of mitigation for the worst affected people, possibly young people with disabilities travelling to school, however, details are not yet available. Cllr Miller urged the new Combined Authority to continue to consider what can be done to assist the worst affected service users.

Cllr Auckland reiterated that no one likes the decision that has been reluctantly made and welcomed the confirmation that all questions are receiving swift responses. D Young confirmed that in the 1st week following the ITA making the decision, 112 responses were received and 29 in the 2nd week. All correspondence is being responded to as per the Customer Charter (10 day response time) unless complex or legal based questions require additional consideration time.

RESOLVED - That:

1. The minutes of the ITA meeting held on 6th February be agreed to be an accurate record of the meeting.

8 PRUDENTIAL INDICATORS AND ANNUAL INVESTMENT STRATEGY 2014/15

A report was received to present the Prudential Indicators and Treasury Management Strategy for 2014/15 for approval by the Authority in accordance with the Prudential Code for Capital Finance in Local Authorities.

Members were reminded that the Local Government Act 2003 and supporting regulations requires the Authority to “have regard to” the Prudential Code and set Prudential Indicators for the next three years to ensure that the Authority capital investment plans are affordable, prudent and sustainable.

It was noted that in previous years the ITA Treasury Management and Investment Strategy has been part of the South Yorkshire Joint Secretariat “pool” account strategy together with the South Yorkshire Fire Authority and the South Yorkshire Police and Crime Commissioner. Following the proposal by Government for the Barnsley, Doncaster, Rotherham and Sheffield Combined Authority to start on 1 April 2014, there is now a separate investment strategy. The investments will be managed by Sheffield City Council on behalf of the Combined Authority.

RESOLVED - That the Authority:

1. Approves the 2014/15 Treasury Management Policy Statement set out in Appendix A of the report
2. Approves the 2014/15 Treasury Management and Annual Investment Strategy set out in Appendix B of the report
3. Approves the 2014/15 Minimum Revenue Provision Policy Statement set out in Appendix C of the report

4. Approves the 2014/15 Prudential and Treasury Indicators set out in Appendix D of the report

9 APPROVAL OF THE ITA CAPITAL GRANT TO THE SOUTH YORKSHIRE PTE

A report was presented, the purpose of which was to seek the Authority's approval to the provision of a Capital Grant of up to £30.5m to the South Yorkshire PTE in respect of Capital Expenditure incurred by the PTE over a number of previous years.

S Pick reminded Members that in agreeing the Levy for 2014/15 at the February 2014 meeting of the Authority, there was an underlying assumption that the ITA would award a capital grant to the PTE in respect of certain capital expenditure principally in relation to the cost of building the Supertram network. It was anticipated that the grant in question would be sufficient enough to eradicate the PTE's general reserve deficit (£30.5m).

It was noted that because the expenditure was incurred by the PTE rather than the ITA, certain non-local authority accounting requirements have subsequently been applicable which has caused the general reserve deficit to arise within the PTE's accounts. Had the expenditure been incurred by the ITA, different accounting requirements would have applied.

It was noted that the purpose of the ITA granting the award is to move the expenditure from the PTE's accounts to those of the ITA and subsequently the Combined Authority and deliver a change in accounting treatment with effect from 1st April 2014.

The £30.5m deficit may then be written down over a 20 year period at £1.5m p.a. (rather than £3m p.a. for 10 years) and this will thus reduce the annual revenue impact by £1.5m for a period of 10 years, leading to a reduction in the Levy, but the effect of the deficit will be extended for a further 10 years. It was suggested that in recognition of current financial pressures, this would help ameliorate matters.

Members were advised that the ITA, PTE and districts' lead treasury officers have engaged the external auditors (KPMG) throughout and a conclusion has been reached that the ITA is entitled to make this award. However, discussions with KPMG are ongoing and likely to run into the 2014/15 financial year. Further information is being provided to KPMG to validate the claim that sufficient qualifying capital expenditure was incurred and that that expenditure had not previously been the subject of a grant.

KPMG have also queried whether the awarding of a grant in respect of expenditure incurred so long ago (20 years) is legitimate. Internal advice sought through CIPFA suggests no reason to doubt the legitimacy of the proposal although the unusual nature of the proposal has been accepted.

Members were asked to note section 9 of the report pertaining to risks, and essentially that KPMG, whilst in general agreement that the awarding of the grant is legitimate, may seek a counsel's opinion on the extent of the proposed retrospection. It was acknowledged that in the event that some currently unforeseen barrier to the awarding of the grant emerges then this would leave a gap in the PTE budget which will have to

be met through either expenditure cuts in year or use of Reserves or a combination of these. It was again noted that all advice received suggests the award can be legitimately made but that counsel's opinion may be necessary prior to the final completion of the Authority's 2013/14 Accounts.

Cllr Jones abstained from the resolution agreement.

RESOLVED - That the Authority:

1. Approves the provision of a Capital Grant of up to £30.5m to South Yorkshire PTE in respect of Capital Expenditure incurred by the Executive over a number of previous years
2. Notes the consequences in the event that some unforeseen barrier to the awarding of the grant subsequently emerges
3. Notes the view from KPMG that a Counsel's opinion on the issue of retrospection might be appropriate.
4. Notes that the receipt of the Grant by SYPTE will eliminate the General Reserve deficit in the Accounts of the SYPTE
5. Notes that the different accounting regulations and requirements applicable to the Authority and its successor body will facilitate the £1.5m (approx.) reduction in the 2014/15 levy which was assumed by the Authority at its February meeting

10 DRAFT 2014/15 LTP CAPITAL PROGRAMME

A report was received to advise Members of emerging proposals (including those for "countywide" activities), for the 2014/15 LTP Capital Programme, from the Integrated Transport (IT) Block funding settlement, and to seek comment / approval of these initiatives. The report also advises the ITA of the latest position with respect to "Commutated Sum" issues in Sheffield.

Members were reminded of the capital funding settlement confirmation from DfT for 2014/15:

- Integrated Transport (IT) block = £16,877,000
 - Highways Capital Maintenance (HCM) block = £9,140,000
- TOTAL = £26,017,000

RESOLVED - That the Authority:

1. Approves the draft 2014/15 LTP Capital Programme (including Partner Submissions, countywide proposals and top-sliced allocations for the LTP Team and Support Services for Cycling & Active Travel
2. Approves the approach to be taken with respect to Commuted Sums applying to Sheffield City Council.

11 BARNESLEY, DONCASTER, ROTHERHAM AND SHEFFIELD COMBINED AUTHORITY ORDER 2014: SOUTH YORKSHIRE PASSENGER TRANSPORT PENSION FUND

A report was received seeking Members' approval to establish governance and logistic arrangements for the Combined Authority to undertake its duties and

responsibilities as an administering authority of the Local Government Pension Scheme.

Members were informed that the ITA will effectively transfer its 'legal life' seamlessly to the Combined Authority.

RESOLVED - That the Authority:

1. Approves the proposed arrangements ahead of their submission for endorsement to the first formal meeting of the Combined Authority

12 ITA AND SYPTE 2013/14 REVENUE BUDGET MONITORING REPORTS FOR THE 10 MONTHS ENDING 31 JANUARY 2014

Members were presented with a report on the ITA and SYPTE 2013/14 Actual Revenue expenditure reports as at 31 January 2014 compared to budget.

Reasons for variance were presented.

Cllr Nevett questioned the PTE's £335k ascribed to 'known and emerging liabilities'. It was confirmed that this figure relates to the downsizing programme and presents a best estimate. As changes to staffing become known, the amounts recorded will transfer to specific line of revenue expenditure.

RESOLVED:

1. That the ITA Revenue Budget monitoring report and SYPTE Revenue Budget Monitoring report as at 31 January 2014 be noted.

13 LOCAL SUSTAINABLE TRANSPORT FUND REVENUE BID 2015/16

A report was received to update the ITA on the development of the LSTF revenue bid, set out the high-level work plan, the sign-off process and potential schemes that partners are promoting.

Members were reminded that a bid of up to £5m may be submitted and the deadline is 31st March. The bid is building on the successes and lessons learnt from LSTF1 and will focus on improving access to employment.

It was noted that due to the late publication of bidding guidance, the process of developing a bid has been challenging. The submission timescale also requires delegated sign off for the ITA Chair.

Cllr Bramall request that a bid component related to addressing M1 air quality issues be considered. J Bann noted that the bid does feature personalised travel planning which have a modal shift objective away from car usage and would thus help improve air quality. It was also noted that the emerging Strategic Economic Growth plan also considers potential M1 air quality interventions.

It was clarified that a minimum 10% local funding contribution across the programme is required. This is being sought from various sources dependant on the scheme.

RESOLVED - That the Authority:

1. Notes progress and timescales
2. Agrees to provide delegated sign-off of the bid from the Chair of the ITA

14 HIGH SPEED RAIL - NEXT STEPS

A report was received to update Members on the next steps for HS2 activities throughout 2014.

RESOLVED - That the ITA:

1. Notes the actions taken to form the Sheffield City Region (SCR) HS2 Programme Board and proposed work streams for the Programme Board
2. Notes specific SYPTE activity on the connectivity study and FLUTE modelling
3. Notes South Yorkshire's involvement with Manchester and Leeds in a joint HS2 communications group
4. Notes SYPTE working with Leeds City Region and other partners on the eastern leg of Phase 2 of HSR to promote the benefits of HSR

15 MINUTES OF THE SOUTH YORKSHIRE TRANSPORT USERS GROUP HELD ON 22 JANUARY 2014

RESOLVED:

1. That the minutes of the meeting be noted.

16 MINUTES OF THE COMMUNITY TRANSPORT WORKING GROUP HELD ON 6 FEBRUARY 2014

RESOLVED:

1. That the minutes of the meeting be noted.

Cllrs Jameson, Nevett and Miller left the room, Cllr Bramall took the Chair

17 NORTHERN DIRECT FRANCHISE AWARD

A report was received to update Members on the Northern Franchise Direct Award process.

RESOLVED - That the ITA:

1. Notes the report and approves the Executive entering into the Interim Franchise Agreement for the Northern Franchise with the Secretary of State, Northern Rail and the 4 other Passenger Transport Executives, as co-signatory.

CHAIR