

**MINUTES OF THE MEETING OF THE OVERVIEW AND SCRUTINY
COMMITTEE HELD ON FRIDAY 17 JANUARY 2020 AT COMMITTEE
ROOM A, WELLINGTON HOUSE, LEEDS**

Present:

Cllr Peter Harrand (Chair)	Leeds City Council
Cllr Stephen Baines	Calderdale Council
Cllr James Baker	Calderdale Council
Cllr Paul Davies	Kirklees Council
Cllr Stephen Fenton	City of York Council
Cllr Dot Foster	Calderdale Council
Cllr Yusra Hussain	Kirklees Council
Cllr David Jenkins	Leeds City Council
Cllr David Jones	Wakefield Council
Cllr Peter Kilbane	City of York Council
Cllr Christine Knight	Leeds City Council
Cllr Edward Pearson	City of York Council
Cllr Richard Smith	Kirklees Council
Cllr Rosie Watson	Bradford Council
Cllr Geoff Winnard	Bradford Council

In attendance:

Khaled Berroum	West Yorkshire Combined Authority
Dave Pearson	West Yorkshire Combined Authority
Ben Still	West Yorkshire Combined Authority
Angela Taylor	West Yorkshire Combined Authority
Aaliyah Younis	West Yorkshire Combined Authority

31. Apologies for absence

The Chair welcomed new member Councillor Paul Davies to his first meeting and apologies were received from Councillors Jacob Goddard, Graham Isherwood, and Betty Rhodes.

32. Declarations of Disclosable Pecuniary Interests

There were no declarations of disclosable pecuniary interests.

33. Possible exclusion of the press and public

There were no items requiring the exclusion of the press and public.

34. Minutes of the meeting held on 15 November 2019

Resolved: That the minutes of the meeting held on 15 November 2019 be approved pending an amendment to record Cllr Richard Smith's apologies.

35. Strategic transport issues – sale of bus companies, HS2 & rail reviews and Transforming Cities Fund

The Committee considered a report of the Director of Policy, Strategy & Communications on strategic transport issues and their potential impact on the West Yorkshire Combined Authority.

- The sale of West Yorkshire bus operators (First and Arriva) and the Combined Authority's possible participation;
- The Transforming Cities Fund submission.
- The potential impact of the Blake-Jones Review, Williams Rail Review and Oakervee HS2 Review on the Combined Authority;

The following were in attendance for this item:

- Councillor Kim Groves, Chair of the Transport Committee
- Ben Still, Managing Director
- Dave Pearson, Director of Transport Services

Questions and discussion focused on the Combined Authority's possible participation in the sale of bus companies in West Yorkshire and the Committee learned and concluded the following:

Influence over the current bus network

- There is a serious disproportion in that the Combined Authority spends around £70 million a year (almost a fifth of its total spending) on bus services but has very little control over the bus network.
- The authority needs some degree increased of control over services if it is to deliver on its strategic objectives and promises, such as increasing bus use, budget efficiencies in subsidies and tackling climate change.
- Consequently, it is right that the Combined Authority is pursuing all legal and feasible options – pending technical advice – and is not counting anything out at this stage.

Details of the sale

- It is understood that First has put up their entire UK operation for sale, but the structure of the sale is not yet known. Possibilities include a buyer purchasing the entire UK operation outright or smaller bids for regional operations.
- Different regions perform differently commercially. Ultimately, any buyer will seek to maximise commercial value, which is bigger in urban areas than in rural areas.
- First West Yorkshire is largely profitable but there is a disparity across districts where some urban areas, such as Leeds, are more profitable for the company than other areas.
- If First sold the West Yorkshire operation alone, it would likely attract many buyers as it is currently profitable. However, if it opted to sell

the West Yorkshire operation together with neighbouring regions, it might generate less interest.

- It was felt that the large pension deficit liability might be one of the possible factors behind the First company being put up for sale and that this must be taken into account by any buyer or participant in the sale.
- First is a large local employer and any implications for employees must be taken into account regardless of what happens next.
- It is also understood that First plan to streamline their operations in the run up to the sale and conversations between First and the Combined Authority on how this will affect passengers are ongoing.

Legal and technical advice

- Legally speaking, the Bus Services Act 2017 says a combined authority cannot form a company itself, or with others, to operate buses. However, the Act is silent on whether a combined authority can purchase shares in a company that might run bus services.
- The Combined Authority has contracted a consultant to seek advice and understand the full breadth of options available to it, what the authority legally can and can't do, and determining as far as possible the profile, structure, assets and liabilities of the First company – including pensions.
- Scrutiny will be able to see the report, strategic advice and the commercial, legal, and operational information – possibly under exempt rules as any conditions of Non-Disclosure Agreements are unknown at this stage.
- Officers are also in contact with colleagues at the Greater Manchester Combined Authority who are currently working on possibly franchising bus services in their area after a similar sale.
- Officers have also agreed to share anything they learn with counterparts in neighbouring areas such as York, North Yorkshire and South Yorkshire. This was written into the consultation commission.
- Once the bidding stage begins, potential bidders, including the Combined Authority if it chooses to do so, will gain access to the data room which will provide far more detailed and comprehensive information.
- Though, non-disclosure agreements (NDAs) will likely also come into effect at this time and must be managed carefully so scrutiny's role can be properly conducted.

Other options and franchising

- Participation is not limited to an outright purchase of the company. It could consist of purchasing strategic assets such as the bus depots, which are essential to managing bus services.
- In Greater Manchester, Transport for Greater Manchester (TfGM) is considering purchasing the bus depots and franchising the services.
- Franchising allows the authority to choose services, routes and fares but the public take on the revenue risk.
- According to the Bus Services Act 2017k, only mayoral combined authorities can choose to franchise services.

- For non-mayoral combined authorities, the consent of the Secretary of State for Transport is required.
- This would include a new parliamentary order either granting specific permission to the West Yorkshire Combined Authority, or all non-mayoral combined authorities in future, to franchise services.
- The previous Transport Secretary and departmental officials gave 'positive indications' but the process of approval from the Secretary of State is unclear and untested.

Systemic transport network issues

- Hypothetically, if the Combined Authority simply bought the company, it would be in the same position as the previous company running bus services in the current imperfect transport system.
- Like the issues in Northern rail, the idea that public ownership or franchising of bus services is a magic bullet should be dispelled.
- There is no cost-free or quick solution to improving the bus network, including Franchising. In any case, further public funding will be needed.
- In Greater Manchester, Phase 1 (reform) of the plan to franchise is expected to require further spending to bring the existing bus network to a level where Phase 2 (growth) can begin to be implemented and benefits realised.
- There are numerous challenges in all modes of transport, including bus, that needs resolving with investment in infrastructure and logistics.
- Regardless of who owns or runs the bus companies, the issue of road traffic on certain routes and in general must be tackled.
- One large element in bus reliability is road traffic. Work has been ongoing for some time on key bus route corridors to identify improvements in road infrastructure to help buses shorten journeys and time spent in traffic. Infrastructure improvements on a corridor-by-corridor approach could be as transformative for West Yorkshire buses as any change in ownership or control of services.
- The entire transport network as a whole requires reform in a holistic approach – bus, mass transit and rail.

Reliability of buses and other modes of transport

- Based on feedback, it was felt that reliability and affordability are the public's priorities. The current system is broken and buses are too unreliable and expensive, especially if travelling on multiple buses and companies on a route. Taxis are often cheaper and more reliable.
- Despite the long-term downward trend in people using buses since the 1980s, there is still an optimism that bus patronage can be increased – particularly by targeting young people.
- It was also argued that it is necessary to increase patronage as without an increase in public transport use, increased congestion will hinder growth in urban areas and be detrimental to the environment and public health.
- The Combined Authority's simple-rate daily 'MyDay' ticket concession aimed at young people has led to a 55% increase in bus use in that demographic.

- There is also other best practice to learn from in the North, such as in Liverpool where patronage has increased by 12% - though this requires further study.
- It must also be accepted as part of a wider strategic approach to the transport network, that some communities – such as rural ones – might not be best served by bus but by other modes of transport such as rail and, potentially, mass transit – which the region desperately lacks.
- While the Combined Authority has long argued for a mass transit system in Leeds and West Yorkshire, they do have an effect on bus services. Greater Manchester has seen some issues of competition between tram and bus services.
- There is still a large disparity within West Yorkshire in terms of transport infrastructure which limits some communities' options. Many areas are lacking clean buses which Leeds has in abundance and other areas lack rail stations to access rail.
- A need for increased reliability is something the public share with businesses and employers. An affordable, reliable bus network gets people to work on time, anywhere in the region.
- The possibility of businesses and developers contributing to funding services should be explored more closely.
- The Combined Authority already has services, such as the Travel Plan team, that market sustainable travel and bus passes to local companies that it can build on in terms of business engagement and buy in.

Resolved:

- i) That the report be noted and the Committee's feedback and conclusions be considered further.
- ii) That the Chair, Deputy Chair and Transport spokesperson be kept updated on developments regarding the sale of bus companies and be given a copy of the consultant's report and advice complete.
- iii) That a briefing note exploring potential employer and developer contributions to bus services be provided to scrutiny members.

36. Draft budget and business plans 2020/21

The Committee received a report of the Director of Corporate Services outlining the work underway to progress the draft revenue and capital budget and directorate business plans for 2020/21.

The following were in attendance for this item:

- Ben Still, Managing Director
- Angela Taylor, Director of Corporate Services
- Dave Pearson, Director of Transport Services

The Committee discussed, learned and concluded the following:

Budget and spending

- Future budget reports could present, in list or table form, changes from the previous year's budget and what impact assessments have been conducted.
- An explanation of when the authority has chosen to make a saving and where there was a change in government or other capital funding arrangements could also be useful.
- Most spending is directed towards transport services and project delivery and much less spent on social issues such as skills and housing.
- This imbalance between transport to non-transport spending is due to capital funding for certain areas, such as housing, skills and the environment, being more limited and ringfenced.
- Although it was felt that there was a relatively large amount spent on PR/marketing and consultants compared to other areas, marketing and consultant research activity and spending includes spending on skills, transport, inward investment and housing that require marketing. The Combined Authority operates a centralised marketing operation instead of placing marketing spend under the relevant service areas.

Mayoral devolution:

- Mayoral devolution would likely provide more funding and flexibility in spending.
- Prior to the election, the government had previously indicated that it was unwilling to pursue a Yorkshire-wide devolution deal according to the same model in the existing mayoral city region devolution areas such as Greater Manchester and West Midlands.
- Instead the government asked each sub-region of Yorkshire to consider separate proposals – South Yorkshire, West Yorkshire, York / North Yorkshire and the Humber.
- The government's increased majority in the election and intention to draft a white paper on devolution is expected to have strengthened the government's position and their desire to conclude outstanding devolution deals in key economic areas like West Yorkshire.
- As of this week, South Yorkshire leaders and ministers announced they are now moving forward with their Sheffield City Region devolution deal which will now unlock further mayoral funding over 30 years.
- They did so on the basis of a letter from the government clarifying that they might consider a Yorkshire devolution model in the future.
- There is an optimism and desire on all sides to conclude a deal in West Yorkshire and council leaders are due to meet with ministers soon to discuss next steps.
- The date of any mayoral election in West Yorkshire will be part of the negotiations.
- If the date is relatively far in the future, interim mayor arrangements might be necessary.
- An interim mayor would be appointed by a meeting of the Combined Authority and it is understood that there would be no special election

but any interim mayor must be a currently elected individual – a councillor, police commissioner or MP.

- In terms of precedent, in Greater Manchester, the interim mayor for several years before the first mayor was elected in 2017, was the police and crime commissioner for Greater Manchester.

LEP geography changes

- Committee members received an email from the LEP Chair, Roger Marsh, the previous evening outlining changes to the Leeds City Region LEP's geography.
- The Leeds City Region LEP's position was that the overlapping geographies represented a functional economic area and was working well.
- When the government required LEPs to eliminate geographical overlaps, the Leeds City Region LEP expressed a hope to merge with the York & North Yorkshire LEP to create a new LEP covering West and North Yorkshire, in order to retain the overlapping north yorkshire areas.
- However, the York & North Yorkshire LEP have now decided not to pursue a merger any further.
- Consequently, the Leeds City Region LEP Board has reluctantly voted to change its geographical footprint to the five West Yorkshire authorities only – Bradford, Calderdale, Kirklees, Leeds and Wakefield.
- The LEP will retain the Leeds City Region name and brand.
- There might be changes in governance arrangements in the near future as north yorkshire representatives currently sit on the LEP Board and other panels.
- The Combined Authority and LEP will seek to retain strong partnership working and cooperative governance arrangements where possible with neighbouring authorities regardless of whether they are members of the LEP or combined authority – and continue to keep the situation under review.
- All existing spending and programmes in non-West Yorkshire authority areas will continue as contracted.
- As the government has yet to unveil the details of the UK Shared Prosperity Fund – its post EU funding mechanism – it is not known how or if geography changes will affect funding allocations in the future.
- Previously, funding was determined and apportioned according to the whole LEP area, not on a district by district basis.

Resolved:

- i) That the report be noted and the Committee's feedback and conclusions be considered further.
- ii) That the Chair be kept informed of devolution developments and any changes in governance arising from the change in LEP geography.

37. Combined Authority performance monitoring and overview

The Committee received a report of the Director of Corporate Services updating the Committee on a range of corporate performance matters including 2019/20 budget monitoring, corporate plan key performance indicators (KPIs), risk management and the assurance framework.

The following were in attendance for this item:

- Ben Still, Managing Director
- Angela Taylor, Director of Corporate Services
- Dave Pearson, Director of Transport Services

The Committee noted that the internal audit report on risk management concluded a 'limited assurance'. This was due to inconsistencies in risk management processes across different service areas. A revised risk management strategy, which addresses the internal audit report's recommendations, is being considered by the Governance & Audit Committee meeting on 23 January 2020.

It was argued that although many KPI targets are marked green and are being achieved, the impact is low as the outcomes are relatively small when compared to the region's needs. Examples included:

- Better Homes Yorkshire programme is marked green for enabling 526 (out of 750 target) homes to become more energy efficient but this is a very small fraction of total homes in need of help in the Leeds City Region.
- 11 ULEV electric charging points have been installed to date, marked green, but similarly they are a small fraction of the amount of charging points needed to make an impact.

The Managing Director agreed and noted that the targets do not represent the Combined Authority's ambition but only what is possible with the capital funding available to the Combined Authority. The authority continues to put forward the case that more funding be provided so that essential schemes can be maintained or expanded.

Resolved: That the report be noted and the Committee's feedback and conclusions be considered further.

38. Scrutiny Work Programme 2019/20

The Committee considered a report of the Scrutiny Officer outlining the 2019/20 Work Programme and received verbal updates from spokespersons.

Following a referral from a Kirklees councillor and a recent issue at Leeds City Council where an inclusive growth workshop for members did not initially include colleagues from neighbouring councils, the Chair suggested to the committee that he look further at the system of cross border working, consultation and communication between partner authorities. It may involve setting up a task and finish group to investigate further, depending on

preliminary conversations with officers. The Chair will report back to a future meeting, advising on next steps.

Both working group leaders (Cllrs Baines and Baker) suggested that, due to the elections, purdah and Christmas break, they aim to report back at the May meeting instead of the March meeting as initially planned.

The environment spokesperson (Cllr Baker) noted that the Green Economy Panel scheduled for 28 January 2020 had been 'cancelled' and is now a private members workshop. It was suggested that the climate change working group review the Panel's work as part of its workplan.

The transport spokesperson (Cllr Foster) suggested that scrutiny keep a close eye on the situation with Northern Rail and focus more on scrutinising cycling and walking on the transport agenda considering the declaration of a climate emergency.

The newly appointed skills spokesperson (Cllr David Jones) provided an outline of a meeting with the Combined Authority's Head of Employment and Skills and suggested that, amongst other things, that thought be given to how apprenticeships are being used to support the region's strategic training needs, how to improve a promising programme of school engagement and what work is ongoing to reach traditionally 'hard to reach groups'.

Resolved:

- i) That the work programme be noted.
- ii) That the Chair's intention to investigate the system of cross border working, consultation and communication between partner authorities be noted.
- iii) That the climate change and business grants working group terms of reference be noted.
- iv) That the working groups' intentions to report back at the 22 May 2020 meeting instead of 20 March 2020 meeting be noted.
- v) That the selection of Cllr David Jones as employment and skills spokesperson be ratified and spokesperson updates be noted.
- vi) That the forward plan of upcoming key decisions be noted.

39. Date of the next meeting – 20 March 2020