

**Economic and Environmental Wellbeing Scrutiny and Policy Development
Committee**

Meeting held 17 September 2012

PRESENT: Councillors Helen Mirfin-Boukouris (Chair), Ian Auckland (Deputy Chair), Roger Davison, Terry Fox, Neale Gibson, Steve Jones, Alf Meade, Pat Midgley (Substitute Member), Robert Murphy, Joe Otten and Steve Wilson

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1. APOLOGIES FOR ABSENCE

1.1 An apology for absence was received and a substitute attended the meeting as follows:-

<u>Apology</u>	<u>Substitute</u>
Councillor Sioned-Mair Richards	Councillor Pat Midgley

2. EXCLUSION OF PUBLIC AND PRESS

2.1 No items were identified where a resolution may be moved to exclude the public and press.

3. DECLARATIONS OF INTEREST

3.1 There were no declarations of interest.

4. PUBLIC QUESTIONS AND PETITIONS

4.1 The Committee noted the receipt of a petition containing 114 signatures objecting to the proposed routing of the 83 bus service along Button Hill.

5. CALL-IN OF THE CABINET DECISION ON THE SHEFFIELD BUS AGREEMENT

5.1 The Committee considered the decision of the Cabinet taken at its meeting on 22nd August, 2012, relating to the proposal for a new Bus Agreement for Sheffield.

5.2 Signatories

5.2.1 The Lead signatory to the call-in was Councillor Ian Auckland and the

other signatories were Councillors Joe Otten, Roger Davison, Shaffaq Mohammed and Colin Ross.

5.3 Reasons for the Call-In

5.3.1 The signatories had confirmed that they wished to scrutinise the decision relating to the proposal for a new Sheffield Bus Agreement in order to allow for greater examination of what the agreement was proposed to contain and how this might impact on the City Transport offer.

5.4 Attendees

- Councillor Leigh Bramall (Cabinet Member for Business, Skills and Development)
- Councillor Shaffaq Mohammed (Leader of the Liberal Democrat Group)
- John Bann (Head of Transport, Traffic and Parking Services)
- Greg Challis (Communications Co-ordinator)
- David Young (South Yorkshire Passenger Transport Executive)

5.4.1 Councillor Ian Auckland expressed a number of concerns relating to the proposed agreement which focused on its content, the Council's previous support for a Quality Contract (QC), the way in which accountability would be improved and the way in which lower fares would be achieved. He considered a QC could still be the best way forward. The other signatories present expressed concerns about the consultation process and what benefits might accrue from a Voluntary Partnership Agreement (VPA).

5.4.2 In response, Councillor Leigh Bramall, Cabinet Member for Business, Skills and Development, stated that the current network was under threat with neighbourhood services being particularly vulnerable. The QC option presented a risk to the South Yorkshire Passenger Transport Executive (SYPTTE) and the Council at a time of cuts and, as part of the City Deal negotiations, the Government had indicated that it would not underwrite any financial risk associated with a QC, but would support a VPA. He added that the VPA delivered virtually everything which a QC would deliver and had advantages in that changes, whilst limited to once a year, were still possible, whereas a QC allowed no flexibility, it was without financial risk and would provide lower fares and a holistic network. In addition it was sustainable and could be delivered now, whereas a QC would take at least three years to implement. In addition, if the VPA approach did not work then it would still be possible to pursue the QC approach, but the aim was to benefit the majority. He also cited the Rt. Hon. Norman Baker, MP, the Liberal Democrat Transport Minister, who had stated his view that any pragmatic Council would look at a VPA before the nuclear option of a QC. In conclusion, Councillor Bramall indicated that his intention was to create an environment where public

transport offered an attractive alternative to the car, with better enforcement and bus priority being an important part of a VPA.

5.4.3 John Bann, Head of Transport, Traffic and Parking Services, referred to the Council's Transport Vision which had been approved in December, 2010 which promoted public transport, walking and cycling and the City Deal which contained proposals for getting the City moving. He added that the Coalition Government had come out in support of VPAs. David Young, SYPTE, added that a full Voluntary Partnership document was being produced to provide further detail to the Heads of Terms and the circulated summary.

5.5. Public Questions

5.5.1 Responses were provided to public questions as follows:-

- In relation to consultation, the number of members of the public attending this meeting would suggest that the issues involved had been appropriately aired. There had been a good response to the consultation process with over 2,600 responses being received. The proposal had also been considered by Council and consultation had taken place with the Council's two main political groups. In addition, items had been included in The Star newspaper and on Radio Sheffield.
- Community Assemblies had all received information packs and the offer of officer briefings on the proposal and were aware of the issues involved.
- With regard to the 72 route, it was felt that the community cohesion issues raised needed more than just a change in the bus service.
- The aim was to have a reliable, punctual service and a VPA would address this.
- The consultation exercise was essentially about the outcome and it was felt that the general public were not concerned with the actual nature of the agreement, hence it had been summarised in the circulated Heads of Terms document.
- It was accepted that the current delivery of the bus network did not meet customer demands and needed improving. The consultation document set out how this would be done.
- As the operators' aim was to make money, some element of compromise was required. Operators had been engaged in the process through the Council and SYPTE.
- The consultation exercise had generated over 2,600 responses

and 12 petitions and these had been worked through to address the issues raised. 25% of responses had been critical of reliability and punctuality.

- It was inevitable that change would upset some people.
- A VPA would improve accountability, as presently the operators were only accountable to the Traffic Commissioners. It would also provide a framework for dialogue.
- The proposed VPA included 98 bus route variations, with changes made to 16 of these as a result of the consultation exercise.
- Some direct consultation had been undertaken with regard to the change proposed to the 83 bus route resulting from the original consultation. Officers had contacted the relevant households directly.
- Dialogue was ongoing with regard to proposed changes in the 72 bus route and officers were working with the community to see what could be done and, subject to the VPA being approved, a one year reinstatement was being considered to further gauge usage.
- A compromise solution would have to be sought with regard to any changes to the 66 bus service which it was proposed to extend to High Green.
- It was for officers to clarify the legal agreement and it should be noted that all important features were in the public domain.

5.6 Questions from signatories to the Call-In

5.6.1 Responses were provided to questions raised by the signatories to the call-in as follows:-

- Under a VPA, the financial risk lay with the bus operators rather than the Council. Historically, First used to provide services on the primary and secondary routes and Stagecoach only competed on the primary network. This affected First capacity on the secondary routes and it increased fares in response. This compounded the problem as it was losing money on the secondary network, which meant that the secondary network was under-funded. Consequently new bus services were under threat.
- The current situation was not sustainable and routes could be discontinued. Under the VPA, there would be a sharing out of the secondary network.

- The majority of the South Yorkshire Integrated Transport Authority (SYITA) had voted in favour of the VPA.
- With regard to fares under the VPA, cheap fares would remain and a mechanism would be employed to bring more expensive fares down.
- With regard to consultation, an information pack had been delivered to each Community Assembly, together with an offer of a briefing.
- The Government had agreed that some funding would be made available in relation to the provision of real time information and smart ticketing was to be used to cover different forms of transport.
- It was not possible to delay the implementation of changes to the 83 service and it was suggested that the changes be introduced and made subject to early review. It should be noted that the route had been tested, with the operation of the proposed service being shown to be achievable.
- A VPA would bind the operators into keeping the network and remove the risk from the SYPTE. There could be change to the agreement where this was supported by the Council and SYPTE, whereas under a QC, the network could not be changed for 10 years.
- Any excess money generated from a reduction in the costs of network operation would be used to reduce the cost of the Travel Master ticket and, under a VPA, one in three adult fee paying passengers would benefit from cheaper fares in Sheffield. The Competition Commission had devised a formula for offering fare protection for the multi operator ticket product and it was expected that First would reduce its commercial fares.
- The number of consultation responses received demonstrated that a period of 27 days was adequate for the process and, with more than 2,600 responses received, this was more than double the earlier QC consultative review.
- If the VPA progressed, the 72 service would be kept in a shortened form.

5.7 Questions from Members of the Committee

- 5.7.1 Members of the Committee raised a number of questions and the following responses were provided:-

- Despite Government spending cuts, the Bus Service Operator Grants (BSOG) of approximately £5.1m would still be paid, but whether this would be in perpetuity remained to be seen. Funding through the City Deal of £7m to £9m over a period of five years would only be available in the case of a VPA and was subject to a value for money Business Case being accepted by the Department for Transport.
- The VPA option would deliver the QC benefits quicker and without risk to the public purse and without any increase in fares. If the operators were in breach of the VPA and did not rectify the breach, then the QC option would be considered.
- Whilst it was difficult to tackle punctuality and congestion and provide appropriate cross-city services, it was hoped that operators would be able to provide such services.
- In relation to the consultation, it was difficult to satisfy everyone, but it should be borne in mind that Passenger Focus had congratulated the SYPTC on the consultation exercise.
- The operators would still be concerned about service provision under a VPA if the option to move to a QC was still available. In relation to the City Deal and the Bus Partnership Agreement, the offer from the Department for Transport had come somewhat late in the day.
- Under a VPA, the operators would need to agree any changes to services with the SYPTC/Council. It was felt that a VPA would be flexible for what was required, would prevent one partner stepping away and would allow cross subsidisation. A twin track approach would not be possible as operators needed investment confidence and there were transitional risks in introducing a QC, one of which was the possibility of legal action.
- A VPA would bring stability and the North Sheffield Agreement, which was based on the National Bus Model, had resulted in an increase in passengers. Cheaper fares were a key factor and it was hoped that passenger numbers would increase by 3% in the first year of operation and by 2% in each of the next two years.
- 40% of the South Yorkshire bus network was used for access to employment or education and it was hoped to persuade operators to reintroduce certain evening and Sunday services.
- The VPA would operate in partnership with the operation of the Highways PFI (Private Finance Initiative) contract.

- A substantial budget would need to be allocated to cover the eventuality of legal challenge to the QC option, but the adequacy of this would depend on the points argued.
- It was important to end the year on year withdrawal of the bus network.
- There would always be winners and losers with a VPA, or indeed a QC, and an element of compromise was required, but it was hoped that change would bring a move towards an ideal situation.
- The new structure would seek to undercut the present First fare structure and would involve significant bus frequency increases and network stability. The agreement would allow for three changes during the first year of operation and then only one per year. There would also be improved enforcement of bus lanes, increased use of CCTV and junction alterations. If the VPA was found not to work, then consideration would be given to the introduction of a QC. It was also felt that the operation of a VPA would assist co-ordination of different forms of transport.
- On occasions, buses may be seen to be carrying only a few people, but it should be borne in mind that a minimum volume of buses was required to cover the whole of any particular route.
- The proposed service changes were variations on existing services. Those objecting to routing the 83 service along Button Hill were objecting to the solution to an earlier set of objections. The SYPTE were happy to discuss a solution to this issue with the operators, community and officers.

5.8 RESOLVED: (a) notes the contents of the report together with the comments made and responses provided;

(b) notes the decision of Cabinet at its meeting on 22nd August, to endorse the Voluntary Partnership Agreement as the preferred delivery vehicle at the present time for the new Bus Agreement for Sheffield;

(c) recommends that no action be taken in relation to the call-in decision; and

(d) recommends that the new Bus Agreement for Sheffield be added to the Committee's work programme.

(NOTE: Prior to the passing of the above resolution, an alternative resolution was moved by Councillor Ian Auckland and seconded by

Councillor Roger Davison, namely:-

“That this Scrutiny Committee refers this decision back to the Cabinet with the following recommendations:

- (a) welcomes any improvement to the Sheffield bus network, but notes the numerous residents who feel they will lose out as a result of the proposed partnership;
- (b) laments the lack of consultation by the Council, with many residents still unaware of the changes after a mere 27 days of consultation;
- (c) welcomes the concessions to some campaigns but notes that others have still not been addressed and therefore, calls upon the Cabinet Member for Business, Skills and Development, to address the outstanding campaigns in, for example, High Green, Fulwood, Millhouses and Stannington;
- (d) questions the transparency of the partnership, noting that full details of the contract have still not been published and therefore requests that the contract details are published for scrutiny as soon as possible;
- (e) further requests that the Cabinet clarify to whom powers have been delegated to sign the final contract;
- (f) also considers that procedures for monitoring the agreement are neither clear nor sufficient, and therefore resolves that, should the partnership be approved, the subject of monitoring be added to the future work programme of this Committee; and
- (g) ultimately believes that a voluntary partnership cannot deliver the fair, affordable and equitable service that local people deserve and therefore calls upon the Cabinet to pursue a Quality Contract system without delay.”

This alternative resolution was put to the vote and negated).

6. DATE OF NEXT MEETING

Thursday, 20th September, 2012 at 2.00 p.m. in the Town Hall.