

# Scrutiny Committee – Minutes

**Meeting:** Scrutiny Committee  
**Date:** 22 November 2018  
**Venue:** Council Chamber, Town Hall, Warrington, WA1 1UH

## Attendees:

Cllr Cathy Mitchell	Warrington (Chair)
Cllr Eric Firth	West Yorkshire (Vice-Chair)
Cllr Andy Paraskos	North Yorkshire (Vice-Chair)
Cllr Jim Shorrock	Blackburn with Darwen
Cllr David O’Hara*	Blackpool
Cllr Harold Davenport*	Cheshire East
Cllr Michael Mordey*	North East
Cllr John Davison	North Lincolnshire
Cllr Ann Reid	York

Substitute Member in attendance

## Officers

Iain Craven	Finance Director
Jonathan Spruce	Strategy Director
Tim Foster	Head of Economic Advice
Alastair Richards	IST Director
Sasha Wayne	Head of Legal Services
Rosemary Lyon	Legal and Democratic Services Officer
Ginny Leonard	IST Stakeholder Manager

## Apologies

Cllr Martin Mitchell	Blackpool
Cllr Don Stockton	Cheshire East
Cllr Ben Powell	Cheshire West
Cllr Sean Chaytor	Hull City Council
Cllr Bruce Pickard	North East
Cllr Roy Miller	Sheffield City Region
Cllr David Southward	Cumbria
Cllr Andrew Snowden	Lancashire
Cllr Gordon Friel	Liverpool City Region
Cllr Nathalie Nicholas*	Liverpool City Region
Cllr Philip Jackson	North East Lincolnshire
Cllr John Fenty*	North Lincolnshire
Cllr Denise Lelliott*	Sheffield City Region
Cllr Nicholas Wallis	Tees Valley

## **1.0 Welcome and Apologies**

- 1.1 Members of the Committee were welcomed to the meeting.
- 1.2 Apologies for absence were noted.
- 1.3 It being noted that the quorum for the Committee is established in the Constitution rather than being a statutory requirement, the Chair moved that the quorum be waived to permit the meeting to commence. The Committee agreed the proposed waiver.
- 1.4 The Chair reported the recent death of Councillor Ian Stewart, a member of this Committee appointed by Cumbria County Council. A minute silence was held in his memory.

## **2.0 Declaration of Interest**

- 2.1 There were no declarations of interest.

## **3.0 Minutes**

- 3.1 The Minutes of the meeting of the Transport for the North ("TfN") Scrutiny Committee held on 30 August 2018 were considered.
- 3.2 Further to the submitted minutes, it was noted that Cllr Davison is a substantive member of the Committee (not a substitute as recorded in the minutes); that the apologies of Councillor Harold Davenport (Cheshire East Council) be recorded; and that "John Davidson" in minute 4.10 should read "John Davison".

**RESOLVED:** That, subject to adoption of the amendments as referenced in Minute 3.2 above, the minutes of the meeting of the Transport for the North Scrutiny Committee held on 30 August 2018 be approved as a correct record.

## **3.0 Review of the Constitution**

- 3.1 Sasha Wayne, Transport for the North (SW) presented a report providing an update on the progress of the review of the TfN Constitution. The report gave a precis of the comments received to date arising from a questionnaire that had been circulated to all Members of the TfN Board (including Substitutes), the Scrutiny Committee (including Substitutes), the Audit and Governance Committee, and legal officers of the Constituent Authorities and gave indication as to emerging proposals developed in response.

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**RESOLVED:** That the report and responses received to date in respect of the Review of the TfN Constitution, be noted.

#### **4.0 Strategic Transport Plan Update**

- 4.1 Jonathan Spruce, TfN, (JS) presented a report providing an update on the development of the final Strategic Transport Plan (STP) and on the preparation of the initial long-term Investment Programme that will accompany the Final STP. The Draft STP had been published for public consultation in January 2018 and the Committee, at the meeting held on 30 August 2018, had received a series of proposed responses to an independent report on the public consultation and other substantial consultation responses.
- 4.2 Development of the Final STP had continued following feedback from the Committee and being mindful of the statutory considerations of -
- a) the promotion of economic growth in its area;
  - b) the social and environmental impacts in connection with the implementation of the proposals contained in the strategy;
  - c) any current national policy relating to transport that has been published by or on behalf of Her Majesty's Government, and
  - d) the results of the public consultation as required by the Act.
- Key changes arising were outlined within the submitted report.
- 4.3 Members were also advised that work, including extensive engagement with TfN's partners over the last month, had been undertaken on the initial version of the long-term Investment Programme to be published alongside the Final STP. The agreed process for developing the Investment Programme was appended to the submitted report.
- 4.4 The Committee considered matters related to Northern Powerhouse Rail (NPR). With regard to the HS2 *Phase 2b* project and to what extent the Investment Programme relies on this, the Committee was advised that while many aspects of NPR were reliant *particularly on the Touch points where NPR needs to use HS2 Infrastructure to build the "proposed rail system"*. With regard to costings associated to NPR, it was advised that Network Rail standard industry factors have been applied and costs would be considered in an item later on the agenda. There is the opportunity for Transport for the North to become the guiding mind for NPR, the Transpennine Rail Upgrade (TRU) and wider infrastructure investments as one package and thereby drive efficiencies by having control over the plans for the North.
- 4.5 JS advised the Committee in respect of correspondence received from a Mr Rae who considered that the STP "fails its carbon test". The Committee was advised that as the Final STP was still being developed and so had not been approved or published, it could not be said to either exist or to have failed the carbon test. Notwithstanding that Transport for the North could not be influenced by one individual, separate legal advice on compliance with statutory requirements was being sought. Transport for the North would continue to engage with

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Mr Rae and the right of Mr Rae to forward correspondence direct to Members acknowledged.

- 4.6 Going forward, three matters would be presented to the Committee in the next two months : the report presented to the Committee in August 2018 setting out the findings of consultation so that the Committee can be satisfied everything has been appropriately picked up in the Final STP; an independent Carbon study report to see how it shapes the environment has been duly considered; and legal advice on how Transport for the North has met its statutory requirements. The Committee will then be asked to ratify the STP on the basis of the information it has been provided with at the next Scrutiny Committee Meeting in January 2019.

**RESOLVED:** That the progress be made in the development of the Final STP and the initial long-term Investment Programme, together with the adherence to relevant legislative requirements and upcoming timetable for ratification, be noted.

## **5.0 Business Plan 2019/20**

- 5.1 Iain Craven, TfN, (IC) gave a presentation to the Committee introducing the processes leading to the development of the Transport for the North Business Plan 2019/20. The timescales for development of the Plan, including a submission to be made to this Committee at the meeting to be held on 24 January 2019 and leading to formal adoption of the Plan by the Transport for the North Board on 7 February 2019 was advised.
- 5.2 Key points highlighted to Committee comprised –
1. TfN has limited revenue raising powers, being unable to raise a precept or levy or to borrow;
  2. Virtually all TfN resources are granted to it by the Department for Transport;
  3. While TfN has flexibility on how it deploys its Core funding, all other grants received are ringfenced to specific activity as a condition of the grant;
  4. TfN's main funding sources for 2019/20 will, in general terms, be broadly as follows:
    - £10m Core funding
    - £30m Transport Development Funding for NPR
    - £50m IST Programme Grant
    - £0.9m Rail North Partnership and Rail Grant
    - £0.04m rail contributions from partners; and
  5. The majority of TfN activity is in progress as a result of decisions made previously or to be made prior to the new financial year.
- 5.3 The following matters were considered to be the emerging 'headline' objectives for Transport for the North in the forthcoming year -

- Northern Powerhouse Rail – to iterate the Strategic Outline Business Case for the new lines and commence Outline Business Cases for the other corridors (18-24 month process);
  - Strategic Rail – to ensure the delivery of Franchise commitments including the recovery of May 2018 performance;
  - Strategic Rail – the delivery of the Long-Term Rail Strategy including input to the Trans-Pennine Route Upgrade
  - Integrated Smart Ticketing – to finish the roll out of the National Smart on Rail programme and complete the procurement of the ABBOT back office;
  - Modelling & Analysis – to develop our analysis and modelling capability so that we can accurately represent the economic ambition of the North in our business case submissions;
  - Strategy – to develop and monitor the delivery of the Investment Programme; and
  - Develop a 5 year corporate strategic plan.
- 5.4 Councillor Mordey asked that the strategic development studies be included in the Business Plan. It was confirmed that reference would be made to these when a report is brought forward.
- 5.5 Councillor Firth queried rail timetabling issues and the extent to which TfN could 'ensure' matters, as had been suggested. IC noted that the presentation of this issue needed consideration as TfN did not have sufficient control over National Rail or train operating companies (TOCs) but rather needed to work with partners to take on board lessons learned to prevent similar issues arising again. JS noted the issues with the May 2018 timetable, which had focussed the Rail North Committee for greater oversight on the December 2019 timetable change.
- 5.6 IC presented detail around Key Performance Indicators. It was noted that these would require review/update given areas of reported slippage. The impact of Brexit was queried, noting the volume of freight coming through ports might be impacted.
- 5.7 Councillor Shorrocks suggested that a strong message should be sent from this Committee to the TfN Board about the TOCs and that the Scrutiny Committee needs to monitor them carefully. It was noted to the Committee that the TOCs have made presentations to the TfN Board and it may be an option for this information to be shared with the Scrutiny Committee.
- 5.8 The Committee considered matters surrounding the franchise agreements and queried whether there had been a breach of the contract arrangements. It was noted that this issue was part of the work the Rail North Partnership is carrying out and also links to the Review being undertaken by Councillor Judith Blake and the former

Transport Minister, Jo Johnson. It was further noted that the franchise contract is between the DfT and TOCs and includes 'reserved matters' meaning TfN has limited influence. It was noted that governance in the rail industry made it difficult to identify "fault" which was all part of the various current reviews.

**RESOLVED:** That the presentation on the development of the Transport for the North Business Plan 2019/20 be noted.

## **6.0 Transport for the North Budget Revision 2 and Year to Date Monitoring**

- 6.1 IC presented a report providing an update on TfN's financial position after the first six months of the 2018/19 financial year. Taking account of that position and of update forecasts for the second half of the financial year, a revised budget was presented for consideration. The budget revision proposal would be presented to the TfN Board in December 2018 for consideration.
- 6.2 The approved Revision 1 budget for 2018/19 had included a significant reduction to reflect a revised timetable for delivery of activity related to Phase 3 of the Integrated and Smart (IST) Ticketing Programme arising from delays in the passage of the project through the government approval. At Revision 2 it was intended to further reduce the budget to reflect reduced activity and expenditure in programme areas, principally the IST programme area. IC noted that the programme underspends included a large element of contingency and unspent VAT that magnified the impact of activity slipping from the final quarter into the next financial year.
- 6.3 It was reported, and confirmed in response to members' queries, that underspend on core funding underspend is kept for future years and the IST underspend this year would be rolled over to support the planned activity next year.
- 6.4 Members noted the issues of budget slippage, stressing the importance of keeping projects to timescales while further noting the overreliance on partners and approvals in the delivery of certain projects and/or activities.

**RESOLVED:** That the year to date underspend of £2.56M against the Revision 1 budget, and £10.27M against the opening budget, be noted;  
(2) the proposed full-year Revision 2 budget of £42.15M be noted;  
(3) the requirement to carry-forward grant to support slipped activity into the new financial year be noted.

## **7.0 Northern Powerhouse Rail - Update**

7.1 The Committee received a presentation from Tim Foster, TfN, Head of Economic Advice, giving an update on matters related to Northern Powerhouse Rail (NPR). NPR is a flagship programme for TfN and a major national infrastructure project for government. TfN has worked closely with Partner Authorities, the Department for Transport and our Delivery Partners, Network Rail and High Speed 2 Ltd to complete the Strategic Outline Business Case (SOBC) which translates the North's vision for NPR into a robust and credible case for investment. The TfN Board would be asked to consider endorsement of the SOBC at the meeting to be held on 6 December 2018.

7.2 Key messages within the presentation were that –

- NPR will deliver a transformed rail network and bring new opportunities to millions of people. There were clear economic benefits to people and business, both to the North and the UK economy. Those benefits are distributed across the North – not just in the cities.
- The TfN vision for NPR is deliverable and includes options in relation to HS2 and the Transpennine Upgrade. NPR could be constructed in phases, starting in the mid-2020s
- NPR was now backed by a robust business case that is now significantly stronger than previously. Scope existed to further improve the investment case for the network in the next phase of development and optimisation work.

7.3 The Committee considered NPR in the context of spend on HS2 and the image this gave given the substantial needs of the local network. Members were advised that TfN were aware of this issue and so were looking at how to present NPR as developing on the foundations of the Transpennine and other upgrades. HS2 was important to the North so HS2 needed to be clear as to what it was looking to achieve. For example, one objective of HS2 was to free up capacity for freight, so the project was not just about shorter journey times.

7.4 Phasing of NPR roll out was subject to ongoing work, but it was acknowledged that certain areas would be easier than others. The Committee was clear that lessons be learnt from the experiences of HS2 to assist in delivery of NPR. It was therefore considered essential to deliver and demonstrate the benefits of NPR across the North and so it was critical to get appropriate messages communicated to the public.

**RESOLVED:** That the presentation providing an update on the Northern Powerhouse Rail programme be noted.

## **8.0 Integrated and Smart Travel Update**

8.1 Alastair Richards (TfN) (AR) presented a report and a presentation detailing progress made and key milestones achieved in respect of the Integrated and Smart Travel (IST) Programme, with Phase 1 going live with passengers between Hull, Scarborough and Malton and Phase 2 Full Business Case being approved by DfT investment committee on schedule. Procurement on Phase 3 was progressing to plan with ITT submissions due in January 2019.

8.2 Issues impacting on the programme were advised as follows. With regard to Phase 1 implementation, there had been issues with the final testing of the central Back office using up contingency and putting the wider rollout under pressure. Notwithstanding this, completion of the Phase 1 Implementation Plan as scheduled was expected. Work had continued with partners on preparations for the medium term operating model for Phase 2, and work with larger bus operators undertaken to finalise requirements for Phase 3.

**RESOLVED:** That the report and presentation in respect of the IST Programme be noted.

## **9.0 Exclusion of Press and Public**

**RESOLVED:** That the public be excluded from the meeting during consideration of the following business since it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended), that is information relating to the business or financial affairs of any particular person (including the authority holding that information).

## **10.0 Integrated and Smart Travel Update**

10.1 The Committee gave ongoing consideration to the progress made and key milestones achieved in respect of the Integrated and Smart Travel (IST) Programme as commenced at Minute 8 and in light of appendices containing exempt information as defined with Minute 9 above.

**RESOLVED:** That the reported progress across the three phases of the Integrated Smart Ticketing (IST) programme be noted.