

Meeting of the Full Council
Meeting to be held on Thursday, 21 July 2016

Report submitted by: Director of Community Services

Part A

Electoral Division affected:
(All Divisions);

Transport for the North
(Appendices 'A', 'B' and 'C' refer)

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Executive Summary

Transport for the North (TfN) is an evolving partnership of local transport authorities, combined authorities and Local Enterprise Partnerships across the North of England acting collectively and working with the Government, Highways England, HS2 and Network Rail to develop a Northern Transport Strategy in support of the Government's wider Northern Powerhouse agenda. The County Council has been fully engaged with TfN since July 2015 through its membership of Transport for Lancashire (TfL).

The Government has undertaken to establish Transport for the North on a statutory basis, with powers drawn down from central government to support this role; primary legislation to implement this commitment is set out in the Cities and Local Government Devolution Act 2016. TfN intends to submit a proposal to establish a sub-national transport body for the North to the Government during the summer Parliamentary recess. The Chair of TfN, on behalf of its Partnership Board, has invited each of the 19 local transport authorities within the proposed STB area to consider the draft proposal attached as Appendix 'A' and consent to its submission to the Secretary of State. There will be a further opportunity to consider the final draft regulations to establish Transport for the North as a statutory sub-national transport body in the autumn.

Recommendation

That the Full Council:

1. note the contents of this report;
2. agree 'in principle' support for the draft 'Proposal to Establish a Sub-national Transport Body' as set out in Appendix 'A' and consent to its submission to the Secretary of State;

3. note that this agreement 'in principle' be contingent on TfN drawing down powers from central government and not derogating powers from local transport authority arrangements or securing any reserve powers to determine, manage and/or deliver local transport responsibilities without the full support of the relevant local transport authority;
4. approve the nomination of the Leader of the County Council as Lancashire County Council's representative on Transport for the North and that the Deputy Leader be nominated as a substitute to attend meetings in the absence of the Leader of the Council.

Background and Advice

Transport for the North (TfN) is an evolving partnership of local transport authorities, combined authorities and Local Enterprise Partnerships across the North of England acting collectively and working with the Government, Highways England, HS2 and Network Rail to develop a Northern Transport Strategy in support of the Government's wider Northern Powerhouse agenda. TfN was established in October 2014 to enable the North to speak with one voice on the big decisions necessary to deliver transformational change through improved connectivity, thereby making the North a more attractive place to live, work and do business.

The County Council has been fully engaged with TfN since July 2015 through its membership of Transport for Lancashire (TfL). As Chair of TfL, the Leader of the County Council, County Councillor Mein, currently represents Lancashire County Council, Blackpool Council, Blackburn with Darwen Council and Cumbria County Council on TfN's Partnership Board. The Lancashire Local Enterprise Partnership is represented on the Partnership Board by the Chair of the Cumbria Local Enterprise Partnership. The Chief Executive of Lancashire County Council currently provides similar representation on TfN's Executive Board and County Council officers are engaged in supporting TfN's various work streams, including development of the Northern Transport Strategy.

Since its establishment, TfN has developed as a strong and inclusive partnership, committed to drive forward the economy of the North through transformational investment in transport infrastructure. In response to this commitment from the North, the Government has undertaken to establish Transport for the North on a statutory basis, with powers drawn down from central government to support this role. Primary legislation to implement this commitment is set out in the Cities and Local Government Devolution Act 2016, enabling the Secretary of State for Transport to establish a statutory sub-national transport body (STB) following receipt of a proposal from authorities in that area, provided that the following two conditions are met:

1. The sub-national transport body would facilitate development and implementation of transport strategies for the area; and
2. Economic growth would be furthered by development and implementation of such strategies.

The Act does not create the powers for an STB to operate; rather it enables the functions of the STB to be derived from a limited number of sources, including:

- General functions provided for in Section 102H of the Local Transport Act 2008, including the preparation of a transport strategy and powers to advise, co-ordinate and make proposals;
- Other public authority functions (i.e. including functions of the Secretary of State) to be exercisable either instead of by, or jointly (but not concurrently) with the public authority;
- Local transport functions (i.e. functions of combined authorities, local transport authorities or Passenger Transport Executives) exercisable instead of by, or concurrent with, the CA, LTA or PTE.

It is currently envisaged that TfN would seek the following powers:

- Facilitate the development and implementation of the Northern Transport Strategy where this will further economic growth for the North;
- Coordinate and deliver a new North-wide system of smart and integrated ticketing; and
- Initially, to work jointly with the Government to ensure the investment programmes of Highways England and Network Rail are driven by the North's economic and connectivity priorities, and over time, assume sole responsibility for this client role.

The drawdown of powers described below is considered essential to achieving transformational economic growth in the North and reflects the Government's challenge to the North to be ambitious in its plans. The approach set out in the draft 'Proposal to Establish a Sub-national Transport Body', attached to this report as Appendix 'A', will establish TfN on a permissive statutory framework that will allow it to build capability and capacity over time, where this has the explicit agreement and consensus its members.

Powers drawn down from Central Government

TfN considers that, to be effective in its final form, it will need to be responsible for setting the strategic, pan-northern transport objectives for Highways England and Network Rail, including fully devolved responsibility for specifying franchised rail services. In effect, this would transfer the client role from the Department for Transport to the North, following similar principles for devolution to Scotland and Wales, where transport investment priorities are determined locally and according to economic priorities. Powers currently exercised by the Government would be exercised by TfN instead and would include:

- Setting and varying the objectives and priorities for the Road Investment Programme;
- Setting the objectives and priorities for the Rail Investment Programme; and
- Determining rail franchise service specification.

Achieving fully devolved status will by necessity involve transition through an interim 'co-decision' making role with the Government to fully devolved responsibilities as the capacity and capability of TfN matures. This is similar to the way that the Government's relationship with Rail North has evolved.

Powers exercised concurrently with Local Transport Authorities and Passenger Transport Executives

To facilitate the development and implementation of its Transport Strategy, TfN considers it will likely require the ability to exercise a number of powers held by combined authorities, local transport authorities or Passenger Transport Executives; these are set out in Appendix 'B'. These powers could only be exercised concurrently **and with the explicit agreement of the local transport authority in question**. The use of concurrent powers by TfN will not reduce the powers available to local areas.

TfN will continue to work with local transport authorities over the summer to develop the TfN operating model, including key principles and heads of terms for working arrangements, operating agreements and protocols that would need to be put in place. These will be available for consideration when the Government issues the draft STB regulations in the autumn, after which TfN member authorities will be invited to consent formally to the regulations and to membership of the STB.

Development and implementation of the STB's transport strategy will fully involve all northern Local Transport Authorities and be agreed by the elected members of its 19 constituent authority areas. TfN considers that this, together with the arrangements described above, will ensure that where the exercise of concurrent powers is required, consensus and workable solutions will be achieved.

Proposals for constitutional arrangements for the STB

The constitutional arrangements upon which TfN will be established include the following key principles:

- Voting arrangements;
- Funding;
- Integration of Rail North Limited; and
- Local accountability and operating model.

The STB proposal aims to replicate as far as possible the arrangements already established for TfN's non-statutory role, which has gained support from authorities and business leaders from across the North. These arrangements were considered by TfN's Partnership Board at its meeting on 9th June 2016 and further refinement will continue as the Government drafts the regulations. Member authorities will have a further opportunity to consent formally to the arrangements set out in the regulations in the autumn.

TfN will continue to endeavour to reach consensus on all its decisions; nevertheless, as a statutory body it will need to specify arrangements whereby it reaches decisions where unanimity is not possible. It is proposed to introduce a weighted system of voting based on population, as set out in Appendix 'C'. The weighted voting

entitlement of the constituent authorities will be determined on the basis of one vote for each 200,000 or part thereof of the resident population of its area as estimated annually by the Office of National Statistics (Resident Population). Certain decisions will require both a super-majority consisting of 75% of the weighted vote and a simple majority of the members appointed by the constituent authorities to be carried. Such decisions will be:

- The approval and revision of TfN's transport strategy;
- The approval of TfN's annual budget; and
- Any changes to TfN's constitution.

The regulations should also provide for constituent authorities to make statutory contributions as determined by TfN towards the costs of TfN, **provided only** that a decision to require such contributions and the overall amount of such contributions is unanimously agreed by all TfN members appointed by constituent authorities. The apportionment of such contributions would be determined on the basis of resident population, unless unanimously agreed to the contrary.

Integration of Rail North Limited

It is proposed that TfN should become the sole owner of Rail North Limited, provided that any changes to Rail North's constitutional arrangements ensure:

- That the rights and interests of those Rail North Limited member authorities that are not constituent authorities of TfN are protected;
- That Rail North member authorities that are TfN constituent authorities are able to retain rights similar to their existing rights through TfN's constitutional arrangements.

Such protection would include:

- Existing geographical sub-groups continuing to nominate directors of Rail North Limited;
- Rail North authorities that are not constituent authorities of TfN becoming co-opted members of TfN with a right to vote on 'Rail North' matters.

Under Section 23 and 26 to 30 of the Railways Act 1993, the Secretary of State is responsible for rail franchising. Rail North Limited jointly manages the Northern and Trans Pennine franchises with the Secretary of State and has various rights under a contractual agreement. At the end of the recently let franchises in 2023/25, it is envisaged that this function would be devolved to TfN.

Local accountability

TfN is seeking to establish its powers through devolution from central government, not through any loss of powers, responsibilities or funding from local authorities. TfN will work on the basis of 'subsidiarity', with local responsibilities exercised at local level, and cross-northern collaboration focused through TfN where it adds value and becomes greater than the sum of its parts. TfN will continue to work with local transport authorities during the regulations drafting period to clearly define the roles

and boundaries between TfN and local transport authorities. Several key principles have already been established through the emergence of TfN:

- The STB transport strategy will focus on enabling economic growth across the North;
- TfN allows the North's local transport authorities to adopt a coherent and integrated approach to strategic transport infrastructure planning across the North that enables local areas to grow their economies; and
- TfN exists to present a coherent and clear position to the Government and to national delivery agencies in respect of setting the strategic transport objectives for the area upon which subsequent interventions can be developed, appraised and implemented.

TfN does not expect any future funding allocations towards STBs to detract from those funds made available for local transport authorities.

Membership

Each constituent authority will appoint one of their councillors/members or their elected mayor as a member of TfN and another to act as a substitute member in the absence of the first aforementioned. To maintain continuity, subject to Council approval it is proposed that the Leader of the County Council, County Councillor Mein, is nominated as the County Council's representative on Transport for the North once it becomes legally established as a Sub-national Transport Body. It is also proposed that the Deputy Leader of the County Council, County Councillor Borrow be nominated as a substitute to attend meetings in the absence of the Leader of the Council.

Next steps

TfN intends to submit a proposal to establish a sub-national transport body for the North to the Government during the summer Parliamentary recess. The Chair of TfN, on behalf of its Partnership Board, has invited each of the 19 local transport authorities within the proposed STB area to consider the draft proposal attached as Appendix 'A' and consent to its submission to the Secretary of State.

Subsequent to the Secretary of State's review of the draft proposal and decision to proceed, it is anticipated that government lawyers will then draft the regulations over the summer. The Secretary of State will then consult on the draft regulations in the autumn, giving constituent local transport authorities a further final opportunity to review the regulations, ratify their consent and formally agree to become a member of TfN. Once all necessary consents are in place, the Department for Transport will institute parliamentary proceedings to establish TfN as a statutory body. The timetable for laying an Order before Parliament will be dependent on completion of a number of policy and legislative processes; however, TfN will maintain dialogue with DfT to mitigate any potential delays to securing an Order in spring 2017.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

No significant risks have been identified.

**Local Government (Access to Information) Act 1985
List of Background Papers**

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A