

Report to:	EXECUTIVE
Relevant Officer:	Alan Cavill, Director of Place
Relevant Cabinet Member:	Councillor Gillian Campbell, Deputy Leader of the Council (Tourism, Economic Growth and Jobs)
Date of Meeting:	12 September 2016

TRANSPORT FOR THE NORTH: APPROVAL TO SUPPORT THE ESTABLISHMENT OF A SUB-NATIONAL TRANSPORT BODY

1.0 Purpose of the report:

1.1 Along with the other 18 local transport authorities in the north of England, the Council has been asked to give support for establishing a Sub-National Transport Body (STB), which would be called Transport for the North (TfN). The Government has undertaken to establish Transport for the North on a statutory basis.

2.0 Recommendation(s):

2.1 To agree in principle support for the draft proposal to establish a Sub-National Transport Body as set out in Appendix 7a and consent to its submission to the Secretary of State.

2.2 That subject to the approval of 2.1 above, the agreement in principle be contingent on Transport for the North 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.

2.3 To approve the nomination of the Deputy Leader of the Council as Blackpool Council's representative on Transport for the North and the nomination of the Cabinet Member for Municipal Assets as the designated substitute to attend meetings in the absence of the Deputy Leader of the Council.

2.4 To note that a report be brought to the Executive for consent to the draft legislation, and the Council's formal membership of Transport for the North as a statutory Sub-National Transport Body.

3.0 Reasons for recommendation(s):

3.1 To support the proposal in principle to establish a Sub-National Transport Body, noting there will be a further opportunity to consider the final draft regulations to establish Transport for the North) as a Sub-National Transport Body later this this year.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the council? No

3.2b Is the recommendation in accordance with the council's approved budget? Yes

3.3 Other alternative options to be considered:

None

4.0 Council Priority:

4.1 The relevant Council Priority is: "The economy: Maximising growth and opportunity across Blackpool."

5.0 Background Information

Introduction

5.1 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. Transport for the North 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.

5.2 The Council has been fully engaged with Transport for the North since July 2015 through its membership of Transport for Lancashire (TfL). Transport for Lancashire is currently chaired by the Leader of Lancashire County Council, County Councillor Jennifer Mein, who currently represents Lancashire County Council, Blackpool Council, Blackburn with Darwen Borough Council and Cumbria County Council on Transport for the North's Partnership Board. The Lancashire Local Enterprise Partnership is represented on the Partnership Board by the Chair of the Cumbria Local Enterprise Partnership. Officers from the four local transport authorities (LTAs) provide input and support Transport for the North's various work streams, including

development of the Northern Transport Strategy.

5.3 Since its establishment, Transport for the North has developed as a strong and inclusive partnership, committed to driving 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.

5.4 The Act does not create the powers for a Sub-National Transport Body to operate; rather it enables the functions of the Sub-National Transport Body 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 combined authority, Local Transport Authority or Passenger Transport Executive.

5.5 It is currently envisaged that Transport for the North 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.

5.6 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 Transport for the North on a permissive statutory framework that will allow it to build capability and capacity over time, where this has the explicit agreement and consensus of its members.

5.7 Powers drawn down from Central Government

Transport for the North 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 (DfT) to the North of England, 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 Transport for North 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.

5.8 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 Transport for the North matures. This is similar to the way that the Government's relationship with Rail North has evolved.

5.9 Powers exercised concurrently with Local Transport Authorities and Passenger Transport Executives

To facilitate the development and implementation of its Transport Strategy, Transport for North 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 7b. 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 Transport for the North will not reduce the powers available to local areas.

5.10 Transport for the North will continue to work with local transport authorities to develop the Transport for the North 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 sub-national transport body regulations this autumn,

after which Transport for the North member authorities will be invited to consent formally to the regulations and to membership of the sub-national transport body.

- 5.11 Development and implementation of the sub-national transport body's transport strategy will fully involve all northern Local Transport and be agreed by the elected members of its 19 constituent authority areas. Transport for the North 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.
- 5.12 Proposals for constitutional arrangements for the Sub-National Transport Body
The constitutional arrangements upon which Transport for the North will be established include the following key principles:
- Voting arrangements;
 - Funding;
 - Integration of Rail North Limited; and
 - Local accountability and operating model.
- 5.13 The sub-national transport body proposal aims to replicate as far as possible the arrangements already established for Transport for the North's non-statutory role, which has gained support from authorities and business leaders from across the North. These arrangements were considered by Transport for the North Partnership Board at its meeting on 9 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 this autumn.
- 5.14 Transport for the North will continue to endeavour to reach consensus on all its decisions; nevertheless, as a statutory body it will need to specify arrangements for when decisions are reached where unanimity is not possible. It is proposed to introduce a weighted system of voting based on population, as set out in Appendix 7c. 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 Transport for the North's transport strategy;
 - The approval of Transport for the North's annual budget; and
 - Any changes to Transport for the North's constitution.

5.15 The regulations should also provide for constituent authorities to make statutory contributions as determined by Transport for the North towards the costs of Transport for the North, **provided only** that a decision to require such contributions and the overall amount of such contributions is unanimously agreed by all Transport for the North 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.

5.16 Integration of Rail North Limited (EX58/2014 refers)

It is proposed that Transport for the North 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 Transport for the North are protected;
- That Rail North member authorities that are Transport for the North constituent authorities are able to retain rights similar to their existing rights through Transport for the North's constitutional arrangements.

5.17 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 Transport for the North becoming co-opted members of Transport for the North with a right to vote on 'Rail North' matters.

5.18 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 Transport for the North.

5.19 Local accountability

Transport for the North is seeking to establish its powers through devolution from central government, not through any loss of powers, responsibilities or funding from local authorities. Transport for the North will work on the basis of 'subsidiarity', with local responsibilities exercised at local level, and cross-northern collaboration focused through Transport for the North where it adds value and becomes greater than the sum of its parts. Transport for the North will continue to work with local transport authorities during the regulations drafting period to clearly define the roles and boundaries between Transport for the North and local transport authorities. Several key principles have already been established through the emergence of Transport for the North:

- The sub-national transport body transport strategy will focus on enabling economic growth across the North;

- Transport for the North 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
- Transport for North 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.

5.20 Transport for the North does not expect any future funding allocations towards Sub-National Transport Bodies to detract from those funds made available for local transport authorities.

5.21 Membership

Each constituent authority will appoint one of their councillors/members or their elected mayor as a member of Transport for the North and another to act as a substitute member in the absence of the first aforementioned. To maintain continuity, subject to Executive approval it is proposed that the Deputy Leader of the Council, Councillor Gillian Campbell, is nominated as the 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 Cabinet Member for Municipal Assets, Councillor Fred Jackson be nominated as a substitute to attend meetings in the absence of the Deputy Leader of the Council.

5.22 Next steps

Transport for the North intends to submit a proposal to establish a sub-national transport body for the North to the Government. The Chair of Transport for the North, on behalf of its Partnership Board, has invited each of the 19 local transport authorities within the proposed Sub-National Transport Body area to consider the draft proposal attached as Appendix 7a and consent to its submission to the Secretary of State.

5.23 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. The Secretary of State will then consult on the draft regulations this 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 Transport for the North. Once all necessary consents are in place, the Department for Transport will institute parliamentary proceedings to establish Transport for the North 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, Transport for the North will maintain dialogue with Department for Transport to mitigate any potential delays to securing an Order in spring 2017.

5.24 Does the information submitted include any exempt information? No

5.25 **List of Appendices:**

Appendix 7a: Transport for the North proposal

Appendix 7b: Concurrent powers

Appendix 7c: Transport for the North voting arrangements

6.0 Legal considerations:

6.1 The Cities and Local Government Devolution Act 2016 provided for the establishment by secondary legislation of sub-national transport bodies. A Sub-National Transport Body is a Body Corporate and consists of two or more combined authorities and/or local authorities.

6.2 The process for establishing a Sub-National Transport Body is that the constituent authorities (the combined authorities and/or relevant local authorities) are required to make a joint proposal to establish a Sub-National Transport Body and all constituent authorities are required to consent.

6.3 The Transport for the North proposal can only be submitted with the agreement of the authorities which, if the Sub-National Transport Body is established, will be its constituent authorities. The Transport for the North proposal sets out the powers and functions that are being requested by Transport for the North. These include general functions, functions to be exercised concurrently with local authorities, and powers devolved from Government. The proposal does not include a mechanism for any local authority functions to be carried out by Transport for the North instead of a local authority. The proposal includes a requirement for constituent authorities to make statutory contributions towards the costs of Transport for the North apportioned on the basis of resident population. The proposal also sets out the decision-making and voting arrangements that Transport for the North will adopt.

6.4 The submission of a proposal by the authorities seeking to form a Sub-National Transport Body is required before the Secretary of State can make regulations to form such a body. If the Secretary of State accepts the proposals, the Council would be asked to consider and provide consent to the regulations that would establish Transport for the North as a Sub-National Transport Body. Therefore, a further Executive report will be required to consider the regulations and provide consent.

7.0 Human Resources considerations:

7.1 Future input into Transport for the North will be made with existing resources and staff.

8.0 Equalities considerations:

8.1 None

9.0 Financial considerations:

9.1 None arising directly from this report. The regulations should also provide for constituent authorities to make statutory contributions as determined by Transport for the North towards the costs of Transport for the North , provided only that a decision to require such contributions and the overall amount of such contributions is unanimously agreed by all Transport for the North 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. Any request for contributions will be reported to a future Executive meeting.

10.0 Risk management considerations:

10.1 None

11.0 Ethical considerations:

11.1 None

12.0 Internal/ External Consultation undertaken:

12.1 None

13.0 Background papers:

13.1 None

14.0 Key decision information:

14.1 Is this a key decision? No

14.2 If so, Forward Plan reference number:

14.3 If a key decision, is the decision required in less than five days? No

14.4 If **yes**, please describe the reason for urgency:

15.0 Call-in information:

15.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process?

No

15.2 If **yes**, please give reason:

TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE

16.0 Scrutiny Committee Chairman (where appropriate):

Date informed:

Date approved:

17.0 Declarations of interest (if applicable):

17.1

18.0 Executive decision:

18.1

18.2 Date of Decision:

19.0 Reason(s) for decision:

19.1 Date Decision published:

20.0 Executive Members present:

20.1

21.0 Call-in:

21.1

22.0 Notes :

22.1