

**Report to:** Place Scrutiny Committee

**Date of meeting:** 15 November 2018

**By:** Director of Communities, Economy and Transport

**Title:** Transport for the South East- Sub National Transport Body

**Purpose:** A report on the work to establish Transport for the South East as a Sub National Transport Body and the implications of its establishment for East Sussex County Council and transport in East Sussex.

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***RECOMMENDATIONS: Place Scrutiny Committee is recommended to:***

- (1) Note the significant progress that has been made with the establishment of Transport for the South East as a Shadow Sub National Transport Body;**
  - (2) Note the potential implications of the establishment of TfSE for East Sussex County Council and transport in East Sussex**
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## **1 Background Information**

1.1. In June 2018 Cabinet received a report about the establishment of Transport for the South East (TfSE) as a Sub National Transport Body (STB) under legislation contained in the Cities and Local Government Devolution Act 2016.

1.2. The rationale for establishing STBs that underpins the enabling legislation, is to enable areas to come together and speak with one voice on strategic transport planning issues in order to boost economic growth and development. A key role for STB's is to develop a Transport Strategy to advise the Secretary of State for Transport about the development and prioritisation of transport investments in their region. This represents a fundamental change, opening up central government decision making to ensure that infrastructure investment takes account of regional transport strategies.

1.3. TfSE has been in operation in shadow form for over a year and the purpose of this report is to set out the progress that has been made to date and the implications of its establishment for ESCC and transport in East Sussex.

## **2 Supporting Information**

### **Progress with Establishing TfSE as a Sub National Transport Body**

2.1 Originally the South East Seven Councils (East Sussex, West Sussex, Hampshire, Kent and Surrey County Councils, Brighton & Hove City Council and Medway Council) had provided the focus for discussions about the potential establishment of an STB in the South East. The Local Enterprise Partnerships (LEPs) covering this area (SELEP, Coast to Capital, Enterprise M3) were also in agreement. In late 2016 and early 2017 discussions took place with Portsmouth, Southampton, Isle of Wight and the Berkshire Local Transport Body (representing the six Berkshire unitary authorities), Solent LEP and Thames Valley Berkshire LEP about their potential involvement in TfSE. As a consequence geography for TfSE covering sixteen transport authorities and five LEPS shown in Figure 1 in Appendix 1 was finalised.

2.2 On 26 June 2017 the first meeting of the TfSE Shadow Partnership Board took place. Cllr Keith Glazier was elected as Chair of the Shadow Board for a period of one year and it was agreed that meeting would take place on a quarterly basis. A constitution was agreed with the

Shadow Partnership Board operating on a consensus basis. Where this was not possible each constituent authority would have one vote except the six Berkshire Authorities who shall be represented by one member of the Berkshire Local Transport Body and shall have one vote;

2.3 The Cities and Local Government Devolution Act makes provision for people who are not elected members of the Constituent Authorities to be co-opted onto the Sub-National Transport Body. It also provides the power for the voting members of the STB to agree to give voting rights to the co-optees. It was agreed that the following organisations and representatives be co-opted onto the Shadow Partnership Board:

- the Chair of the Transport Forum with allocated voting rights;
- two people collectively nominated by the five LEPs with voting rights of one vote being allocated to each of the two LEP representatives;
- a District and Borough (non-unitary) Authority representative (non-voting);
- a representative from the South Downs National Park be co-opted to the Shadow Partnership Board to represent the collective interests of the National Parks and other environmental and protected landscape designations (non-voting).

2.4 A governance structure for TfSE in its shadow form was agreed by the Shadow Partnership Board in June 2016 and is attached as Appendix 2. It includes the following:

- **Shadow Partnership Board** – the decision making body for TfSE.
- **Senior Officer Group** – this comprises senior officers from the Local Authorities and the five LEPs. It provides expertise and recommendations to the Board and will oversee delivery of the programme. The Group is currently chaired by Rupert Clubb.
- **Transport Forum** – this is an advisory body to the Senior Officer Group and Shadow Partnership Board, comprising a wider group of representatives from user groups, operators, District and Borough Councils as well as Government and National Agency representatives.
- **Programme Office and Working Groups** – the shadow structure includes a Programme Office, responsible for ensuring delivery against the project plan and key milestones, and three working groups to lead on the components required to reach formal incorporation of the Shadow Partnership Board. These three groups (Transport Strategy, Governance and Communications and Engagement) are supported by officers from the Local Authorities.

### **ESCC as lead authority for TfSE**

2.5 During the shadow stage, TfSE does not have the statutory standing that it will have once formally constituted by the Secretary of State. Consequently, TfSE will not be able to enter into contracts or employ staff in its own right. TfSE has therefore appointed ESCC to act as Lead Authority and in summary in this role ESCC will:

- Coordinate and, where necessary, undertake the administrative arrangements in relation to the project and Board administration;
- Facilitate the operation of the Project and, if required, recruit additional staff;
- Claim, draw down and account for all funds due from the Constituent Authorities and any other body;
- Be responsible for the managing of the budget for, and the sound financial management of, the Project;
- Keep appropriate accounting and operational records; and
- Procure on behalf of the Constituent Authorities such external support, advice or consultancy services that are considered necessary by the Shadow Partnership Board or the Senior Officer Group

## **Key achievements to date**

2.6 In addition to the significant progress that has been made in setting up TfSE as a Shadow body there have been a number of significant achievements in the last year. These include:

- An award of grant funding from the Department for Transport (DfT) of £100,000 in 2017/18 and a further £1m in 2019/20 towards the cost of developing TfSE's Transport Strategy. This followed persistent lobbying including a meeting between Cllr Keith Glazier in his role as Chair of TfSE and Chris Grayling MP the Secretary of State for Transport on 11 October 2017.
- The publication of an Economic Connectivity Review for the TfSE area, as the first part of the development of the Transport Strategy. The Economic Connectivity Review identifies the transport corridors which are important to the regional economy and the potential uplift in Gross Value Added (GVA) that could result from enhanced investment in the transport infrastructure.
- An event on 8 May 'Connecting the South East' attended by 250 delegates at the new Farnborough Exhibition venue, at which the Economic Connectivity Review and TfSE video were launched and which included the announcement from the Secretary of State about the funding for TfSE's Transport Strategy.
- A launch event for MPs from across the TfSE Area on 31 October 2017 which was followed by a Westminster Hall debate on TfSE on 25 April 2018. The debate was secured by Huw Merriman MP, and Jesse Norman MP Parliamentary Under Secretary of State for the Department for Transport responded to the debate commenting on the rapid pace with which the organisation had developed and expressing the Government's continued support for the development of TfSE as an STB.
- TfSE has responded to Government consultations on the second Road Investment Strategy (RIS2) for the Strategic Road Network (SRN), the potential creation of Major Road Network (MRN), the Mayor for London's Transport Strategy and the Great Western Railway franchise.

## **Transport Strategy Development**

2.7 The cornerstone of TfSE is its Transport Strategy that will set out how the transport system in the South East needs to be developed between now and 2050 to facilitate economic growth, including housing growth, improve quality of life for all whilst protecting the environment. The next stage of the Transport Strategy will build upon the Economic Connectivity review that has already been completed. The grant of £1.1million from the DfT will be used to fund the development of the Transport Strategy with the aim of having a draft ready for public consultation in September 2019 and a finalised version of the Strategy signed off by the Partnership Board in March 2020.

2.8 The Transport Strategy will be the single document which constituent authorities, LEPs, Transport operators, local plan developers and infrastructure providers work to. The DfT will have to have due regard to its priorities once adopted. The development of it will be led by the Partnership Board with support from the Transport forum and the DfT.

## **Proposal to Government**

2.9 The other key deliverable which needs to be taken forward is to develop and submit a Proposal to Government setting out the strategic case as to why TfSE should be given statutory status and the powers and responsibilities it is seeking. Transport for the North achieved statutory status in April 2018. Achieving statutory status is vital as it will give TfSE the permanence that is needed to ensure the delivery of its strategy and will mean that the Secretary of State and others will have to consider and respond rather than just listen to its proposals.

2.10 There will be a formal consultation on the Proposal with constituent authorities and LEPs before a formal consultation with key stakeholders, neighbouring authorities and STBs. Following sign off by each of the constituent authorities the Proposal will be agreed by the Shadow Partnership Board before its submission to Government. The target date for submission is March 2019. There will then be an approval and parliamentary process which could take up to one year

to complete, which should mean TfSE should achieve statutory status by April 2020. The DfT have advised that due to the amount of parliamentary time and DfT lawyers time that is likely to be consumed by Brexit related legislation this timetable may not be met. Members of the Shadow Partnership Board are anxious to push ahead with the Proposal and lobby for parliamentary time to be made available as soon as possible.

## **Resourcing**

2.11 As set out above the DfT have recently awarded TfSE a total of £1.1million of grant funding to take forward its Transport Strategy. Given the future certainty this provides plans have been drawn up to put in place an interim staff structure to take TfSE to the point where it achieves statutory status. This was agreed by the Shadow Partnership Board in July 2018 and a recruitment exercise was completed towards the end of September 2018.

2.12 At present contributions are being levied on each of the constituent authorities to cover development. In September 2017 the Shadow Partnership Board agreed to a tiered approach to contributions as follows:

- County Councils will contribute £58,000 each;
- Authorities with shared votes, i.e. the Berkshire Local Transport Body, will contribute £58,000 per vote;
- Unitary authorities will contribute £30,000.

TfSE is therefore raising a total of £496,000 in local contributions which are sufficient to cover the annual costs of the interim staffing structure which is shown in Appendix 3.

## **Implications for constituent authorities**

2.13 In establishing the possibility for local transport authorities in England to come together to create STBs the Government has recognised the gap that exists between the national and local arrangements for transport planning. There are schemes that are required to drive forward economic growth and create more integrated economies which are larger than the boundaries of the individual local transport authorities, but which may not still be large enough to be of importance at the national level. A diagram that illustrates how STBs plug this gap in transport planning is set out in Appendix 4.

2.14 The principle of subsidiarity is key in the way that TfSE will operate. The existing local transport planning arrangements which operate through the Local Transport Plan and Local Growth Fund regimes operated by Local Transport Authorities and Local Economic Partnerships will continue to deliver local transport improvements.

2.15 A number of core functions for STBs were identified in the Department for Transport in its Transport Investment Strategy (2017). They are to:

- prepare a pan-regional transport strategy to support economic growth and development in the region;
  - TfSE's Transport Strategy will aim to identify and prioritise the transformational transport infrastructure schemes that are required to facilitate additional economic development and the housing growth,
- provide, based on their strategy, advice to the Secretary of State about the development and prioritisation of transport investments in their region;
  - TfSE's Transport Strategy will seek to identify how the investment proposals set out by Highways England and Network Rail could be better coordinated to deliver economic growth
- co-ordinate the carrying out of transport functions that are exercisable by its constituent authorities, such as the implementation of smart ticketing initiatives;
  - as part of its Transport Strategy will investigate its potential role in the introduction of integrated ticketing arrangements in its geography which will be of benefit to transport users;

- play a role in the investment and oversight of performance on the soon to be created Major Road Network (MRN) in their region.
  - TfSE is currently preparing to begin the development of a regional evidence base which will identify locations on the MRN where investment is needed to deal with congestion and unlock growth potential.

2.16 As set out above, work is under way on the development of the TfSE Transport Strategy with a consultation draft due to be ready by September 2019. This will provide the primary mechanism for identifying how a number of the core functions set out above are to be delivered. It is also vital that TfSE continues to progress the work on its Proposal to Government, in order to obtain statutory status for TfSE. This will ensure that the Secretary of State has to have due regard to TfSE's Transport strategy when making investment decisions.

### **3 Conclusion and Reasons for Recommendations**

3.1 The creation of STBs provides the opportunity for unprecedented access to investment decision making and the opportunity for a number of authorities across the South East to come together and speak with one voice and identify and prioritise potential transformational infrastructure schemes that will deliver enhanced economic growth and development. Significant progress has been made to date with the establishment of TfSE. Moving forward work will continue apace on the development of its Transport Strategy and Proposal to Government to secure statutory to ensure the potential benefits of its regional transport planning role can be fully realised.

#### **RUPERT CLUBB**

**Director of Communities, Economy and Transport**

Contact Officer: Mark Valleley

Tel. No. 07720-040787

Email: [mark.valleley@eastsussex.gov.uk](mailto:mark.valleley@eastsussex.gov.uk)