

England's Economic Heartland Strategic Alliance Strategic Transport Forum

12th February 2016

Agenda Item 9: Legislation and Policy Update

Recommendation:

It is recommended that the meeting:

- a) **Note the commitment on the part of the Strategic Alliance leaders to develop an Expression of Interest for the establishment of a statutory Sub-national Transport Body**
- b) **Note the Government's progress with establishing the National Infrastructure Commission**
- c) **Note the update on the Buses Bill**
- d) **Commission the development of a position statement in respect of the Partners future requirements of the rail sector for consideration at a subsequent meeting of the Forum.**

1. **Sub-national Transport Body**

- 1.1. The establishment of the Strategic Transport Forum represents a significant step forward for the Strategic Alliance Partners. As the papers presented to this meeting demonstrate there are a number of key areas where the added value of working collaboratively together at scale has been identified to the extent that the Forum already has an extremely busy agenda moving forward.
- 1.2. In parallel the Alliance Leaders have watched with interest the progress of the Cities and Local Government Devolution Bill. The Bill received its Royal Assent on 28th January, thereby putting into statute option for local partners to put forward to Government a proposal to establish a statutory Sub-national Transport Body.
- 1.3. Under the Act it is for Local Transport Authorities to take the lead in putting forward a proposition. However it is clear that in preparing a proposition there is a need for the Local Transport Authorities to engage with other interested parties in its development, both within the area covered by the proposal and in adjoining areas.
- 1.4. The benefit of a statutory Sub-national Transport Body would be the ability of local partners to have direct influence over decisions that are currently within the control of Government and its agencies. In introducing the concept of Sub-national Transport Bodies Government Ministers emphasised that they 'would be able to develop transport plans for their areas' and 'tackle issues that are currently decided in Whitehall rather than by local councils, relating to, for instance' longer distanced road or rail networks or systems that cross geographical areas such as integrated ticketing systems'.

- 1.5. It has been made clear that the existence of a Sub-national Transport Body is entirely consistent with local 'devolution deals' that are currently being developed across the country.
- 1.6. The Strategic Alliance Leaders have expressed a desire to develop an Expression of Interest for establishing a Sub-national Transport Body for the Alliance area. An overview of the programme adopted by the Leaders is attached (annex 1). It is acknowledged that the programme is ambitious however this reflects the extent to which they view the potential added value of a Sub-national Transport Body for the Alliance area.
- 1.7. The Alliance Leaders will lead the work to develop the Expression of Interest.

2. National Infrastructure Commission

- 2.1. In autumn 2015 the Chancellor announced the Government's commitment to establish a National Infrastructure Commission as part of his ambition to 'shake Britain out of its inertia' when it comes to infrastructure planning and delivery.
- 2.2. The Commission is already working in 'shadow' form. The Government has appointed Lord Adonis as Chairman and a further 7 leading figures as Commissioners, including Lord Heseltine.
- 2.3. The initial remit of the Commission was set out as embracing ports, airports, road, rail, digital, energy, water, fluvial and waste. The primary role of the Commission will be to identify the long term infrastructure needs, thereby providing the context within which individual investment programmes will be determined.
- 2.4. The Chancellor has asked the Commission to report on three issues ahead of the 2016 Budget:
 - Future investment in the North's transport infrastructure
 - London's transport infrastructure
 - Delivering future-proof energy infrastructure
- 2.5. Government is currently consulting on the governance, structure and operation of the Commission. The consultation document makes it clear that the Commission will be required to work closely and collaborate with economic regulators (such as Office of Road and Rail) and relevant public bodies. The consultation document goes on to suggest that relevant public bodies may include sub-national authorities and uses Transport for the North as an example of the kind of body.
- 2.6. The consultation runs until the 17th March and the Alliance Leaders will be submitting a response.
- 2.7. At the same time a coalition of business, industry, academic and environment leaders – chaired by Sir John Armitt – has issued a nationwide call for evidence to

inform an independent assessment of the UK's future infrastructure needs and how they could be met. The project has the support of Lord Adonis, Chairman of the National Infrastructure Commission, and its findings will inform the work of the Commission. A submission to the Panel will be prepared on behalf of the Alliance Leaders.

3. Buses Bill

- 3.1. A Buses Bill is included within the legislative programme for the current session of Parliament. Originally expected during autumn 2015, a draft Bill is expected shortly.
- 3.2. The development of the draft Bill follows on from a series of workshops held by the Department for Transport in September/October last year. It is anticipated that the Bill will introduce new franchising powers, as well also containing stronger arrangements to allow local authorities to work in partnership with bus operators and other local stakeholders. The latter could include proposals for 'enhanced partnerships' to be able to deliver some of the outcomes that are only otherwise possible under a franchising model.
- 3.3. An area of interest for the Forum could be the extent to which the Bill offers opportunities to build on some of the emerging thinking on new business models that is beginning to emerge through the Total Transport pilots.

4. Rail

- 4.1. The rail sector – both infrastructure and franchised services – is a key part of the overall transport system supporting the Alliance area. However it is a sector in which there have been a number of significant reviews in recent months, the implications of which are still being worked through.
- 4.2. In November 2015 the House of Commons Public Accounts Committee were highly critical of the investment planning framework as it was applied to the current railway Control Period (the 5-year funding framework for Network Rail). The Committee noted that a number of long-term projects had been managed outside of the 5-year control period and went on to note that the establishment of the National Infrastructure Commission potentially offers a way of managing similar projects in the future. The implications of such an approach on the current investment planning framework would need to be worked through.
- 4.3. The Bowe Report and the Shaw Review have also been looking at the causes of the failure in the investment planning framework.
- 4.4. The Bowe Report recommended the need for action in a number of key areas in terms of clarifying organisational responsibilities, and programme governance, whilst also flagging the importance of incorporating the views and needs of end users. The Terms of Reference for the Shaw Review focus on the need to develop recommendations for the longer-term shape and financing of Network Rail, with the final report to be completed by the time of the Budget.

- 4.5. What is clear is that there is likely to be significant change to the way in infrastructure improvements are identified, planned and delivered. The establishment of the National Infrastructure Commission will provide advice on longer-term infrastructure requirements but how this is translated into detailed investment programmes has yet to be identified.
- 4.6. What is certain is that, given the significance of rail infrastructure as part of the overall transport system, there is a need for the Forum to develop a position statement that enables it to ensure the interests of the Alliance Partners is represented in the debate. Irrespective of the potential for change to the investment planning process, there is a need to develop a position statement in order to input into the Initial Industry Plan later this autumn.
- 4.7. On the franchising side, the emergence of Sub-national Transport Bodies (such as Transport for North) is leading to increased opportunities for local partners to have their strategic needs reflected in franchise specifications.
- 4.8. Collaborative working is already taking place across the relevant Partners to develop a response to the West Midlands franchise competition. Looking slightly further ahead, notwithstanding the disappointment regarding the delay in delivery of the western section of the East-West Rail project, the Alliance Partners may want to start considering the options they may want to promote in respect of how services on the route might be franchised.

5. Next Steps

- 5.1. The Chancellor is clearly forcing the pace of change in infrastructure delivery. Legislative changes – through the Cities and Local Government Devolution Act, the establishment of the National Infrastructure Commission and the Buses Bill – are creating new opportunities to local partners to step forward and provide leadership. The opportunities are significant but so is the pace of change.
- 5.2. At the same time, the next 6-12 months will be instrumental in shaping the investment programmes of Network Rail and Highways England for the period to 2024/25 (the end point of the next cycle of investment period). It is clear that the framework being set up in respect of the National Infrastructure Commission is going to have a significant role to play in allocating funds for investment.
- 5.3. This all provides context within which the Forum needs to agree its forward programme of work, and perhaps most importantly, the pace at which that work needs to take place.

February 2016

Sub-national Transport Body Programme to develop Expression of Interest

Timeline	Activity
Feb	<p>Prepare draft Scoping Document – to set out:</p> <ul style="list-style-type: none"> • The concept of Sub-national Transport Body • The potential aims and objectives of such a Body • The potential governance of such a body – including its relationship with Local Planning Authorities <p>The purpose of the Scoping Document would be to engage with interested bodies/organisations on the potential of a Sub-national Transport Body – that engagement would include bodies/organisations within the England’s Economic Heartland area, as well as bodies/organisations adjoining the Heartland area</p>
Mid-March to Late- April	<p>Engagement with wider stakeholder community on content of the Scoping Document – to include roundtable discussions</p> <p>Roundtable discussions to be supplemented by use of website to elicit stakeholder views.</p> <p>Engagement process offers opportunity to gain insight on the relationship between transport issues and wider infrastructure priorities (to support work to develop the Strategic Infrastructure Plan)</p>
April	<p>Alliance Leaders to reflect on stakeholder engagement with a view to developing an initial steer on content of the Expression of Interest.</p>
May/June	<p>Preparation of draft Expression of Interest for a Sub-national Transport Body – to include on-going discussions with interested bodies/organisations (building on the responses received to the draft Scoping Document)</p> <p>The proposition will form the basis of a second round of engagement with interested bodies/organisations</p>
July	<p>Final amendments to draft Expression of Interest – to reflect comments/steer from Strategic Alliance Leaders</p>
Early- August to Mid-September	<p>Engagement with wider stakeholder community on draft Expression of Interest – to include roundtable discussions</p>
September	<p>Alliance Leaders – to consider initial reflections on stakeholder engagement with a view to finalising the Expression of Interest.</p>
October/November	<p>Refine Expression of Interest - in light of comments received through the engagement process (to include on-going discussions with interested bodies/organisations)</p>
December	<p>Alliance Leaders – to sign off Expression of Interest for submission to Government</p>