

**SURREY COUNTY COUNCIL****CABINET****DATE: 22 NOVEMBER 2016**

**REPORT OF: MR PETER MARTIN, DEPUTY LEADER,  
MR JOHN FUREY, CABINET MEMBER FOR HIGHWAYS,  
TRANSPORT AND FLOODING,  
MR MIKE GOODMAN, CABINET MEMBER FOR ENVIRONMENT  
AND PLANNING**

**LEAD OFFICER: TREVOR PUGH, STRATEGIC DIRECTOR ENVIRONMENT AND  
INFRASTRUCTURE**

**SUBJECT: SUB NATIONAL TRANSPORT BODY**

<b>SUMMARY OF ISSUE:</b>
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The Cities and Local Government Devolution Act makes provision for the establishment and constitution of a Sub National Transport Body (SNTB) for any area in England (outside of Greater London). The establishment of an SNTB provides an opportunity to develop a strong strategic partnership and a Transport Strategy for a region. The Transport Strategy would set out the SNTB's proposals for the promotion and encouragement of safe, sustainable, integrated, efficient and economic transport facilities and services to and from the area of the SNTB.

The South East 7 authorities - including Surrey County Council (SCC) - have been working together to develop the proposition that would see Government, South East Transport Authorities and/or Combined Authorities and Local Enterprise Partnerships (LEPs) working together with Highways England, Network Rail and port, airport and bus operators in one body. Under the Cities and Local Government Devolution Act SNTBs may expect strategic transport providers to take account of its priorities.

The SNTB would be the main mechanism to influence and prioritise investment by the major national transport agencies including Highways England and Network Rail in a way that has not been available to SCC before. The specific focus would be for the delivery of major strategic transport infrastructure.

This report seeks approval to establish a shadow body and to develop the Transport Strategy. Establishing the SNTB in shadow form, would demonstrate commitment by the constituent Authorities to working collaboratively and provide reassurance to Government about the strength of the partnership, including the contribution of the LEPs to developing the proposal.

<b>RECOMMENDATIONS:</b>
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It is recommended that the Cabinet:

1. Agrees Surrey County Council should join a shadow Sub National Transport Body for the South East, known as Transport for the South East (TfSE).
2. Delegates authority to the Leader of the Council to agree the shadow arrangements on behalf of Surrey County Council, including the shadow constitution.
3. Receives a report following an appropriate period of time reviewing the operation of the shadow arrangements and prior to entering into a formal SNTB.
4. Provides funding of £20,000 to develop the constitutional arrangements and the Transport Strategy and to provide officer support to the shadow Body.

#### **REASON FOR RECOMMENDATIONS:**

TfSE provides an opportunity to support and deliver growth plans across the region through the development of a long-term strategic programme to identify a comprehensive package of transport measures to make the South East more competitive. It would complement the work of the LEPs and support delivery of Local Plans.

It would specifically enable SCC to influence the prioritisation of investment by the major national transport agencies such as Highways England and Network Rail in a way that has not been possible in the past

The SNTB would address some of the barriers to growth of the economy that have been held back by transport infrastructure shortcomings, notably strategic infrastructure, that is the responsibility of Network Rail and Highways England. The SNTB would enable SCC to more directly influence the priorities and programmes of these agencies, so helping to secure delivery of longstanding transport infrastructure ambitions.

#### **DETAILS:**

##### **Proposal for a Sub National Transport Body for the South East**

1. An SNTB is a body corporate, which may only be established by the Secretary of State if it is considered that:
  - its establishment would facilitate the development and implementation of transport strategies for the area, and
  - the objective of economic growth in the area would be furthered by the development and implementation of such strategies.
2. The South East Seven (SE7) Councils (East Sussex, West Sussex, Hampshire, Kent and Surrey County Councils and Brighton & Hove City Council and Medway Council) and the Local Enterprise Partnerships (LEPs) that represent the area have been in officer level discussion about the establishment of an SNTB for the South East, to be called Transport for the South East (TfSE).

Discussions will commence with the Hampshire Unitary Councils and the Solent LEP about joining TfSE.

3. An SNTB, if established will want to take into account the voice of business in developing its proposition. The Local Enterprise Partnerships (LEPs) are the main mechanism to do this. The arrangements in the Midlands and the North have on this basis included some representation from the LEPs.
4. The proposed area would fulfil the Department for Transport's requirements that SNTBs need to be large enough to allow the genuine strategic consideration and planning of transport infrastructure and do not create "white space" where Authorities are excluded from participation in sub-national arrangements.
5. TfSE would provide a mechanism for the area to speak with a strong, common voice on transport infrastructure and provide a single platform for strategic transport and infrastructure issues, giving partners greater, and potentially direct, influence over decisions that are currently made elsewhere. Its key outcome would be the development of a single, strategic transport infrastructure framework which would align the investment programmes and priorities from key agencies, such as Highways England and Network Rail, and also the LEPs.
6. TfSE presents the opportunity to support and deliver growth plans across the area through the development of a long-term strategic programme which identifies a comprehensive package of transport measures to make the South East more competitive. It would complement the work of the LEPs in the delivery of their Strategic Economic Plans and support the delivery of Local Plans.

#### **Development of a Shadow Sub National Transport Body for the South East**

7. Prior to the establishment of TfSE, it would be helpful to establish the Body in shadow form to help develop a strong strategic partnership. Establishing TfSE in shadow form would demonstrate commitment from the constituent Authorities to working collaboratively and provide reassurance to Government about the strength of the partnership. It would also carry out two main roles during this period:-
  - Work on developing an overarching Transport Strategy for the area.
  - Develop responsibilities and accountabilities for the TfSE, including governance and assurance arrangements. These arrangements will be developed if the principle of establishing TfSE is agreed.
8. If partners agree to establish TfSE in shadow form, it is proposed to establish an SNTB Leaders' Board to determine and agree the constitutional arrangements ensuring the governance reflects the aspirations of the Local Authorities. The SNTB Leaders' Board would consist of, subject to discussions with partners in Hampshire, the SE7 Councils, Portsmouth City Council, Southampton City Council and the Isle of Wight Council and the LEPs. The Board will agree the terms of reference, including governance and voting arrangements for consultation with wider partners.

#### **The Transport Strategy**

9. The cornerstone of TfSE is the Transport Strategy. It will build upon existing Local Transport Plans and evidence already in place amongst the constituent Authorities, including the LEP's Strategic Economic Plans and growth and infrastructure frameworks/studies being undertaken by a number of upper-tier Authorities. The Transport Strategy would outline the ambition of TfSE and describe the vision for the South East in relation to the transport functions of the area, including the effectiveness, efficiency and resilience of the existing network. It would include freight, ports, airports and other public transport modes.
10. The draft Transport Strategy, which would also outline the proposals to establish a full SNTB, would be subject to consultation, including where appropriate, engagement with Borough and District Councils.

### **Membership of the Shadow Sub-National Transport Body**

11. The constituent local authorities of the shadow body set out below will form the initial membership (subject to any future establishment of Combined Authorities):
  - Brighton & Hove City Council
  - Kent County Council
  - West Sussex County Council
  - East Sussex County Council
  - Medway Council
  - Hampshire County Council
  - Surrey County Council
12. Whilst these will be the initial member authorities it is desirable to broaden the membership to include all Transport/Highway authorities in the area and we will therefore be seeking the agreement of the Isle of Wight, Southampton and Portsmouth Councils to become members. In addition dialogue will be opened with the Berkshire Authorities to consider whether it is desirable for them to become members, particularly in light of the recent airport expansion decision.
13. It will also be essential to ensure that, as with the SNTB proposals elsewhere, business is suitably represented in the Board and we will work with the LEPs to determine how best that can be achieved. The report therefore recommends that authority is delegated to the Leader to determine who the other members of the shadow board should be. This will be agreed through a Leader Board. As we progress towards a more formal body and develop the necessary governance arrangements we will also have to consider how we can take on board the voice of the Districts and Borough colleagues most effectively.
14. Transport for London (TfL) represents the most significant transport hub in the South and has significant economic impact resulting from their investment decisions. It is for that reason they are included as part of the membership of TfSE. TfSE will also seek reciprocal arrangements to become a member of the TfL Board.
15. Additional members of the shadow TfSE SNTB may be considered, as appropriate, on a case by case basis but as a minimum should include:

Department for Transport  
 Highways England  
 Network Rail  
 Airport, Sea port, Bus and train operating companies.

### **Relationship with Three Southern Counties (3SC)**

16. Development of the SNTB and the Three Southern Counties (3SC) devolution deal are progressing in parallel. The SNTB will be the mechanism to unlock further significant funding for strategic transport which would be in addition to that of a 3SC devolution deal. The SNTB remit includes influence over the strategic network (previously the responsibility of Highways England and Network Rail) whereas the 3SC will focus on improvements to the local network. The development of the SNTB and the 3SC devolution deal are aligned (TfSE will support delivery of some of the 3SC objectives), but they are not dependent on one another to be realised. The 3SC County Councils would, as Transport Authorities, become members of the SNTB and, subject to the establishment of a 3SC Combined Authority (CA) or other CA being established it would be candidate to be the way of representing the relevant transport authorities.

#### **CONSULTATION:**

17. Before progressing a proposal for an SNTB, the constituent Authorities must undertake a consultation on the boundary proposals and it is proposed that the shadow SNTB leads on this for the constituent authorities.
18. Public consultation is also required on the SNTB's Transport Strategy prior to publication.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

19. At this stage of development there are no risks identified as it is too early in process. Once the shadow Transport Body are in place and prior to establishing the formal body, a full risk analysis will be carried out

#### **Financial and Value for Money Implications**

20. Each authority is asked to contribute £20,000 to provide funding to develop the shadow arrangements, including the constitutional arrangements, consultancy costs to develop the draft strategy and support the shadow SNTB. At this stage this includes the seven councils of the SE7. In SCC this would be funded by the Economic Development fund held by the Deputy Leader.

#### **Section 151 Officer Commentary**

21. The S151 Officer confirms that there are no significant financial implications or business risks arising from the creation of a shadow SNTB. A further Cabinet report will be required to enable the council to enter into formal arrangements.
22. The County Council is facing a very serious financial situation, whereby it is forecasting a significant revenue budget overspending in this financial year, and does not have a balanced nor sustainable budget for future years. Although this planned expenditure can be met from within the current Medium

Term Financial Plan, agreeing to this recommendation will reduce the Council's options to create a balanced and sustainable budget in the future.

#### **Legal Implications – Monitoring Officer**

23. A Sub National Transport Body can only be created by the Secretary of State. Once established it would be an authority in its own right. The Secretary of State can only create an SNTB by responding to a proposal put forward by the relevant constituent authorities. The shadow authority would not have separate legal status, but would provide a forum enabling authorities to work together, explore their collective ambition and objectives for the area and, if appropriate develop a suitable vehicle for a proposal to the Secretary of State.

#### **Equalities and Diversity**

24. A full Equality Impact Assessment will be carried out prior to the formation of the SNTB, but it is not required at this stage.

#### **WHAT HAPPENS NEXT:**

25. All South East 7 councils are seeking the authority from their Cabinets throughout the autumn.
26. It is anticipated that an SNTB could take up to two years before being confirmed by the Secretary of State. Subject to approval by constituent members, a potential timeline for developing TfSE and the Transport Strategy could be as follows:
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| 2016 | <ul style="list-style-type: none"> <li>• Discussions with DfT (ongoing);</li> <li>• Development and establishment of a shadow SNTB with partners; and</li> <li>• Development of Terms of Reference, governance arrangements and vision.</li> </ul>  |
| 2017 | <ul style="list-style-type: none"> <li>• Development of the Transport Strategy;</li> <li>• Development of the formal proposal and consultation on the Strategy.</li> </ul>  |
| 2018 | <ul style="list-style-type: none"> <li>• Formal SNTB established following an agreement to the proposal by Government, and the formal parliamentary process which includes preparation of the Order establishing the SNTB; and Parliamentary process and sign-off of the Order</li> </ul> |
27. A shadow TfSE SNTB can run in parallel to the formal process of confirming an SNTB and establishment of the final Order.
28. Although the process of setting up the full TfSE is expected to take up to two years, it is proposed that the shadow SNTB be set up before the end of this calendar year. Subject to Cabinet/Committee approval, the shadow Body will become active before the end of this year. It is therefore proposed that the Council agree to the participation in the shadow TfSE, and that the Leader be delegated to agree the shadow constitutional arrangements.
29. East Sussex are currently providing the lead officer to support the SE7 Leaders to develop the shadow body.

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**Contact Officer:**

Trevor Pugh, Strategic Director – Environment and Infrastructure  
Tel: 020 8541 7694

**Consulted:**

South East 7 Chief Executives  
South East 7 Leaders Board

**Annexes:**

None

**Sources/background papers:**

None

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