

HAMPSHIRE COUNTY COUNCIL**Decision Report**

Decision Maker:	Cabinet
Date:	29 October 2012
Title:	Local Transport Bodies
Reference:	4280
Report From:	Director of Economy, Transport and Environment

Contact name: Keith Willcox

Tel: 01962 846997

Email: keith.willcox@hants.gov.uk

1. Executive Summary

- 1.1. At its meeting on 19 July 2012 Cabinet agreed that the general approach to Local Transport Bodies (LTBs) in Hampshire should be based on existing Local Enterprise Partnership (LEP) geographies. It also asked to receive a further report on the proposed arrangements for, and the workings of, the LTBs.
- 1.2. This report sets out the next steps in the process in response to a letter from the Department for Transport (DfT) seeking Hampshire County Council's view on LTB geographies and the recently published DfT Guidance, "Devolution of Local Major Transport Schemes: Next Steps".
- 1.3. This report details the County Council's response to these and recommends how the governance of LTBs in Hampshire should be structured. As the proposals relate to Joint Committee arrangements, the formal decision making responsibility lies with the County Council, and therefore the Cabinet is asked to endorse the approach set out in the report and to recommend to the County Council:-
 - a) that approval be given for the proposed changes to the Transport for South Hampshire Joint Committee Agreement, set out in Paragraph 6.7 of the report, to allow it to function as a Local Transport Body for the Solent LEP area;
 - b) that approval be given to establish a Joint Committee with Surrey County Council and the Enterprise M3 LEP for the purpose of carrying out the duties of a Local Transport Body for the Enterprise M3 LEP area;

- c) that authority be delegated to the Director of Economy, Transport and Environment, in consultation with the Executive Member for Environment and Transport and the Head of Legal Services, to finalise the Joint Committee Agreements, the detailed governance and operational arrangements and to develop appropriate Memorandum(s) of Understanding, within the framework set out in the report; and
- d) agree to appoint the Executive Member for Environment and Transport to represent Hampshire County Council on the Local Transport Bodies.

2. Contextual information

- 2.1. The Coalition Government has been working to bring an end to the top-down government approach by devolving power and giving greater financial autonomy to local authorities. This process has involved a rationalisation of grant funding streams for transport and, as part of this, the Government is devolving prioritisation and funding for local major transport schemes to local areas.
- 2.2. In April 2012 the Government proposals were set out within a DfT consultation paper titled: "*Devolving local major transport schemes.*" This paper proposed a new system for prioritising and funding local major transport schemes to take effect from March 2015 (the next spending review period). However, as local major transport schemes can take, on average, four years to move from business case to construction, the Government is keen to implement change now.
- 2.3. This approach was confirmed in September 2012 with the publication of "*Devolving Local Major Transport Schemes: Next Steps*". Central to the proposals is the formation of democratically accountable LTBs. The starting point for the new LTBs is the LEP geography and the Guidance makes it clear that local transport authorities and LEPs must take influential roles in decision making, although the membership is for local areas to decide.

3. County Council response to the Consultation

- 3.1. It is very important that the County Council is fully involved in this process and, as the local highway authority, it must have a central role in Local Transport Bodies. Given the County Council's expertise in developing and delivering transport schemes, its membership is essential to ensure alignment with other local transport investment.
- 3.2. The County Council therefore responded to the consultation document, by welcoming the proposed establishment of LTBs and Local Transport Consortia (LTC) and the opportunity that they will afford for local areas to make decisions on major transport scheme expenditure.
- 3.3. The County Council and Solent LEP clearly stated in their individual responses to Government that they would favour LTBs being established on

existing LEP geographies, whilst the Enterprise M3 LEP Board confirmed the same preference in September. Whatever the geography of the LTBs, there will also be opportunities to collaborate with other LTBs and work together to promote key strategic transport schemes that will be of mutual benefit.

4. Funding

- 4.1. Major scheme funding is for capital only and the guidance makes it clear that allocations should not be used for scheme development costs, which will have to be funded by the promoting body. This is in line with the previous funding arrangements.
- 4.2. The DfT has confirmed that funding will be calculated on a per capita basis of the LTB area, using the latest projection of mid-year population in 2017 (given that the funding period will cover 2015-19). An indicative funding allocation for each LTB is expected to be published in October and LTBs are asked to plan for one third above and one third below the October figure.
- 4.3. So, although the precise level of funding to be devolved to LTBs is not yet known, based on an expected £1.1 billion budget for the 2015-19 funding period an Enterprise M3 LTB might expect to receive up to £33.5 million or £8.4 million per year, whilst a Solent LTB could expect up to £21.3 million, or £5.3 million per year.

5. Local Transport Body Geography

- 5.1. On 2 August 2012 the DfT released a summary of responses on its consultation. This was accompanied by a letter that set out some important “interim next steps” in advance of detailed guidance published in September. In this letter local authorities were asked to provide the DfT with their views about some elements of the funding regime by 28 September 2012.
- 5.2. The first decision that needed to be made was to decide on the geography and composition of the local transport body or bodies. The Government was keen that this be agreed locally but reserved the right to set this centrally where authorities failed to reach agreement.
- 5.3. Hampshire is covered by two LEPs; the Solent LEP (covering the Hampshire districts of Eastleigh, Fareham, Gosport, Havant in full and East Hampshire, New Forest, Test Valley and Winchester in part, as well as the Unitary Authorities of Isle of Wight, Portsmouth and Southampton) and the Enterprise M3 LEP (covering the Hampshire districts of Basingstoke & Deane, Hart, Rushmoor in full and East Hampshire, New Forest, Test Valley and Winchester in part, as well as seven districts in Surrey).
- 5.4. As indicated above, the Cabinet agreed that Local Transport Bodies should be established on the existing LEP geographies, (i.e. separate LTBs for the Enterprise M3 LEP and Solent LEP areas).

5.5. The Government Guidance states that:

- LTBs should have defined and non-overlapping boundaries, so that each LTB has its own geographical area over which it has responsibility for major schemes;
- the boundary of LTBs should be coterminous with LTA and LEP boundaries, where practical; and
- where there is local agreement an option exists to create an LTB that covers more than one LEP area.

5.6. As indicated above there are four districts in Hampshire (New Forest, Test Valley, Winchester, and East Hampshire) whose areas are split between the Solent LEP and the Enterprise M3 LEP. Furthermore the Waterside area of the New Forest District is within both LEPs. It is considered that the residents and businesses of the Waterside interact more with the Solent LEP area than the Enterprise M3 LEP area, so transport solutions would most appropriately be developed and funded by the Solent Local Transport Body.

5.7. This therefore formed the basis of the County Council's response which also asked that consideration be given to amending the LEP boundaries to reflect this and provide greater clarity.

5.8. The DfT also required that in areas where there is a LEP geographic overlap, the LTB geography should be agreed by all relevant parties affected by a particular boundary proposal (i.e. the LEP, local transport authority and district councils.) The County Council has therefore held discussions with New Forest District Council as well as the other districts that are split between the Solent and Enterprise M3 LEP areas. The outcome of these discussions is that each split district has indicated that they are content to remain split for LTB purposes in accordance with the current geography of the Enterprise M3 and Solent LEPs. New Forest District Council has also indicated that it would like to see the boundary of the Enterprise M3 LEP re-drawn such that the Waterside area of its district is in the Solent LEP only.

6. Membership and Governance

6.1. LTBs will have a single function, to prioritise and allocate devolved major scheme funding. All other local transport funding and responsibilities will be retained by the LTAs.

6.2. LTBs are not expected to be full-time, staffed organisations, but rather boards that meet when required, supported by LTA technical expertise. Hence the DfT will not provide any funding for their administration.

6.3. The guidance states "as a minimum, full membership of a Local Transport Body, with voting rights, must be open to all LTAs within the geographical area of the Local Transport Body and to the primary LEP or LEPs upon whose geography the Local Transport Body is based".

- 6.4. In addition, LTBs should be “democratically accountable” and that “as a minimum, elected members should form the majority of voting members on the Local Transport Body, or, alternatively, other measures should be put in place to ensure that elected representatives cannot be out-voted by non-elected parties”.
- 6.5. The governance of LTBs therefore needs to be carefully thought through to ensure that they are properly accountable. To help achieve this it is proposed that both the LEP and the local highway authority members should be given voting rights. Other than LTAs and LEPs there is no requirement for other groups to be represented. However, consideration could be given to involving district authorities and/or transport infrastructure providers on a non-voting basis.
- 6.6. The DfT expects some LTBs to evolve from existing arrangements, where there is already joint working on transport in place. It is therefore recommended that the LTBs should use a similar governance structure to that used by Transport for South Hampshire (TfSH) . It should be noted that the governance models will need to be agreed with all potential members of the new bodies.
- 6.7. In the case of the Solent Local Transport Body it is suggested that this could be best achieved by reconstituting the existing TfSH Joint Committee to enable it to function as an LTB as well. This Joint Committee, which meets quarterly in public, is the body that makes the decisions for TfSH. Membership includes the Executive Members for Environment and Transport for Hampshire County Council, Portsmouth City Council and Southampton City Council together with officers from the three councils. The Isle of Wight Council has confirmed its intention to join the Joint Committee, and this is currently in the process of being ratified by the existing TfSH members. Whilst the Solent LEP attends Joint Committee meetings, a reconstituted Joint Committee acting as an LTB would also need to provide voting rights for the Solent LEP.
- 6.8. In terms of the LTB that will cover the Enterprise M3 area, there is no similar existing joint committee structure so it is recommended that a Joint Committee be established for Hampshire County Council, Surrey County Council and the Enterprise M3 LEP. This new committee could be supported by the Transport Action Group of the LEP, whose membership includes both the highway authorities.
- 6.9. All LTBs will need to meet certain minimum standards of governance, financial management, accountability and meeting and testing value for money criteria. Details of these requirements are due to be published in October.
- 6.10. However, the DfT has already indicated that LTBs will need to submit their own assurance frameworks, setting out how they will meet the minimum requirement, by December 2012. LTBs are also likely to be centrally monitored to ensure compliance with their assurance frameworks.

- 6.11. The guidance also states that a local authority should act as the accountable body and should be responsible for holding all the formal records of the LTB.
- 6.12. One concern with the structure of LTBs being based on single LEPs is that it potentially limits the potential to fund large schemes. The Government has made provision for a Local Transport Consortia (LTC), covering several LEP areas which would have the potential to be able to fund schemes of a size that could not realistically be funded from a single LEP's annual allocation. However, it is considered that a scheme by scheme voluntary collaboration between LTBs is more likely to deliver agreement on scheme funding for larger strategic projects than a formal merger of LTB areas. For this reason an LTC (which would carry out the functions of an LTB across more than one LEP area) is not the preferred model of all potential members and therefore is not a model that could be delivered.
- 6.13. The benefits of pooling funding could still be achieved by putting in place a Memorandum(s) of Understanding between the surrounding Local Transport Bodies, in support of cross border joint working to improve transport links.

7. Recommendations

7.1. The Cabinet recommend to the County Council:-

- a) that approval be given for the proposed changes to the Transport for South Hampshire Joint Committee Agreement, set out in paragraph 6.7 of the report, to allow it to function as a Local Transport Body for the Solent LEP area;
- b) That approval be given to establish a Joint Committee with Surrey County Council and the Enterprise M3 LEP for the purpose of carrying out the duties of a Local Transport Body for the Enterprise M3 LEP area;
- c) That authority be delegated to the Director of Economy, Transport and Environment, in consultation with the Executive Member for Environment and Transport and the Head of Legal Services, to finalise the Joint Committee Agreements, detailed governance and operational arrangements and look to develop appropriate Memorandum(s) of Understanding, within the framework set out in the report.
- d) Agree to appoint the Executive Member for Environment and Transport to represent Hampshire County Council on the new Joint Committees of the Local Transport Bodies.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	no
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes
Corporate Improvement plan link number (if appropriate):	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. The proposals in this report have been developed with due regard to the requirements of the Equality Act 2010, including the Public Sector Equality Duty and the Council's equality objectives. An assessment of the impacts in this service area can be found at the [Safe and Well Managed Highways Assessment](#)

It is considered that the issues covered by this report will not have impacts requiring further specific actions by the Council above those already established in its existing policies and working procedures.

2. Impact on Crime and Disorder:

- 2.1. No direct implications.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

No direct impact on the County Council's carbon footprint or energy consumption, but funding for major transport infrastructure could encourage and sustain future economic development.

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

It is considered that the proposed future overall mission statement exemplifies the importance of a balanced approach to economic growth and maintenance and improvement of the environment, character and quality of life in Hampshire. Sustainable economic growth is a pre-requisite to a more resilient future for the county, which factors in the response to a changing climate, and careful stewardship of natural resources, alongside the importance of wealth creation to sustain and support public services and investment in infrastructure.