

**Enterprise M3 Board Meeting**

**25 July 2019**

**Transport for the South East – Proposal for Government - Item 8**

Enterprise M3 Board Directors are asked to:

**APPROVE:** the guiding principles to inform a response to the TfSE consultation on its draft Proposal to Government.

**1. Background**

- 1.1 The Board has received regular updates on the work of Transport for the South East (TfSE), in promoting the case for investment in strategic transport infrastructure across the South-East. In addition LEP Board Member, Ross McNally, was, last year, appointed onto the TfSE Shadow Partnership Board, as one of two LEP representatives. Board members will also recall a presentation in January by Rupert Clubb, Director of Communities, Transport and Environment from East Sussex County Council on the development and progress of TfSE.
- 1.2 This report sets out the context, and outlines progress, on TfSE becoming a sub-national transport body. It seeks approval for the guiding principles to inform a response to the TfSE consultation on its draft Proposal to Government, which sets out proposed constitutional arrangements and powers for the body.

**2. Context**

- 2.1 TfSE was established in shadow form in June 2017, in order to develop an ambitious Transport Strategy for the South East region, it brings together 16 Local Transport Authorities, five Local Enterprise Partnerships, and other key stakeholders, including: environmental groups, transport operators, district and borough authorities, and national agencies.
- 2.2 TfSE seeks to support the growth of the South East's economy, ensuring the delivery of high quality sustainable and integrated transport systems. In brief, this
  - supports increased productivity to grow the South East and UK economy and compete in the global marketplace;
  - helps to improve safety, quality of life, and access to opportunities for all; and
  - protect and enhance the South East's unique natural and historic environment.
- 2.3 It is considered that establishing TfSE as a formal corporate body would:
  - facilitate the development and implementation of transport strategies for the area; and
  - further the objective of economic growth in the area by the development and implementation of such strategies.
- 2.4 To achieve statutory status, TfSE is required to develop a Proposal to Government which will need to demonstrate the strategic case for the creation of a sub-national transport body and set out how TfSE will fulfil the statutory requirements for such a body as outlined in the enabling legislation.

- 2.5 The draft proposal will also need to identify the types of powers and responsibilities that the sub-national transport body will be seeking, as well as identifying the proposed governance structures. The legislation requires that a new sub-national transport body will be promoted by, and have the consent of, its constituent authorities, and that the proposal has been the subject of consultation within the area and with neighbouring authorities.
- 2.6 On 18 March 2019, the TfSE Board approved a Draft Proposal to Government for formal consultation, which can be accessed here:  
<https://transportforthesoutheast.org.uk/about/becoming-a-statutory-body/>
- 2.7 The subject of the consultation is the exact terms of a Proposal to Government requesting statutory status for TfSE as a sub-national transport body, which will require approval by Parliament. The formal consultation period will close on 31 July 2019.
- 2.8 It was then envisaged that a final proposal would be recommended to the Shadow Partnership Board meeting in September 2019 and submitted to Government in November 2019. However, since the consultation opened, correspondence has been received from the Secretary of State for Transport indicating that Government's preference is to continue to work with sub-national transport bodies on a voluntary partnership basis for the time being. These timescales may now need to be reviewed. The consultation responses and next steps will be discussed at September's meeting of the TfSE Shadow Partnership Board.

### **3. The Proposal**

#### Constitutional Arrangements

- 3.1 It is proposed that each constituent authority will appoint one of their elected members as a member of TfSE on the Partnership Board. TfSE proposes that governance arrangements should maintain the strong input from business, including LEPs and other business representatives. This is to be welcomed as LEPs currently have 2 representatives on the Shadow Board and it is considered essential that at least this level of representation continues.
- 3.2 The proposal includes the provision for the appointment of persons who are not elected members of the constituent authorities but provide highly relevant expertise to be co-opted members of the Partnership Board. LEPs are included within this potential list but would not automatically have voting rights. There is a provision for the Partnership Board to grant voting rights on such issues as the Board considers appropriate. However, it is considered that this provision should be made stronger and made clear that the starting point should be that co-opted members vote on all matters unless there is a strong and clear reason for them not to be able to (e.g. in relation to local government finances).

#### Functions

- 3.3 The key functions that TfSE is seeking as part of its Proposal to Government are:
- general sub-national transport body functions relating to the preparation of a Transport Strategy, advising the Secretary of State and coordinating transport functions across the TfSE area (with the consent of the constituent authorities);
  - Local Transport functions;
  - being consulted on rail franchising and setting the overall objectives for the rail network in the TfSE areas;
  - jointly setting the Road Investment Strategy (RIS) for the TfSE area;

- obtaining certain highways powers which would operate concurrently and with the consent of the current highways authority to enable regionally significant highways schemes to be expedited;
- securing the provision of bus services, entering into quality bus partnership and bus franchising arrangements with the consent of the constituent authorities;
- introducing integrated ticketing schemes;
- establishing Clean air zones with the power to charge high polluting vehicles for using the highway with the consent of the constituent authorities;
- power to promote or oppose Bills in Parliament; and
- incidental powers to enable TfSE to act as a type of local authority.

3.4 Overall as a broad principle it is considered that TfSE should seek a wide range of functions and responsibilities as part of the proposal as possible and then it should be for the Board to decide which of them they need and wish to actually implement.

3.5 The establishment of TfSE with statutory status will create a regional organisation with the ability to make the case for investment in infrastructure. The South East covers a large area and is crucial to the UK economy as the nations major international gateway. TfSE will develop a long term and ambitious Transport Strategy which will identify the strategic transport priorities for the region and an investment plan to support delivery of this.

3.6 Until the Strategy is completed there is inevitably some uncertainty about what powers may be needed at a local level. There may also be changes in central government priorities and processes that will also influence what powers are needed. Given the complexities of securing statutory status, it is considered it will be more effective to secure a wide range of responsibilities now, rather than to go back to government in the future to ask for additional powers.

3.7 Such an approach is consistent with the Board's desire that there is a high level of ambition within TfSE's approach and that the strong emphasis needed on innovation and links to productivity growth are not restricted by a lack of powers that are not necessarily currently envisaged as needed.

## **4. Conclusion**

4.1 Partnership working will go a long way to achieving mutually beneficial transport outcomes on a sub-regional basis, but a sub-national transport body for the South East, entrusted with statutory powers, offers new and unique benefits for the region as a whole. Specifically, TfSE will be able to:

- exercise greater influence over Government than individual authorities, or informal joint working arrangements between them;
- attract more investment in the region as a whole and for specific localities; and
- obtain powers over and above those held by specific authorities and LEPs, drawing funding and powers down from Government to facilitate more regional and local solutions

4.2 There are therefore clear benefits to be gained through participation in TfSE, and the LEP's significant involvement to date places it well to help ensure that local outcomes can ultimately be delivered across the region. The location of Enterprise M3 makes the LEP a key player in TfSE.

- 4.3 TfSE provides an opportunity to support and deliver our Strategic Economic Plan and Local Industrial Strategy, through the development of a long-term strategic programme of transport measures to facilitate economic growth and make the South East more competitive.
- 4.4 Such a body will also enable the LEP 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.
- 4.5 Therefore, it is recommended that we should support the establishment of TfSE as a statutory body. It is proposed that the Chief Executive put together the LEP's formal response to this consultation, based on the principles outlined above and the discussion at the July Board meeting. We will involve Ross McNally as board member lead on transport and member of the TfSE Shadow Board.

**Kevin Travers**  
**Head of Transport**  
**17<sup>th</sup> July 2019**