

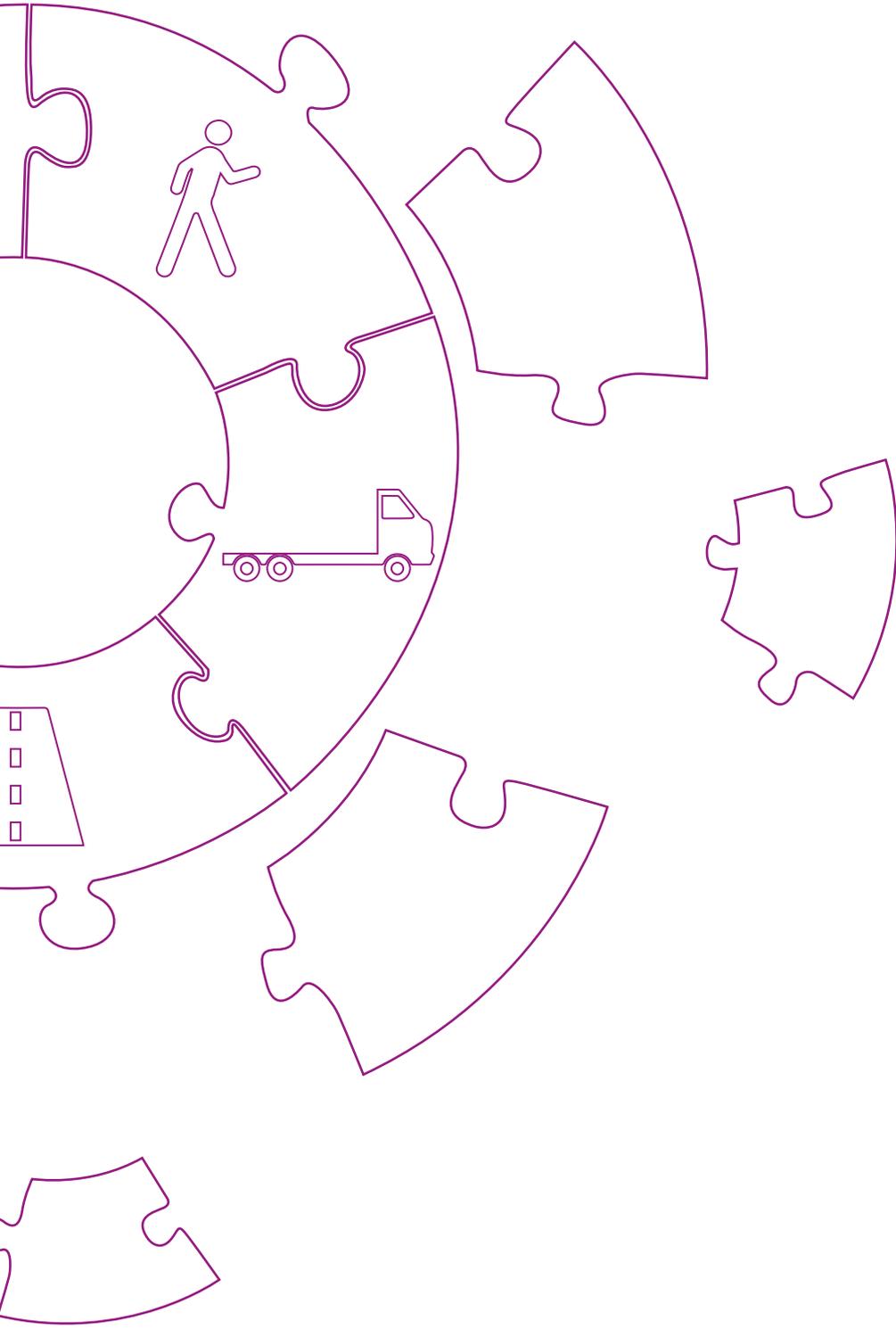
CCN

COUNTY COUNCILS NETWORK

County Devolution

Our Plan for Government
2015-20

Transport



#CountyDevo

March 2015

www.countycouncilsnetwork.org.uk

Background

Transport

Transport policy has been a prominent choice for devolution. Reserved powers have been gained by Scotland, Northern Ireland & Wales within the UK, while the operation of London's longstanding Transport for London Statutory Corporation showcases what is possible within England.

Strategic functions like managing and developing road networks, shaping public transport provision and influencing national transport planning to achieve the best outcomes are fundamental components of many strategic councils' economic growth strategies.

There is growing pressure on the UK's transport networks, particularly from large geographies, population growth, demographic change and impact of severe weather. Combined with historical pressures on local authority transport budgets and the complex web of bodies responsible for transport activity, there is widespread recognition that a new approach is desperately needed.

There is a growing consensus that transport must be directed to local needs via the involvement of local decision-makers. The Campaign for Better Transport has noted that;

*"Devolving transport powers and funding works because local decision-makers know they will be made accountable by voters...they recognise more clearly the key importance of better transport to their wider economic, social and environmental aims."*¹

The Government made encouraging initial moves towards the devolution of transport policy and funding. After announcing its 'firm intention' to devolve funding to Local Transport Boards (LTBs) from 2015,² consisting of local authorities and LEPs, the momentum slowed.

Subsequently, Lord Heseltine's report 'No stone unturned'³ recommended major local transport

project funding be devolved to LEPs. Following the evolution of the Local Growth Fund, the Government concluded 'there is probably no perfect model' for devolving transport expenditure in 2014 though LTBs are still anticipating funds by 2015. Most recently there have been ongoing discussions around Combined Authorities (CAs) and Integrated Transport Strategies.

There is also the issue of fairness in funding allocations for transport. In 2012, public transport investment in London stood at £644 per capita compared with £243 per capita for the West Midlands and the North of England combined.⁴ The net total spend on highways and transport services per mile of road stood at £36,500 in London compared to £12,050 in county areas. This discrepancy should be corrected.

Beyond funding, the control of many elements of the transport network remains highly centralised, including the Strategic Road Network and the National Rail Network. This is despite the success of devolved schemes, like the devolution of rail arrangements to Scotland, Wales, London and Merseyside⁵ and the strong consensus amongst parties and stakeholder groups that transport policy should have stronger linkages with regional economic and social priorities.

Some ambitious local authorities are looking at the type of arrangements popular in Europe, such as the German Verkehrsverbunds, which incorporate groups of local authorities and stakeholder groups into independent Travel Consortia, coordination groups designed to meet transport needs at a regional or sub-national level. Within competition guidelines, there is potentially a role for transport operators within these Consortia.

County Context

Counties have a particular pressure on their transport networks given their size, geographies and diversity combined with their relative lack of powers to direct the integrated development of their networks. There is strong and consistent desire for the devolution of powers associated transport policy from counties; CCN's Devolution Survey results showed that the majority of County Leaders and Chief Executive respondents (92%) want to see transport devolved.

However, the diversity of bodies counties must engage with on infrastructure means a one-size-fits-all approach to devolved decision-making is inappropriate. There is also huge variety in geographic transport challenges in county areas, for example small counties prioritising the creation of cross boundary linkages or rural counties focusing on connecting isolated communities. Despite this diversity, several common elements are apparent.

As with other components of devolution, the potential for counties to shape and direct the development of transport servicing their communities is noticeably lacking when compared to the powers and freedoms available to cities, most starkly London and the Greater Manchester Combined Authority (GMCA).

The creation of the Integrated Transport Authorities (ITAs) by the Local Transport Act 2008, working in partnership with Passenger Transport Executives, equipped some urban areas with considerably greater opportunities to direct local transport policy than counties. In particular, the power to create integrated smart ticketing across public transport networks and strong consultative powers regarding rail operation and line construction allows these areas to drive strategic coordination of transport networks. In particular, strategic goals were married to devolved and consolidated funding arrangements, allowing for smoother delivery of the projects designed around those goals.

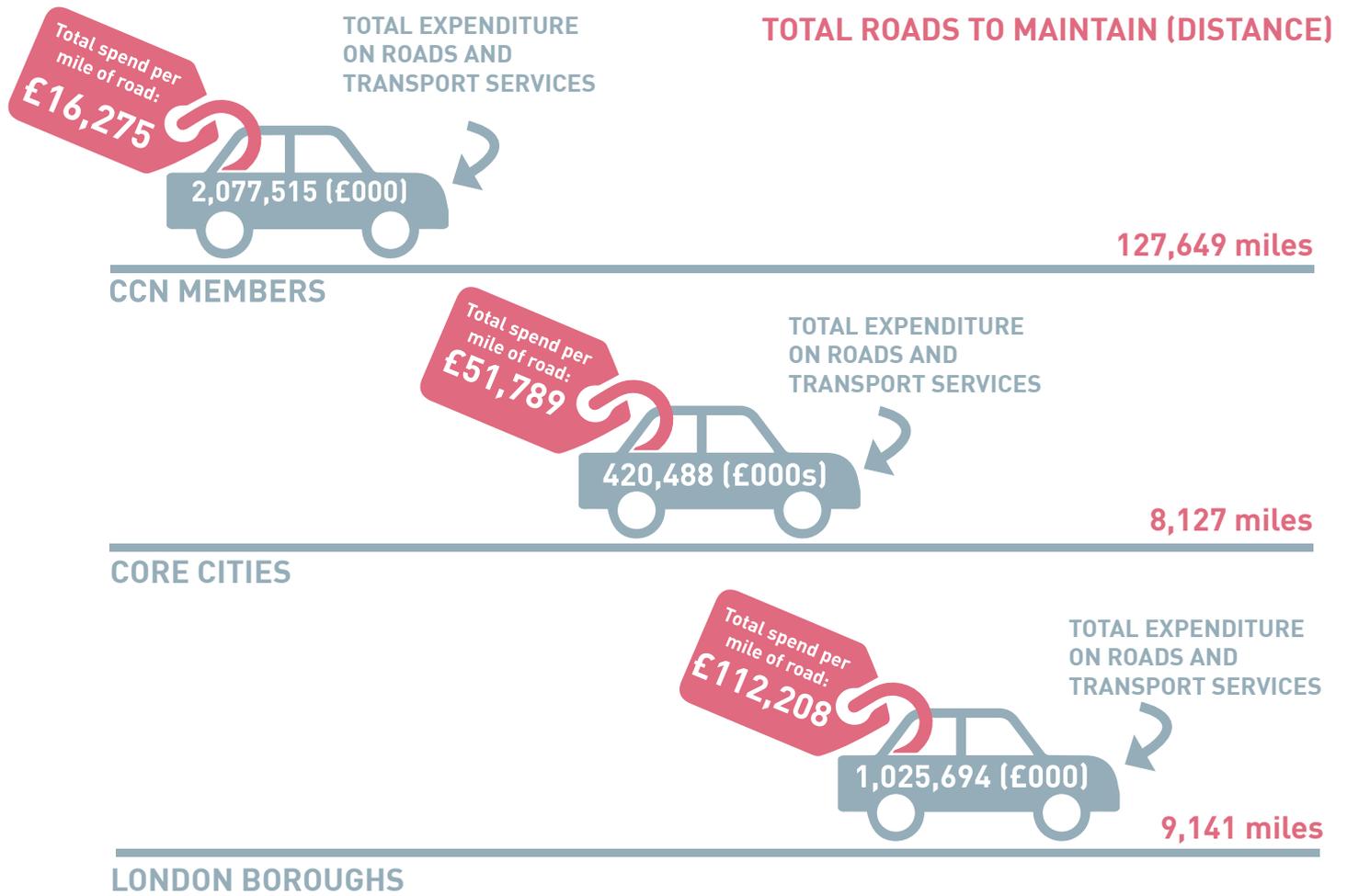
In some cities, devolved consolidated transport budgets, tailored to particular objectives and with long-term certainty, are matched by the capacity to raise investment for infrastructure through a wider range of channels allowing the them to create more effective strategic investment programmes.

Counties have long called for similar powers and the capacity to align local partners behind plans which coordinate transport with housing, regeneration, and economic priorities. Counties are actively building new arrangements, including Local Transport Bodies (LTB) and CAs, with their partners in the expectation of devolved funding and formulating ambitious integrated transport strategies but there remain significant barriers that a County Devolution Settlement could remove.

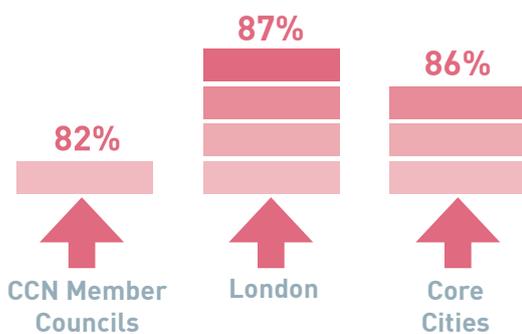
The running or regulation of local rail services, major roads and bus services are performed by a collection of Whitehall bodies, including Traffic Commissioners and the Competition Authority. This acts to inhibit effective local integration. Removing the silos Whitehall has created would free counties to create the sort of smart, simple and integrated transport arrangements that truly unlock regional growth and benefit residents.

To reflect the diversity across counties, devolved arrangements should be led by local needs. Some areas could establish County ITAs or CAs that should be invested with the same type of devolved powers and budgets as urban areas, though tailored to the context of individual county areas; but this should not be the only option. Counties with complex geographies should not be excluded from the benefits of transport devolution. Devolution arrangements should be flexible and centred on providing strong and accountable leadership on transport, both within and across county boundaries. Counties have shown a consistent and compelling ambition for this to occur.

Total Expenditure on Roads and Spend Per Mile ⁱⁱⁱ



Access to Employment via Public Transport ⁱⁱⁱ



Future Spending for Highways Maintenance ^{iv}



but CCN member councils represent is over 45 thousand square miles or 86% of England's landmass.

Call for Evidence: Wider Hampshire

Hampshire experiences a high volume of daily journeys and has the largest number of cars of any county area (800,000 in 2011). There is the aspiration to incentivise greater use of public transport and improve services for residents already choosing to travel by bus and rail.

As a component of a Wider Hampshire Combined Authority (which is being consulted on with partners as part of a model framework discussion document), Hampshire has called for devolved powers to enable more effective use of local infrastructure, supporting the delivery of better, more integrated and cost effective transport system across the county.

The potential for the pan-county Hampshire plan to place a compulsion on transport operators to participate in a countywide Smartcard ticket and require future rail franchises to utilise bus and rail smartcards, is a typical example of an ambitious scheme with huge gains for local communities and businesses. Larger bus operators would also be obliged to participate in integrated ticketing schemes in the same way as rail operators, while the greater aim would be for bus operators to accept contactless payment for ordinary fares. The smart ticketing system would feed in to the Council's ICT and intelligence led transformation processes.

Hampshire want the devolved freedom to;

- Create a fully integrated and contactless pan-county payment system would deliver tangible gains in terms of travel cost and user experience for local residents.
- Address capacity issues to sustain Hampshire's position as a nationally important, global economic gateway.

In order to realise their full economic potential, Hampshire recognises the need to form cross-county / multiple Combined Authority partnerships encompassing both public and private sector partners. With greater devolved powers, these wider partnerships will drive delivery of ambitious strategic infrastructure improvements. New powers could include, for example, devolved functions of the Highways Agency to enable more efficient local maintenance and management of the strategic road network.

Call for evidence: Cornwall

Local authorities outside of London are currently unable to plan the level of bus services or determine fare levels until bus operators have determined their own commercial network. For rural counties in particular, the provision of regular bus services to all communities can be challenging.

Cornwall, as part of a proactive plan for growth, is keen to employ a devolved integrated transport strategy to optimise their bus services while working in partnership with the Department of Transport within existing regulatory frameworks. This long term approach would deliver a high quality, stable and sustainable bus network ensuring a more stable operating base for operators, more certainty over revenue funding for contracts and a more cost-effective network. Cornwall's communities would see the benefit of reduced fare levels and increased service provision and network coverage. A wider impact would be that Cornwall could coordinate the transfer of risk from Whitehall to local partners for the delivery of a successful transport network while also delivering greater economic returns to UK as whole.

Cornwall wants the devolved freedom to;

- Secure improved value for public money and greater customer benefits.
- Improved economic outcomes for the local economy by increasing the benefits associated with greater access to employment, education and health.
- Deliver significantly improved interurban connectivity.

Devolution Proposals

Transport

Counties should be equipped with powers that will enable them to shape their local transport networks to meet local needs without asking Whitehall's permission to do so. With these powers counties would be able to improve their transport systems and offer value for money.

CCN's *Our Plan for Government* noted that counties have less powers to shape their local transport networks than urban areas, needlessly limiting economic growth and preventing access to similar opportunities for transport network improvement.

This is not a situation where a one-size-fits all devolution of particular functions to a uniform set of arrangements is effective.

Instead devolution needs to be guided by a broad set of common principles that can then be shaped and tailored to local needs. If counties require the capacity to work across county boundaries to best address strategic transport challenges, they should be free to do so.

To tie transport planning into broader spatial priorities, these arrangements should feed into the creation of the Sub-Regional Strategic Spatial Plans detailed elsewhere.

Any government aiming to support counties in meeting the transport needs of their residents should consider the adopting the following proposals;

1. Devolved powers and budget necessary to integrate and transform public transport and transport networks

The long standing Transport for London Corporation and more recent Greater Manchester Agreement provides a potential blueprint for how many aspects of transport devolution could work. There is the common

aspiration from counties to exercise similar powers at the level of their functional economic area and emulate their success.

The Agreement described a consolidated devolved transport budget that the Greater Manchester Combined Authority can use to address strategic spatial priorities. This budget would be linked to new strategic planning powers that combined would allow Manchester to deliver a statutory spatial strategies. A county or group of counties should have the option of accessing a similar budgetary arrangement to meet integrated transport goals.

The devolved budgets would not consist of additional resources. Instead they would be a mix of existing funds spent in the area combined with proceeds of earn back deals or other mechanisms for capturing the proceeds of growth locally to secure future transport investment.

Greater budgetary control would be matched by the devolved control of public transport franchising to ensure routes best serve local economic and social needs.

Alongside the gains for economic growth and local residents, the devolution of transport powers would be a powerful tool for improving sustainability outcomes. The devolution of powers would allow for a more joined up approach that prioritised public health and environmental impacts when considering public transport, economic growth and transport investment. This approach would be compatible with a greater emphasis on incentivising and facilitating positive outcomes, including increasing commuting via cycling and encouraging children to walk to school.

To exercise a stronger coordination role in driving the improvement of transport, counties require;

- **Greater devolved control of public transport, including the capacity to instruct operators to work towards integrated ticketing across their functional economic area in line with smart transport card technology. All rail station and route planning proposals would also have to take material consideration of local transport priorities.**
- **Devolved control of local transport budgets including decision-making on funding for concessionary travel, control of public transport fuel subsidy and the Bus Service Operation Grants.**

2. The control of local transport policy should be devolved to the strategic level local communities feel best fits their needs.

Freedom to ensure the effective coordination of public transport across county boundaries is vital. It can support non-metropolitan growth and increasing the provision of transport to rural communities.

Mechanisms already exist for integration, but must be backed by devolved powers and funding to incentivise local partners to fully engage with the process. There should be a recognition that the diversity in county geographies and transport priorities needs to be matched by the freedom to combine in a range of arrangements to address them.

There are a variety of potential arrangements for transport devolution. The key criteria for selecting the appropriate arrangements should be the ability to provide robust accountability combined with the capacity to reflect the needs of the relevant local functional economic

area(s). The arrangements should also have an empowered executive function, to effectively champion transport improvement and identify strategic transitions within UK transport, like the shifting patterns in access to transport.

Local Transport Bodies (LTBs) have been set up in 38 areas to facilitate the devolution of transport infrastructure funding from the Department for Transport and provide coherent cross-boundary leadership. They will receive funding in 2015.

The funding, operation and powers of the Bodies need to be fully clarified. There should be an effort devolve powers wherever feasible, including allowing counties or LTBs to take on the local functions of the Highways Agency where there is a strong argument to do so.

In addition LTBs need greater autonomy from Whitehall and assurance processes are potentially problematic. The Department for Transport (DfT) stipulates that devolved major scheme funding is only to create or improve a physical asset, rather than maintain it. The DfT also defines the criteria by which schemes are assessed. LTBs need more certainty over the scope of their devolved budgets and powers in order to plan successfully. There is also the potential for partner organisations to hold an effective veto over the actions of the actions of the LTBs. As democratically accountable bodies with strategic oversight, counties should potentially have a clear leadership role within any empowered LTB arrangements.

Counties should have flexibility to develop local governance which meets local needs and can draw down devolved powers. If geographic challenges require arrangements that cut across county boundaries, Joint Committees or similar arrangements should be available. Other types of arrangements, including Travel Consortium, which could operate on a larger regional basis

and include a wider range of partners, should be considered where there is the local desire and need for their creation. All arrangements should be designed to fit with the requirements of the Sub-Regional Strategic Spatial Plans.

The devolution of strategic transport policy could, depending on local economic and physical geography, be best served by a CA arrangement, but authorities that choose not to form a CA should not be disadvantaged.

To ensure transport policy can effectively work across county boundaries, counties require:

- **Stronger consultative powers regarding UK travel infrastructure funding to ensure that it accurately targets local transport needs and addresses strategic challenges like traffic congestion.**
- **The flexibility to fully empower County ITAs, CAs, Local Transport Bodies or other local arrangements at a county or cross-county level to address strategic transport priorities. These local arrangements, should be empowered with appropriate devolved transport powers.**

3. Funding flexibility and fairness

Underpinning the devolution of powers, there needs to be long term certainty around devolved transport funding. Crucially, the Government needs to redress the imbalance in revenue and capital funding between rural and urban areas. There is also an urgent need for the type of consolidated transport budgets that have been seen as a component of ITA arrangements and support in accessing different sources of transport investment funding, including EU funding. The recent notice from the European Commission that current local engagement in

delivery arrangements is non-compliant with EU funding regulation means forming new devolved arrangements for counties to direct EU transport funding is particularly urgent.

Ideally all public spending on the transport in a locality should be integrated into a single fund and devolved, improving efficiency by breaking down silos. Additionally counties should have stronger consultative and instructive powers over the spending in their areas through engagement with the Highways Agency, National Rail and other stakeholder groups.

A new fairer funding formula for non-metropolitan travel infrastructure, which would be in line with the CCN *Our Plan for Government* proposals, should be matched with flexibilities for counties to source other funding streams. To ensure Whitehall fairly acknowledges the specific economic and social contributions public transport makes to the success of rural communities these contributions should be a material funding consideration whilst allocating funding.

Counties should have greater freedom to plough funding generated by transport assets back into improving transport infrastructure. Devolution should also provide access to alternative routes to investment, including bond issuance, and the opportunity to establish new arrangements, including strengthening LEPs as a channel for investment via revised assurance frameworks and investment boards.

To ensure counties can invest in transport networks effectively, counties require:

- **The removal of artificial incentives or barriers surrounding transport funding combined with a 10 year funding horizon to ensure long-term plans deliver value for money.**

- **Freedom to seek market solutions for transport investment and direct revenues from traffic management and parking schemes towards transport priorities.**
- **Freedom to lead on the strategic development of devolved ‘Operational Programmes’ to access EU regional development funding and direct it to county transport priorities.**

REFERENCES

¹Campaign for Better Transport, *Making Transport Local: Devolution of Transport in England outside of London*, 2014

²Department for Transport, *Local Frameworks for Funding Major Transport Schemes*, 2011

³Department for Business Innovation and Skills, *No Stone Left Unturned: in pursuit of growth – Lord Heseltine Review*, 2012

⁴Core Cities, *Prospectus for Growth*, 2013

⁵Department for Transport, *Rail Decentralisation Consultation Responses*, 2012

INFOGRAPHICS

ⁱAll stats via LG Inform, sourced from Communities and Local Government unless otherwise stated

ⁱⁱ Miles of road maintained by administrative area, LG Inform, Department of Transport

ⁱⁱⁱ Access to employment via Public Transport, LG Inform, Department of Transport

^{iv} Future spending for highways maintenance, Highway maintenance funding allocations: 2015/16 to 20/21, Department of Transport, <https://www.gov.uk/government/publications/highways-maintenance-funding-allocations-201516-to-202021>

CCN

COUNTY COUNCILS NETWORK

Founded in 1997, the County Councils Network (CCN) is a network of 37 County Councils and Unitary authorities that serve county areas. We are a cross-party organisation, expressing the views of member councils to the wider local government association and to Central Government departments.

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