



**REPORT OF
CHAIRMAN of TRANSPORT AND HIGHWAYS COMMITTEE
D2N2 Local Transport Body – Governance Arrangements**

Purpose of the Report

1. To note the draft governance arrangements to guide the Local Transport Body in determining its governance and constitution
2. The County Council in response to a government consultation supported the devolution of funding for local major transport schemes to a Local Transport Body (LTB) covering the D2N2 Local Enterprise Partnership (LEP) area. This report therefore seeks County Council support for the creation of a D2N2 Local Transport Body as a voluntary non-statutory organisation.
3. To seek approval for the Leader and Chairman of the Transport and Highways Committee, with the Vice-Chairman of the Transport and Highways Committee deputising as appropriate, to represent the County Council on the D2N2 Local Transport Body as set out in this report and to note that decisions regarding major transport schemes for Nottinghamshire will continue to be determined by the County Council.

Background

4. Nottinghamshire County Council continues to progress and deliver a programme of major transport projects to provide an efficient and reliable transport and highway network supporting residents and road users and economic growth across the County. Current projects include Mansfield Bus Station £11M due for completion March 2013 and Hucknall Town Centre Improvement £13M due for construction 2014/15.
5. The Department for Transport (DfT) has consulted local authorities regarding its proposals to devolve funding for local major transport schemes for local determination. Briefly DfT propose to
 - a. Devolve capital funding for local major transport schemes to new democratically accountable local transport bodies. The detailed membership of these bodies will be for the local area to propose and agree;
 - b. Allocate budgets to the Local Transport Bodies by formula based on population;
 - c. Within a common approach to assessing value for money and priority Local Transport Bodies will determine their own programmes of local major transport schemes;
 - d. Put both local transport authorities and local enterprise partnerships (LEP) in influential roles in the decision making arrangements of Local Transport Bodies

over which transport schemes are delivered.

6. On 18th April 2012 Cabinet approved the County Council's response to the consultation including
 - a. That the Local Transport Body should map onto the D2N2 LEP geography, that is compromise Nottinghamshire, Nottingham, Derbyshire and Derby;
 - b. That the LEP becomes a full member of the Local Transport Body and thereby has a direct say in the decision making process;
 - c. Significant decisions of the Local Transport Body will require scrutiny, endorsement and ratification by the Cabinet/Committees of each local transport authority.
7. Following this decision officers of the County Council have worked closely with colleagues from Nottingham and Derby City Councils and Derbyshire County Council, within the guidance provided by the Department for Transport (DfT) to produce a common approach to the formation of a Local Transport Body.
8. On 28th September 2012 DfT asked for confirmation of the geographic arrangements for Local Transport Bodies. A letter was sent confirming the County Council's position established by Cabinet on 18th April 2012 for a Local Transport Body coincident with the D2N2 LEP geography, comprising Nottinghamshire, Nottingham, Derbyshire and Derby. Indeed all 4 local transport authorities replied supporting this arrangement with Derby and Nottingham City making reference to future consideration of combining with the Leicestershire and Leicester Local Transport Body.
9. However where the D2N2 LEP overlaps the Sheffield City Region LEP those District Councils were also given an opportunity by DfT to comment. Of the 4 District Council the 3 in Derbyshire have all expressed a preference for local major schemes in their area to be funded by the Sheffield City Region Local Transport Body rather than that of D2N2. Bassetlaw District Council has not formally expressed a preference.
10. The Secretary of State for Transport on 23rd January 2013 determined that the allocation for all 4 districts within the overlapping LEP area be shared 50:50 between the D2N2 LTB and the SCR LTB.
11. The DfT on 23rd January 2013 provided indicative funding allocations for the LTB of about £46.8M over a 4 year period, i.e. £11.7M/year for D2N2 including the proportion of the split allocation. This would be supplemented by each local transport authority contributing to the capital cost of their schemes as under current arrangements. However, a project equivalent to the Hucknall Town Centre relief road major project would therefore take just over 1 year of funding allocation. Therefore it is unlikely that each Council will be able to deliver more than 1 large major project in each 4 year period, although the LTB may lower the current £5M threshold to allow smaller schemes to progress.

D2N2 Local Transport Body– draft governance arrangements

12. In order to access this funding DfT require the proposed arrangements to govern the Local Transport Body to be established.

13. It is recognised that the Local Transport Body will have the authority to determine its own governance and constitution.

Principles

14. In considering governance arrangements the following principles have been adopted:

- a. Clarity in decision making hierarchy between local transport authorities, the Local Transport Body and the LEP;
- b. Transparency of decision making process;
- c. Clear democratic accountability.

Working arrangements

15. It is proposed that the Local Transport Body is created as a voluntary non-statutory organisation (on the same basis as the current successful Joint Planning Advisory Board). A draft constitution is in preparation to be considered for approval by the LTB and will establish the detailed working arrangements. Similarly assurance and governance arrangements are also in preparation and will require submission to DfT for approval followed by review by the LTB.

16. The Local Transport Body will convene an annual meeting to review membership, secretariat and other administration arrangements, meeting programme, and organisation of supporting boards and task groups.

17. The annual meeting will also appoint one of the local transport authorities to act as the financially accountable body for receipt and management of Local Transport Body grants, funding and budgets.

18. The four local transport authorities will provide revenue funding to support the operation of the Local Transport Body. The nominated financially accountable body (local transport authority) will receive and manage these funds.

Membership

19. In order to balance operational needs with democratic accountability and accommodate membership numbers broad enough to be inclusive yet small enough to facilitate practical business meetings membership is proposed as follows

- a. 8 elected members – 2 from each of the four local transport authorities
- b. 1 representative from the D2N2 LEP (must be private sector)
- c. 1 representative from the Sheffield City Region (overlapping) LEP
- d. 2 elected members from D2N2 area District Councils

20. Chair to be elected by the Local Transport Body.

21. Non-voting advisory members should include Department for Transport, Highways Agency, Network Rail, Leicestershire and Leicester LEP, Notts/Derbys District Councils in neighbouring LEP/Local Transport Body.

LTB Structure

22. The Local Transport Body will be supported by a secretariat, a senior officer group and a finance group with other working groups established as required, for example to work up the detail of the programme development, prioritisation and appraisal. It is envisaged that this will be provided through existing staff cost and/or provision within the highways revenue budget not exceeding £10,000.

Prioritisation

23. It is proposed that for the initial spending review period the existing major transport scheme programmes from each of the local transport authorities will be coordinated within the available funding. Schemes that are included within current Local Transport Plans will have the advantage of public consultation through the consultation on the Local Transport Plan and local democratic authority through consideration and adoption of Local Transport Plans by each local transport authority.
24. Local transport authorities are likely to require a democratic approval of which schemes from the Local Transport Plan are promoted for consideration by the Local Transport Body.
25. An initial assessment of the strategic transport and economic need, scheme prioritisation and value for money would be required from each local transport authority. Individual transport authorities will need to propose programmes that are realistic in terms of funding and flexible in terms of delivery timings. If each local transport authority continues to use DfT guidance for cost benefit analysis or a similar consistent approach the consideration of competing priorities could be used to inform programming decisions.
26. The Local Transport Body will determine a D2N2 wide transport infrastructure programme based on deliverability, matching programmes to the available funding as closely as possible.
27. Whilst this initial approach is the most practical in the short term there is a risk that the programme may not deliver best overall value for the D2N2 area, and may not deliver the best transport and economic investment outcomes for the D2N2 area.
28. The proposed governance of this arrangement would be:
- Councils (local transport authorities) approve local programme/schemes
 - LTB consults on an area wide programme/devolved funding allocation
 - Councils (local transport authorities) comment on programme/devolved funding
 - LTB confirms area wide programme/devolved funding allocation
 - Councils confirm area wide programme/devolved funding allocation
 - Councils approve scheme specific procedures
(planning, equality impact assessments, Side Roads Orders, CPO, procurement)
 - Councils approve contracts and expenditure
 - LTB monitors area wide programme delivery/expenditure

29. A future aspiration is to undertake a D2N2 area wide assessment of major transport scheme investment requirements to best improve transport provision within and across the area and linking to adjacent areas and the national transport network. Such an evidence based approach should also include a consideration of economic development opportunities and benefits. The outputs from such an assessment would identify the priority objectives for the area which would form a future provisional scheme programme. Individual local transport authorities would then be required to develop specific scheme proposals to meet those area wide objectives.
30. The benefit of this longer term approach is that it will better ensure investment is directed to deliver the best transport and economic development outcomes for the D2N2 area.
31. However, it is recognised that the lead time for the area wide assessment is too long to produce deliverable schemes for the first spending review period and it should rather be an aspiration worked towards in future spending review periods.
32. There would remain a risk of the potential to cluster delivery in one part of the area and risk the appearance of disadvantaging other areas. Some moderation of bids by the LTB could mitigate this risk.
33. It is noted that within the likely funding constraints it should be assumed that each LTA will continue to contribute to the capital cost of a scheme to improve its value for money.

Other Options Considered

34. If governance arrangements are not agreed by each of the participating partner authorities and an assurance framework for the D2N2 LTB is not submitted to the satisfaction of the DfT there is a risk to securing this funding.

Reasons for Recommendations

35. To ensure that Local Transport Bodies are fit for purpose it is necessary for assurance frameworks to be put in place setting out governance and working arrangements within a short timescale. The DfT requires that these frameworks be submitted by the end of February 2013 and must be approved by the Department before any devolved funding is transferred.
36. The DfT has stated that these assurance frameworks must meet minimum standards as set out in published guidance.
37. A D2N2 Infrastructure Group has been established that is attended by the relevant Transport Directors. This group has worked up a draft assurance framework to be agreed by the LTB.
38. It is proposed that the LTB is created as a voluntary non-statutory organisation consistent with the guidance.

39. The deadline for submitting prioritised lists of schemes for funding for the period from 2015 is July 2013.
40. The total amount of funding available for new local major transport schemes will be determined through the next spending review.

Statutory and Policy Implications

41. This report has been compiled having given due regard to the Public Sector Equality Duty and after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

42. Capital funding made available through the LTB will be managed through the annual capital programme. As under current arrangements a capital contribution may be required for individual schemes which will be considered on an individual scheme basis through the usual annual capital budget process.
43. A draft budget for the operation of the LTB will be proposed by the LTB and considered by the LTA. Required capital and revenue contributions from each local transport authority need to be agreed.

RECOMMENDATION/S

44. It is recommended that
- a. The County Council supports the creation of a D2N2 Local Transport Body as a voluntary non-statutory organisation and the submission to DfT governance and assurance proposals based on the principles set out in this report;
 - b. The Leader and Chairman of the Transport and Highways Committee represent the County Council on the D2N2 Local Transport Body as set out in this report and that the Vice-Chairman of the Transport and Highways Committee or other Member may deputise as necessary; and
 - c. It be noted that decisions regarding major transport schemes for Nottinghamshire will continue to be determined by the County Council;

Andrew Warrington
Service Director (Highways)

For any enquiries about this report please contact:

Andrew Warrington 0115 9774681

Constitutional Comments [CEH 23.01.13]

45. The recommendations fall within the remit of the Policy Committee.

Financial Comments (TMR 21.01.13)

46. The financial implications are set out in paragraphs 42 and 43 of the report.

Background Papers

47. Cabinet report on 18th April 2012

Electoral Division(s) and Member(s) Affected

48. All