



## BRIEFING PAPER

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# Local transport in England, 2010-

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## Summary

This paper explains how local transport governance is structured in England and what funding is available. It also looks at the broader question of transport devolution and how the devolved landscape might look in the future.

*Although this paper mentions the Northern Powerhouse, it does not look at it in detail. The Commons Library will be publishing a separate paper on the Northern Powerhouse ([CBP7676](#)) in Autumn 2016.*

Since 2010 Conservative-led governments have radically reformed local transport governance and finance in England. They judged the system they inherited from Labour in 2010 to be overly-centralised and unnecessarily complex. Consequently, it devolved powers to local bodies to plan and fund their own transport developments, using both grants from central government as well as money raised elsewhere, such as from the private sector and local taxpayers.

The Government now expects major local transport schemes to be delivered by Local Enterprise Partnerships (LEPs) and local authorities either alone or as part of new governance arrangements such as Combined Authorities and, in the future, alongside strategic Sub-national Transport Bodies (STBs). The bulk of the capital funding for transport projects is now managed by LEPs via growth funding. Local authorities continue to receive revenue funding from DCLG and can apply for Access Funding for sustainable transport projects.

Devolution has been one of the Government's key policy priorities since 2010 and ties in with several different policy areas, of which transport is one. 'Devolution deals' will see more transport decisions taken at the local level and less control of both policy and budgets from Whitehall. The first directly elected mayors and STBs will begin work in 2017.

Further papers on transport, devolution and local government can be found on the [topical pages](#) of the Parliament website.

# 1. Setting the scene: local transport in 2010

The 1997-2010 Labour Government fundamentally overhauled the system of local and regional transport governance and finance in England. They made changes in three main areas: regional structures; local structures and funding mechanisms.

Labour's local transport policy between 1997 and 2010 is examined in HC Library briefing paper [SN4351](#)

## On **regional structures**:

- Labour increased the regional voice in transport decision-making, building structures around the pre-existing [Government Offices \(GOs\)](#) for the regions. The three key overarching bodies in each region (outside of London) were the Government Office, the Regional Assembly and the Regional Development Agency.
- There were nine [Regional Development Agencies \(RDAs\)](#) whose primary role was to promote and enable economic growth in England's regions. For 2010-11, RDAs were allocated approximately £1.75 billion;<sup>1</sup> they also managed approximately £9 billion in European funding.

## On **local structures**:

- Local Authorities were responsible for delivering transport schemes on the ground: there were two sorts of local transport delivery, under single tier (i.e. unitary) authorities and two tier (i.e. district and county councils).
- The Passenger Transport Authorities (PTAs) in metropolitan areas outside London were reconstituted in 2008 as Integrated Transport Authorities (ITAs), expanding their the duty to develop policies relating to all aspects of transport, rather than the more limited requirement relating only to transport facilities and services, and including a requirement to take the protection and improvement of the environment (including mitigation of, and adaptation to, climate change) into account.

## On **funding mechanisms**:

- Under the system developed by the Labour Government, the bigger schemes in local authority transport plans (i.e. those costing over £5 million) that had a regional as well as a local significance, were likely to be put in the regional transport strategy. But this did not happen as a matter of course – regional bodies assessed bids made to them by local authorities and then they produced a list of schemes, graded by importance, for which they would then bid for funds from the Government (as part of the Regional Funding Allocation).<sup>2</sup>
- Alternatively, local authorities could bid to part-fund these schemes through their transport plans, and the costs of a large regional scheme could be shared between the region and one or

<sup>1</sup> for information on Grant-in-Aid to RDAs since 1999, see: [HC Deb 11 Mar 2009 cc590-1W](#)

<sup>2</sup> [Government Response to the Committee's Twelfth Report of Session 2005-06](#) (fourth special report of session 2006-07), HC 334, 27 February 2007, para 23

more local authorities. A rejection of a local scheme by a regional body did not mean that it was the end of the scheme; rather that the local authority would have to find the money itself if it wanted to go ahead with it.

- There were two main ways in which the Government provided financial support to local authorities for transport: revenue support (through the Revenue Support Grant) to support day-to-day expenditure; and financial support for capital investment to local authorities on the basis of their Local Transport Plans (LTPs).<sup>3</sup>
- The LTP funding received by each local authority was calculated by a formula, which was influenced by local pressures, plan quality and previous delivery. The LTP funding from DfT was divided into three blocks: Integrated Transport block to fund all non-maintenance transport schemes costing less than £5 million; maintenance allocations for structural local road maintenance; and major scheme allocations for significant local authority road schemes and public transport capital projects costing over £5 million.<sup>4</sup>
- In 2004, Labour outlined its intention to allow the regions to prioritise local authority major schemes (see above) and some Highways Agency transport schemes, within the confines of an indicative funding pot for each region – the Regional Funding Allocation (RFA).<sup>5</sup>

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<sup>3</sup> DfT, [Guidance on Local Transport Plans](#), July 2009

<sup>4</sup> DfT, [Guidance to Local Authorities seeking DfT funding for transport Major Schemes](#), April 2005, para 1.3; between 2001 and 20210 the total allocation was roughly £16 billion, see: [HC Deb 14 December 2005, c160WS](#)

<sup>5</sup> HM Treasury, [Devolving decision making: A consultation on regional funding allocations](#), December 2004; see also: [HC Deb 21 July 2005, cc109-110WS](#), [HC Deb 6 July 2006, c51-52WS](#) and DfT, [RFA Transport Advice: Supplementary Note](#), July 2008, paras 8-9

## 2. Snapshot: local transport in 2016

### Policy development since 2010

This section sets out how local transport is administered, funded and delivered as of 2016, it does not go into detail as to how the Coalition Government changed the system it inherited from the Labour Government. Readers interested in this can refer to a number of excellent surveys published in recent years, such as:

- NAO, [Funding for local transport: an overview](#), HC 629, October 2012;
- Transport Select Committee, [Local transport expenditure: Who decides?](#) (Seventeenth Report of Session 2013– 14), HC 1140, June 2014; and
- IPPR North, [Connecting lines: How devolving transport policy can transform our cities](#), March 2016

### 2.1 Structures

English local government is divided in some areas into county councils (the upper tier) and district councils (the lower tier). The two tiers have distinct functions, though they overlap in some matters. In other areas, 'unitary authorities' carry out all local government functions. There are 353 local authorities in England, of which 27 are county councils, 201 are district councils, and 125 are unitary authorities, of which 32 are London boroughs and 36 are metropolitan boroughs.<sup>6</sup>

The Greater London Authority (GLA) exercises a range of functions in transport, policing, planning, fire and rescue, housing and economic development. It is not a local authority for most purposes. In other parts of England, central government manages some of the functions that the GLA undertakes for London.<sup>7</sup>

Five Combined Authorities (CAs) have been established in England with a further three proposed. These are not local authorities but joint legal bodies through which groups of authorities can work together. In 2014-16, the Government negotiated 'devolution deals' with several areas. Each of the existing CAs has negotiated a deal. New mayoral combined authorities have been proposed in the Tees Valley, West Midlands, and (in draft form) the 'North Midlands' (Nottinghamshire and Derbyshire). Liverpool, Greater Manchester, Sheffield and the North-East will introduce a directly-elected mayor as part of their devolution deal.<sup>8</sup>

Overlaid on this structure are Local Enterprise Partnerships (LEPs). The first cohort of LEPs were announced in late 2010; they are non-statutory bodies which have assumed many of the responsibilities of Regional

<sup>6</sup> for further information on local authority structures and powers see HC Library briefing paper [SN7104](#)

<sup>7</sup> for further information on the GLA see HC Library briefing paper [SN5817](#)

<sup>8</sup> for further information on Combined Authorities, see HC Library briefing paper [SN6649](#)

Development Agencies (RDAs) and have responsibility for Enterprise Zones.<sup>9</sup>

There is also a patchwork of transport authorities, including county and unitary councils, Integrated Transport Authorities and city-wide entities like Transport for London (TfL) and Transport for Greater Manchester (TfGM). The Government has also proposed new sub-national transport bodies (STBs) in the North and the Midlands, with other likely to follow. These bodies all have different responsibilities for transport planning and funding.

At the local level transport planning is focused on the Local Transport Plan (LTP), introduced by the Labour Government but supported after 2010 by the Coalition and then the Conservatives. In its January 2011 local transport White Paper, the Government stated its belief that LTPs remained the best way to plan and implement local transport policy. As part of this it would “expect local authorities will want to look closely at small scale transport improvement schemes, which can be very high value for money” and it encouraged local authorities to share “best practice information about the challenges and solutions identified when planning sustainable transport choices.”<sup>10</sup>

## 2.2 Funding

There are a number of sources of funding for local transport, the main ones being central government grant; Local Growth Deals & the Single Local Growth Fund; the Local Majors Fund; the Regional Growth Fund; the Access Fund; local authority property taxes & localised charges; and local authority capital finance.

- **Central government grants:** Local authorities currently receive a proportion of their funding in the form of central government grant. The majority of this is allocated annually by the Department for Communities and Local Government (DCLG), with some grant programmes administered by other departments. Most of the DCLG grant can be spent as local authorities see fit, though a small number of items are ring-fenced, i.e. they can only be spent on particular matters. Currently, central government revenue and capital grant funding is fixed on an annual basis in the Government’s Local Government Finance Report. In recent years, indicative funding levels for a second year have been provided by the Government.<sup>11</sup>
- **Local Growth Deals & the Single Local Growth Fund:** The way that Government funds *major local transport projects* changed in 2015 when major transport scheme funding was devolved to LEPs as part of the Single Local Growth Fund. Budget 2016 included the announcement that up to £1.8 billion will be allocated to LEPs through a further round of Local Growth Deals

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<sup>9</sup> for further information on LEPs see HC Library briefing paper [SN5651](#)

<sup>10</sup> DfT, [Creating Growth, Cutting Carbon: Making Sustainable Local Transport Happen](#), Cm 7996, January 2011, paras 4.11-4.13

<sup>11</sup> for data, see: [DCLG, Final local government finance settlement: England, 2016 to 2017](#), 8 February 2016; data series on capital and revenue expenditure can be found on the [DCLG website](#) [accessed 23 August 2016]

in the course of 2016. As of March 2016, £7.3 billion worth of Growth Deal funding has been allocated to LEPs.<sup>12</sup>

- Local Majors Fund:** This new fund totalling £475 million was announced in the 2015 Spending Review. It is designed to help local areas “pay for projects that are too expensive to fund by themselves”.<sup>13</sup> In Budget 2016 the Government said that the first round would total £151 million and that it intended to launch the bidding process for the second tranche of funding, designed to fund “transformative local transport projects”.<sup>14</sup> It is a ‘stand alone’ element of the Single Local Growth Fund.<sup>15</sup>
- Regional Growth Fund (RGF):** The RGF was created in June 2010 with the intention of promoting the private sector in areas in England most at risk to public sector cuts by providing financial support for private enterprises to leverage additional funding and create sustainable jobs. The RGF is expected to be worth over £3.2 billion over the period 2011-12 to 2016-17. To date there have been six funding rounds. £2.9 billion was awarded in rounds 1 - 4; £450 million in the first round, £950 million in the second, £1.05 billion in the third and £506 million in the fourth. While rounds 1 - 4 were open to both private and public sector organisations, rounds 5 and 6 were only open to the private sector. £306 million was allocated in round 5 and £297 million in round 6. Successful bidders from round 6 were announced in February 2015; no further funding rounds have been held since. Successful bidders from rounds 5 and 6 have until March 2017 to draw down their allocated funding.<sup>16</sup>
- Access Fund for Sustainable Travel:** In his 2015 Autumn Statement, the then Chancellor announced £580 million for sustainable travel. £20 million of the revenue funding supported the Sustainable Travel Transition Year competition in 2016/17.<sup>17</sup> The remaining £60 million will become the Access Fund from 2017/18 through 2019/20. The Access Fund will support local authorities to deliver sustainable transport projects that seek to grow the economy by boosting levels of cycling and walking, and by improving access to jobs, skills, training and education. It will operate as a competition between English local transport authorities, excluding London.<sup>18</sup> The Access Fund replaces the **Local Sustainable Transport Fund (LSTF)**, which ran from 2010-15 and was one of four grants which replaced the 26 then existing local transport-related grants.<sup>19</sup> There were three rounds of funding for the LSTF; funds awarded totalled approximately £540 million.<sup>20</sup>

<sup>12</sup> for more information on the SLGF and Local Growth Deals, see HC Library briefing paper [SN7120](#)

<sup>13</sup> HMT, [Spending Review 2015](#), Cm 9162, November 2015, para 2.86

<sup>14</sup> HMT, [Budget 2016](#), HC 901, March 2016, para 1.238

<sup>15</sup> [Letter from Robert Goodwill to Swindon and Wiltshire LEP](#), 14 April 2016

<sup>16</sup> for further information on the RGF, see HC Library briefing paper [SN5874](#)

<sup>17</sup> DfT, [Sustainable Travel Transition Year Revenue Competition, 2016 to 2017](#), 15 February 2016

<sup>18</sup> DfT, [Access Fund for Sustainable Travel: application form](#), 5 July 2016

<sup>19</sup> DfT press notice, [“Transport Spending Review Press Notice”](#), 20 October 2010

<sup>20</sup> all awards are listed in: DfT, [Local Sustainable Transport Fund 2011-15](#), September 2012

- **Local authority property taxes & localised charges:** In terms of **property taxes**, London and other metropolitan (large urban) areas of England have recently argued for the devolution of full control over business rates and council tax, plus stamp duty, annual tax on enveloped dwellings, and capital gains tax. There are also suggestions for a number of powers to impose additional levies, or to **localise control over other types of charge**, such as assigning a proportion of revenue from specified taxes such as car tax or fuel duty to local government.<sup>21</sup>
- **Local authority capital finance:** Local authorities are required to distinguish between capital and revenue finance in their accounting. They can access capital finance for infrastructure investment from a number of sources, but borrowing is the most common of these. In England, local authorities have normally borrowed from the Public Works Loan Board in recent decades, at favourable rates of interest. There has been recent exploration of alternative sources of borrowing. Following interest from a number of authorities in issuing **municipal bonds**, the Local Government Association is pressing forward with establishing a joint agency to issue bonds.<sup>22</sup> The Government has also introduced **tax increment financing schemes**, founded on the Business Rates Retention Scheme introduced in 2013-14. Under these schemes, local authorities may borrow for infrastructure projects, against the future growth in business rate receipts which will result from the projects. There is also the possibility of **local authority pension funds** investing in local authority infrastructure projects; and the use of funds from local authorities' **Housing Revenue Accounts**.<sup>23</sup>

## 2.3 Getting a local transport scheme funded

MPs often ask how they can get funding for a local transport scheme – like a new or upgraded road, a rail improvement, or similar. As indicated above there are now various bodies – which differ according to where one lives – and various pots of funding that can be accessed for local transport schemes.

As transport schemes are usually capital projects, the bulk of available funding comes through LEPs; though local authorities would still be expected to make the case for and contribute funds to any particularly local schemes. Any scheme that one wanted to get off the ground would need a feasibility study and a business case; the likelihood of a local authority or a LEP taking up a particular scheme will probably be

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<sup>21</sup> for further information on all these schemes, see HC Library briefing paper [SN7046](#)

<sup>22</sup> raising money via bonds was discussed widely about 15 years ago when the then Mayor of London, Ken Livingstone, proposed a bond option to raise money to invest in the London Underground. Many people at the time considered that lessons could be learned from the way the New York Metropolitan Transportation Authority (MTA) had been restructured. They suggested that TfL could be granted the authority to establish a capital budget that would be separate from the operating budget, and to issue bonds that would be secured by pledged revenues; for further information on bond financing in relation to the London Underground, see section 6 of HC Library briefing paper [SN1307](#)

<sup>23</sup> for further information on all these schemes, see HC Library briefing paper [SN5797](#)

founded in their wider strategic and local transport plans, for which they will have done a great deal of survey and assessment work.

Local road projects usually do not involve Highways England, except where a scheme intersects or abuts onto the Strategic Road Network. However, for rail projects things are more complex as Network Rail would have to be persuaded of the value of any scheme and include it in its forward planning programme. It has its own Governance for Railway Investment Projects (GRIP) programme which describes how it manages and controls infrastructure projects from inception to operation.<sup>24</sup>

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<sup>24</sup> NR, [The GRIP process](#) [accessed 23 August 2016]

## 3. Devolution

### Northern Powerhouse

This section discusses the Northern Powerhouse in passing but does not go into great detail, more information can be found in a separate briefing paper, [CBP7676](#), which will be available from Autumn 2016.

Local and regional authorities of one sort or another, supported by various commissions, pressure groups and think tanks, have been calling for more powers to plan, fund and manage transport in their areas for decades. Successive governments have legislated to reform local and regional transport delivery, sometimes through more general machinery changes but also via specific transport-related initiatives.

Over the past couple of years there have been a slew of reports looking at this issue. One of the first was the '[City Centred](#)' campaign, launched by leaders of London and the UK's Core Cities in September 2013,<sup>25</sup> calling for more devolution, including fiscal powers, from central government. In July 2014 Lord Adonis published his Growth Review for the Labour Party, recommending the setting up of more city and county region Combined Authorities, to take direct responsibility for transport and other economic functions, on a similar basis to the Mayor of London.<sup>26</sup>

In September 2014 the Urban Transport Group<sup>27</sup> argued that cities outside London should have more powers over their bus networks and 'meaningful' devolution of local rail services, which together would allow them to deliver 'Oyster-style' smart and simple ticketing;<sup>28</sup> single, integrated transport networks and a clearer interface with the public, local businesses and investors on service delivery and development.<sup>29</sup> This was echoed by the RSA City Growth Commission in October 2014, which recommended that there should be 'accelerated connectivity' between metropolitan areas in the North and Midlands to "create larger economic powerhouses, to encourage complementary poles of growth in relation to London and the South East". Over the medium to longer term, the Commission believed that connectivity between these and other major metropolitan areas would be a key economic driver. It also recommended an 'Oyster card for the North'.<sup>30</sup>

Also in October 2014 the Campaign for Better Transport (CBT) called for more powers for cities outside London to allow for the introduction of smartcards and integrated transport networks; the creation of new multi-authority 'transport consortia' outside the big cities to join up

<sup>25</sup> the 'Core Cities' are Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle, Nottingham, and Sheffield

<sup>26</sup> Lord Adonis, *Mending the Fractured Economy*, July 2014, p8

<sup>27</sup> formerly the Passenger Transport Executive Group (pteg)

<sup>28</sup> when people say 'Oyster-style' they mean an integrated, contactless payment system or similar which enables users to easily switch between modes of transport across a region (as in the London Oyster Card)

<sup>29</sup> pteg, *Policy Futures - Urban Transport outside London*, September 2014

<sup>30</sup> City Growth Commission, *Unleashing Metro Growth*, October 2014, p34

different councils and deliver smart tickets and other transport improvements; and regional groupings to manage strategic roads and local rail services.<sup>31</sup>

In March 2015 the Coalition Government and the leaders of Northern councils published a report announcing the establishment of a body called Transport for the North (TfN), under the leadership of an independent Chair, to bring together 'all the relevant parties' to work in partnership to establish a "clear, long-term, strategic transport vision for the North of England that is shared by all parties and allows the North to speak with a single voice and execute that vision". It would be tasked with developing strategic, prioritised transport investment opportunities and the Government would provide financial certainty via a "clear future budget envelope to be agreed at the Government's Spending Review in 2015".<sup>32</sup>

At about the same time IPPR North published a report on transport in the North of England, calling for further devolved and integrated transport powers to be delivered in three phases between 2015 and 2025. This would involve extending the powers of TfN, devolving rail franchising and strategic road network powers, smart ticketing, and the setting of five-yearly budgets fully devolved from the Treasury to TfN.<sup>33</sup>

### 3.1 Why devolve transport policy?

In opposition all major parties tend to agree that decisions should be taken at the lowest practical democratic level. They do not always uphold this principle when they are in government; or rather their rhetoric does not always match the reality.

Since 1997 there has been a plethora of changes to how local transport is planned and funded: tiers of government have come and gone, agencies, quangos and partnerships have all featured as vehicles for the planning process, and funding has usually been short term and has fluctuated year-on-year. Capital funding has tended to be in the gift of central government and has been doled out through various funds in response to bids from local authorities and other bodies. Revenue funding is provided on a biannual basis. There is a long running debate about the true extent of devolution within England. While decision-making powers have certainly devolved, it is debatable how local bodies can make the most of those powers when they still overwhelmingly rely on the largesse of the Treasury.

One of the tropes that we have heard much of, particularly from about 2013 onwards, is the imperative to 'close the North/South divide' in England. One of the policy areas put forward as a means by which to achieve this aim is transport, in particular in terms of spending per head on local infrastructure.

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<sup>31</sup> CBT, [Making Transport Local: devolution for transport in England outside London](#), October 2014

<sup>32</sup> HMG, [The Northern Powerhouse: One Agenda. One Economy. One North](#), March 2015, p39

<sup>33</sup> IPPR North, [Transport for the North: A blueprint for devolving and integrating transport powers in England](#), March 2015, summary

On the basis of GVA (gross value added),<sup>34</sup> we can get a broad picture of where the UK's economic output is being produced. The most recent official figures show that in 2014 London and the South East together accounted for 38 per cent of UK GVA. This was more than the Midlands and North of England combined (32.3 per cent). GVA per head in London went from 60 per cent above the UK average in 1997 to 73 per cent above it in 2014 – more than double that of seven of the remaining 11 regions and countries of the UK. Over the same period, GVA per head in the West Midlands region fell from 10% below the UK average to 18% below – the worst performing region since 1997 on this measure.<sup>35</sup>

In terms of transport, there has long been disquiet about the disproportionately large amount of transport funding that London receives as opposed to the rest of the UK. The argument goes that London is in part successful because it is better connected and that if other parts of the country (e.g. the North West) had the sorts of powers and amount of funding allocated to London they could grow more vigorously and would be better placed to resist recessions. The most recent figures show that in 2014-15 transport spending per head in London was £5,121, compared to £1,789 in the North West and £574 in the North East; in Scotland the figure was £2,746 and in Wales £990.<sup>36</sup>

If we look at transport spending alongside GVA we can see that the areas that produce the most benefit for the country also receive the most investment.

## 3.2 What might devolved transport policy and planning look like in England?

A 'one size fits all' approach to devolution of transport powers seems both unlikely and undesirable. The 'London model', for example, is one approach and the proposals for Greater Manchester are different again. Outside of the main metropolitan areas, the 'directly elected mayor' model with attendant consolidated transport powers may not be the best option, particularly for more rural or geographically diffuse areas where public transport is sporadic and the populace is largely car-dependant.<sup>37</sup>

The first 'devolution deal' was announced by the Government and the Greater Manchester Combined Authority in November 2014. As of March 2016, devolution deals with twelve areas have been agreed.

- Greater Manchester
- Sheffield City Region

A general overview of the main devolution deals can be found in HC Library briefing paper SN7029, [Devolution to local government in England](#), 19 July 2016.

<sup>34</sup> GVA is GDP excluding taxes and subsidies on production (e.g. it does not include VAT)

<sup>35</sup> for further information see HC Library briefing paper [SN5795](#)

<sup>36</sup> HMT, [Public Expenditure Statistical Analysis \(PESA\) 2016](#), 21 July 2016, Chapter 9, table 9.8(e)

<sup>37</sup> information on difficulties experienced in these areas can be found in a recent report by the Transport Select Committee, see: [Passenger transport in isolated communities](#) (fourth report of session 2014-15), HC 288, 22 July 2014

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- West Yorkshire
- Cornwall
- North-East
- Tees Valley
- West Midlands
- Liverpool City Region
- Cambridgeshire
- Norfolk / Suffolk
- West of England
- Greater Lincolnshire

Discussions have also taken place on further devolution to Greater London. Derbyshire and Nottinghamshire agreed a deal in draft as the 'North Midlands' in January 2016; there are indications that a deal is progressing between Portsmouth, Southampton and the Isle of Wight; bids from Gloucestershire, Cheshire and Warrington, and Cumbria have been reported as foundering on the areas' opposition to a directly-elected mayor; and devolution bids, or expressions of interest/prospectuses, have also been published in Leicestershire; North and East Yorkshire; Surrey and Sussex; Greater Essex; and Devon/Somerset.<sup>38</sup>

All deals except Tees Valley and West Yorkshire include the power to introduce bus franchising, which would allow local areas to determine their bus route networks and to let franchises to private bus companies for operating services on those networks.<sup>39</sup> They also allow for the introduction of multi-modal 'smart ticketing' systems, akin to the Oyster Card in London; provide a unified multi-year transport investment budget, and commit to improving joint working between the Combined Authority and Network Rail, Highways England, and (where relevant) plans for the HS2 line.

### The London model

The 'London model' is now about 15 years old. Under the [Greater London Authority Act 1999](#), London's buses, trains, Underground system, traffic lights, taxis and river transport, were devolved to a single institution, Transport for London (TfL). The Mayor of London was given responsibility for policy and a duty to produce an integrated transport strategy for London. All statutory duties rest with the Mayor. TfL implements the Mayor's transport strategy and oversees transport services on a day-to-day basis. The London Assembly approves the integrated transport strategy and the transport budget, scrutinises the performance of TfL and the Mayor, and is able to conduct wider investigations of transport issues.<sup>40</sup>

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<sup>38</sup> for further information see HC Library briefing paper [SN7029](#)

<sup>39</sup> to be legislated for in the [Bus Services Bill](#), currently going through Parliament

<sup>40</sup> for further information on transport governance in London, see HC Library research paper [RP 08/36](#)

In terms of London railway services, there is a duty on the Secretary of State and TfL to co-operate on rail matters, including a requirement that the Secretary of State must consult TfL before issuing a rail franchise Invitation To Tender (or when entering a franchise agreement for which an ITT has not been issued) for railway passenger services to, from or within London. TfL can also propose and pay for extra train services or improvements to stations on a number of 'inner suburban' routes.

On roads, the 1999 Act created a network of key roads for which the Greater London Authority (GLA) would be the highway authority; these are called 'GLA roads'. TfL is the traffic authority for GLA roads. For roads in Greater London that are not GLA roads or trunk roads, the traffic authority is the relevant London borough or the Common Council. TfL also assumed the Secretary of State's statutory functions for traffic control systems in Greater London for all roads other than trunk roads.<sup>41</sup> TfL also has some responsibilities for road safety and traffic reduction.

Successive mayors of London have sought to control traffic and air quality in the centre of the capital by introducing congestion and then emission charges; the current mayor plans to extend emissions charges over the next five years.<sup>42</sup> Other areas have found it far more difficult to introduce charges of one form or another, for example a congestion charge in Manchester was heavily defeated in a local referendum almost a decade ago.<sup>43</sup> A directly-elected mayor, as in London, may make it easier to implement more controversial policies of this nature as they are elected on a specific manifesto and mandate.

## The Manchester model

In November 2014 the Chancellor, George Osborne, and leaders of the Greater Manchester Combined Authority (GMCA) signed a devolution agreement, which is intended to result in new powers and responsibilities being devolved to Greater Manchester, and Greater Manchester adopting a directly elected mayor for the city-region.<sup>44</sup>

The transport offer, which forms part of the deal, involves the transfer of various powers from central government to Greater Manchester – specifically:

- Consideration of how local rail stations are managed;
- Partnership working with Highways England to enable a clear, strategic approach to the management of highways across the city-region;
- A devolved and consolidated transport budget for Greater Manchester;

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<sup>41</sup> traffic control systems can be defined as electronic systems which provide regulation, instruction, information or guidance to road users and to authorities from installations on or adjacent to the highway (e.g. traffic signals and signalled pedestrian crossings)

<sup>42</sup> for further information see HC Library briefing paper [SN5817](#)

<sup>43</sup> for further information see HC Library briefing paper [SN1171](#)

<sup>44</sup> HMT, [\*Devolution to the Greater Manchester Combined Authority and transition to a directly elected mayor\*](#), 3 November 2014, p3

- The development of pan-Northern organisations such as [Rail North](#) and [Transport for the North](#);
- Transferring powers from a local authority level up to a city-region level – specifically, oversight and management of the Key Route Network (KRN) and a Highways Shared Service; and
- Regulatory reform – specifically, the introduction of the *Bus Services Bill*.<sup>45</sup>

The GMCA and Transport for Greater Manchester (TfGM) will have to work in an increasingly complex interrelated devolved environment in the North, where there will be several layers of governance, planning, finance and administration. This is discussed further in our paper on the Northern Powerhouse ([CBP7676](#)).

### Sub-national Transport Bodies

Section 21 of the [Cities and Local Government Devolution Act 2016](#) provides for the establishment of sub-national transport bodies (STB) to advise on strategic transport decisions and priorities for the local area. Transport for the North (TfN) is now progressing towards becoming the first STB by early 2017.<sup>46</sup>

The intention is to give the regions of England, outside London,<sup>47</sup> legal powers and duties to advise transport ministers on investment priorities in their own areas and on strategic transport schemes to boost growth. Statutory status is intended to give the groups “the permanence they need to plan for the long term”.<sup>48</sup> During the debates on the Bill the Transport Minister, Andrew Jones, said that: “By working with properly established STBs across the country, we will ensure that money is spent on projects that will support growth in each area’s economy and, through that, the country as a whole”.<sup>49</sup> He went on:

The new bodies are intended to create a link between Whitehall and Westminster and the constituent members of combined authorities. They will be able to develop transport plans for their areas, and come together to tackle issues that are currently decided here or in Whitehall rather than by local councils, relating to, for instance, longer-distance road or rail networks or systems that cross geographical areas, such as a smart ticketing system extending across the north. This is not about broadening their responsibilities to take powers away from other areas; it is about taking powers from Whitehall, increasing accountability, and ensuring that decisions are made locally.

[...] The Secretary of State will still be in charge of the national network. He will still be the final decision-maker in relation to the overall national transport strategy, and the way in which money is allocated to different schemes and areas. At first, STBs will advise him on strategic transport priorities for their areas to help promote economic development, but over time they will be able

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<sup>45</sup> TfGM, [Devolution](#) [accessed 23 August 2016]

<sup>46</sup> TfN, [The Northern Transport Strategy: Spring 2016 Report](#), March 2016, p10

<sup>47</sup> London already has a region-wide transport body in [Transport for London \(TfL\)](#), set up under the *Greater London Authority Act 1999*, this would be a devolved matter for Wales, Scotland and Northern Ireland

<sup>48</sup> DfT press notice, [“Regions to be offered legal powers to transform transport”](#), 11 November 2015

<sup>49</sup> [PBC Deb 17 November 2015, cc596](#)

to advise him on how they can develop their roles and take on more responsibilities for improving transport planning, or provide for other enhancements to economic development in their areas.

[...] STBs will take a strategic-level view across an area to improve transport infrastructure and services, and address how that can support the economy. This involves assessing which transport schemes deliver most benefit from their investment, and how best to improve regional connectivity.<sup>50</sup>

It is likely that TfN's model will be a blueprint for future STBs. Its proposed constitutional arrangements include:

- Each constituent authority would appoint one of their members or the elected mayor to be a member of TfN;
- There would be a presumption that decisions are normally taken by consensus. But, in the absence of consensus, decisions will be taken on the basis of a weighted voting system to reflect the difference in the populations of the constituent authorities;
- Voting entitlement will be determined on the basis of a constituent authority having one vote for each 200,000 or part thereof of the resident population in its area; and
- Certain decisions would require a super-majority consisting of both 75% of the weighted vote and a simple majority of members to be carried. These decisions will be: approval of TfN's transport strategy, approval of TfN's annual budget, and any changes to TfN's constitution.<sup>51</sup>

In July 2016 the [Midlands Connect Partnership](#), an initiative driven by LEPs and local authorities, said that it plans to develop its proposition to become an STB in 2017.<sup>52</sup> In August 2016 the [England's Economic Heartland \(EEH\)](#) strategic alliance set out the minimum powers and responsibilities that an STB for its area should seek to hold.<sup>53</sup> These include:

- responsibility for identifying the area's major road network (MRN), bringing together the Highways England strategic road network of motorways and trunk roads, and the most important local authority roads
- responsibility for identifying investment in the MRN, including that currently managed through the five-year Roads Investment Strategy for the Highways England network
- a role in managing the operation of the MRN
- a role in identifying investment in rail infrastructure
- a role in specifying and letting of future passenger rail franchises;

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<sup>50</sup> Ibid., c598-600

<sup>51</sup> GMCA, [Board paper 10: Transport for the North \(TfN\)](#), 29 July 2016

<sup>52</sup> Midlands Connect, [Picking up the Pace](#), July 2016, p7

<sup>53</sup> the EEH covers eight local authority areas: Oxfordshire, Northamptonshire, Buckinghamshire, Milton Keynes, Bedford Borough, Central Bedfordshire, Luton, and Cambridgeshire and four local enterprise partnerships (Oxfordshire, Northamptonshire, Buckinghamshire, South East Midlands)

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- a role in ensuring a high quality bus network in partnership with bus operators, using the Enhanced Partnership powers of the *Bus Services Bill*,
- responsibility for enabling the widespread adoption of smart ticketing technology; and
- a “role in identifying and implementing” measures that improve the overall resilience of the transport system “as a means to support economic activity”.<sup>54</sup>

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<sup>54</sup> “England’s Economic Heartland lists ‘minimum’ roles of an STB”, LTT 704, *Local Transport Today*, 5 August 2016

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