



## Tyne and Wear Integrated Transport Authority

---

Meeting to be held on Thursday 23 January 2014 at 10.00 am in a Committee Room, Civic Centre, Newcastle upon Tyne, NE1 8QH

Contact Officer: Victoria Miller (0191) 211 5118 [victoria.miller@twita.gov.uk](mailto:victoria.miller@twita.gov.uk)

This agenda is available at [www.twita.gov.uk](http://www.twita.gov.uk)

---

### SUPPLEMENTAL AGENDA 3

	Page
17. Consultation on transforming the Highways Agency into a government-owned company	1 - 6

This page is intentionally left blank



## 1. Executive Summary

---

- 1.1 In October 2013, the government published 'Consultation on transforming the Highways Agency into a government-owned company'. The document outlines proposals for the migration of the HA to a government-owned company and sets out plans for how the new company will be structured and governed. The document also describes how effective scrutiny will be conducted. The company's powers and duties and the proposed staffing structure are outlined in the document.
- 1.2 The document invited comments. The consultation ran from 29<sup>th</sup> October until 20<sup>th</sup> December 2013. The DfT are currently analysing responses, and will use feedback to inform the structure of the new company and shape the forthcoming legislation to empower the company.
- 1.3 The North East Local Transport Body (NELTB) – of which the ITA is a member, represented by the Chair – responded to the consultation. Their response is the main body of this paper.

## 2. NELTB response to the DfT consultation on transforming the Highways Agency into a government-owned company.

---

- 2.1 The North East Local Transport Body (NELTB) welcomes the opportunity to respond to this important consultation. The NELTB is an association of the seven north east local authorities, the Tyne and Wear Integrated Transport Authority and the North East Local Enterprise Partnership. As such, this single shared response represents the views of these nine organisations.
- 2.2 The intention to improve the efficiency and costs of operating the strategic road network is a good one, however it is essential that any company-led arrangement is transparent and publically accountable, with effective scrutiny at all levels of operation.
- The following response provides comment on the questions of most relevance to the NELTB.
- 2.3 **Question 1. Do you agree that the company model proposed in paragraphs 2.3-2.15 will provide the company with sufficient freedom and flexibility to operate on a more efficient basis, but also to include necessary checks and balances?**
- 2.3.1 The proposal for the new company to have operational independence, and the freedom and flexibility to deliver an agreed long-term strategy at arms length

could lead to greater efficiency, and a less 'reactive' approach to investment in the strategic road network, this would be welcome. It will be important that the company's main responsibility is delivering increased value for the taxpayer. We note that the proposal is for a company 'limited by shares' with the Secretary of State as the sole shareholder of the company, it is important that this shareholding arrangement remains in place across the lifetime of any new company, to maintain the emphasis on value for the taxpayer.

**2.4 Question 2. Do you have any comments on the proposed process for setting the Roads Investment Strategy?**

2.4.1 The proposal that the new 'strategic highways company' should develop a Roads Investment Strategy (RIS) is a good one. Network Rail follow a similar process, and this allows strategic investment in infrastructure to be planned over a longer term, with greater formal involvement from stakeholders. This in turn provides for greater certainty in procurement, and amongst suppliers providing opportunities for increasing value for money both in procurement and delivery.

2.4.2 The consultation document suggests that the strategic highways company will operate under a licence arrangement with detailed conditions that they are required to observe during the production of a RIS. One example is to 'consider the needs of local authorities and other key stakeholders' when developing a RIS. It is essential that local authorities and their partners (such as LEPs and ITAs) have a strong and formalised role in establishing the strategic priorities for their area, and in ensuring that any RIS takes these priorities in to account.

2.4.3 The RIS development process outlined in the consultation document starts with Department for Transport (DfT) setting a vision that 'articulates what Government wants to achieve with the network'. This includes an analysis of route based strategies. It will be important that this analysis is informed not only by the proposed forward programme of route based strategies, but by those that have recently been completed. In the North East area, this includes the March 2013 *A1(M) junction 62 Carrville to A1/A19 Seaton Burn route based strategy*.

2.4.4 It is proposed that a draft *Funding and Investment Plan* is produced to inform a draft RIS which will then be consulted upon. It will be important that existing commitments from the 2013 Spending Review are fully incorporated in to any draft RIS, and that any committed programme of investigation fully informs it. For the North East LTB area, these existing commitments include:

- Current and future work on the A1 Western Bypass
- A19 Testos Junction (development of business case and delivery)

- A19 Silverlink Junction (development of business case and delivery)
    - Detailed feasibility studies for the A1 western bypass and A1 north of Newcastle
- 2.4.5 The consultation document outlines a process whereby the RIS will be implemented via 'operational plans'. The North East LTB would welcome more detail on how these operational plans might work, their geographical coverage and how we may best contribute to their oversight and delivery.
- 2.4.6 The expectation that a RIS will be set on a five yearly cycle in line with the funding timescale for rail is welcome, this will provide more integration of national investment in infrastructure, and provide more certainty to localities as to expected investment. The consultation document proposes that the first RIS will be published in 2014. This is a challenging timescale, and it will be important to ensure adequate consultation at all points in its development process.
- 2.5 Question 3. Do you agree that environmental protections will be appropriately integrated into the governance regime for the new company, as described in paragraphs 2.39-2.42?**
- 2.5.1 The new company should seek to fund and promote the application of Smarter Choices where these offer the opportunity for managing demand on the Strategic Road Network.
- 2.6 Question 4. Do you agree that the proposals set out in paragraphs 2.43-2.46 will lead to the necessary cooperation with and accountability to local authorities, operational partners, road users and interest groups?**
- 2.6.1 Investment in the Strategic Road Network should be undertaken within the context of wider transport and environmental strategy, both at national and local levels and should be consistent with the shared priorities of the NELTB – who reflect the shared views of the seven local authorities, the LEP, and the ITA. Performance of the SRN should not be at the expense of the local road network.
- 2.6.2 Management of the SRN should be integrated with that of the local road network and any operational plans developed as part of the RIS process should allow for greater co-operation with local highways and transport authorities. For example, the Highways Agency should facilitate better access to its strategic signals and announcements infrastructure, to provide greater opportunities to integrate local and national traffic management and control facilities (while clearly acknowledging that sometimes the value for the taxpayer will be in time savings and therefore promotion of tolled routes may be an appropriate use of

the strategic signing).

**2.7 Question 5. Do you agree with the nature and scope of our proposed approach for ensuring effective, independent scrutiny and challenge of the company, as described in chapter 3?**

2.7.1 The NELTB are supportive of the idea for both a user watchdog and an efficiency monitor. It is important that any new arrangement for the operation of the strategic road network is open to scrutiny and challenge. The suggested role of Passenger Focus and the ORR will be important as part of this process, but it will also be important that representative user bodies with specific expertise in this area (such as the AA, RAC or Freight Transport Association) are also involved. The NELTB also consider that they will have an important role in scrutinising the strategic road network through the proposed RIS process.

2.7.2 It is important to note that the local road network is managed by local authorities who are directly accountable to their voters, and already have detailed oversight and scrutiny arrangements in place.

**3. Potential impact on policy objectives**

3.1 It is not anticipated that the NELTB response to the consultation on the transformation of the Highways Agency will have a significant impact on the ITA's objectives. However, the proposal could potentially lead to improved efficiency and deliver better value for money for the taxpayer.

This page is intentionally left blank