



# Transport for the North Governance

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# Contents

<b>Foreword</b>	<b>3</b>
<b>The evolution of TfN</b>	<b>5</b>
<b>Stakeholders</b>	<b>7</b>
<b>The role of business in governance</b>	<b>8</b>
<b>Our Solution</b>	<b>9</b>

# Foreword

TfN is the new body that has been established to determine and prioritise the transport investments needed to enable a stronger economy in the North of England and the Government policy of an economy that works for all.

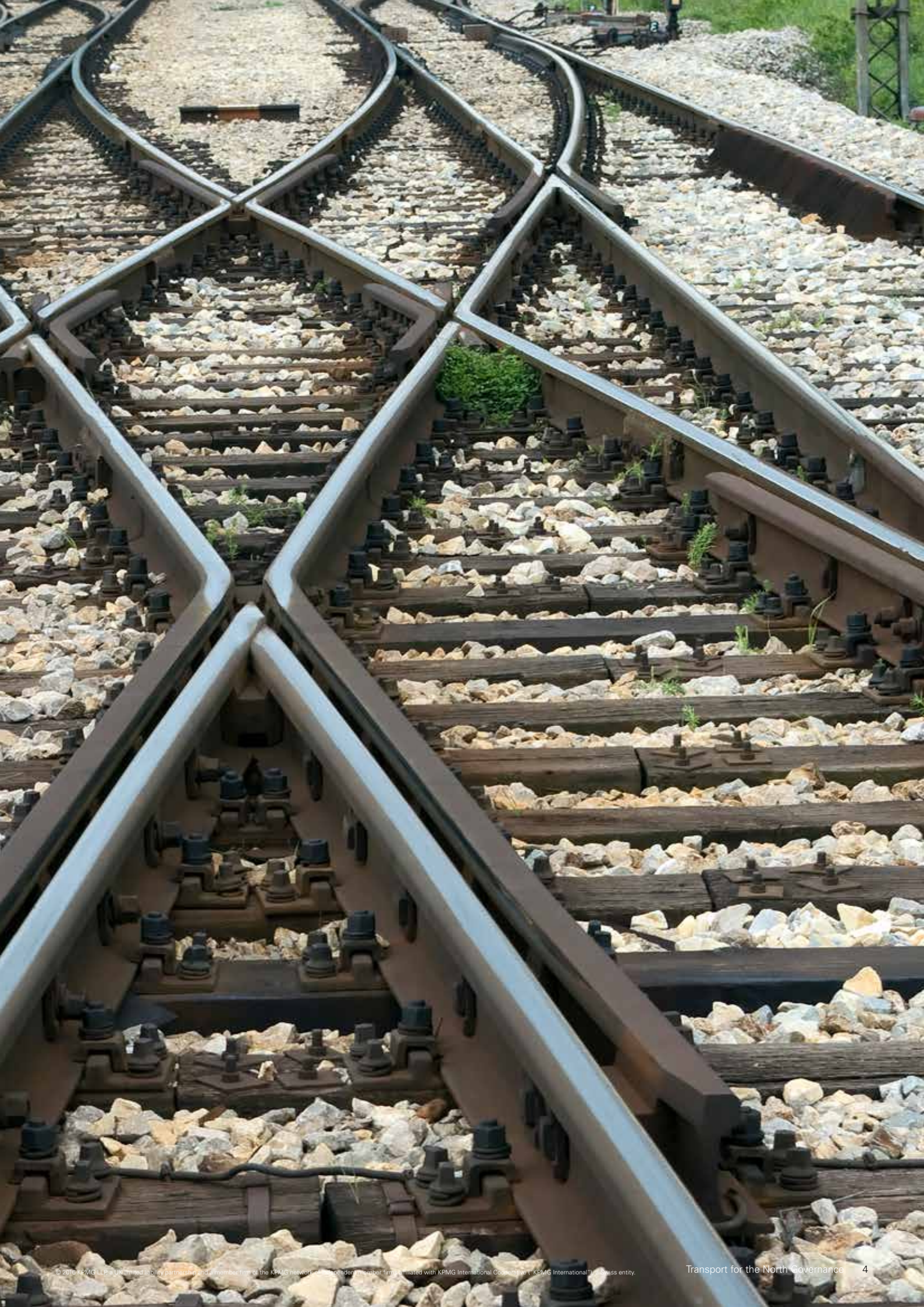
It is working towards securing statutory status by the end of the 2016/17 fiscal year. The organisation will need to evolve over time as it matures and the confidence in it grows enabling Government to devolve increasingly more control. In order to deliver on its policy objectives and build the confidence that enables that evolution to happen TfN needs a robust governance structure that:

- Ensures all major stakeholders are represented fairly, including private industry;
- Enables effective decisions to be taken quickly and to achieve the best results for the North and in turn the UK;
- Is capable of being scrutinised and being held accountable for those decisions.

The governance needs to be flexible enough to deal with changes in the political landscape over time (for example through the introduction of Combined Authority Mayors, or if LEPs or other groups change or even cease to exist in the future) and evolve with the organisation. A solid but flexible governance structure will create a foundation that makes such changes more straightforward for TfN to navigate.

This discussion identifies some of the factors that are important in determining the most appropriate approach to governance throughout TfN's evolution and then proposes an approach to achieve it.





# The evolution of TfN

TfN has been established as a response to the political policy of creating a Northern Powerhouse and re-balancing the UK economy. More recently described as an economy that works for all although the concept remains the same, it is about enabling other regions to close the economic gap to London and the South East. Better connectivity between the regions and centres of the north allowing the city region economies to function better together is considered an essential enabler of that policy.

Planning and delivery of the investment required to deliver the connectivity ambitions across the whole geography of the North requires a pan regional transport body to liaise with stakeholders and determine and agree the phasing of the priorities for investment.

At this stage in its development TfN is in effect a primary consultee for the Department for Transport (DfT), Network Rail (NR), Highways England (HE) and H.M. Treasury (HMT) when determining transport spending priorities across the north. Over time TfN aims to evolve its role firstly to become the joint decision maker alongside DfT and eventually to become the primary decision maker once a structure is in place that enables clear accountability for those decisions and TfN has proved its ability to take such decisions.



The table below sets out some further considerations in respect of this transition:

TfN role - decisions	Consultee	Joint decision maker	Main decision maker
<b>Potential Timing</b>	Now	Within 5 years	Within 10 years
<b>Setting of budgets</b>	H.M.T	H.M.T - Whilst TfN might become joint decision maker with DfT at this stage budgets setting will remain with Government.	H.M.T and TfN - Once TfN is an accountable decision maker it may be able to raise local funding from those to whom it is accountable, to supplement central Government budgets e.g. in a similar way to which London businesses pay the Business Rate Supplement for Crossrail on their Business Rates bill so too could TfN create a transport rates levy. A further question at this stage would be whether, once it has the ability to create revenue streams and has full accountability, TfN should have the power to borrow to invest in much the same way as a Local Authority or TfL can.
<b>Setting spending priorities</b>	DfT/NR/HE – with input and advice from TfN. At this stage TfN does not need an Investment Committee or Board in its structure as it is not making spending decisions.	DfT and TfN - If there is to be true joint decision making then a joint Investment Committee will be required with each party (TfN and DfT) equally represented.	TfN – As decision making moves from Government to TfN then DfT's role on the Investment Committee could cease or be reduced. At this stage DfT (and its agencies) would become a consultee, effectively reversing the roles we see today.
<b>TfN role - delivery</b>	At this stage decisions are taken by DfT/NR/HE and major investments are delivered by those bodies.	As TfN becomes a joint decision maker it could begin to take on delivery responsibility for a range of investments. It could do this for either a range of the projects (I.e. carve them up between TfN, NR etc and deliver a share each) or through a joint delivery function whereby both parties have joint oversight of the whole programme for a period.	From the point at which TfN takes control of decision making it would make sense for it to also take responsibility for delivery of investments. It would then be fully accountable for transport planning and delivery across the NP region.
<b>TfN Role - services</b>	At this stage TfN does not deliver services. However should Rail North be incorporated quickly that would effectively include the role of operating the northern rail franchises. Demonstrating capability in that role may pave the way for further operational control of strategic inter-city links across modes.	Once TfN has effectively folded in Rail North then it can seek to expand the role, for example should MerseyRail, Northern, TransPennine all be managed by the same group using common practise and process? This would enable smart ticketing to work better across the TfN region as well as offer a range of other possibilities.	Once TfN has established itself as a decision maker for investments a natural progression would be the delivery of services from those investments. This could either be through the power to let contracts like rail franchises (and in any event TfN should aim to be responsible for the next TransPennine franchise from 2023) or run services directly, like TfL rail or London Underground. Again, doing so requires a clear line of sight in accountability.

# Stakeholders

Effective stakeholder representation and management is one of the most important things that TfN needs to get right if it is to enable the transition from consultee to decision maker and deliverer over time. A very clear line of sight will be needed between the stakeholders that TfN represents and the decision making process. To be effective and deliver true accountability that line of sight needs to provide the ability for stakeholders to appoint and remove key individuals from decision making posts based on performance. Whilst this is important when TfN is a consultee and a joint decision maker based on budgets set by Government and met through general taxation, it becomes critical at the point at which TfN may wish to raise funding locally through levies on businesses or people directly.

Because of the scale of the geography and the range of people and businesses represented the number of stakeholders is very high. The challenge is to create a structure that sees all of those stakeholders represented but in a way that distils down the final decision making to a group small enough to be effective, and with rules that enable deadlock to be avoided.



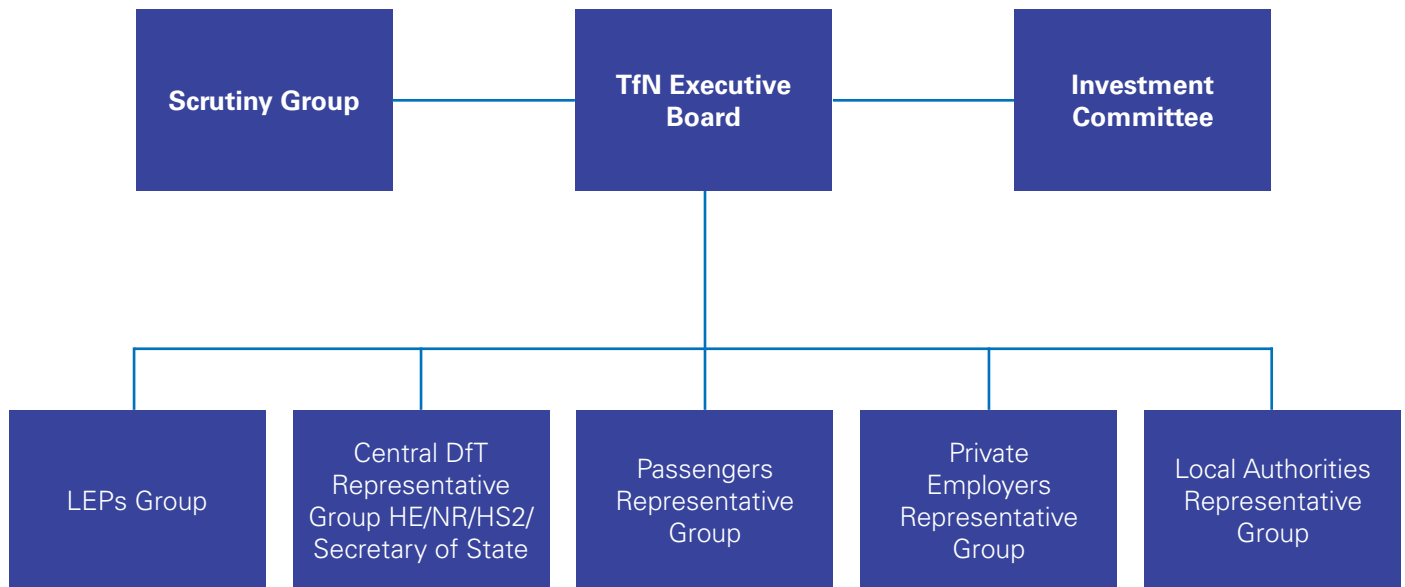
# The role of business in governance



From the outset it has been very clear that the remit of TfN is to support the Northern Powerhouse policy by using transport improvements to deliver the connectivity required to enable the northern region to better function as a connected economy. The main focus of this has to be the productivity gap that the north suffers from compared with both London and the South East but also similar scale regions across Europe. The vision is to deliver the connectivity improvements that best support economic growth, specifically growth in private sector employment in terms of both numbers of jobs and quality/value of those jobs.

With that mission in mind it is clear that private employers need to be an integral part of the governance structure of TfL, with genuine influence and a role in decision making. They are the ones who invest and create the employment and value that will be the measure of success or failure of the policy. As noted above that becomes ever more essential if regional private employers might be expected to provide funding to support local contributions to schemes in the future, in the way that London employers do for projects such as Crossrail.

# Our approach



**TfN Executive Board** is the top level board that oversees the whole enterprise. Its membership would be drawn from the 5 groups below in proportions to be determined, but in a way that gives groups appropriate overall representation. The Executive Board should have a chair drawn from the pool of Mayors or other Regional (Combined Authority) leaders to create the political accountability that is required;

**The Investment Committee** is solely charged with the determination of the investment priorities for presentation to the Executive Board for ratification. The Investment Committee membership would be drawn from the representative groups and would evolve over time as TfN's role in investment decisions evolves. So initially, when TfN is a consultee, then this group is not required. As TfN becomes joint decision maker then this group should be drawn equally from the TfN representative groups and Government to create an equal say in investment decisions. As TfN becomes primary decision maker Government representation here would be reduced to match the level of other key stakeholders. At this point Govt has become in effect a consultee for investment decisions however it will of course set the budget available;

Because TfN is spending public money and needs to be accountable a process whereby decisions taken can be independently scrutinised (as they are within LA

structures) will be important. That would be the role of the proposed scrutiny committee. This only applies from stage 2 (joint decision maker) in shadow form and in full form from stage 3. Membership should be drawn from representative groups and rotated;

**LEPs** must be part of the Governance structure. Given that these are viewed by many as quasi-public/private bodies it may be sensible for LEPs to have an independent group rather than trying to force them into either an LA or private industry group. This also creates future flexibility should LEPs change or cease to exist;

**Central Government** will require appropriate representation throughout. However as noted above its role and therefore the function of this group will change over time as decision making lessens. Nonetheless proper central representation must always remain to preserve credibility and trust;

**Passengers** are at the heart of all of TfNs work to deliver better connectivity and therefore opportunities for people who are network users, including drivers. As such it would seem appropriate to have a formal passenger/user group represented. The best way to achieve that might be through Transport Focus;

**Business Representation** is also key. As well as the passengers and the wider public sector it is important that private employers have appropriate influence on TfNs

investment priorities. It is those employers that Northern Powerhouse will count on to deliver the economic gains that are enabled by the transport improvements, and therefore their opinions on what will and won't work in that respect are critical. This becomes even more critical where businesses are asked or expected to support local funding contributions via levies or other mechanisms (if they are asked for money they will rightly want to influence how it is spent). This group could be drawn from within Business North and representatives could be voted for by the other members and could rotate annually or similar;

**Local Authority partners** are the single largest stakeholder group, with 19 partners, increasing as Rail North folds in. One possible approach here is that the group is represented by the 6 regional elected mayors or other equivalent democratically elected regional leader in the absence of a mayor. A chair of the group could be selected (voted for) by the others and that person would be the representative on the TfN Exec Board (in the same way the Mayor of London is the Chairman of TfL) and therefore creates the direct line of sight to elected officials. If mayors do not come through then the partners could each nominate a representative from each area, potentially Leaders (to preserve the democratic line of sight).

This discussion reflects our current thinking on how to bring together the great many stakeholders in the economy of the north into a coherent and functional decision making body to determine and prioritise the investments needed to deliver an economy that works for all.

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