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## **Transport Update**

### **Purpose of report**

For discussion and direction.

### **Summary**

This paper updates members on highways maintenance and local major transport funding in the 2015/16 Spending Round, the Strategic Roads Network and changes to the Highways Agency, Rail Devolution, the Office of Rail Regulation's (ORR) draft determination and the LGA Streetworks campaign.

Graham Richards, Deputy Director of Railway Planning and Performance will briefly present ORR's draft determination and how local government can inform its development.

### **Recommendation**

Members are asked to note the report and comment as necessary.

### **Action**

As directed by members.

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## **Transport Update**

### **2015/16 Spending Round (highways maintenance and local major transport funding)**

1. The LGA's lobbying of the Department for Transport (DfT) to provide more resources for transport to councils has been very successful. The 2015/16 Spending Round, announced on the 26 June, more than doubled local majors transport scheme funding from £375 million per annum to £819 million per annum. It also set out a £300 million per annum increase in the highways maintenance budget. However, given that the underspend on local roads maintenance is estimated by councils to be around £800 million per annum, the problem is not solved but the 13% increase over 2010 Spending Review funding shows we are being heard.
2. Local Major Transport Scheme funding has been subsumed into the Single Growth Fund. On 16 July 2013, the DfT announced the portion of the local majors fund that will be allocated without competition. It had previously announced an indicative allocation in January 2013. However, it has now taken the decision to allocate just two thirds of the indicative figure; the remainder will be subject to competitive bidding by LEPs.
3. The exception is those Local Transport Bodies (LTBs)/Local Enterprise Partnerships (LEPs) where the principle of 10-year funding has been agreed through city deals. These LTB/LEPs will receive confirmed allocations for 6 years at the annual level indicated in January 2013. They will also receive an indicative funding allocation for a further 4 years beyond the confirmed funding levels.
4. A detailed paper on the Spending Round is at Item 3 of this agenda.

### **Strategic Roads Network and the Highways Agency**

5. Reform of the Highways Agency (HA) has been on the Government's agenda for the last 18 months. Local authorities have taken a keen interest in the reform discussions as the HA has at times been seen as a barrier to growth. In November 2012 the Board agreed a submission to the DfT which called for local authorities to have a greater say on the decisions taken on the Strategic Roads Network (SRN) and partnership approach to the prioritisation of infrastructure investment.
6. On 16 July 2013, the Government published its strategic roads strategy [\*Action for Roads\*](#)<sup>1</sup>. This confirms the announcements outlined in the 2015/16 Spending Review. The Government plans to transform the HA into a Strategic Highways Company. This body will be 100% owned by the state. The aim of the move is to allow it to manage the network with greater commercial freedom – "focusing on day to day operations, and prioritising economic value over political factors".

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<sup>1</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/212590/action-for-roads.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/212590/action-for-roads.pdf)

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7. The HA in its new form will have long-term funding certainty on its capital programme and resource maintenance, initially to 2021. It will also benefit from a Roads Investment Strategy (RIS), setting out plans for construction and maintenance to 2021 and beyond, as well as performance criteria. The Government will guarantee the requirements of the funding settlement and RIS with legislation. The government will consult on the proposals to transform the Highways Agency later in the year.
8. These reforms fall short of the more radical proposals that have emerged as part of the strategic roads feasibility study discussion. The CBI called for a privatisation of the HA approach based on the regional model used for water, with investment proposals fed through a High-Level Output Specification based on the approach used in the rail industry. The Government has not chosen to go that far, but the move to a strategic Highways Company is a step in that direction.
9. At the spending round the government also announced a significant increase in the capital funding available to the HA. By 2021, spending on strategic road enhancements will have tripled from today's levels.
10. The HA has embarked on a series of route-based strategies to develop the next generation of investment plans for the network. In May 2013 the DfT published three pilot route-based strategies; A1 west of Newcastle, A12 from the M25 to Harwich and M62 between Leeds and Manchester, which set out the problems faced by sections of the SRN. It also announced the extension of the route-based approach to a further 19 routes.
11. The strategies will be developed in 2 stages. In the first stage the HA will work with local stakeholders to develop a uniform set of route-based strategies for all routes on the network. The emphasis for this stage will be on establishing the evidence base. It is intended that this first stage will be completed by spring 2014. The HA and the DfT will then use this evidence to prioritise and take forward a programme of work to identify indicative solutions. The first RIS will be heavily influenced by the on-going programme of route-based strategies.
12. It is absolutely vital that local authorities are central to the discussions on the appropriate solutions for the SRN. The DfT also wants to ensure that local authorities are engaged in this process. We have had exploratory discussions with the department on the best way forward. It is proposed that the LGA, DfT and HA hold a joint seminar in the autumn to tackle the issue of effective local authority engagement in route-based strategy solutions and influence over investment decisions.
13. The joint meeting will need to draw on the evidence of the pilot route-based strategies and will need to present the scale of ambition that local authorities have to shape their localities and the importance of an integrated approach to transport, which includes decisions on the SRN, to better economic and social outcomes. Members are asked to consider how best to take this agenda forward with the DfT and HA.

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14. An agenda for the autumn seminar might include:

- 14.1. Context: local government, growth and transport.
- 14.2. Lessons from the pilot route-based strategies.
- 14.3. Effective partnerships in developing route-based solutions.
- 14.4. Local influence over HA performance measures.

15. Members are asked to consider the potential agenda items and suggest amendments and additions.

**Rail Devolution**

16. The Brown Review of Rail Franchising observed that where franchises have previously been devolved the experience has been very positive. The Review recommended that further franchises should be devolved to local control and that these may include additional inner suburban services within London.

17. In the Government's response to the Brown Review, published on 10 July, it has welcomed principle of devolution.

18. With its agreement, 'Rail North' (a consortium of Transport for Greater Manchester, South Yorkshire PTE and West Yorkshire PTE) and Centro (West Midlands PTE) are developing detailed propositions for Ministerial consideration later in the year. The Government is also devolving part of the West Anglia franchise to the Mayor of London.

**ORR draft determination**

19. The ORR is currently consulting on its draft determination, setting out its overall decisions on the 2013 Periodic Review (PR13) of Network Rail.

20. PR13 is the process through which the ORR determines the outputs that Network Rail must deliver, the efficient cost of delivering those outputs, and the access charges the company can levy on train operators for using its network to recover those costs from 1 April 2014 to 31 March 2019, (CP5). It also establishes the wider 'regulatory framework' including the incentives that will act on Network Rail, train operators and others in the industry to deliver and outperform ORR's determination.

21. The draft determination can be found [here](#)<sup>2</sup> and the consultation runs until 4 September.

22. Graham Richards, Deputy Director of Railway Planning and Performance will present ORR's draft determination and how local government can inform its development.

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<sup>2</sup> <http://www.rail-reg.gov.uk/pr13/consultations/draft-determination.php>

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**Streetworks**

23. The LGA's Streetworks Task Force holds its second meeting immediately after the Board on 25 July. The Task Force brings together the utility companies, local government and business groups. Its purpose is to see how we can work together better to reduce the disruption caused by streetworks and improve the quality of reinstatements.

24. The meeting will discuss on three initiatives:

24.1. What Good Looks Like – a common understanding between councils (including Highway Authorities) and utilities, based on the following principles:

24.1.1. Co-ordination - to minimise disruption to business by having fewer streetworks and ensuring sites are not left unattended at weekends.

24.1.2. Safety – safe sites for contractors and public.

24.1.3. Quality - permanent reinstatement first time.

24.1.4. Targeted inspections – identifying poor performing contractors and driving up standards.

24.1.5. Communication – in particular with local business.

24.2. Better information to business – a list of what businesses affected by streetworks can expect from different sectors/companies, including information on compensation. The LGA to supply Highways Authority information.

24.3. Targeting Inspections - through better use of data to identifying poor performing contractors. The Task Force has been looking at the use of the electronic transfer of notices (ETON) system for this purpose. Not all councils are currently using the system and at the last Economy and Transport Board, members were invited to feed back any difficulties that councils are experiencing with the new ETON data collection system. Any members wishing to do so can email [charles.loft@local.gov.uk](mailto:charles.loft@local.gov.uk).

25. The Chair, Vice and Deputy-Chairs will represent the Board at the meeting.