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Environment, Economy, Housing & Transport Board Update Paper October 2018

Purpose of report

For information.

Summary

An update of the policy work that has been carried out over the summer for the Environment, Economy, Housing & Transport Board.

Recommendation

That members note the contents of the report.

Action

Officers to take forward any member comments for future policy work.

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Transport

1. The LGA has provided written submissions to a number of Transport Committee inquiries

Health of the bus market inquiry

2. This inquiry sought written evidence on the effectiveness and ambition of DfT's policies on buses; factors that affect bus use; the provision of services to isolated communities; and the viability and long-term sustainability of bus services, including funding and public grants. Key points to highlight from our response include:

2.2. Bus travel is the only major mode of transport without its own specific strategy.

2.3. If the Government is going to reverse the decline of the bus industry it must take decisive action to reform bus subsidies and extend its current pilot schemes. A lack of funding has meant councils have been forced to reduce subsidies to local routes. This has contributed to a nine per cent decrease in bus journeys in England outside London since their peak in 2008.

2.4. Local authorities are legally obliged to provide free concessionary bus travel to older and disabled people after 9.30am. Since 2011 the Government has not provided direct funding for this duty. Demand for concessionary travel has increased whilst councils' revenue support grant has been reduced, meaning that the scheme suffers from an estimated £200 million annual funding shortfall.

Local roads funding and governance inquiry

3. The focus of this inquiry was on the condition of local roads, adequacy of funding, including the societal and economic costs of not maintaining them properly and whether governance changes are required. The key points of our submission, are that councils take the maintenance of their roads and highways infrastructure very seriously. They spend approximately £3.6 billion a year maintaining nearly 185,000 miles of local roads, as well as footpaths, cycleways, bridges, tunnels, drainage, street lighting, traffic signals and street furniture. Our submission highlighted a number of other issues:

3.2. The local roads network has been historically underfunded by several governments and that it is still recovering from the impact of several past harsh weather winters. There is a £9.3 billion backlog of road repairs.

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- 3.3. Poorly maintained roads can lead to additional economic and social costs.
- 3.4. Councils do their best but have had to prioritise reduced resources to maintaining the most important roads
- 3.5. Investment in new technologies continues, for example to improve the conditions information of their roads assets, e.g. through connected vehicle technology
- 3.6. Highlighting the recent National Infrastructure Assessment that endorsed our position in terms of funding for the maintenance of local roads and providing the long-term certainty of funding that benefits Highways England and Network Rail.

Active travel inquiry

- 4. The Active Travel inquiry called for evidence on the benefits and risks of active travel, recent trends, the effectiveness of DfT in setting strategic objectives, and the balance of responsibilities between central and local bodies. The findings from our recent modal shift survey will be used to reinforce key issues relating to councils, including:
 - 4.2. Councils promote active travel as a key policy tool for a number of outcomes, including improving congestion, air quality and obesity
 - 4.3. The most powerful way the Government could improve local infrastructure, including active travel infrastructure, is allow councils to get on with delivering it
 - 4.4. Too often government funding is short term capital grants linked to bidding processes with strict criteria. This stop start funding developed for specific policy interventions does not allow councils to develop long term sustained plans
 - 4.5. With the programmes of investment we have seen over the last twenty years we now have a good idea of what works and in what context it works through case studies and exemplars. We now need to allow councils the long term funding certainty to implement these solutions and sustain them.

Clean air strategy

- 5. The LGA responded to the Government's draft clean air strategy. The plan sets out a variety of different actions across a number of different public agencies. What the plan does not acknowledge sufficiently is that these actions are in addition to current local authority activity.
- 6. New activity will have to be resourced and local authorities are not in a position where they could take on the amount of activity envisioned in this strategy without either significant additional investment or by ceasing other work. Whilst we agree with the

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Government's ambition and the vital nature of the challenge we need a strategy that is either realistic about the capacity of many public agencies to take on more work or identifies how new resources will be made available. The response can be found [here](#).

Modal Shift survey

7. Over the summer we have surveyed member authorities on their approach to modal shift and encouraging more sustainable transport. It revealed the overwhelming majority have introduced 20mph zones, provided secure cycle parking and/or changing facilities, promoted cycling and/or walking through schools and included sustainable travel within their Health and Wellbeing Strategy.
8. However, the survey reveals that the main barriers stopping councils from doing more to invest in sustainable travel were: lack of revenue funding (87 per cent for cycling/walking and 82 per cent for public transport); uncertainty over continued levels of funding (74 per cent for cycling/walking and 79 per cent for public transport); and lack of capital funding (68 per cent for cycling/walking and for public transport). The full results are available [here](#).

Future of Mobility call for evidence

9. The future of mobility has been identified as one of the 'grand challenges' within the Government's industrial strategy. Over the summer the Department for Transport launched a call for evidence on issues related to the future of mobility. The evidence will inform the future of urban mobility strategy DfT intends to write this winter and the future of rural transport strategy that will follow this work.
10. We contributed some of the work we have been doing as part of our own future transport project. In particular we sought to highlight some of the possible implications for local authorities of the increasing use of autonomous and connected vehicles. This included implications for land used, the cost of upgrading or retrofitting infrastructure, managing the transition period, how we capture the value of innovation and ensuring that the tax regime is fair on all motorists and businesses.

National Infrastructure Assessment

11. The Government published the National Infrastructure Assessment (NIA) in July which is produced once every five years by the National Infrastructure Commission. The document outlined the country's infrastructure needs for the next thirty years and endorsed many of the key points we had made in our submissions to their evidence gathering process.
12. The NIA states that "local leaders have to bid for too many different government competitions, which provide an unpredictable and short term funding stream and place a significant strain on the limited revenue funding available for transport planning."

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13. The assessment goes further by saying “Local transport authorities outside London should have stable, devolved infrastructure budgets, as Highways England and Network Rail have. The devolved budget should comprise of five year settlements, with fixed annual budgets set at least two years before the start of the five year period. This budget should be sufficient to cover all maintenance, small to medium enhancement projects and programmes to deploy or pilot new smart infrastructure technologies.”

14. The report also recognises the drag on the country’s economy and local growth that the backlog of road repairs has, acknowledging that “In recent years, insufficient funding has led to poor conditions on local roads, affecting road users throughout the country... This creates hazards for road users, and also increases the long term cost of maintenance. The economic case for maintenance is very strong, since inadequate upkeep creates a risk that roads may need to be closed for emergency repairs”. The National Infrastructure Commission therefore recommends that “government should make £500 million a year of funding available from 2025/26 to 2034/35 for local highways authorities to address the local road maintenance backlog.”

Local Enterprise Partnerships

15. On 24 July the Government Published [Strengthened Local Enterprise partnerships](#). This document sets out the conclusions of the Government’s policy review into LEPs. While it included the welcome announcement that every area will receive a Local Industrial Strategy, it also indicated that the government intends to:

15.2. Establish “more representative” LEP boards of a maximum of twenty people with the option to co-opt up to five additional Board members. The Government’s stated aspiration is that two-thirds of board members should be from the private sector;

15.3. Ask LEP Chairs and other local stakeholders to come forward with considered proposals by the end of September on “geographies which best reflect real functional economic areas, remove overlaps and, where appropriate, propose wider changes such as mergers”. The LGA’s response to the proposals can be found [here](#).

Environment

China Update

16. Members have been receiving regular updates at Board about the impact of Chinese restrictions on waste imports. As of January 2018 only post-production scrap plastics have been accepted by China, while no mixed paper and cardboard is allowed. From March 2018 a contamination limit of 0.5 per cent has been set for imports of paper, plastic and other materials.

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17. At the May Board meeting feedback from councils reflected a mixed picture of the financial impact depending on contract arrangements and reliance on export markets. Wrap reported that 3 councils (out of 50 replying to a survey) had seen stockpiling in their contractors supply systems. The Board agreed that officers needed to do further survey work with councils to establish a fuller picture.
18. A waste and recycling survey was sent out to every council in September 2018. Part of the survey focussed on questions related to the China ban. Of those councils which responded 49 per cent said they had felt a significant impact from the ban. However, a much smaller proportion of councils i.e. 13 per cent were able to provide specific estimates of the financial impact. Our survey indicated that there was a median income loss to the councils which responded of £371400 pa. There was also an increase in the cost of recycling of around £428600 pa.
19. The conversations we have recently had with councils support these findings. The market for pots, tubs and trays has recently collapsed. Officials are hoping that markets will bounce back. Councils are struggling to shift twin stream material as it is not clean enough. Some local authorities are reporting higher MRF gate fees or a fall in their income from recyclates. Many have commented that their contractors want to operate on a shared risk basis in the future. There were also examples where contractors had been stockpiling materials for a longer than expected timeframe. The materials had then degraded and so had to be burnt. The Environment Agency recorded stockpiling at 26 sites – having done 480 visits. They will continue to monitor this as they foresee future markets putting further restrictions in place. Overall, councils are now starting to feel the direct impact of the ban and moving towards a position of quantifying it.
20. Looking to the future China will be pre-inspecting all imported containers. There will be supervised loading and sealing of containers. Site operators are currently being given additional training about what waste is/isn't acceptable. China has reported a 64 per cent reduction in waste imports for restricted categories for Q1 2018. Imports of waste paper declined substantially in May compared to April (23 per cent). China will ban an additional 16 wastes from the end of 2018 including post-industrial plastics, and a further 16 wastes from the end of 2019. This reduces the permitted waste types from 66 in 2017 to 18 by the end of 2019.
21. Customs data for Jan-Apr 2018 shows that exports of UK plastic waste increased substantially to Malaysia, Vietnam, Thailand, Singapore, Pakistan and Poland. Malaysia has now imposed a 3-month import ban on scrap plastics from 23 July 2018 and Vietnam is looking into banning scrap plastics. Thailand has temporarily banned e-waste and plastic imports. Large numbers of containers are stuck at the main Thai ports due to import permit issues or port capacity. The Polish authorities have identified waste from England that has been illegally exported under the guise of 'Green List' recyclable material. Poland has requested the waste is repatriated by the UK.

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22. The publication of the Resources and Waste Strategy after the Budget should provide us with a clearer indication of how the Government wants to deal with this issue. In the meantime officers will continue to work with councils in order to establish how much further we can quantify the impact of the ban.

Resources and Waste Strategy

23. It is anticipated that the Resources and Waste Strategy will be published after the Budget. It has been indicated that the strategy will be accompanied by 3 consultation documents. These consultations will deal with:

23.2.reform of the extended producer responsibility (EPR) scheme

23.3.options for a deposit return scheme (DRS)

23.4.new packaging targets

24. Officers will bring these consultation documents to members for a steer once they have been published.