

## Board Update Paper

### Summary

This report updates members on current issues of interest. Updates are included on:

- Regeneration and Economic Development
- Public Transport
- Sustainable Transport (including Cycling Towns)

### Recommendations

Members are asked to note policy developments.

### Action

To progress the agreed work programme subject to comments from the Board and report progress at future Board meetings

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## **Regeneration and Economic Development**

### **Sub national review of economic development and regeneration (SNR)**

- 1. The government's response to the SNR consultation, expected in mid-September, is still being delayed. The latest indications are that it will be announced towards the end of November.**
- 2. The IDeA is developing a diagnostic tool to help authorities prepare for the new approach to economic development that will be required in the context of SNR and the new local Performance Management Framework. Members of the Board will have an opportunity to comment on its development at a brief presentation following the conclusion of the Board meeting.**

### **Councils and the economic downturn**

- 3. The definition of recession is two successive quarters of shrinkage in the economy. Gross Domestic Product shrank in the third quarter of 2008 after flat lining in the second. Emerging indicators suggest the economy will also contract in the last quarter. Unemployment rose by 95,000 between June and September and the employment rate is also down. Many forecasters are expecting the economy to contract overall in 2009. While it is important for confidence not to talk the situation down, few doubt that we are already in a recession.**
- 4. Councils are at the front line of dealing with the consequences of the economic situation. Across the country, they have been using their initiative to take action to help businesses and individuals affected by the downturn. This has ranged from providing benefits advice, to helping those in difficulty with their mortgages, to directly supporting local firms, to large-scale action to keep infrastructure investment going, to strategic leadership of the local public and private sectors in making a coordinated response.**
- 5. This vindicates the case we have been making for greater recognition of the economic role of councils. Much of the economy functions at a sub-regional level. What we are seeing now is putting our longstanding arguments of principle on that score to a live test. The emerging evidence suggests that the arguments stand up.**
- 6. At the same time, councils' ability to act is constrained. In part, this is because they are themselves impacted by economic slow down. Current receipts are down because the number of planning applications, land searches, and shoppers paying to park their cars (for example) has fallen. Capital receipts are down because property values have fallen and the market is stuck. Business rates income is underperforming (although the principal impact of that is on the Exchequer, at least to start with). Investment income is down because markets have declined and a flight to quality has reduced returns. And costs – for fuel and materials – have risen significantly faster than grants or council tax receipts.**
- 7. Councils are also constrained by the central and regional decision-making that continues to dominate the economic sphere. There has been genuine progress at the level of policy over the last 18 months in achieving devolution of powers.**

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Much of this, incidentally, has happened because of the LGA's sustained lobbying. But few of those policy decisions have yet translated into change on the ground. Many of them – for example, devolution of 14-19 funding and RDA budgets - are due to be reflected in legislation in the coming session. These developments were always fragile. They are more so now. Members will undoubtedly have heard players in central government arguing that the need to manage the current crisis is now more important than institutional change.

8. So what we need to do now is threefold. We need to use the overwhelming evidence of councils' rapid and effective action to mitigate economic slowdown in order to:

- enhance the reputation of local government;
- help make the case around the budgetary pressures councils face; and
- keep the devolution of decision-making, leadership, powers and budgets firmly on central government's agenda.

9. To this end, we have prepared the action plan set out at annex A. Its key components in the short term are:

- a publication containing twenty case studies of council action to help businesses and individuals through the downturn; will have been published by the time the board meets and can be downloaded from the LGA website: <http://www.lga.gov.uk/lga/aio/1192002> Printed copies will be available on the day of the meeting.
- a "Slowdown Summit" on 17 November, to which the members of the Board have been invited, bringing together players from local and central government as well as other leading figures in the economic debate, which will showcase council action and at which we will launch:
- a further publication analysing the immense geographical variation in the impact of recession and highlighting the importance of local and sub-regional responses – copies will be available on the day of the meeting;
- evidence to the CLG Select Committee on councils, housing, and the downturn;
- guidance to councils on mortgage options to help householders;
- a survey of chief executives to build a further evidence base about council concerns and responses, on which we intend to build a programme of improvement support.

## Financial Implications

10. The work programme set out at annex A can be accommodated within the programme budgets for Regeneration and Transport and Environment, and within IDeA funding.

## Implications for Wales

11. The reputational element of this work applies fully to Wales and we will work with WLGA on it. Because of the differing structural arrangements in Wales, the

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**devolutionary argument we would seek to make will differ, but we will liaise with WLGA to identify potential common threads.**

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## Public Transport

1. This paper gives an update on activities undertaken and progress made on the priority areas of work on the transport intervention.

### Overview of Local Transport Bill

2. The Local Transport Bill aims to enable local authorities to improve the quality of local bus services, reform the arrangements for local transport governance in the major conurbations and enable councils to take decisions on local road pricing schemes.
3. The LGA has focused its lobbying on three key areas:
  - 1) ensuring that Local Transport Authorities have a stronger role in partnerships with bus operators
  - 2) ensuring that proposals make franchising of bus services a realistic option for councils
  - 3) ensuring that new governance arrangements for Integrated Transport Authorities are determined by councils

### Overview of progress

4. The Bill completed its House of Commons stages on Monday 27 October, and various government amendments were accepted by the House. The Bill has now passed back to the House of Lords, for consideration of the Commons amendments. This is currently scheduled for 18<sup>th</sup> November. It is expected that the Bill will receive Royal Assent in advance of the Queen's speech in December.
- The LGA highlighted a number of clauses in the Local Transport Bill, which if left unchanged, would limit the powers of local authorities to deliver better bus services for the people they represent.
  - The LGA supported a number of amendments to the Bill relating to Quality Contracts, Quality Partnerships, and membership of ITAs, all of which were designed to ensure that councils can play a stronger role in delivering better bus services and better integrated transport systems.
  - During the final stages of debate in the House of Commons, the government tabled some key amendments to the Bill which represent positive steps towards improving the powers of local authorities. The LGA sought clarification on some of the amendments and reassurances that Quality Partnerships will not be made unworkable due to the scope for appeals from operators.
  - We remain concerned that the proposals to allow 'admissible objections' to be made to Quality Partnerships Schemes (QPS) to be made by 'relevant operators' will allow operators to work to derail locally determined Partnerships. We therefore seek strong assurances that this process will not lead to Quality Partnerships becoming overly risky and unworkable for LTAs who are keen to establish them and make them work

### LGA lobbying success

## Quality Contracts:

5. Elected local authorities with responsibility for local transport plans should have the power to decide whether or not Quality Contracts (franchising) are the best option for achieving transport goals in their area. The LGA was therefore concerned that under the provisions of the Bill, an unelected approvals board would take the decision over whether or not a Quality Contracts (franchising) could be put into effect.
6. Subsequent amendments have replaced “approvals boards” with “QCS boards”. These boards will have to be consulted before a Quality Contract is put into place and make appropriate recommendations but their role will now be advisory rather than prescriptive.
7. These changes represent a positive step and will ensure that the decisions on Quality Contracts are locally determined. However, further assurances are required from the government that the tribunal system for cases of appeal will be as streamlined and as workable as possible. The appeals process must not become a barrier to the creation of Quality Contracts nor a way of undermining legitimate local decisions.

## Quality Partnerships:

8. The LGA opposed the clauses in the bill that would allow ‘relevant operators’ to register ‘admissible objections’ to the creation of Quality Partnerships Schemes (QPS). Councils were concerned that these provisions will add uncertainties and undermine the spirit of partnership, making it less likely that local transport authorities will be able to pursue a QPS.
9. Changes to the draft guidance, have tightened up the definitions of ‘relevant operator’ and ‘admissible objection’ and will ensure that any objections are submitted to the Local Transport Authority that proposed the scheme in the first instance. This is an improvement on previous proposals (under which the appeal went to the Traffic Commissioner with no involvement from the LTA.) and will ensure a more locally determined process.
10. However, we remain concerned that the proposals still allow for continuous objections and reviews and which could derail Partnerships. We are therefore seeking strong assurances that the process will not lead to Quality Partnerships becoming overly risky and unworkable for LTAs who are keen to establish them.

## Membership of ITAs

11. The original drafting of the Bill meant that only the majority of members of an Integrated Transport Authority must be appointed by councils, with the bill allowing other parties, such as the Secretary of State to appoint other, non elected people.

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12. We argued that this was clearly not a bottom-up approach and directly opposed to increased democratic accountability and local determination. We maintained that it must be for councils to determine membership, roles and voting rights of members of the new Integrated Transport Authorities.
13. Amendments made by the government after Committee Stage mean that political balance rules will apply to ITAs. Furthermore, all constituent districts covered by an ITA will be represented within that ITA and the voting rights of non-elected members of the ITA are to be determined by the ITA.
14. These amendments should ensure that ITA decision making is determined at a local level and that elected representatives have overall power over the direction of the Authority.

## Local Transport Bill – draft guidance and regulations

15. The LGA submitted evidence to the Government's consultations on draft guidance and regulations relating to the Bill's provisions on bus partnerships. The submission highlighted our concerns that the admissible objections process must not present a barrier to workable Quality Partnership Schemes.

## Bus Partnership Forum

16. A meeting of the Bus Partnership Forum was scheduled to take place in Autumn 2008 to discuss progress of the Bill and other bus-related matters such as Concessionary Fares. However a date for the next meeting has not yet been circulated. The LGA representatives of the Bus Partnership Forum have written to the new Minister with responsibility for regional and local transport, Paul Clark MP, to request a meeting at the earliest opportunity.

## Support for Bus Partnerships

17. The LGA has commissioned TAS Partnership to work with a small number of councils in developing their bus strategies, preparing for the implementation of the local Transport Bill and supporting stronger partnerships with bus operators to deliver better bus services. The resulting case studies will be published in a final report to disseminate lessons more widely to Local Transport Authorities.

## Transport, Infrastructure and Growth working group

18. The LGA has convened a working group to bring together relevant service and finance professionals with LGA finance and policy leads to develop a local government submission on transport, infrastructure and growth to influence the next spending review. The final report will be completed by February 2008.

## New ways of financing transport infrastructure

19. A significant increase in funding for transport infrastructure is required if transport networks are to support economic growth and the Government's ambitious housing growth plans. Government is increasingly looking to local government and the private sector to bring forward finance for infrastructure projects.

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20. LGA officers are working in partnership with Bircham Dyson Bell on a project to enhance understanding of emerging opportunities for leveraging new sources of funding to support local transport infrastructure projects and of the likely impact of the economic downturn on investment in transport infrastructure.
21. The LGA is organising a one-day conference on new ways of financing transport infrastructure on 1<sup>st</sup> December. The project will also result in a practical guide for councils with case study examples to disseminate learning from early experiences of developing proposals for new funding mechanisms, such as congestion charging, the Workplace Parking Levy (WPL) and private finance schemes.

## Financial Implications

22. Staffing and other resource implications of the report can be met within current resources.

## Implications for Wales

23. Some provisions of the Local Transport Bill (relating to buses and local road pricing schemes) will apply in Wales.

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## Sustainable Transport

### Cycling Demonstration Towns

#### Background

1. At the September 2008 LGA Culture, Tourism and Sport Board (CTS) the following paper was discussed in the context of that Board's work to increase levels of physical activity. CTS members requested that the paper be shared with the Regeneration and Transport Board (R&T), given the sustainable transport focus of the Cycling Towns work. A future joint meeting of CTS and R&T lead members with Cycling England and a cycling demonstration town representative is in the process of being arranged.

#### Cycling Towns

2. Increased investment in cycling could provide significant gains and contribute to achieving local priorities. Cycling has a major role to play in development of sustainable transport strategies, it helps tackle congestion and local air pollution, as well as the emissions that cause climate change. 23% of car trips are less than 2 miles, and 56% are less than 5 miles, distances that are easily cycled. A modal shift towards cycling would have a considerable impact on local congestion and pollution. It would also contribute to creating a fitter, healthier nation and help address issues such as rising obesity levels, particularly among children.
3. The cycling demonstration town scheme is organised and funded through Cycling England, created in 2005 to work with local authorities and others to develop programmes which would get more people cycling more safely and more often. Cycling England is supported by the Department for Transport, the Department for Culture, Media and Sport, Department of Health, Department for Children, Schools and Families and the Department for Environment, Food and Rural Affairs.
4. Levels of investment in cycling in England are substantially less than in the rest of Europe (on average c£1 per head). The purpose of the cycling demonstration towns is to demonstrate the impact of investing at similar levels of the best in Europe. Demonstration towns will seek to prove that this investment would lead to levels of cycling closer to those seen in Europe.
5. The first six cycling demonstration towns were announced in October 2005. They are:

Aylesbury	Brighton and Hove	Darlington
Derby	Exeter	Lancaster with Morecambe

6. Each of the towns received £500,000 a year for 3 years, except for Aylesbury which received £300,000. This was equivalent to £10 per head per resident.

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7. All six towns possessed low or moderate cycling rates. The objective for all was to develop an exemplary physical environment for cycling, raise cycling levels and, in doing so, share the lessons learnt and create examples of best practice.

## Progress

8. The six demonstration towns have sought to address various solutions. These include:
- Storage - in Derby 1,250 cycle parking spaces have been created in the town's schools. Elsewhere secure storage is being created at workplaces and shops;
  - Training - over 750 Year Six pupils have received their Bikeability training in Derby;
  - Cycling to school - intensive support has been given to schools to encourage pupils to cycle. Cycling to school rates increased from 1 per cent to 4 per cent in Darlington;
  - Information - new signs have been provided along Aylesbury's cycle routes to tell cyclists how many minutes it is likely to take them to reach their destination;
  - Marketing - promotion of cycling is reaching new and diverse audiences. Aylesbury for example is targeting new home owners via estate agents as research shows people re-evaluate their travel options when they make big life changes such as moving house.
9. Cycling England estimate that the average increase in trips made by bicycle across the six Cycling Towns is 20%. Other improved outcomes include:
- The number of people in Aylesbury saying they are using a bike as one of their main modes of transport has risen from 3% to 14%;
  - In Brighton, a personal travel planning programme has led to an increase of 172,000 cycle trips per year in an area of 10,000 households;
  - Cycling on the Pride Park riverside path in Derby has increased by 11% since 2006, and by 38% since 1998;
  - 72% of people in Exeter think that it is now easier to cycle than it was 2 years ago;
  - In Lancaster, the number of parked cycles counted in the city has increased by 48%
10. In June 2008, eleven new cycling demonstration towns were announced along with Bristol as the first cycling demonstration city. The eleven are:

Blackpool	Cambridge	Chester
Colchester	Leighton / Linslade	Shrewsbury
Southend on Sea	Southport with Ainsdale	Stoke
Woking	York	

11. Funding for the scheme is approximately £100 million for the next 3 years (including local authority match funding), equivalent to £16 per head per year.
12. Cycling England estimates that this bigger demonstration programme could potentially save around 16 million car journeys per year, and result in an extra 47 million cycle journeys per year. This would represent a 100 per cent increase in

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cycling in the targeted towns over four years. If achieved, it would be equivalent to a 7 per cent increase in national cycling levels.

13. Over the next three years, Bristol will receive £11.4m of funding for cycling initiatives. It's aim is to double the number of people cycling by, amongst other things, introducing an on-street bike rental network, providing free bikes to those in deprived communities, building state-of-the-art city centre facilities for cyclists (such as showers, bike parking and lockers), creating a dedicated cycleway to link the suburbs with the city centre and increasing the number of children receiving cycling training.

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