

26 March 2009

Update on Transport

Summary

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

Recommendations

Members are asked to note the report.

Action

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

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Update on Transport

Background

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

Concessionary Fares

2. The LGA is continuing lobbying work to support those councils who are experiencing shortfalls as a result of the distribution of funding for the national concessionary fares scheme in April 2008. These issues were raised by the LGA with Paul Clark MP Minister for Buses through the meeting of the Bus Partnership Forum in December. The Chair of the Board also discussed the issues when he met with the Minister in January.
3. Also in January, the LGA hosted a meeting for senior officers from all councils facing funding shortfalls to clarify information provided by councils on the extent funding problem and establish ways in which councils can work together to seek resolution within the current three year settlement period. At the last meeting of the Board, members requested a list of councils who attended the meeting in January. This list is attached at annex A to this report.
4. Information collected from these areas suggests the following headline findings:
 - 1/5th of Travel Concession Authorities estimate that they are facing shortfalls in funding for the extension of the concessionary fares scheme in 2008/09.
 - More than 10 TCAs estimate their shortfall to be £1m or more
 - Cumulatively the shortfall across these authorities is more than 10 % of the total special grant
 - In a number of areas, the costs of the scheme would exceed grant received even if funding was pooled at county or scheme level.
 - There will be an increase in the number of authorities experiencing shortfall in 2009/10 as the increase in costs will exceed the 2.4% increase in grant.
5. This confirms that the allocation of the special grant is not well-matched to the distribution of the costs of concessionary fares and that some councils will have to find other resources to fund their new statutory obligations.

Next steps:

6. One outcome of the meeting in January is that Core Group has been set up to represent the affected authorities to present evidence and work with DfT on solutions to the special grant distribution issue. An agreed action is to seek a

meeting between a delegation of councillors, MPS and officers from affected areas with Paul Clark to present evidence on behalf of all authorities suffering shortfalls. The Chair of the Board has written to the Minister to request this meeting. Officers are currently compiling detailed case studies to highlight impact in areas affected.

7. There is still no sign of the expected consultation paper on changes to funding and administration of Concessionary Fares from 2011. Our latest understanding is that the consultation will be launched in Early April, but no date has been confirmed. The LGA will be holding a workshop for member authorities to inform our response to the consultation.

Effects of recent adverse weather conditions on transport

8. The severe weather experienced across the UK in early February, following a prolonged spell of cold weather in January, exposed weaknesses with existing policies on supply and stocks of salt to enable Highways Authorities to carry out their winter road maintenance duties. During this period, demand for salt outstripped the amount that could be supplied by UK salt suppliers which left many areas at high risk of running out of salt. Government was required to intervene in arrangements between Local Authorities and salt suppliers to prioritise distribution in order to keep local road networks functioning. The LGA took a leading role in representing councils' interests and ensuring that they were represented in Cabinet Office discussions to prioritise salt deliveries. This has been largely welcomed by the sector. The immediate risk of a shortage of salt has now subsided. Inevitably, there are lessons to be learned from the experience to ensure that contingency plans are in place so that such intervention is not necessary should similar circumstances happen in the future. The LGA will be participating in the review process led by the multi agency UK Roads Liaison Group and gave evidence to the Transport Select Committee inquiry into the issues on 11th March. We are also conducting a review internally to ensure we are well prepared for such eventualities.

Local Transport Act

9. As reported to the last meeting, the Chair of the Board and Paul Clark also discussed implementation of the Local Transport Act when they met in January. At that meeting, the Chair asked the Minister to consider ways in which the department could encourage early take up of the powers in the Act, and in particular, to bring forward planned timescales for regulations and guidance for Quality Contracts to allow councils to make progress on these schemes. We have now received a letter in response to this request, a copy of which is attached at annex B.

Support for Bus Partnerships

10. Work is continuing with a small number of councils on developing their bus strategies, preparing for the implementation of the Local Transport Act and supporting stronger partnerships with bus operators to deliver better bus services. The resulting case studies and report will be launched at an LGA conference in the summer.

LGA project on securing best value and outcomes for taxpayer subsidy of bus services

11. In our recent submission to DfT's consultation on options for bus subsidy reform, the LGA expressed the view that current subsidy mechanisms for the bus industry do not represent good value for money or allow a focus on outcomes and improved services. We have now commissioned further work to develop and evidence our position on how better value for money and better outcomes could be secured from the substantial public sector investment in bus services through subsidy from the taxpayer.
12. The aim of this commission is to provide a better understanding economics of the bus industry and the role of public regulation and subsidy in the structure of the industry. The basis for the report is establishing whether there is a more economically rational way of investing subsidy to secure better policy outcomes and generate more free market competition in the system. In particular we would like to examine whether there are better ways of integrating buses into the total transport offer in a local economy with minimum market distortion and least cost to the tax payer.
13. The work programme will include a roundtable bringing together practitioners and experts to test emerging findings from the work. The study will result in a final report ready for publication in late April.

LGA response to Delivering a Sustainable Transport System

14. The LGA submitted a response to the consultation on the DfT strategy paper, *Delivering a Sustainable Transport System* which closed on 27th February¹. The document summarises the Government's approach to strategic transport planning for 2014 and beyond. In it they set out five strategic goals for transport, These are:

¹ The main DaSTS report, and further details associated with the consultation can be found at: <http://www.dft.gov.uk/about/strategy/transportstrategy/dasts/dastsreport.pdf>

- to **support economic** competitiveness and **growth**,
 - to **reduce transport's emissions** of carbon dioxide and other greenhouse gases;
 - to **contribute to better safety, security and health**;
 - to **promote** greater **equality of opportunity**; and
 - to **improve quality of life**, and to promote a **healthy natural environment**
15. The strategy also identified fourteen strategic national transport corridors linking England's major conurbations, the busiest ports and airports and other areas with strong economic activity.
16. A full copy of the LGA's submission to the consultation is attached at annex C, the key points of the LGA's response are:
- a) The national economy is made up of local economies which function at the level of cities, city region or shire. These sub-regions are the level at which key economic decisions should be taken. The strategic national framework and infrastructure investment planning needs to support economic regeneration and infrastructure initiatives at the local level and provide a coherent context for local economic decision making.
 - b) The national strategy for reducing greenhouse gas emissions from transport needs to provide to both provide a context for, and be informed by local action and decisions on carbon reduction.
 - c) The DASTS goals are cross-government challenges and they therefore all Government Departments need to be engaged in the debate, and the priority attached to the goals (the Department for Health for health related benefits, DSCF on education and transport issues, etc).
 - d) Consideration of economic benefits should not outweigh the environmental and social consequences when making decisions about future investment. This will require a different approach to appraisal for transport projects that accurately reflects national and local objectives and represents the true costs and benefits of transport schemes in meeting these objectives.
 - e) We agree with the principle that decisions on national and international networks should be taken at national level and decisions on local and regional networks should be devolved. However, we do not accept that either can be planned in isolation from the other. It is important that strategic planning bodies at local level are involved with the development of solutions for the national network and that decisions and strategy making processes are aligned.
 - f) Further clarification of what is meant for arrangements at the regional level is necessary. Existing regional structures are not equipped to lead on the development of solutions for city and regional networks and it is not clear which regional body would undertake this task. The process also needs to take

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account of existing and emerging governance structures at the sub-regional level.

g) Investment in national networks should not be prioritised over investment in public transport and infrastructure locally. Reducing the need to travel and cutting journey length are undoubtedly the most effective way of achieving the 5 national objectives. Investing in local transport and communications networks will be the most effective way of achieving the goals.

Financial Implications

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

Implications for Wales

18. The English National Concessionary Fares Scheme does not apply to Wales. Provisions of the Local Transport Act relating to buses do apply in Wales.

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