

## Notes of Meeting and Decisions Taken

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Regeneration and Transport Board

Item 9

23 July 2009

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### Present:

<b>Chairman</b>	Cllr David Sparks (Dudley MDC)
<b>Vice-Chair</b>	Cllr Jim Harker (Northamptonshire CC)
<b>Deputy Chairs</b>	
<b>Conservative</b>	Cllr Shona Johnstone (Cambridgeshire CC), Cllr Ricky Bower (Arun DC), Cllr Stephen Parnaby (East Riding of Yorkshire)
<b>Labour</b>	Cllr Tony Page (Reading Council), Cllr Roy Davis (Luton C)
<b>Liberal Democrat</b>	Cllr Sylvia Dunkley (Sheffield City)
<b>Apologies</b>	Cllr Richard Knowles, Deputy Chair (Oldham MBC), Prof John Whitelegg, Deputy Chair (Lancaster City), Cllr Heather Kidd (Shropshire DC), Cllr Andrew Carter (Leeds City Council), Cllr Peter Jackson (Northumberland Council), Cllr Mark Dowd (Merseyside PTA)
<b>Substitutes</b>	Cllr Jon Ball (Ealing LB) – Lib Dem
<b>In attendance</b>	Derek Walker (CEDOS); James MacBeth (OFT) LGA Officers: Paul Raynes; Caroline Green; Ian Keating; Steve Skelton; Fatima de Abreu

The Chairman welcomed members to the meeting and introduced James Macbeth, Office of Fair Trading (OFT) and Derek Walker, Chief Economic Development Officers' Society (CEDOS).

### 1. The Economic Regulation and Funding of the Bus Industry

James MacBeth presented emerging findings from the Office of Fair Trading's (OFT) current market study of competition within the local bus industry. The study has analysed and mapped direct competition between bus companies and also the proximity of bus companies with competitors, and the impact of both on price and service standards. The results of the study will be published by the OFT later in the summer.

Members welcomed Mr Macbeth's presentation, and the work of the OFT in this area. It was generally felt that the study highlighted issues which members were already

aware of, but that the evidence base in support of these conclusions was useful. Specific issues raised by members included:

- lack of competition was a defining feature of the system;
- that the results of the study should reinforce the need for wider changes;
- that the cost of running services in rural areas was often higher;
- that councils were particularly interested in offering residents multi-operator tickets, the OFT guidelines for which were currently unhelpful in many situations;
- that direct competition between operators, whilst keeping prices low on busy routes, can mean that operators neglect indirect routes, which disenfranchises residents in these areas.

The links between the OFT study and the report commissioned by the LGA from Oxera consulting on subsidising the bus industry were briefly discussed. The Oxera report showed that almost half of the big operator's turnover came in the form of public subsidy. As noted in the LGA response to this report, there was, therefore, an argument for moving away from a model focused on competition for individual passengers within a free market, to one that recognises the role of the state as customer alongside individual passengers. This model would support the LGA's drive for greater use of tendering and quality contracts by local government.

The Chairman thanked Mr MacBeth for his report on current work of the OFT.

### **Decision**

The Board

- **Noted** the report, including the LGA response to the Oxera report.

### **Action**

Officers to continue with work to develop the LGA's position on bus regulation and report progress to future meetings

**Officers**

## **2 Heavy Rail and Local Government**

At a previous Board meeting, Members had requested an update on the rail system and local government. Paul Raynes introduced the report, updating the Board on issues around the future funding of rail and the role of local government.

Members raised the following concerns:

- The gap between investment in services in the Greater London and the Crossrail corridor and the rest of England, particularly the North, was widening;
- There were concerns about delays and cancellations to planned investment in rolling stock;
- It was important that the current focus on rail did not mean that other services would be cut to pay for the rail system;
- A recent ATOC report had led, in some areas, to pressure on councils to agree to the re-opening of old lines, despite the lack of evidence for the increased value in doing so;
- Greater consideration should be given by the board to the issue of investment in the road network.

The Board also discussed High-speed rail and the development of HSII which will consider the case for a high speed rail link between London and Scotland.

Members strongly felt that the co-signatory regime for local rail franchising should be reintroduced. Many members also felt that the LGA should advocate for longer terms for rail franchising, such as were employed on the West Coast mainline, as these allow operating companies to recoup the costs of investment, and to off-set losses made during periods of economic downturn.

### **Decision**

The Board **noted** the report.

### **Action**

Officers to reflect member views in LGA lobbying positions

**Officers**

Produce a report on investment in the road network for the next board meeting in September.

**Caroline Green**

Invite representative from the Highways Agency to attend the meeting if possible.

**Caroline Green**

## **3. Sub-regional Governance and Future Adult Skills Architecture**

Paul Raynes presented members with an overview of this report, which gave an account of progress in strengthening sub regional partnership working since the publication of the LGA's *prosperous communities II* report, which made the case for a substantial devolution of economic decision-making and funding to council-led sub regional partnerships. He requested a steer from the Board on how to build on the current direction of travel.

Members felt that with a possible change of government in prospect in the near future it was vital for the LGA to engage with opposition parties, as well as the current government, to press the case for the importance of sub regional partnerships and to continue the trend towards greater devolution of powers and funding to this level.

The creation of leader's boards was felt to have introduced a stronger political dynamic into the regional landscape. Members also noted that sub-regions must be determined locally to reflect real functional economic areas.

### **Decision**

- The Board **agreed** that the focus on sub regions was critically important for economic issues and that the LGA should continue to press this case with all the major political parties.

## Action

Officers to reflect member views in LGA lobbying positions, to continue with the work programme for devolution and to bring regular updates to the Board. **Officers**

### **4. Oral Feedback from Members**

Cllr Bower had recently attended a meeting of Transport Futures (previously the Channel Tunnel Initiative) to discuss high-speed rail, and the Motorist Forum, which looked at the impact of car travel and the need for better road infrastructures around the M25.

The Chairman thanked Cllr Bower for his reports.

### **5. Concessionary Fares**

Caroline Green referred the Board to the LGA's response to the Oxera report (circulated with the agenda) and informed them that an updated version was currently being prepared which will be available on the LGA website a few days after the meeting. Members asked officers to ensure that all the LGA was properly joining up all its activities on concessionary fares, and in particular that the Chairman be made aware of relevant meetings.

Members requested that the issue of fair distribution continue to be addressed and Caroline informed them that the LGA was continuing to press the issue with DfT. In particular, that any reallocation should be consulted on as early as possible to enable councils to plan their budgets. However, the information required about the costs of the scheme will not be available from CLG until September.

Paul Raynes told members that the Minister of State had re-iterated his commitment to looking at reallocation of the special grant in 2010/11 and has written to request a meeting with Cllr Sparks.

## Decision

The Board **noted** the report.

### **6. Council Action on the Recession**

Members **noted** the report, and were told that officers were in discussion with the Audit Commission about the Commission's forthcoming report about councils' action on the recession. Copies would be available at the next Board meeting in September.

### **7. Future Jobs Fund Update**

Members **noted** the report and agreed that the balance between bids was good.

## **8. Hidden Talents: Re-engaging Young People (NEETs project)**

Members **noted** the report.

## **9. Key EU Transport Initiatives affecting Local Authorities 2009-10**

Members **noted** the report.

## **10. Note of the Last Meeting and Decisions Taken**

Members **agreed** the note of the last meeting.

## **11. Any Other Business**

Caroline Green notified members that, following the severe weather earlier this year, the Department for Transport had requested a report from the UK Road Liaison Group. The report is due to be sent to the Secretary of State on 31 July and advisory recommendations will include reviewing the procurement of salt stocks. Caroline said that a letter would be sent to coincide with the submission of the report with the LGA's own recommendations.

The Chairman expressed the Board's appreciation to Ian Keating for his services as he would be moving over to work as Senior Policy Consultant on the Children and Young People Board. He wished everyone well and hoped to see members again in the new session.

### Action

Circulate copy of the report.

**Officers**