

24 May 2010

Transport Update

Summary

This paper provides an update on LGA activities relating to Transport since the last Board meeting in March. Recent correspondence is appended for Members' information.

Recommendations

Members are asked to note the report and comment on proposals for LGA lobbying on investment in transport infrastructure and on future of bus subsidies.

Action

Officers to reflect members' comments in on-going lobbying on transport issues.

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Transport update

Delivering a Sustainable Transport System Regional Studies

1. At the March meeting of the Board, members requested an update on progress of the programme of regional studies being undertaken as part of DfT's Delivering a Sustainable Transport System (DaSTS) strategy. The DaSTS approach aimed to align strategic transport schemes with wider planning, housing and development policies and ensure integration with other plans and strategies at regional, sub-regional and local level
2. Each of the English regions were granted up to £2m to support both the development of regional strategic priorities for transport and to help inform spending decisions from 2014 in consideration of the five DaSTS goals. The studies are currently underway in each region (44 in total) and will be completed by March 2011.
3. There has not yet been any formal feedback on progress with the regional studies and whether they are effectively engaging at local and sub-regional levels.
4. It remains to be seen whether the new government will continue with the DaSTS agenda and how the approach will change in the light of proposed changes to regional architecture, and more importantly, decisions about public spending.
5. The LGA is developing proposals for a different approach to investment in transport infrastructure (discussed below) which would result in devolution of regional funding and decision making. In the context of those proposals, the existing Regional Funding Allocation (RFA) system which the DaSTS studies are designed to inform would be devolved to local authorities working collectively at the sub-regional level. The proposals would also see the investment appraisal system updated to better reflect the value of modes other than road and to enable better coordination and integration of investment at the local level.

Investment in transport infrastructure

6. Tackling the deficit through reducing public spending is the top priority of the new government. The Board has identified as a key lobbying priority the need to ensure that investment in the transport infrastructure continues, both to avoid deterioration of existing networks and to increase capacity to support economic recovery and future growth.
7. LGA officers and advisors are developing proposals for a different approach to planning and funding for infrastructure that will ensure necessary investment

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when there is less public money available. The project will address investment in a range of physical infrastructure needs with transport as a key theme of the work.

8. In summary, the work will make the case for:
 - i) continued investment in infrastructure
 - ii) planning and investment decisions to be locally driven
 - iii) innovative new models for funding and delivery of infrastructure at the local level
9. In setting out the case for investment in infrastructure, the work will
 - Examine current and predicted trends for investment in infrastructure and the roles of local and central government and the private sector.
 - Present evidence on why investment in infrastructure is crucial to supporting economic growth, delivering quality public services and meeting our environmental commitments
 - Argue that investment in infrastructure is critical in order to:
 - address past underinvestment and prevent deterioration of existing infrastructure
 - address emerging trends –such as climate change, an ageing and expanding population
 - deliver wider policy objectives (on health, environment, education)
 - pump-prime private sector investment
10. The proposals will demonstrate how better alignment of planning and investment decisions will result in more efficient use of public sector funding. This will involve:
 - Moving away from the current centralised and fragmented approach to investment
 - Devolving capital budgets, cutting out waste from administration of numerous funding streams and enabling efficient targeting of funding locally
 - Improving appraisal systems to provide better capture the costs and benefits of investment, enable better coordination and integration of investment at local level.
 - Giving councils powers to plan and co-ordinate infrastructure delivery at the sub-regional level
 - Improving the planning system to make it more efficient and responsive to local needs and priorities
11. The third section of the work will argue that existing models of providing capital need to be supplemented with new mechanisms of raising investment locally.

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This will explore potential models and options for locally raised finance, borrowing against assets and future revenue streams and leveraging in private investment.

12. The project will result in a policy paper to form the basis for LGA discussions with the new government with a view to influencing spending review and investment decisions immediately post-election (May 2010). This, we provisionally suggest, will be followed by publication of a final report in early summer.

Rail Franchising

13. In January 2010, DfT published *The Future of Rail Franchising*, which sets out the government's view that "franchising is largely delivering well for both passengers and taxpayers". The paper does, however, indicate that several changes will be made to the franchising process and terms and conditions, in the areas of:
 - Franchise length: where DfT is minded to explore the use of longer franchise periods where these are linked to investment and service improvements;
 - Output specification and accreditation of operating companies;
 - Increased flexibility to encourage greater innovation and investment;
 - Making changes to agreements during the life of a franchise; and
 - Better managing risk and incentivising investment.
14. The Government, from January to April 2010, consulted on three rail franchises that will be let over the coming year. These were:
 - Essex Thameside, covering South Essex and East London;
 - Greater Anglia, covering East Anglia and North & East London; and
 - InterCity East Coast covering mainline services between London, West Yorkshire, North East England and Scotland.
15. The Railways Act (2005) removed the right of PTEs to be co-signatories to franchise agreements that affected their local area which, it was alleged, had led to higher operating costs in some conurbations outside London. PTEs continue to have a statutory right to be consulted about the specification of rail franchises, to buy extra services or propose savings to be included in the franchise specification and to enter into direct agreement with franchise operators about enhancements to the rail service or ancillary infrastructure, such as CCTV. The LGA has lobbied for local authorities to regain PTEs to rights as co-signatories to be reinstated in order to better improve railway services in line with local needs.

Reform of Bus Subsidy

16. To progress the Board's LGA lobbying on bus subsidy, officers are developing a paper for discussion with the new government setting out proposals for reform of the existing subsidy system. Members are invited to comment on the draft executive summary of the paper that will be circulated to members in confidence in advance of the meeting. Subject to approval from the Board, the paper will be shared with Ministers and senior officials.

Review of resilience to severe winter weather

17. As reported to the last meeting of the Board, the LGA is conducting a review of this year's severe winter weather events. As part of the review, members of the Board will be taking evidence from key stakeholders (including transport operators, business representatives, salt suppliers, regional resilience teams and wider public services providers) in two evidence sessions on 24th May and 3rd June.
18. The outcome of the review and the final report will be launched at a session on responding to severe weather at the LGA's conference on the 6th July.
19. In April, David Quarmby, OBE was appointed to lead a DfT panel looking into this year's events. The Chair of the Board will be meeting with the review panel on 11th June to discuss the findings of the LGA review.

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