



promoting better local government

Rt. Hon. Philip Hammond MP
Secretary of State for Transport
Department for Transport
Great Minister House
76 Marsham Street
London
SW1P 4DR

02 July 2010

Dear Secretary of State,

I was grateful for our extremely useful and productive meeting yesterday. I thought it would be helpful to write to clarify some of the issues we discussed and propose some specific actions to take things forward.

We agreed that existing rates of growth in subsidy for buses cannot be sustained in the spending environment we face. But if funding is reduced without changing the system, bus companies will simply withdraw services and put up fares. Neither central nor local government will be able to influence the way the cuts impact at local level. I think we agreed therefore, that we need to consider options for reform which might allow us to exercise a greater degree of control over spending while also giving us greater leverage over fare increases and protect valued bus services.

At the meeting, I set out our proposals for bringing the different streams of funding together into a single pot under the control of councils. This would allow us to target the subsidy and buy specific outcomes in return for funding. I understand that your chief concern with this model is whether councils would be able to exercise control over fares. We agree that this is an important objective. It is our belief that there are ways in which this can be done without primary legislation and would like to undertake further work with your officials to explore these options.

I also note the view you expressed at the meeting that funding for concessionary fares must be fully protected. I can understand a reluctance to include it as part of a single subsidy pot because it is driven by the commitment to pay operators on a "no better no worse off" basis for delivering the national concession. But we do not believe that the commitment to fully fund the concessionary fares scheme means that it has to be funded through the current flawed funding system. Our argument is that concessionary fares could be purchased more cheaply as one outcome from a single pot of funding. Operators and councils have already negotiated fixed deals on concessionary fares in a number of areas across the country – historic Welsh and Scottish failure to secure a good deal is not evidence that such a deal cannot be reached.

I appreciate options for reform need to be developed rapidly so that they can be implemented at the same time as funding is reduced. I welcome your agreement that our officers should undertake a programme

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of work running in parallel with the spending review process to develop options for reform and address the legal and state aid issues that arise. This working group might present detailed proposals and recommendations to Norman Baker, as you suggested, by early September, with a view to implementing new arrangements from April 2011.

Finally, I wanted to clear up the confusion at the meeting over the impact of current subsidy on passenger numbers. Your department's statistics published on the 17th June show that bus passenger journeys in England decreased by 1.8 per cent between 2008-09 and 2009-10. The decrease in non-metropolitan areas was 2.4 per cent, and in metropolitan areas there was an annual decrease of 3.3 per cent. London saw a slight annual increase of 0.5 per cent. Outside London – which operates a different system of subsidy to the rest of the country - rides are down about 6% over the last decade. I feel this demonstrates our point that the current method of subsidising buses is not resulting in increased passenger numbers.

I look forward to hearing from you and hope the next stage of this work can begin immediately.

Yours sincerely,



—
Cllr Jim Harker
Vice Chair, LGA Economy and Transport Board.

22 July 2010

Motion to LGA General Assembly from Surrey County Council on Investment in UK Roads

Surrey County Council, supported by West Sussex County Council, East Sussex County Council, Central Bedfordshire Council, Hampshire County Council, Southampton City Council, Isle of Wight Council, and West Berkshire Council.

Proposes that:

“This Association expresses its concern that the state of the UK’s roads continues to provoke unnecessary problems, financial costs and huge frustrations for residents, businesses and councils alike throughout the country.

A study by Oxford Economics estimated that if transport infrastructure spending in the South East had been maintained over the past 15 years at 1% of GDP, as seen in 1989-91, UK GDP could be expected to have been around £1.6 billion (1%) a year higher by 2006 than it actually was. This in turn would have generated an additional £750 million a year in tax revenues that would be available to support public spending elsewhere in the country.

In the current economic climate, it is more important than ever that all public spending be targeted to ensure that it is achieving the greatest possible impact. This Association believes that investment in roads in areas of high economic activity creates a virtuous circle in which these areas’ economic potential can be harnessed to create more jobs, more growth and significantly higher tax revenues that can be reinvested in all areas of the country.

This Association will use its influence to lobby for this investment.”

LGA Comments

The LGA group recognises the important of investment in the UK road network. Poor quality roads present a safety risk and add to congestion resulting in cost to local economies and increased traffic emissions. We have long campaigned for investment to address historic underfunding of road maintenance. LGA lobbying earlier this year secured an additional £100m for local authorities to deal with damage to roads caused by severe winter weather, but further investment is needed to bring roads up to acceptable standards. We strongly agree with the motion that all public spending needs to be targeted to deliver the greatest impact. We have argued that this will require a radically different approach to planning and funding for infrastructure to give councils more flexibility to target investment locally. We have begun discussing proposals for reform with the government.

the national voice for local communities

*From the Chair of the Regeneration and Transport Board
Councillor David Sparks OBE*

Dr Andrew Povey
Surrey County Council
17 Durnsford Way
Cranleigh
Surrey
GU6 7LN

Date

Dear Dr Povey,

The motion on investment in UK roads raised by Surrey County Council at the LGA General Assembly meeting on 6th July was remitted to the Regeneration and Transport Board for further consideration. I am writing in my capacity of Chair of that Board to set out how we will take forward your request that the LGA lobby government on this issue.

The LGA group recognises the important of investment in the UK road network. Poor quality roads present a safety risk and add to congestion resulting in cost to local economies and increased traffic emissions. Good infrastructure networks are crucial to economic recovery, attracting jobs and investment in our towns and cities.

We have long campaigned for investment to address historic underfunding of road maintenance. LGA lobbying earlier this year secured an additional £100m for local authorities to deal with damage to roads caused by severe winter weather, but further investment is needed to bring roads up to acceptable standards. We have estimated the cost of getting all roads up to an acceptable level is in excess of £8.5 billion pounds.

The Regeneration and Transport Board will highlight this issue in our campaign for continued investment in infrastructure. We entirely agree that all public spending needs to be targeted to deliver the greatest impact. Decisions about investment in infrastructure, including roads, need to be made locally.

We are arguing that this will require a radically different approach to planning and funding for infrastructure to give councils more flexibility to target investment most effectively. We are calling for all capital investment for infrastructure to be devolved to the local level under control of councils who know how best to use it to support the

local economy. This would give councils more freedom to target investment in roads where it is a local priority.

But we recognise that in the current spending environment councils' budgets will be under extreme pressure. We therefore urgently need the freedom to develop new models to raise funding for essential infrastructure including roads. This includes models whereby we can make better use of our assets and future revenue streams to support infrastructure development and attract higher levels of investment from the private sector.

We are already talking to Ministers about our proposals for reform and will be publishing a report later this month which will set out our position in further detail. I will ensure that you receive a copy of the report and would welcome your response. If your officers wish to discuss our work further, they should contact Caroline Green (tel. 020 7664 3359; email. Caroline.green@lga.gov.uk)

Yours sincerely,

Cllr David Sparks OBE

Weathering the Storm II – Improving UK resilience to Winter Weather 2010

Recommendations

1. Councils, local transport operators, service providers and businesses should work together to review winter resilience plans to ensure they reflect priority needs locally. This should include coordination of policies and plans across administrative borders to ensure consistency in the way that road networks are treated and services are delivered.
2. Councils should provide clear information to the public and local partners on the levels of service they can expect in the event of severe winter weather both in advance of the winter and during periods of exceptionally cold weather.
3. Service providers and businesses should also review their contingency plans to ensure they can respond effectively in the event of reduced road networks and suspension of services.
4. The government should issue clear and unequivocal advice to individuals and organisations that they will not be at risk of litigation should they clear footways themselves. If, as we saw last winter, government lawyers feel unable to advise Ministers to give such guidance, the government should bring forward legislation to clarify the position.
5. The government should recognise that salt supply is a strategic resilience issue; make it clear to the firms involved that that is the government's view; and liaise with suppliers during the spring and summer to ensure that the suppliers have business continuity plans in place for the prospect of a winter of high demand.
6. Salt suppliers should improve communications with their customer base to ensure that even in times of high demand or when Salt Cell is in operation, they can provide accurate information about the size and timing of deliveries to councils. This is essential in assisting councils in making mutual aid arrangements and improving the possibility of joining up orders and deliveries to groups of councils in an area.
7. The government should secure an agreed way of working with the salt suppliers in emergency situations which clearly defines how they will use the information provided by Salt Cell and how they will communicate with customer.

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Government should reserve the right to intervene and provide logistical and communications support to the suppliers if they fail to keep to these commitments; and should hold a contingency plan for how it will do so.

8. Before next winter, DfT should review the Salt Cell process and publish a clear terms of reference, framework for operation and trigger conditions in case Salt Cell process should be required in future.
9. Groups of councils, supported by the government as appropriate should make arrangements for strategic reserves of salt held at sub-regional or regional level to be used to smooth distribution and supply problems during times of high demand. The geographical coverage and size of these reserves should be decided by the councils within the constituent area and arrangements for its use made locally.
10. Where they have not already done so, councils should let DfT know of their salt re-stocking requirements as soon as possible to ensure we enter next winter as well prepared as possible.