

18 November 2010

Item 4, Annex B

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

3rd November 2010

Dear Philip,

Following the Spending Review announcements and your recent letter to Baroness Margaret Eaton, there are a number of issues I wish to raise with you and on which I hope we can work together to address.

Funding for local transport

Substantial reductions in grant funding for local authorities make it even more essential that councils are given maximum flexibility over how funding is spent locally. Indeed, as stated in your letter, it is the Government's policy to decentralise power and funding and give councils greater flexibility to meet local needs. We welcome your commitment to develop less bureaucratic successor arrangements to the Regional Funding Allocations and that you see an important role for Local Enterprise Partnerships in this. I would urge you to ensure these new arrangements are put in place at the earliest opportunity and that they allow councils and LEPs to take investment decisions locally rather than require them to submit bids to a centralised decision making process.

The department's move to reduce the number of funding streams is also welcome. I understand however, that a number of these grants have in fact been combined to create the £560m Sustainable Transport Fund that councils will be required to bid for. This runs counter to the simplification of the grants system seen elsewhere and bidding processes will take up resources that would be better spent on transport. It is no surprise therefore that we feel strongly that funding for sustainable transport should be rolled into general funding to councils rather than subject to a bidding process.

I feel that we can make some progress on this issue by discussing the way the fund is managed and I would be keen to discuss this or indeed what potential there may be for moving the Fund into general funding.

Highways Maintenance Efficiency Programme

Given the planned reductions in funding for highways maintenance it will clearly be important that local highways authorities do all they can to maximise efficiency savings in undertaking their highways maintenance duties. However, we have concerns about the £6m Highways Maintenance Efficiency Programme announced in the Spending Review. The Local Government Group does not support single-issue funded improvement and efficiency programmes. In the past these have created a complex web of systems of advice which at best often duplicate and at worst can offer conflicting advice.

Local government's offer to the new coalition government is to take responsibility for finding significant savings in public expenditure through devolution of budgets by central government to local level. We have developed a Place Based Productivity Programme (PBPP) – a key part of the LG Group offer – to address this issue and to ensure Departments can feel secure that efficiency issues relating to the service they have an interest in are being tackled.

I hope therefore that the Highways Maintenance Efficiency Programme can be developed alongside, or preferably within the PBPP. Specifically, there are a number of workstreams in the PBPP which are of direct relevance:

- Procurement, capital and shared assets
- Shared services across areas, tiers and partnerships
- Shaping markets and new models for service delivery

This would also ensure your programme and your planned deductions are delivered as cheaply and effectively as possible – as we are able to draw on existing expertise and structures.

I think it is important that we agree swiftly how the programmes can complement one another or be rolled together.

More detail of the programme is on our website at <http://www.local.gov.uk/lgv2/core/page.do?pagelId=579930>.

Bus subsidy

The spending review confirmed that the Bus Service Operators Grant (BSOG) will be cut by 20% to save £300m by 2014/15. As you are aware from previous discussions with the LGA, it is our view that without reform to the subsidy system, these cuts will have a significant impact on local bus services and neither government nor councils will have influence over which services are affected.

The Spending Review announcement also said that government will work with bus operators and local government to examine smarter ways of administering this subsidy to get better results for passengers and tax payers. As you know, the LGA has developed proposals for a devolved system of subsidies which will help to protect bus services whilst delivering the savings outlined in the spending review and delivering better value for tax payers' money. Amongst other things, devolution of

subsidy would enable us to target public support to implement smartcards systems which is essential to ensuring that councils are able to negotiate cost effective concessionary fares schemes that accurately reimburse operators. It is essential that changes to the administration of subsidies take place alongside reductions in funding. It would therefore be helpful to understand how you intend to take forward this work and to what timescales.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Peter Box', written in a cursive style.

Cllr Peter Box
Chair, LG Group Economy and Transport Programme Board

Item 4, Annex C

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

3rd November 2010

Dear Philip,

Resilience to winter weather

Following feedback from councils and conversations that have taken place between our officers, I am writing to ensure we have a shared understanding of the situation regarding supply and stocks of de-icing salt and the potential risks of shortages should we experience a sustained period of snow fall or cold weather this winter.

I am sure your officials have informed you of the situation regarding current stock levels and the expected ability of salt suppliers to meet existing orders and for in season re-stocking. Our understanding is that suppliers have not been able to fully meet their customers' orders in advance of the winter and will not be able to replenish stocks significantly once they begin to run down. This is confirmed by feedback from councils that a number of areas have not yet received orders for salt.

This means that a few days of sustained bad weather across the country, especially if it coincides with the Christmas period, when in previous years salt suppliers have ceased production, could result in significant shortfalls in salt for some areas of the country.

Given that the suppliers' resilience level is low and they have limited reserves, it is essential that the reserve stock ordered by government is in place as soon as possible and that it is communicated to councils how they can access these reserves if required. It is also essential that we have processes in place to provide clarity about the levels of resilience of supply and transparency about any national coordination of stocks should that become necessary this winter.

LGA officers are happy to continue working with your officials to address these issues and ensure councils are fully informed of the situation as the winter progresses.

Yours,

A handwritten signature in black ink, appearing to read 'Peter Box', written in a cursive style.

Cllr Peter Box, Chair,
LG Group Economy and Transport Programme Board