

Economy and Transport Programme Board

Agenda

Tuesday 24 May 2011
11.00am

The Westminster Suite (8th floor)
Local Government House
Smith Square
London
SW1P 3HZ

To: Members of the Economy and Transport Programme Board
cc: Named officers for briefing purposes

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Economy and Transport Programme Board
24 May 2011

Notification

The **Economy and Transport Programme Board** meeting will be held on **Tuesday 24 May** at **11:00am** in **The Westminster Suite (8th floor), Local Government House, Smith Square, London SW1P 3HZ.**

Please note that there will be a Lead Members' Pre-meeting at 9:15am in the Horseferry Room (7th floor).

Refreshments will be available upon arrival and lunch from 1:00pm.

Apologies

Please notify your political group office (see contact telephone numbers below) if you are unable to attend this meeting, so that a substitute can be arranged and catering numbers adjusted, if necessary.

Labour: Aicha Less: 020 7664 3263 email: aicha.less@local.gov.uk
Conservative: Angela Page: 020 7664 3264 email: angela.page@local.gov.uk
Liberal Democrat: Evelyn Mark: 020 7664 3235 email: libdem@local.gov.uk
Independent: Group Office: 020 7664 3224
email: independent.group@local.gov.uk

Attendance Sheet

Please ensure that you sign the attendance register, which will be available in the meeting room. It is the only record of your presence at the meeting.

Location

A map showing the location of Local Government House is printed on the back cover.

Contact

Fatima de Abreu (Tel: 020 7664 3136, email: Fatima.deabreu@local.gov.uk)

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http://www.parkplaza.com/hotels/gbriver?s_cid=se.bmm2175

<http://www.novotel.com/gb/hotel-1785-novotel-london-waterloo/index/shtml>

Economy & Transport Programme Board

Date: 03.08.10

Economy & Transport Programme Board Membership 2010/2011

| Councillor | Authority |
|---------------------------------------|-------------------------------------|
| Conservative (6) | |
| Jim Harker [Vice-Chair] | Northamptonshire CC |
| Shona Johnstone | Cambridgeshire CC |
| Andrew Carter | Leeds City |
| Kevin Lynes | Kent CC |
| Philip Atkins | Staffordshire CC |
| Kevin Bentley | Essex CC |
| Substitutes: | |
| Tony Ball | Basildon DC |
| John Walsh | Bolton MBC |
| Labour (4) | |
| Peter Box CBE [Chair] | Wakefield MDC |
| Antonia Bance | Oxford City |
| Mark Dowd OBE | Merseyside Travel / Sefton Council |
| Roy Davis | Luton BC |
| Substitutes: | |
| Ranjit Banwait | Derby City |
| Tony Page | Reading Council |
| Liberal Democrat (3) | |
| Richard Knowles [Deputy Chair] | Greater Manchester ITA / Oldham MBC |
| Heather Kidd | Shropshire Council |
| Zulfiqar Ali | Rochdale MBC |
| Substitutes | |
| Isobel McCall | Milton Keynes Council |
| Independent (1) | |
| Andrew Cooper [Deputy Chair] | Kirklees MBC |
| Substitute | |
| TBC | |

**LG Group Economy & Transport Programme Board
Attendance 2010-2011**

| Councillors | 15.9.10 | 18.11.10 | 20.01.11 | 24.03.11 | 24.05.11 | 20.07.11 |
|--|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Conservative Group | | | | | | |
| Jim Harker | Yes | No | No | Yes | | |
| Shona Johnstone | Yes | Yes | Yes | Yes | | |
| Andrew Carter | No | Yes | Yes | Yes | | |
| Kevin Lynes | Yes | Yes | Yes | Yes | | |
| Philip Atkins | No | Yes | Yes | No | | |
| Norman Hume (replaced Cllr Peter Martin after 1 st meeting) | Cllr Martin attended | Yes | Yes | Yes | | |
| Kevin Bentley (replaced Cllr Hume wef: May 2011) | | | | | | |
| | | | | | | |
| Labour Group | | | | | | |
| Peter Box CBE | Yes | Yes | Yes | Yes | | |
| Antonia Bance | Yes | Yes | Yes | Yes | | |
| Mark Dowd OBE | No | Yes | No | Yes | | |
| Roy Davis | Yes | Yes | Yes | Yes | | |
| | | | | | | |
| Lib Dem Group | | | | | | |
| Richard Knowles | Yes | Yes | Yes | Yes | | |
| Heather Kidd | Yes | Yes | Yes | Yes | | |
| Zulfiqar Ali | No | Yes | Yes | Yes | | |
| | | | | | | |
| Independent | | | | | | |
| Andrew Cooper | No | Yes | Yes | Yes | | |
| | | | | | | |
| Substitutes | | | | | | |
| Tony Ball | Yes | Yes | | Yes | | |
| John Walsh | Yes | | | | | |
| Tony Page | | Yes | Yes | Yes | | |
| | | | | | | |
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Agenda

Meeting title: Economy and Transport Programme Board

Meeting date: 24 May 2011

Meeting time: 11.00am – 1.00pm

Meeting venue: Local Government House

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| Part 1 | Main agenda items for Discussion | | |
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| 2. | Current and Future Plans for Rail – Presentation from Anna Walker, Chair of Office of Rail Regulation, and Report attached | 11.05 | 9 |
| 3. | Youth Unemployment – proposed work programme – Joint report with Children & Young People’s Board attached | 11:40 | 15 |
| 4. | Competition Commission Local Bus Services Market Investigation – provisional report – Report attached | 12:15 | 23 |
| 5. | Getting Closer Update – Cllr Peter Box | 12:35 | |
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Date of Next Meeting: Wednesday 6 July 2011, Truro, Cornwall

Item 1

Note of Previous Meeting

Title: Economy & Transport Programme Board
Date and time: 24 March 2011, 11am
Venue: Local Government House, Smith Square

Attendance

| Position | Councillor | Political Group | Council |
|-----------------------|--|------------------------|--|
| Chairman | Peter Box | Labour | Wakefield MDC |
| Vice Chair | Jim Harker | Conservative | Northamptonshire CC |
| Deputy Chair | Richard Knowles | Liberal Democrat | Greater Manchester ITA / Oldham MBC |
| Deputy Chair | Andrew Cooper | Independent | Kirklees MBC |
| Members | Shona Johnstone | Conservative | Cambridgeshire CC |
| | Andrew Carter | Conservative | Leeds City |
| | Kevin Lynes | Conservative | Kent CC |
| | Norman Hume | Conservative | Essex CC |
| | Antonia Bance | Labour | Oxford City |
| | Mark Dowd | Labour | Merseyside Travel / Sefton C |
| | Roy Davis | Labour | Luton BC |
| | Heather Kidd | Liberal Democrat | Shropshire Council |
| | Zulfiqar Ali | Liberal Democrat | Rochdale MBC |
| Substitutes | Tony Ball | Conservative | Basildon DC |
| | Tony Page | Labour | Reading Council |
| Apologies | Philip Atkins | Conservative | Staffordshire CC |
| In attendance: | Paul Raynes; Caroline Green; Philip Mind; Laura Caton, Kamal Panchal; Cheryl Turner; Fatima de Abreu (LG Group), Jonathan Bray (Pteg Support Unit) | | |

Cllr Box (Chairman) welcomed members to the meeting. Cllr Box said that he had to leave early and Cllr Harker (Vice Chair) agreed to chair any outstanding items.

A copy of the LGG's Briefing of the Budget was tabled for information. Members noted that the LGG's work was reflected in the announcement which confirmed an additional £100m for councils to deal with the damage to roads caused by the severe winter weather. This is on top of the £100m announced in February, meaning councils will have an extra £200m for potholes.

1 Note of previous meeting 20 January 2011

Officers noted Cllr Ball's attendance at the previous meeting and amended the note accordingly.

Officers updated Members that further research was undertaken on streetworks and said that the letter to Norman Baker MP would be sent imminently.

Decision

Members approved the note of the last meeting.

2 Rail Franchising

At the previous meeting, Members said they wanted to discuss a response to the Government's consultation on the new InterCity West Coast franchise.

Officers briefed the Board on the policy context and asked Members for a steer on key messages for the LGG's submission.

In particular Members emphasised that greater involvement of local authorities in decisions on rail investment will ensure they are integrated with plans for local economic growth, employment, land use planning and maximise investment opportunities at the local level. Comments included:

- The Secretary of State should be required to consult all relevant Local Transport Authorities before issuing an invitation to tender for franchise agreements which affect their area;
- Local Transport Authorities should be granted co-signatory status in franchise agreements affecting their area;
- Parts of the franchise that serve predominantly urban or suburban areas wholly within a local transport authority area should be devolved to the relevant local transport authorities;
- Local Transport Authorities and ITAs should have a stronger role in monitoring the performance and delivery of rail services. This commitment should be built into the franchise;

- Once LEPs are more established they could have a role to play in ensuring that rail franchises support wider local economic development, but we need to be pragmatic about the resources available to support this;
- Franchises should be let on the basis of their ability to meet future growth in demand for rail whilst providing value for money to the tax payer. There are a number of challenges in meeting this objective and Members agreed the recommendations set out in the paper.
- Members expressed concerns about the ability to capture the benefits from the McNulty review in the light of the short timescales.

Decision

Members noted the report and agreed the suggested key messages.

Action

- Officers to draft a response to the consultation and circulate to all Board Members for comment; Caroline Green
- Officers to draft a covering letter from the Chair of the Board to the Secretary of State emphasising the key issues. Caroline Green

3 Youth Unemployment

Officers updated Members on the latest situation regarding youth unemployment and noted related announcements in the previous day's Budget.

Members strongly supported the proposal to commission a joint work programme with the Children and Young People's Programme Board and in doing this asked officers to reflect the following points:

- The impact of rising unemployment on young people's life chances, including self-esteem, confidence and National Insurance contributions;
- The challenges young people face in finding and sustaining employment, particularly in rural areas where they can face additional barriers, such as the cost of transport;
- The difficulties with measuring youth unemployment;
- The important role responsible employers can play;
- How young people will be involved in shaping our work.

Members also emphasised the importance of updating our evidence base to reflect the new policy context and ensuring we capture and share the latest good practice examples.

Decision

Members noted the report and agreed the further lobbying actions proposed.

Action

- Officers to prepare a joint Economy and Transport / Children and Young People report setting out further detail on the work programme for consideration at the May Board meetings;
- Officers to arrange a joint meeting between the Economy and Transport and Children and Young People Programme Board Office Holders.

Philip Mind / LG
Group Officers

Laura Caton /
Paul Ogden

4 Regional Growth Fund

Officers said that the outcome of round 1 bids to the Regional Growth Funds would shortly be known. Members noted that the fund was heavily oversubscribed and said that more clarity on the criteria would help to prevent councils from submitting bids which did not qualify. Members also asked officers to analyse the reasons why some bids were unsuccessful and to reflect that learning in future support to councils and advice to government.

Decision

Members noted the update.

Action

- Officers to analyse the reasons why some bids were unsuccessful and to reflect that learning in future support to councils and advice to government.

Philip Mind

5 Adult Skills

Officers outlined the LG Group's current actions in relation to adult skills. This includes making the case for LEPs to have a strategic market making role to ensure that training fits the needs of local employers, working with the 157 Group of Colleges, the Association of Colleges and the British Chambers of Commerce to identify and promote practical approaches to local collaboration on skills and highlighting the importance of strong local links between councils, business and providers of 16 – 19 and post-19 learning provision.

Members highlighted the need to rural proof local skills strategies and noted the need for the LGG's improvement offer to councils on the economy to reflect building effective partnerships with local businesses to identify employers' training needs.

Decision

Members noted the report.

6 Oral Feedback from Members

Members noted the report.

A summary note of issues arising from the Chairman's briefing meeting of the ITA Special Interest Group was tabled for Members' information.

7 Economic outlook

Members noted the report and raised concerns about the impact of big global events, such as the recent earthquake in Japan, on the British economy.

8 Universal Credit and localised Council Tax reliefs

Members noted the report.

9 EU Funding

Officers said that a meeting between Cllr Box, available Office Holders and Baroness Hanham would take place on 6 April to discuss the European Regional Development Fund. *[Post meeting note: this meeting will now take place on 6 June.]*

10 Correspondence with Ministers

Members noted recent correspondence, which included a tabled response from the Parliamentary Under Secretary of State, Bob Neill MP on Concessionary Travel.

Date of next meeting: Thursday 24 May 2011, Local Government House

Item 2

Current and future plans for rail - Office of Rail Regulation

Summary

1. Following the Board's discussion of rail franchising, and rail policy developments currently underway, at the last meeting in March, it was agreed to invite the Office of the Rail Regulator (ORR) to give a presentation to the Board on issues arising from current and forthcoming review processes.
2. The ORR is interested in Members' views on how they can ensure that communities and local government are involved in the Periodic Review consultation on Network Rail's outputs, revenue requirement and access charges, and incentives across the railway.
3. The Board will receive a presentation from Anna Walker, Chair of the ORR Board, followed by discussion of key issues arising for local government.
4. This paper provides background to the ORR, an outline of review processes and suggests issues arising from the Board's previous discussion on rail which Members may wish to raise with the ORR.

Recommendation

Members to agree next steps as set out at paragraph 9.

Action

Officers to progress proposed next steps subject to comment from Members.

Contact officer: Caroline Green
Position: Senior Policy Consultant
Phone no: 020 7664 3359
E-mail: Caroline.Green@local.gov.uk

Item 2

Current and future plans for rail - Office of Rail Regulation

Overview of the Office of Rail Regulation

1. The Office of Rail Regulation (ORR) is the safety and economic regulator for Britain's railways. As such the ORR is responsible for ensuring that Network Rail operates and plans the future use and development of the network and maintains and enhances its assets in such a way that meets the reasonable requirements of its customers and funders.
2. The ORR is led by a Board appointed by the Secretary of State for Transport and is chaired by Anna Walker. It defines its main roles as:
 - Securing delivery by the industry of its regulatory obligations;
 - Helping the mainline railway meet the long-term challenges;
 - Enhancing and keeping under review the industry's framework of incentives, accountabilities and competition.

Periodic Review of Network Rail

3. The ORR will publish its consultation on the 2013 periodic review (PR13) of Network Rail on 25 May 2011. The periodic review is one of the core functions of the ORR, is a major programme of work and will have significant implications for the industry, taxpayers and passengers. PR13 will define Network Rail's outputs, revenue requirement and access charges, and incentives across the railway, for the period from 1 April 2014 to 31 March 2019 (control period 5 – "CP5"). The process provides an opportunity for the LG Group to influence the future regulatory framework for Network Rail to improve accountability and integration with local transport investment.
4. The key milestones in the Periodic Review process are as follows:
 - May 2011 – ORR consultation on the objectives for PR13 and the key regulatory framework issues which require early debate and resolution;
 - September 2011 – Network Rail and its industry partners publish the initial strategic business plan (ISBP);
 - February 2012 – ORR put advice to ministers and publish a framework for setting outputs and access charges;
 - July 2012 – the Secretary of State and Scottish Ministers each publish their 'high level output specifications' (HLOS) and 'statements of public funding available' (SoFA);
 - January 2013 – Network Rail publishes its strategic business plan;

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- June 2013 – ORR publish their draft determination on Network Rail's outputs and access charges for 2014-19; and
- October 2013 – ORR publish their final determination on Network Rail's outputs and access charges for 2014-19 which will take effect on 1 April 2014.

Wider Policy Developments

5. The ORR Periodic Review was originally planned to begin in October 2010, but was delayed in order to take into account the improving rail value for money study led by Sir Roy McNulty (Final report expected on 19 May), the Department for Transport's strategic reviews of franchising and Network Rail's structure, and the comprehensive spending review. The outcome of these reviews will have significant implications for the industry which will need to be reflected in the PR13. The DfT is expected to publish a Green Paper on rail in summer 2011 followed by a White paper in November 2011.

Suggested issues for discussion with the ORR

6. The McNulty VfM study has identified substantial scope for savings from reducing Network Rail and Transport Operating Company (TOC) costs and improving value for money. The study estimates that this could yield £50-100 million in year 2014/15, increasing to £600 million - £1 billion by 2018/19. How will the new Regulatory Framework ensure these savings are delivered without affecting the investment required in rail infrastructure?
7. Rail is on a strong underlying growth trend and in the current fiscal climate there is a risk that investment decisions will be made on the basis not of meeting forecast demand, but on the amount of public money available. The LG Group has argued that Network Rail and the Train Operating Companies should be encouraged to look beyond public subsidy to other models for transforming revenue growth into investment, including for example Tax Increment Financing, maximising potential of developments around stations, linking with local and regional development schemes. How can the ORR support this approach?
8. Transport networks, including rail, are crucial to the sustainable economic development of cities and local economies. Therefore decisions on rail investment need to be integrated with plans for local economic growth and employment and land use planning to ensure that local transport networks serve the needs of the local economy and promote growth. How does the ORR ensure that local requirements and benefits are taken into account in determining outputs for Network Rail?

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Next Steps

9. A potential way of taking forward issues raised by the discussion at the Board and to facilitate wider engagement with local authorities would be a joint LG Group / ORR seminar during the consultation of the PR 13 objectives. Members are asked for views on this proposal.

Financial Implications

10. The proposed action can be delivered within the Board's existing work programme budget.

Item 3

Youth Unemployment – proposed work programme

Purpose of report

1. This report invites the Boards to discuss how the LG Group can help councils improve youth engagement in work and learning and outlines a draft work programme.

Summary

2. At the March meeting the Economy and Transport Board agreed that youth engagement is a key issue for local communities and that the LG Group should develop a work programme under the joint governance of the Economy and Transport Board and the Children and Young People's Board.
3. This paper outlines, for discussion, a work programme that will explore what is needed to enable personalised, local support to engage young people more effectively in learning and work, taking account of place and community. A key feature of the programme will be the involvement of young people and the voluntary and private sectors.
4. In our previous work on youth engagement – the Hidden Talents programme – we identified the over-centralisation and fragmentation in policy and delivery. We will re-assess that fragmentation, and explore the innovative solutions a more joined-up approach would allow.
5. Youth unemployment is attracting considerable media attention and Members may be particularly interested in the **attached** article that recently appeared in the Daily Telegraph.

Recommendation

The Board are invited to comment on the paper.

Action

Officers to take forward members' suggestions.

Contact officer: Phillip Mind
Position: Senior Policy Consultant, LGA
Phone no: 020 7664 3243 **E-mail:** Philip.mind@lga.gov.uk

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Youth Unemployment – proposed work programme

Background

1. At their March meeting, the Economy and Transport Board discussed: the impact of rising unemployment on young people; the challenges young people face in finding and sustaining employment, particularly in rural areas; the debate about measuring youth unemployment; and the important role responsible employers can play.
2. The Board identified youth unemployment as an issue of critical importance to local communities now and in the future noting that the young people who experience long periods of unemployment find that it scars their future earnings and well-being. They also noted that whilst at the national level there may be partisan political exchanges about youth unemployment, councils face very immediate questions about how to reduce it and handle its impact of in their communities.
3. Officers were invited to outline a work programme building on the Hidden Talents programme¹ for both the Economy and Transport and the Children and Young People's Board to discuss.
4. The rest of the note focuses on the issues we will explore and how we will approach the task.

The issue

5. The Board correctly identified that there is an issue about how to measure youth unemployment and define the problem. There are different definitions and measures of youth engagement and unemployment. For example, national figures show that 963,000 of young people are unemployed, whereas if full time students are excluded the figure falls to 666,000. Participation in education has been volatile; the new NIACE participation survey, which the LG Group part funds, shows 17-24 year old participation in education soaring last year.

¹Concerns about the overall level of youth engagement in productive activity, principally work and learning, prompted the Hidden Talents work programme, which began in 2009 at Baroness Eaton's request.

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6. Youth engagement has been an intractable issue. Successive governments, working with local government and through other bodies, have found it difficult to reduce the overall proportion of young people not in education, employment and training which has been around one in ten for decades.
7. Around the national averages, there is significant local variation. In some places such as Birmingham nearly as many as one in three young people are unemployed, whereas in Hereford the figure is one in ten. Our analysis needs to look carefully at the importance of place and how it shapes opportunity, taking account of the variations between urban, rural, suburban and coastal places.
8. There is also a complex interplay between place, family, community and the characteristics of the young person. We know for example that graduate unemployment is nearly double the rate at the start of the recession.
9. We will also develop an evidence base of what works best – the Young Foundation is currently pulling together examples of successful, innovative approaches on our behalf.
10. Our analysis of local variation, and successful local projects, are the foundations of the case for more localised approaches.

The scope of our response

11. In Hidden Talents, we advocated, and secured a consensus, for these innovative local solutions that put young people, their families and the community at the heart of the solution and which are delivering results. But this report was written within the framework of the previous government's policies.
12. Our analysis therefore needs to look again at how the policy framework can enable what works best. We know that fragmentation is a problem and we need to revisit to what extent deficit reduction has impacted on "the crowd around the customer" that results from multiple funding streams, commissioning channels and delivery organisations.
13. At the same time, the policy landscape is changing quickly as a result of government policy. There are particular features of that changing landscape which offer opportunities (and risks) that we would like to explore closely including:
 - Engaging young people more effectively was a feature of some places work, for example Worcestershire, under Total Place. Joining up services

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for young people would seem particularly suited to the community budgets approach that seeks to put Total Place into action;

- A strong feature of our Hidden Talents analysis was a focus on early intervention and the advocacy for programmes like the Family Nurse Partnership, subsequently championed by Graham Allen MP in his work on early intervention. The next phase of that work is on developing new funding methods which could be applied to engaging young people more effectively in work and learning where the outcomes in terms of jobs and qualifications are clearly measurable and suited to payment by result funding mechanisms;
- Preparing local authorities for their statutory role to support the delivery of the age rise in compulsory participation in some form of education or training up to 17 years old by 2013 and 18 years old by 2015;
- The welfare reforms, including the introduction of the Work Programme and universal credit, to provide better support to get people into work and improve work incentives and new national volunteering initiatives including the National Citizens' Service;
- The government's market based reforms to the skills system make it vitally important that learners are able to make well-informed choices based on high quality information, advice and guidance and provider transparency about job outcomes;
- Local enterprise partnerships could play a strategic market making role to ensure that youth training fits the needs of local employers and local people, in particular to drive up the quality and quantity of work-based training, including apprenticeships and support for young entrepreneurs.

14. In developing these lines of enquiry, we will be able to draw on the Group's wider programme of work, for example, on community budgets and our work with the 157 Group of colleges on how colleges and local enterprise partnerships can work together effectively.

Working with partners

15. We developed the Hidden Talents programme with young people, councils, the Centre for Social Justice and a number of voluntary sector partners including the Prince's Trust, Groundwork UK and Rathbone.
16. In the next phase of work, we would like to deepen this partnership working. We are already in touch with Groundwork whose trusts typically work in deprived local economies. The voluntary sector was particularly helpful in helping us engage with young people during the development of the Hidden Talents programme.

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17. Given the key role of the private sector, we would place particular weight on their participation, both as employers and also as providers of public sector programmes, including the Work Programme.

The outputs

18. Against that background, and given that addressing youth unemployment will be a local priority in many areas, we see the main building blocks for a programme of work – on a task and finish basis – (as broadly described in the previous paper to the Economy and Transport Board) including:
- An LG Group “green paper” a fresh analysis now that the government’s policies are beginning to become clear, exploring what is now needed in a reformed public sector landscape to enable effective local approaches to youth unemployment, tackling the fragmentation in the system and putting particular emphasis on the difference that place makes;
 - An Autumn Local Government Youth Unemployment Summit to promote our analysis and lobbying asks bringing together our partners and involving young people;
 - Support and peer challenge to local enterprise partnerships inviting those that are leading the way working with 14-19 partnerships - in sorting out the traditional weaknesses in work based learning and increasing in the number of apprenticeships on offer - to publicise their approaches;
 - A campaigning lobbying strategy that puts councils at the forefront of the public debate calling for action, mobilising support from national government, the private and voluntary sectors.
19. The Board are invited to discuss the issues and comment on the work programme outlined in this note. Are members content with the scope, partnership approach and outputs?

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Annex A

Extract from Daily Telegraph 12 May 2011

A scandal that David Cameron will struggle to shake off

It's hard to be optimistic about No 10's package of measures to tackle youth unemployment.

Of all the ill-effects of the financial crisis, perhaps the most pernicious is the scourge of youth unemployment. Since the crisis began, unemployment among 16- to 24-year-olds not in full-time education or training has risen from around 16 per cent to more than 20 per cent, substantially reversing gains of the previous 10 years.

Nor does the official data fully capture the scale of the problem, for it only measures those who make themselves available for work. To take account of the economically inactive, and those who cannot work, or leave the country in despair to travel and work overseas, you'd need to add another five to 10 per cent, possibly more.

Against Spain's youth unemployment rate, which is in excess of 40 per cent, the UK statistics don't look too bad – but favourable comparison with the depression-hit Iberian peninsula is hardly a consolation. Having been substantially below the OECD average, Britain is now well above it, with rates of joblessness among the young more than double those of the "apprenticeship nations" of Austria, Germany and Switzerland.

Yesterday, in announcing a £60 million package of measures to get the young working again, David Cameron called the current state of affairs a "scandal", and so it is. Those who don't get jobs in their early years tend to remain disaffected for life.

Failure to integrate early into the workforce creates a potentially permanent state of alienation, loss of self-esteem and an insurmountable skills deficit. We are in danger of squandering a whole generation of our most precious resource – our youth.

In as far as it went, the package of measures announced by No 10 seems reasonable enough, even if it does look suspiciously like one of those New Labour press releases, where everything conceivable the Government is doing to tackle the problem is scraped together and then "re-announced" as an all-embracing new initiative.

To cite, apparently in all seriousness, "the fiscal consolidation measures" as a policy designed to promote youth employment – because of their supposed benefits in providing "a foundation for growth" – is stretching it a bit. I may broadly support the cuts, but it's ludicrous to suggest they'll do anything to help youth unemployment.

As for the rest, there is something wearily familiar about the breathless list of apprenticeships, vocational training, education and welfare reform. I seem to have read it all before somewhere – there will almost certainly be a version of this well-intentioned guff from another era gathering dust in the bowels of Whitehall.

Perhaps surprisingly, given the depths of the economic contraction we've just been through, youth unemployment is actually a little bit lower today than after the recession

of the early 1990s. From Labour's New Deal onwards, no expense was spared in trying to crack the problem. A vast alphabet soup of initiatives and programmes emerged from the Blair years. It did little good, however.

It's true that long-term youth unemployment was seven percentage points lower by 2007 than 10 years previously. As ever, however, the statistics are somewhat misleading. In fact, there was a marked deterioration towards the end of that period. What's more, according to OECD analysis, there was a five-percentage-point deterioration in the proportion of 16- to 24-year-olds in employment over the first 10 years of Labour's rule. The apparent contradiction of reduced unemployment and declining employment is explained by the growing proportion of youths in higher education or economically inactive.

Like much of what occurred during those years, the improvement was as much illusion as reality, and to the extent that real progress happened at all, it is much more likely to have been driven by a decade of uninterrupted growth than targeted public policy.

It's therefore hard to be optimistic about this latest stab at the problem. If the causes of high youth unemployment were simply bad policies, then things would be easy enough to correct. Yet they are as much structural as anything else, and this is a hugely more difficult nut to crack.

At root, there are essentially only three reasons for unemployment. First, and most important, is a lack of jobs. This isn't something that's going to change any time soon. Second is a lack of the requisite skills. In the past, there used to be a safety net of relatively well-paid employment to catch the always-significant numbers who come out of education ill prepared for work. Thanks to technology and globalisation, this has gone. Only the skilled and the trained will now progress. And finally, there's lack of incentive. Welfare reform will help, but again it'll take time, and it won't have much traction unless there are jobs to be had.

If we could only copy the German "dual system" of apprenticeships and vocational training, we'd be home and dry. Unfortunately, it's a system that only works because of Germany's extensive manufacturing base, and in particular its *Mittelstand* of small and medium-sized engineering companies. That would take decades to replicate.

The truth is that success in tackling youth unemployment will require bold, long-term thinking, as well as a recognition that policy will take years to deliver results. Regrettably, our politicians don't tend to be very good at that sort of thing.

Item 4

**Competition Commission local bus services market investigation –
provisional report**

Summary

The Competition Commission published a report of provisional findings of its Local Bus Market Investigation on 6 May. This paper provides a summary of those findings and proposed remedies and seeks Members' views on the findings, key elements of the LG Group's response and suggested next steps.

Recommendations

Members are invited to comment on:

- The proposed LG Group's response to the provisional findings and proposed remedies (paragraph 8), and
- The suggested means of progressing policy work on buses (paragraph 9)

Action

LG Group officers to progress work programme on buses subject to Members' views on proposed next steps.

Contact officer: Caroline Green
Position: Senior Policy Consultant
Phone no: 020 7664 3359
E-mail: Caroline.Green@local.gov.uk

Item 4

Competition Commission local bus services market investigation – provisional report

Summary

1. The conclusions of the Competition Commission provisional findings from their investigation into local bus services vindicate the arguments and positions that the LGA has been campaigning on for a number of years and reflect the policy solution proposed in the LGA publication last summer that **councils should have a greater ability to commission and stipulate standards on bus services by contracting with operators to deliver services in a local area.**
2. The LGA issued a press release (attached at annex A) in response to the announcement.

Background

3. The Office of Fair Trading (OFT) referred the local bus market to the Competition Commission (CC) in January 2010, following its initial study into the sector and public consultation. The CC is now carrying out a comprehensive investigation to see if any features of this market prevent, restrict or distort competition and, if so, what action might be taken to remedy the adverse effects on competition. The investigation is looking at both competition in the provision of local bus services and competition in the tendering of contracts to operate supported bus services.
4. The CC published a report of provisional findings on 6 May 2011 and concluded that there is a lack of competition in local bus markets in the UK (excluding London and Northern Ireland). The report also seeks views on addressing this problem and is exploring councils' role in encouraging competition, and specifically whether franchising (where operators would compete for the right to provide services) might be required in cases where there has been a particularly marked failure of competition.
5. The CC is now seeking responses to the report and proposed remedies by the end of May and intends to publish its final report in November 2011.

Provisional findings of the Competition Commission

6. In summary, the key findings of the report which the CC is now seeking views on are as follows:
 - Head-to-head competition is limited and is unlikely to be sustained. This prevents lasting competition developing and also deters potential entrants;

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- Local markets often exhibit persistently high levels of concentration at both the route and local area levels - the average share of supply of the largest operator in an urban area is 69 per cent;
- There are 1,245 bus companies in the UK (outside London and Northern Ireland), but the five largest operators (Arriva, FirstGroup, Go-Ahead, National Express and Stagecoach) provide 69 per cent of local bus services. Only five other operators have a share of services which exceeds 1 per cent of the reference area as a whole;
- The five largest operators have tended to make profits above the cost of capital over the last five years (this for competition regulators is one rule-of-thumb indicator of whether the market is operating fairly);
- Incumbent operators can benefit where multi-operator network tickets are inferior to their own network tickets;
- Incumbents have an advantage over new entrants in the fact that they are already running an existing network;
- Entrants can sometimes have difficulties in accessing bus stations on fair terms and developing depots;
- The great majority of urban areas have not experienced any large-scale entry in recent years—risks and costs are likely to increase with the scale of entry;
- Many of these factors result from both the historical and present-day operation of the bus industry;
- A substantial proportion of trips are accounted for by multi-trip tickets. This indicates that network effects can be important and that passengers will often commit to an individual operator's services through the purchase of an operator-specific multi-journey ticket;
- Partnerships between operators and Local Transport Authorities (LTAs) do not cause an adverse effect on competition, although the concessionary fares schemes could encourage higher fares if new guidance to travel concession authorities is not followed;
- Concern about adverse publicity and relationships with LTAs can moderate operators' behaviour;
- The low number of operators in some areas, along with the design of tenders themselves, restricts competition for tendered services.

Remedies proposed by the Competition Commission

7. The CC is also consulting on possible remedies to address the competition problems identified in the report, including:
 - Recommendations to LTAs on the circumstances in which to pursue Quality Contracts, or other franchising models, in areas most affected by a lack of competition;
 - Measures to increase the number of multi-operator ticket schemes and to ensure that these are effective and attractive to customers;

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- Restrictions on aggressive behaviour, such as 'overbussing' on particular routes and other obstructive behaviour aimed at reducing a rival's ability to compete;
- Ensuring fair access to privately owned and managed bus stations for all operators;
- Recommendations to LTAs on how to use other powers (for example, Quality Partnerships) to promote competition or improve outcomes to local consumers;
- Recommendations to the Department for Transport (DfT) to update its best practice guidance on supported services in the light of the CC's findings, to the Scottish Government and Welsh Assembly Governments to develop suitably tailored guidance and to LTAs to follow this guidance, in order to increase the number of operators bidding to win such contracts; and
- Measures to make more information available to LTAs and potential bidders about the performance of supported services.

Proposed LG Group response to the Commission's provisional findings

8. Members are asked for views on the LG Group's response to the provisional findings and proposed remedies, and in particular, the following suggested key messages:
- The LG Group supports the key findings and conclusions of the report which endorse the findings of our own work that found that limited competition within local bus markets adversely affects services and outcomes for bus passengers;
 - Councils have an important role to play in increasing competition. The report supports the conclusion that more towns and cities should make greater use of franchise arrangements to introduce and ensure genuine competition in the market at the point where bus operators compete for contracts;
 - Under this model, councils would let contracts to bus operators for specified services or bundles of services through an open tendering process. Councils would be able to set output specifications for routes, frequencies, fares and vehicle standards, therefore delivering better value for money for passengers and tax payers;
 - Councils commissioning services would allow them to hold bus operators to account for the billions of pounds of public subsidy that is annually paid to bus companies. This will require replacing the existing package of support for bus subsidies with a single stream of public funding for bus services delegated to councils to commission services and specified outcomes (such as the concessionary fares scheme).

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Next steps

9. Members are asked to comment on the suggested means of progressing policy work on buses:
 - LG Group submission in response to the Competition Commission provisional findings (by the end of May 2011);
 - Present the LG Group views on the CC report to Ministers and bus operators at the Bus Partnership Forum meeting on 11 July 2011;
 - Feature the CC findings and the LG Group response at the session on bus services at the LG Group's annual conference at the end of June 2011;
 - Ensure that the CC findings are reflected in on-going discussions with Ministers and officials to inform proposals for the reform of bus subsidy expected in summer 2011.

Financial Implications

10. The proposed actions can be delivered within the Board's existing work programme budget.

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Annex A

Councils best placed to ensure more competition among bus operators

LGA media release - 10 May 2011

Responding to the Competition Commission's interim findings on opening up the bus market, Cllr Peter Box, Chairman of the Local Government Association's Economy and Transport Board, said:

"The Competition Commission's findings vindicate what councils have long been saying.

"We need to break up the markets and introduce more competition in the bus industry to stop a small number of multi-national companies dominating our towns, cities and villages. This report recognises that councils are best placed to commission services, which would increase competition locally and deliver better value for money for passengers and taxpayers.

"It is not right that bus barons can claim billions of pounds from the public purse while hiking up fares, and passengers are left with no alternative from other operators. "The logical conclusion to draw from this report is that more towns and cities should make greater use of franchise arrangements, similar to those in London, which would bring more competition into the market.

"Councils should also be able to hold bus operators to account for services, standards and fares in return for the £2.6 billion of public money invested in bus services every year.

"Bus travel is the most popular mode of public transport in England, but taxpayers and passengers are being short-changed.

"Putting councils and residents in the driving seat will help ensure all public funding for buses is used to subsidise the running of vital services and not just to prop up the profits of routes which are already making money."

ENDS

Notes to editors

1 In 2009/10 bus operators received £2.6 billion in public subsidy. One-third of this is controlled by councils, which means local authorities and residents have little say in which services are operated locally in return for the national subsidy bus operators receive.

2 The Office of Fair Trading (OFT) referred the local bus market to the Competition Commission in January 2010. The commission is carrying out a comprehensive investigation to see if any features of this market prevent, restrict or distort competition and, if so, what action might be taken to remedy the resulting adverse effects on competition. For further details of the commission's interim findings go to: http://www.competition-commission.org.uk/press_rel/2011/may/pdf/2611_Press_Release.pdf

24 May 2011

Item 6

Oral Feedback from Members

Summary

The latest monthly report to the LG Group's Councillors' Forum from the Chairman, Cllr Peter Box, is attached for information (**Annex A**). This include summaries of all other Members' attendance at other meetings.

Members are invited to comment and to raise any other business.

Recommendation

The Board is asked to provide any steer for future meetings that may be required.

Action

Subject to comment from the Board, officers to take forward any suggested actions.

Contact officer: Laura Caton
Position: Business Manager, LG Group
Phone no: 020 7664 3154
E-mail: laura.caton@local.gov.uk

£100m additional funding for pothole repairs

1. The LGG has been lobbying for additional funding for local authorities to repair damage to local roads caused by this winter's severe weather. I was very pleased that our work was reflected in the Budget announcement which confirmed an additional £100m for councils to deal with the damage to roads. This is on top of the £100m announced in February, meaning councils will have an extra £200m for potholes. The additional funding is of course a very welcome contribution, but the LGG will continue to highlight the importance of tackling the much bigger £9bn road maintenance backlog and arguing for road maintenance to be sufficiently funded in future.

Streetworks

2. I wrote to Norman Baker to raise councils' concerns about damage caused to roads by streetworks undertaken by utility companies. I emphasised the importance of ensuring that councils have sufficient powers to recoup the costs of this damage and to manage streetworks in order to minimise disruption to road users. The letter urged the Minister to make progress in making it easier for councils to implement streetwork permit schemes and enact unused legislation that would make it easier to recoup costs from utility companies.
3. On April 20th, I appeared on BBC One's Breakfast show and was interviewed on Radio 4's Today Programme, Radio 5Live and several regional radio stations calling for councils to be given greater powers to tackle utility companies which botch road repairs.

Buses

4. Cllr Jim Harker met Transport Minister, Norman Baker MP, on 30 March to discuss the future of bus subsidies. Cllr Harker set out the LGG's proposals for reform of the bus subsidy system. The Minister indicated his intention to consult on options for reform later this year and LGG officers will now work with DfT officials to work up options for reform. Cllr Harker also gave a presentation on concessionary fares to the Urban Commission on 30 March.
5. I gave evidence to the Transport Select Committee enquiry on Buses after the Spending Review on 22 March. The committee was interested in how spending cuts were impacting on councils' support for socially necessary bus services and how councils have consulted with their communities on making the cuts. In response, I emphasised that councillors are democratically accountable for decisions about future support for buses and alternative transport provision, and that these decisions will vary across the country given the local nature of bus services and in view of other local priorities. I also explained to the committee

how the LGG's proposals for reform of the bus subsidy system would mitigate the impact of the cuts.

Integrated Transport Authority

6. I chaired a meeting of the Integrated Transport Authority special interest group on 22 March. The meeting provided the opportunity to discuss key issues affecting ITAs and the LGG's current work on transport, the economy and lobbying on the localism bill and to identify areas where we can work together to influence policy.

Air Quality

7. Mayor Dorothy Thornhill, Deputy Chair of the Environment and Housing Programme Board, and I met Ministers Lord Henley (Defra) and Norman Baker (DfT) to discuss air quality on 16 March. The Ministers agreed that a more coordinated, strategic approach across local and central government is needed to tackle the problem. Officials will now be working together more formally to coordinate evidence in order to create a better shared understanding of the problem and potential actions at local and national level. This work will inform a further political meeting later in the year.

Local Enterprise Partnerships

8. Lead members of the Economy and Transport Board spoke at joint LGA/Association of Colleges events for local government, colleges and other local partners in Durham, London and Warrington on the development of effective relationships between local training and skills providers and local enterprise partnerships.

LG Group Economy and Transport Programme Board

9. At the last meeting of the Board on 24 March, Members agreed key messages that will inform the LGG's response to DfT's consultation on the InterCity West Coast rail franchise. This will make the case for councils to have a stronger role in franchising so that decisions on rail investment are integrated with plans for local economic growth and local transport networks. Members also commissioned the development of a work programme, in conjunction with the Children and Young People's Programme Board, about how the LGG can help councils to respond to rising youth unemployment. The full agenda and reports to the Board are available on the LGG website at <http://www.lga.gov.uk/lga/core/page.do?pagelId=46040>

European Transport Policy White Paper and EU Update

Purpose of report

For information.

Summary

This paper updates on two areas of activity, first outlining EU transport developments, particularly key messages from the recently published EU White Paper on the Future of Transport Policy, and second updating on developments with regards to EU funds.

Recommendation

Members are asked to note the report.

Contact officer: Peter Broad / Nick Porter
Position: Policy and Public Affairs Officer, LGA
Phone no: 020 7664 3113
E-mail: peter.broad@local.gov.uk / nick.porter@local.gov.uk

European Transport Policy White Paper and EU Update

White Paper on an EU strategy for the future of transport

1. In March 2011, the European Commission published its White Paper on the future of transport, setting out an EU transport strategy for the next ten years (2011-2020).
2. The paper sets out ten targets for a 'competitive and resource efficient transport system' including a 60% cut in emissions by 2050. To achieve this it introduces an action plan including 130 initiatives, in particular the following may have implications for councils:
3. On **urban mobility**, proposals include: a requirement that urban mobility plans for cities of a certain size should meet certain EU standards, making EU funding contingent on them, and an EU 'framework' for urban road pricing schemes, potentially including mandatory standards on equipment and infrastructure.
4. Revisions to **EU passenger rights** to extend the rights and access to transport for passengers who have reduced mobility, and for passengers on multimodal journeys covered by integrated tickets. Currently local services are exempt from the most burdensome EU passenger rights obligations.
5. On **road charging**, the strategy proposes including mandatory charging for heavy goods vehicles (HGVs) on major inter-urban roads by 2016 and a comprehensive Europe-wide charging scheme for all road transport by 2020. Distance-based charging is preferred by the EU rather than time-based road charges, which are detailed in the UK government HGV charging proposals.
6. The strategy plans to further **liberalise competition** in the transport sector, including making competitive tendering compulsory as well as ensuring vertical separation of rail infrastructure from operations. In most cases, however, proposals do not go beyond the status quo in the UK. Neither the white paper nor current EU rules, on public service contracts for transport and on state aid, represent a barrier to the LGA proposals for reform of funding for buses.
7. The **Trans-European Transport Network** (TEN-T) programme, which offers co-financing for major transport infrastructure projects, will be revised. New EU debt financing instruments, in particular the Europe

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2020 project bonds, could offer sources of finance for large-scale infrastructure projects.

8. **LG Group activity:** The LGA responded to the consultation which prepared the White Paper. The LG Group European and International Chair subsequently met with the European Parliament to raise local issues. LG Group officers are currently working with European counterparts to highlight the local implications of the proposed initiatives. The highlighted areas of interest will be monitored for the legislative proposals which will implement the strategy.

Directive on green vehicle public procurement

9. This directive dictates that all purchases of road transport vehicles by public authorities, or by transport operators charged with public service obligations, must take into account the lifetime energy and environmental impacts of the vehicles. All road transport vehicles are covered, although certain specialist vehicles, such as fire engines, can be exempted by national regulations. Councils have had to comply with the directive since 4 December 2010. Government is yet to introduce national regulations and guidance required by the directive, and the LGA is working to ensure that full guidance is available to councils as soon as possible.

Road safety: cross-border enforcement of traffic offences

10. A proposed EU directive on the cross-border enforcement of road offences will make it possible to prosecute drivers from one EU country who commit a traffic offence in another, by making vehicle registration data from other European states accessible. The draft directive focuses on specific offences with a road safety impact, and would help councils prosecute against certain traffic contraventions, particularly the use of bus lanes. It could also pave the way for other forms of cross-border enforcement to be introduced in future, for instance on parking violations. Government has said it supports the directive in principle, and may choose to opt-in once an agreement is reached. The proposal is expected to be agreed in autumn 2011. Domestically, the LGA is working to ensure that councils' road traffic enforcement powers, granted under the 2004 Traffic Act, are fully implemented by government.

EU funding update

The current programmes 2011-13

11. European Social Fund (ESF). The Department for Work and Pensions (DWP)'s has decided to spend £200m of ESF to support employment prospects of families with multiple problems, moving customers closer to the labour market. Invitations to tender are set to go out at the end of May, with contracts going live in the autumn. We are lobbying for local authorities to work locally with DWP and the Prime providers to co-commission provision, rather than acting solely as referral agencies, to ensure ESF provision is aligned with other support to families. Our view has been expressed at officer meetings involving many local authorities including those from Community Budget areas. The LG Group Chairman has written to the DWP Secretary of State requesting a meeting to find common ground on which to move forward, so that investment achieves the best possible local impact.
12. European Regional Development Fund (ERDF). New arrangements for managing ERDF are due to go live on 1 July 2011, when Regional Development Agency ERDF secretariats will move into DCLG. Since the last board meeting it has become evident that of the 50 successful Regional Growth Fund bids, only one was linked to ERDF, re-igniting concerns that valuable investment will be returned to Brussels due to an absence of match-funding. Members of the Board are due to meet with Baroness Hanham on 6 June to raise concerns and help seek assurances that communities will not be denied this valuable investment.

The future programmes 2014-20

13. In Brussels, debate on the future of EU funds is entering a critical point, as regulations on the future EU Budget and the future of structural funds are expected in spring 2011. Key issues under debate include: the amount of resources allocated to structural funds and to the CAP, the range and type of priorities that EU funds might support; and the role of local partners. LG Group officers continue to work with European Commission officials and the European Parliament.
14. In Whitehall, LG Group officers have initiated a cross-Government working group to consider how local areas might support European funds. As part of this work the Group will commission a number of local areas to explore the issues in greater depth, making a series of recommendations back to government, and forming a central part of the local government lobbying effort.

Item 8

Economy Update

Purpose of report

The report provides a brief update for the Board on economic news of interest to local government.

Summary

This note summarises the main macro-economic news and the opportunities available to local enterprise partnerships

Recommendation

Members are asked to note the report.

Contact officer: Phillip Mind
Position: Senior Policy Consultant, LGA
Phone no: 020 7664 3243
E-mail: philip.mind@local.gov.uk

Item 8

Economy Update

The economic situation

1. The economic recovery remains fragile:
 - GDP rose by 0.5% in the first quarter of 2011;
 - Inflation, as measured by Consumer Price Inflation, is at 4%, double the target rate and the Bank expect it to rise further;
 - Interest rates remain at 0.5% which while good news for borrowers (not for pensioners, others on fixed incomes and savers) reflects concerns in the Monetary Policy Committee at tightening both fiscal and monetary policy simultaneously at this stage in the recovery.
2. The GDP data for the first quarter of 2011 published on Wednesday 27 April was not the watershed moment some were expecting – although the figures show a bounce back from the fall in GDP in the previous quarter, it was not dramatic.
3. Inflation fell to 4% in March, down from 4.4% in February as measured by the CPI. The corresponding figures for the RPI (which includes mortgage interest payments) are 5.3%, down from 5.5% In February. This fall is attributed mainly to falling prices for food and non-alcoholic drinks.
4. Inflation is double the target rate. At the April meeting, three out of the nine members of the Monetary Policy Committee voted for a rise in interest rates to bring inflation into line with the inflation target. The Bank Rate has now been at 0.5% since 5 March 2009.
5. Within the business community, there are concerns about the impact of an interest rate rise on business and consumer confidence. The latest figures on new car sales show that they are down 7.4% on the previous year, although the SMMT is predicting that nearly two million new cars will be registered in the UK this year.
6. Unemployment and job creation remains a concern. The number of people unemployed fell by 17,000 in the three months to March to 2.48 million. The unemployment rate for young people between 16 and 24 years old continues to rise, up 12,000 on the last quarter and reflected in the government's announcement of extra funding for apprenticeships. A separate paper for the Board explores the worrying youth unemployment situation in more detail.

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The issues for local government

7. The government has made (or is about to make) a number of announcements which are relevant to local enterprise partnerships' capacity to promote local economic development:
 - A LEP start-up fund of £5 million will be allocated through a bidding round. Bids can be made until the end of June – this is a government u-turn;
 - Work Programme Prime Contractors have now been appointed on the geography of 19 Department of Work and Pension's Contract Package Areas – they will be key partners for councils and LEPs alike;
 - Lord Heseltine has held the first road show in Margate on the second round of the Regional Growth fund. £950 million will be allocated through a bidding round – bids to be submitted by 1 July;
 - Some LEPs will be developing their proposals for Enterprise Zones for submission by the end of June;
 - The next phase of pilot activity on superfast broadband¹, in areas where it will not be provided without public subsidy, is likely to be announced later this month. Broadband UK has received 18 bids (some are sub-regional).
8. In addition, on 6 April, CLG announced that British Chambers of Commerce will bring together a new government-funded national network of local enterprise partnerships, which David Frost, the BCC's Director General, will chair.
9. Finally, a pan-Lancashire LEP is the most recent LEP to be agreed by government bringing the total number to 33 covering 93% of England's population, 93% of its employees and 92% of businesses.

¹ The first phase includes North Yorkshire, Herefordshire and Cumbria.

Item 10

Correspondence with Ministers

Summary

Members are invited to note correspondence with Ministers since the last meeting of the Economy and Transport Programme Board on 24 March 2011. This covers:

- Baroness Eaton to Steve Webb MP on Localisation of the Social Fund;
- Response from Steve Webb MP on above;
- Norman Baker MP to Cllr Box re Streetworks
- Cllr Box to Norman Baker MP on powers to manage streetworks

Recommendation:

The Board is asked to note the correspondence attached.

Action:

Subject to comment from the Board, officers to take forward any suggested actions.

Contact officer: Laura Caton
Position: Business Manager, LG Group
Phone no: 020 7664 3154
E-mail: laura.caton@local.gov.uk

From the Chairman of the Association
Baroness Eaton DBE DL

Steve Webb MP
Minister for Pensions
Caxton House
Tothill Street
London SW1H 9DA

28 March 2011

Dear Steve

LOCALISATION OF THE SOCIAL FUND

We met on 8 February to discuss LGA's concerns about the localisation of the Social Fund.

At the meeting, we agreed that the case for localisation would be stronger if it could be shown that the customers for community care grants and crisis loans were in touch with social services. That analysis has not been made available to us since the meeting.

We have also consulted more widely in the sector since that meeting and new concerns about the proposals have emerged which are set out in the note attached. A key concern is the funding available to meet the need, and the exposure to future increases in caseload resulting from either government policy decisions or the economic cycle.

I feel councils will need reassurance on each of these points if we are to persuade local government to support this proposal. It would of course make much more sense in a wider reform of the benefit delivery structures that gave local government a much bigger role.

I would be happy to meet again to talk this through if that would be helpful.

A copy of this letter goes to Andrew Stunell MP Parliamentary Under-Secretary of State at Communities and Local Government.

Yours sincerely,

Margaret

Baroness Eaton DBE DL

LOCAL GOVERNMENT ASSOCIATION RESPONSE TO DWP PAPER - LOCALLY BASED EMERGENCY FINANCIAL ASSISTANCE

The Welfare Reform Bill abolishes the Social Fund and proposes replacing crisis loans and community care grants with locally based emergency financial assistance schemes.

This has a number of impacts:

- local government would be put in the position of managing the volume of emergency hardship cases resulting from people's interaction with the benefits system– there were 2.7 million crisis loan awards in 2009-10 (a 26% increase from 2008-09 to 2009-10). This creates a significant financial risk to local government at a time when the benefits system is in major transition – in the short term as the government's reductions to welfare spending take effect, in the medium term as universal credit is introduced;
- this risk is exacerbated if government moves to monthly payments in the introduction of universal credit, which the department's research suggests many current claimants feel they will have difficulty budgeting for;
- it exposes local government to risk on any future welfare policy decisions about benefit levels, conditionality and financial sanctions;
- demand for crisis loans is spiralling (tripling since 2006) and in its 2010 report on community care grants Job Centre Plus said it could only meet 32% of legitimate demand , there is evidence of unmet demand (from pensioners, who made up only 2.9% of awards in 2009-10) and high levels of refusals (nearly a million crisis loan refusals in 2009-10), while localisation would remove the loan recovery mechanism through the benefits systems which currently provides a significant element of the funding;

- there is a separate issue about the transfer of the loan book or capital equivalent which provides the vast majority of the funding.

The current localisation proposal possibly creates a practical problem since it wrongly assumes that the responsibility can be bolted onto adult social services. The LGA has asked DWP for the data to show that the recipients of the community care grants and crisis loans are in touch with council social services. This has not been forthcoming yet but we do know that nearly 70% of crisis loans are to people who are able bodied and of working age. In practice, we think the clients of social services departments have higher level of needs that distinguish them from benefit claimants in short-term financial difficulty. Refusing loans (and not helping people) could create tension that disengages people from social service support.

The refusal of crisis loans and community care grants has in the past created a physical threat to staff that have led DWP to regionalise delivery arrangements distancing officers from the immediacy of taking a tough decision.

There is a potential solution which involves nesting the localisation of the social fund in the delivery arrangements for handling the face-to-face delivery aspects of the universal credit. Many UC claims will require face-to-face contact – some people will not be able to claim online or through a call centre. There is open question about how to provide this support.

Many local people see the councils as the natural place to go for the personal help (which councils provide or commission from the private or voluntary sectors) – with a wide range of problems, and there are strong arguments for bringing services together to provide this personalised support.

It makes no sense to have a separate agency or agencies that provide face-to-face contact for state financial support – for citizens and government, there is a strong logic in bringing together practical assistance with benefit claims

with the help on the practical issues – housing, health, childcare etc - that prevent them working.

At this stage, it is important that local delivery of face-to-face contact - and within it the localisation of community care grants and crisis loans - are considered together. If government decides against a local delivery model, it would pose a major question about the case for a locally administered emergency assistance.

If the government is to proceed with a local emergency financial system it needs to be fully funded into the medium term.

This means opening the books to local government so that councils can fully understand how the current funding model meets the demand on the system – including administrative costs and how AME, DEL and the stock of loans (and loan recovery) contribute to the cost (in 2009-10 loan recoveries provided 82% of the funds needed to meet gross loans expenditure).

There would also need to be:

- a mechanism that provides re-assurance on local government's exposure to risk on future caseload increases that could result from economic fluctuations and welfare policy decisions;
- an equitable distribution of the funding between local authorities which could be difficult given that DWP does not have data on current grants and loans at local authority level.

Contact: Phillip Mind 0207 66 3243 philip.mind@lga.gov.uk



From the Minister of State
for Work and Pensions

Baroness Eaton DBE DL
Local Government Association
Local Government House
Smith Square
London
SW1P 3HZ

DWP Department for
Work and Pensions

Caxton House
Tothill Street
London
SW1H 9DA

Telephone
020 7340 4000

Email
ministers@dwp.gsi.gov.uk
www.dwp.gov.uk

16 April 2011

Dea Margaret

LOCAL GOVERNMENT ASSOCIATION RESPONSE TO THE CALL FOR EVIDENCE RE THE LOCAL SUPPORT TO REPLACE COMMUNITY CARE GRANTS AND CRISIS LOANS FOR LIVING EXPENSES

Thank you for your letter of 28 March.

I was disappointed to read the LGA's response to the current call for evidence, given it does not offer any positive ideas on how we can develop local services.

There does seem to be continuing misunderstanding of the policy proposals, particularly the assumption that local authorities are being asked to take on Crisis Loan payments in their entirety. This has never been the case. A new system of payments on account will replace Crisis Loan payments that occur because of the way the benefit system operates.

The emergency element that will transfer to local authorities is unrelated to the benefits system. These payments tend to be made in cases of destitution following for example a mugging, fleeing a violent relationship, or a domestic disaster such as a serious house fire or a flood. Many of these will be cases where other wraparound support from local agencies may be needed.

Funding is available for the new service for the current spending review period. This includes meeting the costs of new burdens. New and ongoing pressures will be considered as part of the negotiations for the next and subsequent spending reviews.

I gave a commitment when we met to see what linkages we could find between Social Fund customers and those using local authority services. Our officials subsequently met to discuss how this work would be progressed. I understand that your officials were invited to provide LGA or LA service user data that could be run alongside our Social Fund data to test the extent of the overlap. We have not received a response. It would be helpful to know if this is a possibility.

↳ This is the key to progress!

My officials are finalising our first set of LA level Social Fund data. They have also analysed our data for linkages with LA services. I intend to include all of this in the response document to the call for evidence. This will be available shortly.

Thank you for your offer of a further meeting. I agree this would be helpful. My office will contact yours to make the necessary arrangements.

In the mean time I have attached some initial thoughts on the points raised in your note.

With best wishes,


STEVE WEBB MP
MINISTER OF STATE FOR WORK AND PENSIONS

Local government being put in a position of managing the volume of emergency hardship cases resulting from people's interaction with the benefit system

This is not the case. Any urgent needs arising from individual's interaction with the benefits system will be dealt with through a new system of Payments on Account. This process will allow for a proportion of benefit to be drawn down early to tide people over to their first benefit payment, or when they are awaiting an increase to their benefit following for example a reduction in their hours worked, or the birth of a child.

Payment periods in Universal Credit

Payment periods are still under consideration.

Exposes local government to risk on future welfare policy decisions about benefit levels, conditionality and financial sanctions

Hardship schemes exist within the current benefit structures to support individuals and families affected by financial sanctions following a failure to comply with benefit rules. Hardship arrangements are being included in Universal Credit.

Demand for Crisis Loans is spiralling; poor targeting of pensioners; legitimate demand, and moving away from a loans system

Changes to manage down demand over the remaining two years of the current Crisis Loan scheme were announced on 3 March. These took effect from 4 April. Our intention is to manage volumes back down to pre 2006 levels to support the introduction of new local services.

The national scheme does not target pensioners effectively. The bureaucratic application process and remote decision-making are barriers for this group. This should improve with the introduction of new local services.

The issue of legitimate demand is complex. If it is defined as the amount applied for by those who either are refused a Community Care Grant on budgetary grounds or receive an award then it is true that in 2009-10 the percentage of legitimate demand met was 32%.

However, if legitimate demand is defined as the number of applications which are either refused a Community Care Grant on budgetary grounds or receive an award then in 2009-10 the percentage of legitimate demand that was met initially was 85%.

It is true that the current loans scheme is part funded by recycled money repaid from previous loans. The new provision will not be a loans based service. Our intention is to transfer funding for the service. This will allow local authorities, or organisations working on their behalf, to make small one-off grants or payments in kind to people in emergency situations.

The current localisation proposal possibly creates a practical problem since it wrongly assumes that the responsibility can be bolted onto adult social services

No such assumption has been made.

The refusal of Crisis Loans and Community Care Grants has in the past created a physical threat to staff that have led to regional delivery

This is not true. Jobcentre Plus moved to a virtual network for all benefits and Social Fund payment processing.

The potential of including the new service as part of Universal Credit

Government policy is to introduce new local support services that build on existing local services, not a national service.

Linking the new service with a local delivery model

The policy intention is to allow local communities to develop their own service to reflect local needs and build where appropriate on existing services which are either delivered in-house or contracted to other agencies. This does not fit with the suggested prescriptive local delivery model.

The service needs to be fully funded in the medium term

All aspects of Government funding can only be guaranteed for the lifetime of the relevant spending review period. The new local service will be funded for the duration of the current spending review period. Funding for subsequent years will be considered in the usual way.

The books need to be opened to local government to allow local authorities to understand the current funding arrangements

My officials have discussed data-sharing arrangements with LGA officials. We are currently finalising our first set of LA level Social Fund data. This will be included as an annex to the response document to the call for evidence which will be published shortly.



Department for
Transport

From the Parliamentary
Under Secretary of State

28 APR 2011

Great Minster House
76 Marsham Street
London SW1P 4DR

Tel: 020 7944 2566
Fax: 020 7944 4309
E-Mail: norman.baker@dft.gsi.gov.uk

Web site: www.dft.gov.uk

Cllr Peter Box
Chair, Economy & Transport
Programme Board
Local Government Association
Local Government House
Smith Square
London SW1P 3HZ

5 April 2011

Dear Peter

STREET WORKS - NATIONAL UNDERGROUND ASSETS GROUP

I am writing to draw your attention to the work being led by the National Underground Assets Group (NUAG) to promote better access to records of pipes, wires and other apparatus buried in the street. This should reduce the costs, safety risks and extended disruption to traffic that result where those working in the street encounter unexpected apparatus underground. The aims of this project are therefore in the common interests of utility companies and local government, and I would encourage LGA members to look carefully at how NUAG's work could benefit them.

When utility companies or local highway authorities are planning to carry out works in the highway, they will wish to consult existing records of apparatus in the street. This typically involves a two-stage process: identifying which organisations might hold apparatus in the street in question, and then approaching each organisation individually for copies of their relevant records. The NUAG work will provide a single web-based portal, enabling those carrying out works to identify relevant asset owners and obtain information from them much more easily than they can at present. It may therefore offer significant cost savings for utility and highway authority works alike.

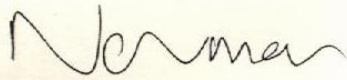
NUAG have recently announced a trial of this new approach within the M25 area, beginning in April 2011. Local authorities and utilities elsewhere in the

country should have the opportunity to participate within a few months of the start of the trial.

I have publicly indicated my support for the aims of the NUAG trial, and I hope you will feel able to join me in doing so. I am also writing to the utility sector to urge them to look seriously at how NUAG's work can help to further our shared objectives.

If you or LGA members require it, further information and contact details are available on the NUAG website – www.nuag.co.uk.

Yours sincerely



NORMAN BAKER

Norman Baker MP
Department for Transport
Great Minster House
76 Marsham Street
London
SW1P 4DR

13th April 2011

Dear Norman,

At the last meeting of the Bus Partnership Forum, my colleagues raised with you issues relating to the powers available to Local Highways Authorities to manage streetworks undertaken by utility companies. I am writing to set out our concerns on these issues and our recommendations for how they might be resolved.

Effective co-ordination and management of streetworks is essential to minimising disruption to traffic. Delays to streetworks and failure to reinstate roads correctly cause congestion, with consequences for bus operators, other road users and businesses. As you will know, utilities companies are legally responsible for reinstatement of their trenches and local authorities have responsibilities for monitoring works and reinstatements and a duty to coordinate work. However, the powers available to local authorities to carry out this duty are not effective.

With regard to ensuring that streetworks are completed swiftly, the penalties which local authorities can impose on utility companies if works overrun are not large enough to act as a deterrent. In addition, local authorities are reluctant to spend time and money pursuing offenders through the courts for relatively small amounts of money. I am aware that you are considering responses to a recent consultation on proposals to increase the penalties that can be applied and I hope you will be convinced of the case for a much higher level of charges to strengthen this incentive. Lane rental schemes could also provide an effective means of encouraging companies to complete streetworks as quickly as possible.

I am also aware that you would like to see more local authorities implementing permit schemes. Greater take up of such schemes will depend on a reduction in the burdens and bureaucracy involved in putting a scheme in place. We welcome the commitment in your department's business plan to remove the requirement for permit schemes to be approved by the Secretary of State. We hope that swift progress can be made on this issue and that it will be accompanied by significant simplification of the process.

The second issue is the long term damage that streetworks cause which shortens the service life of the highway, resulting in further works and disruption to road users and costs to the local authority in maintaining the highways. Councils do have powers to check that reinstatement work has been carried out satisfactorily and can serve notice to utilities carry out remedial work. However, in practice, these powers are difficult to

enforce, often require further works and authorities are required to go through complex procedures to recover the costs of repairing defective work.

One option would be to allow councils to take a 'bond' or deposit from utility companies so that, if remediation works are not completed properly, they do not have to go through complex procedures to recoup the costs of making good. We believe that this would be legally possible by bringing into effect Section 78 of the New Roads and Street Works Act 1991 which allows for the Secretary of State to make provisions for requiring the statutory undertakers to contribute to the costs of making good long term damage. The Traffic Management Act 2004 made further provision to enable councils to require an undertaker to carry out full or half road width resurfacing following their works. Councils would like to see both of these powers enacted to limit the long term costs and disruption caused by streetworks.

Finally, regulators of the utility companies should encourage utility companies to invest in infrastructure to reduce the need for future planned and emergency streetworks.

LGA officers would be happy to meet with your officials to discuss these issues in further detail.

Yours,

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

Cllr Peter Box
Chair, LGG Economy and Transport Programme Board

**Integrated Transport Authority Special Interest Group -
Annual report to the Local Government Group, 2011**

Purpose of report

For noting.

Summary

The Integrated Transport Authority (ITA) Special Interest Group is a forum for members of ITAs in metropolitan areas to develop policy and lobbying responses on the full range of transport issues they face and to link with the Economy and Transport Programme Board on common issues.

Recommendation

Members are asked to note the ITA Special Interest Group's annual report.

Action

To be taken forward the officers as directed by Members.

Contact officer: Laura Caton
Position: Business Manager
Phone no: 020 7664 3154
E-mail: laura.caton@local.gov.uk

Integrated Transport Authority Special Interest Group - Annual report to the Local Government Group, 2011

Principal Aims and Objectives

1. The principal aims and objectives of the Group are:
 - To provide a forum for members of the Integrated Transport Authorities in metropolitan areas to develop policy and lobbying responses on the full range of transport issues they face; and
 - To link with the LGG through its Economy & Transport Programme Board and relevant Task Groups on wider transport and related policy issues.

Current Membership

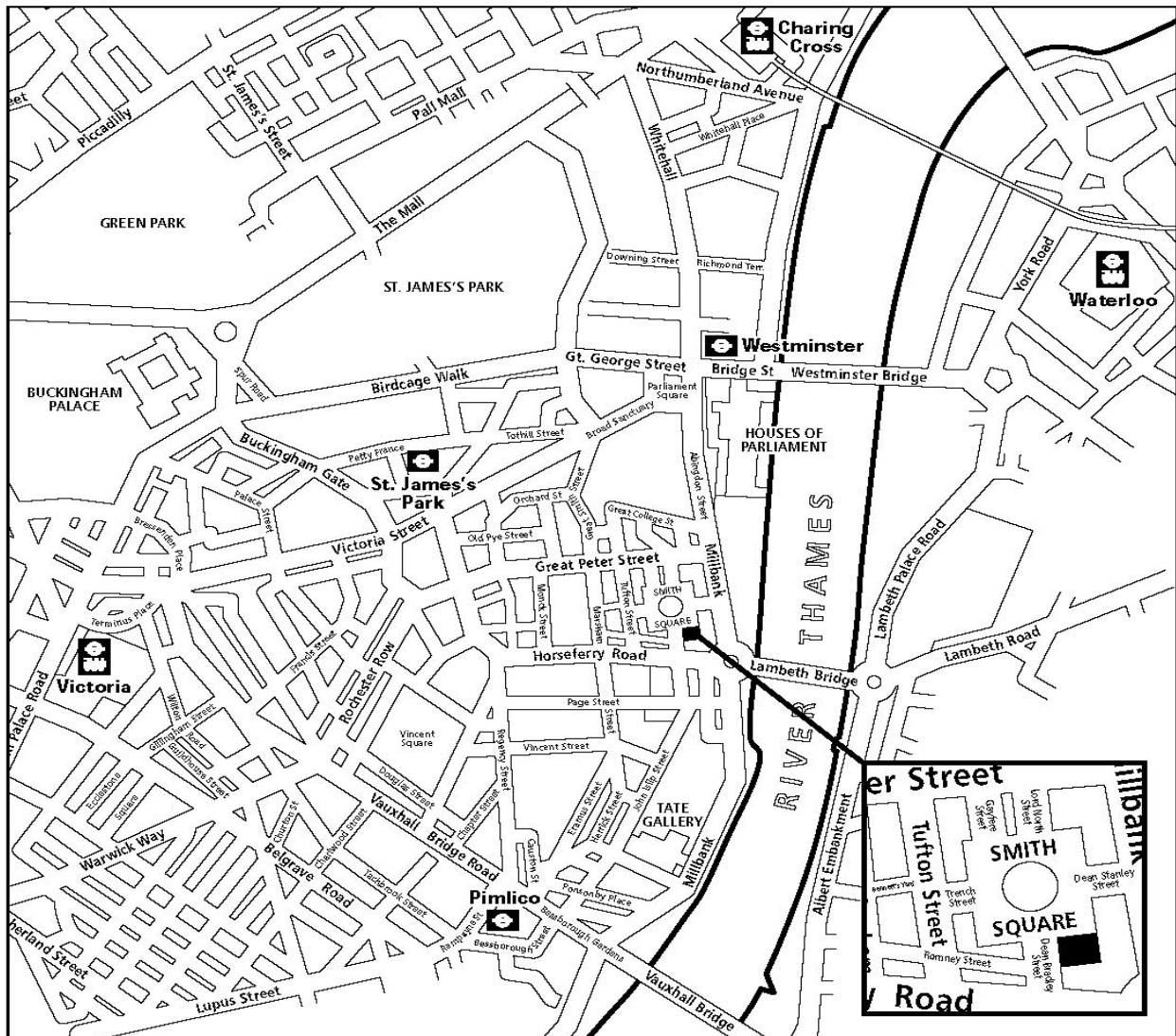
2. The membership of the Group comprises Greater Manchester, Merseyside, South Yorkshire, Tyne & Wear, West Midlands, and West Yorkshire ITAs. Strathclyde Partnership for Transport (SPT) is an honorary member of the Group. During the year Greater Manchester ITA took on new responsibilities as GMPTE became Transport for Greater Manchester under the wider Greater Manchester Combined Authority arrangements.
3. The Group is supported in an administrative and policy capacity by the **pteg** Support Unit, and welcomes the financial support the Association gives to the work of the Unit.

Key activities and outcomes of work undertaken during the year

4. The following principal topics have formed the core elements of our work in the past year:
 - Developing and articulating the benefits of investing in transport in the city regions;
 - Highlighting the need for investment in additional rolling stock and in key infrastructure investment (including the Northern Hub);
 - Saving money for ITAs / PTEs through collaborative working, joint commissioning and subscriptions, and the launch of the **pteg** extranet;
 - Ensuring that reimbursement for concessionary travel is based on fair and accurate information;

Item 11

- Keeping stakeholders updated about the implications of the Localism Bill, and wider planning and governance reform, for transport provision in the city regions;
- Building on the provisions of the Local Transport Act to make considerable progress on ways of improving bus services – including a joint initiative with the CPT on bus partnerships;
- Extensive input into the Competition Commission inquiry into the future of the bus market;
- Maintaining and developing good relationships with key stakeholders and ensuring that ITAs'/PTEs' reputation and influence continues to grow;
- Making a credible case to Government for devolution of BSOG and contributing to the wider campaign to protect BSOG funding.



Local Government Association

Local Government House
Smith Square, London SW1P 3HZ
Tel: 020 7664 3131
Fax: 020 7664 3030
Email: info@lga.gov.uk
Website: www.lga.gov.uk

Public transport

Local Government House is well served by public transport. The nearest mainline stations are; **Victoria** and **Waterloo**; the local underground stations are **St James's Park** (District and Circle Lines); **Westminster** (District, Circle and Jubilee Lines); and **Pimlico** (Victoria Line), all about 10 minutes walk away. Buses **3** and **87** travel along **Millbank**, and the **507** between Victoria and Waterloo goes close by at the end of **Dean Bradley Street**.

Bus routes - Millbank

- 87** Wandsworth - Aldwych **N87**
- 3** Crystal Palace - Brixton - Oxford Circus

Bus routes - Horseferry Road

- 507** Waterloo - Victoria
- C10** Elephant and Castle - Pimlico - Clapham Common
- 88** Camden Town - Whitehall - Westminster - Pimlico - Clapham Common

Cycling Facilities

Cycle racks are available at Local Government House. Please telephone the LGA on 020 7664 3131.

Central London Congestion Charging Zone

Local Government House is located within the congestion charging zone. For further details, please call 0845 900 1234 or visit the website at www.cclondon.com

Car Parks

- Abingdon Street Car Park**
Great College Street
- Horseferry Road Car Park**
Horseferry Road/Arneway Street