

## **Transport Lobbying – Next Steps**

### **Purpose of the report**

This report proposes the next steps in taking forward the discussions with the Department for Transport (DfT), the Office for Rail Regulation (ORR) and others on greater involvement of Passenger Transport Executives (PTE) and local authorities in transport commissioning.

### **Summary**

The Board has long argued that transport networks, including rail, are crucial to the sustainable economic development of cities and local economies and that there should be greater involvement by PTEs and local authorities in decisions about transport investment in their areas.

Two recent developments, the Competition Commission investigation into local bus services and the report of the Rail Value for Money Study (the McNulty report), indicate that there is now a substantial weight of opinion behind the concept of greater involvement of PTEs and local authorities in transport decisions that impact locally. (The LGA response to the Competition Commission's provisional findings is attached).

The ORR presented to the Board at its last meeting in May. It was agreed that the Board and ORR would continue engagement as a way of taking forward issues raised and to facilitate wider discussion. A joint LG Group / ORR seminar during the consultation of the PR13 objectives would be arranged in the first instance.

The responsibility at a national level for ensuring greater involvement of local authorities in rail decision-making will rest with a triumvirate of organisations, the ORR, DfT and Rail Delivery Group (which is made up of senior figures in the rail industry).

### **Recommendation**

The Board is asked to consider the proposal for taking forward the work with the ORR and other bodies aimed at achieving greater involvement of PTEs and local authorities in commissioning local transport services.

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### **Background**

#### **Recent policy developments a ‘green light’ for local government**

1. The independent report of the rail value for money study chaired by Sir Roy McNulty was published on 19<sup>th</sup> May 2011. The report was jointly sponsored by DfT and ORR (Office of Rail Regulation) to examine the opportunities and barriers to improving the value for money of GB rail for taxpayers, passengers and freight customers.
2. The report recommends an enhanced role for local authorities and/or PTEs with greater opportunity to influence the franchising process and involvement in local decision-making brought together with budget responsibility and accountability. This reflects policy positions that the LGA has campaigned on for a number of years.
3. The report also recommends devolving decision making within Network Rail and piloting the integration of operations and infrastructure on specific routes.
4. While the LG Group has welcomed these recommendations the report also calls for a 30 per cent reduction in costs by 2018 and longer less prescriptive franchises, recommendations that carry risks for local government.
5. In May the Competition Commission published the provisional findings of its study into local bus markets calling for greater use of franchising, a finding strongly supported by the LG Group which has argued that competition regulation should be refocused away from attempting to enforce on-street competition to introducing and ensuring genuine competition in the market at the point where bus operators compete for contracts
6. A consultation marking the first phase of The Office of Rail Regulation’s Periodic Review of Network Rail (PR13) was also launched in May. It was agreed at the last meeting of the ETB that the Board and ORR would continue engagement as a way of taking forward issues raised and to facilitate wider discussion. A joint LG Group / ORR seminar during the consultation of the PR13 objectives would be arranged in the first instance.
7. Taken together these three developments represent an opportunity for local government to both exercise greater influence on the provision of local transport services and to do so as part of an enhanced economic leadership role.

**Item 7**

**Issues**

8. The developments present significant challenges for the sector in a number of individual areas (rail, bus, etc) and there is a need to ensure that the opportunities and benefits are coordinated to ensure that this is seen as a wider local agenda on integrated transport. The Board through its engagement will want to support the sector develop work in the following areas:
- How can we best ensure this opportunity for a greater local say in determining the provision of transport services is taken and fully integrated into our wider aim of providing economic leadership at a local level?
  - What will rail/bus devolution look like at local level?
  - What are the financial/reputational risks and how can these be mitigated?
  - Ideas for the ORR seminar?
9. The Board has established positions in relation to PTE and local authority involvement in transport commissioning and it will be useful to confirm these in light of the recent developments (the LGA's response to the Competition Commission investigation into local bus services is attached for reference).

**Conclusions and Next Steps**

10. The LGG has a significant role to play in working with the sector to maximise the opportunities for greater involvement by local authorities in commissioning rail services and in making the case for reform of the bus subsidy system. In the immediate future the following steps are planned:
- LGG Officers are due to meet DfT to discuss rail devolution on 22 June.
  - A joint LGA/ORR seminar is being organised for early September (date to be confirmed) – this will fit in with the ORR's PR13 consultation exercise (NB this is a separate event to the public consultation events ORR is organising and to which Board members have been invited).
  - LGG officers will maintain a dialogue with the ORR in preparation for the seminar.
  - Links will be established with the RDG either directly or through the ORR and we will arrange a meeting with the Board.
  - A Green Paper on Rail will be published in July and officers will work with the Board on a response.

6 July 2011

**Item 7**

- Members of the Board will meet with Norman Baker on 11<sup>th</sup> July at the Bus Partnership Forum which will provide the opportunity to discuss our response to the Competition Commission's provisional findings and the department's plans for reform of bus subsidies.

**Financial Implications**

There are no financial implications at this stage.

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