

# Economy and Transport Programme Board

Agenda

Thursday 17 November 2011  
11.00am

Smith Square Rooms 1 & 2  
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**

17 November 2011

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### **Notification**

The **Economy and Transport Programme Board** meeting will be held on **Thursday 17 November 2011 11.00am** in **Smith Square Rooms 1 & 2, Local Government House, Smith Square, London, SW1P 3HZ.**

**Please note that there will be a Lead Members' Pre-meeting at 9.15am in Meeting Room 5.**

Refreshments will be available upon arrival and lunch is at 13.00 - 14.00pm

### **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](mailto:aicha.less@local.gov.uk)  
**Conservative:** Angela Page: 020 7664 3264 email: [angela.page@local.gov.uk](mailto:angela.page@local.gov.uk)  
**Liberal Democrat:** Evelyn Mark: 020 7664 3235 email: [libdem@local.gov.uk](mailto:libdem@local.gov.uk)  
**Independent:** Group Office: 020 7664 3224 email: [independentgroup@local.gov.uk](mailto:independentgroup@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**

Virginia Ponton (Tel: 020 7664 3068, email: [virginia.ponton@local.gov.uk](mailto:virginia.ponton@local.gov.uk))

### **Carers' Allowance**

As part of the LGA Members' Allowances Scheme a Carer's Allowance of up to £6.08 per hour is available to cover the cost of dependants (ie. Children, elderly people or people with disabilities) incurred as a result of attending this meeting.

### **Hotels and travel**

Please be advised that members are required to book their own accommodation and travel.



## Agenda

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### Economy and Transport Programme Board

17 November 2011

11.00 – 13.00

Smith Square 1 & 2, Local Government House

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	Item	Page	Time
<b>Part 1</b>			
1.	<b>Note of previous meeting</b>	<b>3</b>	<b>11.00am</b>
2.	<b>Local Growth Campaign</b>	<b>11</b>	<b>11.05am</b>
3.	<b>Transport</b>  (John Dowie, Director of Local Directorate, DfT will outline the current DfT position and a range of local transport issues)	<b>19</b>	<b>11.35am</b>
4.	<b>Adult Skills</b>	<b>25</b>	<b>12.05pm</b>
5.	<b>EU funding</b>	<b>31</b>	<b>12.20pm</b>
<b>Part 2 INFORMATION</b>			
6.	Transport update	<b>39</b>	<b>12.40pm</b>
7.	Youth engagement	<b>49</b>	
8.	Economy and transport communications update	<b>55</b>	
9.	Post Offices	<b>59</b>	

**Date of Next Meeting:** 19 January 2012, 11.00 – 13.00, Local Government House



**Item 1**

**Note of Meeting 8 September 2011**

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<b>Title:</b>	Economy & Transport Programme Board
<b>Date and time:</b>	8 September 2011, 11.00am
<b>Venue:</b>	Local Government House

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**Attendance**

<b>Position</b>	<b>Councillor</b>	<b>Political Group</b>	<b>Council</b>
<b>Chairman</b>	Peter Box CBE	Labour	Wakefield MDC
<b>Vice Chair</b>	Shona Johnstone	Conservative	Cambridgeshire CC
<b>Deputy Chair</b>	Mike Haines	Independent	Teignbridge DC
<b>Members</b>	Kevin Lynes	Conservative	Kent CC
	Philip Atkins	Conservative	Staffordshire CC
	Tony Ball	Conservative	Basildon DC
	Neil Clarke	Conservative	Rushcliffe BC
	Mark Dowd OBE	Labour	Merseyside Travel / Sefton C
	Roy Davis	Labour	Luton BC
	Claire Kober	Labour	Haringey LB
	Anne Western	Labour	Derbyshire CC
<b>Substitutes</b>	Colin Rosenstiel	Liberal Democrat	Cambridge City Council
<b>Apologies</b>	Andrew Carter	Conservative	Leeds City
	Richard Knowles	Liberal Democrat	Oldham MBC
<b>Deputy Chair</b>	Roger Symonds	Liberal Democrat	Bath and North East Somerset Council
<b>Substitutes</b>	Gillian Brown	Conservative	Arun DC
	Paul Yallop	Conservative	Worthing BC
	Kevin Bentley	Conservative	Essex CC
	Tony Page	Labour	Reading Council
	Guy Nicholson	Labour	Hackney LB
	Heather Kidd	Liberal Democrat	Shropshire Council

**In attendance:** Ian Hughes; Eamon Lally; Charles Loft; Kamal Panchal; Craig Titterton  
Virginia Ponton (LG Group); Lord Dubs; John Dawson (Road Safety Foundation).

Item	Decisions and actions	Action by
<b>1</b>	<b>Welcome and introductions</b>	
	The Chairman welcomed members and officers and invited everyone to introduce themselves. He also sent best wishes to Philip Mind, Senior Adviser who could not attend due to a cycling accident.	
	The Chairman said that with the change in membership of the Board, he would write to all former lead members to thank them for their work.	<b>Cllr Peter Box, Virginia Ponton</b>
<b>2</b>	<b>Membership, terms of reference, meeting dates and appointments to outside bodies</b>	
	The Chairman suggested lead members make the appointments to outside bodies. The list will then be circulated.	
	The Chairman pointed out that the notes of the previous meeting appeared as the last item on the agenda.	
	<b>Decision</b> Members agreed:	
	<ul style="list-style-type: none"> <li>• lead members will make the appointments to outside bodies</li> <li>• notes of previous meetings should feature earlier on the agenda</li> <li>• the membership list, terms of reference and meeting dates for 2011/12 were agreed</li> <li>• the notes of the previous meeting on 6 and 7 July provide an accurate record.</li> </ul>	
	<b>Action</b>	
	<ul style="list-style-type: none"> <li>• <b>Lead members to agree appointments to outside bodies.</b></li> <li>• <b>Notes of the previous meeting will be taken earlier on future agendas.</b></li> </ul>	<b>Lead members Virginia Ponton</b>
<b>3</b>	<b>Road Safety</b>	
	The Chairman introduced Lord Dubs, Chairman and John Dawson, Chair of Managing Committee at the Road Safety Foundation.	



Lord Dubs said that they were appealing not for more money but for a better way of spending in order to increase road safety and asked members for their advice. He highlighted that road safety measures, based on research and socio-economic arguments, should be designed into roads in the first instance and that existing programmes of work can be tweaked to build in road safety measures. Without this, there are huge burdens on families, businesses, the police and the health service, including long-term care bills. He asked the Board for help and support in sharing this message and disseminating research and resources.

The Chairman welcomed members' ideas on how to disseminate this presentation to authorities.

John Dawson gave a presentation to the Board (PowerPoint presentation attached) and highlighted some useful tools for members and authorities such as colour-coded maps which measure road safety and the Road Safety Foundation's Simple Measures Saves Lives publication.

Lord Dubs and John Dawson asked for help from the Board through:

- political leadership on debating and driving this issue forward
- potential links to transport devolution
- LG Group conference platforms
- LG Group support for guidance.

The Chairman thanked Lord Dubs and John Dawson for a passionate presentation and suggested that this information could be distributed through regional groupings, adding that this is about innovation and making money go further.

Members discussed with the speakers in particular:

- The need to improve driver education and a change in behaviour.
- Other organisations and sectors should also invest in improving roads, work together and take responsibility for designing road safety into programmes of work.
- Insurance companies should recognise the increased benefits of taking further lessons and tests such as Pass Plus. There was also concern that increased insurance costs could lead to an increase in uninsured drivers.
- Members agreed they and regional offices could drive this issue if they had better guidance. Lord Dubs and John Dawson urged members to share their views on what kind of guidance would be useful and for any ideas on how to incentivise road safety improvement.

## ***Decision***

Officers will bring to the next Board a proposal of how to work with Blackpool and the regions, incorporate this road safety issue and engage with other agencies who have a responsibility to road safety and who could also make contributions.

The Chairman will write to Lord Dubs to propose this action.

**Action**

- **Officers to draft proposal for next Board meeting.**

**Eamon Lally,  
Ian Hughes**

**4 and 6 Local Growth Campaign – supporting council’s ambition for local economic growth and the economic development improvement offer**

Items 4 and 6 were taken together.

The Chairman introduced item 4 on the Local Growth Campaign, saying that the paper reflects the need for the LG Group to have a greater emphasis on and role in economic and transport development.

Ian Hughes outlined that this is a refreshed offer to the sector with a series of discussions in order to promote the current and future role of local government in driving economic growth. He asked members for ideas of what to focus on, what types of partnerships could be established, what kind of questions/topics can be debated and the desired outcomes.

The Chairman encouraged members to put forward quirky ideas in order to do something different to the normal methods of engagement, for example by looking to the private sector and young people. He also highlighted the need for outcomes not just outputs so that in 12 months time the Board can demonstrate what work it has done and how it has supported local authorities and members.

Taking both item 4 on the Local Growth Campaign and item 6 on Economic Development improvement offer, members commented that:

- This is a crucial time as economic growth is the top Government priority. This therefore presents a great opportunity and a risk of being left out of the debates if the LG Group does not get involved. The Chairman pressed the need to establish a clear economic vision for local government and to get Government to agree local authorities have a crucial role to play.
- There are varied approaches, perceptions, representation and engagement of LEPs. And there is no one-size-fits-all. To make LEPs work, there needs to be a focus on a smaller number of priorities, which can be achieved through working with other organisations.

- It was agreed that outcomes and timescales need to be specified.
- Skills are a priority issue and relationships need to be built with FE and HE providers and businesses.

Members discussed a variety of ideas for the events to be taken on board by officers and questioned how brave they could be, for example with controversial debate titles in order to attract a broader range of people than usual, such as young people and businesses including larger corporations.

Members urge local authorities to go to the sessions taking place in or near their areas.

The Chairman proposed that members agree these papers. He asked officers to establish the early programme which would be cleared with lead members and which would provide a clear view on outcomes.

### ***Decision***

Members agreed the next steps on items 4 and 6.

### **Action**

- |                                                                                                                                            |                      |
|--------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| • <b>Officers to clear programme with lead members and bring revised programme to next Board meeting.</b>                                  | <b>Ian Hughes</b>    |
| • <b>Officers to develop an improvement offer as detailed in the report and to present an update to Members at a future Board meeting.</b> | <b>Kamal Panchal</b> |

## **5 Transport devolution**

Eamon introduced the item saying that DfT has given the green light for transport devolution to take place and highlighted the broad points of the paper.

Members discussed the following:

- Linking Transport with the Economy within the Board's programme. The Board needs to ensure there is a good balance of Economy and Transport.
- Local authorities need greater influence over funding streams but also, for example, the ability to influence the performance management of franchises.
- Local franchising should be a priority.
- Providing support to local authorities on areas such as rail devolution where capacity may be an issue is key.
- Devolution brings major opportunities but the risks need to be understood, e.g. relationships with other stakeholders, reducing budgets and a reputational risk both of assuming responsibilities and not delivering and not taking up the opportunities.

- It is important that devolution is joined up, so that local authorities can develop integrated and innovative local solutions

The Board will seek an early opportunity to meet with Ministers to discuss devolution issues.

***Decision***

Members agreed item 5.

**Action**

- Letter to be sent to Minister

**Officers and  
Cllr Peter Box**

**7 Business Plan headlines**

Members voiced a general lack of links across Boards, the need to meet more with other Boards, include DCN and CCN in joined-up working and forge one voice for local government.

***Decision***

Members agreed the report and to improve links across Boards and joined-up working.

**8 Business rates**

***Decision***

Members noted the report.

**9 Economics update**

***Decision***

Members noted the report.

**10 Note of previous meeting**

***Decision***

Members noted the report.

**Provisional date of next meeting: 17 November 2011, LGH**

**Economy & Transport Programme Board  
Attendance record 2011/2012**

<b>Councillor</b>	<b>8.09.11</b>	<b>17.11.11</b>	<b>19.01.11</b>	<b>22.03.12</b>	<b>24.05.12</b>	<b>19.07.12</b>
<b>Conservative</b>						
Shona Johnstone	Yes					
Andrew Carter	No					
Kevin Lynes	Yes					
Philip Atkins	Yes					
Tony Ball	Yes					
Neil Clarke	Yes					
Martin Tett	No					
<b>Labour</b>						
Peter Box CBE	Yes					
Mark Dowd OBE	Yes					
Roy Davis	Yes					
Claire Kober	Yes					
Anne Western	Yes					
<b>Liberal Democrat</b>						
Roger Symonds	No					
Richard Knowles	No					
<b>Substitute</b>	Cllr Colin Rosenstiel					
<b>Independent</b>						
Mike Haines	Yes					



**Item 2**

**Local Growth Campaign: supporting councils' ambition for local economic growth**

**Purpose of report**

For discussion and direction

**Summary**

This report updates the Board on the local growth campaign. Officers will update the Board on the LGA Executive discussion of the campaign on 10 November 2011.

**Recommendation**

The Board is asked to comment on the paper.

**Action**

Officers to build the Board's comments into the campaign plan.

**Contact officer:**

Ian Hughes / Philip Mind

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Head of Programmes / Senior Adviser, LGA

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**Item 2**

**Local growth campaign: supporting council's ambition for local economic growth**

**Background**

1. The background and rationale for the local growth campaign will be familiar to Board members.
2. To recap briefly, one year on from the Government announcement of the first Local Enterprise Partnerships (LEPs), there is an opportunity to create a new, focused, national debate about the ambition of councils for local economic growth.
3. Local government has lobbied for the devolution of economic budgets and powers. Some budgets have been localised (for example, local councils are broadband delivery partners). New powers are in the pipeline, for example tax increment financing, allowing councils to secure the fiscal benefits of growth. However, many central controls remain which need to be challenged. Compared to the economic powers enjoyed by local leaders in other developed nations, our own local powers are limited.
4. At present, much debate on local economic development is centred on the development of LEPs. There are risks to this focus as our work could be hampered by institutional debates. Rather we should develop an agenda about what could be done, that stretches our ambition for localism and which recognises the economic challenges facing different places – for example, the different challenges facing urban, rural and mixed economies.
5. In summary, we are planning to create a debate on the key economic issues facing local economies and the role that local leaders can and could play in delivering economic recovery. From this debate, we will create our own Green Paper on growth.

**Helping to renew the local government ambition for local economic development and growth**

6. In order to pursue the above objective, we have developed a programme which will include:
  - 10.1 a **series of “town hall” meetings** across England (see **attached schedule**) with councils and local partners at which we will consider:

## Item 2

6.1.1 the ambition that councils already have: For example, at the December discussion hosted by the West Midlands LGA, we will be examining the key role that local political leadership played in securing new investment from Land Rover Jaguar.

6.1.2 the ambition that councils could have: For the London event in early 2011, we are working with the New Zealand LGA to compare local powers and activities in economic development and investment as a challenge to our own activities. In our Leeds meeting in December, we will be examining the local transport powers in the Netherlands and how these provide better support for local economic development.

6.1.3 challenges from partners: For example, LEP Chairs have been given the opportunity to address the events under the title “If I were leader of the council for one day”.

10.2 **publishing new thinking**: We have invited council leaders, business leaders, think tanks and community leaders to write essays on their views on the new boundaries for local economic development in England. These will be published by the LGA (online) and used to influence our own Green Paper.

10.3 an **online debate**, linked to our town hall debates which provide the opportunity to input new ideas on economic development.

10.4 a **competition for new idea from young economists**. We have agreed (in principle) to sponsor this work jointly with the LSE. Members are asked to give suggestions for the question to be posed to young economists.

10.5 a **challenge from young people**. We are planning a series of challenges to the early drafts of our ideas from young people to ensure that our Green Papers ideas resonate with the ambition of the younger population.

7. All this information is provided in detail on the website:  
[http://www.local.gov.uk/web/10161/economy-and-transport/-/journal\\_content/56/10161/2899620/ARTICLE-TEMPLATE](http://www.local.gov.uk/web/10161/economy-and-transport/-/journal_content/56/10161/2899620/ARTICLE-TEMPLATE)

8. We have a related strand of work on the role of councils in building higher levels of youth engagement in work and learning. This is covered separately in the paper on skills and youth engagement, at item 7.

**Item 2**

**Launching the campaign and ensuring a clear outcome from our debates**

9. This work will be launched on 23 November 2011 at a Smith Square debate with the Chairman, the E+T board Chair, Rt Hon Hilary Benn MP and business representatives.
10. From the future town hall debates and discussions, we are seeking clear tangible outcomes. Each debate will have three guiding themes to ensure that we have tangible outcomes and an action plan that can be followed up by the Board:
  - 10.1 development of new thinking
  - 10.2 promoting of new/best practice
  - 10.3 clarity on barriers to growth.
11. We have already involved key Government departments (such as BIS and CLG), business organisations (such as BCC) and think tanks in preparation of the events.
12. The campaign provides a major opportunity to refresh the Board's lobbying position in an LGA green paper on growth. One of the objectives is, to the extent that this is possible given the dynamics of the economy, to get ahead of departmental policy-making on economic regeneration and look ahead to challenges of the next few years.
13. Against that background the recent CLG Committee report "Regeneration" helpfully stresses the strategic role of local councils in leading local economic regeneration. It criticises Government for the absence of a national regeneration strategy.
14. We would argue that a national strategy needs to be built bottom up – our campaign has at its heart supporting council's ambition to play that lead strategic role. The report also proposes a community budget approach to funding, bringing together public investment in regeneration. This is the alternative to programmes where the decisions are made in Whitehall, with inevitable bureaucracy and disconnect with other programmes.
15. This design flaw has been evident in the Regional Growth Fund where second round decisions have taken seven months from the invitation to bid, and there is even more process ahead before funding starts to flow - successful bidders must now enter a due diligence phase. The bureaucracy is delaying the delivery of projects on the ground and making it more difficult to stitch together investment

**Item 2**

from different sources. The recent Growing Places Fund by contrast promises that funds will flow in January.

16. As the campaign swings into gear, we need to identify our campaigning issues.

17. We would ask the Board to consider whether making the case for “local regeneration budgets” is the kind of issue they would like to see highlighted early in the campaign, possibly at the Smith Square Debate.

**Item 2**

**TOWN HALL EVENTS**

<b>Themes</b>	<b>Host</b>	<b>Location</b>	<b>Date</b>
Smith Square debate - Launch of campaign - LEPs one year on	LGA	Smith Square, London	Wednesday 23 November
Transport as a driver of economic development	Metro/PTEG	Leeds	Tuesday 6 December
People, employment and skills	West Midlands LGA Birmingham CC	WM Councils Partnership Centre, Birmingham	Thursday 15 December
CLG/BIS/DODS/LGA - Open for business: delivering local growth	CLG/BIS	TBC	Monday 16 January
Cities	Centre for Cities	London	Monday 23 January
Centre for Economic and Social Inclusion	LGA	Bevin Hall, Smith Square	Tuesday 24 January
Identifying opportunities for growth and strengthening regional links	LG Yorkshire and Humberside	Kingswood Suite, Wakefield Council	Wednesday 25 January
Innovation/Commercialising Innovation	East of England LGA Cambridgeshire CC	Smartlife low carbon centre (Nth Cambridge)	Thursday 16 February
Funding infrastructure and investment	ANEC	Newcastle	Tuesday 21 February
International dimension	EU Commission	EU London Office London	Tuesday 13 March



**Item 3**

**Transport**

**Purpose of report**

For discussion

**Summary**

This paper invites members to comment on the next stages of the Board's work on transport.

**Recommendation**

Members are asked to consider the implications for local authorities.

**Action**

Officers to implement programme of support as agreed by members.

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**Item 3**

## **Transport**

### **Growth and transport**

1. Coherent, integrated local transport systems are key to creating growth in our cities and rural areas. This involves managing existing systems and infrastructure more effectively and new investment where appropriate.
2. Decisions on these matters need to be taken locally. Local authorities and Integrated Transport Authorities (ITAs) are in the best position to deliver integrated approaches, but to do so they need greater influence over local transport decision-making.
3. Many of our major cities and towns underperform their European equivalents on key economic indicators and at least part of the reason is the quality of the local transport systems, which make these cities attractive places to invest and which enable people to get to the jobs.
4. In the UK, transport infrastructure problems are estimated to cost businesses nearly £20,000 on average and the top two improvements businesses would like to see in their home city are improved transport links with other cities and improved public transport.
5. Another key role for transport in economic development is helping people to get into work. Nearly 40 per cent of jobseekers say transport is a key barrier to getting a job. Studies have shown that this support works best when they are designed with the needs of different individuals and places in mind; they integrate and assist individuals in the use of existing transport provision; and when they work alongside initiatives in other policy areas. Again, this requires decision-making at a local level.

### **Green light on transport devolution?**

6. The LGA has long argued for greater local decision-making in transport and in principle the argument has been won. The localism agenda is now providing opportunities across a range of transport modes, with the Department for Transport (DfT) discussing approaches to devolution with local authorities and ITAs on rail, buses, Local Major Transport Scheme funding and roads.

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7. However there are challenges in devolution for all involved. We are in a period now where the local authorities and the DfT are trying to establish what localism and devolution might mean in practice. This includes trying to understand what the governance principles and the financial risks associated with devolution might be.
8. In the next few months we are likely to see both an announcement on Local Major Transport Scheme funding and a Command Paper on rail. These will be important milestones in the debate and the Economy and Transport Programme Board will want to be active in supporting local authorities to respond to these consultations.
9. However, there have also been setbacks. For example the Competition Commission's provisional decision on remedies for the local bus service markets has not reiterated its initial view that competition would be improved through greater local franchising.
10. It is also still the case that discussions on devolution are taking place on a mode by mode basis. These, of course, are quite technical areas and will require sector specific discussions. But, without a broader context or vision for transport there is a risk that the benefits locally will not be maximised.

**Raising the Game**

11. Given the debate on localism and the concerns expressed in the report about the specific transport debate in this arena, it is suggested that the LGA needs to raise the game on this debate and articulate what a more localist agenda to transport may deliver. There is a clear role for the Economy and Transport Programme Board to be at the forefront of developing this approach to transport, which could include:
  - 11.1 working with local leaders to articulate what tangible outcomes could be achieved through greater local influence over transport decisions
  - 11.2 articulating the arguments for, and examples of the importance of local influence in transport to growth
  - 11.3 being an exchange for knowledge and advice
  - 11.4 helping the local government sector to identify and address barriers to devolution.
12. There are already examples to draw on in the UK and elsewhere. London, Merseyside and Scotland are demonstrating that local decision-making can lead

### **Item 3**

to improved usage and higher satisfaction levels with knock on effects for economies. In Europe there are numerous examples where greater control over transport rests with local politicians. In the Netherlands this has led to significant efficiencies and satisfaction levels and also to innovation such as the franchising of whole networks (encompassing bus and rail). Our “town-hall” debate in Leeds on 6 December 2011 will be an opportunity to hear about examples from the UK and the Netherlands.

### **The way forward**

13. A number of Board members and individual authorities are keen to explore how they can use local transport to deliver key economic and social priorities. The next stages include working with Government, local authorities and other stakeholders:

- 13.1 We would want to work with DfT on a real time project which will enable innovative practice to flourish and which can give Government, the sector and other stakeholders the confidence to move forward and deliver fully on the localism agenda (John Dowie, Director of Local Directorate at the DfT will be attending the Board meeting to discuss how we can work together with DfT on this issue).
- 13.2 We will continue to work with those local authorities and ITAs that are at the forefront of devolution discussions and we will feed in the good practice from the UK and elsewhere.
- 13.3 We will work with the Office for Rail Regulation to develop the influence of local government, including work on aligning incentives and developing the role of local government in setting and monitoring performance measures.

14. The outputs and outcomes from this work could include:

- 14.1 LGA virtual pilots which will set out the sectors ambition for local integrated decision making
- 14.2 Real-life project with DfT to identify the barriers and issues for discussion with ministers.

15. Through this work the Board will seek to:

- 15.1 influence the outcomes of the review on Bus Services Operating Grant (BSOG)

**Item 3**

- 15.2 test the practical implications of implementing the various devolution work-streams (for buses, local majors, rail and trunk roads) to ensure the eventual outcomes make sense at the working level and synergies between the disparate initiatives are able to be fully exploited. And if they don't, help inform the proposals as they are finalised.
- 15.3 influence the approach to devolution so that it provides the best opportunity for local authorities to develop effective integrated transport systems.

## **Adult skills**

### **Purpose of report**

For discussion

### **Summary**

This report invites the Board to discuss the decentralisation of adult skills.

### **Recommendation**

The Board is asked to comment on the paper.

### **Action**

Officers to take forward the Board's comments.

**Contact officer:** Philip Mind  
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**Item 4**

**Decentralising Adult Skills**

**Introduction**

1. The Open Public Services White Paper offers the prospect of decentralising “commissioning” for skills<sup>1</sup>. The recent Government amendment to the Localism Bill gives cities the opportunity to bid for new tools to drive economic growth<sup>2</sup>.
2. This is a welcome development and officers would invite the Board’s direction on the approach we should now take.

**The adult skills system – the value for money problems**

3. The Government invests £3.5 billion in adult skills for around 3 million learners a year alongside individual and employer investment. The public spending is administered, at a cost of around £100 million a year, by the Skills Funding Agency.
4. This public subsidy is rationed through a system of funding rules – on eligibility (types of individual and courses) and tariffs - and allocated on the basis of historic volumes with a retrospective reconciliation of predicted and actual volumes.<sup>3</sup> A small proportion of the budget (2.5%) is allocated for job outcomes – the Job Outcomes Incentive Payment. A quality assured data collection and management system provides the audit trail for payments to providers.
5. There is a strong value for money case for exploring whether decentralised approaches could deliver even better skills outcomes<sup>4</sup>:
  - 5.1 there are local and regional imbalances in skill levels, with spatial concentrations of low skills
  - 5.2 employers and UK Commission for Employment and Skills report on continuing skills gaps<sup>5</sup>

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<sup>1</sup> Paragraph 5.17 Open Public Services White Paper, July 2011

<sup>2</sup> Cities to bid for new powers to spark economic growth, CLG press release, 13 September 2011  
<http://www.communities.gov.uk/news/corporate/1987935>

<sup>3</sup> The detail can be found in Adult skills budget funding requirements 2011-12, Skills Funding Agency

<sup>4</sup> Skills outcomes are improving – for example apprenticeship completion (73.8%) has doubled since 2004-05

<sup>5</sup> Strategic skills needs in the low carbon energy generation sector, UK CES, March 2010

**Item 4**

- 5.3 there are local concentrations of high unemployment where the integration of skills and employment support provision will be critical (this is recognised in new skills conditionality for the unemployed)
- 5.4 information on learning destinations is difficult to access, lacks currency and shows wide variation in provider performance.<sup>6</sup>

**Our solution - better value through decentralisation**

- 6. Whilst skills provision will be determined by learner choices in the market, there needs to be a wider local discussion about how colleges and training providers best serve their communities and any market failure needs to be mitigated.
- 7. Local Enterprise Partnerships (LEPs), bringing together civic and business leaders, provide a new forum for such a conversation within a natural economic geography. They have an ambition to play a bigger role in skills and have ideas about how they would drive more value from the system.
- 8. This value could be driven out in various ways. At its most radical, there could be a full devolution to councils or LEPs of the Skills Funding Agency role and funding. There is of course an economy of scale argument for retaining a funding agency that operates a national payments system to colleges and providers, but that only applies to the bulk processing. In theory the function and funding rules could be disaggregated and decentralised in particular places into a local skills investment fund - where there is a local consensus behind such a proposition, and evidence that a new approach would produce better, more targeted outcomes.
- 9. Less radically, decentralisation could take a number of forms aimed at improving:
  - 9.1 the local accountability and performance of providers. We know that improving information flows, greater transparency and scrutiny improve provider performance. LEPs, councils and other local fora could provide this role acting as the local customer champion (for both individuals and employers)
  - 9.2 the delivery of particular qualification and job outcomes through locally agreed variations to tariff and payment structures
  - 9.3 the diversification of supply working across the local market of skills and education providers to enable both new entrants, partnership formation across tiers or shared services models that spread cost and reduce barriers to entry. There are also opportunities for places, rather than

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<sup>6</sup> Framework for excellence - <http://ffepublication.skillsfundingagency.bis.gov.uk/>



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institutions, to strengthen the local “skills” and place offer to overseas students in a global skills market

- 9.4 through the aligning and pooling of budgets (community budgets) to retrain a local workforce and reintegrate them into the labour market.

**Guiding lights**

10. Decentralisation should build on and enhance the central pillars of government’s skills policy – a choice-based approach, de-regulation of the provider/government relationship, greater transparency and diversifying provision.
11. We are unlikely to make progress if our approach comes across as a return to skills planning through the back door– the thrust of policy is de-regulatory, giving colleges and training providers more freedom.

**Next steps**

12. Through the LGA’s Local Growth Campaign, we would invite councils, BIS and the Skills Funding Agency, with colleges and business to consider how decentralisation might drive greater value from the skills system and build the case.
13. Whilst there is an open door through the Open Public Service White Paper, engaging BIS on a decentralisation agenda will be a significant challenge. We are following that up at officer level.
14. In building the case, we can develop the collaborative work between the LGA, 157 Group and the British Chambers – this was captured last year in “the role of local enterprise partnerships in tackling skills needs.” Copies will be available at the Board meeting.



**Item 5**

**European economic and skills development funds 2014 - 2020**

**Purpose of report**

For discussion and direction

**Summary**

The European Commission has now published the proposed EU Budget, Structural Fund Regulations, and Rural Development Regulations for the 2014-2020 programmes. This triggers a period of intense negotiations between the European Commission, Member States, and the European Parliament.

Local government will also be a critical partner in these negotiations as they evolve. This paper outlines key issues and seeks member comment and endorsement on a twin-track engagement strategy in Brussels and Whitehall to influence the legislative process. A similar paper was taken to the LGA European and International Programme Board on 31 October 2011.

**Recommendation**

The board are asked to endorse the outline programme of activity introduced in Paragraph 10 and 11.

**Action**

Officers to progress proposed next steps subject to member feedback.

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**Item 5**

## **European economic and skills development funds 2014 - 2020**

### **Background**

1. European institutions are now entering a critical period in the negotiations for establishing structural fund programmes for 2014-2020. The EU structural funds typically support economic and skills development activity, and are regularly accessed by councils to help realise local ambitions. They include the European Regional Development Fund (ERDF), the European Social Fund (ESF), and transnational co-operation funds. The public spending squeeze throws greater emphasis on the role structural funds will play in driving economic growth.
2. Currently, the structural funds are worth over £8 billion to the UK between 2007-2013 period, which, once match-funded, represent a total potential investment of £16 billion. Local authorities are key partners in these funds, holding various strategic, support and delivery roles. However, councils have generally not been satisfied with their level of influence over spending, which has in the past been driven by regional and national priorities at the expense of locally accountable ones.
3. Further investment opportunities are available to councils through the Rural Development Programme for England, the Fisheries Fund (for coastal communities) and a range of thematic funds.

### **The issue**

4. The publication of the Structural Fund Regulations in October kicks off 12 to 18 months of detailed legislative negotiations between the European Commission, the European Parliament, and Member States through the European Council. Local government has an advisory role in this process through the Committee of Regions.
5. The LGA has been working on influencing debate on the future of structural funds for the last two years and the proposed regulations include a number of some successes. Despite successes with the EU, the exact level, scope and role of local authorities in future EU funds is a decision for Government.
6. There is, therefore, a great deal to do over the next 12 to 18 months, both in Brussels and in Whitehall, to ensure positive change.

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**The Structural Fund Regulations**

**Opportunities**

7. The Commission's proposal for the EU Budget includes a proposal for €336 billion for structural funds EU-wide between 2014-2020; this is also still to be negotiated with the European Parliament and European Council. Between them, the Structural Fund Regulations fill around 200 pages. The key issues for local government are introduced below:
  - 7.1 Redefining eligible areas. Currently, areas are identified as rich (competitiveness) or poor (convergence) with some phasing in areas in between, receiving levels of funding accordingly. From 2014 the proposal is to create a new 'transition' category for areas between the level 75%-90% EU GDP. This would formalise support for regions in transition as a specific objective of EU cohesion policy. The proposal is welcome as it will ensure some EU funds continue to flow into the relatively prosperous UK. Some initial calculations suggest Highlands and Islands, Cumbria, Tees Valley & Durham, South Yorkshire, Merseyside, Lincolnshire, Shropshire & Staffordshire, Devon, (and Cornwall as convergence) may benefit as new transition areas; but this will not be clear for some time. All other areas with a GDP above 90% will continue to benefit from funding as a more developed area as they do now.
  - 7.2 This is a real success for the LGA, and we will work with partners to explore what areas might be eligible for which category of funds.
  - 7.3 Local authorities and strategic programming. The regulations place a new emphasis on the role of local authorities as critical partners, encouraging Government to ensure local authorities are fully engaged in the preparation, implementation, monitoring and evaluation of operational programmes. The opening line of the General principles (Article 8) reinforces that 'the funds shall provide support, through multi-annual programmes, which complement national, regional and local intervention'. This emphasis is new; it represents the hard work of the LGA and partners, which will need to work closely with Government to ensure that it is honoured.
  - 7.4 New delivery vehicles for local economic development. The regulations set out new options for integrating funds within functional economic areas, a proposition central to LGA lobbying. Proposed Integrated Territorial Instruments and Joint Action Plans set out options for establishing local/mini programmes that operate within or between

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operational programmes. These would be managed by intermediate bodies, including local authorities.

- 7.5 This is a real success for the LGA, as the measures better allow for Government to establish more locally responsive delivery models outlined in the LGA's publication *EU Funds and Place Based Budgets*.
- 7.6 Urban dimension ring-fencing. A degree of special attention has been given to urban areas, as regulations propose that at least 5% of ERDF resources should be allocated to integrated actions for sustainable urban development, and that management be delegated to cities through the Integrated Territorial Investment vehicle. This is welcome in ensuring mandatory sub-regional management of EU funds for those places that need it, and other area types should also have opportunity to promote sustainable growth in their places.
- 7.7 Community-led local development. A section in the regulations on community-led local development offers the opportunity to establish integrated local development strategies that bring together a range of EU funds into small-scale programmes led and implemented by local community groups. The LGA has long argued that this community initiative should not bypass local authorities, which are accountable to communities, so that spending can be brought together into the wider strategy for an area.
- 7.8 Connecting Europe. The general regulations also outline proposals for a new EU wide €40 billion fund for transport, broadband and communication infrastructure, to be managed centrally by the European Commission. It is still unclear how this fund will operate, and how areas in England might be able to participate.

## Barriers

8. Although there are positive elements within the Structural Fund Regulations, there are also some points of concern. In particular:
- 8.1 Priorities and thematic concentration. In response to the pressures on the size of the EU Budget for structural funds, the European Commission proposals emphasise that spending should address a limited number of priorities. For instance it is proposed ERDF in 'transition' areas and more developed areas – which likely includes all places in England – will be able to choose two options from only four priorities<sup>1</sup>. ESF spending is

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<sup>1</sup> (1) Strengthening research, technological development and innovation (2) enhancing accessibility to and use and quality of information and communication (3) enhancing the competitiveness of small and medium-sized enterprises (4) supporting the shift towards a low-carbon economy in all sectors.

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also heavily ring-fenced. The restrictions risk alienating relevant local priorities from the spending.

- 8.2 Government centralisation. There is a real risk that Government establishes separate national programmes for ERDF, ESF, and rural development, with little involvement of local authorities in shaping spending. The EU's increasing focus on a fewer number of priorities, its plans to introduce tighter performance management regimes, and the likelihood that the UK will receive less resources in the future, are all likely to encourage Government to take an increasingly centralised approach. Although the EU regulations put further emphasis on the role of local authorities in spending, Government still maintains the discretion to operate EU funds in this way.

**Influencing the legislative process**

9. In this report we propose a lobbying programme that puts councils at the forefront of the public and private debate calling for the establishment of effective and locally responsive EU funds in the future.
10. It was proposed by the LGA European and International Programme Board to establish a joint working group, comprising of members from across the European and International Programme Board and Economy and Transport Programme Board, to lead lobbying activity for the LGA.
11. In summary, officers have suggested the programme of LGA activity might include:

**In Brussels:**

- 11.1 Fresh analysis of structural fund regulations and agreement on a number of lobbying priorities to take forward throughout the EU decision-making process.
- 11.2 Engagement between LGA Lead Members and MEPs on the European Parliament REGI Committee, and the European Commission. Including an EU-Local 'summit' in early 2012, involving a wider range of UK stakeholders.
- 11.3 Continued joint work with partners in EU local government, the Committee of Regions, the Council of European Municipalities and Regions (the European LGA), and partners such as Eurocities.



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**In Whitehall**

- 11.4 A policy proposition for how local authorities can help future ERDF, ESF and rural development programmes achieve ambitions for places and the people who live there. Setting out a counter argument for the potential centralisation of EU programme strategy and management.
  - 11.5 A programme of engagement, at the political and officer level, with the responsible Government departments with to ensure local authorities are central in the negotiation and establishment of future ERDF, ESF, and rural development programmes.
  - 11.6 A series of events engaging local authorities, the private and third sector putting local government at the centre of the debate on the future of structural funds.
12. We seek member comments on the issues outlined in this paper, and endorsement to progress activity.



17 November 2011

**Item 6**

## **Transport Update**

### **Purpose of report**

For noting

### **Summary**

This paper provides information on matters arising since the last Board meeting.

### **Recommendation**

Members are asked to note and consider any further action.

### **Action**

Officers to implement programme of support as agreed by members.

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## **Transport Update**

### **Introduction**

1. This paper sets out information on transport matters arising since the Board's last meeting. The intention is to provide a quick overview across a range of transport issues, some of which might not be immediate Board priorities, and will encompass emerging issues, Government announcements, and LGA activity.

### **Competition Commission Bus Market Inquiry**

2. The Competition Commission did not reiterate its call for greater local authority franchising in bus services, when it published its proposed remedies for local bus markets in October 2011. Instead, its package of recommendations include increasing the number and effectiveness of multi-operator ticketing schemes and a code of conduct, to be drawn up and enforced by Traffic Commissioners.
3. The report questioned whether local authorities have the skills to draw-up franchises but did not rule out "its future application in particular local markets...LTAs also have wider social and policy objectives that are not relevant to this investigation, but which may legitimately lead them to take a different view on this matter." The LGA has expressed its disappointment at this development and is continuing to discuss with the Department for Transport (DfT) how to take the devolution of bus issues forward.

### **Local Sustainable Transport Fund**

4. The purpose of the Local Sustainable Transport Fund (LSTF) is to enable the delivery by local transport authorities of sustainable transport solutions that support economic growth while reducing carbon. The DfT plans to make £560 million available to the Fund over the 4 year period to 2014-15. The funding will comprise both resource and capital. Councils in the first tranche of funding sent delegates to the forthcoming communications event on 8 November 2011 in Birmingham. The LGA was also represented at this meeting. We will work with the sector and the DfT to support the dissemination of good practice. We have offered to set up a Community of Practice to replace the Local Transport Planning Network and support the sharing of best practice among LSTF participants.

**Item 6**

**Longer Lorries**

5. The DfT ran a consultation, which ended on 21 June 2011, on whether or not permit an increase of 2.05 metres in the permitted length of semi-trailers for articulated lorries to 15.65 metres and increase the overall permitted length of an articulated vehicle to 18.75 metres – in order to allow the development and use of tractor units with safer, more aerodynamic frontal designs (18.75 meters is the maximum length for rigid truck / drawbar trailer combination currently allowed on UK roads).
6. The Technical Advisory Group (TAG, originally established by the LGA, provides advice and support to technical professionals employed by local authorities directly or indirectly to manage and advise on their services) responded to this consultation, opposing the proposal to introduce longer trailers, but in favour of an increase lorry length to allow for a re-design of lorry cabs. TAG's arguments against longer trailer lengths, which focus on the impact on local authorities included: road safety; increased damage to footways and other infrastructure implications; congestion and complaints about noise and vibration leading to an extra burden not only on the Highway Authority but also other departments such as environmental health.
7. The Government is now going to trial longer trailers for freight vehicles. The pilot will commence in January 2012, and will enable some hauliers to use articulated lorries that are two metres longer but are still within existing weight limits. Up to 900 trailers with an additional 2.05 m in length will be approved for use in Britain over the ten years of the voluntary initiative, in addition to a further 900 that are one metre longer than the current maximum.

**Devolution of Major schemes**

8. The DfT stated in November 2010 that it will “work in partnership with local communities to develop a new framework for the funding of Local Major Transport Schemes over time, one that will have a reduced role for central government and give a proper voice to locally elected representatives and business interests”. Any new arrangements will apply to Local Major Transport Scheme funding in the next spending review period from 2015. However, given the lead-in time required to develop schemes it is likely that decisions on the principles underpinning the future of the scheme will be taken in the next few months. Simply giving the money to individual councils has been ruled out because the amounts would be too small so the DfT is looking to create local transport consortia. We are expecting a consultation on the form these will take shortly.

**Item 6**

**Road Safety**

9. Following the presentation at the last Board meeting, we have arranged for the Road Safety Foundation to brief regional LGAs on this issue. The Transport Select Committee is investigating road safety and this may provide an opportunity for the regions to support the RSF.

**Part 6 of the Traffic Management Act 2004**

10. Last year the Government consulted on implementing the provisions in part 6 of the Traffic Management Act 2004 relating to the enforcement of moving traffic contraventions. The LGA responded stating that the powers contained in Part 6 are essential in meeting the Act's objectives. This view was set out in a letter from the Board's Chair dated 8 September 2010 (**attached** at Appendix A).
11. On 19 October 2011 Norman Baker replied saying he did not feel there was sufficient demand to introduce the powers. His letter also covered copies of the responses he received from 14 councils, of which eleven said they would use the powers; one said it wanted them but would use them only as part of a regional consortium; one was considering the issue; and one was not a highway authority. The letter and a summary of responses are **attached** at Appendix B. We propose to seek more substantial evidence of the benefits of these powers and draft a letter for the chair to send to the Parliamentary Secretary reiterating councils' desire to have them.

**Signing the way: traffic signs policy review**

12. DfT published this document on 13 October 2011, its key themes are improving the information that traffic signs communicate to road users and making the system more flexible while retaining national consistency. The department sees this as a localist move that will reduce its regulation of councils. The number of required signs will be reduced and it will be easier to introduce new optional signs to promote sustainability, e.g. by helping cyclists. Amendments to Traffic Signs Regulations and General Directions (TSRGD) will come into force in November 2011 and will reduce the administrative burden on local authorities by prescribing many of the non-prescribed traffic signs that are frequently authorised by the Department. The DfT will undertake a full revision of TSRGD, to implement the more substantive regulatory changes, as a priority – but unlikely to be completed before 2014. However, the Secretary of State will use his powers of authorisation to make many changes in the interim.

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**2012 Olympic and Paralympic Games Task and Finish Group**

13. The LGA Exec has agreed to establish a 2012 Olympic and Paralympic Games Task and Finish Group. The purpose of the Task and Finish Group is to provide strategic oversight of the work of the LGA across its Programme Boards in relation to the 2012 Olympic and Paralympic Games. The LGA is supporting councils to ensure that they play their part in hosting an exciting and safe 2012 Olympic and Paralympic Games that delivers wider benefits for the whole country.
14. The Task Group will:
  - 14.1 provide strategic oversight on operational and legacy issues across the LGA Programme Boards. This will include supporting and representing the interests of all councils whether or not they have or are near to a venue.
  - 14.2 make recommendations to the LGA Programme Boards to ensure that the LGA delivers a coherent offer to councils in relation to the 2012 Games.
  - 14.3 report back on progress to the LGA Executive through the Chair of the Task and Finish Group.
  - 14.4 undertake a final meeting to evaluate the work of the LGA in October 2012 and make any recommendations regarding learning and legacy.





**From the Parliamentary  
Under Secretary of State**

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Councillor Peter Box  
Chair, Economy and Transport  
Programme Board  
Local Government Association  
Local Government House  
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19 October 2011

*Dear Peter,*

**PART 6 OF THE TRAFFIC MANAGEMENT ACT 2004**

Further to my letter of 11 January, I attach copies of the letters I received from Birmingham, Brighton and Hove, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham, Oxford, Plymouth, Reading, Salford, Sheffield, and Southampton.

It is my view that the demand for these powers from local politicians in the sorts of authorities I would expect to be among the first to use these powers is far from overwhelming, and I have therefore concluded that there can be no case for devoting scarce resources to this matter at the moment.

I am sorry to send what I expect will be a disappointing letter.

Yours sincerely

*Norman*

**NORMAN BAKER**



### Economy and Transport Update

#### Summary of responses to Traffic Management Act (TMA) Part 6 consultation

1. All responding authorities supported the introduction of the powers contained in the TMA Part 6 except Southampton City Council (which did not oppose them, but was in the process of conducting a feasibility study on bus lane enforcement) and Oxford City Council (which pointed out that it was not the highway authority and so would never be able to use the powers, but would support their use by the County). All the other responding authorities else except Salford City Council said they would use the powers, Sheffield City Council had reservations.
2. Birmingham City Council 'welcomes this consultation and would actively look to support such powers should they be come available.... [They] believe that active and targeted enforcement of such offences would greatly assist in carrying out [their] Network Management Duty... [and] there could be considerable benefits to road safety'.
3. Brighton and Hove City Council responded that '[their] Traffic Manager Road Safety Manager and local transport operators ... are of the view that these additional powers are needed ... [They] believe that these powers would provide a useful tool for making headway with improving [road safety and] lead to greater consistency [on bus lane enforcement]'
4. Bristol City Council Liberal Democrat Group said that they 'support the introduction of these powers and will be pleased to recommend this to [their] colleagues for their consideration'.
5. Leeds City Council said 'should the powers.... be enacted Leeds City Council would wish to use them'.
6. Liverpool City Council 'does support the enactment of the powers and would indeed seek to use them'.
7. Manchester City Council 'is in support of implementation of the remaining powers contained in the TMA' [and would utilise them].
8. Newcastle City Council 'still wish to adopt these powers and would welcome the enactment [of them] as soon as practicable'.
9. Nottingham City Council 'would be enthusiastic to use these new powers'.
10. Plymouth City Council 'would welcome the introduction of these new powers and have a real need for them'.

## **Appendix B**

11. Reading Borough Council responded that 'these enforcement powers are needed as soon as possible'.
12. Southampton City Council was commissioning a feasibility study on bus lane enforcement and therefore had no view pending the outcome of that study (it might want to consider the other powers in future).
13. Salford City Council's position was partly a consequence of a lack of resources but also because it felt the issue was one which might be taken up by the greater Manchester combined Transport Authority for which it could not speak.
14. Sheffield's reservations related to resources and about the degree of signage required which they wanted reduced.

**Item 7**

## **Youth engagement - update**

### **Purpose of report**

For noting. The report updates the Board on the youth engagement campaign “Hidden Talents” which was discussed by lead members of both the Economy and Transport Programme Board and Children and Young People Programme Board on 5 October 2011.

### **Summary**

Lead members agreed that youth engagement in work and learning is a key issue for both Boards. They agreed to a joint-Board campaign looking at the council role in making the system as effective as possible, a focus on improving services to young people, looking at the issue from early years to young adulthood and the importance of place.

They discussed the current problems with the system, for example weak careers advice in schools and skills mismatches and some of the opportunities, for example looking ahead to the future labour market.

Officers are now taking forward actions to get the campaign underway.

### **Recommendation**

Members to note the update.

### **Action**

Officers to take forward members suggestions.

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## **Youth engagement - update**

### **Background**

1. In 2009 the LGA ran a “Hidden Talents” campaign looking at youth engagement in work and learning. Its guiding ambition was that all young people, aged 16 to 25 years should be engaged in productive activity, work, learning, volunteering or caring.
2. Against a background of high youth unemployment, the Board has discussed, along with the Children and Young People Programme Board, a fresh look at youth engagement. The economic, funding and institutional landscape has changed significantly in the last two years.
3. Lead members met recently and agreed that there should be a campaign reporting jointly to both Boards.
4. At the meeting, members discussed the roles councils play in engaging young people in work and learning, some of the key problems with the current system (skills mismatches, weak careers advice), the need to look ahead to the future labour market and the importance of engaging business and young people in the campaign. They stressed the importance of outcomes and influencing the key policy processes, including the Budget. A note of the discussion is **attached** at Appendix C.

### **The work plan**

5. Officers have developed a work plan with 3 main components to be completed early in the New Year:
  - 5.1 A campaign document bringing together an analysis of the problems with the current system and thinking on proposed solutions
  - 5.2 Baseline research on youth engagement statistics, looking behind the headline numbers on youth unemployment to the underlying trends on participation in work and learning and the variation between places. This has been commissioned from the National Foundation for Educational Research

**Item 7**

- 5.3 A way of engaging young people, to hear first hand about their experiences and ideas, and to test our ideas with them. We are talking to the British Youth Council, the membership body for youth forums, about a February event with young people from up and down the country, which will need to dovetail with the proposed youth events planned for the Local Growth Campaign in Wakefield and the South West. The focus of the February event is likely to be on hearing from young people.
- 6. In the run up to next year's LGA conference in June, we will develop the campaign building on these outputs. We have also asked the NFER to look at future skills needs and the extent to which the education and training system meets them, and labour market demographics so that our analysis and recommendations are forward looking.
- 7. We will be updating members regularly as the campaign progresses.



## Note of decisions taken and actions required

<b>Title:</b>	Joint Office Holders meeting between Economy and Transport Programme Board and Children and Young People Programme Board
<b>Date and time:</b>	5 October 2011, 10.00am
<b>Venue:</b>	Local Government House

### Attendance

Name	Council
Councillor David Simmonds	London Borough of Hillingdon
Councillor Peter Box CBE	Wakefield MDC
Councillor Shona Johnstone	Cambridgeshire CC
Councillor John Merry	Salford City
Councillor Apu Bagchi	Bedford BC

### Officers:

Ian Hughes	LGA
Helen Johnston	LGA
Phillip Mind	LGA
Ian Keating	LGA
Nick Porter	LGA
Lucy Ellender	LGA

### Item

- Welcome**  
Cllr David Simmonds welcomed everyone to the meeting and introductions took place.

- Discussion on LGA Youth Unemployment activity**

Members made a number of general observations during discussions:

- That the youth unemployment activity should focus on achieving certain outcomes that improve services to young people
- That local authorities can play a particular role in holding the ring on services offered to young people, acting as the glue bringing services together around individuals, and as an assurer of quality from various providers and services.
- That activity should take a whole-system, cradle to grave approach to reducing youth unemployment

Discussion focussed on a range of important issues that a campaign should focus on.

- That the quality of career's advice that young people are receiving might not

be fit for purpose. Local authorities could help schools prepare for providing careers support.

- That there needed to be greater correlation between the skills being taught in colleges and those that the employment sector in each area needs. For instance it was noted that the current skills funding system did not necessarily support this. Local authorities in Greater Manchester have conducted a skills audit to understand and improve this correlation.
- That there was a need to anticipate the future jobs landscape, to ensure that young people are fully prepared and have the correct skills. Many local authorities were already working with employers in their areas to try and address any skills-deficits that could be identified.
- That the aspirations of young people was a key factor in determining career and participation choices, a greater understanding of what drives certain aspirations in places is necessary.
- The separate issues of the young people that may not be participating, and their distance from the labour market, such as special education needs should be considered.
- Transport was a key issue for both rural and urban young people in attaining employment.
- Effective and sustained engagement of young people in the development of understanding and policy recommendations
- Strong engagement of employers is important, for instance learning from the good work of Tesco, and in particular the retail and hospitality sectors as common entry points for young people

### **3 Conclusions and next steps**

Members agreed that it in essence the LGA campaign should aim to first understand the situation better, and then assess what needs to change, before then working out how to achieve that change.

Members also focused on the need for the campaign to engage with stakeholders in innovative and interesting ways.

### **4 Action**

Officers to prepare a campaign document based on members discussions

Officers to commission research on the youth engagement baseline

Officers to identify innovative ways to present the campaign, and in a way that involves young people.

**Item 8**

## **Economy and Transport Programme Board communications update**

### **Purpose of report**

For noting

### **Summary**

Focusing on progress with online Economy and Transport Programme communications and resources, this paper provides an update on the Local Government Association website, e-bulletin, Communities of Practice and Knowledge Hub.

### **Recommendation**

The Board is asked to note the report.

### **Action**

As agreed by the Board.

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**Item 8**

## **Economy and Transport Programme Board communications update**

### **Introduction**

1. This report summarises the main ways councils can access, engage with and be updated on the work of the Economy and Transport Programme online.

### **Website**

2. The LGA's new single website [www.local.gov.uk](http://www.local.gov.uk) was launched in July 2010. There is a dedicated section on economy and transport which features latest news, links to the Economy and Transport Programme Board, the Economy and Transport e-bulletin and Communities of Practice.
3. Numbers visiting the new website as a whole are still growing as content is moved across from other areas and awareness of the website increases. However, visits to the economy and transport pages have continued to rise month on month. For example, there was a 56% increase in visits from September to October (416 to 649 unique visits).

### **Economy and Transport monthly e-bulletins**

4. At the start of September 2011, the LGA launched a new suite of e-bulletins. The bulletins aim to streamline email communications with the sector and provide digests of relevant, timely information on the most important issues. There are 11 monthly bulletins covering the LGA's key priorities which include Economy and Transport. To subscribe, or manage subscriptions to these bulletins please visit the 'My account' page of the LGA website:  
[www.local.gov.uk/my-account](http://www.local.gov.uk/my-account)
5. The two monthly Economy and Transport e-bulletins published to-date (in September and October) have been well received. We continue to promote the e-bulletin through our marketing and communication channels and to increase the number of subscribers.

### **Communities of Practice**

6. The LGA's online resources are complimented by Communities of Practice (CoPs). The Communities of Practice platform is a website that supports collaboration across local government and the public sector. It is a freely accessible resource that enables people to form online communities of practice, which are supported by online tools that encourage knowledge sharing and learning from each others' experiences.

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7. The Economy and Transport team leads the facilitation of two Communities of Practice; the Winter Weather CoP and the Driving Local Economic Growth CoP. The Winter Weather CoP was launched in September and allows the exchange of information between those involved in keeping roads open during periods of snow fall and freezing temperatures. In October 'winter' was the tenth most popular search term across the whole CoP website. The Driving Local Economic Growth CoP (previously the Local Enterprise Partnerships CoP) has over 500 registered members. This community supports the LGA's local growth campaign and provides a space for those working to increase local economic growth to share information, highlight good practice and network.

**Knowledge Hub**

8. On 27 October 2011 the Knowledge Hub (<https://knowledgehub.local.gov.uk>) was launched to provide a single access point for CoPs, blogs, twitter and other electronic media. While the Communities of Practice have been a great success, there are few links between communities. An individual could be having a very similar conversation to someone else in another community and not know about it. The Knowledge Hub aims to address this by enabling information to flow more freely around the system, encouraging more open conversations. It includes search functions that help users to find things more easily, but also brings information and connections to individuals based on their own interests and activity.
9. From the end of October new groups will be encouraged to establish themselves on the Knowledge Hub. Existing and active Communities of Practice, including the Winter Weather and Driving Local Economic Growth CoPs, will be migrated across to the Knowledge Hub by early next year with a view to closing down the Communities of Practice by the end of March 2012.

**Item 9**

**Post offices**

**Purpose of report**

For noting and comments

**Summary**

This report updates the Board on recent developments on Post Offices and invites their comments.

Councils, with the support of the LGA, have steadfastly lobbied for local communities and councils to have a bigger say in the decisions about the local post office network.

Edward Davey MP, Minister for Postal Affairs has recently written to 25 council leaders inviting their councils to become “strategic partners” with Post Office Limited (POL). The Government is also consulting on the mutualisation of POL. On 21 October 2011, the Board Chair wrote to Ed Davey MP suggesting a meeting which is now being arranged to follow up on these positive developments, the letter is **attached** at Appendix D.

**Recommendation**

The Board is invited to comment on the update, our objectives on post offices and the Government’s consultation proposals for mutualising Post Office Ltd.

**Action**

Officers to take forward members’ views in preparing for the meeting with the Minister and the consultation response.

**Contact officer:** Philip Mind  
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**Post offices**

**The history has not always been good....**

1. The local post office is a service close to the hearts of communities, often an essential part of the local social glue and a valuable service provider, particularly helpful for those who are less likely to use online or call centre channels to access services and undertake transactions.
2. Post office network change is therefore a sensitive issue. The last closure programme proved to be highly controversial with many communities frustrated that they had little influence over the decision-making process.
3. The changing consumer preferences that drove the last closure programme remain. The biggest challenge for the network is the consumer shift towards online channels. For example, many people now get their road tax online, rather than back up the queue in the local post office.

**But there are encouraging developments...**

4. The Government has 3 main pillars to its strategy for the post office:
  - 4.1 significant investment over the Spending Review period of £1.34 billion paying for the modernisation of the network, in particular the post office local model that banishes post office counters and extends opening hours for a range of post office services
  - 4.2 the mutualisation of the post office removing it from Government control towards a balanced producer/consumer mutual model
  - 4.3 a drive to make the post office the front office of government.
5. There is another strand which is of particular interest to local government. Over the last two years, a number of councils with LGA support have been in a dialogue with BIS and POL about strengthening community and council involvement in decisions about the post office network and shifting POL's engagement with councils to one of selling rigidly defined products to that of a more strategic partner. POL began this process in Sheffield in 2010 following a Sheffield City Council proposal made under the Sustainable Communities Act.

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6. They are now extending the pilot. Edward Davey MP, the Minister for Postal Services in BIS, wrote at the end of October to 25 council leaders proposing that they become a strategic partner of the post office. This is a positive development. A meeting is being set up between the Ministers and the Board Chair to discuss it and the Government's proposals on mutualisation.

**We have taken a consistent line – is it still fit for purpose...**

7. The rest of the note invites the Board to review our objectives in relation to these developments.
8. Our principal objectives in relation to post offices have been to:
  - 8.1 secure a bigger say for local councils and communities in the decisions about the local network. The 25 “strategic partnerships” provide an opportunity to achieve this locally in different ways. Do we need to do anything to strengthen the relationship nationally? We need to look into the offer - what is the strategic partnership intended to achieve, over what period and when will this kind of relationship become the norm?
  - 8.2 encourage Post Office Limited to work in partnership with councils where the post office is part of an integrated public service offer, joining up with related community service initiatives like the use of community buildings, capital assets and digital inclusion.
  - 8.3 recognise that POL will want to sell products to local government that put business across the post office counter but that they compete on a level playing field with other providers of local government services.
  - 8.4 bring councils together who have a strong interest in post offices. As a natural development, we will discuss with BIS and POL how to convene the 25 councils being offered a strategic partnership with POL into a network.
  - 8.5 Are these objectives still the right ones?
9. The Government's proposals for mutualisation suggest at least two others:
  - 9.1 successful mutualisation in 2015 requires a significant culture change within POL which has a centralised working culture – that ought to start as soon as possible. The strategic partnerships offer an opportunity to drive that forward but there is a risk that POL put the emphasis on getting contracts from the councils

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- 9.2 ensuring that councils can play a role in the governance structures of a mutualised post office.
10. An executive summary of the Government's proposals for mutualisation is **attached** at Appendix E. There is reassurance on key principles - commercial viability as necessary pre-condition for mutualisation; Government commitment to the access criteria and subsidy; a balanced consumer/producer model and independence; future ownership ruling out privatisation; and the disposal of assets – although the devil will be in the detail.
11. We welcome Board members' first reactions. We will be drafting a formal response, consulting councils closely, for the Board to consider in time to meet the BIS deadline of 12 December.





Ed Davey MP  
Minister for Employment Relations, Consumer  
and Postal Affairs  
Department for Business, Innovation and Skills  
1 Victoria Street  
London SW1H 0ET

21 October 2011

Dear Minister,

I am writing as Chair of the Local Government Association's Economy and Transport Board to propose a meeting to discuss the latest developments on post offices and partnership working with local government.

At the end of last year, you held a very helpful meeting with the Councillor Kemp, Post Office Limited and Sheffield City Council to discuss how the local government could strengthen its partnership working with Post Office Ltd.

There has been some good progress since then. The Post Office Ltd was involved in the LGA's annual conference, and working with Councillor Kemp, they have been looking at how to form more strategic partnerships with local authorities.

The proposals to mutualise the Post Office lend this work even greater importance. The foundations for these proposals will be built on the strength of relationships, trust and, on the government's preferred model, the alignment of producer and consumer interest

Over the next few years, we would like to see a much stronger partnership with the Post Office develop. As you know, communities and councillors are passionate about many local services, with the local post office network near the top of the list.

Against that background, we would like to discuss with you the extension of the pilot work with Sheffield City Council, local government's interest in mutualisation, the scope for developing local post office mutuals and the integration of post offices into the local public service offer.

I hope we could involve Alice Perkins to whom I am copying this letter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Box', with a stylized, cursive script.

Cllr Peter Box

Chair LG Group Economy and Transport Board

### Post offices

BIS Consultation Document – Building a Mutual Post Office, September 2011-11-10

#### Executive Summary

The Government believes that mutualisation of Post Office Ltd could foster a more vibrant and successful Post Office network. It could help the business to meet the commercial challenges posed by the highly competitive markets in which it operates at a time of rapid technological change. And it could provide a greater focus on the alignment of stakeholder interests, with Post Office's key stakeholders all pulling in the same direction towards a prosperous future.

But mutualisation will only be a success if the Post Office's key stakeholders such as its staff, subpostmasters and customers support it and engage with it. And so this consultation is seeking your views on how it could be done. The consultation document sets out the following key issues:

The current structure of Post Office Ltd and its business strategy.

Why Government thinks mutualisation could be a good idea for Post Office Ltd.

Our belief that the members of the mutual should comprise an equal mix of 'producers' (such as employees and subpostmasters) and 'consumers', with no one constituency having an overall majority.

Why we believe that a Post Office mutual could work best without a Government ownership stake, to provide a clear cultural break from the past, with Government able to continue its relationship with the mutual on a contractual basis.

Our proposal that a possible structure for a Post Office mutual could be a three tier structure, comprising of the membership, a representative body, and Board of Directors.

Other considerations which we need to take into account before a move to a mutual would be possible, the most important of which is Post Office Ltd's financial stability.

The Post Office is facing some difficult challenges, with greater competition online, and higher customer expectations. Post Office Ltd is currently introducing new products and making changes to its network to make it more competitive and attractive to consumers. The Government is providing £1.34bn of funding for the network over this spending review period to support that strategy, and is determined to put the Post Office on a long term sustainable footing.

We believe that, in addition to the other changes Post Office Ltd is making to address the underlying economic issues it is facing, mutualisation could also help to secure the future of the Post Office network. A mutual Post Office might be better able to react to

## Appendix E

commercial opportunities and risks than under the present Government ownership structure. And mutual ownership could better align the interests of Post Office Ltd's key stakeholders, by giving them a greater say in the decisions made by the company which affect them. But we are clear that any mutualisation would need to involve robust protections to ensure the Post Office continued to act for the public benefit, as required by the recently passed Postal Services Act 2011. The Post Office acts in the public benefit in many ways, for instance through the continued delivery of services which are relied upon by so many (often vulnerable) consumers, across a comprehensive, nationwide network.

Government believes that the members of a Post Office mutual would best be composed of a balanced combination of producers (such as employees and subpostmasters) and consumers. This would ensure that both those who run post offices and those who use them would have a say in the future of the network. For stakeholders to be able to influence the running of the post office network, we think the mutual should be arranged in a three tier structure, with a 'representative body' acting as a formal link between the members and the Board of Directors of the mutual. The representative body would represent the wider interests of the members, and ensure that the Post Office continued to act for the public benefit. It would also be vitally important to ensure that whatever governance arrangements might be put in place actively help the business rather than adversely affecting its day to day running or creating slower decision making processes. It is more important now than ever that Post Office Ltd is quick to respond to the fast changing markets in which it operates.

We also believe that to be successful in the long term, the Post Office mutual would require a clear cultural break from the past. As a result, we believe that it may not be in the Post Office's best interests for Government to be one of the future owners of any mutual. If Government were to retain a stake in the mutual, the successful establishment of the mutual could be a lot more difficult because it would be harder to engender the shared purpose and behaviours among the mutual's members. It is therefore envisaged that if the Post Office were to be mutualised, Government could instead continue to maintain its relationship with the business through contracts. For example, contractual arrangements could be established to ensure that a wide network is maintained (by keeping open branches that would otherwise be commercially unviable), and that Post Offices continue to provide key services which people rely on. However, it is recognised that there are practical issues, not least how a Post Office independent of Government would be able to raise finance and working capital, that would need to be overcome before such a change could be implemented.

Any move to a mutual would be dependent on several factors. The success of Post Office Ltd's current strategy, which sees the company returning towards financial stability, is critical. Unless it is commercially sustainable, it is highly unlikely that the company could or should be transferred to a mutual. Mutualisation would also be dependent on Parliament being satisfied with the final proposal, as well as Government's ability to ensure that any such change would be affordable and represent value for money for the taxpayer. Perhaps most importantly, no move to a mutual would be made unless Post Office's key stakeholders were supportive of the proposal, and there was agreement on a particular governance structure.

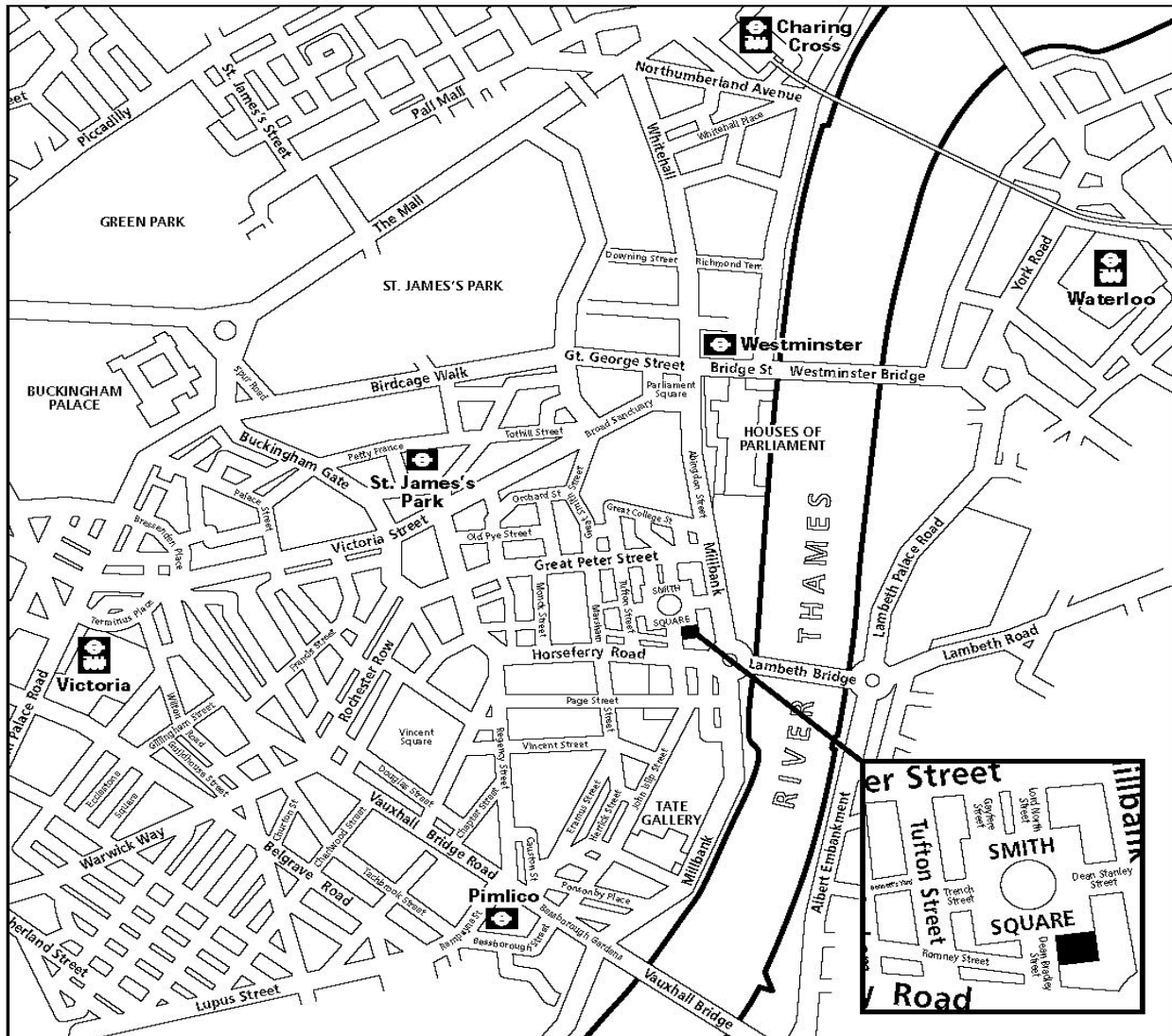
Any transition will inevitably take a number of years, however Government believes that clear progress towards mutualisation could be made by the end of this Parliament,



## **Appendix E**

provided that the above conditions can be met. Over this period, Government will work with Post Office Ltd's stakeholders to take a number of important steps necessary to further develop the shared purpose, culture and operating methods needed to succeed as a mutual.

## LG Group Location Map



### Local Government Group

Local Government House  
Smith Square, London SW1P 3HZ  
Tel: 020 7664 3131  
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Email: [info@local.gov.uk](mailto:info@local.gov.uk)  
Website: [www.local.gov.uk](http://www.local.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 - Victoria  
**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](http://www.cclondon.com)

### Car Parks

#### Abingdon Street Car Park

Great College Street

#### Horseferry Road Car Park

Horseferry Road/Arneway Street