

Transport spending round submission



April 2013

1. Summary of key proposals

Our objective – to drive growth by supporting local transport development.

Investment programmes – can be developed to be more efficient through funding for local highway maintenance.

Roads programmes – more value in the roads programmes can be created by giving councils a co-commissioning role in the Strategic Road Network (SRN).

Bus funding – we support a more radical approach to devolution of bus funding.

2. Context

Transport is a major influence on growth. In particular the physical deterioration of the roads network and increasing congestion are damaging the economy and have an impact on air quality.

Government has recognised the value of local decision-making by private and public partners and has already devolved Local Major Transport Scheme funding and decision making from 2015/16. It has also devolved a proportion of Bus Service Operating Grant (BSOG) to the local level and is working with local authorities on the devolution of the regional rail network.

Important steps have been taken to ensure that transport is a driver of local growth. The spending round provides an opportunity to make further steps on this journey, by developing a more efficient road maintenance programme and creating more value in the roads programmes by giving councils a co-commissioning role in the SRN. This would increase the integration of transport decisions with the skills, employment, housing and health agendas at a local level.

3. Developing more efficient investment programmes

In order to stimulate growth in a more cost-effective way, we propose an enhanced investment programme in roads maintenance. These projects can bring immediate benefits in terms of work for the construction sector and its wider supply chain; they will have a lasting economic benefit.

Local authorities have reduced the cost of highways maintenance. Since 2008 the cost of repairing a pothole has gone down by 25 per cent¹. However, long-term underinvestment and recent significant weather events have led to a growing funding gap. This has implications for the UK economy as the Government recognised when it injected an additional £215 million into local authority roads maintenance in December 2012. In March's Budget the Government announced a £3.5 billion increase in capital expenditure from 2015/16.

¹ ALARM Survey 2008-2013, Asphalt Industry Alliance

It is also important that the 2015/16 spending round provides a settlement for highways maintenance out to 2020/21 so that local authorities can plan with some confidence. The LGA wishes to work with government on identifying more sustainable long-term funding arrangements for highways maintenance.

This programme has significant support in the business sector. The March monthly survey from CIPS/Markit of the construction sector indicates that this area of the economy is still contracting.² This proposal offers an immediate shot in the arm.

4. Creating more value in the roads system

Government has been looking at the future of its roads strategy and the role of the Highways Agency. The spending round offers a real opportunity to create efficiencies in future public investment in this area.

The relationship between investment in transport infrastructure, economic growth and other policies is complex and requires a high degree of local influence and expertise if the most effective investment is to be obtained. The distinction between strategic and local road networks is not absolute. There is little point in reducing congestion on the SRN if this simply increases local congestion. Equally, inadequate local networks can drive traffic onto the SRN, leading to congestion there. Investment in the SRN will be most effective when it is considered in the context of local roads, other transport modes (which may take traffic off the roads) and other policies (eg growth, planning, housing and health).

A route-based (or area-based) approach is required that considers transport as a whole in this wider context. If this is to be achieved, it will not be sufficient simply to consult with local partners through the local enterprise partnerships. A clearer partnership for local and national investment is required.

The arrangements for future investment in the SRN should facilitate, as a minimum, a co-commissioning partnership approach between local government, the Highways Agency (and any successor) and government which:

- **seeks an efficient investment programme which joins up local and strategic roads investment**
- **allows for local and route-based solutions to specific issues, informed by national and LEP strategies**
- **considers transport in the context of local and national growth**
- **ensures accountability through locally elected politicians.**

² <http://www.nasdaq.com/article/uk-march-construction-pmi-contraction-confirms-recession-concerns-20130403-00096>

5. A more radical approach to transport devolution

The on-going reforms of BSOGs, which include the transfer of funds to local authorities from bus operators in the case of tendered services and in areas designated as Better Bus Areas has been welcomed by local government. However, recent reductions in the funding for BSOG, coupled with reductions in funding faced by local authorities, have highlighted the sensitivity of the sector to subsidies of one form or another.

Bus services account for the vast majority of public transport journeys and a greater proportion of bus trips are for commuting, education and shopping purposes than is the case for car travel. Investing in urban bus services has been demonstrated to provide exceptional value.³ Any further reductions could have substantial detrimental impacts on communities and the scope to mitigate this impact will be limited unless there is further wholesale reform.

As resources become scarce it is even more important that funding is used well. **Local authorities, working with business and other partners, are best placed to understand the economic, social and environmental needs of an area. Local authorities are best placed to commission bus services that meet the full needs of communities. To do this local authorities and their partners need to be able to maximise the efficiencies of the range of transport subsidies through pooling at a local level.**

6. Conclusion

Our three proposals set out the opportunity to reform national and local transport policy to ensure that growth is the key policy driver.

³ <http://www.pteg.net/NR/rdonlyres/5F26BBD3-C4A4-4052-A453-D5BFE5E0F0B8/0/ptegCaseforbusreportFINAL.pdf>

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