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Transport update

Purpose of report

For discussion and direction.

Summary

This paper summarises the Economy and Transport Board's work to date on devolution and funding on transport issues and proposes the priorities for the year ahead.

Whilst the LGA has had some significant successes in calling for devolution of transport powers and for increased transport funding, especially highways maintenance, we are proposing further work on devolution to match the ambition of local partners.

In summary, it is proposed our lobbying focusses on:

1. Achieving a step change in influence over the **New Highways Agency** and Route Based Strategies.
2. A new roads campaign that calls for a **Rewiring** of local transport provision; and brings decisions together in one place to deliver a better system for managing roads to deliver local growth ambitions.
3. Ensuring that **Growth deals** and the (Single) Local Growth Fund support local ambition whilst giving councils and Local Enterprise Partnerships maximum freedom to decide delivery.

Recommendation

Members are asked to discuss the proposed priority areas and provide a steer for next steps.

Action

As directed by members.

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Background

1. In the last twelve months, the LGA has called for greater devolution and increased funding across a range of transport issues, and these are summarised below. Whilst councils have enjoyed some success, our *Rewiring Public Services* work offered a more comprehensive agenda of reform and better outcomes for communities. This paper provides an assessment of our current position and proposes a way forward.

Our Devolution and funding asks

2. Local Authority Majors Transport Scheme funding – The LGA successfully lobbied for devolution of the Local Transport Majors funding, which following this year's spending review, amounts to £819 million per year. Funding was devolved to new sub-regional Local Transport Boards (LTBs). However, before the fund could be shared between LTBs it was absorbed into the Local Growth Fund (see below). This is to be allocated to Local Enterprise Partnerships (LEPs) on Government's assessment of LEP Strategic Economic Plans along with £200 million a year of Integrated Transport Block funding. These funds remain officially within the Department for Transport's (DfT) budget and ultimately it is DfT that is responsible to Parliament for them, which therefore questions the true freedom that councils have to spend them.
3. Strategic Roads Network and the Highways Agency - The Government's 'command' paper *Action for Roads*, published in July 2013, sets out their vision for the future of the Strategic Road Network (SRN) and how it will be managed. The LGA had lobbied for the Highways Agency (HA) to be restructured along sub-regional basis – for example to the LTBs and for councils to have a strong role in managing its network. Instead it is to remain a centralised organisation. However, the HA has embarked on a series of route-based strategies to develop the next generation of investment plans for the network. Given the inter-dependencies between local and strategic roads networks, councils are keen to be involved. Following discussion with the LGA, the DfT recognise that local authorities are central to the discussions on the appropriate solutions for the SRN. Proposals for next steps are covered below.
4. Bus devolution – The LGA has consistently lobbied for councils to be given the option of franchising local bus services or making Quality Contracts work and for the Bus Service Operators Grant (BSOG - paid to operators on a mileage basis irrespective of the profitability of services) to be devolved to councils along with concessionary fares funding. DfT has devolved BSOG in part. In London, it has been completely handed over to councils; the proportion tied to tendered services has also been devolved and a proportion of the remainder has been used to fund better bus areas.
5. Rail Devolution - The LGA lobbied Government in support of proposals for local authorities to have more influence over franchises at a local level. The collapse of the West Coast franchise and the subsequent Brown Review of Rail Franchising had led Government to a rethink on the franchising process. The Brown Review was essentially supportive of local authority involvement and we hope to see developments later this year in respect of the north of England, London and the West Midlands.

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6. Moving traffic offences – The Traffic Management Act Part 6 provides powers for councils outside London to enforce moving traffic offences (e.g. banned turns, yellow box junctions, cycle lane infringement). We have defeated arguments against the granting of these powers to councils outside London on the grounds of lack of demand or difficulty but the powers remain unactivated. A submission from the LGA went to the Transport Minister in early December, accompanied by submissions from Sheffield and Nottingham City councils detailing how these powers could assist traffic management and bus services in those cities. Ministers are considering the issue.
7. Highways Maintenance - Although not large enough to address the £800 million per annum maintenance deficit, the LGA's lobbying of DfT to provide more resources for roads maintenance to councils was part successful with the Spending Review confirming an additional £300 million. Members should note that whilst the Government has increased highway maintenance funding it has decreased the part of the transport block grant available outside the Local Growth Fund by the same amount.

Rewiring public services

8. Whilst it is clear that councils have benefitted from some additional transport funding and devolution of responsibility from Government, it falls far short of our comprehensive *Rewiring* agenda which identified that, in England, infrastructure investment in our local areas originates from a plethora of sources – and transport infrastructure is no exception. Whilst these provide much needed investment in localities, programmes could be coordinated in a much more effective way. One of the major problems is that there is too much ringfencing, even within the Local Growth Fund that was supposed to be the single investment pot that gave local areas the freedom to make the priority investment according to local needs.
9. Another major barrier to local growth is that Government programmes operate in silos. For example:
 - 9.1. We can spend money redesigning roads but we cannot enforce traffic regulations that might achieve the same impact for less money.
 - 9.2. We cannot afford to subsidise socially necessary bus services but public money is given to operators of profitable services in the form of BSOG. Full devolution of BSOG would allow a wider range of services to run.
 - 9.3. Too much transport investment is tied up in big central government schemes when the evidence shows small local schemes produce better results.

Next Steps in delivering the Rewired agenda in transport

10. Councils have been asking for much greater devolution of powers and responsibilities and the direction of travel from DfT is welcome, although falls far short of councils' levels of ambition as set out in *Rewiring Public Services*. There is therefore a need to re-establish the transport devolution agenda beyond Local Growth Deals and influence the preparation for party manifestoes. The Board has also provided a clear steer to work

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with businesses on lobbying and to ensure that emerging proposals are tangible and grounded in reality.

11. Many organisations, including groupings of councils, are developing ideas for the future of bus policy. For example, momentum is currently building behind the proposals made by the alliance, Greener Journeys, in their Bus 2020 - a manifesto for the next Parliament (<http://www.greenerjourneys.com/bus2020/>). Greener Journeys brings together local government (TfL and PTEG) and bus companies. Its manifesto focusses on three proposals:

11.1. expanded support for councils and bus companies to provide bus priority measures.

11.2. a tax relief scheme for bus season tickets 'Bus Bonus' to operate in pilot areas outside London.

11.3. concessionary fares for apprentices.

12. Therefore three areas of work are suggested as priorities for the Board and LGA resources. These are set out below.

Investment in the Strategic Roads Network

13. Councils have consistently identified the HA as one of the biggest barriers to delivering local growth. The Government, in its command paper *Action for Roads* has pledged to reform and modernise the HA and seek to guarantee its budget for the long-term. It has also stated that it will "support a much greater local and regional stakeholder involvement in planning for the [strategic roads] network and help to inform our investment decisions for the next spending review". Whilst the Government and HA's preferred approach is through route-based strategies, the reform does offer a significant opportunity for LGA members to influence how one of the most important shapers of place does its business and embed local involvement in decision-making on the SRN.

14. Given this opportunity, and as discussed at the last meeting, we are currently planning a seminar in the Autumn for Board members and LEPs with the DfT and HA to draw on the evidence of the pilot route-based strategies and provide an opportunity to present the scale of ambition that local authorities have to place shape. From this event, a programme of lobbying will be devised to help shape the reformed HA.

15. *Members are asked to feedback on the content for this joint event and what outcomes they would like from it. As a reminder, the proposed suggested agenda may include:*

15.1. Context: Local Government, growth and transport

15.2. Lessons from the pilot route based strategies

15.3. Effective partnerships in developing route based solutions

15.4. Local influence over HA performance measures.

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Rewiring for Better Roads Campaign

16. Whilst Route-Based Strategies and Local Growth Deals present significant opportunities for councils to influence national programmes, they fall far short of our proposals in *Rewiring Public Services*. A programme of work based on a stronger narrative that describes the benefits of greater local transport management to growth and business will help push the transport devolution agenda beyond growth deals and influence the party manifestoes in preparation for a new Government from 2015.
17. Such work would need to be targeted and it is suggested that the focus should be on roads. Roads investment is currently managed through a plethora of agencies and funds; and current funding levels (for example to properly tackle potholes and bring greater resilience to extreme weather) are not sustainable.
18. From a growth perspective, the real issue is that businesses need a resilient, effective and properly 'wired' transport system to ensure that UK Plc is competitive. Therefore, building on the successful experience from the focussed Streetworks campaign (see separate information report at Item 7), a joint business/growth led approach would provide a compelling narrative on wider roads policy which could include:
 - 18.1. what properly joined up budgets could deliver.
 - 18.2. benefits of greater local influence over links between local and SRN.
 - 18.3. how national programmes can be rewired and better coordinated/ integrated and delivered at less cost.
19. The advantages of such an approach would be to move the debate away from micro-management of our roads to a bigger picture and to demonstrate how local partners can play a strategically stronger role in the management of our roads network.
20. The streetworks campaign is expected to reach a conclusion later this autumn, which will then free up capacity to deliver a new programme and, subject to the views of the Board, to approach representative business organisations, such as "The 39 LEPs Group", who are already interested, to explore joint messages.
21. *Members are asked to consider the Rewiring for Better Roads Campaign and provide comments on its scope.*

Local Growth Deals / Local Growth Fund

22. Whilst keen to ensure that future Government policy on transport is much more balanced towards local influence, councils are currently busy trying to maximise the opportunities from Growth Deals and the Local Growth Fund.
23. Recent DfT-led workshops for local authorities and LEPs on Growth Deals / Local Growth Fund for councils have highlighted concerns already expressed by member councils on the complexity of Government's approach to devolution, which have been covered in the previous item on Local Economic Growth.

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24. It is proposed that the LGA will continue to work with key Government departments to ensure that council and LEPs' concerns are properly addressed and the LGA will continue with their offer of support to councils and LEP areas in helping them to deliver on their LEP ambitions.

25. *Members are asked to share their Growth Deals / Local Growth Fund concerns from a transport perspective.*

Recommendations

26. Members are asked to discuss the three priority areas above and provide a steer for next steps.