

5 January 2017

## The Department for Transport's priorities for supporting local transport

### Purpose

For discussion and direction.

### Summary

The Board has invited Tricia Hayes the Director General for Roads, Motoring and Devolution to discuss the Department for Transport's (DfT) work plans for the coming year and opportunities for DfT, LGA and local authorities to work together. In particular we have asked her to focus her remarks on: her department's plans for supporting councils on local bus provision as well as the impact of the changes in the bus services bill; roads funding and in particular the announcements made at the autumn statement; and how we can work better together on tackling congestion including especially the long standing asks from the LGA for greater powers for local authorities to tackle this.

### Recommendations

That the Board:

1. Notes the DfT's priorities for the coming year.
2. Discusses issues of interest to the board that the department will be working on.
3. Explores areas where we can work alongside the DfT over the coming year.

### Action

Officers to progress as directed by the Board.

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## The Department for Transport's priorities for supporting local transport

### Background

1. The Board has invited Tricia Hayes the Director General for Roads, Motoring and Devolution to discuss the Department's work plans for the coming year and opportunities for DfT, LGA and local authorities to work together. In particular we have asked her to focus her remarks on: her department's plans for supporting councils on local bus provision as well as the impact of the changes in the bus services bill; roads funding and in particular the announcements made at the autumn statement; and how we can work better together on tackling congestion including especially the long standing asks from the LGA for greater powers for local authorities to tackle this.

### Issues

#### Buses

2. The LGA has long called for legislative reform of local bus provision and broadly welcomed the Buses Services Bill, which offers a simpler route to franchising, better partnership options with bus operators and open data benefits. It is currently awaiting a second reading in the House of Commons following passage through the Lords.
3. Whilst the LGA welcomes the Bus Services Bill and the potential it has for provision of better services we don't think it is sufficient on its own to help stem or even reverse the decline in bus services around large parts of the country. DfT's own statistics show that bus journeys outside London have dropped by around 40% in the last 30 years, and council supported mileage was down 12% in the last year. The meeting is an opportunity to discuss how DfT and Councils can work together to reverse this decline.
4. There are a number of factors they should consider:
  - 4.1. **Fully funding concessionary fares:** The system of concessionary fares has never sufficiently compensated local authorities since it was set up in stages from 2000 – 2008. In 2013 the Coalition Government decided to roll all concessionary fares grants into revenue support grant which has been cut every year since. The number of trips taken, the number of people claiming bus passes and bus fares have all increased since then. This cost has been met by local authorities. The LGA estimates that this commitment is underfunded by at least £200m and the true figure is likely to be more. The LGA believes that as this is a service we are obliged to provide it should be fully funded.
  - 4.2. **Devolution of bus service operator's grant:** The bus service operator's grant is essentially a fuel rebate scheme. The Government pays the grant to any operator of a commercial bus service based on the mileage of that service. This rebate is paid to all commercial operators on all routes regardless of how viable they are. Last year

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the DfT distributed around £250m. The DfT itself described it as “a blunt tool which applies to profitable and unprofitable routes alike.”<sup>1</sup>

4.3. If this money was devolved to councils they could take decisions about how to best target it in order to ensure that socially useful but otherwise unviable services are supported. The Government has announced it will devolve BSOG to authorities that decide to franchise bus services. It has already devolved this funding to five Better Bus areas. The previous coalition Government commenced [a review](#) of BSOG funding and stated that a decision on the changes to be made on BSOG was expected later in 2015. Officials have indicated that a further review will take place in the near future.

4.4. **Further roll out of total transport:** The Government’s Total Transport scheme awarded money to 37 schemes in March 2015 in order to co-ordinate transport procurement across public bodies. £7.6 m was awarded and the projects were expected to last up to two years. We should be getting some indication on the success of the project from DfT in the coming months.

#### Roads Funding and the Autumn Statement

5. The LGA has long called for greater certainty over long term funding for transport infrastructure as well as increased funding for dealing with our long standing maintenance backlog. Following the Autumn Statement, the DfT provided [further information](#) on funding announcements. The most significant of these is a new £1.1 billion “Congestion Busting and Repairing Roads Fund”. This will be allocated for local highway improvements that aim to either reduce congestion at key locations, upgrade or improve the maintenance of local highway assets across the country, or unlock economic and job creation opportunities. At the time of writing there are no further details in relation to timings, process and allocation.
6. The Chancellor also announced a £2.3 billion Housing Infrastructure Fund up to 2020/21 to deliver infrastructure that will support the building of 100,000 new homes in high demand areas, which will be allocated to local government on a competitive basis. It is unclear what role DfT will have in terms of informing the allocation process.
7. **Allocation of road funding:** Over the remaining years of the decade Government will invest over £1.1 million per mile in maintaining national roads, which make up just 3 per cent of all total roads. This level of investment contrasts starkly with the £27,000 per mile investment in maintaining local roads, which account for 97 per cent of England’s road network. The Government have confirmed that from 2020 England Vehicle Excise Duty receipts will be spent on roads, substantially increasing the strategic roads network budget.<sup>2</sup>

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<sup>1</sup> Better Bus Area Guidance February 2013

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/89638/bba-guidance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/89638/bba-guidance.pdf)

<sup>2</sup> Receipts for the UK in 2014/15 were £6 Billion. A breakdown for England is not currently available.

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8. **Funding certainty:** While Highways England and Network Rail have much greater certainty of funding from the Government, enabling them to more effectively plan ahead, councils have to navigate through several routes to deliver effective local transport networks. Conditions, ring-fencing and bidding can all lead to uncertainty, wasted bureaucracy and poor value-for-money. The funding available for local transport and growth is currently fragmented. LGA commissioned independent research identifies eight different funding streams for local transport alone<sup>3</sup>. Whilst additional Government investment is helpful, the autumn statement announced a continuation of this approach with further funding streams, which are likely to be subject to a competitive process.

### Congestion

9. The DfT forecasts that traffic levels will increase by 55%, and congestion by 85% on our roads by 2040. The annual cost will reach £21bn by 2030 according to the Centre for Economics and Business Research. On average UK motorists waste 30hrs a year in traffic on our roads.
10. Whilst councils welcome additional funding, this is not a sustainable solution to tackling congestion in the long term. We cannot build roads fast enough to cope with this level of traffic growth even if that was desirable. The LGA believes that with additional powers local authorities would be better placed to manage traffic flow. The LGA has called for councils to be given more powers including:
- 10.1. **Streetworks:** There are many examples of successful permitting schemes and the pilots of lane rental schemes have shown that this can be a powerful tool in managing the impact of roadworks at key locations on the road network. We would urge the Government to allow all local authorities to take decisions about what the appropriate regime is for street works in their area and give them access to powers that have worked well in pilot areas.
- 10.2. **Workplace Parking Levy:** All authorities should be able to use powers to introduce the Workplace Parking Levy which has been successful in Nottingham. Local authorities should not have to go through the cumbersome process of seeking Secretary of State approval to access a power that is already proving its ability to reduce congestion and simultaneously improve public transport.
- 10.3. **Clean Air Zones:** The Government's Clean Air Framework has now been ruled insufficient by the courts however it will form the basis of the Clean Air Zones that will be forced upon five cities within England. There are proposals in the framework to charge for access to the zones for certain categories of vehicles. The LGA welcomes action on improving air quality however we have concerns about the framework as it has been proposed. In particular we are concerned about how this new responsibility will be funded.
- 10.4. **Enforcement of moving traffic offences:** Currently enforcement of moving traffic offences powers are available to local authorities in Wales and London but not anywhere else in England. The powers that would allow this to happen are already on the statute book but the Government has never chosen to enact them. The

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<sup>3</sup> Shared Intelligence - Fragmented Funding for Growth 2016. This will be circulated to members separately.

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LGA continues to urge the Government to pass the necessary secondary legislation that would give all traffic authorities the power to enforce traffic offenses. As it stands offences like blocking yellow box junctions and making banned turns can only be enforced by the Police who do not have the resources to enforce them. In September the LGA submitted proposals to Ministers and the Department on how the power could be devolved to councils but have had no response as yet.

11. The LGA is doing some work looking at congestion and the challenges it brings locally and would welcome a discussion about how we can work better together, locally and nationally, to tackle it given the costs we will face as a country if nothing is done. There appears to be no coordinated strategy for tackling the forecasted increase in congestion other than through investment in increased capacity.

### **Implications for Wales**

12. Transport policy is devolved to the Welsh Assembly; this is an English debate and the WLGA lead on representing the interests of Welsh local authorities.

### **Financial Implications**

13. There are no financial implications for the LGA implied in the content above.