

1 October 2015

Transport Update

Purpose of Report

This paper provides an update on key transport related developments in relation to the Board's work programme, specifically:

1. Buses
2. Devolution proposals and the Spending Review
3. Air Quality
4. Rail

Summary

This paper updates on LGA activity following agreement of policy and lobbying lines at the last Board meeting, and seeks Member views on the next steps.

Recommendations

That members:

- Note the summary findings of the buses research and agree to continue to represent councils' interests on the recommendations in the report.
- Note the focus on transport in the latest devolution proposals and agree that the Board continues to represent councils' calls for a fair deal for local transport
- Note the Government's consultation on air quality, endorse the LGA's intention to respond to the consultation (in conjunction with the Community Wellbeing Board), and agree that the Board continues to call for further devolution of transport powers, levers and resources enabling councils to do more in meeting local outcomes.
- Are invited to share any local perspectives on barriers to doing more on air quality, and in particular on NOx emissions management
- Note the update on Rail, recognising councils' ambitions to influence Network Rail and to provide a steer on any future actions in representing local government interests.

Action

To take forward the proposed next steps subject to Members' views.

Transport Update

Buses

1. The research commissioned by the buses/ community transport Task and Finish group on how councils have addressed the pressure on bus funding in the past five years and how they see bus policy developing over the next five years is now complete. A report, *Missing the Bus?*, drew on interviews with a small number of councils and pulls together the findings and recommendations from the research. The report focuses on non-metropolitan councils and in most respects complements the PTE (Passenger Transport Executive's) report *Making the Case for the Urban Bus*.
2. *Missing the Bus?* has now been published on the LGA website and the report's key points are set out below:
 - 2.1. Cuts to council funding and underfunding of the English National Concessionary Fares Scheme (ENCFS) have forced many councils to cut bus budgets and this, combined with cuts to the Bus Service Operators Grant (BSOG), has put services at risk.
 - 2.2. The report highlights the positive action taken by councils in order to mitigate against the impact of budget reductions. Councils have responded by consulting communities and working with operators to encourage the latter to take on the commercial risk of some services, to find other sources of funding, to target necessary cuts appropriately and to provide alternatives to the bus such as community transport, on-demand services and car-sharing schemes.
 - 2.3. Councils are also working in partnership with other parts of the public sector, to pilot a 'Total Transport' approach to planning a more cost effective public transport solution, across tendered bus networks, home-to-school transport and NHS non-emergency transport.
3. However, councils have said that it is unlikely that these measures will be able to mitigate the effects of any further cuts to a significant extent. Community transport operators are facing similar difficulties to bus operators and volunteers are harder to find; there is no long term guarantee for services where the operator has taken on the financial risk; on demand services have high per-passenger costs and there is increasingly limited scope for thinning out underused services.
4. Although the positive initiatives undertaken by councils have protected many services, reductions to supported services have been inevitable. This is why the report calls on the Government to act swiftly on the findings of Total Transport pilots; devolve BSOG and maintain its current level; properly fund the ENCFS and introduce a package of reform in the Buses Bill including:
 - 4.1. Franchising as an option for all councils

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- 4.2. Powers to impose effective multi-operator ticketing
 - 4.3. Improved licensing powers to tackle rogue operators
 - 4.4. Requirements on operators to release data in line with requirements on rail
 - 4.5. Enhanced traffic management powers to eliminate journey delays
5. The findings confirm and support previous analysis and calls for buses policy and funding reform and will be used to influence the Spending Review as well as the Buses Bill. The report will be sent to key members of the Government and the Chair of the EEHT Board will have an opportunity to raise the issues and recommendations at his meeting with Andrew Jones MP, the Minister for local transport and buses on 21st October.

Devolution proposals and Spending Review

6. On 21st July the Government, in setting out its priorities for Spending Review 2015, called on areas that want to agree a devolution deal by the Spending Review to submit formal, fiscally-neutral proposals and an agreed geography to the Treasury by 4 September 2015. 34 submissions were made by English sub-regions made to the Government by this deadline. Early LGA analysis shows that local areas are calling for greater local powers and funding for skills, business support and enterprise, housing, transport and health and social care.
7. LGA analysis shows that further devolution of transport powers and funding featured in at least 28 of the submissions. Typically, transport related devolution asks include:
- 7.1. Further bus franchising powers and control of resources, including bus subsidies
 - 7.2. A single, smart-ticketing system
 - 7.3. Multi-year funding and consolidated transport budgets
 - 7.4. Traffic management powers
 - 7.5. Memoranda of Understanding/ strategic partnerships with Highways England and influence spending from RIS 2 (Roads Investment Strategy)
 - 7.6. More influence over rail assets, operations and future investment (see below under the Rail update)
8. Some councils are fearful that local transport spending is at greater risk in the coming Spending Review as funding for local roads as well as bus services, cycling and walking are set on an annual basis through funding to local government, whereas budgets for Network Rail and Highways England are

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agreed in five-year cycles, making them more difficult to cut. The LGA, in its Spending Review submission has repeated its call for multi-year and long-term certainty of funding to allow more effective planning and use of resources.

9. Members may have seen the recent media coverage, including in the Financial Times, promoting devolution and how it could boost economic output and raise productivity. The LGA's media release is supported by an infographic which can be found in the appendix.
10. LGA officials are continuing with further analysis of devolution asks to inform ongoing and regular discussion with Whitehall officials in order to ensure that Government properly reflects and addresses councils' devolution ambitions.

Air Quality

11. Transport is a major contributor to poor air quality – for example, road transport still accounts for just under one third of total NO_x emissions. Emissions of NO_x can cause breathing problems, trigger asthma, reduce lung function and cause lung diseases.
12. Earlier this year, the European Commission formally launched infraction proceedings against the UK for breach of nitrogen dioxide limit values under the EU Air Quality Directive. Furthermore, a recent Supreme Court ruling required the Government to produce plans to improve air quality in line with EU requirements on Nitrogen Dioxide pollution by the end of this year. Government has issued a consultation on its draft plans and the deadline for responses is 6 November.
13. The LGA intends to respond, however, that the Government's plan appears to offer no new powers or funds to councils (although the Government is making money available to support Ultra-Low Emission Vehicles and to retrofit buses with low emission engines). It places the onus on councils and is accompanied by individual plans for each of the 38 air quality zones exceeding the annual mean limit value for NO₂. The Government sees reducing transport emissions as key to compliance.
14. In preparing a response LGA officers will consult councils over whether there are legislative and other barriers to compliance which we should seek to have removed as well as their views on the quality of the consultation with councils by Defra in preparing the plan. For example powers under Part 6 of the Traffic Management Act could help target particular congestion and pollution hotspots.
15. The consultation can be found here https://consult.defra.gov.uk/airquality/draft-aq-plans/supporting_documents/Consultation%20document%20%20draft%20plans%20to%20improve%20air%20quality.%20September%202015%20final%20version%20folder.pdf
16. The process of infraction proceedings can take many years – although the Commission has stated that it would like to “to achieve full compliance with

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existing air quality standards by 2020 at the latest". Defra, however, wrote to all councils in summer this year to remind them of the discretionary power in Part 2 of the Localism Act under which the Government could require responsible authorities to pay all or part of an infraction fine. The procedures are set out in a policy statement published by DCLG. This power or requirement is at the relevant Minister's discretion, it would be decided on a case-by-case basis whether or not it should be exercised, and whether or not to initiate a process to recover some, or all, of the EU financial sanction. Whilst the Government hopes that through cooperative working between Government, local authorities and the EU that the UK avoids the infraction reaching the European court with the prospect of fines, the fact that they have reminded councils shows that councils are at risk of fines being passported to them.

17. Local authorities are responsible for reviewing and assessing air quality, to check they meet national air quality objectives. If they are falling short, they must declare an Air Quality Management Area and produce an action plan showing what they are going to do to work towards meeting the air quality objectives. LGA officers are now consulting local authorities, but the early indications are that councils feel that the passporting of fines will be unfair as:

17.1. They are responsible for working towards the objectives and not accountable for achieving them;

17.2. That they feel they do not have the necessary levers and resources available to them to effectively reduce NO2 emissions

17.3. That the fault primarily lays with the ineffectiveness of EU emission standards applied to motor vehicles, in particular those with diesel engines. New and stricter EU emissions standards are now being introduced but only apply to new vehicles and there are reports that it could take 10-15 years for the new standards to make a real difference.

18. *The Board are invited to share any early thoughts legislative and other barriers that would help with compliance and their perspectives on the relationship with Defra on air quality issues.*

Rail

19. In late spring the Government announced changes to Network Rail's investment plans. Lead members of the Board have therefore asked for an update to the Board on:

19.1. What Network Rail's current priorities are for the 2014-19 control period;

and

19.2. Within the context of devolution what it is that councils are asking for in terms of their ability to influence local spend on rail with a view to improving local transport and promoting local growth.

Network Rail investment plan

20. In July 2012 the previous Government announced its outline five year spending plans for the 'control period' between 2014 and 2019. The Government agreed a High Level Output Statement' (HLOS) with Network Rail on what should be achieved given The Statement Of Funds Available (SOFA), which totals £38.5 billion and is underwritten by the Government.

21. The HLOS is built around four priorities:

21.1. Creating an electrified high-capacity freight and passenger corridor

21.2. Providing more capacity and faster journeys between key cities

21.3. Supporting commuter travel into major urban areas

21.4. Improved rail links to major ports and airports

22. Network Rail was subsequently reclassified as a public body and as a result the Government's accountability has become more apparent with more direct intervention in the rail investment plans and performance of Network Rail. In late spring 2015, the Government announced that due to rising costs and missed targets aspects of the plan would be delayed, although the total amount of spending will remain as planned. The most significant changes were the 'pausing' of the electrification of the two key routes: The Trans-Pennine (York – Manchester) and Midland main line (Bedford – Sheffield). Peter Hendy, the new Chairman for Network Rail, is reviewing the remainder of the company's programme of rail investment and will report back to the Secretary of State in the autumn.

Devolution and Rail

23. Councils and groupings of councils have long called for greater influence over investment in rail as well as operational aspect of rail so that there is greater integration with local transport and local economic growth strategies. Notably, Rail North Limited was created to bring together Local Transport Authorities (LTAs) across the North of England into one cohesive body to represent the regional and local economic, transport and strategic objectives for the rail industry. In March 2015 the Government and Rail North signed a partnership agreement which will govern the new Northern and Trans-Pennine Express franchises from April 2016.

24. More recently the latest round of devolution deals has shown appetite from amongst councils to control a greater element of local rail spend, including:

24.1. Ownership of local rail stations, including devolved budgets

24.2. Influence over unused or surplus Network Rail land assets and where such assets which are blocking strategic development sites

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24.3. Creation of local infrastructure delivery plan to influence Network Rail and infrastructure investment by other national bodies

24.4. Greater influence over rail franchise awards and collaboration with Network Rail on local rail service improvements.

25. Looking ahead, it is anticipated the Government and Network Rail will start to plan for control period 6, running between 2019 and 2024, in the next year. It will be in the interests of councils to engage at an early stage in the development of control period 6 to ensure the best chances of influencing future outcomes.

Recommendations

26. That members:

26.1. Note the summary findings of the buses research and agree to continue to represent councils' interests on the recommendations in the report.

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