Agenda Item 3

REGIONAL TRANSPORT FORUM – 11 November 2011

Strategic Transport and Local Transport Consortia

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Purpose of report:

• To brief members on i) DfT’s proposals for Local Transport Consortia and ii) the outcome of a discussion between RTF Chairman Councillor Tony Cox and EESAL leaders on strategic transport issues and the Forum’s work.

Recommendation:

1. That members share views on how they might take forward responses to the likely issues in the consultation on Local Transport Consortia.

2. Members are asked to collaborate on shared strategic transport issues after the RTF’s transitional phase concludes in March 2012.

Introduction

1.1 The Regional Transport Forum (RTF) resolved at the meeting held on 14th January 2011 to continue the work of ensuring local authorities in the East of England retain a strategic oversight of transport and infrastructure issues affecting communities and businesses.

1.2 The RTF is aware of reforms by the Coalition Government to the planning and delivery of strategic transport work, including closing the Regional Development Agency and Regional Funding Allocations process. Reflecting a commitment to transfer power away from Whitehall, DfT is to bring forward proposals to establish Local Transport Consortia.

1.3 Recognising the links between strategic transport and other policy issues, the East of England Strategic Authority Leaders’ Group (of all 11 county and unitary authority leaders) has reflected on the current challenges with Councillor Tony Cox, RTF Chairman. The outcome of this discussion is set out in this paper.

2. Strategic transport challenges and the Regional Transport Forum

2.1 The importance of an effective transport system to the strength and resilience of local economies was highlighted in the Transport Economic Evidence Study of 2008 which found:

• the cost of congestion in the East of England is set to double to over £2 billion per annum by 2021 (presently over £1bn p.a.);

• there are particular hotspots where congestion is causing most damage to the regional and national economy – 85 per cent of the costs of congestion are borne in seven key economic areas;
• there will be significant economic benefits from targeted road capacity improvements in some areas, however the economic returns from this approach diminish once the key constraints on economic productivity have been relieved;

• new infrastructure alone will not solve the congestion problem. The study shows that measures to manage demand for travel by road, rail and air will increasingly do more to reduce the cost of congestion in the long term (e.g. through various forms of demand management, traffic management measures like motorway hard shoulder running and longer trains).

2.2 Whilst these challenges are familiar, the removal of regional structures means Government, local transport authorities and other partners are in the process of developing new ways of planning and delivering transport investment. The detail of proposed Local Transport Consortia is set out in section 3, but it is useful to consider the context of this proposal:

• CLG has indicated its intention to reform the business rates system, giving councils a direct financial incentive to overcome barriers to local growth. This also offers the opportunities of using new financial instruments such as Tax-Incremental Financing.

• Every authority in the East of England is a member of (at least one) Local Enterprise Partnership. Each has taken a different approach, according to its local circumstance, with some focusing on infrastructure concerns whilst others address other barriers to local growth. The scale of LEPs is also variable, based on local factors.

• As Parliament reaches the final stages of the Localism Bill, recent amendments indicate that Government is open to decentralising further powers on integrated economic development, skills, transport and planning. Whilst these have generally been promoted by Minister for Cities Greg Clark MP in the context of ‘city-regions’ associated with the eight core cities in Northern and Midlands conurbations, authorities in the East of England may have similar ambitions to draw powers away from Westminster.

• Government is also helping to stimulate growth by investing in infrastructure improvements to support local economies. The Growing Places Fund directs £500m from CLG, DfT and HMT to kick-start infrastructure projects. Government will publish full details of the fund in November after a brief informal consultation process, but early intelligence indicates:
  o LEPs are likely to have a significant role in determining priorities;
  o Projects can cover a broad range of interventions, including transport, energy, water or technology infrastructure;
  o It should operate as a “revolving fund” whereby the scheme generates receipts that can be used to refill the fund in an area to resource further works;
  o There is no indication of how the fund will be apportioned (to either LEP or local authority areas) or how the burden of ongoing revenue and maintenance costs will be financed.

3. Government’s consultation on Local Transport Consortia and other strategic transport matters

3.1 The Government has signalled its intention “to develop a fresh and genuinely decentralised approach” to transport infrastructure. The then-Secretary of State for Transport, Philip Hammond MP, announced an intention to create Local Transport Consortia that will allow local partners to shape some transport infrastructure works. We understand the new Secretary of State is currently considering the most effective way of proceeding, with a consultation document still expected to cover:
• Optimum size and configuration of Consortia - taking account of local authority and LEP geographies, balanced with the need to ensure units are “chunky enough to deliver worthwhile sums of capital through the formula-distributed grant”. Informal discussions have also examined whether Consortia could be flexible, recognising that, for example, Essex, Thurrock and Southend would look to Kent on transport issues around the Thames estuary like river crossings but relates more to Norfolk and Suffolk on rail and A12 highways matters;

• Governance and accountability issues (Unlike some LEPs, the Consortia are intended to receive and administer public funds and authorities can only operate in one Consortia);

• Integrating major scheme transport investment with wider plans for growth, planning, housing, skills and training, enterprise, health and the environment.

3.2 The role of Consortia appears clear: to take decisions on “local major transport schemes” (i.e. cost over £5m) covering the period 2015-18. Whilst Consortia will determine their own prioritisation processes according to local need, their budget will be set by Government from a national pot. There is no indication yet of how costs associated with Local Transport Consortia will be met.

3.3 Over-and-above the terms of the consultation on the Local Transport Consortia, Government has also proposed that larger schemes (over £75m) will be eligible for a separate national pot managed by DfT on a competitive basis.

3.4 Indications from DfT indicate the default position for strategic transport matters will continue to be national determination. However, there may be an opportunity for local authorities to use local knowledge to identify barriers and offer locally-determined solutions to national problems (at least in part):

• **Strategic Road – motorways and trunk roads**
  o Currently overseen by the Highways Agency, Government continues to monitor stress points on the strategic road network and is responsible for improvement schemes. In many cases, local authorities are well-placed to undertake work on resolving blockages at major junctions by integrating with their wider powers.
  
  o In the past there has been flexibility in promoting schemes through either the “major local” or Highways Agency routes. The DfT is currently examining the process but for the moment for investment is set out in ‘Investment in Highways Schemes’ from October 2010.

• **Strategic Rail – capacity and connectivity**
  o There is a prospect of Consortia being engaged in franchising local and regional rail services where they are accountable to passengers and local communities.
  
  o Outside of franchising, local government has an interest in the broader connectivity of places (such as the East-West rail link) and the capacity of routes. In particular, the opportunities afforded by light rail schemes might provide opportunities for local authorities to access other low-carbon funding streams from European or DECC.

• **Aviation – capacity**
  o Government has recently consulted on UK aviation policy, seeking to establish how the UK can develop its air links (particularly with developing
hubs in Asia and South America) without further runways at either Stansted or Heathrow.

- The capacity – both passengers and freight - of airports across the East (including Norwich, Stansted, Southend, Luton, Cambridge) will affect the infrastructure needed to support connections.

- Ports and Coastal Shipping
  - Companies and ports along the coast have considerable expertise in shipping and this offers a means of reducing pressure on other parts of the network (rail and road).
  - However, in some instances this can result in intense local pressures for national benefit. For example, development of the London Gateway Port in Thurrock is likely to require major improvements to the local road network, with the local authority best places to identify and manage such pressures.

4. Outcome of the EESAL meeting

4.1 Strategic authority leaders have taken great interest in ensuring infrastructure is able to support the potential growth of local economies. In light of this, RTF Chairman Councillor Tony Cox and Fiona James, Head of Special Projects at DfT, briefed leaders on 29th September the emerging issues highlighted in this paper.

4.2 Clearly the imminent consultation period will shape the design and roles of Local Transport Consortia, with the Consortia then free to develop whatever internal prioritisation processes may be appropriate. However, leaders stressed that distribution of the ‘national pot’ for LTCs should emphasise potential return on investment, recognising that investment to support local economies in the East of England is likely to offer a better return to UK plc. Furthermore, there will be limited government funding for schemes which illustrates new ways of working would also be needed. Welcoming news of the Eastern Highways Alliance, leaders also raised the option of local authorities assuming responsibility for delivering works on strategic highways, following Alan Cook’s independent review and anecdotal cost examples; of road pricing or using TIF.

4.3 Councillor Cox also explained the Regional Transport Forum’s transitional period during 2011/2. Whilst leaders were clear decisions over the existence and form of a means of bringing Transport Portfolio-Holders together is a matter for that group, they provided examples of the work of other Portfolio-Holder Networks, including recent work on the localisation of business rates and work between leads for adult and children’s services.

5. Conclusion

5.1 This report provides an overview of the direction on various elements of strategic transport policy. Members of the RTF may wish to identify:
  - How they intend to respond to the impending consultation on Local Transport Consortia, and its alignment with other local work;
  - What arrangements they would like to see in place for collaborative work on strategic transport once the RTF’s transitional period concludes in March 2012 with a view to a report being taken to the next RTF meeting on the future of RTF;
  - Whether they wish to take forward any of the other issues, either through the LGA nationally or directly with DfT Ministers.