

Better roads for England

A report from the Local Government Association
based on independent research

Based on independent research undertaken by
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September 2014

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Foreword

As the country finally emerges from the longest recession in living memory one wonders how much quicker we would have escaped from the downturn if our towns and cities had a bigger say in their own destinies. A skilled workforce, a good housing offer, high quality public services are all vital ingredients in attracting investment and enhancing the competitiveness of our local areas. And equally vital is a modern and robust transport infrastructure that enables customers and businesses to be efficiently connected and that allow our communities to go about their daily lives without congestion or disruption.

This report is published shortly after the Government's announcement on Local Growth Deals. And whilst the additional investment in transport is a step in the right direction, much more will be needed over the coming years and decades if local communities are to have a meaningful opportunity to really transform the prospects of the places they live in. The issue is not just about more central government funding – true transformation of our transport services will mean a greater local ability to manage traffic; a bus service that is sustainably funded and meets local needs; and for councils to have certainty of funding so that they can effectively deal with the backlog of road repairs.

There is now less than a year until the country votes for a new government – one that will determine the future of our nation until the end of the decade and beyond. Launched in July at the 2014 LGA conference, 'Investing in our Future: The First Hundred Days and beyond' sets out local government's offer on what the new government will need to do – in its first 100 days – to secure a bright future for the people of this country. Our offer includes a costed plan to bringing our crumbling roads network up to scratch. This report provides the evidence base of how the current systems for funding and decision-making are wasteful and ineffective and that there are better and more value-for-money ways of delivering better roads and transport services that our communities and local economies need.



Cllr Peter Box
Chair of the LGA's Economy and Transport Board

Executive summary

Local authorities play a vital role in maintaining and improving local transport for the communities and local economies they serve.

Facing a projected increase of 42 per cent in traffic on our local roads it is vital that councils are equipped with the right mix of freedoms and funding to avoid further gridlock and provide a transport system that is fit for a 21st century economy.

Last year, the LGA launched Rewiring Public Services, an ambitious campaign which provides much needed solutions to how we can deliver public services within an ever-tightening fiscal environment. In 2015 we will have a new government, so at this year's annual conference, the LGA set out what the new government will need to do – in its first 100 days – to secure a bright future for the people of this country.

Based on independent research, this report provides complementary evidence that the system for decision-making and funding for transport is broken and provides comparison with European experiences. It identifies key barriers to achieving a consistently better experience for all users across the roads network and starts off by examining the big challenges faced by local decision-makers before it goes on to suggest a structured approach to overcoming them.

The major challenges

Gridlock 2040 – The Government forecasts a 42 per cent increase in traffic and 61 per cent increase in congestion levels on the local roads network. If left unchecked this will have major consequences for the national economy given that congestion is estimated to already cost the UK economy £4.3 billion per year. Tackling air pollution and carbon reduction will be much more difficult.

Increasing road capacity by itself is not the solution – policies such as development planning, supporting public transport, walking and cycling and traffic management are needed to take the heat out of the predicted growth. Only councils can deliver the most effective combination of policy approaches to deal with variable local impacts.

Maintenance time-bomb – It is estimated the current backlog of road maintenance would cost £12 billion to fix and would take around 10-12 years to clear. Instead it is growing and – without new policies – will worsen as traffic increases. Addressing the backlog, a more stable funding stream, and moving towards preventative maintenance would also save money in the long run.

A two tier system – The systems for planning and resourcing the strategic road network and local roads are very different and, with imminent changes to the Highways Agency, are about to become more so. Yet the two tiers are part of a single indivisible network where most journeys begin and end on local roads. The Government plans to give the strategic roads network greater certainty of funding, a 15 year roads investment strategy and increased power to alter the details of plans. This contrasts sharply with the treatment of funding for local roads.

Complexity of funding – Councils have to access a myriad of funding pots which have different legal frameworks, different assessment criteria, business case requirements and timescales. This leads to inflexibility, duplication and waste. There is an over-use of competitive funding. Addressing these issues would improve outcomes and value for money.

Responsibilities need powers – Gaps in council powers hamper attempts to manage transport as a whole. The current system is neither locally devolved, nor wholly top-down, but an inconsistent mixture of the two, which serves neither local nor national interests.

What does European practice tell us?

There is a broad consensus that European towns and cities have developed transport systems that are superior to those found in English places of comparable size. This report is not advocating any particular model of transport system; rather, it considers what European benchmark towns and cities have achieved and discusses whether such approaches are possible under the current English system. Independent analysis shows that towns and cities in Germany, France and Netherlands demonstrate the following features in being able to achieve high quality outcomes:

- clear policy goals defined at a strategic level
- consistency and clarity of funding
- democratically accountable decision making at the local level
- link between funding and strategy
- autonomy at local level and/or strong support from higher tiers.

These features are much needed by English councils yet national barriers mean they are lacking in England.

A way forward for England

This study reveals that the current system cannot deliver the roads infrastructure that local economies need. 'System' changes are required to enable local authorities to prioritise and fund the long-term improvements needed.

In principle these changes would include:

- connecting up budgets and objectives
- linking maintenance and improvement budgets
- establishing continuity
- providing flexibility
- trusting local accountability.

Conclusion

As long as we continue to make the mistake of treating transport problems as separate problems that can only be addressed by central government we will continue to fail to solve them. The transport problem is essentially one problem, manifesting itself in different ways in different localities and responsive to a myriad of locally tailored solutions.

Acknowledging this principle leads to the LGA asking for the following specific changes as a starting point:

- Remove the ring-fencing that divides transport spending into discrete pots, separates capital and revenue transport investment and hampers the use of other budgets for transport projects that deliver targets for other priorities, such as health (and vice versa).
- For the Government to inject £1 billion a year into a much-needed programme to address the pothole backlog by investing 2 pence per litre from the existing fuel duty to fix our local roads.
- All councils in England to have the same traffic management powers as London and Wales to reduce the costs, emissions and disruption from congestion.
- Clarify and simplify spatial and transport planning guidance and allowing local authorities greater freedom within this, including in relation to revenue raising.
- Incentivising the new LEPs and new sub-regional partnerships to create transport strategies in support of their economic strategies, and recognise the links with health and land use planning.
- Funding allocations to be set out for periods of at least five years, especially for road maintenance and management, and address the spending backlog.
- Within these plans and funding allocations ensure that councils are able to strike a balance between managing and maintaining existing assets (and thus the existing local economy) and spending on new employment sites and new infrastructure (which will in turn need extra resources to maintain and manage it).
- Within this funding, mainstream policies to avoid excessive traffic growth (especially sustainable transport options).
- Transferring Bus Service Operators Grant (BSOG) and other bus subsidies entirely to councils, with the exception of concessionary fares reimbursement which should be properly and honestly funded.
- Simplification of the legislation around Quality Contracts (bus franchising) and for Government to take a supportive approach to their use. Local Transport Authorities to be able to set the premia on multi-operator products in areas where there is no Quality Contract
- Ensuring that Road Investment Strategies for the strategic roads network are genuine co-productions between local government and the new company succeeding the Highways Agency.
- Follow through on the government's initial intention to involve councils in franchising rail services.
- Free councils to decide for themselves whether to introduce workplace parking levies and other traffic management schemes.

1. Background

A strong economy and modern society relies on a sophisticated and robust transport infrastructure that enables people and businesses to keep moving, make deliveries on time, do their shopping, access vital services and meet friends and family.

Local authorities play a vital role in maintaining and improving local transport for people and places they serve: from keeping local roads clean and safe, investing in new roads and transport systems to looking after existing highways.

As well as helping to deliver today's transport needs, councils also plan well ahead in order to meet future demands and changes. However, in doing so they face a number of challenges that prevent them from doing their best and delivering maximum value-for-money for taxpayers.

The Department for Transport (DfT) are forecasting a rise of 43 per cent in traffic levels and 61 per cent increase in congestion across all our roads by 2040. The overall poor state of UK roads is well documented and, outside London, public transport is often seen as disjointed, underfunded and failing to meet its potential. Yet there are excellent examples of properly integrated transport systems in European towns and cities and resilient road networks that play a proper role as part of that integrated system. There are also excellent examples of good practice and innovation in this country, but despite the best efforts of local authorities the current system of funding and decision-making prevents councils from doing more to make their local economies competitive. This is why we commissioned independent research to analyse the reasons behind what is holding back our towns, cities and villages from realising their transport ambitions, and also to take a look at some successful European examples of transport systems and the lessons that we can learn in the UK.

Last year, the LGA launched Rewiring Public Services, an ambitious campaign which provides much needed solutions to how we can deliver public services within an ever-tightening fiscal environment. Rewiring Public Services recognised that in England we have one of the most centralised public services regimes anywhere in the Western world – this report aims to provide further evidence that the system for decision-making and funding for public services is broken and that many of the answers lie in giving local government the proper powers as well responsibility to deliver a stronger local voice and boost investment in our physical infrastructure.

This report is based on independent research undertaken by Keith Buchan and Tim Pharoah, working for MTRU.

2. Introduction

At the start of this project it was clear that there were complex issues facing local authorities and some of the problems with funding and implementing solutions were well known, for example the backlog of road maintenance and whether the same standard can be rolled out across the whole network. Going through the detail of the current system it is fair to say that the process issues represent a more significant barrier to progress than originally envisaged.

This report aims to identify the key barriers to achieving a consistently better experience for all users across the network and maximising value for money. It starts off by examining the big challenges faced by local decision-makers – namely the predicted increase in traffic and congestion, the backlog of maintenance repairs and inadequacies and complexities of the current funding system, and then goes on to suggest a structured approach to overcoming them.

3. Where are we going?

3.1 Gridlock 2040

Government is predicting major challenges for the UK road network in terms of rising demand. This is shown in the table below.

Table 3.1: Predicted traffic and congestion increases

		2010-2040 % change			% of traffic in very congested conditions
	Road type	Total traffic	Congestion (lost sec's/ mile)	Vehicle speed	
Central	SRN	46%	114%	-8%	15%
	Non-SRN	41%	56%	-9%	14%
	All	43%	61%	-9%	15%

Source: National Road Traffic Forecasts 2013

Note: SRN = Strategic Road Network

The predicted traffic growth risks major consequences for local areas:

- Air quality – the failure to meet EU limits is widespread and this will continue in the short to medium term.
- New responsibilities for health (for example pursuing Active Travel).
- Existing responsibilities for carbon reduction.
- Town centre regeneration – traffic interrupts footfall and uses up valuable public space.
- Effective traffic management and congestion.

It is therefore crucial to take steps to avoid the negative consequences of increased traffic. Apart from the impact on air quality and disruption and delays caused, there is also a clear economic incentive for tackling congestion as it is estimated to cost the UK economy £4.3 billion per annum.¹

It is self-evident that if the projections shown in Table 2.1 prove to be correct, no foreseeable level of capacity increases could avoid serious increases in congestion on some parts of the local road network.

Therefore any road capacity increases will have to go hand in hand with measures designed to reduce demand for road space in order that traffic which cannot be handled by alternative

means can still move. Councils will need additional traffic management tools, funds to invest in effective increases in capacity (i.e. capacity increases which do not simply generate additional traffic or move bottlenecks around the network) and to provide alternatives. This is not a question of pursuing anti-car policies but of pursuing policies which avoid car and freight traffic becoming immobilised by congestion. The types of policies which might take some of the heat out of this predicted growth, including development planning, supporting public transport, walking and cycling, and those required to manage traffic, such as enforcing moving traffic offences and providing parking services, are exactly those appropriate to be undertaken by local authorities. They need to be approached on the same timescale as the predicted traffic growth and at a level that is understood by local people. They can only realistically be delivered by councils, and the most effective combination of policy approaches will vary from place to place in a manner that can only be determined locally.

3.2 The maintenance time bomb

The most comprehensive survey of local authority road maintenance is the ALARM survey undertaken by the Asphalt Association every year. Comparable data for the estimated annual shortfall and the long term backlog has been available since 2008 and is summarised in the chart below. As this shows, even if no increase in traffic levels were forecast, the condition of Britain's roads is rapidly approaching crisis point – indeed in some areas the crisis is upon us. The shortage of funds for long term preventative maintenance is reflected in the long term rise in the number of potholes being filled. The current backlog of road maintenance would cost £12 billion to fix and would take around 10-12 years to clear. That sum has grown over recent years so not only do we have a backlog which would take over a decade to eradicate, but that backlog is growing. Moreover these estimates come from a survey conducted before this winter's flood waters had fully receded and the true extent of damage done could be assessed. The increase in traffic anticipated by DfT and in particular the 14 per cent increase in HGV traffic on local roads implies at least a commensurate increase in road maintenance cost (before inflation) over the next quarter century. The extent of this backlog is explored in the two following figures and table. The Figures show how pothole numbers have increased significantly, and how the backlog of maintenance (defined as the money required to bring the roads back to a reasonable condition) has also continued to grow. The Table shows how the maintenance cycle, in terms of how frequently roads are maintained, has become extremely stretched – up to a hundred years' wait for some rural roads in England.

Figure 3.1: Trends in road maintenance

Source: Alarm Annual Surveys 2008-14

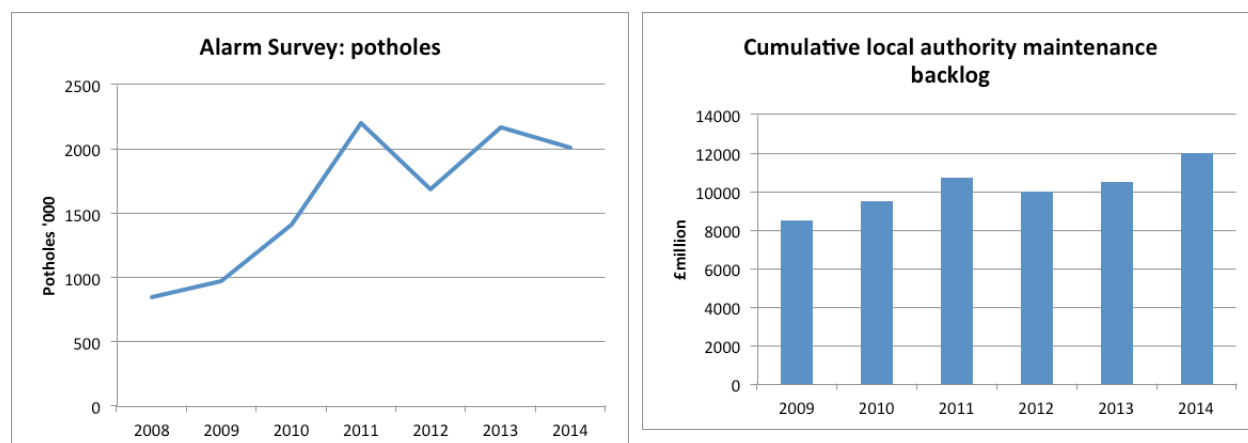


Table 3.2: Average length of time before roads are resurfaced

Class of road	England	London	Wales
Principal	33	19	42
Non-principal	56	28	82
Unclassified	101	41	89
All	68	32	68

Source: Alarm Annual Survey 2014

The implication of this is that road users will receive a far lower level of service. The quality of road surface will be generally lower and delays arising from reactive repairs (fixing potholes) are likely to increase. Moreover the cost to council taxpayers of compensation claims over poor road surface can also be expected to rise. Addressing the backlog, a more stable funding stream, and moving towards preventative maintenance would also save money in the long run. Government has made a move in the direction of a five year road maintenance programme for local authorities, but the sums committed fall well short of the amount required to catch up. Some progress has been made through central and local Government working together on the Highways Maintenance Efficiency Programme (HMEP), launched in 2011. This will now continue until 2018 and hopes to deliver 15 per cent savings by 2015 and 30 per cent or more by 2020.² The extent to which councils can achieve these savings will depend on local circumstances and existing contracts. While these savings could make significant in-roads in meeting the annual shortfall identified in current budgets, they will be eroded by increased traffic levels and will not in any case provide a surplus for tackling the backlog.

4. Inadequacies of the current system

The DfT's traffic projections pose two obvious questions for councils: how can we avoid gridlock and how can we provide an acceptable road network? The current system hampers attempts to address these two challenges – by treating the Strategic Road Network (SRN) in isolation from the rest of the road network, and by creating an overly complex maze of funding for local road and by denying local government the power to consider transport holistically. As a result, local authorities face a difficult task in terms of the complexity of transport planning: this includes both the powers needed to implement any scheme or programme (and the responsibility to do so), and the provision of funding for those schemes or programmes

4.1 A two tier system

The systems for planning and resourcing the national road network and local roads are very different and, with imminent changes to the Highways Agency, are about to become more so. Yet the two tiers interact, and are of equal importance.

It is important to recognise the differences between the strategic road network, funded and controlled by central Government through the Highways Agency, and local roads, which are varied in type and use and in the way they are funded, planned, managed and maintained. In terms of use, there is about a three way split for motorised traffic on England's roads – a third on Motorway and Trunk roads (about 7,500 miles of road), a third local authority major roads (mostly A – about 24,000 miles), and a third on minor roads (about 214,000 miles).

While this shows the extent of local authority responsibility in terms of road types, it conceals the nature of the challenges involved. On motorways there are no pedestrians or cyclists, whereas local authority roads tend to have a multiplicity of functions and users, sometimes passing through town centres, and face different demands in rural and urban areas. All of the significant issues for designing and managing roads, for safety and environment, and over the competition for road space, get bigger as roads become more local and multi-purpose. The functional relationship between national and local roads is also important: very few journeys go from one motorway link to another; most begin and end on local roads.

The Government plans to reform the Highways Agency, giving it greater certainty of funding, a 15 year roads investment strategy and increased power to alter the details of plans. This contrasts sharply with the lack of long term certainty over funding to local roads and the increasingly detailed requirements proposed by government on access to highways funding.

“It is very frustrating that the Department for Transport still has not got a grip on how it funds road maintenance and improvement works so they can be planned sensibly. Since 2010, additional funding has been announced 10 separate times, clearly showing that the Department has no long-term funding plan to make sure the road network runs properly. This short-termism will undoubtedly lead to increased costs in the long run as the work needed becomes more substantial and road conditions worsen.”

A statement from the Rt Hon Margaret Hodge MP, Chair of the Committee of Public Accounts, following the NAO's report, Maintaining Strategic Infrastructure: Roads 5 June 2014

England has a two tier system of road funding. While principal roads on the local network wait on average 33 years to be resurfaced, the Highways Agency³ will have funding to resurface 80 per cent of the strategic network in the next 10 years – an average wait of about six to seven years. Furthermore, the Government has earmarked £1.4 million per mile for maintenance of the strategic roads network over the six year period to 2021, but only £31,700 per mile for the local roads over the same period.

Whilst it would be unreasonable to expect parity of funding across all types of road, the current discrepancy makes little sense. Very few journeys begin and end on the SRN and the problems of congestion cannot be effectively addressed on the SRN in isolation – all that will do is speed vehicles between increased delays on the local network.

4.2 Complexity of funding

In terms of funding, there will be a mix of central government grants (such as formula grants, competitions such as the Development Pool and LSTF), plus local resources such as developer contributions or prudential borrowing by the local authority. Such distinctions have become blurred by the need for a high level of match funding for most of the competitive bids. This creates pressure to raise the level of local contribution, in turn having knock-on effects on other budgets (and vice versa). The extensive use of competitive funds also has serious consequences for the long term planning of new initiatives and their absorption into the mainstream, as well as being able to extract longer term benefits of measures funded for the short term only. Competitive bidding is also very resource intensive and can divert local and central focus on improvement.

In addition, there are still strict rules for the appraisal of major schemes, in line with the DfT's Webtag guidance, but different criteria and forecasting techniques for other funding sources. Some of the funding routes, and sub-routes, are set out below.

Some key local authority funding sources

- Transport Block Grant, nominally based on Local Transport Plans (LTPs, 3rd round) for (capital) schemes up to £5 million.
- Local Sustainable Transport Fund (LSTF, capital and revenue) and other competitive funds such as 'Linking Communities'.
- Local Pinch Point fund (capital).
- Developer s106 and s38 payments for new developments.
- Prudential borrowing (capital projects) from Public Works Loan Board (PWLB) or open market⁴ Local Major Transport Projects for (capital) schemes over £5 million (funded from

Local Growth Fund, which in turn is based on Local Economic Strategies (see below) which are produced by Local Enterprise Partnerships, which include schemes drawn up and prioritised by Local Transport Bodies, which in turn contain schemes put forward by constituent local transport authorities.

- European funding which is bid for and will be allocated according to plans which are in line with the Economic Strategy.⁵
- Council Tax general revenue.
- Revenue support grant.
- Business rate distribution⁶
- Business Rate Supplement.
- Retained Business Rates (since 2013 a portion is retained - 50 per cent overall⁷).
- Retained Enterprise Zone rate income.
- Unringfenced government grants.
- Services income (e.g. parking charges and penalties, which are tied by law for the use of parking provision and road maintenance).⁸
- BSOG for tendered services devolved to local authorities 1 Jan 2014.
- BSOG for commercial services paid direct to operators from DfT.
- Concessionary Fares (statutory concessions) (funded through formula grant from DCLG and at least in 2008/09, a DfT special grant). Counties usually administer on behalf of Districts.
- Concessionary Fares (discretionary concessions) funded through non-government sources. Counties usually administer on behalf of Districts, who receive the government grant for statutory concessions.
- Better Bus Area grants (BBA, capital and revenue) for successful BBA bidders (marks a shift from standard to competitive grants, and from operators to local authorities, in 2013).

From 2015/16, funding for local transport becomes further complicated with the introduction of the Local Growth Fund (LGF). The principle of the LGF is as a means of devolving growth-related funding held by central government departments to local councillors and business people, via Local Enterprise Partnerships, so that decisions can reflect the needs and priorities at the level at which local economies function. However, the vast majority of the fund is simply a reallocation of existing council or already-devolved funding, including funding for Local Transport Majors and LSTF. There will be different allocation processes for different streams of funding considered to be part of the LGF:

- About £1 billion will be allocated through the Growth Deal process on the basis of LEP Strategic Economic Plans. Areas that are deemed to have the strongest Plans are expected to get a greater share of the funding.
- A portion of Local Transport Majors funding will be allocated by formula and the Department for Transport confirmed in July that most Local Transport Boards will receive a third less than the indicative allocation announced in January 2013.
- A further unspecified portion of Local Major Transport Funding will be allocated on a scheme specific basis outside of the LGF process.

A dysfunctional system

Simply listing the different sources of funding available for transport projects undertaken by local authorities reveals a system verging on the dysfunctional, in particular:

- There is a myriad of funding pots available (20 have been identified during this study) from local and central Government, and Europe, which have different legal frameworks, different assessment criteria and different business case requirements. This leads to inflexibility, duplication and waste.
- Long term evaluation of the impacts of spending is a low priority because the whole emphasis can be on securing the funds, for example through competition, and then meeting detailed and inflexible annual spending targets.
- Funding streams have different lengths and timescales, leading to a lack of coordination and ineffective use of limited resources.
- There is an over-use of competitions for what should be mainstream projects (including Local Sustainable Transport Fund) rather than, as originally intended, to stimulate innovation.
- There is unnecessary restriction between revenue and capital expenditure, leading to distortions in the transport plans of local authorities.

Addressing these issues would of itself achieve better outcomes than at present at the same or lower overall costs. The Government has acknowledged the benefits of funding certainty for the management of the Strategic Roads Network (see the excerpt below from the Government's command paper 'Action for Roads') yet does not apply the same logic for the local roads network.

Excerpt from 'Action for Roads'

"Certainty over the Agency's capital budget will mean that it will be better able to plan ahead. This will mean quicker, more efficient delivery, as work will not need to deal with the threat of funding being removed at a critical stage in development. It will also be possible to make a sensible provision for the development of a pipeline of future work, ensuring long-term continuity in investment...

Certainty over the maintenance budget will also allow the Agency to plan its work for maximum effect. Instead of fixing roads whenever funding becomes available, they can plan long-term asset maintenance based on a clear understanding of what their resources will be. In the Netherlands, moving from a one to two year planning horizon to a five to seven year vision resulted in savings of around 20 per cent on maintenance spending...

Longer-term certainty of roads investment would allow construction firms to better plan their needs in terms of equipment and resources. Instead of preparing for each individual project tactically, maximising their profit from an individual piece of work, they can begin to think strategically about how they can get the best return from the market as a whole. This means that they will invest in skills, plant and equipment for the longer term, and can avoid hiring equipment in at short-term prices."

4.3 Responsibilities need powers

The current system of transport planning and finance does not meet one of the basic tenets of good government, namely that powers and responsibilities should reside at the same level of government. The current system is somewhat out of balance in that local authorities take responsibility (and are accountable) for the quality and efficacy of local road provision, and

yet their ability to plan and deliver the road and transport system is still heavily constrained by a lack of powers either to raise funds, to determine how externally generated (Government) funds can be spent, or to provide transport facilities and influence modal choice.

Gaps in council powers at even the most prosaic level hamper attempts to manage transport as a whole. Local authorities lack powers – outside London – to shape the pattern of bus services. Councils can invest in bus priority measures but cannot enforce moving traffic offences that delay buses. They can invest in cycle facilities but cannot enforce cycle lane violations. They can improve the environment around a railways station but struggle to influence the level of service. They can try to make stations more accessible and plan proper bus-rail interchange facilities, only to find that Network Rail and train operators put a higher priority on the use of land for revenue-earning station car parks, and that parking charges are diverting commuter parking to residential streets. Most importantly it has become increasingly difficult to influence the provision of retail residential and business development in a manner that allows for the transport impact of development to be accounted for at the planning stage.

5. European comparisons

Purpose of international comparisons

There is a broad consensus that European towns and cities have developed transport systems that are superior to those found in English places of comparable size. This is to a certain extent a subjective judgement – the definition of a better system depends to an extent on the balance one wishes to strike between various alternative modes and outcomes. This report is not advocating any particular model of transport system; rather, it illustrates the scale of what European benchmark towns and cities achieve and discusses whether such approaches are possible under the current system of transport policy in England. In this report ‘European’ refers to Germany, France and the Netherlands, to which our research has been restricted by resource factors.

5.1 City commentaries

Integrated transport and spatial development

One striking aspect of European benchmark towns and cities is their ability to integrate transport planning into major expansions at the design stage

- Freiburg-im-Bresgau, Germany, has developed two major urban extensions (Vauban and Rieselfeld) in which the need for residents to use cars for local journeys was minimised by integrating both car parking provision and public transport into the areas’ design from the very start.
- Utrecht, Netherlands, has a major urban extension (Leidsche Rijn) where alternatives to the car were made available from when the first residents moved in. As the population increased, the public transport offer was increased. A major new pedestrian and cycle link was also provided to the city, including a bridge over the main Amsterdam – Rhine canal.
- Houten, Netherlands, is a new town developed around a new rail station and based on cycling as the main mode of travel. A second Houten new town has now been built, adjacent to the first, also built around another new station, and also with cycling as the main local transport mode. The town was designed from the start to provide fully segregated cycle routes and a traffic free centre, thereby removing one of the main barriers to cycling in areas where geography makes it a viable large-scale alternative to the car.
- The Hague, Netherlands. Wateringseveld, is a 7,500 home suburban development which was served from the day the first residents moved in by a new tram line.

Such integration and coordination would be virtually impossible in England.

Trams and transit systems

Tram systems are relatively expensive but have a high approval rating and can send a powerful signal about the quality of an area or of a regeneration scheme.

- Lyon, France, is remarkable for having built not just one but two new tram lines from scratch

in just four years from decision to opening in 2001. More lines have been built since.

- Montpellier, France, developed its first tram lines to serve far-flung deprived suburbs to provide better economic opportunities for their populations. In Montpellier centre, the new tram was combined with major streetscape improvements and pedestrianisation.
- Karlsruhe, Germany, introduced Europe's first tram-trains, which integrate the city's tram network with the Deutsch Bahn regional railways. The same vehicles run through the main shopping street, out through suburban lines, and through outer villages, switching from the regional lines to on-street running, and changing power supply systems as they do so.
- Orléans, France, with a population of 113,000 pop is probably the smallest city with a modern tram system in western Europe.

Many European towns – including the first three examples below – have removed through traffic to nearby highways or by-passes and integrated this major investment with urban centre developments. Elsewhere, planned changes to the road system have improved the local environment with knock-on economic benefits

- Hennef, Germany, created a by-pass enabling the influential redesign of of its high street. This dual carriageway through a historic street was reshaped to be more pedestrian and cycle friendly while retaining car access and short-term shopper parking. The result was a thriving high street with associated commercial and residential property.⁹
- Cologne and Dusseldorf (Germany) have both put major riverside roads into tunnel, enabling pedestrian areas to extend from the city centre to the river edge creating attractive new business, tourism and retail environments. In Dusseldorf the development included a major contemporary art gallery and riverside promenade.
- Friesland small towns, Netherlands, have introduced shared space main streets and intersections, giving high priority to pedestrians and cyclists and improving local vehicle flows.
- Grenoble, France, has converted a former major road flyover to a boulevard containing a new tramline, and the ring road function removed to a major road at the edge of the city, linked to Park and Ride facilities served by the tram extension.
- Siegburg, Germany, has organised the local road system to create an extensive pedestrian priority area, offering a seamless walk from the station through the picturesque tourist-friendly town centre. Despite being a small town, one can walk for one kilometre without encountering any motor traffic. Car access has been maintained without the creation of a major ring road.
- Copenhagen has been progressively removing parking, especially surface parking, from the central area to enable the creation of the extensive pedestrian areas and public spaces, suited to a major tourist-destination city.
- La Rochelle, France, has placed parking underground in the main square. This solution has been adopted in many other French towns and cities in order to make the centre more attractive and thus more competitive.

Mode split comparisons

This report does not recommend any particular balance between transport modes or any particular approach to the question of how towns and cities respond to projected increases in traffic. These are decision which should be taken at the local level. However in the face of current government projections of future traffic growth on the local roads network if existing policies are continued, we must accept that typically allowing an urban area's motorcar traffic

to grow unchecked is to accept that it will eventually be checked randomly by congestion and a shortfall of parking spaces rather than by policy and design – with obvious and almost certainly negative consequences for the ability to deliver goods and access services, the attractiveness of high streets and potential business growth areas, air quality and the health of the population and the cost of road maintenance and traffic management. It is notable therefore that the UK already compares poorly on overall mode split with benchmark German and Dutch cities.

Table 5.1: Car mode share of all trips

English Cities	Münster	Munich	Utrecht
over 250k	300k	1.300k	380k
62%	37%	39%	38%

English Cities	Freiburg	Groningen
100-250k	230k	190k
66%	35%	35%

In Germany the overall average car mode share is around 55 per cent of distance travelled, compared to the English average of 64 Per cent. Hence the often-quoted remark that Germans own more cars but use them less. However, the lowest car mode shares are probably occurring in Switzerland, where Basel and Zürich both have a car mode share of around 25 per cent of all trips by residents, compared to 62 per cent for larger English cities.

Transit system comparisons

Comparisons of light rail and tram systems give a similar picture. By 2011 France had drawn up plans for tram systems in 29 cities and had implemented 26 of them. Germany tops the list, having 44 cities with tram systems, though many of these are modernised traditional systems that survived from the early part of the twentieth century. In contrast the UK had drawn up plans for tram or light rail systems in 28 cities, but had implemented only 6 of them, two of which were severely cut-down versions. Five French provincial cities have urban metro systems (Lille, Lyon, Marseille, Rennes, Toulouse) compared to only one in England (Tyne & Wear).

In almost all cases, the French tram systems have been built in conjunction with major improvements to the public realm, streetscape and to stimulate regeneration in deprived areas. This has not always been the case in England.

5.2 Some potential links between the quality of the benchmark cities and their relationship with their central government

An analysis of the system of transport decision-making and governance in these areas shows that the following features may be important to the achievement of high quality outcomes:

- Clear policy goals defined at a strategic level (whole city or functional economic area).
- Consistency of funding.
- Democratically accountable decision making at the local level.
- Link between funding and strategy.
- Autonomy at local level and/or strong support from higher tiers.

Strategic frameworks

England's planning structure is far more centralised than the other countries dealt with in this study. The details of devolved government in France, Germany and the Netherlands, vary in terms of central-local relationships but in each case provides a framework for the policies of municipalities, including a principal method of allocating or approving funding for local transport. In England, the emergence of Local Enterprise Partnerships (LEPs), city-regions and combined authorities builds on the long history of cross-boundary working by local authorities on strategic issues. All 39 LEPs have recently prepared Strategic Economic Plans which are an articulation of the whole strategy for local growth (commonly housing, transport, economic development, regeneration, planning and infrastructure) and its use of all resources and levers in a sub-region. As such, SEPs are new, and only time will tell whether they will be the long-term mechanism for providing a strategic framework for local areas. In July, the Government provided further growth deals and funding through the Local Growth Fund on the back of SEPs.

Clarity of funding

Methods of funding local transport vary considerably between different countries. In England, local revenues account for a relatively small share of the total (council tax is about 19 per cent of total net revenue expenditure in 2013/14 including major non-controllable spend and housing benefit), and local authorities have little power to raise funds from other sources, although the retention of 50 per cent of business rates has mitigated this to an extent. The Netherlands, like England, is heavily dependent on state grants and funding for local transport, but the sources available are less diffuse, and are more consistent in that they are related to long term strategies and plans that are democratically decided at the national and provincial (regional) level.

In France, the level and allocation of funding is also dependent on strategy set out in the 'Plan de Déplacement Urbain' (PDU), a sustainable mobility plan required since 1996 for all cities over 100,000 population (see Part 2).

Integration of transport modes

This is another area where England differs significantly. In France, Germany, Netherlands, as well as almost all other European countries, the bodies responsible for local and regional transport, plan and manage public transport as well as roads, and democratically accountable bodies are able to determine fares, charges, tariffs and level of service.

This allows continental cities to pursue transport strategies that are individually tailored and effective.

Groningen, for example, has Europe's highest cycling mode share (over 50 per cent of all trips). The policy is not just to increase cycling, but to reduce reliance on the car at the same time. The measures involved have resulted in buses and cycles having more direct routes than those available for cars, although car access of course is maintained. A system of 'preferential routing' means that for many journeys the quickest way is to go without the car. The point here, however, is that if an English city wanted to pursue such a policy, it would struggle to do so because it lacks the powers to consider transport as a whole. English cities outside London cannot enforce cycle lane violations for example or franchise bus services. Moreover the investment necessary for an effective cycle network would previously have been funded through centrally-allocated competitive bidding under the Local Sustainable Transport Fund. It might now prove impossible to acquire such funding at all as the LSTF has been subsumed into the Local Growth Fund which is designed to be allocated on a narrower consideration of economic growth.

Only in London (which has by far the most successful public transport in England) are these powers and responsibilities comparable to the continental system. The list of powers available to London local government which are unavailable to English councils outside the capital is truly staggering: bus franchising, enforcement of moving traffic offences (including lorry weight restrictions and cycle lane violations), a comprehensive ban on pavement parking, rail franchising and congestion charging. The revenue to Transport for London (TfL) which accrues from some of these powers (e.g. congestion charging) means that TfL is able to take on an increasing transport role – for example extending its rail services because it can afford to take financial risks which are beyond the means of even the largest provincial cities. It is notable that London has defied DfT's traffic forecasts and reduced traffic levels in recent years. DfT has argued that the decline in car use in London will have little effect on overall traffic levels in 2040, but it has failed to consider the possible effect of bringing the powers of English local government outside the capital into line with those available within it. There is every reason to suppose that the existence of these powers outside London would have similar effects – and a cumulative effect on total traffic.

Integration of transport and land use planning

In England, powers to determine public transport are minimal, which makes it virtually impossible to guarantee the success of any new urban developments that are based on public rather than private transport, which in turn undermines any attempt to plan for a sustainable transport future, especially in the growth areas.

These constraints do not apply in the other countries looked at. The quality of the planning frameworks, and policy content varies between countries and between cities within each country, but in general the local powers are matched with the strategic and local policy frameworks. Thus we see the success of major urban developments in terms of integrated and sustainable transport, based on robust, consistent, democratically agreed plans and strategies. Some examples of integrated urban extensions are in Malmö and Stockholm (Sweden), the Utrecht and The Hague urban regions (Netherlands), Freiburg (Germany), Bordeaux (France), Helsinki (Finland), Copenhagen (Denmark). All of these developments are based on “transit oriented development” (TOD) principles, requiring control of the provision, funding and operation of public transport infrastructure and services that is difficult if not impossible in England.

The examples in this section highlight a particular aspect of transport achievements in a number of European towns and cities. The key aspect of these developments is not what the local planners have done but the scale of what can be achieved – English towns and even cities would struggle to deliver projects on this scale because they do not have the comprehensive powers required or access to the long-term funding needed.

6. The way forward for England

Whilst there is always scope for learning from best practice and innovation to release resources for even better outcomes this study reveals that the current system cannot deliver the roads infrastructure that local economies need. Programmes such as the DfT-led Highways Maintenance Efficiency Programme are an important source of good practice and learning, but will not meet the £12 billion backlog of roads repairs. Other ‘system’ changes are required to enable local authorities to prioritise and fund the long-term improvements needed, both in terms of providing infrastructure and in terms of mitigating the pressures that could lead to an unsustainable increase in traffic. These include:

6.1 Connecting up budgets and objectives

Transport needs to be considered as a whole and not as a series of individual issues with separate budgets. It is the combined impact of aligned initiatives across modes implemented in the context of policies around the concept of place-making that will deliver best value. It makes no sense to invest in better roads unless we also plan transport systems that encourage the most effective use of those roads, otherwise spending will be sucked into a black hole of congestion. Moreover there will be productivity gains from the linking up of the various funding streams and the avoidance of a silo mentality. For example, linking local transport operating budgets and planning regimes, to ensure development is adequately served. At present bus services are provided under various, separately-funded headings, including school transport, social services transport, tendered services, dial-a-ride, park-and-ride, subsidised taxis, private (company) services. All of this is in addition to commercially-provided services, receiving public subsidy via concessionary fares and BSOG. There are examples of where two or more of these types of service have been coordinated or integrated, but the present system does not do enough to encourage or simplify such initiatives. Linking up with health objectives, where local authorities have new responsibilities is another very important example of an area where siloed thinking needs to change. Policies such as Active Travel are gaining importance alongside existing policies on local air quality and climate change.

6.2 Linking maintenance and improvement budgets

Despite the down to earth nature of routine surface maintenance and filling potholes there is also a significant opportunity to link this expenditure with a range of important local authority objectives. These are wide ranging and include:

- The improvement of streetscape at the same time as repairing the footway or roadway, for example by the reallocation of highway space to create space for pedestrians or planting.
- Prioritising maintenance of the road surface, for example close to the footway where most cycling is done.

- Reflecting the need for greater resilience in routine surface renewal, for example improving permeability and drainage.
- Contributing to sustainable objectives such as ensuring the recycling of asphalt (reducing carbon and avoiding landfill).
- Coordinating work with planned utility work.

Reactive maintenance is quite literally waiting for damage or degradation of the highway to be reported, at which point action is taken, often taking the form of a spot repair. The alternative to this is to take regular concerted action to keep highways up to standard, and at the same time use materials that are more durable, and more sustainable. The idea of 'preventative maintenance' which avoids problems through a regular planned programme is well understood. However, before this can be achieved, local authority highways would need to be brought up to a higher standard than at present, and then stability of funding would be required into the future. In addition, to avoid abortive work, such preventative maintenance work would need to be coordinated with renewal and maintenance programmes for all utility equipment under the highway.

6.3 Continuity

Transport programmes often require at least a five year time horizon. Too often valuable lessons from one off 'challenge funds' are not mainstreamed because the funding stops far too quickly. Acceptance by the public of an innovative scheme is also important, but if it has only a limited lifespan, people are less likely to change their travel behaviour. There are also economies of scale to be had from longer-term implementation.

6.4 Local flexibility

There have been examples of funds which are not only short-term but also confined to capital or revenue expenditure, and usually have to be spent up to annual limits. There had been some progress in moving away from 'end of year' syndrome for some expenditure. It has been understandable that the Government wanted to increase short term spending to boost the economy, but there has been a downside. This needs to be reviewed and flexibility across expenditure types and budgets needs to be made easier and more transparent. It is also the case that the distinction between capital and revenue is often false – the latter is often needed if the benefits of the former are to be realised. The commonly held view is that revenue expenditure is of less value because it does not produce lasting assets, but this does not hold true for transport investment.

6.5 Accountability

Passing the criteria for some of the short-term funds has become more important than following established clear local objectives and this has led to difficulties in some cases, although local authorities have also managed to fit some of their priorities into the available funds. A properly-constructed local transport plan or strategy should still be the basis for spending. Central Government needs to accept that councils are locally accountable and that in general genuine devolution of funds – removing them from the DfT budget and relieving the DfT of accountability for them – will allow councils to build coherent plans for their area across policy silos. As long as they are fettered by a myriad of individual funding accountabilities they will find it impossible to construct a coherent vision of place. One may expect civil servants to

panic in the face of such proposals and ask 'What if a council spends badly?' The answer to this question is that councils will be accountable to their electorates. Under the current system, people in Scotland, Wales and Northern Ireland have a much greater say over transport provision, yet towns, cities and counties in England are not afforded the same freedom to address local priorities.

7. Conclusion

The overarching lesson from this study is that councils need to be freed to consider transport as a whole and in the context of all those wider policies to which it is inherently connected: development, housing, health, planning. Next year there will be a new government that will be faced with a number of difficult issues. Our offer, to whoever forms that government, is to help them deal with the issues that matter most to the people of this country. If a radical and devolved model for public services is put in place local government can commit to:

- Addressing the backlog of road repairs and providing a more resilient local roads network.
- Reduce costs, emissions and disruption from congestion.
- Create transport strategies that will deliver better, more sustainable infrastructure to support not just on growth, but education, health and planning.
- Delivering transport and roads infrastructure and maintenance at lower cost.

7.1 LGA asks

In order for councils to do this, as a starting point the LGA is calling for the following:

- Removal of ring-fencing that divides transport spending into discrete pots, separates capital and revenue transport investment and hampers the use of other budgets for transport projects that deliver targets for other priorities, such as health (and vice versa).
- For the Government to inject £1 billion a year into a much-needed programme to address the pothole backlog by investing 2 pence per litre from the existing fuel duty to fix our local roads.
- All councils in England to have the same traffic management powers as London and Wales to reduce the costs, emissions and disruption from congestion.
- Clarification and simplification of spatial and transport planning guidance and allowing local authorities greater freedom within this, including in relation to revenue raising.
- Incentivising the new LEPs and new sub-regional partnerships to create transport strategies in support of their economic strategies, and recognise the links with health and land use planning.
- Funding allocations to be set out for periods of at least five years, especially for road maintenance and management, and address the spending backlog.
- Within these plans and funding allocations ensure that councils are able to strike a balance between managing and maintaining existing assets (and thus the existing local economy) and spending on new employment sites and new infrastructure (which will in turn need extra resources to maintain and manage it).
- Within this funding, mainstream policies to avoid excessive traffic growth (especially sustainable transport options).

- Transferring BSOG and other bus subsidies entirely to councils, with the exception of concessionary fares reimbursement which should be properly and honestly funded.
- Simplification of the legislation around Quality Contracts (bus franchising) and for Government to take a supportive approach to their use. Local Transport Authorities to be able to set the premia on multi-operator products in areas where there is no Quality Contract.
- Ensuring that Road Investment Strategies for the strategic roads network are genuine co-productions between local government and the new company succeeding the Highways Agency.
- Follow through on the Government's initial intention to involve councils in franchising rail services.
- Free councils to decide for themselves whether to introduce workplace parking levies and other traffic management schemes.

The UK faces a crisis in transport. The highways maintenance backlog is growing to a point where recovery will be impossible, growth is being hampered by a lack of capacity, bus services are disappearing leaving the car-less isolated, particularly in rural areas, we have no plan to deal with the anticipated growth in traffic demand, obesity has reached crisis point, air quality regularly breaches EU maxima, the railways' debt burden is growing even faster than demand for rail. As long as we continue to make the mistake of treating these as separate problems that can only be addressed by central government we will continue to fail to solve them. The transport problem is essentially one problem, manifesting itself in different ways in different localities and responsive to a myriad of locally tailored solutions. This is the lesson of London and continental comparisons. It is a lesson England needs to heed.

Appendix 1

Citations and references

1. The economic costs of Gridlock, CEBR for Inrix, December 2012
www.transportworks.org/sites/default/files/assets/documents/2012-M12-101212-Cebr_Economic_Cost_of_Gridlock_Report.pdf
2. Most recently HMEP Annual Plan 2014/15
www.highwayefficiency.org.uk/our-plan/executive-summary.html
3. The HA is currently a Government Agency but is being transferred into an arm's length company by legislation planned for this Parliament. Comments here apply to the HA as presently structured and to the current plans for the new company.
4. Prudential Borrowing can be funded in different ways, for example see Business Rate Supplement below. Para 2.8 of Business Rate Supplements: guidance for Local Authorities states that:

"A BRS can also be used by a levying authority to support a loan needed to fund an additional project aimed at promoting the economic development of its local area. If a levying authority uses a BRS in this way it will need to ensure that it adheres to the Prudential Code for Capital Finance in Local Authorities."
- Other methods for transport have included a Workplace Parking Levy (see Bristol BRT) although Bristol has now put this to one side. On the other hand, Nottingham have introduced WPL and used the income to expand their tram system.
5. This document sets out the guidance for the production of Strategic Economic Plans (SEPs), which will determine the allocation to Local Enterprise Partnerships (LEPs) of the Local Growth Fund (LGF). The SEPs will be aligned with the plans LEPs are required to set out for the delivery of about £5.3 billion of European Structural Funds, or ESI Funds. In developing SEPs, LEPs should note the requirements set out in this guidance and in particular the basis on which strategies will be assessed. Local authority commitment to the SEPs is a key component of their acceptability and hence the allocation of LGF to LEPs. It is expected that local authority members of LEPs will put economic development at the heart of all they do and work collaboratively across the LEP area.
6. Para 1.4 of Business Rate Supplements: guidance for Local Authorities states that:

"In England the Act provides a discretionary power for county councils, unitary district councils in areas where there is no county council and, in London, the Greater London Authority (GLA) to levy a supplement on the national business rate. Levying authorities will be able to retain the revenue raised from the supplement and use it to invest in additional projects aimed at promoting the economic development of their local area."
7. See Business rates retention and the local government finance settlement February 2013

8. See CIPFA guidance to councils on income generation.
www.cipfa.org/policy-and-guidance/publications/a/a-practical-guide-for-local-authorities-on-income-generation-2013-edition
9. www.pps.org/great_public_spaces/one?public_place_id=389
10. List of July 2014 Growth Deals
www.gov.uk/government/collections/local-growth-deals



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L14-473