

**Report to the  
Transport for South Hampshire Joint Committee**

**Date:** 22 November 2010

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**Subject:** Impact of the New Coalition Government on Transport for South Hampshire

**Purpose of the Report**

The national and regional policy and funding context has shifted significantly since the formation of the coalition government in May 2010. As a result, the environment within which Transport for South Hampshire (TfSH) operates is rapidly changing. In consideration of this, there is a need for Members of TfSH to refresh the strategic direction TfSH should take going forward and review the business plans and role of TfSH.

**Recommendations**

- 1. The contents of this report are noted.**
- 2. Members agree to the focus of Transport for South Hampshire changing in line with the principles in section 1 of the main report and that officers should seek to adapt the business plan in light of the emerging Local Enterprise Partnership proposals.**

**Introduction**

1. The policy and funding environment changes that are taking place suggests that TfSH should reposition itself to focus on its strengths and explore the most promising opportunities. TfSH needs to have flexibility and agility to respond, quickly, to opportunities as they arise. It needs to prioritise based on firm and robust evidence enabling it to support growth and quality of life in the sub-region. The following core principles should guide this refresh:
  - (i) it will need to become more effective at communicating with, and influencing, central Government in light of the removal of the Government Office for the South East (GOSE) and the regional authorities (South East England Partnership Board and South East England Development Agency);

- (ii) new Local Enterprise Partnerships (LEPs) may make it sensible to reconsider the boundary of the TfSH area;
- (iii) options for delivering transport and highways functions should be investigated further to see where efficiencies can be gained. Options range from sharing services (eg having a lead authority for all road safety activity or one sub-region-wide ROMANSE traffic and travel information centre) to highways boundary changes in order to create an Integrated Transport Authority (ITA);
- (iv) it will need to concentrate on developing greater detail and actions plans for low cost/high impact transport measures. This will require the development of a refreshed TfSH delivery strategy, including measures centred around public transport, smarter choices, Intelligent Transport Systems (ITS), Smartcards, maintenance and carbon reduction schemes (eg the “Plugged in Places” electric vehicles bid). The strategy will continue to be within the context of supporting sub-regional growth and the Local Planning Authorities (LPAs) in developing their Development Plan Documents and be consistent with the respective Local Transport Plan (LTP) implementation plan;
- (v) the refreshed strategy should be firmly rooted in robust evidence, provided by the emerging TfSH Evidence Base;
- (vi) it will need to realise that large infrastructure schemes are unlikely to be funded unless they demonstrate rigorous cost benefit analysis demonstrating benefit;
- (vii) it will need to review its business plan and develop a scheme prioritisation methodology, given competing demands on limited resources;
- (viii) the staffing structure and management arrangements of TfSH will need to be reviewed in light of business plan needs and the outcome of LEP bids.

The reasoning for these suggestions in change of directions are summarised in the following table.

<b>Suggestion</b>	<b>Reason</b>
It will need to become more effective at communicating with, and influencing, central Government in light of the removal of GOSE and the regional authorities (SEEPB and SEEDA).	<p>The removal of the GOSE and the regional authorities will leave a vacuum in terms of local representation to central government.</p> <p>Current influencing and coordination activity is low. Without a much louder voice in central government the TfSH area could be overlooked for funding or as a priority sub-region.</p>
New LEPs may make it sensible to reconsider the boundary of the TfSH area.	The creation of LEPs brings about the potential to reconsider the boundaries of TfSH.
Options for delivering highways functions should be investigated further to see where efficiencies can be gained. Options range from sharing services (eg having a lead authority for all road safety activity or one sub-region-wide ROMANSE centre) to highways boundary changes in order to create an ITA	<p>Budget pressures and spending cuts in all highway authorities require us to consider alternative ways of delivering highways functions. Although there have been some high level reviews undertaken, there is a need to “make it happen” where it is sensible and efficient to do so.</p> <p>There are many options ranging from sharing services (eg having a lead authority for different transport functions like all road safety activity, one ROMANSE centre, one concessionary fares back office) to highways boundary changes in order to create an ITA. Even within the ITA concept there is scope to consider if an ITA could only cover strategic transport issues leaving issues where local autonomy is an issue to the existing highway authorities.</p>
It will need to review its business plan and develop a scheme prioritisation methodology, given competing demands on limited resources.	In a attempt to realise greater efficiency it is necessary to ensure all our studies and programmes of works are targeted to best achieve the TfSH transport strategy objectives in a greatly limited funding situation.
It will need to concentrate on developing greater detail and actions plans for low cost/high impact transport measures. This will require the development of a refreshed TfSH delivery strategy, including	<p>The Coalition Government Manifesto and recent announcements by coalition Government Ministers suggest they will prioritise low cost high impact initiatives for investment. They specifically highlight the following priority areas:</p> <ul style="list-style-type: none"> <li>(i) public transport;</li> <li>(ii) smartcards;</li> <li>(iii) smarter choices;</li> </ul>

<p>measures centred around public transport, smarter choices, ITS, Smartcards, maintenance and carbon reduction schemes (eg the “Plugged in Places” electric vehicles bid). The strategy will continue to be within the context of supporting sub-regional growth and the LPAs in developing their development plan documents.</p>	<ul style="list-style-type: none"> <li>(iv) schemes that result in lower carbon emissions eg the encouragement of a shift to low carbon transport systems;</li> <li>(v) schemes that benefit health including walking and cycling schemes;</li> <li>(vi) network management schemes for streetworks;</li> <li>(vii) the need for robust evidence to demonstrate value for money.</li> </ul>
<p>The refreshed strategy should be firmly rooted in robust evidence, provided by the emerging TfSH Evidence Base.</p>	<p>Demonstrating worth of transport interventions and strategy approaches will be more important than ever, given the constrained funding environment. Too often in the past strategies and interventions have been proposed without the tool to test if they are the most appropriate and cost effective course of action.</p> <p>The suite of models contained in the emerging evidence base will provide a capacity that the sub-region has never had before, putting TfSH in a strong position to scenario test transport and land-use policies, interventions and responses. This commitment to a shared tool will place the sub-region in a strong position to justify strategy and interventions.</p> <p>The evidence base (as supported by the Department for Transport (DfT), Highways Authority (HA), Network Rail and Partnership for Urban South Hampshire (PUSH)) will inform development scenario testing and support PUSH and LPAs in developing their Development Plan Documents. The evidence base will also test and define the most appropriate solutions to current and future challenges to underpin and outline the future strategy.</p>
<p>It will need to realise that large infrastructure schemes are unlikely to be funded unless they demonstrate rigorous cost benefit analysis, demonstrating benefit.</p>	<p>The focus of the government agenda is on “localism”. Recent speeches (see Appendix) suggest the coalition Government will make some funding cuts to transport budgets but that local transport funding allocations remain important. Ministers also see investing in capital schemes as a positive economic measure to keep local economies growing. However, all schemes previously in the Regional Funding Allocation (RFA)</p>

	<p>programme are under review. The value for money of many of these schemes is generally less than those noted above. As a result they are unlikely to be funded unless they demonstrate significant Cost Benefit Ratio (CBR), for which the evidence base will be critical. It should be noted that the DfT scheme appraisal mechanism (NATA) is likely to be changed to more adequately reflect the Benefit to Cost Ratios (BCRs) from public transport schemes and carbon reduction, further reinforcing a levering in government policy toward the bus and other forms of public transport. It also brings about the need to develop a strategic public transport strategy for TfSH.</p>
<p>The staffing structure and management arrangements of TfSH will need to be reviewed in light of business plan needs and the outcome of LEP bids.</p>	<p>All of the above requires a change to be made to the dedicated TfSH support team. It will need to be reviewed in light of the contributions likely to be available from member authorities and the role required to adapt to the new policy and funding agenda. This will need to consider:</p> <ul style="list-style-type: none"> <li>(i) what coordination and policy support is needed and at what level;</li> <li>(ii) what communication and influencing support is needed;</li> <li>(iii) what studies could be undertaken by the highway authorities themselves to reduce impact on use of consultants;</li> <li>(iv) what senior management input is required;</li> <li>(v) the role of cross-authority matrix working.</li> </ul>

Section 100 D - Local Government Act 1972 - background papers

**The following documents disclose facts or matters on which this report, or an important part of it, is based and has been relied upon to a material extent in the preparation of this report.**

NB the list excludes:

1. Published works.
2. Documents which disclose exempt or confidential information as defined in the Act.

TITLE

LOCATION

None

**Copy of Speech by:**[Norman Baker MP](#)**Date delivered:**

20 July 2010

**Location:**

The Oval, London

Thank you very much indeed. I confess that although I have been using the Department's Brompton and dispensing with the Ministerial car, I thought the Oval was too far to come by bike so I did come by tube. As a cricket fan I have to confess shame-facedly it is my first visit to the Oval, which led to a rather surreal experience getting off the tube and being told this station is Oval when clearly it wasn't. However I am over that. It reminds me there is quirkiness in transport and one of the joys I remember from walking down Whitehall was to see a couple of American tourists see the sign that said 'Subway' and saying "lets get the subway", wandering in and come out the other side finding no tube. Such is life.

Anyway enough of that, and on to more serious matters. I suppose we should start with the usual government health warning which is to talk about the deficit. If you wish to groan please do so now. We do have an enormous financial situation to deal with. Had we not taken action we would, at the end of this Parliament, be spending on interest payments alone £70 billion a year. That is simply completely untenable so we had to take quick action. The way I describe it is like if you are running a car which is dangerously low on oil and if we carry on like that the car would eventually explode. You have to stop the car, top up the oil, give it a service, and put it back on the road. That is what we are doing at the moment to try to make sure we can go forward on a sensible basis.

If I could just mention one or two facts so that you are aware of where we are going on the Spending Review. The Department for Transport committed itself to a reduction of £683 million this year; including sadly £309 million from grants to local authorities, and of course the major transport schemes the department have been suspended pending the Spending Review. But I want to make it absolutely clear that the Government's view, not just the department's view but the Government's view, is that spending on transport, particularly capital, projects is essential if we are going to move forward and help rebuild the economy. There is a very high correlation between transport spend and the positive impact it has on the economy and that is why the Secretary of State said just the other day, and I quote him "just because our priority is to deal with the debt crisis this does not mean we neglect our central responsibility to provide Britain with transport that works effectively and efficiently and to increase transport capacity where it is most needed to meet long term increases in demand".

So that is what we are trying to do. We are trying to make sure when we come out of this and when the smoke clears on the Spending Review, that we are in a good position to go forward with capital projects. Now the timetable for that is that the submissions have gone in from the Department, and indeed every Department, to the Treasury. They will be analysed over the summer (so if

you are a Treasury official I am afraid you are not having much of a holiday this August) and the Chancellor will announce on 20 October the departmental allocations. At that stage we will be able to take a view on where we go forward with our particular budget and what we could sensibly prioritise at that point. So hopefully by the end of the year we will all be clear both on allocations for local government as a matter of fact, and also on allocations within the Department on the terms of those priorities.

In parallel with that process, what we are also doing in line with the coalition agreement is reviewing the way that transport schemes are prioritised. We are looking at the formula, the NATA (New Approach to Transport Appraisal) which determines the cost benefit ratio of schemes because our view is that the formula isn't necessarily one which produces the right result in this day and age. You will be aware of the problems with that if, for example, you have a railway scheme and you abstract traffic then that has been counted against the railway scheme on the basis that the Chancellor loses fuel duty revenue. That clearly is a nonsensical consequence. So those sorts of idiocies are being removed from the formula. So that is going on in parallel so we hope to be able to apply a better formula at the time when we know how much money we have got in order to be able to prioritise sensibly at that stage.

Now the two overriding challenges that we face, or targets we set ourselves, for government as a whole. One is to rebuild the economy, as I have just been referring to. Without job creation from the private sector in particular, we aren't going to be able to deliver the sort of things in the public sector we want to deliver. So that is obviously key. The second issue is to reduce carbon emissions, recognising the challenge of climate change and the enormous difficulties in the transport sector. In particular because although business, for example, has been reducing its carbon emissions, those in the transport sector have been increasing and we have to get a hold on that and that leads us to I think looking on how we deliver transport.

Now obviously in the longer term we want to look at cleaning up vehicles. The Secretary of State in particular is very keen on seeing what we can do to move towards cleaner and possibly electric vehicles. But we could also make our transport systems cleaner and I am conscious that a very large proportion of journeys are actually of 5 miles and under or indeed 2 miles or under which may be very relevant, I would suggest, to this particular audience. So I will come back to that in a moment.

But I also want to talk now about the other strand which you will see running through Government policy in all shapes and forms and all departments which is the ideal localism. Now governments have always talked about localism in my experience. They don't do much about it but I remember, thank you for your introduction, not just being a County Councillor and actually Vice Chair of the Highways Committee I should mention, but also Leader of my District Council and indeed the Parish Council for 16 years. In fact I added it up the other day and I have been in Public Office for 49 years if you multiply these things together. So I am very committed to local government and I used to find it deeply frustrating to get done what we wanted to do and we thought that we knew best which I think we did do! I think to find that there was some

regulation somewhere, some restrictions and some requirement to fill in a form. There was some Ministerial approval required and I found that deeply restrictive. We are going to get rid of all that. The ring fencing of money is going to be going. The extension of power down to local councils is coming. The Review for local finance is on its way and those of you in local government are going to see a transformation in terms of what you have to deal with and the ability you will have to shape your own areas in a way you should have been able to do so for many many years, but you will be able to do so in the future.

Now let me announce something today on local transport plans. We think development of local transport plans is crucial and of course you will be aware you have a statutory duty to produce your LTPs by next April 2011. We happen to think that local transport plans remain the best way for authorities to plan transport strategy and delivery and will ensure from our point of view that funding allocations are available in good time for completion of those plans by next April. We also think local transport plans are the best way to make sure that funding is spent efficiently and effectively and enables you to focus on the priorities not just the economy and carbon reductions referred to but also road safety are affordability and accessibility people's health and well being for example. But I have just been talking about localism so here is what we are going to do about this. In line with this commitment to localism my Department no longer seeking to intervene in the way local authorities review their progress against local transport plans. As far as we are concerned, it is entirely a matter for you. We will no longer require reports or reviews for Central Government in terms of what you are doing. You will have to get a 2011 plan there but after that running a plan that is in place which is your legal requirement is up to you what you do about that. We think they are a good tool and we think you will want to use them but we will no be restrictive in terms of how you use them. We want to help you prioritise transport schemes that offer the best outcomes to tax payers, business growth, passengers and the environment.

Now as you probably know we are also scrapping the Regional Development Agencies (RDAs) and are inviting local groups to form local enterprise partnerships (LEPs) to help boost development and strengthen local economy. LEPs are now taking ship shape across the country to manage responsibilities including transport and infrastructure. The requirements for the next few years will make it important for authorities to work together to identify where there is scope for efficiencies and savings and although this is going to be a very tough time for us all whether in Central or Local Government in terms of finances I hope that we will all nationally and locally look to see whether we can generally make savings, for example, by common procurement, rather than by cutting something at the front end like an important bus service which is easier and obvious you can do that very quickly. We have got to be creative, all of us, in terms of how we use the money which is there.

Now transport is no respecter of local authority boundaries which you will appreciate which is why under this Government there will be lots of opportunities for a neighbouring authority to plan and prioritise transport

schemes over wider economic regions so I hope all areas across England will consider the potential offer by LEPs to improve the quality and value to local transport services. My department will be keen to engage with effective partnerships wherever there are strategic issues to be considered.

Let me just say something now very quickly on buses and I do so because I am conscious that buses are the predominant form of public transport. Railways get a lot of coverage and they are very important. They are always in the newspapers, buses less so. Actually buses are the predominant form of transport. They are also the form of transport used by those with lower incomes. So it is important for social, economic and environmental reasons that we get this right and our vision is quite clearly is to get more people on buses, that is what we want to do. But we also want to get a fairer deal for the tax payer and a fairer deal for the fare payer and I am frankly not convinced that it is happening at the present time. £2.5 billion of public money is spent on buses each year so it is only like every other area of public spending which is questioned whether the bus market is delivering the best service for passengers and the best value for the tax payer. That's fine, I welcome the current Competition Commission Inquiry into the local bus market. The Commission is best placed to deal with the difficult questions about the level of competition between bus operators and whether the current regulatory framework for buses is the right one. My Department has submitted evidence to the Competition Commission, and is engaging fully in the process as it continues before the conclusions are announced later on this year in draft form and next year in final form. They are an independent body and they will reach their own conclusions, but I think it is important that we put the perspective of the Department and that is what we have done.

I am also keen to see the faster roll-out of smart ticketing across England, because that offers huge potential benefits for passengers, local authorities and operators. The Government has made £10 million of funding available to 9 big cities outside London and subsequently to the outcome of the Spending Review. I am very keen to incentivise operators and local authorities to do more. I am very struck by an example from Eurostar who, simply by offering a through ticket from stations like York and Peterborough to Brussels and Paris, doing nothing else, have actually increased the market for people using the train between those two destinations simply because they have only got one ticket - they have changed their behaviour. We underestimate potentially the value of getting ticketing right in terms of securing modal shift.

I also recently announced another £15 million of government funding for a fleet of low carbon buses which we estimate will save 50,000 tonnes of CO2 over a 15 year period. More importantly, I hope it will drive the market for such buses so they become the norm across our country.

As far as trams are concerned I am very keen to follow the lead of cities like Manchester and Nottingham showing the value of light rail and how it can contribute. Too many tram schemes have been started and failed and the last 10 years have not been a happy time for light rail. That's why I have initiated in the Department a full review of the costs of light rail to understand why those schemes have failed, to look at comparisons elsewhere in Europe, to

examine the cost base, for example in terms of utilities, and to try to get light rail in a position where it can compete sensibly for funding when the Spending Review is over.

On roads, obviously improved public transport is essential if we are to tackle the scourge of congestion. But there are other ways we can help the traffic flow in our towns and cities. We want authorities to be free to make their own decisions on how best to manage their street works and in particular to consider permit schemes like those that have been launched in Kent and London and which are clearly already delivering impressive results. Complaints about road works in Kent have fallen by half since the scheme's introduction in January. We will also be looking at a pilot Lane Rental scheme.

The traffic signs policy review is also a priority for the Department and is progressing well. We expect that to be completed by early next year. You will also be aware, although it is a Home Office matter, that we are looking seriously at the problem of clamping on private land which is something everybody seems to feel strongly about and a large number of people appear to have suffered from up and down the country - one and two of our Ministerial colleagues feel very strongly about the matter.

We are also committed to working a more closely with councils, road safety groups, police, transport operators and others to reduce accidents on local roads.

Now one last area I wanted to refer to is the issue of alternatives to travel. This is a new part of the transport Department so I am the first Minister to encourage people not to travel. So it is counter intuitive perhaps, but nevertheless it has its value. Why? Because although there is a role for making sure our transport systems are green, and we have to do that, there is also a role in economic and environmental terms from looking at whether we have to go from A to B at all. If we are going to encourage home working even if 1 in 10 days are spent at home, think of the difference they would make in terms of congestion on the roads for those who are left on the roads. If we can get people video conferencing for when they are talking to businesses in America, or wherever it happens, think of the carbon that can be saved and the time that can be saved for business by not having to fly from Heathrow across the pond. So there are economical and environmental benefits to be pursued from this and that is why I was very pleased when I read the issue in the Daily Telegraph the other day. It was Matthew Farrow from the CBI who said "We agree there needs to be big changes to the way we work and commute...employers are increasingly enabling staff to stagger their commutes and break out of the usual 'nine to five'." It was also welcome by the Campaign for Better Transport who described it as a "huge step forward". So there we are it's a policy that pleases many it seems so obviously that is something that Government wants to take forward. It is a bold policy, there's no doubt about that, but if I can say here in the Oval it is better to be 'bowled' than to be 'stumped' when it comes to policy!

So Mr Chairman let me just say I hope today I have given you an insight in to how the Government's local transport strategy will help us cut spending,

promote localism, improve connectivity, encourage economic recovery and protect the environment. Now the big story in the next couple of years will be coming to terms with the financial problem the country has. But that needn't be a cloud which stops us moving forward and doing the right thing in transport. There will be thousands of smaller stories - councils, communities doing things in new ways, and by pushing the localism agenda we are going to free-up innovation for councils, just to try things out and lead by example so that people can pick up these good ideas and say 'they are doing this down the road why don't we try it'. We want to change the way people travel, to connect the different travel modes more effectively, to reward greener travel initiatives, to link transport policy to local health issues. Cycling, for example, has got a very good cost/ratio in terms of transport, but is also very good in terms of tackling obesity so has a knock on effect that is very useful for society. These are areas that can make real progress in our local agenda. I very much look forward to working with you in the months and years ahead.

Thank you.

*(This speech represented existing departmental policy but the words may not have been the same as those used by the Minister.)*