Supplementary evidence by Local Government Association (RUT0305)

Thank you for inviting the Local Government Association to provide evidence to the Committee on local government’s contribution to promoting rural tourism, and some of the opportunities and challenges we face in local government. It was a pleasure to give evidence to the Committee.

The visitor economy is one of this country’s fastest growing sectors and there are many examples of how councils work hard to support it. To do this to best effect, councils need access to the right powers that will create the conditions for growth, particularly around broadband, skills, and transport funding. Councils also need clarity about funding that will be made available for this work once our exit from the European Union has been completed.

Several members of the Committee requested additional information about points made during the evidence session. I aim to address their queries in this letter, and accompanying documentation. If the Committee would like further information, then the LGA would be very happy to provide that as well.

Skills funding

The committee asked for further information on how skills and growth funding could be simplified and targeted to make a greater difference.

Councils want to stimulate their local economies, so all residents contribute and benefit from growth. Working across functional economic areas with businesses and local partners, we are building on our unique ability to integrate services for vulnerable people and anticipate and respond to local employer needs, which includes the tourism and hospitality sectors.

We would like to see employment and skills funding being more accessible to councils. Currently, council’s ability to address unemployment and skills demands is constrained by the fact that current funding, worth £10.5 billion in 2016-17, is commissioned nationally by Whitehall or their agencies for providers to deliver. There are also additional challenges, including funding being distributed across at least 20 different national schemes.

In December 2016, we published an independent report into the funding streams that could be used to promote skills and growth. ‘Fragmented Funding’ assessed funding streams available from central government, explored the degree to which councils could be involved in targeting and/or delivery, and compiled a list of funding streams that contribute to local economic regeneration and growth.

The report did find that the picture had improved in the previous financial year (2015), but demonstrated that there was still significant room for improvement. Consolidating funding and

1 http://www.local.gov.uk/documents/10180/7632544/12.1-English+Devolution_10WEB.pdf/1b478f6f-3d20-4b2c-ae67-44003d54443a
2 http://www.local.gov.uk/documents/10180/11309/Final+report+for+LGA.pdf/3a2a44c9-7551-4de1-bafc-624a33127ffc
devolving it to a local level would enable more time, and money, to be spent on achieving the
aims of the fund, rather than on bidding for and administering the fund.

The LGA has also published ‘Skills for future growth’\(^3\), which contains a series of practical case
studies which demonstrate innovative skills and employment projects being delivered by, and
with, councils across England. This gives an idea of how councils could make more efficient and
effective use of the funding available if it were devolved to them.

**Broadband and mobile connectivity**

The committee asked for our position on broadband funding, and the role that councils could
play in delivering that. I am happy to clarify that our position is that councils should be
fundamentally involved in directing and targeting spending on rural broadband. That funding
need not be directly delivered through councils; although that may be appropriate in some cases,
and in the context of devolution deals.

Since 2013 councils have strongly supported the extension of access to fast and reliable
connectivity through the Superfast Broadband Programme using public funding to procure
bespoke local solutions to connectivity problems. Overall, they have invested over £700 million to
extend fast and reliable connectivity to rural areas. Many are even aiming to extend provision
beyond the programme’s national target (passing 95 per cent of premises) at their own local
level.

This has meant councils have developed an excellent understanding of local areas’ digital
connectivity needs, and play an industry-recognised role finding the viable locations for new
infrastructure and ensuring communities are properly engaged.

The Government has acknowledged the importance of councils in helping catalyse further roll out
doing infrastructure. This is demonstrated in the Autumn Statement 2016, the Government
stated its aims to “provide funding to local areas to support investment in a much bigger fibre
’spine’ across the UK, prioritising full-fibre connections for businesses and bringing together
public sector demand.”

The devolution process is an opportunity for groupings of councils to look afresh at their digital
presence and to use digital technology as an opportunity for new partnerships and more efficient
and transparent ways of working.

Improving digital infrastructure and digital skills in local areas supports the Government’s overall
digital strategy. If it makes sense for a digital connectivity solution to be procured using national
procurement frameworks, the process should be a co-commissioning partnership between local
and central government, with councils involved from the outset.

I would like to also emphasise the importance of getting universal mobile coverage in place, as
this is equally important for rural tourism. It is vital that Government continues to challenge

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\(^3\) [http://www.local.gov.uk/documents/10180/7632544/5.3+Skills+for+future+growth-04WEB.pdf/40ed1f28-8046-4045-b3ef-126073eb8515](http://www.local.gov.uk/documents/10180/7632544/5.3+Skills+for+future+growth-04WEB.pdf/40ed1f28-8046-4045-b3ef-126073eb8515)
mobile providers to extend 4G or even 3G technology across rural areas with the aim of coverage ubiquity across the country.

Indoor coverage of voice services across the UK’s rural areas is poor, with only 50 per cent of premises served by all operators. Geographic 4G coverage in the UK’s rural areas is also lacklustre with only 37% of rural landmass covered, compared to 89% in towns and cities. For residents to feel a noticeable difference in the quality of signal, there will need to be coverage improvements across all operators in rural areas.

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Councils have raised concerns about Ofcom’s mobile coverage data. In some instances, councils believe it is not reflective of the realities on the ground in rural areas with residents in areas with reportedly strong coverage suffering from dropped calls and slow or no mobile internet connectivity. This is concerning considering it is this data that will be used to hold mobile operators to account on their coverage obligations. Ofcom needs to adopt a more rigorous form of coverage verification which captures mobile user experience.

Whilst the Autumn Statement announcement of significant new investment in 5G technology is welcome, 5G will be no panacea for our rural connectivity issues. It is for this reason that Government must continue to champion the provision of 4G and 3G technology in rural areas.

Bus and rail transport funding

The committee asked us for further information on what can be done by central and local government to improve local bus routes and rail transport for rural areas.

The general ongoing pressure on council revenue budgets has meant that these discretionary services have had to be reduced. Reductions in Government subsidies, changes to the way the English National Concessionary Transport Scheme is funded and reductions of 40 per cent to core council funding have called into question the future of many services.

Councils continue to protect key services to improve passenger transport, despite ongoing financial reductions. They have put in place measures to support transport links in their communities by:

- working in partnership with operators to restructure the network and reprioritising council support services
- working with the wider public sector in planning a more cost-effective and coordinated public transport service through a ‘Total Transport’ approach
- consultation with public and bus users on the best ways of minimising impact
- identifying commercialisation opportunities in partnership with bus operators
- exploring alternative opportunities to scheduled bus services
- linking with the growth agenda.

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4 P6, Fig. 22 Connected Nations 2016 https://www.ofcom.org.uk/__data/assets/pdf_file/0035/95876/CN-Report-2016.pdf
However, despite their best efforts, councils are finding it difficult to identify further innovations that can sustain existing services unless there are changes in rules and funding that support local public transport.

The government could do more like agreeing to fully fund discretionary fares, which is a national burden imposed on councils by government or choosing to devolve bus service operators grant (BSOG). This is a public subsidy that is currently paid to all operators regardless of the profitability of a route.

Devolving the BSOG to councils would allow resources to be targeted rather than simply paying operators a rebate on the fuel they consume, irrespective of the value and profitability of the service. Councils will also prove better at spotting fraudulent claims than the Department for Transport (DfT), because they have better local knowledge.

We are supporting government in giving places with devolution and city deals to be given bus franchising powers as soon as possible, and ensuring that any decisions made by Government on franchising for other areas are transparent, timely and achievable.

Our ‘Fragmented Funding’ report, covered in the earlier skills section, also identified some specific funding streams which could be consolidated. The eight funds are:

- Large local transport projects
- Pothole action fund
- Local majors Fund
- Integrated block transport
- Highways Maintenance
- Bus Services Operators Grant (Revenue subsidy—mostly goes to operators)
- Sustainable Travel Transition year
- Smart ticketing

Furthermore, funding for transport also goes to Local Enterprise Partnerships (LEPs), via the Local Growth Fund and the Sustainable Travel Access Fund, which is embedded in the Local Growth Fund. This funding should also form part of any consolidated fund.

We have also published ‘Councils and the future of the bus in non-metropolitan areas,’ which explores our ideas in detail. There have been a number of innovative pilot approaches tested, particularly the Total Transport pilots, which we believe have provided the evidence for further devolution and reform of funding systems. These would then in turn free up councils to invest more effectively in their rural transport offer – in particular, connecting up the last mile from station to tourist attraction, and which is so crucial to improving our rural tourism offer.

However, we must emphasise that overall the transport network needs an injection of a further £1 billion per year to address a backlog of repairs and place the system on a sustainable footing.

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http://www.local.gov.uk/documents/10180/49932/Missing+the+bus%20+-+DevoNext+L15-420/e7a84be2-ff92-4d60-86c2-f7f11e67e61c
One way this could be funded is by diverting 2 pence of existing fuel duty per litre to councils. The LGA does not believe this funding should be raised through an increase to fuel duty.

**Rural pathways**

The committee also asked to comment on how support for rural pathways could be improved. This is very directly linked to our earlier points on improving bus and rail provision.

National Trails are maintained through a Trail Partnership made up of the local authorities responsible for the path on the ground. Maintenance work is carried out by the local highway authorities together with landowners; and often with the help of volunteers.

Funding for National Trails is provided by national government through Natural England and Natural Resources Wales and also by local highway authorities and other funding partners.

By 2020 the Government will invest more than £1.1 million per mile in maintaining national roads, which make up just 3 per cent of all total roads and trails. Importantly, national trails are not considered in the same way as national roads and must predominantly draw from the much smaller level of funding intended for the remainder of roads, and paths, in England.

This level of investment is a mere £27,000 per mile to maintain local roads and paths, which are controlled by councils and make up 97 per cent of England’s road network.

There has been some suggestion that responsibility for maintaining the paths should be transferred to organisations such as National Parks. We are keen to explore partnerships with other organisation where this makes sense and achieves better outcomes. However, the issue here is funding, not responsibility, and whoever has the responsibility needs adequate funding to deliver against the responsibility – irrespective of whether that is National Parks or local government.

I hope this information is helpful to the committee, and emphasises the willingness and ability of councils to contribute to rural tourism; and their enthusiasm for extending this offer if they are given the additional tools and flexibilities that we have outlined in this response.

*January 2017*