

Transport North East Committee

Tuesday 24 November 2015, following the conclusion of the Transport North East (Tyne and Wear) Sub-Committee, approximately at 3.30 pm.

Meeting to be held at Durham County Council, County Hall, Durham, DH1 5UQ

www.northeastca.gov.uk

AGENDA

Page No

1. **Apologies for Absence**

2. **Declarations of Interest**

Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer).

Please also remember to leave the meeting where any personal interest requires this.

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|-----|--|----------------|
| 3. | Minutes of the Previous Meeting | 1 - 4 |
| 4. | Appointment of Vice Chair of Transport North East (Tyne and Wear) Sub-Committee | 5 - 8 |
| 5. | Transport Manifesto for the North East | 9 - 26 |
| 6. | Transport for the North | 27 - 32 |
| 7. | Draft Budget 2016/17 and Transport Levies | 33 - 42 |
| 8. | Capital Programme 2015/16 Update | 43 - 54 |
| 9. | Revenue Budget 2015/16 Update | 55 - 66 |
| 10. | Date and Time of Next Meeting | |

Friday 26 February 2016, following the conclusion of the Transport North

East (Tyne and Wear) Sub-Committee, approximately at 3pm, at
Gateshead Civic Centre.

Contact Officer: Victoria Miller Tel: 0191 211 5118 E-mail: victoria.miller@northeastca.gov.uk

To All Members

North East Combined Authority

Transport North East Committee

9 July 2015

Meeting held: Civic Centre, Burdon Road, Sunderland, SR2 7SN

Present:

Councillor Forbes (Chair)

Councillors: Foster, M Green, S Green, Harrison, Hepple, Hobson, McElroy, Speding, Tomlinson and West

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors B Gallacher and J McCarty.

2 DECLARATIONS OF INTEREST

There were no declarations of interest.

3 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting held on 20 April 2015 were approved as a correct record and signed by the Chair.

4 APPOINTMENT OF VICE-CHAIR OF TRANSPORT NORTH EAST COMMITTEE, CHAIR OF TRANSPORT NORTH EAST (TYNE AND WEAR) SUB-COMMITTEE

RESOLVED – That Councillor J Harrison be appointed as Vice-Chair of the Transport North East Committee from the Tyne and Wear constituent authorities and Chair of the Transport North East (Tyne and Wear) Sub-Committee for the municipal year 2015/16.

5 TRANSPORT VISION FOR THE NORTH EAST

Submitted: A report of the Chief Executive Officer for Transport (previously circulated and copy attached to Official Minutes).

Members considered the report which provided background to the draft long-term Transport Vision for the North East. The report was assisted by a presentation which was delivered at the meeting by the Managing Director (Transport Operations) and the Head of Transport Policy for the North East Combined Authority (NECA).

In welcoming the report, the Chair highlighted the fact that the vision would help to develop the first coherent transport plan for the region. During the ensuing discussion Members discussed the following matters:

- The importance of a joint effort by the constituent authorities to align local policies to fit well with regional aspirations; for example, planning policies;
- The opportunity to develop a joint approach to licensing and regulatory rules across the region in relation to taxis; and a standard approach to bus lanes and no-car lanes;
- The importance of inclusion of all stakeholders in the development of the transport vision and the transport plan, including those responsible for transport, members of the local authorities, strategic partners and the public;
- The timescales and the amount of work involved in developing a transport vision and the importance of a positive, forward-thinking approach;
- The importance of focusing on the improvement of local transport first, including infrastructure, connectivity, affordability and customer service;
- The importance of a strategic approach to transport links, including in relation to roads, rail, freight, parking, walking routes and cycling routes;
- The importance of a strategic approach to the location of Park and Ride facilities, based on customers' needs;
- The importance of being mindful of the diverse nature and needs of the region, and the importance of consultation with the public in different parts of the region;
- Generally, the importance of asking the public what they needed in terms of transport and listening to their views, avoiding technical consultations;
- The differences between the terms “vision” and “manifesto” and a suggestion for a brief, clearly expressed vision and a separate manifesto;
- The role of transport infrastructure and connectivity in the context of the impact on economy, including areas such as trade and investment;
- The importance of good connectivity with the North, specifically Scotland, as well as the South;
- The role of High Speed Rail 2 for the region, including in securing opportunities for economic growth.

RESOLVED – That the Transport Vision for the North East be discussed further at a policy seminar, possibly in September, prior to its submission to the next meeting.

6 **TRANSPORT FOR THE NORTH**

Submitted: A report of the Chief Executive Officer for Transport (previously circulated and copy attached to Official Minutes).

Members considered the report which provided an update on the Transport for the North programme.

RESOLVED – That the report be noted.

7 **RAIL UPDATE**

Submitted: A report of the Chief Executive Officer for Transport (previously circulated and copy attached to Official Minutes).

Members considered the report which provided an update on the new announcements and other developments affecting the rail network within the North East Combined Authority area and links from the region to other areas of the country.

During the ensuing discussion Members discussed the nature of the proposed Business Unit and the opportunities presented as part of the Northern and TransPennine Express franchises.

RESOLVED – That the report be noted.

8 **QUALITY CONTRACTS SCHEME UPDATE**

Submitted: A report of the Managing Director (Transport Operations) (previously circulated and copy attached to Official Minutes).

Members considered the report which provided an update on progress in delivering the Tyne and Wear Quality Contracts Scheme. During the ensuing discussion, a Member expressed concern about the ongoing lack of control over bus operations.

RESOLVED – That the report be noted.

9 **OFFICE FOR LOW EMISSION VEHICLES GO ULTRA LOW CITY SCHEME FUNDING OPPORTUNITY**

Submitted: A report of the Chief Executive Officer for Transport (previously circulated and copy attached to Official Minutes).

Members considered the report which provided an update on progress with the proposed bid for funding from the Go Ultra Low City Scheme and associated Go Ultra schemes.

RESOLVED – That the approach that was being taken in developing a bid for the Go Ultra Low City Scheme funding be approved.

10 APPROVAL OF MAJOR LOCAL GROWTH FUND TRANSPORT SCHEMES

Submitted: A report of the Chief Executive Officer for Transport (previously circulated and copy attached to Official Minutes).

Members considered the report which sought approval for the release of funding for the Central Station Metro refurbishment, one of the major transport schemes that formed part of the Local Growth Deal and had been previously prioritised by the former Local Transport Body.

RESOLVED – That:

- I. the release of funding of £2.51m from the Local Growth Fund to Nexus for the scheme set out in paragraph 3.1 of the report be approved; and
- II. the Monitoring Officer be authorised to complete the Grant Funding Agreement with Nexus.

11 CAPITAL PROGRAMME 2014/15 OUTTURN AND CAPITAL PROGRAMME 2015/16 UPDATE

Submitted: A report of the Chief Finance Officer (previously circulated and copy attached to Official Minutes).

Members considered the report which provided an update on the outturn in relation to the 2014/15 capital programme and the first monitoring update on the 2015/16 programme.

RESOLVED – That the report be noted.

12 REVENUE BUDGET 2014/15 OUTTURN AND REVENUE BUDGET 2015/16 UPDATE

Submitted: A report of the Chief Finance Officer (previously circulated and copy attached to Official Minutes).

Members considered the report which provided an update on the outturn in relation to the 2014/15 revenue budget and the first monitoring update on the 2015/16 budget.

RESOLVED – That the report be noted.

13 DATE AND TIME OF NEXT MEETING

24 November 2015, following the conclusion of the Transport North East (Tyne and Wear) Sub-Committee.

A policy seminar for Members would be held prior to the next meeting.

North East Combined Authority

Transport North East Committee

DATE: 24 November 2015

SUBJECT: Appointment of Vice Chair of Transport North East (Tyne and Wear) Sub-Committee

REPORT OF: Monitoring Officer

EXECUTIVE SUMMARY

The responsibility for the formal appointment of the Vice Chair of the Transport North East (Tyne and Wear) Sub Committee for the municipal year 2015/16 was delegated to the Transport North East Committee and the Annual Meeting held in June. It is recommended that the Committee formally appoint Councillor Gladys Hobson to undertake this role for the current municipal year.

RECOMMENDATIONS

It is recommended that the Committee appoint Councillor Gladys Hobson as the Vice-Chair of the Transport North East (Tyne and Wear) Sub-Committee

North East Combined Authority

Transport North East Committee

1 Background Information

- 1.1 The Leadership Board has responsibility for the appointment of the Chairs and Vice-Chairs of the committees and sub-committees of the NECA. At the Annual Meeting of the Leadership Board on 16 June 2015, the Leadership Board agreed to delegate the appointment of the role of Chair and Vice Chair of the Transport North East (Tyne and Wear) Sub Committee for the municipal year 2015/16 to the Transport North East Committee. The formal appointment of the Chair of the Transport North East (Tyne and Wear) Sub Committee has already taken place and Councillor John Harrison was appointed at the meeting of this Committee in July. Councillor Gladys Hobson was agreed by the Sub Committee as the Vice Chair at their first meeting in July 2015 and has subsequently undertaken this role since that time. This arrangement now requires the formal approval by the Transport North East Committee.

2 Next Steps

- 2.1 Members are requested to appoint Councillor Gladys Hobson as the Vice-Chair of the Transport North East (Tyne and Wear) Sub-Committee

3 Potential Impact on Objectives

- 3.1 The appointments to the roles referred to in the report will enable the Authority to properly discharge the functions delegated to them.

4 Finance and Other Resources

- 4.1 There are no specific financial implications arising from the report.

5 Legal

- 5.1 There are no specific legal implications arising from the report.

6 Other Considerations

6.1 Consultation/Community Engagement

The matters contained within the report have been subject to consideration by the Leaders on 16 July 2015.

6.2 Human Rights

There are no specific human rights implications arising from this report.

6.3 Equalities and Diversity

There are no specific equalities and diversity implications arising from this report.

North East Combined Authority

Transport North East Committee

6.4 Risk Management

There are no specific risk management implications arising from this report.

6.5 Crime and Disorder

There are no specific crime and disorder implications arising from this report.

6.6 Environment and Sustainability

There are no specific environment and sustainability implications arising from this report.

7 Background Documents

- 7.1 Report to Leadership Board on 16 June 2015 titled “Appointment of Committees and Agreement of Membership, Appointment of Chairs and Vice-Chairs, Appointment of Co-opted Members, Appointment of External Auditors and Appointment of the Head of Paid Service”

8 Links to Plans in the Policy Framework

- 8.1 This report has no direct link to plans in the Policy Framework.

9 Appendices

- 9.1 None

10 Contact Officers

- 10.1 Vivienne Geary, Monitoring Officer, Tel: (0191) 643 5339

11 Sign off

- Head of Paid Service ✓
- Monitoring Officer ✓
- Chief Finance Officer ✓

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North East Combined Authority Transport North East Committee

DATE: 24 November 2015

SUBJECT: Transport Manifesto for the North East

REPORT OF: Chief Executive Officer for Transport

EXECUTIVE SUMMARY

Following the reports presented to previous meetings, this report

- i) provides members with the latest version of the Transport Manifesto for the North East;
- ii) seeks approval to go out to public consultation with it; and
- iii) sets out an indicative timescale for subsequent production of the full Transport Plan for the North East.

RECOMMENDATIONS

It is recommended that the Committee :

- i) agrees that public consultation be undertaken on the Transport Manifesto; and
- ii) notes the timescale for production of the Transport Plan

North East Combined Authority

Transport North East Committee

1. Background Information

- 1.1 Members will recall that the Combined Authority must produce a Transport Plan for the North East. Among other functions, this will supersede the existing Local Transport Plans for Durham, Northumberland and Tyne and Wear.

The two-stage process for the production of this Plan is

1. A Transport Manifesto setting out high level ambitions, followed by
 2. The Transport Plan : a comprehensive, statutory document
- 1.2 A seminar on the Transport Manifesto was held for Members of this Committee and of the North East Leadership Board, with relevant officers in attendance, on 4th September. A summary of feedback from this seminar, and of the resultant amendments to be made to the Manifesto, was subsequently circulated to everyone invited to the seminar whether they attended or not.
- 1.3 The latest version of the Manifesto, incorporating these amendments and in a suitably designed format, forms Appendix 1 to this report.

2. Consultation

- 2.1 It is recommended that this Committee agrees that public consultation on the Manifesto now proceeds as follows:
- The consultation to take place from 1st December 2015 to 18th January 2016. Although this includes Christmas and New Year, it still comprises seven full calendar weeks.
 - Although the consultation questionnaire will be available electronically, with respondents being encouraged to reply likewise, paper copies will also be available on request.
 - As well as publicising the Manifesto and consultation on the NECA website and those of the seven constituent Councils, there will be a full publicity campaign conducted in conjunction with the seven Councils
 - Each of the seven Councils will be asked to send the Manifesto and consultation questionnaire to all organisations and individuals on their transport consultation mailing lists.
- 2.2 Following a discussion at October Overview and Scrutiny Committee, officers will brief members of that Committee at a special session on 1st December, and explain to them how they can participate in, and respond to, the consultation.

3. Transport Plan

3.1 While the Transport Manifesto consultation as described above is progressing, background work is also being undertaken on the Transport Plan to the following indicative outline timetable:

- February 2016 : produce final Transport Manifesto
- May 2016 : produce first draft Transport Plan for public consultation
- May to July 2016 : formal consultation on Transport Plan
- August to September 2016 : incorporate consultation feedback into Transport Plan
- October 2016 : produce final version of the Transport Plan for the North East

4. Finance and Other Resources

4.1 There are funds available for production of the Transport Manifesto and consultation thereon, and for production of the Transport Plan. Whilst the cost of producing the Transport Manifesto is modest, based on previous experience it is estimated that the cost of producing the Transport Plan is likely to be approximately £170,000, which reflects the substantial consultation exercise and extensive modelling, analytical and assessment work that is required for the production of a significant statutory document of this type.

5. Legal

5.1 NECA is under a duty to prepare a Local Transport Plan. The Transport Plan is required to develop policies for the promotion and encouragement of safe, integrated, efficient and economic transport to, from and within NECA's area and NECA must carry out its functions to implement these policies.

6. Other Considerations

6.1 Consultation/Community Engagement

This report recommends proceeding with consultation on the Transport Manifesto as outlined above.

6.2 Human Rights

There are no specific human rights implications arising from this report.

6.3 Equalities and Diversity

North East Combined Authority

Transport North East Committee

There are no specific equalities and diversity implications arising from this report.

6.4 Risk Management

Failure to proceed with the Transport Manifesto and then with the Transport Plan could undermine the credibility of this region, compared to other Combined Authorities, when dealing with central government.

6.5 Crime and Disorder

There are no specific crime and disorder implications arising from this report.

6.6 Environment and Sustainability

Many of the measures identified by the Transport Manifesto and Plan will, if implemented, assist the Combined Authority in achieving a more sustainable transport system for the region.

7. Background Documents

Transport Manifesto (circulated with this report)

8. Links to Plans in the Policy Framework

This report has a direct link to the forthcoming Transport Plan for the North East

9. Contact Officers:

9.1 Mark Wilson, Head of Transport Policy (North East Combined Authority)

mark.wilson@newcastle.gov.uk 0191 211 5679

10. Sign off

- Head of Paid Service ✓
- Monitoring Officer ✓
- Chief Finance Officer ✓

Our Journey

A 20 year Transport Manifesto
for the North East

*“To provide attractive, reliable, safe, healthy
transport choices for businesses, residents
and visitors while enhancing the environment”*



**FOR THE FIRST TIME IN
MANY DECADES THE REGION
IS COMING TOGETHER, AS
TRANSPORT NORTH EAST**

Introduction

How often have you judged a place you visit by how easy it is to get around?
It's time we looked at our own region in the same light.

The time you take and the quality of the journey will probably rank highly. Just as important is knowing the price and how to pay, and finding information instantly. Even on familiar routes we want to be told everything is running smoothly, or how to avoid delays.

So how do you feel about getting around the North East? Your answer may depend greatly on where you live and where you need to go. But when people struggle to get around, when businesses cannot recruit flexibly or lack strong links to global markets, our economy falters. After decades in which the North East has been chronically under-funded we must do better.

We expect there to be convenient direct links to and from airports and main stations, and between town centres and major business parks, so we don't have to plan our journey in advance; if trains or Metro don't provide that link we expect buses to match them for quality and frequency.

We expect to find public transport information at the tip of a finger, through smart applications, with simple fares and the same transparent prices wherever we roam.

Cyclists and pedestrians expect safe routes with clear wayfinding, traffic signals and bike storage that recognise our needs. When we get in the car we expect updates on the road ahead. Transport is a means to an end. We should be able to go where we need without thinking twice how to get there.

And we know that we have to travel in a way which shows we care for the natural environment. Our transport choices should be the least damaging to the environment and the most sustainable.

**“WE WANT OUR TRANSPORT
SYSTEM TO BE DEVELOPED BY
THE PEOPLE WHO LIVE AND
WORK HERE”**

To help achieve all this we will create a single identity for travel in the region – Transport North East. This will be a source for real time information, journey planning and ticket sales, no matter how you travel from door to destination. It will, for example, update you on traffic problems, direct you to a park-and-ride facility and advise you when the next train is due, using smart communication. Transport North East will be a symbol of our region's joined-up and integrated approach to travel.

To realise our ambition we need to take on new responsibilities and secure new funding. We want our transport system to be developed by the people who live and work here, as an asset to promote our vibrant local culture and economy. This will require radical changes and new powers and resources devolved to the region.

For the first time in many decades the region is coming together, as Transport North East, to set a vision. But it is not up to politicians to decide on our transport priorities; the vision of the region has to be one we all contribute to. This document will guide our way for the next two decades, and now it is your turn to let us know what you want.

Councillor Nick Forbes
Chair, Transport North East

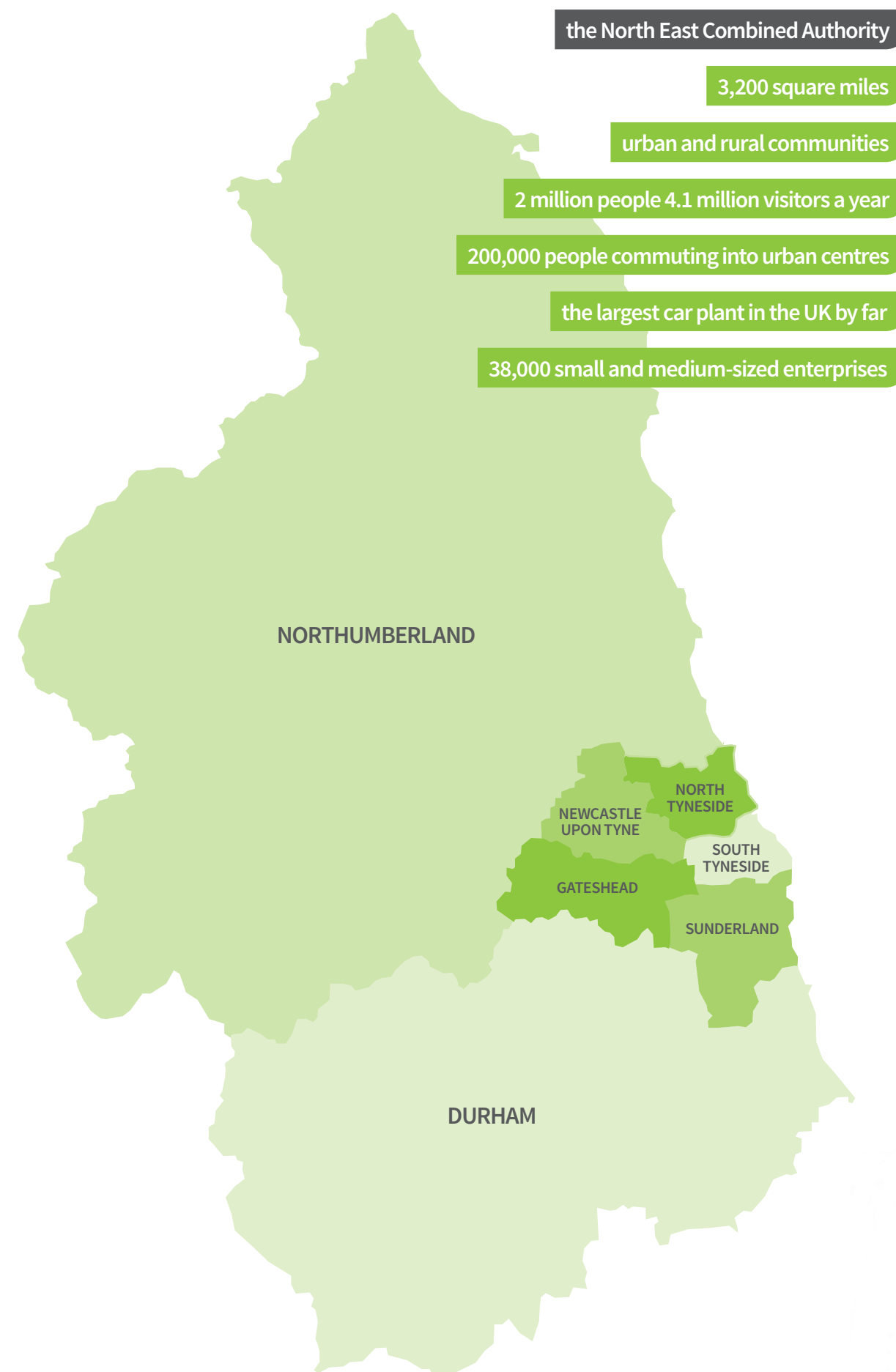
A single approach to transport

The seven councils in the North East of England (Durham, Gateshead, Newcastle, Northumberland, North Tyneside, South Tyneside and Sunderland) are in a new partnership enshrined in law: the North East Combined Authority.

We want to help our economy to grow and to make the North East an excellent place to live and work.

Our transport networks cross council boundaries in a diverse region, so only by working together will we meet people's needs and ambitions, wherever they live.

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“TRANSPORT NEEDS
TO WORK FOR
EVERYONE”

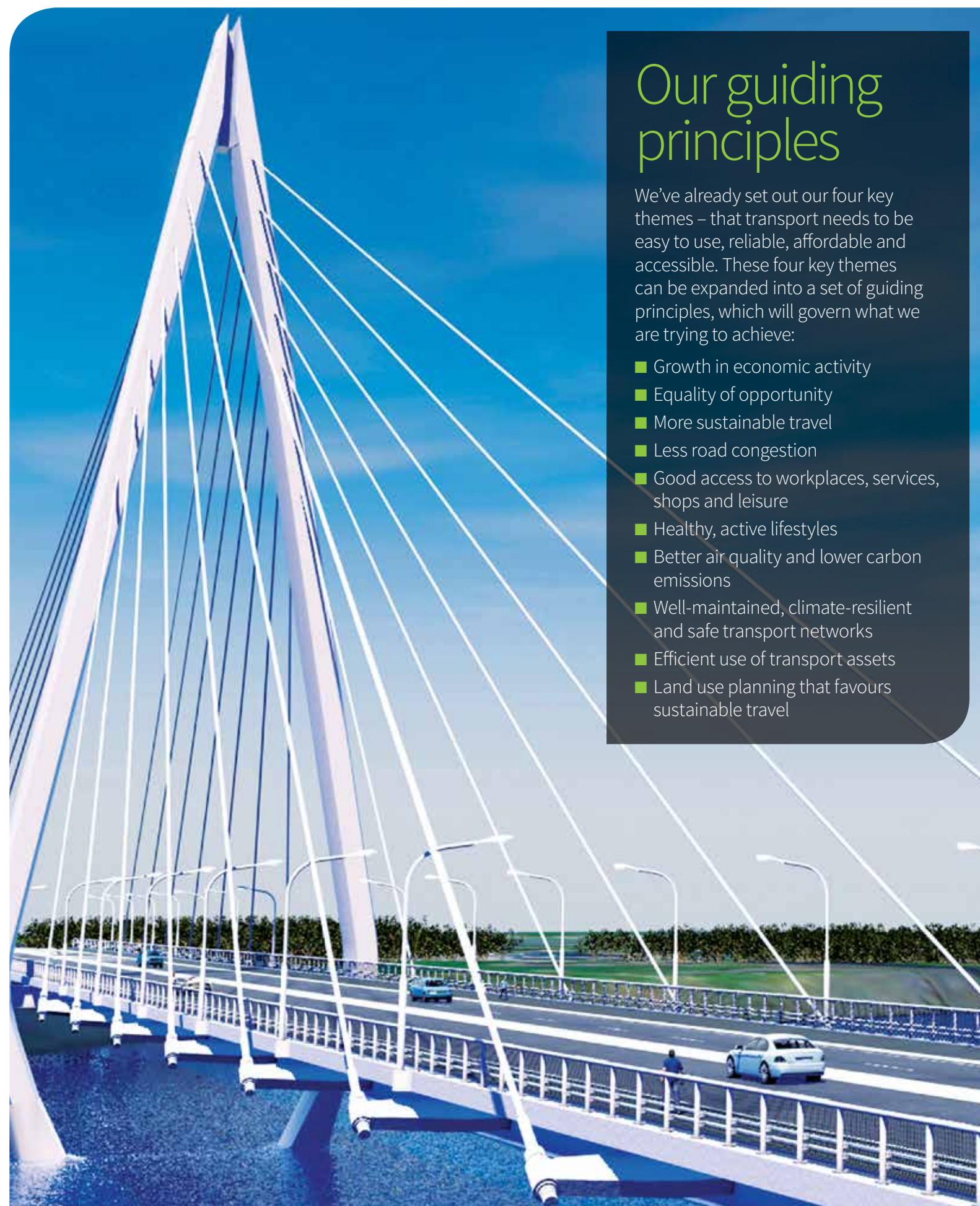
Vision

THE NORTH EAST NEEDS
GOOD TRANSPORT THAT
CREATES ECONOMIC GROWTH
AND SUSTAINS JOBS AND
COMMUNITIES.

We want to make sense of transport so that for people who live, work and visit here it is easy to use, reliable, affordable and accessible. Transport must also work for businesses who are located here, or are looking at moving to the North East. We want a transport system that reflects the character of our area: hard-working, efficient, accessible, and friendly.

Transport needs to work for everyone. Our future transport system in the North East must be:

- 1. Easy to use.** It should be easy to plan safe journeys, find out the best way to travel, pay for tickets and get all the essential information for your journey.
- 2. Reliable.** The transport network should be one that we can rely on to work, with buses and trains running on time and congestion at a minimum.
- 3. Affordable.** The cost of travelling will not be a barrier to commuting, learning or exploring.
- 4. Accessible.** Transport should run as near as possible to where people live and want to travel to, and where businesses are (or want to be) located. It should be usable by everyone.



Our guiding principles

We've already set out our four key themes – that transport needs to be easy to use, reliable, affordable and accessible. These four key themes can be expanded into a set of guiding principles, which will govern what we are trying to achieve:

- Growth in economic activity
- Equality of opportunity
- More sustainable travel
- Less road congestion
- Good access to workplaces, services, shops and leisure
- Healthy, active lifestyles
- Better air quality and lower carbon emissions
- Well-maintained, climate-resilient and safe transport networks
- Efficient use of transport assets
- Land use planning that favours sustainable travel



What is “Sustainable” Travel?

Sustainable means taking transport decisions now that will reduce carbon emissions from transport, minimise local air pollution and won't create problems for the future.

We believe that sustainable travel is a good thing in its own right. Moving around the local area, participating in the local economy and interacting with other people all contribute to a healthy lifestyle for individuals, and a better society.

Sustainable is also about creating an economic environment that helps businesses to thrive and generates enough jobs for everyone in the North East who needs one.

WALKING, CYCLING, PUBLIC TRANSPORT AND TAXIS ARE ALL FORMS OF SUSTAINABLE TRAVEL THAT WILL GROW THE LOCAL ECONOMY AND CONTRIBUTE TO A HEALTHY AND ACTIVE LOCAL CULTURE.

Walking, cycling, public transport and taxis are all forms of sustainable travel that will grow the local economy and contribute to a healthy and active local culture. They also minimise pollution from greenhouse gas emissions and poisonous particulates in the air we breathe.

Because of this our first preference is for people to travel sustainably to, from and around the North East. Therefore the majority of our activities in transport will be focused on developing our sustainable transport network

Transport drives competitiveness

Successful business needs transport that is geared to its needs for:

1. safe, reliable on-time delivery of goods
2. employees to be able to get to and from work quickly, easily and affordably
3. good connections locally, regionally, nationally and internationally to enable businesses to link up with each other to achieve growth.

Our vision, from your doorstep to the other side of the world...



Walking healthy and sustainable local travel

- Create safe, attractive, obstruction-free pedestrian routes including better signage and signals for crossings.
- Improve walking links within and between communities in both rural and urban areas.
- Promote walking to school and work, to tackle inactivity and over-reliance on the car.
- Ensure new developments and roads have walking designed in.

CREATE SAFE, ATTRACTIVE, OBSTRUCTION-FREE PEDESTRIAN ROUTES

Our vision



Cycling quick, healthy and safe

- Build a network of attractive, good quality, safe, strategic urban and rural cycle routes, integrated with transport hubs, workplaces, shopping, leisure and education sites.
- Improve existing streets and junctions to support cycling, including reallocating road space.
- Establish cycle-friendly standards for neighbourhoods, towns and city centres, based on comprehensive parking, clear signage and good maintenance
- Continue to promote cycling as a positive, sustainable way of improving health and well-being for adults and children alike.
- Reduce cycling casualty rates.



“IMPROVE EXISTING
STREETS AND JUNCTIONS
TO SUPPORT CYCLING”



Bus services underpinning local public transport

- Simple, affordable and integrated fares backed by smart payment technology.
- Good network coverage reflecting local needs.
- Easy to use timetable, real-time departure and on-board information.
- Meeting all travellers' accessibility needs.
- High levels of punctuality and reliability.
- Priority on highways wherever needed.
- Low-carbon vehicles wherever possible.



INTEGRATE TAXIS INTO THE WIDER PUBLIC TRANSPORT NETWORK



Taxis flexible public transport



- Integrate taxis into the wider public transport network with better interchange and information.
- Ensure high standards of licensing and provision.
- Encourage greater use of low emission technologies in taxi fleets.

Local rail and Metro driving economic growth

- Replace outdated Pacer trains and deliver an essential new fleet for the Tyne and Wear Metro.
- Create a regional express network, with high quality, faster trains and more routes electrified.
- Open new local stations on current lines, re-open key disused lines, consider more Park and Ride stations, upgrade freight-only sections to passenger use and build new routes.
- Devolve greater control to the region, so local rail and Metro can be managed together to deliver a higher standard for stations, information and customer service.
- Work with rail industry partners to address overcrowding and improve cycle access on trains.



“DEVOLVE GREATER CONTROL TO THE REGION, SO LOCAL RAIL AND METRO CAN BE MANAGED TOGETHER”



National rail services joining our economy with others

REDUCE JOURNEY TIMES AND INCREASE THE NUMBER OF TRAINS TO CORE CITIES

- Invest, and work with Network Rail, to grow capacity, resilience and reliability of services including for our main line to London and Scotland.
- Improve long-distance connections from market towns in the region.
- Reduce journey times and increase the number of trains to core cities including Leeds, Manchester, Edinburgh and Birmingham.
- Make sure the North East is part of the High Speed Rail network.



“EXPAND THE EXISTING “POP” BRANDED SMARTCARD FOR ALL LOCAL TRANSPORT”

Making journeys easy smart travel and information

- Expand the existing “Pop” branded smartcard for all local transport, as well as integrated uses like park-and-ride, cycle storage and Tyne Tunnel tolls.
- Offer affordable fares, particularly to support skills and training, especially for young people.
- Provide real time information for all local transport at stations, selected stops and to mobile devices.
- Develop a network of variable message signs on roads.
- Make full use of the Urban Traffic Management Centre to deliver information to road users.





“ENSURE OUR PORTS
CAN SUPPORT NEW
DEVELOPMENTS
AND INNOVATION”

Ports Gateways to a world of trade



- Improve road and rail links from the region's ports to the rest of the UK.
- Support the growth in cruise traffic to boost tourism and investigate the potential for new North Sea ferry routes.
- Ensure our ports can support new developments and innovation, such as growth in the offshore wind industry.
- Explore better use of our main rivers as transport arteries.
- Further improve integration between the Shields Ferry and other forms of transport.



Flying the flag for the region the future for air travel



- Make Newcastle the airport of choice for the North East and surrounding areas.
- Build on the success of direct flights to the US and Dubai by supporting new routes to China and the Far East.
- Increase capacity on the airport's existing runway, extend terminal facilities and support growth of the Newcastle International Airport Business Park.
- Improve public transport links, provide Electric Vehicle (EV) charging facilities and cycle parking at the Airport.

PROMOTE AN EFFICIENT, SAFE AND SUSTAINABLE FREIGHT SECTOR



Moving freight

- Promote an efficient, safe and sustainable freight sector as a major employer and driver for growth.
- Support the North East Freight Partnership to raise standards and provide accurate routing and mapping.
- Develop a Strategic Rail Freight Interchange as part of moves to encourage a shift from road transport while growing overall business.
- Work with all partners to move freight away from road transport wherever possible.



“EXPAND RAPID VEHICLE
CHARGING POINTS
THROUGH THE REGION”

Innovation

- Develop and expand the successful Urban Traffic Management and Control Centre to promote public transport and reduce congestion.
- Expand rapid vehicle charging points through the region with a common standard across communities, integrated with Highways England's strategic network.
- Encourage the spread of Car Club sites, especially for Electric Vehicles (EVs).
- Promote ultra-low emission buses, taxis and freight vehicles, while supporting the development of alternative fuels and power sources.
- Promote North East universities and businesses as global leaders in research and technology for sustainable urban development.



Roads fit for purpose

- Invest to alleviate congestion and collision hot spots.
- Create well-maintained road space that is safe for all, with good access to key employment and development sites.
- Support existing proposals to improve roads including M1 extension to Gateshead, A1 dualling in Northumberland, Western Bypass enhancements and A19 junction upgrades.
- Consider further proposals if they are consistent with carbon reduction.
- Work with Highways England on A66 and A69 investment to improve cross-Pennine traffic.
- Offer car users better information on journey times, delays, parking and public transport alternatives.
- Reallocate road space to more sustainable forms of transport.

“SUPPORT EXISTING PROPOSALS TO IMPROVE ROADS”



Joining it all together

- Ensuring that our transport system promotes economic growth.
- Working with health colleagues to ensure people can get to health facilities.
- Promote healthy transport choices including walking and cycling.
- Making sure that new developments and regeneration plans are “transport friendly” and promote walking, cycling, public transport and car sharing.
- Improving interchange between different forms of transport.
- Working together to unify our existing different policies on:
 - taxi licensing,
 - bus and “no car” lanes – the times they apply, what vehicles are allowed in them and so on,
 - planning applications – where these impinge on neighbouring areas.

**ENSURING THAT OUR
TRANSPORT SYSTEM
PROMOTES ECONOMIC
GROWTH**



What is Transport North East? What will it do?

- We are the first place in the country to have established a Transport Authority with coverage of such substantial urban and rural populations.
- Transport North East will design and build transport networks around common standards, and oversee transport operations that deliver connectivity to communities, businesses, and visitors.
- Transport North East will promote the healthiest and greenest ways to move around, and so encourage walking, cycling and the use of public transport wherever possible.
- This means the public should notice no change in standards simply because they have travelled across a council boundary, and should experience consistently high standards of connectivity and value for money.

**TRANSPORT NORTH EAST
WILL PROMOTE THE
HEALTHIEST AND GREENEST
WAYS TO MOVE AROUND**

Devolution

As we said at the start, we need to take on new responsibilities and secure new funding, to allow our transport system to be developed by the people who live and work here.

The North East Devolution Agreement includes the following provisions for transport:

- Devolution of transport powers and funding
- A local transport budget for many years to come, covering all relevant local highways and sustainable travel funding
- A potential long-term funding programme for Metro investment including fleet replacement, possible expansion of the Metro network and integration with local rail services
- Responsibility for the new Northern and Transpennine rail franchises from April 2016, in partnership with other Authorities across the North and the Department for Transport.
- A fully multi-modal smart ticketing and transport information network across the North East and beyond.
- Support for our plans for bus franchising.
- Work with national agencies (Highways England, Network Rail, HS2) on a joint agreement specifying improvements for the national road and rail network across the North East.
- A locally-devolved Highways Fund, committed over a multi-year period



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North East Combined Authority Transport North East Committee

DATE: 24 November 2015
SUBJECT: Transport for the North
REPORT OF: Chief Executive Officer for Transport

EXECUTIVE SUMMARY

Following the reports presented to previous meetings, this report provide members with a further update on the Transport for the North programme.

RECOMMENDATIONS

It is recommended that the Committee notes this report.

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Transport North East Committee

1. Background Information

- 1.1 Members will recall that Transport for the North (TfN) aims to transform connectivity between the large city regions of Northern England in order to deliver what has become known as the 'Northern Powerhouse'.
- 1.2 A Northern Transport Strategy report titled "The Northern Powerhouse: One Agenda, One Economy, One North" was published on 20th March 2015. In response to our strong regional advocacy, the report recognises the strategic economic significance of our key transport links - Newcastle International Airport, the Port of Tyne, the East Coast Main Line and the A1/A19.

2. Governance

- 2.1 TfN has appointed a new Chief Executive, the former Chief Executive/Director General of Merseytravel David Brown. The process to appoint an independent Chair before the end of 2015 is also underway, with plans in place to develop TfN into a statutory body by 2017. The government have announced that they will propose amendments to the Cities and Local Government Devolution Bill to put this into effect.
- 2.2 The Transport Strategy will be updated as part of the March 2016 Budget and work is continuing on the TfN programme, with NECA represented on all workstreams to ensure that our regional aspirations are fully realised.

3. Rail

- 3.1 TfN has made important but early progress towards achieving the rail objectives set out in the Northern Transport Strategy. The strategy recommended transformational improvements to journey times and service frequencies between key cities throughout the North of England. Network Rail and HS2 Ltd have been commissioned to investigate how these aspirations could be achieved, and whether utilising the consulted HS2 Phase 2 route would be feasible. Early work will focus on examining the existing infrastructure with a view to assessing whether it is capable of accommodating more, and faster, services.
- 3.2 Nexus officers, working on behalf of the NECA, will work closely alongside Network Rail, HS2 Ltd and TfN partners as options are developed. Outputs will inform the next Northern Transport Strategy publication in Spring 2016.

4. Road

- 4.1 TfN and Highways England have identified that investment in the A66 and/or A69 corridors could play an important part in resolving road congestion across the Pennines. A strategic study of the Northern Trans-Pennine corridor has therefore been commissioned which will explore the case for dualling the A69 and/or A66, with the aim of creating a new strategic link across the Pennines in northern England.

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- 4.2 Consultants WSP-Parsons Brinckerhoff have been appointed to carry out the study, which will be completed by October 2016. However, an interim report will be available early next year to help inform the updated version of the Northern Transport Strategy due next spring.

5. Freight

- 5.1 TfN has made important progress in developing a freight strategy for the North, alongside its work on the road and rail network. A Northern Region Freight and Logistics Strategy has been commissioned, to report in March 2016, and a private sector reference group, including representatives from this region, has been established to ensure that businesses involved in the movement of goods can inform the strategy. Specialists Mott MacDonald and MDS Transmodal have been appointed to help drive forward the development of the strategy, supporting TfN in determining the size, role and likely growth potential of the freight and logistics industry in the north. Once the baseline studies have been conducted, TfN aim to develop investment proposals and a policy agenda which will support the sustainable development of this important sector.
- 5.2 A stakeholder conference was held in early October, to seek industry views from across the North, with a representative from the North East Freight Partnership in attendance. NECA, in consultation with the Freight Partnership, are submitting a response to the study, outlining the measures we think are necessary to strengthen the freight and logistics sector in this region, and thereby to enhance the North East economy.

6. Smart Ticketing

- 6.1 Nexus officers continue to be actively involved in the TfN smart and integrated ticketing workstream, acting on behalf of the Combined Authority. We are confident that the objectives and deliverables of the workstream will support the commitments made in the NECA Devolution Agreement
- 6.2 With the introduction of Smart Ticketing technology now well advanced on the Tyne and Wear Metro and across the NECA area, through the NESTI Programme, the NECA is in a strong position to take a lead role in the early implementation phases of new technologies. We are currently in discussion with TfN and DfT representatives as how this can best be leveraged. This provides a significant opportunity for the early adoption of the next generation of ticketing technologies across the NECA area.

7. International Connectivity

- 7.1 TfN has agreed to extend its strategic work on the international connectivity of the North, identifying the global markets which the north will need to have access to in the years ahead, and the current connections for both passengers and goods. As part of our contribution to the capacity required to take forward TfN's work, officials in the North East are taking the lead on

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this aspect of TfN's programme.

- 7.2 The proposed approach has been agreed by the TfN Programme Board and we are now in the process of commissioning a consultancy report, with a view to having interim findings by January 2016, which can help to inform the updated version of the Northern Transport Strategy due next spring. NECA officers attend the Programme Board for the study on behalf of TfN.

8. Communications

The TfN website has been re-designed and can be found at <http://www.transportforthenorth.com/>. A newsletter is also being produced for circulation to all stakeholders, keeping them informed about progress with the TfN programme.

9. Next Steps

- 9.1 A number of key actions will be carried out over the next 12-14 months, including:

- Completion of the governance review and appointment of an independent Chair;
- The production of a multi-modal Freight and Logistics Strategy for the North to be published in early 2016;
- An approach to economic appraisal is being developed between TfN and the government to inform decisions about prioritised options for delivery of the programme;
- A Memorandum of Understanding will be drawn up between TfN and Network Rail / HS2 Limited, and there will also be a separate MoU between TfN and Highways England;
- Production of an updated Transport Strategy as part of the March 2016 budget; and
- It is likely that the various areas participating in Transport for the North will be asked to contribute to the programme by bringing forward complementary study work relating to intra-regional connectivity in their own areas.

- 9.2 NECA officers are participating in all aspects of the TfN programme to ensure that our regional aspirations are realised and that Government, the Highways Agency and Network Rail deliver on their commitments. The officer time committed by NECA officers is a formal contribution to the process.

4. Potential Impact on Objectives

- 4.1 Progress on delivery of the measures included in the Transport for the North programme will assist the Combined Authority in delivering its objective to

maximise the area's opportunities and potential.

5. Finance and Other Resources

- 5.1 There are no specific financial implications arising from this report

6. Legal

- 6.1 There are no specific legal implications arising from this report

7. Other Considerations

7.1 Consultation/Community Engagement

There are no specific consultation/community engagement implications arising from this report.

7.2 Human Rights

There are no specific human rights implications arising from this report.

7.3 Equalities and Diversity

There are no specific equalities and diversity implications arising from this report.

7.4 Risk Management

Failure to engage fully with the TfN programme could result in this region not securing necessary improvements to transport connectivity, putting the NECA area at an economic disadvantage compared to other regions of the North. The Combined Authority is actively participating in all aspects of the programme to mitigate against this situation.

7.5 Crime and Disorder

There are no specific crime and disorder implications arising from this report.

7.6 Environment and Sustainability

Many of the measures identified by the Transport for the North programme will, if implemented, assist the Combined Authority in achieving a more sustainable transport system for the region.

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8. Background Documents

The Northern Powerhouse: One Agenda, One Economy, One North:
document published at

<https://www.gov.uk/government/publications/northern-transport-strategy>

9. Links to Plans in the Policy Framework

This report has no direct link to plans in the Policy Framework

10. Contact Officers:

10.1 Mark Wilson, Head of Transport Policy (North East Combined Authority)

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11. Sign off

- Head of Paid Service ✓
- Monitoring Officer ✓
- Chief Finance Officer ✓

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Transport North East Committee

DATE: 24 November 2015

SUBJECT: Draft Transport Budget and Levies 2016/17

REPORT OF: Chief Finance Officer

EXECUTIVE SUMMARY

This report provides the Transport North East Committee a summary of the latest information about the draft transport budgets and transport levies for 2016/17 for consideration and comment in order to inform the recommendations to be made in the report to the NECA Leadership Board meeting on 19 January 2016. The Tyne and Wear elements of the budgets will be considered in more detail by the Tyne and Wear Sub-Committee.

RECOMMENDATIONS

Transport North East Committee is recommended to:

- a) Note the contents of this report;
- b) Note the overall transport net revenue budget of £86.7m proposed for 2016/17 as set out in section 3; and
- c) Agree that the transport levies for 2016/17 outlined in section 4 of this report are recommended for consideration by the NECA Leadership Board in January, taking into account any comments that may be received from the budget consultation.

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1 Background

- 1.1 This report sets out a summary of the proposed Transport Revenue Budget and Levies for 2016/17 in order that recommendations can be agreed for inclusion in the budget report to the 19 January 2016 Leadership Board meeting. This is a requirement of the NECA constitution and needs to comply with regulations relating to the allocation of Transport Budgets and Levies. Not all of the information needed to complete the budget is currently available, in particular details of Government grant funding, which will be announced after the Spending Review on 25 November and possibly as late as 16 December.
- 1.2 The revenue position in 2015/16 is the subject of a separate report on this agenda
- 1.3 For 2016/17, Transport Levies and net revenue budgets are proposed to reduce in overall terms by £2.5m (-2.9%) to £86.7m. This reflects a potential reduction in the Tyne and Wear levy of £2.080m, a reduction of £0.735m (-4.6%) in Durham County to £15.342m and an increase of £0.258m (4.3%) in Northumberland to £6.159m. This will be the second year in which transport levies are being set in Durham and Northumberland under the requirements of the Combined Authority as set out in the Order. Details of the proposed budgets and levies for each area for 2016/17 are set out in section 2 below.

2 Transport Revenue Budgets 2016/17

- 2.1 The overall total proposed net revenue budget for transport in 2016/17 is £86,621m. This represents a net reduction of -£2,557m on the overall transport net revenue budget for 2015/16. Information about the draft budget and the levy for each of the three areas in NECA are summarised in the table below and set out in more detail in the following sections and in the appendices.

Table 3: Summary of proposed transport budgets and levies 2016/17

Area	Transport Budget and Levy	Change from 2015/16
	£	£
Durham	15,342,000	(735,000)
Northumberland	6,159,000	258,000
Tyne and Wear	65,120,000	(2,080,000)

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Total	86,621,000	-2,557,000
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Durham

- 2.2. The budget and levy for public passenger transport activity in County Durham is expected to be in the region of £15.342m for 2016/17. This compares with an original budget of £16.076m for 2015/16 and a revised forecast for 2015/16 estimated at £15.131m. The budget and levy for 2016/17 is summarised in the table below.

Durham Transport Budget and Levy 2016/17

	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£
Grant to Durham			
Concessionary Fares	11,728,380	(9,000)	11,719,380
Subsidised Bus Services	4,610,862	(1,788,664)	2,822,198
Bus Stations	453,258	(311,100)	142,158
Bus Shelters	31,040	(44,460)	(13,420)
PT Information	182,614	(94,568)	88,046
Staffing	594,614	(16,368)	578,246
Total Grant	17,600,768	(2,264,160)	15,336,608
Share of NECA Transport Costs	4,939	0	4,939
Transport Levy	17,605,707	(2,264,160)	15,341,547

- 2.3 The overall bus network in County Durham remains fairly stable. There are no significant commercial changes expected in 2016/17 and only a small number of planned contract renewals. However, in contrast to last year's growth we are now seeing a marginal decline in overall patronage figures; we are also anticipating some modest pressure on contract costs due to the introduction of the National Living Wage.
- 2.4 The budget for subsidised bus services has been reduced by £400,000 in line with Durham County Council's Medium Term Financial Plan for 2016/17. The budget saving will be realised through a combination of efficiency savings and a reduction in costs following contract retendering. The focus of spend continues to be on maintaining the level of accessibility in rural and semi-rural areas and supplementing the daytime commercial network with early and later journeys.
- 2.5 The budget for concessionary fares continues to be subject to pressure from fares increases. However, a combination of the effects of the rise in entitlement age, a stabilisation of concessionary travel journeys and successful negotiations with bus operators in relation to reimbursement costs have led to a modest reduction in this area of the budget for 2016/17.

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- 2.6 The other main area of work for the transport team in Durham will be to continue to deliver efficiency savings against the home to school transport and adult social care transport budgets. A full review of transport entitlement, commissioning and procurement is ongoing, together with a pilot scheme looking at post 16, health and mainstream transport under the governments Total Transport initiative.

Northumberland County Council

- 2.7 The Budget and Levy for public passenger transport activity in Northumberland is expected to be in the region of £6.159m for 2016/17. This compares with a budget of £5.901m in 2015/16. The budget and levy for 2016/17 is summarised in the table below.

	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£
Concessionary Fares	4,675,450	-12,940	4,662,510
Subsidised Bus Services	1,999,740	-696,340	1,303,400
PT Information	3,400	0	3,400
Staffing	189,680	0	189,680
Total Grant	6,868,270	-709,280	6,158,990
Share of NECA Transport Costs	4,939	0	4,939
Transport Levy	6,873,209	-709,280	6,163,929

- 2.8 The indicative budget for 2016/17 has increased to reflect inflationary pressures in delivering the Concessionary Travel Scheme and the reinstatement of a proposed saving to the Scheme following an audit of the use of disabled passes. The budget for Bus Services will be protected at its current level in cash terms, and no significant investment in the county's bus stations is planned for 2016/17.

Tyne and Wear

- 2.9 A proposal is set out in more detail for consideration by Tyne and Wear Sub Committee, which would see the Transport Budget and Levy for Tyne and Wear being set at £65.120m, assuming no significant reduction in the Metro Rail Grant. This is a reduction of £2.080m on the Levy in 2015/16, achieved by efficiency and other cost savings in the former ITA and Nexus Budgets and the use of former ITA reserves. This will maintain service outcomes next year, while further improving the value for money provided to districts and help them to meet national funding cuts.

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- 2.10 The distribution of the Levy within Tyne and Wear is based upon population and the levy will reflect changes in population as well as the cut in the overall amount. The indicative levy for 2016/17 for each of the Tyne and Wear districts is shown below.

District	Population (2014 Mid Year Estimates)	2016/17 Levy	Saving compared to 2015/16
Gateshead	200,505	£11,671,345	(£397,749)
Newcastle	289,835	£16,871,122	(£437,299)
North Tyneside	202,744	£11,801,677	(£397,403)
South Tyneside	148,740	£8,658,118	(£304,843)
Sunderland	276,889	£16,091,813	(£568,531)
Total	1,118,713	£65,120,000	(£2,080,000)

- 2.11 This reduction would bring the overall annual transport levy reduction since 2010 to £13m, achieved through efficiency savings and use of reserves, whilst protecting service outcomes to date. This level of saving while protecting service outcomes is a significant achievement, particularly in the light of the cost pressures in respect of Concessionary Travel and outcomes in other regions around the country where there have been some significant cuts in services. However in order to set a balanced budget in the medium term, cuts in services will need to be implemented from 2017.
- 2.12 The levy is used to fund NECA costs as well as providing a grant to Nexus to fund transport services. The allocation of the levy is proposed as follows.

	2015/16 £	2016/17 £	Change £
NECA Transport Costs	2,700,000	2,620,000	(80,000)
Grant to Nexus	64,500,000	62,500,000	(2,000,000)
Total Levy	67,200,000	65,120,000	(2,080,000)

- 2.13 Savings on the former ITA element of the NECA budget include savings in pension and capital financing costs, reduction in support costs following the creation of NECA and some use of reserves. The Nexus savings will be achieved by efficiency savings and use of reserves and budget cuts which minimise the impact on service outcomes in 2016/17. The use of one off savings in 2015/16 of up to £1m will help to fund the cut in the levy in 2016/17.
- 2.14 The Nexus Budget is balanced by planned use of reserves pending the delivery of further savings in future years, which will be subject to a Strategic Review of Transport funding next year. This will identify the level of the Levy that Councils can afford and the cuts in discretionary services that would be needed to set a balanced budget, for consultation next year.

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2.15 A summary of the draft Nexus budget for 2016/17 is set out below.

	Gross Expenditure	Gross Grants and Income	Net Expenditure
	£000	£000	£000
Grant to Nexus			
Concessionary Travel	49,065	(1,461)	47,604
Metro	93,101	(75,718)	17,383
Ferry	1,556	(556)	1,000
Rail	240	(240)	0
Subsidised Bus Services	17,445	(6,134)	11,311
Bus Infrastructure	2,450	(585)	1,865
Retail and Information	4,388	(661)	3,727
Corporate planning	3185	(1,130)	2,055
Sub Total Operations	171,430	(86,485)	84,945
Net Movement in Capital Financing Reserve		(20,801)	(20,801)
Capital Financing	2,349		2,349
Total Nexus Budget	173,779	107,286	66,493
Planned Use of Reserves			3,993
Transport Grant			62,500

- 2.16 The operations budgets include capital financing costs, in particular the Metro Budget. There is a net movement of the capital financing reserve of £20.801m, which reduces net operational expenditure. After taking into account the reimbursement of revenue forgone from the Concessionary Travel budget for the carriage of Gold Card holders, this would bring Metro into a small surplus.
- 2.17 Nexus will draw £3.993 from its revenue reserves, which are estimated to be £12.2m at the start of next year (based on Nexus' Period 6 financial monitoring report for the current year, considered elsewhere on this agenda).
- 2.18 Without the possibility of generating £5m of savings from implementing the Bus Quality Contracts Scheme in 2017/18, and having had its grant from the NECA reduced by £2m in 2016/17, Nexus' budget deficit will grow to an estimated £7m in 2017/18, if action to address the budget imbalance is not taken. Therefore, in order to deliver a balanced budget in the medium term, cuts in services will need to be implemented from 2017. This will be considered as part of a Strategic Review in 2016, which will identify options for reductions in service budgets for consultation during 2016 and implementation from 2017 onwards.

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Tyne and Wear (non-Nexus)

- 2.19 This budget relates to activity inherited from the former Tyne and Wear ITA. The vast majority (89%) relates to financing charges on historic debt. Additionally, there is budget provision to pay for support services/Transport SLAs, other supplies and services, the external audit fee and a repayment to the Tyne Tunnels for use of reserves in 2013/14 to pay off the pension deficit.
- 2.20 The Tyne and Wear (former ITA) Transport Revenue reserves are estimated to reduce from £0.588m at the start of 2015/16 to £0.380m at the year end. The indicative budget for 2016/17 is summarised in the table below.

	2015/16 Revised Estimate	2016/17 Estimate	Change
	£000	£000	£000
Support Service / staffing	250	245	-5
Administration and Governance	43	43	0
Financing Charges	2,394	2,333	-61
Contingency / Devolution	110	110	0
Total Spending	2,797	2,731	-66
Use of Transport Reserve	-97	-111	-14
Contribution From LEVY	2,700	2,620	-80

Tyne Tunnels

- 2.21 The Tyne Tunnels are accounted for as a ringfenced trading account within the accounts of NECA, meaning that it is wholly funded from the tolls and Tyne Tunnels reserves, with no call on the levy, council taxpayers, or government funding at all.
- 2.22 In 2015/16 the original budget for the Tunnels account had a planned deficit of £1.4m to be funded from the Tunnel Reserve Account. Increased traffic flow in year resulted in increased income. With savings in financing costs, the net outturn for the Account in 2015/16 is estimated to be a reduced deficit of £0.383m.
- 2.23 The Tyne and Wear sub Committee will be considering the scheduled toll increase, with effect from a revised date of 1 April (as opposed to 1 January 2016), which needed to maintain the tolls in real terms and keep the budget deficit on the Account in 2016/17 down to around £0.284m
- 2.24 Further details are set out in the report to Tyne and wear Sub Committee.

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3 Next Steps

- 3.1 Further consultation on the 2016/17 budget proposals will be taking place during December. The Leadership Board will meet to agree the 2016/17 NECA Budget and Transport Levies on 19 January, taking into account the recommendation from this committee as well as any comments made during the consultation process.
- 3.2 The revenue budgets of the Delivery Agencies will be monitored and reported to the Transport North East Committee on a quarterly basis during 2016/17

4 Potential Impact on Objectives

- 4.1 The report sets out the proposed transport finance and resourcing of the Combined Authority to support the delivery of its objectives.

5. Finance and Other Resources

- 5.1 The finance implications are set out in detail in the body of the report. The reserves identified in the report are considered to be appropriate to manage risks relating to transport activities of NECA.

6 Legal

- 6.1 The Authority has a duty to ensure it can deliver a balanced budget. The Local Government Act 2003 imposes a duty on an Authority to monitor its budgets during the year and consider what action to take if a potential deterioration is identified.
- 6.2 The treatment of transport costs and their funding through levies are set out in the NE Combined Authority Order and in the Transport Levying Bodies (amendment) Regulations 2014.

7 Other Considerations

7.1 Consultation/Community Engagement

The budget proposals for 2016/17 are currently subject to a period of consultation which includes the North East Leadership Board, Treasurers/Finance Directors meetings, Chief Executives meetings, meetings with individual Councils to discuss detailed budget points, consultation with the North East Chamber of Commerce and consideration by Overview and Scrutiny Committee.

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7.2 Human Rights

There are no specific human rights implications arising from this report.

7.3 Equalities and Diversity

There are no specific equalities and diversity implications arising from this report.

7.4 Risk Management

Financial risks associated with the authority's transport activities, and actions taken to mitigate these, will be factored into strategic risk management processes for the Combined Authority. Reserves will be set to help manage risk and will take into account potential risks.

7.5 Crime and Disorder

There are no specific crime and disorder implications arising from this report.

7.6 Environment and Sustainability

There are no specific environment and sustainability implications arising from this report.

8 Background Documents

8.1 Leadership Board 20 January 2015 - Budget Report 2015/16

Leadership Board 17 November 2015 - Draft Budget Report 2016/17

9 Links to Plans in the Policy Framework

9.1 This report has links to the delivery of the Transport plans in the Policy Framework.

10 Appendices

None

11 Contact Officers

11.1 Paul Woods, Chief Finance Officer, paul.woods@northeastca.gov.uk, 07446936840

12 Sign off

- Head of Paid Service ✓
- Monitoring Officer ✓
- Chief Finance Officer ✓

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North East Combined Authority

Transport North East Committee

DATE: 24 November 2015

SUBJECT: Capital Programme 2015/16 Update

REPORT OF: Chief Finance Officer

EXECUTIVE SUMMARY

This report provides the Transport North East Committee with a financial monitoring update on the delivery of the 2015/16 Transport capital programme.

RECOMMENDATIONS

It is recommended that the Committee notes the content of this report.

North East Combined Authority

Transport North East Committee

1 Executive Summary

- 1.1 This report provides the Transport North East Committee with the second monitoring update on the 2015/16 Transport capital programme. This is a requirement of the NECA constitution and is a function delegated to TNEC.
- 1.2 Details of the various elements making up the capital programme are presented in the narrative below with further detail in the appendices.
- 1.3 The latest estimate for Transport capital spending in 2015/16 is £78.6m. This is £19m less than the approved budget for the year. The reduction is due to a range of factors, including the delay in receiving confirmation from Government of funding for future years, until after the spending review; delays in finalising business cases to enable major Local Growth Fund schemes to proceed; and a revision to the Metro Assets renewal programme.
- 1.4 Unspent resources will be carried over into 2016/17. Metro capital spend will achieve the minimum target set by DfT. Options for increasing reported LGF spending this year have been explored and proposals will be brought forward once the LGF funding for future years is confirmed after the Spending review announcement. Options for the earlier completion of business cases are being considered and proposals to achieve this will be reported to a future meeting of TNEC and then to the Leadership Board.

2 Background Information

- 2.1 At the Leadership Board meeting on 20 January 2015, the base transport capital programme for 2015/16 was agreed, at a level of around £90m.

3 Transport Capital Programme 2015/16

- 3.1 For 2015/16, the Leadership Board agreed a total capital programme for of £119m, of which around £90m related to investment in Transport schemes. The latest approved budget takes into account the outturn position for 2014/15. Expenditure to the second quarter and the forecast outturn for the year across the Transport programme is set out in the table below.

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	Original Approved Budget 2015/16 £m	Latest Approved Budget 2015/16 £m	Spend to Q2 2015/16 £m	Forecast Outturn 2015/16 £m
Local Growth Deal Transport Schemes	30.150	30.150	-	21.850
Metro Asset Renewal Programme	45.271	46.261	12.482	41.502
Nexus Non-Metro*	1.153	1.153	0.060	0.503
Tyne Tunnels Capital Programme	3.100	3.709	0.954	2.675
LTP Integrated Transport Block Grant	11.309	12.083	5.656	12.083
Total	90.983	92.391	19.152	78.613

*Less grant funding shown in other programme lines

3.2 Local Growth Deal Capital Schemes 2015/16

- 3.2.1 The North East Growth Deal announced in July 2014 included funding for a number of transport schemes, including the devolution of Local Major Schemes funding previously agreed. NECA received £53.910m on 10 April 2015, comprising the 2015/16 allocation of the growth deal, made up of transport and non-transport schemes.
- 3.2.2 There is a considerable amount of slippage forecast in the programme for 2015/16, which is largely due to the time taken for scheme promoters to bring forward full detailed business cases for approval. This situation has been compounded by the funding uncertainty in future years caused by having no firm confirmation of funding from the Government beyond the 2015/16 allocation, which is problematic as the majority of these schemes are multi-year projects. Options are being examined for where it is possible to accelerate works from future years, e.g. by frontloading LGF funding above other sources of match funding, but it is likely that the outturn at the year-end will be considerably below the original programme.

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3.2.3 Request for greater funding certainty have been made to Government since April. The Chancellor confirmed that the announcement of funding certainty for future years would come after the Spending review announcement on 25 November. The issue was the subject of detailed discussion at a LGF Workshop organised by DCLG and BIS officials for LEPs and Accountable bodies earlier this month. Assurances were given that letters would be sent to LEPs and their accountable bodies within a few days of the Spending Review announcement. The Department gave assurances that LEPs and their Accountable bodies had considerable flexibility about how the capital LGF grant funding could be used this year and that there would be no loss of resource due to delays in funding confirmation.

3.2.4 At the end of the second quarter, no LGF schemes had drawn down grant funding. The list of LGF Funded schemes is shown below. The Central Station Metro refurbishment works are underway, as set out in 4.3.4 below, and grant is being drawn down from October onwards.

	2015/16 Budget	2015/16 Forecast
A19/A194/A1300 Lindisfarne Roundabout	2.93	0.72
Central Metro Station Refurbishment	2.51	2.51
Northern Access Corridor - Osborne Road to Haddricks Mill.	0.50	0.50
Local Sustainable Transport Fund Package	4.00	3.80
A19 employment corridor access improvements (North Tyne)	0.70	0.70
A191 junctions including Coach Lane and Tyne View Park	0.80	0.80
Newcastle Central Station to Stephenson Quarter	1.00	1.00
A1056-A189 Weetslade roundabout improvements and A1-A19 link (A1056)	0.68	0.68
South Shields Transport Hub	2.07	1.60
Sunderland Low Carbon Zone	2.75	2.80
A1058 Coast Road major scheme (Billy Mill – Norham Road Improvements)	4.84	4.04
A167 Park and Ride corridor	1.00	-
Northern Access Corridor - Cowgate to Osborne Road.	3.50	2.00
A1 Corridor complementary local networks works – Scotswood Bridgehead	1.70	
A194/A185 (The Arches) Junction	0.50	-
Horden (Peterlee) Station	0.67	-
	30.15	21.15

3.3 Metro Asset Renewal Plan 2015/16

- 3.3.1 This reflects the sixth year of the ambitious eleven year programme to renew the Metro network where investment is directed towards those assets where there is greatest need, recognising that logistical and other planning processes also play a significant role in determining where resources are deployed in fulfilling the objectives of Nexus' three year rolling programme of delivery. Delivery of the Programme is now at its halfway point in both time and capital investment.
- 3.3.2 The Leadership Board approved the Metro Asset Renewal Plan (ARP) capital programme for 2015/16 in January totalling £45.271m. Following finalisation of the 2014/15 outturn, together with progression of the programme throughout the first six periods of 2015/16, the Metro ARP capital programme has been revised to a new level of £46.261m. The increase in the budget for this year is due to the re-profiling of individual projects into future years and acceleration of projects into 2015/16, reflecting the dynamic nature of the programme and to ensure spending targets for 2015/16 are achieved.
- 3.3.3 Expenditure as at the end of the second quarter (the sixth four week period) of 2015/16 is £12.482m, as detailed in Appendix A. This represents 37% of the £33.692m minimum expenditure level required by DfT for this financial year.
- 3.3.4 The forecast for the year at £41.502m is at present in excess of the £40.581m maximum expenditure target. This Key Performance Indicator (KPI) is monitored on a four weekly basis and reported both internally and to the DfT. Experience of delivery during the previous five years shows that over-programming levels reduce during the course of the year as efficiencies are delivered and/or specific projects are re-phased in order that expenditure levels are contained within the agreed DfT funding envelope. A key benefit of this strategy is the ability to actively manage the scheduling and delivery of projects to drive efficiencies without a risk of falling below minimum expenditure levels. This includes procurement savings and consolidating packages of work to increase market interest and competitiveness, to ensure that the necessary disruption to the Metro service is minimised (avoiding key events and making best use of holiday and lower patronage windows). An evaluation of remaining risks in the programme together with several options to undertake managed re-profiling of expenditure will ensure that the maximum spend level is not exceeded. The schedule at Appendix A outlines the current three year programme compared with current expenditure projections over this time horizon.

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3.3.5 A range of projects will be delivered during the course of the sixth year of the Metro Asset Renewal Plan. To the end of the second quarter of 2015/16 the following key projects have been progressed:

- Completion of the Metro car refurbishment project - 86 cars
- Essential earthworks to ensure long term stability of embankments and cuttings in the South Gosforth to Jesmond corridor continue and are currently expected to complete in March 2016.
- Renewal of the critical switches and crossings at Regent Centre was completed in a series of weekend possessions.
- Newcastle Central Metro Station refurbishment is now underway.
- Refurbishment works at Felling and Gateshead Stadium Stations is progressing well and is expected to complete in mid-October. Detailed design work is progressing for Heworth Interchange refurbishment.
- The Railway Traffic Management System (RTMS) project is continuing and survey work commenced on site.
- Remedial and strengthening work to bridges in Jarrow, Bede Wallsend and Walkergate continues with completion expected by December.
- The first replacement escalators at Four Lane Ends and Manors Metro stations have are now installed. Installation of the remaining escalators is planned for December.

3.3.6 Over the third quarter, the ARP cost loaded programme shows the following expenditure profile:

	YTD	Period 7 Forecast	Period 8 Forecast	Period 9 Forecast
	£m	£m	£m	£m
In Period Spend	-	1.938	3.528	5.151
Cumulative Spend	12.482	14.420	17.948	23.100

- The Newcastle Central Metro Station refurbishment works will continue and are expected to complete in August 2016.
- Award of the Permanent Way (track renewal) Framework Contract will be made with the first phase of the works scheduled to commence in early 2016.
- The bridge works at Black Road and Hill Street Jarrow and Monksway at Bede will continue, with completion expected in December 2015.
- Collation of the full requirements for the RTMS system will be finalised

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and agreed with stakeholders with detailed design work to follow.

- Design works packages for Four Lane Ends, Regent Centre, Chichester and Tyne Dock Metro Stations will be awarded.
- The installation of radio infrastructure will continue with the planned completion of these works scheduled for late 2015.
- Refurbishment works at Felling and Gateshead Stadium Metro Stations will continue - this includes painting and rebranding with improved way-finding together with electrical and lighting improvements. This work is expected to be completed at the beginning of the third quarter.
- Installation of four new escalators will commence at St James Metro Station in November 2015.

3.4 Nexus Non-Metro

- 3.4.1 Delivery of the Nexus Non Metro capital programme is reviewed on a 4 weekly cycle. The latest revised budget for 2015/16 is £1.585m as set out below.

Expenditure	Latest Approved Budget 2015/16	Projected Outturn 2015/16	Quarter 2 Spend 2015/16
	£m	£m	£m
Nexus Non Metro Programme			
Real Time (Gateway Project)	0.297	0.124	0.028
Cycling (Gateway Project)	0.069	-	-
Cycling Training Facility	0.082	0.150	0.018
Wi-Fi	1.000	0.092	0.013
Asset Knowledge	0.077	0.077	-
	0.060	0.060	0.001
Total Nexus Non Metro	1.585	0.503	0.060

- 3.4.2 The Regional Transport Team have not yet approved the business case submission for the Real Time Gateway Project, therefore the expenditure that will be incurred will need to straddle both this financial year and next. In addition, Nexus are now not expected to deliver the Cycling Gateway Project and therefore this budget will need to be reduced to zero.

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- 3.4.3 Finalising the Cycling Project which was part-funded in the prior year from LSTF grant is currently forecasting an over spend on the approved budget because of additional enabling works at Metro stations. This is being re-assessed.
- 3.4.4 The training facility is subject to another report elsewhere on this agenda. If approved, the budget for the current year will be carried into next financial year.
- 3.4.5 The following table sets out how the Nexus Non-Metro capital programme for 2015/16 will be financed:

	Approved Funding 2015/16 £m	Projected Funding 2015/16 £m
Grant		
Local Transport Plan (LTP)	0.066	0.066
Local Sustainable Transport Fund (LSTF)	0.366	0.124
Nexus Contribution		
Reserves	1.086	0.246
Other	0.067	0.067
Total	1.585	0.503

3.5 Tyne Tunnels Capital Programme 2015/16

	Original Approved Budget 2015/16 £m	Revised Budget 2015/16 £m	Q2 2015/16 £m	Projected Outturn 2015/16 £m
Tyne Pedestrian and Cyclist Tunnels	2.500	3.034	0.768	2.000
New Tyne Crossing	0.600	0.675	0.186	0.675
Total Tyne Tunnels	3.100	3.709	0.954	2.675

Tyne Pedestrian and Cyclist Tunnels

- 3.5.1 The Tyne Pedestrian and Cyclist Tunnels closed to the public in May 2013 to allow for a full refurbishment, installation of inclined lifts to replace the old wooden escalators, and structural works to be completed.
- 3.5.2 At the time of writing this report it is anticipated that there will be slippage against the programme into 2016/17. The main contractor for the refurbishment, GB Building Services Limited, entered into administration in

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March 2015. NECA has assumed project management responsibilities including contracting directly with the specialist sub-contractor for the inclined lift installation, to enable the project to progress to completion. However, this has caused significant delays to the programme. Costs of the works are funded from Tyne Tunnels reserves so there will be no funding lost as a result of programme slippage.

- 3.5.3 A fuller report setting out cost implications and options for the project is being prepared on this topic which will be presented to the Tyne and Wear Sub-committee for consideration.

New Tyne Crossing

- 3.5.4 There are a small number of pieces of work still underway in relation to the New Tyne Crossing during 2015/16: namely the contribution to the Hexham Fish Pass works agreed with Northumberland County Council, (which was a requirement of the environmental obligations as part of the project); provision for outstanding Part 1 Land Compensation Claims; and ongoing work in relation to land transfers with North and South Tyneside. Professional fees and costs associated with this work and work on variations to the Project Agreement are also included within the 2015/16 budget. Expenditure at this stage in the year is £0.186m and is anticipated to be within budget at the year end. These costs are funded from Tyne Tunnels reserves.

3.6 Local Transport Plan (LTP) Integrated Transport Block 2015/16

- 3.6.1 LTP Integrated Transport Block grant is a flexible source of capital funding which is awarded to NECA by the DfT. This grant is provided to NECA's constituent authorities and Nexus, to deliver transport capital schemes, and is paid on a quarterly basis. In the case of Nexus, the grant provides match funding to the Metro Capital grant funding the Metro Asset Renewal Programme.

	Original Approved Budget 2015/16 £m	Revised Budget 2015/16* £m	Q2 2015/16 £m
Durham	2.789	2.789	1.395
Northumberland	1.695	1.695	0.848
Tyne and Wear (less ARP contribution included in section 4.3 above)	6.825	7.599	3.413
	11.309	12.083	5.656

* The revision to the budget was to update the figures to include carried forward grant from 2014/15 which is permitted under the grant conditions.

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4 Next Steps

- 4.1 Once the LGF funding for future years is confirmed, options to maximise capital spending in the current year will be brought forward for approval. The transport capital programme will be monitored for the remainder of the financial year and the outturn position reported following the year end.

5 Potential Impact on Objectives

- 5.1 The report sets out the transport capital programme of the Combined Authority which supports the meeting of its objectives.

6. Finance and Other Resources

- 6.1 The finance implications are set out in detail in the body of the report.

7 Legal

- 7.1 The Authority has a duty to ensure it can deliver a balanced budget. The Local Government Act 2003 imposes a duty on an Authority to monitor its budgets during the year and consider what action to take if a potential deterioration is identified.

8 Other Considerations

8.1 Consultation/Community Engagement

The Authority's capital programme for 2015/16 comprises previously approved budgets which were subject to consultation as part of the approval process.

8.2 Human Rights

There are no specific human rights implications arising from this report.

8.3 Equalities and Diversity

There are no specific equalities and diversity implications arising from this report.

8.4 Risk Management

Financial risks associated with the authority's activities, and actions taken to mitigate these, will be factored into strategic risk management processes for the Combined Authority.

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8.5 Crime and Disorder

There are no specific crime and disorder implications arising from this report.

8.6 Environment and Sustainability

There are no specific environment and sustainability implications arising from this report.

9 Background Documents

- 9.1 Capital Programme 2015/16 – Leadership Board 21 January 2015
Capital Programme Monitoring Update 2015/16 P2 – TNEC 9 July 2015

10 Links to Plans in the Policy Framework

- 10.1 This report has no direct link to plans in the Policy Framework.

11 Appendices

- 11.1 Appendix A – Metro Asset Renewal Plan

12 Contact Officers

- 12.1 Eleanor Goodman, Principal Accountant – NECA,
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13 Sign off

- Head of Paid Service ✓
- Monitoring Officer ✓
- Chief Finance Officer ✓

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Appendix A – Metro Asset Renewal Plan

Asset Category	Programme					Forecasts			
	Original Approved Budget (DfT submission) 2015/16	Latest Approved Programme 2015/16	Latest Approved Programme 2016/17	Latest Approved Programme 2017/18	Total Programme 2015/16-2017/18	Quarter 2 Projection 2015/16	Quarter 2 Projection 2016/17	Quarter 2 Projection 2017/18	Total Projection 2015/16-2017/18
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Civils (Note 1)	9,490	8,059	6,473	7,780	22,311	7,146	4,744	9,362	21,252
Communications	4,643	5,873	265	598	6,735	4,828	1,500	128	6,456
Level Crossings	2	45	0	0	45	45	0	0	45
Mechanical & Electrical (Note 3)	1,938	4,124	92	280	4,496	3,656	192	280	4,128
Metro Cars	2,148	2,144	1,363	1,250	4,757	2,263	1,363	1,250	4,876
Miscellaneous	435	519	2,990	2,999	6,509	432	2,890	2,999	6,321
Project Management Costs	0	0	2,301	2,301	4,602	0	2,301	2,301	4,602
Inflation allowance	0	0	561	713	1,275	0	561	713	1,275
Overhead Line (Note 2)	1,986	1,991	5,020	3,000	10,011	3,024	3,801	3,371	10,195
Permanent Way (Note 1)	12,304	10,799	11,971	19,911	42,682	10,670	13,612	16,144	40,426
Plant	0	84	0	0	84	86	0	0	86
Power	0	193	0	0	193	148	40	0	188
Signalling	4,652	6,390	5,341	4,476	16,207	5,364	5,195	4,432	14,991
Stations	7,673	6,041	7,799	6,201	20,041	3,841	6,729	4,156	14,726
Total ARP Programme	45,271	46,261	44,177	49,509	139,947	41,502	42,928	45,136	129,566
Major Projects	3,500	6,120	0	5,950	12,070	6,120	0	5,950	12,070
TOTAL	48,771	52,381	44,177	55,459	152,017	47,622	42,928	51,086	141,636

Note 1

Civils works and Permanent way costs have reduced following re-profiling of expenditure relating to the track renewals work scheduled over March / April 2016.

Note 2

Overhead line costs now include the specialist plant, re-profiled from 2014/15. The first procurement exercise resulted in no tender submissions. Contracts have now been awarded and manufacture is in progress.

Note 3

The Mechanical and Electrical category now includes further escalators at St James and Manors stations to maximise procurement efficiencies under the existing framework contract.

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DATE: 24 November 2015

SUBJECT: Revenue Budget 2015/16 Update

REPORT OF: Chief Finance Officer

EXECUTIVE SUMMARY

This report provides the Transport North East Committee with a monitoring update on the 2015/16 Transport budget. This is a requirement of the NECA constitution and is a function delegated to TNEC.

RECOMMENDATIONS

It is recommended that the Committee notes the content of this report.

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1 Executive Summary

- 1.1 This report provides the Transport North East Committee with a progress update in relation to delivery of the transport related revenue budget for 2015/16. This is a requirement of the NECA constitution and is a function delegated to TNEC.
- 1.2 Details of the various elements making up the revenue budget are presented in the narrative below with further detail in the appendices.
- 1.3 In summary, the Transport Levy and Grants to Nexus, Durham and Northumberland within the NECA budget are on target as planned. There are estimated savings within the retained Tyne and Wear Transport core budget (£89k). In terms of the operational Transport Budgets managed by our Transport Delivery bodies :- Nexus is reporting a reduced deficit for the year of £1.279m, with in year savings of £1.824m; Durham is reporting a saving of £0.945m; and Northumberland is reporting a cost pressure of £0.387m. The reasons for these variations are set out in the report. These variances will impact of the reserves of the transport delivery bodies in year and have no impact on NECA's own budget.

2 Background Information

- 2.1 At its meeting held in January 2015, the Combined Authority received a report from the Chief Finance Officer setting out the Authority's proposed base net budget of £89.797m for 2015/16, of which £89.177m related to Transport activity.
- 2.2 This report provides an update on spend to the end of period 6 for 2015/16.

3 2015/16 Revenue Budget – Period 6 Update

3.1 Transport Levy

- 3.1.1 The budget for 2015/16 is set out in the table below, with income and expenditure to the end of period 6. 2015/16 is the first year where transport levies formally applied to all seven authorities in NECA. The Transport Levies and the Grant paid to the Transport Delivery bodies is summarised below.

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	2015/16 Original	2015/16 Forecast	P6 Update
	£000	£000	£000
Transport Levies	(89,177)	(89,177)	(44,589)
Grant to Durham	16,072	16,072	8,036
Grant to Nexus	64,500	64,500	32,250
Grant to Northumberland	5,896	5,896	2,948

3.2 Retained NECA Transport Budget

- 3.2.1 The position in regard to the retained NECA Transport Budget, which relates to Tyne and Wear costs is set out below. These is an in year saving on the original budget of £89k.

	2015/16 Original	2015/16 Forecast	P6 Update
	£000	£000	£000
Retained budget			
Service Level Agreement	256	250	100
Training, Travel & Subsistence	3	3	1
Members Allowances	5	5	3
Supplies & Services	22	22	6
Audit Fee	17	13	-
Contingency	10	10	-
Financing Charges	2,236	2,159	1,080
Repayment to Tyne Tunnels reserves	240	240	120
Interest Income	(3)	(5)	-
Total	2,786	2,697	1,310
Devolution Costs–funded from reserve	-	100	70
Contribution (to) from Reserves	77	88	25

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3.2.2 The budgeted position was a use of reserves to support the budget of approximately £77k. Due to the piece of work to reduce financing costs that has been completed since the budget was prepared, the total budget estimate for the year was reduced by approximately £90k. Minor reductions on some other budget heads are anticipated, such as the audit fee, service level agreement and supplies and services.

3.2.3 As reported in the outturn for 2014/15, £100k of the underspend from the prior year was ringfenced and carried forward to fund work on the Devolution agenda during 2015/16. As a result, the total projected use of reserves for 2015/16 is around £88k at this time, although further release of this transport reserve is being considered in order to fund additional devolution activity that may be required this year.

3.2.4 Expenditure to the end of period 6 totalled £44.614m, and levy income totalled £44.589m, with no unexpected costs arising during the year so far.

3.3 Tyne and Wear – Nexus

3.3.1 The forecast outturn for the 2015/16 year for Nexus as at the end of reporting period 06 (to 12th September 2015) is a deficit on the budget before taxation of £1.279m. This compares with the original budgeted deficit of £3.103m, a positive variance of £1.824m.

The major variations between the original budget and the forecast outturn are set out below and in the subsequent table.

3.3.2 Expenditure

Metro Concession

The concession payments to DB Regio are partly determined with reference to inflation indices that are unpublished at the time the original budget for the year is set and therefore an estimate is made. Once the appropriate indices became available the payment was recalculated, resulting in additional costs of £94k. The budget for the year incorporates assumed performance penalty charges to be levied on DB Regio totalling £200k. At this stage, and based on poor performance across the range of the regimes in operation, the estimate to the year end is that £327k will be deducted which is an additional £127k over the base budget. The net effect is to reduce the overall payment to DB Regio by £33k as compared to budget.

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High Voltage Power

The budget for high voltage power costs was set with regard to advice that the Government's Electricity Market Reform ("EMR") would be introduced during the year, resulting in an increase in high voltage power costs. It now appears that the EMR will not be introduced until later in 2016 and as a result, the estimated cost of HVP has been reduced by £250k against budget.

Bus

The previous budget update noted that savings against budget have been achieved during the renewals of the current year's secured bus service contracts. These savings, which appear to have arisen, inter alia, from a combination of factors including the fall in fuel prices and the entry of new operators into the market, indicated that a saving of approximately £750k would be made against budget over the course of the financial year. These savings have continued to be achieved over recent months and it is now anticipated that the saving against budget over the year will be £1.0m, a further increase of £250k.

Concessionary Travel

Because the recently negotiated Concessionary Travel agreements with bus operators cover a two year period, a number of savings, particularly with regard to the costs of consultancy services which will not be required to any significant extent during this year, have been achieved, resulting in an overall cost reduction of £94k.

Staff costs

The reorganisation of management posts following the appointment of the new Director General on 1st of January a reorganisation of management posts was undertaken. The reduction in the base budget as a result of the changes to management structures following that reorganisation, including national insurance and pension costs, was c£420k.

3.3.3 Income

Metro Rail Grant

As with the concession payments to DB Regio, the level of the Metro Rail Grant ("MRG") received from the DfT is partly determined by inflation indices unavailable at the time the budget for the year is set. Once the actual indices became available the MRG receivable over the course of the year was reduced by £47k from the level included in the budget.

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Metro Income

Metro income for the 6 periods to 12th August amounted to £21.399m, against a budget of £21.019m, a positive variance of £380k. As a comparison, the income for the first 6 periods of 2014/15 was £20.988m, £411k lower than the current year's figure.

At this stage, the revenue forecast for to the year-end has been increased by £300k, reflecting the fact that some uncertainty remains because of major engineering works planned for the final quarter. As usual, this forecast will be kept under review and will be subject to further changes as required as part of the regular budget update.

Concessionary Travel

Sales of Metro Gold Cards have been consistently lower than budgeted levels throughout the first 6 periods of the year. As a result, the Forecast for the year as a whole has been reduced by £226k from the Budget of £1.18m to £949k.

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Nexus - Summary by Department			
	Budget £m	Forecast £m	Variance £m
EXPENDITURE			
Metro			
DB Regio Concession Payment	37.108	37.075	(0.033)
Asset Costs	22.632	22.632	0.000
Nexus Rail	11.956	11.956	0.000
HV Power, Rates and Insurances	9.443	9.193	(0.250)
Concessionary Travel			
ENCTS	37.449	37.355	(0.094)
Metro	6.392	6.392	0.000
Under 16s	4.748	4.748	0.000
Bus			
Secured Bus Services	18.356	17.356	(1.000)
Bus Infrastructure	2.860	2.860	0.000
Other			
Northern Rail	2.902	2.902	0.000
Ferry	1.214	1.214	0.000
Customer Services	5.339	5.339	0.000
Support Services	7.518	7.098	(0.420)
Pensions & Provisions	6.377	6.377	0.000
Loan Interest	1.927	1.927	0.000
	176.221	174.424	(1.797)
INCOME			
Grant Income			
Local Authority Grant	64.500	64.500	0.000
Metro Rail Grant	24.503	24.456	(0.047)
Heavy Rail Grant	2.901	2.901	0.000
Commercial Income			
Metro	49.044	49.344	0.300
Bus	7.063	7.063	0.000
Ferry	0.570	0.570	0.000
Concessionary Travel	1.828	1.602	(0.226)
Other	2.128	2.128	0.000
Other			
Asset Financing	20.251	20.251	0.000
Investment Income	0.330	0.330	0.000
	173.118	173.145	0.027
(Surplus) / Deficit	3.103	1.279	(1.824)

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3.4 Durham

3.4.1 The latest forecast indicates that there will be a budget underspend of £945k for the year.

The main reasons for the forecast variance (forecast outturn against original budget) is shown below:

- i. **Concessionary Fares £405k underspend** – this results from final agreements with the bus companies being lower than originally anticipated when the budget was set.
- ii. **Subsidised Services £466k underspend** – this results from reduced contract prices paid to operators following a recent tendering exercise.
- iii. **Bus Stations £20k underspend** – this results from general efficiency savings and reduced payments to contractors
- iv. **Bus Shelters £54k underspend** – resulting from a reduction in maintenance costs following a programme of refurbishments.

The projected underspend at the year-end will be retained by Durham County Council.

	Original Budget	Spend to Date (September 2015)	Forecast to Year end	Variance (Budget vs Forecast)
	£000	£000	£000	£000
Concessionary Fares	11,891	6,793	11,486	(405)
Subsidised Services	3,228	1,006	2,762	(466)
Bus Stations	184	237	164	(20)
Bus Shelters	80	18	26	(54)
Passenger Transport Information	79	96	79	0
Staffing	609	232	609	0
Share of NECA Transport Costs	5	0	5	0
Net Expenditure	16,076	8,382	15,131	(945)

3.5 Northumberland

3.5.1 The latest forecast indicates that expenditure will overspend by £387k, which will be met by Northumberland County Council reserves.

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3.5.2 Northumberland County Council's two main areas of revenue expenditure are as follows:

- i) **Subsidised Bus Services** – Northumberland County Council supports a range of socially necessary bus services, mainly in the rural North and West areas but also some in the more urban South East. The Council has reviewed all contracts that do not offer value for money and re-tendered some routes with alternative delivery models. The £200k saving has been achieved in the current financial year but due to pressures that have come forward from 2014/15 it is estimated that the budget will overspend by £81k. This pressure will not continue into 2016/17.
- ii) **Concessionary Travel Scheme** – Although claims from operators are made monthly all adjustments to reimbursement rates are made quarterly to ensure that operators are being reimbursed with an accurate overall rate. Work has not yet been completed to calculate the reimbursement rate for the second quarter. The year-end forecast position of £342k overspend has looked at data from the first quarter and trends from those operators during the previous financial year to reflect the seasonal variations on transport. Since the budget was presented to the Combined Authority the saving (£150k) in relation to performing an audit of eligibility for disabled person's bus passes has been reinstated into the budget resulting in the Council showing a forecast overspend of £192k within its accounts. This saving is still being investigated but any savings will be realised over a number of years, rather than in one financial year, as passes are renewed.

	Original Budget	Spend to Date	Forecast to Year end	Variance (Budget vs Forecast)
	£000	£000	£000	£000
Concessionary Fares	4,366	1,889	4,708	342
Subsidised Services	1,318	510	1,399	81
PT Information	36	-	-	(36)
Staffing	176	88	176	-
Net Expenditure	5,896	2,487	6,283	387

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3.6 Tyne Tunnels

3.6.1 The budget for 2015/16 is set out in the table below, with income and expenditure to the end of period 6.

	2015/16 Original	2015/16 Forecast	P6 Update
Income	£000	£000	£000
Tolls	(27,100)	(27,457)	(14,212)
Other Income	-	(34)	(34)
Interest	(200)	(200)	-
Repayment from TW Transport reserve	(240)	(240)	(120)
Expenditure			
Contract Payments	21,907	21,658	11,074
Employees	36	36	18
Pensions	50	55	28
Support Services	120	100	20
Supplies & Services	50	35	5
Community Fund	10	10	10
Financing Charges	6,793	6,419	3,210
Net (Surplus)/Deficit	1,426	383	(1)
Contribution to/(from) Tunnels reserve	(1,426)	(383)	1
Total	-	-	-

3.6.2 The forecast to the year-end shows a significantly improved position from when the original budget was set. This is primarily due to improved traffic incomes and significantly reduced financing costs as a result of treasury management activity including early repayment of loans. One-off miscellaneous income of £34k relates to savings on insurances between TT2 and NECA. The community fund budget has been used to fund a contribution to the T2K wheelchair race which took place on the weekend of the Great North Run.

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- 3.6.3 The position at the end of period 6 is largely breakeven, although there are costs which will not become payable until the year end.

4 Next Steps

- 4.1 The transport revenue budget be monitored for the remainder of the financial year and the outturn position reported following the year end.

5 Potential Impact on Objectives

- 5.1 The report sets out the transport revenue budget of the Combined Authority which supports the meeting of its objectives.

6 Finance and Other Resources

- 6.1 The finance implications are set out in detail in the body of the report.

7 Legal

- 7.1 The Authority has a duty to ensure it can deliver a balanced budget. The Local Government Act 2003 imposes a duty on an Authority to monitor its budgets during the year and consider what action to take if a potential deterioration is identified.

8 Other Considerations

8.1 Consultation/Community Engagement

The Authority's revenue budget for 2014/15 and 2015/16 comprises previously approved budgets which were subject to consultation as part of the approval process.

8.2 Human Rights

There are no specific human rights implications arising from this report.

8.3 Equalities and Diversity

There are no specific equalities and diversity implications arising from this report.

8.4 Risk Management

Financial risks associated with the authority's activities, and actions taken to mitigate these, will be factored into strategic risk management processes for the Combined Authority.

North East Combined Authority

Transport North East Committee

8.5 Crime and Disorder

There are no specific crime and disorder implications arising from this report.

8.6 Environment and Sustainability

There are no specific environment and sustainability implications arising from this report.

9 Background Documents

- 9.1 Revenue Budget 2015/16 – Leadership Board 21 January 2015
- Revenue Budget 2015/16 – Leadership Board 17 February 2015
- Revenue Budget 2015/16 - P2 Update – TNEC 9 July 2015

10 Links to Plans in the Policy Framework

- 10.1 This report has no direct link to plans in the Policy Framework.

11 Appendices

- 11.1 n/a

12 Contact Officers

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13 Sign off

- Head of Paid Service ✓
- Monitoring Officer ✓
- Chief Finance Officer ✓