



## **Transport North East Committee**

Thursday 8th February, 2018 at 4.00 pm

Meeting to be held at Crown Plaza, Hawthorn Square, Forth Street, Newcastle Upon Tyne, NE1 3SA.

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# AGENDA

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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.

3.	<b>Minutes of the Previous Meeting held on 30 November 2017</b>	<b>1 - 6</b>
4.	<b>East Coast Mainline Update</b>	<b>7 - 20</b>
5.	<b>Developing a Shared Vision for Rail in the North East of England</b>	<b>21 - 28</b>
6.	<b>DfT Roads Consultation</b>	<b>29 - 54</b>
7.	<b>Transport for the North Strategic Transport Plan</b>	<b>55 - 60</b>
8.	<b>Capital Programme Monitoring Report</b>	<b>61 - 76</b>
9.	<b>Revenue Budget Monitoring Report</b>	<b>77 - 88</b>

10. **Date and Time of Next Meeting**

19 April 2018, 2.00pm at Sunderland Civic Centre

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**To All Members**

## **North East Combined Authority, Transport North East Committee**

30 November 2017

Meeting held Committee Room, Gateshead Civic Centre, Regent Street, Gateshead NE8 1HH

### **Present:**

Councillor : N Forbes(Chair)

Councillors: A Ainsley, J Harrison, M Green, S Green, J McElroy, J Riddle, K Shaw, H Trueman and A West

### **21 APOLOGIES FOR ABSENCE**

Apologies were received from Cllr McCarty (Newcastle), Cllr Mordey (Sunderland), Cllr Speding (Sunderland), Cllr Sanderson (Northumberland), Cllr Marshall (Durham) and Cllr Hobson (South Tyneside)

### **22 DECLARATIONS OF INTEREST**

None

### **23 MINUTES OF THE PREVIOUS MEETING HELD ON 13 JULY 2017**

The minutes of the meeting held on 13 July 2017 were agreed as a correct record and signed by the Chair.

### **24 KEY ROAD NETWORK**

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

The report explained the purpose behind the creation of a Key Road Network (KRN) and the proposed criteria for a road to be included in the KRN for the North East (set out in section 1.9 of the report).

The creation of such a network would identify main road traffic routes for people and freight across the NECA area, was economically important and would assist with funding bids to Central Government.

One member of the committee referred to the importance of some 'C' roads such as the road through Kielder which was a strategic road and should be included in the Key Road Network.

**RESOLVED** that –

- i) The Transport North East Committee endorsed the creation of a North East Key Road network which identifies the main road traffic routes for people and freight across the NECA area.
- ii) The report be recommended to the Leadership Board for approval.

## 25 **ELECTRIC VEHICLE CHARGING INFRASTRUCTURE**

Submitted: Report of the Lead Chief Executive for Transport (previously circulated and a copy attached to the Official Minutes)

Consideration was given to the report the purpose of which was to update Committee on progress being made with the Go Ultra Low (GUL) Programme and work being carried out to streamline and make best use of existing local government based Electric Vehicle (EV) charging resources in the North East Combined Authority area.

The report included details of the partnership work with Newcastle University on the installation of two EV filling stations and a progress update on rapid clusters which it was hoped would be operational by summer 2018.

During discussion the following issues and comments emerged:

- The importance of the programme.
- A comment was made that manufacturers had as yet not quite taken to the 'green agenda' and pressure was needed to change opinion.
- Reference was made to fuel retailers such as Shell who were looking to install rapid charging points and how this would link into the infrastructure referred to in the report.
- The importance of universally accessible charging points.
- Educating potential buyers to the benefits of electric cars and instilling the confidence needed to purchase such a vehicle.
- Privately owned car parks where charging points have been installed but are not being used.
- Reference was made to new developments and whether the developers were encouraged to install charging points.
- A member reminded committee that whilst the programme was a good move forward and in the right direction, it was equally important to continue to encourage the public to swap from car usage to public transport. It was also felt that the seven authorities should adopt a common approach.

Further points to note were how EV filling stations could compliment car parks where rapid charging points are installed; the types/models of chargers available; the inconsiderate use of charging points and how new developments will soon be legally required to install cable networks as part of the infrastructure of new developments.

**RESOLVED** – that the Transport North East Committee noted the report.

## 26 **TRANSPORT FOR THE NORTH UPDATE**

Submitted: Report of the Thematic Lead for Transport and Digital Connectivity (previously circulated and a copy attached to the Official Minutes).

Members had considered the report which provided an update on progress being made in three areas of TfN activity, namely; Governance, the Strategic Transport Plan and Northern Powerhouse Rail. NECA has now provided its consent to the establishment of TfN as a Sub-National body and each of the Local Highways Authorities have also taken the regulations through their own decision making process and formally consented.

Also noted was an update on the Strategic Transport Plan and Northern Powerhouse Rail (NPR) (in respect of the HS2 infrastructure).

**RESOLVED** that the Transport North East Committee noted the progress in respect of:

- i) TfN governance
- ii) The development of the TfN Strategic Transport Plan
- iii) The progress being made on Northern Powerhouse Rail

## 27 **EXTERNAL BIDDING OPPORTUNITIES FOR TRANSPORT**

Submitted: Report of the Managing Director (Transport Operations) previously circulated and a copy attached to the Official Minute Book.

Members received the report which provided an update on funding opportunities during 2017 – 18 from Central Government. The report set out the funding streams that have been or are anticipated to be available this financial year and sets out where the NECA area has been successful in gaining funding.

**RESOLVED** – that the report be noted.

## 28 **METRO FUTURES NEW FLEET PROCUREMENT UPDATE**

Submitted: Report of the Lead Chief Executive for Transport (previously circulated and a copy attached to the Official Minutes) which provided an update on the Metro Futures programme including progress with the DfT funding process, a fleet specification summary and sought a decision on the seating layout for the new Metrocars.

The Chair, on behalf of the Transport North East Committee, asked that the committee's considerable thanks to the Managing Director (Transport Operations) and his team be noted for the tremendous amount of work and commitment given to achieving a successful result, not only in securing the funding needed for the fleet replacement programme but for successfully avoiding costly PFI schemes.

Members received an update on the £339m (now £362m following a top-up from Nexus) grant funding secured; Government had now followed this through in writing. Reference was made to the support received from passenger groups and businesses. It was noted that final costs would be determined by the bidding process.

During discussion members considered the concerns raised by Sunderland Council regarding the 'longitudinal' style of seating; Sunderland felt that a hybrid seating arrangement would be more appropriate. The Committee understood the reasons why Sunderland had raised concerns but felt that the advice given by Officers was sensible and should be accepted.

At this point the Monitoring Officer advised the meeting that, in order to consider this amendment, it was necessary that the Committee suspend rules of procedure.

The Committee **RESOLVED** that the rules of procedure be suspended. Cllr Truman's amendment was proposed and seconded. The Chair put the amendment to the meeting. Following debate the amendment was put to the vote. The proposed amendment was defeated.

Cllr Trueman, Sunderland City Council, moved that the second recommendation be deleted and replaced with the following amended recommendation:

*"Specify a hybrid seating plan in the fleet specification for the new fleet of Metrocars, so as to maximise availability of seating and to allow greater comfort in standing"*

At this point the Monitoring Officer requested that Committee suspend rules of procedure.

The Chair put the amendment to the meeting. Following discussion the amendment was put to the vote. The amendment was defeated.

**RESOLVED** that the Transport North East Committee –

- i) Noted the current position in regard to funding arrangements for the new fleet.
- ii) Endorsed Nexus' intention to specify longitudinal seating in the fleet specification for the new fleet of Metrocars.
- iii) Noted that Nexus intends to seek endorsement of the Leadership Board before commencing any procurement process for new rolling stock, rolling stock maintenance and new rolling stock maintenance facilities.

## 29 **NORTH EAST RAIL UPDATE**

Submitted: Report of the Managing Director (Transport Operations) (previously circulated and a copy attached to the official minutes).

Members noted the update report which informed them of the current state of play of the various rail projects being progressed in the North East.

**RESOLVED** – that the Transport North East Committee agreed to support the continued progress of the schemes aimed at improving the short and medium term rail services in the North East

## 30 **DRAFT TRANSPORT BUDGET AND LEVIES 2018/19**

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

The purpose of the report was to provide the Transport North East Committee with a summary of the latest information about the draft transport budgets and transport levies for 2018/19 for consideration and comment in order to inform the recommendations to be made in the report to the NECA Leadership Board.

Members noted the draft transport budget and levies 2018/19 for Durham and Northumberland County Councils and the five authorities in Tyne and Wear. It was further noted that the Transport North East (Tyne and Wear) Sub Committee had met on 21 November and proposed a deficit budget supported by reserves.

All authorities in the NECA area had already been given the opportunity to contribute to the budget proposals therefore it was –

**RESOLVED** that the Transport North East Committee –

- i) Noted the contents of the report.
- ii) Noted the current position with regard to the development of the overall potential transport net revenue budget of £83.690m proposed for 2018/19 as set out in section 2.1.1.
- iii) Considered the proposals and any comments or information that should be included in the report to the NECA Leadership Board about the draft budget proposal for future years.
- iv) Noted that members of the committee will be informed of the results of the consultation and given the opportunity to comment on Transport proposals that will be included in the NECA Leadership Board report to be considered on 16 January 2018.

## 31 **CAPITAL PROGRAMME MONITORING UPDATE**

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

Consideration was given to the report which provided an update on the 2017/18 Transport Capital Programme at the end of the second quarter of the year.

**RESOLVED** - the Transport North East Committee noted the report.

## 32 **REVENUE BUDGET MONITORING UPDATE**

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

Members considered the report which provided an update on the 2017/18 revenue budget at the end of the second quarter. It was noted that in respect of Durham County Councils' transport levy budget 2017/18 update that the forecast demonstrated a small overspend of £0.170m. The latest forecast in relation to Northumberland County Councils' transport levy budget 2017/18 update demonstrated an underspend in the current financial year for both Concessionary Fares and Subsidised Bus Services.

**RESOLVED** – that the Transport North East Committee noted the position at the end of the second quarter and the forecast for the 2017/18 financial year.

## 33 **DATE AND TIME OF NEXT MEETING**

8 February 2018, 2.00pm at South Tyneside Council

## 34 **EXCLUSION OF PRESS AND PUBLIC**

**RESOLVED** – that by virtue of paragraphs 3 of Part 1 of Schedule 12A of the Local Government Act 1972 the press and public be excluded from the remainder of the meeting during the consideration of agenda item 15 (Confidential Minutes of the Previous Meeting, Transport for the North (TfN) - Incorporation as a Sub-National Transport Body – background information) because exempt information was likely to be disclosed and the public interest test against disclosure was satisfied

## 35 **CONFIDENTIAL MINUTES OF MEETING HELD ON 13 JULY 2017**

The confidential minutes of the meeting held on 13 July 2017 were agreed as a correct record and signed by the Chair

## Transport North East Committee

**Date:** 8 February 2018

**Subject:** East Coast Main Line Update

**Report of:** Managing Director (Transport Operations)

### Executive Summary

The East Coast Main Line is a vital transport artery for the North East and requires investment.

Network Rail is consulting on its East Coast Route Study, to which NECA will respond (Network Rail officers have been invited to attend the meeting to deliver a presentation on this). Funding for basic maintenance and a limited programme of enhancement is available for 'Control Period 6'. Although a list of potential 'ideas and interventions' for improving the ECML is identified in the East Coast Route Study, none of these is currently expected to be covered by the funding available to Network Rail.

Work continues on making the case for East Coast Main Line (ECML) investment including by the East Coast Main Line (ECMA) consortium, the High Speed 2 East Group and also the formation of a new All Party Parliamentary Group (APPG)

### Recommendations

It is recommended that the Committee:

1. Notes the importance of the ECML to the North East, and the work that is ongoing to make the case for investment in it
2. Notes that a response will be prepared to Network Rail's East Coast Route Study Consultation. Members are invited to provide comment to inform the response. As the closing date for the consultation of 16<sup>th</sup> March 2018 is in advance of the next meeting, a draft response will be circulated to Committee Members by email for comment prior to sign-off by the Chair and Vice Chairs.
3. Endorses the work of the collective interest groups in the ECML described in paragraphs 2.9-2.14 to lobby for much needed investment in the North East as part of a larger push for capacity and journey time improvements along the route.

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### 1. Background Information

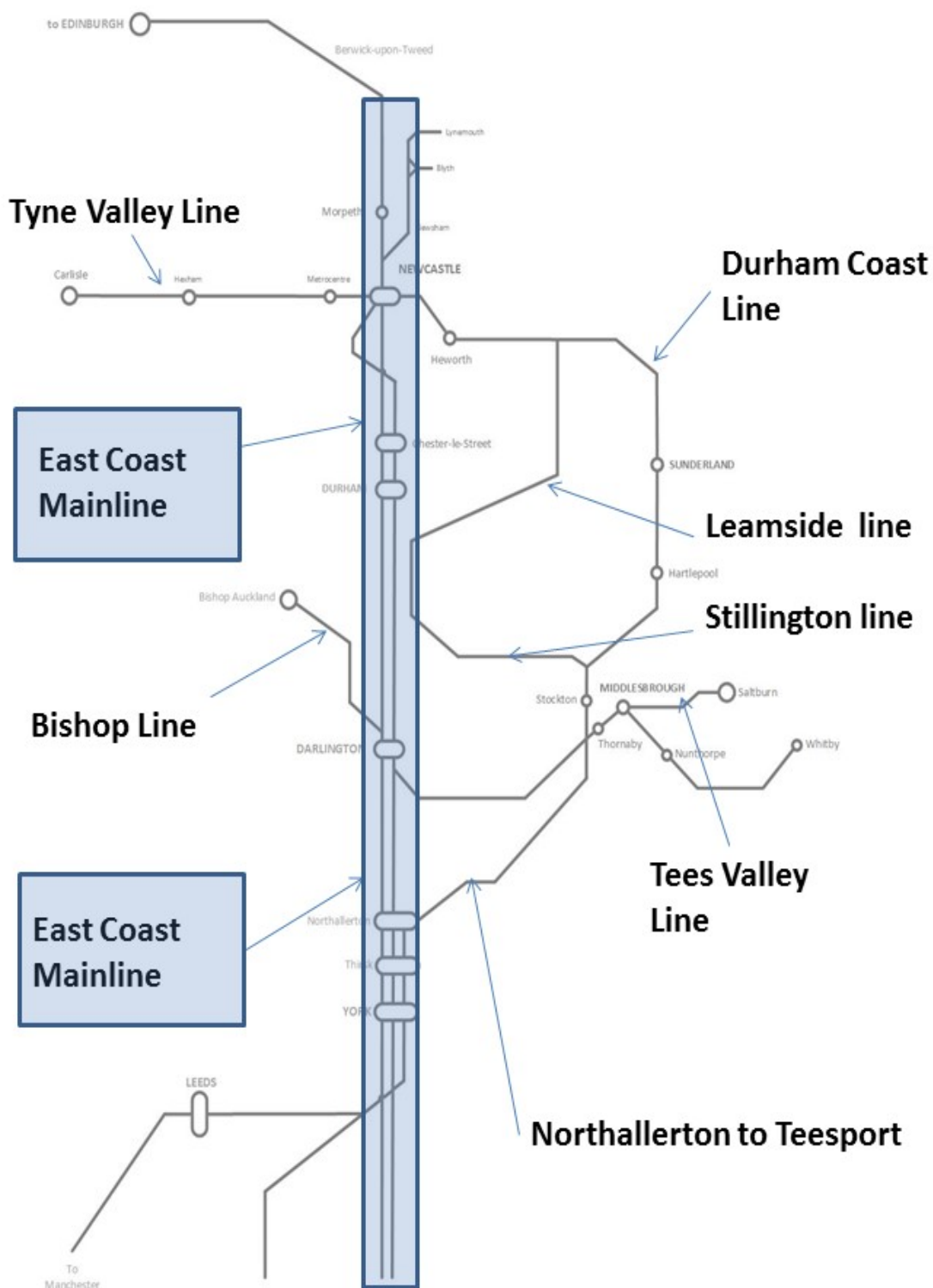
- 1.1 The East Coast Main Line (ECML) is a vital artery for the North East, as it carries most of our long distance rail services and many local ones. It is used by:
- Passenger services to London, the Midlands, Yorkshire and the North West between York and Newcastle,
  - Passenger services to Scotland between Newcastle and Edinburgh,
  - Almost all freight services through the area
  - Local passenger services within our area serving Chester le Street and stations between Newcastle and Berwick.

Although the Durham Coast line provides an alternative route to the south, this is only as far as Northallerton from where services must use the ECML. In addition, the Durham Coast line is not electrified and takes longer to traverse due to its layout and line-speed restrictions. Both the Durham Coast line and the Tyne Valley line share junctions, station approaches, and platform space with the ECML at Newcastle.

- 1.2 A map of the East Coast Main Line showing the scope of the Network Rail East Coast Route Study (ECRS) described in 2.1 to 2.8 below, and lines adjacent to ECML is as follows:

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### Scope of East Coast Route Study



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- 1.3 In the immediate term, the ECML suffers from poor resilience and also capacity constraints. Most of the stretch between Northallerton and Newcastle only has two tracks which restricts the ability to expand services and provide appropriate resilience in times of disruption. The condition of the track, signalling and power supply is also a concern due to the age of the infrastructure and the increasing demands placed upon it. The dependency of the area on the ECML is demonstrated when trouble occurs to any part of the line; it can mean that all of the area's rail links to the key economic centres of the UK are either severely disrupted or even severed altogether for several hours.
- 1.4 In terms of capacity, there are insufficient train "paths" (see Section 18 Glossary for a definition) for all of the services that aspire to use the ECML within the NECA area (taking into account long distance and local passenger services, open access operators and freight). There are currently five passenger and two freight train paths per hour in each direction with two more passenger train services per hour in each direction planned by 2021. These comprise the complete hourly TransPennine Express service and also an open access Edinburgh to London service. There is no work on the line required for the Trans Pennine Express service, but Network Rail plan to build additional freight loops to give the capacity needed for the open access service.
- 1.5 However, Northern Powerhouse Rail (NPR) development work led by Transport for the North (TfN) is based on the assumption that nine passenger train paths per hour will be needed to meet future capacity and frequency conditional outputs (i.e. subject to a positive business case). Early work suggests that there will have to be significant investment to accommodate this increase in capacity; including the reopening of the Leamside/Stillington lines (see below) to make an effective four track railway.
- 1.6 The power supply is a significant issue. Electrified in stages between 1976 and 1991, the line is prone to problems with overhead line equipment, with resultant service disruption. These are often attributed to the lightweight nature of the original electrification scheme which would not be able to cope with the additional demands of the increased services described above. In order to meet the increased power supply requirements of the new trains entering service on the ECML, Network Rail have programmed in power supply improvements works.
- 1.7 Network Rail recognises these challenges and highlights them in its draft East Coast Route Study detailed later in this report. The ECML has had significantly less investment than the West Coast Main Line.
- 1.8 HS2 will present a number of challenges for the ECML. There are no plans for new HS2 infrastructure to be extended to the North East. Instead, there will be a new link from HS2 south of Leeds to the present ECML south of York, intended to be open by 2033. HS2 services will therefore operate on the existing ECML from south of York to the North East, alongside other long distance and regional passenger services and freight. Network Rail are looking at where possible to upgrade the

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ECML to 140mph as part of the NPR work described in 1.5 above. The speed difference between HS2 trains (therefore expected to run at 140mph on parts of the ECML) and others (particularly freight trains which may only run at around 75mph) constrains the number of trains which can be run and thus presents a need for significant investment in the ECML to provide separate tracks for higher speed and lower speed services.

- 1.9 In addition, TfN is developing proposals to establish new NPR services which would use the ECML, providing transformative journey times for passengers; for example, the potential saving of an hour on a journey from Newcastle to Manchester. As described above, the NPR proposal aspires to establish four trains per hour from the North East to provide improved services to Leeds, Manchester, Manchester Airport, Liverpool and Sheffield.
- 1.10 Early stages of planning carried out jointly by TfN and Network Rail, with significant input from NECA officers, considered a range of options to achieve NPR aspirations, including a wholly new high speed line. It was clear that a new high-speed line would be extremely costly and subsequent work has therefore focussed on upgrading the ECML. These upgrades could be achieved via interventions such as 'cut offs' to make the line straighter and faster and ensuring the corridor is served by four lines.
- 1.11 Reactivating the Leamside/Stillington lines, referred to earlier, for freight and slower passenger trains, could allow the existing line to be reserved for high speed trains. This is a suggested way of achieving a four track railway north of Northallerton.
- 1.12 The above means that, if the issues of capacity and resilience on the ECML between York and the North East are not addressed, the reliability of services in the short term, and expansion of services in the long term, will both be affected. This is likely to damage the long-term economic growth plans of the area. Partners across the North therefore need to come together to ensure the right bodies are lobbied to make the case for urgent and robust investment in the ECML.
- 1.13 This report identifies a significant need for long term investment in the ECML between York and Newcastle, and we are not aware of any commitment to that investment being made, by central government or by any other body. The Government's recent Statement of Funds Available (i.e. financial settlement) for Network Rail for Control Period 6 (2019-2024) of nearly £48bn across the UK's rail network is for infrastructure operations, maintenance and renewals only. Major projects like those listed in 2.6 below are expected to be funded separately and be subject to positive business cases, and will need to compete with other projects in other parts of the ECML and elsewhere on the rail network.

## 2. Proposals

### 2.1 Network Rail East Coast Route Study (ECRS)

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As part of its Long Term Planning Process Network Rail periodically publishes Route Studies for each route within the rail network. The ECRS covers the ECML from Kings Cross, London to Berwick. The route from Berwick to Edinburgh is covered by a previously published Scotland Route Study. Network Rail's website describes the purpose of Route Studies as being "to identify each route's capacity requirements in the medium and long term, to allow the railway to play its part in delivering economic growth, in addition to improving the connections between people and jobs, and between business and markets".

- 2.2 Network Rail recently placed the current ECRS on its website for public consultation. It gives a 90 day consultation period ending on 16<sup>th</sup> March 2018. The 52-page document is available at <https://cdn.networkrail.co.uk/wp-content/uploads/2017/12/East-Coast-Main-Line-Route-Study.pdf>
- 2.3 The document describes itself as looking at the present but also the "challenges and opportunities ... likely to occur over the next 30 or so years". It does not have any set questions, but instead, responses are invited to the "ideas and interventions" described in the document. These, together with the other main points in the document, are summarised in the following paragraphs.
- 2.4 The main issues set out in the ECRS, all of which are familiar to stakeholders, are:
- i. The two principal challenges facing the ECML are firstly the growth in passenger numbers and secondly the advent of HS2 from the 2030s (the link between HS2 and the ECML is currently planned to be in place in 2033).
  - ii. The ECML infrastructure is ageing and much of it is at capacity
  - iii. Investment is therefore needed "to create a resilient ECML that can grow in line with the demands of its customers"
- 2.5 The "ideas and interventions" described in the ECRS are:
- i. New ways of attracting funding and generating revenue. Essentially, this is about trying to attract investment in rail enhancements from other sources, given that Network Rail funds are limited by government and it is not now allowed to raise funds on the money markets. These other potential sources of investment are seen as including existing and possible future train operators, local businesses, property developers, landowners and planning authorities. While some of these may be viable sources of investment funds in areas such as London and the South East which have a buoyant economy and property markets, this may not be the case in the North East.
  - ii. A series of projects labelled "Investment Choices", "Upgrades to deliver medium term demand", "Investment package that drives further economic growth" and "Revenue generation opportunities" broken down into four geographical areas along the ECML as follows:  
  
South: London King's Cross to Peterborough.

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Central: Peterborough to Doncaster/Leeds  
 North: Doncaster to York and Newcastle  
 Borders: Newcastle to Berwick upon Tweed

- 2.6 Within the two of the above areas that are relevant to NECA (North and Borders), the projects listed are:

Project	Cost as stated in ECRS
Power upgrade to allow for additional services	No cost shown
Newcastle station increased platform capacity	No cost shown
Lengthening existing freight loops to take longer trains	No cost shown
Passing loops between Northallerton and Newcastle	Up to £200m
Reopening the Northumberland to Newcastle line <sup>1</sup>	Up to £200m
Measures to reduce journey time and improve reliability <sup>2</sup>	£200m to £1bn
Supplementary renewals programme <sup>3</sup>	Over £1bn
Reopening the Leamside/Stillington lines	Over £1bn

<sup>1</sup> Referred to in the ECRS by its former name of the Ashington, Blyth & Tyne Railway

<sup>2</sup> Such as new overhead line and digital signalling

<sup>3</sup> To replace old infrastructure and improve infrastructure reliability – but no detail is given of what these measures might be

- 2.7 Funding for basic maintenance and a limited programme of enhancement is available for Network Rail's 'Control Period 6'. Although many of the items listed above have been discussed for some time and would be warmly welcomed by the region, some are vague in scope and cost. Furthermore none of the items in the list are currently expected to be covered by the funding available to Network Rail; in order for any of them to be progressed, additional funding would need to be identified by the government or third party funders.
- 2.8 Given that the deadline for responses is 16<sup>th</sup> March 2018, before the next meeting of this Committee, a draft response along the following lines will be circulated to Committee Members by email for comment prior to sign-off by the Chair and Vice Chairs:

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1. Agreeing on the urgent need for investment in the ECML
2. Setting out our priorities including reopening the Northumberland-Newcastle line and the Leamside/Stillington lines while emphasising the importance of other improvements including overhead line replacement
3. Seeking further detail on the “supplementary renewals programme” and other less well-defined projects
4. Seeking a ‘shared vision’ set out in a separate report to this Committee and establish formal working arrangements with Network Rail and Department for Transport to take forward our key aspirations including how funding can be secured

Reference has already been made in this report to the Durham Coast Line which NECA also wishes to see improved. This is however outside the scope of this report as it is part of the Network Rail North of England Route Study.

### 2.9 **Wider interest groups and a coordinated influencing plan to push the case for investment in the ECML**

The Consortium of East Coast Main Line Authorities (ECMA). ECMA works to secure investment, improve the passenger experience, improve capacity and reliability and shorten journey times on the East Coast Main Line. ECMA’s 41 members represent local authorities, combined authorities and Scottish Regional Transport Partnerships along the East Coast Main Line.

HS2 East. A collaboration of authorities, LEPs and Chambers of Commerce in the East Midlands, Yorkshire, North East and Scotland with a focus on securing the delivery of the eastern leg of the HS2 ‘Y’ from Birmingham to Leeds. The campaign is focused on the value of economic and wider benefits that delivery of this part HS2 will realise, including along an upgraded ECML north of York as this being the natural route to Scotland for HS2 services.

NECA is a member of both these groups and regularly attends meetings.

### 2.10 In 2016, ECMA commissioned independent research to analyse how important the East Coast Main Line is to UK PLC. This found that:

- a. The local and regional economies served by the ECML corridor rail services are of great value to the UK economy, contributing over £300 billion p.a. GVA, even excluding London.
- b. There is tremendous potential for growth along the ECML corridor - the gross domestic product (GDP) benefits to be gained from investment in it could be £9 billion
- c. Unlocking this economic potential needs investment in the ECML
- d. Investment in the ECML and in all its services is beneficial and

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complementary to the case for HS2

The research is available at [http://www.investineastcoast.co.uk/wp-content/uploads/2016/10/15255-ECMA\\_report\\_screen.pdf](http://www.investineastcoast.co.uk/wp-content/uploads/2016/10/15255-ECMA_report_screen.pdf)

- 2.11 Several recent meetings of stakeholders including senior officers from Authorities across the north of England have shown that there is a significant common ground in the objectives of the campaigns, and much of the underlying technical work anyway has a common basis. There should, therefore, be significant benefits to closer alignment and collaboration, recognising that there remains a need for two distinct agendas and groups.
- 2.12 In refreshing the messaging and seeking closer collaboration across the two campaigns, the following five principles have been suggested so far as a common basis for core messaging. These are proposed for discussion refinement at a joint ECMA/HS2East officer level meeting on 16<sup>th</sup> January and at a forthcoming joint Member level meeting of the two groups

1 Positioning ECML and HS2 East as part of a coherent strategy for the rail network as a whole, to secure investment in the short term and beyond: Our approach to investing in the ECML, Northern Powerhouse Rail (NPR), commuter routes to London, and the TransPennine routes needs to be part of a coherent strategy for enhancing North-South and East-West inter-urban rail links. This should include short to medium term improvements to deliver on franchise commitments on the ECML and secure improvements in advance of HS2, as well as securing the building of HS2 by 2033, and NPR as soon as possible.

2 Getting the ECML HS2-ready: Investment is needed in the ECML to maximise the benefits of the capacity release from HS2, and to support HS2 classic-compatible services. Work is needed to develop a clear plan for how the benefits of capacity release on ECML south of York can be realised fully, and capacity north of York maximised. This could enable more direct services for some towns and cities, better commuter services, and more consistent service patterns, including clock face scheduling and better integration with connecting services and modes. Investment will be needed between the south of York and Edinburgh to enable us to accommodate and make the most of HS2 classic compatible services, enhanced TransPennine and NPR services to North Yorkshire, Tees Valley, North East, and South East Scotland, with consequent benefits to Aberdeen and Inverness.

3 Transforming stations and their surrounding areas to improve interchange and act as a catalyst for regeneration: There is a need for clear strategies for improving ECML stations, and for bringing regeneration in their surrounding areas, similar to the growth strategies that are being produced for HS2 nodes. This work should consider the scope for innovative funding mechanisms, and the potential role of agencies such as Homes England, London and Continental Railways or other

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delivery structures as funding and development partners. Initial work is already underway via ECMA to identify development potential.

4 Boosting productivity and changing economic geography: Articulating how improved rail links can connect major economic clusters in sectors such as advanced manufacturing, health and life sciences, and low-carbon and renewables across London, the East of England, East Midlands, Yorkshire, the North East and South East Scotland. This is in the context of the Industrial Strategy and the recent HS2 Ltd report, Getting the Best Out of Britain, on how HS2 will boost productivity. There are genuinely new opportunities for enhanced connections between growth areas such as the Cambridgeshire to West Yorkshire potential identified by ECMA.

5 Strengthening the proposed new public/private body (the East Coast Partnership) intended to operate infrastructure and services on the ECML from 2020: Through the activity of both ECMA and HS2 East, securing a role for the East Coast towns, cities, counties, LEPs and Combined Authorities as part of the new East Coast Partnership to take forward the East Coast franchise bringing together the operator, Network Rail and government. Depending on the timeframes associated with the post-2020 arrangements, the Partnership will need to have direct regard to demand and service patterns resulting from, and interfaces with, the delivery of HS2 East.

### 2.13 All Party Parliamentary Group (APPG)

ECMA and its representatives (including NECA officers and Members) have lobbied MPs and MSPs for constituencies along and near the ECML to encourage them to support the campaign for investment in the ECML. This has included staging events at Westminster and Holyrood, at both of which NECA officers secured a strong North East presence. As a result, Catherine McKinnell, MP for Newcastle North, has agreed to set up an APPG for the ECML. The inaugural meeting is on 30<sup>th</sup> January in Westminster and NECA will be represented.

2.14 NECA, through its membership of ECMA, will continue to support the work of the APPG which is all the more important given that, as described above, there is no indication of how the major infrastructure improvements necessary for the ECML can be funded.

## 3. Reasons for the Proposals

3.1 The reason for the proposals set out above is to achieve greater investment in the ECML.

## 4. Alternative Options Available

4.1 Recommendation 1 of this report is for noting only.

Recommendation 2 of this report is that the Committee notes that a response will be prepared to Network Rail's East Coast Route Study Consultation. As the

## Transport North East Committee

closing date for the consultation of 16th March 2018 is in advance of the next meeting, a draft response will be circulated to Committee Members by email for comment prior to sign-off by the Chair and Vice Chairs. There does not appear to be a feasible alternative method of responding if a reply is to be submitted by the closing date. As regards the actual content of the response, the possible outline points are given at paragraph 2.8 above and the Committee may wish to amend these.

Recommendation 3 is that the Committee support the work of the collective interest groups in the ECML to lobby for much needed investment in the North East as part of a larger push for capacity and journey time improvements along the route. The alternative, of not supporting this work, would be inconsistent with the overall direction of this report and the need to lobby for improvements to the ECML

### **5. Next Steps and Timetable for Implementation**

5.1 The next steps for NECA are as follows:

1. Respond to the Network Rail East Coast Route Study (the deadline for responses is 16<sup>th</sup> March 2018)
2. Attend the inaugural meeting of the APPG convened by Catherine McKinnell MP on 30<sup>th</sup> January
3. Continue to support ECMA and HS2East's lobbying for investment in the ECML

### **6. Potential Impact on Objectives**

6.1 Improved connectivity of the North East to other economic centres is a key objective of the emerging Local Transport Plan. Investment in the ECML will improve capacity, frequency and journey times to better connect the whole of the North East to the rest of Britain.

### **7. Financial and Other Resources Implications**

7.1 There are currently no direct financial implications arising from this report, although staff resources are being used to guide and develop the lobbying work for investment in the ECML.

### **8. Legal Implications**

8.1 There are currently no legal implications for NECA at this stage.

### **9. Key Risks**

9.1 The main risk associated with the required upgrade of infrastructure on the ECML to deliver the sought-after benefits will be the cost effectiveness of proposals as

## Transport North East Committee

they are developed. Through work of the East Coast Mainline Authorities (ECMA) significant economic benefits have been shown to arise from improved journey times on the ECML. It will be important to maximise the overall benefits of ECML investment and also ensure cost effective solutions are proposed.

### 10. Equality and Diversity

- 10.1 The development and delivery of the emerging schemes aim to improve rail connectivity for all and as such do not negatively impact on Equality and Diversity.

### 11. Crime and Disorder

- 11.1 There no crime and disorder implications to consider in this report.

### 12. Consultation/Engagement

- 12.1 Network Rail are consulting on its East Coast Route Study, to which NECA will submit a response.

### 13. Other Impact of the Proposals

- 13.1 Not applicable.

### 14. Appendices

- 14.1 None

### 15. Background Papers

- 15.1 “East Coast Main Line Route Study Railway Investment Choices”  
<https://cdn.networkrail.co.uk/wp-content/uploads/2017/12/East-Coast-Main-Line-Route-Study.pdf>

“Investing for Economic Growth ECMA Research 2016”  
[http://www.investineastcoast.co.uk/wp-content/uploads/2016/10/15255-ECMA\\_report\\_screen.pdf](http://www.investineastcoast.co.uk/wp-content/uploads/2016/10/15255-ECMA_report_screen.pdf)

### 16. Contact Officers

- 16.1 Tobyn Hughes, Managing Director (Transport Operations),  
[Tobyn.hughes@nexus.org.uk](mailto:Tobyn.hughes@nexus.org.uk)  
Tel: 0191 203 3203

### 17. Sign off

- Head of Paid Service: ✓

## Transport North East Committee

- Monitoring Officer: ✓
- Chief Finance Officer: ✓

### 18. Glossary

APPG: All-Party Parliamentary Groups (APPGs) are informal cross-party groups. They are run by and for Members of both Houses of Parliament, though many also involve individuals and organisations from outside Parliament in their administration and activities.

ECMA: The Consortium of East Coast Main Line Authorities (ECMA) works to secure investment, improve the passenger experience, improve capacity and reliability and shorten journey times on the East Coast Main Line. ECMA's 41 members represent local authorities, combined authorities and Scottish Regional Transport Partnerships along the East Coast Main Line. NECA is a member of ECMA and regularly attends meetings.

ECML: East Coast Main Line, the railway that runs from London King' Cross to Scotland via the North East

HS2: High Speed 2, a new high speed railway that will run between London and Birmingham from 2026, extend to Crewe by 2027 and then link to Manchester and Leeds from 2033. Trains will continue on existing tracks up the East and West Coast Main Lines, serving towns and cities in the north of England and Scotland.

HS2East: A collaboration of Authorities, LEPs and Chambers of Commerce in the East Midlands, Yorkshire, North East and Scotland with a focus on securing the delivery of the eastern leg of the HS2 'Y' from Birmingham to Leeds. The campaign is focused on the value of economic and wider benefits that delivery of this part HS2 will realise, including along an upgraded ECML north of York as this being the natural route to Scotland for HS2 services

NPR: Northern Powerhouse Rail (NPR) is a major strategic rail programme, designed to transform the northern economy and meet the needs of people and business. It will transform connectivity between the key economic centres of the North. The programme promises radical changes in service patterns, and target journey times

NwR: Network Rail (NwR) owns and manages most rail infrastructure in Britain. It is an arm's length public body of the Department for Transport with no shareholders and thus reinvests its income in the railways. Network Rail is funded partly through a direct grant from the government and partly by train operating companies paying access charges to use the rail network. As a public sector body it may not borrow

## **Transport North East Committee**

money from the private sector.

TfN: Transport for the North (TfN) is a partnership of public and private sector representatives working with central government and national transport bodies to develop and deliver strategic transport infrastructure across the North of England including the NECA area. Through the Cities and Local Government Devolution Act 2016, TfN is now the UK's first statutory sub-regional transport body. It is a Statutory Partner to the Department for Transport, Highways England, and Network Rail to ensure that the North's pan-Northern strategic transport priorities are delivered.

Train path: In railway terminology, a train path is the time "slot" of a possible movement of a train along a given route.



## Transport North East Committee

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**Date:** 8 February 2018

**Subject:** Developing a 'shared vision' for rail in the North East of England

**Report of:** Managing Director (Transport Operations)

### Executive Summary

This report seeks members' views over the creation of a 'shared narrative' describing our future aspirations for rail in the North East of England, to be created jointly with Network Rail and the Tees Valley Combined Authority (TVCA).

We already work closely with the TVCA on rail matters through the North East Rail Management Unit (NEMU).

The creation of a 'shared narrative' would mean that everyone, including the general public, would have a clear understanding of what we want to achieve from our railways in the North East of England in the future.

Reaching agreement with Network Rail would effectively create a working partnership with an agreed set of principles and objectives. The 'shared narrative' would become a pre-agreed source of information to inform planning processes. It would not however represent a commitment for any party to provide funding for future rail projects.

At the meeting we hope to be joined by the TVCA Transport Lead, and representatives from Network Rail.

### Recommendations

The Transport North East Committee is recommended to agree to support the development of a 'shared narrative' for rail in the North East of England along with Network Rail and Tees Valley Combined Authority.

## Transport North East Committee

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### 1 Background Information

- 1.1 The Transport Manifesto outlines the region's ambition to create a world class transport network that helps to create economic growth and sustain jobs and communities. The Manifesto highlights the importance of national rail services and their role in joining the NE economy with others from across the country. The key objectives for rail as outlined in the Manifesto are as follows:
- Working with Network Rail, invest to improve capacity, resilience and reliability of services.
  - 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.
  - Making sure that the North East is part of the High Speed Rail network.
- 1.2 The North East SEP outlines the key areas of economic opportunity for the region, including digital industries, automotive and advanced manufacturing, innovation in health and life sciences and the energy industry. Connectivity plays a crucial role in enabling the success of local business and sustaining jobs. The SEP outlines how the transport system of the future needs to be able to support the economy, helping people to access education, training, employment and leisure, whilst also assisting in the safe, rapid and cost effective movement of goods. The rail network in the North East of England will have a key role to play in supporting these aspirations.
- 1.3 Tees Valley Combined Authority (TVCA) is also developing a strategic transport plan, due to be published early this year. The TVCA's transport vision for the Tees Valley is 'to provide a high quality, quick, affordable, reliable and safe transport network for people and freight to move within, to and from the Tees Valley'.
- 1.4 To do this one of TVCA's aims is to improve the local railways by having more, faster and better trains and stations, so that journeys by rail are quicker and more comfortable;
- 1.5 Because we share a common rail infrastructure and services in the East Coast Main Line and Durham Coast line, NECA and TVCA have been working together to influence improvements through Transport for the North, Rail North and Network Rail.

## Transport North East Committee

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- 1.6 In order to better influence the delivery of rail services in the North East and Tees Valley, NERMU (North East Rail Management Unit) was established through signed collaboration agreements by all 12 local authorities in North East England. The NERMU is led by a Board, which has a representative from both the NECA (currently the Thematic Lead for Transport) and TVCA plus North Yorkshire (for the Esk Valley line) and Cumbria (for the Tyne Valley line).
- 1.7 NERMU has two primary objectives:
- a) Deliver meaningful local influence over the delivery of rail services within North East England.
  - b) Develop rail services to facilitate and stimulate economic growth and which support the social cohesion of the North East of England; delivering improvements to capacity, journey times, passenger comfort and reliability of performance.
- 1.8 Nexus is also looking at ambitious plans to expand the Metro (and local rail services) and with a new dual voltage fleet there maybe routes opened up which require running on Network Rail Infrastructure as now occurs between Newcastle and Sunderland. Thus close cooperative working with Network Rail on Metro Futures will be a key component in realising the ambition.
- 1.9 Network Rail is undergoing a restructuring which will see the devolution of functions and responsibilities to either the 'Routes' or a central 'System Operator'. For the North East of England, this means for operational, maintenance and renewals and delivery of enhancements, the 'London North East and East Midlands Route' will be the one to cover our area. In addition the 'System Operator' has a central role covering long term planning, timetabling and access considerations. Network Rail is in the process of establishing independently-chaired 'Route Supervisory Boards' in which the Network Rail Route Director, franchise operators, and other key stakeholders come together to:
- “...ensure there is one voice representing customers, holding the rail industry to account and ensuring the different elements work together to drive improvements.”

## Transport North East Committee

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It will be important for the NECA and TVCA to have an input into the Route Supervisory Board covering the East Coast Mainline, and discussions are underway to secure this.

- 1.10 A further development, recently announced by the government, is that the next East Coast Main Line franchise will include a partnership between the infrastructure provider and the train operator. Whilst details of this have yet to be provided, it will clearly be important for NECA and TVCA to be able to influence both the design of the franchise, and its operation.
- 1.11 For the reasons described above it is important that NECA and TVCA establish a strong working relationship with Network Rail to plan, develop and promote the necessary rail infrastructure to enable future rail service improvements. Developing a shared narrative for rail in the North East is a means to publically commit to shared objectives and to develop from this, a work programme to move towards the improvements we all seek.

## 2 Proposals

### Shared Narrative

- 2.1 Officers from NECA and TVCA have held initial discussions with Network to develop a shared narrative for rail in the North East of England.
- 2.2 The starting point for this narrative is that the partners will work collaboratively to achieve a vision of:

“A connected North East of England, where people and businesses can access increased economic and social opportunities within and beyond the North East”.
- 2.2 Members are therefore invited to provide their thoughts on the commitments that would underpin this vision, and feedback will be incorporated into a proposal to be discussed with Network Rail. The following draft commitments are suggested as a starting point:
  - To ensure that the East Coast Main Line is able to fulfil its role as a crucial transport artery for the North East of England, affording capacity and reliability for passengers and freight to local, regional and national destinations.
  - To ensure the other existing rail networks in the North East of England (Durham Coast, Tyne Valley, Tees Valley and Bishop lines) are

## Transport North East Committee

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developed to enable improved access to education, training, jobs and leisure activities to meet the needs of passengers and freight to deliver the local strategic economic growth plans.

- To ensure that the North East of England rail infrastructure (track and stations) is fully prepared to accommodate the planned HS2 and Northern Powerhouse Rail services, and the benefits these fast services will bring can be maximized throughout the region by improving the infrastructure and enhancing local connectivity.
- To commit time and resources by adopting a 'one team' approach to develop, promote and deliver new and improved stations and new lines (local rail and Metro) to cater for growing demand and to provide better connections between communities and economic opportunities.
- To work together to better integrate rail, Metro and bus services.

2.3 Once agreed, it is envisaged that work programmes would be developed to jointly support the delivery of the commitments. This would potentially involve schemes and business cases being jointly developed and promoted. The creation of the 'shared narrative' would not in any way bind any of the partners in terms of prioritising and committing funding; it would however give the partners an agreed starting point for work to be undertaken to prepare proposals for funding to be secured.

2.4 A form of governance to oversee the partners' work to support the delivery of the commitments would also be developed, taking into account the existing NERMU arrangements and any other relevant structures.

### 3 Reasons for the Proposals

3.1 There is a common desire to improve the rail offer in the North East of England to facilitate the economic ambitions of the region. Through working more closely with those who are charged with developing and delivering improvements, backed up by a shared set of objectives, should facilitate an improved understanding between the various parties of the needs and opportunities to align efforts to maximise benefits and expedite improvements in a timely and coordinated manner.

### 4 Alternative Options available

4.1 The alternative to developing a shared approach is to maintain the current, sometimes ad hoc, arrangements which generally concentrate on a particular

## Transport North East Committee

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projects or piece of work and does not combine a shared effort to improve the overall rail offer.

- 4.2 With the changes to the way the industry will work, it is opportune to agree a common collaborative approach so each party can work to maximise opportunities and work to a common programme of the development and delivery of improvements.

### **5 Next Steps and Timetable for implementation**

- 5.1 Members are requested to support the approach to establishing a core set of common objectives for Rail in the North East of England.
- 5.2 Officers from Network Rail and the Combined Authorities in the North East of England will work up a brochure document to clearly set out the shared objectives and enable the commitment of each party to be publically demonstrable by signing up to the shared approach.

### **6 Potential Impact on Objectives**

- 6.1 Positive impacts should be achieved if the shared narrative and subsequent work programmes are developed and delivered collaboratively. Through aligning shared objectives to rail operations and enhancements for the North East of England, each Combined Authority and Network Rail will be able to work better together to maximise the benefits of known future plans (e.g. HS2 and NPR) as well as developing common route improvement plans to uplift the whole rail network in the North East of England. This should enable the positive development and delivery of enhanced services and stations, to increase rail capacity and connectivity with the twin objectives of assisting with economic growth and improving public transport services.

### **7 Finance and Other Resources Implications**

- 7.1 The shared narrative for Rail in the North East of England will lead towards a mix of national, regional and local development programmes of work which will each have to be fully evaluated and meet funding criteria to enable realisation of the vision.
- 7.2 Through the development of an appropriate partnership structure, the working partnership of local authorities, Network Rail, Rail North Ltd, Transport for the North, and the train operators will enable best use of the scarce rail officer resources within the North East of England to maximum effect.

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### **8 Legal Implications**

- 8.1 The shared narrative and commitments will not be legally binding but it is anticipated that by signing up to the document each party will bear out their commitment through their joint endeavours to achieve the desired outcomes.

### **9 Key Risks**

- 9.1 The key risk is that over time, commitment may wane; a key role of the proposed governance structure will be to ensure this does not happen.

### **10 Equality and Diversity**

- 10.1 The development and delivery of schemes arising from the shared objectives are seeking to enhance connectivity to local, regional and national rail services for all and as such do not negatively impact on Equality and Diversity.

### **11 Crime and Disorder**

- 11.1 Safety and Security are fundamental consideration in the design of new services and facilities and thus impacts will be assessed for individual projects at the appropriate stage of development.

### **12 Consultation / Engagement**

- 12.1 The shared narrative for rail in the North East of England will become a public document once signed off. The document will be developed through the respective Heads of Transport and Network Rail senior management groups.

### **13 Other impacts of the Proposals**

- 13.1 By improving connectivity and capacity to rail travel overall benefits will be accrued with regards the environmental impacts of sustainable rail travel..

### **14 Appendices**

- 14.1 None

### **15 Background Papers**

- 15.1 None

## Transport North East Committee

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### 16 Contact Officers

- 16.1 Tobyn Hughes, Managing Director (Transport Operations)  
[Tobyn.hughes@nexus.org.uk](mailto:Tobyn.hughes@nexus.org.uk)  
0191 203 3203

### 17 Sign off

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

Please use ✓

### 18 Glossary

## Transport North East Committee

**Date:** 8 February 2018

**Subject:** DfT Roads Consultations

**Report of:** Managing Director (Transport Operations)

### Executive Summary

The purpose of this report is to update Members regarding the following points pertaining to two consultations from the Department of Transport.

1. The current Department for Transport consultation on the initial report surrounding the Strategic Road Network (SRN). This supports the future Roads Investment Strategy known as RIS2,
2. The current Department for Transport consultation on the proposed Major Road Network (MRN).

### Recommendations

It is recommended that the Committee:

1. Notes the content and is given the opportunity to comment on the response to the RIS2 which has to be made before this sitting of TNEC on the 8<sup>th</sup> February.
2. Notes that a response will be prepared to the MRN Consultation. As the closing date for the consultation of 19<sup>th</sup> March 2018 is in advance of the next meeting, a draft response will be circulated to Committee Members by email for comment prior to sign-off by the Chair and Vice Chairs.
3. Notes that officers are hosting a policy workshop to draft the responses.

## Transport North East Committee

### 1. Highway England, Strategic Road Network (SRN), Initial Report.

- 1.1 As part of the work into the second Roads Investment Strategy (RIS), Highways England (HE) have launched their SRN initial report which is out for consultation until early February 2018. The second investment strategy will run from 2020-2025. Please see the proposed NECA draft response in Appendix 1.
- 1.2 The purpose of the initial report is to set out the current operation, key challenges and opportunities on the SRN so that investment can be targeted at these priorities. It therefore does not mention schemes at this stage, that will come in the Roads Investment Strategy 2 (which itself will be subject to consultation) later in 2018.
- 1.3 The SRN comprises about 2% of England's Road Network but carries 4million vehicles per day which is about 30% of all traffic in England. The report is focused on a few key themes, around delivering resilience and performance, improved customer service, embracing technology and reducing any negative environmental impacts of the SRN.
- 1.4 HE consider that there are 7 challenges that they need to address through subsequent investments and future RIS schemes may be expected to show how they can address these challenges.
- 1.5 The future network is likely to see a rise in demand in line with population rises (16% over the next 20 years). Whilst car ownership is falling amongst young people connected and autonomous vehicles as well as people driving longer are expected to continue to push up demand.
- 1.6 A mechanism known as designated funds will continue around growth and housing, the environment, cycle safety and integration and air quality. Whilst some ring fenced funds are now full, HE are open to new ideas. The NECA response is seeking an extension of these funds.
- 1.7 HE propose the creation of expressways and smart motorways, the menu of features is available on pages 58 and 59. Essentially this includes grade separation, variable speed limits and lanes and technology such as sensors and cameras. This could lead to potential motorway designation of current dual carriageways.
- 1.8 There are seven investment priorities which HE consider would address the challenges presented in the report,
  - Safety First; Around zero harm through awareness exercises and improvements to infrastructure, commitment towards roadside facilities and technology to enable a quicker response to incidents,
  - Providing better journeys; all around customer experience, reducing the number of road forms that make up the SRN can help improving journey experience. This may not be all about new infrastructure but could include retrofitting existing roads to bring them up to new standards. New schemes will be developed so there is a pipeline of improvements going forward. There

## Transport North East Committee

is also a commitment to increasing traffic officer coverage and reporting and reacting to incidents at a greater pace,

- Extending the life of the network; this surrounds good asset management to maximise the safe life of assets. This may be through decisions on whether it is cost effective to improve existing assets or replace them. As HE now manage their own assets they can be smarter at making these decisions,
- Support Economic Growth; Around recognising the place of the SRN in driving forward economic growth and working with surrounding infrastructure providers It also includes cross working with surrounding highway and traffic authorities,
- Making Roads work for everyone; ensuring that there are wider benefits gleaned from each schemes, such as cycle connections and wider community considerations. This may be more difficult with expressways including when gap closures are being implemented,
- Working more harmoniously with the environment; Includes reducing emissions from the SRN, with more electric vehicle charging infrastructure around the SRN, establishment of a design panel, retrofitting the soft estate,
- Preparing for the roads revolution; Embracing change such as electrification and connected / autonomous vehicles, delivering supporting 5G infrastructure,

1.9 The NECA response as drafted reacts to these trends and notes the challenges faced on the SRN in the North East.

## 2. **Proposals for the Creation of a Major Road Network,**

2.1 Launched by Government on the 23<sup>rd</sup> December this consultation regards the establishment of a Major Road Network (MRN) across England.

2.2 In summer 2017, Government released its Transport Investment Strategy, in this strategy they committed to create a Major Road Network. The purpose surrounded five main objectives, to reduce congestion, support economic growth, support housing delivery, make the network work for all road users and provide resilience for the Strategic Road Network. Please find attached the draft NECA response in Appendix 2 (at the time of writing), Additions to the MRN are proposed and need to be agreed with officers. NECA is hosted a policy workshop with officers across the region in late January to develop the response.

2.3 The Major Road Network is defined by a set of criteria within this consultation, as covered below. The purpose of establishing an MRN is to have a consistent network across the country. MRN roads would be eligible for funding for certain schemes through the National Roads Fund. In addition it will provide clarity on who will support the Government to develop and deliver schemes. It is not intended that any transfer of highway authority responsibilities would occur as a result of this process. The MRN would be reviewed every five years.

## Transport North East Committee

- 2.4 In 2016, the Rees Jeffreys (RJ) Road Fund Study into the creation of a Major Road Network for England was published. Government have committed to use the definitions within the RJ report for the MRN. A response to the RJ report has not been published.
- 2.5 To establish the MRN, Government proposes the use of quantitative and qualitative criteria. The former is taken from the RJ report and is summarised below,
- Traffic flow levels over a prescribed level (measured in Annual Average Daily Flow), exact level to be defined,
  - Roads where traffic flow is greater than a prescribed level but lower than above AND the proportion of HGV's/Light Commercial Vehicles is also greater than a defined level,
  - Baseline traffic data will be updated to define the MRN and only current flows will be used. Previously de-trunked routes will be included.
- 2.6 With qualitative criteria the government propose the following approach,
- Establishing a Coherent Network; Adding up links to join up stretches of road that meet traffic thresholds, removing any isolated links that do not form part of a corridor,
  - Linking Economic Centres; ensuring all towns and cities with a population of 50,000+ are connected, in some cases including towns that fall below this threshold,
  - Connecting all ports and airports not already linked by the SRN,
  - Ensuring access to and resilience of the SRN; Planning accordingly to ensure alternative routes and good access to the SRN,
- 2.7 Using the above methodology the Government has established an indicative MRN which has largely been derived from the work within the RJ report. The North East section of the MRN is included in the response in Appendix 2.
- 2.8 It is noted that Sub-national Transport bodies where they exist are best placed to plan for the investment in the MRN. To this end Transport for the North's proposed remit is to work with local authorities to develop schemes on their networks that have a pan Northern benefit. The evidence base that underpins TfN's Strategic Transport Plan and subsequent TfN corridor studies could be used as the required evidence base to support the MRN as defined and investment decisions.
- 2.9 It is worth noting that Transport for the North through their Initial Major Roads Report suggested a MRN within the North. This looked at the connections of all major economic centres, prime and enabling capabilities as well as future growth areas. At the time of the TfN report the TfN MRN was more substantial than the DfT version and this appears to have continued. The TfN MRN for the North East is included in Appendix 2.
- 2.10 Based on the proposed network, Sunderland is not connected via the A1231 or A690 as well as Northern Spire. There are no connections into South Tyneside east of the

## Transport North East Committee

A19, including no Port of Tyne connection. The A167 through Gateshead is missing, we have sought to include this in TfN's Investment priorities. The A697 through Northumberland not defined.

- 2.11 As the NECA we will likely be responding independently, however it is recommended that due to the evidence base for MRN investment being defined by TfN and the impending statutory status of TfN, our response generally aligns with the TfN response.
- 2.12 MRN funding will be for the development and delivery of schemes and will generally not be provided for evidence base development. Schemes likely to be awarded funding will be circa £20m and over. Most schemes would not exceed £50m and include bypasses missing links, widening, major renewals and junction improvements. The investment assessment is also included on page 35. This links to the original objectives.
- 2.13 The NECA response is being developed with officers and will be cognisant of the TfN response. As the closing date for the consultation of 19th March 2018 is in advance of the next meeting, a draft response will be circulated to Committee Members by email for comment prior to sign-off by the Chair and Vice Chairs.

### 3. Reasons for the Proposals

- 3.1 The reason for the proposals set out above is to achieve greater investment in the highway network.

### 4. Alternative Options Available

- 4.1 Recommendation 1 of this report is that the Committee 1. Note the content of the response to the RIS2 which has to be made before this sitting of TNEC on the 8th February.
- 4.2 Recommendation 2 of this report is that the Committee notes that a response will be prepared to the DfT MRN consultation. As the closing date for the consultation of 19th March 2018 is in advance of the next meeting, a draft response will be circulated to Committee Members by email for comment prior to sign-off by the Chair and Vice Chairs. There does not appear to be a feasible alternative method of responding if a reply is to be submitted by the closing date. As regards the actual content of the response, the possible outline points are attached and the Committee may wish to amend these.

### 5. Next Steps and Timetable for Implementation

- 5.1 The next steps for NECA are as follows:
  - 1. Host a further officer workshop to finalise the response to the consultations.

## Transport North East Committee

2. Respond to the DfT MRN consultation (the deadline for responses is 19<sup>th</sup> March 2018)

### 6. Potential Impact on Objectives

- 6.1 Improved connectivity of the North East to other economic centres is a key objective of the emerging Local Transport Plan. Investment in the ECML will improve capacity, frequency and journey times to better connect the whole of the North East to the rest of Britain.

### 7. Financial and Other Resources Implications

- 7.1 There are currently no direct financial implications arising from this report, although staff resources are being used to respond to consultations.

### 8. Legal Implications

- 8.1 There are currently no legal implications for NECA at this stage.

### 9. Key Risks

- 9.1 There are risks that if the region does not respond the MRN could be ill-defined in the region and the region will lose out on funding

### 10. Equality and Diversity

- 10.1 The development and delivery of the emerging schemes aim to improve road connectivity for all and as such do not negatively impact on Equality and Diversity.

### 11. Crime and Disorder

- 11.1 There no crime and disorder implications to consider in this report.

### 12. Consultation/Engagement

- 12.1 Network Rail are consulting on their East Coast Route Study, to which NECA will submit a response.

### 13. Other Impact of the Proposals

- 13.1 Not applicable.

### 14. Appendices

- 14.1 None

### 15. Background Papers

## Transport North East Committee

- 15.1 Shaping the future of England's strategic roads (RIS2)  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/666965/shaping-the-future-of-englands-strategic-roads.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/666965/shaping-the-future-of-englands-strategic-roads.pdf)

Proposals for the creation of a Major Road Network  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/670527/major-road-network-consultation.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/670527/major-road-network-consultation.pdf)

### 16. Contact Officers

- 16.1 Tobyn Hughes, Managing Director (Transport Operations),  
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Tel: 0191 203 3203

### 17. Sign off

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

### 18. Glossary

**Strategic Road Network (SRN)** – nationally significant roads used for the distribution of goods and services, and a network for the travelling public. In legal terms, it can be defined as those roads which are the responsibility of the Secretary of State for Transport. The SRN is managed by Highways England.

**Trunk road** - Any road on the SRN is known as a trunk road.

**Major Road Network (MRN)** – on a national basis, the SRN plus a further network of strategic local authority-controlled “A” Roads identified in the report “A Major Road Network for England”. On a North of England basis, a network of roads of pan-Northern significance identified by Transport for the North.

**National Roads Fund** – originally announced by the Chancellor of the Exchequer in the 2015 Budget to pay for the upkeep of “strategic highways” in England. According to “Transport Investment Strategy - Moving Britain Ahead” (see 15.1 above) “from 2020/21 the Government has guaranteed that all revenue raised from Vehicle Excise Duty (VED) in England will be allocated to a new National Roads Fund and invested directly back into the road network, providing stable funding that will allow us to maintain levels of investment.” As described in 1.4 above, the government will consult on proposals to allocate a proportion of the National Roads Fund to the MRN.

## Transport North East Committee

**TfN: Transport for the North (TfN)** is a partnership of public and private sector representatives working with central government and national transport bodies to develop and deliver strategic transport infrastructure across the North of England including the NECA area. Through the Cities and Local Government Devolution Act 2016, TfN is now the UK's first statutory sub-regional transport body. It is a Statutory Partner to the Department for Transport, Highways England, and Network Rail to ensure that the North's pan-Northern strategic transport priorities are delivered.



**North East Combined Authority response to**

**Department for Transport,  
Roads Investment Strategy 2,  
Strategic Road Network, Initial Report  
February 2018**

**Contact for any queries/comments regarding this response:**

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*Seven Councils Working Together*

Durham County Council • Gateshead Council • Newcastle City Council • North Tyneside Council  
Northumberland County Council • South Tyneside Council • Sunderland City Council

## **Background to the NECA and this response**

The NECA was created in 2014. It is a legal body that brings together the seven councils which serve County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland.

In 2016, the NECA consulted on its Transport Manifesto, the precursor to the full Strategic Transport Plan (which we intend to publish as a draft for public consultation in 2018). There were over 1,700 responses to the Transport Manifesto consultation from a wide range of individuals and organisations across the North East.

Nexus is the Tyne and Wear Passenger Transport Executive and provides, plans and promote public transport in Tyne and Wear. Transport operations are administered in Northumberland and County Durham are administered by the respective local authorities.

The NECA is also a partner of Transport for the North and is engaged in its activities around integrated and smart travel across the North. The NECA is also a member of the Urban Transport Group who have responded separately to this consultation and the NECA comments are consistent with theirs.

This response covers the ten identified questions within the consultation.

## **General Comments**

The North East is home to two million people and the economy generates over £37bn per year. NECA and the North East LEP have ambitious growth plans to deliver 100,000 new jobs to the economy by 2024, increase the number of better or skilled roles to 70% and focus on six key areas of activity from innovation, skills to transport and connectivity. Underpinning the success of the region's Strategic Economic Plan and the achievement of the objectives of the Northern Powerhouse Independent Economic Review (NPIER) is a high-quality integrated and sustainable transport network. This ensures journeys can be made quickly and easily within the NECA area and to the wider north, rest of the country and beyond.

A high quality road network that enables economic growth is crucially important. The North East is soon to get its motorway link to London with upgrades to the A1M and junction schemes are being planned / are underway in the region which add capacity and resilience to the highway network.

The NECA has developed with Transport for the North (TfN) the Strategic Transport Plan which sets out some of the investments which are needed. This NECA is keen that such investments are brought forward within the recommended timescales and looks forward to working with the Department for Transport, Highways England and partners into the next roads period to make this happen.

## **Response to the Consultation**

***Question 1: Do you think Highways England's proposals will deliver what users of the SRN want? If not, what could be done differently?***

The ability to manage the network effectively by responding to incidents is incredibly important. As such ensuring operational funding is enhanced is supported by NECA.

The plan talks heavily around the delivery of expressways and smart motorways. NECA recognises is supportive of gap closure schemes and improvements where they drive up safety, but suitable alternatives must be implemented for those accessing the main carriageway from side roads or for non-motorised vehicles / pedestrians.

Enhanced camera and detection equipment to respond to incidents is supportive, cameras should continue to be available to view online / through smartphone applications together with variable messaging signage. The VMS network should ideally be increased with coverage of junction numbers and place names to describe journey times or incidents.

With the advent of more smart motorways and expressways, NECA is a strong advocate of increased awareness campaigning. These should perhaps include regional events linked to the roll out of more smart motorways and expressways.

The general approach to placing the user or customer at the heart of the initial report is supported. It is a recognition that of the importance of the SRN to the operation of the country. The five key aims of RIS2 (Economy, Network Capability, Safety, Integration and Environment) are important and appropriate for investment going forward. NECA has provided further commentary on these aims through the questions below.

***Question 2 Do you think Highways England's proposals will deliver what businesses want? If not, what could be done differently?***

An efficient network with stress free journeys applies equally to the businesses that rely on the SRN as it does to other traffic. Advanced warning of roadworks in a format similar to that given for incidents on the network would be useful.

When planning diversion routes, as is normally expected, care should be taken to ensure that these are suitable for HGV traffic.

The freight platooning trials recently announced by government could impact on the way freight is transported on the SRN. Highway design changes may be needed where such operations are possible and this should be factored in. This may necessitate additional signage and gantry information for other road users.

The commitment towards increased and improved roadside facilities are welcomed. These should be adequately spaced and include safe and affordable space for

goods vehicle to park overnight. This should be referenced in plans for funding for roadside facilities.

***Question 3: Do you think Highways England's proposals meet the needs of people affected by the presence of the SRN? If not, what could be done differently?***

Those living on or near the SRN or indeed those who need to traverse it, often can have a very different perception of the network to road users travelling along it. The RIS 2 should seek through a variety of measures to break down the barrier like effect of the SRN and mitigate any impacts that it may have socially, economically and environmentally.

To some extent this is being implemented with the design of new schemes factoring in non-motorised use across the highway and designated funds have a strong role to play. Strong community participation through the design and planning process is required and this should be committed to through the RIS. This participation at a variety of levels can help to understand and address concerns raised by local members of the community.

Noise and air quality mitigation should be implemented particularly in identified hotspot locations. Highways England should continue to work with surrounding authorities to deliver a coordinated plan around any required environmental mitigation measures on the highway network.

As identified in question 1, with the advent of smart motorways and expressways any gap closures should be carefully planned with grade separation junction schemes implemented, where this is not possible, diversion routes should be agreed with the local authority and communities it will affect.

***Question 4: Do you agree with Highways England's proposals for: • Four categories of road and the development of Expressways (Initial Report sections 4.4.3 and 5.3.6) • Operational priorities (Initial Report section 5.1) • Infrastructure priorities (Initial Report section 5.2) • Enhancement priorities (Initial Report section 5.3) • A local priorities fund (Initial Report section 5.3.8) • Future studies (Initial Report section 5.3.11) • Designated funds (Initial Report section 5.4) • Performance measures and targets (Initial Report section 6.3) If you disagree with any of these, what could be done differently?***

The four categories of road (Smart motorways, motorways, expressways and all-purpose trunk roads) are appropriate as a concept to ensure consistency of the SRN. Where there are transitions on a piece of road, this should be clearly defined and demarcated, for example a motorway transitioning into a smart section.

It is welcomed that there are no rigid definitions of each with the common features plans as shown on pages 58 and 59.

NECA welcomes the move to build a better picture of the condition of assets on the highway network. As we have seen in the context of the Coalhouse to Birtley scheme, decisions on renewing a bridge or replacing it should be made on a variety of factors including on what is most cost effective and least disruptive to the wider highway network.

As explored in the environment section the soft estate is a significant asset alongside the SRN. Highways England should continue to work with neighbouring authorities to ensure it achieves local biodiversity aims as well as suitably mitigating the impact on the SRN.

The approach to undertake strategic studies in order to define investment is considered sensible. The NECA looks forward to working with HE to continue the Northern Trans-Pennine studies and take forward studies as identified in Transport for the North's Strategic Transport Plan.

The proposal to ensure smart expressways are developed to the same standard as motorways is welcomed as this will drive up safety standards on our major trunk roads. As is the commitment towards investment in other parts of the network, such as junction schemes to unlock growth and tackle congestion.

The local priorities fund has been a significant success story in enabling schemes including upgrades to roundabouts and junctions to be brought forward. The proposal for a new fund through RIS 2 is welcomed and should be funded by government.

The NECA has provided comments separately to the MRN consultation. The proposal for the creation of an MRN is welcomed, the detail is around the scope of the network and it is critical that HE continues to work collaboratively with the relevant highway authority / TfN in the development and delivery of highway schemes to support the TfN MRN.

The NECA strongly agrees that Designated Funds have an important role to play in both maximising the benefits of schemes and making locally important mitigations. Whether that be opportunities for greening / noise attenuation on identified corridors or communities on either side of the SRN together. From recent HE presentations it is clear that Designated Funds have been a significant success story and NECA request that this is backed up by funds from Government. There should continue to be regular reporting on Designated Funds and a mechanism should be added that there is local input into how these funds are spent.

Additional capital should ideally be added to existing funds in order to deliver schemes, as it is understood the value of some of the funds outstrips the available capital.

On the Wellbeing and the Environment fund, it is understood that HE are beginning trials of noise and air quality attenuation schemes on the network. The NECA looks

forward to the results of these trials and if such schemes could be deployed within the NECA area to address current air quality challenges faced alongside the SRN.

Where planning new schemes, the promoters should look to deliver good alternatives for non-motorised users, this will include infrastructure delivered to current standards that provides a high quality signed route alongside and traversing the SRN. It is important that we design away from a hostile environment around the SRN, which doesn't necessarily need to be expensive. In that regard, the NECA considers that the creation of a Strategic Design Panel is a significantly important step.

***Question 5: Are there any other proposals in the Initial Report that you do not agree with? If so, which ones and what could be done differently?***

No, please see comments within the response to question 4.

***Question 6: Do you agree with Highways England's assessment of the future needs of the SRN (Initial Report section 4.4)? If not, how would you change the assessment?***

Investigations into new forms of mobility are continuing apace, as such its only right that HE are looking towards the future of the SRN.

The general context of the focus of future demand, infrastructure and vehicles including advancing technologies around these areas is considered appropriate.

Further action may also be required in terms of technology funding competitions to further encourage advancement in EV or alternative fuelled vehicles to address range anxiety. The NECA commends the current DfT research into future vehicle technology and considers that HE have a role to play in how this is developed on the Strategic Road Network.

The Government can assist in working with national agencies to share data, such as Network Rail and the Train Operating Companies and Highways England and local agencies around traffic feeds. This all helps with making effective journey choices. As an example if a commuter could see that there was heavy congestion on a certain route they may choose to take an alternative or take public transport. It is about combining information in a user friendly way.

To enable the continued growth of ULEV's, DfT / HE should work with the service station operators to ensure a sustainable supply of rapid chargers across the network. Electricity supply upgrades may also be necessary to ensure there is sufficient supply to meet demands for rapid charges. To further combat range anxiety, HE should actively note through their communications mechanisms the status of any charging facilities including any noted problems, similar to what is done currently for fuel stations.

With demand forecasts and the potential for demand to be added to through the development of new and emerging technologies, it is clear that we need to continue

to invest in the SRN, it is encouraging that recent investment is likely to bring an increase in journey times across the North and we are keen for this to continue through the development of the future highway.

There is a big challenge to ensure that the road design enables both Connected and Autonomous Vehicles (CAV) to mix with non-automated vehicles and incidences of freight platooning etc. The future RIS should set out how the network will respond to this challenge, including simple measure such as the position of signage, lane make up and junction designs.

***Question 7: How far does the Initial Report meet the Government's aims for RIS2 (economy, network capability, safety, integration and environment – described in paragraph 2.3)? Which aims could Highways England do more to meet and how?***

The recognition of the SRN's role in delivering economic growth across the country is welcomed. NECA considers that it is critical that such projects gain government support for delivery once they have been fully appraised by TfN.

With regard to environmental impacts the drive to decarbonise the network, meets the plans set out within this document, on mitigation, it is critical that HE work with surrounding partners to integrate environmental plans.

The national air quality monitoring network is a very useful resource to understand and plan for impacts at a far earlier stage.

***Question 8: Do you think there should be any change in the roads included in the SRN (described in paragraph 1.3)? If so, which roads would you propose are added to or removed from the SRN, and why?***

There are no roads that NECA considers should be removed from the Strategic Road Network.

***Question 9: Is there anything else we need to consider when making decisions about investment in the SRN? If so, what other factors do you want considered? Please provide links to any published information that you consider relevant.***

The Strategic Report is a comprehensive document which sets out the key objectives for the SRN into the future. It is clear that its achievement is only possible with a properly funded programme and through working collaboratively with all agencies. NECA requests that there is a greater emphasis through the report on the work by Sub National Transport bodies and how their plans integrate with the Strategic Report and how their plans will be delivered.

***Question 10: Does the analytical approach taken have the right balance between ambition, robustness, and proportionality? If not, what do you suggest we do differently?***

***In addition, in relation to the analytical approach summarised in Chapter 6 and set out in more detail in the strategy document accompanying this consultation:***

The general appraisal technique is considered to be appropriate to assess the schemes emerging.

TfN are leading a piece of work to look at the application of the Highways England models in a more regional context. There are challenges to applying these models in an urban context, therefore NECA wishes to continue to work with HE to find solutions to properly appraise schemes which straddle a strategic and urban context.

***Within this section, we also may wish to raise comments around WebTag and its approach for the NECA.***



**North East Combined Authority response to**

**Department for Transport,  
Proposals for the Creation of a Major Road Network  
December 2017**

**Contact for any queries/comments regarding this response:**

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A high quality road network is critical to the economic growth of the region. As such NECA is strongly supportive of the concept of a major Road Network, which provides consistency in the quality of the network and mechanism in which to secure funding to make investments that will make a significant impact locally.

The NECA has developed with Transport for the North (TfN) the Strategic Transport Plan which sets out some of the investments which are needed. This NECA is keen that such investments are brought forward within the recommended timescales and looks forward to working with the Department for Transport, Highways England and partners to appropriately define the Major Road Network.

It is welcomed that such schemes will be able to apply for funding through the National Roads Fund, to drive up standards on the major roads across England.

### **1. Do you agree with the proposed core principles for the MRN outlined in this document?**

The core principles of an MRN are considered appropriate to the form and function of the emerging network. It is welcomed that these principles are consistent across the current consultations being run by the department.

The NECA firmly welcomes objectives around supporting economic growth and rebalancing the economy and to this extent notes that the MRN must recognise the work by Transport for the North through the Strategic Transport Plan and the identification of a Major Road Network. There must be some synergy between the two and discussions should occur to find this.

### **2. To what extent do you agree or disagree with the quantitative criteria outlined and their proposed application?**

The Department should publish, its own analysis and quality assurance of the Rees Jeffreys Report.

Traffic Flow is a valid proxy that define an initial set of roads that are classified as Major. Within the mix is suggested that the criteria is broadened to capture public transport corridors. This could be noted as roads which carry a defined number of public transport services. In that sense the quantitative criteria should then be applied in a scenario where one or more of the criteria could be met.

Regarding the proposal not to use projected traffic levels, The NECA considers that there should remain a mechanism in which to redefine the MRN based on changes to the highway network. An example could be the future delivery of a relief road scheme, there must be an opportunity to add this once the scheme is committed. As such the MRN should remain fluid.

### **3. To what extent do you agree or disagree with the qualitative criteria outlined and their application?**

There is certainly a need to have a two stage process to recognise local and regional characteristics and deliver a coherent network.

In the spirit of rebalancing our economies we must ensure all of our economic centres are connected to the MRN and in turn to the Strategic Road Network (SRN). The 50,000 threshold applied in an urban context (see page 24) will result in a dense network.

It should be clarified how these criteria will apply, I.e. will a road need to meet all criteria or can it meet a small number. The recent TfN MRN identified key economic centres, which are not simply large(r) towns but also include major industrial and trading areas and enterprise zones. In addition, rather than town population a more appropriate definition is built up area population.

The resilience functionality for the KRN is equally applicable and this should be added. Despite the hierarchical stance being understood, the urban highway network is often a complex one and roads which are KRN may have more of a distribution effect but may not meet the threshold for MRN status. Including an aim of the MRN providing total network resilience will allow urban traffic management functions the ability to effectively plan for their urban road network.

Based on the above criteria, the NECA has a number of comments on the proposed MRN scope within the region which are addressed as part of question 4 below.

Whilst a significant task once identified the department are encouraged to create a single plan of the Key Route Network, MRN and SRN across England. This should be kept up to date and should be searchable. The NECA is content to work further with the department on this item.

Overall the quantitative principles are not unreasonable. However, this definition would appear to punish authorities with lower levels of car ownership and usage or who have achieved significant modal shift away from the car. This is explored further in the eligibility criteria below.

Further to this, DfT should be aware that through the Joint Air Quality Unit Direction to Local Authorities in 2017, many authorities will be considering solutions which significantly change traffic patterns in their area. DfT should consult individually with these authorities to understand how any potential solutions would impact any MRN classification.

***4. Have both the quantitative and qualitative criteria proposed in the consultation document identified all sections of road you feel should be included in the MRN?***

The MRN proposals are consistent with what we have seen previously. As noted in the preamble since the Rees Jeffrey's report was released, NECA has been working on a Key Route Network (KRN). This KRN was recently adopted by the Authority. This has been applied including using criteria around traffic flows, public transport services. As a result of the establishment of the KRN, there are several roads that should be added to the MRN to deliver a coherent network and in the spirit of connecting our largest economic centres. Some of which in addition to the TfN MRN proposals. These include but are not limited to,

- A1231, A183 and A1018 Sunderland Strategic Development Corridor: Provides a key link to the Port of Sunderland. Should include Northern Spire, the new road crossing.
- A194 east of the A19 and the A185 forms a core link to the Port of Tyne (South side operations) including one of the largest car terminals in the country,
- A1061 / A193, Blyth Port connections. In the longer term the emerging Blyth Relief Road should be added to the plan,
- A167, A1-A1, to include the section through Gateshead (Durham Road which provides an alternative to the A1.

- A193 / A187, east of the A19, Important connection to the Port of Tyne (North side operations) including the International Ferry Terminal,
- A697, A1 to Scottish Border, provides an important alternative link to Scotland,
- A68, Corbridge to the A697, connects West and South West Northumberland with the route to Scotland.
- A189 Redheugh Bridge and St James Boulevard / Barrack Road, A184 to A167. This is the main connecting route to the west of Newcastle City Centre.

In addition the above approach would ensure a consistent network with the MRN as defined by TfN, through connecting prime and enabling capabilities in the North.

The final decision on inclusions for national networks may rest with the Secretary of State, but this should not be to override local and regional authorities with detailed understanding of the local network. One way to deliver consistency would be to have subsidiarity as a point of principle, including locally-defined Key Route Networks

***5. Have the quantitative or qualitative criteria proposed in the consultation identified sections of road you feel should not be included in the MRN?***

No the NECA considers all roads should be included within the future MRN and indeed feel that the MRN should better reflect that set out by TfN as part of the Strategic Transport Plan. As shown in Appendix 1, there are a number of roads identified by TfN which have not been translated into the DfT proposed network.

***6. Do you agree with the proposal for how the MRN should be reviewed in future years?***

The proposal is to review the MRN every 5 years. This appears sensible to link it to the refresh of the RIS. Ideally there should be a consultation mechanism set out and timescales for making a decision on any changes.

***7. To what extent do you agree or disagree with the roles outlined for local, regional and national bodies?***

It is significantly important that we have a regional evidence base to underpin the MRN. That is why the NECA considers it is sensible that TfN carries out the strategic role in the studies into current condition and priority investments and potential solutions.

The NECA agrees that local authorities should retain highway authority status for these roads.

In this sense the development of a strong evidence base is reliant on partnership working between TfN, the NECA and the individual local authority. We agree with this approach and look forward to the guidance on the creation of evidence bases.

***8. What additional responsibilities, if any, should be included? Please state at which level these roles should be allocated.***

Whilst the Subnational Transport Bodies (STB) can develop robust analysis into the current network trends, priority investments and potential solutions, the way those solutions are translated into the investment plan is unclear.

If a positive business case is proved for an intervention, the mechanism by which to include this on the investment plan should be set out by the department.

Whilst STB's are not set up currently as delivery agents, having certainty over how a scheme progresses from SOBC to detailed business case and the actors involved would be useful. This is particularly relevant in the context of TfN's highways planning role where they can develop schemes in conjunction with a local authority.

This to some extent is defined as national prioritisation within the text and it would be helpful to have a little more clarity on this process.

Where STBs are multi-regional (ie TfN), consideration should be given to how regional balance can be achieved in any investment programme or prioritisation (as noted earlier in the consultation document relating to regional rebalancing). The prioritisation of regional evidence bases should be clarified in the context of TfN's statutory powers. If evidence is meant to be collected in a way which is as consistent and uniform as possible, then DfT may not even need to take an active role in prioritisation as schemes, they would do this through the auspices of their role on TfN's project boards etc.

A stated aim of the MRN regards providing funding surety over a multi-year period. What it appears to mean in practice is that the Department will decide which schemes are prioritised and which receive funding surety over a 5 year period. This appears to be a similar approach to previous rounds of Large Local Majors or Regional Funding Allocations, just with a set of criteria. As a result the devolution role should certainly be clarified.

**9. Do you agree with our proposals to agree regional groupings to support the investment planning of the MRN in areas where no sub-national transport bodies (STBs) exist?**

N/A

**10. Are there any other factors, or evidence, that should be included within the scope of the Regional Evidence Bases?**

Ideally there should be a recognition within the assessment of the importance of roads across borders. There are a few sections of highway in the NECA area that are capable of being defined as MRN that cross routes into Scotland. When looking at investment this national context should be recognised.

The recognition that developing an evidence base will require significant resources is welcomed. The NECA looks forward to working with the department to understand the requirements in greater detail and to agree a mechanism for this work to take place.

An element of match funding is proposed for any interventions. This is accepted, although clarity would be useful as to how this would work in the context of TfN, would the match come from the subnational level or the local highway authority.

The DfT should set evidence bases on best practice in the TfN Major Roads Report in terms of data and analysis. The DfT should be aware of, and willing to account for, the fact that differing modelling tools are available for different schemes in different regions. While it may have an ambition of receiving schemes at an OBC level (and the candour relating to over-programming on p30 is appreciated), the likelihood is in fact that LAs will be unwilling to spend hundreds of thousands of pounds on modelling if there is no guarantee that any scheme will either be prioritised by DfT. The Department should thus consider whether use of existing modelling tools such as the Highways England RTMs would be appropriate to ensure parity between schemes.

***11. Do you agree with the role that has been outlined for Highways England?***

Highways England are a significant investment partner in the MRN process, given the interface with the SRN. It is only right therefore that they have a remit in the definition and delivery of schemes.

Analytical support is an area where HE could be extremely useful, to ensure that the modelling undertaken for schemes on the MRN is consistent. This could involve developing the existing transport models so they can apply to the MRN. It is recognised that the characteristics of an MRN will differ more significantly than that of the SRN, but it is necessary to have a consistent base.

Delivery support, particularly where schemes interact with the SRN would also be helpful. Access to HE's own design panel to critique schemes may be a helpful addition to look at the provision of improvements for non-motorised users.

***12. Do you agree with the cost thresholds outlined?***

The thresholds look to be reasonable. When setting any threshold, the DfT should be cognisant of any thresholds that will be applied to the local priorities fund through RIS2. These should ideally broadly align as there could be circumstances where a junction scheme is located on both the SRN and MRN, the decision would then need to be taken around the funding package for this improvement.

In this case the lower bound threshold should be reduced to around £15m, this would allow a greater number of schemes to be considered, including major structural repair on the MRN, which would otherwise not be possible to fund. With a higher lower bound, LAs are more tempted to bundle additional, less-crucial elements into packages to simply meet the lower threshold.

The fund is a welcome principle, clarification is sought on the amount of funding that will be available.

***13. Do you agree with the eligibility criteria outlined?***

The eligibility criteria appears consistent with the objectives set out around the form and function and MRN. Notwithstanding this, it is disappointing that standalone public transport / walking and cycling improvement schemes would not be eligible for funding.

Public transport and non-motorised users remain road users and the fund should be able to be applied to improve the network based on the demand presented in that locality. This is a challenge given the diversity of the MRN network, some sections could be linear urban connections and in this scenario the ability to be able to apply for funding for a public transport scheme or walking / cycling as the primary driver would be helpful. This would meet the objective of supporting all road users.

We want to support the transformation of local areas through our ambition: change which will tackle congestion. The only reference to cycling in this document is potential improvements in a town centre after a bypass has been built. This is not cycling change which will tackle congestion

The UK Plan for tackling roadside nitrogen dioxide concentrations (published 2017), notes that bus services can be part of the solution to our air quality problems. Good local bus services encourage people to leave the car at home and use public transport to get to work, school, and to access local services. This document specifically excludes public transport enhancements unless delivered as part of a wider package. The solution to congestion outlined in the eligibility criteria appears to be focused on bypasses and road widening.

An additional eligibility criteria should be: 'Scheme delivered in an area with air quality issues as identified by the 2017 UK Plan for tackling roadside nitrogen dioxide concentrations and will lead to a demonstrable improvement in roadside air quality'. This would demonstrate joined up thinking within Government. Air Quality is under investment assessment criteria but should also be an eligibility criteria.

Without this, there is a risk that all investment in the MRN becomes overly focused on vehicular traffic which does not neatly sit in an urban context.

#### ***14. Do you agree with the investment assessment criteria outlined?***

The assessment criteria contained on page 35, appear reasonable. It would be helpful through future guidance to understand how these criteria will be applied / scored in a business case scenario.

#### ***15. In addition to the eligibility and investment assessment criteria described what, if any, additional criteria should be included in the proposal? Please be as detailed as possible.***

Regarding supporting economic growth, a criteria could be added to stipulate that any scheme must meet the objectives of the locally / regionally defined transport plans that exist.

In a NECA context this would be related to the emerging Transport for the North Strategic Transport Plan and a future regional transport plan.

***16. Is there anything further you would like added to the MRN proposals?***

NECA welcomes the opportunity to comment on the MRN proposals and considers the development of a network is a positive step forward in enabling the more effective planning of major roads across the NECA area.

We look forward to Government's review on the scope of the MRN, clarification of the role of TfN, investigation of the eligibility criteria and review mechanism for the MRN.

## Appendix 1: DfT and TfN MRN, December 2017



## Transport North East Committee

**Date:** 8<sup>th</sup> February 2018

**Subject:** Transport for the North, Strategic Transport Plan

**Report of:** Managing Director (Transport Operations)

### **Executive Summary**

The purpose of this report is to provide an update on the Transport for the North (TfN) Strategic Transport Plan and to note that a draft response will be circulated to Committee Members by email for comment prior to submission on the 17<sup>th</sup> April.

The Strategic Transport Plan (STP) and Long Term Rail Strategy (LTRS) launched on the 16<sup>th</sup> January 2018 via six simultaneous launches, including one at Newcastle International Airport.

They both set out the case for strategic transport investment across the North, noting how this can unlock significant economic opportunities by improving connections of key centres of the North.

The Chair and Chief Executive of TfN have been invited to the TNEC meeting on the 8<sup>th</sup> February to discuss the STP and the future direction of TfN.

### **Recommendations**

The Committee is recommended to

1. Note and given opportunity to comment on the content of the Strategic Transport Plan;
2. Note that a response will be prepared to the Strategic Transport Plan and the Long Term Rail Strategy. As the deadline for responses of the 17<sup>th</sup> April 2018 is before the next meeting of this Committee a draft response will be circulated to Committee Members and Heads of Transport by email for comment prior to sign-off by the Chair and Vice Chairs

## Transport North East Committee

### 1. Background Information

- 1.1 As reported to previous meetings of this Committee, Transport for the North, sought statutory status as a Sub National Transport Body. This was confirmed by way of the signature of the Statutory Instrument on the 22<sup>nd</sup> January which means that TfN will become a statutory body in April 2018.
- 1.2 Alongside this, it produced a draft Strategic Transport Plan and a Long Term Rail strategy. North East officers have been involved in the drafting of both of these reports and earlier comments from this committee and from officers have contributed towards the development of the plans.
- 1.3 The Chair and Chief Executive of TfN have been invited to the TNEC meeting on the 8<sup>th</sup> February to discuss the STP and the future direction of TfN. The plan is available at <http://transportforthenorth.com/stp/>.

### 2. Strategic Transport Plan

- 2.1 The plan has been developed to showcase what investment is needed to deliver pan Northern transformational economic growth. NECA has commented on the plan through its development, this is a formal opportunity to note comments before the plan is submitted to Government for approval. Comments we may wish to make include:
  - Strategic Development Corridors, Welcome that there are corridors recognising North- South and East-West movement in the region. NECA is not comfortable with the name Connecting the Energy Coasts which does not neatly define what this corridor is achieving in the NECA area. An amendment in this area would be welcomed;
  - The NECA welcomes the work to map the enabling capabilities. This plan should be included within the submitted version of the plan;
  - East Coast to Scotland, A key part of this analysis will involve bolstering capacity on the East Coast Mainline in order to facilitate high speed services by HS2 and Northern Powerhouse Rail. It is likely that together with a study of the East Coast Mainline, it will need to investigate the form and function of both the Leamside line and Durham Coast line and this should ideally be mentioned;
  - The achievement of the STP's objective promotion and support of the built environment is to some extent reliant on the strong and sustained integration of this plan with local / 'regional' planning policy and decision making. It is this relationship and the roles and interdependencies that the STP should be clear on;

## Transport North East Committee

- A key point we are likely to consistently raise is that we are supportive of TfN and its work in developing a package of transport projects that collectively could significantly improve the economy of the North. It however relies on Government supporting these projects financially and Government should be doing so, to redress the balance between infrastructure spend in the south and here in the North of England.

### 3. Long Term Rail Strategy

- 3.1. This plan has similarly been developed by officers. It is available at, <http://transportfornorth.com/our-work/rail-franchising-investment/> Further comments we may wish to make include,

- Re-emphasise points around East Coast Mainline (ECML) studies to look at enhanced capacity;
- Looking at the form of the Durham Coast Line (DCL) and capacity / line speed upgrades;
- Improving line speeds on the Tyne Valley line and increased calling patterns for stations in Northumberland and potential new stations;
- Delivering a network which supports freight movements to and from our ports and airports, working to address pinpoints including the ECML around Northallerton;

### 4. Reasons for the Proposals

- 4.1 The reason for this proposal is for NECA to comment on the content of these two plans to TfN officers, to make changes before the final plan is laid before Government.

### 5. Alternative Options Available

- 5.1 Recommendation 1 of this report is that the Committee 1. Note the content of the TfN Strategic Transport Plan (STP) and Long Term Rail Strategy (LTRS).
- 5.2 Recommendation 2 of this report is that the Committee notes that a response will be prepared to the TfN STP and LTRS. As the closing date for the consultation of 17<sup>th</sup> April 2018 is in advance of the next meeting, a draft response will be circulated to Committee Members by email for comment prior to sign-off by the Chair and Vice Chairs. There does not appear to be a feasible alternative method of responding if a reply is to be submitted by the closing date.

### 6. Next Steps and Timetable for Implementation

- 6.1 The next steps and timescales are set out in 2.1 above.

## Transport North East Committee

### **7. Potential Impact on Objectives**

- 7.1 Improved connectivity of the North East to other economic centres is a key objective of the emerging Local Transport Plan. Investment in the ECML will improve capacity, frequency and journey times to better connect the whole of the North East to the rest of Britain.

### **8. Financial and Other Resources Implications**

- 8.1 There are currently no direct financial implications arising from this report, although staff resources are being used to respond to consultations.

### **9. Legal Implications**

- 9.1 There are currently no legal implications for NECA at this stage.

### **10. Key Risks**

- 10.1 There are risks that if the region does not respond the plans would not include all NECA asks making it more difficult to plan and deliver projects going forward.

### **11. Equality and Diversity**

- 11.1 Many of the measures likely to be advocated by the plans would, if implemented, assist the Combined Authority in promoting greater equalities and diversity in the region's transport system.

### **12. Crime and Disorder**

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

### **13. Consultation/Engagement**

- 13.1 This is a public consultation and NECA officers will attend the workshops being held by TfN to gauge further thoughts.

### **14. Other Impact of the Proposals**

- 14.1 Not Applicable.

### **15. Appendices**

- 15.1 None

### **16. Background Papers**

- 16.1 None

### **17. Contact Officers**

- 17.1 Tobyn Hughes, Managing Director (Transport Operations) 0191 203 3246  
[tobyn.hughes@nexus.org.uk](mailto:tobyn.hughes@nexus.org.uk)

### **18. Sign off**

- Head of Paid Service: ✓
- Monitoring Officer: ✓

## **Transport North East Committee**

- Chief Finance Officer: ✓

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## Transport North East Committee

**Date:** 8 February 2018

**Subject:** Capital Programme Monitoring Report

**Report of:** Chief Finance Officer

### **Executive Summary**

The purpose of this report is to provide the Transport North East Committee with an update on the 2017/18 Transport Capital programme at the end of the third quarter of the year. This is a requirement of the NECA constitution and is a function delegated to TNEC.

### **Recommendations**

The Transport North East Committee is recommended to note the content of this report.

## Transport North East Committee

### 1. Background Information

- 1.1 In January 2017, NECA's capital programme for 2017/18 was agreed by the Leadership Board, totalling £128.052m of which £85.148m related to Transport projects. The programme was reviewed in light of the 2016/17 outturn and developments during the financial year with a report to Transport North East Committee reporting a revised budget of £72.368m. An update at the end of the third quarter is set out in the report.

### 2. Proposals

#### 2.1 Transport Capital Programme – 2017/18 Update

- 2.1.1 Elements of the transport programme have been revised since November budget monitoring report for quarter two with the position at the end of quarter three now totalling £73.943m. Expenditure at this stage in the year totals £43.390m, which is in line with expectations. The projected outturn is estimated to be £65.801m, representing 90% of the latest approved budget. Details of revisions to the projected outturn and progress to date is set out in the relevant sections below.

#### 2.1.2

	<b>Budget Reported (Nov Q2)</b>	<b>Latest approved</b>	<b>Spend to Dec 2017 (Q3)</b>	<b>Projected Outturn</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Local Growth Fund Transport Schemes	16.705	16.705	8.896	14.619
Metro Asset Renewal Plan	41.169	41.169	25.130	35.150
Nexus Non-Metro Capital Programme	0.409	0.409	0.294	0.393
Tyne Tunnels	2.425	4.000	1.634	4.000
Other Transport Grants	11.660	11.660	7.436	11.639
<b>Total</b>	<b>72.368</b>	<b>73.943</b>	<b>43.390</b>	<b>65.801</b>

#### 2.2 Local Growth Fund Transport Schemes – 2017/18 Update

- 2.2.1 The forecast expenditure to the year end on Transport schemes within the LGF programme is £14.619m compared with a latest approved budget of £16.705m.
- 2.2.2 Expenditure to the end of quarter 3 is £8.9m. Details of the individual LGF Transport Schemes are shown in the table overleaf. The approved contracted budget for Lindisfarne Roundabout of £2.797m against the forecast spend for 2017/18 reflects accelerated spend in 2016/17. However, there has been some

## Transport North East Committee

slippage reported since quarter two monitoring report on some specific transport schemes:

- Northern Access Corridor – (slippage £0.494m) redesign of scheme due to building acquisitions falling through;
- Local Sustainable Transport Fund Package – some slippage was carried forward from 2016/17. The latest forecast for the whole programme for 2017/18 is £1.165m, which includes significant spend on Newcastle Cycle Scheme which is not yet contractually complete and may be therefore at risk of slippage of some slippage.
- A185/A194/A19 Arches – (slippage of £2.1m) slipped to avoid conflicts with a third-party scheme;
- A19 North Bank of Tyne (Swans) Stage 2 – (slippage £1.322m) re-phasing of work to improve co-ordination with other major highways works.

LGF expenditure in relation to the above transport schemes will be re-profiled into 2018/19.

### 2.2.3

Scheme	Approval Status	2017/18 Approved Budget	2017/18 Forecast	Spend to Date
		£m	£m	£m
Lindisfarne Roundabout	Approved	2.797	1.989	1.989
Northern Access Corridor Ph 2&3 Stage 2	Approved	1.025	0.531	0.498
Northern Access Corridor Ph 2&3 Stage 1	Approved	0.000	0.308	0.308
Local Sustainable Transport Fund Package	Approved	0.274	1.165	0.448
A19 employment corridor access improvements (North Tyne)	Approved	2.762	2.653	2.381
A191 junctions including Coach Lane and Tyne View	Approved	0.000	0.011	0.011

## Transport North East Committee

Park				
A1056-A189 Weetslade roundabout improvements and A1-A19 link (A1058)	Approved	0.000	0.893	0.510
Scotswood Bridgehead – Stage 1	Approved	0.000	(0.045)	0.000
Sunderland Low Carbon Zone	Approved	0.000	0.297	0.297
A1058 Coast Road	Approved	2.395	2.458	1.309
Horden Rail Station	Approved	0.560	0.343	0.179
A185/A194/A19 (The Arches) – Stage 1	Approved	0.138	0.142	0.139
A185/A194/A19 (The Arches) – Stage 2	Approved	3.432	1.289	0.513
Metro Enhancements	Approved	1.000	1.000	0.000
Blyth Cowpen Road	Approved	0.000	0.215	0.211
A19 North Bank Tyne (Swans) – Stage 2	Approved	2.322	1.000	0.103
A19/A189 Seaham Murton interchange	Pipeline	0.000	0.100	0.000
Newcastle Central Station Gateway	Pipeline	0.000	0.270	0.000
<b>Total</b>		<b>16.705</b>	<b>14.619</b>	<b>8.896</b>

### 2.3 Metro Asset Renewal Plan (ARP) – 2017/18 Update

- 2.3.1 The Leadership Board approved the Metro Asset Renewal Plan (ARP) capital programme for 2017/18 in January 2017 totalling £41.686m. This is the eighth year of the eleven-year ARP programme.

## Transport North East Committee

2.3.2 The requirement from DfT is that Nexus achieves at least a minimum level of expenditure and no more than a maximum level of expenditure in any one financial year (which for 2017/18 was initially set at £29.710m and £36.377m respectively). The 2017/18 capital budget therefore included an over programming level of over 25%.

2.3.3 Since the capital programme was approved in January 2017, the Committee approved an increase in the value of the programme to £45.011m in July 2017, largely to reflect expenditure in respect of projects carried forward from the prior year together with the inclusion of non-ARP funded works, particularly the replacement of Killingworth Road Bridge which is being funded mainly from Highways Challenge Funding.

Since the July 2017 meeting, there has been an overall reduction in the value of works being executed in the current year to £38.338m, despite the recent approval by the Leadership Board of Local Growth Funding for the Metro Maintenance and Renewals Skills Centre which is being built in South Shields town centre. This reduction relates to changes to the delivery of a small number of large projects, in particular:

- The replacement Radio and Rail Traffic Management System (RTMS) projects (£2.4m), where delays in obtaining Network Rail product approval for the new Radio system have pushed delivery of both into 2018/19
- Track renewals between Gateshead Stadium and South Shields (£6.5m), where a different configuration of the works being undertaken in order to minimise passenger disruption and achieve efficiencies is now being progressed. This involves packaging the renewals work separately to the refurbishment work with delivery now scheduled to commence in 2018/19 and continuing into 2019/20
- Rail Vehicle Accessibility Regulations works (£0.7m), where an application to DfT has been made to establish whether these works are required in view of the plan to replace the Metro fleet
- Replacement Point Motors (£0.8m), where the lead time for securing components and the access to the network has partly delayed the project to next year

## Transport North East Committee

- Overhead Line replacement, which has been re-profiled to future years to allow for delivery timescales of materials (£1.4m).
- The re-phasing of halt station works into 2018/19 to maximise value for money in implementing the works (£1.4m).

2.3.4 Whilst a number of options have been considered to bring forward and accelerate delivery of some projects from later years in the programme discussion with DfT established that their preference, as well of that of Nexus was to re-profile grant funding so as not to jeopardise efficiency of delivery. As a result, DfT has authorised a re-profiling of the remaining grant through to 2021 as follows:

Year	2017/18	2018/19	2019/20	2021/21	Total
Current DfT grant profile	£29.7m	£23m	£18m	£18m	£88.7m
Agreed re-profiled grant profile	£24.7m	£23m	£21m	£20m	£88.7m
<b>Change</b>	<b>-£5m</b>	<b>-</b>	<b>+£3m</b>	<b>+£2m</b>	<b>-</b>

In addition, the DfT has also agreed to increase the level of grant which can be vired between financial years from the previous limit of 10% to 20% to provide greater flexibility in the remaining years of the programme.

2.3.5 As a result, the new spending target for 2017/18 is now £27.488m (with a minimum and maximum of £21.932m and £33.043m respectively). This has provided Nexus with the flexibility it needs to ensure it continues its efficient and successful delivery of the Metro ARP up until the end of Year 11 (31 March 2021). Post 31 March 2021 investment is dependent on DfT approval of Nexus' essential renewals business case, which was approved by the Leadership Board in June 2016.

2.3.6 At the end of the sixth of 13 periods (ending 9 December 2017), the Metro capital programme has been revised to £38.338m. In addition to the expenditure being carried forward to future years the budget now also includes the Killingworth Road Bridge replacement and the Metro Maintenance and Renewals Skills Centre (£6.5m).

## Transport North East Committee

- 2.3.7 The movement between the original budget for 2017/18 and the latest budget for 2017/18 can be summarised as follows: -

	£m
Re-phasing from 2016/17, increasing 2017/18 budget	4.6
Accelerated projects (from 2017/18 to 2016/17), reducing 2017/18 budget	(0.1)
Re-phasing from 2017/18 to future years, reducing 2017/18 budget	(14.9)
Accelerated projects (from 2018/19 to 2017/18), increasing 2017/18 budget	1.2
Other changes (largely inclusion of Killingworth Road bridge funded by Highways Challenge funding and Metro Maintenance and Renewals Skills Centre funded by LGF)	5.8
<b>TOTAL</b>	<b>(3.4)</b>

- 2.3.8 Expenditure as at the end of Period 6 is £25.131m.

- 2.3.9 The latest forecast to the year end is now £35.153m; lower than budgeted largely because of savings made in the delivery of track works in the North Tyneside area during the summer of 2017.

- 2.3.10 An evaluation of remaining risks in the programme together with several options to undertake managed re-profiling of expenditure will ensure that the final outturn falls within the DfT's prescribed funding tolerance (which as previously indicated, is required to be at least £21.932m and no more than £33.043m).

At this stage any variation in expenditure against the revised budget that is not forecast to be incurred in the current year will be carried forward into the 2018/19 programme.

- 2.3.11 To 9 December 2017, the following key projects have been progressed:

- Design documentation for the renewal and refurbishment of track from Gateshead Stadium to South Shields station is being evaluated. Work on site is planned to commence in September 2018.
- The contract has been awarded for the South Shields Training and

## Transport North East Committee

- Maintenance Facility – design is progressing for a single building.
- Installation of Radio equipment in Network Rails' Tyneside Control Centre, covering operation between Pelaw and South Hylton has been completed. This will be followed by the installation of on-train equipment – currently programmed to complete in May 2018.
  - Training, testing and monitoring continues for the Railway Traffic Management System (RTMS). A revised programme with the supplier is in place to align with the Radio delivery programme.
  - Refurbishment of five stations on the Airport line (Callerton, Bankfoot, Kingston Park, Fawdon and Wansbeck Road) is progressing with all painting completed and station furniture installed. Lighting improvements are advanced with platform tactile installation and other weather dependent items to follow.
  - Commissioning of multifunctional relays in the Metro power supply progresses - now rescheduled to reduce the risk of operational impact. The work will now continue into 2018/19.
  - The Overhead Line Equipment renewal programme continues with a focus on learning from the recent site works to ensure the delivery programme and possession strategy is optimised. Further contact and catenary wire renewal was completed on 7th January.
  - The full-scale programme to address cable degradation in location cases has commenced following the successful pilot scheme. This will continue for the next 3 years.
  - Tyne Dock station refurbishment is close to completion with VE panel replacement and platform surfacing planned for early 2018.
  - Refurbishment of Monkseaton, West Monkseaton and Cullercoats station is underway by the Nexus Capital Delivery team commencing with damp remediation at Cullercoats station.
  - Detailed design is complete for Shiremoor, Palmersville, Benton and Longbenton station refurbishments. It is planned to undertake this work in mid-2018 using the Nexus Capital Delivery team.
  - Derogation is being sought regarding compliance with Rail Vehicle Accessibility Regulations pending replacement of the Metrocar Fleet – the specification of which will address this issue. A response is anticipated following the end of the consultation phase in January 2018.

## Transport North East Committee

- 2.3.12 Over the quarter, the Metro ARP cost loaded programme shows the following expenditure profile:

	Year to Date	Period 10 Forecast	Period 11 Forecast	Period 12 Forecast	Period 13 Forecast
	£m	£m	£m	£m	£m
In Period Spend		0.90	2.36	2.73	4.03
Cumulative Spend	25.13	26.03	28.39	31.12	31.12

- 2.3.13 The forecast expenditure for 2017/18 is financed as follows: -

	Latest Approved Funding 2017/18 £000	Projected Funding 2017/18 £000
<b>ARP</b>		
Metro Rail Grant (MRP)	24,739	24,739
Local Contribution 10% <ul style="list-style-type: none"> <li>Local Transport Plan (LTP)</li> <li>Reserves</li> </ul>	2,640 109	2,640 109
Over-programming	5,354	2,169
<b>Total - ARP</b>	<b>34,645</b>	<b>31,864</b>
<b>Other Schemes</b>		
<ul style="list-style-type: none"> <li>Highways Challenge Fund</li> <li>Local Growth Fund</li> </ul>	4,496 1,000	4,496 1,000
<b>Total – Other Schemes</b>	<b>5,496</b>	<b>5,496</b>
<b>Total</b>	<b>38,338</b>	<b>35,153</b>

## Transport North East Committee

### 2.4 Nexus Non-Metro Capital Programme – 2017/18 Update

The latest revised budget for 2017/18 is £0.409m, with forecast expenditure at £0.401m, as set out below: -

<b>Nexus Non- Metro Programme</b>	<b>Latest Budget 2017/18</b>	<b>Projected Outturn 2017/18</b>	<b>Period 6 Spend 2017/18</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cycling	69	71	71
Real Time	16	17	14
Wi-Fi	45	30	9
Ferry works	279	275	200
<b>Total Nexus Non- Metro</b>	<b>409</b>	<b>393</b>	<b>294</b>

2.4.2 It had previously been planned to procure a concession for the utilisation of Nexus communications infrastructure with the provision of Wi-Fi facilities during 2017/18. The recent tendering exercise recently ended with no bids forthcoming.

### 2.4.3 Non-Metro Capital Programme Financing

The following table sets out how the Nexus Non- Metro capital programme for 2017/18 will be financed: -

	<b>Latest Approved Funding 2017/18 £000</b>	<b>Projected Funding 2017/18 £000</b>
<b>Grant</b>		
Local Transport Plan (LTP)	77	77
<b>Nexus Contribution</b>		
Reserves	332	316
<b>Total</b>	<b>409</b>	<b>393</b>

## Transport North East Committee

### 2.5 Tyne Tunnels Capital Programme – 2017/18 Update

2.5.1 The vast majority of the Tyne Tunnels capital programme relates to the refurbishment of the Tyne Pedestrian and Cycle Tunnels (Phase 3 Improvement Works). Works are funded from Tyne Tunnels ringfenced reserves and are forecast to total £4.0m at the year end, with £1.634m spend to the end of quarter 3.

2.5.2 The refurbishment works on the Tyne Pedestrian and Cyclist Tunnels is continuing with civil, mechanical and electrical engineering contractors working on site. As reported to November 2017 Transport Sub-Committee, following the removal of the steelwork contractor from the project due to poor performance, delays in the commencement of the installation of the glass elevator by the Italian Contractor have been encountered. This will have an impact on the final completions of the project and a further increase in the cost of the project. A detailed review of the project budget is being carried out, which will include options to reduce costs for consideration by members and options for funding the project.

### 2.6 Other Transport Grants – 2017/18 Update

2.6.1 Local Transport Plan (LTP) Integrated Transport Block grant is a flexible source of capital funding which is awarded to NECA by the DfT. This grant is paid out 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. To the end of Q3, a total of £7.436m had been paid out to the NECA constituent authorities, and the forecast to the year-end remains £11.460m.

2.6.2 NECA acts as accountable body for the North East Smart Ticketing Initiative (NESTI) which is a programme of investment in smart ticketing infrastructure across the wider North East. The programme is delivered by Nexus and the works are funded by NESTI contributions held and managed centrally by NECA. The grant is drawn down at the year end, so expenditure by NECA is currently shown as nil.

2.6.3

	Original approved	Latest approved	Spend to Q3	Projected Outturn
	£m	£m	£m	£m
Local Transport Plan (Less Metro ARP Local Contribution shown above)	11.309	11.460	7.436	11.460
North East Smart Ticketing Initiative	0.000	0.295	0.000	0.179
<b>Total</b>	<b>11.309</b>	<b>11.775</b>	<b>7.436</b>	<b>11.639</b>

## **Transport North East Committee**

### **3. Reasons for the Proposals**

- 3.1 The information contained within this report is provided to the Committee to enable it to fulfil its function of monitoring the NECA's transport capital programme, as delegated by the Leadership Board.

### **4. Alternative Options Available**

- 4.1 This report is provided for information, and the Committee are recommended to note its contents.

### **5. Next Steps and Timetable for Implementation**

- 5.1 The transport capital programme will be monitored for the remainder of the financial year and reported to the Committee at regular intervals, and the outturn position reported following the year end.

### **6. Potential Impact on Objectives**

- 6.1 This report is for information, concerning the transport capital programme of the Authority which supports the meeting of its objectives.

### **7. Financial and Other Resources Implications**

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

### **8. Legal Implications**

- 8.1 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.

There are no legal implications arising from this report, which is for information.

### **9. Key Risks**

- 9.1 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. Detailed operational risk registers are maintained by the delivery bodies responsible for the individual projects and programmes set out in

## **Transport North East Committee**

this report.

### **10. Equality and Diversity**

- 10.1 There are no Equality and Diversity implications arising from this report.

### **11. Crime and Disorder**

- 11.1 There are no Crime and Disorder implications arising from this report.

### **12. Consultation/Engagement**

- 12.1 The Authority's capital programme for 2017/18 comprises previously approved schemes which were subject to consultation as part of the approval process.

### **13. Other Impact of the Proposals**

- 13.1 There are no other impacts arising from this report, which is for information.

### **14. Appendices**

- 14.1 Appendix A – Metro Asset Renewal Plan

### **15. Background Papers**

- 15.1 Capital Programme 2017/18 – 17 January 2017

### **16. Contact Officers**

- 16.1 John Fenwick, Director of Finance and Resources, Nexus,  
[john.fenwick@nexus.org.uk](mailto:john.fenwick@nexus.org.uk), 0191 203 3248

Katherine Laing, Principal Accountant, NECA,  
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### **17. Sign off**

## **Transport North East Committee**

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

## Transport North East Committee

### Appendix A – Metro Asset Renewal Plan

Asset Category	Budgets					Forecasts			
	Original Approved Budget (DfT submission) 2017/18	Amended Programme 2017/18	Approved Programme 2018/19	Approved Programme 2019/2020	Total Budget 2017/18-2019/20	Period 9 Forecast 2017/18	Period 9 Forecast 2018/19	Period 9 Forecast 2019/20	Total Forecast 2017/18-2019/20
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Civils	1,213	1,292	2,072	1,069	4,433	1,194	2,269	1,109	4,572
Communications	2,745	2,656	2,937	115	5,708	2,156	3,408	149	5,713
Level Crossings	0	0	0	0	0	2	0	0	3
Mechanical & Electrical	480	199	260	80	539	128	304	80	513
Metro Cars	1,650	1,650	1,663	1,711	5,024	1,650	3,410	3,410	8,470
Miscellaneous	520	714	1,915	340	2,969	979	1,828	140	2,947
Project Management Costs	150	0	0	1,700	1,700	0	1,600	1,700	3,300
Overhead Line	3,655	3,458	2,796	3,249	9,503	3,215	2,704	3,055	8,974
Permanent Way	21,990	17,059	14,462	7,865	39,386	15,685	13,407	6,622	35,714
Plant	0	6	0	0	6	10	0	0	10
Power	0	148	0	69	217	153	0	0	153
Signalling	6,001	3,015	4,328	991	8,334	2,167	4,117	961	7,246
Stations	3,281	2,689	4,831	2,365	9,885	2,318	6,016	2,822	11,156
<b>Total ARP Programme</b>	<b>41,686</b>	<b>32,887</b>	<b>35,264</b>	<b>19,554</b>	<b>87,705</b>	<b>29,657</b>	<b>39,065</b>	<b>20,048</b>	<b>88,770</b>
Other Projects	0	5,496	6,000	0	11,496	5,496	6,000	0	11,496
<b>TOTAL</b>	<b>41,686</b>	<b>38,384</b>	<b>41,264</b>	<b>19,554</b>	<b>99,201</b>	<b>35,153</b>	<b>45,065</b>	<b>20,048</b>	<b>100,266</b>

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## Transport North East Committee

**Date:** 8<sup>th</sup> February, 2018

**Subject:** Revenue Budget Monitoring Report

**Report of:** Chief Finance Officer

### Executive Summary

The purpose of this report is to provide the Transport North East Committee with an update on the 2017/18 revenue budget, at the end of the third quarter of 2017/18. This is a requirement of the NECA constitution and is a function delegated to TNEC.

As the Transport levies and revenue grants are fixed for the year there is minimal change in the NECA revenue budget itself. In overall terms, net expenditure reported against the NECA element of the Tyne and Wear Transport budget is now forecast at a break-even position.

In terms of the three transport delivery bodies that NECA funds by transport Grants: Durham County Council is forecasting a slight overspend (£0.063m) against the original budget. Northumberland County Council is forecasting an underspend against the original budget (£0.229m) and Nexus is now forecasting a surplus of (£1.950m) as compared with the original budgeted deficit of £1.610m. These latest estimates represent an improvement on the overall position previously reported. These surpluses or deficits against the revenue grant funding from NECA will be retained or funded by the respective body at the year end and have and will be taken into account in funding decisions for future years.

### Recommendations

The Transport North East Committee is recommended to note the position at the end of the third quarter and the forecast for the 2017/18 financial year.

## Transport North East Committee

### 1. Background Information

- 1.1 At its meeting held on 20 January 2017, the Leadership Board approved a Transport net revenue budget for 2017/18 of £84.7m.

### 2. Proposals

#### 2.1 Transport Revenue Budget 2017/18 Update

- 2.1.1 At the end of the third quarter, total expenditure for transport delivery by the three delivery agencies is detailed in the respective sections below. Whether this expenditure is out with or within budget does not affect the transport levy and revenue grants for the year, because these are fixed, with surpluses or deficits being retained or funded by the respective transport bodies at the year end.

2.1.2

	2017/18 Original Budget	2017/18 Forecast	Spend to Date (Dec 17)
	£000	£000	£000
Transport Levy	(84,744)	(84,750)	(63,558)
Grant to Durham	15,477	15,478	11,585
Grant to Northumberland	6,217	6,222	4,663
Grant to Nexus	60,890	60,890	45,668
Retained Transport Levy Budget	2,152	2,160	1,567
<b>Contribution (to)/from NECA Reserves</b>	<b>(8)</b>	<b>(0)</b>	<b>(75)</b>

#### 2.2 NECA Retained Transport Levy Budget 2017/18 Update

- 2.2.1 This budget relates primarily to activity inherited from the former Tyne and Wear ITA (TWITA), as well as some costs such as external audit and the cost of servicing Transport Committees which relate to the whole NECA area. The majority of the budget relates to financing charges on historic supported borrowing debt. Additionally, there is budget provision for Support Services, independent members' allowances and a repayment to the Tyne Tunnels for use of its reserves in 2013/14 to pay off the former TWITA pension deficit.
- 2.2.2 A saving in the contingency budget during the year is proposed to be used to make an additional principle debt repayment contribution in addition to the minimum repayment required. This will result in overall spending in line with the budget for the year.
- 2.2.3 The table below shows expenditure to the end of the third quarter compared to the original budget for the year and the latest forecast for 2017/18. A slight reduction in

## Transport North East Committee

forecast costs for Support Services and the saving in the use of the contingency budget are available to make an additional debt principle repayment, while delivering a balanced budget for the year.

	2017/18 Original Budget	2017/18 Forecast	Spend to Date (Dec 17)
	£000	£000	£000
Support Services	243	223	213
Training, Travel and Subsistence	3	2	-
Independent Members Allowances	5	5	1
Supplies and Services	22	22	22
Contingency	110	-	-
Financing Charges	1,529	1,668	1,151
Repayment to Tyne Tunnels Reserves	240	240	180
Contribution from Levy	(2,160)	(2,160)	(1,620)
<b>Contribution (to)/from Reserves</b>	<b>(8)</b>	<b>(0)</b>	<b>(53)</b>

### 2.3 Durham County Council Transport Levy Budget 2017/18 Update

2.3.1 The forecast for 2017/18 at the end of quarter 3 shows that there will be a small budget overspend for the year of £0.063m against the NECA transport grant. This is due to the following:

- **Subsidised Services (£0.060m over budget)** – this results from additional contract costs and annual price review of contracts.
- **Bus Stations (£0.016m over budget)** – this results from increased Repairs and Maintenance activity and vandalism.
- **Bus Shelters (£0.020m over budget)** – this results from increased repairs and maintenance activity.
- **Staffing (£0.033m under budget)** – this results from vacancy savings.

## Transport North East Committee

2.3.2

	Original Budget	2017/18 Forecast	Spend to Date (Dec 17)	Variation (Budget v Forecast)
	£000	£000	£000	£000
Concessionary Fares	11,738	11,738	8,601	0
Subsidised Services	2,850	2,910	1,319	60
Bus Stations	144	160	332	16
Bus Shelters	19	39	33	20
Passenger Transport Information	89	89	51	0
Staffing	637	604	453	(33)
Share of NECA Transport Costs	5	5	0	0
<b>Net Expenditure</b>	<b>15,482</b>	<b>15,545</b>	<b>10,789</b>	<b>63</b>

## 2.4 Northumberland County Council Transport Levy Budget 2017/18 Update

2.4.1 The latest forecast indicates that the year-end outturn will underspend by £229k in the current financial year for both Concessionary Fares and Subsidised Bus Services.

The main areas of expenditure operated by Northumberland are:

- i) Concessionary Fares – Although claims from operators are received monthly all adjustments to reimbursement rates are made quarterly to ensure that operators are being reimbursed with an accurate overall rate. Based on data received to the end of December 2017, and trends from previous financial years it is forecast that Concessionary Fares will underspend by £83k. A fixed price deal for the period 2017-18 to 2019-20 has been agreed with a major operator, accounting for 75% of concessionary journeys in Northumberland, to allow budget certainty for the authority. An analysis of passenger numbers for the current financial year has been undertaken and this is indicating an estimated 1.5% decrease in usage based on the same period for 2016-17.
- ii) Subsidised Bus Services – The Council supports a range of socially necessary bus services, mainly in the rural North and West areas of the County but also some in the more urban South East. It is forecast that the Council will underspend by £146k at the end of the financial year due to contracts switching to tendered values rather than being supported with Bus Service Operators Grant (BSOG). No new routes are currently being proposed to be

## Transport North East Committee

added to the network to utilise this underspend as current BSOG arrangements cease on 31st March 2018. The Council is currently awaiting an announcement on its replacement and the level of grant that will be received from 1st April 2018.

### 2.4.2

	Original Budget	2017/18 Forecast	Spend to Date (Dec 17)	Variation (Budget v Forecast)
	£000	£000	£000	£000
Concessionary Fares	4,722	4,639	2,819	(83)
Subsidised Bus Services	1,304	1,158	678	(146)
PT Information	28	28	0	0
Staffing	163	163	122	0
<b>Net Expenditure</b>	<b>6,217</b>	<b>5,988</b>	<b>3,619</b>	<b>(229)</b>

## 2.5 Nexus Budget 2017/18 Update

### 2.5.1 Base Budget 2017/18 Update

When approving Nexus' revenue budget for 2017/18, the Leadership Board approved use of £1.610m of reserves in order that Nexus could set a balanced budget and maintain frontline services despite a £1.610m reduction in the grant it receives from NECA. This use of reserves was possible because of a combination of permanent savings that were achieved in the previous financial year and further efficiencies expected in 2017/18.

In November, Committee and the Leadership Board were advised that a combination of base budget and one-off savings meant that the revenue budget position had improved with an estimated surplus of £1.140m being forecast. The latest budget monitor indicates a further improvement, with a surplus of £1.950m now being forecast.

The latest estimate includes ongoing changes to the base budget, which have reduced the Original Budget Deficit from £1.610m to a small surplus, (as reported in November). Although the projection of Metro Income has reduced by £0.6m, this is more than offset by several one-off cost and budget savings, which. has resulted in the latest estimate of an overall surplus of £1.950m

### 2.5.2 The most significant of the changes to the budget estimates are: -

- **Bus Secured Services** – The 2017/18 Secured Services budget was set with

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reference to the 2016/17 budget plus contract price adjustments of £0.300m, mainly to absorb inflationary pressures. However, since the budget was formulated in November 2016, there have been a number of changes totalling £0.750m due to the following: -

- Contract renewals have been in line with the previous year, and in some cases at a lower price;
  - When contract renewals are confirmed, the new contracts included route efficiencies and the merging of some routes into one; and
  - Some services have become commercial and are no longer secured.
- **Concessionary Travel** - A surplus of £0.600m is forecast because of savings accruing from the negotiated agreements Nexus has with various bus operators.
  - **HV Power** - The base budget included a provision for High Voltage Power based on information supplied to Nexus by Npower during the budget setting process which factored in a growth in the electricity cost. However, whilst growth is still expected compared to the previous year, the cost of electricity has recently reduced, resulting in a £0.500m base budget reduction.
  - **Establishment Savings** - The employee base budget has been adjusted to reflect the savings achieved through the reorganisation which took place at the end of 2016/17. This exercise identified savings totalling £0.069m in excess of the (budgeted) target of £0.800m.

2.5.3 The latest estimate includes ongoing changes to the base budget, which have reduced the Original Budget Deficit from £1.610m to a small surplus, (as reported in November). Although the projection of Metro Income has reduced by £0.6m, this is more than offset by several one-off cost and budget savings, which. has resulted in the latest estimate of an overall surplus of £1.950m

### 2.5.4 Forecast 2017/18

The forecast outturn for 2017/18 for Nexus as at the end of reporting period 9 (to 09 December 2017) is a surplus on the budget before taxation of £1.950m. This represents a positive variation of £2.001 against the revised 2017/18 budget deficit.

The period 9 forecast also demonstrates a positive variation of £0.810m against the forecast surplus of £1.140m which was reported as part of the quarter 2 update. The values are detailed in the table below:-

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Service Area	2017/18 Revised Budget	2017/18 Quarter 2 Forecast	2017/18 Quarter 3 Forecast	Variation between Revised Budget and Q3 Forecast
	£m	£m	£m	£m
ENCTS	35.173	34.300	34.157	(1.016)
Discretionary CT	4.627	4.611	4.753	0.126
Metro	4.218	3.966	3.213	(1.005)
Ferry	1.470	1.456	1.445	(0.025)
Local Rail	0.180	0.175	0.169	(0.011)
Bus Services	11.657	11.671	11.637	(0.020)
Bus Infrastructure	1.825	1.769	1.739	(0.086)
Public Transport Information	1.791	1.802	1.827	0.036
<b>TOTAL REQUIREMENT</b>	<b>60.941</b>	<b>59.750</b>	<b>58.940</b>	<b>(2.001)</b>
<b>NECA GRANT (LEVY)</b>	<b>(60.890)</b>	<b>(60.890)</b>	<b>(60.890)</b>	<b>0.000</b>
<b>(SURPLUS) / DEFICIT</b>	<b>0.051</b>	<b>(1.140)</b>	<b>(1.950)</b>	<b>(2.001)</b>

The positive variation of £2.001m between the revised 2017/18 budget and the quarter 3 forecast is due to the following:

- DBTW Outstanding Issues (-£1.016m)**

Prior to the expiry of the Concession Agreement on 31 March 2017 Nexus entered into a Settlement Agreement with DBTW aimed at compensating Nexus for expenditure it might incur in the pursuit of a number of outstanding commercial issues. The balance of funds has been directed to Nexus general funds which is now included in the forecast.

- Metro fare revenue (£1.000m)** – As at period six, it was becoming apparent that fare revenue was likely to be lower than budget by the end of the financial year. Whilst it was too early at that stage to forecast the impact with a high degree of confidence, a range of possible outcomes were provided by the Fares and Revenue Manager which resulted in a predicted fare revenue shortfall for 2017/18 in the region of £0.400m below the budget set of £45.098m.

Now that nine periods have elapsed and forecasts have been re-calculated, the

## Transport North East Committee

fare revenue position has worsened with a shortfall in fare revenue now expected of between £0.800m and £1.200m. As a result, the Metro fare revenue forecast (inclusive of third party sales) has been reduced by a further £0.600m; this will be kept under close review during the remainder of the year.

- **Concessionary Travel clawback (-£0.880m)** – Passenger boardings for 2016/17 were lower than target meaning that Nexus has invoked clawback provisions in its CT agreements totalling £0.880m. This is a one-off item and will not affect the base budget.
- **Metro Extensions (-£0.423m)** – Within the Metro Futures budget for 2017/18 there is a provision for an “extensions” workstream. The latest indications are that maximum expenditure this financial year on the extensions workstream will be £0.450m less than initially envisaged. This is a multi-year project and a profiled budget is being developed as part of the 2018/19 budget setting process.
- **Other (-£0.681m)** - other savings totalling £0.681m have been identified across a range of budgets. The majority of this value can be explained by the following: -
  - A rebate of £0.180m has been received from Npower in respect of over payments made during the 2016/17 financial year. The rebate is a result of a reduction in the unit cost of electricity achieved during the prior year, influenced by the flexible purchasing solution now being offered by NEPO.
  - Establishment efficiencies in various departments as a result of time taken to fill vacant posts has resulted in an estimated saving of £0.235m as at the end of period 9.
  - Outstanding pension issues evident at the beginning of the year pertaining to DBTW, NEMOL and Nexus have now been resolved with a potential £0.261m saving this financial year which has been incorporated into the forecast.

## 2.6 Tyne Tunnels Revenue Budget 2017/18 Update

- 2.6.1 The Tyne Tunnels are accounted for as a ring-fenced account within the NECA budget, meaning that all costs relating to the tunnels are wholly funded from the tolls and Tyne Tunnels reserves, with no call on the levy or government funding. The

## Transport North East Committee

forecast position for 2017/18 against the Tyne Tunnels account shows a surplus position, with a contribution to the ring-fenced Tunnels reserve.

- 2.6.2 The forecast for tolls income and contract payments has been further revised downwards as traffic levels through the Tunnels continue to be lower than previously experienced, which has been the case since commencement of the Silverlink works in August 2016. Toll income is expected to rise again in 2019/20 post works at the Silverlink and further works at Testos Roundabout.
- 2.6.3 The forecast for Employee Costs has reduced significantly as the Tyne Tunnels Monitoring Officer moved to a new position earlier this year. There has been a corresponding increase in the Support Services budget, as the responsibilities associated with this role will be covered through a service level agreement for the remainder of the financial year.
- 2.6.4 The forecast for financing charges has increased compared to the original budget, as it is proposed to set aside an additional voluntary amount for debt repayment, in addition to the required minimum revenue provision. All other forecasts are largely in line with the original estimates.
- 2.6.5 The table below sets out expenditure to the end of quarter 3 against the budget set in January 2017, with a surplus of £0.685m against the account forecast at the year end, which would result in a contribution to the Tyne Tunnels reserve.

	<b>2017/18 Original Budget</b>	<b>2017/18 Forecast</b>	<b>Spend to Date Dec 17</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Tolls Income	(28,000)	(26,296)	(19,126)
Contract Payments	21,400	19,288	13,353
Employee Costs	32	2	2
Pensions	53	54	29
Support Services	90	120	79
Supplies and Services	35	35	33
Community Fund	10	10	-
Financing Charges	6,778	6,996	5,135
Interest/Other Income	(75)	(50)	(10)
Repayment from TWITA	(240)	(240)	(180)
<b>Total contribution (to)/from reserves</b>	<b>83</b>	<b>(80)</b>	<b>(685)</b>

- 2.6.6 The operational management of the Tyne Tunnels is currently carried out by Newcastle City Council on behalf of NECA. For 2018/19 this operational responsibility will transfer to NEXUS using support from Newcastle where necessary, with costs being met from within the Tyne Tunnels budget.

## **Transport North East Committee**

### **3. Reasons for the Proposals**

- 3.1 The information contained within this report is provided to the Committee to enable it to fulfil its function of monitoring NECA's transport budget, as delegated by the Leadership Board.

### **4. Alternative Options Available**

- 4.1 The report is presented for information, and the Committee are recommended to note its contents.

### **5. Next Steps and Timetable for Implementation**

- 5.1 The transport revenue budget will be monitored for the remainder of the financial year and reported to the Committee at regular intervals, and the outturn position reported following the year end.

### **6. Potential Impact on Objectives**

- 6.1 This report is for information, concerning the transport revenue budget of the Authority which supports the meeting of its objectives.

### **7. Financial and Other Resources Implications**

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

### **8. Legal Implications**

- 8.1 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.

There are no legal implications arising from this report, which is for information.

### **9. Key Risks**

- 9.1 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.

## Transport North East Committee

### **10. Equality and Diversity**

- 10.1 There are no Equality and Diversity implications arising from this report.

### **11. Crime and Disorder**

- 11.1 There are no Crime and Disorder implications arising from this report.

### **12. Consultation/Engagement**

- 12.1 The Authority's revenue budget for 2017/18 comprises previously approved budgets which were subject to consultation as part of the approval process.

### **13. Other Impact of the Proposals**

- 13.1 There are no other impacts arising from this report, which is for information.

### **14. Appendices**

- 14.1 None

### **15. Background Papers**

- 15.1 Budget 2017/18 and Transport Levies – 17 January 2017 Leadership Board.

### **16. Contact Officers**

- 16.1 John Fenwick, Director of Finance and Resources, Nexus,  
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### **17. Sign off**

- Head of Paid Service: ✓

## **Transport North East Committee**

- Monitoring Officer:✓
- Chief Finance Officer:✓