

Meeting to be held on Thursday 25 July 2013 at 10.00 am in a Committee Room, Civic Centre, Newcastle upon Tyne, NE1 8QH

(Labour Group pre-meeting at 9:00am) (Opposition Group pre-meeting at 9:30am)

Membership: Curran, Errington, Green, Green, Hobson, Hodson, Lambert, Lott, Maughan, McCarty, McElroy, Miller, Smith, Stone, D Wood (Chairman) and P Wood

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This agenda is available at www.twita.gov.uk

AGENDA

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1.	Apologies for absence	Page
١.	Apologies for absence	
2.	Declarations of Interest of Members or Officers in any matter to be discussed at the meeting	
	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.	Minutes of the Previous Meeting	1 - 12
4.	Petition to the Authority from the Tyne and Wear Public Transport Users Group	13 - 14
ITEMS	S FOR DECISION	
5.	Appointment of Independent Members to ITA Audit and ITA Standards Committees	15 - 16
6.	Tyne Tunnels Concession Toll	17 - 26
7.	Local Transport Plan targets - update report	27 - 46

ITEMS FOR INFORMATION

8.	Outturn and Draft Financial Statements for the Financial Year 2012/13	47 - 66
9.	Revenue Budget Monitoring Report to July 2013	67 - 72
10.	Tyne Pedestrian and Cyclist Tunnels (TPCT) - Phase 3 Improvement Works Update	73 - 76
11.	Investment in local major schemes in the North East	
	Members are requested to note the intention to circulate the above report on a supplemental agenda in accordance with the Provisions of the Local Government (Access to Information) Act 1985.	
12.	2013/14 Capital Programme - First Quarterly Review	77 - 86
13.	North East Smart Ticketing Infrastructure (NESTI) update report to ANEC	87 - 96
14.	Date and Time of the Next Meeting	
	A special meeting to consider the options for the delivery of the Bus Strategy will be held on Friday 26 July 2013 at 10am.	
	The next ordinary meeting will be held on Thursday 26 September 2013 at 10am.	
15.	Exclusion of Press and Public	
	Exclusion of Press and Public under section 100A and Schedule 12A Local Government Act 1972 because exempt information is likely to be disclosed and the public interest test against disclosure is satisfied.	
16.	Confidential Minutes of the Previous Meeting	97 - 98
17.	Concessionary Travel - update	99 - 102



23 May 2013 (10.00 - 11.10 am)

Present:

Councillor: D Wood (Chair)

Councillors: Curran, Green, Hobson, Hodson, Lambert, Lott, McCarty, McElroy, Miller,

Smith, Stone and P Wood

In attendance:

Newcastle City Council:

P Ritchie - Clerk (ITA)
P Woods - Treasurer (ITA)

J Softly - Legal Adviser and Monitoring Officer (ITA)

L Scott - Head of Democratic Services
H Emms - Transport Advisor (ITA)
G Grant - Senior Policy Officer (ITA)

P Fenwick - New Tyne Crossing Project Director (ITA)

E Goodman - Senior Accountant (ITA)

K Christon - Scrutiny Officer
N Whitefield - Press Officer

V Miller - Democratic Services

Nexus:

B Garner - Director General

T Hughes - Deputy Director General/Director of Customer Services

K Mackay - Director of Rail and Infrastructure

L Robinson - Public Relations Manager

1. APPOINTMENT OF CHAIRMAN

RESOLVED – That Councillor D Wood be appointed as Chairman of the Tyne and Wear Integrated Transport Authority for the Municipal Year 2013/14.

2. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Errington.

3. DECLARATIONS OF INTEREST OF MEMBERS OR OFFICERS IN ANY MATTER TO BE DISCUSSED AT THE MEETING

Members declared a personal interest due the following reasons:

- (a) Due to holding the Pop Card:Councillors Curran, S Green and Lott
- (b) Due to holding a concessionary bus pass:Councillors S Green, Lott, McElroy and Smith
- (c) Due to holding the Metro Gold Card: Councillors M Green, McElroy and Smith
- (d) Due to holding a concessionary pass: Councillors Curran and M Green
- (e) Due to having a cycle locker at a Metro Station: Councillor McElroy
- (f) Due to holding a senior railway pass: Councillor Hobson
- (g) Due to holding a permit for the Tyne Tunnels: Councillor Hobson

In response to the previous questions from members in relation to the declarations of interest by members, J Softly clarified the following points:

- If members had a personal interest of a type such as a free travel pass issued by Nexus, they should register it in the public Register of Members' Interests. Once this has been done, members were not obliged to declare this interest at every meeting but could still do so if they wished.
- If members had a personal interest due to holding a travel pass which had been bought by them in the same way as if by a member of the public, they should declare such an interest only if it related to a specific business on the agenda.
- Generally, registration of a personal interest in the public Register of Members' Interest was sufficient to remove the requirement to declare this interest at every meeting of the Authority.

4. MEMBERSHIP OF THE AUTHORITY 2013/14

Submitted: At report of the Clerk (previously circulated and copy attached to Official Minutes).

The report informed Members of the appointments made to the Authority by the constituent Councils for the Municipal Year 2013/14 and advised them to formally confirm the membership of the Authority for the Municipal Year 2013/14. As a point of correction, it was noted that the Conservative member from the North Tyneside was Councillor Ed Hodson.

RESOLVED – That subject to the correction of the North Tyneside Council nominations to read Councillor Ed Hodson instead of Councillor Shirley Mortimer the membership of the Authority for the Municipal Year 2013/14 be agreed as in the report.

5. APPOINTMENT OF VICE-CHAIRMEN

(a) Appointment of Statutory Vice-Chairman

RESOLVED – That Councillor Curran be appointed as Statutory Vice-Chairman of the Tyne and Wear Integrated Transport Authority for the Municipal Year 2013/14.

(b) Appointment of Other Vice-Chairmen

RESOLVED – That Councillors Hobson, Lott and McElroy be appointed as Vice-Chairmen of the Tyne and Wear Integrated Transport Authority for the Municipal Year 2013/14.

6. ALLOCATION OF AREAS OF RESPONSIBILITY OF LEAD MEMBERS

RESOLVED – That the Lead Members' areas of responsibility be agreed as follows:

Economic Development and Regeneration – Councillor D Wood Addressing Climate Change – Councillor Hobson Supporting Safe and Sustainable Communities – Councillor McElroy Freight and Taxi Trade – Councillor Lott

7. APPOINTMENT OF LEADER OF OPPOSITION

RESOLVED – That Councillor P Wood be appointed as Leader of the Opposition for the Municipal Year 2013/14.

8. REVIEW OF CORPORATE GOVERNANCE ARRANGEMENTS

Submitted: A joint report of the Clerk and the Legal Adviser and Monitoring Officer (previously circulated and copy attached to Official Minutes).

Members considered the report which advised them that a review of the Authority's corporate governance arrangements had been carried out and invited them to agree the

minor amendments to the Scheme of Delegations and the Terms of Reference for the Audit Committee as set out in paragraphs 4.1 and 5.1 of the report.

RESOLVED – That:

- (i) the outcome of the review of the Authority's corporate governance arrangements be noted;
- (ii) the minor amendments to the Scheme of Delegations and the Terms of Reference for the Audit Committee as set out in paragraphs 4.1 and 5.1 of the report be agreed.

9. APPOINTMENT OF COMMITTEES AND WORKING GROUPS AND THEIR MEMBERSHIP FOR THE MUNICIPAL YEAR 2013/14; AND APPOINTMENT OF REPRESENTATIVES TO SERVE ON OUTSIDE BODIES FOR THE MUNICIPAL YEAR 2013/14

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

Members considered the report which invited them to appoint committees and working groups as required for the Municipal Year 2013/14, appoint members to those committees and working groups and appoint representatives to serve on the outside bodies.

RESOLVED – That:

- (i) the committees and working groups set out in Appendix 1 be appointed for the Municipal Year 2013/14;
- (ii) the Terms of Reference of the committees and working groups, as set out in Appendix 2, be agreed;
- (iii) the following appointments be made to the committees, working groups and outside bodies:

(a) Delegated Committee

Day and time of meeting: as and when required

Nominations (ITA Lead Members or their substitutes): 3

Political balance: (2+1)

Membership:

Party	Councillor	Special Responsibility
Labour	D Wood	Chair
Labour	Curran	Vice-Chair
Opposition Member	P Wood	

(b) Audit Committee

Day and time of meeting: 3 meetings a year

Nominations (ITA Members): 5 plus 4 independent members

Political balance: (4+1) plus 4 independent members The Committee would appoint its Chair and Vice-Chair

Membership:

Party	Councillor	Independent member
Labour	Curran	
Labour	Lambert	
Labour	Smith	
Labour	Vacancy	
Opposition	Maughan	
Member		
		Mr Scrimshaw
		Mr Clark
		Vacancy*
		Vacancy*

^{*} It was confirmed that work was underway to schedule interviews for the vacancies.

(c) Standards Committee

Day and time of meeting: 3 meetings a year

Nominations (ITA Members): 5 plus 4 independent members

Political balance: (4+1) plus 4 independent members

The Committee would appoint its Chair and Vice-Chair. The Chair would be an

independent member of the Committee.

Membership:

Party	Councillor	Independent member
Labour	Curran	
Labour	Lambert	
Labour	Smith	
Labour	TBC	
Opposition Member	Maughan	
		Mr Scrimshaw
		Mr Clark
		Vacancy*
		Vacancy*

^{*} It was confirmed that work was underway to schedule interviews for the vacancies.

(d) Metro Sub-Committee

Day and time of meeting: 10.30am (with exceptions) on Thursday, 4 meetings a year

Nominations (ITA Members): 8 or Chair/Vice-Chair and 7 substitutes

Political balance: (6+1+1) or substitutes: 7 (5+1+1)

Membership:

Party	Councillor	Special Responsibility
Labour	D Wood	Chair
Labour	Curran	Vice-Chair
Labour	Lott	
Labour	M Green	
Labour	S Green	
Labour	Hobson	
Opposition Member	E Hodson	
Opposition Member	Stone	

Substitute Members: 7 (5+1+1)

Order of priority	Councillor
Labour:	
1	McElroy
2	Smith
3	Vacancy
4	Vacancy
5	Vacancy
Liberal Democrats:	
1	Maughan
Conservatives:	
1	P Wood

(e) Scrutiny Advisory Group

Day and time of meeting: 1pm on 2nd Thursday, 4 meetings a year Nominations: 10 or 11 or 12 (2 representatives nominated by each Council plus, if necessary to ensure two representatives from the Opposition Group, up to two nominations by that Group).

The Committee would appoint its Chair and Vice-Chair.

Membership*:

District Council	Councillor	Party	Special Responsibility
Gateshead (2)		l l	
	Malcolm Graham	Labour	
	Tom Graham	Labour	
Newcastle (2)			
	Stephen Fairlie	Labour	
	Ann Schofield	Labour	
North Tyneside (2)			
	Bill Caithness	Labour	
	John O'Shea	Labour	
South Tyneside (2)		·	
	Richard Porthouse	Labour	

	Bob Watters	Labour	
Sunderland (2)			
	Neville Padgett	Labour	
	Richard Tate	Labour	

^{*} The Opposition Group would seek to nominate up to 2 members

(f) Local Transport Plan Working Group

Day and time of meeting: 10.30am on 2nd Thursday, 4 meetings a year

Nominations (3 ITA Members and 1 representative nominated by each Council): 8

Membership:

ITA Representatives (Nominated by the ITA):

Chair - Councillor D Wood

Vice Chair – Councillor Curran

Opposition Representative – Councillor Stone

Council Representatives (Nominated by the Councils):

Gateshead: Councillor John McElroy Newcastle: Councillor Joyce McCarty North Tyneside: Councillor Jim Allan South Tyneside: Councillor Alan Kerr Sunderland: Councillor James Blackburn

(g) Equality and Diversity Working Group

Day and time of meeting: 10.30am on 3rd Thursday, 2 meetings a year Nominations (3 ITA Members and 1 representative nominated by each Council): 8

Membership:

ITA Representatives (Nominated by the ITA):

Chair - Councillor D Wood

Vice Chair – Councillor Curran

Opposition Representative – Councillor Maughan

Council Representatives (Nominated by the Councils):

Gateshead: Councillor Linda Green Newcastle: Councillor Joyce McCarty

North Tyneside: Councillor Tommy Mulvenna

South Tyneside: Councillor Alan Kerr Sunderland: Councillor Henry Trueman

(h) Bus Strategy Working Group

Day and time of meeting: as and when required, 10.30am on Thursday Nominations (3 ITA Members and 1 representative nominated by each Council): 8

Membership:

ITA Representatives (Nominated by the ITA):

Chair – Councillor D Wood Vice Chair – Councillor Curran

Opposition Representative – Councillor P Wood

Council Representatives (Nominated by the Councils):

Gateshead: Councillor Angela Douglas Newcastle: Councillor Nigel Todd North Tyneside: Councillor John O'Shea South Tyneside: Councillor Gladys Hobson Sunderland: Councillor James Blackburn

(i) Tyne Tunnels Working Group

Day and time of meeting: 10am on Friday, 4 meetings a year

Nominations (ITA Members): 7

The Working Group would appoint its Chair and Vice-Chair.

Membership:

Councillors: D Wood, Curran, Hobson, Lott, M Green, E Hodson, Stone

(j) Council Transport Spokesmen (ITA Members)

Nominations for spokesmen were required for the purpose of answering questions from Members of the constituent Councils on the discharge of the Authority's functions:

Gateshead: Councillor McElroy Newcastle: Councillor D Wood North Tyneside: Councillor Lott South Tyneside: Councillor Hobson Sunderland: Councillor Curran

(k) Outside Bodies

1) Local Government Association

Membership:

Councillors: D Wood, Curran and Stone

2) ITA Special Interest Group

Nominations (Chairman, Vice-Chairman and Leader of Opposition): 3

Membership:

Councillors: D Wood, Curran and Stone

3) North East Local Transport Body

Nominations (the Chairman or, in his absence, the Statutory Vice-Chairman or, in his absence, a Vice-Chairman or other deputy as appointed by the Chairman): 1

Membership:

Councillor D Wood or, in his absence, Councillor Curran

10. CALENDAR OF MEETINGS 2013/14

Submitted: A proposed calendar of meetings for 2013/14 (previously circulated and copy attached to Official Minutes).

RESOLVED – That the Calendar of Meetings for 2013/14 be approved.

11. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting held on 28 March 2013 were approved as a correct record and signed by the Chair.

12. **2013/14 METRO CAPITAL PROGRAMME**

Submitted: A joint report by the Director of Finance and Resources and Director of Rail and Infrastructure of Nexus (previously circulated and copy attached to Official Minutes).

Members considered the report which sought their approval of the revised Metro Capital Programme for 2013/14. The following points were noted during the ensuing discussion:

- Although the resource to redevelop South Shields Metro station had not been secured
 at this point in time, the scheme was a strong scheme and had a good chance of
 success. The scheme was currently at its final stages of development and was subject
 to the prioritisation process by the Local Transport Body (LTB).
- The assessment of the programmes of works, including in relation to the necessity of works and associated risks, had indicated that it was possible to defer the following programmes: earthworks on the line between South Gosforth and Jesmond, works to switches and crossings at Regent Centre and works at Marmion Terrace.
- The stakeholders who had fed back on the Station Investment Programme were local authorities, including elected members.
- The reasons behind the difference between the current level of the over-programming and the one reported in January 2013, were the capacity to deliver the Asset Renewal Plan and also the out-turn position. The level reported in January 2013 was ambitious and no longer achievable. It was also noted that the current level of the overprogramming was healthy; it was advisable to keep it as high as possible.
- Although no renewals had been planned to the permanent way in the Long Benton area in this financial year, its condition would be monitored.
- A member welcomed the investment in Gateshead and invited members to visit the area.

 B Garner expressed his disappointment with the article in The Evening Chronicle in relation to the forthcoming major line closure. He reassured members that a lot of work had been undertaken to prepare for the closure and put measures in place to minimise disruption to customers. Members commented on the successful management of the previous closures.

RESOLVED – That the revised Metro capital programme for 2013/14 as detailed in Appendix A, totalling £40.7 million, be approved.

13. **OFFICER GOVERNANCE ARRANGEMENTS**

Submitted: A report by the Policy Advisor (previously circulated and copy attached to Official Minutes).

Members considered the report which sought their approval of the proposed officer governance arrangements in relation to the Joint Transport Steering Group.

RESOLVED – That:

- (i) the role and remit of the Joint Transport Steering Group, as outlined in Annex A of the report, be agreed;
- (ii) sufficient responsibility be delegated to the Joint Transport Steering Group in order to deliver the purpose of the group as outlined in Annex A.

14. GENERAL POLICY UPDATE

Submitted: A report by the Policy Advisor (previously circulated and copy attached to Official Minutes).

Members noted the report which provided them with a brief overview of the current and emerging national transport policies, funding opportunities and consultations, which had a direct link to transport and the Authority's ability to meet its objectives. The following points were noted during the ensuing discussion:

- In relation to the Better Bus Areas, as in paragraph 3 of the report, officers confirmed that the opportunity to bid for designation as a Better Bus Area was being considered.
- Good progress had been achieved in developing the LTB.
- In relation to the membership of the ITA on the LTB, for the purpose of this and future reports it would be set out clearly that although the Authority was a full voting member of the Local Transport Body, it was represented by the Chairman or, in his absence, the Statutory Vice-Chairman, as agreed by the Authority.
- The Authority, at is full meetings, should receive reports on cycling from the Local Transport Plan Core Team. This is in addition to the reporting arrangements to the Local Transport Plan Working Group.

RESOLVED – That, subject to the amendment of paragraph 16.3 of the report to clarify that the membership of the ITA on the Local Transport Body was represented by the Chairman, the report be noted.

15. TYNE PEDESTRIAN AND CYCLIST TUNNELS (TPCT) - PHASE 3 IMPROVEMENTS WORKS UPDATE

Submitted: A report by the New Tyne Crossing Project Director (previously circulated and copy attached to Official Minutes).

Members noted the report which provided information on the progress achieved to prepare for the Phase 3 improvement works to the TPCT and the associated arrangements to maintain this cross Tyne link for users.

RESOLVED – That the report be noted.

16. **2012/13 CAPITAL PROGRAMME - OUTTURN REVIEW**

Submitted: A joint report by the Treasurer of the ITA and the Director of Finance and Resources of Nexus (previously circulated and copy attached to Official Minutes).

Members considered the report which advised them of the overall performance of the 2012/13 Capital Programme, including its delivery to the end of the financial year. The report covered the diverse range of activities for which the Authority was the accountable body, including the Metro Asset Renewal Plan, Metro Ticketing and Gating, North East Smart Ticketing Initiative (NESTI), Tyne Tunnels, Local Transport Plan Integrated Transport Block Allocation, Nexus/Local Transport Plan Public Transport Allocation, Better Bus Area Fund and the Local Sustainable Transport Fund projects.

RESOLVED – That the position with regard to the 2012/13 Capital Programme outturn, as outlined section 2 of the report, be noted.

17. DATE AND TIME OF THE NEXT MEETING

Thursday, 25 July 2013 at 10am

It was noted that there was a possibility that the Authority would need to meet before 25 July 2013. Relevant information would be circulated to all members in due course.

18. **EXCLUSION OF PRESS AND PUBLIC**

RESOLVED – That by virtue of section 100A and paragraph 3 of Part 1 of Schedule 12 A of the Local Government Act 1972 the press and public be excluded from the remainder of the meeting during the consideration of the following items: the Confidential Minutes of the

Previous Meeting, Concessionary Travel and The Potential Establishment of a Combined Authority, because exempt information was likely to be disclosed and the public interest test against the disclosure had been satisfied.

Agenda Item 4



Tyne and Wear Integrated Transport Authority

REPORT FOR INFORMATION

DATE: 25 July 2013

SUBJECT: Petition from the Tyne and Wear Public Transport Users Group

REPORT OF: Clerk and Head of Democratic Services

PURPOSE OF REPORT

The purpose of this report is to inform members of the petition received by the Chairman of the Authority from the Tyne and Wear Public Transport Users Group.

RECOMMENDATIONS

Members are recommended to note the report.

BACKGROUND DOCUMENTS

Standing Orders

CONTACT OFFICERS

Full name <u>Email address</u> Telephone number

Linda Scott <u>linda.scott@newcastle.gov.uk</u> 0191 211 5159

IMPACT ON OBJECTIVES

To support economic development and regeneration Neutral

To address climate change Neutral

To support safe and sustainable communities Neutral





REPORT FOR INFORMATION

1 Executive Summary

1.1 This report informs members that 27 June 2013 the Chairman of the Authority received a petition from the Tyne and Wear Public Transport Users Group. The petitioners asked that members of the ITA should vote in favour of a Quality Contract Scheme.

2 Background information

- 2.1 In accordance with the Standing Orders, all petitions addressed to the ITA shall be reported to the Authority at its next meeting.
- 2.2 On 27 June 2013 the Tyne and Wear Public Transport Users Group presented the Chairman of the Authority with a petition. The petition states "Petition to our Tyne and Wear Integrated Transport Councillors. We call on our councillors to vote in favour of Quality Contracts at the ITA meeting in May, which will provide the best possible bus service across Tyne and Wear, for public transport users." The petition is inclusive of 1393 signatures.

3 Proposals

3.1 Members are recommended to note the petition and the report.

4 Next steps

4.1 The presenter of the petition will be informed that members have noted the petition.

5 Potential impact on objectives

5.1 Neutral.

Agenda Item 5



Tyne and Wear Integrated Transport Authority

REPORT FOR DECISION

DATE: 23 May 2013

SUBJECT: Appointment of Independent Members to ITA Audit and ITA Standards

Committees

REPORT OF: Head of Democratic Services

PURPOSE OF REPORT

To recommend that the Authority appoints two Independent Members to the Audit Committee and the Standards Committee

RECOMMENDATIONS

To approve the appointment of Mr Rex Winter and Mr Brian O'Doherty as Independent Members of the ITA Audit Committee and the ITA Standards Committee for a two year term expiring at the ITA Annual Meeting in May 2015, pending decisions on the future role of the ITA in the context of the Combined Authority.

BACKGROUND DOCUMENTS

CONTACT OFFICERS

Full name <u>Email address</u> Telephone number

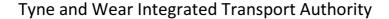
Linda Scott linda.scott@newcastle.gov.uk 0191 2115159

IMPACT ON OBJECTIVES

To support economic development and regeneration neutral

To address climate change neutral

To support safe and sustainable communities neutral





1 Executive Summary

1.1 This report asks members to approve the appointment of Mr Rex Winter and Mr Brian O'Doherty as Independent Members of the ITA Audit Committee and ITA Standards Committee, thereby filling the two current vacancies for Independent Members.

2 Background information

- 2.1 Both the ITA Audit Committee and the ITA Standards Committee have provision for four Independent Members. Following the resignation of two of the Independent Members, the vacancies were advertised in the Journal in March 2013. Two applications from members of the public were received.
- 2.2 Following consultation with members of both committees, an informal panel comprising the Independent Chair of the Audit Committee and the Standards Committee, Mr Mark Scrimshaw and Councillor Curran had an informal discussion with the two candidates for the vacancies on 20 June 2013. They were supported by officers from Legal Services, Finance and Democratic Services. The panel concluded that Mr Rex Winter and Mr Brian O'Doherty should be recommended for appointment. A verbal update was given to both committees at their last meeting on 5 July 2013.

3 Proposals

3.1 This report invites members to appoint Mr Rex Winter and Mr Brian O'Doherty as Independent Members of the Audit Committee and the Standards Committee until the Annual Meeting in May 2015, pending decisions on the future role of the ITA in the context of the Combined Authority.

4 Next steps

4.1 If the ITA agrees the appointments, arrangements will be made for Mr O'Doherty and Mr Winter to receive information on the code of conduct and complete the register of interests.

5 Potential impact on objectives

5.1 Neutral

Agenda Item 6

REPORT FOR DECISION

DATE: 25 July 2013

SUBJECT: Tyne Tunnels Concession Toll

REPORT OF: Clerk, Treasurer and New Tyne Crossing Project Director

PURPOSE OF REPORT

This report proposes to set the Concession Toll at the Tyne Tunnels which would become effective from 1 January 2014 in line with the toll strategy agreed by the Authority on 27 September 2007 (in accordance with the River Tyne (Tunnels) Order 2005 – the 'Order' - as amended by the River Tyne (Tunnels) (Modification) Order 2011 which came into force on 9th January 2012 – the 'Modified Order').

RECOMMENDATIONS

The Authority is recommended to:

- 1. Approve the setting of the Concession Toll pursuant to article 42 of and paragraph 4(1) of Schedule 14 to the Modified Order on the basis set out in paragraphs 3.2 and 3.3 and summarised in paragraph 3.4 of this Report to include determining the level of tolls to be chargeable in respect of any vehicle or class of vehicles; and determining the classification of vehicles or classes of vehicles; and
- 2. Authorise the New Tyne Crossing Project Director to publish the relevant notices and submit the necessary documentation to the Secretary of State, as prescribed in the Modified Order and as described in paragraph 3.1 of this report.

BACKGROUND DOCUMENTS

River Tyne (Tunnels) Order 2005

Report to the Tyne & Wear Passenger Transport Authority titled 'New Tyne Crossing - Procurement' dated 27 September 2007

Project Agreement with TT2 Ltd for the New Tyne Crossing project dated 23 November 2007

Confidential (Business/Finance Information)

River Tyne (Tunnels) (Modification) Order 2011

The River Tyne (Tunnels) (Revision of Tolls) Order 2012

CONTACT OFFICERS

Paul Fenwick Paul.fenwick@twita.gov.uk 0191 211 6058

Paul Woods <u>Paul.v.woods@twita.gov.uk</u> 0191 277 7527

IMPACT ON OBJECTIVES

To support economic development and regeneration Positive

To address climate change Positive

To support safe and sustainable communities Positive

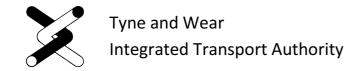
1 Executive Summary

1.1 This report sets out the legal obligation on the Authority to set the 'Concession Toll' and the necessary processes involved in complying with this duty. It also reviews the financial obligations of the Authority to TT2 Ltd, the concessionaire appointed to operate the Tyne Tunnels (TT2). It briefly describes the output of financial modelling undertaken on the projected revenues generated by the approved toll strategy with the corresponding payments to be made to TT2. The report also describes the classification structure TT2 proposed during the bidding process for the concession contract, which was subsequently built into their tolling infrastructure and recommends that this model be adopted in setting the Concession Toll. The report also identifies where there is a mis-match between the TT2 system and the current Tolling Order classification and its implication.

2 Introduction and Background

- 2.1 The Modified Order gives the Authority the powers it needs to continue to charge a toll at the Tyne Tunnels. It introduces the concept of a Concession Toll and specifies the time frame within which it must be set. Once set, the Concession Toll can be adjusted by an amount to reflect actual RPI figures over time. This gives the Authority the ability to match the real toll charged to users with the shadow toll structure built into the New Tyne Crossing Project Agreement (PA). In setting the Concession Toll, the Authority must also set the classifications of vehicles in respect of which the tolls are to be charged.
- 2.1 Prior to setting the Concession Toll, the Modified Order gave Transitional Tolling powers to the Authority to allow the tolls to be raised by increments from the pre Order levels to those required to finance the New Tyne Crossing Project. The Transitional Tolling powers in the Modified Order do not allow alteration of the vehicle classifications which remain as set out in the Tyne and Wear Act 1976 and are based on vehicle weight. The Authority approved the final Transitional Toll increase at its meeting on 27 September 2012 and the tolls were increased on 1 January 2013 under the River Tyne (Tunnels) (Revision of Tolls) Order 2012 ('current Toll Order') to become:-
 - Cars £1.60, increased 20p from £1.40
 - HGVs £2.50, increased 50p from £2.00
 - Permit holders tolls discounted by 10% no change

The increase was in line with the toll strategy approved by the Authority in September 2007



3 Setting the Concession Toll

3.1 Legal Requirements and Programme

Article 42 of the Modified Order gives the Authority the power to charge tolls at the Tyne Tunnels. It specifically excludes a power to charge tolls in respect of the Tyne Pedestrian and Cyclist Tunnels, however. Article 42 of and Schedule 14 to the Modified Order makes it a requirement for the Authority to set the Concession Toll by 25 August 2013. In complying with this requirement, the Authority must:

- Determine the level of tolls to be chargeable from the concession toll date in respect of any vehicle or class of vehicles; and
- Determine the classification of vehicles or classes of vehicles in respect of which tolls may be charged from the concession toll date.

Having done this, the Authority must publish, in at least one local newspaper, a notice stating the level of the tolls and the classification of vehicles or classes of vehicles. The Authority must then submit evidence of setting the Concession Toll and of the public notices to the Department for Transport (DfT) to check compliance with the Modified Order. If satisfactory, the toll Order will then be prepared by the DfT and submitted to the Secretary of State for Transport for signature. Once signed, the Concession Toll Order comes into force 28 days later. The Authority has usually elected to raise tolls on the 1st January for operational reasons and this is reflected in the Project Agreement (PA) with TT2 and the approved toll strategy. To achieve this timescale the necessary documentation will need to be submitted to the Department for Transport (DfT) by 13 November 2013.

3.2 Concession Toll – Quantum

In September 2007 the Authority set the toll structure on which the PA was founded. The final Transitional Toll increase came in to force on the 1st January 2013. The 2007 toll strategy envisaged that the Concession Toll would need to be as follows:

• Cars £1.60 (currently at £1.60)

HGVs £3.20 (currently at £2.50)

• Permit holders 10% discount on the above

Motor-cycles Free (currently free)

Schedule 9 to the PA sets out the Payment Mechanism for calculating the contract

payments to TT2. This is a complex calculation, but in simple terms it relies upon the calculation of a 'shadow toll' multiplied by a figure for car user journeys ("CuJs") which is calculated based on traffic flows for a given month.

Financial modelling was undertaken and completed during 2012 with the assistance of PWC, who have provided financial advice during the project and have considerable experience with the PA and particularly so with the Payment Mechanism. This modelling has taken into account updates to projected inflation, traffic flows and other variables.

The outcome of this modelling work is that the 2007 toll strategy is still considered affordable and appropriate, and the prices set out in that strategy are recommended for the Concession Toll.

3.3 Concession Toll – Classifications

The current Transitional Toll arrangements are based on the vehicle classifications determined pursuant to the Tyne & Wear Act 1976. Those classifications are based on the weight of vehicles with the exception of Class 1 – motor cycle. A Class 2 vehicle is defined as 'mechanically propelled vehicle other than a vehicle in Class 1, having a maximum gross weight not exceeding 3.5 tonnes'. A Class 3 vehicle is defined as 'mechanically propelled vehicle other than a vehicle in Class 1 and 2'.

The Modified Order allows for the classification system to change. The Authority is asked and recommended to approve the new classifications as set out in Appendix A. The reasons behind the changes to the classifications are set out below.

During the procurement process, TT2, now the Concessionaire, indicated that they would be installing a completely new tolling system at the Tyne Tunnels. Their proposed new system would allow TT2 to meet the requirements set out in the bidding documentation issued by the Authority and was later incorporated into the PA. The old tolling system — which was handed over to TT2 on 1 February 2008 — was developed in 2000/01 and did not have the required functionality, particularly in relation to reporting.

The new system was designed in detail in 2008 by TT2, which made assumptions about how vehicles would be classified. The assumptions used were informed by operational and financial considerations and indicated that classification of vehicles should be based on their dimensions and number of axles. Also the classifications were set so as to mimic as closely as possible the current Toll Order's weight criterion: this was for operational reasons during the Transitional Tolling period.

This approach produced an anomaly between the new toll system and the current Toll Order that applies during the Transitional Toll period. High sided light vans are classified

by the TT2 system as Class 3 because their height exceeds 3m. These vans have a maximum gross weight less than 3.5 tonnes and are therefore Class 2 under the current Toll Order. To comply with the current Toll Order TT2 has manually re-classified these vehicles as they arrive on the plaza so that the correct, Class 2 fee is applied.

As permitted under the Modified Order, the classification of these vehicles would be amended once the Concession Toll, as recommended above, came into force. TT2 would no longer need to intervene: these high sided vans would become Class 3 vehicles and be required to pay the appropriate toll of £3.20. TT2 have conducted a brief analysis of the numbers of vehicles potentially affected in this way. Over the period from January - April 2013 the tolls system recorded that there were an average of 90 per week-day and 20 per weekend day paid transactions which were manually reclassified. This equates to 490 out of 290,000 or approx. 0.17% of the total transactions per week.

To move away from the TT2 system in an attempt to address this anomaly would introduce some significant difficulties which could result in TT2 having to make significant modifications to the tolls system software and possibly require new equipment to be installed. This could affect the timing for the introduction of the Concession Toll because of the complexity of such a change and particularly in relation to the interface of the tolls system with other tunnel systems.

It is recommended therefore that in setting the Concession Toll the Authority adopt the dimensional classification system written into the TT2 system and the other classifications set out in Appendix A, which remain unchanged from those in the current Toll Order.

3.4 **Summary**

The Authority is recommended to set the Concession Toll as set out below:-

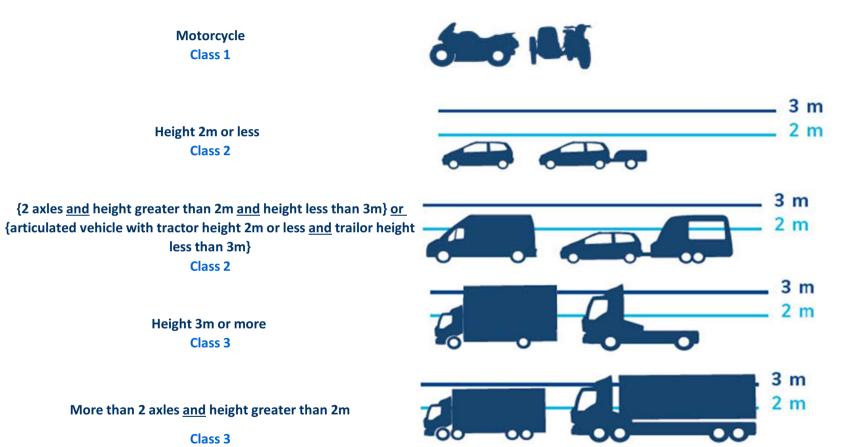
Vehicle Class	Toll	Description	
1	FREE	Motorcycles.	
2	£1.60	Motor vehicles (Cars) 2 axles and height 2m or less.	
		Motor vehicles (Cars /Vans) 2 axles and height less than 3m.	
		Articulated motor vehicles with tractor 2m or less and trailer less than 3m.	
3	£3.20	Motor vehicle 2 or more axles and height 3m or more.	

Permits available for all classifications and subject to 10 % discount.

Next Steps Communication with vehicle drivers/owners that will change classification as set out in 3 above. Publish Toll Notices in at least one local newspaper circulating in Tyne & Wear by 1 November 2013. Dispatch necessary documents to the SoS applying for the Concession Toll. Implement Concession Toll 1 January 2014. Potential impact on objectives Positive impact to all objectives by removal of the congestion at the Tyne Tunnel.

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APPENDIX A



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Agenda Item 7



Tyne and Wear Integrated Transport Authority

REPORT FOR DECISION

DATE: 25 July 2013

SUBJECT: Local Transport Plan targets – update report

REPORT OF: Chair of the Joint Transport Steering Group

PURPOSE OF REPORT

To update Members on the progress towards setting appropriate targets to monitor the effectiveness of delivery of LTP3

RECOMMENDATIONS

Members are recommended to agree the proposed remaining targets for the LTP.

BACKGROUND DOCUMENTS

Previous reports to ITA, 31st May 2012 and 27th September 2012.

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IMPACT ON OBJECTIVES

To support economic development and regeneration Positive

To address climate change Positive

To support safe and sustainable communities Positive





1 Executive Summary

1.1 The report identifies the proposed approach towards setting the remaining targets associated with LTP3. This includes setting specific targets for cycling, road safety and highway condition. A full set of the current targets is provided in Appendix A.

2 Background information

- 2.1 The report to ITA on 27 September 2012 agreed the majority of targets associated with LTP3. However owing to the need for further work it was not possible to provide recommendations for all targets in LTP3. The areas for which targets were not set at that time included:
 - road safety;
 - cycling;
 - air quality;
 - road condition;
 - travel mode of short journeys.

3 Proposals

- 3.1 Further work has identified major difficulties in setting meaningful targets for air quality and travel mode of short journeys. Air quality is covered by separate legislation which effectively dictates the process to be followed in revoking identified Air Quality Management Areas. As such there is little to be gained by the setting of separate LTP targets.
- 3.2 Information on the travel mode of short journeys is not readily available. The collecting of this would be a major additional exercise that would involve significant additional cost. In the current financial climate such expenditure cannot be justified. As a result while monitoring of sources of similar data (e.g. from 2012 Census, LSTF) will continue, the setting of a specific defined target is not appropriate.
- 3.3 Road safety targets are proposed for total number of casualties killed and seriously injured (KSI), slight casualties and child KSI. These seek a reduction in casualties by



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2020 (from a 2005-2009 average baseline) of 35%, 40% and 50% respectively. Achievement of this would see total casualties in Tyne and Wear fall to 2669 by 2020 from a 2005-2009 average of 4400.

Further background on the setting of these targets is provided in Appendix B

- 3.4 The suggested target for cycling is for an increase in the proposed index of cycle counts to 259 by 2021/22, from a baseline of 100 in 2008. Further background on the setting of this target is contained in Appendix C. In addition it is intended to undertake more detailed monitoring of trends in cycling across Tyne and Wear in order to inform better this important area of work
- 3.5 Some difficulty remains in setting targets for road condition, with local authorities still in the process of preparing their Highways Asset Management Plans. As a result it is suggested that an interim target of avoiding further deterioration in road condition is set, pending the availability of further information.

4 Next steps

4.1 As part of the process of reviewing LTP delivery it is prepare a report looking at current trends in LTP targets and indicators. This review is due to commence later this financial year and will provide information on progress towards meeting targets. It will also consider rolling forward those targets in Appendix A with an end date of 2012/13.

5 Potential impact on objectives

5.1 Completion of the setting of targets will assist in the delivery of all the ITA's objectives.



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Appendix A – LTP3 targets

Туре	Measure	Baseline	2021/22	Comment
		(2011/12)	target	
Public transport				
Patronage	Bus patronage	139 million	149 million	
	Metro patronage	37 million	41 million	
	Ferry patronage	0.5 million	0.5 million	
	Heavy rail patronage	1.5 million	1.5 million	
Punctuality and reliability	Punctuality of non-frequent services	89%	95%	National target set by Traffic Commissioner
	Excess waiting time for frequent	0.81 mins	1.25 mins	National target set by Traffic Commissioner
	services			
	Reliability of bus services	99%	99.5%	National target set by Traffic Commissioner
	Metro punctuality	88%	88%	Target to 2012/13
	Metro reliability	99.3%	99.5%	
	Ferry punctuality	99%	99%	
	Ferry reliability	99%	99%	
Accessibility	Access to main centres (daytime)	57%	57%	Maintains current levels
•	Access to main centres (evening)	52%	52%	Maintains current levels
	Access to local centres (daytime)	98%	98%	Maintains current levels
	Access to local centres (evening)	96%	96%	Maintains current levels
	Access to key employment (daytime)	62%	62%	Maintains current levels
	Access to key employment (evening)	41%	41%	Maintains current levels
	Access to general hospital (daytime)	68%	68%	Maintains current levels
	Access to general hospital (evening)	58%	58%	Maintains current levels
	Access to 10 min service (daytime)	57%	57%	Maintains current levels
	Access to 10 min service (evening)	0.2%	0.2%	Maintains current levels
	Access to 15 in service (daytime)	77%	77%	Maintains current levels
	Access to 15 min service (evening)	18%	18%	Maintains current levels
Information	Satisfaction with information provision	92%	97%	Target to 2016/17
Satisfaction	Overall satisfaction with services (bus)	80%	85%	
	Overall satisfaction with services	83%	85%	Target to 2012/13
	(Metro)		1 200/	
	Satisfaction with fares (bus)	58%	68%	



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				REPORT FOR DECISION
	Satisfaction with range of tickets (bus)	76%	85%	
	Satisfaction with fares (Metro)	45%	50%	Target to 2012/13
	Satisfaction with range of tickets (Metro)	75%	78%	Target to 2012/13
Sustainable journeys				
Mode of journey to school	% pupils travelling to school by car	23%	22%	2010/11 baseline. Excludes car share. Further
wide of journey to school	70 pupils travelling to school by car	2570	22 /0	review may be needed based on results of LSTF monitoring
Cycling	Index of cycle trips	100	259	2008 baseline. See s3.4 of main report and Appendix C
Environment				
Climate	CO ₂ emissions per capita (road	Gd 2.3	Gd 2.0	2009 baseline. Based on targets for 2020 to meet
	transport)	Nc 1.5	Nc 1.4	20% reduction from 2005, in line with Covenant of
	, , ,	NT 1.6	NT 1.4	Mayors.
		ST 1.2	ST 1.4	
		Su 1.6	Su 1.4	
Maintenance				
Road condition	Principal road condition	Gd 3	Gd 3	% road where maintenance should be considered.
		Nc 3	Nc 3	2009/10 baseline. Targets interim only pending
		NT 4	NT 4	finalisation of Highways Asset Management Plans
		ST 3	ST 3	(see s3.5 of main report).
		Su 2	Su 2	
	Non-principal road condition	Gd 4	Gd 4	% road where maintenance should be considered.
		Nc 3	Nc 3	2009/10 baseline. Targets interim only pending
		NT 5	NT 5	finalisation of Highways Asset Management Plans
		ST 6	ST 6	(see s3.5 of main report).
		Su 2	Su 2	
Safety and security				
· ·	Killed and seriously injured sesualties	395	266	Recoling is 2005 0 average. Torget is to 2020
Road accident casualties	Killed and seriously injured casualties	390	200	Baseline is 2005-9 average. Target is to 2020. Progress to be calculated on basis of a 3 year rolling average. See s3.3 of main report and



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			Appendix C				
Slight casualties	4005	2403	Baseline is 2005-9 average. Target is to 2020. Progress to be calculated on basis of a 3 year rolling average. See s3.3 of main report and Appendix C				
Child killed and seriously injured	70	35	Baseline is 2005-9 average. Target is to 2020. Progress to be calculated on basis of a 3 year rolling average. See s3.3 of main report and Appendix C				

Appendix B

Road Safety Targets for Tyne and Wear LTP3

Summary

This paper sets out recommended targets for KSI¹, slight and child KSI road safety indicators. Recommendations are based on Government guidance for road safety and traffic growth and recent performance. Recommended targets are:

KSIs 35%Slight casualties 40%Child KSIs 50%

Background and methodology

National targets set by the previous Government for the period 2001-2010 were based on a baseline of the average of the period 1994-1998. The target thresholds applied at both national and local authority level were set as follows:

KSIs 40%Slight casualties 10%Child KSIs 50%

The current Government introduced a Strategic Road Safety Framework in which it set out priorities. Many of these relate to the national situation and to government agencies and the police. Further although a monitoring framework is set out for the national position some of which could be applied locally, no targets are set and limited guidance given.

This report looks at what targets may be achievable for these categories at a Tyne and Wear level given recent performance and a range of possible reductions. The Government framework suggests that 2005-2009 should be used as a baseline for a monitoring framework; this aligns with the principle of the previous target framework and has been used in this instance.

Road casualties have been reviewed in isolation however in reality there is a strong link between traffic and casualty levels. Recent traffic levels have reduced thus supporting the downward trend in casualties; the DfT are currently predicting growth in traffic to return, this will of course be linked to economic recovery. This is taken into consideration in setting casualty targets further, the targets will be reviewed periodically in the future taking into account changes to traffic levels and other factors.

Child KSIs have successfully reduced to very low levels since 2001. If trends continue at current levels then individual authorities would expect almost no child KSIs however given the likelihood that it becomes harder to reduce numbers as they get smaller and that statistical noise becomes more significant this is in practice unlikely. It does however, make target setting for this group harder. At a Tyne and Wear level the number of child KSI will also be low but this level of aggregation makes it slightly easier to set targets. It should be noted that a result in 2020, in close range to the target should be considered acceptable due to this natural variation.

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¹ Killed or seriously injured

For each indicator (KSI, slight and child KSI casualties) a linear trend has been calculated; this is based on the years 2001-2011. A percentage reduction of 40%, 50%, 30%, and 25% with a straight line trajectory has been calculated has been calculated for all indicators; also 10% for slight and child KSI and 35% for KSIs.

It is also possible to calculate a target based on the individual targets of each authority. This approach has been considered but it inevitably produces a more cautious target because of the combined caution likely across each authority. Therefore targets calculated for Tyne and Wear as a whole are preferred.

Due to the natural variability in the figures, particularly the child KSIs a three year rolling average (e.g. 2018-2020) is used to calculate the result. This helps account for annual variability.

The targets will be reviewed at the end of each LTP delivery plan period.

KSIs

Table 1 shows a summary of trend information relating to KSIs. This suggests that reductions in KSIs continue at the current rate and then by 2020 the number of KSIs will be 245. This lies between a 40% and 30% reduction in casualties and suggests that a 35% reduction would be a reasonable target only slightly above the likely trend. This is shown in Figure 1.

Table 1 KSI summary

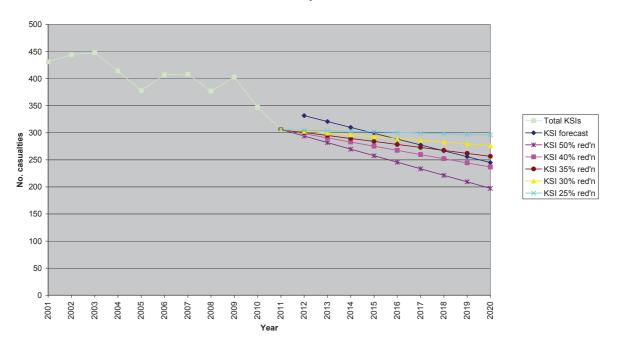
1 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4										
	Total		50%	40%	30%	25%	35%			
Tyne & Wear KSIs		Forecast	red'n ²	red'n	red'n	red'n	red'n			
2011 actual	306									
2005-09 average										
2020 forecast (possible target)		245	237	276	296	197	266			
2020 % reduction over 2005-'09 average		38	40	30	25	50	35			
2020 % reduction over 2011		20	23	10	3	36	16			

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² reduction

Figure 1 KSI forecast





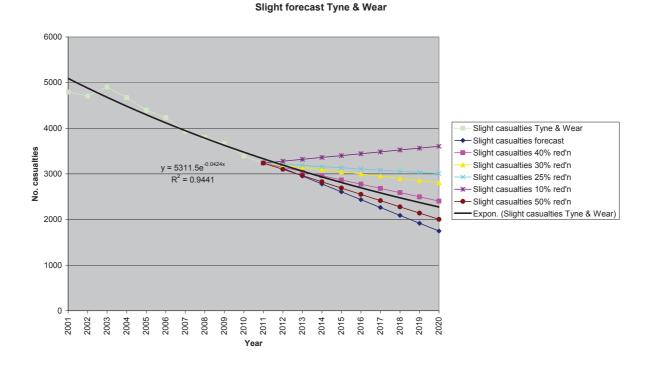
Slight casualties

Table 2 shows a summary of the slight casualty trends. The linear trend suggests a reduction by 56% to 1746 and this would be a significant reduction. Figure 2 shows this trend and also an exponential forecast, this gives a slightly better fit than the linear trend. A forty percent reduction would align with these trends and assume a moderate position given that traffic is likely to grow by 2020.

Table 2 Slight casualty summary

	Total		40%	30%	25%	10%	50%
Tyne & Wear Slights	Slights	Forecast	red'n	red'n	red'n	redn	red'n
2011 actual	3237		3237	3237	3237	3237	3237
2005-09 average	4005						
2020 forecast (possible target)		1746	2403	2804	3004	3605	2003
2020 % reduction over 2005-'09 average		56	40	30	25	10	50
2020 % reduction over 2011		46	26	13	7	-11	38

Figure 2 Slight casualties forecast



Child KSI

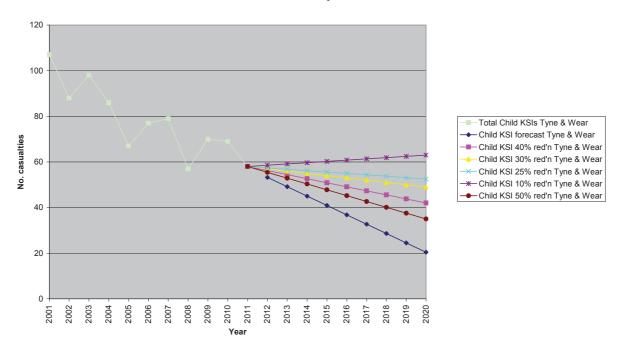
Table 3 shows a summary of the forecast for child KSIs. As discussed above this relatively low level of casualties is more volatile and harder to forecast than the other indicators. The linear trend for child casualties forecasts a 71% reduction over the '05-'09 baseline and although this trend has a reasonable fit it is considered too high a target. Figure 3 shows the trajectory of a range of percentage reductions. A continuation of 50% reduction the same as the previous target, would seem acceptable as the target given that it is not as extreme as the forecast trend but is still a challenging value.

Table 3 Child forecast summary

Tyne & Wear Child KSIs	Total Child KSIs	Forecast	40% red'n	30% red'n	25% red'n	10% redn	50% red'n
2011 actual	58		58	58	58	58	58
2005-09 average	70						
2020 forecast (possible target)		20	42	49	53	63	35
2020 % reduction over 2005-'09 average		71	40	30	25	10	50
2020 % reduction over 2011		65	28	16	9	-9	40

Figure 3 Child KSI forecast





Total casualties

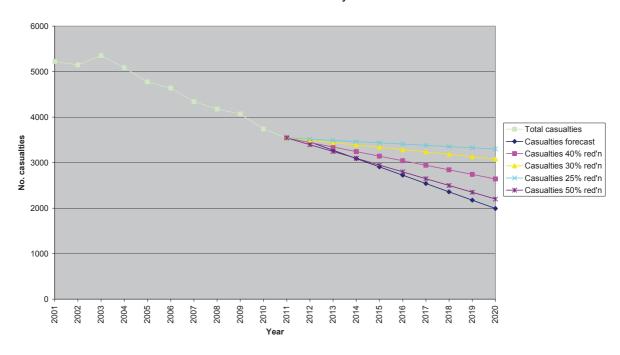
Total casualty level is not an indicator but can be calculated and tracked as a sum of KSI and slight casualties; this is summarised in Table 4. The forecast is however calculated as a linear trend and suggests a potential reduction by 55% to just fewer than 2000 casualties. This and the range of percentage reductions are shown in Figure 4. Assuming that 35% and 40% targets as proposed above are adopted then this would mean a 39% reduction in total casualties by 2020.

Table 4 All casualties summary

Tyne & Wear Total casualties	All	Forecast	50% red'n	40% red'n	30% red'n	25% red'n	40% Slight & 35% KSI red'n
2011 actual	3543						
2005-09 average	4400						
2020 forecast (possible target)		1991	2200	2640	3080	3300	2669
2020 % reduction over 2005-'09							
average		55	50	40	30	25	39
2020 % reduction over 2011		44	38	25	13	7	25

Figure 4 All casualties forecast

Total casualties forecast Tyne & Wear



Conclusion

Road safety casualty targets have been reviewed in light of the latest Government guidance, likely traffic growth and recent trends. Targets shown in Table 5 are a summary of those proposed for KSI, Slight and Child KSI indicators and also show the impact on total casualties. The targets will be reviewed at the end of each LTP delivery plan period. A three year rolling average (e.g. 2018-2020) will be used to calculate the result.

Table 5 Summary of T&W Road Safety Targets

Summary	KSI	Slight	All casualties	Child KSI
2011 actual	306	3237	3543	58
2005-09 average	395	4005	4400	70
2020 proposed target value	266	2403	2669	35
2020 proposed target % (reduction over 2005-'09 average)	35	40	39	50
2020 % reduction over 2011	16	26	25	40

Appendix C

Cycle Indicator and Targets for Tyne and Wear LTP3

Summary

This report sets out a recommended methodology and target for the LTP3 cycle indicator.

It is recommended that an annualised index of cycle flow is adopted for this purpose. The recommendation is based on DfT guidance, previously used methodology and available data.

The indicator is summarised as in Table 1. The target is 259%; this is a challenging target equating to approximately a 7% increase per year.

Table 1 Indicator summary

	Base year	Target year
	2008	2021
Total Average Weekday Flow	4079	10566
Index (%)	100	259

In addition to this and forming background evidence, further work will be carried out to build a broader profile of cycling in Tyne and Wear by reporting on cycling activity on routes, screen lines, cordons and tracking of key sites. This will provide a more complete picture of cycling across Tyne and Wear.

Background

LTP3 identifies increased levels of cycling as an important aim to meet active travel requirements. Tyne and Wear has over 120 cycle monitoring sites providing a wealth of data. This report sets out the recommended methodology and target for the LTP cycle indicator. It also highlights opportunities for analysis to show a broader picture of cycling in the region.

Indicator selection

A range of methodologies are available for monitoring cycling. These are summarised in this section.

Best practice in other countries makes heavy use of household travel data supplemented by count data to show local variation. A household travel survey is not currently in place in Tyne and Wear so this approach is not practical however, if, in the future a household survey were to be re-introduced then this would give an alternative reliable source to complement existing monitoring.

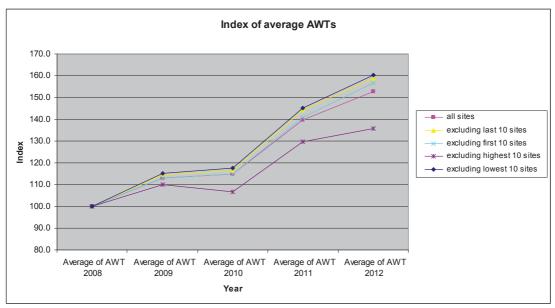
Cycling demonstration towns such as Darlington monitored median daily count. The advantage of a median is that extremes of data have less influence on the result however this information is not easily available from the Tyne and Wear cycle count database.

A further option is average flow or an index of average flow. The aim of this measure would be to eliminate the requirement for a fixed set of monitored cycle sites. However, it can be seen in Table 2 that the number and type of site affects the value significantly. The impact is further emphasised when the number of sites selected varies across time. This is shown in Figure 1 where it can be seen that both site selection and the number of sites affects the trajectory of the line and masks the effect of change. Therefore this shows that changes to the indicator set would have a significant impact on an average and so this approach has been disregarded.

Table 2 Summary of sample average of AWT for 2012

	137 sites	Excluding last 10	Excluding first 10	Excluding highest 10	Excluding lowest 10
Average of AWT 2012	120.3	122.9	123.4	99.6	130.2

Figure 1 Index of Average AWTs



The LTP cycling indicator since LTP2 has been an annualised index of cycle flow. The definition of this indicator was set out by DfT. The indicator is a reasonable measure of growth of cycling and tracks a fixed set of sites. This indicator has been reviewed and rebased to meet LTP3 requirements and is set out below. This provides a suitable single indicator for the LTP. This is the recommended approach.

In addition to this and forming background evidence, further work will be carried out to build a broader profile of cycling in Tyne and Wear by introducing screen line and cordon

monitoring and tracking of key sites. This will provide a more complete picture of cycling across the region.

Indicator definition

Two key factors in the definition of an annualised index of cycle flow are sample size and consistency. It is important that the sample is representative of the broad range of monitored locations but is a manageable sized sample that can be sustained for the period of the LTP rather than a comprehensive selection of all monitored locations. Further, the monitoring should have been in place for sufficient duration for the calculation of the target, the longer the time series, the stronger the trend prediction.

Tyne and Wear has over 120 cycle monitoring sites providing a wealth of data. This pool of data in combination with the criteria identified above has enabled the selection of 52 sites to form the indicator. These sites have been in place since at least 2008 and therefore have 5 years data or more. This demonstrates the stability of the selection and this provides enough data to consider a trend. None of these sites are planned to be discontinued.

Some two thirds of the sites have a higher week day flow than "all week" flow. This demonstrates that the sites represent a good balance of non-leisure (including commuting) to leisure cycle trips. Table 3 shows the split of leisure and non-leisure dominant sites.

In line with other sites those selected show the expected increase in trips that reflects the increase in cycling in Tyne and Wear, see Figure 2.

The sites are selected from across all local authorities in Tyne and Wear based on the criteria set out and the number of available sites. Locations are shown in Figure 4.

Table 3 Number of	of qualifying	sites ner l	local	authority

Local authority	commute	leisure	Grand total
Gateshead	8	4	12
Newcastle	6	1	7
North Tyneside	10	6	16
South Tyneside	5	4	9
Sunderland	4	4	8
Grand total	33	19	52

In traditional traffic monitoring a neutral month is frequently selected as a balanced reflection of traffic when there are few abnormal influences on travel behaviour. However the pattern for cycling varies somewhat from vehicular traffic being more affected by the weather. Taking this into consideration all months have been included in the indicator but only sites that demonstrate at least 150 days of monitoring per year have been included in the indicator set. Constraints on the variability of the counts over time have been omitted.

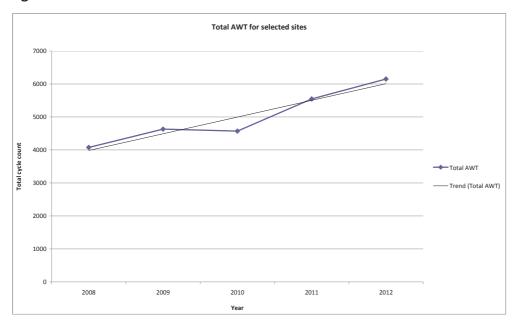


Figure 2 Total flow for LTP3 indicator sites

The resultant selection process means that sites represent a balanced and consistent set of locations are included in the indicator.

The data has been re-based taking 2008, in line with the first year in the sampled 5 years, as the base for the indicator.

The graph shows a reasonably good fit to a linear trend (R^2 =0.91) therefore a linear trend has been projected for the period to 2021, the final year of LTP3. Indexing the trend to 2008, this suggests a 259% increase in flow (from an AWT¹ of 4079 to AWT of 10566). This is shown in Figure 3.

Many factors are likely to influence cycle behaviour during this period therefore, as with LTP road safety indicators, a review is proposed on a three year cycle, starting from 2016, in line with the LTP3 Delivery Plan renewal.

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¹ Annual average weekly total

Figure 3 Index of AWT

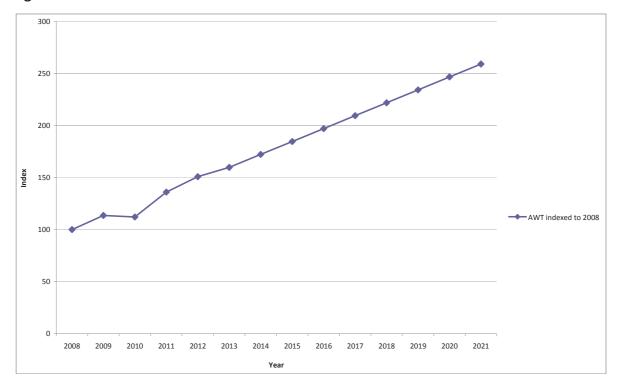
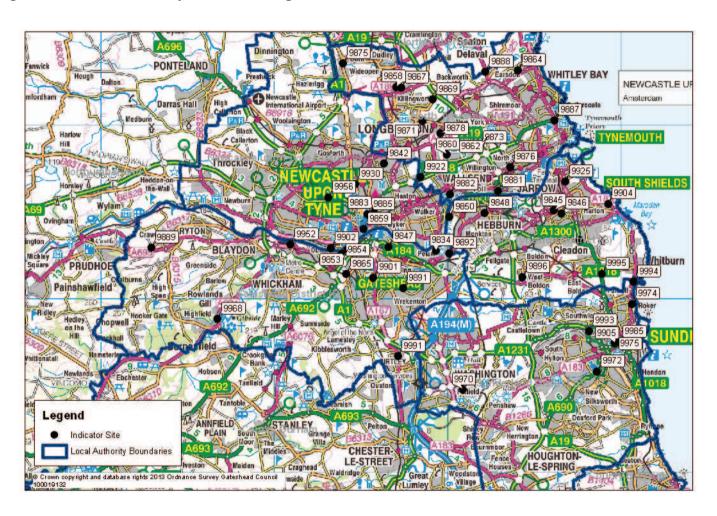


Table 4 Summary totals, projected counts and indexed counts

	AWT	Γ												
	Data					linear tren	ıd							
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Grand Total	4079	4631	4573	5548	6152	6516	7022	7528	8034	8541	9047	9553	10060	10566
Total indexed to 2008	100	114	112	136	151	160	172	185	197	209	222	234	247	259
Annual change (%)		14	-1	21	11	6	8	7	7	6	6	6	5	5

Figure 4 Plan showing location of monitored cycle sites forming the indicator



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Agenda Item 8

REPORT FOR INFORMATION

DATE: 25 July 2013

SUBJECT: Outturn and Draft Financial Statements for the Financial Year 2012/13

REPORT OF: Treasurer and Deputy Clerk, ITA

PURPOSE OF REPORT

The purpose of this report is to provide the ITA with a summary of financial results for 2012/13, present the key accounting statements and provide an overview of significant financial matters which occurred during the year.

RECOMMENDATIONS

The ITA is recommended to receive this report for information and comment.

BACKGROUND DOCUMENTS

Copies of the full draft 2012/13 accounts are available on the TWITA website or from the contact officer.

CONTACT OFFICERS

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IMPACT ON OBJECTIVES

To support economic development and regeneration Neutral

To address climate change Neutral

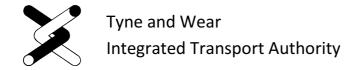
To support safe and sustainable communities Neutral

1	Executive Summary							
1.1	This outturn report provides the ITA with a summary of the Authority's financial results for 2012/13, explaining the key accounting statements and presenting an overview of significant financial matters which occurred during the year.							
1.2	Expenditure has been maintained within budget for the year and use of reserves is as planned as part of the Medium Term Financial Strategy.							
1.3	This report was presented to Audit Committee on 5 July. Audit Committee members had no significant concerns or comments they wished to raise with the ITA.							
2	Introduction and Background							
2.1	Under the Accounts and Audit Regulations 2011, the Statement of Accounts must be formally approved by the ITA by 30 September. They must still be signed by the ITA Treasurer by 30 June and published on the ITA website by this date, but there is no longer a requirement for the draft accounts to be approved by Committee.							
2.2	This report therefore sets out to exp and presents the key financial states committee members to view if they officer for this report.	ments. The fu	ıll draft acco	unts are ava	ailable for			
3	Principal Financial Results for the Y	ear						
3.1	The table below compares actual sp actual figures for 2011/12 to provide	_	_		and shows			
		2011/12 Actual	2012/13 Budget	2012/13 Actual	Variance			
		£000	£000	£000	£000			
	Service Level Agreement and staffing charges	284	286	281	(5)			
	Audit Fees	30	20	18	(2)			
	Members Allowances and Expenses	80	86	82	(4)			
	Local Government Association Subscription	31	30	30	-			
	Conferences and Travel Expenses	7	4	3	(1)			
	Website costs	22	10	12	2			
	Supplies and Services	14	19	8	(11)			
	Payments to Pension Fund	432	455	455	-			



Tyne and Wear Integrated Transport Authority

			REPORT	FOR INFO	RMATION		
	Financing Charges	2,733	2,568	2,568	-		
	Interest on investments and revenue balances	(83)	(30)	(35)	(5)		
	Total ITA Operating Expenses	3,550	3,448	3,424	(26)		
	Grant to Nexus	70,323	66,922	66,922	-		
	Total ITA Expenditure	73,873	70,370	70,346	(26)		
	Levy Income	(73,792)	(70,207)	(70,207)	-		
	Transfer from ITA General Fund Reserve	81	163	137	(26)		
3.2	Overall spending for 2012/13 was within budget, with small variations on some individual budget lines. Savings were made on controllable budgets such as supp and services. A saving was made on the SLA with the lead authority as a result of staffing changes, with the ITA Treasurer serving as Acting Clerk from September 2012 to April 2013. This saving was ringfenced and used to fund additional policy support to the ITA for work on major schemes devolution. The final position is a use of ITA General reserves of £0.137m, compared with the revise budget of £0.163m. This is also considerably lower than the original budge for the year which estimated a use of reserves of £0.191m.						
3.3	It is proposed that the underspend additional support which may be re the ITA's functions, assets and liabil	quired in rela	tion to work	around the ti	ransfer of		
3.4	At 31 March 2013, the ITA had £18r institutions, which are held on beha Newcastle City Council for monies had which are owed to the ITA and repare	alf of Nexus. T neld at the yea	here is a fur or end in the	ther £10m de	btor with		
	The ITA's own cash balances are inv Council, providing an extremely low interest paid on loans in the year was balances was 1.2%.	-risk return o	n balances. ⁻	The average ra	ate of		
	The ITA has £202.893m of long term carried on its balance sheet. This is Tyne Crossing Construction, plus his Districts receive government funding	made up of lo storic capital s	ans taken of supported bo	ut to finance t orrowing, whe	he New		

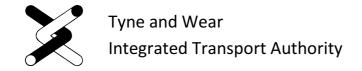


4 Tyne Tunnels

- In 2012/13, the traffic level was 14.4m vehicles, corresponding with a total toll income of £19.869m after adjusting for prepayments (compared with £14.886m in 2011/12). In line with the financing strategy for the New Tyne Crossing, tolls were increased on 1 January 2013 to £1.60 for cars and small vans and £2.50 for lorries and large vans (with a ten percent discount for permit holders). The fare increases applied since the completion of both tunnels do not appear to have had a detrimental effect on traffic figures, with actual traffic levels around 14% higher for the year compared with 2011/12.
- 4.2 The table below details expenditure within the ringfenced Tyne Tunnels trading account and compares it against the actual outturn for 2011/12 and the budget for 2012/13.

	2011/12 Actual	2012/13 Budget	2012/13 Actual	Variance
	£000	£000	£000	£000
Employees	34	33	31	(2)
Pensions	499	525	526	1
Supplies and Services	45	50	34	(16)
Support Services	145	130	108	(22)
Community Fund	18	10	8	(2)
Financing Charges	5,530	6,637	6,622	(15)
Toll Income	(14,886)	(19,700)	(19,869)	(169)
TT2 Contract Payments	6,522	14,130	13,986	(144)
One-off saving on insurance sharing agreement	(4)	-	(110)	(110)
Interest on Investments and Reserves	(774)	(460)	(517)	(57)
Total Net Tunnels Operating (Surplus) / Deficit	(2,871)	1,405	868	(537)
NESTI Expenditure financed from Tunnel Reserves	1,886	-	413	413
(Surplus) / Deficit transferred to Tyne Tunnels General Fund Reserve	(985)	1,405	1,281	(124)

4.3 Although there were variances on some individual items, the overall surplus was largely in line with the budgeted position. The net deficit on Tunnels Operating



costs was £0.868m, against the revised budget of £1.405m. £0.413m of expenditure on the North East Smart Ticketing Initiative (NESTI) has been financed in year from Tunnels Reserves. This reflects the fact that in 2009/10, grant was received by the twelve North East Local Authorities, Nexus and the ITA and this grant was applied to finance capital expenditure on the New Tyne Crossing in that year. An equivalent amount (£7.178m) of capital and revenue expenditure was therefore to be funded from Tunnels Reserves.

4.4 The long-term financing model for the New Tyne Crossing allows for small planned deficits on the account in the early years of the contract. A substantial level of reserves was built up during the construction phase to allow for this.

5 Capital Expenditure

5.1 Capital expenditure has been incurred in 2012/13 in relation to the New Tyne Crossing Project and the refurbishment of the Tyne Pedestrian and Cycle Tunnel. There has been further capital expenditure on payment of capital grants to the Tyne and Wear Districts and Nexus.

In addition to the capital expenditure shown within the ITA's own accounts, Nexus have also invested £47.3m in the Metro Asset Renewal Plan (ARP) and Metro Ticketing and Gating programmes. A summary of expenditure against the ITA's (non-Nexus) capital programme is set out in the table below:

	2011/12 Actual £000	2012/13 Budget £000	2012/13 Actual £000	2012/13 Variance £000
New Tyne Crossing	48,216	600	682	82
Tyne Pedestrian and Cycle Tunnel Refurbishment	423	750	402	(348)
Total Tunnels Capital Programme	48,639	1,350	1,084	(266)
LTP Integrated Transport Block Grant to Districts	9,440	8,509	8,509	-
Public Transport Schemes Allocation	1,685	6,593	6,292	(301)
Total LTP Capital Programme	11,125	15,102	14,801	(301)
LSTF – Capital Grants to Districts	198	747	302	(445)
NESTI – Capital Payments to Nexus	1,776	4,416	3,235	(1,181)

5.2 **New Tyne Crossing**

Following the completion of the construction works on the New Tyne Crossing, the capital programme is significant smaller than in recent years. Final completion of the construction programme was signed off by the Independent Certifier on 31 January 2013. Expenditure in 2012/13 related to remaining environmental works and environmental monitoring, professional fees for work towards achieving final completion and setting the final concession toll, and costs associated with land transfer work.

In addition, expenditure was incurred on preliminary works and professional fees on the Tyne Pedestrian and Cycle Tunnels refurbishment project. The majority of the works on this £6m project will take place in 2013/14 when the Tunnels will be temporarily closed to the public to allow for the removal of two escalators, installation of two inclined lifts and the complete replacement of all Mechanical and Electrical systems.

5.3 LTP Integrated Transport Block (LTP)

LTP Integrated Transport Block funding is capital grant awarded to the ITA by DfT. The ITA allocated this funding between the five Tyne and Wear Districts and Nexus, with a proportion being ringfenced to provide support to the Metro Asset Renewal Programme (ARP) and other public transport related schemes. ITA-funded expenditure on Metro ARP was significantly higher than in 2011/12, since the works were funded 100% by DfT last year, with an increased local contribution required in 2012/13.

5.4 Local Sustainable Transport Fund (LSTF)

2012/13 was the second year of the LSTF-funded Schools Go Smarter programme, which commenced in autumn 2011. The 2012/13 capital budget of £0.477m related primarily to the purchase of vehicles for parking enforcement, and the school links and school grants workstreams. School grants provides funding for bike sheds, to provide safe places for pupils to store their bicycles, and other works including new paths, pool bikes and tools. School links funds infrastructure work in the Districts making it easier to cycle or walk to school, such as upgrading cycle paths or installing new pedestrian crossings.

In September 2012, the ITA was informed that it had been successful in its revised bid for further LSTF grant to support the 'Go Smarter to Work' pgramme. The grant was received from DfT in December 2012. Capital works are focused around infrastructure investments, implementing the physical infrastructure work

necessary to make cycle, walking and public transport trips a more attractive alternative to car use; and improved information including use of open data sources and Real Time Passenger Information (RTPI) to enable the transport user to access more reliable and up-to-date details of transport services.

5.4 **Better Bus Area Fund**

In April 2012, the ITA received notice that it had been successful in its application for DfT Better Bus Area funding, including £3.889m capital grant. The project is aimed at improving journey times on key bus routes, to improve the attractiveness of buses to the travelling public. The capital grant will be used primarily for the procurement and installation of equipment including CCTV, Automatic Number Plate Recognition and co-ordination of traffic signal installations. In addition, infrastructure works are taking place on a number of key bus routes. Works will be completed and the remaining grant paid out to districts in 2013/14.

5.5 **North East Smart Ticketing Initiative (NESTI)**

The ITA acts as accountable body for NESTI which is a programme of investment in smart ticketing infrastructure across the north east. The programme is governed via a collaboration agreement which was entered into by all 12 local authorities in the region plus the ITA and Nexus. The ITA holds the funding on behalf of the authorities, and the remaining budget of £4.879m is shown on the ITA's balance sheet as Grants Received in Advance.

The outturn for 2012/13 was £3.325m, with main highlights during the year being the beginning of the implementation of solutions to enable remote uploading of stored travel rights, the contribution towards the Ticketing and Gating platform validator installations and a back-office upgrade required to support the scheme.

5.6 Financing of Capital Expenditure 2012/13

The vast majority of the capital programme is now funded by government grant awarded to the ITA by DfT. Expenditure on NESTI was funded through contributions held by the ITA on behalf of the 12 North East Local Authorities, and revenue contributions from Tyne Tunnels reserves. Expenditure on the New Tyne Crossing was funded by Prudential Borrowing in line with the long term financing strategy for this project.

The table below shows the funding sources for the ITA's capital programme in 2012/13.

6

	REPORT FOR	INFORMATION
Funding source	2012/13 (£000)	2012/13 (%)
Prudential Borrowing	1,084	5%
Central Government Grants	17,365	80%
NESTI Contributions	2,822	13%
Capital Expenditure funded from Revenue	413	2%
Total	21,684	100%
Reserves Position		
The table below shoes the level of ITA and Tyne	e Tunnels reserves at	the year end,

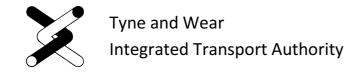
6.1 The table below shoes the level of ITA and Tyne Tunnels reserves at the year end, compared with 2011/12.

	2011/12	2012/13	Movement
	£000	£000	£000
General Fund			
ITA	(2,519)	(2,382)	137
Tyne Tunnels	(41,757)	(40,477)	1,280
Earmarked Reserves			
Metro Reinvigoration	(14,357)	(12,325)	2,032
Total	(58,633)	(55,184)	

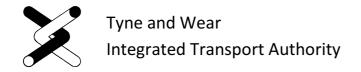
In line with the three-year Medium Term Financial Strategy, some planned use of reserves has been made to support ITA expenditure while significant reductions have been made to the levy. The actual amount required was lower than budgeted during the year.

Tyne Tunnel reserves, which increased significantly during the construction period are now beginning to be reduced as payments to the concessionaire have stepped up following final completion and provisions for the repayment of prudential borrowing are increasing.

The Metro Reinvigoration reserve holds funding set aside to contribute to the Metro Asset Renewal works. Around £2m of this reserve was drawn down by Nexus in year to meet capital expenditure on the programme so the value carried at the



	year end has reduced accordingly.
7	Pension Liabilities
7.1	The ITA is a member of the Tyne and Wear Pension Fund, which is part of the Local Government Pension Scheme. This is a scheme which provides defined benefits based on members' final pensionable salary. In the ITA's accounts, a liability for future pension costs is recognised on the Balance Sheet, and pension contributions are charged against the General Fund (i.e. funded by the levy or tolls).
7.2	The figure presented in the Comprehensive Income and Expenditure Statement is different from the actual contributions charged against the General Fund. This is because it is prepared on an International Accounting Standard 19 (IAS 19) basis. Under IAS 19, the ITA is required to disclose the total value of all pension payments that have accumulated (including deferred pensions) at 31 March each year. This value is made up of:
	 The total cost of pensions that are being paid out to former employees who have retired.
	The total sum of the pension entitlements earned to date for current employees.
7.3	IAS 19 also requires all investments (assets) of the Pension Fund to be shown at their market value at 31 March each year. In reality, the value of such investments fluctuates on a day-to-day basis, but this is ignored for the purpose of the accounting standard. Comparing the value of all future pension payments and the value of investments at 31 March results in an overall surplus or deficit for the Pension Fund. This is called the IAS 19 surplus or deficit.
7.4	At 31 March 2013, actuaries have estimated that the IAS 19 deficit is £8.250m. This compares with an equivalent figure in the 2012/13 accounts of £6.730m. The main reason for this increase is a change in the discount rate used in the calculation of the present value of the future payments required, from 4.6% at 31 March 2012 to 4.1% at 31 March 2013. This discount rate is required for IAS 19 purposes to be based on the yield on high quality long term corporate bonds, which have fallen since 31 March 2012. A lower discount rate results in a higher present value being placed on the future cashflows, and the liability has therefore increased.
7.5	The IAS 19 deficit has to be disclosed in the accounts, but there will be no change to the actual contributions due to be paid to the Pension Fund in 2013/14. These



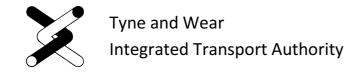
contributions are calculated following the detailed triennial Pension Fund valuation, the results of which are due in late 2013/early 2014. The IAS 19 valuation is only a snapshot at a given point in time, whereas the detailed triennial valuation assesses the ongoing financial position of the Pension Fund, and is used to review contribution rates to the Fund from employers to ensure that existing assets and future contributions will be sufficient to meet future pension payments.

7.6 The ITA Treasurer is currently considering strategies for the reduction of the pension deficit, which could include using some reserves to pay off the deficit, since these reserves are not currently attracting significant levels of interest income. This would give an annual saving on the revenue budget. However, key to this will be the timing of any such payment since the pension liabilities are sensitive to movements in the markets and will fluctuate during the year. Work on this will continue during 2013/14 with the advice of the pension fund and professional actuaries.

8 Key Financial Statements

8.1 Movement in Reserves Statement

- 8.1.1 This statement shows the movement in the year on the different reserves held by the Authority, analysed into Usable Reserves (i.e. those that can be applied to fund expenditure or reduce the levy) and Unusable Reserves. The surplus or deficit on the provision of services line shows the economic cost in accounting terms of providing the ITA's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for the purposes of setting the levy. The net increase or decrease before transfers to earmarked reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.
- 8.1.2 The Movement in Reserves Statement shows the true surplus or deficit against reserves after adjusting for pensions and capital accounting. The total movement on the General Fund Balance for 2012/13 is a deficit of £1.419m, made up from a deficit of £0.139m on the ITA and a deficit of £1.200m on the Tyne Tunnels. These deficits are planned, in line with the ITA's Medium Term Financial Strategy, and the long term financing model for the New Tyne Crossing.



8.2 **Comprehensive Income and Expenditure Statement** 8.2.1 The Comprehensive Income and Expenditure Statement (CIES) shows the accounting costs in year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from the levy. The amount to be funded from the levy and tolls is shown in the Movement in Reserves Statement as set out above. 8.2.2 The CIES shows a surplus on the Provisions of Services of £1.704m, compared with a surplus in 2011/12 of £5.131m. Overall the net Cost of Services decreased slightly, from £63.837m to £62.562m, largely as a result of a reduction in the revenue support grant payable to Nexus. However net expenditure on Financing has increased compared with 2011/12, and the levy income shown under Taxation and Non-Specific Grant Income has decreased, leading to a reduction in the surplus. 8.2.3 Appendix 3 provides a reconciliation between the analysis of expenditure against budget set out in this report and the figures presented in the Comprehensive Income and Expenditure Statement, which are significantly different in some instances. The reconciliation shows clearly the accounting entries which have been made to arrive at the CIES position. 8.3 **Balance Sheet** 8.3.1 The Balance Sheet summarises the Authority's financial position at 31 March each year. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category is Usable Reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to retain a prudent balance and any statutory limitations on their use. The second category of reserves is those that the Authority is not able to use to provide services – referred to as Unusable Reserves. This category includes reserves that hold unrealised gains and losses (e.g. the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "adjustments between accounting basis and funding basis under regulations". 8.3.2 Short Term creditors on the balance sheet has increased by around £9m compared with 2011/12. This is due to a higher level of grants (LTP, LSTF, Better Bus, NESTI) being paid to the Districts and Nexus, much of which has been claimed for the full year at the year end.

- 8.3.3 The overall level of borrowing (short term and long term) has decreased slightly in 2012/13, from £210.286m to £207.587m as the level of principal repayments has been in excess of any new borrowing taken out. The majority of the ITA's borrowing is long term (i.e. repayment is due in excess of 365 days) as the ITA has taken advantage of some lower rates to fix some of its borrowing for longer periods of time, which provides stability to the overall borrowing costs.
- 8.3.4 Grants and Contributions receipts in advance have increased in 2012/13, as the ITA has received £4.995m Local Sustainable Transport Fund and £4.904m Better Bus Area Fund grant from DfT, the majority of which is to be applied to expenditure as the conditions are met over the next two financial years.
- 8.3.5 The overall level of the New Tyne Crossing Deferred Income balance has decreased from £132.832m to £127.723m, as amounts have been written down to the CIES in year. The balance is split between long term and short term elements on the basis of the amount which will be released to the CIES in 2013/14 and the amount which will be released in future years.
- 8.3.6 Other Long Term Liabilities on the Balance Sheet relates to the pension liability, which has increased as explained in section 7 above.

8.4 Cash Flow Statement

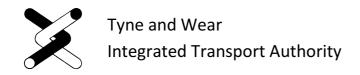
- 8.4.1 The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows from operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of the levy and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.
- 8.4.2 The ITA has had an increase in its cash balances in 2012/13, from £66.454m to £74.084m. The main reason for the £7.63m increase is that during 2012/13 the ITA received two new grants from DfT (£4.9m for the Go Smarter to Work and £4.9m for the Better Bus Area Fund projects) against which expenditure of £2.5m had taken place at the year end, leaving a balance of £7.3m carried forward to fund

activity in future years. There has also been an increase in the level of creditors compared with 2011/12, as grant claims from Tyne & Wear Districts were made at the year-end rather than during the year, meaning less cash had been paid out by 31 March 2013 when compared with 31 March 2012.

The ITA's cash balances are currently invested with the lead authority, Newcastle City Council, providing an extremely low-risk return to the Authority. The ITA Senior Accountant will work together with Treasury Management officers to review the use of cash balances during 2013/14 to determine whether a proportion of the balances should be used for the early repayment of debt or placed as investments with external financial institutions in order to maximise investment income or reduce borrowing costs.

9 Looking ahead to 2013/14 and beyond

- 9.1 The public sector financial environment remains extremely challenging, and this affects the ITA and Nexus along with all local authorities in the region. 2012/13 marked the final year of the medium term financial strategy which has seen a significant reduction in the levy with savings passed back to the local authorities. A cash freeze position was agreed for 2013/14, in recognition of the need to establish a firm funding base pending a decision on the most appropriate means of delivering the ITA's ambitions for the Bus Strategy Delivery Project. Work will be continuing during the year to identify further savings and efficiencies wherever possible.
- 9.2 The issue of Concessionary Travel Funding continues to be extremely challenging for the Tyne and Wear region. Cuts to the overall level of funding available nationally combined with a system of apportionment that does not recognise the high level of pass take-up and usage in our region means that the funding gap is significant and growing. The ITA and Nexus will continue to work with the Passenger Transport Executives Group (PTEG) and other areas of the country to lobby strongly for these issues to be addressed, in order that we can continue to provide valuable public transport services which are essential to the wellbeing of the people who live and work in Tyne and Wear.
- 9.3 In early 2013, the leaders of Durham, Gateshead, Newcastle, Northumberland, North Tyneside, South Tyneside and Sunderland Councils expressed their intention to launch a governance review process to consider options for working more closely as a region on economic growth, skills and transport. The governance review process is now nearing conclusion and the leadership board anticipate issuing a draft scheme to central government in July for the establishment of a formal

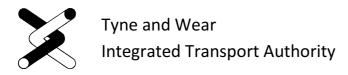


Combined Authority across the seven authority footprint. Under the legislation, the existing Tyne and Wear ITA would be dissolved, with its functions and responsibilities transferring to the new body. Since the rights, assets and liabilities of the ITA will all transfer to the new authority, it is appropriate for these accounts to be prepared on a going concern basis. ITA members and officer and officers from Nexus will be closely involved with the work to establish a potential new Combined Authority, to ensure that the ambitions and objectives of the ITA are at the heart of the new arrangements.

10	Next Steps
10.1	The accounts are subject to audit by the Authority's external auditors, Deloitte, and the final accounts will be presented to Audit Committee at the September meeting, prior to approval by the ITA on 26 September 2013.
11	Potential impact on objectives
11.1	There is no impact on ITA objectives as a result of the recommendations in this report.

REPORT FOR INFORMATION **APPENDIX 1 – MOVEMENT IN RESERVES STATEMENT**

	General Fund	Earmarked Reserves	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000
Balance at 1 April 2012	(44,277)	(14,357)	(58,634)	(59,862)	(118,496)
Movement in Reserves During 2012/13					
(Surplus) / Deficit on Provision of Services	(1,704)	-	(1,704)	-	(1,704)
Other Comprehensive Income and Expenditure	-	-	-	2,750	2,750
Total Comprehensive Income and Expenditure	(1,704)	-	(1,704)	2,750	1,046
Adjustments between Accounting Basis and Funding Basis Under Regulations	5,154	-	5,154	(5,154)	-
Net (Increase) / Decrease before transfers to Earmarked Reserves	3,450	-	3,450	(2,404)	1,046
Transfers (to) / from Earmarked Reserves	(2,032)	2,032	-	-	-
(Increase) / Decrease in 2012/13	1,418	2,032	-	-	1,046
Balance at 31 March 2013 carried forward	(42,859)	(12,235)	(55,184)	(62,266)	(117,450)



REPORT FOR INFORMATION **APPENDIX 2 – COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

•	2011/12			•	2012/13	
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
453	-	453	Corporate and Democratic Core Highways and Transport Services	435	-	435
13,328	(20,519)	(7,191)	- Tyne Tunnels	18,079	(25,089)	(7,009)
82,028	(11,453)	70,575	- Other Highways and Transport Services	91,209	(22,083)	69,126
	-	-	Non-Distributed Costs	10	-	10
95,089	(31,972)	63,837	Cost of Services	109,733	(47,172)	62,562
8,412	(3,588)	4,824	Financing and Investment Income and Expenditure	9,101	(3,160)	5,941
-	(73,792)	(73,792)	Taxation and Non-Specific Grant Income	-	(70,207)	(70,207)
		(5,131)	(Surplus) / Deficit on Provision of Services			(1,704)
		(597)	Surplus / (Deficit) on Revaluation of Fixed Assets			-
		3,660	Actuarial Losses on Pension Fund Assets and Liabilities			2,750
		3,063	Other Comprehensive Income and Expenditure			2,750
		(2,068)	Total Comprehensive Income and Expenditure			1,046

APPENDIX 3: RECONCILIATION BETWEEN MOVEMENT IN RESERVES STATEMENT AND COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	ITA	Tyne Tunnels	Total
-	£000	£000	£000
Net Cost of Services	69,571	(7,009)	62,562
Financing and Investment Income & Expenditure	806	5,135	5,941
Taxation & Non-specific Grant Income	(70,207)	-	(70,207)
Surplus/Deficit on Provision of Services	170	(1,874)	(1,704)
Depreciation charges	-	(3,862)	(3,862)
Write down of New Tyne Crossing Deferred Income	_	5,109	5,109
Capital Grants applied to finance Capital Expenditure	17,437	3,235	20,671
Revenue Expenditure Funded from Capital Under Statute	(17,437)	(2,821)	(20,258)
Reversal of items relating to retirement benefits in CIES	250	-	250
Employers' pension contributions and direct payments to pensioners payable in year	455	525	980
Statutory provision for financing of capital investment	1,222	969	2,191
Transfer to/from Earmarked reserves	(2,032)	-	(2,032)
Financial Instruments Adjustment	72	_	72
Movement in Reserves / Explanatory Foreword basis	137	1,281	1,418

REPORT FOR INFORMATION APPENDIX 4 – BALANCE SHEET

31 March 2012 £000		31 March 2013 £000
368,344	Property, Plant and Equipment	365,566
49,104	Long Term Debtors	47,141
417,448	Long Term Assets	412,707
23,000	Short Term Investments	18,000
11,842	Short Term Debtors	16,858
66,454	Cash and Cash Equivalents	74,084
101,296	Current Assets	108,942
(4,726)	Short Term Borrowing	(4,694)
(35,030)	Short Term Creditors	(44,684)
(5,501)	New Tyne Crossing - Deferred Income	(5,501)
(8,637)	Grants and Contributions Receipts in Advance	(10,125)
(53,894)	Current Liabilities	(65,004)
(127,331)	New Tyne Crossing - Deferred Income	(122,222)
(6,734)	Grants and Contributions Receipts in Advance	(5,830)
(205,560)	Long Term Borrowing	(202,893)
(6,730)	Other Long Term Liabilities	(8,250)
(346,355)	Long Term Liabilities	(339,195)
118,496	Net Assets	117,450
	•	
(58,633)	Usable Reserves	(55,184)
(59,863)	Unusable Reserves	(62,266)
(118,496)	<u>.</u>	(117,450)

REPORT FOR INFORMATION **APPENDIX 5 – CASH FLOW STATEMENT**

2011/12 £000		2012/13 £000
(5,132)	Net (surplus) or deficit on the provision of services	(1,704)
(2,181)	Adjustments to net surplus or deficit on the provision of services for non cash movements	(2,034)
11,236	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	20,671
3,923	Net cash flows from Operating Activities	16,933
28,183	Investing activities	(25,172)
(52,728)	Financing activities	609
(20,622)	Net increase or decrease in cash and cash equivalents	(7,630)
(45,832)	Cash and cash equivalents at the beginning of the reporting period	(66,454)
(66,454)	Cash and cash equivalents at the end of the reporting period	(74,084)

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Agenda Item 9

REPORT FOR INFORMATION

DATE: 25 July 2013

SUBJECT: Revenue Budget Monitoring Report to July 2013

REPORT OF: Deputy Clerk and Treasurer, ITA

PURPOSE OF REPORT

The purpose of this report is to update members on the revenue budget monitoring position for the period 1 April 2013 to 30 June 2013. The monitor includes financial information relating to the budget for ITA administration and financing and the Tyne Tunnels, along with Treasury Management information on borrowing and lending.

RECOMMENDATIONS

The ITA is recommended to receive this report for information and comment.

BACKGROUND DOCUMENTS

Revenue monitoring papers to July 2013

CONTACT OFFICERS

name email phone

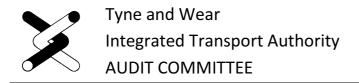
Eleanor Goodman <u>eleanor.goodman@twita.gov.uk</u> 0191 277 7518

IMPACT ON OBJECTIVES

To support economic development and regeneration Neutral

To address climate change Neutral

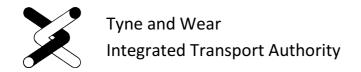
To support safe and sustainable communities Neutral



1	Executive Summary
1.1	This is the first revenue budget monitor relating to the 2013/14 financial year which has been presented to the ITA. It outlines actual expenditure to date against the revised budget, and projects the anticipated outturn to the year end.
1.2	Expenditure for the ITA and Tyne Tunnels is expected to be within budget at the year end. Explanations of any variances are included within the summary tables at Appendix 1 and 2.
2	Introduction and Background
2.1	This report is produced in accordance with Section 28 of the Local Government Act 2003, which requires authorities to monitor income and expenditure against their budget and be prepared to take appropriate action if overspends occur.
2.2	The budget monitor has been prepared by comparing the actual income and expenditure during the 2013/14 financial year against the budget for the period. Appendices 1 and 2 detail the recorded spending position as at 30 June 2013 and projected outturn for the year against the budget agreed by the ITA in January 2013.
3	ITA Budget
3.1	For the ITA, gross expenditure at £19.083m is 27% of the revised budget for the year. This is in line with anticipated expenditure profiles and the outturn position is expected to be on budget.
3.2	There was a small underspend (£26k) on the ITA levy-funded budget in 2012/13. The ITA Treasurer has proposed that this be carried forward to 2013/14 to support any additional work required by the ITA for the move to Combined Authority arrangements and the Bus Strategy Delivery Project, should this be required. It has therefore been added to the Support Services figure for 2013/14.

4	Tyne Tunnels
4.1	2013/14 is the sixth full year of the contract with TT2 for the operation of the Tyne Tunnels. Payment to TT2 is based on a proportion of tolls income. For the period 1 April 2013 to 30 June 2013, the position is summarised in Appendix 2. The overall position on the Tyne Tunnels trading account is forecast to be within the budget agreed in January 2013.
4.2	All tolls income is collected by TT2 and paid to the ITA within 4 working days of being received. TT2 then invoice the ITA for the monthly usage payment, which is for an agreed proportion of the tolls as set out in the project agreement. The tolls income is shown on Appendix 2 as green. There has been a sustained increase in traffic figures when compared to 2012/13. On 1 January 2013, a toll increase was implemented in line with the project plan, which resulted in an additional charge of 20p for cars (toll at £1.60) and 50p for HGVs (toll at £2.50).
4.3	Spend against the usage payments appears low on Appendix 2, which is due to the timing of the invoices since this figure only includes the April 2013 usage payment. Under the contract agreement, invoices are not due until 30 working days following the month end – therefore usage payments for the months May and June fall into July and August respectively. Overall, contract payments to TT2 are projected to be in line with the budget at the year end.

5	Treasury Management
5.1	The Authorised Borrowing Limit approved by the ITA for 2013/14 is £240m. The current level of external borrowing as at 30 June 2013 is £207m. This is well within the limits agreed by the ITA, and has been throughout the year to date. This includes the money that the ITA has borrowed to fund capital works on the New Tyne Crossing, which are fully funded through tolls and has no impact on the levy. The average interest rate payable on the ITA's loans this year is estimated at 4.25%.
5.2	The ITA currently holds £28m of investments on behalf of Nexus, which are placed with external institutions. At 30 June 2013 the ITA's own balances were all invested with Newcastle City Council, with none placed with external institutions.



6	Next Steps
6.1	The revenue budget will be monitored closely and reported to the Authority throughout the financial year
7	Potential impact on objectives
7.1	There is no impact on the ITA's objectives as a result of this report.

	2013/14 Budget	Spend to 30/06/13	Projection for the	Spend as a % of	Traffic Light	Notes on significant variances
			year	Revised		
Revenue Expenditure	£000	£000	£000	Budget %		
Members' Allowances	86	22	86	25%	G	
Travel and Conferences	4	1	4	25%	_	
Supplies & Services	28	2	28	7%	G	Charges for e.g. accommodation hire processed later in year – will be within budget based on current usage
Support Services	285	60	311	21%	G	Includes underspend carried forward from 2012/13 – additional funding to support CA / BSDP work if required
ITA Website Charges	20	_	20	0%	G	Will be charged later in the year, expected to be in budget
Pension Costs	479	120	479	25%	G	γ, ε
LGA Subscription	29	29	29	100%	G	One-off payment made at beginning of the year
External Audit Fee	20	-	20	0%	G	Fee to be invoiced later in the year following audit work
Financing Charges	2,475	619	2,475	25%	G	
Grant to Nexus	64,922	16,230	64,922	25%	G	
Contribution to Districts	2,000	2,000	2,000	100%	G	Paid as one lump sum in June 2013
from Reserves						
Total	70,348	19,083	70,374			
Revenue Income						
Levy Income	(70,207)	(17,552)	(70,207)	25%	G	
Interest on Balances	(20)	-	(20)	0%	G	Amount calculated at year end
Total	(70,227)	(17,552)	(70,227)			
Contribution from Reserves	121	1,531	147		G	Includes £26k underspend carried forward from 2012/13 – see para 3.2

Appendix 2 – Tyne Tunnels Budget

Tyne Tunnels	2013/14	Spend to	Projection	Spend as	Traffic	Notes on significant variances
	Budget	30/06/13	for the	a % of	Light	
			year	Original Budget		
	£000	£000	£000	Buuget %		
TT2 Contract	2000	2000	2000	70		
Toll Income	(23,600)	(5,840)	(23,600)	25%	G	
Contract Payments to TT2	17,200	1,330	17,200	8%	_	Timing of contract payments - only Apr 2013 due as at 30 th June.
Total	(6,400)	(4,510)	(6,400)	070		Tilling of contract payments only ripi 2013 add as at 30 saile.
Total	(0,400)	(4,510)	(0,400)			
Other						
Employee Costs	35	9	35	26%	G	
Other Expenses	50	22	50	44%	G	Includes some one-off payments made at beginning of year e.g.
·						insurance policies
Community Fund	10	1	10	10%	G	
Pension Costs	553	138	553	25%	G	
New Tyne Crossing	140	28	140	20%	G	
Support Services						
Financing Charges	6,874	1,719	6,874	25%	G	Indicative position - charges calculated at year end
Interest on Balances and	(300)	-	(300)	0%	G	Interest will be calculated at year end
Other income						·
Total	7,362	1,917	7,362			
Net (Surplus) / Deficit	962	(2,593)	962		G	Expected to be within budget at year end

Agenda Item 10



Tyne and Wear Integrated Transport Authority

REPORT FOR INFORMATION

DATE: 25 July 2013

SUBJECT: Tyne Pedestrian and Cyclist Tunnels (TPCT) – Phase 3 Improvement

Works Update

REPORT OF: Project Director to the New Tyne Crossing

PURPOSE OF REPORT

This report informs members of progress with the Phase 3 Improvement Works and the associated arrangement to maintain this cross Tyne link for users.

RECOMMENDATIONS

The Authority is recommended to note the progress made to date.

BACKGROUND DOCUMENTS

Report dated 22 July 2010 TPCT – Investment Proposals

CONTACT OFFICERS

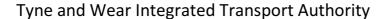
Paul Fenwick <u>paul.fenwick@twita.gov.uk</u> 0191 211 6058

IMPACT ON OBJECTIVES

To support economic development and regeneration Positive

To address climate change Positive

To support safe and sustainable communities Positive





1 Executive Summary

1.1 This report informs members of progress the Phase 3 Improvement works.

2 Introduction and background

- 2.1 The major maintenance liability for the TPCT was retained by the Authority in the Project Agreement entered into with TT2 Ltd on 23 November 2007. On 2 February 2010 the TWITA gave approval for the award of a contract for the modernisation of the lifts. Works duly started on site in March 2010 and were completed in December 2010. In the meantime, the escalators continued to experience difficulties (and in summer 2011 the last escalator in working order failed and has not operated since).
- 2.2 In July 2010 the Authority considered the future for the TPCT and in reaffirming their importance as a sustainable and important piece of transport infrastructure set a budget of £6m for the Phase 3 Improvement Works. These works primarily entail the removal of 2 of the 4 escalators and the installation of 2 inclined lifts and the complete overhaul/replacement of the Mechanical & Electrical systems.
- 2.3 The TPCT is a Grade II Listed Building and a Conservation Plan was developed by the New Tyne Crossing (NTC) Project Team in 2009. Any works to the fabric of the TPCT requires Listed Building Consent. The details for the Phase 3 Improvement Works were developed in early 2011 in sufficient detail to accompany an application for Listed Building Consent (LBC). An application was lodged with the Local Planning Authorities (LPAs) in April 2011. The application was given careful consideration and scrutiny by the LPAs and LBC was finally granted in October 2011 but with a number of conditions. The major elements of the conditions related to the inclined lifts the major change to the TPCT in the Phase 3 Improvement Works.
- 2.4 The OJEU Notice for the procurement of the main contractor was issued on 18 November 2011 and the tender documents issued to the short-listed contractors on 20 July 2012. The tender documents returned on 3 September 2012 and were evaluated by the project team.
- 2.6 Details of the tender evaluations were presented in a confidential report to the Delegated Committee of the Authority on 20 October 2012. Approval was given to accept the tender submitted by GB Building Solutions (GBBS) and the overall budget was adjusted to £6.5m to reflect the tender returns and price fluctuations





since July 2010.

3 Progress

- 3.1 Photographs of work undertaken by GBBS to date will be available at the meeting.
- 3.2 GBBS have completed setting up the site and arrange sub-contracts for materials and services and so on. Work has also begun on the removal of panels to the inclined escalator shaft to allow the detailed surveys to be done which are required for the finalisation of the inclined lift detailed design. The contractor has been instructed to remove and replace the lining material on the underside of the rotunda roofs because of the presence of asbestos and the risk of it being dislodged during the works. This was not identified in the tender documents but, at this time, it is considered that the cost implications of this can be accommodated within the contingencies built into the contract price. There is a programming implication which means that that completion of the Phase 3 works is now expected to be in August 2014.
- 3.3 On the 20th May 2013 the TPCT closed to the public, GBBS took control of the tunnels and TT2 Ltd, who are contracted to carry out the routine maintenance and operation of the TPCT under the NTC Project Agreement, ceased this activity. TT2 will not resume this duty until the tunnels are handed back in accordance with the Phase 3 Improvement Work Contract.

4 Shuttle Bus

4.1 To maintain the pedestrian/cycle cross Tyne link, a Shuttle Bus Service has been provided. It now operates between the hours of 06:00 and 20:00 every day until the tunnels are opened again for public use. The service is timetabled and free of charge for users and runs from Tyne View Terrace, East Howdon to Tyne Street, Jarrow (effectively rotunda to rotunda). The coach operator is Priory Coaches Ltd who were procured in open competition and their tender approved by the Authority's Delegated Committee on 20 October 2013.

5 Night Transport Service

5.1 The NTC team became aware that there are a small number of TPCT users who rely



Tyne and Wear Integrated Transport Authority

REPORT FOR INFORMATION

on the tunnels to commute to work between the hours of 20:00 and 06:00. These are shift workers who have no other form of travel and consequently would experience hardship if these tunnels became unavailable. The issue was discussed by the Tyne Tunnels Working Group and it was considered appropriate to provide a night service to transport these people across the Tyne between the rotundas.

5.2 TT2 Ltd now provide a driver and a suitable vehicle that can carry three people and their bicycles at a time throughout the night. People wishing to use the scheme are required to pre-register and agree to abide by the terms and conditions of use of the scheme: abuse will result in a withdrawal of the service to the individual(s) involved. To date 55 people have pre-registered with the Authority to use this night transport service and on average 14 people per night are using it.

6 Next Steps

- 6.1 The Phase 3 works will be overseen by the NTC team based in TT2 Ltd's offices and the Project Director will regularly report on progress to the Authority.
- 6.2 The NTC Communication Team will continue to action and maintain the Communication Plan, including continuing a dialogue with the adjacent communities, their representatives, pedestrian and cyclist groups and organisations and the local authorities.

7 Potential impact on objectives

7.1 The refurbishment/improvement of the TPCT will secure the future operation of this important transport link across the River Tyne. It provides specifically for pedestrians and cyclists and as such contributes positively to addressing climate change by encouraging non-motorised modes of travel. It also has the benefit of helping to reduce the number of motor vehicles on the roads – particularly on residential roads - to the benefit of local communities. The TPCT is also positive in terms of economic development and regeneration because it aids access to jobs in the A19 corridor for those who do not own a car.

Agenda Item 12

REPORT FOR INFORMATION

DATE: 25 July 2013

SUBJECT: 2013/14 CAPITAL PROGRAMME – FIRST QUARTERLY REVIEW

REPORT OF: THE TREASURER, ITA AND DIRECTOR OF FINANCE AND RESOURCES,

NEXUS

PURPOSE OF REPORT

To advise Members of the overall performance of the 2013/14 Capital Programme, including delivery to the end of the first quarter. The report covers the diverse range of activities for which the ITA is the accountable body.

RECOMMENDATIONS

The ITA is asked to:

• note the position with regard to the 2013/14 Capital Programme at the end of the first quarter, as outlined in Section 2.

BACKGROUND DOCUMENTS

Metro Capital Programme 2013/14

2013/14 Non-Metro Capital Programme

CONTACT OFFICERS

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Eleanor Goodman eleanor.goodman@twita.gov.uk 0191 277 7518

IMPACT ON OBJECTIVES

To support economic development and regeneration Neutral

To address climate change Neutral

To support safe and sustainable communities Neutral

1 Executive Summary

1.1 This report sets out the overall performance of the 2013/14 Capital Programme, including delivery to the end of the first quarter. The report covers the diverse range of activities for which the ITA is the accountable body.

2 Introduction and Background

The projected outturn for the 2013/14 capital programme as at the end of the first quarter is set out below:-

	Latest	Projected	Quarter 1
Expenditure	Approved	Out turn	Expenditure
	2013/14	2013/14	2013/14
	£m	£m	£m
Metro Asset Renewal Plan	41.348	38.439	5.925
Metro Ticketing and Gating	3.748	3.748	0.088
New Tyne Crossing	0.585	0.585	0.039
Tyne Pedestrian and Cycle Tunnel	4.250	4.500	0.142
LTP Integrated Transport Block Allocation	9.752	10.053	2.127
NESTI Project	1.987	1.987	0.090
LSTF Projects	1.130	1.575	-
Better Bus Area Fund	0.551	0.889	0.319
Total Expenditure	63.351	61.776	8.730

3 Metro Asset Renewal Plan

This reflects the fourth year of our ambitious eleven year programme to renew the Metro network where investment is directed towards those assets where there is greatest need, recognising that logistical and other planning processes also play a significant role in determining where resources are deployed in fulfilling the objectives of Nexus' three year rolling programme of delivery.

The ITA approved the Metro Asset Renewal Programme for 2013/14 in January 2013 totalling £49.269m to DfT (including a sizeable amount of over-programming which was to be addressed once a more logical sequence of programme delivery in 2013/14 and 2014/15 was determined). Following finalisation of these planning assumptions including how the 2012/13 programme actually out-turned, the Metro ARP capital programme was revised to a new level of £40.708m, which was noted by the ITA at its meeting in May. Since then, the programme has been further revised to £41.348m to reflect the additional tender and bus costs arising from the Central Corridor Blockade works this summer and reduced tender costs for Ilford Road.

Expenditure as at Quarter 1 of 2013/14 is £5.925m, as detailed in Appendix A.

Although expenditure to the end of the first quarter might be considered relatively low, the profile of expenditure is such that a sizeable amount of investment during the August blockade works will be incurred in quarter 2 where track and drainage systems will be completely renewed in the 'Central Corridor'.

The forecast for the year is £38.439m which although slightly adrift of the revised budget is comfortably in excess of the minimum expenditure target for grant purposes for 2013/14 of £31.752m and in line with the maximum available funding for grant purposes of £38.641m. This KPI is monitored on a 4 weekly basis and reported to both the Nexus Board and DfT along with the quarterly reports to the ITA and its Metro subcommittee which last met on 11 July 2013 and considered other aspects of delivery including overall programme affordability.

A range of outputs are proposed for delivery during the course of the fourth year of the delivery of the Metro Asset Renewal Plan. To the end of Quarter 1 the following key projects have been delivered:-

- Further progress with ¾ life Metro car project (with 27 cars completely refurbished by the end of Quarter 1 of 2013/14);
- Progress towards the implementation of the Master Plan of Ducting, Cable and Fibre replacement projects;
- Progress towards implementation of various ICT projects, including the release of tender documentation relating to the safety critical radio project;
- Progress towards Escalator replacements at Gateshead and Regent Centre;
- Further replacement point motors installation;
- Progress towards refurbishment works at South Gosforth and West Jesmond stations.

By the end of 2013/14, delivery will have translated into :-

- An anticipated 45 metro cars completely refurbished;
- Completion of Cable replacement project and significant progress toward the Ducting and Fibre replacement projects;
- Completion of drainage and track replacement works in the Central Corridor from Jesmond to South Gosforth;
- Replacement of the Rail Track Tamping Machine;
- Completion of on-going Station refurbishment together with works at Walkergate, South Gosforth, Ilford Road, West Jesmond and stations on the "Airport" line;
- Completion of various lift and escalator works including escalators to the Metro concourse at Gateshead.

4 Metro Ticketing and Gating

The 2013/14 Ticketing and Gating project has a revised budget and projection of £3.748m at Quarter 1, following slippage in the programme during 2012/13 reported to the Metro Sub Committee at its meeting on 11th July 2013. Virtually all external grants have been fully applied to this project and the majority of costs still to be incurred will be funded from Nexus earmarked capital reserves.

As at the end of the first quarter, all 225 new Ticket Vending Machines had been deployed at the 60 stations across the Metro network. Gate lines at 11 stations have also been installed and the validator installations (186/196) are close to completion. A further two stations will be gated later in the year.

The significant 'Touch in Day' milestone is expected to be achieved during the second quarter as well, with the project then beginning to close in on the Card Management System and Website deliverables. Roll out of technology and products is in line with the programme of events previously reported.

5 New Tyne Crossing

The construction works on the New Tyne Crossing are now complete and the capital programme in relation to this major ITA scheme is therefore significantly smaller than it has been in recent years. The budget requirement for 2013/14 relates to remaining final elements of environmental works and monitoring, professional fees for work towards achieving final completion, costs associated with land transfer work, and provision made for land compensation claims and their assessment.

6 Tyne Pedestrian and Cycle Tunnel

In July 2010, the ITA considered the future for the Tyne Pedestrian and Cycle Tunnel given failures to the lifts and escalators and, in reaffirming the importance of the tunnels as a sustainable and important piece of transport infrastructure, set a budget of £6m for the Phase 3 Improvement Works. These works primarily entail the removal of 2 escalators and the installation of 2 inclined lifts and the complete replacement of all M&E systems.

The Tyne Pedestrian and Cycle Tunnels were closed to the public on 20 May 2013. The closure is expected to last until June 2014. A shuttle bus service is in operation between 06:00 and 20:00, and a night service is also available for users who can demonstrate a case for hardship in relation to commuting to work.

At the Delegated Committee on 12 October 2012, a £0.5m additional contingency was agreed for the project, to be funded from Tyne Tunnels reserves and profiled into the

2014/15 programme. This has been added to the approved budget for the works, which now totals £6.5m (including costs already expended in previous years in developing the programme of works and discharging planning conditions).

The budget requirement for 2013/14 is estimated to be £4.500m, the majority of which relates to the cost of the actual refurbishment works and will be funded through Prudential Borrowing or earmarked Tyne Tunnel revenue reserves. This includes slippage from 2012/13 associated with the delay in awarding the contract. The revenue costs associated with the repayment of this borrowing are already built into the overall financial model for the New Tyne Crossing Project and considered affordable as they can be met by tolls on the vehicle tunnels.

7 Nexus / LTP Public Transport Projects

Local Transport Plan Integrated Transport block funding of £12.392m is available to the ITA in 2013/14. This funding is allocated as follows:

	2013/14
LTP Integrated Transport Block	£m
Gateshead	1.775
Newcastle	2.133
North Tyneside	1.371
South Tyneside	1.089
Sunderland	2.141
Total	8.509
Nexus/LTP Public Transport Allocation	
Nexus LPT Allocation	3.883
Carried Forward from 2012/13	0.301
Total	4.184
Grand Total	12.693

The £8.509m element of the Integrated Transport Block is paid quarterly to the Tyne and Wear Districts on receipt of the grant from DfT. £2.127m has been paid to Districts as at quarter 1.

A breakdown of the Nexus/Public Transport Allocation of the LTP Integrated Transport Block for 2013/14 is illustrated in the table below:

	Approved 2013/14	Quarter 1 Spend
	£m	£m
Gateshead	0.156	-
Newcastle	0.258	-
North Tyneside	0.120	-
South Tyneside	0.138	-
Sunderland	0.375	-
Nexus	0.341	0.012
LTP Core Team	0.155	-
Metro ARP local contribution (included within ARP Programme at Appendix A)	2.640	0.593
Total	4.184	0.605

£0.301m of LTP Public Transport Allocation to Districts was unclaimed at the end of 2012/13. This has been carried forward and is available for use in 2013/14, as is permissible under the grant conditions, so is included within the Approved figures in the table above.

Quarter 1 expenditure has been reported at £0.605m inclusive of the local contribution for the Metro ARP. LTP claims from Districts for the public transport allocation are due later in the year so at this point in time are shown as nil. Details of schemes this funding is to be used for will be included in the next quarterly monitoring report.

8 NESTI

The ITA acts as accountable body for the North East Smart Ticketing Initiative (NESTI) which is a programme of investment in smart ticketing infrastructure across the North East. The programme is governed via a collaboration agreement which was entered into by all 12 local authorities plus Nexus and the ITA with a bi-monthly programme board to steer progress and bi-annual reporting to ANEC. Nexus acts as programme manager for NESTI.

The NESTI project scope has expanded to incorporate a Regional Card Management System (CMS), Web Retail and Part 11 solution allowing smart card cash top-ups to be made on line. The implementation of these deliverables has begun, with completion dates all within the financial year.

The current year's programme includes:

• Implementation of the Retail Distribution Network project and Card

- Management System integration costs.
- The implementation of the final aspect of the Regional Retail Infrastructure, namely procurement and installation of bus stop validation equipment
- A provision for further and higher education integration projects similar to that previously agreed for Newcastle University where NESTI is working with University such that its own smart card can also be used in the public transport arena.
- Scope for the South East Northumberland Multi-modal Smartcard change request agreed at the partnership board meeting on 14th December 2012.

The scheme intends to utilise project contingency in order to fund on-going revenue costs associated with the CMS, Website and Part 11 solution for the 2016/17 and 2017/18 financial years. This proposal was approved by ANEC Leaders and elected Mayors on 12 July 2013.

A copy of the ANEC report from 12 July 2013 is considered elsewhere on this agenda.

Local Sustainable Transport Fund (LSTF) and Better Bus Area Funding (BBAF)

Schools Go Smarter (LSTF - £0.595m)

9

The capital works in the programme for 2013/14 are mainly comprised of the School Links and Grants to Schools work streams. School grants provides funding for bike sheds, to provide safe places for pupils to store their bicycles, and other works including new paths, pool bikes or tools. School links funds infrastructure works in the Districts making it easier to cycle or walk to school, such as upgrading cycle paths or installing new pedestrian crossings. Expenditure to date is nil since claims from the Districts for expenditure to the end of Quarter 1 are not due until later in July 2013.

Go Smarter to Work (LSTF - £0.980m)

Capital works included within the programme for 2013/14 are designed to deliver infrastructure improvements including enhancing cycle and pedestrian facilities at Team Valley to encourage more walk and cycle trips and bus priority investment at Team Valley to encourage modal shift to public transport. Improved information will also be delivered through use of open data sources and Real Time Passenger Information to enable the transport user to access more reliable and up to date details about transport services. Expenditure to date is nil since claims from the Districts for expenditure to the end of Quarter 1 are not due until later in July 2013.

Better Bus Area Funding (BBAF - £0.889m)

The budget for 2013/14 is in relation mainly to the completion of the installation of equipment for the Intelligent Transport Solutions element of the programme (which includes CCTV and Automatic Number Plate Recognition) and to improvements at bus

interchanges to be delivered by Nexus.

10 | Capital Programme Financing

The following table sets out how the ITA's capital programme for 2013/14 will be financed, based on the projected outturn as set out in this report:-

Funding Type	Funding Al 2013	
	£m	£m
Grant		
Metro Rail Grant	34.595	
Smart Ticketing	0.322	
LTP Integrated Transport Block	8.509	
LTP Public Transport Block	4.184	
LSTF	1.575	
Better Bus Area Funding	0.889	
Total Grant		50.074
Prudential Borrowing		5.085
NESTI		1.987
Reserves		4.630
Total Funding		61.776

11 Next Steps The programme will continue to be monitored closely throughout the financial year and reported to the ITA on a quarterly basis. 12 Potential impact on objectives There is no impact on objectives as a result of this report.

Appendix A – Metro Asset Renewal Plan

Asset Category	Latest Approved Budget	Projected Outturn 2013/14	Quarter 1 Spend 2013/14
	£m	£m	£m
Civils	5.911	5.751	0.527
Communications	5.753	5.674	0.533
Depot Equipment	0.012	0.013	0.003
Level Crossings	0.521	0.135	0.014
Mechanical and Electrical	2.170	2.089	0.574
Metro Cars	5.872	5.877	1.514
Miscellaneous	0.788	0.843	0.090
Overhead Line	0.470	0.469	0.008
Permanent Way /Track	9.937	9.760	0.845
Plant	2.001	1.794	0.208
Power	0.820	0.820	0.122
Signalling	2.766	2.147	0.817
Stations	4.327	3.067	0.670
Total Approved 2013/14 Capital Programme	41.348	38.439	5.925

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Agenda Item 13

REPORT FOR INFORMATION

DATE: 25 July 2013

SUBJECT: North East Smart Ticketing Infrastructure (NESTI) update report to

ANEC

REPORT OF: Director General of Nexus

PURPOSE OF REPORT

To appraise the ITA of the NESTI update report prepared for the ANEC Leaders and Elected Mayors' Group meeting on 12 July 2013.

RECOMMENDATIONS

That the ITA notes the contents of the attached report.

BACKGROUND DOCUMENTS

NESTI Collaboration Agreement (available on request from Nexus).

CONTACT OFFICERS

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IMPACT ON OBJECTIVES

To support economic development and regeneration Positive

To address climate change Positive

To support safe and sustainable communities Positive

1	Introduction and Background
1.1	NESTI is a formal collaborative programme of work between Darlington Borough Council, Durham County Council, Gateshead Council, Hartlepool Borough Council, Middlesbrough Council, Newcastle City Council, North Tyneside Council, Northumberland County Council, Redcar and Cleveland Borough Council, South Tyneside Council, Stockton-on-Tees borough Council, Sunderland Council, Nexus and the Tyne and Wear Integrated Transport Authority.
1.2	On 18 October 2010 all the North East Local Authorities signed a Collaboration Agreement formalising their participation in the NESTI programme.
1.3	A formal Partnership Board made up of senior officers representing Local Authorities, the Tyne and Wear Integrated Transport Authority (TWITA) and Nexus has been established. Nexus acts as Programme Manager and the TWITA is the Lead Authority for executive purposes.
1.4	The terms of the Collaboration Agreement require that a progress report is provided to the ANEC Leaders and Elected Mayors every 6 months.
1.5	The latest NESTI update report is attached to this report.
2	Next Steps
2.1	A further update report will be provided to the ANEC Leaders and Elected Mayors in December 2013.
3	Potential impact on objectives
3.1	To support economic development and regeneration - the introduction of smart ticketing is intended to increase the attractiveness of public transport as a means of travel. This can contribute to the reduction of congestion, while giving people greater choice in, and access to, employment and training.
3.2	To address climate change - the introduction of smart ticketing will increase the attractiveness of public transport as a mode of travel reducing the number of individual car users and therefore fuel consumption. Also the introduction of smart ticketing reduces the requirement for paper based tickets.

North East Smart Ticketing Infrastructure (NESTI) **Programme Update**

Recommendations

- Note the progress made in regard to delivery of a smart ticketing infrastructure across the region
- II. Approve the NESTI programme budget for the financial year 2013/14.
- III. Approve the extension of the NESTI programme budget through financial years 2016/17 and 2017/18 which avoids the need for partners to self fund obligations arising from the development of the NESTI infrastructure until 2018/19 financial year.
- IV. Note that if recommendation (iii) is accepted, this will fully allocate the entire NESTI programme budget save for retention of a prudent level of contingency amounting to £0.260m (20%),

Executive Summary

- 1. The purpose of this report is to update Leaders and Elected Mayors on the progress being made in implementing the North East Smart Ticketing Infrastructure (NESTI). This report covers the period from 15 December 2012 to 10 June 2013 and is in accordance with the terms of the Collaboration Agreement that all 12 local authorities have entered into. Appendix A provides background information about the NESTI programme.
- 2. Implementation of the smart ticketing infrastructure has made good progress since the last update to Leaders and elected Mayors in February 2013.
- 3. Most notably, the aspiration that a Pay As You Go (PAYGO) smart product will be available on different modes of public transport, spanning a range of different operators should be achieved by the autumn/winter of 2013 with the launch of Stored Travel Rights (STR) on a regional card carrying the NESTI logo.
- 4. In addition, we also expect customers to be able to 'top-up' their NESTI STR product at over 400 locations across the region from autumn 2013 through a contract established with an organisation called Payzone.

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Recent research carried out by PTEG indicates that the North East is ahead of most other areas in relation to the implementation of smart ticketing

- 5. Other initiatives are also progressing well; interfaces with other smart cards from other institutions will be tested as part of the STR roll out, a new Card management System (CMS) for management of the English National Concessionary Travel Scheme is being implemented and the recent bulk re-issue of concessionary smart cards was done on a regional basis, generating an estimated £0.450m of savings.
- 6. In terms of the budget, the programme has been delivered at less than budget and at the officer led Partnership Board meeting of 7 June 2013, it was agreed, subject to ANEC approval, to these utilise savings to fund on-going costs until 2017/18.

Regional Stored Travel Rights

- 7. The NESTI programme is in the process of implementing a regional Stored Travel Rights (STR) product that will be accepted on public transport across the region.
- 8. This product is also often referred to as Pay As You Go (PAYGO).
- 9. A card design has been agreed by the Partnership board with samples produced for testing.
- 10. Progress amongst the operators in the NESTI region is as follows:

Large Bus Operators

Agreement on the design specification for the STR product has been agreed with the three large operators (Go North East, Stagecoach and Arriva). They are currently in the process of modifying their systems to allow testing to proceed.

Ferry / Small Operators

The design specification for the STR product has been agreed for small operators and the Cross Tyne Ferry. NESTI have been able to undertake some preliminary testing with these operators.

Metro

Factory Acceptance Testing (FAT) has been successfully undertaken with the supplier of the Ticket and Gating system.

Site Acceptance Testing of the STR product on Metro will begin in July 2013.

Northern Rail

Additional consultation was been undertaken over the last reporting period but progress remains slow and sporadic.

11. It is envisaged that the STR product will be launched with one or more major regional operators in late autumn / winter 2013 subject to successful testing.

Interfaces to other smartcard schemes

- 12. The NESTI programme is working with Newcastle University to ensure that the new University smartcard contains a smartcard transport application allowing the card holder to purchase travel from any provider participating in the NESTI scheme.
- 13. The Newcastle University system was formally launched on the 18th February 2013.
- 14. NESTI are continuing to work with Charles Thorp School and are discussing the issuance of smartcards for the academic year starting September 2013. The programme envisages that pupils from the school will assist with the testing of the regional STR product on the Tyne and Wear Metro during the summer.
- 15. The NESTI programme also agreed to deliver 3,750 branded smartcards as part of the Northumberland Local Sustainable Transport Fund (LSTF) project. These cards have been produced and will be made available when the regional STR product is launched.
- 16. In addition, and once successful implementation of these three pilot schemes is proven, budgetary provision will remain for similar initiatives with other universities and colleges of further/higher education across the region.

Concessionary Travel / Regional Hops

- 17. NESTI worked with partners to set-up a framework contract to manage the bulk reissue of the region's English National Concessionary Travel Scheme (ENCTS) permits.
- 18.By 31st March 2013 using the framework contract 500,000 replacement ENCTS cards were issued. This resulted in estimated savings of £0.450m across the region.
- 19. All the cards issued under the framework carry the NESTI logo and will be able to make use of the regional STR product.

Smart Retail Network

- 20.A regional retail network is required in order to support the development of the regional STR/PAYGO product by providing customers with convenient points to add value to their smartcards.
- 21. A contract has been awarded to Payzone and the current project plan indicates that customers will be able to 'top-up' their NESTI STR product at over 400 locations across the region from autumn 2013.
- 22. A website to allow customers to manage their regional STR product is currently under test and projected to be complete by autumn 2013.

Small Operator Scheme

- 23. It was recognised that some smaller operators in the region did not have the technical skills or resource to independently manage the transition to smart ticketing. NESTI implemented a small operator managed service across the region which coupled with grant funding provides an affordable route for small operators to convert to smart ticketing.
- 24. The implementation of the regional small operator managed service is now complete with 17 operators converted and a total of 120 smart Electronic Ticket Machines (ETMs) installed.
- 25. Smart ticketing was also introduced on the Cross Tyne Ferry in April 2013; the programme delivering the first UK 'smart' Ferry.
- 26. Conversion of additional small operators will now be on a case by case basis with each installation subject to ratification by the NESTI Partnership board.

2013/14 Budget Update

- 27. The current indicative NESTI budget at 1st April is £10.171m including interest on the funding held by the Tyne and Wear ITA on behalf of the partners. The summary budget is attached at Appendix B.
- 28. The 2012/13 outturn expenditure level was £3.235m against an approved budget of £4.416m, resulting in an under-spend of £1.181m. This consisted of budget savings driven by efficiencies totalling £0.752m, slippage into future years of £0.449m and additional expenditure of £0.020m in respect of the £0.300m that ANEC had previously approved would be used to progress rail devolution.
- 29. The NESTI Partnership board has endorsed the extension of the NESTI budget into the 2016/17 and 17/18 financial years in order to fund on-going HOPS and other back office revenue costs associated with the programme. This expenditure can be funded from within existing contingency levels and has been provisionally outlined in Appendix B. This will negate the need for all local authorities to fund necessary revenue costs associated with the project during this time.

Stage Review 2013/14

- 30.A stage review of the NESTI programme was undertaken for the year ending 2012/13. The object of the review was to formally validate whether the NESTI programme remains on target to deliver its benefits and that a valid business case still exists.
- 31. The stage review, including the 2013/14 NESTI work plan has been reviewed and approved by the NESTI Partnership board on 7 June 2013. Notable component projects to be delivered during 2013/14 are:
 - The delivery of the Smart Retail Network
 - Rollout of the regional STR product across a number of transport modes

Appendix A

Background

- NESTI is a formal collaborative programme of work between Darlington Borough Council, Durham County Council, Gateshead Council, Hartlepool Borough Council, Middlesbrough Council, Newcastle City Council, North Tyneside Council, Northumberland County Council, Redcar and Cleveland Borough Council, South Tyneside Council, Stockton-on-Tees Borough Council. Sunderland Council, Nexus and the Tyne and Wear Integrated Transport Authority.
- 2. At its meeting of 7 October 2009, ANEC agreed the high level objectives of NESTI which are as follows:-
 - a) Acceptance of ITSO smart tickets on all forms of public transport in the North East;
 - b) A HOPS available for use by any local authority or operator in the North East;
 - c) A smart retail network covering the North East;
 - d) Capability of an e-purse or Stored Travel product;
 - e) Capability of interfaces to other smartcard schemes.
- 3. It was recognised that achievement of these objectives will significantly improve access to public transport throughout the North East, improve patronage data and understanding of passengers' travel patterns, reduce operating costs for the CT scheme and offer partner authorities the opportunity to implement smart solutions to a wide range of public sector facilities.
- 4. On 18th October 2010 all the North East local authorities signed a Collaboration Agreement formalising their participation in the NESTI programme, following a series of meetings to discuss the local and strategic benefits which delivery of the NESTI programme will achieve.
- 5. The Collaboration Agreement requires bi-annual reporting to Leaders and Elected Mayors; the last report was given in November 2011.
- 6. A Partnership Board made up of senior officers representing Local Authorities, the Tyne and Wear Integrated Transport Authority (TW ITA) and Nexus meets on a bimonthly basis to oversee the programme.

NESTI Programme Appendix B Financial Summary as at 1st April 2013

	Prior				2016/17 and	
	Years	2013/14	2014/15	2015/16	2017/18	Total
	Actual	Budget	Budget	Budget	Budget	Budget
	£k	£k	£k	£k	£k	£k
Capital Expenditure Estimates	1	70		•	•	
Contribution to ETM Readers	1,640	70	0	0	0	1,710
Small operator scheme - Back Office	131	90	0	0	0	221
Upgrade T&G Station Equipment	2,100	0	0	0	0	2,100
Regional STR System	7	193	0	0	0	200
Regional ENCTS CMS	13	50	0	0	0	63
Regional Retail Infrastructure	3	293	0	0	0	296
Upgrade T&G back office to support NESTI	445	0	0	0	0	445
ENCTS Cards	168	0	0	0	0	168
Project Management - Nexus internal team	239	0	0	0	0	239
Professional Services	65	60	20	0	0	145
Integration Costs	48	274	0	0	0	322
Total Capital Expenditure	4,858	1,030	20	0	0	5,908
Revenue Expenditure Estimate						
HOPS Operating Costs	220	110	110	110	220	770
CMS Operating Costs	0	33	71	71	142	317
Web Retail Licence	0	83	180	180	360	803
CMS/Web Maintenance and Support	0	10	21	21	42	94
RRN Annual Fulfilment	0	7	15	15	30	67
RRN Hosting	0	42	91	91	182	406
CT payment apportionment system	4	20	0	0	0	24
Small operator scheme	33	45	0	0	0	78
Small operator selectic] 33	73	1	O	0	, ,

TOTAL FUNDING	5,174	1,987	780	760	1,298	10,171
Investment Income	0	0	0	0	0	171
NESTI	5,174	1,987	780	760	1,298	10,000
Funded By:-	£	£k	£	£	£	£
	Actual	Budget	Budget	Budget	Budget	Budget
TOTAL COST	5,174	1,987	780	760	1,298	10,171
Investment Income	U	0	0	0	0	171
Project Contingency	0	22	22	22	22	90
Total Revenue Expenditure	313	934	/36	738	1,276	4,002
Total Davanua Ermanditura	315	034	738	730	1,276	4 002
Contribution to RINE	20	280	0	0	0	300
System Integration Costs	0	55	75	75	50	255
Professional Services	38	100	75	75	50	338
Project Management - Nexus internal team	0	150	100	100	200	550

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Agenda Item 16

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Agenda Item 17

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