



Tyne and Wear Integrated Transport Authority

Meeting to be held at 10.00 am on Thursday 26 July 2012 in a Committee Room, Civic Centre, Newcastle upon Tyne

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

Membership: Blackburn, Curran, Green, Hobson, Hodson, Lawson, Lott, Maughan, McElroy, Murison, O'Shea, Smith, Stokel-Walker, Stone, D Wood and P Wood

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

AGENDA

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SECTION 1 - STANDING ITEMS

1. 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.

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12. Rail Update

13. Date and Time of the Next Meeting

Thursday, 27 September 2012 at 10am.

14. 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.

SECTION 4 - CONFIDENTIAL STANDING ITEMS

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Tyne and Wear Integrated Transport Authority

31 May 2012
(10.05 am - 12.00 pm)

Present:

Councillor: D Wood (Chair)

Councillors: Blackburn, Burdis, Curran, Green, Hall, Hobson, Hobson, Hodson, Lott, McElroy, Murison, O'Shea, Stokel-Walker, Stone and P Wood

In attendance:

Newcastle City Council:

B Rowland - Clerk (ITA)
P Woods - Deputy Clerk and Treasurer (ITA)
S Ovens - Legal Advisor and Monitoring Officer (ITA)
H Emms - Transport Policy Adviser to the ITA
P Fenwick - New Tyne Crossing Project Director
G Grant - Senior Transport Policy Officer (ITA)
E Goodman - Senior Accountant (ITA)
N Whitefield - Press Officer
V Miller - Democratic Services

Nexus:

B Garner - Director General
J Fenwick - Director of Finance and Resources
K Mackay - Director of Rail and Infrastructure
T Hughes - Director of Customer Services

1. APPOINTMENT OF CHAIRMAN

RESOLVED – That Councillor D Wood be appointed as Chairman for the Municipal Year 2012/13.

2. APOLOGIES FOR ABSENCE

Councillors Maughan and Smith.

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

Councillors Blackburn, Green, Hobson, Lott, O'Shea, Stokel-Walker, D Wood and P Wood declared a personal interest due to holding a concessionary travel pass.

Councillor P Wood declared a personal interest due to holding the Metro Gold Card and also due to being the Chairman of the Compass Community Transport charity.

4. MEMBERSHIP OF THE AUTHORITY 2012/13

RESOLVED – That the membership of the Authority in the Municipal Year 2012/13 be confirmed as follows:

Gateshead (3)	
Councillor	Party
S Green	Labour
McElroy	Labour
Maughan	Liberal Democrats
Newcastle (4)	
Councillor	Party
Murison	Labour
Stokel-Walker	Labour
Stone	Liberal Democrats
D Wood	Labour
North Tyneside (3)	
Councillor	Party
Hodson	Conservative
Lott	Labour
O'Shea	Labour
South Tyneside (2)	
Councillor	Party
Hobson	Labour
Smith	Labour
Sunderland (4)	
Councillor	Party
Blackburn	Labour
Curran	Labour
Lawson	Labour
P Wood	Conservative

5. APPOINTMENT OF VICE-CHAIRMEN

(a) Appointment of Statutory Vice-Chairman

RESOLVED – That Councillor Blackburn be appointed as Statutory Vice-Chairman for the Municipal Year 2012/13.

(b) Appointment of Other Vice-Chairmen

RESOLVED – That:

- (i) Councillors Hobson, Lott and McElroy be appointed as Vice-Chairmen for the Municipal Year 2012/13;
- (ii) Due to the increase in the number of Vice-Chairmen from two to three, the allowance available to each Vice-Chairman be reduced to £1350 with effect from 31 May 2012; and a new Members' Allowances Scheme be made to that effect.

6. APPOINTMENT OF LEAD MEMBERS' PORTFOLIOS

RESOLVED – That the appointment of the Lead Members' portfolios be deferred until the next meeting.

7. APPOINTMENT OF LEADER OF OPPOSITION

RESOLVED – That Councillor P Wood be appointed as the Leader of the Opposition for the Municipal Year 2012/13.

8. A PETITION FROM TRADE UNIONS

The Chairman informed the meeting that he had been presented with a petition in support of Metro cleaners who were in dispute with their employer – Churchill. Although the dispute could not be influenced by the ITA directly, the Chairman asked the Clerk and Director General of Nexus to establish what could be done to help to bring this matter to a resolution.

RESOLVED - That the Clerk and Director General of Nexus would liaise with the trade unions involved and Deutsche Bahn Tyne and Wear Ltd (DBTW) to facilitate a resolution.

9. APPOINTMENT OF COMMITTEES AND WORKING GROUPS FOR THE MUNICIPAL YEAR 2012/13

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

The report invited members to appoint such committees and working groups as were required for the Municipal Year 2012/13.

RESOLVED – That:

- (i) the listed below committees and working groups be appointed for the Municipal Year 2012/13;
- (ii) the terms of reference of the appointed committees and working groups, as set out in the report, be agreed;
- (iii) the listed below memberships of the committees and working groups be agreed;

- (iv) the Opposition Group would nominate one additional member for the Scrutiny Advisory Group; the nomination would not necessarily be from the membership of the ITA;
- (v) the indicated below arrangements for Chairs and Vice-Chairs of the appointed committees and working groups be agreed.

Appointment of committees and working groups for the Municipal Year 2012/13

(a) Delegated Committee

Day and time of meeting: as and when required

Nominations (ITA Lead Members or their substitutes): 3 (2+1)

Membership:

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

(b)

(i) Standards and Audit Committee*

*Until 1 July 2012

Day and time of meeting: 3 meetings a year

Nominations (ITA Members): 5 (4+1) plus 4 independent members

Membership:

Party	Councillor	Independent member	Special Responsibility
Labour	O'Shea		
Labour	Lawson		
Labour	Curran		

Labour	Smith		
Opposition Member	Maughan		
		Mr Scrimshaw	
		Ms Green	
		Mr Atkinson	
		Mr Clark	

(ii) Audit Committee*

*From 1 July 2012

Day and time of meeting: 3 meetings a year

Nominations (ITA Members): 5 (4+1) plus 4 independent members

The Committee would appoint its Chair and Vice-Chair.

Membership:

Party	Councillor	Independent member	Special Responsibility
Labour	O'Shea		
Labour	Lawson		
Labour	Curran		
Labour	Smith		
Opposition Member	Maughan		
		Mr Scrimshaw	
		Ms Green	
		Mr Atkinson	
		Mr Clark	

(iii) Standards Committee*

*From 1 July 2012

Day and time of meeting: 3 meetings a year

Nominations (ITA Members): 5 (4+1) plus 4 independent members

The Committee would appoint its Chair and Vice-Chair. The Chair would be appointed from the independent members of the Committee.

Membership:

Party	Councillor	Independent member	Special Responsibility
Labour	O'Shea		
Labour	Lawson		
Labour	Curran		
Labour	Smith		
Opposition Member	Maughan		
		Mr Scrimshaw	
		Ms Green	
		Mr Atkinson	
		Mr Clark	

(c) Metro Sub-Committee

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

Nominations: ITA Members: 8 (6+1+1) or substitutes: 7 (5+1+1)

Membership:

Party	Councillor	Special Responsibility
Labour	D Wood	Chair
Labour	Blackburn	Vice-Chair
Labour	Lott	
Labour	Stokel-Walker	
Labour	Curran	

Labour	Hobson	
Opposition Member	Hodson	
Opposition Member	Stone	

Substitute Members: 7 (5+1+1)

Order of priority	Councillor
Labour:	
1	O'Shea
2	Green
3	Murison
4	Smith
5	Lawson
Liberal Democrats:	
1	Maughan
Conservatives:	
1	P Wood

(d) Scrutiny Advisory Group

Day and time of meeting: 1pm on 2nd Thursday, 4 meetings a year

Nominations (2 representatives nominated by each Council plus, if necessary to ensure two representatives from the ITA's Minority Political Groups, up to two nominations by those Groups).*

The Committee would appoint its Chair and Vice-Chair.

Membership:

District Council	Councillor	Party	Special Responsibility
Gateshead (2)			
	M Graham	Labour	
	T Graham	Labour	
Newcastle (2)			
	Fairlie	Labour	
	G Pattison	Labour	
North Tyneside (2)			
	Sarin	Conservative	
	Green	Labour	
South Tyneside (2)			
	Porthouse	Labour	
	Watters	Labour	
Sunderland (2)			
	Padgett	Labour	

	Tate	Labour	
*The Authority also agreed that the Opposition Group would nominate 1 additional member, not necessarily a member of the ITA.			

(e) Local Transport Plan Working Group

Day and time of meeting: 10.30am on 2nd Thursday (with exceptions), 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 Lott

Opposition Representative – Councillor Stone

Council Representatives:

Gateshead: Councillor McElroy

Newcastle: Councillor Murison

North Tyneside: Councillor J Allan

South Tyneside: Councillor Kerr

Sunderland: Councillor Blackburn

(f) Equality and Diversity Working Group

Day and time of meeting: 10.30am on 3rd 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 Blackburn

Opposition Representative – Councillor Maughan

Council Representatives:

Gateshead: Councillor L Green

Newcastle: Councillor Todd

North Tyneside: Councillor Mulvenna

South Tyneside: Councillor Kerr

Sunderland: Councillor Trueman

(g) Bus Strategy Working Group

Day and time of meeting: as and when required, 10.30 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 Blackburn

Opposition Representative P Wood

Council Representatives:

Gateshead: Councillor Douglas

Newcastle: Councillor Todd

North Tyneside: Councillor M Green

South Tyneside: Councillor Hobson

Sunderland: Councillor (to be confirmed)

(h) Tyne Tunnels Working Group

Day and time of meeting: 10am on 3rd Friday, bi-monthly

Nominations (ITA Members): 7

Membership:

Councillors: D Wood, O’Shea, Lawson, Hobson, Lott, Hodson and Stone.

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

(i) Council Transport Spokesmen (ITA Members)

Councillor McElroy - (Gateshead)

Councillor D Wood - (Newcastle)

Councillor Lott - (North Tyneside)

Councillor Hobson - (South Tyneside)

Councillor Blackburn - (Sunderland)

(j) Outside Bodies**1) Local Government Association:****Membership:**

Councillors: D Wood, Blackburn and Stone

2) ITA Special Interest Group**Membership:**

Councillors: D Wood, Blackburn and P Wood

10. CALENDAR OF MEETINGS 2012/13

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

The report invited members to confirm its calendar of meetings for 2012/13.

RESOLVED – That the calendar of meetings for 2012/13 be approved as follows:

TYNE AND WEAR INTEGRATED TRANSPORT AUTHORITY (ITA)		
ITA Chairman and Vice-Chairmen's pre-agenda meeting	ITA Meetings	ITA Policy Seminars
10am on 3 rd Monday, bi-monthly, Nexus House	10am on 4 th Thursday, bi-monthly, Newcastle Civic Centre Annual Meeting: 10am on 5 th Thursday in May.	9.30am on 4 th Thursday in the month when the ITA does not meet, Nexus House/Newcastle Civic Centre/on site
	31 May 2012 - Annual Meeting	10am on 14 June 2012 - Away Day, Newcastle Civic Centre 28 June 2012 – Policy Seminar on the Bus Strategy Delivery Project (details to be confirmed)
16 July 2012	26 July 2012	23 or 30 August 2012 – Annual Inspection and Tour (to be confirmed).
17 September 2012	27 September 2012	25 October 2012
12 November 2012	22 November 2012	
14 January 2013	24 January 2013	28 February 2013
18 March 2013	28 March 2013	25 April 2013
	30 May 2013 - Annual Meeting	

ITA Metro Sub-Committee
10.30am on Thursday, 4 meetings a year, Newcastle Civic Centre
Thursday 12 July 2012
Thursday 8 November 2012
Thursday 10 January 2013
Meeting 4 is to be confirmed at a later date

ITA Standards and Audit Committee (until 1 July 2012)

Dates to be confirmed

ITA Audit Committee (from 1 July 2012)

3 meetings a year, Newcastle Civic Centre

Dates to be confirmed

ITA Standards Committee (from 1 July 2012)

3 meetings a year, Newcastle Civic Centre

Dates to be confirmed

ITA Scrutiny Advisory Group

1pm on 2nd Thursday, 4 meetings a year

12 July 2012 (Newcastle Civic Centre)

11 October 2012 (Sunderland Civic Centre)

14 February 2013 (North Tyneside Town Hall)

11 April 2013 (South Tyneside Town Hall)

ITA Tyne Tunnels Working Group

10am on 3rd Friday, 4 meetings a year, TT2 Management Building

15 June 2012

21 September 2012

21 December 2012

15 March 2013

ITA Local Transport Plan Working Group

10.30am on 2nd Thursday (with exceptions), 4 meetings a year,
Newcastle Civic Centre/Mansion House

5 July 2012

11 October 2012 (Mansion House, Fernwood Avenue)

20 December 2012

11 April 2013

ITA Equality and Diversity Working Group
10.30am on 3 rd Thursday, 4 meetings a year, Newcastle Civic Centre
19 July 2012
18 October 2012
17 January 2013
18 April 2013

ITA Bus Strategy Working Group (serviced by Nexus)
10.30am on Thursday, as and when required, Newcastle Civic Centre/Mansion House
5 July 2012
4 October 2012 (Mansion House, Fernwood Avenue)
13 December 2012
14 March 2013

11. **MINUTES OF THE PREVIOUS MEETING HELD ON 22 MARCH 2012**

The minutes of the previous meeting held on 22 March 2012 were approved as a correct record and signed by the Chair.

Matters Arising

(a) Better Bus Area Fund – Final Submitted Bid

(Minute 121 refers)

In response to the previous request for the breakdown of the amalgamated budget allocated for the purpose of the Better Bus Area Fund bid between partners, B Garner explained that this information was presented in Appendix A of the Better Bus Area Fund report, agenda item 16 on today's agenda.

In relation to the previous request for information on the subsidy provided to support Metro and secured bus services, B Garner explained that officers had looked into how this information could be presented to members but this was complex. It was noted that the Chair had been provided with the relevant details. On recommendation from B Garner, members agreed that this information would be considered at a future Policy Seminar.

(b) Eligibility for 16-18 Metro Student Card Fares

(Minute 124 refers)

B Garner reported that the eligibility for the 16-18 Metro Student Card had been extended to all young people aged 16-18, which was well received.

He also reported that Nexus was discussing with Network Ticketing Limited (NTL) the possibility of a similar provision on buses. Although the initial response had not been positive, Nexus would continue the discussions.

12. THE NEW STANDARDS REGIME - PROPOSED ARRANGEMENTS

Submitted: A report of the ITA Standards and Audit Committee (previously circulated and copy attached to Official Minutes).

S Ovens presented the report which invited members to agree the new standards arrangements which were proposed for the Authority from 1 July 2012 following recent legislative changes.

Following the ensuing discussion of the proposals, which included a discussion on whether an independent member should chair the Standards Committee, it was:

RESOLVED – That:

- (i) the proposals set out in paragraphs 3.4, 4.5, 5.8, 6.10, 7.3, 8.3 and 10.6 be approved;
- (ii) the Chair of the Standards Committee be an independent member;
- (iii) the Standards Committee and the Audit Committee be delegated to appoint their Chairs and Vice-Chairs for the Municipal Year 2012/13.

13. REVIEW OF CORPORATE GOVERNANCE ARRANGEMENTS

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

S Ovens presented the report which advised members that a review of the Authority's corporate governance arrangements had been carried out.

He explained the required amendments to the Standing Orders, including an amendment to Standing Order B.20, which was required to clarify the procedure for presenting petitions and to reflect the fact that this procedure was available to any person or body who wished to present a petition to the Authority.

In relation to the Delegations to the Clerk, it was agreed that paragraph 1 be amended to say "To provide comprehensive advice to the Authority on the implications for Tyne and Wear of all aspects of transport at local, regional, national and international levels together with related matters."

RESOLVED – That:

- (i) the report be noted;
- (ii) the proposed amendments to the Standing Orders be approved;
- (iii) the proposed Delegations to Officers subject to the amendment of the Delegations to the Clerk, as outlined above, be approved;
- (iv) the recommended position in relation to the Terms of Reference of the Standards and Audit Committee be approved.

14. THE NEW TYNE CROSSING PROJECT - AWARDS

The Chair was pleased to announce that the New Tyne Crossing Project (NTC) had been awarded the following awards:

- The Institution of Civil Engineers (ICE) Special Robert Stephenson Award 2012
- Constructing Excellence North East Value Award 2012

The Chair, on behalf of the Authority, congratulated all who had been involved in the project.

15. ITA LTP 3 MEASURES AND TARGETS

Submitted: A report of the Chair of the Joint Transport Steering Group (previously circulated and copy attached to Official Minutes).

H Emms presented the report which sought members' approval of a proposed monitoring framework to measure the effectiveness of the transport policies and interventions set out in the 3rd Local Transport Plan for Tyne and Wear (LTP3). The report also sought members' approval of the proposed targets for public transport.

Questions/Comments

- A discussion took place on whether the patronage targets were sufficiently ambitious given the 10-year length of the strategy as part of LTP3. Members expressed a number of views. Comments were made that generally, the targets were low, especially in relation to Metro, Ferry and Heavy Rail. A member commented that Metro was the backbone of public transport in Tyne and Wear and the target should be increased to reflect this.
- Comments were also made that in the light of the current trends on the use of public transport, the targets were sufficiently ambitious and also realistic and achievable. A member commented that the Authority had to demonstrate the delivery of its plans to both the Government and the public, and that it was important to set targets which were deliverable.

- A comment was also made on the relatively low targets on the access to key sites, especially in respect of key employment sites and the evening access to various sites. Officers explained that the measure showed the position at present. Based on the current trends, the aim was to maintain the current position as a minimum, whilst at the same time aspire to grow over time. B Garner reported that the main ambition for the near future was to influence improvements in the quality of bus services.
- A member commented that the future devolution of the rail could result in an increase in patronage and queried whether this should be reflected in the proposed targets. B Garner explained that the figures were the results of benchmarking. The devolution was not expected until 2014/15 and this timescale would allow for the figures to be rebased.
- In relation to the measures on the punctuality of Metro and bus services, officers explained that different methodologies were used, which made their comparison difficult.
- Officers explained that the targets had an element of stretching inbuilt in them and were optimal in the current economic climate. If the current trend on the use of public transport continued, the targets would stretch even further.

RESOLVED – That:

- (i) the revised LTP3 Performance Management Framework as set out in the report be agreed;
- (ii) the public transport targets as set out in the report be agreed;
- (iii) a further report be provided to the September 2012 meeting, which would cover the remainder of the LTP3 metrics and targets and also address the issues raised at this meeting.

16. BUS STRATEGY DELIVERY PROJECT UPDATE

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

B Garner presented the report which provided members with an update on the progress made on the Bus Strategy Delivery Project. It was noted that whilst the report incorporated a summary of the informal consultation held by Nexus, full information was available on request.

Amongst the points noted during the ensuing discussion were the following:

- A member pointed out that whilst the minutes of the December 2011 briefing for bus operators had been circulated, members were still awaiting minutes of other related meetings. It was noted that Nexus would progress this matter.

- A member was pleased with the report that the work on the Quality Bus Partnerships continued alongside the work on the Quality Contract Scheme.
- The Chairman referred to the Secretary of State for Transport's recent confirmation that the use of legislation to support transport improvements was a local decision for the Authority. The Chairman reminded members that the existing legislation provided for a Quality Contracts Scheme as one of the options available.
- In response to a member's question on whether passengers had been consulted as part of the informal consultation, officers explained that should the Authority decide to pursue an option, passengers would then be consulted as part of a statutory consultation process. A member commented that passengers should be consulted at early stages of the proposals. A comment was also made that the whole process was in response to passengers' views on bus services. Therefore, passengers were the key driving force in this process and it was important to continue to communicate this.
- In response to a member's question on whether there was evidence that bus operators were fully committed to working on meaningful quality partnerships, B Garner explained that a response on this was expected in June 2012.

RESOLVED – That:

- (i) the informal consultation outcome report, as in Appendix A, be noted;
- (ii) the use of the 'Key Output Measures' as amended to inform the assessment of the effectiveness of the different proposals brought forward by the Bus Strategy Delivery Project (as explained in paragraphs 4.2 and 4.3 of the report) be confirmed;
- (iii) the Authority endorse the intention of the Clerk and the Director General to:
 - complete preparation of a QCS proposal in draft, including consultation with local bus operators, Trade Unions and adjacent Local Transport Authorities (as explained in paragraphs 5.3 and 5.4 of the report);
 - hold further discussions with bus operators regarding the development of an Operator Partnership proposal (as explained in paragraph 6.5 of the report);
 - bring a further update to the September 2012 meeting.

17. 2011/12 CAPITAL PROGRAMME OUTTURN REPORT

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

P Woods and J Fenwick presented the report which advised members about the provisional outturn for the 2011/12 Capital Programme.

J Fenwick clarified the position on the Metro ARP local contribution, explaining that DfT had grant funded 100% of the plan in 2011/12 which would required a transfer of local resources into 2012/13.

In response to a member's question about the Metro ARUP underspend, J Fenwick confirmed that this resource would be carried forward and that no grant funding would be lost.

In relation to the prudential borrowing for the New Tyne Crossing, P Woods reported that the Authority had been successful in securing a more favourable rate. He also reminded members that the tunnels were fully funded by their tolls. It was noted that the Authority would soon be required to set the Concession Toll for the vehicle tunnels. A report on this would be brought to a future meeting.

RESOLVED – That the provisional outturn for the 2011/12 Capital Programme be approved.

18. **BETTER BUS AREA FUND**

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

P Woods presented the report which provided an update on the success of the ITA's bid to the Department for Transport (DfT) for the Better Bus Area Fund.

It was noted that Package Element 6 of the proposed measures to improve passenger confidence in bus services, as in section 3 of the report, should read "Marketing and Promotion".

In response to a member's question to clarify the proposed package for marketing and promotion of voluntary partnership, as in Appendix A, G Grant explained that the partnership of bus operators was an essential criterion of this funding bid. Further work would be carried out to specify the detail of this element of the bid.

RESOLVED – That the report be noted.

19. **GREEN LIGHT FOR BETTER BUSES, DEPARTMENT FOR TRANSPORT**

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

B Garner presented the report which provided members with an overview of the Green Light for Better Buses paper from the DfT, which set out a series of reforms to improve local bus subsidy and regulation in England.

In response to a member's comment about the proposed reform by the Government of the way in which Bus Service Operator Grants (BSOG) were paid, officers indicated that DfT were considering devolving the payment of BSOG to Local Transport Authorities in a Better Bus Area.

In relation to the affordability of concessionary travel, it was noted that P Woods, as a member of the Baseline working group, had flagged up concerns about the large shortfall in funding for the statutory free concessionary travel scheme. A response was awaited.

RESOLVED – That the report be noted.

20. SMART TICKETING

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

T Hughes presented the report which provided an update on the plans to introduce smart ticketing on the Metro system by means of Pop Card from July 2012.

Questions/Comments

- A member welcomed the project and congratulated the ITA, Nexus and the District Councils on progress.
- A member welcomed the report but commented that more information was needed on possible integration of the smart card. B Garner explained that the card was different to London's Oyster Card in being a mechanism aimed at simplifying ticketing. Whilst at present the card was not fully integrated, Nexus were working to encourage the multi-network ticketing schemes, "Network One", to also go smart.
- In response to a member's question on whether the technology was sufficiently recent and also compatible with the platforms used by the private sector, for example by mobile phones operators and banks, officers explained that whilst the platform had not been designed specifically to relate to other platforms, the infrastructure had been developed to be compatible with potential technological innovations. It was noted that the main purpose of the smart card was to encourage a move towards electronic ticketing and a significant investment had already been made to support this specific project and the platform.
- In response to a member's request to clarify how the choice had been made between universities for the participation in a pilot programme as part of the North East Smart Ticketing Initiative (NESTI), officers explained that Newcastle University had been the first university to approach NESTI and, therefore, had been invited to participate as a pilot. Officers further confirmed that this was done through the NESTI Partnership and that funding had been set aside to do something similar with other further and higher education institutions throughout the North East. Officers emphasised that it was important that all partner organisations submitted their proposals to the Board.

RESOLVED – That the report and the delivery programme be noted.

21. RAIL DEVOLUTION

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

K Mackay presented the report which informed members about the Department for Transport (DfT) consultation on rail devolution and the respective key issues.

He highlighted the importance of collaboration between all partners in the North East to agree a consistent response to the consultation. It was also noted that B Rowland had presented a paper on the rail devolution at a recent meeting of the Association of North East Councils' (ANEC) Leaders and Elected Mayors, where it was agreed to develop a regional response to the issue. Lead officers from the 12 local authorities were scheduled to meet on 1 June 2012, where they would help to inform a draft response. A report on the outcomes of this meeting would be submitted to the next meeting of the Authority.

Questions/Comments

- A member welcomed the options presented by the DfT in the Rail Command Paper and the potential significant benefits of having a direct control over the rail. A member welcomed option B but commented that options B and C should not be exclusive. A member called upon all partners to double their efforts to prepare a case to the Government.
- A member commented on the possible benefits presented by the options but noted that this was a complex area with substantial risks involved. He also commented on the potential difficulty in increasing patronage and the lack of resources available.
- A member also indicated that despite the fact that Tyne and Wear had a limited scope for the improvement of rail services this should not prevent partners from making attempts to do so. However, given the current financial position, a member highlighted the importance of securing a reasonable agreement.
- A member commented that it was difficult to make an informed decision at this stage without further information. A member also commented on the large size of the Northern franchise and the relatively low number of passengers in Tyne and Wear.
- A member highlighted the importance of continuing to lobby the Government for the cascading of the rolling stock and for the surplus stock from other areas.

RESOLVED – That:

- (i) the report be noted;
- (ii) a response be deferred until the outcomes of the regional lead officers' meeting held on 1 June 2012 were known;
- (iii) the Clerk would report on the outcomes of that meeting.

22. **GENERAL POLICY UPDATE**

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

G Grant presented the report which provided members with a brief overview of the current national transport policies. The report also outlined some of those wider national policies that had a direct link to transport and the ITA's ability to meet its objectives.

RESOLVED – That the report be noted.

23. **DATE AND TIME OF THE NEXT MEETING**

Thursday, 26 July 2012 at 10am.

24. **EXCLUSION OF PRESS AND PUBLIC**

RESOLVED – That by virtue of section 100A and paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 the press and public be excluded from the remainder of the meeting because exempt information was likely to be disclosed and the public interest test against the disclosure had been satisfied.



DATE: 26 July 2012

SUBJECT: Localism Act 2011 – The Amended Standards Regime

REPORT OF: The Clerk and Legal Advisor and Monitoring Officer to the Authority

PURPOSE OF REPORT

To agree a new Code of Conduct for Members and finalise other aspects of the new standards arrangements.

RECOMMENDATIONS

- A. To formally adopt a new Code of Conduct (in the form set out in Appendix 1) to apply to elected members of the Authority, and any co-opted members with voting rights, to take immediate effect;
- B. To appoint George John Clark as the Authority's Independent Person for a period of two years;
- C. To re-appoint Anthony Atkinson, George Clark, Elizabeth Green and Mark Scrimshaw as the independent members on the Authority's Audit and Standards Committees for a further two year period to 31 May 2014;
- D. To agree the allocation of the existing independent members allowances as proposed in paragraph 6.2 of the report.

BACKGROUND DOCUMENTS

None

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	<p>This report follows on from that to the May meeting (minute no 12 of that date refers) and seeks to finalise the Authority’s new standards arrangements by recommending adoption of a new members’ code of conduct.</p>
2	Introduction and Background
2.1	<p>In May, the Authority agreed new standards arrangements to operate from 1 July. However, it deferred adopting a final version of a new code of conduct, pending Government regulations to define <i>disclosable pecuniary interests</i> (“DPIs”).</p> <p>The regulations have now been published.</p> <p>The list of defined DPIs is set out in Annex 2 of the recommended code (at Appendix 1).</p> <p>The DPIs replicate (albeit in slightly different terms) all but three of those interests which were registerable under the old statutory code. The three exceptions are listed in Annex 3 of Appendix 1.</p>
2.2	<p>Section 30 of the Localism Act requires members to register their DPIs. The definitions are relatively clear for registration purposes and should cause no particular difficulty in this regard.</p>
2.3	<p>Section 31 however says that a member who at any Authority meeting “has a disclosable pecuniary interest in any matter” must not participate in any discussion or vote on that matter.</p> <p>Unfortunately, neither the Act nor the Regulations provide any criteria as to when a DPI is to be treated as sufficiently close, or connected to, an item of Authority business to preclude member participation.</p> <p>As an illustration of the problem this might cause, a member will register as a DPI any land which s/he owns in the Authority’s area e.g. his or her home. The question then is what item of Authority business is closely enough connected to, or sufficiently impacts upon, that property to preclude the member from participating in that item of business?</p> <p>No statutory test or guidance is provided to help members (or their advisors) answer that question. This is unfortunate, especially as failure to comply with section 31 is a criminal offence.</p> <p>Representations to the CLG about this have had no response to date.</p>



One way to address this statutory omission is for the Authority to incorporate suitable criteria in its code of conduct.

The Monitoring Officers of the Tyne and Wear and Northumberland councils have agreed this as a sensible approach, although one or two think it preferable to publish criteria as separate guidance rather than in the code itself.

The recommended code at Appendix 1 is the NE Region Code agreed in principle at the May meeting but revised to include not only the DPIs but also a ‘non-participation test’ based on the prejudicial interest criteria in the old statutory code.

3 Proposals

3.1 The constituent parts of the recommended Code at Appendix 1 can be explained as follows:

Part 1 retains the general conduct requirements as agreed in May.

Part 2 describes what interests need to be registered in the Members’ Register.

These comprise the DPIs as now defined by the Regulations (as listed in Annex 2) and the three other interests (in Annex 3). Together we refer to these as “registerable personal interests”.

They effectively comprise those interests which members have previously had to register although now any DPI of a member’s spouse or civil partner will also have to be registered.

Whilst the DPIs must be registered by law, the other three interests do not. Our recommendation is that the Authority continues to require registration of those other interests in order to retain, as far as possible, the standards of the old regime.

It will be noted however that it is proposed the financial threshold for registerable gifts and hospitality be increased from £25 to £50 to reflect inflation since the last review.

Part 3 defines other situations where a member may have an interest in an item of Authority business but which is unrelated to an interest which must be registered. We refer to these as ‘non-registerable personal interests’. This applies a similar test as in the old code i.e. whether the well-being or financial position of the member (or a relative or close associate) will be affected by the decision to a greater extent than most other people. This concept is not part of the new statutory framework but is



	<p>considered important enough to retain in our new code.</p>
	<p>Part 4 sets out the criteria for deciding whether a member is precluded from discussing, or voting on, any matter at an Authority meeting.</p> <p>These are the same criteria as have applied in the past to judge the existence of a prejudicial interest i.e. the registerable, or non-registerable, interest must be significant and the decision must either affect the financial position of the member or an associated person or body or arise from an application for a permission, consent or licence relating to the member or an associated person or body.</p> <p>Paragraph 18 simply replicates existing exceptions to the non-participation rules.</p>
3.2	<p>Appendix 1 is now, in substance, very similar to the old statutory code of conduct, although written and formatted in a slightly different and hopefully more accessible way.</p> <p>The main difference, of course, is that a failure without reasonable excuse to register a DPI, or not participate in a relevant item of Authority business, will be a criminal offence.</p> <p>Strictly, the Authority cannot import, via its code, a 'non-participation' test into section 31 of the Act to have any binding legal effect. Ultimately it will be for the courts to decide the precise meaning of section 31 and whether any particular case is caught by it. However, if the Authority does adopt this test in its code and members comply with it, they should have the reassurance that no-one could reasonably argue section 31 has been contravened so as to justify a criminal prosecution. In other words, there will be a 'reasonable excuse'.</p>
3.3	<p>One aim of this exercise has been to produce a Code for the Authority which is as consistent as possible with the codes being adopted by each of its five constituent local authorities.</p> <p>The Monitoring Officers of the five councils (as well as Northumberland and Durham councils) have collaborated on developing the NE Region Code. It is believed all five councils will adopt a code in similar, if not identical, terms to that set out in Appendix 1. The main change, if any, may arise from a preference by one or two of the constituent councils to omit the non-participation test from the code itself but instead publish it as separate guidance.</p>
3.4	<p>The DCLG may in due course issue guidance on how the 'non-participation' provisions of section 31 of the Act should be interpreted. If such guidance does emerge, we may want to review our code of conduct in light of it. However in the meantime the Code</p>



at Appendix 1 is recommended to the Authority for formal adoption.

4 Protocols

4.1 Paragraph 6 of the new Code allows for other specified Protocols of the Authority to become part of the Code, so that a breach of any such Protocol will be a breach of the Code itself and allegations of non-compliance dealt with in the same way.

4.2 At present there are no such Protocols to specify in this context but it is felt useful to at least make provision for this in case any are adopted by the Authority in future.

5 Independent Person

5.1 In May, the Authority agreed its Chair and statutory Vice Chair should recommend a suitable candidate as the Authority's Independent Person, with preference to be given to one of the Independent Persons appointed by the lead authority. The lead authority appointed their two Independent Persons after interview of five shortlisted applicants in late June.

Your Chair and statutory Vice Chair recommend that one of those appointees, George John Clark, be appointed as the Authority's Independent Person for an initial period of two years, with an allowance of £100 pa.

It should perhaps be made clear that this is not the same George Clark who is referred to in paragraph 6.1 of this report.

6 Independent Members and Chairs of Standards Committee and Audit Committee

6.1 In May, the Authority agreed to create separate Audit and Standards Committees but each comprising the same 5 elected members and 4 independent members. The terms of office of the previous four independent members expired at the end of May. All four have indicated their willingness to be re-appointed. Accordingly, it is recommended that Anthony Atkinson, George Clark, Elizabeth Green and Mark Scrimshaw be duly re-appointed as the independent members on both committees for a further two year term, to expire 31 May 2014.



- 6.2 | The creation of the two separate committees strictly requires a division of the existing allowances for the independent members and the chair of the old joint committee, which stood at £1,013 and £2,025 respectively. After discussion with your Chair, and taking into account the anticipated workloads of the two committees, it is recommended that allowances for the Audit Committee be 75% of the previous figures with the other 25% being allocated to the Standards Committee.

Code of Conduct for Members (Recommended)

The Tyne and Wear Integrated Transport Authority (“the Authority”) has adopted the following code which has effect from July 2012 and which sets out the conduct that is expected of elected and co-opted members of the Authority when they are acting in that capacity.

This means the code applies whenever you (a) conduct the business of the Authority (including the business of your office as an elected councillor or co-opted member) or (b) act, claim to act or give the impression you are acting as a representative of the Authority.

‘Co-opted member’ means any person who is a member of any committee or sub-committee of the Authority with a right to vote but is not one of its elected members

The code is intended to be consistent with Nolan’s Seven Principles of Public Life, and should be read in the light of those principles, namely that Authority members will act with selflessness, integrity, objectivity, accountability, openness, honesty and leadership. Those Principles are not part of this Code but are set out in full at Annex 1 for information.

Part 1 - General Conduct

1. You must treat others with respect, including Authority officers and other elected members.
2. You must not bully any person (including specifically any Authority employee) and you must not intimidate or improperly influence, or attempt to intimidate or improperly influence, any person who is involved in any complaint about any alleged breach of this code of conduct.
3. You must not do anything which compromises or is likely to compromise the impartiality of anyone who works for or on behalf of the Authority.
4. You must not conduct yourself in a manner which could reasonably be regarded as bringing the Authority, or your office as a member of the Authority, into disrepute.
5. You must not use or attempt to use your position as a member improperly to confer on or secure for yourself or any other person any advantage or disadvantage.
6. You must comply with any Protocol adopted by the Authority which seeks to regulate the conduct of its elected members or co-opted members and which the Authority has specifically declared should fall within the provisions of this code of conduct and which is listed in Annex 4 to this Code.
7. When using or authorising the use by others of the resources of the Authority, you must act in accordance with the Authority’s reasonable requirements (as set out in such protocol as it may adopt from time to time for these purposes) and must ensure they are not used for party political purposes.
8. You must not prevent, or attempt to prevent, another person from gaining access to information to which they are entitled by law.

9. You must not disclose information which is given to you in confidence, or information which you believe or ought reasonably to be aware is of a confidential nature, unless:
- (a) You have the consent of a person authorised to give it; or
 - (b) You are required by law to do so; or
 - (c) The disclosure is made to a third party for the purpose of obtaining professional advice, provided that the third party agrees not to disclose the information to any other person; or
 - (d) The disclosure is reasonable and in the public interest and made in good faith.
10. Where you have been involved in making any decision by the Authority which is subsequently subject to scrutiny by an overview and scrutiny committee of the Authority, you must not take part in that scrutiny process except to the extent you may be invited by the committee to give evidence to, or otherwise assist it. In this paragraph, 'scrutiny' means the formal examination of a policy or decision previously approved or taken by or on behalf of the Authority in order to reach a view as to its merits or effectiveness.

Part 2 - Registration of Interests

11. You must register in the Authority's Register of Members Interests information about your registerable personal interests. In this code of conduct 'your registerable personal interests' means:
- (a) any 'Disclosable Pecuniary Interest' as set out in Annex 2;
 - or
 - (b) any other interest held by you as set out in Annex 3.

You must register information about your registerable personal interests by giving written notice to the Monitoring Officer, who maintains the Register, within 28 days of:

- your appointment as a member of the Authority; and
- any change taking place in your registerable personal interests.

(Note: Failure without reasonable excuse to register a Disclosable Pecuniary Interest is a criminal offence under section 34 Localism Act 2011 as well as being a breach of this code)

12. Where you think that disclosure of the details of any of your registerable personal interests could lead to you, or a person connected with you, being subject to violence or intimidation, the Monitoring Officer may at your request make a note on the Register that you have a personal interest, details of which are withheld.

Part 3 – Non-registerable interests

13. You will have a non-registerable personal interest when you attend a meeting of the Authority, or one of its committees or sub-committees, and you are, or ought reasonably to be, aware that a decision in relation to an item of business which is to be transacted might reasonably be regarded as affecting your well being or financial position, or the well being or financial position of a person described in paragraph 14, to a greater extent than most inhabitants of the area affected by the decision.

14. The persons referred to in paragraph 13 are:
- (a) a member of your family;
 - (b) any person with whom you have a close association;
 - (c) in relation to persons described in (a) and (b), their employer, any firm in which they are a partner, or company of which they are a director or shareholder.

(Note:

- (a) "A member of your family" means: your partner (i.e. your spouse, civil partner or anyone with whom you live in a similar capacity); your parent or parent-in-law; any child, stepchild or sibling of you or your partner; your grandparent, grandchild, aunt, uncle, nephew or niece; and the partners of any of those people.
- (b) You have a "close association" with someone if your relationship is such that a reasonable member of the public might think you would be prepared to favour or disadvantage that person when deciding a matter which affects them).

15. When you attend a meeting of the Authority, or one of its committees or sub-committees, and you are aware that you have a non-registerable interest in an item of business (as defined in paragraph 13) you must disclose that interest to the meeting before consideration of that item begins or (if later) when you become aware of the interest.

Part 4 - Non-Participation in Authority Business

16. When you attend a meeting of the Authority, or one of its committees or sub-committees, and you are aware that the criteria set out in paragraph 17 are satisfied in relation to any matter to be considered, or being considered at that meeting, you must :
- (a) Declare that fact to the meeting;
 - (b) Not participate (or further participate) in any discussion of the matter at the meeting; and
 - (c) Not participate in any vote (or further vote) taken on the matter at the meeting;
 - (d) Leave the room whilst the matter is being discussed.

17. The criteria for the purposes of paragraph 16 are that:

- (a) You have a registerable or non-registerable personal interest in the matter which is such that a member of the public knowing the relevant facts would reasonably think it so significant that it is likely to prejudice your judgement of the public interest; **and either**
- (b) The matter will affect the financial position of yourself or one of the persons or bodies referred to in paragraph 14 or in any of your register entries; **or**
- (c) The matter concerns a request for any permission, licence, consent or registration which relates to or affects any of the persons referred to in paragraph 14 or in any of your register entries.

(Note: Failure, without reasonable excuse, to comply with paragraphs 16 to 17 in relation to a Disclosable Pecuniary Interest could be a criminal offence under section 34 Localism Act 2011 as well as being a breach of this code)

18. Paragraphs 16 to 17 do not apply if (i) you have a relevant dispensation under section 33 of the Localism Act 2011 or (ii) the matter in question relates to any of the following functions of the Authority:
- (a) statutory sick pay where you are in receipt of, or entitled to receipt of, such pay;
 - (b) an allowance, payment or indemnity given to members;
 - (c) any ceremonial honour given to members; and
 - (d) setting council tax or a precept under the Local Government Finance Act 1992.

Nolan's Seven Principles of Public Life

Selflessness

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

Annex 2 to Code of Conduct

Disclosable Pecuniary Interests

(as defined by Regulations made by the Secretary of State under section 30 Localism Act 2011)

Please Note: The following interests are Disclosable Pecuniary Interests if they are an interest of either (a) **yourself**, or (b) **your spouse or civil partner**, or (c) **a person with whom you are living as husband and wife**, or (d) **a person with whom you are living as if you were civil partners** (all of whom are referred to as “relevant persons”):-

Employment, office, trade, profession or vocation - Any employment, office, trade, profession or vocation carried on for profit or gain.

Sponsorship - Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the previous 12 months in respect of any expenses incurred by you in carrying out your duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

Contracts - Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the Authority —

- (a) under which goods or services are to be provided or works are to be executed;
- and
- (b) which has not been fully discharged.

Land - Any beneficial interest in land which is within the area of the Authority.

Licences - Any licence (alone or jointly with others) to occupy land in the area of the Authority for a month or longer.

Corporate tenancies - Any tenancy where (to your knowledge)—

- (a) the landlord is the Authority; and
- (b) the tenant is a body in which the relevant person has a beneficial interest.

Securities - Any beneficial interest in securities of a body where—

- (a) that body (to your knowledge) has a place of business or land in the area of the Authority; and
- (b) either—

- (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or

- (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

Note: In the above descriptions, the following words have the following meanings –

“body in which the relevant person has a beneficial interest” means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;

“director” includes a member of the committee of management of an industrial and provident society;

“land” excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income;

“securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Annex 3 to Code of Conduct

Other Registerable Personal Interests

The other interests you must register under paragraph 11(b) of the code are:

1. Any body of which you are a member (or in a position of general control or management) to which you are appointed or nominated by the Authority;
2. Any body which (i) exercises functions of a public nature or (ii) has charitable purposes or (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a member (or in a position of general control or management);
3. Any person from whom you have received within the previous three years a gift or hospitality with an estimated value of more than £50 which is attributable to your position as an elected or co-opted member of the Authority.

Note: These mean only **your** interests and not those of your spouse or civil partner

Annex 4 to Code of Conduct

Associated Protocols

The Authority has adopted the following Protocols which are intended to regulate the conduct of its elected members or co-opted members and which the Authority has specifically declared should fall within the provisions of this code of conduct pursuant to paragraph 6 of the code:

None



REPORT FOR DECISION

DATE: 26 July 2012
SUBJECT: Bus Strategy 2012
REPORT OF: Director General

PURPOSE OF REPORT

To introduce a draft revised Bus Strategy for Tyne and Wear.

RECOMMENDATIONS

Members are recommended to:

1. Note the draft revised Bus Strategy;
2. Approve that the draft Bus Strategy be released for a limited consultation with stakeholders.

BACKGROUND DOCUMENTS

Draft revised Bus Strategy v10 attached.

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	Executive Summary
1.1	A revised Bus Strategy has been developed in draft form, whose vision is to “ensure that buses play a central role in providing a simple affordable and integrated public transport system in Tyne and Wear”.
1.2	The draft Strategy proposes three objectives, namely: to arrest the decline in bus patronage; to maintain and preferably grow network accessibility; and to deliver better value for public money. It also sets out a number of specific deliverables that will help the achievement of these objectives, and proposes some key targets against which progress can be monitored.
1.3	The ITA is recommended to approve that a limited consultation should now be carried out with key stakeholders, in particular bus operators. This will allow those bodies whose actions will largely determine whether this draft Strategy can be successfully delivered, to also influence its development. In addition, it is proposed to make the draft Strategy publicly available on the ITA’s website with an opportunity for members of the public to provide comment.
2	Introduction and Background
2.1	In March 2009 the ITA approved and adopted the Bus Strategy: Charter for Growth. Progress against the actions set out in the strategy has been reported on a quarterly basis to the ITA Bus Strategy Working group. Although many aspects considered by the 2009 Strategy remain relevant, the document itself was written with a three-year timeframe in mind and has now lapsed.
2.2	With this in mind, the Bus Strategy has been refreshed in draft form with revised targets and actions aimed at improving bus services across the region.
3	Current Situation
3.1	Buses provide a vital public service; they have a major role to play in the way we go about our daily life and the economic connectivity they help us achieve. In 2011/12 there were 139 million recorded passenger trips by bus in Tyne and Wear. Of these 31% were to access employment or education, 40% for shopping and trips to essential services and 29% for leisure reasons.
3.2	The North East, according to the DfT’s National Travel Survey 2009/10, has the lowest levels of car ownership in England, outside of London; however car ownership is



	<p>also growing at the fastest rate of any region. Nevertheless the North East still has the highest number of trips taken on local bus per person outside of London. In 2009/10 this equated to 74 trips on local bus on average per person.</p>
3.3	<p>Congestion in urban areas costs the Government an estimated £10.9 billion per year. An effective bus service can attract people away from their cars and reduce congestion in the main centres, particularly for trips of between 2 and 5 miles in length.</p>
3.4	<p>It is also estimated that poor air quality, CO2 emissions and noise in urban areas costs the Government a minimum of £8.7 billion each year. Car travel is the largest source of transport-related emissions, accounting for 59% of domestic greenhouse gas emissions in 2009 , so modal shift from car to bus can play a major role in reducing carbon emissions.</p>
3.5	<p>For individuals without access to a car, the bus is their main means of accessing employment, educational and shopping facilities, as well as a range of other essential services. In order to connect people to opportunities and socially necessary services, public transport must be affordable, available, accessible and acceptable.</p>
3.6	<p>In the last financial year, an estimated £62 million, or 45% of the income received by bus operators in Tyne and Wear, came from public funding sources. With public funding under ever greater pressure, there is a need to use funding as effectively as possible and to find more a more sustainable approach to supporting bus services over the longer term.</p>
3.7	<p>Nevertheless the continuation of the long-term trend in Tyne and Wear of declining bus patronage (influenced by above-inflationary fare increases, rising car ownership and the impact of the wider economy) is part of a declining spiral that has seen mileage and accessibility reduce over recent years.</p>
4	Strategy vision, objectives and deliverables
4.1	<p>The proposed vision for buses is to “ensure that buses play a central role in providing a simple affordable and integrated public transport system in Tyne and Wear”</p>



4.2 To achieve this the draft Strategy sets three clear objectives:

- To arrest the decline in bus patronage
- To maintain and preferably grow network accessibility
- To deliver better value for public money

4.3 In order to achieve these objectives, a number of specific deliverables are identified:

- Introduce a fully integrated, multi-modal Tyne and Wear public transport network, built around a high frequency core strategic network
- Provide a unified and consistent customer offer and guarantee standards of customer service through the publication of a 'Customer Charter'
- Ensure that bus users are fully consulted prior to network changes
- Ensure that all infrastructure is accessible and of a high standard
- Adopting accessibility standards and targets across the Tyne and Wear network
- Introduce a common brand and accessible high quality buses
- Ensure affordability for both the customer and the tax payer
- Simplify fares and ticketing and improve integrated ticket products

5 Delivery and measurement

5.1 As previously instructed by the ITA, Nexus is carrying out the 'Bus Strategy Delivery Project' which will examine different approaches to delivering the ITA's objectives set out in the draft Bus Strategy. At present all options are open to the ITA, and an assessment of the effectiveness of different approaches will be brought to the ITA in due course.

5.2 In the draft Bus Strategy some key targets are proposed, in order to ensure that the objectives are met:

- Increase total bus passenger journeys in Tyne and Wear from a baseline of 139 million to 149 million by 2022
- Maintain or increase the percentage of the Tyne and Wear population



within 400m of a frequent (10 minute) daytime service at 56.8% by 2022

- Decrease the public sector subsidy (£ spent per passenger) from £0.40 in 2012 to £0.38 in 2022

These key targets are supported by a range of more detailed targets, including the detailed measurement of accessibility.

6 Next Steps

- | | |
|-----|---|
| 6.1 | The ITA is recommended to approve that a limited consultation should now be carried out with key stakeholders, in particular bus operators. This will allow those bodies whose actions will largely determine whether this Strategy can be successfully delivered, to also influence its development. |
| 6.2 | Should the ITA approve that the draft Strategy can be released for consultation, a copy of the draft will be sent to local bus operators, the North East Bus Operators Association, and Local Authorities. |
| 6.3 | In addition, it is proposed to make the draft Strategy publicly available on the ITA and Nexus websites with an opportunity for members of the public to provide comment by email or post. |
| 6.4 | A six-week window for comments will be open until Friday 14 th September. This will allow the Strategy to be updated to reflect the feedback received in time for the scheduled ITA meeting in September 2012 to consider the completed document. |

7 Potential impact on objectives

- | | |
|-----|--|
| 7.1 | The draft revised Bus Strategy supports the delivery of all of the ITA's objectives. |
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**The ITA Bus Strategy for
Tyne and Wear
2012.**

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Executive summary

Buses are a vital public service – they have a major role to play in the way the public go about its daily life because of the economic connectivity they help to achieve. As with all public services, efficient and affordable delivery is paramount.

For individuals without access to a car, the bus is their main means of accessing employment, educational and shopping facilities, as well as a range of other essential services. Local bus services are, and will continue to be, important for the economy and the environment in Tyne and Wear. However, with patronage declining, car usage increasing, and car ownership rising rapidly, now is the time for action.

Combined with rising customer expectations of such an important public service, this is the background to the production of this document, the Tyne and Wear Integrated Transport Authority's (ITA's) 2012 edition of the Bus Strategy.

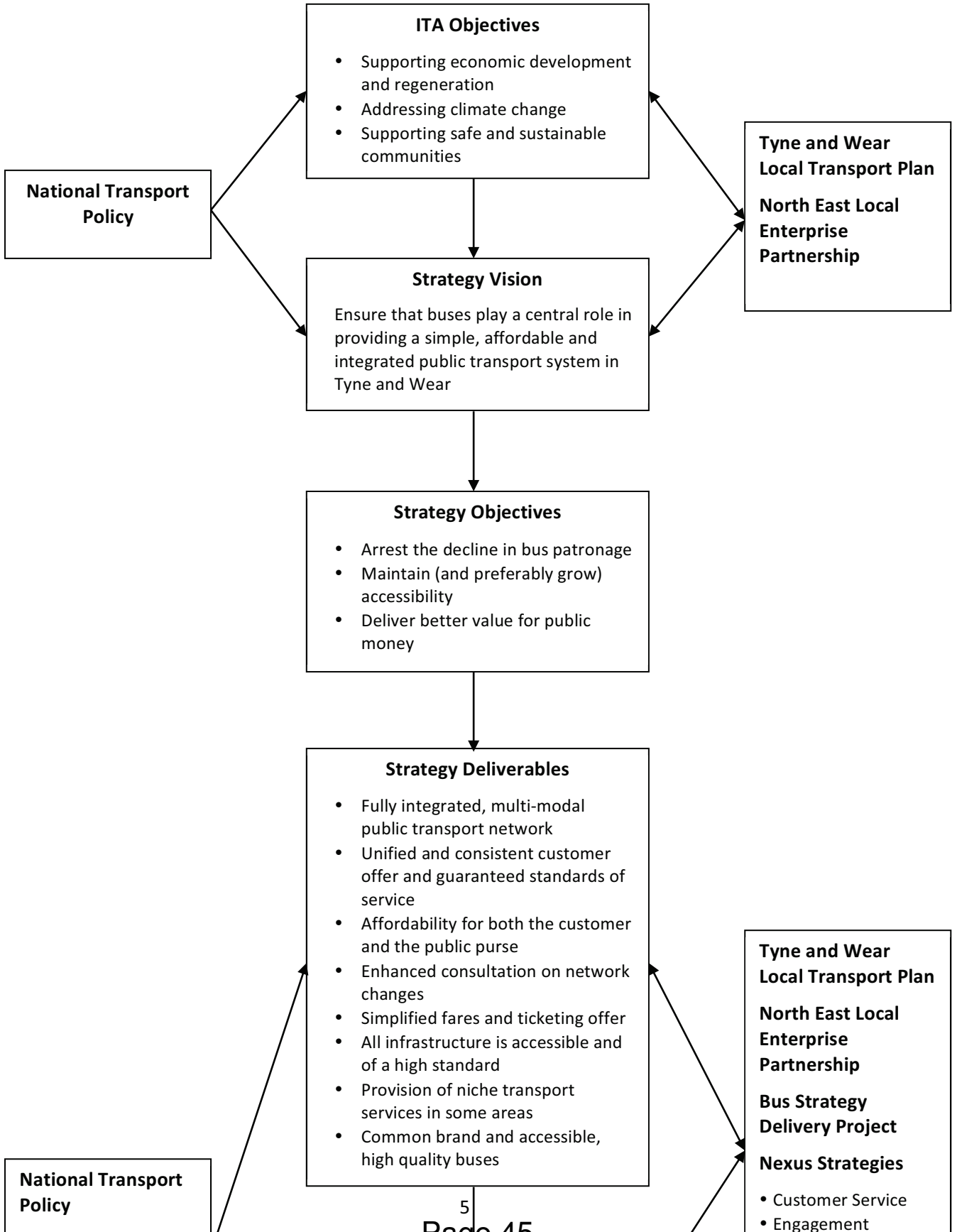
The Strategy is founded on the three overarching objectives of the ITA, and aligned with current national policy and the Tyne and Wear Local Transport Plan. It has a simple vision to *“Ensure that buses play a central role in providing a simple, affordable and integrated public transport system in Tyne and Wear”*.

This document sets out how the ITA intends to meet this vision, starting with a more detailed analysis of current trends and issues. From this, three clear Strategy objectives are identified: *to arrest the decline in bus patronage; to maintain (and preferably grow) network accessibility; and to deliver better value for public money*.

A list of specific deliverables is then derived for each, building upon the work that the ITA has done already, setting out clearly where the ITA would like to be, and how it intends to get there. To achieve these deliverables, the ITA will consider all options available to it, in order to identify which of them stand the best chance of supporting successful delivery. This will include such options as Voluntary Partnership Agreements, Quality Partnership Schemes and a Quality Contract Scheme.

Finally, a list of principal and supporting targets is included. The three principal targets relate to the objectives of the Strategy, providing a clear data set against which to judge the implementation of the Strategy. Reporting on progress towards these targets will take place on an annual basis, allowing a review of the effectiveness of the deliverables, as well as any changes. The Bus Strategy itself will also be refreshed annually to take account of changing circumstances.

The government's vision is for a 'better bus' – this is the same for the ITA, Nexus the Tyne and Wear local transport authorities, the bus operators, and most importantly, bus passengers. Through implementing this Strategy, that must be our common goal.



1. Introduction

- 1.0.1 Buses are a vital public service – they have a major role to play in the way the public goes about its daily life and because of the economic connectivity they help to achieve. The government¹ recognises that, *‘Many people rely on their local bus to get to school, to work, to the doctors, to visit their friends and family, or to go shopping.’* They are clear that, *‘Given their importance in providing employers and businesses access to labour markets, buses are important for a well-functioning and growing economy’.* As with all public services, efficient and affordable delivery is paramount.
- 1.0.2 For individuals without access to a car, the bus is their main means of accessing employment, educational and shopping facilities, as well as a range of other essential services. In order to connect people to opportunities and socially necessary services, public transport must be affordable, available, accessible and acceptable².
- 1.0.3 The contribution that the bus can make towards growth in the economy is often underestimated³. Approximately 40% of workless households in the UK do not have access to a car, so good public transport services are vital in enabling them to access employment opportunities⁴. 1 in 10 bus commuters would be forced to look for another job if they could no longer commute by bus⁵
- 1.0.4 Buses often provide the principal public transport connection to town and local centres, which can be of significant benefit to the retail economy. Improved access to City Centres can add up to 25% more benefit to the local economy.⁶
- 1.0.5 The bus industry itself contributes £2.1 billion per year to the UK’s economy and is a major mode of travel for many people. Outside London, 63% of all public transport trips are made on a local bus, and there were 2.3 billion bus journeys in total in 2010/11⁷. Of that figure, there are more than 139 million journeys per year on buses in and around Tyne and Wear.⁸
- 1.0.6 Yet congestion in urban areas costs the economy £10.9 billion per year⁹ and, with little or no signs of congestion easing, a plan of action

¹ Department for Transport (2012), Green Light for Better Buses

² Pteg (2010), Transport and Social Inclusion: Have We Made the Connection in Our Cities?

³ Greener Journeys website (30 March 2012), Buses to Provide Good Return for Investment

⁴ Greener Journeys website (30 March 2012), Buses to Provide Good Return for Investment

⁵ Institute of Transport Studies, University of Leeds (2012), The Bus and Economic Growth Report

⁶ Institute of Transport Studies, University of Leeds (2012), The Bus and Economic Growth Report

⁷ Department for Transport (2011), Annual Bus Statistics 2010/11

⁸ Nexus Continuous Monitoring

⁹ Cabinet Office (2009), An Analysis of Urban Transport

needs to be brought forward which will significantly reduce this cost. An effective bus service can attract people away from their cars and reduce congestion in the main centres, particularly for trips of between 2 and 5 miles in length.

- 1.0.7 It is also estimated that poor air quality, CO₂ emissions and noise in urban areas costs the economy a minimum of £8.7 billion each year¹⁰. Car travel is the largest source of transport-related emissions, accounting for 59% of domestic greenhouse gas emissions in 2009¹¹, so modal shift from car to bus can play a major role in reducing carbon emissions. For example, if 50 commuters who travel to and from work each day by car¹² were to switch to bus, CO₂ emissions would reduce by 21,272kg each year¹³. The carbon footprint of each individual making the switch would reduce by approximately two thirds.
- 1.0.8 Over 1 in 10 people in metropolitan areas travel to work by bus¹⁴; of the 39 million recorded passenger trips by bus in Tyne and Wear, 31% were to access employment or education, 40% for shopping and trips to essential services and 29% for leisure reasons.¹⁵
- 1.0.9 The North East, according to the DfT's National Travel Survey 2009/10, has the lowest levels of car ownership in England, outside of London; however car ownership is also growing at the fastest rate of any region. Nevertheless the North East still has the highest number of trips taken on local bus per person outside of London. In 2009/10 this equated to an average of 74 trips on local buses for each person.
- 1.0.10 These headline facts illustrate just how important local bus services are, and will continue to be, for the economy and the environment in Tyne and Wear. However, with patronage declining, car usage increasing, and car ownership rising rapidly, now is the time for action.
- 1.0.11 Combined with rising customer expectations of such an important public service, this is the background to the production of this document, the Tyne and Wear Integrated Transport Authority's (ITA's) 2012 edition of the Bus Strategy.
- 1.0.12 The ITA itself has three overarching objectives:

¹⁰ Cabinet Office (2009), An Analysis of Urban Transport

¹¹ DfT Statistics (2012), Table ENV0201, Greenhouse gas emissions by transport mode: UK, 1999-2009

¹² Medium diesel car with engine size of 1.7-2 litres is assumed

¹³ Nexus Business Intelligence (May 2012)

¹⁴ DfT (2008) Public Transport Statistics

¹⁵ Nexus Continuous Monitoring Data

- Supporting economic development and regeneration,
- Addressing climate change, and
- Supporting safe and sustainable communities.

The objectives in the Tyne and Wear Local Transport Plan are closely aligned to these objectives.

1.0.13 In order to help deliver these objectives, this Bus Strategy sets a simple vision to:

“Ensure that buses play a central role in providing a simple, affordable and integrated public transport system in Tyne and Wear.”

The remainder of this document sets out how the ITA intends to meet this vision, starting with a more detailed analysis of current trends and issues, and ending with a clear identification of deliverables and targets against which to judge the implementation of the Bus Strategy.

2. Current trends and issues

2.0.1 Despite the significant role that the bus plays, the Department for Transport (DfT)¹⁶ recognises that there are a number of long term issues to address when aiming to improve bus services, including:

- *‘Bus passenger numbers have been in a slow, long-term decline, notwithstanding the popular concessionary travel scheme ... This decline is particularly apparent in our largest cities*
- *‘Fares are increasing above inflation (6.8% above inflation between March 2005 and March 2011), with real impacts on the young and lower income groups*
- *‘In many areas, there is little direct competition for bus passengers*
- *‘Local councils often spend significant amounts of money on putting on services for communities not well-served by commercial services, at a time when they are under pressure to deliver savings’.*
- *‘Bus customer satisfaction remains relatively high.*

These issues are no different in Tyne and Wear, as the analysis in the following parts of this section illustrates.

¹⁶ Department for Transport (2012), Green Light for Better Buses

2.0.2 Bus passenger satisfaction is relatively high across the UK, with an average of 85% of the latest Passenger Focus survey of bus users saying that they were satisfied overall with their local bus service¹⁷. Again, this is fairly similar in Tyne and Wear, although whilst 80% of customers are satisfied with bus services, some bus passengers consider customer service on public transport to be poor¹⁸.

2.1 Patronage

2.1.1 There are a number of factors affecting patronage decline, including

- The economic situation and therefore the number of jobs;
- Car ownership and fuel prices;
- The relative attractiveness of bus as a mode of transport, including frequency, fares and punctuality.

2.1.2 Although there has been continued and significant investment into Tyne and Wear buses and infrastructure, patronage still continues to decline, as shown in Figure 1¹⁹.

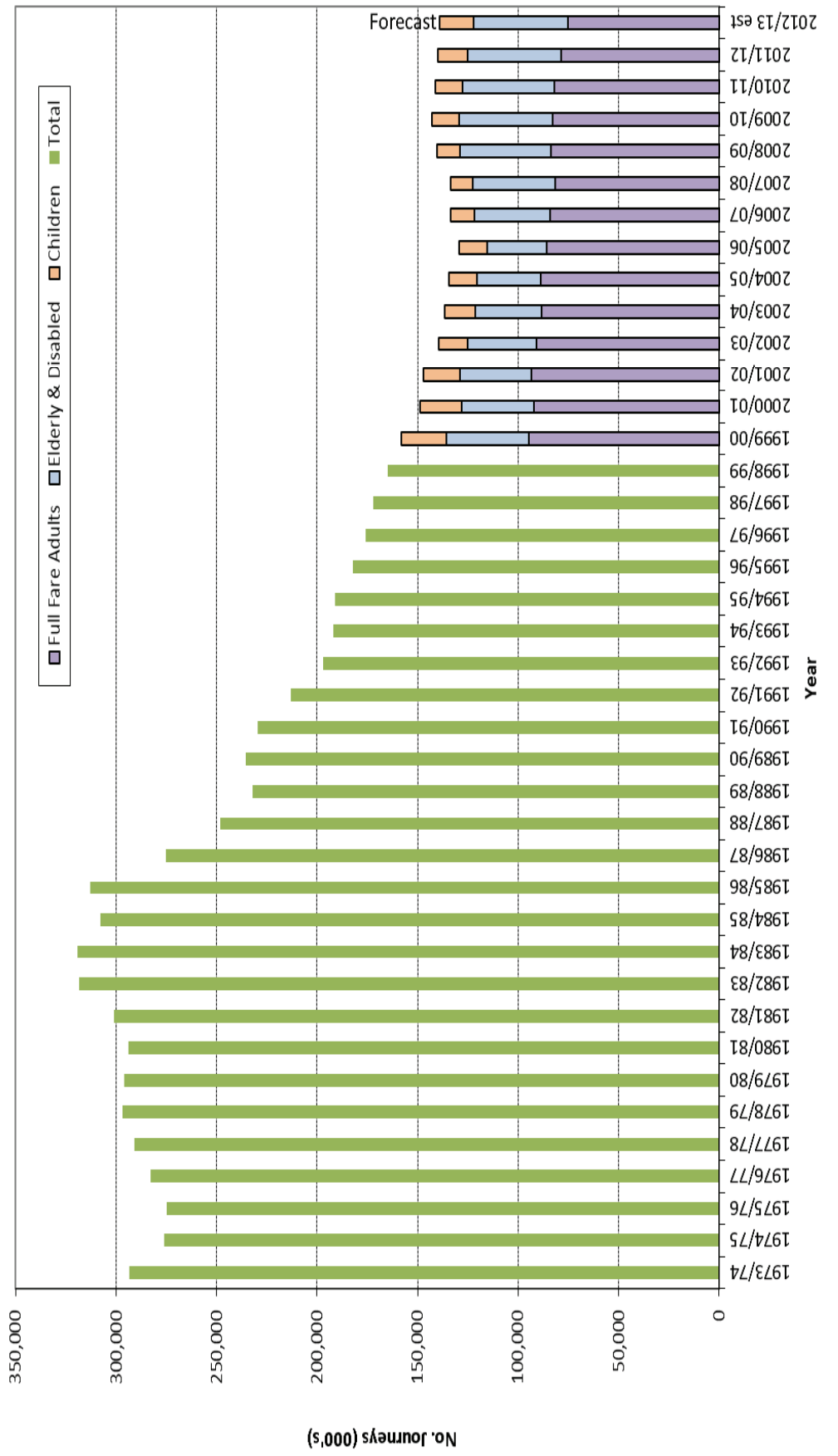
2.1.3 Whilst the introduction of free concessionary travel in 2008 has had a positive impact on patronage amongst those aged 60+, the number of passengers paying the full adult fare has continued to decline. Although patronage increased in 2008/09 for the first time in 17 years, this growth proved to be only temporary as patronage has since declined again.

¹⁷ Passenger Focus (2012), Bus Passenger Surveys, March 2012

¹⁸ SMS (March 2010), Customer Service Strategy Market Research Report

¹⁹ Nexus Business Intelligence (May 2012)

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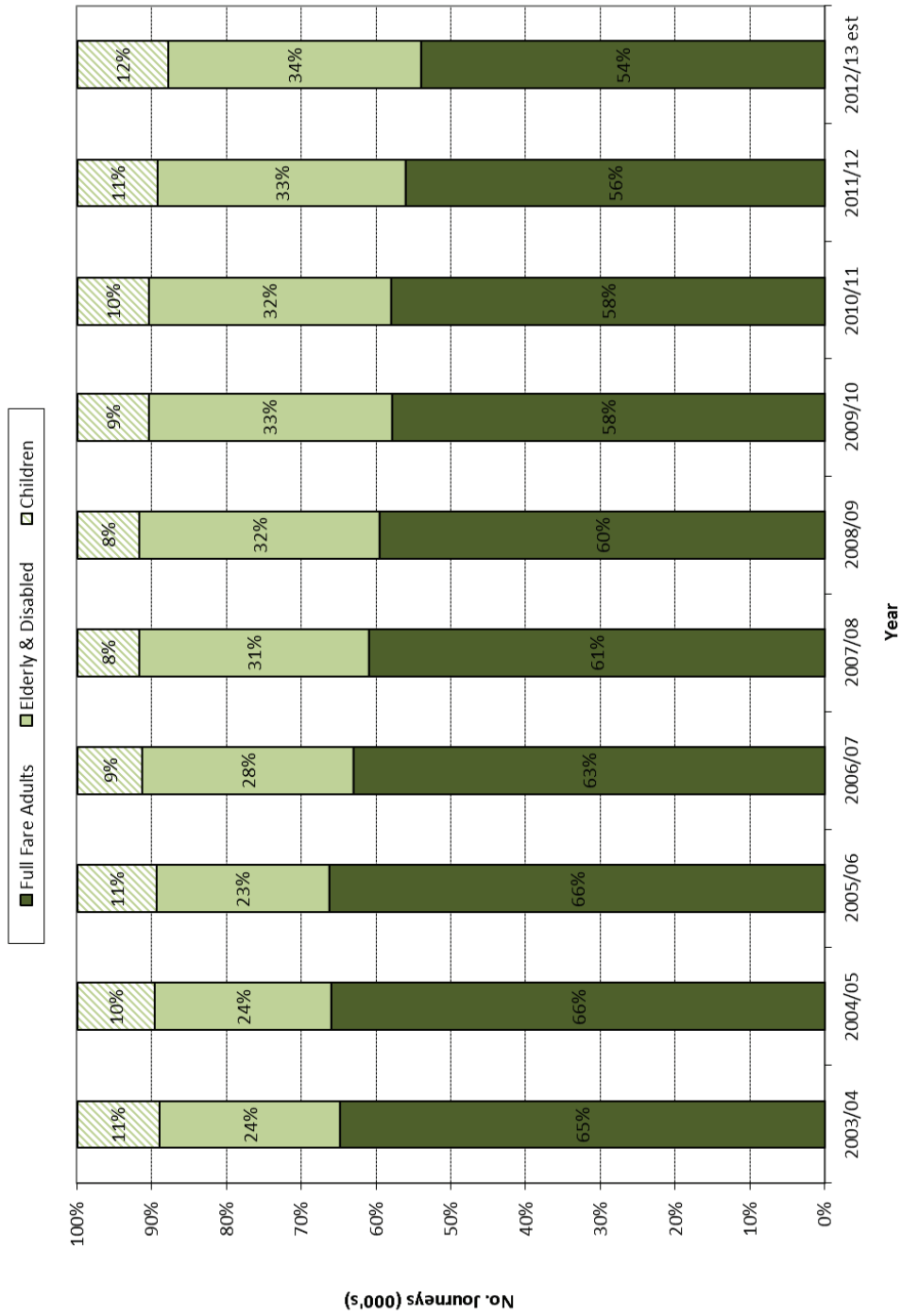


Figure 2: Bus patronage breakdown by passenger type 2003/04 to 2012/13 in Tyne and Wear
 (Note: forecast figure for 2012/13)

2.1.4 Bus use in Tyne and Wear has declined faster since 19 any other Metropolitan area.²¹

2.1.5 **The Economy and Jobs:**

Buses provide a multiplier effect in other areas of the helping to increase economic performance, connect people and support the vitality of town and city centre.²²

2.1.6 It is almost certain that the more recent patronage decline been affected by external economic conditions, such as rising unemployment and increased living costs, factors which in the decline in the Gross Value Added (GVA) of the economy.

2.1.7 The unemployment rate in Tyne and Wear has increased since 2009, which has inevitably resulted in fewer adults bus, and the trend is mapped by the overall decline in across the North East, as shown in Figure 2.

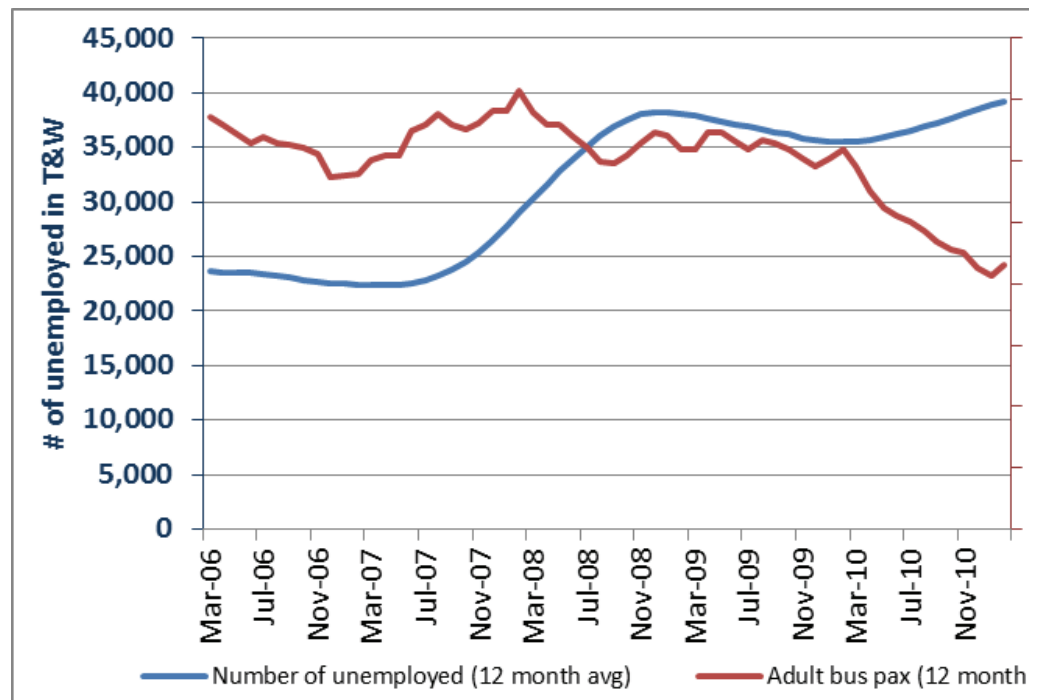


Figure 3: Correlation between bus ridership and unemployment in Tyne and Wear²³

2.1.7 **Car ownership and fuel cost:**

²¹ DfT (2008) Public Transport Statistics

²² Institute of Transport Studies, University of Leeds (2012) The Bus and Economic Growth

²³ Nexus Business Intelligence (May 2012)

Another factor which is likely to have contributed to the decline in patronage is the rise in car ownership in Tyne and Wear, which has increased steadily in recent years. Travel by car accounts for around 70% of travel amongst potential bus users and is the greatest threat to reversing the downward trend in bus patronage²⁴.

2.1.8 Car use in UK urban areas is higher than in other European cities²⁵. Car ownership in Tyne and Wear has increased by 16% between 2001 and 2011.

2.1.9 Car drivers state they use the car instead of the bus because it is perceived to be:

- Easier (73%)
- Quicker (61%)
- Cheaper (20%)²⁶

2.1.10 Additionally although the cost of fuel has increased significantly in recent years, (Figure 4), the overall cost of motoring fell by 13% between 1997/8 to 2007/08 once the impact of inflation had been removed²⁷ therefore fuel cost increases have not been matched by sustained modal shift from car to bus, despite some local campaigns aimed at informing motorists of the comparative costs. The graph shows bus patronage declining at the same time as the greatest increase in fuel costs.

²⁴ MVA (March 2011), Evaluation Performance: Nexus, Market Research Services, Bus Priorities Research

²⁵ CfIT (2006) European best practice update cited in Cabinet officer (2006) analysis of urban transport

²⁶ MVA (June 2012) What the Public Want, Value for Money for Bus Users

²⁷ DfT (2009) Transport Trends

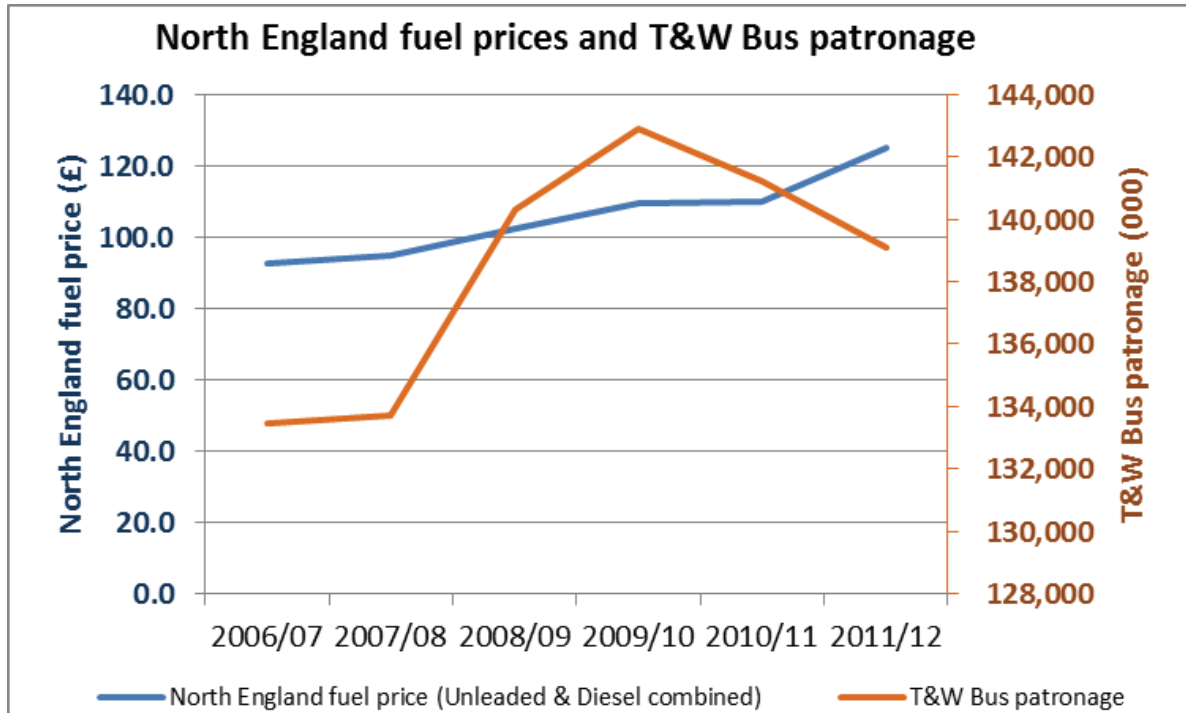


Figure 4: Cost of Fuel in the North of England²⁸ and Tyne and Wear Bus Patronage

2.1.11 The rising cost of fuel has had an adverse impact on the bus operators, however, in terms of increased operating costs. The impact of such increases is often felt by passengers in the form of increased fares and/or reduced network operations. Both of these issues are considered in more detail in sections 2.2 and 2.4. Nationwide bus operator margins have fallen from 13-14% to 8% leading to fare increases and routes being cut.²⁹

2.1.12 What is clear from the trends in patronage is that reversing the current trend, notwithstanding the external economic influences that are more difficult to predict, is of paramount importance, and is a common goal of government, the ITA and all bus operators within Tyne and Wear.

2.2 Fares and ticketing

2.2.1 Since bus deregulation in 1986, the cost of bus travel has risen throughout England and the greatest increases have been in PTE

²⁸ AA Fuel Price Report - UK and overseas prices February 2012, (http://www.theaa.com/motoring_advice/fuel/index.html)

²⁹ Institute of Transport Studies, University of Leeds (2012) The Bus and Economic Growth

areas, where bus fares rose by 95% between 1995 to 2008³⁰; in contrast the average rise in the rest of England was 51% over the same period. According to Nexus's monitoring statistics the equivalent figure for Tyne and Wear is 124%. The average fare in Tyne and Wear in April 1995 was £0.66; this compares to £1.48 in April 2008. If fares had increased over that period in line with RPI the average fare in April 2008 would have been £0.95.

Date	Average Actual Fare	% Change Fares	% Change RPI	Increase above RPI %
April-95	£0.66	4.8%	3.5%	1.3%
April-96	£0.69	4.5%	2.4%	2.1%
April-97	£0.72	4.3%	3.1%	1.2%
April-98	£0.75	4.2%	3.4%	0.8%
April-99	£0.79	5.3%	1.5%	3.8%
April-00	£0.83	5.1%	3.0%	2.1%
April-01	£0.88	6.0%	1.8%	4.2%
April-02	£0.94	6.8%	1.7%	5.1%
April-03	£1.00	6.4%	2.9%	3.5%
April-04	£1.07	7.0%	3.0%	4.0%
April-05	£1.16	8.4%	2.8%	5.6%
April-06	£1.26	8.6%	3.2%	5.4%
April-07	£1.38	9.5%	4.3%	5.2%
April-08	£1.48	7.2%	4.0%	3.2%
April-09	£1.62	9.5%	-0.5%	10.0%
April-10	£1.77	9.3%	4.6%	4.7%
April-11	£1.96	10.7%	5.2%	5.5%

Figure 5: Average bus fare paid in Tyne and Wear between 1995 and 2008³¹

³⁰ DfT Public Transport Statistics GB Bulletin 2002-2009 editions, cited in pteg (2010), Transport and Social Inclusion: Have We Made the Connection in our Cities?

³¹ Nexus Continuous Monitoring Data

2.2.2 The long term decline in passenger numbers which has occurred over the years coincides with these cost increases. In the light of patronage decline and rising costs elsewhere, fares often increase at a rate which is considerably higher than the Retail Price Index (RPI), as shown in Figure 6 below.

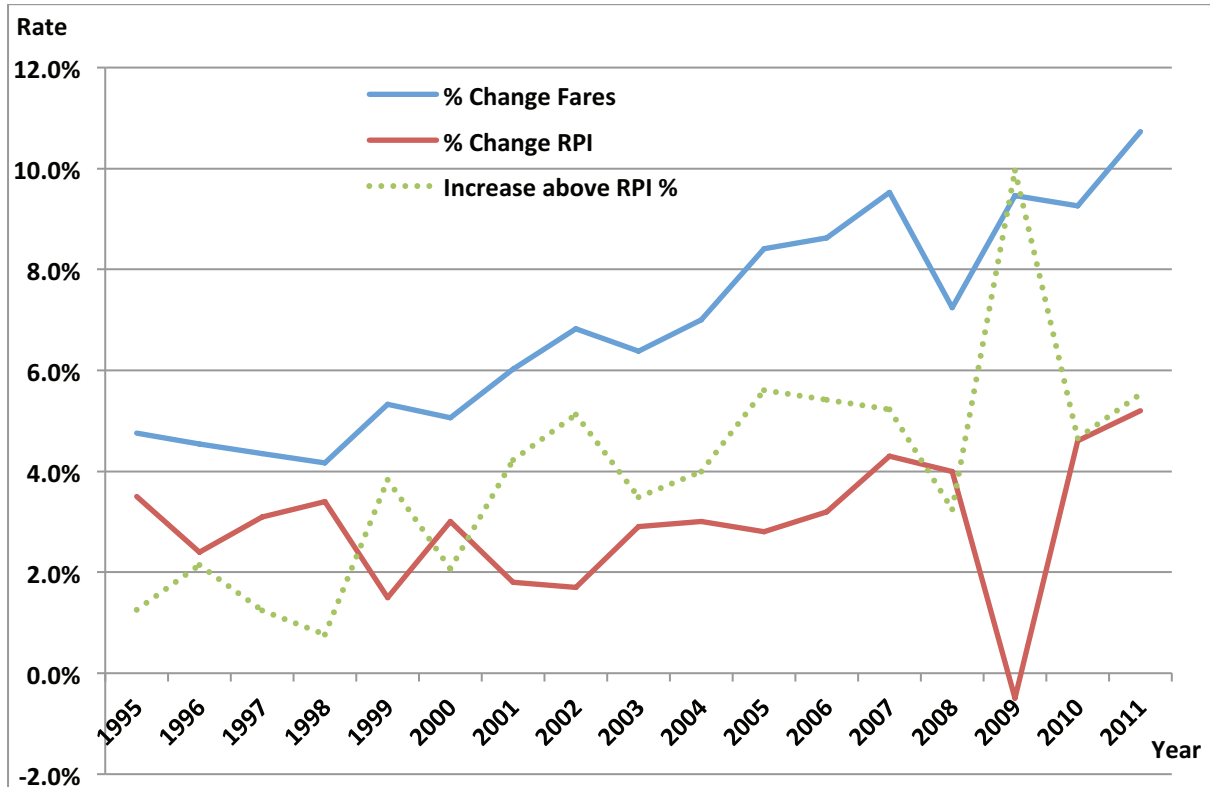


Figure 6: Annual Percentage Change in Fares and the Retail Price Index

2.2.3 *"the attractiveness of bus travel continues to fall relative to motor cars because of the combination of rising fares and greater car ownership"*³²

2.2.4 Fares differ between operators and market research has found that services provided by some operators are thought of as being more expensive than others³³. Respondents have also stated that fare increases are occurring too regularly and rises are often seen as high³⁴. 1 in 7 passengers surveyed considered the service to offer poor or very poor value for money.³⁵

2.2.5 However, the market research indicated a range of different inconsistencies, or uncertainties, in the current fares system create

³² Cabinet Office (2008) An analysis of Urban Transport

³³ Public Knowledge (April 2009), Fares and Ticketing Research (Qualitative Report)

³⁴ Public Knowledge (April 2009), Fares and Ticketing Research (Qualitative Report)

³⁵ MVA (2012) What the public want; Value for Money for Bus User

significant frustration for some passengers. Inconsistencies experienced include:

- different fares between the same two bus-stops (different operators);
- restrictions on bus tickets across different bus operators;
- uncertainty about whether the best-priced ticket is being purchased;
- confusion over restrictions that seem to be applied inconsistently;
- no such thing as a ‘return ticket’ on some routes;
- restrictions on paying with notes or cards; and
- un-announced fare increases.³⁶

2.2.6 The feeling amongst participants was that much of the frustration would be lessened if they were better informed about available tickets (and restrictions); and more tickets could be used on different bus services. The latter would enable passengers to catch the ‘first’ bus that came along – thereby increasing the perceived service headway and improving reliability. Furthermore, simplification of fares would also reduce the barriers to entry for potential users³⁷

2.2.7 Those people belonging to the lowest income quintile make 206% more trips by bus and coach than those belonging to the highest quintile³⁸, therefore fare increases have the greatest impact on low income households, who are most reliant on the bus. Additionally those on low incomes are least likely to be able to take advantage of the cheapest fares.³⁹

2.2.8 30% of those who are dependent on bus to access education and training live in the top 10% of the most deprived areas of the country. The bus therefore plays a critical role in helping this group access more productive jobs.⁴⁰ Transport costs are cited as the biggest expenditure of further and higher education. The Social Exclusion Unit identified that 6% of 16-24 year olds turned down training because of transport costs⁴¹.

2.2.9 Network contraction also impacts on lower income families, with cuts to bus services serving more isolated estates, making it more difficult

³⁶ MVA (2012) What the Public want; Value for Money for Bus Users

³⁷ MVA (2012) What the Public want; Value for Money for Bus Users

³⁸ DfT National Travel Survey (2008), cited in pteg (2010), the Effect of Bus Fare Increases on Low Income Families

³⁹ Campaign for Better Transport (2012) Transport Accessibility and Social Exclusion

⁴⁰ Institute of Transport Studies, University of Leeds (2012) The Bus and Economic Growth

⁴¹ Institute of Transport Studies, University of Leeds (2012) The Bus and Economic Growth

for low income groups to access entry level jobs. Also as weekend and evening services are cut back it becomes more difficult to access shift work outside of the core 9-5, Monday to Friday working week.⁴²

- 2.2.10 Research shows that in Tyne and Wear, 58% of customers are satisfied with the cost of fares⁴³. Many customers, especially those making shorter journeys, describe bus fares as expensive⁴⁴. When questioned in focus group research, non-users said that the expense of buses was a barrier to use.⁴⁵
- 2.2.11 Dissatisfaction with fares combined with a perception that bus travel is expensive, particularly when compared to other forms of transport, appears to be a contributory factor to the reduction in bus patronage over time. This suggests that a simple, affordable fares structure may help to bring people back.
- 2.2.12 As well as differentiated fares, each bus operator has its own fare structure and set of rules and conditions. Recent estimates suggest that there are over 100 bus ticketing products in Tyne and Wear, and when questioned in focus group research, some customers stated that they were unaware of what ticketing products were available⁴⁶.
- 2.2.13 Operator-specific tickets are normally accepted for travel only on the services of the operator who issued the ticket. Bus users have expressed a desire to be able to purchase tickets which allow travel on services provided by more than one operator⁴⁷.
- 2.2.14 At present there is an existing range of network-wide tickets for those wishing to travel on services provided by different operators in the form of Network One which offers multi-modal, multi-operator tickets⁴⁸. However awareness of such ticketing products tends to be low and they are generally perceived to be expensive⁴⁹. Only 46% of participants who were involved in external focus group research were aware of multi-modal, multi-operator tickets.⁵⁰
- 2.2.15 Research has found that public transport users generally rate interchange facilities in Tyne and Wear highly⁵¹. Customers are generally found to be accepting of interchange, if it works well.

⁴² Campaign for Better Transport, (2012) Transport, Accessibility and Social Exclusion.

⁴³ Nexus (January 2012), Customer Satisfaction Forecast data

⁴⁴ Public Knowledge (April 2009), Fares and Ticketing Research (Qualitative Report)

⁴⁵ MVA (2012) What the Public want; Value for Money for Bus Users

⁴⁶ Public Knowledge (2009), Fares and Ticketing Research (Qualitative Report)

⁴⁷ Nexus Informal Stakeholder Consultation (January/February 2012)

⁴⁸ including main bus operators, Metro, Ferry and local rail line from Blaydon to the MetroCentre

⁴⁹ Public Knowledge (2009), Perceptions of Fares and Ticketing on Public Transport in Tyne and Wear

⁵⁰ Public Knowledge (2009), Perceptions of Fares and Ticketing on Public Transport in Tyne and Wear

⁵¹ MVA (March 2011), Evaluation Performance: Nexus, Market Research Services, Bus Priorities Research

However, the lack of integrated ticketing has been cited as a barrier to use⁵²; as has poor planning of interchange services which leads to connections being missed.

- 2.2.16 Customers have stated that more flexible ticketing products, which permit travel on more than one mode, would make interchange more appealing⁵³. Customers feel that they are penalised for interchanging between bus services as this can often mean that the services of two different operators are required, leading to the purchase of two separate tickets⁵⁴.
- 2.2.17 There are also several different zoning systems in operation. Market research has indicated that the use of different zoning structures creates an inconsistent attitude towards ticket pricing⁵⁵ and is often considered to be unclear⁵⁶.
- 2.2.18 Overall there is a perception that bus travel is expensive and complex when compared to other modes of travel, particularly the car. This is causes the travelling public to turn away from bus to car if they have the opportunity.

2.3 Competition

- 2.3.1 The Tyne and Wear bus network is provided by a range of different operators of differing sizes, but principally by three operators – Arriva, Go North East and Stagecoach. The network consists of approximately 220 different bus routes⁵⁷.
- 2.3.2 In January 2011, the Office of Fair Trading (OFT) referred local bus services to the Competition Commission (CC) following a consultation on the results of a market study into the industry. The investigation specifically examined the economic effectiveness of competition within the local bus service sector.
- 2.3.3 Whilst conducting their investigation, the CC identified a number of issues which could prevent and/or restrict competition. The study also found that fares tend to be higher in areas where operators with a strong market position are not challenged by a large well-resourced rival.

⁵² MVA (March 2011), Evaluation Performance: Nexus, Market Research Services, Bus Priorities Research

⁵³ MVA (March 2011), Evaluation Performance: Nexus, Market Research Services, Bus Priorities Research

⁵⁴ MVA (March 2011), Evaluation Performance: Nexus, Market Research Services, Bus Priorities Research

⁵⁵ SMS (2010), Customer Service Strategy SMS Report

⁵⁶ Public Knowledge (2009), Fares and Ticketing Research (Qualitative Report)

⁵⁷ Figure excludes scholar and work services

- 2.3.4 The CC's provisional results, which were published in May 2011, concluded that in many local areas, *'the largest operator has consistently faced little or no competition'*⁵⁸. Many passengers can therefore *'expect less frequent services and, in some cases, higher fares than when there is more competition'*.
- 2.3.5 Additional evidence published by the CC to complement its provisional findings found that the three largest operators account for 97.1% of local bus services in Newcastle, and that *'small competitors do not appear to have a significant presence in the supply of commercial services in Newcastle and the surrounding area'*⁵⁹.
- 2.3.6 The CC's final report built on this analysis to note that some operators avoid competing with other operators in the same area. The CC *'found that this conduct has taken place in relation to two operators in parts of the North East of England'*⁶⁰ and that *'we expect that detriment to consumers will have arisen from this conduct'*. Nexus has been working on an estimate of what that may mean in Tyne and Wear in financial terms.
- 2.3.7 The CC's final report also proposed remedies focused on three main areas – an increase in multi-operator ticketing, new limitations on operator behaviour in response to new market entrants, and measures to ensure fair access to bus stations⁶¹.
- 2.3.8 If the CC's recommendations are taken forward in full, it is not expected that there will be a significant impact on levels of competition in Tyne and Wear. This is because there is already a long-established multi-operator ticketing scheme in existence, incumbents are rarely challenged by new entrants and so limitations on their competitive response do not tackle the root of the problem, and Nexus is not aware of any significant difficulties for operators to gain access to privately-managed bus stations. Therefore, there will be little change to the conditions governing the local bus market, and there is no reason to expect that the high levels of concentration, and the identified detriment to customers, will recede.

2.4 Punctuality and reliability

⁵⁸ Competition Commission News Release, 6 May 2011

⁵⁹ Competition Commission (May 2011), Local Bus Services Market Investigation, Appendix 6.4 to Provisional Findings Report

⁶⁰ Competition Commission (December 2011), Local Bus Services Market Investigation: A Report on the Supply of Local Bus Services in the UK

⁶¹ Competition Commission (December 2011), Local Bus Services Market Investigation: A Report on the Supply of Local Bus Services in the UK

- 2.4.1 Market research has found that customers can consider bus punctuality to be poor, although actual recorded punctuality is much better than that perceived by customers. Only 64% of customers consider buses to be on time⁶², whereas in reality, 90% of non-frequent services are punctual and the average excess waiting time for frequent services is 0.81 minutes⁶³, which is significantly lower than the Traffic Commissioner’s target of 1.25 minutes
- 2.4.2 However this still means that of non-frequent services 1 in 10 journeys are not on time (‘on time’ is defined by the Traffic Commissioner as no more than 1 minute early or 5 minutes late; this is well below the Traffic Commissioner’s target of 95%.
- 2.4.3 The belief held by customers and non-users that buses are unpunctual and unreliable is likely to be a significant barrier to use.⁶⁴
- 2.4.4 When asked about which aspects of their local bus services they would wish to see improved, passengers tended to focus on the fundamentals of the service – punctuality and reliability⁶⁵. Detailed information relating to the cause of delay to bus services is not published in Tyne and Wear as a matter of course; however causal factors are generally a mixture of traffic congestion, constraints relating to the operation of the highways, and operational issues within the operator’s control.

2.5 Accessibility

- 2.5.1 In 2011, 33.5% of households in Tyne and Wear did not have a car⁶⁶ – those without access to a car tend to be reliant on public transport. Yet research has found that the amenities people can reach by public transport are not always the best services, or those they would use if they had the choice⁶⁷.
- 2.5.2 Bus Kilometres operated in PTE areas fell on average by 13% between 1997/8 and 2007/8.⁶⁸ In the three years from 2009 to 2011, commercial bus mileage reduced by 3.8 million kilometres within Tyne and Wear⁶⁹. A number of changes to bus services took place between August 2011 and March 2012, and as a result, there was a 2.8% decrease in the number of households with access to bus services

⁶² Nexus Business Intelligence (May 2012)

⁶³ Nexus Continuous Monitoring

⁶⁴ MVA (June 2012), What the Public Want; value for Money for Bus Users

⁶⁵ MVA (June 2012), What the Public Want: Value for Money for Bus Users

⁶⁶ DfT (2012), Tempro website

⁶⁷ Pteg (2010), Transport and Social Inclusion: Have We Made the Connection in our Cities?

⁶⁸ Dft (2008) Public Transport Statistics bulletin

⁶⁹ Outputs from Tyne and Wear Accessibility Model (May 2012)

operating to a 10 minute frequency⁷⁰. Network changes have also seen increased journey times to employment and major centres. This is supported by DfT regional transport statistics which show bus mileage in Tyne and Wear down by 31% since 1997/8; one of the largest declines of any PTE area.⁷¹

- 2.5.3 As well as the decrease in peoples' ability to access frequent bus services, there have been further commercial service withdrawals on the 'secondary' network. The withdrawal of such services can isolate those reliant on bus services thereby increasing levels of social exclusion, unless additional subsidy can be found to maintain them as secured services.
- 2.5.4 Service withdrawals hit those on a low income particularly hard as they often have no alternative to travelling by bus.⁷² Withdrawal of bus services can significantly reduce access to shops, healthcare facilities and employment opportunities and, as informal research conducted by Nexus found, the withdrawal of services, particularly in rural areas and at night, is of great concern to many public transport users⁷³. This is discussed in more detail in Section 2.2 above.
- 2.5.5 Focus group research commissioned in March 2011 found that the majority of participants felt that they were not consulted about service changes and only learned about the changes after they had been implemented⁷⁴. Bus operators are under no obligation to consult with customers before implementing service changes, although there are some local examples of good practice when it comes to customer consultation.
- 2.5.6 When commercial bus services are withdrawn, there is normally an immediate pressure to use subsidy to secure the service if essential links to services will be lost as a result. However, as more commercial de-registrations occur and pressure on public funding grows, this will become increasingly harder to achieve.
- 2.5.7 The key issue to address, therefore, is what a long term sustainable bus network in Tyne and Wear would look like, acknowledging that, for some communities, a traditional bus service is not a viable option.

2.6 Value for money for the taxpayer

⁷⁰ Outputs from Tyne and Wear Accessibility Model (May 2012)

⁷¹ DfT Regional transport statistics (2008), cited in Pteg (2010), Transport and Social Inclusion: Have We Made the Connection in our Cities?

⁷² Pteg (2010), Transport and Social Inclusion: Have We Made the Connection in our Cities?

⁷³ Nexus Informal Stakeholder Engagement (January/February 2012)

⁷⁴ MVA (March 2011), Evaluation Performance: Nexus, Market Research Services, Bus Priorities Research

- 2.6.1 As discussed in 2.2 above, 1 in 7 passengers in Tyne and Wear feel that bus services do not offer value for money.⁷⁵ However bus services are also underpinned by the taxpayer through a variety of sources.
- 2.6.2 In 2009/10 bus industry revenue in England came in almost equal parts from fare paying passengers and from public funding⁷⁶, although the make-up of this varied between regions.
- 2.6.3 Generally across the country public support for bus services came from three sources:
- General Network support and subsidy (normally from the Local Transport Authority)
 - Concessionary travel payments (normally from the Local Concessionary Travel Authority)
 - BSOG (direct from government)
- 2.6.4 Total operating costs for the industry and public support for services has risen sharply between 2004/05 – 2006/07 and again in 2009/10.⁷⁷
- 2.6.5 In Tyne and Wear public subsidy for bus services is estimated to be approximately 42% (£62 million per annum); this equates to £40m on Concessionary Travel payments; £10m on Secured services and £12m on BSOG payments. The amount of money spent on securing services over the last 10 years has grown significantly.
- 2.6.6 Whilst subsidy has in general risen in metropolitan areas the subsidy in London, which is perceived to have high levels of public subsidy for its regulated bus market, has in fact fallen over recent years⁷⁸

⁷⁵ MVA (2012) What the Public What; Value for money for bus users.

⁷⁶ MVA (2001) underpinning policy; modelling bus subsidy in English Metropolitan Areas, a report for Pteg

⁷⁷ DfT (2012) Transport Statistics Table BUS0503b

⁷⁸ DfT (2012) Transport Statistics Table BUS0503b

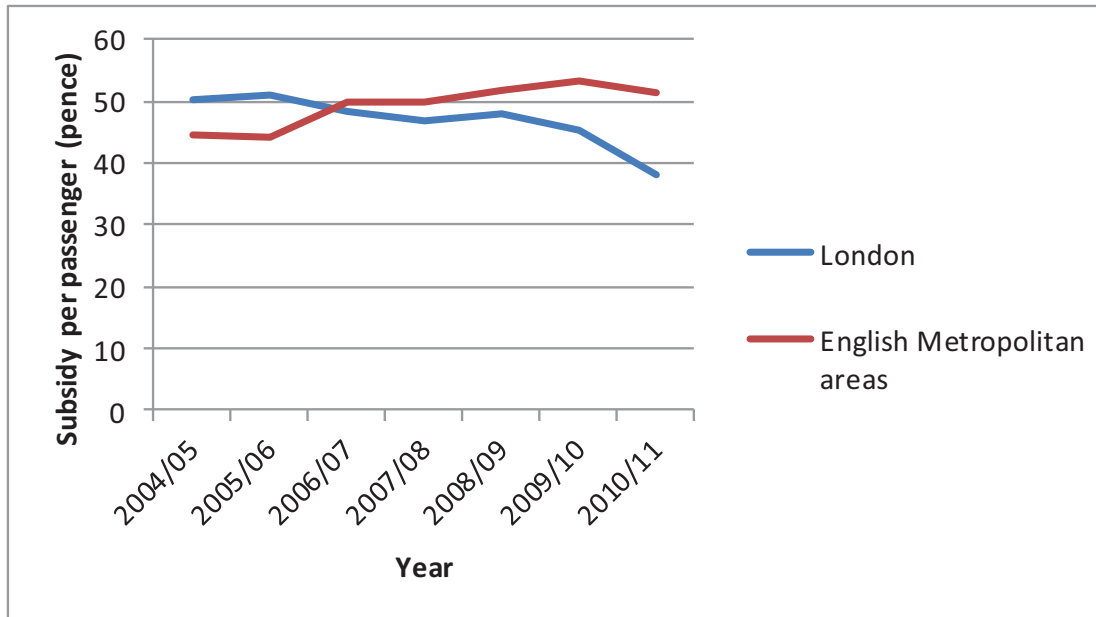


Figure 7: Total Government Support per passenger Journey (Pence) at 2010/11 prices

2.7 What does this mean for the Strategy?

- 2.6.1 The preceding analysis demonstrates that current trends and issues affecting local bus services in Tyne and Wear are similar to those recognised by the DfT as facing the industry as a whole.
- 2.6.2 The continued pressure on public finances means that, to deliver an efficient and affordable bus network in Tyne and Wear requires a focused strategy and prioritised interventions.
- 2.6.3 With this in mind doing nothing is not an option. The bus market in Tyne and Wear is faced with four clear trends:

- Falling patronage;
- Rising fares;
- Increasing subsidy which is unsustainable;
- Contracting network.

2.6.4 Therefore three key objectives have been set for this Bus Strategy. These are:

- **Arrest the decline in bus patronage;**
- **Maintain (and preferably grow) accessibility; and**
- **Deliver better value for public money.**

The remainder of this Strategy takes each of these objectives in turn and identifies what has been done, and what needs to be done, to achieve them. It should be noted that some of the proposed interventions overlap in terms of which objectives they aim to deliver.



3. Arresting patronage decline

- 3.0.1 The analysis in the preceding section shows that bus patronage is influenced by a range of factors, one of the principal ones being the economic climate which in recent times, has had an adverse impact on patronage by reducing the overall demand for travel.
- 3.0.2 However, the graph in Figure 1 also shows a steady decline throughout the 2000s, particularly amongst fare paying passengers, when economic conditions were more favourable, so although the overall economy does influence travel demand, it is clearly only one of the factors affecting bus patronage. Therefore, this Strategy cannot assume patronage decline will be reversed solely as a result of economic recovery in the future, although it could help arrest decline.
- 3.0.3 The challenge of reversing patronage decline falls in two main areas: maintaining current patronage levels and attracting new users. The rise in car ownership as described in the section 2.1 above is clearly a threat to both of these areas. Therefore, it is crucial to understand what improvements current and future users will want to see to maintain, or change, their behaviour.
- 3.0.4 Recent research in Tyne and Wear⁷⁹ identified that the three priorities for improvement for existing bus users were increased frequency, improved punctuality/reliability, and better value for money.
- 3.0.5 Overall the research indicated that passengers would be willing to pay for some service improvement. On average this was between 4p and 10p per journey for significant improvements in service headways, onboard service quality, improved reliability, increased hours of operation and improved journey time reliability.⁸⁰
- 3.0.6 The aspects of service to which respondents were most willing to accept a deterioration were responses to litter and graffiti, and space for wheelchairs and buggies.⁸¹
- 3.0.7 Bus service reliability and punctuality were rated more important than journey time, and participants indicated they would find it acceptable for journey times to increase if these aspects of service quality improved.⁸²

⁷⁹ MVA (June 2012), What The Public Want, Value for Money for Bus Users

⁸⁰ MVA (June 2012), What The Public Want, Value for Money for Bus Users

⁸¹ MVA (June 2012), What The Public Want, Value for Money for Bus Users

⁸² MVA (June 2012), What The Public Want, Value for Money for Bus Users

- 3.0.8 For existing passengers, therefore, improvements should be targeted at on increasing the number of high frequency services, improving punctuality and reliability and increasing perception of value for money.
- 3.0.9 For potential bus passengers, the research⁸³ examined the barriers to bus use for those who could in theory have used a bus, but who chose not to. The top three reasons given were: the need to interchange; a feeling that the bus took too long to reach the desired destination; and a view that buses were too expensive.
- 3.0.10 When asked what service improvements were more likely to encourage them to use a bus, potential users ranked punctuality/reliability, lack of interchange and better value for money as the top three priorities.
- 3.0.11 There is a correlation between value for money and distance travelled, with journeys covering greater distances generally being regarded as providing better value for money than shorter trips.⁸⁴
- 3.0.12 Frequent users are more likely to purchase season tickets, which provide a discount, whereas those who travel infrequently and potential bus users are often unaware of the costs of a journey by bus and therefore tend to be less able to make accurate judgements about value for money.⁸⁵ However the perception is still that buses are expensive.⁸⁶
- 3.0.13 When a journey requires the services of more than one operator, many customers perceive that they are unable to buy a single ticket covering the whole journey, thus in their mind making the journey more expensive. If an integrated network is an aspiration, as discussed in section 4, integrated ticketing that does not penalise interchange through overall cost is a major part of making that aspiration a reality.
- 3.0.14 In terms of interchange, it is clearly an unrealistic proposition to provide a network that has no interchange at all – this would be not only uneconomic, but potentially even more confusing. The perceived barriers to interchange are: waiting time, network instability and ticketing (which relates to both cost and the perceived need to buy several tickets in order to complete a single journey).

⁸³ MVA (June 2012), What The Public Want, Value for Money for Bus Users

⁸⁴ SMS (2010) Customer Service Strategy Research Report

⁸⁵ Woodholmes (2011) Research into Information Provision at Bus Stops

⁸⁶ MVA (June 2012) What the Public Want, Value for Money for Bus Users

- 3.0.15 If the network is focused around a number of high frequency core routes, then waiting time penalties should be minimised, and if there is a level of stability in such a network, then users are less likely to perceive interchange as a barrier to the same degree. The need to examine further integrated ticketing products is discussed in detail in section 5, and it will remain a crucial barrier to gaining new users if it is not tackled.
- 3.0.16 Translating these findings into this Strategy suggests that focused investment on high frequency routes, improved punctuality and improving users' perception of value for money, supplemented by enhanced information is required. This will ensure that existing and future customers' needs and expectations are met as much as possible in order to arrest the trend of declining bus patronage.
- 3.0.17 An ideal public transport service should be accessible to all, without discrimination. The ITA has worked with Nexus and its local authority partners over many years to improve physical accessibility to the bus network through the provision of infrastructure to aid level boarding, better access to bus stops and enhanced features across the network.
- 3.0.18 This improvement has been match by complementary investment by bus operators in low floor vehicles. The continuation of this type of investment in infrastructure, principally through the Local Transport Plan, will ensure potential users are not deterred from taking the bus because of concerns over physical accessibility.
- 3.0.19 Personal safety and security impacts on customers' willingness to travel; particularly at night. Respondents stated they would like to see more onboard CCTV, better lighting at stops and for the driver to be more selective about who they let on board.

3.1 Where the ITA would like to be

- 3.1.1 Centre for Cities classifies Integrated Urban Transport as *'the organisational process through which the planning and delivery of elements of the transport system are brought together, across modes , sectors, operators and institutions, with the aim of increasing economic and social benefits'*⁸⁷.
- 3.1.2 This definition captures what the ITA is trying to achieve – that public transport in Tyne and Wear is truly integrated in order to increase economic and social benefits. An integrated system will improve social mobility, making it easier for passengers to travel

⁸⁷ Centres for Cities (2008), *On the Move: Delivering Integrated Transport in Britain's Cities*

around the region, accessing jobs and services and thus contributing to growth in the local economy.

- 3.1.3 The ITA would like to promote the development of a network that is designed such that all public transport modes link with one another. In this way, multi-modal and multi-operator journeys will become simpler and easier and, as a result, patronage will increase as the identified barriers to use are addressed. The ITA is also looking to ensure that information promotes travel by bus by being simple and easy to use, rather than potentially acting as a barrier by being complex or confusing.
- 3.1.4 The ITA wishes to change the view of those passengers who consider customer service on public transport to be poor by making sure that bus services in Tyne and Wear are of a high standard and well used.
- 3.1.5 In recent years, the bus network in Tyne and Wear has undergone a number of significant changes. Although bus service changes are almost always undertaken in compliance with the Transport Act 1985, a perceived lack of prior consultation can lead to dissatisfaction amongst customers. Wherever possible Nexus undertakes consultation on service and network changes on its secured bus services, and the ITA would like to see this process expanded to include all commercial bus services in line with customer expectation⁸⁸. It is worthy of note that there are already some examples of good practice locally, where bus operators do consult with existing customers before making changes. Where a Partnership exists, consultation also takes place with the relevant Local Authority and with the ITA. However there is no standard process of consultation in place across Tyne and Wear. The ITA wishes to see a standard process developed, regardless of operator.
- 3.1.6 The ITA wants the bus network to be transparent, simple to understand and to meet the needs of Tyne and Wear residents. Therefore, the ITA believes that the general public should be fully consulted on changes to bus services in their area, giving residents the opportunity to have their say and express their views.
- 3.1.7 The ITA would like to continue the roll-out of bus stop infrastructure improvements across Tyne and Wear in partnership with the Local Authorities.
- 3.1.8 The ITA would like to move towards a situation where 'better' value for money is not perceived to be one of the top three issues for bus

⁸⁸ MVA (March 2011), Evaluation Performance: Nexus, Market Research Services, Bus Priorities Research

users. This would be achieved if what people are getting for their fare is clear and in line with their expectation.

3.1.9 In the current environment, due to competition law, the prices of operator-only ticket must necessarily remain the preserve of each operator. However the ITA would like to see a general commitment that fare increases will be more aligned to the general cost of living, and moves to address the issues perceived by customers who undertake multi-leg or multi-operator journeys. Measures to promote the easy understanding of fare structures are also needed to overcome those barriers identified by potential users.

3.1.10 The ITA wishes to improve perceptions of safety and security on bus and on bus infrastructure, through increasing safety measures that are built into the design of bus infrastructure, and by working with partners on training for staff.

3.2 What the ITA has done

3.2.1 The ITA has already been working with partners to address the factors that contribute to increasing patronage. Deliverables include:

- Worked with bus operators and local authorities to address causes of service delays by means of targeted bus priority measures and effective highway enforcement;
- Secured Better Bus Area Fund resources in partnership with local authorities and bus operators to deliver measures that will improve service punctuality and passenger security;
- Ensured a contract compliance and resultant service reliability through proactive monitoring of secured services; and
- Raised awareness across Tyne and Wear through high-profile campaigns such as the “Buses are getting...” to highlight specific improvements to bus services.

3.2.2 When there are increasing pressures on public funding, however, there is a need to focus future investment on those areas that are likely to have the biggest impact.

3.3 What the ITA will do

3.3.1 Based on the preceding discussion, the ITA has identified three deliverables that will address the decline in patronage. These are:

- **Introduce a fully integrated, multi-modal Tyne and Wear public transport network, built around a high frequency core strategic network;**
- **Provide a unified and consistent customer offer and guarantee standards of customer service through the publication of a ‘Customer Charter’;**
- **Ensure that bus users are fully consulted prior to network changes;**
- **Ensure that all infrastructure is accessible and of a high standard**

3.3.2 Investment in infrastructure across the core strategic network should be focused on maintaining, and preferably increasing, punctuality and reliability, as these are key drivers of customer satisfaction. Wherever appropriate bus operators, Nexus and relevant Local Authorities should develop Punctuality Improvement Partnerships (PIPs), following DfT guidance, which will include the setting of punctuality and reliability targets, an agreed set of actions and interventions to meet those targets, and the publication of progress towards them.

3.3.3 The ITA expects that Nexus will work with bus operators to attempt overcome often inaccurate perceptions of punctuality and reliability, and will seek to introduce Real Time Information (RTI) across the local bus network to provide passengers with accurate departure information.

3.3.4 As part of the PIPs, Nexus should work with Local Authority partners and bus operators to monitor performance more closely to identify issues with specific corridors/areas and on a more frequent basis, to identify congestion pinch points, and to implement congestion reduction measures. The ITA will also seek commitments to improving punctuality from operators in line with the targets for punctuality as established by the Traffic Commissioner.

3.3.5 In order to move towards a more integrated public transport network, the ITA will require that Nexus works with bus operators to produce timetables which complement each other and facilitate transfer, enabling passengers to make easier journeys where services provided by more than one operator and/or on different modes.

- 3.3.6 To support this, the ITA will require Nexus to ensure that passengers are able to access information easily and in a variety of appropriate formats.
- 3.3.7 Customers must find it easier to obtain information, and in order to achieve this Nexus will need to exploit new technologies including the internet, mobile and near field communication (NFC) and social media. In particular, Nexus will expand the availability of real time bus data to passengers who have mobile devices through the dissemination of on-bus location data sent from electronic ticketing machines.
- 3.3.8 Nexus should nevertheless maintain adequate provision of information for customers who do not have access to the internet, or whose preference is to use paper or voice-based formats.
- 3.3.9 The ITA wants all customers to receive an exceptionally high standard of customer service and recommends the production of a Customer Charter to act as a guarantee, outlining operators' commitments to customers. The Customer Charter should make sure that customers know what they can expect, how current performance levels match those commitments, and should also ensure that those who wish to contact Nexus know how to do so.
- 3.3.10 Targets for customer satisfaction and perception of safety will be published in the Charter and made available to the public. Performance against these targets should be published periodically, at least once per quarter. Charter updates should be displayed in locations where they can be easily accessed such as the Nexus website, bus stations, interchanges and Nexus Travelshops in Tyne and Wear.
- 3.3.11 The ITA wishes to see a consistent and high level of customer care provided by bus operators and Nexus, and will measure this by recording levels of customer satisfaction. In consultation with bus operators, a customer complaint handling process should be developed, with the aim of providing a single point of contact for customer complaints and feedback (including the reporting of lost property).
- 3.3.12 The ITA will work with bus operators and Nexus to enhance the consultation process over bus service changes. The ITA expects that consultations will be planned well in advance of proposals being finalised, in order to ensure that stakeholders' views are taken into account before changes are made. Consultations involving the affected customers and local residents, including the relevant Local Authority and Nexus, should be open for a sufficient length of time to allow for those affected by the proposals to view them and provide

their feedback. The ITA believes that this will result in an increase in community engagement in the planning of bus services, and thus will contribute to greater customer satisfaction and thus bus usage.

- 3.3.13 Bus stops/stands and stations should be designed and improved to be accessible in line with “Bus and Coach Station Design and Operation: Guidance for safe design & operation of Bus Stations & Interchanges June 2011”, produced by industry and government stakeholders. The ITA will work with partners to promote the continued rollout of safety features at bus waiting facilities, including improved CCTV coverage.
- 3.3.14 Members of the public believe that more should be done to offer value for money local travel, and research conducted in 2009 found that 68% of participants agreed, or strongly agreed with this statement⁸⁹. The preceding discussions would suggest that the best way to improve the perception of value for money is to invest in those that the research shows should have the greatest impact on patronage.
- 3.3.15 The ITA expects that bus operators and Nexus will explore ways to improve the current ticketing offer for young people between the ages of 16 and 21. The school leaving age will increase to 18 in 2013, and although some attractive operator-only ticket products exist for young people, the ITA believes that the current multi-modal offering is inadequate, particularly for those aged between 16-18 and people in vocational training.
- 3.3.16 Simplified ticketing and integrated products
- The ITA has an aspiration for a simpler, more easily understood fare structure which is easy for customers to understand regardless of which operator’s services they will use. A through journey made by public transport using two or more separate services should not require the purchase of more than one ticket.
- 3.3.17 To contribute to better clarity over fares and ticketing, the ITA suggests that a common naming standard could be adopted for operator-own products (e.g. ‘single’, ‘day ticket’, etc) and to replace (or be used alongside) any operator-specific brand names.
- 3.3.18 The ITA expects that smart ticketing will be expanded to make it easier to pay in advance, and to reward regular loyal customers through incentives and offers on other products.

⁸⁹ Public Knowledge (April 2009), Fares and Ticketing Research (Qualitative Report)

3.3.19

The ITA, along with other Transport Authorities in the North East, has invested heavily in the NESTI project to allow ITSO smart ticketing to be introduced. The ITA would like to see further development of smart ticketing in Tyne and Wear, including the introduction of multi-operator smart products, widespread use of multi-operator 'pay as you go' products (including fare capping), and integration of transport smartcards with wider non-transport uses. The ITA considers that such measures will increase the attractiveness of public transport, and so promote growth in bus patronage.

4. Maintaining accessibility

- 4.0.1 The bus network should aim to focus on providing good and consistent access to those services needed by the majority of Tyne and Wear residents. It should incorporate the high frequency core network described in section 2, but also a secondary network that feeds into the core routes and improves accessibility over a wider area.
- 4.0.2 The mechanism by which such feeder services interact with the main corridors will also be important – for example there is little point in a high frequency service arriving at an interchange point just after a lower frequency service has departed. To achieve the best outcome for passengers the overall network operation must be considered and integration within this, as well as the impact of any changes.
- 4.0.3 ‘Freezing’ a network indefinitely with no changes is neither logical nor practical, given the need to react to changes in demand as travel patterns alter, particularly with new developments, as well as prevailing economic conditions.
- 4.0.4 What the research shows, however, is that the present frequency of changes is disruptive to passengers⁹⁰, and adds to the perception that the public is not consulted. Agreeing a schedule that minimises network changes and allows more widespread consultation should address this issue.
- 4.0.5 Ideally the bus network should be considered as a whole to ensure the most effective distribution of resources to both meet demand and satisfy local accessibility requirements. However competition law restrictions normally prevent network or timetable co-ordination. Provisions under the Local Transport Act 2008 allow for the ITA to facilitate network co-ordination under certain circumstances, and precedents exist elsewhere in the UK of this legislation being used successfully.

4.1 Where the ITA would like to be

- 4.1.1 The ITA would like to maintain accessibility in Tyne and Wear, ensuring that as many residents as possible are able to reach employment sites, and essential services and facilities by public transport within 30 minutes. Where possible the ITA would look to grow this provision. A network that is designed to promote accessibility will support economic growth and help to reduce social exclusion.

⁹⁰ MVA (March 2011), Evaluation Performance, Nexus, Market Research, Bus priorities Research

4.1.2 The ITA has set out a series of targets for accessibility. These include major and local centres, places of employment and key services and facilities. The targets are set out in section 7 and progress towards these targets will be measured by using the Tyne and Wear Accessibility Model.

4.1.3 The ITA wishes to see the development of an agreed protocol for planned network changes taking place only once per year in each part of Tyne and Wear (with a separate process to deal with changes arising from exceptional circumstances). This is intended to address customer feedback about the frequency of changes.

4.2 What the ITA has done

4.2.1 The ITA has already been working with partners to address the factors that contribute to maintaining accessibility. Deliverables include:

- Changes to the secured service network to deliver a more flexible approach to maintaining accessibility in Tyne and Wear;
- Listened to local needs and altered secured services to more closely match identified requirements, taking account of local circumstances and passenger feedback;
- Developing a system of fixed change dates at a district level to minimise customer confusion;
- Adopt a uniform bus livery across many secured services to raise awareness of the secured network and reduce levels of customer confusion;
- Develop a shopper and group travel service to meet specific transport needs.

4.2.2 Maintaining (and preferably increasing) accessibility to the Tyne and Wear bus network will require on-going action, however, focused on the issues emerging from the research with passengers the ITA aims to achieve the accessibility targets set out in section 7.

4.3 What the ITA will do

4.3.1 Based on the preceding discussion the ITA has identified the

- **Adopt accessibility standards and targets across the Tyne and Wear Network;**
- **Introduce a common brand and accessible high quality buses;**

following deliverables that will help to achieve the accessibility targets set out in section 7.

- 4.3.2 The ITA will also work to promote dialogue with the health and education sectors. The centralisation of many health and education facilities throughout Tyne and Wear has led to an increasing need for new public transport links. The ITA needs to ensure that health and education providers give transport due consideration at an early stage in their development of their plans, ensuring that sustainable travel is a viable option for users of their facilities.
- 4.3.3 The ITA will work closely with Local Authorities to ensure that the transport network aligns to and supports land use planning policies.
- 4.3.4 The ITA expects that bus operators and Nexus will work together to ensure that a unifying network brand is developed and adopted to simplify public transport for customers, and to instil a high level of confidence. Such a brand is also intended to promote the bus system to current non-users.
- 4.3.5 Finally the ITA will closely monitor progress made towards achieving the accessibility targets set out in this document.

5. Improving value for public money

- 5.0.1 As discussed in section 2.5 above it is estimated that at present, 42% of the income received by bus operators in Tyne and Wear comes from public sources. Nevertheless the pressure to use diminishing resources to step in where commercial operations have ceased continues to increase. At the same time, patronage continues to decline.
- 5.0.2 The ITA's stakeholders rightly expect that the ITA will examine where it will get the greatest return for its investment before allocating resources. At present, a significant amount of the ITA's resources allocated to supporting the bus network are not subject to competitive market test; the funding paid over for Concessionary Travel reimbursement is intended to reimburse bus operators such that they are 'no better and no worse off' as a result of carrying older and disabled passengers without charge. However, the scale of reimbursement has reached a level where it consumes the majority of the ITA levy each year, and without any form of transparent market test cannot be said to definitively provide value for public money.
- 5.0.3 At the same time, the ITA like all public authorities is under considerable financial pressure. In these circumstances the ITA is bound to seek to achieve 'more for less', in other words the achievement of its objectives for less public funding than has previously been the case.
- 5.0.4 Reducing carbon emissions generated by transport is a priority both nationally and locally. Increasing modal shift from car to bus has been shown to reduce transport's contribution to carbon emissions as does improving the quality of the bus fleet.

5.1 Where the ITA would like to be

- 5.1.1 Just as the ITA wishes to end the spiral of decline between the network and accessibility, so too it wishes to ensure that any future investment in the network is getting the desired results. The local bus network will continue to require support, but it should be targeted support to underpin other parts of this Strategy and its overarching objectives.
- 5.1.2 The ITA wishes to reduce the level of per passenger subsidy whilst achieving an end to declining patronage, and meeting its accessibility targets.
- 5.1.3 Additionally the ITA wishes to reduce the amount of carbon from the transport network and has set a target for carbon emissions.

5.2 What the ITA has done

5.2.1 The ITA has already been working with partners to address the factors that underpin the perception of value for money. Deliverables include:

- Co-ordinated the introduction of the North East Smart Ticketing Initiative to provide a framework for the delivery of smart ticketing products;
- Reviewed the provision of secured bus services through the Accessible Bus Network Design Project, to grow accessibility within a constrained resource;
- Upgraded and modernised bus interchanges and increased staffing levels to benefit users;
- Set environmental standards for secured bus services;
- Bid for funding from the Green Bus Fund.

5.3 What the ITA will do

5.3.1 Based on the preceding discussion, the ITA has identified three deliverables that will improved the perception that local bus services are providing better value for money. These are:

- **Ensure affordability for both the customer and the taxpayer;**
- **Simplify fares and ticketing and improve integrated ticket products;**

5.3.2 The ITA will continue to require that Nexus' budget for secured services is expended in such a way that the greatest level of accessibility is provided for the resources provided.

5.3.3 The ITA intends to monitor and contribute to the government's various reviews of bus subsidies, in particular changes to the way in

which BSOG is calculated and distributed, and alterations to way in which Concessionary Travel is funded and distributed.

5.3.4 Where services are tendered, The ITA will require that Nexus continues to achieve best value for money through competition in contract award. The ITA also expects that Nexus will seek to align its secured services with the objectives deliverables set out in this Strategy.

6. Bus Strategy deliverables

6.0.1 The following is a consolidated list of the deliverables that are set out in preceding sections:

1. **Introduce a fully integrated, multi-modal Tyne and Wear public transport network, built around a high frequency core strategic network**
2. **Provide a unified and consistent customer offer and guarantee standards of customer service through the publication of a ‘Customer Charter’**
3. **Ensure that bus users are fully consulted prior to network changes**
4. **Ensure that all infrastructure is accessible and of a high standard and includes measures to improve safety**
5. **Adopting accessibility standards and targets across the Tyne and Wear Network**
6. **Introduce a common brand and accessible high quality buses**
7. **Work with operators to create a more integrated network through timetabling and ticketing initiatives.**
8. **Ensure affordability for both the customer and the taxpayer**
9. **Simplify fares and ticketing and improve integrated ticket products**

6.0.2 The ITA, along with Nexus, intends to work with bus operators and Local Authorities to develop action plans for these deliverables. This will be done within the context of the relevant Transport Acts, Tyne and Wear Local Transport Plan, as well as national policy, regulatory and funding mechanisms.

6.0.3 To achieve these deliverables the ITA will consider all options available to it, in order to identify which of them stand the best chance of supporting successful delivery. Since November 2011, Nexus, on behalf of the ITA has been examining the preferred delivery options under the Bus Strategy Delivery Project.

- 6.0.4 The project includes an examination of delivery options as Voluntary Partnership Agreements, Quality Partnership Schemes and a Quality Contract Scheme. A more detailed description of what each of these options entails is contained in Appendix A. However, one of the main criteria when examining delivery options will be the contribution each makes to achieving the vision, objectives and deliverables set out within this Strategy.
- 6.0.5 The ITA has already made good use of some of the opportunities this presents by developing a series of partnership agreements that cover selected bus services in Tyne and Wear. However, research has found that residents are generally unaware of these partnerships⁹¹. Participants have also queried why partnerships are necessary, stating that all partners should automatically strive to provide the best possible service⁹².
- 6.0.6 This Strategy acknowledges the importance of ongoing engagement with customers, whether it be asking for their opinion or informing them of service changes.

⁹¹ MVA (March 2011), Evaluation Performance: Nexus, Market Research Services, Bus Priorities Research

⁹² MVA (March 2011), Evaluation Performance: Nexus Market Research Services, Bus Priorities Research

7. Targets and Monitoring

7.0.1 The approach taken throughout this document has been to identify a small number of objectives that are grounded in evidence, and from that develop a set of key deliverables. To judge how effective these deliverables will be (and have been) requires setting targets that relate to the higher level objectives.

7.0.2 Therefore, three targets have been set for the Bus Strategy, namely:

- **Increase total bus passenger journeys in Tyne and Wear from a baseline of 139 million to 149 million by 2022**
- **Maintain or increase the percentage of the Tyne and Wear population within 400m of a frequent (10 minute) daytime service at 56.8% by 2022**
- **Decrease the public sector subsidy (£ spent per passenger) from £0.40 in 2012 to £0.38 in 2022**

7.0.3 These targets will be supported by a number of other targets monitored across Tyne and Wear as shown in the table overleaf, together with on-going market research conducted both locally and nationally.

7.0.4 The supporting targets have been chosen to underpin the principal targets by allowing a more detailed examination of the influencing factors when reviewing delivery options and action plans. For example, they include customer satisfaction with fares and ticketing, as research⁹³ shows that simplifying fares and developing a Customer Charter could each increase demand for bus travel by 1.6%.

7.0.5 They also include measures of both actual and perceived punctuality and reliability, as the preceding discussion noted that there is a gap between them at present, but that both are important to increase patronage.

7.0.6 Reporting on progress towards these targets will take place on an annual basis, allowing a review of the effectiveness of the deliverables, as well as any changes. The Bus Strategy itself will also be refreshed annually to take account of changing circumstances.

⁹³ Department for Transport (2009), The Role of Soft Measures in Influencing Patronage Growth and Modal Split in the Bus Market in England

Measure	Benchmark	Target 2022
Improve perception of punctuality	68%	78%
Improve actual punctuality of non-frequent services	90%	95% ⁹⁴
Ensure that excess waiting time for frequent services is never more than Traffic Commissioner target of 1.25 minutes	0.81	1.25 (minutes) ⁹⁵
Improve perception of reliability	65%	70% ⁹⁶
Improve actual reliability	99%	99.5%
Improve overall customer satisfaction	80%	85%
Improve satisfaction with cost of fares	58%	68%
Improve customer satisfaction with the range of available tickets	76%	85%
Decrease CO ₂ emissions	88.4 grams per passenger kilometre	80.1 grams per passenger kilometre
Maintain access to main centres within 30mins (% of Households in T&W) Day time (10am)	57.1%	57.1%
Maintain access to main centres within 30 minutes (% of Households in T&W) Evening (8pm)	52.1%	52.1%
Maintain access to local Centres within 30 minutes (% of households in T&W) Day time (10 am)	97.7%	97.7%
Maintain access to local Centres within 30 minutes (% of households in T&W) Evening (8pm)	95.5%	95.5%
Maintain access to key employment sites within 30 minutes (% of Households in T&W) Day time (10 am)	62.2%	62.2%
Maintain access to key employment sites within 30 minutes (% of Households in T&W) Evening (8pm)	41%	41%
Maintain access to a General hospital within 30 minutes (% of households in T&W) day Time (10am)	67.5%	67.5%
Maintain access to a General hospital within 30 minutes (% of households in T&W) Evening (8pm)	57.6%	57.6%
Maintain access (within 400m) to frequent (10 minute) Service Day time (10am)	56.8%	56.8%
Maintain access (within 400m) to frequent (10 minute) Service Evening (8pm)	0.2%	0.2%
Maintain access (within 400m) of a 15 minute Service Day time (10am)	77.7%	77.7%
Maintain access (within 400m) of a 15 minute Service Evening (8pm)	17.5%	17.5%

⁹⁴ Target set nationally by Traffic Commissioner

⁹⁵ Target set nationally by Traffic Commissioner

⁹⁶ Target set nationally by Traffic Commissioner

8. Concluding Remarks

- 8.0.1 The government's⁹⁷ vision is *'for a 'better bus' with more of the attributes that we know passengers want: more punctual, inter-connected services, an even greener and more fully wheelchair and buggy-accessible fleet and the widespread availability of smart ticketing'*.
- 8.0.2 The crucial role that local bus services play in influencing quality of life, economic growth and environmental improvements is well understood and recognised. The challenge for all parties is to promote and deliver a 'better bus' at a time of increasing pressure on available funding.
- 8.0.3 In developing this Strategy, the ITA has examined current trends and issues with local bus services across Tyne and Wear, to develop the three clear Strategy objectives and a series of deliverables. The task now is to work with all parties to turn this Strategy into tangible outputs that help create a 'better bus'.
- 8.0.4 How the vision and objectives within this Strategy are achieved is probably the next most important task, to be taken forward through the Bus Strategy Delivery Project. This will undoubtedly uncover different perspectives and views on delivery, but all parties cannot let this debate cloud what all of those involved in local bus services in Tyne and Wear wish to see.
- 8.0.5 The government's vision is the same for the ITA, Nexus, the Tyne and Wear local transport authorities, the bus operators, and most importantly, bus passengers. Through implementing this Strategy, that must be our common goal.

⁹⁷ Department for Transport (2012), Green Light for Better Buses

Glossary

Bus corridors- routes with frequent services, normally used by more than one bus service

Bus Service Operators Grant (BSOG)- the support given to bus companies from central government, currently paid in the form of a partial rebate on the fuel duty paid by operators for fuel used operating scheduled bus services

Commercial bus network- the bus network that is provided by operators at their own risk with no subsidy from Nexus

Deregulation- the deregulation of buses took place in 1986. Deregulation removed council controls over routes, services and fares and allowed bus companies to decide these on the basis of profitability

Frequent Services- those where the interval between services is 10 minutes or less

Governance- relates to decisions that define expectations, grant power or verify performance. Typically administered by a government

Integrated Transport System- a public transport network where timetables and services are co-ordinated as much as possible to make it easier to change between bus services and between bus and Metro

Local Transport Authority- in Tyne and Wear this is the Integrated Transport Authority (ITA)

Niche Transport- specialist transport services for those unable to access mainstream public transport services

Pteg (the Passenger Transport Executives Group)- The association of PTEs that are responsible for public transport planning in former English metropolitan county areas outside London.

Quality Contract- A contract let to a bus operator to run specified local bus services under a Quality Contract Scheme

Quality Contract Scheme (QCS)- A scheme under which an Local Transport Authority determines what local bus services should be provided in the scheme area and any additional facilities or services which should be provided. Local bus services may only be provided in that area in accordance with Quality Contracts. Note the distinction between a QCS and a QC. A QCS is the overarching scheme and the QC the individual contracts with operators.

Quality Partnership Scheme (QPS)- Local councils agree to invest in improved facilities and operators who wish to use those facilities undertake to provide services of a particular standard (e.g. new buses, driver training standards,

frequencies, timings or maximum fares). Only those operators prepared to provide services to the standards specified in the scheme are permitted to use the facilities.

Real Time Information- information that is relayed to passengers that tells them how their bus service is running in 'real time' thus alerting passengers when buses are running late

Smartcards- a technologically advanced form of ticketing that can be adapted to allow a variety of different ticketing options e.g. multi-modal, single operator, off peak only etc.

Voluntary Partnership Agreement (VPA)- a non-statutory term used to describe any agreement entered into voluntarily by one or more local council and one or more bus companies, and possibly other interested parties

Appendix A. Delivery Options

- A.0.1 The Local Transport Act (2008) has brought about new and improved opportunities for the key private and public sector bodies to work together. Nexus has already made good use of some of the opportunities this presents by developing a series of quality partnership agreements that cover selected bus services in Tyne and Wear. However, research has found that passengers query why partnerships are necessary, stating that all partners should automatically strive to provide the best possible service⁹⁸.
- A.0.2 There are four delivery options for consideration when implementing this Strategy: ‘do nothing’, Voluntary Partnership Agreement, Quality Partnership Scheme and Quality Contract Scheme. This appendix explores the contribution each option could make to achieving the Strategy objectives. The analysis of each delivery option takes in to account the customer’s perspective and financial sustainability.

A.1 Do Nothing

- A.1.1 Under a ‘do nothing’ scenario, local bus services would operate as at present – operators would continue to run a network of commercial services, and determine fares, and Nexus would still be required to subsidise socially necessary services which cannot be operated on a commercial basis.
- A.1.2 Given the analysis of current trends within this Strategy, it is likely that the network will continue to decline as on-going budget reductions make the current level of service provision financially unsustainable.
- A.1.3 The Tyne and Wear version of the National Bus Model⁹⁹, which is used for patronage forecasting, predicts that, under the ‘do nothing’ scenario, bus patronage will continue to decline over the next ten years.
- A.1.4 Therefore, none of the three objectives of this Strategy would be achieved through a ‘do nothing’ approach, and it cannot be advocated as being in the best interests of Tyne and Wear’s bus passengers.

⁹⁸ MVA (March 2011), Evaluation Performance: Nexus, Market Research Services, Bus Priorities Research

⁹⁹ The National Bus Model is a demand forecasting model for the bus industry that uses data from a wide variety of sources including patronage, revenue, costs and demographics, and uses this data to project their influence on demand by applying a series of elasticities. The model also provides the functionality to model the effect of applying different interventions to the bus market with regards to estimating the impact on demand, costs and revenue.

A.2 Voluntary Partnership Agreements

A.2.1 A voluntary agreement is a non-statutory term used to describe agreements entered into by one or more bus companies and at least one local transport authority, on a voluntary basis. A voluntary agreement can cover any matters on which the parties involved are able to reach agreement, so long as it is within each party's powers to deliver its side of the agreement.

A.2.2 The Local Transport Act creates the statutory concept of a Voluntary Partnership Agreement (VPA). A VPA is a particular type of voluntary agreement, and is defined in the Act as a voluntary agreement under which:

- A local transport authority, or two or more local transport authorities, undertake to provide particular facilities, or to do anything else for the purpose of bringing benefits to persons using local services, in the whole or part of their area, or combined area, and
- One or more operators of local services undertake to provide services of a particular standard.

A.2.3 In order to satisfy the definition of a VPA, an agreement must involve at least one local transport authority.

A.2.4 As implied by the name of the agreement, this is a voluntary arrangement, and even a VPA will often involve the goodwill of the various parties to ensure delivery – typically, VPAs do not include penalty clauses.

A.3 Quality Partnership Scheme

A.3.1 A Quality Partnership Scheme (QPS) extends the principles of a VPA somewhat, in that Nexus and/or local transport authorities agree to invest in improved facilities at specific locations along bus routes (such as bus stops or bus lanes) and operators who wish to use those facilities undertake to provide services of a particular standard (such as new buses, driver training standards, frequencies, timings or maximum fares).

A.3.2 Only those operators prepared to provide services to the standards specified in the QPS are permitted to use the facilities. Whilst other operators are not generally prevented from providing local services in the area covered by the QPS, they cannot use the facilities provided. To that extent, it provides a greater degree of certainty of delivery for all parties than a VPA. Indeed, the DfT envisages that one of the

strongest arguments for a QPS in a particular area is to strengthen and reinforce voluntary agreements between authorities and operators, with agreed objectives and outputs on both sides.

- A.3.3 A QPS is a statutory scheme – unlike a VPA, it is ‘made’ by Nexus and/or the local transport authorities. Once the scheme is made, Nexus and/or the local transport authorities are under a statutory duty to provide the facilities identified in the scheme from the dates specified, and to maintain those facilities for as long as the scheme is in operation.
- A.3.4 Also once the scheme has been made, any operator providing local services in the relevant area may use the facilities provided under the scheme, so long as they have given written undertaking to the Traffic Commissioner that they will provide services to the standards specified in the scheme. The Traffic Commissioner can take enforcement action against any operator who uses the facilities but has not given the necessary undertaking, or against an operator who has given such an undertaking but who fails to provide services to the specified standards.
- A.3.5 The Local Transport Act contains safeguards to ensure that unrealistic conditions are not imposed on operators, and that their legitimate right to a fair rate of return is not undermined. The process set out in primary and secondary legislation by which an operator can object to particular standards included in a scheme, is an important feature of this. But at the same time it places a responsibility on operators to justify the grounds for their objection, thus minimising the scope for vexatious or frivolous objections.
- A.3.6 A QPS can be supplemented by Qualifying Agreement, which is an agreement reached solely between the bus operators, but one which must not infringe on competition laws. For example, a QPS may include requirements about frequencies or timings on a route (or in an area) where services are provided by two or more operators, and those operators may need to reach an agreement about which operator will run which services at a certain time.¹⁰⁰
- A.3.7 A Qualifying Agreement may come about as a result of a mutual discussion or as a requirement from a QPS. There is no requirement for a local transport authority to be part of any formal discussions. However, the DfT does encourage bus operators to discuss their proposals with their local transport authorities, and any agreement needs to be endorsed and certified by the local transport authorities.

¹⁰⁰ Department for Transport (2008), Local Transport Act 2008, Improving Local Bus Services: Guidance on Voluntary Partnerships

A.3.8 As described, a QPS (and any supporting qualifying agreements) has the ability to address the objectives of this Strategy, given the incentives for delivery for all parties that a statutory scheme would deliver. To date in the UK, a QPS has typically covered a particular bus corridor or area of operation, because of the legislative process and the safeguards on unrealistic expectations contained within the Local Transport Act.

A.4 Quality Contract Scheme

A.4.1 A Quality Contract Scheme (QCS) is an arrangement which allows local bus services to be specified and operated on a franchise basis. A QCS is more likely to cover a wider area of operation, and all services within it.

A.4.2 Under a QCS, Nexus would determine the standards and network to be provided and would let contracts to bus operators granting them exclusive rights to the specified services. A QCS may consider all areas of the service, including routing, quality, frequency, price and interchange efficiency with other modes.

A.4.3 There is no QCS in operation anywhere in the UK at the present time, although the legislation has been available for some time. The 2008 Act included some changes, ensuring that the process of assessing a QCS proposal is a more transparent, rigorous and appropriate process, and setting out five tests that need to be met for a QCS to be made. These five tests cover the objectives of this Strategy, including value for money.

A.4.4 As well as having the greatest degree of specification of service coverage and quality at the outset, a QCS also has the greatest level of sanction on non-delivery, as repeated failure to adhere to the terms of the QCS would result in the incumbent operator losing the right to operate services under that contract.

A.4.5 As mentioned within the Strategy, the preferred option for implementation should be the one which is expected to make the greatest contribution to achieving the vision, objectives and deliverables set out within this Strategy. If appropriate, a combination of more than one delivery option could be explored and implemented in Tyne and Wear.



FOR DECISION

DATE: 26 July 2012

SUBJECT: Local Sustainable Transport Fund – Revised Bid

REPORT OF: Joint Transport Steering Group

PURPOSE OF REPORT

This report provides feedback received from government relating to the Local Sustainable Transport Fund and outlines the process, and progress towards a revised bid in-line with government feedback.

RECOMMENDATIONS

ITA Members are asked to:

- Note the contents of the report and agree to the submission of a revised bid to DfT by 10 August 2012;
- Note the contents of the draft submission available at the meeting – including the rationale for a realigned application focus; and
- Endorse a Delegated Committee of the ITA to sign-off the revised application.

BACKGROUND DOCUMENTS

Delegated Committee papers 8 December 2011 -

http://www.twita.gov.uk/sites/default/files/agenda_document/ITA%20Delegated%20Agenda%208Dec.pdf

ITA Committee papers 24 November 2011 -

http://www.twita.gov.uk/sites/default/files/agenda_document/Agenda%2024-11-11%20Package_0.pdf

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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	Neutral

1	Executive Summary
1.1	This report provides members with an update on the outcome of the Local Sustainable Transport Fund (LSTF) bid. It outlines the feedback from government and reports on progress towards the submission of a revised bid for funding consistent with an invitation from Department for Transport (DfT) to refocus the original bid.
2	Background
2.1	On 20 December 2011 Tyne and Wear ITA submitted a business case to DfT for consideration as part of the LSTF process. On 27 June 2012 the DfT announced the results of this competitive process for funding. Unfortunately Tyne and Wear was not successful in its bid; however the ITA has been invited to submit a revised bid for consideration for funding by Ministers.
2.2	Following the announcement, DfT has provided feedback on the original submission for funding, outlining why it was unsuccessful and highlighting aspects of the original package that Tyne and Wear may consider appropriate for inclusion as part of a revised bid. The feedback was that the strategic case for investment was well made, but that the interventions planned were not sufficiently well targeted and ‘spread’ initiatives over too wide an area.
3	The revised submission
3.1	In addition to feedback on the original business case DfT has provided some guidance on the preparation of a revised application. This outlines that Ministers would consider a repackaged bid “focused on a more specific geographic area” where “transport is a clear barrier to growth” as appropriate.
3.2	The Tyne and Wear ITA Local Transport Plan Working Group discussed the outcome of the LSTF bid at its meeting on 5 July 2012. The Working Group directed officers to prepare a revised bid for funding and to ensure DfT’s feedback was considered when identifying the focus of the resubmitted bid.
3.3	The revised bid uses evidence from the original submission including: <ul style="list-style-type: none"> - Access to Tyne and Wear City Region Study, Output 1 Evidence Review by Aecom in association with various other independent consultants – this study was joint commissioned by DfT and One North East and was



	<p>completed in June 2010;</p> <ul style="list-style-type: none">- Tyne and Wear City Region Economic Review, Economic Geography, Linkages and the Low Carbon Economy by Ekosgen – this study was commissioned by the Tyne and Wear City Region and was completed in November 2010; and- Tyne and Wear City Region Economic Review, Final Review Report by Prof. Alan Harding, Director, Institute for Political and Economic Governance – commissioned by the Tyne and Wear City Region and completed in April 2011.
3.4	<p>This has been supplemented by new information from:</p> <ul style="list-style-type: none">- Recent traffic counts from the Highways Agency relating to traffic movements on the strategic road network; and- ‘Hidden Potential, Fulfilling the economic potential of mid-sized cities’, a new report from Centre for Cities.
3.5	<p>The ‘Access to Tyne and Wear’ Study, co-commissioned by DfT, is clear on the challenges facing Tyne and Wear, principal among them to:</p> <ul style="list-style-type: none">- “Reduce delay and improve journey time reliability on the A1 Western Bypass; and- Support sustainable economic growth, through improved reliability and predictability of journey times on the A1 Western Bypass and regionally important corridors (A19, A1231, A69, A690, A198 and A1058, A167, A184 and A194 used for access to, and movement within the Tyne and Wear City Region).”
3.6	<p>Members may also note that the volume of goods vehicles is also a useful measure of how economically important transport links are to the City Region. The Access to Tyne and Wear Study shows that the greatest flows of heavy / oversized goods vehicles occur on the strategic road network. “Of particular significance is the A1 passing Team Valley and Lobley Hill, and the A19 southbound leaving the City Region. Other significant goods vehicle flows include the A19 northbound at Nissan, the A1(M) northbound through Washington and the A1 southbound at Durham. Within the urban areas, goods vehicles use the main radial corridors with the most significant movements being on the A1231 between Washington and Sunderland, A184 Felling Bypass, the A690 Durham Road and the A1058 Coast Road.”</p>



3.7 The 'Tyne and Wear City Region Economic Review – Final Review Report' concludes that, "the challenge, at a time when new commercial developments will be overwhelmingly market-led, and hence will tend to focus on easily-developed sites and locations, is to ensure that future changes enhance the coherence and integration of the City Region's spatial economy, improve accessibility to key employment sites and, and tackle the threat of increased road congestion."

In terms of increased road congestion, the Access to Tyne and Wear Study highlights that, "traffic congestion is a widespread phenomenon across the City Region. Both the A1 and A19 strategic routes suffer congestion, as do several local roads. Congestion tends to focus on:

- The strategic highway network (A1 and A19);
- River crossings, especially those across the River Tyne; and
- Radial routes into main centres, especially radial routes into Newcastle, Sunderland and Durham.

The presence of significant network stress is focused principally on the A1 corridor through Gateshead and Newcastle as well as on the A19 through Sunderland".

Other areas mentioned by the Highways Agency, but for which they did not have data are the Tyne Tunnel approaches (now significantly reduced due to the ITA's delivery of the New Tyne Crossing) and the A19 / A1231 junction approached from the A19.

3.8 This further review of evidence and feedback on the initial submissions has allowed us to reflect and to focus attention on establishing a clear rationale for investment and focus (in-line with DfT's feedback) on trip generators (on the most part employment sites) that affect one / more of the following corridors:

- The A1 Western Bypass;
- The A19 corridor; and
- The A1231 corridor.



4	Next Steps
4.1	The DfT has requested that the revised bid be presented by no later than 10 August, 2012. Officers are working to complete the bid's development within this timescale.
4.2	It is recommended that a Delegated Committee of the ITA meet to sign off the final submission after consultation with relevant stakeholders including District Leaders.
5	Potential impact on objectives
5.1	A successful revised bid to the LSTF is intended to: <ul style="list-style-type: none">- Support economic development and regeneration and safe and sustainable communities by helping to address the problems of congestion; and- Help address climate change by increasing the use of sustainable and active modes of travel.



FOR DECISION

DATE: 26 July 2012
SUBJECT: Open Data
REPORT OF: Clerk to the ITA

PURPOSE OF REPORT

To provide the ITA with an overview of what open data is and the implications of the Department for Transport's new open data strategy. The report will also outline some of the potential economic and social benefits of open data initiatives that have a direct link to transport and the ITA's ability to meet its objectives.

RECOMMENDATIONS

ITA are asked to:

- Note DfT's open data strategy and endorse the principle of open data;
- Endorse further work by officers to establish what data the ITA can release and the timescales for doing so; and
- Endorse officers to engage with local software developers about future applications and uses of open data.

BACKGROUND DOCUMENTS

DfT Open Data Strategy, June 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	This paper offers Members an introduction to the principles of ‘open data’ and policy decisions taken by government to promote the adoption of these principles across various public services including transport.
2	Introduction and Background
2.1	<p>To use the Local Government Association (LGA) description:</p> <p>“The idea behind open data is that information held by government should be freely available to use and re-mix by the public. It’s a movement to make non-personal data:</p> <ul style="list-style-type: none"> - Open so that it can be turned into useful applications; - Support transparency and accountability; and - Make sharing data between public sector partners more efficient... <p>...this is an agenda which has been embraced by all political parties. The emphasis to date has been on opening up central government data and local government will be one of the key beneficiaries of sharing this data. It will help councils have access to and combine local information to shape priorities, drive efficiencies and inform local people.”</p>
2.2	<p>In June 2012 the Cabinet Office published its Transparency and Open Data Strategy. This was complemented by Open Data Strategies for individual government departments – including the Department for Transport’s (DfT) Open Data Strategy. In summary this suite of open data strategies across various government departments outlines a commitment to publish data across public services including transport in order to achieve the ‘six over-arching benefits of Open Data’:</p> <ul style="list-style-type: none"> - Accountability - of government and public service providers; - Choice - for consumers of public services, enabling them to switch; - Public Service Productivity - by benchmarking and eliminating waste; - Public Service Quality - empowering public service professionals; - Social Growth - creating mobility and empowering communities; and - Economic Growth - fostering new businesses to create growth
2.3	The DfT’s Open Data Strategy sets out its intention to ‘widen the scope of open data releases’ (see 2.4). It recognises that “transport is a ‘data rich’ area where



	<p>there is huge public appetite for information that can be used to inform travel choices, to improve performance and to hold operators and Government to account. In the first instance, it is often application developers and the wider open data community who use the data released, and we recognise that supporting this work is also good for economic and social growth.”</p>
2.4	<p>Members may be interested to note that various sets of transport data have already been published by government organisations including:</p> <ul style="list-style-type: none">- Information from Transport Direct and road works data on the strategic road network (October 2011);- Real-time data on the strategic road network (speed and congestion) and weekly rail timetable data released by the DfT (December 2011);- A range of highways and traffic data via the ‘Roadworks’ website, which includes data to help reduce congestion and enable businesses to make more predictable travel and logistics decisions (March 2012); and- Publication of timetable and real-time train and bus information from Network Rail and Traveline (April 2012).
3	Opportunities for Tyne and Wear in releasing transport information
3.1	<p>In general there is an increasing expectation that local government will need to share its wider non-personal data. The Local Public Data Panel was drawn together with leading practitioners from the sector and representation from the Local Government Association (LGA) and will:</p> <ul style="list-style-type: none">- Champion the release of local public data and information sharing;- Accelerate progress in agreeing common standards for data released into the public sphere; and- Make local public services better understood and more accessible. <p>Dave Smith, Chief Executive of Sunderland City Council is a Panel Member.</p>
3.2	<p>In-line with this expectation – if the ITA were to make a decision to outline its commitment to this agenda at this point it will provide leadership and give other public services opportunities to maximise their own data releases. Transport information can provide context and access information that complements other</p>



	<p>forms of data. Lessons learned from other data releases (including the national data.gov.uk information portal) show that transport data connects the various other forms of data and provides opportunities for innovation (in the same way the physical transport network connects people with employment, opportunities, goods and services).</p>
3.3	<p>The Tyne and Wear City Region Economic Review identifies the creative and digital sectors as areas with potential for long term growth. Already there are more software start-ups in the north east than anywhere outside of London, with 1300 companies across the region including the only two software companies in the FTSE 100 – combined these companies create an annual turnover of £500m. The North East has been referred to by the BBC as “the UK’s software capital” and referred to as “remarkable” in the Houses of Parliament.</p>
3.4	<p>The opportunities presented by opening up transport data for local companies is perhaps best outlined by David Dunn, Chief Executive Officer of Sunderland Software City, the regional initiative working to drive and support the growth of the North East software industry, who said:</p> <p>“Open data is of potentially enormous value both to the North East, both economically and socially, and we welcome the ITA considering opening its non-sensitive data up to software developers.</p> <p>“Economically speaking, not only does open data increase the commercial competitiveness of local products by expanding the offer of existing products, it also acts as an accelerator to innovation by inspiring and enabling the development of new ones. Not only does this generate obvious local economic benefits in terms of tax revenue and employment, it also allows local authorities to creatively solve organisational problems, improve performance and boost public confidence and satisfaction very cost-effectively.</p> <p>“One only has to look at the success of the Apps for Democracy project in Washington DC which saw the city open up its data to software developers, creating an estimated \$2.3m of economic value to the city and 47 new pieces of intellectual property – many with a tremendously positive impact on the lives of the people of the city – in just 30 days.</p> <p>“Closer to home, one Sunderland start-up is currently using open data to develop a software solution aimed at tackling antisocial behaviour. If this company is successful, which we have every reason to believe it will be, not only will this be great news for local economy but great news for local communities too.”</p>



4	Next Steps
4.1	Government commitments to transparency and 'open data' offer opportunities and risks for the ITA and its partners. In order to maximise opportunities, and minimise risks, officers from the ITA intend to undertake further work on this subject to establish what data sources can be made available and on what timescales.
4.2	This further work will include examination of the legal and technical issues associated with 'opening' up data sources. Examples exist of where such an approach has already been adopted – in areas such as Greater Manchester, and by transport providers such as TraveLine, Network Rail and the Highways Agency. Officers are liaising with colleagues from these organisations, and Department for Transport, in order to discuss the approach taken by these organisations to help inform our own approach.
5	Potential impact on objectives
5.1	Endorsement of the principle of open data for transport information will help: <ul style="list-style-type: none">- Support economic development and regeneration by providing opportunities for local software companies to provide applications that address transport issues in the area;- Address climate change by helping enable network resilience through better and more accurate information to be disseminated; and- Support safe and sustainable communities by promoting innovation, facilitating economic growth and providing opportunities for the promotion of solutions specific to particular communities.

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REPORT FOR INFORMATION

DATE: 26 July 2012

SUBJECT: 2012/13 CAPITAL PROGRAMME – FIRST QUARTERLY REVIEW

REPORT OF: THE DEPUTY CLERK AND TREASURER, ITA AND DIRECTOR OF FINANCE AND RESOURCES, NEXUS

PURPOSE OF REPORT

To advise Members of the overall performance of the 2012/13 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 2012/13 Capital Programme at the end of the first quarter, as outlined in Section 2.

BACKGROUND DOCUMENTS

Metro Capital Programme 2012/13

2012/13 Non-Metro Capital Programme

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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 This report sets out the overall performance of the 2012/13 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

- 2.1 The projected outturn for the 2012/13 capital programme as at the end of the first quarter is set out below:-

Expenditure	Latest Approved 2012/13	Projected Out turn 2012/13	Quarter 1 Expenditure 2012/13
	£m	£m	£m
Metro Asset Renewal Plan	42.310	41.829	4.324
Metro Ticketing and Gating	7.225	7.150	0.671
NESTI Project	4.463	4.463	0.037
New Tyne Crossing	5.654	5.654	0.216
LTP Integrated Transport Block Allocation	8.509	8.509	2.127
Nexus/LTP Public Transport Allocation	2.588	2.588	0.026
Better Bus Area Fund	3.338	3.338	0
LSTF Projects	0.452	0.452	0
Total Expenditure	74.539	73.983	7.401

3 Metro Asset Renewal Plan

- 3.1 This reflects the third year of an 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.

During December 2011, Nexus submitted a programme for 2012/13 totalling £46.007m to DfT. Since then, the programme has been further revised to £42.310m, as reported to the Metro Sub Committee on 12 July 2012.

The expenditure as at Quarter 1 of 2012/13 is £4.324m, this is detailed in Appendix A. The forecast for the year is £41.829m which compares against the minimum expenditure target for grant purposes for 2012/13 of £37.539m.

Since the current projection is only slightly above the target DfT spending level, options are being investigated to accelerate the inclusion of certain projects from future years in order to ensure that DfT grant requirements are met. One area under consideration is in relation to accelerating the replacement of the tamper, Benton and St James switch & crossings.

In terms of ARP financing, members will recall that during 2011/12 it was agreed that the DfT would fund 100% of the ARP through MRG funding meaning that the local contribution was slipped into 2012/13.

3.2 A range of outputs are proposed for delivery during the course of the third year of the delivery of the Metro Asset Renewal Plan. These include:-

- Blockade works during August to carry out Plain Line works between Tynemouth and Chillingham Road;
- Further progress with ¾ life Metro car project with 24 of the 90 cars anticipated to be refurbished by March 2013. Currently there are 9 cars refurbished;
- Progress towards the implementation of the Master Plan of Ducting, Cable and Fibre replacement projects;
- Signalling works to replace point motors;
- Escalator replacements at Central, Monument, Gateshead and Regent Centre and lift replacements at Four Lane ends, Heworth, Regent Centre and St James;
- Refurbishment works at South Gosforth, West Jesmond, Ilford Road, Walkergate, Hadrian Road, Wallsend and Percy Main stations following the completion of refurbishment works at North Shields, Meadow Well, Howdon and Chillingham Road stations.



4 Metro Ticketing and Gating

4.1 The 2012/13 Ticketing and Gating budget is £7.225m. Current 2012/13 expenditure as at Quarter 1 totals £0.671m.

The current forecast for the year at Quarter 1 shows a slight underspend of £0.075m to the approved budget but this will not affect any grant funding conditions. The project has been allocated £3.008m of Section 31 grant funding, which must be spent within the current financial year. The 2012/13 funding reported also includes funding from within NESTI of £2.545m for station validators and as a contribution towards the upgrade of the back office system, necessary to support the NESTI partnership.

As at the end of the first quarter 114 new Ticket Vending Machines had been deployed at 31 stations across the Metro network. This programme of installation will continue throughout quarter 2, alongside the installation of validators at stations where Automatic Ticket Gates will not be installed. In this regard, Automatic Ticket Gate installation designs for the 13 stations where they will be installed are currently being reviewed for approval and Ticket Office Machines for Travel shops are also close to undergoing Factory Acceptance Testing prior to roll out in quarter 3.

5 New Tyne Crossing

5.1 The majority of the approved programme on the Tyne Tunnels for 2012/13 relates to the major refurbishment works on the Tyne Pedestrian and Cycle Tunnel as detailed below:

Expenditure	Approved Programme 2012/13	Revised Programme 2012/13	Q1 Expenditure 2012/13
	£m	£m	£m
New Tyne Crossing	0.904	0.904	0.103
Tyne Pedestrian and Cycle Tunnel	4.750	4.750	0.113
Total	5.654	5.654	0.216

The budget for the refurbishment works was originally approved by the ITA in July 2010, for a total of £5.654m. Planning documents required for Listed Building Consent



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were prepared in 2010/11 and submitted to the local Planning Authorities in April 2011. Consent was given in October 2011, accompanied by a number of conditions. These Conditions will be discharged once the tender documents are returned and/or works are underway. The most onerous of the conditions related to the proposed installation of inclined lifts. This condition was discharged in February 2012 following selection of a preferred supplier in November 2011.

Work in the first quarter of 2012/13 has been mainly based around the detailed design work, and a short list of main contractors selected for invitations to submit a tender. Works on the refurbishment are expected to commence in Autumn 2012 and involve a total closure of the tunnel for up to 12 months. A shuttle bus is planned to maintain the transport link.

6 Nexus / LTP Public Transport Projects

6.1 Local Transport Plan Integrated Transport block funding of £12.459m is available to the ITA in 2012/13. This funding is allocated as follows:

	2012/13
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
B/F 2011/12 Allocation	0.067
Total	3.950
Grand Total	12.459



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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 in the first quarter.

The public transport allocation of the Integrated Transport block funding for 2012/13 is illustrated in the table below:

	Approved 2012/13	Quarter 1 Spend
	£m	£m
Gateshead	0.156	0
Newcastle	0.187	0
North Tyneside	0.120	0
South Tyneside	0.096	0
Sunderland	0.188	0
Nexus	0.341	0.007
LTP Core Team	0.155	0
Metro ARP local contribution	2.640	0.432
	3.883	0.439
B/F 2011/12 Metro ARP local contribution	2.705	0.432
Nexus Additional Contribution	1.278	0.019
B/F 2011/12 Public LTP	0.067	0
Total Expenditure	7.933	0.890

The original budget for the public transport allocation for 2012/13 as agreed by the ITA in January 2012 was £3.883. The revised budget has been increased due to:

- £2.705m of LTP Public Transport Allocation brought forward from 2011/12 in order to meet the increased local contribution for the Metro ARP during 2012/13.
- £1.278m of Nexus direct funding has been allocated to the non-Metro capital programme in 2012/13.



- £0.067m of LTP district funding not claimed in 2011/12 has been carried over into 2012/13.

Quarter 1 expenditure has been reported at £0.890m inclusive of the local contribution for the Metro ARP, but no LTP claims have been submitted to date by any district.

7 NESTI

7.1 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 budget for 2012/13 is £4.465m (including a contribution of £2.545m to the Metro Ticketing and Gating Project for station validators) and the Quarter 1 expenditure is currently £0.037m. Although there has been little spend in 2012/13 to date, a number of deliverables will occur mainly in quarters 3 and 4 of this financial year.

Main highlights during the quarter include:

- Finalising the Small Operator Agreement
- Progression of NESTI Acceptance Testing for Large Operators
- Development of a regional Card Management System for concessionary travel and a regional retail network solution

8 Local Sustainable Transport Fund and Better Bus Area Funding

8.1 Expenditure to the end of the first quarter on LSTF and BBA capital allocations is shown as nil, as this relates to activity which is carried out by the Tyne and Wear Districts, with the funding reclaimed from the ITA. The first claims for 2011/12 have not yet been made.

Works are progressing well, with the LSTF Schools Go Smarter programme now in its second year, having started in autumn 2011. The revised capital budget for 2012/13 has been increased by £0.012m as the underspend from 2011/12 has been included in the programme. The capital programme for 2012/13 relates primarily to the purchase



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of vehicles for parking enforcement at schools and the schools 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 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.

The Better Bus Area Fund project was not included within the original approved programme, as notice that the grant had been awarded to the ITA was only received in April 2012. It has therefore been included in the revised programme. Work to date has been primarily around procurement of equipment for the Intelligent Transport Solutions element, which includes CCTV, Automatic Number Plate recognition and co-ordination of traffic signal installations; and planning and design work on bus route and bus lane improvements and interchange improvements.

9 Capital Programme Financing

9.1 The following table sets out how the ITA’s capital programme for 2012/13 will be financed, based on the projected outturn as set out in this report:-

Funding Type	Funding Allocated in 2012/13	
	£m	£m
Grant		
Metro Rail Grant	34.161	
Section 31 Grant	3.008	
LTP Integrated Transport Block	8.509	
LTP Public Transport Block	6.655	
LSTF	0.452	
Better Bus Area Funding	3.338	
T&G Smart Ticket Grant	0.709	
Total Grant		59.472



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Prudential Borrowing	5.654
NESTI	4.463
Nexus RCCO	4.489
Total Funding	71.438

The table above shows a total funding requirement of £71.438m, as opposed to the latest outturn projections of £73.983m as identified in section 2 of this report. This variance of £2.545k is because the NESTI contribution towards Ticket and Gating is reported both within the Ticket and Gating and the NESTI project budgets.

10 Next Steps

10. The programme will continue to be monitored throughout the financial year and reported to this Committee on a quarterly basis.

11 Potential impact on objectives

11. 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 2012/13	Quarter 1 Spend 2012/13
	£m	£m	£m
Civils	4.597	4.591	0.268
Communications	1.872	1.755	0.609
Depot Equipment	0.086	0.097	0.066
Level Crossings	0.119	0.122	0.030
Mechanical and Electrical	2.460	4.474	0.022
Metro Cars	6.532	5.521	0.687
Miscellaneous	1.511	0.513	0.024
Overhead Line	0.366	0.304	0.021
Permanent Way	15.376	15.476	1.219
Plant	-	0.022	0.001
Power	0.576	0.576	0.031
Signalling	2.613	2.611	0.078
Stations	6.202	5.766	1.267
Total Approved 2011/12 Capital Programme	42.310	41.829	4.324



REPORT FOR INFORMATION

DATE: 26 July 2012

SUBJECT: Outturn and Draft Financial Statements for the Financial Year 2011/12

REPORT OF: Treasurer and Deputy Clerk, ITA

Not confidential

PURPOSE OF REPORT

The purpose of this report is to provide members with a summary of the Authority's financial results for 2011/12, 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 2011/12 accounts are available on the TWITA website or from the contact officer.

CONTACT OFFICERS

<i>name</i>	<i>email</i>	<i>phone</i>
Eleanor Goodman	eleanor.goodman@newcastle.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 outturn report provides members with a summary of the Authority's financial results for 2011/12, explaining the key accounting statements and 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 has been presented to Audit Committee at its meeting on 20 July, and any significant comments raised will be reported verbally to 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 explain the principal financial results for the year and the key financial statements. The full draft accounts are available for committee members to view if they wish, from the ITA website or the contact officer for this report.																																																												
3	Principal Financial Results for the Year																																																												
3.1	<p>The table below compares actual spend against the budget for 2011/12, and shows actual figures for 2010/11 to provide a comparison across years.</p> <table border="1"> <thead> <tr> <th></th> <th>2010/11 Actual</th> <th>2011/12 Budget</th> <th>2011/12 Actual</th> <th>Variance</th> </tr> <tr> <th></th> <th>£000</th> <th>£000</th> <th>£000</th> <th>£000</th> </tr> </thead> <tbody> <tr> <td>Service Level Agreement and staffing charges</td> <td>332</td> <td>290</td> <td>278</td> <td>(12)</td> </tr> <tr> <td>Audit Fees</td> <td>40</td> <td>30</td> <td>30</td> <td>-</td> </tr> <tr> <td>Members Allowances and Expenses</td> <td>83</td> <td>86</td> <td>80</td> <td>(6)</td> </tr> <tr> <td>Accommodation Charges</td> <td>8</td> <td>6</td> <td>6</td> <td>-</td> </tr> <tr> <td>Subscriptions</td> <td>36</td> <td>32</td> <td>31</td> <td>(1)</td> </tr> <tr> <td>Conferences</td> <td>1</td> <td>1</td> <td>4</td> <td>3</td> </tr> <tr> <td>Travel Expenses and Subsistence</td> <td>2</td> <td>3</td> <td>3</td> <td>-</td> </tr> <tr> <td>Scrutiny Committee</td> <td>2</td> <td>5</td> <td>2</td> <td>(3)</td> </tr> <tr> <td>Website SLA</td> <td>42</td> <td>22</td> <td>22</td> <td>-</td> </tr> <tr> <td>Printing Costs and Professional Services</td> <td>10</td> <td>15</td> <td>9</td> <td>(6)</td> </tr> </tbody> </table>		2010/11 Actual	2011/12 Budget	2011/12 Actual	Variance		£000	£000	£000	£000	Service Level Agreement and staffing charges	332	290	278	(12)	Audit Fees	40	30	30	-	Members Allowances and Expenses	83	86	80	(6)	Accommodation Charges	8	6	6	-	Subscriptions	36	32	31	(1)	Conferences	1	1	4	3	Travel Expenses and Subsistence	2	3	3	-	Scrutiny Committee	2	5	2	(3)	Website SLA	42	22	22	-	Printing Costs and Professional Services	10	15	9	(6)
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	Advertising	2	5	3	(2)
	Payments to Pension Fund	511	432	432	-
	Financing Charges	2,811	2,681	2,733	52
	Interest on investments and revenue balances	(61)	(40)	(83)	(43)
	Total ITA Operating Expenses	3,819	3,568	3,550	(18)
	Grant to Nexus	68,555	70,323	70,323	-
	Total ITA Expenditure	72,374	73,891	73,873	(18)
	Transfer to / (from Earmarked Reserve)	(1,003)	-	1,919	1,919
	Levy Income	(71,706)	(73,792)	(73,792)	-
	Transfer from ITA General Fund Reserve	668	99	81	(18)
3.2	Overall spending for 2011/12 was within budget, with small variations on some individual budget lines. Savings were made on the Service Level Agreement with the lead authority, on Members' Allowances and Expenses and on printing costs. Financing Charges (interest charges and principal repayments) were higher than budgeted, but this was largely offset by higher than budgeted interest income.				
3.3	At 31 March 2012, the ITA had £28m of investments with external financial institutions, which are held on behalf of Nexus. The ITA's own cash balances are invested with the lead authority, Newcastle City Council, providing an extremely low-risk return on balances. The average rate of interest paid on loans in the year was 4.4% and the average interest received on balances was 1.6%.				
4	Tyne Tunnels				
4.1	In 2011/12, the traffic level was 12.5m vehicles, corresponding with a total toll income of £14.886m after adjusting for prepayments (compared with £13.176m in 2010/11). In line with the financing strategy for the New Tyne Crossing, tolls were increased on 1 January 2012 to £1.40 for cars and small vans and £2.00 for lorries and large vans (with a ten percent discount for permit holders).				
4.2	In February 2008, the Tunnels were passed over to TT2 Ltd, who will operate them as concessionaire until 2037. TT2 Ltd also managed the construction of the new Tunnel, completed in February 2011, and the refurbishment of the existing Tunnel,				



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completed in November 2011.

4.3 The table below details expenditure within the ringfenced Tyne Tunnels trading account and compares it against the actual outturn for 2010/11 and the budget for 2011/12.

	2010/11 Actual	2011/12 Budget	2011/12 Actual	Variance
	£000	£000	£000	£000
Employees	33	33	34	1
Pensions	592	499	499	-
Supplies and Services	88	45	45	-
Support Services	161	145	145	-
Community Fund	2	20	18	(2)
Financing Charges	3,119	5,833	5,530	(303)
Toll Income	(13,176)	(14,995)	(14,886)	109
Usage Payments	2,915	5,807	6,522	715
Other Income	(1)	-	(4)	(4)
Interest on Investments and Reserves	(569)	(338)	(774)	(436)
Total Net Tunnels Operating Surplus	(6,836)	(2,951)	(2,871)	80
NESTI Expenditure financed from Tunnel Reserves	52	5,203	1,886	(3,317)
Surplus transferred to Tyne Tunnels General Fund Reserve	(6,874)	2,252	(985)	(3,237)

4.4 Although there were variances on some individual items, the overall surplus was largely in line with the budgeted position. The net surplus on Tunnels Operating costs was £2.871m, against the original budget of £2.951m. £1.886m 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 is therefore to be funded from Tunnels Reserves.

The remaining surplus transferred to the Tyne Tunnels General Fund was £0.985m.

4.5 The extent of the surplus is significantly less than in 2010/11, which reflects the fact that payments to the Concessionaire, TT2 Ltd, have increased substantially on the



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opening of both Tunnels as construction work has been completed. Financing charges have also increased significantly from 2010/11, as a result of the additional prudential borrowing taken out to meet the capital construction payments, in line with the approved strategy.

5 Capital Expenditure

5.1 Capital expenditure has been incurred in 2011/12 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 the payment of capital grants to the Tyne and Wear Districts and Nexus in relation to the Local Transport Plan (LTP), Local Sustainable Transport Fund (LSTF) and the North East Smart Ticketing Initiative (NESTI). The table below summarises capital expenditure for the year compared with the level in 2010/11 and the budget.

	2010/11 Actual £000	2011/12 Budget £000	2011/12 Actual £000	2011/12 Variance £000
New Tyne Crossing	39,859	48,301	48,216	(85)
Tyne Pedestrian and Cycle Tunnel Refurbishment	510	325	423	98
Total Tunnels Capital Programme	40,369	48,626	48,639	13
LTP Integrated Transport Block Grant to Districts	-	9,440	9,440	-
Public Transport Schemes Allocation	4,533	4,395	1,685	(2,710)
Total LTP Capital Programme	4,533	13,385	11,125	(2,710)
LSTF – Capital Grants to Districts	-	210	198	(12)
NESTI – Capital Payments to Nexus	52	4,794	1,776	(3,018)

5.2 New Tyne Crossing

The key milestone delivered in the year was the opening of the fully refurbished original Tunnel ahead of schedule on 21 November 2011, making two road tunnels available for the first time. Outturn spend on the New Tyne Crossing capital programme was £48.638m against the revised budget of £48.626m. This is all to be funded by Prudential Borrowing in line with the long-term financing model for the New Tyne Crossing. The majority of the capital spend is made up of the final capital construction payments to TT2 totalling £45.377m and environmental milestone payments of £1.250m. Further expenditure has been incurred on environmental monitoring and professional fees.



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	<p>Initial works and professional fees relating to the refurbishment of the Tyne Pedestrian and Cycle Tunnels totalling £0.423m have been incurred in 2011/12. The contract for the refurbishment works is expected to be awarded in the summer of 2012, with the majority of the capital spend programmed for 2012/13 and 2013/14.</p>
5.3	<p>LTP Integrated Transport Block</p> <p>LTP Integrated Transport Block funding is now awarded directly to the ITA by DfT. The ITA allocates this funding between the Tyne and Wear districts and Nexus, with a proportion of the total allocation ringfenced to provide support to the Metro Asset Renewal Programme and other public transport related schemes.</p> <p>In 2011/12, £2.710m of the funding was returned to the ITA by Nexus, representing the Metro ARP contribution which was not required since a decision was made by DfT to fund 100% of the works in year. This funding will be used to meet the increased local contribution to the works which will be required in 2012/13.</p>
5.4	<p>Local Sustainable Transport Fund – Schools Go Smarter</p> <p>During 2011/12, the ITA was awarded £1.500m capital and £3.404m revenue grant by the DfT under its LSTF funding stream. The “Schools Go Smarter” programme aims to make a real impact on congestion by developing attractive and practical alternatives to car use to be used by schoolchildren and their parents so they are encouraged to adopt active and low carbon ways to get to and from school. The 2011/12 approved capital budget was £0.210m, with an outturn spend of £0.198m. The unused funding has been carried forward to the new financial year and no funding has been lost.</p>
5.5	<p>North East Smart Ticketing Initiative (NESTI)</p> <p>In 2009/10, the ITA agreed to take on the role of Lead Authority in developing and implementing the NESTI programme on behalf of the twelve Local Authorities in the North East. The Authorities entered into a collaboration agreement in October 2010, in order to agree appropriate governance arrangements and to provide the necessary resources to support the project. The ITA holds the funding on behalf of the authorities. The remaining budget of £8.114m is shown on the ITA’s balance sheet as Grants Received in Advance.</p> <p>The objective of NESTI is to establish a smart ticketing infrastructure across the North East. NESTI will support the acquisition of smart ticket machines on buses and Metro stations and a smart back office (known as an ITSO HOPS) available for use by any participating local authority to make its Concessionary Travel Scheme</p>



smart.

The outturn for 2011/12 is £1.776m against an approved budget of £4.794m. The reduced operator expenditure requirement is mainly as a result of £0.306m savings made in relation to grant funding of bus operators for the installation of their smart ticketing equipment, and £2.545m slippage into 2012/13 in relation to the Metro Ticketing and Gating project where NESTI will provide funding for station validators when deployed next year.

Main highlights during the year include the successful implementation and transfer of all travel concession authorities to the regional HOPS (the back office system that supports NESTI) and the establishment of legally binding agreements with bus operators which places certain obligations on the bus operators to participate in NESTI in return for grant funding.

6 Reserves Position

6.1 The table below shows the level of ITA and Tyne Tunnels reserves at the year end, compared with 2010/11.

	2010/11	2011/12	Movement
	£000	£000	£000
General Fund			
ITA	(2,600)	(2,519)	81
Tyne Tunnels	(40,772)	(41,757)	(985)
Earmarked Reserves			
Metro Reinvigoration	(12,438)	(14,357)	(1,919)
Total	(55,810)	(58,633)	(2,823)

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. There was less use of ITA reserves than in 2010/11 (£0.081m in 2011/12 compared with £0.668m in 2010/11) and the actual amount required was lower than budgeted.

Tyne Tunnels reserves continue to be built up as part of the long-term financing model for the New Tyne Crossing project.

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



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	<p>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).</p>
7.2	<p>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:</p> <ul style="list-style-type: none">• 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	<p>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.</p>
7.4	<p>At 31 March 2012, actuaries have estimated that the IAS 19 deficit is £6.730m. This compares with an equivalent figure in the 2010/11 accounts of £4.277m. There are two main reasons for this increase. The first is a change in the discount rate used in the calculation of the present value of the future payments required, from 5.5% at 31 March 2011 to 4.6% at 31 March 2012. 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 2011. A lower discount rate results in a higher present value being placed on the future cashflows, and the liability has therefore increased.</p>
7.5	<p>The second factor in the increase in the overall liability shown on the Balance Sheet is asset performance. Market conditions have meant that returns on assets at 31 March 2012 are lower than those assumed at 31 March 2011, resulting in an increase in the deficit.</p>
7.6	<p>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 2012/13. These</p>



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	<p>contributions are calculated following the detailed triennial Pension Fund valuation, the next valuation date being 31 March 2013. 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.</p>
8	Key Financial Statements
8.1	Movement in Reserves Statement
8.1.1	<p>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.</p>
8.1.2	<p>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 2011/12 is a surplus of £0.904m, made up from a deficit of £0.081m on the ITA and a surplus of £0.985m on the Tyne Tunnels.</p>
8.2	Comprehensive Income and Expenditure Statement
8.2.1	<p>This statement 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.</p>
8.2.2	<p>The CIES shows a surplus on the Provisions of Services of £7.500m, compared with a deficit in 2010/11 of £2.197m. The majority of this difference is on the Tyne Tunnels – where significant differences between the years can be explained as follows. The expenditure figure in 2010/11 included an impairment in relation to the valuation of the new tunnel, which was not present in 2011/12. The Tyne Tunnels income figure in 2011/12 includes the release of the deferred income to</p>



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	<p>the CIES as the deferred credit balance held on the balance sheet for the New Tyne Crossing is amortised. This is not true cash income, rather it reflects the ITA's discharge of its obligation to allow the concessionaire to earn revenue from the asset.</p> <p>The credit on Non-Distributed Costs in 2010/11 which is not present in 2011/12 related to an adjustment for pension liabilities arising as a result of the change of indexation on public sector pensions from RPI to CPI.</p>
8.2.3	<p>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.</p>
8.3	Balance Sheet
8.3.1	<p>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".</p>
8.3.2	<p>Long term assets have increased in 2011/12 as a result of the refurbishment works to the existing Tyne Tunnel, which were completed in November 2011. A short term investment of £28m is now shown on the Balance Sheet which was not present in 2010/11. This relates to investments the ITA has placed on behalf of Nexus. Previously these were held on Nexus' behalf by Newcastle City Council. A corresponding creditor is shown under short-term creditors to recognise the fact that this must be repaid to Nexus on their request, which makes up the majority of the increase in short-term creditors from £4.908m in 2010/11 to £35.030m in 2011/12.</p>



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8.3.3	The overall level of borrowing has increased by £53.300m in 2011/12, largely to meet the capital construction payments due to TT2 Ltd for the New Tyne Crossing. A greater proportion of the borrowing is long-term (i.e. in excess of 365 days) than in 2010/11, 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 2011/12, as ITA has received £4.904m Local Sustainable Transport Fund grant from DfT which is to be applied to expenditure as the conditions are met over the next two financial years. A further £2.710m of Local Transport Plan grant which was earmarked for the Metro Asset Renewal Programme local contribution was not required in 2011/12, and will be applied in 2012/13.
8.3.5	The overall level of the New Tyne Crossing Deferred Income balance has decreased from £165.560m to £132.832m, in reflection of the fact that capital contributions were paid to TT2 Ltd in 2011/12. 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 2012/13 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 a significant increase in its cash balances in 2011/12, from £45.832m to £66.454m. There are a number of factors involved in this increase, including the significant increase in grants received in advance by the authority,



REPORT FOR INFORMATION

which are being held to apply to expenditure in future financial years, the increase in short-term creditors (therefore an outflow of cash due had not yet taken place at the year end) and the increase in usable reserves in terms of the Tyne Tunnels General Fund and the earmarked reserve.

These balances are currently invested with the lead authority, Newcastle City Council, providing an extremely low-risk return to the ITA. Treasury Management will keep the situation under review during 2012/13 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.

9	Looking ahead to 2012/13 and beyond
9.1	The public sector financial environment continues to be extremely challenging. In recognition of the considerable financial pressures facing the Districts, the ITA has already agreed a further 5% reduction in the levy for 2012/13, in addition to the 5% reduction already put in place in 2011/12.
9.2	This financial strategy involves the use of ITA and Nexus' reserves in the short term, while further efficiency savings and savings relating to the cost of bus services are identified and delivered. This includes considering options of Quality Partnerships and Quality Contracts approaches.
9.3	There is a further challenge for the ITA around the level of funding provided for concessionary fares. The ITA will be lobbying government in 2012/13 to try to ensure that funding for 2013/13 and beyond adequately reflects the costs of funding the statutory concessionary travel scheme.
10	Next Steps
10.1	The accounts are subject to audit, and the full final accounts will be presented to Audit Committee at the September meeting, prior to approval by the ITA on 27 September 2012.
11	Potential impact on objectives
11.1	There is no impact on ITA objectives as a result of the recommendations in this report.



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APPENDIX 1 – MOVEMENT IN RESERVES STATEMENT

	General Fund	Earmarked Reserves	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2011	(43,372)	(12,438)	(288)	(56,098)	(60,329)	(116,427)
<u>Movement in Reserves During 2011/12</u>						
(Surplus) / Deficit on Provision of Services	(7,500)	-	-	(7,500)	-	(7,500)
Other Comprehensive Income and Expenditure		-	-	-	(12,651)	(12,651)
Total Comprehensive Income and Expenditure	(7,500)	-	-	(7,500)	(12,651)	(20,151)
Adjustments between Accounting Basis and Funding Basis Under Regulations	4,677	-	288	4,965	(4,965)	-
Net (Increase) / Decrease before transfers to Earmarked Reserves	(2,823)	-	288	(2,535)	(17,616)	(20,151)
Transfers (to) / from Earmarked Reserves	1,919	(1,919)	-	-	-	-
(Increase) / Decrease in 2011/12	(904)	(1,919)	288	(2,535)	(17,616)	(20,151)
Balance at 31 March 2012 carried forward	(44,276)	(14,357)	-	(58,633)	(77,944)	(136,577)



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APPENDIX 2 – COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

← 2010/11 →				← 2011/12 →		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
556	-	556	Corporate and Democratic Core	453	-	453
			Highways and Transport Services			
19,673	(13,780)	5,893	- Tyne Tunnels	10,960	(20,519)	(9,559)
74,413		69,592	- Other Highways and Transport Services	82,028		70,574
	(4,821)				(11,454)	
(5,510)	-	(5,510)	Non-Distributed Costs	-	-	-
89,132	(18,601)	70,531	Cost of Services	93,441	(31,972)	61,468
6,592	(3,221)	3,371	Financing and Investment Income and Expenditure	8,412	(3,588)	4,824
-	(71,706)	(71,706)	Taxation and Non-Specific Grant Income	-	(73,792)	(73,792)
		2,197	(Surplus) / Deficit on Provision of Services			(7,500)
		(121)	Surplus / (Deficit) on Revaluation of Fixed Assets			(16,311)
		(4,570)	Actuarial (Gains) / Losses on Pension Fund Assets and Liabilities			3,660
		(4,691)	Other Comprehensive Income and Expenditure			(12,651)
		(2,494)	Total Comprehensive Income and Expenditure			(20,151)



REPORT FOR INFORMATION

**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	70,998	(9,530)	61,468
Financing and Investment Income & Expenditure	827	3,997	4,824
Taxation & Non-specific Grant Income	(73,792)	-	(73,792)
Surplus/Deficit on Provision of Services	(1,967)	(5,533)	(7,500)
Depreciation charges	-	(4,113)	(4,113)
Write down of New Tyne Crossing Deferred Income	-	5,628	5,628
Capital Grants applied to finance Capital Expenditure	11,175	-	11,175
Revenue Expenditure Funded from Capital Under Statute	(13,119)	-	(13,119)
Reversal of items relating to retirement benefits in CIES	260	-	260
Employers' pension contributions and direct payments to pensioners payable in year	448	499	947
Statutory provision for financing of capital investment	1,351	711	2,062
Capital expenditure charged against the General Fund	-	1,776	1,776
Transfer to/from Earmarked reserves	1,919	-	1,919
Financial Instruments Adjustment	14	47	61
Movement in Reserves / Explanatory Foreword basis	81	(985)	(904)



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APPENDIX 4 – BALANCE SHEET

31 March 2011 £000		31 March 2012 £000
352,772	Property, Plant and Equipment	386,426
51,178	Long Term Debtors	49,104
403,950	Long Term Assets	435,530
-	Short Term Investments	28,000
6,692	Short Term Debtors	6,842
45,832	Cash and Cash Equivalents	66,454
52,524	Current Assets	101,296
(36,426)	Short Term Borrowing	(4,726)
(4,908)	Short Term Creditors	(35,030)
(51,980)	New Tyne Crossing - Deferred Income	(5,501)
(203)	Grants and Contributions Receipts in Advance	(8,637)
(93,517)	Current Liabilities	(53,893)
(113,580)	New Tyne Crossing - Deferred Income	(127,331)
(8,114)	Grants and Contributions Receipts in Advance	(6,734)
(120,560)	Long Term Borrowing	(205,560)
(4,277)	Other Long Term Liabilities	(6,730)
(246,531)	Long Term Liabilities	(346,355)
116,427	Net Assets	136,577
(56,098)	Usable Reserves	(58,633)
(60,328)	Unusable Reserves	(77,944)
(116,427)		(136,577)



REPORT FOR INFORMATION
APPENDIX 5 – CASH FLOW STATEMENT

2010/11 £000		2011/12 £000
2,197	Net (surplus) or deficit on the provision of services	(7,500)
(55,484)	Adjustments to net surplus or deficit on the provision of services for non cash movements	(5,907)
51,081	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	11,236
<u>(2,206)</u>	Net cash flows from Operating Activities	<u>(2,171)</u>
<u>(14,764)</u>	Investing activities	<u>1,550</u>
<u>(10,000)</u>	Financing activities	<u>(20,001)</u>
<u>(26,970)</u>	Net increase or decrease in cash and cash equivalents	<u>(20,622)</u>
<u>(18,862)</u>	Cash and cash equivalents at the beginning of the reporting period	<u>(45,832)</u>
<u>(45,832)</u>	Cash and cash equivalents at the end of the reporting period	<u>(66,454)</u>

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REPORT FOR INFORMATION

DATE: 26 July 2012
SUBJECT: Revenue Budget Monitoring Report to July 2012
REPORT OF: Treasurer and Deputy Clerk, ITA

Not confidential

PURPOSE OF REPORT

The purpose of this report is to update members on the revenue budget monitoring position for the period 1 April 2012 to 30 June 2012. 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 2012

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
	<p>This is the first revenue budget monitor relating to the 2012/13 financial year. It outlines actual expenditure to date against the original budget, and projects the anticipated outturn to the year end.</p>
	<p>Expenditure for the ITA and Tyne Tunnels is expected to be within budget.</p>
2	Introduction and Background
	<p>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.</p>
	<p>The budget monitor has been prepared by comparing the actual income and expenditure for the first quarter of the 2012/13 financial year against the budget for the period. Appendices 1 and 2 summarise the recorded spending position as at 30 June 2012.</p>
3	ITA Budget
	<p>For the ITA, gross expenditure at £17.6m is 25% of the budget for the year, with no significant unexpected costs incurred to date. There is some variation in the percentage spend on individual budget items, but this is broadly in line with expectations.</p>
	<p>Forecast expenditure, revenue and grant levels indicate that, at this point in time, the anticipated net spending of the ITA will be within the budget for the year agreed by the ITA in January 2012.</p>
4	Tyne Tunnels
	<p>2012/13 is the fifth full year of the contract with TT2 for the operation of the Tyne Tunnels. Payment to TT2 is linked to the tolls income. For the period 1 April 2012 to 30 June 2012, the position is summarised in Appendix 2.</p>
	<p>Tolls income is collected by TT2 and paid to the ITA within 4 working days of being received. The monthly payment to TT2 must be paid within 30 working days of the end of the relevant month.</p>



	<p>The tolls income is shown on Appendix 2 as green. There has been a continued steady growth in traffic since the commissioning of both tunnels. On 1 January 2012, the toll increase was implemented which resulted in an additional charge of 20p for cars (toll at £1.40) and 50p for HGVs (toll at £2.00).</p>
5	Treasury Management
	<p>The Authorised Borrowing Limit approved by the ITA for 2012/13 is £240m. The current level of external borrowing as at 30 June 2012 is £208.2m. 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.</p>
	<p>The average interest rate payable on the ITA's loans this year is estimated at 4.23%</p>
	<p>The ITA currently holds £28m of investments on behalf of Nexus, which are placed with external institutions. At 30 June 2012 the ITA's own balances were all invested with Newcastle City Council, with none placed with external institutions.</p>
6	Next Steps
	<p>The budget and the ITA's treasury management position will continue to be monitored carefully by the Treasurer and Deputy Clerk. Updates will be brought to the ITA on a regular basis throughout the year, and the final outturn position reported to the ITA along with the draft financial statements in July 2013.</p>
5	Potential impact on objectives
	<p>There is no impact on the ITA's objectives as a result of this report.</p>

APPENDIX 1 – ITA Budget

ITA	2012/13 Budget	Spend to 30/06/12	Spend Against Budget	Traffic Light	Notes
Revenue Expenditure	£000	£000	%		
Members' Allowances and Expenses	86	20	24%	G	
Travel and Conferences	4	-	0%	G	
Supplies & Services and Other Expenses	28	1	3%	G	
Support Services	286	72	25%	G	Indicative based on pay as you go charges and proportion of fixed SLA incurred to date
ITA Website Charges	22	-	0%	G	Payment to be made during the year
Pension Costs	455	114	25%	G	
LGA Subscription	30	30	100%	G	
External Audit Fee	29	-	0%		One-off payment made at beginning of year. Discount for early payment received.
Financing Charges	2,562	641	25%	G	Payment to be made during the year
Grant to Nexus	66,922	16,731	25%	G	Indicative position - charges calculated at year end.
Total	70,424	17,607	25%		
Income					
Levy Income	(70,207)	(17,552)	25%	G	
Interest on Balances	(25)	-	0%	G	Interest on Balances allocated at year end.
Total	(70,232)	(17,552)	25%		
Contribution from Reserves	192	56		G	Overall status green - forecast to be within budget at year end.

APPENDIX 2 – Tyne Tunnels Budget

Tyne Tunnels	2012/13 Budget	Spend to 30/06/12	Spend as a % of Original Budget	Traffic Light	Notes
TT2 Contract	£000	£000	%		
Toll Income	(19,770)	(4,656)	24%	G	
Contract Payments to TT2	14,030	1,779	13%	G	Includes usage payments to May 2012
Total	(5,740)	(2,877)			
Other					
Employee Costs	33	8	24%	G	
Other Expenses	55	4	7%	G	
Community Fund	10	1	10%	G	
Pension Costs	525	131	25%	G	
New Tyne Crossing Support Services	145	36	25%	G	
					Indicative based on pay as you go charges and proportion of fixed SLA incurred to date
Financing Charges	6,700	1,675	25%	G	Indicative position - charges calculated at year end
Interest on Balances	(322)	-	0%	G	Interest on Balances allocated at year end
Total	7,146	1,856			
Net (Surplus) / Deficit	1,406	(1,022)		G	Overall status green - forecast to be within budget at year end.

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