



Tyne and Wear Integrated Transport Authority

Meeting to be held: Committee Room, Civic Centre, Newcastle upon Tyne, NE99 2BN
on Thursday 24 November 2011 at 10.00 am

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

Membership: Blackburn, Burdis, Emerson, Green, Hall, Hanson, Hodson, Keating,
Lott, Maughan, McElroy, McMillan, Murison, Stokel-Walker, D Wood (Chair) and
P Wood

Contact Officer: Victoria Miller (0191) 211 5118 victoria.miller@newcastle.gov.uk

ITA papers are available on the ITA website at www.twita.gov.uk

Members are reminded that there will be an informal briefing session after the
meeting.

Page

1.	Apologies for absence	
2.	Declarations of Interest of Members or Officers in any matter to be discussed at the meeting	
	(If any Member has a personal/prejudicial interest please complete the appropriate form and hand this to the Democratic Services Officer before leaving the meeting. A blank form can be obtained from the DSO at the meeting).	
	Members are reminded to verbally declare their interest and the nature of it and, if prejudicial, leave where appropriate at the point of the meeting when the item is to be discussed.	
3.	Minutes of the Previous Meeting	1 - 12
4.	ITA success at National Transport Awards	13 - 14
5.	New Tyne Crossing - Proposed River Tyne (Tunnels)(Modification) Order	15 - 16
6.	New Tyne Crossing - Construction Progress Report	17 - 20
7.	ITA Metro Sub-Committee - Substitute Members	21 - 22
8.	Annual Audit Letter 2010/11	23 - 34

9.	Revenue Budget Monitoring Report to October 2011	35 - 42
10.	Local Sustainable Transport Fund - Key Component Bid	43 - 46
11.	Local Sustainable Transport Fund Progress With Main Bid	47 - 48
12.	Competition Commission Investigation Update	49 - 68
13.	Christmas and New Year Services 2011/2012	69 - 72
14.	Delivering the Bus Strategy	73 - 80
15.	Petitions: Service TB10	81 - 82
16.	Petition for the reinstating of Services 37 and 38 to serve Black Road in Ryhope	83 - 86
17.	Non-Metro Capital Programme 2011/12 - Quarter 2 Monitoring Report	87 - 92
18.	Metro Asset Renewal Programme (ARP) and Major Project Capital Programme 2011/12 - Quarter 2 Monitoring Report	93 - 98
19.	Revision to Metro and Ferry Fares 2012	99 - 108
20.	Mobility Scooters	109 - 114
21.	ITA Members' Annual Inspection Tour	115 - 116
22.	Disposal of Land at Pipewellagate, Gateshead	117 - 120
23.	Allocation of the Local Transport Plan (LTP) Public Transport Block	
	Members are requested to note the intention to circulate the above report on a supplemental agenda in accordance with the Provisions of the Local Government (Access to Information) Act 1985.	
24.	Annual Report for District Leaders 2010/11 - Expenditure and Activity Analysis	
	Members are requested to note the intention to circulate the above report on a supplemental agenda in accordance with the Provisions of the Local Government (Access to Information) Act 1985.	
25.	Date and Time of the Next Meeting	
	Thursday, 26 January 2012 at 10am.	
26.	Exclusion of Press and Public	
27.	Confidential Minutes of the Previous Meeting	121 - 122



Tyne and Wear Integrated Transport Authority

22 September 2011
(10.00 am - 12.50 pm)

Present:

Councillor: D Wood (Chair)

Councillors: Blackburn, Burdis, Emerson, Green, Hanson, Hodson, Keating, Lott, McElroy, McMillan, Murison and P Wood

In attendance:

Newcastle City Council:

B Rowland - Clerk (ITA)
P Woods - Deputy Clerk and Treasurer (ITA)
R Gill - Policy Manager (ITA)
P Fenwick - New Tyne Crossing Project Director
E Goodman - Senior Accountant (ITA)
G Grant - Senior Transport Planner (ITA)
N Whitefield - Press Office
V Miller - Democratic Services

Nexus:

B Garner - Director General
J Fenwick - Director of Finance and Resources
T Hughes - Director of Customer Services
L Robinson - Public Affairs Manager
C Massarella - Network Planning

Also:

D Wilkinson - Deloitte

49. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Hall, Maughan and Stokel-Walker.

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

Councillors D Wood, Emerson, Lott, Blackburn, Hanson, Hodson and P Wood declared a personal interest as holders of a concessionary travel pass.

51. **MINUTES OF THE PREVIOUS MEETING HELD ON 28 JULY 2011**

RESOLVED – That subject to the listed below amendments the minutes of the previous ordinary meeting held on 28 July 2011 be approved as a correct record and signed by the Chair:

Amendments

(i) 2011/12 Metro ARP and Major Project Capital Programme – First Quarterly Review

(Minute 31)

The last sentence of the second paragraph should be amended to read: “During the discussion, J Fenwick and P Woods provided clarification on how the financing of the programme was planned to ensure its deliverability and to cover for *any* slippages and delays”.

(ii) High Speed Rail Consultation: ITA / Nexus Response

(Minute 33)

The last sentence under the subheading “Addition” should be replaced with the following:

“Members referred to the importance of the Durham Coast line as part of the strategic rail network and instructed officers to ensure it is appropriately referred to in future reports.”

(iii) Rail Devolution

(Minute 34)

The first and second sentences of the second paragraph should read: “B Garner presented the report which informed members about the potential devolution of *management of local rail services from DfT to a local governance arrangement*. The subject would be discussed at future meetings, including Policy Seminars. It was noted that at this point there was no clarity about funding *availability*.”

(iv) Gold Cards

(Minute 35)

The resolution should read:

“That the report and recommended position in relation to the hours of use of Gold Card be *agreed*.”

52. **MINUTES OF THE SPECIAL MEETING HELD ON 25 AUGUST 2011**

That minutes of the special meeting held on 25 August 2011 were approved as a correct record and signed by the Chair.

53. **2010/11 AUDIT OF THE ANNUAL REPORT AND ACCOUNTS**

Submitted: A report by Deloitte LLP (previously circulated and copy attached to Official Minutes).

D Wilkinson presented the report on the external audit of the Authority's Annual Report and Accounts for the financial year 2010-2011 and confirmed that there had been no matters of major concern.

It was noted that:

- All outstanding issues identified at the time of writing the report had now been addressed and this would be reflected in the final report.
- Any discrepancies of more than 5% of the set materiality of £3,600,000 would be reported to the Authority.
- Amendments had been made to the original accounting arrangements for the North East Smart Ticketing Initiative (NESTI).
- In relation to the New Tyne Crossing project, amendments had been made to the release of the deferred income balance to reflect the fact that the new Tunnel had only been operational for 5 weeks.

Members thanked officers for their work on the audit of the annual accounts.

RESOLVED – That the report be noted.

54. **ANNUAL REPORT AND ACCOUNTS 2010/11**

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

P Woods and E Goodman presented the Annual Report and Accounts for 2010-2011. It was confirmed that the Authority's financial position in 2010-2011 had been good in terms of maintaining expenditure within the budget and the level of reserves at the year end. It was also confirmed that amendments had been made to the accounts in relation to NESTI, the New Tyne Crossing Financial Model and the Group Accounts disclosure notes, in line with the recommendations received from the external auditors. The amendments were purely of a technical accounting nature and did not affect the resources or budget of the Authority.

Members noted that the levy and its future funding would be discussed in detail as part of the budget consideration at the January 2012 meeting.

It was noted that the Annual Report and Accounts had been considered by the Standards and Audit Committee who recommended the following minor amendments which would be incorporated:

(i) Section 1: Scrutiny Advisory Committee – A Review of 2010/11

Amendment: the first sentence of the fourth paragraph should read: “Scrutiny Committee attendance, an issue in 2009/10, was less of a problem in 2010/11”.

(ii) Section 1: ITA Standards & Audit Committee – A Review of 2010/11

It was noted that the consideration of any voluntary arrangements with regard to the standards regime was outstanding since the Localism Bill was still in the House of Lords. The Authority would be presented with options for consideration at a relevant stage. Therefore, the second last sentence of the second paragraph should reflect this and read “*as soon as available*”.

(iii) Section 2: Accounts

The links between figures in the Accounts (Section 2) and Notes to the Accounts would be improved.

A note would be added to clarify the figures for the Tyne Tunnels, which were outlined in the Comprehensive Income and Expenditure Statement.

(iv) Section 3: Group Accounts for the year ended 31 March 2011

Additional explanation around the adjustments relating to Nexus’ pension figures would be included within the Group Pension disclosure note.

RESOLVED – That:

subject to the incorporation of the recommendations of the Standards and Audit Committee and Deloitte

- (i) the letter of representation as in Appendix 1 be approved;
- (ii) the amended ITA and Group Accounts for 2010/11 be approved;
- (iii) the Chair would sign the amended ITA and Group Accounts.

55. **ANNUAL GOVERNANCE STATEMENT 2010/11**

Submitted: A report by the ITA Officer Co-ordination Group (previously circulated and copy attached to Official Minutes).

R Gill presented the Annual Governance Statement which had been considered and approved by the Standards and Audit Committee on 16 September 2011.

RESOLVED – That the Annual Governance Statement as in Appendix A to the report be approved and be part of the Annual Report and Accounts.

56. **REVENUE BUDGET MONITORING REPORT TO AUGUST 2011**

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

Members noted the income and expenditure position for the period 1 April to 31 August 2011.

It was clarified that the current position in relation to tolls income was due to the lower than anticipated traffic levels. This was being carefully monitored and it was expected that the levels of traffic would increase when the second tunnel became operational.

RESOLVED – That the report be noted.

57. **TREASURY MANAGEMENT AND INVESTMENT STRATEGIES UPDATE**

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

Members noted the position with regard to the Authority's borrowing and lending activities.

The Chair thanked officers for their work on the subject.

RESOLVED – That:

- (i) the report be noted;
- (ii) the revised Authorised Limit for borrowing, as in section 4.3.1 of the report, be endorsed;
- (iii) the revised list of the Authority's approved institutions for external investments, as in Appendix 1 to the report, be endorsed.

58. **PTEG - MODELLING BUS SUBSIDY IN ENGLISH METROPOLITAN AREAS**

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

J Fenwick presented the report and highlighted the key findings of a recent study by Passenger Transport Executive Group (Pteg) into Bus Subsidy in English Metropolitan areas.

Amongst the points clarified were the following:

- In 2009/10 the operator income in Tyne and Wear amounted to approximately £140m. However, this figure was an estimate only due to the complexity of extraction of figures in the setting of cross-boundary operations. The amount of public subsidy to the bus industry in Tyne and Wear was also being estimated.
- Wages in bus operating companies were not subject to public services' pay freeze.
- Based on the projections for the increased congestion levels which were outlined in the study, a member highlighted the importance of traffic management. Officers confirmed that Nexus would use the study report for planning purposes,

including traffic management to tackle congestion in line with the agenda for the reduction of carbon emissions. A member commented that whilst the report outlined the worst case scenario, it was the duty of the Authority to act and to address congestion.

- A member indicated that the reduction in bus patronage was a historical trend. He recommended that it was this long-term picture that should be taken into consideration rather than the trends of the last two years.

RESOLVED – That the report be noted.

59. **METRO REINVIGORATION PHASE 3**

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

B Garner presented the report and highlighted the progress that was currently being made to reinvigorate Metro and to secure its future. It was now therefore timely to commence the process of developing a proposal for its long term future operation.

He explained that, by and large, Metro was supported by a grant from the Government and to expand the Metro system, other financing options would also need to be explored, including European funding and private sector investment.

Members' questions and comments

- The Chairman welcomed the interest generated by the report but highlighted that, at this point in time, there were no clear funding options available and the proposals were aspirations only. The Authority was keen to investigate opportunities but it was evident that bolder and more imaginative approaches were needed to achieve the expansion of Metro.
- Members welcomed the report and supported the aspirations but commented that care should be taken to be realistic and not raise undue expectations.
- Members requested that the ITA Metro Sub-Committee should consider and endorse public engagement plans before the start of the consultation process.
- A member commented that it should be expected that different developments would be achieved at different paces. It could emerge that some corridors were not possible, whilst other could be improved to some extent; compromises should be expected.
- It was important that the planning stage included studies into demographics.
- Generally, innovative and low cost options were needed. The costs should be kept at reasonable levels at all times.
- A member gave examples of some previous plans that had been reversed and suggested that care should be taken to identify and address risks at the start of the process.

- In response to a member's reference to Project Orpheus, B Garner clarified that that project had developed a long term unfunded development plan for Metro. He indicated that the current position was different insofar as there was now a long term funding commitment to Metro from the Government. Also, new technology could open up new opportunities.
- The Chairman recommended that officers should work jointly with the neighbour authorities on developing the proposals and researching funding options.
- Members agreed that the process needed to include regular communication with the public to keep people informed about the situation and developments. It should be highlighted as part of the communication programme that at this stage the discussions on the possible expansion of Metro were a long-term vision only.
- A member recommended that in the process of considering the development of the Metro system, care should be taken to promote the integration of the transport system. Whilst the importance of Metro for Tyne and Wear was clear, Metro was not the main mode of travel and therefore should link well with other modes within the infrastructure, such as, for example, buses and taxis. There was also a high demand for the provision of sufficient park and ride facilities, especially at the interchanges, and this should be considered.
- It was noted that Sunderland City Council fully supported the aspirations.
- A member suggested that examples of other transport authorities should be studied to see what lessons could be learned, including alternative financing mechanisms.
- P Woods suggested that as there was an indication of a possibility to move towards the localisation of business rates, perhaps this option could be explored. In theory, the possibility of retaining business rates might enable an additional funding mechanism which could be used to supplement other options, such as the European Fund and local contributions.
- Members concluded that now was the right time to think about a vision and aspirations and search for ideas. When funding became available, these aspirations could be progressed.

RESOLVED – That:

- (i) progress in relation to the potential Metro corridor studies be noted;
- (ii) the commencement of the 2 year work programme to establish a long term Metro strategy be noted;
- (iii) the proposal for a wide ranging consultation as part of the strategy development programme be endorsed;
- (iv) the consultation programme be submitted to the next meeting of the Metro Sub-Committee for consideration and endorsement;

- (v) progress on the work on the long-term Metro strategy be reported to the ITA Metro Sub-Committee.

60. **MYSTERY SHOPPER & CUSTOMER SATISFACTION SURVEY RESULTS AND ASSOCIATED PERFORMANCE MONITORING OF THE METRO OPERATING CONCESSION**

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

T Hughes presented the report which summarised the results of the latest Mystery Shopper and Customer Satisfaction surveys conducted during March and April 2011. Members welcomed the good results achieved across most categories.

A member particularly welcomed good results in relation to improving security on Metro but asked what could be done to improve the public perception in relation to night time security. T Hughes explained that the work on this continued and included various measures such as deploying teams of staff and police officers to patrol target areas.

In response to a member's comment in relation to the use of word "trend" in Appendices A and B, officers would replace the word with a more appropriate term.

In response to a member's question, T Hughes explained that there had been no significant changes made to the range of tickets available on Metro, apart from the Gold Card. The only significant development was the modernisation of the ticketing equipment as part of the ticketing/gating initiative.

RESOLVED – That the report be noted.

61. **METAL THEFT ON TYNE AND WEAR METRO NETWORK**

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

B Garner presented the report on the impact of metal theft on the Metro system in the current financial year and the work with partners to develop strategies to address the problem. It was highlighted that the main impact of metal theft was the cost of disruption of services to customers.

It was noted that there had been two additional recent incidents, with one happening at around 3am on the morning of the Great North Run. Staff were congratulated on their work to repair the line quickly.

Members noted that Nexus had been liaising with the Home Office who had confirmed that the Government was approaching the problem seriously and would prepare legislation to address it.

Questions/Comments/Recommendations

- A member asked the Chairman to continue to represent the Authority and be the lead spokesman and campaigner on the issue of metal theft.
- Members in the District Authorities would continue to work to identify ways forward.
- A member commented that Newcastle City Council were already working with partners to address the problem, in particular aiming to set up a scheme to encourage scrap metal dealers to properly administer all cash transactions.
- A member recommended that the measures to tackle metal theft should include a robust enforcement mechanism as voluntary and advisory schemes did not always work. A member added that multi-agency work and regular spot checks were also needed to ensure results. Members recognised that the majority of scrap metal dealers were respectable businesses.
- The Chairman would contact the Minister and discuss how local knowledge could help with the national agenda to address the issue of metal theft.
- Members suggested that publicity should be used to highlight the impact of metal theft and also to encourage members of the public to report incidents and suspicions.

RESOLVED – That:

- (i) the proposals to develop a lobbying strategy to press the Government for changes to law and regulations on the handling of used and scrap metal be endorsed;
- (ii) members' recommendations made at the meeting be progressed.

62. **PETITIONS: SERVICE 87**

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

T Hughes presented the report which informed members about the petitions received by Nexus in respect of the withdrawal of the former bus service No. 87 in Gateshead, and asked members to note Nexus' recommendations that no further action should be taken at this stage but Nexus to continue to monitor this matter.

RESOLVED – That:

- (i) the report be noted;
- (ii) Nexus' recommendation that no further action should be taken at this stage in relation to the withdrawal of bus service No. 87 in Gateshead be supported;
- (iii) Nexus would continue to monitor this matter.

63. **RAIL ISSUES REPORT**

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

B Garner presented the report which informed members of the recent announcement made by the Secretary of State for Transport regarding the proposed programme for the creation of new rail franchises and the additional Class 142 train allocated to local rail services in the North East with effect from December 2011, the use of which would be considered in due course.

RESOLVED – That the report be noted.

64. **ITA RISK UPDATE**

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

P Woods presented the report on the management of the ITA strategic risks and opportunities.

It was agreed that the Authority should be informed about the development of the Local Enterprise Partnership (LEP), specifically about any work and proposals on transport.

The Summary of All Strategic Risks document would be updated to identify the priority status of all risks.

RESOLVED – That the Local Enterprise Partnership be added to the list of strategic opportunities and members be informed about developments, particularly in relation to transport.

65. **CONSULTATION ON THE DRAFT NATIONAL PLANNING POLICY FRAMEWORK**

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

R Gill presented the report which informed members of the Government's consultation on the draft National Planning Policy Framework (NPPF) and potential implications, including in relation to transport aspects. Members were encouraged to comment on the proposals; comments would need to be fed in by 17 October 2011.

A member indicated that not all local authorities had a local plan and this created difficulties, including in relation to promoting sustainable development. This point should be fed into the consultation to ensure that a mechanism was developed to encourage the development of local plans.

In relation to the proposed removal of maximum parking standards, a member commented that planning policies should continue to address congestion and promote

sustainable transport. A member also suggested that it should be clarified whether the proposals were aimed to be guidance only or be persuasive.

In relation to the presumption in favour of sustainable development, as in item 3.6 of the report, a member commented on the importance of agreement between district authorities on what the term “sustainable” meant. A member also indicated that the default position was not necessarily sustainable.

RESOLVED – That the report be noted and members’ comments be fed into the consultation process.

66. **NEW TYNE CROSSING - CONSTRUCTION PROGRESS REPORT**

Submitted:

- (i) A report by the Deputy Clerk and Treasurer (previously circulated and copy attached to Official Minutes);
- (ii) The Construction Progress September 2011 brochure (with the permission of the Chair, due to the timetables involved circulated at the meeting and copy attached to Official Minutes).

P Fenwick presented the report which updated members on the progress in relation to the Tyne Tunnels.

The Chairman welcomed members to visit the Tyne Tunnels and see the progress made.

Members thanked officers for their work and commented on the relatively low levels of disruption experienced in the area during the works.

RESOLVED – That the report be noted.

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

Thursday, 24 November 2011 at 10am.

68. **EXCLUSION OF PRESS AND PUBLIC**

RESOLVED – That the press and public be excluded from the consideration of the confidential minutes of the previous meeting held on 28 July 2011 in accordance with Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

This page is intentionally left blank



Tyne and Wear Integrated Transport Authority

DATE: 24 November 2011
TITLE: ITA success at National Transport Awards
REPORT OF THE CLERK OF THE AUTHORITY / DIRECTOR GENERAL OF NEXUS
Reasons for confidentiality (if confidential): none
District Implications: all

1. Purpose of Report

- 1.1 To inform members of the success of the Tyne and Wear Integrated Transport Authority in being named 'ITA of the Year' at the 2011 National Transport Awards.
- 1.2 To update members of other successes at national industry awards.

2. Recommendations

- 2.1 Committee is asked to note the contents of this report.

3. Information

- 3.1 The Authority was named ITA of the year at the 2011 National Transport Awards in October, from a strong field of entries representing all ITAs in England.
- 3.2 Award judges recognised the authority's role in delivering the second Tyne Tunnel, securing the future of the Tyne and Wear Metro through winning Government funding for Metro re-invigoration Phase 2, taking forward smart ticket technology for North East England, and successfully delivering the Local Transport Plan for Tyne and Wear.
- 3.3 The Metro operating concessionaire, DB Regio, which delivers operates stations and trains on behalf of Nexus, was separately named 'Operator of the Year' at the UK Light Rail Awards, also in October.

3.4 Award judges commented on the delivery of a robust service during the severe winter of November-December 2010, and improvements in customer satisfaction levels against a number of key indicators.

3.5 Nexus was highly commended at the same awards in the 'Best Safety Initiative'. This recognised a new interactive teaching pack for schools on Metro safety which was launched during the summer. The pack exploits classroom 'whiteboard' technology to use film drama, recorded interviews and photographs to guide children of different ages through rail safety issues.

4. **Next Steps**

4.1 The ITA and Nexus enter national and regional industry awards to benchmark performance against peer organisations, showcase excellence in the delivery of its strategic aims, bring recognition to Tyne and Wear and promote the importance of high quality sustainable transport. Both organisations will continue to seek this recognition where appropriate in future.

5 **Contact Officer (s)**

5.1 Huw Lewis, Head of Communications, Nexus.



Tyne and Wear Integrated Transport Authority

24 November 2011

NEW TYNE CROSSING – PROPOSED RIVER TYNE (TUNNELS)(MODIFICATION) ORDER

REPORT OF THE NEW TYNE CROSSING PROJECT DIRECTOR AND LEGAL ADVISOR TO THE AUTHORITY

1. Summary

- 1.1 This report asks the Authority to formally confirm its wish to proceed with the making of the River Tyne (Tunnels) (Modification) Order to modify the River Tyne (Tunnels) Order 2005 to extend the date by which the Concession Toll must be set from 25 August 2012 to 25 August 2013.
- 1.2 Such a resolution of the Authority is required because it is a "joint authority" for the purposes of section 239(4A) of the Local Government Act 1972 Act, and the Proposed Order is one to which section 239 applies by virtue of the Transport and Works Act 1992. Under section 239 it is required to make the resolution by a majority of the whole number of members of the Authority whether present and voting at the meeting or not.

2. Recommendations

- 2.1 The Authority is recommended to:
 - (a) Confirm its wish to proceed with the making of the River Tyne (Tunnels) (Modification) Order and
 - (b) Authorise its officers to take all necessary further steps to secure the making of the said Order.

3 Background

- 3.1 At a special meeting of the Authority on 25 August 2011, its members (by a unanimous decision of those present, who comprised a majority of all its members) agreed that an application should be made to the Secretary of State for Transport to make the River Tyne (Tunnels) (Modification) Order ("the Proposed Order") which would have the effect of amending the River Tyne (Tunnels) Order 2005 ("the 2005 Order") so as to extend the date by which the Concession Toll for the new tunnels should be set from the 25 August 2012 to 25 August 2013.
- 3.2 Before making that decision, Members at that meeting received and duly considered a detailed report explaining the reasons for the making of the Proposed Order and the process for doing so.

3.3 The necessary statutory procedures have subsequently been followed.

In particular, formal application was made to the Secretary of State on 6 September 2011, with all necessary documentation. Notice was published in the local press on 1 September giving formal notice of that application and statutory notices were also published on 7 September in both the local press and the London Gazette. Those notices advised the public of the general effect of the Proposed Order and of the fact that anyone wishing to object to it, or make representations about it should do so in writing to the Secretary of State within the statutory period which expired on 21 October 2011.

Those notices also advised that copies of the application, including the Proposed Order and other documents submitted, were available for public inspection throughout the objection period in the North Shields, South Shields and Newcastle Central Libraries.

In addition formal notice was served on North Tyneside Council and South Tyneside Council as the two statutory consultees.

3.4 No objections or other representations were received, either by the Secretary of State or by the ITA itself.

4. Next Steps

4.1 Under section 239 (2) (b) of the Local Government Act 1972, the Authority – having resolved to make application for the Proposed Order and duly done so – must formally confirm its wish to proceed with the making of the Order before the Secretary of State can take any further steps to do so. Such a resolution must be passed by a majority of the members of the Authority at a meeting of which formal public notice has been given specifying the intention to pass such a resolution. Such a notice was duly published in the local press on 3 October 2011.

4.2 The reasons for making the Proposed Order remain unchanged since the decision on 25 August and remain valid. There have been no objections or other representations whatsoever against the Proposed Order.

4.3 Accordingly the Authority is recommended to formally confirm its wish to proceed with the making of the Proposed Order and to authorise its officers to take all necessary further steps to secure this.

5. Contact Officers:

Paul Fenwick, 0191 211 6058 and Stuart Ovens, 0191 277 7122



Tyne and Wear Integrated Transport Authority

Date: 24 November 2011

TITLE: New Tyne Crossing - Construction Progress Report

REPORT OF: REPORT OF NTC PROJECT DIRECTOR

District Implications: All

1. Summary

- 1.1 This report provides an overview of progress made on the construction and the preparation for certain key events to come since the last meeting of the Authority. Progress photographs will be available at the meeting.

2. Recommendations

- 2.1 The Authority is recommended to note progress made.

3. Background

- 3.1 Construction of the NTC began on 22 April 2008. Key dates as set out in the Project Agreement signed on 23 November 2007 are as follows:-

PTU1	15 December 2010 (Revised to 4 February 2011)
PTU2	3 December 2011
Completion	3 December 2011

4. Progress – Since September 2011

4.1 Programme

The contractor expects to have achieved PTU2 by the date of the meeting.

4.2 North Approach Works

The new northbound toll plaza canopy and the tolling equipment have been installed and testing and commissioning are progressing well. Adjacent to the new toll plaza the construction of the drainage swale and the revised access to the north extract building are complete. Construction of the approach and egress roads for the northbound tolls plaza is now substantially complete.

Piling work and construction of the concrete slab for the new quay extension adjacent to the Howdon Yard is substantially complete and the adjustments to the revetments adjacent to the quay have commenced.

New and disturbed local roads have now all been accepted by North Tyneside Council and are on 12 months maintenance.

4.3 South Approach Works

The earthworks between the river and Chaytor Street are complete. Work to the riverside walk including the new skate board park is substantially complete. Reinstatement of Tyne Street near the east emergency access point to the Rohm & Haas site is complete. Construction of the new roundabout on Chaytor Street and the Ferry Street extension was delayed because electricity cables had to be re-laid. This work is now complete. Seeding and tree planting in the landscaped areas is complete over the tunnel between Salem Street and Tyne Street.

The new and reinstated highways between High Street and Chaytor Street; Friar Way link road, Saxon Way, Commercial Road and Stanley Street have been accepted by South Tyneside Council and the 12 month maintenance period has commenced.

4.4 South Junction Works

The formation of the new A19 approach carriageways is nearing completion. The earthworks to the south of the junction for the installation of the drainage pond are complete. Construction of the new structures, widening and refurbishment of the existing structures to the south of the roundabout is nearing completion. The working areas are compact and isolated and traffic management continues to be challenging especially at the tie-in of the new roads to the existing or recently completed highways. The new local road roundabout under the 'Shell' bridge continues to be temporarily used, in part, as the A19. Traffic diversion for local traffic on Church Bank is still in operation.

Details for the lighting of the footway link from the A19 under the A185 to Straker Street have been completed and an order has been placed for the works.

4.5 **Original Vehicle Tunnel Refurbishment**

Work on the refurbishment of the original vehicle tunnel commenced shortly after the commissioning of the new tunnel on 26 February 2011.

Within the tunnel, installation of fire protection boarding system which forms the new ceiling, wall cladding and support frame is complete. Under the road deck, structural repair work is complete. Redundant services have been stripped out and the installation of the services is complete. The asphalt road surface has been laid and the white lining is ongoing.

Above the road deck services have been stripped out and the erection of the pre-cast concrete escape gallery partitions together with the infill in-situ concrete sections is complete. To the east side of the carriageway the construction of the new crash wall is complete.

Currently mechanical and electrical installation works are substantially complete and the Testing and Commissioning programme is progressing well. The Emergency Exercise was held on 8 November 2011 and the multi-agency debrief identified 'no actions'.

Remedial works identified in relation to the bolts, the segment joints and the roof frame structure have been completed.

The bank seat abutment works to support the bridging beams required over the A19 are complete. The beams were installed on 24 July 2011 and required a closure of Howard Street. Construction works for the cover slab have been completed and the area backfilled over prior to the landscaping works.

5. **Communication**

- 5.1 The web-sites (NTC & TT2) continue to be updated almost daily. The Drop-in-sessions are held once per week each in Jarrow and in East Howdon. The Helpline is maintained and staffed 24/7. A Newsletter was distributed at the end of June 2011 and the next is currently planned for December 2011.
- 5.2 Arrangements to communicate PTU2 have been prepared.
- 5.3 A site visit for the North Partnering Forum took place on 21 October 2011. Members of the South Partnering Forum visited site on 10 November 2011 (following postponement of a visit organised in September 2011). A visit to the site for people who worked on the construction of the 1967 vehicle tunnel took place on 12 October 2011.
- 5.4 Following the meeting of the Authority on 25 August 2011, a Notice of the approved toll increase was published in the local media on 3 November 2011.
- 5.5 The New Tyne Crossing is short-listed for Tunnelling Project of the Year and the Environmental Initiative of the Year categories at the International Tunnelling

Awards which take place on 1 December 2011 in Hong Kong. The project is the only British scheme to be represented in either of these categories.

6 Further comments by the:

- **Clerk** (if any); None
- **Treasurer** (if any); None
- **Legal Advisor** (if any); None
- **Director General(if any)**; None

7 Background Papers

7.1 River Tyne(Tunnels) Order 2005

8 Contact Officer:

8.1 P. Fenwick, phone: (0191) 211 6058



Tyne and Wear Integrated Transport Authority

Date: 24 November 2011
TITLE: ITA Metro Sub Committee – Substitute Members
REPORT OF THE CLERK OF THE AUTHORITY
District Implications: All

1. **Summary / Purpose of Report**

- 1.1 This report invites the Authority to formally agree the priority order in relation to the substitute members of the ITA Metro Sub-Committee from the Labour Group.

2. **Recommendations**

- 2.1 The Authority is recommended to agree the following priority order in relation to the substitute members of the ITA Metro Sub-Committee from the Labour Group:

Priority 1: Cllr Emerson

Priority 2: Cllr McMillan

Priority 3: Cllr Green

Priority 4: Cllr Murison

Priority 5: Cllr Hall

3. **Introduction / Background**

- 3.1 Continuing from the decision made by the Authority on 22 July 2010, the Metro Sub-Committee has politically balanced substitute arrangements.

Each political group has a pool of substitute members listed in priority order, so that the second will only be called on if two existing group members of the Sub-Committee were unable to attend, and so on. The priority arrangement means that the first substitute member will be used more regularly, giving more consistency and continuity.

The substitute membership reflects the political balance of the Sub-Committee.

In the current municipal year, the majority political group has five substitute members, the Liberal Democrats have one substitute member and the Conservatives also have one substitute member, as follows:

Labour Group (5): Councillors Emerson, Green, Hall, McMillan and Murison.
Liberal Democrats (1): Councillor Keating
Conservatives (1): Councillor P Wood

It is recommended that the priority order of substitute members drawn from the Labour Group should be formally agreed.

4. Next Steps

- 4.1 When considering which substitute member should be invited to the meeting, officers would refer to the agreed priority order. If a member of the Sub-Committee submitted their apologies for a forthcoming meeting, only the relevant substitute member would be contacted and invited to the meeting.

5. Background Papers

- 5.1 Minutes of the meetings of the ITA: 22 July 2010, 26 May 2011 and 28 July 2011.

6 Contact Officer (s)

- 6.1 Victoria Miller (0191) 211 5118

Democratic Services Officer, Civic Centre, Newcastle upon Tyne.



Tyne and Wear Integrated Transport Authority

DATE: 24 November 2011
TITLE: Annual Audit Letter 2010/11
REPORT OF: Deputy Clerk and Treasurer
Not confidential
District Implications - all

1. Summary / Purpose of Report

- 1.1 The purpose of this report is to consider the Annual Audit and Inspection Letter for 2010/11, attached to this report as Appendix 1. The letter is very positive, giving an unqualified audit opinion and contains a small number of minor recommendations.

2. Recommendations

- 2.1 The ITA is recommended to receive the report and the Annual Audit and Inspection Letter for information and comment.

3. Introduction / Background

- 3.1 At the meeting of the ITA on 22 September the Authority approved the final Annual Report and Accounts, subject to the audit of some outstanding items being completed. The external auditor issued an unqualified audit opinion on the Statement of Accounts and an unqualified value for money conclusion by the statutory deadline of 30 September.

4. Recommendations made by the External Auditor

- 4.1 The letter recommends that the Authority continue to focus on meeting the financial reporting timetable, as it has done successfully in 2010/11; and to implement the management actions identified in response to the minor control observations highlighted in their report to the Authority

These management actions were:

- to implement an additional review to identify creditors relating to TWITA where payments were made before 31 March but the cash does not

physically leave the bank account until the new financial year; and

- to review the process of bank reconciliations with a view to improve the clarity of these statements. This observation related to a control finding on the audit of Newcastle City Council, the lead authority for TWITA.

5. Next steps

5.1 The annual audit letter will be published on the Audit Commission website and the TWITA website. It will also be considered by the Standards and Audit Committee at its next meeting.

6. Further comments by the:

- **Clerk** none
- **Treasurer** see main report
- **Legal Advisor** none
- **Director General** none

7. Background Papers

7.1 Annual Report and Accounts 2010/11

8. Contact Officer (s)

8.1 Eleanor Goodman, Senior Accountant, 0191 277 7518

Tyne & Wear Integrated
Transport Authority

Annual Audit Letter

on the 2010/11 Audit

November 2011

Contents

	Page
1. Key messages	2
2. Purpose, responsibilities and scope	3
3. The audit of the accounts	4
4. Value for money	5
5. Other matters	6
6. Closing remarks	8

1. Key messages

In 2010/11 the Authority was required for the first time to prepare its Statement of Accounts in accordance with International Financial Reporting Standards (“IFRS”). The adoption of a Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 based on IFRS resulted in a number of changes to accounting policies and the restatement of both the 2008/09 and 2009/10 accounts.

The Statement of Accounts was prepared, audited and closed in accordance with the agreed timetable. The Authority achieved a good standard of financial reporting. Several adjustments impacting the reported financial position were processed. These did not impact the overall resources available to the Authority as they represented timing issues in relation to the recognition of the income involved. A number of presentation and disclosure amendments were also made, notably the inclusion of additional disclosures in the group accounts.

We issued an unqualified audit opinion on the Statement of Accounts and an unqualified value for money conclusion on 30 September 2011.

The audit certificate of completion of the audit was also issued on 30 September 2011.

We did not identify any significant weaknesses in the financial reporting systems and control observations noted in our report are considered to be minor. Control observations were reported to the Standards and Audit Committee on 16 September and the full Authority on 22 September 2011 as part of our report on significant matters arising from our audit.

The Whole of Government Accounts return was presented for audit by the deadline set by HM Treasury. We issued an unqualified opinion on the Whole of Government Accounts return on 30 September 2011.

Action needed by the Authority

The Authority needs to:

- continue to focus on meeting the financial reporting timetable; and
- implement the actions noted in the management response for each of the control observations raised in our report to those charged with governance.

2. Purpose, responsibilities and scope

The purpose of this letter

The purpose of this Annual Audit Letter is to summarise the key matters arising from the work that we have carried out in respect of the year ended 31 March 2011.

Although this letter is addressed to the members of Tyne & Wear Integrated Transport Authority ("the Authority"), it is also intended to communicate the significant issues we have identified, in an accessible style, to key external stakeholders, including members of the public. The letter will be published on the Audit Commission website at www.audit-commission.gov.uk and also on the Authority's website.

This letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. This is available from www.audit-commission.gov.uk.

Responsibilities of the Auditor and the Authority

The Authority is responsible for maintaining the control environment and accounting records and preparing the accounting statements in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 based on IFRS and other relevant legislation.

We are appointed as the Authority's independent external auditors by the Audit Commission, the body responsible for appointing auditors to local public bodies in England, including Integrated Transport Authorities.

As the Authority's appointed external auditor, we are responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice ("the Code"). Under the Code, we have responsibilities in two main areas:

- the Authority's accounts; and
- whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion).

The scope of our work

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) as adopted by the UK Auditing Practices Board ("APB"). The audit opinion on the accounts reflects the financial reporting framework adopted by the Authority, being the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 based on IFRS and other relevant legislation. We conducted our work on the value for money conclusion in line with guidance received from the Audit Commission in respect of other local government bodies for the financial year ended 31 March 2011.

3. The audit of the accounts

Key issues arising from the audit of the accounts

We issued an unqualified opinion on the Authority's 2010/11 accounts on 30 September 2011, in accordance with the deadline set for local government bodies. Our opinion confirms that the accounts present a true and fair view of the financial position of the Authority and its income and expenditure for the year.

Before we give our opinion on the accounts, we are required to report to those charged with governance any significant matters arising from the audit. A detailed report was discussed with the members of the Standards and Audit Committee on 16 September and the full Authority on 22 September 2011 and there were no key issues to report.

We received a set of draft accounts in advance of the agreed deadline, which were supported by working papers. The finance staff were helpful throughout the process and responded swiftly to all queries. This performance reflects well on the professionalism of the finance staff and their commitment to maintaining high-level controls over financial systems. Amendments were made to the reported financial position both for the current and prior year:

- prior year reserves were increased by £1.7 million and current year income reduced by £2.8 million in relation to contributions received from local authorities for NESTI (North East Smart Ticketing Initiative), in order to bring the accounting treatment into line with IFRS;
- current year income was further reduced by £2.4 million to correct an error in the apportionment of deferred income in relation to the concessionary arrangements for TT2.

These adjustments did not impact the overall resources available to the Authority as they represented timing issues in relation to the recognition of the income in both cases. In addition, some of the disclosures amended and additional group account disclosure notes were included to bring the accounts into line with CIPFA's "Group Accounts in Local Authorities" manual, the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 based on IFRS and other relevant legislation.

We have considered the financial standing of the Authority as at 31 March 2011. We have assessed this based on current/ongoing expenditure demands, expected grant income and the current cash position of the Authority. The financial standing of the Authority is considered to be satisfactory.

Audit certificate

When our audit is complete we are required to certify the closure of the audit. The audit certificate was issued on 30 September 2011.

4. Value for money

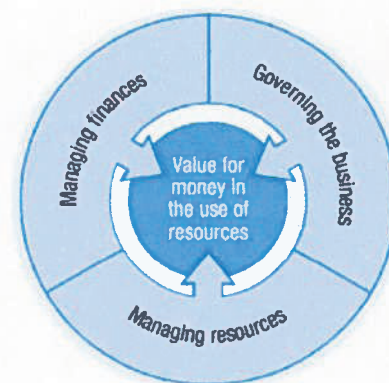
Background

Under the Code of Audit Practice, we are required to give a 'yes/no' opinion on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources. This is known as the value for money conclusion and is given within our audit report on the Authority's Statement of Accounts.

We are required to assess how well the Authority manages and uses its financial resources by performing an unscored assessment in three theme areas as specified by the Audit Commission in accordance with their guidance for other local government bodies. Within this, we are required to consider arrangements in four of the ten key lines of enquiry (KLOE) in any one year. This assessment will inform our value for money conclusion.

The value for money assessment considers how well organisations are managing and using their resources to deliver value for money and better and sustainable outcomes for local people. The specific KLOE considered in 2010/11 are:

- sound and strategic financial management:
 - financial planning and financial health;
 - understanding costs and achieving efficiencies;
 - financial reporting;
- good governance:
 - risk management and internal control;
- the management of natural resources, assets and people:
 - none selected for consideration in 2010/11.



Value for money conclusion

Having performed our work in line with guidance received from the Audit Commission we issued an unqualified value for money conclusion for the 2010/11 financial year. This means that we are satisfied that, in the areas reviewed, the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources during the year.

5. Other matters

Audit Commission

On 13 August 2010, the Secretary of State for Communities and Local Government announced the proposed abolition of the Audit Commission. Consultation on the new audit framework closed on 30 June 2011 and proposals will be included in a draft bill to allow full Parliamentary scrutiny in due course. The Commission is in the process of undertaking a market tender exercise to outsource the audits currently undertaken by its in-house practice with new appointments expected to apply from the 2012/13 financial year. Audits already outsourced, including this Authority, are not expected to be affected by this change in appointments.

Reports issued

Reports issued during the course of the 2010/11 audit included:

- fee letter in April 2010;
- report to those charged with governance on the 2010/11 audit in September 2011; and
- annual audit letter in November 2011.

Analysis of audit fees

Audit fees charged are as follows:

	2011 £'000	2010 £'000
Total fees for work carried out under the Code of Audit Practice	37	47*

* payable to the Audit Commission, the previous external auditors to the Authority

We have not performed any non-audit services in either the current or prior year. In addition there have been no claims that required certification or additional Value for Money projects undertaken in the current or prior year.

Independence and objectivity

In our professional judgement, our policies and safeguards that are in place ensure that we are independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit partner and audit staff is not impaired.

5. Other matters (continued)

Approach to local value for money audit work from 2011/12

Given the scale of the pressures facing public bodies in the current economic climate, the Audit Commission has reviewed its work programme for 2011/12 onwards. In line with revised guidance from the Audit Commission, we will apply a lighter-touch approach to the VFM audit work and will meet our VFM duty by:

- reviewing the annual governance statement (AGS);
- reviewing the results of the work of the Commission and other relevant regulatory bodies or inspectorates, to consider any impact on the auditor's responsibilities at the Authority; and
- undertaking other local risk-based work as appropriate, or any work mandated by the Commission.

At this stage, no work has been mandated by the Commission for 2011/12. The local risk assessment will be based on a reduced number of reporting criteria specified by the Audit Commission, concentrating on:

- securing financial resilience; and
- prioritising resources within tighter budgets.

We will determine a local programme of VFM audit work based on our audit risk assessment, informed by these criteria and our statutory responsibilities.

In line with our statutory duty, we will conclude whether or not there are any matters arising from our VFM work that we need to report. We will report the results of any local VFM audit work and the key messages for the Authority in our annual report to those charged with governance and in the annual audit letter.

6. Closing remarks

This letter has been discussed and agreed with the Deputy Clerk and Treasurer. A copy of the letter will be provided to all members.

We would like to take this opportunity to express our appreciation for the assistance and co-operation provided during the course of the audit. Our aim is to deliver a high standard of audit which makes a positive and practical contribution which supports the Authority's own agenda. We recognise the value of your co-operation and support.



Deloitte LLP

Chartered Accountants

Newcastle upon Tyne, England

8 November 2011

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body and this report is prepared on the basis of, and our audit work is carried out in accordance with, that statement.

The matters raised in this report are only those that came to our attention during our audit and are not necessarily a comprehensive statement of all weaknesses that exist or of all improvements that might be made. You should assess recommendations for improvements for their full implications before they are implemented. In particular, we would emphasise that we are not responsible for the adequacy and appropriateness of the national data and methodology supporting our value for money conclusion as they are derived solely from the Audit Commission.

This report has been prepared for the Members, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other party since this report has not been prepared, and is not intended, for any other purpose.

An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the Annual Audit Letter since first published. These matters are the responsibility of the Authority but no control procedures can provide absolute assurance in this area.

Deloitte.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

Deloitte LLP is the United Kingdom member firm of DTTL.

© 2011 Deloitte LLP. All rights reserved.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Tel: +44 (0) 20 7936 3000 Fax: +44 (0) 20 7583 1198.

Member of Deloitte Touche Tohmatsu Limited



Tyne and Wear Integrated Transport Authority

Date: 24 November 2011

TITLE: Revenue Budget Monitoring Report to October 2011

REPORT OF Deputy Clerk and Treasurer

Reasons for confidentiality (if confidential) – Not confidential

District Implications - All

1. Summary / Purpose of Report

- 1.1 The purpose of this report is to provide members with a revenue budget monitoring report for the period 1 April 2011 to 31 October 2011.
- 1.2 The monitor includes current financial information relating to ITA administration and financing and the Tyne Tunnels.
- 1.3 The report sets out expenditure to date and compares this with the budget for the year presented to the ITA at its meeting of 27 January 2011. It shows that the likely outturn position is anticipated to be within the budget.
- 1.4 The report also provides an update on the level of the ITA's borrowing and lending for information.

2. Recommendations

- 2.1 The Authority is recommended to receive this report for information and comment.

3. Introduction / Background

- 3.1 The budget monitor has been prepared by comparing the actual income and

expenditure (analysed into ITA and Tyne Tunnels) from April 2011 to October 2011 with the original budget for 2011/12. Appendices 1 and 2 summarise the recorded spending position as at 31 October 2011.

- 3.2 For the ITA, expenditure at £43.28m is 59% 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.

Forecast expenditure, revenue and grant levels in 2011/12 indicate that the latest anticipated net spending of the ITA itself will be within the original budgeted resources available for the year.

In response to suggestions made by ITA members, a policy of charging support services costs to the ITA on a more regular basis is being put in place, rather than charging the majority of costs at the end of the financial year. This will help provide a clearer budget monitoring position for members.

- 3.3 2011/12 is the fourth 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 from 1 April 2011 to 31 October 2011, the position is summarised in Appendix 2, with key bullet points shown below:

- 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 after the end of the relevant month.
- The tolls income is shown on Appendix 2 as green, although there is an element of uncertainty around what effect the opening of both Tunnels (due in December) will have on traffic levels. If traffic levels are not as high as anticipated, there will also be a reduction in the contract payment to TT2, which will reduce the impact on the Tyne Tunnels budget overall. Traffic levels in recent months have shown an improvement.

Treasury Management Update – Borrowing and Lending

- 3.4 The ITA's approved Authorised borrowing limit for the 2011/12 year is £243m and its Operational borrowing limit is £238m. The level of external borrowing as at 31 October 2011 is £176m. 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 contract. The average interest rate payable on the ITA's loans this year is estimated at 4.40%.

- 3.5 The final capital construction payment on the New Tyne Crossing were paid at

NOTE: Under the Local Government (Access to Information) Act 1985 members of the public have a right to inspect any non-confidential background papers used in the production of a non-confidential report to the Authority. Requests for information should be made to the Department originating the report.

the end of October. Additional borrowing was undertaken in 2011/12 to take advantage of falls in Public Works Loan Board rates caused by the Eurozone crisis affecting gilt yields. The funds were invested and used to meet the capital payments when they became due.

4. Next Steps

- 4.1 The budget and the ITA's treasury management position will continue to be monitored carefully by the Treasurer.

An updated budget forecast for the year and the budget for 2012/13 will be reported to the ITA at its next meeting on 26 January 2012. The Treasury Management Strategy for 2012/13 will also be reported to the ITA at this meeting.

5. Further comments by the:

- **Clerk** (if any);
- **Treasurer** (if any);
- **Legal Advisor** (if any);
- **Director General** (if any).

6. Background Papers

- 6.1 Revenue Monitoring reports to October 2011

7. Contact Officer (s)

- 7.1 Eleanor Goodman, Senior Accountant (0191) 277 7518

This page is intentionally left blank

Revenue Budget Monitor
April - October 2011

ITA	Spend to 31/10/11	Budget	Spend Against Budget	Traffic Light	Notes
	£000	£000	%		
Revenue Expenditure					
Members' Allowances and Expenses	50	86	58%	G	
Travel Costs	1	3	33%	G	
Supplies & Services	11	23	48%	G	
Support Services	200	342	58%	G	
ITA Website Charges	22	22	100%	G	
Pension Costs	252	432	58%	G	
Grant to Nexus	41,022	70,323	58%	G	
CGA Subscription	31	33	95%	G	One-off payment made at beginning of year. Discount for early payment received.
Financing Charges	1,738	2,662	65%	G	Charged unevenly through the year
Total	43,277	73,926	59%	G	
Income					
Levy Income	(43,046)	(73,793)	58%	G	
Interest on Balances	-	(31)	0%	G	Interest on Balances allocated at year end
Total	(43,046)	(73,824)	58%		
Contribution from Reserves	231	102			

This page is intentionally left blank

Revenue Budget Monitor
April - October 2011

Tyne Tunnels	Spend to 31/10/11 £000	Original Budget for Year £000	Spend as a % of Original Budget %	Traffic Light	Notes
TT2 Contract					
Toll Income	(7,895)	(15,000)	53%	G	See comments in main report October payment not made at time of preparation of this report
Contract Payments to TT2	1,916	5,807	33%	G	
Total	(5,979)	(9,193)	65%		
Other					
Employee Costs	17	33	52%	G	
Other Expenses	33	55	60%	G	
Community Fund	5	10	50%	G	
Pension Costs	291	499	58%	G	
New Tyne Crossing Support Services	85	145	58%	G	
Financing Charges	3,403	5,833	58%	G	Indicative position
Interest on Balances	-	(338)	0%	G	Interest on Balances allocated at year end
Total	3,833	6,237	61%		
Net Surplus on Existing Tunnels	(2,146)	(2,956)	73%	G	

This page is intentionally left blank



Tyne and Wear Integrated Transport Authority

Date: 24 November 2011

TITLE: LOCAL SUSTAINABLE TRANSPORT FUND – KEY COMPONENT BID

REPORT OF JOINT TRANSPORT STEERING GROUP

Reasons for confidentiality (if confidential)

District Implications

1. Summary / Purpose of Report

1.1 This report provides an update on the progress towards the delivery of the Tyne and Wear ITA Local Sustainable Transport Fund (LSTF) Key Component Bid.

2. Recommendations

2.1 ITA Members are asked to note the report.

3. Introduction / Background

3.1 Following a submission in April 2011, TWITA was awarded £4.904M (the full amount bid for) in July 2011 from the LSTF.

4. Progress since last report in August 2011

4.1 The LSTF Programme Board has met on 16 September, 7 October and 11 November. A number of decisions were taken to start the delivery of the various projects contained within the bid. DfT has a standing invitation to Programme Board – Mark Duggleby from the Northern Engagement Team has been able to attend twice.

4.2 The grant award letter was received from the DfT, setting out the terms and conditions of the grant and has been supported with a mechanism for making the claims. The grant acceptance letter was signed by the ITA Deputy Clerk and

Treasurer, who has also liaised with the other treasurers to make them aware of the grant conditions and any associated financial risks. The ITA accountant is assisting the Programme Manager in ensuring the claims are returned in accordance with the award letter and conditions. The Q2 claim was submitted before the due date of 21 October. The next claim for Q3 is due 20 January 2012.

- 4.3 A risk workshop was held on 16 September, facilitated by the ITA risk advisor. This was attended by representatives from all the districts, Nexus and from our external delivery partners. The output of this workshop was a strategic risk register for the programmes. Review of risks is a standing item for Programme Board.
- 4.4 The process of engagement with schools is currently underway. Most districts attended or briefed the meetings of head teachers for primary, secondary and Special Educational Needs schools. This was followed up by a direct approach to individual schools/head teachers that have been identified as being most likely to deliver the most benefits towards achieving the overall objectives of the bid. This specific targeting of schools has been data led and it is an approach favoured by DfT. For some activities, the projects will deliver some interventions in all schools and this targeted approach is not necessary.
- 4.5 In order to target schools, data have been analysed in the following way:
- Schools from the Department for Education 2011 census have been combined with independent schools and community nurseries to identify all schools across Tyne and Wear
 - The locations of all schools have been mapped, and the distance to each of the key congestion corridors calculated
 - The total number of pupils in age categories 0-4, 5-10, 11-15 and 16+ have been identified
 - The total number of pupils travelling to school by car, and from each age group, have been identified
 - Pupils aged 5-10 and 11-15, the number of pupils travelling by car and by distance (< 1mile, < 2miles etc) have been identified
- Our approach is, in the first instance, to target schools close to key congestion corridors with high numbers of pupils travelling short distances by car. The age groups determine the nature of the interventions from the programme. This approach will be adopted as it is likely to produce the best results. However, it will only work with the support from the head teacher to engage in the programme.
- 4.6 In order that the impact and outcomes of our projects can be accurately monitored, surveys are required to take place at the schools where the interventions are taking place. In order to do this, a hands up survey for baseline

NOTE: Under the Local Government (Access to Information) Act 1985 members of the public have a right to inspect any non-confidential background papers used in the production of a non-confidential report to the Authority. Requests for information should be made to the Department originating the report.

monitoring has been designed and requested from all schools. To date we have received 123 returns (approx 27% of Tyne and Wear schools).

- 4.7 In order to fully monitor and programme manage the interventions, it was agreed by all partners that Project Vision would be used. Training has now been carried out for all partners. This will allow delivery and expenditure to be tracked and enable the grants claims to be made.
- 4.8 An LSTF 'Handbook' is being developed to aid LSTF partners. This provides those involved in managing and delivering the activity with contact details for partners, procedures for meetings, guidance in using Project Vision, etc.
- 4.9 Programme Board will be updated on a monthly basis to keep track on the delivery of the programme and projects. Where there is a potential for slippage of any of the activities and as a consequence, the potential for grant funding being lost, timely decisions will be taken to accelerate delivery in certain areas or swap funding between projects. This is acceptable within the guidance for LSTF funded programmes.
- 4.10 Two officers attended a DfT LSTF communications event in Birmingham on 8 November. This was a useful networking opportunity – by area and by topic. Discussions were also held on behavioural insights (coinciding with launch of new report), delivering LSTF core objectives of economic growth and carbon reduction, and monitoring and evaluation.
- 4.11 The National Institute for Health Research runs a Public Health Research programme, which is inviting high-quality outline applications to their researcher-led workstream to evaluate health-related outcomes of initiatives funded by the Local Sustainable Transport Fund. Proposals must be within the remit of the Public Health Research programme, and will be considered by the Programme Advisory Board for public health importance in competition with other applications received. Officers have been approached by academics from Newcastle University and Northumbria University to use Tyne and Wear LSTF KC as their case study. The LSTF Programme Manager is assisting in developing a submission, with deadline 21 November. A verbal update on the submission will be made at the meeting.
- 4.12 The LSTF Programme Manager has been invited to give presentations on the Tyne and Wear LSTF Programme to:
- 20th September 2011 - CIHT / TPS Event on Active Travel
 - 5th October 2011 – University of Newcastle upon Tyne Transport Operations Research Group Seminar
 - 3rd November 2011 – DB Regio Conference on Metro and Cycling
 - 14th November 2011 – Tyne and Wear Youth Transport Group

5. Next Steps

NOTE: Under the Local Government (Access to Information) Act 1985 members of the public have a right to inspect any non-confidential background papers used in the production of a non-confidential report to the Authority. Requests for information should be made to the Department originating the report.

- 5.1 Continue to roll-out projects in Year 1
- 5.2 Staff to be appointed by Sustrans to deliver Bike It and FEAT 1st projects.
- 5.3 Contractual agreement between TWITA and external delivery partners (Living Streets, Sustrans) to be formalised.
- 5.4 2011/12 Q3 grant claim due 20th January 2012 for the period 1st October – 31st December 2011.
- 5.5 Presentation by Programme Manager to 10th Annual School Transport Conference on 24th January 2012 in London.
- 6. **Further comments by the:**
 - **Clerk** (if any);
 - **Treasurer** (if any);
 - **Legal Advisor** (if any);
 - **Director General** (if any).

7 **Background Papers**

7.1

8 **Contact Officer (s)**

8.1 Jessica Anderson, LSTF Programme Manager, 0191 211 6139

Gary MacDonald, Newcastle City Council, 0191 277 8971

Nick Clennett, Chair JTSG and LSTF Programme Board, 0191 433 2526



TYNE AND WEAR INTEGRATED TRANSPORT AUTHORITY

Date: 24 November 2011

TITLE: LOCAL SUSTAINABLE TRANSPORT FUND PROGRESS WITH MAIN BID

REPORT OF: JOINT TRANSPORT STEERING GROUP

Reasons for confidentiality: Not confidential

District Implications: All

1. Summary / purpose of report

1.1 This report sets out progress made in developing the business case for the Local Sustainable Transport Fund large project bid to be submitted by 20 December.

2. Recommendations

2.1 Members are asked to note the progress made to date and agree the proposed sign-off process for the business case (para 4.1).

3. Background

3.1 ITA Members will recall that an initial application for funding was made to Department for Transport (DfT) in June. DfT invited us to revise our proposals from the initial application. In order to produce a business case that makes these adjustments we have reviewed:

- the original package objectives; and
- the measures contained in the original proposal.

Original package objectives

3.2 The overall case for intervention within Tyne and Wear remains. The basis of this is the problems that congestion and constraints on access to main employment and growth areas will cause to the prospects for future economic growth and curbing of carbon emissions. Given this is the case we have refocused the original three objectives into one clear theme: improving access to

employment.

Original package measures

- 3.3 The review of measures has included both a consideration of those proposed initially while discussions with interested parties and the public about the inclusion of other ideas have also taken place. In terms of existing measures it has become clear that the focus of proposals on a number of main employment/growth areas will need to be a central part of the bid if a convincing case for funding is to be made to the DfT. This has meant that a number of measures which contribute less directly to this proposal need to be scaled back or more integrated within a wider package.
- 3.4 Some of the new proposals were similar to ideas already identified as part of the bid. As such they do not require major changes to existing proposals. However wholly new ideas emerged in a number of areas which were identified as having potential to provide additional support to the bid.

Outline revised package

- 3.5 Securing funding through this mechanism is a competitive process. Details of an outlined revised package will be provided verbally in order not to release potentially sensitive information that may impact on our chances of accessing funding.

4. Next steps

- 4.1 In order to finalise the business case submission ITA LTP Working Group have advised that the Delegated Committee should sign off the bid. Other political representatives can continue to influence the bid development through the following mechanisms:
- officers from all districts attend weekly 'Task and Finish' meetings and brief their respective political representatives;
 - if political representatives feel there are significant issues emerging they will contact the Chair and a special meeting of the Authority will take place in advance of a proposed Delegated Committee; and
 - a detailed presentation on the package will be given at the ITA Policy Seminar in December.

5. Contact Officer (s)

- 5.1 Graham Grant, ITA Senior Policy Officer, 0191 211 6011
- Andrew Haysey, Chair of the LSTF Task and Finish Group, 0191 433 3124
- Jessica Anderson, LSTF Programme Manager, 0191 211 6139



Tyne and Wear Integrated Transport Authority

DATE: 24th November 2011

TITLE: COMPETITION COMMISSION INVESTIGATION UPDATE

REPORT OF: DIRECTOR GENERAL, NEXUS

Not confidential

District Implications: All

1. **Summary / Purpose of Report**

1.1 To advise Members of developments in the Competition Commission's investigation into the UK local bus market.

2. **Recommendations**

2.1 The ITA is recommended to note this report.

3. **Introduction**

3.1 The Competition Commission (CC) has been investigating the UK local bus market (outside London) since January 2010, after a referral by the OFT. It published its provisional findings in May 2011, and noted that in many local areas the largest bus operator faced little or no competition.

3.2 On 6th October 2011 the CC published its 'Provisional decision on remedies' arising from its investigation into the local bus services market investigation. This report provides a summary of those remedies and the response of the ITA and Nexus to the proposals.

3.3 A report covering 'tacit co-ordination' was published in August 2011 as part of the provisional findings, but the CC has uncovered new evidence relating to the North East that has led it to reassess the August report. It therefore published an addendum to its provisional findings on 1st November 2011, subtitled 'limitations in competition between bus operators in the North East'.

4. **Provisional decision on remedies**

4.1 In its provisional findings published in May 2011 the CC concluded that in many local areas the largest bus operators faced little or no competition, leading to passengers facing less frequent services and, in some cases, higher fares than where there was some form of rivalry. Possible remedies to address those features in the bus market which have been preventing, restricting or distorting competition included revised ticketing arrangements, registration restrictions, partnerships and franchising.

4.2 Since then the CC has been discussing the findings and possible remedies in detail with bus operators, passenger groups, LTAs, Traffic Commissioners, DfT and the Office of Fair Trading (OFT). The Tyne and Wear ITA and Nexus submitted a detailed response to the remedies in which we broadly agreed with the findings and set out our views on potential remedies.

4.3 On 6th October 2011 and as a result of these discussions, the Competition Commission published the Provisional Decision on Remedies. The proposed remedies include :

- Increasing the number and effectiveness of multi-operator ticketing schemes
- Restrictions on bus operators making changes to service frequency
- Ensuring new and competing operators can get fair access to bus stations managed by other local operators
- Recommending the DfT update its best practice guidance on tendering for supported services
- Recommending the OFT applies a high priority to identifying bus mergers between competing operators
- Recommending that LTAs consider introducing partnerships with operators as a means of improving passenger information and growing bus patronage, so facilitating increased competition via new entry.
- Recommending that the DfT considers way to incentivize operators to participate in the above measures via the review of Bus Service Operators Grant.

4.4 The CC rules out franchising as a remedy, saying:

‘We are not recommending franchising—as operates in London—because it addresses the symptoms of the problems we have found rather than the cause. However, we recognize that franchising remains an important option for LTAs and would not wish to rule out its future application in particular local markets. LTAs also have wider social and policy objectives that are not relevant to this

investigation, but which may legitimately lead them to take a different view on this matter’.

- 4.5 The CC invited final comments on the provisional decision on remedies by 27th October 2011. The press release accompanying the response from *pteg* is attached at **Appendix A** for information.
- 4.6 The Nexus response on behalf of the ITA is attached at **Appendix B**. In summary, Nexus is very disappointed with the proposed package of remedies. We do not believe that the package of measures will have much, if any effect, on the consumer detriment which has the CC now estimates at between £63 million and £158 million nationally. In some aspects we consider the proposals may be counter-productive and raise barriers to entry for new competitors
- 4.7 The majority of proposed remedies will require changes to primary legislation to become enforceable. Without such a change, any attempt to implement remedial actions will continue to be based on the voluntary and willing co-operation of bus operators.
- 4.8 Of greatest concern is the CC’s stance on partnerships and franchising. With regard to partnerships, the CC are concerned that an LTA should not raise quality to such a level that it may be considered a barrier to entry in a partnership. As Nexus believes the primary focus of partnerships should be to bring benefits to bus passengers rather than to stimulate competition between bus operators, quality improvements and a quality product are essential outputs of any partnership agreement. This contradiction is highlighted in our response.
- 4.9 The CC has also decided not to recommend franchising as a remedy to the AEC. Nexus believes that this stance is based on a series of incorrect assumptions and interpretations, which overstates the costs and underestimates the benefits of area-wide franchising, a solution which is still acknowledged by the CC as having ‘the potential to address customer detriment and improve market outcomes’.
- 4.10 It is also a matter of some concern that while the CC’s provisional remedies and associated documents were published on 6th October containing several hundred detailed pages of analysis, interested parties were given 21 days to provide a response.
- 4.11 Finally, the CC’s apparently weak set of proposed remedies seems all the more surprising in the context of its subsequent publication (see below) that suggests a high degree of co-ordination by two bus operators in the North East and its adverse effect on competition. We note with disappointment that the closing date for responses to the provisional decision on remedies was 27th October 2011, 5 days before the publication of the second report that may well have caused a different response to be submitted.

5. **'Limitations in competition between bus operators in the North East'**

- 5.1 The CC published an additional report to its provisional findings, covering 'tacit co-ordination' in August 2011, but the CC subsequently uncovered new evidence relating to the North East that led it to reassess the August report. It has therefore published an addendum to its provisional findings.
- 5.2 In the CC's press release Jeremy Peat, Chairman of the local bus market investigation Group, said:
- 'One of our main concerns in this investigation has been the number of areas where one company has faced little or no competition over an extended period of time. In August we noted that bus operators may have the incentive to avoid competing in each other's territories. We have now found that some large bus companies have gone about their business in ways that adversely affected competition in some areas as we feared.'
- 5.3 The CC has considered a large amount of evidence from Go North East (GNE) and Arriva North East (ANE) based on emails between the two companies, internal briefing notes, and hearings with individuals involved including senior management. It has had difficulties because different people involved (some of whom had since left the companies) had different recollections of events. It is also concerned that some relevant evidence may have been withheld earlier in its inquiry.
- 5.4 The evidence suggests that GNE appeared to believe that it had core operating areas in which it did not expect to be challenged by other operators, and if a rival did encroach on their routes a retaliatory reaction was justified. One such 'territory' appears to have been Gateshead.
- 5.5 The CC observes that there was a high level of contact between GNE and ANE, including at senior level, involving the disclosure of commercially sensitive information that could have helped them avoid head-to-head competition between themselves and with others.
- 5.6 Both ANE and GNE appear to have been prepared to respond aggressively to incursions into their core territories, not only on the route involved but also against the new entrant's own core operations elsewhere. Service registrations and deregistrations appear to have been used by ANE and GNE to signal messages to each other.
- 5.7 The evidence suggests that discussions between GNE and ANE over depot 'swaps' appeared to be aimed at the reduction of competition rather than seeking efficiencies or other benefits from depot sales.
- 5.8 The report contains evidence that GNE and ANE discussed a Quality Bus Partnership with the seeming intent of using it to reduce competition between them on certain routes rather than improving services for passengers.

5.9 The CC says in the report that it took consideration of these provisional findings in its provisional remedies published on 6th October 2011. Therefore no further remedies are proposed.

5.10 Given the serious nature of the CC's provisional findings, Nexus is astonished that the CC has ruled out further interventions beyond a set of proposed measures that largely rely on voluntary compliance and monitoring rather than more direct interventions. Nexus's response on behalf of the ITA is attached at **Appendix C**.

6. **Next Steps**

6.1 According to its updated administrative timetable, a final decision on remedies is anticipated from the CC in mid to late December 2011.

7. **Further comments by the:**

- **Clerk** (if any);
- **Treasurer** (if any);
- **Legal Advisor** (if any);
- **Director General** (if any).

8. **Background Papers**

8.1 Competition Commission Local Bus Services Market Inquiry

<http://www.competition-commission.org.uk/inquiries/ref2010/localbus/index.htm>

9 **Contact Officer (s)**

9.1 Toby Hughes, Director of Customer Services, Nexus

Appendix A

News release (31st October 2011)

Latest CC report casts shadow over quality partnerships as well as franchising, claims *pteg*

Ticketing recommendations welcomed...but CC's overall package is 'faith based' not 'evidence based' -

In its response (published today) to the Competition Commission's interim remedies, *pteg* says that the CC is threatening to *'turn the clock back by raising the same vague but threatening doubts over the value of any scheme that excludes the theoretical possibility of low end competition.'* An approach that inhibited partnership working prior to the Local Transport Act 2008.

pteg also argues that the CC has systematically over-estimated the costs and risks associated with franchising and that there is no evidence for claiming that its package of measures would be more effective than franchising.

In its response to the CC's interim remedies the group of the six largest transport authorities outside London also:

- Welcome the CC's conclusion that the failure of the bus market is now costing passengers as much as £150 million a year, but argues that figure still fails to take into account the wider costs to society – such as the resulting traffic congestion
- Welcome the ticketing measures in the report but says that the costs and timescales for implementation have been under-estimated
- Argue that the CC has not provided the evidence to justify its claims that its package of measures will provide a solution to the £150 million problem it has identified and that many of the measures it proposes will have a modest or negligible effect on encouraging the on-street competition the CC seeks

David Brown leads on bus issues for *pteg*:

'In this iteration of the competition authorities thinking they seem to have reverted to a set of recommendations that are all about promoting on-street competition. However the evidence from their own investigation, as well as the findings of their previous reports, does not uphold the argument that sustained on-street competition is either likely or beneficial. It is also highly unlikely that this loose package of measures will lead to an onset of sustained on-street competition - even if this was desirable.'

'Through taking this approach the CC also risk undermining the measures in the Local Transport Act which are being used right now to improve services on the ground for passengers. The report is sceptical about any measures that exclude the theoretical possibility of future low end on-street competition and in doing so casts a shadow over high end voluntary partnerships, Statutory Quality Partnerships and Qualifying Agreements.'

David Brown added:

'There are measures in this report – particularly on ticketing – which we think could bring about a better deal for passengers, and we are happy to contribute to a process of developing them. However, we believe that the central argument of this report is flawed. Promoting on-street competition should not be the main driver of bus policy and even if it was, the report makes an unconvincing case that its package of measures will deliver that outcome. Better therefore to build on, rather than blight, the progress made since the Local Transport Act 2008 on voluntary and statutory partnerships and quality contracts.'

ENDS

pteg's response to the Competition Commission's interim findings can be found here

http://www.pteg.net/NR/rdonlyres/AAA9B635-7B50-460C-96C8-B380D0914698/0/pteg_remedies_response_20111031_finalredacted.pdf

pteg represents the transport authorities serving the six largest conurbations outside London with a combined population of eleven million. 37% of the bus market covered by the Competition Commission investigation is in PTE areas.

For more contact Jonathan Bray on 0781 804 1485 / 0113 251 7445

Appendix B

Response to the Competition Commission Provisional Decision on Remedies from the Tyne and Wear Integrated Transport Authority and Tyne and Wear Passenger Transport Executive ('Nexus')

Introduction

1.1 We welcome the Competition Commission's efforts to prescribe remedies to the identified Adverse Effects on Competition (AEC) within the market for local bus services; however overall we do not believe that the package of measures proposed by the CC will have much, if any effect, on the consumer detriment set out in the AEC. Indeed in some aspects we consider that they could be counter-productive and raise barriers to entry for new competitors.

1.2 We set out our reservations with the provisional remedies in detail below. Our general concerns regarding these remedies surround the likelihood of successful delivery of the package. We consider that 'enforcement deficiencies' of remedies such as partnerships and the need for further statutory powers as regards ticketing will result in such remedies being largely ineffective. It follows that any attempt to implement remedial actions will continue to be based on the voluntary and willing co-operation of bus operators. Some of the suggested remedies are already widely implemented by LTAs, and while these represent good practice, we do not believe they will address the identified AEC.

1.3 In addition to our reservations, we would urge the CC to clarify, illustrate and elaborate in detail many of the statements made in its Provisional Decision on Remedies regarding the role that Local Transport Authorities (LTAs) can play in stimulating competition within the local bus market through partnership working and via other means such as promoting multi-operator ticketing schemes.

1.4 While we accept that greater competition within the market for local bus services can be of benefit to LTAs through lower secured service tenders, the primary role of LTAs when developing partnership agreements with bus operators is to deliver benefits to passengers and thus 'putting passengers first'. It is not to stimulate competition between bus operators. LTAs seek to use partnership agreements in order to deliver better bus services to passengers by raising the quality of services and giving passengers a better 'whole journey' experience. Many of the quality enhancements required under these schemes, such as commitments on vehicle quality and service frequencies can effectively 'raise the barrier to entry' for some operators. We therefore seek clarification on how partnership agreements should be structured in a way that stimulates competition without 'putting competition first' above the interests of the passenger.

1.5 As the CC's analysis of the London market found 'that franchising was, in principle, a practicable alternative to competition 'in the market' and could be made to operate successfully' (paragraph 408) we are disappointed that it has chosen to highlight the risks involved in other LTAs developing a similar model, rather than using the weight of its recommendations to help lessen or mitigate those risks and assist in delivering significant benefits.

1.6 We are concerned that the Competition Commission has exceeded its remit in this investigation in relation to its views on Franchising. The CC is correct to point out that there may be perfectly reasonable and legitimate local policy reasons why an LTA would seek to

implement a Quality Contracts Scheme (QCS). It is not, however, correct to state that these reasons are only valid in instances where there is evidence of 'significant market failure'.

1.7 The legislation empowering LTAs to make a Quality Contracts Scheme already sets out a clear set of criteria that must be satisfied in order for an LTA to implement a QCS. It is not in the CC's remit to purport to make additional amendments to legislation. We believe the statement could be interpreted as an additional requirement that an LTA seeking to make a QCS would need to satisfy in order to meet the public interest criteria. 'Evidence of significant market failure' is a highly subjective statement and is not referenced either in the legislation itself or the supporting statutory guidance and should therefore be withdrawn.

1.8 The public interest test is centred on improved services for bus passengers and increased use of bus services which must be proportionate to any adverse effects of the proposed QCS on operators. It is incorrect and potentially misleading to summarise the public interest test as where there is evidence of 'significant market failure'. In addition to the removal of this statement, we respectfully request that the Competition Commission includes wider reference to the acknowledged potential customer benefits which can be delivered by a QCS.

Comment on Provisional Remedies

Ticketing

2.1 We agree with the CC's assertion that multi-operator ticketing brings both benefits to passengers and can ensure that dominant operators do not abuse their position in the market. The current scheme operating within Tyne and Wear is generally compliant with the recommendations in the Provisional Decision on Remedies.

2.2 However, it is our view that full delivery of the recommendations as currently set out in the Provisional Decision will require additional supporting legislation. Without new legislation giving greater powers to LTAs in this area the implementation of the proposed remedies by voluntary means as suggested will be problematic and subject to significant barriers and risk.

2.3 The current legislative agenda does not to our knowledge include any time for local transport or bus related legislation before 2016, therefore effective implementation of these remedies cannot take place within the timescales outlined by the CC. The main barriers to LTAs seeking to implement such schemes are:

- Opposition from incumbent operators;
- High costs of administration (we do not accept the costs suggested in the CC's Provisional Decision as accurately reflecting the true costs of supporting and marketing multimodal tickets);

2.4 The CC makes specific reference to the Tyne and Wear multi-modal ticketing scheme (NTL) as being an example of a scheme which could be reformed to the benefit of passengers and competition through the addition of a lower priced 'bus only' version of the ticket. Tyne and Wear Metro provides a complimentary local service to buses and is integral to the local transport network, its pricing being broadly comparable to that of local bus operators. Nexus would respectively submit that a focus on a bus-only ticket would in fact reduce consumer choice given the nature of the network and may not deliver significantly reduced prices.

2.5 Nexus supports any proposals which increase the transparency of ticketing and pricing. However referring to paragraph 93 and the proposed multi-operator ticketing scheme pricing approach, Nexus is concerned about the methodology used and would argue that a localised rather than universal standard, approved by the LTA, is more appropriate. This standard should recognise that a floor must be applied to provide commercial protection to the ticketing structures of operators. Given the short timescales available to respond to the Provisional Decision on Remedies, our detailed analysis is on-going but we would be happy to share it in due course.

Operator Behaviour

3.1 We welcome any remedies that will help to increase passenger awareness of service changes. Extending the period of change to registered services to 90 days is therefore welcomed. We would suggest this is extended also to cover registrations and de-registrations of services, since the retention of the 56 day period for these actions undermines the effectiveness of the '90 day' remedy. We do not agree that the safe guards suggested by the CC to restrict operators from de-registering and re-registering services are sufficient or adequate. Any challenge from an LTA to the Traffic Commissioner regarding a service de-registration/re-registration on the basis that the operator is trying to circumvent the 90 day rule is likely to result in a protracted and lengthy appeals process. We have concerns that the Traffic Commissioners are insufficiently resourced to bring about timely resolution to such matters.

3.2 This concern applies equally to the ability of the Traffic Commissioners to devise and enforce local Codes of Conduct. The geographical areas covered by the Traffic Commissioners do not lend themselves to the application of a Code that would be suitable for all areas within their respective jurisdictions: for example what is appropriate for a rural market may not be so for an urban or metropolitan one. The CC should give consideration to recommending that LTAs themselves establish and enforce 'Codes of Conduct' as part of partnership agreements. We recognise that this remedy would require new legislation.

3.3 As noted in previous submissions by Nexus, we would re-iterate the benefit of requiring full registration of those services classified as 'frequent'.

Bus Station Management

4.1 We have no concern with implementing the CC remedies as outlined.

4.2 However, given our experience in Tyne and Wear, we believe this remedy will not assist in addressing the AEC. This reflects our previous responses.

Supported Services

5.1 We welcome the CCs provisional remedies in this area, in particular the requirement for operators to disclose patronage and revenue data prior to de-registration of a service. We do however note that the supply of this information will be dependent on the voluntary co-operation of operators until appropriate legislation extending the powers of LTAs is in place.

Competition Enforcement

6.1 While the acknowledgement that the OFT needs to continue to implement effective merger control measures in order to prevent further market concentration within the bus market is welcome, we do not accept that this measure on its own will effectively prevent

further market concentration within the industry or do anything to tackle the problem of high market concentration where it already exists.

6.2 Experience locally suggests that merger control measures have done little to prevent a high degree of market concentration from arising within the Tyne and Wear bus market; we therefore have little confidence that it will do so in future.

Partnerships

7.1 It is acknowledged in the Guidance on Voluntary Partnership Schemes published by DfT (February 2009) that competition law is likely to be engaged where LTAs enter into VPAs with more than one operator, where an LTA enters into a series of bilateral VPAs and where operators enter into Qualifying Agreements. Competition law is engaged where an agreement has as its object or effect the prevention, restriction or distortion of competition. It is therefore surely disingenuous to suppose that Partnerships of this nature can have as their effect the encouragement of sustained competition.

7.2 Nexus is supportive of the partnership approach and would be keen to play an active role in the development of qualifying agreements with the OfT. However Nexus believes the primary focus of partnerships should be to bring benefits to bus passengers rather than to stimulate competition between bus operators. We do not consider the remedies suggested by the CC in this area will have any impact on the identified AEC. We find some of the remedies to be confused, in some instances contradictory and more a statement of good practice in developing partnership schemes. We would also highlight that we are not aware of any instances of new entry into a market as a direct or indirect result of the introduction of a partnership. Whilst we believe partnerships can generate benefits we have no evidence that they are a market opening measure.

7.3 We are not convinced that partnership agreements can effectively be tailored to delivering increased competition and we seek further clarification from the CC as to: a) how this can be achieved in the context of delivering better bus services to passengers; b) what does the CC mean by 'sustained competition' and c) how can a partnership be structured so as to both encourage sustainable competition and achieve service stability. Taking each of the suggested partnership remedies in turn:

- **Improved information** – we regard this as less of a remedy and more a reiteration of good practice. Whilst we acknowledge that the quality of bus information varies widely from LTA to LTA, there is only so much that can be achieved through the provision of information. The statement that improved information will make passengers more responsive to changing operator's offerings appears to be at odds with the aim of promoting sustainable competition and service stability. If service stability is the aim of partnership agreements, then there should be little need to educate passengers about operators changing the service offer and information, by its very nature, becomes easier to provide. If competition is to be stimulated and more operators are encouraged into the market, then there is little chance of service stability or maintaining up to date accurate information.

The CC appears to agree that Real Time Information systems may make passengers more willing to wait for a specific bus rather than board the first one that comes. It ignores the reality that for a considerable number of bus passengers (i.e. those qualifying for free travel) there is no incentive at all to wait for a specific bus service, since the LTA pays the fare regardless of which operator is used. It also contradicts the CC's entire dictum on the need for multi-operator tickets.

It should be noted that information provision is not limited to routes and timetables, but also to information about fares and season tickets. In our experience, the more operators there are within a market, the more difficult it is to convey this information to passengers. We fully support moves towards multi-operator ticketing, however, the addition of these schemes to what can already be a complex array of fares and tickets will do nothing to make the system easier for passengers to understand. In our view the complicated fares and ticketing structure in markets with many operators is as difficult to communicate to passengers as it is effectively to relay the complex pricing structures associated with the domestic gas and electricity market to consumers. The complexity of pricing within the energy market has been identified as a factor limiting competition between energy suppliers. We believe the current and anticipated complexity of the fares and ticketing structure similarly prevents passengers from identifying the best value ticket.

- **Make partnerships accessible to all operators.** We do not agree with the principle that a good partnership is one that is open to all operators, since the implication is that the partnership must be structured in such a way that low and high quality operators are equally able to participate. In our opinion this will lead to partnerships based on the lowest common denominator and do little to raise standards for passengers. The remedy is also at odds with the principles that underpin Quality Partnership Schemes which by their nature exclude operators that are unwilling or unable to comply with what would be statutory regulations around fares, quality and frequencies. Opening up QPS's to all operators would undermine the very principle that underpins them and deliver no additional benefit to passengers. We repeat our request for the CC to clarify what it means by 'sustainable competition' in this context, since opening schemes up to all operators and potentially allowing operators to use LTA facilities that have been designed to reward 'good' operators and stabilise the service provided would in our opinion lead to 'bad' operators entering the market and destabilising the service provided.

- **Provide partnerships that encourage 'sustained competition'.** We again reiterate our request for the CC to articulate what 'sustained competition' is. We do not agree that this is a realistic option for LTAs, since the stated aim 'sustainable competition' is highly subjective and open to interpretation. In some areas, the market is small or in decline so the only 'sustainable competition' is where a single dominant operator provides most if not all services. We acknowledge that the CC makes some good suggestions for partnership agreements; however we would again suggest that these are examples of 'good practice' and are unlikely to stimulate competition. To take each recommendation in turn:
 - a) Managing scarce road space in a fair and equitable manner is a fundamental responsibility for an LTA.
 - b) Working with operators to limit service changes to set dates is already widely practiced; however adherence to these rules is voluntary. Extending LTA powers in this area may help to control what the CC terms 'unsustainable competition'.
 - c) Conducting regular network reviews. Again this is good practice, we regularly review our secured service network to ensure it meets customer needs and delivers value for money, and where possible there is extensive liaison with bus operators to plan these services effectively; however LTAs have no ability to force or compel operators to participate in network reviews. Experience locally in South

Tyneside suggests that operators walk away or significantly dilute the outcomes from such exercises if their commercial priorities are not met.

- d) Quality Partnership Schemes are by their nature exclusionary and therefore contradict the CCs assertion that partnerships should be open to all operators.
- e) Multi-operator ticketing is discussed above; we fully support the assertion that multi-operator ticketing can bring benefit to passengers and lower barriers to entry. However current legislation is inadequate for the CCs remedies to be implemented.
- f) The CCs note of caution against the implementation of qualifying agreements is disappointing, since such agreements, can, like RTI have the effect of producing even headways thereby reducing waiting times for passengers and thus stimulating demand. It is widely acknowledged within the bus industry that predatory timetabling delivers little or no benefit to passengers.

BSOG

8.1 Nexus has no further comment on this remedy.

Other options

Franchising/ Quality Contracts

9.1 Nexus welcomes the CC's findings that there is a clear legal basis for the introduction of franchising and that in principle, franchising can address the detrimental effects identified in the investigation.

9.2 However, we have significant concerns that the provisional proposals do not fully articulate the wider responsibilities and considerations of an LTA. Only in paragraph 435 does this issue receive any acknowledgement and we do not believe this provides adequate balance. Additionally, this is confused by the reference to 'a significant market failure' being necessary to support application of the current legislation. We refer to our earlier comments 1.5 to 1.7, and reiterate we believe this is not consistent with the legislation (Transport Act 2000 (as amended)). We are disappointed that the CC believe their remit does not co-incide with some of the wider policy objectives of the LTAs given they must consider the detrimental effect on wider consumers.

9.3 Whilst Nexus accepts that franchising can restrict competition in the market for a period of time, we argue that the generation of competition for the market is equally, if not more, valuable and can be a powerful market opening measure. Considering recent experience within our local deregulated market, competition of any kind appears most likely within a franchised environment where contracts are phased in commencement or completion. Additionally, we would fully intend to use all powers available to us to maintain an active market whilst any QCS were in effect. For example, it is assumed scholars and work services will be exempt from a QCS in this area and will provide an active market for smaller operators to develop their businesses in readiness for future tenders.

9.4 We welcome the CC's findings that barriers to entry may be lower under franchising than under a deregulated model but note a concern regarding depot access (paragraph 405). This conflicts with the responses of the operators themselves

to earlier consultations. Operators in the Tyne and Wear area were explicit in stating that depot access did not present a barrier to entry.

9.5 With regard specifically to the practicability of area-wide franchising, we have considered those practical challenges and risks listed in the Provisional Decision. All are products of the existing industry structure rather than failures on the part of LTAs. Generally we are disappointed that the CC has simply accepted these risks rather than made recommendations which could mitigate or remedy them. Considering each aspect in turn :

- Nexus would dispute the need to develop new skills and capabilities. From a procurement and contract management perspective, in 2009 we conducted a large-scale tender exercise covering the operation of the Metro service (valued at circa £40 million p.a) and now manage the resulting contract. We have a number of experienced bus network planners who have a detailed knowledge of the Tyne and Wear network. We would agree (paragraph 416) that the LTA would in fact benefit from savings in this area as this would limit duplication of skills across the various commercial operators. Additionally we acknowledge TUPE may apply in other areas of specialist expertise.
- We accept the concerns regarding asymmetry of information and would welcome recommendations to overcome this challenge. For example, operators should be legally obliged to provide service information at the same level as is proposed for de-registered services to the LTA within a QCS process. Inevitably such information will be ultimately required by a QCS Board and would then be available to the LTA, therefore such a recommendation would moderate unnecessary administration as well as better inform the consultation process.
- We accept the concerns regarding transitional risk but note this has been significantly moderated by the TUPE provisions and extended de-registration periods. A further mitigation to the risk could be a restriction on any de-registrations during the QCS process.

9.6 Referencing paragraph 414, Nexus strongly disagrees that the franchising approach will reduce responsiveness to customer needs. Given the proposed annual planning and consultation process, as outlined in papers previously submitted to the CC, we expect customers to feel more involved and informed of any changes. Additionally, whilst we accept there will be increased political involvement, we view this as a positive. The politicians involved will be elected members representing the views and needs of local communities and thereby improve the awareness of customer requirements. Under franchising, resource allocation will not be entirely driven by economic considerations although, as we have demonstrated in our feasibility study, it remains a critical constraint. It will also reference customer requirements and social need so providing a more comprehensive solution for Tyne and Wear passengers.

9.7 Referencing paragraph 415 (a), as previously submitted, we anticipate the increase in operating costs post award of quality contracts to be significantly lower than £1 million proposed by TAS yet no reference is made to this in the main report.

9.8 Nexus strongly opposes the assertion in paragraph 419 that a QCS would involve 'substantial additional costs'. As demonstrated in the papers previously submitted, our feasibility study establishes the affordability for an improved solution via a QCS without the need for additional public funding. We refer to comment 9.5 regarding the issue of practical

challenges as we believe the CC has an opportunity to make proposals which would mitigate the negative impact of such factors.

9.9 Nexus disagrees with the assertion that the area-based franchising is significantly more onerous than the package of remedies and sees no evidence to justify the claims that the set of remedies is superior to franchising. Nexus disputes this on the basis of :

- the comments contained within this section demonstrating why we believe the CC has overstated the costs and underestimated the benefits of area-wide franchising, a solution which is still acknowledged as having ‘ the potential to address customer detriment and improve market outcomes’ (paragraph 419).
- our summarised comments in 1.2 and 1.8, which demonstrate why we believe the CC has overstated the benefits and likelihood of successful delivery of the proposed remedy package.

Regulatory accounting

10.1 Nexus would support any proposals to increase transparency in bus industry accounts. From a competition perspective, it could be argued that a clearer statement on the profitability of a network or area may encourage new entrants to that area. From a wider policy perspective, we consider such an approach would allow a greater understanding of the application of public funds and would urge the CC to consider inclusion of this issue in its package of remedies.

Implementation of the package

11.1 With further regard to the implementation of the remedies package Nexus is concerned that the additional requirements imposed on the regulatory mechanisms and agencies will require extra resource. Without this resource, or without a significant review in the priorities given to the bus industry at the expense of other sectors, the effective delivery of the remedies package is further questioned.

11.2 We re-iterate our concerns regarding the likelihood of successful delivery of the package of remedies. Most critically, Nexus believes the majority of interventions will require legislative change prior to becoming enforceable or even viable. Given experience to date, we would question the potential of voluntary delivery by operators without the presence of a financial incentive or benefit. This concern is compounded by the commitment and resource required from those agencies and organisations who have responsibility to deliver the package. Overall we believe the implementation issues will significantly impact on the potential of the proposed remedies package to address the AEC identified.

Appendix C

Nexus response to the Local Bus Services Market Investigation : Addendum to provisional findings – Geographic Market segregation and operator conduct (Published 1/11/11)

1 General response

1.1 Nexus welcomes the provisional findings of this addendum as they confirm a long held suspicion that the notion of ‘territories’ is understood by local bus operators, and that some operators are prepared to flout customers’ interests in order to protect those ‘territories’. In our evidence to the CC we highlighted our concern that customers’ best interests had not been served by the localised ‘bus war’ between GNE and ANE, nor by its ultimate resolution involving depot and asset swaps. We have therefore noted with interest – and concern - the CC’s publication of evidence of the thought processes that lay behind some of the actions that we witnessed at the time.

1.2 Given the serious nature of these provisional findings, we are astonished that the CC has ruled out further interventions beyond the set of proposed measures already set out in the ‘provisional remedies’ report that, as noted in our previous response, largely rely on voluntary compliance and monitoring as opposed to more direct interventions. We believe that without a significant strengthening of the provisional remedies the risk remains that further inappropriate conduct could take place in the North East and elsewhere, causing further customer detriment. The section below entitled ‘Supporting Information’ provides examples to support this statement and makes recommendations as to how existing proposals can be strengthened.

1.3 We note that the CC’s provisional finding that ‘operator conduct leading to market segregation is a feature that gives rise to an AEC in the North East or that contributes to the AEC in the North-East...’. However we are concerned that a financial value for this element of the AEC has not been defined. Noting that the CC nationally places the value of the AEC at up to £158m we would be interested in the CC’s view on whether the North East attracts the same proportional share as the rest of the country in light of its provisional findings in the North East.

1.4 The North East example reinforces our concerns regarding the effectiveness of the provisional remedies. As previously stated, the package is for the large part based on voluntary co-operation and the willingness of all parties to behave in a manner that promotes effective competition. Arguably the most significant proposed remedy, that of the mandatory introduction of multi-operator ticketing, is not particularly relevant to Tyne and Wear given that a long-established and relatively successful scheme exists. This has had no effect on the high levels of concentration prevalent in parts of Tyne and Wear, and did not act as a deterrent to either operators’ desire to defend core ‘territories’, nor did it limit aggressive on-street competition.

1.5 We are very concerned over the stance that the CC has taken as regards partnerships. We have never had any doubt that bus operators will seek to improve their commercial position through partnerships, and it is the role of Nexus and other LTAs to ensure that the public’s interest is promoted in equal measure. We believe that the CC is at risk of greatly reducing the effectiveness of partnerships as a tool to achieve public benefit. The section entitled ‘Partnerships’ discusses this in further detail.

1.6 We respectfully repeat our request that the CC reviews the stance it has taken on bus franchising in the provisional remedies. In our view it is only under this regime that all of the factors that have given rise to the AEC in the North East can be eliminated without creating significant disbenefits to the passenger.

1.7 Finally, given the potential impact of the report on our local market we are disappointed to have been given only 14 days to analyse and consider the detailed findings of this investigation.

2 Supporting Information

2.1 The following sections demonstrate the limitations in the application of the proposed remedies package, specifically considering the ability to ensure that competition among operators is not diminished by operator conduct.

2.2 To eliminate the risk of inappropriate conduct the CC proposes a new requirement on bus operators to 'improve the quality of information provided to bus passengers and to LTA's while not increasing the information that is available to other operators'¹. With regard to LTAs, the proposed remedy is the provision of additional information on de-registration.

- In the North East example, the number of de-registrations was minimal. The majority of amendments to registrations were in fact applied to existing services.
- Without amendments to legislation, this in any case can only be adopted as a voluntary measure.
- The CC recommends that operators submit route revenue figures which are calculated using a methodology determined by the operators themselves. Given that the CC has ruled out regulatory accounting, it will be hard to judge certain key factors underpinning route profitability, in particular the allocation of certain costs and revenue items (e.g. central overhead charges, vehicle depreciation charges, multi-trip ticket income, and concessionary travel reimbursement income).
- We therefore question the value of any such information if there is no standard information set that must be communicated. Different operators and indeed different depots may treat costs and revenue in different ways, making it very difficult to determine where inappropriate commercial decisions have been taken.
- Furthermore, given that LTAs are not recommended to have any powers of enforcement it will be a matter for the Traffic Commissioner to take up, presumably acting on an LTA's advice. We find it extremely unlikely that the Traffic Commissioner will have either the available resources, the appropriate skill-set, or indeed appropriate powers of enforcement to act on frequent referrals from the LTA.

2.3 We believe that the amendments to the registration of frequent services will be of only marginal benefit. As noted in our previous response², only if all timetables have to be fully

¹ Paragraph 67, Local Bus Services Market Investigation; Addendum to provisional findings-geographic market segregation and operator conduct, Competition Commission, 1/11/11

² Response to the Competition Commission Provisional Decision on Remedies from the Tyne and Wear Integrated Transport Authority and Tyne and Wear Passenger Transport Executive ('Nexus'), Nexus, 27/10/11

registered and the extended registration period applied to all service introductions, amendments and de-registrations would this remedy generate benefit. Referencing the North East example, it is clear the vast majority of aggressive actions relate to amendments to existing services. Under current proposals such services would not be subject to the extended registration period. Given this example, we would urge the CC to review this position and extend the proposal to cover all service changes.

2.4 Referencing the intention to request the OFT to prioritise bus company mergers, in the North East example the OFT 'chose to exercise its discretion on the basis of the de minimis exemption not to refer the merger to the CC' despite there being 'a realistic prospect of a substantial lessening of actual competition'.³ It therefore seems unlikely that similar cases would be considered significant enough for the OFT to re-prioritise the bus market at the expense of other sectors.

2.5 We repeat our concerns regarding the limitations of other market opening measures.⁴ Specifically referencing the North East example :

- It is noted that from early 2007 fares initiatives and promotions did feature in the chronology of key competitive actions taken by ANE and GNE. The Tyne and Wear Network Travel ticket (now known as 'Network One'), which broadly fulfils the multi-operator ticketing provisional remedy, was available on the Tyne and Wear elements of the network in question (Gateshead, Newcastle and North Tyneside) during this period, and the 'North East Explorer' ticket was also available covering multi-trip journeys on multiple operators (including GNE and ANE) across the wider North East area. The existence of these ticket products had no apparent effect on diminishing the notion of 'territories'. We therefore question whether the ticketing remedy would have any effect on the AEC in the North East example.
- There was no evidence in the North East example of concerns regarding access to bus stations. Whilst an ANE manager referred to the possibility of Arriva buses blocking stands (a behaviour that we have observed from time to time), ANE later explained to the CC that as Nexus manage the bus stations in question (Haymarket and Eldon Square bus stations in Newcastle) there was no possibility that one operator could exclude another from those stations.
- The complexity of the North East example demonstrates the significant challenge faced by the Traffic Commissioner in creating a Code of Conduct that will apply across varied markets and ensure compliance at all levels with existing competition laws. The resourcing and local knowledge necessary to draft and police such an agreement will be substantial.

3 Partnerships

3.1 When considering the necessary additional concerns regarding competition legislation, we are now firmly of the view that the vision for quality bus partnerships as proposed by the CC may be detrimental to the interests of bus passengers.

³ Para 41, Local Bus Services Market Investigation; Addendum to provisional findings- geographic market segregation and operator conduct, Competition Commission, 1/11/11

⁴ Paragraph 82, Local Bus Services Market Investigation; Addendum to provisional findings- geographic market segregation and operator conduct, Competition Commission, 1/11/11

3.2 We believe that to attract new bus passengers we must raise the quality of bus services and in particular simplify ticketing arrangements. These factors and others are regularly cited in market research as barriers to use.

3.3 We have always accepted that operators will have commercial motivations when entering into a partnership, and that those objectives in isolation may not always be in the public's interest. However it is the role of Nexus and other LTAs to ensure that the public's interest is promoted in equal measure to the operators' commercial objectives, in order to achieve an overall package of benefits.

3.4 Whilst it is clear from this provisional report that the operators' objectives in a partnership they mooted focused almost entirely on preserving their market share, it is also the case that very few discussions had taken place with Nexus and other LTAs regarding this notion. In developing partnerships (or in considering qualifying agreements) it is the role of the LTA to ensure that the interests of the public are served and that restrictions are not imposed that are not indispensable to the attainment of the bus improvement objectives (Schedule 10, Transport Act 2000 as amended). So it remains at least theoretically possible that a partnership or a qualifying agreement could have subsequently been reached that saw the public benefit in equal measure to the benefit achieved by the operators. It also follows that if the public benefit did not prove to be sufficient, no partnership would have been entered into.

3.5 It would appear from the addendum that the CC feels unable to recommend remedies to directly address those issues cited above due to possible conflicts with competition law⁵. Whilst the CC believes the remedies as proposed 'may also result in new partnerships being agreed between operators and LTAs'⁶ and 'these...partnerships may provide an additional point of contact between the operators concerned', we would now question the willingness of any party to engage in information exchange under any process as the principles for the negotiation of multi-operator partnerships are now uncertain. Ultimately, the customer will lose out.

4 Franchising

4.1 We respectfully repeat our request that the Competition Commission reviews the stance it has taken on bus franchising in the provisional remedies. In our view it is only under this regime that all of the factors that have given rise to the AEC in the North East can be eliminated without creating significant disbenefits to the passenger.

4.2 An effective franchising procurement strategy will ensure healthy, customer focused competition for the market and eliminate the on-going risk of co-ordination between operators that could adversely affect competition in the market. This is further supported by the CC's own findings (referencing the Provisional Decision on Remedies) that barriers to entry may be lower in a franchised market than the deregulated structure.

⁵ Paragraph 64, Local Bus Services Market Investigation; Addendum to provisional findings-geographic market segregation and operator conduct, Competition Commission, 1/11/11

⁶ Paragraph 68b, of the addendum

4.3 As previously stated we believe the CC has overstated the costs and underestimated the benefits of area-wide franchising, a solution which is still acknowledged as having 'the potential to address customer detriment and improve market outcomes' (paragraph 419)⁷. This potential becomes ever more critical given the findings of the North East investigation.

5 Conclusion

5.1 The North East example generally reinforces our concerns regarding the delivery of the package of proposed remedies. As previously stated, the package is for the large part based on voluntary co-operation and the willingness of all parties to behave in a manner that promotes effective competition. Arguably the most significant proposed remedy, that of the mandatory introduction of multi-operator ticketing, is not particularly relevant to Tyne and Wear given that a long-established and relatively successful scheme exists. This has had no effect on the high levels of concentration prevalent in parts of Tyne and Wear, and did not act as a deterrent to either the desire to defend core 'territories', nor did it limit aggressive on-street competition.

5.2 This paper, combined with our response to the Provisional Decision on Remedies, offers suggestions to reinforce the remedies as proposed and we request that the CC reviews its provisional decision to rule out franchising as a remedy. Without a substantial strengthening of the package of remedies, Nexus believes that bus customers remain at risk of further examples of inappropriate operator conduct such as those identified in this report.

⁷ Para 419, Provisional Decision on Remedies, Competition Commission



Tyne and Wear Integrated Transport Authority

Date: 24th November 2011

TITLE: Christmas and New Year Service 2011/2012

REPORT OF Director General of Nexus

Not Confidential

District Implications: All

1. **Purpose of Report**

1.1 To advise on the proposed Metro, Ferry, Secured Bus and Northern Rail operations for the Christmas and New Year period.

2. **Recommendations**

2.1 Members are requested to note this report.

3. **Introduction**

3.1 As in previous years, discussions have taken place with traders, promoters of major events and public transport operators to determine major transport requirements in Tyne and Wear over the holiday period and the commercial intentions of the bus operators.

3.2 In a significant change to previous years, some retail outlets advised that they were intending to extend opening hours on Boxing Day with MetroCentre trading between the hours of 0900 and 2000 whilst Eldon Square, Newcastle and The Bridges, Sunderland are to trade between the hours of 0900 and 1800 and 0900 and 1730 respectively.

3.3 No public transport services will operate on Christmas Day and New Year's Day, and at other times timetables will reflect the different patterns of travel prevailing at this season.

4. Information

- 4.1 On Christmas Eve and New Year's Eve, the bus network will operate normal Saturday timetables with a run down of services after 1830 with all services finished by 2000. On Boxing Day, Nexus will secure buses to operate a reduced network to cover the full revised opening hours of retail outlets where possible. Metrocentre have agreed to make a financial contribution to the cost of providing extended service.

One major operator advised they were unable to tender for the full hours requested due to local union arrangements. Go North East will operate 17 routes on a commercial basis during the core hours of the day, however they have advised are not prepared to operate commercially over the full retail opening hours. Nexus has augmented the majority of these services by securing earlier and /or later journeys, and secured a network of routes elsewhere across Tyne and Wear through the day.

On the Bank Holidays, 27th and 28th December, and on 29th and 30th December, bus services will operate Saturday timetables. On Bank Holiday, 2nd January 2012, generally a Sunday service will operate, although Stagecoach have elected to operate a Saturday service.

- 4.2 On Christmas Eve and New Year's Eve, Metro will operate a normal Saturday timetable but with the addition of 6 extra trains until 1800. There will be a reduction in service between 1800 and 2000 and an hourly service thereafter until approximately 2315 for departing services from Monument. On Boxing Day, a Sunday timetable will operate between the hours of 1000 and 1930 with additional trains for the football match at the Stadium of Light (1500 kickoff). On Bank Holidays 27th December and 2nd January, a Saturday timetable will operate, whereas a weekday timetable will operate with the addition of 6 extra trains on 28th, 29th and 30th December and Tuesday 3rd January, this will reduce to a 6 minute headway between 1900 and 2030.
- 4.3 On Christmas Eve and New Year's Eve, the Shields Ferry will operate a Saturday timetable with last departures being 1915 from South Shields and 1930 from North Shields. On Boxing Day, a Sunday timetable will operate with a normal timetable operating on 27th, 28th, 29th, 30th of December and on 2nd, 3rd January.
- 4.4 On the Newcastle to Sunderland rail line, Northern Rail will operate a Saturday service on Christmas Eve and New Year's Eve with the service running down from 2000hrs. There will be no service on Boxing Day. On Tuesday 27th December a normal service will operate subject to the withdrawal of a limited number of early morning journeys. A normal timetable will operate on all other days over the festive period.

NOTE: Under the Local Government (Access to Information) Act 1985 members of the public have a right to inspect any non-confidential background papers used in the production of a non-confidential report to the Authority. Requests for information should be made to the Department originating the report.

4.5 Travelshops will close early at 1300hrs on Christmas Eve and New Year's Eve. They will close on Christmas Day, Boxing Day, New Years Day and additionally on the Bank Holidays. They will open normally between the 28th and 30th December and the 3rd January.

4.6 Subject to final agreement from 'Traveline', the Traveline service will be closed on Christmas Day and New Years Day. Opening hours on Christmas Eve and New Year's Eve will be from 0700 until 1700 and on Boxing Day from 0900 until 1700. The service will be open between 0700 and 1700 on 27th, 28th, 29th and 30th December and between 0700 and 2100 on the 2nd and 3rd January.

6. **Further comments by the:**

- **Clerk** (if any);
- **Treasurer** (if any);
- **Legal Advisor** (if any);
- **Director General** (if any).

7 **Background Papers**

7.1 A summary of services to be operated is attached.

8 **Contact Officer (s)**

8.1 David Spoons, Bus Contract Manager (Tel: 0191 2033256)

This page is intentionally left blank



Tyne and Wear Integrated Transport Authority

Date: 24th November 2011

TITLE: DELIVERING THE BUS STRATEGY

REPORT OF THE CLERK TO THE AUTHORITY AND THE DIRECTOR GENERAL OF NEXUS

Not confidential

District Implications: All

1. Purpose of Report

1.1 To update the ITA with developments relating to the Bus Strategy and proposed mechanisms for the delivery of better buses.

2. Recommendation

2.1 The ITA is recommended to:

- a) Note this report;
- b) Approve interim wording amendments to the Bus Strategy as set out in 8.1 below;
- c) Instruct Nexus to prepare a draft Quality Contracts Scheme for Tyne and Wear, including informal public and stakeholder consultation, under the guidance of the ITA Bus Strategy Working Group;
- d) Instruct Nexus to explore with bus operators and District councils the scope for developing meaningful quality bus partnerships as a possible delivery route for better buses if the outcomes achieved can be shown as comparable with or exceeding those anticipated from a Quality Contract.

3. Summary

3.1 In the Bus Strategy published in March 2009, the ITA and Nexus resolved to examine a QCS so that, if partnership working failed to meet the objectives of the Bus Strategy, there would be a workable alternative.

- 3.2 Nexus has now completed a feasibility study into a QCS for Tyne and Wear. The summary findings are that a scheme would deliver significant benefits for local people, is more likely to achieve the ITA's policies than other delivery methods, and would be more financially sustainable at a time of budget pressures on the ITA.
- 3.3 It is now recommended to update the Bus Strategy on an interim basis, to reflect the outcome of the feasibility study. A more detailed review of the Bus Strategy will be presented to the ITA for its consideration in due course.
- 3.4 The ITA is also recommended to instruct Nexus to commence preparation of a draft QCS for Tyne and Wear, under the guidance of the ITA Bus Strategy Working Group.
- 3.5 Whilst a number of Voluntary Partnership Schemes already exist in Tyne and Wear, it is intended that significant further effort be made to develop these and new partnerships between bus operators, District councils and the ITA/Nexus in order to grow bus patronage, improve integration, deliver a sustainable bus network through means that are transparent to the public, and minimise public expenditure.
- 3.6 The draft QCS would be presented to the ITA during 2012, at which point the ITA would be able to compare it against progress made in the development bus partnerships and determine the appropriate course of action to follow at that time.

4 **Bus Strategy context**

- 4.1 The Tyne and Wear Bus Strategy (published in March 2009) sets out the ITA's vision for bus services in Tyne and Wear, which is: 'We will have a bus system that will be accessible, affordable and easy to use for everyone. Buses will provide people with a viable alternative to the private car, encouraging more people to travel in an environmentally friendly way'.
- 4.2 The Bus Strategy also says (p.9, final paragraph): 'The Local Transport Act (2008) has brought about new and improved opportunities for the key private and public sector bodies to work together. We intend to exploit the opportunity this presents by developing a series of Voluntary and Statutory Quality Partnership agreements that cover all bus services in Tyne and Wear. Our aim is to deliver the Actions set out in the Bus Strategy whilst achieving benefits for private and public sector bodies alike. We will also continue to examine the option of Quality Contracts so that, if partnership working fails to meet the objectives set out above, we have a workable alternative to pursue.'

5 **Why is any intervention needed?**

- 5.1 Declining patronage: Leaving aside the introduction of the free Concessionary Travel Scheme, bus patronage decline has been evident for many years and is forecast to continue. Whilst the reasons for this include socio-economic factors and demographic trends, it is also clear that customer choice is an important factor. Declining bus patronage fails to meet the local goal of increased use of

public transport in order to deliver modal shift.

- 5.2 Lack of co-ordination and policy alignment: Local buses provide a vital public service by providing accessibility and an alternative to travelling by car. However unless appropriate structures can be put in place to link service planning to its social and economic consequences, public policy will only ever be delivered by coincidence rather than by design.
- 5.3 Fragmentation: Having multiple providers operating in a deregulated environment often leads to fragmentation and customer confusion. For example customers often express dissatisfaction with the fact that in order to obtain the cheapest price they must buy different tickets to travel on different operators to complete their journey. Other issues are multiple and confusing brands, different fare zones for different operators, non-complimentary scheduling for connecting journeys, and differing quality standards.
- 5.4 Lack of stability: Frequent changes to bus networks cause widespread dissatisfaction among customers and local stakeholders. When commercial services are withdrawn, either additional public money must be used to secure replacement links, or links are lost.
- 5.5 Inefficient use of public funds: It is estimated that currently bus operators in Tyne and Wear receive approximately £15m in Bus Service Operating Grant (BSOG – reducing to approx. £12m from April 2012) per annum, and £44m in Concessionary Travel Payments. Whilst this funding has conditions attached to it, it is not subject to competitive testing and makes up a significant proportion of operator income.

6 **Options for intervention**

- 6.1 'Do nothing' scenario: Maintain existing arrangements; accept alignment between service design and local policy goals only in the case of secured services and through existing partnership arrangements; for other services network coverage, fares and service quality will remain purely commercial considerations.
- 6.2 Voluntary Partnership Agreements (VPA): Please see the Bus Strategy (p.73) for a description of VPAs.
- 6.3 The East Gateshead Quality Bus Partnership is a single-operator VPA that has delivered a number of key benefits and is regarded by all partners to have been successful. Therefore a clear local precedent has been set that single-operator VPAs can deliver improved outcomes where circumstances permit, and discussions are underway to extend the agreement to cover a wider area.
- 6.4 A Voluntary Multi-operator Agreement is a VPA covering more than one bus operator. Attempts to develop a VMA in South Tyneside failed after 2½ years of protracted discussion. This experience demonstrates that VMAs can be difficult to achieve. In the final event two overlapping single-operator VPAs have been implemented in South Tyneside which, although they have achieved a better level of consultation and dialogue, they have not delivered the benefits originally anticipated from the VMA.

- 6.5 Nevertheless a single partnership comprising multiple operators is most likely to result in improved integration benefits (especially network, fares and ticketing, and marketing) in areas where more than one operator has a significant presence. Several VMAs are now in operation elsewhere in the UK, demonstrating that they can be achieved.
- 6.6 Whilst the failure of operators to enter into a meaningful multi-operator voluntary partnership in South Tyneside and the evidence unearthed by the Competition Commission Inquiry; which suggested that some operators see partnership schemes as a means of “delivering cost and revenue benefits to operators” rather than improving services; it is considered appropriate to continue dialogue with operators to explore their willingness to participate in substantive partnerships which will deliver the ambitious improvements required by the Bus Strategy.
- 6.7 Quality Partnership Schemes (QPS): Please see the Bus Strategy (p. 74) for a description of QPSs.
- 6.8 To date no QPSs have been developed in Tyne and Wear. However wherever significant new infrastructure investment is planned, QPSs should be considered. A small number of QPSs are in operation elsewhere in the UK, and others are in development.
- 6.9 Quality Contracts Scheme (QCS): Nexus has completed its feasibility study into the feasibility and practical implications of a QCS in Tyne and Wear. Nexus advises that its feasibility study finds that a QCS for Tyne and Wear would deliver improved outcomes for local people, would provide better value for public money, and is likely to be achievable, affordable and effective. There are however significant risks that require mitigation in order for a QCS to be successful. Whilst the detailed findings are commercially confidential (as they may form part of a subsequent tender process), a high-level summary is set out below.
- 7 Quality Contracts Scheme**
- 7.1 A QCS is a scheme made by the ITA in which it effectively suspends the deregulated bus market in an area, and instead defines the local bus network and instructs Nexus to let a contract (or multiple contracts) to deliver it using the OJEU process. Unless specifically exempted under the scheme, no bus operator could provide any services in the QCS area unless contracted to do so. However scheduled bus services must be operated by the private sector, even under a QCS.
- 7.2 Cross-subsidy between routes and areas is implicit to the effective functioning of a QCS. Given the large number of cross-boundary passenger flows it is recommended to pursue a single QCS covering all of Tyne and Wear, with additional structures to support passenger flows to and from adjacent areas. After liaising with the ITA, Nexus would specify fares, routes, frequencies, service quality, branding and operational performance.
- 7.3 It is proposed that Nexus would take full responsibility for contract costs, and

would recommend fare structures and prices to the ITA in order to generate revenue to offset those costs (note that Tyne and Wear Metro is currently managed on this basis).

7.4 To make a QCS, the ITA must meet five “Public Interest Tests”. The QCS must:

- increase the use of bus services;
- improve the quality of services;
- deliver local transport policies;
- be economic efficient and effective; and
- be proportionate

7.5 Bus users would be able to potentially benefit from:

- An integrated, multi-modal Tyne and Wear network, built around a high frequency core strategic network.
- Integrated and simplified ticketing and fares
- A common brand and accessible, quality buses
- Network changes based on consultation with the public
- An Integrated and consistent customer offer
- A ‘customer charter’ to guarantee standards of service

7.6 The ITA must refer a QCS to an independent QCS Board for consideration. The QCS Board is appointed by the Senior Traffic Commissioner, and comprises a Traffic Commissioner (who chairs it) and two industry experts drawn from a panel appointed by the Secretary of State. Whatever the QCS Board’s finding, the final decision over whether to make the scheme is taken by the ITA although if the QCS Board did not find in its favour it would do so at significant risk. Bus operators have the right of appeal to the Upper Tribunal, which would take the QCS Board’s findings into account. Because no QCS has previously been made anywhere in the UK, and no QCS Board has ever met, this is uncharted territory.

7.7 The cost of progressing a QCS to the stage of scheme submission to the QC Board is estimated at approximately £600k which would be funded using Nexus’s existing resources. Nexus has significant recent experience in the successful letting of the operating contract for Metro which would be of benefit in the development of a QCS and letting of related contracts.

The largest external cost is legal expertise which would account for a significant proportion of total project costs.

Should the project progress after the QCS Board’s decision, further costs will be incurred in formally making the scheme, and letting contracts.

- 7.8 A realistic timeline for QCS development is considered to be 34 months. This comprises the following steps:
- Scheme design and consultation: 18 months
 - QCS Board decision: 6 months
 - Making scheme and procurement process: 10 months
- 7.9 The Competition Commission (CC) on 6th October 2011 published its provisional remedies into the customer detriment it had previously identified, in which it rules out franchising as an intervention that would meet its objective of addressing the features in the bus market which have been preventing, restricting or distorting competition. However in its report the CC states that ‘...franchising remains an important option for LTAs and would not wish to rule out its future application in particular local markets. LTAs also have wider social and policy objectives that are not relevant to this investigation, but which may legitimately lead them to take a different view on this matter.’
- 7.10 A further report by the CC was published on 1st November 2011, in which it provisionally concludes that competition has been restricted by the conduct of two large operators in the North East. The CC has provisionally found that operator conduct leading to market segregation is a feature that gives rise to an ‘Adverse Effect on Competition’ in the North East. This conduct consisted of extensive communication between operators, retaliation and signalling, and the sale/acquisition of rivals’ assets.
- 7.11 There are substantive risks to the development of a QCS for Tyne and Wear, but the development work to date has evaluated each and identified suitable mitigation strategies as set out at high level below. All risks will be actively managed throughout the development process should the instruction be given to develop a scheme. The key risks expressed at high level are:
- No legal precedent and consequent risk of challenge
 - Impact of scheme on residents of adjacent authorities
 - Consequences for staff transferring from one bus operator to another as a result of the introduction of a QCS
 - Quality of operational data available to Nexus
 - Affordability of scheme on an ongoing basis
 - Operational risks during transitional period after QCS is adopted
 - Impact on working relationships with incumbent bus operators
- 7.12 A significant additional factor that should be taken into account is the unsustainability of the current funding environment that has the potential to see large-scale service withdrawals if a QCS takes longer to implement than

anticipated, and an alternative approach to delivery has not been achieved.

8 **Next Steps**

- 8.1 The ITA is recommended to approve interim wording amendments to the Bus Strategy (p.9, final paragraph) to recognise that a QCS would be an effective method of delivering the Bus Strategy, as follows:

‘The Transport Act 2000 (as amended by the 2008 Act) provides for improved opportunities for the key private and public sector bodies involved in the delivery of bus services to work together. We have examined the option of developing a Quality Contracts Scheme for Tyne and Wear and concluded that such a Scheme offers an opportunity to deliver our objectives in a manner that is affordable, efficient and effective. We will therefore begin development of a Quality Contracts Scheme so that it can be deployed if it proves to be the most effective delivery method. We have already developed a number of Voluntary Partnership Agreements covering bus services in Tyne and Wear, and we are committed to seeking further development of such Agreements (and Quality Partnership Schemes) where analysis concludes that such Agreements would offer outcomes comparable with those expected from a Quality Contract Scheme.’

- 8.2 Members are requested to note that the amendment proposed above is an interim measure; if the recommendation is approved then Nexus will commence work to refresh the Bus Strategy in a more comprehensive manner.
- 8.3 The ITA is further recommended to instruct Nexus to prepare a draft QCS for Tyne and Wear. This work would commence immediately, and progress reports would be presented on a quarterly basis to the ITA Bus Strategy Working Group where Members would have an opportunity to direct future work and provide guidance on the development of the Scheme.
- 8.4 In parallel to the actions set out above, the ITA is recommended to endorse Nexus’s intention to seek detailed engagement with bus operators take place over coming months to consider the terms and applicability of an expanded VPA portfolio.

9 **Background papers**

- 9.1 Tyne and Wear ITA and Nexus Bus Strategy

<http://www.nexus.org.uk/sites/nexus.org.uk/files/documents/page/Bus%20Strategy.pdf>

10. **Further comments by the:**

- **Clerk** (if any);
- **Treasurer** (if any);
- **Legal Advisor** (if any);

- **Director General** (if any).

11 **Contact Officer (s)**

11.1 Bernard Garner, Director General, Nexus 0191 203 3201

Tobyn Hughes, Director of Customer Services, Nexus 0191 203 3246



Tyne and Wear Integrated Transport Authority

DATE: 24 November 2011
TITLE: Petitions: Service TB10
REPORT OF: DIRECTOR GENERAL, NEXUS

District Implications: Gateshead

1. Purpose of Report

1.1 To inform Members of a petition regarding service TB10 in Gateshead.

2. Recommendations

2.1 Members are recommended to note this report.

3. Background

3.1 Nexus has been presented with a 112 signature petition from residents in East Gateshead regarding the taxibus service TB12, requesting that a conventional bus rather than a taxi be provided on grounds of safety and accessibility. The petition also requests a change to the route of the service.

3.2 The TB12 service was implemented in May 2011 as part of the 'Accessible Bus Network' for Gateshead following widespread public consultation. The TB12 service along Leam Lane replaced conventional secured bus service 68.

4. Information

4.1 Nexus believes that taxibuses provide a sensible compromise between cost and capacity in areas of low demand.

4.2 The TB10 costs approximately £21k per annum, and carries an average of 40 people each day. The net cost of a conventional bus on this service would be approximately £50k. Current capacity appears to be sufficient for the demand, with no reports of passengers being left behind.

4.3 Taxibus vehicles are specified by Nexus to be fully DDA compliant, with space for a wheelchair that can also be used to stow pushchairs, buggies and shopping trolleys. We are not aware of any cases on the TB10 service where people have been left behind due to insufficient stowage space.

4.4 It is believed that the route change being requested is to serve Heworth. There are frequent and direct commercial bus services to Heworth from most parts of the area served by the TB10, therefore it is not recommended to use extra subsidy to extend its route.

5. **Next Steps**

5.1 The operator has offered to hold 'customer care' sessions with any passenger who requests them, to discuss their needs and for any additional care requirements to be passed on to the drivers of the service.

6.. **Further comments by the:**

- **Clerk** (if any);
- **Treasurer** (if any);
- **Legal Advisor** (if any);
- **Director General** (if any).

7 **Contact Officer (s)**

7.1 Tobyng Hughes, Director of Customer Services, Nexus



Tyne and Wear Integrated Transport Authority

DATE: 24 November 2011

TITLE: Petition for the reinstating of Services 37 and 38 to serve Black Road in Ryhope

REPORT OF: DIRECTOR GENERAL, NEXUS

District Implications: Sunderland

1. **Summary / Purpose of Report**

1.1 To inform Members of a petition requesting that bus services 37 and 38 be reinstated to their previous route via Black Road in Ryhope so as to observe bus stops adjacent to local community facilities.

2. **Recommendations**

2.1 Members of the Authority are recommended to agree Nexus response to the petition as set out in paragraph 6.1 of this report.

3. **Introduction / Background**

3.1 A petition signed by a total of 187 residents in the areas of Hollycarrside, Esdale and Tunstall Bank Estates in Sunderland has been presented to Nexus by Councillor Emerson requesting this be referred to the Integrated Transport Authority/Nexus for attention.

4. **Information**

4.1 In recent years bus Services 37 and 38, as operated commercially daytime by Go North East, have undergone change as detailed below.

4.2 Prior to October 2008 service 38 operated from Sunderland City Centre to Tunstall Bank Estate, and by operating via Rye View and Black Road linked Hollycarrside, Esdale and Tunstall Bank estates in Sunderland directly to the bus stops on Black Road next to Ryhope Community Centre and other local facilities.

4.3 In October 2008 Go North East significantly changed service 38 to operate as 2 services numbered 37 and 38 with significant route extensions from Ryhope to Washington and to Houghton le Spring. As part of this change between

Hollycarrside Estate, Esdale and Tunstall Bank Estates the route was revised to operate via Ryhope Village resulting in the service no longer operating via Rye View and Black Road. A consequence of this was buses on the service no longer stopped at bus stops in very close proximity to Ryhope Community Centre etc.

4.4 The service was further changed in June 2010 when the service reverted back to a single 38 service operating from Sunderland City Centre to Tunstall Bank Estate only (with the withdrawal of previous route extensions to Washington and Houghton) but with the route continuing to operate via Ryhope Village not Black Road.

5 **The Petition**

5.1 The petitioners are requesting that the Service 38 reverts back to the pre October 2008 route via Black Road and Rye View so as to serve the bus stops on Black Road which are immediately outside the local Library, Health Centre and Community Centre. Analysis of petitioners' addresses suggests they are mainly residents who currently live on the route of service 38 in Tunstall Bank Estate, Esdale Estate and parts of Hollycarrside but who wish to access the local community facilities on Black Road. Currently they are required to walk around 300m from the nearest 38 bus stop on Ryhope Street to the community facilities on Black Road.

5.2 If the service 38 did revert back to its original route it should be noted that direct links from Tunstall Bank, Esdale and Hollycarrside estates to Ryhope Village would be lost.

5.3 Go North East are the commercial daytime operator of service 38 (when it is believed that the petitioners are most likely to wish to access the Library, Health Centre and Community Centre).

5.4 Go North East have been asked for their comments on the petition and they have said that as and when they next plan changes to this service they will include a question on this possible rerouting in any consultation.

5.5 Evenings and Sundays service 38 is secured by Nexus. It is proposed that no changes be implemented to the route of current secured journeys which follow standard practice of fully mirroring the commercial daytime route.

6. **Next Steps**

6.1 The service covered by the petition is for the large part a commercial service that is out with Nexus's control. Nexus will monitor the provision of bus services in the Ryhope area and seek further discussions with local residents if changes are planned in the area.

7.. **Further comments by the:**

- **Clerk** (if any);
- **Treasurer** (if any);

- **Legal Advisor** (if any);
- **Director General** (if any).

8. **Background Papers**

8.1 Bus Services in Tyne and Wear: Charter for Growth (ITA and Nexus, March 2009)

9 **Contact Officer (s)**

9.1 Tobyn Hughes, Director of Customer Services, Nexus

This page is intentionally left blank



Tyne and Wear Integrated Transport Authority

Date: 24 November 2011

TITLE: NON-METRO CAPITAL PROGRAMME 2011/12 – QUARTER 2
MONITORING REPORT

REPORT OF DEPUTY CLERK AND TREASURER AND DIRECTOR OF FINANCE
AND RESOURCES, NEXUS

Reasons for confidentiality (if confidential)

District Implications : ALL

1. **Summary / Purpose of Report**

1.1 This report updates the ITA on progress in respect of the 2011/12 Non-Metro capital programme to the end of the second quarter.

2. **Recommendations**

2.1 The ITA is recommended to :

- i. Note the progress being made in respect of the 2011/12 non-Metro capital programme.
- ii. Approve the scheme changes as detailed in Appendix B

3. **Introduction / Background**

3.1 At its meeting on 28th July 2011 the ITA approved the revised 2011/12 Non Metro Capital Programme totalling £55,072^k. A review of the programme has been undertaken at the end of the second quarter, resulting in a revised programme of £55,001^k.

4. **Information**

4.1 The information contained in this report is based on information received from Project Managers responsible for the schemes, and the Tyne Tunnel Project Director.

4.2 **Variations to Programme**

Following the second quarter review of the programme some previously approved, but unfunded, schemes have been brought into the programme where efficiencies have released funding. These are identified within Appendix B. Three New schemes identified will help to ensure efficiency, effectiveness and security of Nexus IT systems and one will roll out lighting supply to bus shelters

across Tyne and Wear. All schemes have developed business cases and will be monitored along with the rest of the programme through Nexus internal process and reported on to the ITA at the end of Quarter 3.

4.3 Progress to Date

In respect of the Public Transport Schemes detailed design has been completed for the Ferry Environment Improvements and submitted to South Tyneside Council for planning permission. The work to refurbish the Pride of the Tyne will be completed in the last quarter of the year as part of scheduled maintenance programme to limit the time the vessel is out of service.

Detailed planning work has been completed on the customer service improvement programmes and implementation of these initiatives commences in quarter 3.

All other projects have now completed the design stage and implementation has started. Options appraisal for the Business Intelligence Tool is complete and funding released for this project. Options appraisal for both the Employment Services and Financial systems continues with implementation now deferred until 2012-13.

4.4 The revised ITA Non Metro Capital Programme for 2011/12 is summarised below and detailed in Appendices A and B.

	Approved Programme 2011/2012	Revised Programme 2011/2012	Change During Quarter 2
	£'000	£'000	£'000
Business Improvements	1,452	1,381	(71)
Ferry	136	136	0
Passenger Improvements	80	80	0
Office Accommodation	275	275	0
Nexus Capital Programme	1,943	1,872	(71)
New Tyne Crossing	53,129	53,129	0
Total Capital Programme	55,072	55,001	(71)

NOTE: Under the Local Government (Access to Information) Act 1985 members of the public have a right to inspect any non-confidential background papers used in the production of a non-confidential report to the Authority. Requests for information should be made to the Department originating the report.

- 4.5 The revised Non Metro Capital Programme is funded from a number of different sources as detailed in the table below.

	2011/12 Approved Funding	2011/12 Revised Funding	Variance
	£'000	£'000	£'000
LTP Minor Schemes	247	247	0
Over-programming	0	0	0
Grants and Contributions	0	0	0
Prudential Borrowing	0	0	0
Invest to Save	275	275	0
RCCO	1,421	1,350	(71)
Total Nexus Funding	1,943	1,872	(71)
New Tyne Crossing	53,129	53,129	0
Total Capital Funding	55,072	55,001	(71)

5. **Next Steps**

- 5.1 An update report to the end of Q3 will be presented to the ITA at its meeting in January 2012.

6. **Further comments by the:**

- **Clerk**(if any);
- **Treasurer**(if any);
- **Legal Advisor** (if any);
- **Director General**(if any).

7 **Background Papers**

- 7.1 N/A

8 **Contact Officer (s)**

- 8.1 Keith Nisbet, Head of Finance, Nexus;
Helen Mathews, Head of Business Development, Nexus

NOTE: Under the Local Government (Access to Information) Act 1985 members of the public have a right to inspect any non-confidential background papers used in the production of a non-confidential report to the Authority. Requests for information should be made to the Department originating the report.

APPENDIX A - NON METRO CAPITAL PROGRAMME AS AT 17th SEPTEMBER 2011

Scheme Title	Budget as at Period 6 '£000	Actual as at Period 6 '£000	Forecast as at Period 6 '£000	Variance (Forecast v Budget) '£000
<u>Passenger Information</u>				
I-Technology for Bus Information	80	1	80	0
	80	1	80	0
<u>Business Improvements</u>				
Transport Management System	335	48	335	0
IT Hardware Replacement	151	34	151	0
Business Intelligence	85	0	85	0
Customer Services Improvements	150	0	150	0
Employment Services Upgrade	10	0	10	0
Customer Relationship Management	95	4	95	0
BIDS Interface Replacement	200	0	200	0
Financial Software Upgrade	10	3	10	0
E-Procurement	79	0	79	0
IT Software Licences	26	20	26	0
Sharepoint Upgrade to 2010	33	6	33	0
Sharepoint Programme 2011/12	58	7	58	0
Automatic Software Deployment	45	0	45	0
IDS/IPS	15	0	15	0
Automatic Patch Management	10	0	10	0
Lighting Power Supply	80	0	80	0
	1,381	124	1,381	0
<u>Ferry</u>				
Refurb of Pride of the Tyne	58	0	58	0
Ferry Landings Environmental Improvements	78	0	78	0
	136	0	136	0

Scheme Title	Budget as at Period 6 '£000	Actual as at Period 6 '£000	Forecast as at Period 6 '£000	Variance (Forecast v Budget) '£000
Office Accommodation				
Nexus House Refurbishment	275	0	275	0
	275	0	275	0
Total Nexus Non-Metro Capital Programme	1,872	125	1,872	0
New Tyne Crossing	53,129	8,011	53,129	0
Total Capital Programme	55,001	8,136	55,001	0

Appendix B - Variations

	2011/12
	£'000
Capital Programme Agreed by ITA July 2011	55,072
New Schemes B/Fwd	
Automatic Software Deployment	45
IDS/IPS	15
Automatic Patch Management	10
E-Procurement	79
Lighting Power Supply	80
Schemes Removed	
Business Improvements	(150)
Variations to Other Schemes	
Transport Management System	(50)
Employment Services Upgrade	(59)
Customer Relationship Management	38
Financial Software Upgrade	(40)
IT Software Licences	(40)
TOTAL CHANGE TO PROGRAMME	(71)
REVISED CAPITAL PROGRAMME	55,001



Tyne and Wear Integrated Transport Authority

DATE: 24 November 2011

TITLE: METRO ASSET RENEWAL PROGRAMME (ARP) AND MAJOR PROJECT CAPITAL PROGRAMME 2011/12 – QUARTER 2 MONITORING REPORT

REPORT OF: DIRECTOR OF FINANCE AND RESOURCES, NEXUS

Reasons for confidentiality (if confidential)

District Implications

1. Summary / Purpose of Report

1.1 The purpose of this report is to advise members of the overall performance of the 2011/12 Metro and Major Projects Capital Programme including delivery to the end of the second quarter (ending 17th September 2011). This report includes Metro ARP and major schemes but does not include Nexus Non-Metro schemes, which will be reported separately.

2. Recommendations

2.1 The ITA is recommended to;

- Approve the budget changes identified during quarter 2, as detailed in Appendix A
- Note the position with regard to the 2011/12 capital Programme at the end of the second quarter, as per Appendix B

3. Introduction / Background

3.1 The ITA approved a Metro Asset Renewal Programme for 2011/12 in July 2011 totalling £54,725K (including major projects of £14,102k). Delivery of the Metro ARP is reviewed on a 4 weekly cycle by the Nexus Executive. At the end of the second quarter of 2011/12, the Metro and major projects capital programme has been revised to a new level of £49,646k for which ITA approval is sought.

3.2 As at the end of the second quarter actual spend is £12,765k (25.7%) for Metro ARP and major projects. Commitments are estimated to be £20,588k (41.5%).

3.3 Nexus is currently forecasting expenditure to the end of 2011/12 of £42,218k. While this is below the current approved programme of £49,646k, the approved

programme includes over-programming of £5,088k. Although the latest forecast is within the DfT funding level requirements, Nexus is actively pursuing the potential to bring forward schemes from 2012/13.

4. **Information**

4.1 The capital programme budgets approved at ITA in July 2011 were £54,725k (for Metro ARP and major projects).

4.2 Budget reductions totalling £5,079k have been identified during quarter 2. An analysis of these budget variations is included within Appendix A of this report.

	<u>£000</u>	<u>£000</u>
Metro Rail Grant		
- 2011/12 Allocation	35,000	
- Vired to 2010/11	(1,352)	33,648
		<hr/>
LTP Minor Schemes		2,710
Section 31 Grant		4,189
Other Grant		2,859
Prudential Borrowing		80
Earmarked Reserves		1,072
		<hr/>
		44,558
Over-programming		
- MRG virement from 2012/13	3,500	
- Nexus reserves	1,588	5,088
		<hr/>
		49,646

4.4 The current approved budget includes an over-programming level at 14.3% of ARP funding available in 2011/12.

5. **Next Steps**

6. **Further comments by the:**

- **Clerk** (if any);
- **Treasurer** (if any);

- **Legal Advisor** (if any);
- **Director General** (if any).

7 Background Papers

8 Contact Officer (s)

8.1 Linden Watson, Capital Accountant (0191) 2033410
Keith Nisbet, Head of Finance (0191) 2033264

APPENDIX A

Approvals Required (Quarter 2 of 2011/12)

Capital Scheme	Budget Variation £	Reason for Variation
BC203 Earthworks Wallsend to Chillingham Road	332,828	Approval was given at Nexus Management Committee on 20 th July 2011 for a budget increase of £332,828 to meet commitments on contract ARP 10/04-08 to Balfour Beatty Civil Engineering as awarded at Nexus Management Committee on 27 th April 2011.
BC517 Road Rail Vehicles	44,000	Approval was given at Nexus Management committee on 19 th July 2011 to purchase a Sandrover Road Rail Vehicle at a cost of £44,000, to resolve the Autumn leaf fall disruptions. This scheme will result in revenue savings of £22,500 per annum.
BC799 Monkseaton Station Ramp	54,820	Approval was given at Nexus Management committee on 20 th July 2011 to combine two consultancy commissions at Monkseaton to a total contract value of £194,581, which results in a budget increase of £54,820.
BC203 Earthworks Wallsend to Chillingham Road	12,293	Approval was given at Nexus Management Committee on 17 August 2011 for a budget increase of £12,293 to finalise the contract and settle outstanding Compensation events due under the contractual terms.
BC222 Duct Route Wallsend to Manors	-5,316	Approval was given at Nexus Management Committee on 17 August 2011 for a budget reduction of £5,316 to finalise the contract including settlement of Compensation events due under the contractual terms.
BC223 Duct Route Howdon to Wallsend	-4,438	Approval was given at Nexus Management Committee on 17 August 2011 for a budget reduction of £4,438 to finalise the contract and settlement of Compensation events due under the contractual terms.

Approvals Required (Quarter 2 of 2011/12)

Capital Scheme	Budget Variation £	Reason for Variation
BC231 Plain line Renewal Tynemouth to Chillingham Road	108,422	Approval was given at Nexus Management Committee on 17 August 2011 for a budget increase of £108,422 to finalise the contract including settlement of Compensation events due under the contractual terms.
BC278 Train Wash	165,115	Approval was given at Nexus Management Committee on 17 August 2011 for a budget increase of £165,115 following receipt of tenders for this project.
BC281 Escalator – Central	-529,293	Approval was given at Nexus Management Committee on 17 August 2011 to a reduction in the overall cost of this scheme of £212,814 with slippage of £529,293 in 2011/12.
BC282 Escalator – Monument	-120,349	Approval was given at Nexus Management Committee on 17 August 2011 for a budget increase of £494,995 to reflect tender returns and the inclusion of an additional escalator within the scheme, together with slippage of £120,349 in 2011/12.
BB006 Ticketing and Gating	-5,136,586	Approval was given at Nexus Management Committee on 5 September 2011 for a budget decrease of £5,136,586 to reflect slippage into 2012/13.
Total	-5,078,504	

APPENDIX B

Asset Category	Original Approved 2011/12 Budget	Latest Budget	Actual Expenditure at end of Period 6	PMO Period 6 Forecast	Variance between Forecast and Latest Budget	Reason for Variation
	£	£	£	£	£	
Civils	7,976,819	8,961,820	4,754,180	9,523,293	561,473	Forecast reflects new works identified to be carried out in 2011/12 to minimise risk of underspending DfT requirements.
Communications	3,241,712	3,241,712	88,290	1,279,069	-1,962,643	Project slippage to ensure fibre strategy agreed in Partnership with IT to ensure links with IP project clarified. Options to bring forward IP project expenditure will be pursued once this strategy has been finalised.
Depot Equipment	1,612,836	1,777,951	52,830	1,636,714	-141,237	
Level Crossings	153,808	153,808	8,440	102,147	-51,661	
Mechanical and Electrical	2,419,684	1,770,042	105,221	1,760,575	-9,467	
Metro Cars	3,732,891	3,732,891	475,216	3,752,019	19,128	Discussions with DBTW are continuing to explore opportunities to accelerate delivery of the refurbished metros.
Miscellaneous	990,166	1,055,166	217,078	865,999	-189,167	
Overhead Line	14,000	14,000	6,368	89,338	75,338	
Permanent Way	2,982,156	3,630,503	1,244,269	2,431,199	-1,199,304	Slippage in 2012/13 as a consequence of blockade strategy being moved to 2012/13 and material lead times.
Plant	340,944	384,944	171,740	385,640	696	
Power	1,167,323	1,167,323	61,206	517,228	-650,095	Programme split into two phases (transformer and rectifier works) resulting in slippage to 2012/13.
Signalling	2,763,670	3,044,118	909,856	2,464,277	-579,841	Slippage due to need to align with other projects and clarify scope to maximise efficiency.
Stations	11,746,863	11,746,863	4,200,555	8,445,629	-3,301,234	Project slippage into 2012/13 in order to gather additional survey data which is aimed at minimising the risk of cost increases once works commence.
Total Approved 2011/12 Capital Programme	39,142,872	40,681,141	12,295,249	33,253,127	-7,428,014	
Major Projects	14,101,805	8,965,219	470,063	8,965,219	0	
Total	53,244,677	49,646,360	12,765,312	42,218,346	-7,428,014	



Tyne and Wear Integrated Transport Authority

Date: 24 November 2011

TITLE: REVISION TO METRO AND FERRY FARES 2012

REPORT OF: DIRECTOR GENERAL OF NEXUS

Not confidential

District Implications: All

1. Purpose of Report

- 1.1 To outline recommended fare changes for Metro and Ferry to become effective from 1st January 2012.

2. Recommendations

- 2.1 The ITA is recommended to approve the fare proposals for both Metro and Ferry as presented in this report.

3. Background

- 3.1 An annual review of fare levels on Metro is required in order to ensure that the fares offered to passengers support ITA objectives and offset the costs incurred in operating this service.
- 3.2 The funding agreement for Metro operating costs agreed with DfT in February 2010 transferred additional risk to Nexus in managing the overall budget than had previously been the case. To the extent that DfT identified fare increases as one of the ways in which Nexus could mitigate against being required to accept such financial risk, Nexus is no longer regulated by a fare cap of RPI +1%. Given inflationary pressures currently impacting on costs, particularly the formulaic increase to the Concession payment and power costs, Nexus will need to take advantage of this flexibility when recommending a fares structure from January 2012. At the time of the review RPI was 5.2% (August 2011).
- 3.3 Fares increases are necessary in order to offset increased costs associated with running the Metro system. In so far as the weighted average increase on Metro is 7.2% (RPI+2%) Nexus is able to deliver its fare proposals for 2012 within 1% of the previous guidelines and 1% below that applied to the national rail industry as a whole.

- 3.4 The price of the Metro 1 zone single will increase by ten pence. All other single and day tickets will rise by 20 pence. Metro commercial child tickets will rise by 10p, which is the first rise on these products within the last 3 years.
- 3.5 MetroSaver prices will rise by a weighted average of 6.9%. Online renewal prices will incorporate an improved 10% discount versus the TravelShop price in order to continue to encourage take up via this sales channel, something that Nexus is keen to exploit further given its investment in new ticketing technology and in an attempt to generate efficiencies in its cost of sale.
- 3.6 The main university student ticket products will rise by a weighted average of 4.1%. Some products within the range will see price reductions in order to ensure students receive an appropriate level of discount versus the equivalent adult fare.
- 3.7 Fares for 16-18 year old college students will be reduced in price to ensure this group travels at a 50% discount to the equivalent adult fare. This bigger discount in part recognises the rise in the school leaving age from September 2012. Fares have been reduced for this group of passengers by a weighted average of -2.6% to accommodate this. All university and college students renewing tickets online will all also benefit from a further 10% saving versus the TravelShop price.
- 3.8 The price of the University of Sunderland Metro card, rail add on tickets, Great North Run weekend tickets, Class Passes, Business Passes and Conference Passes will all increase in line with RPI+2%.
- 3.9 The Metro fares changes as proposed in this report are expected to contribute additional revenue of £0.906m versus 2011/12 budget when taking into account market behaviour, anticipated income from Network One tickets (outside Nexus' direct control), and movements to Nexus' cost base.
- 3.10 Fares on the Shields Ferry are proposed to increase by a weighted average of 7.2%, bringing in additional revenue of £0.016m in 2012/13 versus 2011/12 forecast.

4. **Information**

- 4.1 The objectives of this year's fare proposals are:-
- (i) to deliver value to customers;
 - (ii) to encourage online ticket renewals;
 - (iii) to encourage travel by university and college students; and
 - (iv) to remain competitive when compared to other modes.

4.2 In order to meet the overall budget requirements both for the current financial year and the next financial year, annual fare changes on all of the commercial Metro products are required in 2012. In summary, the Metro fares changes as proposed in this report are expected to contribute additional revenue of £0.906m versus 2011/12 budget. The additional yield is attributable to both fares increases and sales growth.

4.3 Individually some fares are set to increase by more than 7.2% whilst others are frozen or reduced. The weighted average increase across all ticket types for Metro is 7.2%. Fare proposals are explained in more detail below.

4.4 **Ticket Machine Products**

4.4.1 Proposed ticket machine price increases for 2012 are detailed in Appendix A and show increases of between 10 pence and 20 pence on all products including child commercial fares. The price changes result in increases ranging from 4.2% to 16.7% on individual products with weighted average increases across the whole ticket machine product range of 7.3%.

4.5 **MetroSaver and Corporate MetroSaver**

4.5.1 Proposed MetroSaver and Corporate MetroSaver prices are provided in Appendix B. Online renewal prices for MetroSavers will be set at a 10% discount versus the TravelShop price. The price changes proposed for MetroSavers range from 0.9% to 8.3%, with a weighted average of 6.9%.

4.5.2 The Corporate MetroSaver ticket prices will be increased by 2.0% and will at least match if not exceed the online Annual MetroSaver price. The discounts versus the Annual MetroSaver product purchased at a TravelShop will be as follows:-

- Sales of between 10-19 tickets – 10% discount per ticket (matches online MetroSaver price)
- Sales of between 20-39 tickets – 12.3% per ticket (further £5 discount versus online price)
- Sales of more than 40 tickets – 13.6% discount per ticket (further £10 discount versus online price)

4.6 **Metro Student and 16-18 Student Cards**

4.6.1 The prices of Metro Student Card products are proposed to be amended to ensure students will receive up to a 20% discount versus the equivalent adult product whilst college students purchasing tickets from the 16-18 Metro Student Card product range will receive a 50% discount versus the equivalent adult product.

4.6.2 Online renewal prices will be set at a 10% discount versus the TravelShop price for both university and college students to encourage further online sales growth amongst this population which is typically internet literate.

NOTE: Under the Local Government (Access to Information) Act 1985 members of the public have a right to inspect any non-confidential background papers used in the production of a non-confidential report to the Authority. Requests for information should be made to the Department originating the report.

- 4.6.3 Price changes ranging from -10.0% to 8.6% will be applied to the student and 16-18 student products, with an average increase of 1.5% for this market as a whole.
- 4.6.4 The fare proposals are detailed in Appendix C.
- 4.6.5 Members are requested to note that Nexus is analysing options for further improving the offer to 16-18 year olds and will report back to the ITA at a later date.
- 4.7 **Gold Card**
- 4.7.1 The pricing of Gold Cards is being reviewed separately and any recommendations will be presented to members of the ITA in January.
- 4.8 **Miscellaneous Ticket Products**
- 4.8.1 The following Metro ticket products will all increase in line with RPI+2% as detailed in Appendix D:-
- Class Pass
 - Business Pass
 - Conference Pass
 - Great North Run Adult and Child Weekend tickets
 - Metro Rail Add on fares
 - University of Sunderland Metro Card
- 4.9 **Ferry**
- 4.9.1 Fares on the Shields Ferry are proposed to increase by a weighted average of 7.2%.
- 4.9.2 The price of a single Ferry ticket will rise by 15 pence and a Day ticket by 10 pence as of January 1st 2012. The Carnet product will equal the price of 8 individual single tickets, effectively allowing 2 free trips on the Ferry. The 7 day pass will be the equivalent of 4.5 times the DaySaver price and hence will remain a very attractive option for regular travellers. The child single fare will be frozen. Price increases of up to 13.7% as shown in Appendix E, with a weighted average of 7.2% will generate an additional £0.016m in Ferry fare box income in 2012/13.
- 4.9.3 A number of different tickets are accepted on board the Shields Ferry in addition to the Ferry's own product range such as Metro Gold Card, Metro Single and Metro Day tickets and also Network One tickets. To avoid confusion, we will continue to advise passengers of the different tickets that are valid. As an example a three / all zone Metro ticket is required to cross the river on board the Shields Ferry.

5. **Next Steps**

5.1 A further report will be submitted in January 2012 in which the ITA will consider the 2012/13 budget. The budget proposal will take account of the Metro and Ferry fare changes contained in this report.

6. **Further comments by the:**

- **Clerk** (if any);
- **Treasurer** (if any);
- **Legal Advisor** (if any);
- **Director General** (if any).

7 **Background Papers**

7.1 Nic Cheetham, Fares & Revenue Manager, Nexus (Tel: 0191 2033479).

8 **Contact Officer (s)**

8.1 Tobyn Hughes, Director of Customer Services, Nexus (Tel: 0191 2033246).

APPENDIX A

Ticket Machine Products				
Product	2011	2012	£ Inc on 2011 Fare	% Inc on 2011 Fare
1 Z Single	£1.50	£1.60	£0.10	6.7%
2 Z Single	£2.30	£2.50	£0.20	8.7%
3 Z Single	£3.00	£3.20	£0.20	6.7%
1 Z off-Pk DaySaver	£2.10	£2.30	£0.20	9.5%
2 Z off-Pk DaySaver	£3.10	£3.30	£0.20	6.5%
3 Z off-Pk DaySaver	£4.00	£4.20	£0.20	5.0%
1 Z Pk DaySaver	£2.50	£2.70	£0.20	8.0%
2 Z Pk DaySaver	£3.70	£3.90	£0.20	5.4%
3 Z Pk DaySaver	£4.80	£5.00	£0.20	4.2%
Transfare 1 Zone	£2.30	£2.50	£0.20	8.7%
Transfare 2 Zone	£3.10	£3.30	£0.20	6.5%
Transfare 3 Zone	£3.80	£4.00	£0.20	5.3%
Child Transfare	£0.70	£0.80	£0.10	14.3%
Child Full Fare Single	£0.60	£0.70	£0.10	16.7%
Child Day Saver	£1.10	£1.20	£0.10	9.1%

NOTE: Under the Local Government (Access to Information) Act 1985 members of the public have a right to inspect any non-confidential background papers used in the production of a non-confidential report to the Authority. Requests for information should be made to the Department originating the report.

APPENDIX B

MetroSavers				
Product	2011	2012	£ Inc on 2011 Fare	% Inc on 2011 Fare
Weekly 1 Zone	£9.00	£9.50	£0.50	5.6%
Weekly 2 Zone	£13.00	£14.00	£1.00	7.7%
Weekly 3 Zone	£18.00	£19.50	£1.50	8.3%
4 Weekly 1 Zone	£33.00	£35.00	£2.00	6.1%
4 Weekly 1 Zone online	£30.50	£31.50	£1.00	3.3%
4 Weekly 2 Zone	£46.50	£50.00	£3.50	7.5%
4 Weekly 2 Zone online	£44.00	£45.00	£1.00	2.3%
4 Weekly 3 Zone	£61.00	£65.00	£4.00	6.6%
4 Weekly 3 Zone online	£58.00	£58.50	£0.50	0.9%
Annual All zone	£475.00	£510.00	£35.00	7.4%
Annual All zone online	£450.00	£459.00	£9.00	2.0%

Corporate MetroSavers				
Product	2011	2012	£ Inc on 2011 Fare	% Inc on 2011 Fare
10-19 tickets	£450.00	£459.00	£9.00	2.0%
20-39 tickets	£445.00	£454.00	£9.00	2.0%
40+ tickets	£440.00	£449.00	£9.00	2.0%

NOTE: Under the Local Government (Access to Information) Act 1985 members of the public have a right to inspect any non-confidential background papers used in the production of a non-confidential report to the Authority. Requests for information should be made to the Department originating the report.

APPENDIX C

Student and 16-18 Metro Student Card				
Product	2011	2012	£ Inc on 2011 Fare	% Inc on 2011 Fare
Student Annual all zone	£410.00	£433.50	£23.50	5.7%
Student Annual all zone online	£386.00	£390.15	£4.15	1.1%
Student Annual Inner Ncle	£290.00	£315.00	£25.00	8.6%
Student Annual Inner Ncle online	£275.00	£283.50	£8.50	3.1%
Student Annual Inner Sunderland	£290.00	£315.00	£25.00	8.6%
Student Annual Inner Sunderland online	£275.00	£283.50	£8.50	3.1%
Student 4 weekly all zone	£48.50	£52.00	£3.50	7.2%
Student 4 weekly all zone online	£46.20	£46.80	£0.60	1.3%
Student 4 weekly Inner Ncle	£31.00	£31.50	£0.50	1.6%
Student 4 weekly Inner Ncle online	£30.00	£28.35	-£1.65	-5.5%
Student 4 weekly Inner Sunderland	£31.00	£31.50	£0.50	1.6%
Student 4 weekly Inner Sunderland online	£30.00	£28.35	-£1.65	-5.5%
16-18 Student 4 weekly all zone	£34.50	£32.50	-£2.00	-5.8%
16-18 Student 4 weekly all zone online	£32.50	£29.25	-£3.25	-10.0%
16-18 Student weekly all zone	£9.50	£9.75	£0.25	2.6%

NOTE: Under the Local Government (Access to Information) Act 1985 members of the public have a right to inspect any non-confidential background papers used in the production of a non-confidential report to the Authority. Requests for information should be made to the Department originating the report.

APPENDIX D

Miscellaneous Ticket Products				
Product	2011	2012	£ Inc on 2011 Fare	% Inc on 2011 Fare
University of Sunderland Metro Card	£75.00	£80.00	£5.00	6.7%
Business Pass	£135.00	£145.00	£10.00	7.4%
Conference Pass	£2.10	£2.30	£0.20	9.5%
Class Pass - 1 Pass 1 Day	£26.50	£28.00	£1.50	5.7%
Class Pass - 2 Passes 1 Day	£42.00	£44.50	£2.50	6.0%
Class Pass - 1 Pass 1 Term	£80.00	£85.50	£5.50	6.9%
Class Pass - 2 Passes 1 Term	£132.00	£141.00	£9.00	6.8%
Class Pass - 1 Pass Annual	£206.00	£220.00	£14.00	6.8%
Class Pass - 2 Passes Annual	£365.00	£390.00	£25.00	6.8%
Great North Run Adult Weekend	£7.40	£8.00	£0.60	8.1%
Great North Run Child Weekend	£2.10	£2.20	£0.10	4.8%
Single Inner Zone Rail Add On	£1.20	£1.30	£0.10	8.3%
Peak Return Inner Zone Rail Add On	£2.30	£2.50	£0.20	8.7%
Off Peak Return Inner Zone Rail Add On	£1.80	£1.90	£0.10	5.7%
7 Day Inner Zone Rail Add On	£7.40	£7.90	£0.50	6.8%
Single Outer Zone Rail Add On	£2.20	£2.30	£0.10	4.5%
Peak Return Outer Zone Rail Add On	£4.40	£4.70	£0.30	6.8%
Off Peak Return Outer Zone Rail Add On	£3.50	£3.70	£0.20	5.7%
7 Day Outer Zone Rail Add On	£13.70	£14.60	£0.90	6.6%

NOTE: Under the Local Government (Access to Information) Act 1985 members of the public have a right to inspect any non-confidential background papers used in the production of a non-confidential report to the Authority. Requests for information should be made to the Department originating the report.

APPENDIX E

Ferry				
Product	2011	2012	£ Inc on 2011 Fare	% Inc on 2011 Fare
Ferry Single	£1.25	£1.40	£0.15	12.0%
Ferry DaySaver	£2.30	£2.40	£0.10	4.3%
Ferry Carnet	£11.00	£11.20	£0.20	1.8%
Ferry 7 Day pass	£9.50	£10.80	£1.30	13.7%
Ferry Child Single	£0.50	£0.50	£0.00	0.0%

NOTE: Under the Local Government (Access to Information) Act 1985 members of the public have a right to inspect any non-confidential background papers used in the production of a non-confidential report to the Authority. Requests for information should be made to the Department originating the report.



Tyne and Wear Integrated Transport Authority

DATE: 24th November 2011

TITLE: Mobility Scooters

REPORT OF: DIRECTOR GENERAL, NEXUS

Not confidential

District Implications: All Districts

1. Summary / Purpose of Report

- 1.1 To advise members of the outcome of work carried out to seek to reduce the risks associated with allowing the carriage of mobility scooters on the Metro to a tolerable level and the reasons for recent decision taken by Nexus to continue the current total ban for the foreseeable future.

2. Recommendations

.The ITA is recommended to:

2.1 Note the actions taken to seek to reduce the risks associated with the carriage of mobility scooters on Metro to a tolerable level.

2.2 Note the decision of Nexus to continue the current total ban on mobility scooters (other than lightweight folding models carried as luggage) from Metro infrastructure and vehicles for the foreseeable future.

2.3 Note that the interim taxi replacement arrangement introduced shortly after the commencement of the ban will be gradually integrated with the range of specialist accessibility services provided by Nexus. These include low floor easy access buses, Group Travel, Companion Cards and Taxicard.

3. Introduction / Background

- 3.1 As reported to the (then) PTA on 11th September 2008, Nexus banned all mobility scooters from Metro as of Wednesday 27th August 2008. The need for the ban arose from a series of serious and potentially life threatening incidents: four incidents over the preceding 18 months had occurred resulting in mobility scooters being driven onto the operational railway line. In two cases the

scooters had smashed through a Metro door (Brockley Whins and Howdon) and in the other two instances the scooter-user lost control of the vehicle and drove directly from the platform onto the track (both at Byker). Incidents arose even after a requirement for accompanied travel had been introduced.

3.2 Any one of these incidents could have resulted in multiple fatalities as in each case both the user and their mobility scooter landed on the operational railway line. In all cases analysis of the immediate causes of the accident identified mobility scooter user error as the primary contributor i.e. the actions of the individual users and their inability to control their vehicle in a safe manner. Other underlying causes identified as being significant for all incidents included:

a) Metro doors designed and fitted in the 1970s were not capable of withstanding the force of impact from heavy mobility scooters travelling at up to 8mph. Modifications to the entire fleet to withstand these forces would be prohibitively expensive.

b) Mobility scooter braking capability is not sufficient to adequately ensure the vehicle comes to a complete halt within the required distance when boarding a Metro at full power.

The key elements identified through safety risk assessment processes which required attention were:

- i. Mobility-scooter user competence & capability in using their vehicle.
- ii. Characteristics of the mobility scooter being used e.g. turning circle, weight, overall dimensions, power and wheel-size.
- iii. The horizontal and vertical gap between the platform edge and the train floor and/or the angle and configuration of the ramp to platform interface.
- iv. Policing arrangements for ensuring compliance with requirements and adherence to conditions entailed with any change in policy.

A number of related actions have been completed including:

- i. Development of the specifications for an appropriate training course and competency test through joint working with user-groups and industry specialists.
- ii. Development of an acceptable mobility scooter specification covering in particular its power and weight, overall dimensions and wheel size. Nexus identified examples of models of the smaller and less powerful Class 2 mobility scooters that could meet the specifications.
- iii. Completion of detailed surveys at all Nexus Metro stations to identify which stations would not be suitable for access because of engineering and design concerns. The considerations included either the ramp to platform interface and/or the step/gap between the platform and the

Metrocar. From this analysis 18 out of the 60 stations (i.e. 30%) were identified as not being suitable for access by mobility scooters under any circumstances.

- 3.3 However with regard to monitoring and controlling any change to the current total ban the conclusion that has been reached is that there are no reasonably practicable measures that can be instituted to safely reintroduce mobility scooter use onto Metro. In this connection both Nexus and DBTW Ltd have jointly examined the possibility of providing staff at each station (estimated at £3.5m a year), staffing each Metrocar (estimated at £1.7m a year) and providing a buddying arrangement to ensure mobility scooter journeys are accompanied through a booking requirement (estimated at £1.7m a year).
- 3.4 While each of these arrangements would reduce the risk none of the options are reasonable or practicable in terms of affordability or can offer the certainty of safe operation.
4. **Information**
- 4.1 The fundamental problem that Metro has, as a largely unstaffed system, is that there is no economical, efficient, effective or manageable way of adequately ensuring proper adherence to the conditions of use that would have to be imposed, and in particular preventing access to mobility scooter users who are not in compliance with those conditions of use: especially with regard to user assessment & training and vehicle specifications. In this context it is relevant to note that 2 of the incidents which gave rise to the ban occurred when scooter users were prohibited from using the system unaccompanied but this requirement was not adhered to.
- 4.2 As noted in the section above none of the possible policing solutions examined provide good value for money and cannot therefore be considered to be reasonable or practicable adjustments when other options are now available e.g. Taxi Card, Companion Card, Bridge Card, Shopper Services, Group Travel. Taxi operators are now investing in larger capacity vehicles, some of which can accommodate the heavy duty road going Class 3 mobility scooters. This option therefore increasingly offers a real choice for facilitating independent travel.
- 4.3 At the time that the total ban was introduced on Metro it was hoped that lifting the ban would be a real possibility in the short to medium term. Nexus made a commitment to work with individuals who experienced travel difficulties, and to come up with alternative travel arrangements as far as we were able. For some users this involved informing them about what was possible using mainstream accessible bus services or other available schemes (e.g. Taxi Card or Group Travel). Many people simply made their own alternative arrangements using other resources available to them, possibly moving from use of a mobility scooter to either a manual wheelchair or a powered wheelchair that fits within the 'reference wheelchair' dimensions. However there were a small number of individuals for whom a limited interim taxi replacement arrangement was established (less than 10).

NOTE: Under the Local Government (Access to Information) Act 1985 members of the public have a right to inspect any non-confidential background papers used in the production of a non-confidential report to the Authority. Requests for information should be made to the Department originating the report.

- 4.4 Retaining the interim arrangement will no longer be appropriate with the total ban continuing for the foreseeable future. Support will therefore be given to working with the remaining users registered for these interim arrangements on an individual basis to provide advice about the opportunities available for using low floor easy access bus services, companion cards, Taxi Cards, and Group Travel, pointing out manual wheelchairs and powered wheelchairs that fit within the standard reference wheelchair specification that can be used to travel on the Metro. Reference will also be made to the potential offered by the introduction of larger capacity taxis available through the Taxicard scheme.
- 4.5 Recently the Minister of State for Transport has announced that, following consultation carried out in 2010 about proposals to change the law relating to invalid carriages, further work involving stakeholders such as the ITA/Nexus will now be carried out (as part of the Red Tape Challenge work) to address a variety of options around training, guidance and minimum requirements including:
- options for training and incentives for vehicle users to take up training;
 - a possible minimum eyesight requirement and incentives for users to meet these requirements;
 - the case for increasing the unladen weight limit for powered wheelchairs only;
 - the carriage of mobility scooters on public transport;
 - improved guidance and information for mobility vehicle users; and
 - replacing the legal term “invalid carriage” with a more suitable and contemporary term, and a review of how current legislation could be better enforced.

The inclusion of public transport in the list emphasises that this is regarded as an important national issue. A list showing the current practices regarding mobility scooter carriage of other metro/tram operators are attached for information.

5. **Next Steps**

- 5.1 Nexus will actively seek to be involved in DfT’s further work on reforms to the law regarding powered wheelchairs and mobility scooters. In addressing this Nexus will ensure that the ITA’s Equality and Diversity Working Group is involved in the development of any proposals and/or responses to further consultation.
- 5.2 As part of the emerging Metro Long Term Strategy Nexus will examine the feasibility of including access arrangements for mobility scooters as part of the design process for new Metro rolling stock in Phase 3 of the re-invigoration project. This will be done in anticipation that the Rail Vehicle Accessibility Regulations may possibly be amended in the future to include this as a statutory requirement.

6. **Further comments by the:**

- **Clerk** (if any);
- **Treasurer** (if any);
- **Legal Advisor** (if any);
- **Director General** (if any).

7 **Background Papers**

- 7.1
- The Use of Invalid Carriages on Highways Regulations 1988
 - Review of Class 2 and Class 3 Powered Wheelchairs and Powered Scooters (Invalid Carriages): prepared for DfT by TTR Ltd: July 2005
 - Carriage of Mobility Scooters on Public Transport – Feasibility Study: prepared for DfT by MVA: 2006
 - Assessment of Accessibility Standards for Disabled People in Land Based Transport Vehicles: Literature Review for Department for Transport: carried out by Human Engineering Ltd and Guide Dogs for the Blind Association (7th January 2008).
 - Disabled Persons' Transport Advisory Committee: Handy Travel Hints for Disabled People and Persons with Reduced Mobility (issued August 2009).
 - House of Commons Transport Committee: Mobility Scooters: 9th Report of Session 2009-10 (printed 24th March 2010).
 - Rowntree Foundation Research Paper: Transport and Getting Around in Later Life (July 2010)

8 **Contact Officer (s)**

- 8.1 Graham Robinson, Corporate Business Improvement Manager, tel 0191 203 3296

Appendix: Metro/Tram Operators' Mobility Scooter Policies

Mobility Scooters on Metro and Tram Systems: current practice

Croydon Tramlink

Telephone: 020 8665 9695

There is no formal policy regarding the carriage of mobility scooters – scooters are not specifically excluded.

Docklands Light Rail

Telephone: 020 7363 9700

There is no formal policy. Mobility Scooters are allowed to travel on the system as long as the scooter can access the systems lifts and can fit in the designated bay on the train. A member of staff is on board every train to provide information and assistance.

London Underground

Telephone: 0845 330 9880

London Underground's aim is to enable independent access to our stations for all customers, including wheelchair users and those using mobility scooters. However, in reality, some users might find that using an electric wheelchair or scooter is not a practical option at some stations as the layout and size of facilities make it too difficult. Station staff can also give information and assistance to customers about the accessibility of the stations and trains.

Manchester Metrolink

Telephone: 0161 205 2000

Mobility scooters are not allowed on the system. This is provided for through the Conditions of Carriage.

Midlands Metro

Telephone: 0121 214 7214

There is a formal policy stating that Mobility Scooters are not allowed to travel on the system, due to scooter design, difficulty in manoeuvring and unsuitability for use in carriage.

Sheffield Supertram

Telephone: 0114 272 8282

Mobility scooters are allowed on the tram subject to the conductor's discretion. There is no formal policy on this matter. They are currently looking into the possibility of banning the larger mobility scooters.

Nottingham Express Transit

Telephone: 0115 942 77 77

Mobility scooters are allowed on the tram subject to the conductor's discretion. There is no formal policy on this matter.

SPT Subway

Telephone: 0114 332 6811

Inherited constraints due to small tunnels and trains prevent the operation offering wheelchair access.

Northern Rail

Telephone: 08456 008 008

Only scooters that are folded down and carried on as luggage can be accommodated.



Tyne and Wear Integrated Transport Authority

DATE: 24 November 2011
TITLE: ITA Members' Annual Inspection Tour
REPORT OF: DIRECTOR GENERAL, NEXUS
Not confidential
District Implications: All Districts

1. Purpose of Report

- 1.1 To report back on the ITA's visit to transport developments promoted by Transport for London (TfL) and Docklands Light Railway (DLR) on 26/27 October 2011.

2. Recommendations

- 2.1 The ITA is recommended to note the report.

3. Background

- 3.1 The visit was arranged in order to familiarise ITA Members with the development and implementation of transport policies and schemes by the Mayor of London through TfL and the development and operation of Docklands Light Railway.
- 3.2 Of particular relevance and the focus of the visit were:
- (a) Mayor's overall transport strategy;
 - (b) Tendering for bus route networks;
 - (c) Rolling out smartcard technology and future smartcard developments;
 - (d) Funding and developing a light rail network (Docklands);
 - (e) Technology developments in light rail operations; and
 - (f) Providing public transport for the Olympics.
- 3.3 These issues are all very relevant to the ITA in respect of future transport policy, including the planning of next generation Metro, the implementation and roll out of Ticketing & Gating and the NESTI regional smartcard project and the delivery

of better buses.

3.4 The visit was attended by Cllrs D Wood, P Wood, Maughan, Emerson, Keating, Green, Stokel-Walker, Lott, Hodson, Blackburn and McElroy; with Nexus Directors/Non-Executive Director – Bernard Garner, Tobyn Hughes and Harvey Emms; and Nexus officer – Lynne Robinson in attendance.

3.5 Copies of presentations and notes shared with the group are available from Nexus Public Affairs Manager on request. Overall the visit was extremely useful with many of the topics discussed to be further considered by the ITA, its Working Groups and at future Policy Seminars.

4 **Contact Officer(s)**

4.1 Lynne Robinson, Public Affairs Manager, Nexus.



Tyne and Wear Integrated Transport Authority

Date: 24 November 2011

TITLE: DISPOSAL OF LAND AT PIPEWELLGATE, GATESHEAD

REPORT OF DIRECTOR OF RAIL & INFRASTRUCTURE, NEXUS

Not confidential

District Implications : GATESHEAD

1. Summary / Purpose of Report

1.1 To seek approval for the disposal of Nexus owned land at Pipewellgate, Gateshead.

2. Recommendations

2.1 That the Authority approve the transfer of land at Pipewellgate to Gateshead MBC.

3. Introduction / Background

3.1 Nexus owns land on the south side of the river Tyne at Pipewellgate, Gateshead underneath and adjacent to the Queen Elizabeth 2 Metro bridge.

3.2 The land has no commercial value. Discussions have been held with Gateshead MBC who own all the adjacent land in this vicinity and agreement reached to transfer the land to Gateshead subject to certain conditions and ITA approval.

4. Information

4.1 Nexus owns two adjacent parcels of land on the south side of the river Tyne which were purchased when the Metro was being built and used as site compounds for the construction of the QE2 Metro bridge.

4.2 The land is used in part for the Centrelink busway and in part for a riverside footpath incorporating a cycleway (part of the national network of cycleways),

both being adopted and maintained by Gateshead Council. The rest of land is landscaped, also maintained by Gateshead.

- 4.3 The area has little potential for development due to its current use as highway and footpath/cyclepath and also its location and topography. It is, moreover, currently designated as a 'green area' in the Local Development Framework (LDF).
- 4.4 The land includes a short stretch of river wall which has collapsed – arrangements are in hand to repair this with Gateshead MBC project managing the work on behalf of Nexus on account of their experience and expertise at maintaining and repairing sections of the river wall.
- 4.5 This event has highlighted that the land holding has no benefit to Nexus, and discussions have been held with Gateshead, who own all the adjacent land in this area, with a view to transferring the title deeds to the land subject to: -
- (a) Nexus to receive a percentage (to be agreed) of any future sale/development value,
 - (b) A 'cordon sanitaire' to exist either side of the QE Bridge to allow access for maintenance/repair should the need arise,
 - (c) Oversailing rights for Nexus for the bridge,
 - (d) repairs to the collapsed river wall being arranged and paid for by Nexus and to a standard satisfactory to GMBC.

5. **Next Steps**

- 5.1 Subject to approval of the transfer by the ITA, negotiations will take place with Gateshead MBC to finalise details of the land transfer and formal legal conveyance will take place.

6. **Further comments by the:**

- **Clerk**(if any);
- **Treasurer**(if any);
- **Legal Advisor** (if any);
- **Director General**(if any).

7 **Background Papers**

- 7.1 Title Plan TY51076

8 **Contact Officer (s)**

- 8.1 Tom Pinder, Infrastructure Manager (Bus & non-Metro)

NOTE: Under the Local Government (Access to Information) Act 1985 members of the public have a right to inspect any non-confidential background papers used in the production of a non-confidential report to the Authority. Requests for information should be made to the Department originating the report.

These are the notes referred to on the following official copy

The electronic official copy of the title plan follows this message.

Please note that this is the only official copy we will issue. We will not issue a paper official copy.

This official copy was delivered electronically and when printed will not be to scale. You can obtain a paper official copy by ordering one from Land Registry.

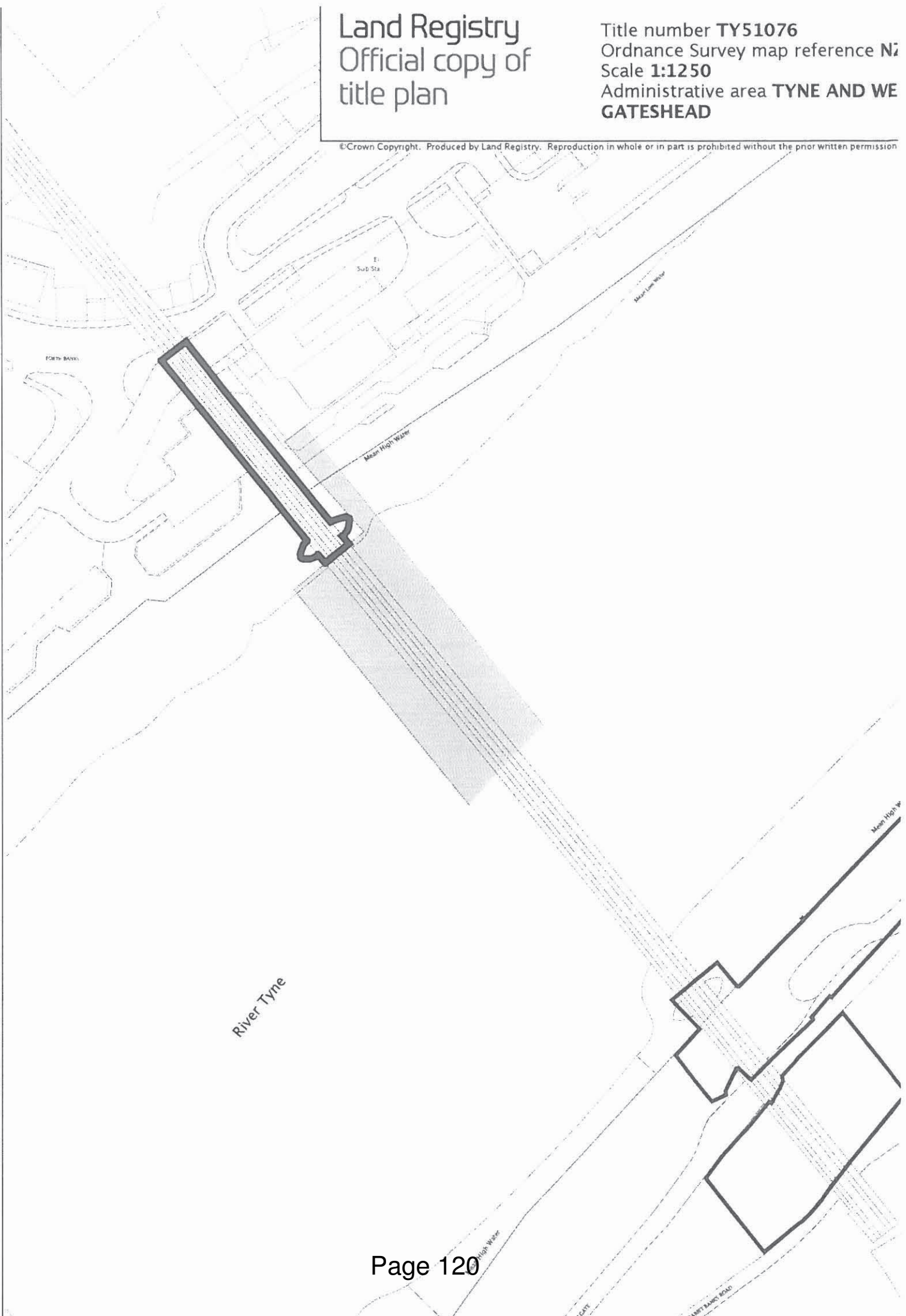
This official copy is issued on 11 May 2011 shows the state of this title plan on 11 May 2011 at 12:46:50. It is admissible in evidence to the same extent as the original (s.67 Land Registration Act 2002). This title plan shows the general position, not the exact line, of the boundaries. It may be subject to distortions in scale. Measurements scaled from this plan may not match measurements between the same points on the ground. See Land Registry Public Guide 7 - *Title Plans*.

This title is dealt with by the Land Registry, Durham Office .

Land Registry
Official copy of
title plan

Title number **TY51076**
Ordnance Survey map reference **N2**
Scale **1:1250**
Administrative area **TYNE AND WE
GATESHEAD**

©Crown Copyright. Produced by Land Registry. Reproduction in whole or in part is prohibited without the prior written permission





Tyne and Wear Integrated Transport Authority

22 September 2011
(10.00 am - 12.50 pm)

Confidential Minutes

69. **CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING HELD ON 28 JULY 2011**

The confidential minutes of the previous meeting held on 28 July 2011 were approved as a correct record and signed by the Chair.

This page is intentionally left blank