



Tyne and Wear Integrated Transport Authority

Meeting to be held at in a Committee Room at Newcastle Civic Centre
on Thursday 28 January 2010 at 10.00 am
(Labour Group meeting at 9:00am) (Opposition Group meeting at 9:30am)

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1.	Apologies for absence	
2.	Declarations of Interest of Council Members , Co-opted 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 Manager before leaving the meeting. A blank form can be obtained from the DSM 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 - 10
4.	2009/10 Capital Programme Second Quarterly Review	11 - 44
5.	Nexus(non Metro),New Tyne Crossing and Local Transport Plan Capital Programme 2010/11 to 2012/13	45 - 64
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| 15. | Exclusion of Press and Public | |
| 16. | Confidential minutes of meeting held on 3rd December 2009 | 163 - 168 |
| 17. | Pedestrian and Cycle Tunnels Lifts Modernisation - Return of Tenders | |

Members are requested to note the intention to table the above report in accordance with the provisions of the Local Government (Access to Information) Act 1985

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

26 November 2009
(10.00 - 11.40 am)

Present:

Councillor: D Wood (In the Chair)

Councillors: Austin, Hanson, Lott, Maughan, McElroy, McMillan, Stone, Symonds and P Wood

In Attendance:

P Woods, P Fenwick, R Gill, S Vincent, M France, P Staines, D Dickinson and J Curran

Representing Nexus:

B Garner, J Fenwick, T Hughes, H Lewis, L Robinson

ATTENDANCE

In Attendance:

P Woods, P Fenwick, R Gill, S Vincent, M France, P Staines, D Dickinson and J Curran

Representing Nexus:

B Garner, J Fenwick, T Hughes, H Lewis, L Robinson

90. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Blackburn, Green, Scott and Taylor.

91. MINUTES OF TYNE & WEAR ITA OF 24TH SEPTEMBER 2009

The minutes of the Tyne and Wear Integrated Transport Authority meeting of 24 September 2009 were confirmed as a correct record.

Matters Arising:-

(a) **Sunderland Station**

(Minute no. 78 refers).

B Garner reported that the building works below ground were going to programme with completion due in Summer 2010. A Steering Group had been established by Network Rail for the development of a scheme above ground. Members would be kept updated.

A member wished to place on record his thanks to Nexus and Sunderland City Council for undertaking these works.

(b) **Rail Update**

(Minute no. 73 refers).

The Chair reported that he had attended a meeting with B Garner and the Chief Executive of High Speed 2. He had circulated a note of this meeting to members and commented on the degree of optimism which had prevailed at the meeting.

B Garner explained that the Government had established a company to look at the feasibility of extending high speed rail across the country and particularly focusing on phase one of the work, which would link London to Birmingham. A report was to be submitted to the Secretary of State for Transport before Christmas and he was to make a statement in the spring. He felt that a strong case could be put together from the North East and from the Metropolitan Authorities, east of the Pennines for a high speed line in this corridor. It was important that the Government recognised the importance of high speed rail links for the North East.

A member welcomed progress made, although he had understood that the Director General would attempt to arrange a meeting with the Chief Executive of High Speed 2 and the membership of the ITA. B Garner explained that this had been difficult to arrange at short notice. He would consult with the Chair of the ITA of the best way to progress matters in the future and keep members fully informed. The Chair undertook to look into the possibility of High Speed 2 doing a presentation to the full ITA.

A member commented on the fact that the East Coast Mainline Rail Service had now been effectively nationalised in the short term whilst the franchise was re-let and he asked whether the implications of this would be monitored and how this would impact on the management of Newcastle Central Station.

B Garner assured members there had been very little change in the way the station was managed and how tickets were sold or services operated in the short term. He also expected further consultation from DfT in the future as to how stations are to be managed. This issue was central to the Better Rail Stations report recently submitted to the Secretary of State by Chris Green and Peter Hall and is particularly important in Tyne and Wear where the major stations are effective gateways to our towns and cities.

(c) **Local Democracy, Economic Development and Construction Bill on Strengthening Local Democracy Consultation**

(Minute no. 77 refers).

B Garner had not yet circulated copies of the PTE response to the Local Democracy, Economic Development and Construction Bill. However, he had copies available for members today. R Gill added for information that the Bill had received The Royal Assent on 12 September 2009 and the report would be submitted detailing the implications to the next meeting of the ITA in January 2010.

92. **REVENUE BUDGET MONITOR APRIL TO OCTOBER 2009**

Submitted: Report of the Deputy Clerk and Treasurer (ITA) (copy attached to Official Minutes).

P Woods introduced the report which provided members with the Revenue Budget Monitor report for period April to October 2009.

In particular, he drew members attention to the update on borrowing and lending which was important as interest rates were currently low. Measures were being taken to minimise the risk and ensure the net interest available was the most advantageous to the ITA.

In response to a member's query on the miscellaneous income (315%), M France explained that this was a one off receipt of an insurance premium from TT2.

RESOLVED – That the financial position as at 31 October 2009 as set out in the report and attached appendices 1 and 2, be noted.

93. **ANNUAL AUDIT & INSPECTION LETTER**

Submitted: Report of the Deputy Clerk and Treasurer to the ITA (copy attached to Official Minutes).

C Tyrell introduced Mr J Dafter who would be the new Audit Manager, who would be reporting to the Authority.

C Tyrell explained that the annual audit and inspection letter provided an overall summary of the Audit Commissions assessment of the authority.

P Woods explained that a final bound copy of the accounts be forwarded to each member.

The Chair thanked the Audit Team for their hard work over the year.

The Chair reminded members there would be a budget update briefing following the meeting.

RESOLVED – That the report be approved.

94. **NEW TYNE CROSSING UPDATE**

Submitted: Report of the New Tyne Crossing Project Director (copy attached to Official Minutes).

P Fenwick introduced the report which gave members an overview of the progress made on the construction since the last update on 23 July 2009. He drew attention to the key dates and recent work carried out in detail.

The Chair welcomed the report and hoped that all members would have an opportunity to visit the site in the next year. P Fenwick agreed this could be arranged during January or February 2010.

RESOLVED – That progress to date be noted.

95. **S 31 GRANT METRO TICKETING & GATING SCHEME**

Submitted: Report of the Director of Finance and Resources (copy attached to Official Minutes).

B Garner explained that the following three reports were all about Smart Cards and Smart Ticketing. He welcomed the opportunity presented by major investment in new technology. This would improve services to public transport users and offers the opportunity to extend the benefits other services and service providers. The overall aim was smart technology across the whole of the North East.

J Fenwick then introduced the report which advised members that following the extensive negotiations with the Department for Transport, approval to the Metro Ticketing and Gating scheme was received on 27 August 2009. He drew particular attention to paragraph 4 of the report which gave details of wider Smart Ticketing initiatives.

RESOLVED – That the Director of Finance and Resources, Nexus be authorised to accept the full grant up to the value of £13,351,141.

96. **DEVELOPING A STRATEGY FOR SMART & INTEGRATED TICKETING :DEPARTMENT FOR TRANSPORT CONSULTATION**

Submitted: Report of the Director General, Nexus (copy attached to Official Minutes).

T Hughes introduced the report which informed members of the Department for Transport Consultation on its draft strategy for Smart and Integrated Ticketing and

themes of the responses to that consultation exercise submitted by the NESTI Partnership and the Passenger Transport Executive Group (PTEG).

RESOLVED – That the themes of the draft consultation and the close linkages between the themes of the consultation and the development of Smart Ticketing infrastructure across Tyne and Wear, be noted.

97. **UPDATE ON THE NORTH EAST SMART TICKETING INITIATIVE (NESTI)**

Submitted: Report of the Director General, Nexus (copy attached to Official Minutes).

T Hughes introduced the report which updated members with the progress on the progress of the North East Smart Ticketing Initiative (NESTI) and sought formal approval for the involvement of the ITA in the programme. He drew members attention to the detailed briefing note attached to the report which followed on from DfT consultation.

Questions/Comments:-

- A member welcomed the progress and queried whether there was a role for Councillors in spreading the message, was there a champion role here? He also had some concerns at the way the consultation process was set out, this could cause some delay in implementation.
- T Hughes welcomed members taking the information message back to their own authority and generally aiding the visibility of the scheme. Officers were working with ANEC to spread the message and maximise the benefits of the scheme. Each local authority represented on the ITA needed to feel it was totally part of the scheme and could influenced development.
- The Chair welcomed progress made and the joint working between local authorities.
- The Chair was confident that once the Smart Card was introduced, people would appreciate the benefits.

RESOLVED – That agreement be given to the following:-

- (i) the ITA's participation in the NESTI programme that the ITA would act as lead authority within the NESTI Partnership. In doing so, the ITA would have responsibility for entering in to partnerships and contractual arrangements for third parties on behalf of the partners in managing scheme funding. This was subject to an appropriate legal framework being developed to allow it to do so;
- (ii) the Chair of the Tyne and Wear ITA would provide periodic progress updates to the Leaders and Elected Majors and would be accountable to them for the overall delivery of NESTI;

- (iii) a senior ITA officer would represent the Tyne and Wear Authorities and the ITA on the NESTI Partnership Board;
- (iv) £1.683m of capital funding allocated to Nexus public transport block from the regional funding allocation be used alongside funding from other partners to develop the NESTI project.

98. KEEP METRO PUBLIC CAMPAIGN

A representative of the Keep Metro Campaign Interrupted the meeting to leave cards from the Campaign Stop for Councillors who not present at the meeting and she complained that the campaign had not been allowed any representation during the meetings it had attended.

99. REVISION TO FARES 2010

Submitted: Report of the Director General, Nexus (copy attached to Official Minutes).

B Garner introduced the report which sought approval for fare proposals for 2010 on Metro and the ferry which would result in a fare freeze for the vast majority of users.

The Chair expressed particular concern about the proposed increase in the weekly Metro saver ticket. Members were generally concerned about the proposed increase to the weekly Metro saver as this was more likely to be used by those who were poorly paid.

A member felt that anyone who was paid weekly would generally be on a lower income and the Authority should look to protect these people. B Garner explained that the proposal for the small increases was building on proposals which had been stated in the budget discussed earlier in the year. If this proposal was not accepted, then officers would have to look at how this extra £75,000 could be accommodated within the budget. As part of the January 2010 budget report, there would be proposals on how this further freeze could be accommodated without cutting the service.

RESOLVED – That

- (i) approval be given to the fare proposals in relation to Metro as outlined in the report, with the exception of the increases planned to the Metro Saver return tickets, day saver range tickets and weekly Metro saver which were not approved;
- (ii) fares freeze on the ferry be approved;
- (iii) Nexus to have regard to the impact of the total fares freeze in preparing its 2010/11 budget.

100. CHAIRMAN'S STATEMENT IN RESPONSE TO KMP CAMPAIGN

Following the comments made by the Keep Metro Public Campaign, the Chairman made the following points:-

- The campaign had submitted comments and left postcards addressed to individual members of the ITA. Where these cards had been addressed to the Chairman, he had responded to every card individually.
- He would advise Members of the total number of cards he had received as a percentage of the total ridership on the Metro.
- Where the Campaign Group had sent questions to the Chairman, he had always sent a response.
- He stressed that whilst the Tyne and Wear ITA meeting was open to the public, it was not a public meeting.
- When he had attended various other meetings at which Members of the Keep Metro Public Campaign had been present, he felt that on some occasions he had been unfairly vilified.
- He stressed that whatever the outcome of the Metro Reinvigoration process, the assets of the Metro would remain the public domain and the ITA would continue to set fares and timetables. He did not regard this as privatisation.

101. CHRISTMAS AND NEW YEAR SERVICES 2009

Submitted: Report of the Director General, Nexus (copy attached to Official Minutes).

B Garner introduced the report which advised members on the proposed Metro, ferry, secured bus and Northern Rail operations for the Christmas and New Year period. He advised that there would be an increase in the frequency of Metros starting in early December as patronage levels did increase towards Christmas. Extra trains would be put on.

Questions/Comments

Members raised the following questions/comments:-

- A member expressed disappointment given all the encouragement to members of the public towards modal shift, public transport was only operating 362 out of 365 days. Whilst he realised the difficulties in operating the service everyday, he felt that the lack of services, for example of Boxing Day and New Year's Day did cut across the vision which the Authority was trying to achieve in terms of modal shift. He was particularly disappointed with some of the bus companies who were not operating services on Boxing Day.

- The Chair referred to an enquiry which Councillor Green had received from a member of the public expressing concern as there was no transport on New Year's Day.
- B Garner explained that the fact that there was not public transport everyday was a balance between cost and demand. Demand was very much reduced on 26 December and 1 January and, demand would be reduced even more this year as sales were not starting until Sunday 27th. Nexus budget had been set 12 months ago and was based on providing this service. He undertook to take members views away to see what could be achieved next year and what could be done in terms of encouraging bus operators to do.
- Only one bus operator was operating commercially on 26th. It remained to be seen whether other operators could be encouraged in the future to put services on, on 26th. B Garner stressed that taxis were part of the public transport mix and had an important part to play over Christmas and New Year. Members views would be taken on board in time for the planning for next year.

RESOLVED – That the Christmas and New Year transport arrangements be noted.

102. **NATIONAL RAIL PENALTY FARES RULES CONSULTATION**

Submitted: Report of the Director General, Nexus (copy attached to Official Minutes).

RESOLVED – That the contents of the report be noted and the response submitted by Nexus to the DfT requesting the views of trade operating companies and the Passenger Transport Executive be noted.

103. **DFT CONSULTATION ON THE SPECIAL GRANT ALLOCATION FOR CONCESSIONARY TRAVEL FOR 2010/11**

Submitted: Report of the Director of Finance and Resources, Nexus (copy attached to Official Minutes).

J Fenwick introduced the report explaining that the DfT had issued a consultation document about Local Authority Special Grant funding in 2010/11 for the National Bus Concession in England, with a response due by 30 December 2009. He felt that consultation was rather limited in scope. He added that he had recently received an early statement of guidance in relation to the new concessionary travel scheme to be published for next year. This had been the subject to much debate between PTEG and the DfT. The DfT had accepted that the time given for consultation had been inadequate. He understood that there could be a further statement on this and he would keep members informed. P Woods added that the outcome had been controversial in other parts of the country, particularly in the London area which faced a potential loss of £20m. The majority of responses had therefore come from London and he anticipated a lot of opposition to the proposal.

RESOLVED – That approval be given to the response to the consultation questions as outlined in section four of the report.

104. **NEXUS PERFORMANCE - RECENT SURVEY RESULTS AND AWARDS**

Submitted: Report of the Director General, Nexus (copy attached to Official Minutes).

B Garner introduced the report which advised members of research by Passenger Focus and a recent award to Nexus where the Charter Institute of Public Relations for Customer Care.

H Lewis (Head of Corporate Communications, Nexus) outlined work undertaken by Nexus over the summer, particularly in relation to three concerts held on Sunderland and the efforts made together with Sunderland City Council and Northumbria Police to move people to the Stadium of Light and out again late at night. He outlined the arrangements in detail for members information, stressing particularly the communication side and publicity side of the event which had resulted in a lot of people using public transport who may not usually do so.

The Chartered Institute of Public Relations had given Nexus a gold award for best consumer relations following these events. He went on to outline efforts to communicate with the public via Twitter and an online question time which had been successful.

Nexus had been shortlisted for two further awards – the Northern Marketing Award and the Best Customer Insight Award.

Questions/Comments:-

- A member complimented all responsible for this work.
- Whilst welcoming the Nexus efforts, a member pointed out that the public perception after one of the concerts – Sunderland had not been good.
- H Lewis explained that there had been long queues for public transport, but this was to be expected when an excess of 50,000 people were travelling to an event. The number of complaints received had been in line with the normal operational day and had not been excessive.
- The Chair wished to thank all involved.

RESOLVED – That the report be received and noted.

105. **PETITION RELATING TO WITHDRAWAL OF SERVICE 4/5 IN NEWCASTLE**

Submitted: Report of the Director General, Nexus (copy attached to Official Minutes).

The petition which had been submitted to Newcastle City Council, by Councillor Higgins was expressing concern that the withdrawal of Stagecoach commercial service 4/5 which had operated between the Inner West of Newcastle and the Metro Centre until 31 August 2008. Nexus had looked at the value for money options of securing this service, the potential demand had not been adequate for it to become a secure service. However, the gap in service provision was being looked at through the network design exercise so see if this could be accommodated in another way. A member stressed the importance of links between the West End of Newcastle and the Metro Centre and welcomed any work which could be done to look at this.

RESOLVED – That the report be received and noted.

106. **EXCLUSION OF PRESS AND PUBLIC**

RESOLVED – That the press and public be excluded from the meeting during consideration of the confidential minutes of the special meeting held on 2 October 2009.

109. **CONFIDENTIAL MINUTES**

The confidential minutes of the meeting held on 2nd October 2009 were confirmed as a correct record and signed by the Chair.



Tyne and Wear Integrated Transport Authority

TITLE: **Date: 28th January 2010**
REPORT TITLE 2009/10 CAPITAL PROGRAMME – SECOND QUARTERLY REVIEW

REPORT OF **THE CLERK OF THE AUTHORITY / DIRECTOR GENERAL OF 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 2009/10 Capital Programme including delivery to the end of the second quarter (ending 30th September 2009).

2. **Recommendations**

2.1 The ITA is recommended to;

- Note the position with regard to the 2009/10 capital Programme, as per Appendix A
- Approve the scheme changes as detailed in Appendix B,
- Approve the increase in the Development Costs of the 2010/11 – 2012/13 capital programme, from £2.274m to £4.088m as detailed in Appendix C

3. **Introduction / Background**

3.1 The ITA approved a revised capital programme for 2009/10 in September 2009 totalling £51.788m. A review of the capital programme has been undertaken at the end of the second quarter, resulting in a revised capital programme of £69.442m.

3.2 As at the end of the second quarter actual spend is £6.536m (9.4%). Commitments are estimated to be £46.694m (67.2%). Although actual expenditure is lower than at the same point in 2008/09 (actual spend of £7.481m 28.6%) the committed expenditure is exceeding the levels of £10.632m and

40.7% reported at this time in 2008/09.

- 3.3 The Nexus variations reported in this second quarterly monitoring report consist of £1.895m slippage into future years, together with a reduction of £0.573m in other schemes either as a result of under-spends or a reduction in risk contingency. This is offset by the introduction of £2.017m of new schemes to the 2009/10 capital programme, including a further £1.814m of capital development costs (as outlined in appendix C) where the intention is to commit resources in the current financial year in preparation of the delivery of schemes included in the Metro Asset Renewal Plan from April 2010, as part of Metro Reinvigoration Phase 2.
- 3.4 The major variation to the ITA capital programme for 2009/10 is an increase in the New Tyne Crossing budget of £18.105m. This is due to bringing forward the second construction payment due in April 2010 to March 2010 and the re-phasing of the works for the lift replacement at the Pedestrian Cyclist Tunnel.
- 3.5 The main points to note are:-
- For those schemes where a recovery plan will not enable delivery of schemes in time for completion this financial year, the 2010/11 to 2012/13 programme is being prepared on the basis of accommodating this slippage.
 - The development of schemes that will be delivered as part of the Metro Reinvigoration Phase 2 allows the maximisation of resource this financial year and creates headroom to accommodate slippage into 2010/11
 - Over-programming is at 12.5% of the total Nexus programme and the current forecast, as reported to DfT, indicates utilisation of 90%-100% of the current year resources, with agreement to carry forward a small percentage of Metro Rail Grant into 2010/11.

4. **Information**

- 4.1 The ITA approved a revised Capital Programme for 2009/10 of £51.788m in September 2009.
- 4.2 A review of this programme has been completed at the end of the second quarter, ending 30th September 2009. The information contained in this report is based on information received from Project Managers responsible for the schemes, and a review of schemes carried out by the Asset Management Director.
- 4.3 Following the second quarterly review of the capital programme a number of changes have been identified. These can be seen in Appendix B and in summary below:-

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Revised Capital Programme as reported September 2009		£51.788m
New schemes identified	£0.203m	
Variations to Major Schemes	(£0.543m)	
Variation to Development Costs	£1.814m	
Other Variations – including slippage	(£1.925m)	
Tyne Tunnel Crossing Variation	£18.105m	
Revised 2009/10 Capital Programme		£69.442m

4.4

New Schemes

The only new schemes approved during quarter 2 relate to:-

- £138k for the Nexus Document Control System. Currently there is no Nexus Drawing or CAD Standard system in place and this investment will ensure standardisation and Quality of all drawings across the Organisation.
- £115k for a Data Collection System for Continuous Monitoring, of which £30k is required in 2009/10 and £85k in 2010/11. This investment is to procure a new flexible and reliable data collection system to replace the current system which is failing and has limited IT support.

A £35k budget requirement has also been identified to provide 21 sets of substation tripping and closing batteries, disposal of the life expired units and the in-house installation and commissioning of these batteries. The original batteries were installed in 2002, with recommended replacement after 5 years, and the risk of not carrying out this work is that unit failure could affect the operation of the train service through faults not being detected or being unable to control the high voltage supplies from the substations.

4.5

Scheme Variations – Major Projects

Major scheme variations reported in this quarter total a reduction in the 2009/10 capital programme of £0.543m and consists of the following variations:-

- Slippage of £0.367m on the Sunderland Station Redevelopment scheme which is due to delays incurred by non completion of the contractors design elements
- Reduction of £0.176m in the risk contingency on the Ticketing and Gating scheme for 2009/10, as the scheme is progressing as planned. This risk contingency will be reallocated to the 2010/11 Ticketing and Gating budget.

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4.6 Variation to Development Costs

The costs relating to developing the 2010/11 – 2012/13 capital programme were reported in the quarter 1 capital monitoring report, totalling £2.274m. These costs have been reviewed with the Asset Management Director during the quarter and the revised requirement is now estimated at £4.088m.

The rationale for the development costs is, essentially, in order to be prepared for delivery of the capital programme 2010-13 a good deal of survey work, intrusive investigation and design work is necessary to adequately define the investment schemes. The more preparative work done in advance the better prepared is the organisation for delivery in 2010/11.

The costs reported and approved at Q1 excluded investment planning costs associated with programme management, cost and risk management. In addition it was decided to endeavour to capture all other costs associated with design development, including the cost of carrying out topographical surveys and the costs of Metro supervision to oversee intrusive investigation work. These are the principal reasons for the increase in development costs.

The details of this revised requirement are attached in Appendix C.

4.7 Variation to Tyne Tunnel Crossing

The variation to costs for the New Tyne Tunnel is mainly due to the proposal to bring forward the second construction payment of £18.4m for the New Tyne Crossing from April 2010 to March 2010. The lift replacement programme for the Pedestrian Cyclist Tunnel has been re-phased.

4.8 Other Variations

Other variations to the 2009/10 capital programme, totalling a reduction in budget requirement of £1.925m are detailed in Appendix B of this report, and the major variations listed below:-




- Central Area Tunnels reduction of £201k – tenders received were lower than budgeted
- Rail Grinding reduction of £270k – problems gaining access to hire plant required
- Switch and Crossing Renewal reduction of £648k – this budget included a significant risk element which has now been removed. Replacement of Hylton Street switch and crossing expected March 2010. The approach to further switch and crossing design and delivery has been revised.
- OTN-UPS Support Power Supply reduction of £307k – slippage is a result of limited resource within Renewals Dept and reprioritisation of work
- DC Feeder Cable Refurbishment reduction of £595k – this slippage is a result of limited resource with Renewals Dept and reprioritisation of work

4.9 The revised programme for 2009/10 is detailed below:-

	Approved Programme 2009/2010 £m	Revised Programme 2009/2010 £m	Change During second Quarter £m
Bus Infrastructure	1.679	1.679	0.000
Business Improvements	0.989	1.210	0.221
Ferry	0.166	0.121	(0.045)
Major Projects	11.338	10.794	(0.544)
Metro			
- Buildings, Depot, Equip & Plant	2.613	2.655	0.042
- Electrical & Mechanical Services	1.251	1.324	0.073
- Metrocars	0.504	0.694	0.190
- Power	1.052	0.280	(0.772)
- Signalling & Telecommunications	6.357	6.679	0.322
- Stations	0.494	0.346	(0.148)
- Structures	3.282	2.965	(0.317)
- Track	3.481	2.413	(1.068)
- Other	0.934	0.715	(0.219)
- ARP Development Costs	2.274	4.088	1.814
Passenger Improvements/Info.	0.105	0.105	0.000
Miscellaneous	0.013	0.013	0.000
New Tyne Crossing	15.256	33.361	18.105
Total Capital Programme	51.788	69.442	17.654






- 4.10 At the end of the second quarter the actual spend is £6.536m (9.4%) compared to £7.481m (28.6%) at the end of the second quarter of 2008/09. Commitments are estimated to be £46.694m (67.2%) compared to £10.632m (40.7%) at the end of the second quarter of 2008/09.
- 4.11 Full details of the above changes are shown in appendices A, B and C
- 4.12 The status and performance against project timelines for Major project schemes are detailed below. The status and performance against project timelines for Metro Improvement and Maintenance project schemes >£100k are detailed in appendix D. The colour codes in the table below are to aid in quickly assessing the delivery of these projects against program.

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Project Scheme within original timeline	
Project Scheme timeline slippage but expected completion within this financial year	
Project Scheme timeline slippage but not expected to be completed within this financial year	

4.13

Major Projects

BB001 - Central Area tunnel Refurbishment	Principal contractor appointed. Site work commenced in Jesmond to Haymarket, expecting to last until Xmas before moving to the next area	
BB002 - Haymarket Development	Extension of time to 17 Dec 09 granted to principal contractor Tolent to all outstanding work to be completed i.e. Panel fit out and Retail Comms closeout (PA, CCTV, SCADA, Fire Alarm etc)	
BB003 - Maintenance Management System	All 13 sites are now up and running using Maximo, the Remaining work includes Strategix interface, scheduled to be completed December, Move Maximo from physical to virtual environment, Jan (depending upon IT timescale). Concession re-cut, planned to be completed end of March.	
BB005 - Sunderland Station Redevelopment	Principal contractor for phase 2 appointed and site work on Situation 1 South Concourse and Platform Area commenced. New waiting room foundations constructed, demolition of East block wall and stairwell walls progressing. Project is now behind schedule due to delays incurred due to non completion of the contractors deigns elements	
BB006 – Ticket & Gating	Scheme design progressing with Product and Business rules now issued. Project board and delivery team now formed and regular meetings held. Enabling Work surveys have commended and are progressing. IT Infrastructure work streams progressing.	

4.14

This total revised Capital Programme for 2009/2010 is £69.442m. The funding of

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this is from a number of different sources. The funding available in 2009/10 is as follows:-

	2009/10 Approved Funding	2009/10 Revised Funding	Variance
	£m	£m	£m
LTP Minor Schemes	3.767	3.767	0.000
Revenue Contribution to Capital	0.894	0.886	(0.008)
Over-programming	3.214	3.246	0.032
Grants and Contributions	23.375	23.221	(0.154)
Prudential Borrowing	3.667	3.300	(0.367)
Reserves	1.615	1.661	0.046
New Tyne Crossing	15.256	33.361	18.105
Total Capital Funding	51.788	69.442	17.654

4.15 The major changes to the funding above are as follows:-

- The reduction in grants and contributions requirement in 2009/10 is in relation to the Ticketing and Gating scheme which has slipped £109k of S31 grant requirement into 2010/11 and the North Shields Ferry Landing which has slipped £45k of contributions into 2010/11.
- The reduction in prudential borrowing requirement is due to the slippage on the Sunderland Station Redevelopment scheme of £367k into 2010/11.
- There is a small variation in reserves which relates to the match funding requirement for the preparation costs on the Ticketing and Gating scheme in 2009/10
- The proposal to bring forward the second construction payment of £18.4m for the New Tyne Crossing from April 2010 to March 2010 is the reason for the significant variance in the New Tyne Crossing expenditure now planned for 2009/10.

5. **Next Steps**

6. **Further comments by the:**

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

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

7 Background Papers

8 Contact Officer (s)

- 8.1 Carol Bainbridge, Head of Capital and Projects (0191) 2033244
Diane Scott, Capital Accountant (0191) 2033410
Tony Quinn, Asset Director (0191) 2033418
Graham Campbell, Metro Renewals Director (0191) 2033216

Capital Programme Monitoring Report 2009/10 as at 30 September 2009 Summary

	App Estimate £'000	Actual to date £'000	Citted £'000	Unctftd £'000	Revised Estimate £'000	Variance £'000
Bus Infrastructure	1,459	209	433	1,026	1,459	0
Business Improvements	1,209	409	424	868	1,292	83
Ferry	166	2	24	97	121	-45
Major Projects	13,371	2,005	6,111	8,530	14,641	1,270
Metro Improvements	4,072	791	1,831	2,311	4,142	70
Metro Maintenance	16,149	2,599	4,509	9,811	14,320	-1,829
Miscellaneous	1	1	1	0	1	0
Passenger Information	105	0	0	105	105	0
New Tyne Crossing	15,256	519	33,361	0	33,361	18,105
Grand Total	51,788	6,536	46,694	22,748	69,442	17,654

		Variance		App	Actual to	Cited	Uncited	Revised
		Estimate	date	Estimate	Estimate	Estimate	Estimate	Estimate
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bus Infrastructure								
BA020	TICKET DATA RETRIEVAL SYSTEM	1	1	1	0	1	0	1
BA021	CCTV ON BUS INFRASTRUCTURE	100	0	0	100	100	100	100
BA019	PRIORITISATION SYSTEM	40	0	0	40	40	40	40
BA018	INFORMATION DELIVERY IMPROVEMENTS	25	0	0	25	25	25	25
BA017	BUS STATION SIGNING	40	0	0	40	40	40	40
BA015	NORTHUMBERLAND PARK MULTI STOREY CAR PARK	139	1	2	137	139	139	139
BA001	BUS SHELTERS NEW BUILD	160	7	21	139	160	160	160
BA012	INFORMATION PROVISION AT HOSPITALS (TRAVEL PLAN)	35	0	0	35	35	35	35
BA002	SUPERROUTE SHELTERS	70	45	45	25	70	70	70
BA009	CCTV AT BUS SHELTERS	10	0	0	10	10	10	10
BA008	BUS STATION REFURBISHMENT	210	43	97	113	210	210	210
BA007	BUS SHELTER LIGHTING POWER SUPPLY	150	0	31	119	150	150	150
BA006	SHELTER REFURBISHMENT PROGRAMME	300	49	139	161	300	300	300
BA005	REPLACEMENT BUS SHELTERS	120	63	97	23	120	120	120
BA004	BUS SHELTER DEPARTURE BOARDS	50	0	0	50	50	50	50
BA010	EAST BOLDON P & R	9	0	0	9	9	9	9
Total		1,459	209	433	1,026	1,459	1,459	0

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		Variance				
	App	Actual to	Cited	Uncited	Revised	
	Estimate	date	£'000	£'000	£'000	Estimate
	£'000	£'000	£'000	£'000	£'000	£'000
Business Improvements						
BA708	21	9	9	12	21	0
BA704	15	0	0	15	15	0
BA716	40	34	42	0	42	2
BA702	153	16	16	137	153	0
BA302	189	3	3	186	189	0
BA717	218	191	191	27	218	0
BA710	12	12	12	0	12	0
BA718	55	23	23	32	55	0
BA701	190	82	89	101	190	0
BA803	220	0	0	220	220	0
BC849	96	39	39	108	147	51
BA	0	0	0	30	30	30
Total	1,209	409	424	868	1,292	83
Ferry						
BA501	1	1	1	0	1	0
BA502	165	1	23	97	120	-45

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Total 166 2 24 97 121 -45

Variance		App	Actual to	Cited	Uncited	Revised	
Estimate	date	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Major Projects							
BB006	TIM REPLACEMENT	4,138	83	157	3,805	3,962	-176
BB002	HAYMARKET DEVELOPMENT	1,892	1,474	1,504	388	1,892	0
BB005	SUNDERLAND STATION REDEVELOPMENT	4,932	424	4,365	200	4,565	-367
BB004	STEPHENSON CORRIDOR 'S LINK	9	8	8	0	8	-1
BC	DEVELOPMENT COSTS	2,274	0	0	4,088	4,088	1814
BA014	ORPHEUS - BUS	126	16	77	49	126	0
Total		13,371	2,005	6,111	8,530	14,641	1,270
Metro Improvements							
BC855	MOG REMODELLING	183	47	47	45	92	-91
BC854	SGF OFFICE WORKS	232	12	15	207	222	-10
BC853	PROJECT TEAM ACCOMMODATION	10	2	3	0	3	-7
BC908	METRO CUBE AT PELAW	12	8	8	4	12	0
BC844	CCTV/PA RECOVERY	26	1	1	10	11	-15
BC856	FORKLIFT TRUCK REPLACEMENT	12	0	0	12	12	0
BC819 &	SIMONSIDE STATION	20	20	20	0	20	0
BC924	ESCALATOR REPLACEMENT	13	0	0	62	62	49
BC811	BENTON STATION FOOTBRIDGE	226	23	23	80	103	-123
BC556	HELP POINTS	200	15	74	126	200	0
BC623	CCTV ON METRO CARS	226	80	132	269	401	175
BC758	METRO SIGNAGE	75	51	60	6	66	-9
BC737	FELLING BRIDGE & STATION IMPROVEMENTS	39	16	29	10	39	0

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	Variance		App		Actual to		Cited		Uncited		Revised	
	Estimate £'000	date £'000	Estimate £'000	date £'000	Estimate £'000	date £'000	Estimate £'000	date £'000	Estimate £'000	date £'000	Estimate £'000	date £'000
BC838			1	0	0	0	0	0	0	0	0	-1
BC884			303	23	24	24	279	303	0	303	0	0
BC910			100	0	0	0	0	0	0	0	0	-100
BC840			40	13	14	14	49	63	49	63	23	23
BC864			214	41	41	41	109	150	109	150	0	-64
BC517			263	0	0	0	263	263	263	263	0	0
BC874			1,525	332	1,231	1,231	622	1,853	622	1,853	328	328
BC878			92	0	0	0	23	23	23	23	0	-69
BC882			15	0	0	0	15	15	15	15	0	0
BC906			50	11	26	26	24	50	24	50	0	0
BC863			176	91	78	78	91	169	91	169	0	-7
BC907			12	4	4	4	0	4	0	4	0	-8
BC919			7	1	1	1	5	6	5	6	0	-1
Total			4,072	791	1,831	1,831	2,311	4,142	2,311	4,142	70	70

Metro Maintenance

BC686	TIM CABLING REPLACEMENT	5	1	1	1	3	4	-1
BB003	MAINT MANAGEMENT SYSTEM	241	66	120	120	121	241	0
BC690	THAMES VALLEY CONTROLLERS	10	1	2	2	34	36	26
BC546	FLEET- MAJOR EQUIPMENT RENEWAL	70	4	4	4	70	74	4
BC693	RENEWALS & REPLACEMENT OF EQUIPMENT	242	4	24	24	200	224	-18
BC694	TRACTION MOTOR UPGRADES	139	127	143	143	210	353	214
BC695	ELECTRONIC METROCAR DEST INDICATORS	53	25	25	25	18	43	-10
BC689	METRO OFFICES VEHICLE REFUELLING POINT	32	1	4	4	28	32	0
BC617	LIFTS REFURBISHMENT/MAJOR ITEMS	100	59	95	95	5	100	0
BC587	VEHICLE REPLACEMENT PROGRAMME	179	75	144	144	37	181	2

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	Variance		App		Actual to		Ctted		Unctted		Revised	
	Estimate	Estimate	Estimate	date	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
BC-558	99	20	62	37	99	0						
BC-550	400	0	0	130								-270
BC-545	40	1	1	39	40	0						0
BC-800	122	2	2	120	122	0						0
BC-543	34	1	1	33	34	0						0
BC-703	1,113	499	522	541	1,063	-50						
BC	0	0	0	75	75	0						75
BC-539	50	3	6	44	50	0						0
BC-532	81	96	100	78	178	97						0
BB001	795	64	371	223	594	-201						
BC-930	88	0	0	88	88	0						0
BC-798	23	15	23	31	54	31						0
BC-915	49	2	35	8	43	-6						0
BC-916	50	0	25	25	50	0						0
BC-917	156	0	0	151	151	-5						0
BC-918	10	1	1	9	10	0						0
BC-920	35	0	0	35	35	0						0
BC-921	600	0	0	5	5	-595						0
BC-922	250	0	0	250	250	0						0
BC-923	110	0	0	110	110	0						0
BC-925	38	0	0	23	23	-15						0
BC-926	75	10	10	0	10	-65						0
BC-913	62	9	29	33	62	0						0
BC-929	311	24	139	172	311	0						0
BC-912	100	47	70	30	100	0						0

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	Variance		App Estimate £'000	Actual to date £'000	Cited £'000	Uncited £'000	Revised Estimate £'000
	App Estimate £'000	Actual to date £'000					
BC931	37	0	0	0	37	37	0
BC932	63	1	1	1	52	53	-10
BC934	222	2	2	2	30	32	-190
BC935	70	7	34	34	36	70	0
BC937	30	2	30	30	108	138	108
BC938	200	1	1	1	169	170	-30
BC940	128	0	0	0	128	128	0
BC941	26	0	0	0	26	26	0
BC942	36	0	0	0	36	36	0
BC943	6	6	6	6	0	6	0
BC944	489	322	472	472	6	478	-11
BC945	46	19	32	32	14	46	0
BC928	250	1	1	1	249	250	0
BC809	1	0	0	0	0	0	-1
BC706	975	27	29	29	298	327	-648
BC708	293	117	264	264	17	281	-12
BC709	2	2	2	2	0	2	0
BC714	5	0	0	0	25	25	20
BC720	81	2	2	2	79	81	0
BC723	56	3	3	3	53	56	0
BC745	9	0	0	0	7	7	-2
BC768	36	37	37	37	0	37	1
BC799	280	27	94	94	63	157	-123
BC946	880	0	0	0	1,100	1,100	220
BC802	13	8	13	13	0	13	0

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	Variance		App Estimate £'000	Actual to date £'000	Cited £'000	Uncited £'000	Revised Estimate £'000
	Estimate £'000	£'000					
BC804	MULTICORE CABLE REPLACEMENT	2,661	256	672	1,989	2,661	0
BC914	BENTON LANE 1107	60	0	0	60	60	0
BC807	LIFT RENEWAL	755	66	77	678	755	0
BC705	SWITCH HEATER REPLACEMENT	182	141	181	1	182	0
BC825	GOSFORTH CONTROL CENTRE OFFICE	55	0	0	45	45	-10
BC858	SUBSTATION INTERTRIPPING EQUIPMENT	0	0	0	10	10	10
BC866	ARCH BRIDGES - ILF TO SGF	781	357	530	201	731	-50
BC883	DEPOT LIGHTING UPGRADE	142	0	0	106	106	-36
BC887	EARSDON ROAD BRIDGE REPAIR	411	7	20	278	298	-113
BC892	DEPOT HEATING SYSTEM REPLACEMENT	28	7	7	70	77	49
BC894	SECURITY REVIEW 2008/09	411	4	5	261	266	-145
BC897	SUB-STATION REFURBISHMENT	0	0	0	10	10	10
BC899	PATHWAYS, STEPS AND GANTRIES AT GOSFORTH	54	6	9	37	46	-8
BC905	WHEEL SLIP GEL APPLICATORS	15	1	1	14	15	0
BC911	KNOTTS BRIDGE REPAIR	208	10	22	239	261	53
BC	NEXUS DOCUMENT CONTROL SYSTEM	0	0	0	138	138	138

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BC	SUBSTATION TRIPPING AND CLOSING BATTERIES	0	0	0	35	35
BC	ULTRASONIC ANEMOMETERS	0	0	0	10	10
BC805	OTN-UPS SUPPORT POWER SUPPLY	390	3	3	80	-307
Total		16,149	2,599	4,509	9,811	14,320
						-1,829

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	App Estimate £'000	Actual to date £'000	Cited £'000	Uncited £'000	Revised Estimate £'000	Variance £'000
Miscellaneous						
BC862 REPLACEMENT VOICE MAIL SYSTEM	1	1	1	0	1	0
Total	1	1	1	0	1	0

Passenger Information

BA301 REAL TIME INFORMATION	105	0	0	105	105	0
Total	105	0	0	105	105	0
New Tyne Crossing	15,256	519	33,361	0	33,361	18,105
Grand Total	51,788	6,536	46,694	22,748	69,442	17,654

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APPENDIX B

	2009/10 £ m	2010/11 £ m	2011/12 £ m
Capital Programme Agreed by ITA September 2009	51.788	121.035	97.311
New Schemes Identified			
NEXUS DOCUMENT CONTROL SYSTEM - Currently there is no Nexus Drawing or CAD Standard system in place and this investment will ensure standardisation and Quality of all drawings across the Organisation. This scheme was approved at Management Committee on 27 th October 2009	0.138		
DATA COLLECTION SYSTEM FOR CONTINUOUS MONITORING - This investment is to procure a new flexible and reliable data collection system to replace the current system which is failing and has limited IT support. This scheme was agreed at Management Committee on 29 th September 2009 awaiting confirmation of funding becoming available. It is proposed to finance it over the years 2009/10 and 2010/11 as detailed.	0.030	0.085	
SUBSTATION TRIPPING AND CLOSING BATTERIES - provide 21 sets of substation tripping and closing batteries, disposal of the life expired units and the in-house installation and commissioning of these batteries. The original batteries were installed in 2002, with recommended replacement after 5 years, and the risk of not carrying out this work is that unit failure could affect the operation of the train service through faults not being detected or being unable to control the high voltage supplies from the substations	0.035		
TOTAL NEW SCHEMES IDENTIFIED	0.203	0.085	0.000
VARIATIONS TO MAJOR SCHEMES			
SUNDERLAND STATION REDEVELOPMENT – this variation relates to slippage due to the contract work being behind schedule as a consequence of delays in completion of the contractors deigns elements.	(0.367)	0.367	
TICKET AND GATING – expect the expenditure to be inline with the revised cash flow and no slippage to occur	(0.176)	0.176	
TOTAL VARIATIONS TO MAJOR SCHEMES	(0.543)	0.543	0.000

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DEVELOPMENT COSTS – this variation is detailed in Appendix C	1.814		
VARIATIONS TO OTHER SCHEMES			
ARCH BRIDGES ILFORD ROAD TO SOUTH GOSFORTH – Reduced quantities compared against the original contract estimate	(0.050)		
BENTON STATION FOOTBRIDGE – the variation is slippage due issues with planning approval and conservation area consent	(0.123)	0.134	(0.002)
DC FEEDER CABLE REFURBISHMENT - the variation is slippage due to re-prioritising of engineering resources and long lead time for purchasing the required cable and electrical equipment	(0.595)	0.653	(0.258)
DEPOT LIGHTING UPGRADE - the variation is slippage due to re-prioritising of engineering resources and change in scope for installation of new cable troughing	(0.036)	0.050	
CCTV ON METRO CARS - The increase in budget is due to additional equipment costs and increased staffing costs	0.175	(0.175)	
CENTRAL AREA TUNNEL REFURBISHMENT – Tenders received were much lower than the original project estimate / budget	(0.201)	(0.868)	(0.790)
DEPOT HEATING SYSTEM REPLACEMENT – Increase in budget due to appointment of consultancy service to survey the existing system / building for asbestos and produce necessary tender documentation and technical specifications	0.049		
DIGITISING AND APPROVING ENGINEERING DRAWINGS increase in budget due to employment of additional technical draughtspersons to progress drawing backlog and input of ARP survey work into the register database	0.051		
EARSDON ROAD BRIDGE REPAIRS – Tenders received were much lower than the original project estimate / budget	(0.113)		
ESCALATOR REPLACEMENT – Increase in budget due to employment of consultancy services to develop the scheme in line with the ARP strategy and publication of the OJEU	0.049	(1.237)	1.237

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INFORMATION DELIVERY IMPROVEMENTS -		(0.050)	
KNOTTS BRIDGE REPAIR – informed by design consultants that the repair work will be greater than the current budget	0.053		
LIFT RENEWAL – lift replacement program to become part of the reinvigoration program and undertaken under the procurement strategy		(0.420)	0.420
MANORS ENHANCEMENT WORKS – Management Committee report of 09/186. The increase is due to revised scope of work to cover for relevant equipment to be replaced in the Manors Interlocking area.	0.220		
MITIGATION MEASURES – this slippage is due to a reduction in the number of local council highways bridge traffic mitigation schemes and therefore Nexus' contribution	(0.065)		
MOG REMODELLING – Slippage of the works due to scope changes and time to assess the options for creating a new plant workshop.	(0.091)	0.091	
MONKSEATON STATION RAMP – the variation is slippage due issues with planning approval	(0.123)		0.025
NORTH SHIELDS FERRY LANDING -	(0.045)	0.045	
ON TRAIN PA – Management Committee report of 09/208 for increase in budget due to appointment of contractor to undertake all the installation work	0.328		
OTN-UPS SUPPORT POWER SUPPLY - the variation is slippage due to re-prioritising of engineering resources and in out years increase in budget estimated due to space restrictions and new ventilation system required	(0.307)	0.227	
PLAIN LINE RENEWAL – expect work to be completed and project to be within budget	(0.050)		
RAIL GRINDING – expect work to be completed in Xmas possession and project to be within budget	(0.270)		
REED TRACK CIRCUITS – the variation is slippage due to reassessment of the work in relation with the ARP signalling strategy	(0.190)	0.139	

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REPLACEMENT OF SCADA CONTROL EQUIPMENT - Increase in budget due to extended commissioning and reliability period and additional training requirements	0.031		
ROSTERING SYSTEM – the variation is slippage due to a delay in receiving the new software and the time required to complete the testing and the reliability	(0.064)		
SECURITY REVIEW – the variation is slippage due to the late start of the project and completion of the scheme scoping and designs.	(0.145)	0.145	
STATIONS REFURB – ESCALATOR IMPROVEMENTS/MAJOR ITEMS – increase in budget due to greater amount of components used and cost to complete the work than originally estimated	0.097		
STRUCTURAL MAINTENANCE DENHOLME AND MAST LANE – this variation is due to bringing forward from 2010/11 budget and complete the work this year as a consequence of planning delays on other projects	0.108	(0.108)	
SWITCH AND CROSSING RENEWAL – expect the majority of the budget to be spent this financial year	(0.648)		0.323
TRACK GEOMETRY MEASURING KIT – the variation is slippage due to incorporating this project as part of the new tamper procurement	(0.100)	0.100	
TRACTION MOTOR UPGRADES – the intended number of traction motor rewires to be increased in order to prevent abortive costs on having to rewire motors that have already had the armatures replaced	0.214	0.011	(0.128)
UNINTERRUPTABLE POWER SUPPLIES -	0.075		(0.028)
VENT FAN EMERGENCY LIGHTING UPGRADE – the variation is slippage due to the project being put on hold until the asbestos assessment and remedial work has been completed	(0.069)	0.069	
MINOR CHANGES – Additional changes less than £30k.	(0.090)	0.110	
TOTAL VARIATIONS TO OTHER SCHEMES	(1.925)	(1.084)	0.799

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NEW TYNE CROSSING - The variation to costs for the New Tyne Tunnel is mainly due to the proposal to bring forward the second construction payment of £18.4m for the New Tyne Crossing from April 2010/11 to March 2009/10. The lift replacement programme for the Pedestrian Cyclist Tunnel has been re-phased	18,105	(18,105)	
TOTAL CHANGE TO PROGRAMME	17,654	(18,561)	0.799
REVISED CAPITAL PROGRAMME	69.442	102.474	98.110

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APPENDIX C

In order to be in a position to commence implementation of ARP capital schemes in 2010/11 it is necessary to carry out certain development activities in advance ie 2009/10.

These activities typically include:

- Site Surveys
- Site investigations
- Options Study
- Preliminary Design
- Tender Specification and documents preparation
- Programme, cost and risk management

Two specific areas have been selected to be addressed in the first three years of the programme they are Chillingham Road – Tynemouth and South Gosforth –Jesmond. It is considered this geographic approach represents an efficient and effective delivery method. This approach should permit better communication of impending passenger disruption whilst delivering tangible customer benefits once the work is complete.





Nevertheless some asset groups, because of their nature, will still be implemented system wide rather than confined to these particular areas e.g., Signalling and Communications.

To fill the data gap in these areas various surveys and investigations have been required.

These include topographical surveys, geotechnical site investigations, discipline-specific investigations e.g. on Communications and Signalling and multi / cross-discipline validation.

Design and procurement activities follow on from this initial work.

A typical project methodology, up to and including implementation is shown below.

TYPICAL PROJECT METHODOLOGY	
ACTION	PROGRAMME
Assessment / Compilation of existing information and Site	
Intrusive Investigation	
Specification and Tender Documents	
Tender Evaluation	

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Implementation	
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In addition to scheme specific activities there is a need to manage the programme of works as a whole. It is proposed these costs associated with these activities be apportioned to schemes, in proportion to their relative value, as an overhead.

The work breakdown structure for the schemes to be undertaken in next 3 years is shown in the table below which also includes the associated budgets for the 'development costs' to be incurred in 2009/10.

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DEVELOPMENT COSTS OF THE 2010/11–2012/13 CAPITAL PROGRAMME

Scheme	Total 2009/10 Development Cost Budget £
Earthworks and Geotechnical	
North Shields to Chillingham Road	277,676
South Gosforth to Jesmond	50,447
Civils & Structures	
Bridges	
North Shields to Chillingham Road	286,128
Rest of System	72,813
Retaining Walls & Culverts	
North Shields to Chillingham Road	69,102
South Gosforth to Jesmond	21,590
Rest of System	21,449
Drainage	
North Shields to Chillingham Road	84,844
South Gosforth to Jesmond	28,281
Permanent Way	
North Shields to Chillingham Road	599,578
South Gosforth to Jesmond	205,039
Rest of System	317,598
Overhead Line Equipment	
North Shields to Chillingham Road	16,208
South Gosforth to Jesmond	4,502
Rest of System	88,028
Stations	
North Shields to Chillingham Road	
North Shields	95,861
Meadow Well	45,180
Percy Main	35,970
Howden	45,180
Hadrian Road	45,180
Wallsend	45,180
Walkergate	45,180
Chillingham Road	45,180

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Scheme	Total 2009/10 Development Cost Budget
South Gosforth to Jesmond	
South Gosforth	43,022
Ilford Road	43,022
West Jesmond	43,022
Communications	
Design and Cabling of whole system	366,959
Radio	90,514
Signalling	
PTI	130,332
Migration Plan	259,848
Level Crossings	89,849
Cable Degradation	214,265
Depot Equipment and Plant	
Depot Equipment - Train Wash	28,647
Depot Equipment - Wheel Lathe	85,943
Power	
Depot Isolation	35,096
Miscellaneous	
Ongoing Capital Renewals & Maintenance	
Works	15,000
Miscellaneous	96,442
	4,088,156

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APPENDIX D

**METRO IMPROVEMENT & MAINTENANCE PROJECT SCHEME STATUS & TIMELINE
PERFORMANCE**











Metro Improvements Projects

BC 001 – Central Area Tunnel Refurbishment	Principal contractor appointed. Site work commenced in Jesmond to Haymarket, expecting to last until Xmas before moving to the next area	
BC811 – Benton Station Footbridge	Project behind schedule due to planning issues. Proposal by the employed Conservation Architect were rejected by the North Tyneside Council planners and conservation officer. New proposals being drawn up for re-submittal. Do not expect award of contract for the works until Feb 2010	
BC855 – MOG Remodelling	Proposals for conversion of part of the MOG stores into a Plant workshop are being explored but will not be completed until later in 2010. Office alterations to accommodate the relocation of Asset Management Directorate to MOG currently under review. Installation of New electrical supply from NEDL planned for Dec 09	
BC854 – SGF Office Works	Phase 1 – conversion of the old canteen kitchen into offices and meeting room has been completed. Phase 2 – the refurbishment of the original HR and Security review area has commenced and expected to be completed by end of the year 09	
BC556 – Help Points	Site work commenced with new help points at 2 stations already completed. Work expected to be completed by Mar 2010	
BC874 – On Train PA	Installation contractor appointed and site work to commence shortly and completed by Mar 2010	
BC623 – CCTV on Metro Cars	The site work is nearing completion with the CCTV equipment installed. The 30 cars fitted with the original Petards CCTV still require the wireless upgrades to be carried out.	
BC884 – Tunnel Lighting Upgrade	Tunnel lighting upgrade work nearing completion and to be handed over by end of year 09	
BC910 – Track Geometry Measuring Kit	Demonstration of system held. Tender now on hold and to be incorporated as part of the new Tamper procurement	
BC864 – Rostering System	New software to manage timetable changes and resource allocation has been installed but still needs to be fully tested. The project has been delayed due to the lateness in receiving the software and time to complete the testing	









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BC863 – PID Indicators	All new PID's now installed. Issues with data transfer and PID displays currently being addressed	
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Metro Maintenance Projects

BC517 – Road/Rail Vehicles	Specification completed and tender to be completed for release before Jan 2010. Scope includes replacement of 3 Unimog vehicles.	
BC550 – Rail Grinding	Initial meeting held with suppliers in early Nov 09, tenders to be issued shortly and site work to be undertaken during the Xmas holiday period	
BC558 – Security Fencing	Installation of additional fencing planned at Longbenton and Benton Flyover before end of the financial year	
BC703 – Plain Line Renewal	Work at Kingston Park ongoing. Work planned for line renewal at GST to GHD and WMN Platform	
BC705 – Switch Heater Replacement	All work now completed in Nov 09	
BC706 – Switch & Crossing Renewal	Work to be carried out as part of a 54 hour possession in Mar 2010 at Hilton Street North Shields. Currently the designs and specification are being progressed through consultancy services. Tender documentation to be completed and issued.	
BC708 – Manors Treadle Replacement	The treadle replacement work has been completed. Still awaiting final walkthrough and snagging to be undertaken before final handover is completed	
BC799 – Monkseaton Station Ramp	This project has been delayed due to the original plans being rejected by the Planning Inspectorate. Appeal against the planning objections has been sent and await the outcome of the hearing. Tender and contract documentation have been progressed. Do not expect this project to be completed until 2010	
BC800 – LX Road Monitoring	Surveys at Fawdon, Kingston Park and Bankfoot have been completed. The proposal is to install 3 sites at KSP and BFT but buried services are causing issues and possible delays to completion of the project.	
BC804 – Multicore Cable Replacement	Cable testing in Gosforth Interlocking completed. Work in Jesmond interlocking and Manors are nearing completion. Scope and tender documentation for similar cable testing at Monkseaton and for installing new cables and	

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	troughing Gosforth to Jesmond are currently being prepared. Possessions are being booked to carry out site work starting Feb 2010	
BC805 – OTN UPS Support Power Supply	Start of project delayed due to other commitments and re-prioritising of PM and engineers resources. Designs by consultancy services still progressing. Tender and contract documentation nearing completion but tender will not be issued until after Xmas. Work on site not expect to commence until April 2010	
BC807 – Lift Renewal	Lift replacements at CEN, SSS and MMT complete. The lift at CEN is progressing and expected to be completed by Nov 09 and CRD before end of the year 09	
BC866 – Arch Bridges ILf to SGF	Site work now complete and cleared. Client handover from contractor complete but handover to Nexus Maintainer required	
BC878 – Vent Fan emergency lighting upgrade	The technical specification and tender documentation has been completed. Risk assessment of the working and access conditions have been completed and incorporated into the revised scope of work. Delay to starting of site work is expected due to the tunnel asbestos works	
BC883 – Depot Lighting Upgrade	Start of project delayed due to other commitments and re-prioritising of PM and engineers resources. Electrical designs ongoing and expected to be completed in order for the tender to be released before Xmas. Site work expected to commence before Mar 2010	
BC887 – Earsdon Road Bridge Repair	Site work has commenced. The Shiremoor Earsdon Footbridge has been removed whilst the road bridge and the road bridge at West Monkseaton is progressing.	
BC894 – Security Review	Planning permission for new fencing and increased wall height at SGF granted. Scope of work and tender documentation nearing completion once design proposals have been approved by the engineers. Tender to be issued by end of Nov 09 for award of contract in Jan 2010.	
BC911 – Knotts Bridge Repair	The scope of work is currently out for tender and due back early Dec 09. Due to the delay in starting the design work caused by engineering resources tied to Haymarket, results in the site work is not	

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	expected to be completed until May 2010	
BC917 – Cable Troughing	Initial survey of the system has been completed using the new on-train OMNICOM system and areas which need to be renewed have been identified. Type of new cable troughing to be installed still at design stage and is part of the ARP strategy proposals	
BC921 – DC Feeder Cable Refurbishment	Start of project delayed due to other commitments and re-prioritising of PM and engineers resources. Tender and specification documentation progressing but not expected to be released until 2010. Long lead time on required cable will result in the project not being completed by end of the finance year	
BC922 – Diesel Shunters Battery Locos	Technical specification written and documents now with Asset Management for review. Project delayed due to issue with axle loading data for bridges not available. Expect procurement not to be completed this financial year and present budget to be sufficient	
BC923 – Drainage Remedial Works	Drainage at BYK tunnel and CRD indentified and planned for Xmas to carry out pressure clean & vactor and rebuilding the catch pits in these areas.	
BC928 – North Shields Tunnel Refurbishment	The scope of work is out for tender and due back early Dec 09. Expect award of contract in Jan 2010 but due to nature of the brick lined tunnel and refurbishment work involved, the work may not be completed as planned	
BC929 – OHL Network	The technical specification and tender documentation was completed and sent out for tender but do not expect award of contract until the new year.	
BC934 – Reed Track Circuits	This project is currently on hold and subject to outcome of the ARP signalling strategy proposals	
BC938 - Sub surface Vent System	Electrical specification still to be completed in order for tender to be issued by end Nov 09. It is expected that only 2 of the 7 stations will be completed this financial year.	
BC940 – Tail Cables	This project is currently on hold subject to the outcome of the cable testing work to be carried out in the Monkseaton Interlocking area	
BC944 – SGF Cable Degradation	The work has been completed and handover to the maintainers. Full documentation and as built drawings to be completed	
BC946 – Manors Enhancement Works	Track possessions booked for this work to start taking place in Feb 2010. Dilapidation survey to be	

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	undertaken with Maintainers and the contractors	
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Tyne and Wear Integrated Transport Authority

TITLE: **Date: 28th January 2010**

**NEXUS (NON-METRO), NEW TYNE CROSSING AND LOCAL TRANSPORT
PLAN CAPITAL PROGRAMME 2010/11 TO 2012/13**

REPORT OF **THE CLERK OF THE AUTHORITY / DIRECTOR GENERAL OF NEXUS**

Reasons for confidentiality (if confidential)

District Implications

1. Summary / Purpose of Report

- 1.1 The purpose of this report is to seek approval for the Nexus (non-metro), New Tyne Crossing and LTP Capital Programme for 2010/11 in the light of the expected funding available and to note the indicative scheme allocations for 2011/12 and 2012/13.
- 1.2 This report excludes metro schemes which are subject to a separate report on this agenda, covering the implementation of the Nexus metro asset renewal plan.

2. Recommendations

2.1 The ITA is recommended to:-

- Approve the Nexus (non-metro), New Tyne Crossing and LTP Capital Programme for 2010/11 to 2012/13 as detailed in Appendix A totalling £103.280m, and
- Note the indicative schemes, in paragraph 4.3 (and Appendix A as reserve schemes), totalling £6.614m which will seek full approval for capital funding if capital resource becomes available, following submission of an appropriate business case, and
- Note the LTP S31 District schemes as reported to the ITA in January 2009 for 2010/11 only, included in Appendix B
- Approve the prudential indicators for 2009/10 and the prudential borrowing as described in Appendix C which covers the complete ITA capital programme.

3. Introduction / Background

- 3.1 The Nexus (non-metro) capital investment needs for 2010/11 to 2012/13 have been evaluated in conjunction with Section Heads and the existing capital programme as approved by the ITA in September 2009, and against the current business objectives
- 3.2 Grant funding has been approved by DfT for the Local Transport Plan for 2010/11 and indicative schemes were reported to ITA in January 2009. A review of these schemes is currently being undertaken by the Tyne and Wear Partners and will be reported to the ITA once agreed.
- 3.3 Funding, available for the three year capital programme, is based on reasonable assumptions and existing approvals. However, these assumptions are subject to risk and therefore the programme will continue to be subject to continuous review to ensure all commitments are met within available resources

4. Information

- 4.1 The need for investment has been evaluated and prioritised in accordance with the existing capital programme as approved by the ITA in September 2009, the Nexus business plans and against the current LTP and ITA objectives.

- 4.1.1 The ITA has four overarching objectives:

- Actively promoting the use of better public transport as an alternative to travelling by car and thereby contributing to reducing road traffic congestion;
- Reducing transport-related social exclusion;
- Protecting, preserving and enhancing our natural and built environments and existing investment; and
- Assisting in stimulating economic regeneration.

- 4.1.2 Resources are directed towards achieving these objectives. For example, current and planned initiatives supported by this budget proposal contribute in the following way:-

- The New Tyne Crossing will assist in stimulating economic regeneration and will also contribute to a reduction in road traffic congestion
- Smart ticketing, which encompasses both the metro ticketing and gating major scheme as well as the ITA and Nexus' role in leading the development of the North East Smart Ticketing initiative (NESTI) will help promote modal shift as well as helping to reduce transport related social exclusion
- Refurbishment of the ferry and ferry landing promotes use of better public transport, reducing road traffic congestion and assists in

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stimulating economic regeneration

- Further investment in real time information for passengers promotes the use of better public transport
- Investment in bus infrastructure also helps promote modal shift, assists in stimulating economic regeneration and contributes to the protection, preservation and enhancement of the built environment

4.2 The projects presented for approval are considered of highest priority and are listed in full in Appendix A and summarised in the table below:-

	2010/11	2011/12	2012/13	Total
	£000	£000	£000	£000
Bus Infrastructure	2,648	1,480	1,300	5,428
Business Improvements	760	910	790	2,460
Ferry	195	0	0	195
Nexus Major Schemes	120	120	0	240
Passenger Information	100	100	0	200
Nexus Total	3,823	2,610	2,090	8,523
LTP Districts Schemes	3,024	2,275	2,275	7,574
LTP Over-programming	(749)	0	0	(749)
New Tyne Crossing	40,865	46,852	215	87,932
Total Capital Schemes	46,963	51,737	4,580	103,280

4.3 There are a number of reserve schemes identified as priorities for investment and included within the Nexus (non-metro) capital programme. However, funding for these reserve schemes will only be released once funding is available and an appropriate business case has been developed and approved. Prioritisation of these schemes will be carried out through the Nexus Capital Steering Group on availability of funding resources. The reserve schemes are detailed below:-

RESERVE SCHEMES -				
	2010/11	2011/12	2012/1	Total
	£000	£000	£000	£000
Four Lane Ends Interchange	0	200	0	200
Comprehensive Impact Tool	4	0	0	4
Corporate Business Plan	50	0	0	50
Environment development	100	100	100	300
Cycling facilities	50	50	50	150
Nexus website investment	40	40	100	180
React roll-out to other Districts	30	30	30	90
Park and Ride	0	1,500	2,000	3,500
RTI roll-out	0	500	500	1,000
Partnerships – Nexus	50	100	100	250
CCTV at bus stops	0	150	150	300
Local interchange hubs	140	150	150	440
Bus EV rapid chargers	25	25	25	75
Car EV recharging points	15	30	30	75
TOTAL RESERVE SCHEMES	504	2,875	3,235	6,614

4.4

This revised Nexus (non-metro), New Tyne Crossing and LTP capital programme for 2010/11 to 2012/13, is £103.280m. Funding is indicative and subject to change as and when Nexus are advised by the funding partners and DfT. The anticipated funding for the capital programme is from a number of different sources and is as follows:-

Funding Source	2010/11	2011/12	2012/13	Total
	£000	£000	£000	£000
Capital Reserves	550	0	0	550
LTP S31 Grant – Non Metro	1,496	1,350	1,300	4,146
Revenue Contribution to Capital	812	822	790	2,424
Contributions	45	0	0	45
Over-programming non Metro	920	438	0	1,358
Total Nexus Capital Programme	3,823	2,610	2,090	8,523

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LTP – S31 Funding Balance	3,024	2,275	2,275	7,574
LTP Over-programming	(749)	0	0	(749)
New Tyne Crossing	40,865	46,852	215	87,932
TOTAL	46,963	51,737	4,580	103,280

- 4.5 The funding available for the three year capital programme is based on reasonable assumptions and existing approvals. However, these assumptions are subject to risk and therefore the programme will continue to be subject to review to ensure all commitments are met within available resources.
- 4.6 If there is greater than expected slippage from the 2009/10 capital programme this will put pressure on the programme.
- 4.7 The LTP grant after 2011 is an indicative figure only, and spending cuts are expected to impact on capital for transport schemes in future years. Confirmation of available LTP funding for 2011 onwards will only be known after the next government spending review. The Tyne and Wear Partners are currently reviewing the 3 year allocations and will report to the ITA LTP Working Group and subsequently to the ITA once the allocations are agreed. These allocations are expected to be reported to the ITA in the Autumn of 2010 once confirmation from government is received on the level of the IT block.
- 4.8 The new Tyne Tunnel programme does not yet include provision for any further major work that has been identified as being necessary, within the Pedestrian/Cyclist Tunnels. The Authority has already approved a budget of £330,000 for the modernisation of the lifts and it is expected that this will be completed in late spring/early summer 2010. There are further areas of major maintenance that need to be addressed. In particular, the wooden tread escalators are now nearly 60 years old and in need of significant investment – either to replace or refurbish. The tiling, floor slabs and lighting/communications systems also will need attention in the short/medium term.
- The options for addressing these needs are being investigated within the context of the recently prepared Conservation Plan (the PCT is a Grade 2 listed structure). It is anticipated that a report on the issues and options will be ready for presentation to the Authority in March 2010. The level of investment is likely to be significant – possibly in excess of £10m in total – but that this could be programmed over a number of years. The financing method will be dependent on the final recommendation and will be set out in that report.
- 4.9 Nexus and the ITA are developing the ‘NESTI’ Smart Ticketing programme along with other local authorities in the North East. This programme will see significant in-flows of capital to the ITA and Nexus over the three-year period (the overall funding is expected be in the region of £11.1 million), and its corresponding expenditure. Work is underway to develop both the legal

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framework to formalise the funding arrangement, and the implementation programme. Therefore a further report will be brought detailing the impact on the Capital Programme once it is known.

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 Diane Scott, Nexus Capital Accountant on 0191 203 3410
Carol Bainbridge, Nexus Head of Capital and Project Finance 0191 203 3244
Marilyn France, ITA Accountant on 0191 211 6670

APPENDIX A

<u>PROPOSED NEXUS CAPITAL PROGRAMME</u>	2010/11	2011/12	2012/13	TOTAL
SCHEMES	£000	£000	£000	£000
Bus Infrastructure				
BUS SHELTER DEPARTURE BOARDS	50	50	50	150
BUS SHELTER LIGHTING POWER SUPPLY	150	150	150	450
BUS SHELTERS NEW BUILD	140	350	350	840
BUS STATION REFURBISHMENT	300	400	400	1,100
BUS STATION SIGNING	20	20	0	40
CCTV AT BUS STOPS	100	0	0	100
EAST BOLDON P & R	10	0	0	10
INFORMATION DELIVERY IMPROVEMENTS	100	125	0	225
REPLACEMENT BUS SHELTERS	160	0	0	160
SHELTER REFURBISHMENT PROGRAMME	337	300	300	937
SMART TICKETING	780	0	0	780
SUPER ROUTE SHELTERS	50	50	50	150
TRANSPORT MANAGEMENT SYSTEM	416	0	0	416
TRAVEL PLANS	35	35	0	70
	2,648	1,480	1,300	5,428
Business Improvements				
BUSINESS INTELLIGENCE	0	0	100	100
CUSTOMER RELATIONSHIP MANAGEMENT	60	20	0	80
CRM CONSULTATION PORTAL	15	40	0	55
DATA COLLECTION SYSTEM FOR CON MON	85	0	0	85
DOCUMENT ARCHIVING	0	100	0	100
E-DISCOVERY	0	60	0	60
EMAIL ARCHIVING	0	0	50	50

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	2010/11	2011/12	2012/13	TOTAL
	£000	£000	£000	£000
FURTHER ENABLING TECHNOLOGIES	250	250	250	750
IT HARDWARE REPLACEMENT	200	200	200	600
MS LICENCING	50	0	0	50
ON-LINE IT TRAINING PROGRAMME	0	30	0	30
SHAREPOINT (MOSS)	100	150	150	400
UNIFIED COMMUNICATION	0	60	0	60
WIRELESS NETWORK	0	0	40	40
	760	910	790	2,460
Ferry				
NORTH SHIELDS FERRY LANDING	45	0	0	45
REFURB OF THE PRIDE OF THE TYNE	150	0	0	150
	195	0	0	195
Major Projects				
BUS CORRIDOR MAJOR SCHEME	120	120	0	240
Miscellaneous				
REAL TIME INFORMATION	100	100	0	200
NEXUS SCHEMES FOR APPROVAL TOTAL	3,823	2,610	2,090	8,523
NEW TYNE CROSSING	40,865	46,852	215	87,932
LTP DISTRICT SCHEMES	2,275	2,275	2,275	6,825
TOTAL SCHEMES FOR APPROVAL	46,963	51,737	4,580	103,280

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	2010/11	2011/12	2012/13	TOTAL
	£000	£000	£000	£000
Reserve Schemes				
FOUR LANE ENDS INTERCHANGE RESURFACE	0	200	0	200
COMPREHENSIVE IMPACT TOOL	4	0	0	4
CORPORATE BUSINESS PLAN MONITORING TOOL	50	0	0	50
ENVIRONMENT DEVELOPMENTS	100	100	100	300
CYCLING FACILITIES	50	50	50	150
NEXUS WEBSITE ENHANCEMENTS	40	40	100	180
REACT ROLL OUT TO OTHER DISTRICTS	30	30	30	90
PARK AND RIDE	0	1,500	2,000	3,500
RTI ROLL OUT	0	500	500	1,000
PARTNERSHIPS – NEXUS IMPROVEMENTS	50	100	100	250
CCTV AT BUS STOPS	0	150	150	300
LOCAL INTERCHANGE HUBS	140	150	150	440
BUS EV RAPID CHARGERS	25	25	25	75
CAR EV RECHARGING POINTS	15	30	30	75
Total Reserve Schemes	504	2,875	3,235	6,614
TOTAL SCHEMES (INCLUDING RESERVE SCHEMES)	47,467	54,612	7,815	109,894

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APPENDIX B

LTP – S31 DISTRICTS AND TOPSLICE ALLOCATIONS

	2010/11
	£
North Tyneside	
Superoutes and Clearways	85,242
Town Centre Improvements	230,000
A19 Corridor Public Transport Imps	122,000
Superoute Audits	5,000
	442,242
South Tyneside	
Superoute Audits	0
Riverside Corridor Integrated Measures	45,000
Cleadon Village Integrated Measures	0
Mini Interchange Boldon Leisure/Retail Pk	0
Bus Stop Improvements	20,000
Bus Stop Clearway Programme	10,000
Glasgow Rd/Haggerstone Terrace Bus Int	75,000
E1/E2/E6 Superoute Development	0
9/9a Superoute Development	30,000
17 Superoute Development	30,000
18 Superoute Development	50,000
3/4 Superoute Development	30,000
57/57a Superoute Development	30,000
York Avenue Superoute Feasibility	50,000
35 Superoute Development	30,000
	400,000
Gateshead	
Superoute Infrastructure	25,301
Taxi Facilities	30,000
Felling by Pass Phase 3	183,000
Public Transport Upgrade	50,000
Saltwell Rd/Station Lane	150,000
Durham Road Superoute BRT	0

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	2010/11
	£
Clearways	20,000
Superroute Audits	5,000
	463,301
Sunderland	
A183 Chester Road Springwell Junc	100,713
A183 Chester Road Wavendong to Spring Rd	0
A1018 Ryhope village to Cowan Terrace	0
A1018 Ryhope village	0
A690 Durham Rd to Silksworth Rd to A19	100,000
A690 Springwell Rd/Premier Road	65,000
A690 Durham Rd/Grindon Lane	60,000
Washington Area	296,000
	621,713
Newcastle	
Superroute Treatmet 62/63	50,000
Haymarket Bus Station	100,000
Central Station Redheugh Bridge	0
Bus Stop Clearways	15,000
Walker AAP Bus Strategy	160,000
Benwell/Scotswood AAP	158,289
Great North Rd No Car Lane Extension	50,000
Sandyford Rd No Car Lane	0
Superroutes 39/40	0
Superroute 12	0
Journey Time Monitoring	130,000
CCTV Management Network	5,000
Jnc Imps Osborne Tce/Sandyford Rd	0
Superroutes 45	20,000
Superroutes X87/88	50,000
Superroutes 38	50,000
	788,289

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	2010/11
	£
Topslice	308,448
TOTAL	3,023,993

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Tyne and Wear Integrated Transport Authority

TITLE: The Prudential Code (2010/11 – 2012/13)
REPORT OF: The Deputy Clerk and Treasurer (ITA)
DATE: 28 January 2010

The Prudential Code

The Tyne and Wear Integrated Transport Authority (ITA), in common with other public authorities, is required by Regulation to have regard to the Prudential Code when carrying out its duties under Part 1 of the Local Government Act 2003. The prudential code has been fully revised and published in 2009.

The key objectives of the code are to ensure that the capital investment plans of the ITA are affordable, prudent and sustainable. A further key objective is to ensure that treasury management decisions relating to borrowing are taken in accordance with good financial practice.

To demonstrate that these objectives are fulfilled the code sets out the indicators that must be used and the factors that must be taken into account. The code does not prescribe indicative limits or ratios. These are for the ITA itself to set.

This is the seventh year that a report under the Prudential Code has been required. Although CIPFA has produced revised guidance on the subject in 2009, this focussed on the reporting requirements of local authorities rather than those of Integrated Transport Authorities. Specific guidance for ITAs' as levying rather than taxing / precepting authorities has not been provided. There is also the complication of the inter-relationship with Nexus to address in this report. Nevertheless, it has been prepared to comply with the Code as far as possible.

Capital expenditure

The actual expenditure that was incurred in 2008/09 and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

Capital Expenditure					
	Actual	Estimate			
	2008/09	2009/10	2010/11	2011/12	2012/13
	£000	£000	£000	£000	£000
Tunnels †	0	30	300	0	0
New Tyne Crossing	2,256	33,331	40,565	46,852	215
Nexus	18,645	36,081	72,921	61,106	56,340
LTP Grants to Districts	2,212	2,141	2,275	2,275	2275
Total	23,113	71,583	116,061	110,233	58,830

† The Tyne Tunnels transferred over to a private sector concessionaire, TT2 Ltd, from 1 February 2008. The Tunnels' capital programme includes capital payments to be made to TT2 throughout the construction period (08/09 to 11/12). The ITA will also retain some liabilities relating to land, environmental monitoring and professional fees for the New Tyne Crossing project in the future, which will be capitalised during the construction period. There are also potential liabilities relating to existing problems within the pedestrian & cycle tunnels (lift & escalator maintenance that remains the responsibility of the ITA).

Ratio of financing costs to net revenue stream

Estimates of the ratio of financing costs to net revenue stream for the current and future years and the actual figures for 2008/09 are shown below. For the purpose of calculating the indicators, the ITA levy on the five Tyne and Wear districts is assumed to be the net revenue stream.

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Ratio of financing costs to net revenue stream					
	2008/09 Actual	2009/10 Forecast	2010/11 Estimate	2011/12 Estimate	2012/13 Estimate
ITA	4.4%	4.1%	4.0%	3.9%	3.8%
Nexus	7.1%	6.7%	7.0%	7.0%	6.8%
Total from levy	11.5%	11.8%	11.0%	11.4%	10.6%
Tunnels from Tolls	-3.6%	18.9%	27.3%	47.7%	56.8%

The Tunnels financing costs are shown above as a proportion of the tolls income, figures are shown above to reflect a complete picture on financing costs. The impact of the prudential borrowing proposals in 2007/08 onwards for the New Tyne Crossing is included.

Capital Financing Requirement

Estimates of the end of year capital financing requirement for the ITA for the current and future years and the actual capital financing requirement at 31 March 2008 are shown below:

Capital financing requirement					
	31/03/09	31/03/10	31/03/11	31/03/12	31/03/13
	Actual	Estimates			
	£000	£000	£000	£000	£000
ITA and Tunnels	54,183	54,305	54,636	54,592	52,388
Nexus	56,234	57,232	56,220	53,721	51,231
New Tyne Crossing	-	31,400	69,200	114,577	114,577
Total	110,417	142,937	180,056	222,890	218,196
NTC 'Finance Lease' [*]	-	-	212,547	222,777	234,685
Grand Total	110,417	142,937	392,603	445,667	452,634

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* A 'finance lease' has been established to indicate the element on the balance sheet of the New Tyne Crossing assets in 2010/11 financed by TT2. During construction, these do not form part of the capital financing requirement (although the prudential borrowing has been carried out, and appears in the ITA's capital expenditure above) as per statutory guidance. However, once the asset is operational, it is transferred to the balance sheet at full value, with the TT2-financed element treated as a finance lease to reduce this to the net value of the ITA-financed element.

The capital financing requirement measures the Authority's underlying need to borrow for capital purposes. In accordance with best professional practice, the ITA does not associate borrowing with particular items or types of expenditure. The Authority has an integrated treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services, this has been revised and the ITA will consider its Treasury Management strategy for 2010/11 at its March meeting.

The ITA has, at any point in time, a number of cash-flows both positive and negative, and manages its treasury position in terms of its borrowing and investments in accordance with its approved treasury management strategy and practices. In day to day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the capital financing requirement reflects the Authority's underlying need to borrow for a capital purpose.

CIPFA's Prudential Code for Capital Finance in Local Authorities included the following as a key indicator of prudence:

"in order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years."

The Treasurer to the ITA reports that the Authority had no difficulty in meeting this requirement in 2008/09, nor is any difficulties envisaged for the current or future years. Prudential borrowing on the New Tyne Crossing was carried out during 2007/08, where the total ITA funding element was borrowed (to satisfy contractual and prudence requirements) and is being paid out in tranches to TT2 over the next 3 years. This strategy was discussed with the external auditor. This view takes into account current commitments, existing plans, and the proposals in this budget report

Authorised limit for external debt

In respect of its external debt it is recommended that the ITA approves the following authorised limits for its total external debt, gross of investments, for the next three financial years and agrees the continuation of the previously agreed limit for the current year, since no change to this is necessary. These limits separately identify borrowing from other long term liabilities (such as finance leases).

The limit is based on the sum of the capital financing requirement, the prudential borrowing for the New Tyne Crossing and a sum of £50 million in 2010/11 and £30m for future years to cover any unforeseen borrowing requirement, short term cash flow calculations and any future debt restructuring.

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The ITA is asked to approve these limits and delegate authority to the Treasurer, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities, in accordance with option appraisal and best value for money for the Authority. Any such changes made will be reported to the ITA at its meeting following the change.

Authorised Limit for external debt				
	31/03/10	31/03/11	31/03/12	31/03/13
	£000	£000	£000	£000
Borrowing	228,000	231,000	243,000	238,000
Other long term liabilities	2,000	213,000	223,000	235,000
Total	230,000	444,000	466,000	473,000

From 2010/11 the TT2 element of the New Tyne Crossing debt which will appear in the balance sheet once construction is complete has to be included. This debt will be treated in the same way as a finance lease and is repayable over the contract period (30 years). This is required under the Prudential code.

The Treasurer to the ITA reports that these authorised limits are consistent with the Authority's current commitments, existing plans and the proposals in this budget report for capital expenditure and financing, and with its approved treasury management policy statement and practices.

The Treasurer also confirms that they are based on the estimate of most likely, prudent but not worst case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements, and equates to the maximum of external debt projected by this estimate.

The authorised limits have increased substantially from previous years because of prudential borrowing being used to partially finance the New Tyne Crossing project.

Operational boundary for external debt

The "operational boundary" represents a key management tool for in-year monitoring by the Treasurer. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified. The ITA is also asked to delegate authority to the Treasurer, within the total operational boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long term liabilities, in a similar fashion to the authorised limit. Any such changes will be reported to the Authority at its next meeting following change.

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.

Operational boundary for external debt				
	31/03/10	31/03/11	31/03/12	31/03/13
	£000	£000	£000	£000
Borrowing	223,000	226,000	238,000	233,000
Other long term liabilities	2,000	213,000	223,000	235,000
Total	225,000	439,000	461,000	468,000

The Authority's actual external debt at 31 March 2009 was £219.6m, comprising borrowing from the Public Works Loan Board and Market Loans this was within the operational limit. It should be noted that actual external debt is not directly comparable to the authorised limit and operational boundary, since the actual external debt reflects the position at one point in time.

In taking its decisions on this budget report the Authority is asked to note that the authorised limit determined for 2009/10 will be statutory limit determined under section 3(1) of the Local Government Act 2003.

Affordability

The estimate of the incremental impact of capital decisions proposed in this budget report, over and above capital investment decisions that have been previously taken by the Authority are shown below.

For local authorities the impact is expressed in terms of change in Band D council tax. The ITA has no direct billing relationship with the council taxpayer – instead the Authority agrees a levy on the five Tyne and Wear authorities. The estimated impact of new decisions on the levy is shown below.

	2010/11	2011/12	2011/13
	£000	£000	£000
Impact on ITA Levy	-55	-78	-83

From 2008/09, the annual transport allocation from central government was paid as direct grant. Previously, this was given as borrowing approval (although 25% was provided as grant in 2007/08). This gives a reduction in financing charges in future years, and also results in lower levy increases, as the technical adjustment is no longer required.

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Consideration of Options for the Capital Programme

In considering its programme for capital investment, the ITA is required within the Prudential Code to have regard to:

- Affordability e.g. implications for the Levy on district councils and taxpayers
- Prudence and sustainability e.g. implications for external borrowing
- Value for money e.g. option appraisal
- Stewardship of assets e.g. asset management planning
- Service objectives e.g. strategic planning for the authority
- Practicability e.g. achievability of the forward plan

A key measure of affordability is the incremental impact on the levy, and the Authority could consider different options for its capital investment programme in relation to their differential impact on the levy.

Treasury Management Strategy

It is recommended that the ITA continue to adopt the following definition of the policies and objectives of its treasury management activities. These are in line with the CIPFA *Treasury Management in the Public Services*.-Code of Practice And Cross sectoral Guidance Notes

The ITA defines its treasury management activity as:

- 1 The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 2 This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

Under the revised Prudential code there is no longer a requirement to have treasury management prudential indicator, the only requirement is that the Authority has adopted the Treasury Management in the *Public Services*.-Code of Practice And Cross sectoral Guidance Notes The aim is to ensure that Treasury management is led by a clear and integrated forward treasury management strategy, and a recognition of the pre-existing structure of the authority's borrowing and investment portfolios.

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Tyne and Wear Integrated Transport Authority

TITLE: **Date: 28th January 2010**
METRO CAPITAL PROGRAMME 2010/11 TO 2012/13

REPORT OF **THE CLERK OF THE AUTHORITY / DIRECTOR GENERAL OF NEXUS**

Reasons for confidentiality (if confidential)

District Implications

1. **Summary / Purpose of Report**

- 1.1 The purpose of this report is to seek approval for the Metro Capital Programme for 2010/11 in light of the expected funding available, and to note the indicative scheme allocations for 2011/12 and 2012/13.
- 1.2 This report excludes non-metro schemes which are subject to a separate report on this agenda.

2. **Recommendations**

- 2.1 The ITA is recommended to:-
- Approve the Metro Capital Programme for 2010/11 to 2012/13 as detailed in Appendices A and B, totalling £181.844m

3. **Introduction / Background**

- 3.1 Other than existing schemes with their own separately approved funding sources e.g. Sunderland Station redevelopment, the Metro capital investment needs are indicative at this time. The indicative budgets are shown at asset category level in Appendix A and proposed scheme level in Appendix B. They will be reported and confirmed once the Metro Asset Renewal Plan is agreed by DfT. In this regard, the Asset Renewal Plan, covering the period 2010 – 2019 was submitted to DfT in November 2009. The final reference case submission, including all operating costs associated with Metro over the same period was submitted on 8 January 2010 and a decision on the future funding of Metro is expected when the DfT Investment Decision Committee meets on 19 January 2010.

3.2 The funding available for the three year capital programme is therefore based on the Metro Asset Renewal Plan and existing approvals. The Metro Asset Renewal Plan seeks to maximise the funding commitment made by DfT in correspondence from August 2008 where government indicated that no more than £350m would be made available to Nexus.

4. Information

4.1 The need for investment has been evaluated and prioritised in accordance with the Metro Asset Renewal Plan, the existing capital programme as approved by the ITA in September 2009, the Nexus corporate plan and against the current LTP and ITA objectives.

4.1.1 The ITA has four overarching objectives:

- Actively promoting the use of better public transport as an alternative to travelling by car and thereby contributing to reducing road traffic congestion;
- Reducing transport-related social exclusion;
- Protecting, preserving and enhancing our natural and built environments and existing investment; and
- Assisting in stimulating economic regeneration.

4.1.2

Resources are directed towards achieving these objectives. For example, current and planned initiatives supported by this capital budget proposal contribute in the following way:-

- Metro reinvigoration contributes to all four of the ITA's overarching objectives and this substantial investment will assist in stimulating local economic regeneration
- Smart ticketing, which encompasses both the metro ticketing and gating major scheme as well as the ITA and Nexus' role in leading the development of the north east smart ticketing initiative (NESTI) will help promote modal shift as well as helping to reduce transport related social exclusion

4.2 The projects presented for approval are considered of highest priority and are listed in full in Appendices A and B, and summarised in the table below:-

	2010/11	2011/12	2012/13	Total
	£000	£000	£000	£000
Metro Major Schemes	14,248	2,926	0	17,174
Metro Schemes	54,850	55,570	54,250	164,670
Total Capital Schemes	69,098	58,496	54,250	181,844

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.

4.3 The investment in the Metro asset programme and Metro major schemes for the period 2010/11 to 2012/13 is identified in the table below. This is contingent upon DfT approval of the reference case for Metro Reinvigoration, covering the 9 year period 2010 – 2019. It should be noted that the nine year Metro Asset Programme will be funded in three year tranches which will allow some flexibility between years reflecting the ongoing accumulation of asset knowledge and experience of the delivery arrangements. Within the figures shown below there is an element of over programming which sits comfortably within the concept of the three year rolling programme.

METRO CAPITAL PROGRAMME	2010/11	2011/12	2012/13	Total
	£000	£000	£000	£000
Major Schemes				
TICKETING AND GATING	12,681	2,926	0	15,607
SUNDERLAND STATION	1,466	0	0	1,466
MAINTENANCE MANAGEMENT	101	0	0	101
Total Major Schemes	14,248	2,926	0	17,174
Asset Renewal Programme				
DEPOT EQUIPMENT AND PLANT	1,910	840	760	3,510
MOBILE EQUIPMENT AND PLANT	1,910	840	760	3,510
ELECTRICAL AND MECHANICAL	3,240	3,560	4,480	11,280
FARE COLLECTION	460	510	640	1,610
METROCARS	440	4,650	5,110	10,200
POWER	40	410	450	900
TRACK	12,570	13,950	11,090	37,610
SIGNALLING AND STATIONS	9,370	11,890	12,640	33,900
STRUCTURES	4,990	5,480	6,900	17,370
OTHER (including capital mtce)	5,610	7,130	5,740	18,480
Total Asset Renewal Programme	54,850	55,570	54,250	164,670
TOTAL METRO CAPITAL	69,098	58,496	54,250	181,844

4.4 As part of the development of the Metro Reinvigoration the primary objectives for the ARP were identified. These are based around sound asset stewardship and are set out below:

- that rail assets are in a fit state to cope with anticipated demand levels in the medium term;

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- that assets are in a fit state at the end of that period to allow for further enhancement and capacity as necessary; and
- that the ongoing operation, maintenance and renewal of the system is delivered in the most cost effective way possible.

- 4.5 The Asset Renewal Plan has been subject to considerable refinement to arrive at a plan which is aligned to asset condition and which is designed to best manage business risk as well as determine an effective mode of delivery.
- 4.6 The original Asset Renewal Plan was prepared with the best information available at that time. It was predominantly an 'age' based programme which used design life of the specific assets to determine the renewal plan. In the current ARP asset condition is better understood as a result of significant intrusive investigations of key asset groups.
- 4.7 These investigations have allowed investment need to be based on sound engineering data which, together with the operational criticality of the asset allows business risks to be better managed.
- 4.8 This in turn has led to a relatively clear understanding of the civil engineering aspects of the investment plan, particularly with respect to earthworks, embankments, permanent way, overhead line and stations refurbishment.
- 4.9 Perhaps less well defined at this point is work required for the systems based assets in communications and signalling. For these assets the renewal plan is more complex because they are not straight forward like for like replacements but rather modern equivalents. For example, the communications system could become an IP network and the signalling may move from hard wired relays to a computer based interlocking system using fibre as the transmission network. Some optioneering and migration planning from one system to the other has been undertaken, however the scope of work remains less well defined than the civil works and will therefore need to be developed further.
- 4.10 Careful consideration has been given to determining the most effective means of delivery. A geographic approach is considered to be most appropriate as it allows the infrastructure to be addressed from the bottom up. For example drainage, earthworks, permanent way, overhead line. In this way the civil engineering aspects of the programme can move round the system in a logical manner. It is intended that increased possessions and blockades will be used as a means of delivery. The highest priority geographic areas are the Central Corridor and Tynemouth to Chillingham Road. However, there is a recognition that on going capital maintenance and renewal will be required on the remainder of the network during the first three years and this is included in the investment plan. In addition there are network wide systems requiring investment, such as communications and signalling identified above.
- 4.11 The 9 years of Phase II investment plan has been divided into three periods of three years. The first 3 years of the programme comprises the work described above.

- 4.12 The objectives for the ARP procurement strategy were identified as follows:
- to secure value for money, not just in terms of the cost of the renewal, but also in terms of the total cost over the life span of the asset;
 - flexibility to amend the work scope in the programme and to apply different criteria for determining the work scope to different asset groups;
 - to achieve the optimum balance between risk and cost;
 - to attract partners who are prepared to work in a collaborative culture; and
 - to offer the work in packages which are attractive to the market.

- 4.13 The revised Metro programme for 2010/11 – 2012/13 is £181.844m. Funding is indicative and subject to change as and when Nexus are advised by the funding partners and DfT. The anticipated funding of the Metro programme is from a number of sources and is as follows:-

Funding Source	2010/11	2011/12	2012/13	Total
	£000	£000	£000	£000
Capital Reserves	1,182	1,721	0	2,903
Nexus / ITA Reserves	1,999	2,025	1,976	6,000
S31 Major Scheme Grant Funding	10,247	1,205	0	11,452
LTP S31 Grant - Metro	2,655	2,705	2,640	8,000
Metro Rail Grant	41,980	42,530	41,530	126,040
Prudential Borrowing	1,466	0	0	1,466
Over-programming - Metro	9,569	8,310	8,104	25,983
Total Metro Programme Funding	69,098	58,496	54,250	181,844

- 4.14 If there is greater than expected slippage from the 2009/10 capital programme this will put some pressure on delivery of the 3 year programme.
- 4.15 Funding is estimated within the report based on latest information available. However, if these levels were not available the programme will need to be reviewed, other than those areas where specific funding has been identified.
- 4.16 The LTP grant after 2011 is an indicative figure only, and spending cuts are expected to impact on capital for transport schemes in future years. Confirmation of available LTP funding for 2011 onwards will only be known after the next government spending review. The Tyne and Wear Partners are currently reviewing the 3 year allocations and will report to the ITA once the allocations are agreed.

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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 Diane Scott, Nexus Capital Accountant on 0191 203 3410

Carol Bainbridge, Nexus Head of Capital and Project Finance 0191 203 3244

Marilyn France, ITA Accountant on 0191 211 6670

APPENDIX A

PROPOSED METRO CAPITAL PROGRAMME FOR 2010/11 - 2012/13

	2010/11	2011/12	2012/13	TOTAL
METRO SCHEMES	£000	£000	£000	£000
Major Schemes				
TICKETING AND GATING	12,681	2,926	0	15,607
SUNDERLAND STATION REDEVELOPMENT	1,466	0	0	1,466
MAINTENANCE MANAGEMENT SYSTEM	101	0	0	101
Total Major Schemes	14,248	2,926	0	17,174
Asset Renewal Programme				
DEPOT EQUIPMENT AND PLANT	1,910	840	760	3,510
MOBILE EQUIPMENT AND PLANT	1,910	840	760	3,510
ELECTRICAL AND MECHANICAL SERVICES	3,240	3,560	4,480	11,280
FARE COLLECTION	460	510	640	1,610
METROCARS	440	4,650	5,110	10,200
POWER	40	410	450	900
TRACK	12,570	13,950	11,090	37,610
SIGNALLING AND COMMUNICATIONS	9,370	11,890	12,640	33,900
STATIONS	4,990	5,480	6,900	17,370
STRUCTURES	5,610	7,130	5,740	18,480
OTHER	14,310	6,310	5,680	26,300
Total Asset Renewal Programme	54,850	55,570	54,250	164,670
TOTAL METRO SCHEMES FOR APPROVAL TOTAL	69,098	58,496	54,250	181,844

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

Scheme	2010/11	2011/12	2012/13	3 Year
	Capital Programme	Capital Programme	Capital Programme	Capital Programme Budget
	£000	£000	£000	£000
Earthworks and Geotechnical				
North Shields to Chillingham Road	1,416	1,799	1,449	4,664
South Gosforth to Jesmond	678	862	694	2,235
Civils & Structures				
Bridges				
North Shields to Chillingham Road	1,209	1,536	1,237	3,982
Rest of System	752	955	769	2,476
Retaining Walls & Culverts				
North Shields to Chillingham Road	121	154	124	398
Rest of System	75	96	77	248
Removal of Asbestos from Tunnels	1,351	1,717	1,383	4,451
Permanent Way				
North Shields to Chillingham Road	7,522	8,355	6,647	22,524
South Gosforth to Jesmond	2,666	2,962	2,356	7,984
Rest of System	1,784	1,981	1,576	5,341
Stations				
North Shields to Chillingham Road				
North Shields	577	634	798	2,010
Meadow Well	271	298	375	943
Percy Main	224	246	309	779
Howden	271	298	375	943
Hadrian Road	271	298	375	943
Wallsend	271	298	375	943
Walkergate	271	298	375	943
Chillingham Road	271	298	375	943
South Gosforth to Jesmond				
South Gosforth	271	298	375	943
Ilford Road	271	298	375	943
West Jesmond	271	298	375	943
Central Station	2,459	2,700	3,400	8,558
Communications				
Design and Cabling of whole system	2,952	3,746	3,983	10,681
Telephony system	98	125	133	356
Radio	164	208	221	594
Signalling				
PTI	1,722	2,185	2,323	6,231
Migration Plan	221	281	299	801
Level Crossings	1,476	1,873	1,991	5,341
Cable Degradation	2,460	3,122	3,319	8,901
Depot Equipment and Plant				
Depot Equipment - Train Wash	484	213	193	890
Depot Equipment - Wheel Lathe	1,453	639	578	2,670
Mobile Equipment and Plant				
New Tamper	1,937	852	771	3,560

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.

Scheme	2010/11 Capital Programme £000	2011/12 Capital Programme £000	2012/13 Capital Programme £000	3 Year Capital Programme Budget £000
Electrical and Mechanical Services				
Escalator replacement at Monument Station, East West No. 1&2, North South No. 1,2&3	1,278	1,405	1,768	4,451
Escalator replacement at Central Station, Central No. 1&2	511	562	707	1,780
Allowance for Lift Installations FLE x2 Heworth x2	412	452	569	1,433
Fire Alarm System	511	562	707	1,780
Fare Collection				
Enabling Works	509	564	708	1,780
Lifecycle Maintenance	458	507	637	1,602
Metrocars				
3/4 life refurbishment	432	4,569	5,021	10,022
Power				
Depot Isolation	40	405	445	890
Miscellaneous				
Incomplete work from 2009/2010	2,870	1,382	1,088	5,341
Ongoing Capital Renewals & Maintenance Works	8,718	3,844	3,460	16,022
Dayworks	2,870	1,266	1,139	5,275
Miscellaneous	0	132	0	132
	54,850	55,570	54,250	164,670

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Tyne and Wear Integrated Transport Authority

Date: 28 January 2010

TITLE: FINANCIAL STRATEGY 2010/11 – 2012/13

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

District Implications: All Districts

1. Summary/Purpose of Report

1.1 This report sets out the Budget and Levy requirements for the ITA in 2010/11 and indicative funding requirements for 2011/12 and 2012/13.

1.2 The Authority is asked to consider the draft Budget for 2010/11; to set its levy for 2010/11 at £71,705,702 an increase of 1.5% over 2009/10; and to agree a Revenue Grant of £68,555,000 to Nexus for 2010/11.

2. Recommendations

2.1 The Authority is recommended to:

- (a) Approve the ITA and Nexus Revenue Budgets for 2010/11 (Appendix A refers);
- (b) Approve a levy of £71,705,702 for 2010/11,
 - i) The levy to be apportioned between the five District Councils in accordance with The Transport Levying Bodies Regulations 1992 made under the Local Government Act 1988, which uses the 2008 mid-year population estimates as the basis of the levy allocation, as set out in section 4.3.2; and
 - ii) The Districts to pay in twelve equal instalments, each instalment to be received by the Treasurer to the ITA on or before the last working day of each month;
- (c) Approve the amount of Revenue Grant to Nexus of £68,555,000 from the levy for 2010/11, as illustrated within paragraphs 4.4 and 4.4.4;
- (d) Approve the minimum revenue provision repayments for borrowed capital expenditure for 2010/11 (attached at Appendix C);

- (e) Approve the retention of a £12 fee in regard to the Metro concessionary gold card for pensioners;
- (f) Note that the ITA continues to hold reserves for part of the local contribution towards the Metro Asset Renewal Plan, currently amounting to £12.9m (attached at Appendix A); and
- (g) When approval is received from DfT, authorise the Director of Finance and Resources, Nexus to accept Metropolitan Rail Grant (Revenue) on behalf of the ITA in 2010/11 (paragraphs 4.3.7 and 4.4.8 refers).

3. Financial Position in the Current Year

- 3.1 Forecast expenditure, revenue and grant levels in 2009/10 indicate that the latest anticipated net spending of the ITA itself will be £0.700m less than the original level of the budgeted resources available for the year. The ITA's restructuring of debt in 2008/9 has resulted in savings in the capital financing charges for 2009/10 of approximately this amount. This reduces the amount of reserves required to support the levy in 2009/10. The Tyne Tunnel earmarked reserves will also grow significantly as part of the medium term funding plan for the New Tyne Crossing.
- 3.2 The Nexus Revenue Budget for 2009/10 required £1.595m of reserve funding in order to meet the additional costs of running Metro services due to an increase in High Voltage Power costs. During the course of the year, a number of efficiencies have been made and it is anticipated that, subject to receipt of additional DfT support towards Metro Reinvigoration development costs, around £0.500m will be carried forward to 2010/11. This will be made available in order to support the bus network which will be subject to both member and public consultation during the course of 2010/11, in advance of the expected launch of a more accessible network in April 2011.

4. Planning Ahead to 2010/11

4.1 Linking the Financial Plan to the ITA Objectives

4.1.1 The ITA has four overarching objectives:

- Actively promoting the use of better public transport as an alternative to travelling by car and thereby contributing to reducing road traffic congestion;
- Reducing transport-related social exclusion;
- Protecting, preserving and enhancing our natural and built environments and existing investment; and
- Assisting in stimulating economic regeneration.

4.1.2 Resources are directed towards achieving these objectives. For example, current and planned initiatives supported by this budget proposal contribute in the following way:-

- Metro reinvigoration effectively covers all four of the ITA's overarching objectives;

- The New Tyne Crossing will assist in stimulating economic regeneration and will also contribute to a reduction in road traffic congestion;
- Smart ticketing, which encompasses both the Metro ticketing and gating major scheme as well as the ITA and Nexus' role in leading the development of the north east smart ticketing initiative (NESTI) will help promote modal shift as well as helping to reduce transport related social exclusion;
- The development of a more accessible bus network will help promote modal shift as well as helping to reduce transport related social exclusion;
- The Concessionary Travel scheme, both the statutory and non-statutory elements help promote modal shift and reduce transport related social exclusion;
- Nexus secures a number of local bus services and together with the delivery of demand responsive and community transport measures helps reduce transport related social exclusion;
- Investment in bus infrastructure also helps promote modal shift, assists in stimulating economic regeneration and contributes to the protection, preservation and enhancement of the built environment.

4.1.3 In order to deliver these overarching objectives, Nexus has four key business planning themes which are underpinned by a range of related work programmes. These key business planning themes are:

- Deliver today
- Build for tomorrow
- Become a smarter organisation and;
- Go green

In regard to 'go green', under the Climate Change Act Nexus is required to purchase carbon credits as part of the Carbon Reduction Commitment Trading Scheme which applies to all large public and private sector organisations in the UK, commencing in April 2010. This commitment is around £0.1m and will apply with effect from 2011/12. If Nexus fails to achieve its target reductions (which will be assessed during 2010/11), this expenditure will not be recoverable.

4.1.4 When the ITA approved the medium term financial position in January 2009, it did so in the knowledge that for financial years 2010/11 and 2011/12, there was an inherent deficit in each year (£1.229m and £1.753m respectively). This was based on an assumption that the contribution from district authorities in the form of the levy would recover and be increased by 4.0% by 2012/13, such that broadly similar levels of commitments could continue across the period. However, it is now

evident that the funding position in 2012/13 is unlikely to improve and as a result, Nexus has developed its budget proposals for 2010/11 so that its inherent deficit will be removed from its base position.

- 4.1.5 The budget has therefore been prepared on a steady state basis for 2010/11 and the levy does not reflect any changes in function for 2010/11. The financial arrangements for any changes in function and additional responsibilities that could be conferred on the ITA as a result of the Local Transport Act 2008 will need to be addressed outside of the levy arrangement and subject to the agreement of the individual districts.

4.2 **How the Capital Programme will impact upon the Revenue Budget**

- 4.2.1 The Three Year Capital Programme is detailed in a separate report on the agenda for this meeting. It has been informed by the Nexus Asset Renewal Plan and the resources made available through the LTP process and direct to Nexus.
- 4.2.2 The Capital Programme Report describes in detail the prudential indicators for the next three years. On the crucial issue of affordability, the schemes totalling £258.6m included within the planning total are fully funded through grant, contributions, prudential borrowing or revenue set aside.
- 4.2.3 In 2009/10 there are a number of associated capital costs including professional fees, associated land costs and the first construction contribution to TT2. In addition the second construction contribution to TT2 will be paid in this financial year rather than April 2010 to temporarily utilise the government funding released for smart ticketing. The ITA will then replace the smart ticketing initiative monies with prudential borrowing in 2010/11. The funds released will be held to fund the smart ticketing initiative.

In 2010 there are similar associated costs for the tunnel as in 2009/10. These will be funded from grant, toll revenues and existing reserves and from prudential borrowing.

- 4.2.4 The capital programme does not include provision for the major work that has been identified as being necessary within the Pedestrian/Cyclist Tunnels apart from the lift replacement agreed by the ITA at its meeting in July 2009. An investigation into the options available to secure the service these tunnels deliver to users has been prepared and considered by the Tyne Tunnels Working Group, an outline programme of works is being prepared and a report will follow to the ITA. The costs of any option are likely to be significant and the financing method will be dependent on the final recommendation.
- 4.2.5 The impact on the revenue budget is through direct revenue contributions; the net impact of financing costs that flow from prudential or supported borrowing; and any change in revenue operating costs associated with the capital projects. The estimated impact of these costs has been assessed and reflected in the revenue budgets for Nexus or the ITA. The estimated interest rate for 2009/10 and 2010/11 is 4.3% and 4.5% respectively, this is significantly lower than the interest rate used by

government of 5.4% for the funding for the financing cost of supported borrowing is provided for through Formula Revenue Grant. Appendix C sets out the MRP statement for 20010/11 on which these revenue costs have been based.

4.3

Available Resources in 2010/11

The ITA Levy

4.3.1 Each year the ITA receives income from a transport levy on each of the five District Councils in Tyne and Wear. The levy is normally increased each year by an agreed uplift to help fund the cost of providing transport services and for additional grant that the District Councils receive to help fund new burdens and responsibilities that the ITA/Nexus have to meet.

4.3.2 The following table shows the current levy for 2009/10, the restated base levy applying the 2008 ONS Population estimates and the proposed levy for 2010/11. The proposed levy reflects the use of 2008 mid year population as the basis for allocating the levy plus an uplift of 1.5% through the delivery of efficiencies

ITA Levy 2009/10 and 2010/11

	Current Levy 2009/10 £	Restated* Base Levy £	1.5% Uplift £	Levy for 2010/11 £
Gateshead	12,353,649	12,314,917	184,724	12,499,640
Newcastle	17,612,867	17,677,656	265,165	17,942,821
North Tyneside	12,710,316	12,747,813	191,217	12,939,030
South Tyneside	9,792,131	9,795,075	146,926	9,942,001
Sunderland	18,177,049	18,110,552	271,658	18,382,210
	70,646,012	70,646,012	1,059,690	71,705,702

* The distribution of the levy between the Tyne and Wear Districts is based on population estimates and there were changes between the population estimate for 2007 used to calculate the 2009/10 levy and the 2008 population estimates used to calculate the 2010/11 levy. The 'Restated Base Levy' in the above table reflects the 2008 ONS population estimates.

4.3.3 The Local Transport Act 2008 created Integrated Transport Authorities, replacing the former Passenger Transport Authorities. The Act gave new duties and powers to the ITA reflecting its broader remit. These include:

- the lead responsibility for the Local Transport Plan, in partnership with the districts;
- the use of well-being powers, similar to Local Authorities
- the opportunity of using new delivery options to help improve the quality of local bus services;
- new statutory duties to take into account government policy and guidance with respect to climate change and to the protection or improvement of the environment; and
- a reinforced duty that places increased emphasis on the need to

consider the needs of disabled people (and others with mobility difficulties) when developing and implementing service improvements.

- 4.3.4 At the ITA meeting of the 23rd July 2009, Members agreed to establish new working groups through which the ITA can successfully manage these new challenges, these include an LTP Working Group, an Equality and Diversity Working Group and a Bus Strategy Working. The City Region Transport Governance Review will be recommending some changes to the way that transport strategy is managed at the city region level and the ITA will play a key role.
- 4.3.5 There will be no financial impact on the ITA as a result of the changes outlined above and this will not affect the levy for 2010/11. The Local Transport Plan is funded by the Integrated Transport block funding from the Department for Transport (DfT). This is a three year allocation and the amount for 2010/11 for the whole of Tyne & Wear is £20,509,000. This is received as individual amounts by each of the six partners in the Tyne & Wear Joint plan area.
- 4.3.6 The ITA LTP working group will receive detailed reports regarding the final year of the second LTP Plan and the development of the future LTP3.

Metropolitan Rail Grant

- 4.3.7 Metropolitan Rail Grant (MRG) is provided by central government to Nexus in order to fund the majority of the Metro operating subsidy. For 2010/11, the level of MRG is assumed to be £25.1m which is the level of grant support outlined in Nexus' reference case submission to the DfT. For the purposes of this report, members should note that this figure remains indicative at this stage.
- 4.3.8 The submission to DfT supports a carefully planned longer-term strategy for Metro which can be shown as economically and financially viable, which allows a deliverable procurement strategy within an integrated transport network. This includes both the ongoing revenue support requirement for Metro and the capital investment need as identified in the Asset Renewal Plan (ARP).
- 4.3.9 The submission builds on the original business case submitted to the DfT in January 2007 and subsequent reference case updates. Notably in June 2008 DfT requested Nexus to market test the operations of Metro and retain infrastructure maintenance and renewals in-house. Subsequently in July 2009 the updated reference case demonstrated a more informed position in terms of the loss of economies from splitting the previously integrated railway and the level of transferring and retained risk arising from the appointment of a concessionaire.
- 4.3.10 In line with DfT's commitment to provide funding for Metro Reinvigoration, as outlined in its letter dated 5 August 2008 and subsequently reported to the ITA, Nexus has been able to demonstrate within its reference case, a sustained reduction in the real operating deficit over time. The reduction in the required DfT subsidy is 19% over

the 9 year period to 2019.

Concessionary Travel Grant

- 4.3.11 On 6 December 2007 the Department for Transport (DfT) announced that the additional funding for the national changes to the concessionary travel scheme from 1 April 2008 would be distributed by way of a Specific Grant which in Tyne and Wear will be payable directly to Nexus as a Travel Concession Authority. The grant for 2008/09 was £5.375m, rising by 2.36% to £5.502m in 2009/10 and by a further 2.76% to £5.654m in 2010/11.
- 4.3.12 However, in November 2009, the DfT announced that it was consulting on the distribution of this specific grant for 2010/11. The ITA approved its response to the consultation at its meeting of 26 November 2009 and this was submitted to the DfT before the deadline date of 30 December 2009. Members were advised that this consultation did not assist the budget setting process, but for planning purposes, the level of grant assumed in the 2010/11 budget proposal is £5.674m which is some £0.020m higher than originally envisaged and in line with the amount quoted within the consultation paper.
- 4.3.13 At this point in time, it is unclear how this specific grant will be distributed from 2011/12. For planning purposes, it is assumed to continue and to be increased in line with the previous two financial years. This remains a significant budget risk moving forward however.
- 4.3.14 As this grant is paid directly to Nexus it does not impact on the Levy outlined above.

4.4

Summary of the Changes between the Budget Agreed for 2009/10 and the Budget Proposed for 2010/11

	Base Budget 2009/10 £000	Base Budget 2010/11 £000	Change	
			£000	%
ITA Costs	3,999	3,932	(67)	-0.9
Nexus Grant	67,595	68,555	960	1.4
Levy	(70,646)	(71,706)	(1,060)	1.5
Contribution (to)/from reserves	(948)	(781)	167	-14.1

There are three elements to the ITA's Revenue Budget (see Appendix A):

- i. The ITA's general costs;
- ii. Tyne Tunnel operational costs; and
- iii. Grant to Nexus.

The ITA's General Costs

4.4.1 The ITA costs for 2010/11 has decreased from £3.999m to £3.932m, the decrease is due to a reduction in the financing charges following a restructuring of debt. Efficiency savings of 4% have been included on staffing costs from the lead authority.

The Tyne Tunnel Operating Costs

4.4.2 The trading account reflects the costs of operating the tunnel with the concessionaire. All the costs will be funded from toll income and existing reserves. The revised budget for 2009/10 reflects a reduction in the traffic through 2009/10 of approximately 2%, which is reflected in lower tolls income and a lower unitary charge to the concessionaire. It is anticipated that this reduction in traffic will remain for 2010/11.

4.4.3 Capital expenditure on the New Tyne Crossing will increase in 2009/10 with the first and second construction contribution to the concessionaire. All the capital costs will be met from prudential borrowing. The Tyne Tunnels earmarked cash reserves are being built up as part of the medium term funding strategy for the Tunnels to provide for statutory accounting requirements (under capital financing regulations) during the coming years.

The Grant to Nexus

4.4.4 This forms the most significant proportion of the levy. Nexus also receives direct funding for Metro, heavy rail services and other specific grants including the grant for the impact of the 2008 Concessionary Travel change.

A summary of the overall Nexus budget position is as follows:

	Base Budget 2009/10 £000	Base Budget 2010/11 £000	Change £000
Net Expenditure	99,788	103,697	+3,909
Funded by:			
ITA Grant	67,595	68,555	+960
Other Grants	30,598	35,142	+4,544
Shortfall	1,595	0	-1,595
Met by:-			
Metro Reserves	1,595	0	-1,595

4.4.5 ITA grant is effectively the levy. As outlined in paragraphs 4.3.2 and 4.4 above, this will increase by 1.5% in 2010/11.

4.4.6 Other grants relate to Metropolitan Rail Grant, heavy rail grant and concessionary travel special grant. A number of uncertainties still exist in relation to two of these three grants.

- 4.4.7 As outlined in paragraph 4.3.12, concessionary travel special grant for 2010/11 is still being consulted on and at this point in time, the level of assumed grant included within the budget proposal is in line with the grant level indicated in the consultation paper
- 4.4.8 Similarly, Metropolitan Rail Grant for 2010/11 is still subject to final approval of the reference case to DfT concerning Metro Reinvigoration. As outlined in paragraph 4.3.7 the assumed grant level is in line with the final reference case submission and will fund the majority of Nexus' costs of running Metro services; both the Metro Concession with DB Regio Tyne and Wear Limited as well as Nexus retained costs relating to rail and infrastructure, buildings, structures and facilities together with the client function responsible for managing the operating concession.
- 4.4.9 Heavy rail grant, payable to Northern Rail under the terms of the current rail franchise agreement is confirmed and this will amount to £4.271m in 2010/11.

The Nexus Budget Proposal for 2010/11

- 4.4.10 A summary of the budget is shown in the attached Appendix B.
- 4.4.11 The Nexus budget for 2010/11 has been set on a standstill basis with no increase allowed for inflation. The level of funding excluding Metropolitan Rail Grant has increased by £1.090m. This, together with efficiency savings of around £0.600m will be delivered in 2010/11 in order to manage the following unavoidable pressures.
- 4.4.12 The provision for pay in 2010/11 has been assumed in order to be prudent although local pay bargaining next year will need to be fully cognisant of what is happening elsewhere in local government and the public sector in general.
- 4.4.13 The local contribution to Metro Reinvigoration reflects previously assumed increases in line with the reference case submission to the DfT.
- 4.4.14 The impact of the ITA decision in November 2009 to freeze Metro fares with effect from January 2010 has also been factored into the budget.
- 4.4.15 Interest rates continue at their depressed level meaning that returns on investment continue their downward trend and as a result, a reduction in investment income of around £0.600m will need to be accommodated in 2010/11. This was identified as a particular concern when the ITA approved the 2009/10 budget. Clearly, without having to accommodate this budget pressure, there would have been significant additional resource in order to invest in service delivery in 2010/11.
- 4.4.16 The increase in capital charges is reflective of how the Nexus capital programme is funded, particularly the historic assets that, unlike recent acquisitions were not entirely grant funded.
- 4.4.17 Efficiency savings of £0.600m will be delivered next financial year. These are outlined in more detail in paragraph 4.4.19 below

4.4.18 Other key features of the Nexus budget proposal for 2010/11 are outlined below:-

- In addition to the price freeze on Metro fares, it is also proposed that the price of the concessionary gold card for pensioners using the system will not increase and will remain at £12 for 2010/11. This is the second consecutive year that Nexus has been able to deliver this commitment.
- Nexus is not intending to re-publish its Published concessionary Travel Scheme which drives reimbursement to local bus operators for the carriage of elderly and disabled passengers under the statutory national concessionary travel scheme introduced in April 2008. Negotiations with local bus operators continue to see whether a voluntary fixed deal can be brokered (as has been the case in recent years). However, cost pressures are evident on both sides and Nexus cannot reasonably justify an increase in the base payments to operators. A further report will be brought to members once these negotiations are further advanced, together with how this will impact on the bus network across Tyne and Wear.
- The provision of all day concessions for children under the age of 16 will continue into 2010/11. Work continues to identify the transport needs and funding requirements of enhancing the current travel scheme for 16 – 18 year olds although in the absence of any significant increase in resource, funding this will be a challenge. Nexus had been hopeful that funding may have been made available for this purpose through the sustainable cities bid but this now looks remote. A review of scholars expenditure will be undertaken during 2010/11 in order to identify whether there is any possibility of recycling existing resources in order to divert funding into this key area.
- Work associated with smart ticketing continues, both in terms of the Metro ticketing and gating major scheme as well as the ITA and Nexus' role in leading the development of the north east smart ticketing initiative (NESTI).
- Budget provision for secured bus services, demand responsive transport and community transport initiatives are provided for at prior levels and were exempt from the need to deliver 5% efficiency savings. However, the intention is to use this resource more efficiently during 2010/11 and beyond through a number of initiatives which will culminate in the launch of a more accessible bus network, from April 2011, linked to agreed targets set out in the ITA's bus strategy.

4.4.19 As outlined above, Nexus has identified a range of efficiency savings together with a redirection of current spending in order to accommodate budgetary cost pressures. With the exception of activity relating to Nexus' three key strategic objectives, i.e. Metro Reinvigoration, a more accessible bus network and smart ticketing, all budget managers have

been required to find 5% efficiency savings in 2010/11. Examples include:

- Reductions in headcount where posts have been critically appraised and determined to be no longer necessary
- Various savings on contract negotiations with suppliers
- More streamlined administrative processes

4.4.20 At the meeting of the Tyne and Wear Leadership Group held in December 2009, it was agreed that further clarification as to the impact of how Nexus expenditure benefits each of the five districts within Tyne and Wear would be provided to individual leaders in order that the ITA can demonstrate the value of membership to each of its constituent authorities. Although it should be recognised that this is not 'an exact science' given that existing processes work at the ITA level and expenditure profiles are additionally influenced by :-

- the economies of scale if services are provided at a Tyne and Wear level, including the extent to which Nexus can use the levy in order to lever additional funds,
- the high proportion of cross boundary services,
- the different characteristics within the constituent authorities in respect to public transport demand and supply
- the nature and extent of bus operators commercial networks and;
- population densities, geography and land use planning decisions

Nonetheless broad conclusions can be drawn and on average, at the Tyne and Wear level, for every £1.00 contributed from the levy, the benefits that accrue amount to £1.52.

5. **Looking Forward to 2011/12 and 2012/13**

5.1 The guidance from Tyne & Wear Chief Executives for the joint authority is that the ITA's net budget for 2011/12 and 2012/13 could continue at its 2010/11 level i.e. cash freeze in the levy. This will depend on future levels of inflation, interest rates on investments and interest charges. The current forecast is to achieve a cash freeze in the levy for both years; the support to Nexus would have to be also subject to a cash freeze in 2011/12 and a reduction of £0.500m in the following year. This is a reduction in support which was previously met from the ITA reserves and the level of balances at the end of 2012 would be insufficient to meet this commitment in 2012/13.

5.2 In acknowledging the current level of uncertainty in regard to local funding, the draft Nexus budgets for 2011/12 and 2012/13 have been calculated assuming similar levels of activity to that in 2010/11, However, despite eradicating the deficit inherent in the previous Nexus medium term financial forecast, the budget for 2010/11, cannot realistically be sustained across 2011/12 and 2012/13 if the levy does not increase and/or Nexus utilises its reserves.

5.3 Alongside this, a number of other uncertainties exist including:-

- The ongoing impact of the introduction of the national concessionary travel scheme from April 2008 where cost pressures remain (either in

additional payments to operators or in responding to service reductions as operator's respond to worsening economic conditions. In addition, the level of specific grant (estimated at £5.674m in 2011/12 but subject to uncertainties) is at this point in time effectively unknown, not just in respect of the amount due but just as critically, how it will be distributed

- The level of Metropolitan Rail Grant (revenue) funding made available in 2011/12 will reflect Year 2 of the reference case agreed by DfT for Metro Reinvigoration but the local contribution will also have to increase in line with DfT's funding commitment
- Inflation and returns on investments remain extremely volatile in such turbulent economic conditions. This is particularly true of specific commodities e.g. High Voltage Power and other fuel, which have a sizeable impact on how the Nexus budget is determined
- The 2010 valuation of the pension fund will be extremely challenging if employer contributions for both funding the deficit and future service contributions increase in line with current expectations

5.4 The draft budgets for these years are therefore subject to some significant uncertainty and will need to be reviewed in the light of new information next year, most notably how central government commits to funding local government and the resulting impact on the levy.

5.5 In effect, efficiency savings delivered in 2010/11 in order to eradicate the inherent budget deficit as agreed by the ITA in January 2009 will need to be repeated in order to meet service objectives. Work will be undertaken in order to prepare for different funding scenarios, including a reduction in the levy. For illustrative purposes, the table below demonstrates the gap in funding that will accrue even with modest inflation and a freeze in the levy.

Illustration of Shortfall and Call on Reserves at assumed levels of Levy and Grant Increase

	Freeze in the Levy for 2011/12 £m	Freeze in the Levy for 2012/13 £m
Shortfall	1.737	3.500
Call on reserves		
- ITA	0.500	0
- Nexus Reserves / Efficiency Savings	1.237	3.500

6. **The Impact upon Revenue Reserves**

6.1 Revenue reserves are considered to be satisfactory for 2010/11.

- 6.2 As outlined in paragraph 5.5 above, in delivering the 3 Year Medium Term Financial Plan, there may need to be some reliance placed upon the use of revenue reserves to balance the budget for Nexus and the ITA in 2011/12 and 2012/13 in order to protect services. The overall financial position has however been strengthened by negotiating an uplift in Metropolitan Rail Grant and by eradicating the inherent deficit previously reported in the Nexus budget.
- 6.3 However, the lack of certainty surrounding the Nexus budget, particularly central government support to local government as well as the position in relation to Nexus' own external grant funding, particularly Concessionary Travel specific grant means that it is not possible to bring forward a firm levy proposal for 2011/12 at this point. The aim is to ensure that the levy is at least maintained at 2010/11 levels although the ITA will actively seek to secure a higher increase if at all possible, particularly bearing in mind the need to match DfT's relative increase in resource for Metro Reinvigoration locally. At this point, for planning purposes a 0% increase is envisaged for both 2011/12 and 2012/13 but the position will need to be kept under review so that by Autumn 2010, estimates can be firmed up in time for the preparation of the 2011/12 – 2013/14 financial plan.
- 6.4 Nexus reserves as illustrated in Appendix A are forecast to be £14.1m at 31 March 2010. The general level of reserves maintained by Nexus to cover business risk is £4.300m and £5.000m is being held for risk relating to the concessionary travel scheme. This leaves £4.700m potentially available to underwrite the financial strategy between 2011/12 and 2012/13, prior to the identification of further efficiency savings.
- 6.5 The ITA had general reserves of £4.100m at the beginning of 2009/10, which included an increase of £1.236 million in 2008/09 arising from the net gain on prudential borrowing which was planned to be used to restrict the levy increase in 2009/10 and future years. A contribution from reserves of £0.900m was used to restrict the levy increase to 1.75% for 2009/10. In addition a contribution of £0.100m from the ITA reserves was given to Nexus for one year only to retain the cost of the Gold Card at the current level. In 2010/11 a contribution from reserves of £0.800m is estimated to be required to underwrite the revenue budget to restrict the levy increase to 1.5%. This will leave a balance of reserves of £2.400m at the 31 March 2011.
- 6.6 If the levy is to be subject to a cash freeze for the next two years as suggested in paragraph 5.1 a further £0.700m and £0.300m respectively would be required from ITA reserves. This would result in the level of ITA reserves at the 31 March 2013 being £1.400m. The adequacy of this level of reserves for a prudent working balance will continue to be reviewed annually taking into account the commitments and risks faced by the ITA. Any future use of reserves to limit the levy increases after 2011/12 will have to be re-considered in the autumn of 2010 with regard to the local government funding proposals for the future.
- 6.7 If reserves are used from 2010/11 to 2012/13 to meet a growing revenue gap it will be necessary to consider how this gap can be funded in future years. It will therefore be necessary for Nexus to demonstrate additional efficiency savings in its use of resources in the second and third years of this forecast.

7. **Risks Contained within the Budget**

As previously described there are some medium-term risks within the Financial Plan and these will be managed by Nexus and the ITA, with monitoring reports made to the ITA on a regular basis:

- The percentage increase in the levy in 2011/12 and 2012/13
- The ongoing cost of the concessionary travel scheme and the level of available specific grant from 2011/12 onwards;
- The amount of Metropolitan Rail Grant (revenue) from 2011/12 onwards;
- Inflationary pressures currently in excess of the future expected increase in resource levels
- The impact of changes in interest rates on investment income and net financing costs; and
- The need for continued capital investment and the means by which this can be funded.

8. **Background Papers**

ITA and Nexus budget working papers.

Nexus reference case submission to DfT for Metro Reinvigoration, January 2010.

9. **Contact Officer(s)**

Paul Woods, Deputy Clerk and Treasurer to the ITA, tel (0191) 232 8520 or John Fenwick, Director of Finance & Resources (Nexus), tel (0191) 203 3248

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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.

Integrated Transport Authority Revenue Estimates 2010/11			
2009/10			2010/11
Original Estimate (1)	Forecast Outturn (2)	Description (1)	Original Estimate (4)
£000s	£000s		£000s
Integrated Transport Authority/Nexus			
3,999	3,928	ITA Budget	3,932
102,218	100,718	Nexus	103,696
106,217	104,646		107,628
(70,646)	(70,646)	Levy on Tyne & Wear District Councils	(71,706)
(33,028)	(33,028)	Government Grants to Nexus	(35,141)
(103,674)	(103,674)		106,847
2,543	972	Change in Reserves	781
Tyne Tunnel/New Tyne Crossing			
(8,752)	(8,614)	Tyne Tunnel	(6,231)
(8,752)	(8,614)	Change in Tunnel Reserves	(6,231)

ITA/Tyne Tunnel/Nexus Revenue Balances			
2009/10			2010/11
Original Estimate £000s	Forecast Outturn £000s	Description	Original Estimate £000s
Opening Balance at 1st April			
(3,508)	(4,053)	Integrated Transport Authority	(3,176)
(12,693)	(12,875)	Metro Re-invigoration Reserve	12,875
25,590	(25,167)	Tyne Tunnel Reserves	(33,781)
13,253	(14,163)	Nexus	(14,068)
(55,044)	56,258		(63,900)
Movement in Balances during year			
948	877	Integrated Transport Authority	781
0	0	Metro Re-invigoration Reserve	1,999
(8,752)	(8,614)	Tyne Tunnel Reserves	(6,231)
1,595	95	Nexus	0
(6,209)	(7,642)		(3,451)
(61,253)	(63,900)	Closing Balance at 31st March	(67,351)
being			
(2,560)	(3,176)	Integrated Transport Authority	(2,395)
(12,693)	(12,875)	Metro Re-invigoration Reserve	(10,876)
(34,342)	(33,781)	Tyne Tunnel Reserves	(40,014)
(11,658)	(12,473)	Nexus	(14,068)
(61,253)	(63,900)		(67,351)

Integrated Transport Authority

1 ITA Budget

* Net Expenditure

Item No.	Description	2009-2010		2010/2011
		Original Estimate	Forecast	Original Estimate
		£	£	£
	ITA Administration			
1.1	Staffing and charge for servicing officers*	386,230	364,490	343,300
		386,230	364,490	343,300
1.3	Audit Fees	45,000	46,600	47,070
1.4	Members allowances and expenses	82,560	88,200	86,300
1.5	Accommodation charges	6,120	6,120	6,120
1.6	Subscriptions	41,030	40,040	36,040
1.7	Conferences	1,500	1,500	1,500
1.8	Travel expenses and subsistence	4,000	4,000	4,000
1.9	IT Development	34,850	34,850	34,000
1.10	Printing costs and consultancy	19,350	16,000	16,000
1.11	Risk Management	-	-	-
1.12	Advertising	2,000	2,000	2,050
1.13	Scrutiny Committee	6,700	6,700	6,700
		243,110	246,010	239,780
	Total	629,340	610,500	583,080
1.15	Pensions			
	Pension deficiency payments	510,000	510,000	510,000
1.16	Financing Charges			
	Financing Charges	2,973,780	2,929,520	2,874,370
		4,113,120	4,050,020	3,967,450
1.17	Income			
	Interest on Revenue Balances	(114,100)	(122,000)	(35,000)
	Net Expenditure on ITA Budget	3,999,020	3,928,020	3,932,450
	* See note 1			

2 Tyne Tunnel and New Tyne Crossing

Net Expenditure			
Description	2009-2010		2010-2011
	Original Estimate	Forecast	Original Estimate
	£	£	£
Tyne Tunnel Ongoing Costs			
Employees			
Employees	30,130	33,620	33,310
Pensions	586,060	588,370	588,410
	616,190	621,990	621,720
Direct Costs			
Other Expenses	17,600	57,920	42,630
New Tyne Crossing Support Services*	170,810	170,810	170,810
NTC Community Fund	10,000	10,000	10,000
Financing Charges	2,029,040	1,881,970	3,594,520
Usage Payments	2,999,000	2,826,000	2,962,000
	5,226,450	4,946,700	6,779,960
Total Expenditure			
	5,842,640	5,568,690	7,401,680
Income			
Toll Income	(13,691,000)	(13,150,000)	(13,150,000)
Miscellaneous Income	(4,100)	(13,000)	-
Interest on Tunnel Balances	(899,900)	(1,020,000)	(483,000)
	(14,595,000)	(14,183,000)	(13,633,000)
Surplus on existing Tyne Tunnels			
	(8,752,360)	(8,614,310)	(6,231,320)
Surplus available for future NTC commitments			
	(8,752,360)	(8,614,310)	(6,231,320)

NOTE 1 TO APPENDIX A

SLA supporting the ITA, Tyne Tunnel and Capital Programme included in Budget

	SLA Value 2009/10	SLA Value 2010/11
	£	£
Management Support (<i>includes Communications</i>)	78,730	77,630
Legal Advice	59,300	64,020
Accountancy and Financial Advice	158,620	146,870
Internal Audit	9,230	9,230
Administration of the Democratic Process	95,540	82,200
Scrutiny		12,000
OD & Personnel Services	5,000	5,050
Policy Advice New Tyne Crossing (<i>excludes Monitoring Officer employed by TWPTA</i>)	137,000	105,270
	227,200	254,690
Total	<u>770,620</u>	<u>756,960</u>
 Included in Estimates		
ITA		
	386,230	343,300
Tyne Tunnel		
	166,510	166,510
Capital Programme		
	217,880	247,150
	<u>770,620</u>	<u>756,960</u>

NEXUS

Revenue Budget - 2010/11 to 2012/13

2009/10 Forecast £000s		2010/11 Budget £000s	2011/12 Budget £000s	2012/13 Budget £000s
47,309	Concessionary Travel	47,655	48,360	49,078
21,529	Metro	25,731	26,628	27,770
1,003	Ferry	961	968	974
4,365	Rail	4,355	4,356	4,357
9,759	Service Delivery	10,823	10,726	10,891
3,741	Bus Infrastructure	3,229	3,258	3,290
2,454	Information and Promotion	2,287	2,308	2,327
1,261	Planning	1,084	1,103	1,128
91,421	TOTAL OPERATIONS	96,125	97,707	99,815
49	Deregulation Liabilities & Add. Costs	47	47	47
6,283	Pensions & Provisions	6,300	6,365	6,430
305	Redundancy Fund	305	310	314
4,522	Metro Reinvigoration	0	0	0
1,663	Corporate & Democratic	1,921	1,945	1,981
104,243	TOTAL COSTS	104,698	106,374	108,587
(779)	Investment Income	(625)	(625)	(625)
(2,746)	Net Movement in Capital/Other Reserves	(377)	(335)	(292)
100,718	TOTAL NEXUS REQUIREMENT	103,696	105,414	107,670
(100,623)	GRANTS	(103,696)	(104,177)	(104,170)
(95)	RELEASED FROM REVENUE RESERVES	0	0	0
0		0	1,237	3,500

TYNE & WEAR PASSENGER INTEGRATED AUTHORITY ANNUAL MINIMUM REVENUE PROVISION (MRP) STATEMENT FOR 2010/11 UNDER THE CAPITAL FINANCE AND ACCOUNTING AMENDMENT REGULATIONS 2008.

Summary

The Authority has to produce a Minimum Revenue Provision (MRP) Statement which sets out how it will provide for the repayment of any debt. This is the third such statement we have had to produce which recommends which Option will be used to calculate the MRP. The new regulations provide four options (detailed below)

Recommendation

Minimum Revenue Provision (MRP) guidance has been offered, giving four options on how to calculate the MRP. MRP is the repayment of any debt. Having considered the options it is recommended to agree the adoption for MRP arrangements in 2010/11 of :

- Option 1 for supported capital borrowing, which is to continue current practice ;and
- Option 3 on unsupported capital borrowing (known as Prudential Borrowing) which will be repaying the debt over the life of the asset funded with the borrowing.
- There will be no repayments for the New Tyne Crossing in line with the accounting policy for assets under construction.

This is as agreed for the MRP arrangements in 2009/10 at the meeting of the ITA on the 22 January 2009.

The ITA has no supported capital expenditure which requires borrowing in 2009/10 and 2010/11 as from the 1 April 2008 the integrated transport allocation is in the form of capital grant.

More details on the regulation is given below.

Background

Under regulation 27 of the 2003 Regulations, local authorities are required to charge to their revenue account for each financial year MRP to account for the cost of their debt in that financial year. Prior to its amendment by the 2008 regulations, regulation 28 set out the method authorities are required to follow in calculating MRP. For the financial year 2007/08 and subsequent financial years, the detailed calculation has been replaced with a requirement that local authorities calculate an amount of MRP which they consider to be prudent. This guidance is issued under section 21(1A) of the 2003 Act (as inserted by section 238(2) of the Local Government and Public Involvement in Health Act 2007) and addresses this new requirement in regulation 28. In accordance with section 21(1B) of the 2003 Act, local authorities must have regard to this guidance.

Previous Practice

Prior to 2007/8 the calculation of the MRP was done via the Regulatory Method under regulation 28. MRP is equal to 4% of the Capital Financing Requirement (CFR) at the end of the preceding financial year.

Options for calculation of Minimum Revenue Provision

The MRP Guidance offers four options for Prudent Provision. These four options are –

1. Option 1: Regulatory Method

For debt which is supported by Revenue Support Grant (RSG), authorities will be able to continue to use the formulae in the current regulations 28 and 29 of the 2003 Regulations, since the RSG is calculated on that basis. This option will be available for all capital expenditure prior to 1 April 2008.

2. Option 2:CFR Method

This can be used on supported debt and is similar to Option 1. While still based on the concept of the CFR, which is easily derived from the balance sheet, it avoids the complexities of the formulae in Regulation 28. This option will be available for all capital expenditure prior to 1 April 2008.

3. Option 3: Asset Life Method

For new borrowing under the Prudential system for which no government support is given and therefore self-financed, there will be two options. Option 3 is to make MRP provision in either

- **equal annual instalments over the estimated life of the asset** for which the borrowing is undertaken. The original estimate of the life is determined at the outset and should not be changed in later years, even if in reality the condition of the asset has changed significantly: or
- **Annuity Method** - this method has the advantage of linking the MRP to the flow of benefits from an asset where the benefits are expected to increase in later years.

The formula allows an authority to make voluntary extra provision in any year. Freehold land cannot have a life attributed to it so it should be treated as a maximum of 50 years.

MRP is calculated following the year in which the expenditure is incurred. However, paragraph 13 of the guidance highlights an important exception to this rule. In the case of the construction of a new building or infrastructure, MRP would not have to be charged until the new asset came into service. This 'MRP holiday' until the asset was complete and earning income to service the debt in sensible and should make major projects (such as the New Tyne Crossing) more affordable.

Option 4: Depreciation Method

MRP is to be equal to the provision required in accordance with depreciation accounting in respect of the asset on which expenditure has been financed by borrowing or credit arrangements.

For this purpose standard depreciation accounting procedures should be followed, except in the following respects.

- (a) MRP should continue to be made annually until the cumulative amount of the provision is equal to the expenditure originally financed by borrowing or credit arrangements. After that, the authority may cease to make MRP.
- (b) On disposal of the asset, the amount of the capital receipt can not be taken to the revenue account and the authority must comply with the normal requirements of the 2003 Act on the use of capital receipts, i.e receipts go to the balance sheet.

- (c) Where the percentage of the expenditure on the asset financed by borrowing or credit arrangements is less than 100%, MRP should be equal to the same percentage of the provision required under depreciation accounting.

Conditions

Options 1 and 2 can only be used in relation to:

- (a) capital expenditure before 1 April 2008, and
- (b) capital expenditure incurred on or after that date which the authority is satisfied forms part of its Supported Capital Expenditure

Options 3 and 4 should be used on all capital expenditure incurred on or after 1 April 2008 which is financed by borrowing or credit arrangements and which does not form part of the authority's Supported Capital Expenditure, i.e. Prudential Borrowing.

Option 3 can be used for all capital expenditure.

CFR adjustment

Where an authority has used Option 3 or 4, the CFR for the purpose of Options 1 and 2 should be treated as not being increased by the amount of the expenditure on the asset to prevent double counting. In addition, the CFR should not be treated as being decreased by the amount of MRP made under Options 3 and 4.

Tyne & Wear Passenger Integrated Authority Policy on making MRP

The new regulations came into force on the 31 March 2008.

A financial analysis has been done for a new capital project that uses Prudential Borrowing comparing the current MRP practice to the new Option 3(see below)-

Financial Analysis

In this example, work on a new project started in 2006-07 and is going to cost £100m over the three years it takes to construct (£25m 2006-07, £50m in 2007-08 and £25m in 2008-09).

Current Practice -MRP would be charged at 4% per year, starting in 2007-08.

Option 3 –The life of the asset is 50 years and therefore the MRP will be charged over 50 years with the asset operational in 2010/11.

MRP calculation on £100m project over the initial 6 year of the project –

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Current Practice	£3.000m	£3.880m	£3.725m	£3.575m	£3.433m	£3.295m
Option 3- Equal Annual Instalments	0	£2.000m	£2.000m	£2,000m	£2.000m	£2.000m
Option 3- Annuity	0	£0.270m	£0.290m	£0.310m	£0.330m	£0.350m

If Option 3 –Equal annual Instalments is used, it would allow projects to be completed and receiving revenue income before MRP payments are required and the borrowing could be taken out over a longer period. However, it should also be noted that there would be a knock on consequence on the project from higher interest charges on a larger outstanding debt over the life of the borrowing. The external interest on all the authority’s borrowing is recharged to projects on the basis of outstanding debt. Under Option 3 the outstanding debt for the £100 m project would incur greater interest charges.

If Option 3 Annuity basis is used the principal repayments increase over the period of repayment , reflecting the benefits from the capital project over the life of the project .and it has the benefit that it can be revisited and varied to reflect changing revenue forecasts. But as discussed above the knock on consequence would be increased interest payments in the earlier years of a project. This basis is likely to be beneficial for use in 2011/12 for the New Tyne Crossing project.

It is proposed that the ITA will adopt the following arrangements for MRP in 2010-11(based on 2009-10 capital expenditure) using option 1 on Supported Capital Expenditure and Option 3 on unsupported capital expenditure funded by Prudential Borrowing. This is the same as the arrangements adopted for 2009/10 (based on 2008/9 capital expenditure)

The ITA will also continue to make voluntary repayments if appropriate.

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Tyne and Wear Integrated Transport Authority

28 January 2010

New Tyne Crossing - Update

Report of NTC Project Director

For Information

1. Synopsis

- 1.1 This report provides an overview of progress made on the construction since the last update report to the Authority on 26th November 2009.

2. Recommendations

- 2.1 The Authority is recommended to note progress made.

3. Background

- 3.1 Construction of the New Tyne Crossing (NTC) began on 22 April 2008. Key dates as set out in the Project Agreement signed on 23 November 2007 and those subsequently revised during the construction phase are as follows:-

PTU1	15 December 2010 (opening of new tunnel) Revised to 4 February 2011 on 2 April 2009 – see para 4.1
PTU2	3 December 2011 (opening of refurbished existing tunnel)
Completion	3 December 2011

4. Progress – Since November 2009

Progress photographs will be available at the meeting.

4.1 Programme

The construction programme issued on 2 April 2009 following the special Project Board Meeting on 10 March 2009 was revised to account for significant re-planning and programming of the works. The revised programme was issued on 13 October 2009 and does not affect the key dates. Progress is now measured against it and overall the project is on programme to meet the key dates set out in para 3.1.

4.2 North Approach Works

Works to the main tunnel structures, the backfilling to original ground-level and transition structure (where the immersed tubes will connect with the approach tunnel)

are complete on programme. Tyne View Terrace is now operating on a temporary alignment while work is done on the permanent reinstatement to this highway. Overall the works in this section are currently on programme.

4.3 Immersed Tube Works – Walker (formerly A&P) Dock 4

Flooding of the dock occurred on the 7th December 2009. The flotation the first of the 4 units took place successfully on 3rd January 2010. The remaining 3 units will be floated out of the dock at roughly 2 week intervals over January/February 2010 – the actual times and dates will depend on tide conditions. The first tunnel element will be immersed on the 12th January 2010.

4.4 Dredging

The cutter/suction dredger – the Vesalius – arrived in the Tyne on 3 November 2009, started dredging on the 9 November 2009 and completed dredging on the 17 December 2009. The trench will have to be trimmed and ‘tided up’ prior to the immersion of the tunnel units. The amount of material to be removed is much less than originally envisaged. This work will therefore now be undertaken by a grab from a barge rather than a suction dredger. This work will be done immediately before the tunnel element immersion sequences begin. These works are on programme.

4.5 South Approach Works

Work on the transition structure and subsequent demolition of the front wall is now complete; to allow the immersion of the first tunnel element. Installation of the tunnel base slabs are complete and work on the top slabs and internal walls is progressing but is behind programme. Bouygues TP has brought in additional resources to recover the programme. The first section of sprayed concrete lining tunnel is complete and preparation works for the second section are ongoing... The operation progressed safely with comprehensive monitoring with no complaints from adjacent land-owners/occupiers to date.

The new Howard Street Bridge structure is complete and Howard Street was closed on the 6 January 2010 to allow the works to the approach roads and the Howard Street/Straker Street junction to be constructed. These works are on programme.

4.6 South Junction Works

Construction of the new slip road over bridge is complete. Widening works to the A185 between the A19/Tyne Tunnel roundabout and the Howard St/Priory Road roundabout is on-going. Construction of the permanent retaining wall structure at Epinay Walk is complete. Construction of the first phase of the permanent retaining structure between the new slip over bridge and the new Howard Street Bridge is complete. The second phase is not due to commence until June 2010. Overall construction work for the junction is on programme.

5. Master-planning

- 5.1** The final master-plan drawings are yet to be submitted to North and South Tyneside Councils for approval. It is expected that the planning applications will be made by the end of January 2010.

6. Land

- 6.1 Arrangements relating to hand-back of land will now be discussed in detail between the relevant parties now the landscape master-planning are about to be submitted for approval.

7. Communication

- 7.1 The communication strategy is being applied successfully –all stakeholders are kept informed of progress and issues on a regular basis. The strategic and local partnering fora continue to meet regularly.
- 7.2 A Newsletter was issued in November 2009. The web-sites (NTC & TT2) are updated almost daily. Drop-in-sessions continue to be held weekly on both sides of the river and Ward Councillors are given regular ‘activity’ schedules so that they are briefed on forthcoming events/developments. The Helpline is maintained and staffed 24/7. The 3D virtual reality model has been developed by BYTP (UK) and is now being enhanced with the details from the master-plan drawings.
- 7.3 The construction activity and progress continues to stimulate considerable demand for visits from a wide variety of organisations. TWITA/BYTP (UK)/TT2 share the load on this issue to accommodate requests as much as possible.

8. Further Comments by the

- 8.1 Clerk - none
- 8.2 Treasurer - none
- 8.3 Legal Adviser - none

9. Background Papers

- 9.1 River Tyne (Tunnels) Order 2005.
- 9.2 Report of the Inspector in to the Proposals for the New Tyne Crossing dated 2003.
- 9.3 Decision letter of the Secretary of State dated 21 July 2005.
- 9.4 New Tyne Crossing file held by the NTC Project Director

Contact Officer: P Fenwick, phone: (0191) 211 6058

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Tyne and Wear Integrated Transport Authority

The Tyne Tunnels Byelaws 2010

Report of The Clerk, ITA Legal Advisor and NTC Project Director

For Decision

District Implications: North Tyneside, South Tyneside

1. **Summary / Purpose of Report**

- 1.1 To seek the Committee's approval of the Draft Tyne Tunnel Byelaws 2010 and a resolution that such byelaws should be made by the Integrated Transport Authority and confirmation sought from the Secretary of State for Transport.

2. **Recommendations**

- 2.1 That the Committee shall approve and resolve to make the revised Tyne Tunnel Byelaws and thereafter seek their confirmation by the Secretary of State.

3. **Introduction / Background**

- 3.1 The use of the Tyne Tunnels is currently regulated by the Tyne Tunnel Byelaws 1967 which have been in force since 19 October 1967. These byelaws relate to the existing vehicular tunnel and to the cyclist and pedestrian tunnels.

The New Tyne Crossing project brings a need to revise the byelaws to reflect how the tunnels are to operate once there are two vehicular tunnels, each carrying traffic in one direction only under normal conditions. The River Tyne (Tunnels) Order 2005 envisages this need and provides the necessary powers. Also, over the last 42 years these byelaws have become outdated not least because they refer to pre-decimalisation currency.

4. **Information**

- 4.1 Under the terms of the River Tyne (Tunnels) Order 2005, the Integrated Transport Authority is empowered to make new byelaws but they do not come into force until they are confirmed by the Secretary of State. The byelaws must be changed in time for the full opening of the New Tyne Crossing.
- 4.2 The proposed draft byelaws are the result of substantial dialogue between the Lead Authority's Legal Department and the Department for Transport Legal

Advisor who has now indicated that the Secretary of State is satisfied with the content of the draft byelaws.

4.3 The draft tunnel byelaws have also been considered by the Tunnel Design and Safety Consultation Group. This group oversees the safety and emergency planning systems under development for the project and includes representatives from the designers, the operator, the main contractor, the emergency services and the T&W Emergency Planning Unit.

4.4 The Tunnel Manager referred to in the Draft byelaws is an employee of the Concessionaire TT2 Ltd. Under the terms of the Project Agreement the identity of the Tunnel Manager has to be approved by the TWITA. The current Tunnel Manager is Mr Peter Hedley who transferred to TT2 Ltd from TWITA on 2nd February 2008.

4.5 Copies of both the existing and proposed byelaws are annexed to this report. The major changes that have been introduced are as follows:

a) The 1967 byelaws require that drivers keep to the left inside the vehicular tunnel. The new byelaws require that drivers keep to the centre of the lane unless directed otherwise by road signs or by a tunnels officer.

b) The 1967 byelaws imposed a maximum speed of 30 mph whereas the new byelaws provide that the maximum speed shall be either 30 mph or 40 mph as indicated in the displayed road signs. This is required to accommodate the higher design speed for the new tunnel.

c) The new byelaws extend the list of dangerous items which cannot be taken into the tunnel without the approval of the Tunnel Manager to include the substances or articles identified in the European Agreement concerning the International Carriage of Dangerous Goods by Road, which is known as the ADR.

d) As part of the process of revising the byelaws, efforts have been made to eliminate archaic language and obsolete references, such as 'omnibuses' and 'shillings.'

5. **Next Steps**

5.1 Once the Integrated Transport Authority has made the byelaws, they need to be confirmed by the Secretary of State before they can come into effect. The process by which that confirmation takes place is that the Integrated Transport Authority must publish notice of its intention to apply for confirmation of the byelaws in the local press and include details of the time and place where a copy of the byelaws will be available for public inspection.

5.2 A copy of the byelaws must then be kept at the Lead Authority's Customer Service Centre and be available for the public to inspect for not less than 28 days. Anyone wishing to do so can make representations to the Secretary of State within this period.

- 5.3 At the end of the period specified in the notice, the Department for Transport will forward any representations or objections to the Tyne and Wear Integrated Transport Authority for consideration.
- 5.4 Upon receipt of the byelaws for confirmation the officials at the Department for Transport will check that the legal procedures have been followed and will then in line with their Decision Making Protocol, make a recommendation to the Secretary of State to either confirm (with or without modification) the byelaws, or refuse to confirm them. If the byelaws are to be confirmed they will also fix a date for the byelaws to come into effect.
- 5.5 It is possible that the Secretary of State may refuse to confirm the byelaws. In this instance, the reasons for the refusal will be explained to the Authority and be taken into account in the reformulation of the byelaws for re-submission to the Secretary of State.
6. **Further comments by the:**
- **Clerk** (if any);
 - **Treasurer** (if any);
 - **Legal Advisor** (if any); **nothing further to add.**
 - **Director General** (if any).
- 7 **Background Papers**
- 7.1 XWP00001 Legal Services
- 8 **Contact Officer (s)**
- 8.1 Paul Fenwick, Project Director, New Tyne Crossing (ext 26058)

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TYNE TUNNELS BYELAWS 2010

BYELAWS MADE BY THE TYNE AND WEAR INTEGRATED TRANSPORT AUTHORITY IN PURSUANCE OF THE TRANSPORT AND WORKS ACT 1992 AND THE RIVER TYNE (TUNNELS) ORDER 2005. THESE BYELAWS MAY BE CITED AS THE TYNE TUNNELS BYELAWS 2010

I. INTERPRETATION - In these Byelaws:

'ADR'	means the European Agreement concerning the International Carriage of Dangerous Goods by Road
'the Authority'	means the Tyne and Wear Integrated Transport Authority;
'the cyclist and pedestrian tunnels'	means and includes the two tunnels for use by cyclists and pedestrians constructed under the River Tyne between Jarrow and Howdon aforesaid in accordance with the Tyne Tunnel Act 1946 together with the access passages, escalators, lifts, buildings, approach paths and steps and other works or land used or connected therewith as shown hatched blue on the attached plan
'domestic animal'	means a dog or a cat or another household pet
'driver'	where a separate person acts as steersman of a motor vehicle, includes that person as well as any other person engaged in the driving of the vehicle and 'drive' and 'driving' shall be construed accordingly
'flammable liquid'	means any liquid having a flash point of not more than 55 degrees Celsius
'member of the tunnel staff'	includes any person employed by the Authority or its agents and engaged in the administration, operation, supervision, maintenance or repair of the tunnels
'the tunnel'	means, one of the vehicular tunnels or the cyclist tunnel or the pedestrian tunnel;
'the tunnel approaches'	means and includes approach roads and new streets constructed pursuant to the Tyne Tunnel Acts 1946 to 1960 and the River Tyne (Tunnels) Order 2005 except the portions thereof which are included in and form part of the tunnel; as shown edged black and shaded grey on the attached plan;
'the tunnel area'	means and includes the tunnels and the tunnels approaches;
'the Tunnel Manager'	means the Tunnel Manager appointed by the Authority or any person authorised by him under byelaw 6 of these byelaws to exercise any function or functions on his behalf;
'the tunnels'	means and includes the vehicular tunnels, the cyclist and pedestrian tunnels, the tunnel approaches, the landscaped areas adjacent thereto and the administration precinct and adjoining car park as shown edged green on the attached plan;

'tunnels officer'	means and includes the Tunnel Manager and any officer or servant or agent of the Authority authorised by the Tunnel Manager to carry out duties in relation to the regulation, direction and control of traffic in the tunnels;
'trailer'	means any vehicle designed or adapted to be towed by another
'vehicle'	means a mechanically propelled vehicle intended or adapted for use on roads including a trailer
'the vehicular tunnels'	means and includes the two tunnels for vehicular traffic with tunnel approaches at each end constructed under the River Tyne between Jarrow and Howdon in the county of Tyne and Wear and described as Work No.2 in the Tyne Tunnel Act 1960 and as the New Tunnel in the River Tyne Tunnels Order 2005 , together with the buildings, works and land used or connected therewith, as shown hatched red on the attached plan;

2. In byelaw 28 the expression 'duly authenticated document' means a document signed by the Clerk to the Authority or the Deputy Clerk and Legal Adviser or other person duly authorised by them in that behalf.
3. Unless the context otherwise requires:
 - (a) words importing the singular number shall include the plural and vice versa;
 - (b) words importing any particular gender shall include all other genders; and
 - (c) any reference in the byelaws to any statute or statutory provision shall be construed as referring to that statute or statutory provision as it may from time to time be amended modified extended re-enacted or replaced (whether before or after the date of this byelaw) and including all subordinate legislation from time to time made under it.
4. The Interpretation Act 1978 shall apply to the interpretation of these byelaws as it applies to the interpretation of an Act of Parliament.
5. Nothing in these byelaws shall apply so as to restrict the execution of duties or the carrying out of works or services in the tunnels by any officers or servants of the Authority or by any duly authorised agents or contractors of the Authority or by any police officer or fire officer.
6. For the purposes of exercising each or any of the functions conferred on him by these byelaws the Tunnel Manager may in his discretion authorise in writing such members of the tunnel staff as he may think fit to exercise such function or functions on his behalf.

II. REGULATION OF TRAFFIC IN VEHICULAR TUNNELS

7. No person shall use the vehicular tunnels except for the purpose of travelling on or in a vehicle from the tunnel approaches on one side of the River Tyne to the tunnel approaches on the other side of that river.
8. The driver of a vehicle in the tunnel area shall comply with all signals and instructions given by a tunnels officer.

9. The driver of a vehicle in the vehicular tunnels shall keep to the centre of the lane as delineated by road markings, unless directed otherwise by the displayed road signs or a tunnels officer.
10. (a) The maximum speed for a vehicle in the vehicular tunnels, shall be 30 or 40 miles per hour as indicated by the displayed road signs, and subject to paragraph (b) hereof, the minimum speed shall be 15 miles per hour except where prevented by other vehicles or at the toll booths and other places where stops or a lower speed are unavoidable or are permitted or directed by a tunnels officer.
- (b) No person shall drive into the vehicular tunnels, except in accordance with such directions as shall be given to him by the Tunnel Manager, any vehicle which is incapable of maintaining a speed of 15 miles per hour.
11. Subject to the provisions of byelaws 27 and 28 the driver of a vehicle using the vehicular tunnels shall except in compliance with traffic signals or orders given by the tunnels officers, or unless prevented by traffic or other unavoidable cause:
 - (a) if approaching the tunnel from the north
 - I. proceed without stopping to the toll plaza situated at the north end of the tunnel;
 - II. not proceed further until he has paid the amount of toll for the vehicle authorised to be demanded and taken pursuant to the provisions of the Tyne and Wear Act 1976 and the notice displayed at the toll plaza unless he or his vehicle be exempted therefrom; and
 - III. having paid the said toll or being exempted therefrom drive straight on and, without stopping, leave the tunnel at the opposite end from which he entered it;
 - (b) if approaching the tunnel from the south
 - I. drive straight on without stopping and leave the tunnel at the opposite end from which he entered it;
 - II. proceed without stopping to the toll plaza at the north end of the tunnel; and
 - III. not proceed further until he has paid the amount of toll for the vehicle authorised to be demanded and taken pursuant to the provisions of the Tyne and Wear Act 1976 and the notice displayed at the toll plaza unless he or his vehicle be exempted therefrom.
12. Except and subject as provided in byelaws 8 and 9, the driver of a vehicle on or in the tunnel approaches shall proceed along the carriageways without stopping. Provided that this byelaw shall not prohibit vehicles from stopping in lay-bys provided for emergency, inspection or breakdown or if instructed to do so by a tunnels officer.
13. The driver of a vehicle in the tunnel shall not unless authorised by a tunnels officer or by the displayed road signs cause his vehicle to cross the lines or marks separating traffic lanes.
14. The driver of a vehicle in the vehicular tunnels shall maintain a safe and prudent distance between his own vehicle and the one immediately in front of it.
15. A vehicle may be towed into the vehicular tunnels provided it is secured by means of towing equipment which is sufficient for the purpose and provided the vehicle and towing equipment have been examined and approved by a tunnels officer.
16. No person shall drive into the vehicular tunnels any vehicle which is not provided with sufficient petrol or other fuel and mechanical power to ensure that it maintains the minimum speed specified in these byelaws and is able to traverse the tunnel and the tunnel approaches.

17. The driver of a vehicle in the vehicular tunnels shall use dimmed headlights at all times and shall not use any forward facing lamp other than dimmed headlights or sidelights.
18. No person shall refuel any vehicle in the vehicular tunnels.
19. No person shall except with the permission of a tunnels officer undertake any repairs to a vehicle or change a tyre or wheel of a vehicle in the vehicular tunnels.
20. If the driver of a vehicle in the tunnel area refuses to move the vehicle when ordered to do so by a tunnels officer or if a vehicle in the tunnel area is unable to proceed because of a breakdown it shall be lawful for it to be removed at the cost and expense of the owner or person in charge of the vehicle by members of the tunnel staff to a place in the tunnel area directed by the Tunnels Manager and no person shall obstruct any such member or members of the tunnels staff in carrying out such removal.
21. Any driver of a vehicle overtaken by sudden illness or incapacity of such a nature as to impair or impede his ability to drive or control the vehicle shall not drive the vehicle into the vehicular tunnels and if the driver of a vehicle is overtaken by such illness or incapacity when in the vehicular tunnels he shall stop his vehicle at once and remain in his vehicle and await the assistance of a person legally entitled to drive or remove the said vehicle.

III. FIRE PRECAUTIONS

22. No person in the vehicular tunnels or the cyclist and pedestrian tunnels shall:
 - (a) smoke or carry a lighted pipe, cigar or cigarette;
 - (b) ignite any match or lighter or expose any flame;
 - (c) smoke in any vehicle awaiting escort or under escort through the tunnel
23. In the event of a fire occurring in the tunnels, no person shall obstruct any member of the tunnel staff or the fire brigade in his efforts to extinguish it.
24. The use in the tunnels of any fire extinguishers other than those provided by the Authority, or Fire Services is prohibited. Provided that nothing in this byelaw shall prevent the driver of a vehicle or any passenger therein using any fire extinguisher carried on that vehicle to extinguish the fire.
25. No person shall drive into the tunnels any vehicle containing hay, straw, or other similar combustible material unless the same be secured and covered to the satisfaction of the Tunnel Manager.
26. For the purpose of enforcing and satisfying the requirements of byelaws 25 to 30 inclusive all commercial vans, heavy goods vehicles, caravans, LPG vehicles and towed vehicles must stop at the examination lay-bys as delineated by road-markings and signage when required by a tunnels officer for examination and inspection by a duly authorised tunnels officer prior to entry into the vehicular tunnels.

IV. DANGEROUS TRAFFIC

27. (1) No person shall, except with the consent of the Tunnel Manager, take or cause or permit to be taken into the vehicular tunnels any vehicle carrying any goods, substances or articles of a dangerous nature including the substances or articles identified in the current edition of the ADR or any replacement thereof and including (but without prejudice to the generality of the foregoing):
 - (a) any flammable liquid;

- (b) corrosive substance;
 - (c) compressed gases (whether permanent or liquefiable) in cylinders;
 - (d) empty compressed gas cylinders;
 - (e) loaded firearms or any explosives within the meaning of the Explosives Acts 1875 and 1923 or any Order in Council made thereunder, or any explosive substance as defined by the Explosives Substances Act 1883;
 - (f) petroleum or petroleum-spirit within the meaning of the Petroleum (Consolidation) Act 1928, the Road Traffic (Carriage of Explosives) Regulations 1989 or any Order in Council made thereunder (other than petroleum or oil carried by a vehicle for use only in connection with the propulsion of that vehicle);
 - (g) any empty petrol tank or empty drum or other tank wagons which have contained any inflammable liquid or materials.
- (2) The consignor of any goods, substances or articles referred to in paragraph (1) of this byelaw shall give or cause to be given to the Tunnel Manager on demand a written declaration as to the nature and quantity of such goods, substances or articles, and the person in charge of any empty petrol tank or empty drum or other tank wagon shall give or cause to be given to the Tunnel Manager a written declaration on demand as to the nature of the substance or substances last carried in such wagon, and petrol drum.
- (3) The permission of the Tunnel Manager under paragraph (1) of this byelaw, if granted, shall be subject to the following conditions, namely:
- (a) no person shall drive into the vehicular tunnels any vehicle to which paragraph (1) of this byelaw applies except with such escort of tunnels officers as may be directed or required by the Tunnel Manager and the driver of every such vehicle shall take and comply with such precautionary measures as the Tunnel Manager shall consider to be expedient;
 - (b) any driver of a vehicle to which paragraph (1) of this byelaw applies not accompanied by a person legally entitled to drive the said vehicle shall, if the Tunnel Manager so requires, admit into the driving cab of the vehicle a duly authorised member of the tunnel staff duly authorised by the Tunnels Manager in writing who will be capable of stopping the vehicle in the event of sudden illness or incapacity overtaking the driver while in the vehicular tunnels.
- (4) The driver of every vehicle to which paragraph (1) of this byelaw applies shall stop on arriving at the toll plaza and shall not proceed further into the vehicular tunnels until he has received the permission of the Tunnel Manager under this byelaw.
28. For the purpose of enforcing byelaw 25 every person in the tunnels area shall allow the Tunnels Manager or staff to search any vehicle or package brought into the tunnels area and the Tunnels Manager or staff, on producing if required some duly authenticated document showing his authority, may open any such package if he has reason to suspect that such package contains any goods, substances or articles referred to in byelaw 27 (1) without the necessary consent pursuant to byelaw 27 (1).

V. EXCLUDED TRAFFIC

29. No person shall take or cause or permit to be taken into the vehicular tunnels:

- (a) any horse drawn vehicle;
 - (b) any pedal bicycle or tricycle,
- except if conveyed as the load or part of the load of any vehicle; or
- (c) any animals or livestock except domestic animals, unless transported in special containers or adapted vehicles and approved by the Tunnel Manager.

30.. No person shall take or cause or permit to be taken into the vehicular tunnels any of the following vehicles:

- (a) vehicles which emit smoke, visible vapour, grit, sparks, ashes, cinders or oily substance in a manner which contravenes any regulations for the time being in force under the Road Traffic Act 1988 or any amendment thereof relating to the construction and use of motor vehicles;
- (b) vehicles which, in the opinion of the Tunnel Manager, are in such a condition or are so loaded, built or equipped as to be likely to retard traffic, injure persons or damage property;
- (c) vehicles which are conveying faeces or offensive or noxious matter or substance which, in the opinion of the Tunnel Manager, are being carried or conveyed in such manner as to be the cause of or be likely to give rise to injury or nuisance to any person or damage property.

VI. SPECIAL TYPE VEHICLES

31.(1) No person shall take or permit to be taken into the vehicular tunnels, without the permission of the Tunnel Manager and subject to such conditions as he may direct, any vehicle whose height, length, width or weight (including load in each case) exceeds the following:

Height	4.878m
Length	12.20m, or in the case of vehicles and trailers a combined length (including load or loads and drawbar) of 18.75m
Weight	On any one wheel 6 tons or on any one axle 11 tons
Width	2.55m

(2) Application for permission of the Tunnel Manager under this byelaw shall be made in writing at least six clear days before the proposed arrival at the vehicular tunnels of the vehicle the subject of the application.

VII. CYCLIST AND PEDESTRIAN TUNNELS

32. No person shall use the cyclist and pedestrian tunnels except for the purpose of travelling as a pedestrian or a pedal cyclist from the entrance to the said tunnels on one side of the River Tyne to the exit from the said tunnels on the other side of that River.

33. No person shall drive, propel, lead or otherwise bring within the cyclist and pedestrian tunnels any vehicle other than a pram, pushchair, wheelchair, motorized scooter or pedal bicycle or tricycle (excluding any pedal bicycle or tricycle fitted with an auxiliary electrical or internal combustion engine), or any animal other than a domestic animal secured by a lead or carried clear of the ground.

34. No person shall travel on a moving escalator otherwise than in the direction in which such escalator is travelling or propel or carry a pram, pushchair, wheelchair or tricycle on an escalator or cause or permit an animal to travel on an escalator unless such animal be carried clear of the ground.
35. No person shall, when travelling on an escalator, sit, kneel or lie upon the treads or handrail of such escalator.
36. No person shall ride a bicycle or tricycle in any part of the pedestrian tunnels, or travel otherwise than on the left hand side of the said cyclist tunnel. Unless directed by a member of the tunnel staff, no person shall push or otherwise propel a bicycle or tricycle in the pedestrian tunnel as so marked nor shall any person other than a cyclist use the cyclist tunnels other than a duly authorised tunnels officer.
37. All persons using the cyclist and pedestrian tunnels shall observe and obey any instructions or signals given to them by members of the tunnel staff, including instructions given via the installed public address system, with regard to the way in which or the route by which they are to travel.

VIII. PREVENTION OF DAMAGE OR NUISANCE GENERALLY

38. No person in the tunnels shall climb upon, damage or remove any part of the structure of the tunnels, ventilating plant or shafts, toll booths, escalators, lifts, equipment, machinery, fittings or appurtenances thereof or any other property of the Authority, or post any bill, placard or notice, or write or stamp, cut, print, draw or make marks in any manner on any part thereof.
39. No person shall move, alter or deface or otherwise interfere with any notice, notice board or sign belonging to the Authority and exhibited or placed in the tunnels.
40. No person shall operate any machinery, switches brakes, gates, or other mechanism of the tunnels, escalators, lighting and ventilation plant other than:
 - (a) to apply the escalator emergency stopping switch when necessary to prevent injury or damage to any person or any thing;
 - (b) to operate the fire fighting equipment in case of emergency;
 - (c) to use a telephone in case of emergency; and
 - (d) to operate the lift controls where such operation is permitted.
41. No person shall urinate or defecate within the tunnel area.
42. No person shall place or attempt to place any object not being current coin of the United Kingdom or current coin of Euro currency in any receptacle provided for the automatic payment of tolls payable under the Tyne and Wear Act 1976 and the River Tyne (Tunnels) Order 2005.
43. No person shall throw or drop in any part of the tunnels anything whatsoever capable of injuring or damaging the tunnel or any person or property,
44. No person shall place or deposit or leave on or in the tunnels or precincts any vehicle or any glass, china, earthenware, tin, carton, paper, debris, oils, waste or other rubbish so as to create a litter or fire risk.
45. No person shall wilfully obstruct or impede any member of the tunnel staff in the execution of his duty in or about the tunnels.

46. No person shall offer for sale or sell any articles or produce of any description in the tunnels without the express written permission of the Authority.
47. No person shall loiter or remain in the tunnels or its buildings or precincts or in any vehicle therein after having been requested by a member of tunnel staff to move therefrom.
48. No person in the tunnels whether on his own or against another person shall:
 - (a) use any threatening, abusive or insulting words or behaviour or
 - (b) distribute or display any writing, sign or visible representation which is threatening, abusive or insulting or which in the opinion of the Tunnel Manager is likely to cause annoyance or offence.
49. No person in the tunnels shall use a vehicle music/sound system at such a volume as to cause nuisance to other users of the tunnels or to impede the tunnels safe operation.

IX. CLOSURE OF TUNNELS

50. . During any period of closure of the vehicular tunnels and the cyclist and pedestrian tunnels pursuant to section 36 of the River Tyne (Tunnels) Order 2005 the passage of any vehicle or pedestrians through the vehicular tunnels and cyclist and pedestrian tunnels shall only be with the consent of the Authority whose decision shall be final.

X. POWER TO EXCLUDE

51. It shall be lawful for the Tunnel Manager and tunnels officers to prevent from entering in or upon the tunnels, the tunnels' approaches or the tunnel area the following persons:
 - (a) the driver of any vehicle who that or any other officer has reasonable cause to believe is contravening, or will so if he proceeds, any of these byelaws; and
 - (b) the driver or person in charge of any vehicle or animal referred to in Byelaw 27 above.

XI. PENALTY FOR OFFENCES

52. Any person who shall contravene or fail to comply with a provision of these byelaws shall be liable on summary conviction to a fine not exceeding Level 3 on the standard scale.
53. The Authority wherever applicable in monitoring infringements of these byelaws and in the prosecution of offenders shall be entitled to rely where appropriate:
 - (a) on the evidence of a device adapted for measuring by radar, laser or automatic number recognition or any other means the speed of vehicles as shall be approved by the Secretary of State and
 - (b) to make admissible as evidence recorded images from the flow of traffic or pedestrians or cyclists in the tunnels.

XII. REVOCATION OF EXISTING BYELAWS

54. The Counties of Durham and Northumberland (Tyne Tunnel) Byelaws 1967 are hereby revoked.

The COMMON SEAL of the TYNE)
AND WEAR INTEGRATED TRANSPORT)
AUTHORITY was hereunto affixed in the)
presence of :)

Chairman of the Authority

Clerk to the Authority

The foregoing byelaws are hereby confirmed by the Secretary of State for Transport and shall come into force on

Signed by the Authority of the Secretary of State

Signed by a Senior Principal in the Department of Transport

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COUNTIES OF DURHAM AND NORTHUMBERLAND

TYNE TUNNEL

BYELAWS

made by the County Councils of the Administrative Counties of Durham and Northumberland pursuant to Section 67 of the Tyne Tunnel Act 1946.

I.—INTERPRETATION.

1.—(1) In these byelaws, unless the subject or context otherwise requires, the following expressions have the meanings hereby respectively assigned to them:-

"the Councils" means the County Council of the Administrative County of Durham and the County Council of the Administrative County of Northumberland;

"the Committee" means the Tyne Tunnel Joint Committee appointed by the Councils pursuant to section 66 of the Tyne Tunnel Act 1946;

"the tunnel" means and includes the tunnel for vehicular traffic with approach roads at each end constructed under the River Tyne between Jarrow in the County of Durham and Howdon in the County of Northumberland and described as Work No.2 in the Tyne Tunnel Act 1960, together with the buildings, works and land used or connected therewith, but excluding the administration precinct and adjoining car park;

"the cyclist and pedestrian tunnels" means and includes the two tunnels for cyclist and pedestrian traffic constructed under the River Tyne between Jarrow and Howdon aforesaid in accordance with the Tyne Tunnel Act 1946 together with the access passages, escalators, lifts, buildings, approach paths and steps and other works or land used or connected therewith;

"the tunnel approaches" means and includes the approach roads and new streets constructed pursuant to the Tyne Tunnel Acts 1946 to 1960 except the portions thereof which are included in and form part of the tunnel;

"the tunnel area" means and includes the tunnel and the tunnel approaches;

"the tunnels" means and includes the tunnel, the cyclist and pedestrian tunnels, the tunnel approaches, the landscaped areas adjacent thereto, and the administration precinct and adjoining car park;

"the Tunnel Manager" means the Tunnel Manager appointed by the Committee or any person authorised by him under byelaw 4 of these byelaws to exercise any function or functions on his behalf;

"traffic officer" means and includes the Tunnel Manager and any officer or servant of the Committee authorised in writing by the Tunnel Manager to carry out duties in relation to the regulation direction and control of traffic in the tunnels;

"member of the tunnel staff" includes any person employed by the Councils or the Committee and engaged in the administration, operation, supervision, maintenance or repair of the tunnels;

"vehicle" includes trailers;

"driver" includes "rider";

"drive" includes "ride".

"flammable liquid" means any liquid which gives off an inflammable vapour at a temperature of less than 150 degrees Fahrenheit.

(2) In byelaw 32 the expression "pedal bicycle or tricycle" shall not include any pedal bicycle or tricycle fitted with an auxiliary electrical or internal combustion engine.

(3) In byelaw 26(3)(b) the expression "duly authorised" means authorised by the Tunnel Manager in writing.

(4) In byelaw 27 the expression "duly authenticated document" means a document signed by the Joint Clerks of the Committee.

2.—The Interpretation Act 1889 shall apply to the interpretation of these byelaws as it applies to the interpretation of an Act of Parliament.

3.—Nothing in these byelaws shall apply so as to restrict the execution of duties or the carrying out of works or services in the tunnels by any officers or servants of the Committee or of the Councils or by any duly authorised agents or contractors of the Committee or of the Councils or by any police or fire officer.

4.—For the purposes of exercising each or any of the functions conferred on him by these byelaws the Tunnel Manager may in his discretion authorise in writing such members of the tunnel staff as he may think fit to exercise such function or functions on his behalf.

II.—REGULATION OF TRAFFIC.

5.—No person shall use the tunnel except for the purpose of travelling on or in a vehicle from the tunnel approaches on one side of the River Tyne to the tunnel approaches on the other side of that river.

6.—The driver of a vehicle in the tunnel area shall comply with all signals and instructions given by a traffic officer.

7.—The driver of a vehicle in the tunnel shall keep to the left side of the road.

8.—(a) The maximum speed for a vehicle in the tunnel shall be 30 miles an hour, and subject to paragraph (b) hereof, the minimum speed shall be 10 miles an hour except where prevented by other vehicles or at the toll booths and other places where stops or a lower speed are unavoidable or are permitted or directed by a traffic officer.

(b) No person shall drive into the tunnel, except in accordance with such directions as shall be given to him by the Tunnel Manager any vehicle which is incapable of maintaining a speed of 10 miles an hour.

9.—Subject to the provisions of byelaws 26 and 27 the driver of a vehicle using the tunnel shall, except in compliance with traffic signals or orders given by traffic officers, or unless prevented by traffic or other unavoidable cause:-

(a) proceed without stopping to the toll booths;

(b) not proceed further until he has paid the amount of toll for the vehicle authorised to be demanded and taken pursuant to the provisions of the Tyne Tunnel Act 1960 unless he or his vehicle be exempted therefrom; and

(c) having paid the said toll or being exempted therefrom drive straight on and, without stopping, leave the vehicular tunnel at the opposite end from which he entered it.

10.—Except and subject as is provided in byelaw 9, the driver of a vehicle on or in the tunnel approaches shall proceed along the carriageways without stopping.

Provided that this byelaw shall not prohibit:-

(a) Omnibuses from stopping at recognised bus stops and

(b) vehicles from stopping in the lay-bys provided.

11.—The driver of a vehicle in the tunnel shall not, unless authorised by a traffic officer, cause his vehicle to:-

(a) cross the lines or marks separating traffic lanes.

(b) overtake any other vehicle.

12.— The driver of a vehicle in the tunnel shall keep that vehicle in gear except when the vehicle is stationary.

13.— The driver of a vehicle in the tunnel shall maintain a safe and prudent distance between his own vehicle and the one immediately in front of it.

14.—Any vehicle towed into the tunnel shall be secured by means of towing equipment which is sufficient for the purpose.

15.—No person shall drive into the tunnel any vehicle which is not provided with sufficient petrol or other fuel and mechanical power to ensure that it maintains the minimum speed specified in these byelaws and is able to traverse the tunnel.

16.—The driver of a vehicle in the tunnel shall not use any forward facing lamp other than side lights or dim dipped headlamps.

17.—In the event of a vehicle in the tunnel being unable to proceed because of traffic congestion, the driver of such vehicle shall, when instructed by a traffic officer or by a traffic sign but not otherwise, stop the engine of such vehicle and shall not start the engine again until able to proceed on his journey.

18.—No person shall refuel any vehicle in the tunnel.

19.—No person shall except with the permission of a traffic officer undertake any repairs to a vehicle or change a tyre or wheel of a vehicle in the tunnel.

20.—If the driver of a vehicle in the tunnel area refuses to move the vehicle when ordered to do so by a traffic officer or if a vehicle in the tunnel area is unable to proceed because of a breakdown it shall be lawful for it to be removed at the cost and expense of the owner or person in charge of the vehicle by members of the tunnel staff to a place in the

tunnel area directed by the Tunnel Manager and no person shall obstruct any such member or members of the tunnel staff in carrying out such removal.

21.—Any driver of a vehicle overtaken by sudden illness or incapacity of such a nature as to impair or impede his ability to drive or control the vehicle shall not drive the vehicle into the tunnel and if the driver of a vehicle is overtaken by such illness or incapacity when in the tunnel he shall stop his vehicle at once and await the assistance of a person legally entitled to drive the said vehicle.

III.—FIRE PRECAUTIONS

22.—No person in the tunnel shall:-

- (a) smoke or carry a lighted pipe, cigar or cigarette;
- (b) ignite any match or lighter or expose any flame.

23.—In the event of a fire occurring in the tunnel, no person shall obstruct any member of the tunnel staff in his efforts to extinguish it.

24.—The use in the tunnel of any fire extinguishers other than those provided by the Councils, the Committee or Fire Brigades is prohibited. Provided that nothing in this byelaw shall prevent the driver of a vehicle or any passenger therein using any fire extinguisher carried on that vehicle to extinguish a fire.

25.—No person shall drive into the tunnel any vehicle containing hay, straw, or other similar combustible material unless the same be secured and covered to the satisfaction of the Tunnel Manager.

IV.—DANGEROUS TRAFFIC.

26.—(1) No person shall, except with the consent of the Tunnel Manager, take or cause or permit to be taken into the tunnel any vehicle carrying any goods, substances or articles of a dangerous nature including (but without prejudice to the generality of the foregoing):-

- (a) any inflammable liquid;
- (b) corrosive substances;
- (c) compressed gasses (whether permanent or liquefiable) in cylinders;
- (d) empty compressed gas cylinders;
- (e) loaded firearms or any explosive within the meaning of the Explosives Acts 1875 and 1923 or any Order in Council made thereunder, or any explosive substance as defined by the Explosive Substances Act 1883;
- (f) petroleum or petroleum-spirit within the meaning of the Petroleum (Consolidation) Act 1928 or any Order in Council made thereunder (other than petroleum or oil carried by a vehicle for use only in connection with the propulsion of that vehicle); and
- (g) any empty petrol or other tank wagons which have contained any inflammable liquid,

(2) The consignor of any goods, substances or articles referred to in paragraph (1) of this byelaw shall give or cause to be given to the Tunnel Manager a written declaration as to the nature and quantity of such goods, substances or articles, and the person in charge of any empty petrol or other tank wagon shall give or cause to be given to the Tunnel Manager a written declaration as to the nature of the substance or substances last carried in such wagon.

(3) The permission of the Tunnel Manager under paragraph (1) of this byelaw, if granted, shall be subject to the following conditions, namely:-

- (a) no person shall drive into the tunnel any vehicle to which paragraph (1) of this byelaw applies except with such escort of traffic officers as may be directed or required by the Tunnel Manager and the driver of every such vehicle shall take and comply with such other precautionary measures as the Tunnel Manager shall consider to be expedient;
- (b) any driver of a vehicle to which paragraph (1) of this byelaw applies not accompanied by a person legally entitled to drive the said vehicle shall, if the Tunnel Manager so requires, admit into the driving cab of the vehicle a duly authorised member of the tunnel staff who shall be capable of stopping the vehicle in the event of sudden illness or incapacity overtaking the driver while in the vehicular tunnel.

(4) The driver of every vehicle to which paragraph (1) of this byelaw applies and who is proceeding in a northerly direction shall stop on arriving at the traffic control office at the Durham end of the tunnel and shall not proceed further into the tunnel until he has received the permission of the Tunnel Manager under this byelaw.

27.—For the purposes of enforcing byelaw 26 every person in the tunnel shall allow the Tunnel Manager to search any vehicle or package brought to the tunnel by such person and the Tunnel Manager, on producing if so required some duly authenticated document showing his authority, may open any such package if he has reason to suspect that such package contains any goods, substances or articles referred to in paragraph (1) of such byelaw the necessary permission for the entry of which has not been duly granted,

V.—EXCLUDED TRAFFIC.

28.—No person shall take or cause or permit to be taken into the tunnel any horse drawn vehicle and, except it be conveyed as the load or part of the load of any vehicle, any pedal bicycle or tricycle or any animal.

29.—No person shall take or cause or permit to be taken into the tunnel any of the following vehicles:-

- (a) vehicles which emit smoke, visible vapour, grit, sparks, ashes, cinders or oily substance in a manner which contravenes any Regulations for the time being in force under the Road Traffic Act, 1960 or any amendment thereof, relating to the construction and use of motor vehicles;
- (b) vehicles which in the opinion of the Tunnel Manager, are in such a condition or are so loaded, built or equipped as to be likely to retard traffic, injure persons or damage property;
- (c) vehicles which are conveying faecal or offensive or noxious matter or any other substance which in the opinion of the Tunnel Manager is being carried or conveyed in such manner as to be or be likely to give rise to a nuisance to any person or to injure any person or to damage property.

VI.—SPECIAL TYPE VEHICLES.

30.—(1) No person shall take or permit or cause to be taken into the tunnel, without the written permission of the Tunnel Manager and subject to such conditions as he may direct, any vehicle whose height, length, width, or weight (including load in each case) exceeds the following:-

Height 15 feet 8 inches.

Length 36 feet, or in the case of vehicles and trailers, a combined length (including load or loads and drawbar) of 60 feet.

Weight On any one wheel 6 tons, or on anyone axle 11 tons.

Width 8 feet 2½ inches.

(2) Application for the permission of the Tunnel Manager under this byelaw shall be made in writing at least six clear days before the proposed arrival at the tunnel of the vehicle the subject of the application.

VII.—CYCLIST AND PEDESTRIAN TUNNELS.

31.—No person shall use the cyclist and pedestrian tunnels except for the purpose of travelling as a pedestrian or a pedal cyclist from the entrance to the said tunnels on one side of the River Tyne to the entrance to the said tunnels on the other side of that river.

32.—No person shall drive, propel, lead or otherwise bring within the cyclist and pedestrian tunnels any vehicle other than a perambulator or pedal bicycle or tricycle, or any animal other than a domestic animal secured by a lead or carried clear of the ground.

33.—No person shall travel on a moving escalator otherwise than in the direction in which such escalator is travelling or propel or carry a perambulator or a tricycle on an escalator or cause or permit an animal to travel on an escalator unless such animal be carried clear of the ground.

34.—No person shall, when travelling on an escalator, sit, kneel or lie upon the treads or handrail of such escalator.

35.—No person shall ride a bicycle or tricycle in any part of the cyclist and pedestrian tunnels except the cyclist tunnel under the river as so marked, or travel otherwise than on the left hand side of the said cyclist tunnel. Unless so directed by a member of the tunnel staff, no person shall push or otherwise propel a bicycle or a tricycle in the pedestrian tunnel as so marked nor shall any person other than a cyclist use the cyclist tunnel.

36.—All persons using the cyclist and pedestrian tunnels shall observe and obey any instructions or signals given to them by members of the tunnel staff with regard to the way in which or the route by which they are to travel.

37.—Unless so directed by a member of the tunnel staff, no person shall use the escalators or the access buildings thereof between the hours of 10.30 p.m. and 5.30 a.m.

VIII.—PREVENTION OF DAMAGE AND NUISANCES.

38.—No person in the tunnels shall climb upon, damage or remove any part of the structure of the tunnels, ventilating plant or shafts, toll booths, escalators, lifts, equipment, machinery, fittings or appurtenances thereof or any other property of the Councils, or post any bill, placard or notice, or write, stamp, cut, print, draw or make marks in any manner on any part thereof.

39.—No person shall move, alter, deface or otherwise interfere with any notice, notice board or sign belonging to the Councils and exhibited or placed on or in the tunnels.

40.—No person shall operate any machinery, switches, brakes, gates, or other mechanism of the tunnels, escalators, lifts and lighting and ventilation plant other than (a) to apply the escalator emergency stopping switch when necessary to prevent injury or damage to any person or thing, (b) to operate fire fighting equipment in case of emergency and (c) to use a telephone in an emergency.

41.—No person shall place or attempt to place any object not being current coin of the United Kingdom in any receptacle provided for the automatic payment of tolls payable under the Tyne Tunnel Act 1960.

42.—No person shall throw or drop in any part of the tunnels anything whatsoever capable of injuring or damaging the tunnels or any person or property.

43.—No person shall place or deposit or leave on or in the tunnels any vehicle or any glass, china, earthenware, tin, carton, paper or other rubbish so as to create or tend to create a litter.

44.—No person shall wilfully obstruct or impede any member of the tunnel staff in the execution of his duty in or about the tunnels.

45.—No person shall offer for sale or sell any article or produce of any description in the tunnels without the express written permission of the Committee.

46.—No person shall loiter or remain in the tunnels or in any vehicle therein after having been requested by a member of the tunnel staff to move therefrom.

47.—No person shall commit any nuisance contrary to public decency or propriety in the tunnels.

48.—No person in the tunnel shall:-

(a) use any threatening abusive obscene or offensive language; or

(b) behave in a riotous disorderly indecent or offensive manner.

IX.—PENALTY FOR OFFENCES.

49.—Any person who shall offend against any of the foregoing byelaws shall be liable on summary conviction to a fine not exceeding five pounds for each offence and in the case of a continuing offence a further fine not exceeding forty shillings for each day during which the offence continues after conviction therefor.

X.—REVOCATION OF EXISTING BYELAWS AND SHORT TITLE.

50.—The Counties of Durham and Northumberland (Tyne Tunnel) Byelaws 1951 are hereby revoked.

51.—These byelaws may be cited as "The Counties of Durham and Northumberland (Tyne Tunnel) Byelaws 1967."

THE COMMON SEALS of the County Councils of the Administrative Counties of Durham and Northumberland were hereunto affixed this eleventh day of May 1967 in the presence of:-

BY ORDER

(Sgd.) J T. BROCKBANK

*Clerk of the Durham
County Council.*



(Sgd.) RIDLEY

*Chairman of the Northumberland
County Council.*



(Sgd.) B. P. HARVEY

*Clerk of the Northumberland
County Council.*

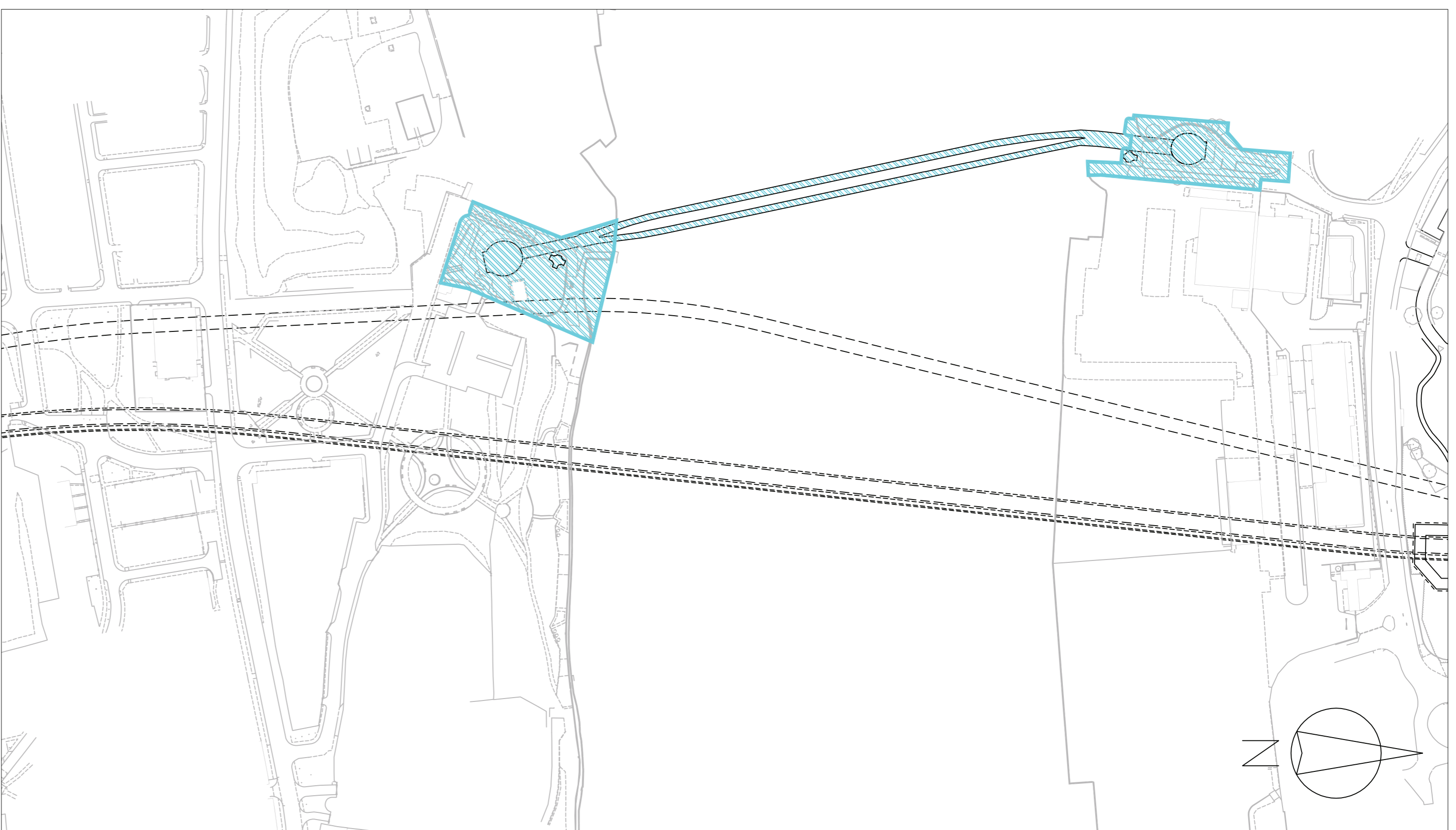
The Minister of Transport hereby confirms the foregoing byelaws which shall come into operation on the nineteenth day of October, 1967.

Signed on behalf of the Minister of Transport this tenth day of October, 1967.

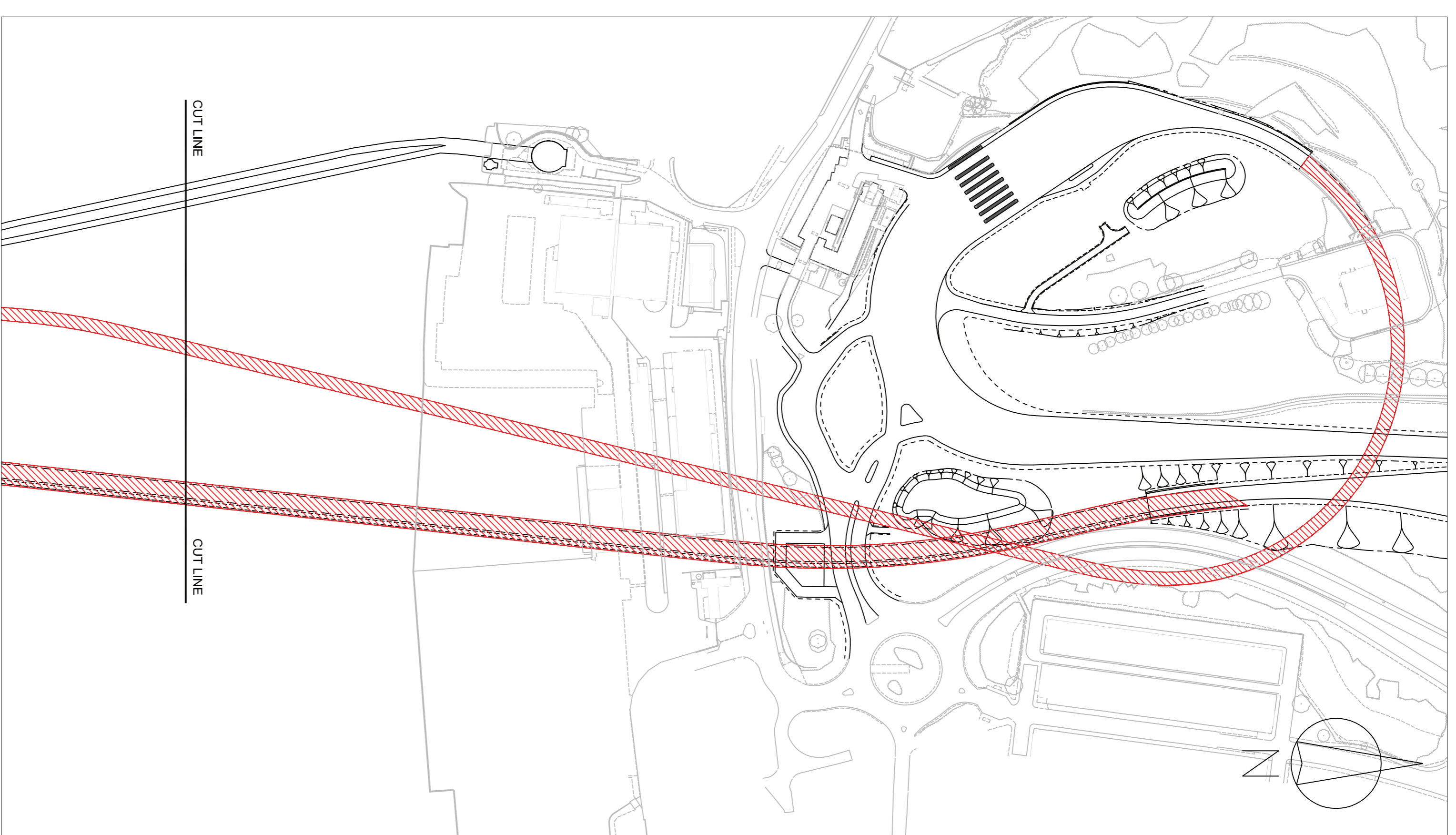
(Sgd.) J. M. ENTWISTLE

A Principal Executive Officer of the Ministry of Transport.

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'THE CYCLIST AND PEDESTRIAN TUNNELS'



'THE VEHICULAR TUNNELS' (NORTH)



'THE VEHICULAR TUNNELS' (SOUTH)

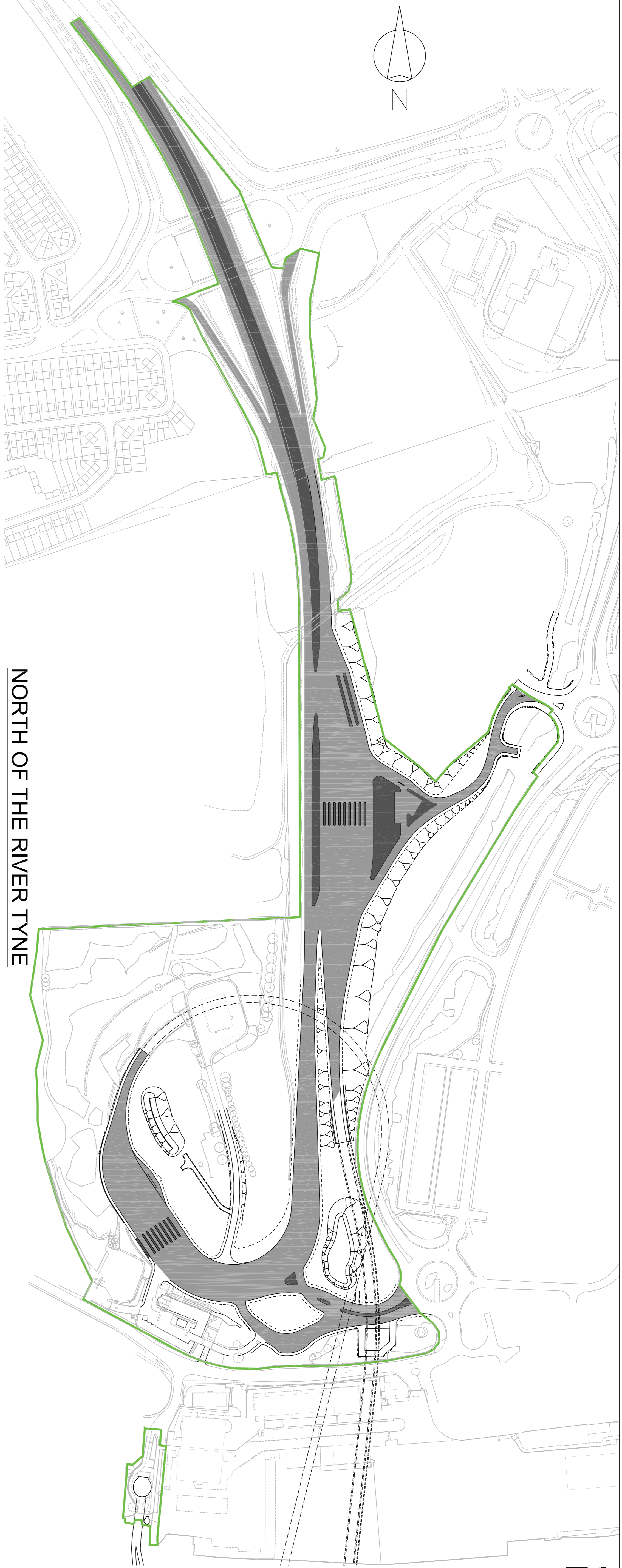
KEY
 the vehicular tunnels'
 the cyclist and pedestrian tunnels'

NEW TYNE CROSSING
 TWITTA

Drawing Title
 Tyne Tunnels Byelaws 2010
 The vehicular tunnels and
 the cyclist and pedestrian tunnels'

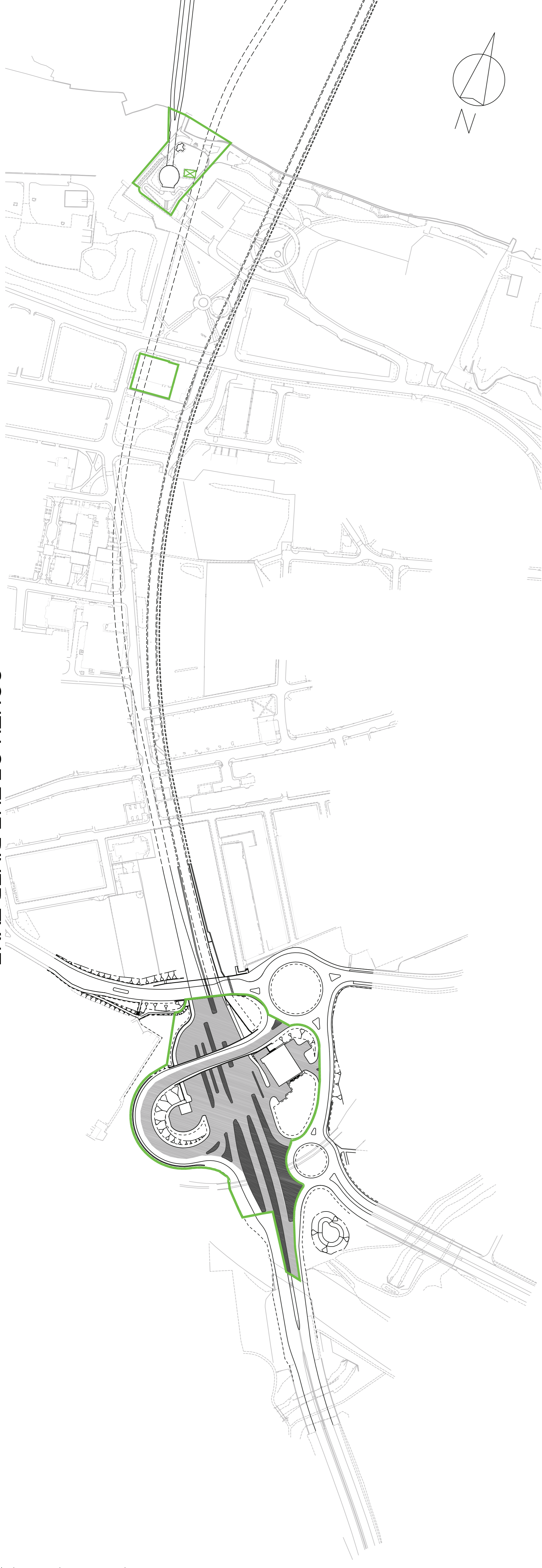
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 Drawing No
 Byelaws 01

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NORTH OF THE RIVER TYNE

KEY
 — the tunnel approaches
 — the tunnels



SOUTH OF THE RIVER TYNE



NEW TYNE CROSSING
 Drawing the
 Tyne Tunnels Byelaws 2010
 the tunnel approaches

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 Byelaws 02

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Tyne and Wear Integrated Transport Authority

DATE: 28th January 2010

TITLE: The Future of Urban Transport

REPORT OF: The Clerk to the Authority and the Director General, Nexus

Not confidential

District Implications: All of Tyne and Wear

1. Purpose of Report

1.1 The report sets out the Cabinet Office's recent report into the Future of Urban Transport together with the Department for Transport's response.

2. Recommendations

2.1 Members are asked to note the content of the report.

3. Background – Cabinet Office Report

3.1 The Cabinet Office has recently published a report setting out an analysis of urban transport. It can also be downloaded from the Cabinet Office website (www.cabinetoffice.gov.uk/strategy/work_areas/urban-transport.aspx).

3.2 The report sets out a comprehensive analysis of urban transport issues and, whilst not a policy document, identifies policy implications. The analysis highlights other transport related problems other than congestion including problems of air quality, health impacts, noise, accessibility and greenhouse gas emissions.

3.3 The report concludes that:

'transport is vital to the success of urban areas, but that currently it causes considerable harm. New policy will need to consider the broad finding that congestion is not the only or most important transport cost in urban areas. Evidence suggests many of the harms from urban transport will continue to grow unless action is taken. Consequently a choice will have to be faced between continuing to allow car growth to continue increasing congestion and further reducing the attractiveness of alternatives; or making public transport, cycling

and walking more accessible so they are more frequently chosen'

3.4 The report suggests that urban transport authorities have tended to concentrate on larger projects, lack a vision for their areas and suffer from a number of skills shortages. The report also implies that the DfT is not pushing hard enough to ensure local authorities are making the most of recent legislative opportunities. It goes on to suggest that incentives and rewards are not clear enough.

3.5 The main conclusions are set out below:

- Car use continues to grow, bus use continues to fall
- Many short journeys that can be cycled or walked, are driven
- Transport can impact a city's economy, health outcomes and people's enjoyment of its space
- The total cost of transport in urban areas exceeds £40bn, around £11bn is accounted for by congestion
- More clearly identifying the roles of roads and streets can increase traffic flow and make areas more pleasant
- In the absence of road pricing, there are still many ways congestion can be reduced
- Increasing active transport requires behaviour change, this needs targeting and longevity, as well as infrastructure
- Spatial planning has a long-term impact on travel patterns
- Transport policy works best when integrated at the city-region level
- Leadership, skills and decision making processes are important to policy success.

4. **Department for Transport Response**

4.1 The Department for Transport has also published a response (The Future of Urban Transport) to the Cabinet Office report. It can also be downloaded from the Department for Transport website shown below:

(www.dft.gov.uk/pgr/regional/policy/urbantransport/)

4.2 The Department for Transport response emphasises the steps that the Department has taken to empower urban transport authorities. It suggests that lack of funding is not an issue, despite evidence that transport funding for UK cities falls well short of the investment and support for transport in comparable European cities.

4.3 In our opinion the response from the DfT does not go far enough to address the overarching issues raised by the Cabinet Office report such as the lack of funding for transport in comparison to other policy areas. It also does not

address the cost of travel and also equalities.

4.4 The DfT report concludes that:

There are huge opportunities for well planned and delivered transport to transform the success of our cities. But progress to achieve the gains is still too slow. This is not primarily a matter of money: funding for local transport has been at an all time high in recent years. Nor has the analysis identified any serious deficiencies in the policy framework or the tools available to authorities.

The barriers are more subtle. Although a range of partnerships have developed, few have yet provided sufficient incentivisation or drive to overcome fragmentation of responsibilities and the different perspectives of the various professional groups who are involved in delivery. Nor has championship within authorities of the needs of walkers and cyclists been strong. Skills within authorities have not always been sufficient to assess and balance the various needs.

We need change, and effective local change depends on the leadership of local areas. However, real improvements will not be delivered without a shared agenda between central and local government, together with vision and drive from the top. It is vital that leaders and decision makers at all levels have a shared agenda and vision for the future of urban transport.

The Government looks forward to hearing the response of city authorities to the analysis which has been done and to working closely with them to secure the best possible future for urban transport.

4.5 We believe that the DfT needs to incentivise and de-risk the process for local authorities in order to empower them to improve transport in urban areas and through liaison with DfT, we will continue to make this case.

5. Implications for Tyne and Wear

5.1 The economic recession has led to pressures on public spending levels which could potentially have an impact on future transport investment across the country. As part of the Delivering a Sustainable Transport System, the Access to Tyne and Wear City Region Study will look at the transport challenges facing Tyne and Wear City Region and will suggest cost effective interventions to overcome these challenges.

5.2 The Clerk to the Authority and the Director General met with senior officials from the DfT recently to discuss strategic transport issues in relation to the ITA and Tyne and Wear Authorities. From these discussions it is clear that the DfT is looking for the ITA to take the lead on strategic transport decisions in the urban area.

5.3 The next Local Transport Plan for Tyne and Wear will present opportunities for the ITA to lead, shape and influence transport strategy and delivery in the future.

6. Further comments by the:

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

7. Background Papers

8.1 Urban Transport: Available at:
(www.cabinetoffice.gov.uk/strategy/work_areas/urban-transport.aspx)

The Future of Urban Transport. Available at:
www.dft.gov.uk/pgr/regional/policy/urbantransport/

9. Contact Officer (s)

9.1 Roger Gill, ITA Policy Manager, 0191 211 4805

Tobyn Hughes, Director of Strategy, Nexus 0191 203 3246



Tyne and Wear Integrated Transport Authority

DATE: 28th January 2010

TITLE: Delivering a Sustainable Transport System – Update report

REPORT OF: The Clerk to the Authority

Not confidential

District Implications: All of Tyne and Wear

1. Purpose of Report

1.1 The report sets out an update on the Delivering a Sustainable Transport System (DaSTS) process for ITA Members.

2. Recommendations

2.1 Members are asked to note the content of the report.

3. Background

3.1 ITA Members will recall they have received DaSTS update reports in previous Regional Update reports in 2009. This report provides further information on the development of DaSTS.

3.2 DaSTS is the Department for Transport's (DfT) approach to long term approach to transport planning and strategy. It has been developed as a response to the Eddington and Stern Reviews of Transport and Climate Change respectively. The DfT have developed five goals as part of the DaSTS process ensuring that the transport system:

- **Supports** national **economic** competitiveness and **growth**, by delivering reliable and efficient transport networks
- Reduces transport's emissions of carbon dioxide and other greenhouse gases, with the desired outcome of **tackling climate change**
- **Contributes to better safety security and health** and longer life-expectancy by reducing the risk of death, injury or illness arising from transport and by promoting travel modes that are beneficial to health

- **Promotes greater equality of opportunity** for all citizens, with the desired outcome of achieving a fairer society;
- **Improves quality of life** for transport users and non-transport users, and to promote a **healthy natural environment**

- 3.3 DaSTS will inform the development of regional, sub-regional and corridor strategies to meet national, regional and local transport objectives. It is important therefore in shaping the future investment plans for the region and providing a context for the next round of Local Transport Plans (LTP).
- 3.4 Regions were subsequently invited to set out a work programme up to the end of 2011 in order to feed into a planned White Paper in 2012. At the end of June 2009, the Region submitted its work programme that set out the work required within the North East over the next two years to feed into the scheme prioritisation exercise beyond 2014 and the longer term transport strategy
- 3.5 In order to help inform future transport planning and investment, the DfT have procured a number of studies across the country. There are several national studies looking at the national transport infrastructure, such as a Trans-Pennine study and Access to Manchester. These are led by the DfT. There are also a number of regional studies, being managed by the Regional Development Agencies.
- 3.6 In the North East, a joint study between the DfT, the region and the Tyne and Wear City Region will look at access to and within the Tyne and Wear City Region. Other studies undertaken in the North East are being managed by One NorthEast in partnership with Local Authorities. These studies are listed below:
- Rural transport study
 - Access to the Tees Valley City Region
 - Strategic Connections (looking at access between the Tees Valley and Tyne and Wear City Region and North – South, East – West links beyond the region)
 - A Project management study drawing together the key elements of all studies.

4. **Access to Tyne and Wear City Region Study**

- 4.1 This study will consider existing challenges across the City Region, including traffic congestion issues on the A1 Western Bypass. It will also consider existing strategies to strengthen the evidence base about sustainable transport networks and interventions that will maximize the potential economic agglomeration benefits within the City Region. This will help inform the development of LTP 3, a Tyne and Wear City Region Transport Strategy, Local Economic Assessments and Local Development Frameworks.
- 4.2 The challenges include:

- Reduce delay and improve journey time reliability on the A1 Western Bypass;
- Supporting sustainable economic growth, through improved reliability and predictability of journey times on the A1 NGWB and regionally important corridors
- The identification, examination and prioritisation of key barriers to enhanced social and economic participation, and improved access to employment;
- Review the precise locations of growth, support housing growth and contribute towards improving the quality of the residential offer within the City Region
- Carbon emissions and poor local air quality standards arising from journeys within the study area;
- Unlocking barriers and providing enablers to more physically active travel; and
- Securing an appropriate balance between the needs of travellers (including business and freight) on national and regional networks, and other stakeholders; and between supporting economic growth and minimising the environmental impact of transport activities.

4.3

The study is expected to produce a series of staged outputs to meet the requirements of the latest regional guidance published in July 2009. There are two core phases of the project, with a potential for a third phase.

Phase 1: Existing evidence review, agreement of objectives, identification and initial sifting of interventions and agreement of longer term analytical approach. Phase 1 shall be completed by the end of May 2010, and has two important outputs.

- Output 1: Report on review of evidence base (including stakeholder views) and recommended study objectives
- Output 2: Strategic Sift report

Phase 2: Development, refinement and sifting of interventions into packages for 2014-19, 2019-24 and a longer term strategy

4.4

The study will be overseen by a Study Sponsor Group that will take ownership of the study objectives. This is a senior level group and is envisaged to have four representatives from the region including:

- Representative from Regional Leaders Board (Tyne and Wear City Region Executive Board Member)
- ITA/PTE representative

- RDA representative
- Tyne and Wear City Region Executive Board Member

4.5 A Project board will be established that will be responsible for weekly control of the project. All decisions relating to the general execution of the project will be made at this level.

4.6 Responses to the Invitation to Tender were received at the end of December. Three bids were received from consultants and they were invited to discuss their proposals in more detail with DfT officers, officers from Tyne and Wear and the region. It is anticipated that a decision will be made by 22 January.

5. **Next Steps**

5.1 ITA Members will receive update reports regarding the progress of this study and other DaSTS studies, although the Access to Tyne and Wear Study is perhaps of most interest to Members.

6. **Further comments by the:**

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

7. **Background Papers**

8.1 Response to consultation: Delivering a Sustainable Transport System - ITA Report, 26 March 2009

Regional Transport Update, ITA report, 24 September 2009

9. **Contact Officer (s)**

9.1 Roger Gill, ITA Policy Manager, 0191 211 4805



Tyne and Wear Integrated Transport Authority

Date: 28 January 2010

TITLE: ESTABLISHMENT OF ITA METRO SUB-COMMITTEE

REPORT OF THE CLERK OF THE AUTHORITY / DIRECTOR GENERAL OF NEXUS/
ITA LEGAL ADVISOR

District Implications - All

1. **Summary / Purpose of Report**

- 1.1 To propose that the Authority establishes an ITA Metro Sub-Committee to enhance accountability to the ITA after 1 April 2010 when the new arrangements under Metro Reinvigoration Phase II are implemented.
- 1.2 Specifically, an operating concession will be let to DBTW Regio Tyne and Wear Limited (DBTW) for the next 7 to 9 years, with Nexus retaining ownership of Metro, delivery of the Metro Asset Renewal Plan, setting quality standards and specifying services, as well as advising the ITA in determining fares policy and setting fares.

2. **Recommendations**

- 2.1 The Authority is recommended to:-
- (a) approve the setting up an ITA Metro Sub-Committee; and
 - (b) approve the terms of reference and membership of the proposed Sub-Committee as set out in Appendix A.

3. **Introduction / Background**

- 3.1 Nexus is due to let the Metro Operating Concession to DBTW from April 2010. The relationship between Nexus and DBTW will be governed by a formal "Concession Agreement", the terms of which have been agreed between the parties. At the same time, responsibility for maintaining the Metro infrastructure will be that of Nexus Rail, a directly managed division of Nexus.

- 3.2 Nexus will also retain responsibility for the renewal of the Metro infrastructure. A twenty year investment plan has been prepared for which funding for the first nine years has been sought from government. Nexus will be responsible for establishing and managing the delivery programme through a series of framework contracts.
- 3.3 In addition, Nexus retains all of the farebox revenue risk associated with running Metro and the ITA retains responsibility for setting fares.
- 3.4 Following implementation of the Local Transport Act 2008 the ITA at its meeting on 23 July 2009 agreed to the establishment of Working Groups to enable the ITA to manage better its duties, powers and wider responsibilities under the Act. In particular, Working Groups were set up in respect of the Local Transport Plan, Bus Strategy and also Equality and Diversity.
- 3.5 Given the strategic importance of the Tyne and Wear Metro system, the ITA should consider whether it is appropriate to establish a Metro sub-committee as outlined in the recommendations.

4. **Information**

- 4.1 As the Authority will be aware from previous reports, DBTW have been selected as Nexus Preferred Bidder to deliver the Metro Operating Concession. Terms of a Concession Agreement have now been established and it is proposed that the Concession Agreement is entered into by both parties following DfT approval, with a commencement date of 1 April 2010.
- 4.2 The Concession Agreement referred to in 4.1 runs until the later of 31 March 2017 or 31 March 2019 if Nexus, at its sole discretion elects to extend the term.
- 4.3 The Concession Agreement details the contractual relationship which will exist between Nexus and DBTW during the course of the Concession, outlining both parties' obligations thereunder.
- 4.4 Nexus is therefore the client for the Concession and there are a number of obligations placed upon DBTW in providing this service to Nexus. Essentially, the operating specification is and will continue to be specified by Nexus. Whilst the Concession Agreement itself runs to in excess of 500 pages, the major obligations being placed upon DBTW under the Agreement can be summarised as follows:-
- (a) Operating Specification – specifies the level, frequency, maximum journey time and stopping patterns of the services and the BV must comply with the timetable in accordance with the requirements of the Operating Specification.
 - (b) Passenger Service Operating Obligation – DBTW is obliged to operate the “plan of the day” with a capacity specified in the Train Plan using the entire train fleet to deliver the services during each peak in accordance with the Train Presentation Specification and Train Lease.

- (c) Passenger Facing Obligations – DBTW is obliged to provide appropriate staffing at stations and on Metrocars in accordance with numbers provided under the Agreement.

DBTW must also develop and operate various passenger facing plans such as marketing, customer information, car park charges and staffing, security, communications, uniform, revenue protection, equality and diversity and sustainability.

- (d) “Committed” Obligations – various agreements have been entered into by DBTW which they will commit to as part of the contract arrangements such as:-

$\frac{3}{4}$ life refurbishment; Metro and station deep clean; peak timetable between Pelaw and South Gosforth; personal safety and security improvements; integrated transport initiatives.

If for any reason DBTW fails to deliver such obligations then Nexus is entitled to a payment adjustment.

- (e) Priced Options – Nexus retains the right to request additional options including off-peak services on New Year’s Eve and New Year’s Day, extension of evening peak services and out-stabling of rolling stock and can call the priced options at any time.
- (f) Operational Performance – DBTW will be measured on a daily and periodic basis in respect of headway (waiting time for passengers) and first and last trains’ punctuality and Nexus is entitled to an adjustment if DBTW fails to comply with this regime.
- (g) Quality Regime – DBTW is obliged to comply with Quality Regime audits for each reporting period at each station and in respect of not less than 45 Metrocars whilst operating services. Nexus is entitled to a price adjustment in respect of non-compliance with the Quality Regime.
- (h) Compliance with the Agreement – DBTW is entitled to an annual Concession payment during the term of the Agreement.

4.5 Should DBTW fail to comply with the terms of the Concession Agreement then there are various penalties embedded within the Agreement, the ultimate penalty being termination.

4.6 The performance of the Operator will be measured continually during the course of the Agreement. As well as being obligated to provide reporting information, regular meetings will be held – scheduled to be on a monthly basis during the course of the Concession – to monitor performance.

4.7 Coupled with the establishment of the Metro Operating Concession, Nexus has established a new directly managed department, Nexus Rail, to maintain and make available the Metro network to the Metro Operator. A number of performance metrics are in course of being developed in order that effective

performance monitoring and continuous improvement can be carried out.

- 4.8 A third and very important aspect of the Metro Reinvigoration Phase II programme is the fulfilment of the investment needs of the Metro network. Nexus has sought funding for the first nine years of a twenty year investment programme and is forging ahead with the establishment of a number of framework contracts for its delivery.
- 4.9 In addition, Nexus retains all of the farebox revenue risk associated with running metro and the ITA retains responsibility for setting fares.
- 4.10 Accordingly, overall performance and efficiency of Metro services will be a function of these four main activities and Nexus through its own internal governance will be actively monitoring individual and collective performance.

5. **ITA Role**

- 5.1 Notwithstanding the continual contract management arrangements put in place by Nexus it is suggested that in addition the Authority approve the establishment of an ITA Metro sub-Committee.
- 5.2 On 23 July 2009 the ITA approved new Working Groups as detailed in section 3.4 and it would seem appropriate, given the strategic importance of Metro, to establish an ITA Metro Sub-Committee. This would enable elected members of the ITA or its representative authorities to receive and examine with Nexus officers, detailed information about Metro issues. It is proposed the Sub-Committee would have an advisory status and that it would report or make recommendations on such issues to either the full ITA or Nexus as it considered appropriate.
- 5.3 The proposed terms of reference and membership of the Sub-Committee are set out at Appendix A. On balance, it is considered that given the proposed remit and purpose of this forum, it is preferable to establish it as a formal sub-committee rather than a more informal working group. The Sub-Committee itself will however still be free to establish time or task limited working groups of its members (and others) if it considers this necessary for the effective disposal of its work.
- 5.4 As a sub-committee (even an advisory one), it will be subject to the usual committee rules in relation to public right of access to its meetings, reports, minutes, etc.

In addition, the political balance rules will apply to it. Given the current ITA membership (9 Labour, 4 Liberal Democrat and 3 Conservative), political balance on an 8 person sub-committee would require a 5-2-1 mix. The ITA will need to determine membership of the sub-committee so as to achieve this balance, which may of course change from time to time as the political membership of the ITA itself changes.

It will be noted from Appendix A that it is proposed that the eight members of the Sub-Committee should always include the Chair and statutory Vice Chair of the ITA itself.

6. **Next Steps**

6.1 Should members decide that the establishment of a Metro sub-committee is appropriate, a programme of meetings will be developed.

7. **Further comments by the:**

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

8 **Background Papers**

8.1 Report to the Nexus Executive Board, 14 January 2010

9 **Contact Officer (s)**

9.1 Bernard Garner, Nexus Director General

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

Metro Sub-Committee

This will be an advisory Sub-Committee of the ITA, to meet quarterly, with the following terms of reference and membership:-

Terms of Reference

1. To monitor progress and delivery of the Tyne and Wear Metro “Concession Agreement” between Nexus and DB Regio Tyne and Wear Limited.
2. To review service standards and fare setting policy in relation to the Tyne and Wear Metro
3. To monitor progress in regard to Nexus Rail in maintaining and making available the Metro network to the Metro Operator
4. To monitor progress and delivery of the Metro Asset Renewal Plan
5. To make any report, comments or recommendations to the ITA or Nexus in relation to any of the above matters as it considers appropriate from time to time.

Membership

6. Eight members of the ITA, being the Chair and statutory Vice Chair of the ITA together with six other ITA members such that political balance is maintained.
7. The Sub-committee will be assisted by relevant Officers from the ITA and Nexus where appropriate.
8. In addition invitation to attend meetings of the Sub-Committee may be given to a representative from DB Regio Tyne and Wear Limited as and when considered appropriate by the sub-committee.

Political Balance

9. Political balance rules will apply to the sub-committee.



Tyne and Wear Integrated Transport Authority

TITLE: **Date: 28th January 2010**
High Speed Rail Update

REPORT OF **Director General of Nexus**

Not Confidential

District Implications: All Districts

1. Purpose of Report

1.1 To update ITA Members on progress regarding High Speed Two Ltd (HS2), and to summarise the outputs of advocacy work undertaken on behalf of the Chairs of the Tyne and Wear, West Yorkshire and South Yorkshire ITAs.

2. Recommendations

2.1 Members are recommended to note the progress being made towards route definition by HS2 Ltd.

3. Summary of Key Issues

3.1 An announcement regarding the proposed scope and extent of further high speed rail corridors is expected to be made by the Secretary of State for Transport during March 2010.

3.2 A lobbying document, making the case for an eastern high speed rail route, has been commissioned jointly with West Yorkshire ITA and South Yorkshire ITA, and submitted for consideration by government ministers.

4. Information

High Speed Two Ltd.

- 4.1 During March 2009, Secretary of State for Transport Lord Adonis charged HS2 Ltd with the responsibility of producing detailed plans for the construction of a high speed line between London and the West Midlands, to a sufficient level of detail to allow public consultation processes to be effectively undertaken. In addition, the report is to consider, in less detail, "the potential for HS2 to extend beyond the West Midlands to Greater Manchester, West Yorkshire, the North East and Scotland". HS2 Ltd duly delivered their report to the Secretary of State by late 2009, as requested.
- 4.2 Following consideration of the report by Ministers and the Department for Transport, a public announcement regarding government policy towards the future scope and extent of a high speed network is expected to be made by the end of March 2010. This is intended to be followed during autumn 2010 by a process of public consultation on the potential options identified.

Advocacy Work

- 4.3 The extent and timing of further high speed rail corridors, beyond that already identified between London and the West Midlands, will be crucial to the long-term fortunes of regional economies. For ITA areas east of the Pennines, the possibility of a high speed line connecting the West Midlands with Scotland via the Greater Manchester area and either omitting Yorkshire and the North East entirely en route to Scotland, or serving them via a circuitous trans-Pennine route on a phased construction basis, brings about the potential threat of competitive disadvantage by comparison with those regions connected by high speed links at an earlier date.
- 4.4 To ensure that the interests of the North East and Yorkshire are protected as far as possible during this process, the Chairman met with the Chairs of West Yorkshire ITA and South Yorkshire ITA to discuss a joint approach to making the case for a whole network that serves the eastern side of the country as well as the west.
- 4.5 To inform this process, an advocacy document has been produced which draws together analysis and information from a variety of sources, and presents a cogent case for the simultaneous construction of high speed rail corridors serving the western and eastern sides of the country. It is complementary to the outputs of the Greengauge 21 public interest group and the advocacy work undertaken by the Association of North East Councils, both of which are supported by the ITA. The document was presented to Government in December, in advance of the submission of the HS2 Ltd report.
- 4.6 A copy of the case for an eastern route is attached as Appendix A. The main arguments adduced in the report are that completion of a western route before starting work on an eastern route would adversely affect the economic geography of the country, and that an eastern alignment direct from London (and on to Scotland) is critical in realising the economic potential of major conurbations, including the Tyne and Wear city region. The report also stresses that a high speed link from the West Midlands via Manchester and Leeds would

be an inefficient way to serve the North East and Yorkshire, as it would add unnecessary distance and time. It also cites the need for interim enhancements to existing rail routes, including the East Coast Main Line.

5. **Next Steps**

5.1 The case for high speed rail to play a transformational role in the region's future economic and social fortunes has been clearly articulated for the present. Following the expected announcement during March regarding the Government's proposed way forward, the next stage of the process will be to assess the impact of the proposals, and to position the ITA and the city region accordingly in advance of the public consultation process planned for later in the year. Members will be regularly apprised of developments.

6. **Further comments by the:**

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

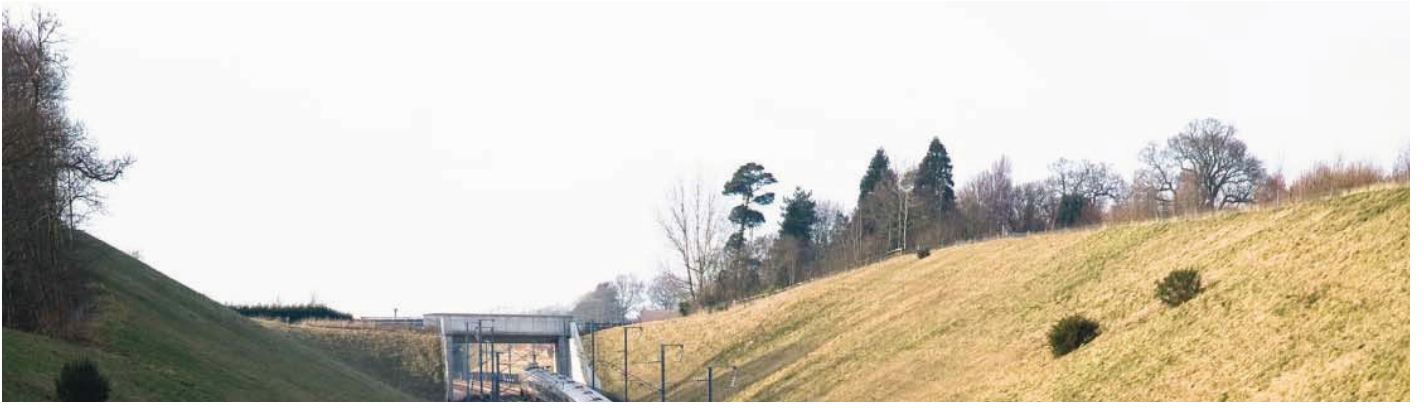
7 **Background Papers**

7.1 High Speed Rail: The Case for an Eastern Route, Metro / SYPTTE / Nexus / Arup / Volterra, 2009.

8 **Contact Officer (s)**

8.1 Tobyn Hughes, Director of Strategy, Nexus

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HIGH SPEED RAIL

The Case for an Eastern Route





INTRODUCTION AND MAIN POINTS

There is growing support for the creation of a High Speed Rail (HSR) network in the UK and consequentially much debate about the alignment and phasing of new high speed lines. There is a growing consensus around the need for High Speed Rail and the benefits that it will bring. Specifically HSR will:

- Address capacity and quality issues;
- Stimulate a more efficient economy; and
- Reduce carbon emissions.

Creating a high speed rail link is about much more than decreasing journey times; it offers the potential to act as a catalyst for economic growth and the regeneration of places. A high speed link between London and the north of England offers the opportunity to transform the economic geography of the country bringing places and people closer together. It will more evenly distribute the wealth and influence of London; generate a more dynamic economy, made up of more prosperous places, which compete at the top global scale.

The creation of new high speed rail lines, to form a network within the country, is viewed as integral to its future economic success and the competitiveness of its economy. The Government's work on High Speed Rail is being led by the 'High Speed 2' (HS2) company which is considering proposals for a high speed line from London to the West Midlands and potentially beyond. Recent statements indicate that they will consider broad options to serve the north of England and Scotland.

Technical work has been undertaken by Greengauge 21, Network Rail and others including the Leeds and Sheffield City Regions.

In summary there are five key points we wish to highlight:

1. We fully support the concept of a high speed rail network - it is a vital transformational project to support UK economic growth and international competitiveness;
2. A full network must be developed to the benefit of all regions - by starting work on parallel routes to the east and west of the Pennines. The completion of a high speed line serving the west of the country, before starting work on an eastern line, would adversely distort the economic geography of the country;
3. An eastern alignment direct from London (and on to Scotland) is critical to realising the economic potential of major conurbations including the East Midlands and the Sheffield, Leeds, Tees Valley and Tyne and Wear City Regions;
4. Interim enhancements to the Midland Main Line, Transpennine routes and the East Coast Main Line are still desperately needed in the short term, ahead of or in parallel to development of HS2 London to the West Midlands; and
5. HS2 must be connected to the Midland Main Line, in addition to the West Coast Main Line to spread interim benefits to Eastern authorities. This would be of particular direct significance for the Three Cities and Sheffield City Region.



HSR:UK

In September 2009, 11 major UK cities– Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield joined up as HSR:UK to call for the development of a high speed rail network. Their campaign calls for high speed rail as part of a wider strategy to address the transport constraints on the UK's major cities' ability to deliver sustainable growth. HSR:UK is a campaign for the realisation of a high speed rail network, which will not only link centers of economic activity in the UK, but also connect to the high speed network already in existence in Europe. We strongly support this approach.



GREENGAUGE21 - FAST FORWARD: A HIGH SPEED RAIL STRATEGY FOR BRITAIN

Greengauge21 is a public interest group formed to develop a greater understanding of what high speed rail can do for Britain. Greengauge21 produced a report setting out a detailed a 25 year programme to create a national high speed rail network that would bring significant benefits to the economy and offer a lower carbon alternative to modes of transport.

The network envisaged in their report consists of two north-south routes, one in the east of the country (High Speed North East) and the other in the west (High Speed North West). High Speed North East would go to Edinburgh via the East Midlands, Yorkshire and the North East. Potential stops on the eastern route include Cambridge/Stansted, Nottingham, Sheffield, Leeds, Tees Valley and Newcastle.

There are two key conclusions from the Greengauge21 work which support the inclusion of a separate eastern route:

- There is no prospect of a single two-track high speed line providing sufficient capacity in the medium term (the line reaches capacity in 2040/45). As an eastern route has a business case in its own right, it is demonstrably better than providing a 4-track railway to the North West.
- More than one London terminus would be needed for a national HSR network and options have been identified for both a North West and a North East terminus.

A 25 year programme was proposed to create a national high speed rail network that would provide a range of benefits including:

- Substantial journey time savings over existing rail and road alternative, typically between 30-45% time savings over existing rail journeys (for example London-Leeds would have a saving of 1 hour);
- Benefits to the economy worth £125bn with a benefit to cost ratio of over 3:1;
- Reduced carbon emissions by one million tonnes a year; and
- The HSR network would provide a new, high quality, modern and reliable way to travel.

Greengauge21 makes a compelling case for a national HSR network which is fully supported. However, more thinking is required to determine the phasing of the network. In our view the eastern route has a particularly strong business case, especially when put alongside both the previous investment in the West Coast Main Line and concerns regarding the assumptions surrounding the deliverability and feasibility of linking it to a North West HSR line via Manchester.

WE NEED AN EASTERN HIGH SPEED ROUTE

In delivering the high speed network we believe that it will be of vital importance for the Government to adopt an approach that:

- Includes a separate eastern route or a link to a HS2 from somewhere in the West Midlands; and
- Phases the construction and delivery so as not to disadvantage specific parts of the country.

We do not believe that the option put forward whereby a high speed link would be created from Manchester, via Leeds, to the North East, offers a feasible option in the development of a high speed network. Put simply, it is an inefficient way to serve the north east as it adds unnecessary distance and time. A eastern direct line would be flat and faster.

It is vital that Government is alive to the impacts high speed rail could have upon regional economic geography. The creation of a high speed line between London, Birmingham, Manchester and Glasgow before the creation of line on the eastern side of the Pennines would put eastern regions at a significant disadvantage and would re-shape the nature of the country's economy to their detriment.

To counter this, Government would need to reallocate its regional economic support spending, as well as investing heavily in upgrading the existing rail infrastructure on eastern routes. Both East Coast Main Line and Midland Main Line are in desperate need of enhancement, but with no commitments yet in place.

We therefore believe that an alternative approach to the creation of a high speed network is required. This would focus on the creation of a north-south high speed lines on the east and the west sides of the Pennines and beyond, in tandem and over similar timescales. This would ensure that the benefits of high speed rail are spread throughout the country, rather than advancing one area at the expense of others. We do not accept arguments that only one line can be built at a time – high speed rail is a transformational investment and should be undertaken as a Government priority to maintain the international competitiveness of UK plc. Our rail industry must step up to the challenge in terms of its capacity and ambition, also offering new jobs and training to the UK workforce.

If the first phase of the implementation of this high speed network is to create a line between London and Birmingham then it would be desirable, as a more short term solution, to ensure that this can connect with the Midland Main Line, in addition to the West Coast Main Line, to optimise connectivity.

THE BENEFITS OF AN EASTERN ROUTE

It is clear from the work undertaken by Greengauge21 and others that there is a positive and strong economic case for a high speed link from London to Scotland, via the East Midlands to the Sheffield and Leeds City Regions and the North East.

The eastern regions including the Leeds, Sheffield, Tees Valley and Tyne and Wear City Regions and the Three Cities in the East Midlands (Derby, Leicester and Nottingham) have a combined population of 9.1 million and over 4.7 million jobs. This would be a significant potential audience to benefit from the introduction of a high speed line.

Research undertaken by Arup and Volterra highlighted that a new direct high speed link between London and the Leeds and Sheffield City Regions would deliver substantial transport benefits of around £29bn and have a positive Benefit to Cost Ratio of 2.5. Such enhanced connectivity could generate additional productivity gains of at least £1.5bn (within a sensitivity range of £1.3bn to £3.1bn depending upon assumptions and options) to the two city regions from London over a 60 year time frame. The creation of a high speed rail link would help to build upon the successes of the Leeds and Sheffield City Regions; enhancing the range of opportunities on offer, facilitating regeneration and strengthening the synergies between the two areas.

The Tees Valley and Tyne and Wear City Regions have a population of 2.5m people and 1.7m jobs. These two city regions form the core of the labour market for the North East Region and house many of the its economic assets. The Three Cities sub-region's travel to work area is the location for over 1m jobs and has a population of 2.2m. The area is the economic powerhouse of the East Midlands Region and it features the largest concentration of high value sectors.



HIGH SPEED RAIL SHOULD BE PART OF A COHERENT STRATEGY FOR THE WIDER NATIONAL RAIL NETWORK

In achieving this ambition for high speed rail it will be of fundamental importance to conceive this as only one element of the development of the wider rail network over the course of the next 20 to 30 years. It will be vital to secure improvements to existing lines in the short-medium term due to the timescales and risks involved.

It will be vital to make improvements to existing lines in the short-medium term, including the electrification of the Midland Main Line and capacity improvements to the East Coast Main Line. A clear, coherent and committed programme for these improvements should be in place prior to the announcement of the selected high speed rail route. Enhancements are also required to existing Transpennine routes to improve links between the east and the west of the country.



CONCLUSION AND SUMMARY

The development of a network of High Speed Rail services offers the opportunity to transform the economic geography of the country. The economic and social benefits are substantial and technical work has demonstrated that there is a strong value for money case for developing a HSR network. Affordability and practical considerations will obviously mean that such a network has to be developed in phases over a number of years.

If the full benefits are to be realised (and unintended adverse economic impacts avoided) it is vital that an eastern route is developed alongside a western route and that an appropriate phasing is developed that ensures the eastern regions benefit from the beginning.

Furthermore, it is important that the Government does not take its eye off the ball for much needed short term improvements in the East Coast Main Line, Midland Main Line and TransPennine services.

In summary there are five key points we wish to highlight:

1. We fully support the concept of a high speed rail network - it is a vital transformational project to support UK economic growth and international competitiveness;
2. A full network must be developed to the benefit of all regions - by starting work on parallel routes to the east and west of the Pennines. The completion of a high speed line serving the west of the country, before starting work on an eastern line, would adversely distort the economic geography of the country;
3. An eastern alignment direct from London (and on to Scotland) is critical to realising the economic potential of major conurbations including the East Midlands and the Sheffield, Leeds, Tees Valley and Tyne and Wear City Regions;
4. Interim enhancements to the Midland Main Line, Transpennine routes and the East Coast Main Line are still desperately needed in the short term, ahead of or in parallel to development of HS2 London to the West Midlands; and
5. HS2 must be connected to the Midland Main Line, in addition to the West Coast Main Line to spread interim benefits to Eastern authorities. This would be of particular direct significance for the Three Cities and Sheffield City Region.

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Tyne and Wear Integrated Transport Authority

Date: 28th January 2010

TITLE: Tyne and Wear Bus Corridor Improvement Programme Major Scheme Update

REPORT OF Director General of Nexus

Not confidential

District Implications - All

1. Purpose of Report

- 1.1 To advise Members on progress with the Tyne & Wear Bus Corridor Improvement Programme Major Scheme Business Case (MSBC) Phase 2 and to present options for determining the content of the Major Scheme to be submitted to government.

2. Recommendations

- 2.1 Members are recommended to select a preferred option for the submission to government from paragraphs 4.1 and 4.2 below.

3. Background

- 3.1 Significant improvements to bus travel across Tyne and Wear are being progressed through a network of highway improvements and park and ride sites that speed up bus journeys and reduce congestion, contributing to productivity gains and bus patronage growth.
- 3.2 As a result of early discussion with the Department for Transport (DfT), a series of funding packages were put forward to the Region for prioritisation in the Regional Funding Allocation (RFA) process. The intention was for individual schemes to be grouped together under 'phases' of Major Scheme Business Cases, each phase having its own funding allocation prioritised by the Region. Through time, as Local Authorities developed the schemes applicable to their part of the local highway network, they would be included in the next phase of Major Scheme Business Case to be submitted to government.

3.3 A total of £32 million was set aside in the North East's RFA with main spend programmed for 2007/08 to 2008/09 (Phase 1), and 2008/09 to 2010/11 (Phase 2), and this was subsequently re-confirmed in RFA2 as:

Orpheus Phase 1 - £15.5 million (main spend programmed for 2010/11 and 2011/12)

Orpheus Phase 2 - £14.9 million (main spend programmed for 2011/12 and 2012/13)

Please note that whilst the allocations for the schemes in the RFA are labelled as 'Orpheus', the business cases are submitted with the title of 'Tyne and Wear Bus Corridors'.

Confirmation of the available funding under RFA2 was reported to the ITA in a report to the March 2009 meeting, 'RFA2: position update'.

3.4 A third phase was put forward for consideration by the Region for inclusion in the RFA2 process; however it was not considered to be sufficiently developed to be included in the RFA2 programme at that time.

3.5 The Major Scheme Business Case for Phase 1 was submitted to government in December 2008, and contained the following schemes:

- Felling Bypass corridor including park and ride, Gateshead, (total £5.3m)
- Consett Road corridor including park and ride, Gateshead, (total £4.3m)
- Newcastle Road/Southwick Road (Wheatsheaf), Sunderland, (total £3.1m)
- Infrastructure improvements, (total £1.2m).
- In addition scheme development and delivery costs amount to £1.2m.

The overall Benefit/Cost Ratio (BCR) for the submission was 2.32, with individual schemes ranging from 1.53 to 3.03. These were the only schemes to be put forward by Local Authorities at that time. All were on LTP congestion corridors and met DfT criteria. Clearly, with RFA programme timescales to be met and no certainty at that time as to what (or whether) further schemes would come forward, there was an unarguable case for submission. The DfT approvals process is exceptionally demanding and time-consuming, and depends entirely upon the level of staff resource available at the DfT. The Phase 1 bid is still awaiting Programme Entry status, but has passed most hurdles except the final review of modelling input.

There is considerable pressure on Nexus to make progress with both Phase 1 and Phase 2 bids in order to meet RFA timescales (set out in paragraph 3.3). There is a major risk that that if either slips, the funding will be withdrawn, particularly in the light of recent announcements relating to cuts in public

spending.

Consequently it is not recommended to revisit the Phase 1 submission, as this would introduce further lengthy delays to the process and may jeopardise the funding already secured for Bus Corridor Improvements.

3.6 In March of this year, Nexus provided its LTP partners with a detailed guidance note which set out the process for meeting the Department for Transport's (DfT) stringent and complex requirements for successful funding bids. This 25 page note identified 25 key milestones in a process leading to anticipated submission to the DfT in October. This included a milestone that on 19 June, a complete Major Scheme submission, fully in line with DfT guidance would be required from each promoting district.

3.7 The guidance included the following requirements:

- A benefit/cost ratio above 1.5 (although it is likely that a score above 2.0 will be viewed more favourably by the DfT)
- Evidence that the scheme will meet the overall objectives of:
 - * increasing the number of people using buses
 - * increasing the market share of buses relative to transport as a whole
 - * providing the conditions for more reliable and punctual bus services
 - * removing barriers to integration between modes and services
 ensuring that major developments are accessible by bus
- Evidence of stakeholder support, including bus operators and the public
- Land and planning position statements
- A modelling report that demonstrates full compliance with DfT guidance
- Evidence that stage 1 and 2 road safety audits have been completed
- A project plan for delivery
- A fully costed scheme broken down into itemised costs
- A risk log that identifies and quantifies the risks to the scheme

In addition, and as a pre-requisite for inclusion, the schemes would have to demonstrate that they have full political approval and that the relevant authority's Section 151 Officer has confirmed the accuracy of the cost estimates and that they accept the financial and non-financial liabilities created by this submission.

3.8 A report to the ITA in July noted that representatives of the Department for Transport had recently visited Tyne and Wear for an overview of the schemes under consideration. They had reiterated key points from their guidance document, ie that schemes that are included in the major scheme business must

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demonstrate good value for money and fulfil the primary objectives of the scheme (in this case to improve facilities for buses). They pointed out that they would not accept improvement schemes that would improve conditions for buses only as a by-product of other scheme objectives, such as congestion reduction or environmental improvement.

- 3.9 A September ITA report pointed out that although at that time no fully worked-up schemes had been put forward by the 19 June deadline, it was becoming apparent that nevertheless schemes were being drawn up with a combined requirement far in excess of the £14.9 million available. In order to identify the final list of schemes to be included in the overall Phase 2 business case submission to the DfT by Nexus, it was suggested that prioritisation take place, with relevant criteria proposed.
- 3.10 Although the availability of major scheme funding for Phase 2 is limited to £14.9 million in the North East RFA, a total of six schemes have now been put forward for inclusion in the Major Scheme Business Case seeking a combined total of £37 million. These are:

Scheme	Promoter	Amount sought (£ million)
West Road	Newcastle	9.1
Gosforth	Newcastle	6.9
Coast Road	North Tyneside	5.5
Durham Road	Gateshead	4.1
Boldon Lane/Stanhope Road	South Tyneside	1.7
Chester Road	Sunderland	9.8

These scheme costs exclude the 10% local contribution.

- 3.11 Two further schemes (Heworth interchange and Eighton Lodge park and ride) are considered insufficiently developed to be put forward for major scheme funding at this time.
- 3.12 Following discussion at the ITA LTP Working Group at its meeting in September 2009, officers from the Nexus and the Tyne and Wear Local Authorities met to consider options for moving forward. A variety of options was discussed, including the submission of a single scheme, a solution where the best-performing elements of all compliant schemes would be put together in a package, increasing the local contribution for some or all schemes, and funding some schemes through the Integrated Transport Block and therefore removing them from the Phase 2 submission altogether .

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However, it was noted that as well as the RFA allocation, a number of other potential sources of funding could become available. Hence, the following recommendation was then presented back to the ITA LTP Working Group for it to consider at its meeting in December 2009.

'Given that:

- a) There is great uncertainty over whether the current North East Regional Funding Allocation programme will be stable over the next two years;
- b) There appear to be some short-term options to increase the available funding, whose outcome will be known early in the New Year;
- c) Phase 2, even if submitted to DfT immediately, would not be progressed by them until well after next year's General Election

it is recommended that the preparation of a final Major Scheme Business Case and its submission to DfT be delayed until greater certainty exists.'

3.13 In the meantime, Nexus proposed to take the following actions:

- a) Write to the appropriate Regional body to request that additional funding be allocated from the North East RFA to Phase 2 (please see Appendix B for the text of this letter).
- b) Allocate a priority score for each scheme based on its contribution to improving public transport (please refer to Appendix A for the detailed outcome of this exercise).

3.14 Since the meeting referred to in 3.12, no concrete options have been identified to increase the local contribution, to re-scope or extend the phasing of implementation, or to seek alternative sources of funding. Consequently the overall problem remains that the overall amount sought by the six schemes put forward greatly exceeds the available Major Scheme funding allocation in the RFA.

4. Options

4.1 Members are therefore requested to consider whether they wish to either:

- a) Endorse the recommendation set out in 3.12 and delay submission of Phase 2 until further advice has been received from the Region, and/or greater certainty of funding exists,

or

- b) Request that Nexus submits the Major Scheme Business Case for Phase 2 to government as soon as possible.

4.2 Should option b) be adopted by Members in 4.1 above, further advice is

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requested as to how the amount of major scheme funding being sought (£37 million) should be reduced to match available funding allocated in the North East RFA (£14.9 million, although this could potentially be increased as a result of the request to the Region set out in Appendix B). Three options have been identified:

- a) Allocate all of the available funding to the schemes which provide the greatest benefit to bus users, using the table in Appendix A. In choosing this option, Members may wish to consider using other sources such as the Integrated Transport Block and prudential borrowing to increase the available pot.
- b) Share the available funding across all of the compliant schemes put forward, in proportion to their benefit to bus users using the table in Appendix A. Under this option the local contribution falling to the Local Authorities would need to be increased using their Integrated Transport Block or other funding sources.
- c) Instruct officers to identify the discrete elements of each scheme which provide the greatest benefits to bus users, and construct a package whose funding requirement falls within the available allocation. Under this option the requirement to fund the remaining scheme elements would fall to the Local Authorities using their Integrated Transport Block or other funding sources.

6. Further comments by the:

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

7 Background Papers

7.1 Previous reports:

- 'Major Scheme Bus Corridor Submission' presented to the (then) PTA in September 2008
- 'RFA2: position update' presented to the ITA in March 2009
- 'Tyne and Wear Bus Corridor Improvement Programme Phase 2, ITA July 2009
- Tyne and Wear Bus Corridor Improvement Programme Phase 2 ITA

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September 2009.

8 **Contact Officer (s)** Ken Kemp, Interim Services and Integration Director, 203
3657

Appendix A

Check list of compliance with DfT Major Scheme Submission Guidance and Supporting Information

	West Road	Great North Road & Haddricks Mill	Durham Road	Coast Road Junctions	Boldon Lane & Stanhope Road	Chester Road
	Newcastle	Gosforth Newcastle	Gateshead	North Tyneside	South Shields	Sunderland
Scheme Detail & Fit with MSBC objectives established (delivering better bus services)	Yes	Yes	Yes	Yes	Yes	Yes
Modelling of benefits complete	Yes	Yes	Yes	No	Yes	Yes
Full Cost Breakdown provided	Yes	Yes	Yes	Yes	Yes	Yes
Benefit to Cost Ratio	3.7	5.5	2.9	Not calculated	7.3	2.5
Scheme has Political Approval	Yes	Yes	Yes	Yes	Yes	Yes
Scheme has full Financial Approval	Yes	Yes	No	Yes	Yes	Yes
Bus Operators support the scheme (Letter of Support)	Yes	Yes	Yes	Yes	Yes	Yes
Delivery & Project Plan Provided	Yes	Yes	Yes	No	Yes	Yes
Public & Stakeholder Consultation undertaken	Yes	Yes	Yes	Stakeholder consultation completed - public consultation at next stage	Stakeholder consultation completed - public consultation at next stage	Yes
Second (best) Option Appraised	Yes	Yes	Yes	Yes	Yes	Yes
Buses per hour benefiting from scheme delivery	60	140	45	16 buses per hour use both junction improvements plus 12 at Norham Road junction and 14 at Billy Mill	62	36 Chester Road 32 Shiney Row

Passenger journey time benefits resulting from scheme deliver	To be added	To be added	To be added	To be added	Not available	To be added	To be added
Priority Ranking	To be added	To be added	To be added	To be added	Not available	To be added	To be added

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**Jonathan Blackie
Regional Director
Government Office North East
Citygate
Gallowgate
Newcastle upon Tyne
NE1 4WH**

30 December 2009

Dear Sir,

Tyne and Wear Bus Corridors (Orpheus) – Phase 2

You will be aware that Nexus in partnership with local councils in Tyne & Wear have identified a programme of capital investment to deliver bus priority measures on key bus corridors.

The programme is divided into a number of phased Major Scheme Business Case submissions to government, each containing a number of highways improvement and park-and-ride schemes. Phases 1 and 2 were both prioritised by the Region in the first and second rounds of the Regional Funding Allocation process. A third phase was put forward and discussed during the RFA2 process, but was considered to be insufficiently developed to be prioritised at that time.

Phase 1 (£15.5 million RFA allocation) was submitted to government in December 2008 and at the time of writing we await news of its progression to Programme Entry status.

We are now preparing our submission for Phase 2, whose RFA allocation is £14.9 million. In the process of developing the Business Case the partners have identified six schemes which all have a high Benefit-to-Cost Ratio (ranging between 2.5:1 and 7.3:1). If delivered together these schemes would significantly improve public transport across Tyne and Wear, but would require a new combined total of £37 million of major scheme funding.

I would therefore like to request that consideration is given by the Region to increase the RFA allocation of Tyne and Wear Bus Corridors (Orpheus) - Phase 2 to be £37 million, to be phased across the years 2011/12 (18.5 million), and 2012/13 (18.5 million).

I would be grateful if you could arrange for this matter to be considered by the appropriate Regional body. If you would like any further information to inform the discussion then please do not hesitate to contact me on the above telephone number.

Yours faithfully

Ken Kemp

Interim Services and Integration Director, Nexus

cc. Jim Darlington, ONE

Dave Marshall, ANEC

Tobyn Hughes, Nexus

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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