



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

Thursday 16th November, 2017 at 2.00 pm

Meeting to be held at Committee Room, Civic Centre, Newcastle upon Tyne, NE1 8QH

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# AGENDA

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1. **Apologies for Absence**

2. **Declarations of Interest**

Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer).

Please also remember to leave the meeting where any personal interest requires this.

3.	<b>Minutes of the Previous Meeting held on 13 July 2017</b>	<b>1 - 8</b>
4.	<b>Key Road Network</b>	<b>9 - 18</b>
5.	<b>Electric Vehicle Charging Infrastructure</b>	<b>19 - 24</b>
6.	<b>Transport for the North Update</b>	<b>25 - 30</b>
7.	<b>External Bidding Opportunities for Transport</b>	<b>31 - 40</b>
8.	<b>Metro Futures New Fleet Procurement Update</b>	<b>41 - 50</b>
9.	<b>North East Rail Update</b>	<b>51 - 60</b>

10.	<b>Draft Transport Budget and Levies 2018/19</b>	<b>61 - 70</b>
11.	<b>Capital Programme Monitoring Update</b>	<b>71 - 84</b>
12.	<b>Revenue Budget Monitoring update</b>	<b>85 - 96</b>
13.	<b>Date and Time of Next Meeting</b> 8 February 2018 at South Tyneside Council	
14.	<b>Exclusion of Press and Public</b>	
15.	<b>Confidential Minutes of meeting held on 13 July 2017</b>	<b>97 - 98</b>

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**To All Members**

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

13 July 2017

Meeting held Committee Room, North Tyneside Council, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY

### **Present:**

Councillors: A Ainsley, J McCarty, J Harrison, M Green, M Brain, S Green, G Hobson, A West, M Mordey, M Speding, J Riddle, C Marshall and K Shaw

#### **1 APPOINTMENT OF CHAIR FOR THE MEETING**

Cllr J Harrison was appointed as Chair for this meeting.

#### **2 APOLOGIES FOR ABSENCE**

Apologies were received from Cllr Forbes (Newcastle) and Cllr Sanderson (Northumberland).

#### **3 DECLARATIONS OF INTEREST**

None

#### **4 MINUTES OF THE PREVIOUS MEETING HELD ON 20 APRIL 2017**

The minutes of the previous meeting held on 20 April 2017 were agreed as a correct record and signed by the Chair.

#### **5 APPOINTMENT OF VICE-CHAIR FROM THE TYNE AND WEAR CONSTITUENT LOCAL AUTHORITIES**

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

Members considered the report which invited the Committee to appoint the Vice-Chair from the Tyne and Wear constituent authorities for the municipal year 2017/18, who would be the Chair of the Transport North East (Tyne and Wear) Sub-Committee (TWSC), and also to appoint the Vice-Chair of TWSC.

**RESOLVED** that -

- i. Councillor John Harrison from North Tyneside Council be appointed as Vice-Chair of the Committee from the Tyne and Wear area and the Chair of the Transport North East (Tyne and Wear) Sub-Committee for the municipal year 2017/18.
- ii. Councillor Gladys Hobson be appointed as Vice-Chair of the Transport North East (Tyne and Wear) Sub-Committee for the municipal year 2017/18.

## 6 **TRANSPORT FOR THE NORTH (TFN) - INCORPORATION AS A SUB-NATIONAL TRANSPORT BODY**

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

Members considered the report which provided details on developments in the process to enable Transport for the North (TfN) to become a Sub-National Transport Body. If approved this will enable TfN to develop a statutory Strategic Transport Plan and to formally influence the development of transport arrangements by national bodies.

During discussion the following issues emerged:

- Assurances were sought that there would not be any duplication of services.
- A request that members of TNEC are given sight of all relevant agendas and minutes. Some members expressed the view that TNEC should be involved in development of all transport policies before they are considered by the Leadership Board.
- The advantages and importance of Transport for the North (TfN) for the North East Combined Authority (NECA) area, and its influence on Network Rail and Highways England in relation to TNEC priorities.
- The Chair suggested and it was agreed that TNEC receive quarterly reports in respect of Transport for the North.
- Members requested that their comments be related back to the Leadership Board at its meeting on 18 July 2017. The Managing Director (Transport Operations) to collate all comments and provide a verbal update at Leadership Board.

**RESOLVED** - that the Transport North East Committee considered the report and recommended that the Leadership Board at its meeting on 18 July 2017 provisionally consent to:

- i) The making by the Secretary of State of Regulations under section 102E of the Local Transport Act 2008 to establish Transport for the North as a Sub-National Body.
- ii) The transfer of Rail North Limited to Transport for the North so that it can be subsumed within Transport for the North.

- iii) The signing of a new Rail Franchise Management Agreement with Transport for the North replicating as far as possible the current Rail North Limited Members Agreement.
- iv) Continuation of the payment of the current funding for Rail North Limited to Transport for the North after its inauguration.

The Leadership Board will be further recommended to agree that:

- v) Delegated authority is given to the Head of Paid Service to fully consent to items (1) to (iv) on the Leadership Board's behalf, provided that she is satisfied, in consultation with the Chair of the Leadership Board and the Monitoring Officer, that the final draft Regulations serve only to give Transport for the North the statutory powers to carry out the functions set out in paragraph 1.3.
- vi) That the Thematic Lead for Transport be designated as NECA's main representative and that Councillor Carl Marshall be designated as NECA's alternative representative on Transport for the North.

## 7 **NORTHERN POWERHOUSE RAIL (NPR) - NECA POSITION**

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

Members considered the report the purpose of which was to seek to establish a common NECA position as regards the development of railway infrastructure and stations required to support high speed rail services to the North East. The report also included issues of capacity and resilience on the East Coast Main Line (ECML), an updated position in respect of HS2 and progress in relation to Northern Powerhouse Rail and its work including increased journey times to strategic destinations; upgrading the ECML and capacity and reliability

Members were further advised that Northern Powerhouse Rail will be reviewed by Transport for the North. Two major pieces of work were underway which were of direct relevance:

- HS2 which is constructing a new high-speed line between London, the Midlands and the North of England.
- The Northern Powerhouse Rail (NPR) Workstream of Transport for the North (TfN) which aims to develop a network of fast services linking the major conurbations of the North of England.

Members welcomed the report, in particular the proposal to continue the regional approach ensuring that the North East is included as an integral part of the scope of any further NPR work.

The ensuing discussion included matters such as TfN's forthcoming Strategic Transport Plan which will include plans to improve the wider rail network in the North

East, the needs of rural communities, and the importance of quicker journey times to London.

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

- i) Note the development work carried out to date on Northern Powerhouse Rail, and endorse its focus on upgrading the East Coast Mainline corridor in relation to services to and from the North East.
- ii) Endorse the development of collaborative work to promote a wholly new high-speed line from the North East to connect with both the HS2 network and with Scotland.
- iii) Note officers' intention to commission work regarding long-term options for principal station locations and service patterns within the area, for high-speed services.

## 8 **NORTH EAST RAIL PROJECTS UPDATE**

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

Consideration was given to the report the purpose of which was to inform Committee on the current state of play with the various rail schemes being progressed in the North East.

Members noted the position of the following rail projects: Sunderland Station; Horden Peterlee Station; Ashington, Blyth and Tyne Line; Newcastle Central Station; Cramlington Station; Gilsland Station and Bolden and Tile Sheds Level Crossings (Bridge proposal).

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

## 9 **METRO FUTURES UPDATE AND FLEET PROCUREMENT STRATEGY**

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

Consideration was given to the report which provided an update on the Metro Futures programme including the proposed fleet specification and depot strategy associated with the rolling stock replacement on the Tyne and Wear Metro.

Amongst the matters discussed during the ensuing discussion were the following:

Since the last TNEC meeting in April further discussions had taken place with the DfT as to whether they accepted the proposals regarding the investment in a new fleet of Metrocars, the continuation of the Essential Renewals programme and a continuation of the ongoing subsidy for the Tyne and Wear Metro beyond 2019 could be achieved. The DfT's Board Investment and Commercial Committee (BICC)

had accepted the urgent need to replace the Metrocars, but had requested further analysis of the options for financing the investment.

The need for continued lobbying to secure the necessary investment for fleet replacement and essential renewals i.e. rolling stock and future maintenance.

The type of linear style seating proposed in the fleet specification; this continued to be of some concern for some members of Committee. A member referred to the seating style new trams in operation in South Yorkshire, and indicated a preference for the number of seats in each carriage to be maintained or increased.

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

- i) Noted Nexus' intention to procure a fleet of Metrocars in accordance with the specification identified within the report, save for the proposed seating layout which would be further investigated and additional information brought to members before a final decision is made.
- ii) Noted the preferred strategy for the depot facilities for the maintenance of the new trains.
- iii) Agreed to provide relevant feedback to the Leadership Board to aid its decision-making in respect of Nexus' proposed procurement process for new rolling stock, rolling stock maintenance and new rolling stock maintenance facilities.

## 10 **BUS FARES FOR YOUNG PEOPLE - WORK STREAM UPDATE**

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

The intention of the report was to update committee on the work of the Task and Finish group looking into bus fares for young people. This follows on from a previous report to Committee in November 2016 which endorsed the formation of the Group to explore the issues around fares for young people in more detail.

Cllr McCarty addressed the meeting explaining that the group had met on three occasions with all seven authorities represented. Young people were present at the meetings contributing their views and problems encountered with public transport. With the contributions and assistance given by bus operators' huge progress had been made. Further work was to be undertaken in relation to apprenticeships and young people on low wages.

Members welcomed the work undertaken specifically in the rural areas where bus fares for young people had been reduced enabling them to afford to travel greater distances.

Attention was drawn to the next steps and timetable for implementation as set out in section 5 of the report.

**RESOLVED** – that the Transport North East Committee noted the progress that has been made and the next steps in the process.

## 11 **AIR QUALITY ISSUES IN THE NECA AREA**

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

Consideration was given to the report which provided an update on the government's recently published Plan for improving air quality in the UK and the response submitted by the North East Combined Authority.

The published Air Quality Plan was accompanied by online consultation; details of NECA's response was set out in section 3 of the report. Future measures to improve air quality were also noted.

During discussion members commented on local plans already in place to improve air quality and prioritisation of transport arrangements such as bus lanes, cycle and priority lanes. Reference was made to particulate matter which once inhaled, can affect the heart and lungs and cause serious health effects. Members were also of the view that whilst local government should be involved in this important health debate central government had a more significant part to play.

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

## 12 **ELECTRIC VEHICLE CHARGING INFRASTRUCTURE**

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

Members gave consideration to the update report on progress which is being made with the Go Ultra Glow (GUL) Programme and work being carried out to streamline and make best use of existing local government based Electric Vehicle (EV) charging resources in the North East Combined Authority (NECA) area.

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

## 13 **THE GO SMARTER PROGRAMME**

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

Consideration was given to the report which outlined how elements of the Go Smarter programme were being maintained across the NECA area without Access Fund. The committee was asked to note the Go Smarter legacy programme that can be accommodated within existing resources.

Members received advice in relation to the next steps and the timetable for implementation as follows:

At least 3 months prior to each existing funding streaming ending a critical review will be undertaken by the Regional Transport Team (RTT) and a recommendation put forward to Heads of Transport as to whether it should be continued and if so, how it should be funded. A report will be brought back to TNEC for a decision.

If a bidding opportunity arises specifically for the promotion of sustainable travel, then the RTT will draft on behalf of NECA, a submission in line with the specific objectives of the bid. In such an event it was proposed that the TRR would consult with the Sustainable Transport Group and the Heads of Transport members in drafting a submission with a report being presented to TNEC at the earliest opportunity.

**RESOLVED** – that the Transport North East Committee noted the Go Smarter legacy programme that can be implemented within existing resources.

#### 14 **TRANSPORT PLAN FOR THE NORTH EAST**

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

Consideration was given to the report which provided an update to the report considered by Committee in April regarding the next steps for the Transport Plan.

Members were apprised of the proposed next steps:

- An update report to Overview and Scrutiny Committee on 11 July.
- Briefings for Leaders and Elected Mayors, Chief Executives and Economic Directors between now and September (a workshop for Members of TNEC had been held on 11 July).
- A future workshop for Members of Overview and Scrutiny Committee.
- The Transport Plan to be included in the transport thematic lead update report to 14 December Overview and Scrutiny Committee.
- Incorporation of comments from all of the above into the draft Plan.
- Member approval will be sought in due course for a full public consultation. Normally the consultation period would be 12 weeks in line with Central Government best practice.
- Incorporation of all comments from the public consultation into a final version for Member approval and publication.
- Produce and publish a consultation feedback report.

**RESOLVED** – that the contents of the report were noted.

#### 15 **CITY REGIONS TRANSPORT NETWORK**

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

Committee noted the establishment of a City Regions Transport Network Group the purpose of which was to have specialist politicians involved in Transport policy and representatives from the Urban Transport Group in attendance. Nominations were being sought from within the Combined Authorities to join the group.

The Chair proposed that Northumberland and Durham should each nominate one member with the third member nominated from the Tyne and Wear Authorities.

**RESOLVED** – that Democratic Services seek nominations from the seven Combined Authorities.

16      **CAPITAL PROGRAMME 2016/17 OUTTURN AND CAPITAL PROGRAMME 2017/18 UPDATE**

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

Consideration was given to the final outturn position in relation to the 2016/17 capital programme and the first monitoring update on the 2017/18 programme.

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

17      **REVENUE BUDGET 2016/17 OUTTURN AND REVENUE BUDGET 2017/18 UPDATE**

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

The Chief Finance Officer briefly outlined the report which provided an update in relation to the final outturn position in respect of the 2016/17 revenue budget and the first monitoring update on the 2017/18 programme.

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

18      **DATE AND TIME OF NEXT MEETING**

16 November 2017 at 2.00pm at the Civic Centre, Newcastle upon Tyne, NE1 8QH

19      **EXCLUSION OF PRESS AND PUBLIC**

**RESOLVED** – that by virtue of paragraph 3 of part 1 of Schedule 12A of the Local Government Act 1972 the press and public be excluded from the meeting during the consideration of the confidential document in respect of agenda item 5 (appendix 2).

## Transport North East Committee

**Date:** 16 November 2017

**Subject:** Key Road Network

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

### Executive Summary

It is desirable to create a Key Road Network (KRN) for the North East, using the criteria set out in this report, that

1. identifies the main road traffic routes for people and freight across the NECA area
2. assists Transport for the North (TfN) in determining their Major Road Network
3. promotes partnership working with Highways England (HE) on matters of strategic importance, and
4. demonstrates, including within the forthcoming Transport Plan for the North East, local roads which are busiest, most important and most susceptible to congestion and delay, to help prioritise resources relating to funding bids

Creation of a KRN would not in any way amend the powers and functions of the existing seven Highways Authorities within NECA regarding highway maintenance.

### Recommendations

TNEC is recommended to endorse the creation of a North East Key Road Network (KRN), which identifies the main road traffic routes for people and freight across the NECA area.

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### 1. Background Information

1.1 A KRN for the North East will identify the main road traffic routes for people and freight across the NECA area. It has three purposes:

- i. to assist Transport for the North (TfN) in determining their Major Road Network
- ii. to promote partnership working with Highways England (HE) on matters of strategic importance
- iii. to describe NECA's road network in plans and funding bids.

However, the creation of the KRN would not in any way amend the powers and functions of the existing seven Highways Authorities within NECA regarding highway maintenance. Paragraph 18 provides a Glossary of terms used in this report.

1.2 The North East's road network is vital to our economy. It needs to function effectively with minimum delays and congestion, to support the economic growth of our region and to reduce environmental impact.

1.3 There is already across England a Strategic Road Network (SRN) of major, nationally significant, roads. These are managed by HE. However, the SRN in the North East only accounts for a small proportion of our region's road network. For most of the North East, the rest of the road network is as important, if not more so, in terms of prompt, safe, and reliable movement of people and freight. Therefore, a focus on the SRN alone will not allow our region to achieve the required connectivity to support economic growth.

1.4 At a national level, in October 2016, a report titled "A Major Road Network for England" was produced by the Rees Jeffreys Road Fund, a national highway policy charity. This made the case that the busiest and most strategically important local authority A roads also deserve special recognition because of their importance to the economic wellbeing of regions and the country as a whole. The Department for Transport's report "Transport Investment Strategy - Moving Britain Ahead" published in July 2017 picked up on this by indicating there would be a consultation on proposals for

1. creating a national Major Road Network (MRN)
2. allocating a proportion of the National Roads Fund, paid for by Vehicle Excise Duty (VED), to fund improvements to the MRN instead of just the SRN. Information on how much funding might be available, and how it could be distributed, has however not yet been made clear.

1.5 At a pan-Northern level, Transport for the North have identified their own Major Road Network (MRN) for the North of England, including the North East. This is based on key economic locations identified in the Northern Powerhouse Independent Economic Review and is aimed at influencing funding and priorities with government and national agencies. This is different from the nationally-identified MRN set out in the Rees Jeffreys report described above, and it would make sense for the two to be

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aligned. Although important and useful, this MRN only covers the next tier down from the SRN and does not necessarily include all roads of local significance to the North East.

1.6 Within the NECA area, the hierarchy is SRN – MRN – KRN in that all SRN roads are in the MRN and all MRN roads in the NECA area are in our KRN. This reflects the fact that

1. NECA will champion all roads that are economically important to the North East (the KRN)
2. TfN will champion all roads that are economically important to the North (MRN)
3. HE will champion all roads that are of strategic national importance (SRN).

1.7 Potential uses of a KRN

1. Strategic focus. Identification, including within the Transport Plan for the North East, of the local roads which are busiest, most important and most susceptible to congestion and delay in order to help prioritise resources relating to funding bids.
2. Partnership with HE. A Joint Management Statement (JMS) with HE would open up the potential for initiatives such as information sharing between traffic control centres, to give better information to road users. Having a KRN would allow both parties to identify which roads in the NECA area were intended to be included in such a JMS.
3. Transport for the North (TfN). As stated above, TfN have developed a MRN covering the TfN area, including NECA. Informing TfN of the KRN allowed the MRN to be shaped accordingly.
4. Funding bids as described in 1.9 below.

1.8 Funding streams and the role of existing Highway Authorities

1. The publication of a KRN would not mean any change in the powers and functions of the existing seven Highways Authorities within NECA regarding highway maintenance, management and improvement. In addition it would not mean any transfer of responsibilities or resources away from those seven Councils, or any wish by NECA to influence or reallocate existing funding streams.
2. A KRN would however give additional weight to highway authorities when they are bidding for future external funding. Central government funding for roads, and indeed many other areas, is increasingly being allocated by competitive bidding and in future it may be that bids will be invited at regional or pan-regional level. It is anticipated that in some cases bids for funding may need to demonstrate that the road(s) concerned are of importance and, therefore, part of a network which had already been agreed. A NECA-wide KRN, drawn up in agreement with the seven Highway Authorities according to locally-agreed criteria and priorities, would serve this purpose.
3. A KRN will be particularly valuable for bids where the emphasis is on traffic flows or access to economic growth hubs. It will also improve our ability to make the

## Transport North East Committee

case to national agencies such as HE about investment in roads which support the SRN in achieving its economic objectives.

4. It should also be borne in mind that there will likely be future funding opportunities for roads which cover areas other than the KRN. For example, future rounds of road safety funding would likely not have any link to whether individual roads were on the KRN but would be linked to accident rates.

1.9 The proposed criteria for a road to be included in the KRN for the North East are as follows. These have been agreed by officers from each Local Authority within NECA.

1. All roads in the SRN and TfN's MRN as described in the Glossary at Paragraph 18.
2. Any other road identified by a Local Authority within NECA as handling strategic flows of people or freight and/or large local traffic flows. Each Local Authority was allowed to determine its own definition in this regard; the sixteen existing "congestion corridors" within Tyne and Wear were included.
3. Roads linking the region's ports, main river crossings and other key locations
4. Most high frequency bus corridors (10 or more buses per hour in urban areas, 6 or more buses per hour in rural areas).
5. Other categories of roads identified as being of strategic importance - for example "Voluntary Agreed Routes" in Northumberland for timber transport.

A draft KRN based on the above criteria is shown in map form at Appendix 1. Discussions have taken place with surrounding Authorities, principally the Tees Valley Combined Authority, aimed at ensuring that NECA KRN roads which cross boundaries into another Authority area link in to the established and emerging KRN in neighbouring Authorities.

1.10 A KRN would need to be revised periodically, in consultation with all seven Councils and neighbouring Authorities, and in line with the timetable for revisions to the MRN, to take account of changes in traffic flows and congestion, particularly around new developments, amendments to the bus route network and other relevant factors.

## 2. Proposals

2.1 TNEC to endorse the creation of a KRN for the North East, as shown in Appendix 1 and according to the criteria listed in 1.9 above, which identifies the main road traffic routes for people and freight across the NECA area.

## 3. Reasons for the Proposals

3.1 To ensure NECA has an agreed KRN which will :

- i. assist Transport for the North (TfN) in determining their Major Road Network
- ii. promote partnership working with Highways England (HE) on matters of strategic importance

## Transport North East Committee

- iii. describe NECA's road network in plans and funding bids.

### 4. Alternative Options Available

#### 4.1 Alternative options would be:

1. Not endorsing the creation of a KRN.
2. Suggesting additional or different criteria for a KRN to those set out in 1.9 above, in which case those additional or different criteria would need to be defined

Alternative option 1 is not recommended as it would leave NECA at a disadvantage relative to other places regarding its status within TfN and central Government and potential ability to attract funding. Alternative option 2 is not recommended as it would lengthen the process of agreeing a KRN; officers in each Council have already been consulted extensively on the KRN criteria and the KRN itself.

### 5. Next Steps and Timetable for Implementation

#### 5.1 Once this committee has endorsed the creation of the KRN, it will be

- i. sent to TfN for information
- ii. incorporated into the Transport Plan which will be consulted on in 2018

### 6. Potential Impact on Objectives

#### 6.1 Having a KRN for the North East will strengthen NECA's position within TfN and with DfT and potentially improve our ability to secure funding, all of which will help achieve the NECA's objectives.

### 7. Financial and Other Resources Implications

#### 7.1 There no financial implications to consider in this report.

### 8. Legal Implications

#### 8.1 No implications to consider in this report

### 9. Key Risks

#### 9.1 There are no key risks to consider in this report

### 10. Equality and Diversity

#### 10.1 No implications to consider in this report

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

11.1 No implications to consider in this report

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

12.1 Officers in each of the seven Councils within NECA have been consulted on the proposed criteria for the KRN and the KRN itself

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

13.1 Not applicable

### **14. Appendices**

14.1 Appendix 1 : A Key Road Network for the North East (map) which will be supplemented at the meeting to show KRN roads which cross into neighbouring Authorities.

### **15. Background Papers**

15.1 "A Major Road Network for England". Rees Jeffreys Road Fund, October 2016.  
<http://www.reesjeffreys.co.uk/wp-content/uploads/2016/10/A-Major-Road-Network-for-England-David-Quarmby-and-Phil-Carey-Rees-Jeffreys-Road-Fund-October-2016.pdf>

"Transport Investment Strategy - Moving Britain Ahead". Department for Transport, July 2017

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/624990/transport-investment-strategy-web.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/624990/transport-investment-strategy-web.pdf)

### **16. Contact Officers**

16.1 Tobyn Hughes, Managing Director (Transport Operations)  
[tobyn.hughes@nexus.org.uk](mailto:tobyn.hughes@nexus.org.uk) Tel: 0191 203 3236

### **17. Sign off**

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

### **18. Glossary**

## Transport North East Committee

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

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

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

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

**Vehicle Excise Duty (VED)** - also known as "vehicle tax", "car tax", "road tax", "tax disc" or “road fund licence”, VED is a tax that is levied on most types of vehicles which are to be used (or parked) on public roads in the United Kingdom.

**A Road** – after Motorways, the highest class of classified road, and top tier of the roads classification system. They are identified by the local highway authority (where they are not in the SRN) and approved by the Secretary of State. Each A road is given a unique identifying number from a list maintained by the Department for Transport. All sections of the strategic road network and primary route network which are not classified as motorways are classified as A roads.

**B Road** – second tier in the classified road system. Identified by the local highway authority and approved by the Secretary of State. Each B road is given a unique identifying number from a list maintained by central government.

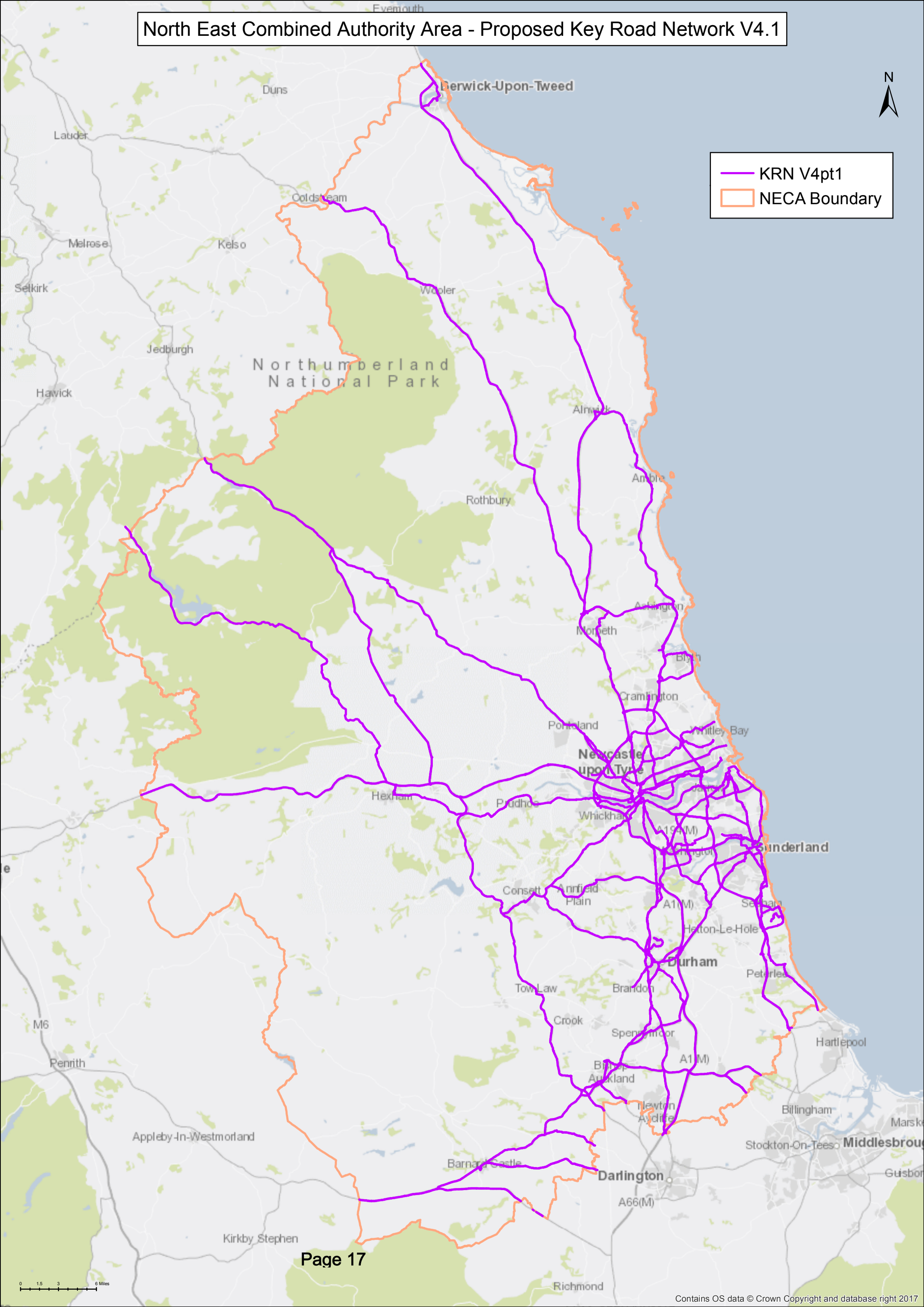
**Classified Unnumbered Road** – third class of classified road, and a tier in the roads classification system. Identified by the local highway authority and approved by the Secretary of State. No number is officially associated with a classified unnumbered road, although the local highway authority is entitled to develop its own methods to identify it.

**Unclassified Road** – fourth and lowest class of classified road in the classification system. If not stated otherwise, roads are assumed to be unclassified. No number is officially associated with an unclassified road, although the local highway authority is

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entitled to develop its own methods to identify it.

North East Combined Authority Area - Proposed Key Road Network V4.1



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## Transport North East Committee

**Date:** 16<sup>th</sup> November 2017

**Subject:** Electric Vehicle Charging Infrastructure

**Report of:** Lead Chief Executive for Transport

### Executive Summary

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

### Recommendations

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

## Transport North East Committee

### 1. Background Information

- 1.1 The GUL Programme comprises a £4.33m funding pot for delivering interventions designed to increase the take up of EVs in the area. The NECA Regional Transport Team (RTT) is leading on the delivery of the programme with support from individual councils.
- 1.2 At its meeting in April the Leadership Board approved delegated authority to the Head of Paid Service to progress the GUL project. It has been agreed with the Head of Paid Service that the project will report to a 'Technical Steering Group'. Subsequent update reports will be taken to Leadership Board as and when key decisions need to be made.
- 1.3 There is pressure on the current EV charging infrastructure primarily because it is reaching the end of its useful life and incurs relatively high maintenance costs, with a range of approaches taken by local authorities to maintenance.
- 1.4 It is therefore proposed to establish a common approach to management of EV charging infrastructure across the North East by procuring a framework contract available for use by all local authorities and Nexus. A standard approach to charging users for the electricity would be adopted, and the proceeds used to offset maintenance costs. Car parking charges would remain at the discretion of each authority. The contract would also provide a call off contract for the supply and installation of new EV charging points.

### 2. GUL Programme

- 2.1 The Programme is funded through three main sources:
  - £1.53m awarded to NECA from the Office for Low Emissions
  - £1.5m awarded in principle from the European Regional Development Fund which is processed via the Department of Communities and Local Government
  - £1.3m awarded to Newcastle University

The main deliverables of the programme will cover:

- Construction of two EV filling stations (one to be wholly owned by Newcastle University);
- Six Rapid Charging Clusters consisting of 2 or 3 rapid chargers across the NECA area;
- Revenue to manage the project;
- Innovation accelerator work to encourage local SMEs to capitalise on the EV opportunities: and

## Transport North East Committee

- Work with SMEs to encourage use of the EV charging network and cut their business travel carbon footprint.

2.2 The tender documentation in order to procure a contractor to design, install, operate and maintain the EV Filling Stations was issued at the beginning of October. This is a joint procurement exercise with Newcastle University and it is anticipated that a contract award will be made in late Autumn. The project aims to be complete with the filling stations operational by summer 2018.

### 3. Rapid Clusters

3.1 A feasibility study has taken place to identify where the rapid clusters should be located based on a list of criteria including user demand forecasting, and deliverability within specified timescales. Work continues with Heads of Transport to confirm final locations.

3.2 It is anticipated that the tender documentation will be issued in the Autumn with a contractor being appointed in early 2018. The project aims to be complete, with the clusters operational by summer 2018

### 4. Existing EV Infrastructure

4.1 The RTT will undertake a procurement exercise on behalf of the Local Authorities and Nexus for the management and maintenance of the existing network of charging points. This approach has been endorsed by the NECA Economic Directors Group. There will also be a call-off element to the contract which will allow Local Authorities and Nexus to procure new charging points. The procurement may include an option to upgrade existing infrastructure to the required EU standards.

4.2 The aim of the procurement exercise is to reduce, or ideally eliminate, the cost to the Local Authorities and Nexus of managing and maintaining the charging points. To achieve this the successful operator will be able to charge the end user; although the contract would stipulate that the charges would be aligned to the wider GUL programme pricing structures.

4.3 A market engagement day has been scheduled for early November which will enable any uncertainties to be clarified by the market. It is expected that procurement will begin shortly thereafter and that a contract will be in place by early 2018.

### 5. Next Steps

5.1 Following confirmation of sites for the rapid clusters, the tender documentation will be compiled and put out to the market.

5.2 The Regional Transport Team will work with local authority officers to create a format for the market engagement day.

5.3 A tender evaluation team will score and evaluate the submissions for the EV Filling Stations in order to award to an operator who will then begin the delivery of the EV Filling Stations.

## Transport North East Committee

### 6. Potential Impact on Objectives

Maintaining and enhancing the NECA's EV charger infrastructure will assist the NECA in delivering its objective to move to a low carbon economy and to reduce transport based carbon emissions.

### 7. Financial and Other Resources Implications

The proposed programme of works will be fully funded by external grants which will be awarded to NECA and Newcastle University, including costs of programme management. £1.53m has already been secured from the Office for Low Emissions and the funds are held by NECA. £1.5m has been awarded in principle from European Regional Development Funds, which would be paid to NECA based on claims in arrears over the life of the project if confirmed.

There are no specific implications in terms of ICT or Human Resources.

### 8. Legal Implications

There are no legal implications resulting from this updating report.

### 9. Key Risks

The key risk for NECA is that, against a background of continuing austerity, there are insufficient resources available to invest adequately in the NECA's local government based EV chargers to meet the expected increased demand for quick, accessible and efficient EV charging facilities.

To mitigate this risk, NECA will progress delivery of its EV fillings stations and rapid charge clusters. It will also, through the proposed procurement exercise, seek to have a streamlined and joined-up approach to EV charger management and maintenance, delivered in partnership with the winning tenderer, who will deliver it on a commercial basis.

There is a risk that in order to adhere to the grant conditions and the constraints of the funding envelope all local ambitions may not be able to be met. This is mitigated by developing a pipeline of locations and projects to be delivered in future funding rounds.

### 10. Equality and Diversity

There are no equality and diversity implications from this report.

## **Transport North East Committee**

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

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

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

Work on the existing EV charger infrastructure and maintenance has involved assistance from officers from the NECA local authorities and Nexus. An EV Group involving these officers met early in July to consider a specification for this procurement exercise.

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

Enhancing EV charger provision in the area will encourage EV use. This will improve the environment, reducing greenhouse gas emissions and air pollution. It will also benefit NECA based vehicle manufacturers and part suppliers investing in electric vehicle production.

### **14. Appendices**

14.1 None.

### **15. Background Papers**

Agenda Item 8- Project Approvals- Local Growth Fund and Go Ultra Low  
North East Leadership Board- 21<sup>st</sup> March 2017

Agenda item 11- Electric Vehicle Charging Infrastructure- Transport North East  
Committee- 13<sup>th</sup> July 2017

### **16. Contact Officers**

<b>Tobyn Hughes</b>	<b>Managing Director, Nexus</b>
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### **17. Sign off**

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

## Transport North East Committee

- Chief Finance Officer: ✓

### 18. Glossary

None.

## Transport North East Committee

**Date:** 16 November 2017

**Subject:** Transport for the North (TfN) update

**Report of:** Thematic Lead for Transport and Digital Connectivity

### Executive Summary

The purpose of this report is to update TNEC members on progress being made in three areas of TfN activity, namely; Governance, the Strategic Transport Plan and Northern Powerhouse Rail.

Following the formal request from the Secretary of State, NECA has now provided its consent to the establishment of TfN as a Sub-national Transport Body. Additionally each of the Local Highway Authorities has also taken the regulations through their own decision making process and formally consented. On the assumption that all other authorities across the North have done likewise then the Secretary of State is expected to take the regulations through the Parliamentary process.

Following the confirmation of the regulations to enable TfN to become a Sub-national Transport Body it will have the powers to adopt a Strategic Transport Plan (STP). Work has been progressing, with input from officers from the both NECA and the local highway authorities in preparing for a draft to be produced and formally consulted upon in the New Year, provided TfN becomes constituted. The STP is then to be formally adopted during summer 2018.

The report also gives a brief update on the Northern Powerhouse Rail (NPR) project in respect to progress with the interconnection of the NPR network with the HS2 infrastructure.

### Recommendations

The Transport North East Committee is recommended to note the progress being made on:

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

## Transport North East Committee

### 1. Background Information

- 1.1 The purpose of this report is to update Members on the governance of TfN as well as progress being made on both the Strategic Transport Plan and Northern Powerhouse Rail project.

### 2. Proposals

#### Governance

- 2.1 TfN and its partners have been making the case to Government to establish a statutory Sub-national Transport Body (STB) for the North of England. Following a thorough debate and detailed considerations of the prospect, the NECA's Leadership Board gave its consent to becoming a member of TfN.
- 2.2 To enable TfN to be established there is a need to gain Parliamentary approval. One of the conditions placed on TfN by the government was to obtain consent from each of the participating authorities to the regulations drafted to enable the legal status to be granted. On the 10th October 2017, the Head of Paid Services formally responded to the Department of Transport conveying the NECA consent to the regulations. The Secretary of State also required consent from the local Highway Authorities as TfN was applying for certain highway powers (although not to become a Highway Authority itself). Each of the North East highway authorities has now approved the draft regulations through its own decision making processes and returned formal consents back to the Secretary of State.
- 2.3 Time has been made available for the Secretary of State within the Parliamentary process for the Commons and the Lords to consider the regulations to legally establish TfN as a statutory STB before the Christmas recess. It is therefore expected that TfN should be confirmed as a Sub-national Transport Body before the end of 2017.

#### Strategic Transport Plan (STP)

- 2.4 Regular updates have been provided to members regarding the work to develop the STP, including a recent member seminar held on 9<sup>th</sup> November. The draft STP is expected to be published for statutory consultation lasting 13 weeks early in January 2018, providing that TfN becomes a statutory STB by the end of this year.
- 2.5 The STP will set out the strategic priorities for transport investment in the North between now and 2050. Becoming a statutory STB will enable TfN and its Partners (including NECA) to use the STP to make a unified case to Government for the investment that is much needed in the North.

## Transport North East Committee

- 2.6 The Northern Powerhouse Independent Economic Review identified an opportunity to create an additional 850,000 jobs and generate £100 billion additional GVA across the North. This can be achieved by promoting and growing the North's four prime capabilities (advanced manufacturing, energy, health innovation and digital) and three enabling capabilities (financial and professional services, logistics and higher education). These are highly skilled and productive sectors where the North has a competitive advantage. The wider economy will also benefit in addition to the prime and enabling capabilities.

### **Northern Powerhouse Rail (NPR)**

- 2.7 NPR is a major strategic rail programme, designed to transform the northern economy and meet the needs of people and business. It will transform connectivity between the key economic centres of the North. The programme promises radical changes in service capacity, frequency service and target journey times.
- 2.8 The Chancellor has recently announced an additional £300 million to be added to the HS2 overall budget to specifically allow work to be undertaken to develop the touch points between the proposed HS2 network and the emerging NPR network. For the North East this could lead to trains taking advantage of sections of high speed line when travelling to Leeds and Manchester, in addition to the proposed HS2 services to Birmingham and London.
- 2.9 Work by Network Rail and HS2 on the development of the North Eastern leg of NPR is due to start shortly and run throughout next year. By the end of 2018 it is expected that the Strategic Outline Business Case for NPR (including the NE leg) will be completed. This is expected to focus on the upgrading of the East Coast Mainline corridor.

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

The reasons for bringing the information to the TNEC members is to ensure regular updates are provided on the progress of TfN and its work programme, in accordance with the Leaderships Board wish for local TfN / NECA protocols.

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

The next steps are expected to be as follows:

- Once the Parliamentary process is concluded, it is expected that TfN will become a Sub-national Transport Body by 1<sup>st</sup> April 2018.
- It is expected that the Partnership Board will be set up in shadow form in the New Year
- TfN is due to publish its first Strategic Transport Plan in early January

## Transport North East Committee

2018 for public consultation.

### 5. Potential Impact on Objectives

As a member of the TfN, NECA will have access to additional resources to develop strategic infrastructure projects with the purpose of facilitating economic growth in line with the Strategic Economic Plan and the Local Transport Plan. As a Statutory Partner in the Department's investment processes, TfN will be able to provide advice on the North's priorities and influence the investment plans of Highways England and Network Rail.

### 6. Financial and Other Resources Implications

There are no direct financial implications at this stage in relation to this report. As programmes of work progress and schemes become more developed there may be a need / desire to secure local contributions to assist with business case development and resulting funding bids as well as scheme delivery costs.

### 7. Legal Implications

There are no direct legal implications from this report. As workstreams develop into programmes of work and eventually schemes, the legal requirements of these will be considered as and when appropriate.

### 8. Key Risks

In a national context, the less populated areas often receive less investment than more populated (congested) areas. One of the risks of working as part of TfN is that this situation is repeated but in a northern context, with Manchester, the M62 corridor and the North West rail network benefitting the most. That said, the Partnership Board voting metrics do give some mitigation against the concentration of funding as does the corridor and network approach being taken through the development of the Strategic Transport Plan.

### 9. Equality and Diversity

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

### 10. Crime and Disorder

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

### Consultation/Engagement

## Transport North East Committee

11. The STP has been drafted with input from NECA officers and the TfN Partnership Board has been kept apprised of progress. Once TfN secure the legislative powers to become a statutory STB it is proposed to publish the first draft STP for public consultation. This will provide NECA with a formal opportunity to comment on the details within the STP and request, if necessary, the inclusion of any priorities that may not have been picked up in the draft.

13. **Other Impact of the Proposals**

As each of the projects and plans of TfN become more defined, environmental and economic impacts and analysis will form key considerations when options are being considered.

14. **Appendices**

None

15. **Background Papers**

None

16. **Contact Officers**

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

17. **Sign off**

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

18. **Glossary**

TfN – Transport for the North

STB – Sub-national Transport Body

NECA – North East Combined Authority

DfT – Department for Transport

NPR – Northern Powerhouse Rail



## **Transport North East Committee**

**DATE:** 16<sup>th</sup> November 2017

**SUBJECT:** External bidding opportunities for transport

**REPORT OF:** Managing Director (Transport Operations)

### **EXECUTIVE SUMMARY**

The purpose of this report is to update the Committee on funding opportunities during 2017-18, from Government.

### **RECOMMENDATIONS**

It is recommended that the Committee note the report.

## Transport North East Committee

### 1 Background Information

- 1.1 In recent years central government has adopted a policy of allocating capital funding, outside of the Local Growth Fund process, via competitive bidding. These competitions are announced at various points throughout the year and usually have a short period (around six weeks) within which to develop and submit bids.
- 1.2 The approach generally required by the government is for the Combined Authority or the Local Enterprise Partnership to co-ordinate and submit bids on behalf of the region.
- 1.3 The paper sets out the funding streams that have been or are anticipated to be available this financial year and sets out where the NECA area has been successful in gaining funding.

### 2 Proposals

#### 2.1 National Productivity Investment Fund (NPIF)

In 2017-18, the NECA was awarded £8.9m in direct grant under the first round of NPIF. This was allocated between the seven constituent authorities, by an agreed formula. The five authorities in Tyne and Wear then each agreed to contribute a proportion of the money they received to the refresh of the Tyne and Wear UTM Centre, at a total cost of £699k.

A call was then issued for bids to the next round of NPIF, with a submission deadline of 30<sup>th</sup> of June.

In Combined Authority areas each constituent Highway Authority was permitted to submit up to two projects. The total funding available across the country is £250m in 2018/9 and £240m in 2019/20, and is 100% capital.

The following bids were submitted by NECA on the 30<sup>th</sup> June 2017.

Lead Authority	Scheme Title	Total Cost	Ask from National Productivity Investment Fund	Funded
Northumberland County Council	A1068 Fisher Lane, Cramlington	£3,133,780	£2,193,650	No
North Tyneside	A189 Improvements	£5,473,840	£3,662,896	£3.66m

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Council	Haddricks Mill to West Moor			
South Tyneside Council	A19 / A194 to A19/A185 Lane Gain / Lane Drop	£2,934,789	£2,054,352	£2.05m
South Tyneside Council	A194 Mill Lane (B1306) Junction	£2,363,760	£1,613,760	£1.61m
Newcastle City Council	A167 corridor	£7,350,000	£4,990,000	No
Gateshead Council	Askew Road	£2,944,524	£2,061,167	No
Durham County Council	Bishop Auckland Park and Ride	£8,847,811	£4,999,000	No
Durham County Council	A19 / A182 junction capacity enhancements	£6,840,520	£2,641,000	£2.64m
Sunderland City Council	Improvements to Northern Gateway North Bridge Street	£4,800,000	£3,360,000	£3.36m
Sunderland City Council	Improvements to strategic junctions located on A183	£3,413,617	£2,389,671	No
Gateshead Council	Sunderland Road	£3,344,000	£2,341,000	£2.34m
Newcastle City Council	Expansion of Tyne and Wear UTM services	£3,679,000	£2,801,000	£2.8m
	<b>Total</b>	<b>£55,125,641</b>	<b>£35,107,496</b>	<b>£18.46m</b>

2.2 On 19<sup>th</sup> October the Department for Transport announced that seven schemes in the NECA area have been awarded NPIF funding, receiving the total amount asked for. The successful schemes are as follows:

- A189 Improvements Haddricks Mill to West Moor (North Tyneside)
- Improvements to Northern Gateway (North Bridge Street) (Sunderland)
- Expansion of Tyne and Wear UTM services (Newcastle)
- A19 / A182 junction capacity enhancements (Durham)
- Sunderland Road Link (Gateshead)
- A194 / B1306 Mill Lane Roundabout (South Tyneside)
- A19 / A194 to A19/A185 Lane Gain / Lane Drop (South Tyneside)

The amount of funding awarded across all seven schemes is £18.46m

## Transport North East Committee

### 2.3 Safer Roads Fund

Funding of £175 million between 2018/18 and 2020/21 (£25m in 2017/8) is available. It is targeted at upgrading some of the most dangerous local roads where rates of fatal accidents and serious collisions are the highest. Proposals are sought from local highways authorities to upgrade some of the most dangerous roads in their area. In the NECA area, the A67 in Durham and A1290 in Sunderland/South Tyneside were invited to bid for funding. An announcement is awaited

### 2.4 Highways Maintenance Incentive Fund

The Incentive Fund is designed to ensure Highways Authorities have good practices in place through a self-assessment questionnaire. Authorities are banded 1-3, with band 3 being the highest. A percentage of funds are made available for Bands 1 and 2, which decrease in each subsequent year. In 2016/17, Durham were in Band 3 and all other NECA authorities were in Band 2, for NECA this amounted to £37m in 2017/18 and £33m each year until 2020/21.

### 2.5 Highways Maintenance Challenge Fund

Highways Maintenance Challenge Fund is for schemes, which would make a real difference to road users, including junction improvements, flood resilience and bridge works, authorities could bid for contributions of up to £5m from the fund. Successful schemes from tranche 2a were announced in August 2017 and the launch of tranche 2b is anticipated in late 2017.

Bids submitted by NECA to tranche 2a were:

Lead Authority	Scheme title	Total Cost	Ask from Highways Challenge Fund	Funded
Durham County Council	Resurfacing of strategic roads	£7m	£5m	No
Gateshead Council	Heworth roundabout	£9m	£5m	£5m
Northumberland County Council	Strengthening key route network serving the rural transport network	£6.5m	£5m	£5m
South Tyneside Council	Concrete Road Bays renewals	£5m	£3.75m	No
Sunderland City Council	A1231 Primary Route Network improvement scheme	£4.725m	£3m	No
	<b>Total</b>	<b>£32.225m</b>	<b>£21.75m</b>	<b>£10m</b>

## Transport North East Committee

Of these bids, the Heworth Roundabout scheme and the Strengthening key route network serving the rural economic transport network scheme were successful in receiving the full funding requested.

### 2.6 **Large Local Major Schemes Fund**

The Large Local Major Schemes fund amounts to £475m for schemes which would be too large for the Local Growth Fund process. 18 schemes in the UK have already been granted development funding to develop outline business cases, but none of these are in the NECA area. The programme is now open to bids for construction funding. Schemes do not have to have previously received development funding to be eligible to apply for construction funding, but scheme promoters must be in a position to submit an Outline Business Case by December. Authorities are considering opportunities to bid for the fund, which must be co-ordinated through the LEP and is targeted at one large scheme, worth around £75m for the NELEP area.

### 2.7 **Rail Funding**

As part of the New Stations Fund, £20m was made available. Durham County Council successfully received £4.4m funding to towards Horden Rail Station. This fund was only available for the development of new stations; station refurbishment schemes were not eligible.

### 2.8 **Cycling and Walking Investment Strategy**

The DfT's Cycling and Walking Investment Strategy was announced in April 2017. Aside from small pots of ring-fenced funding for charities and businesses and a further round of the Cycle-Rail fund, there was no new investment announced.

A number local authorities have bid for technical support for developing Local Cycling and Walking Implementation plans, Newcastle, Gateshead and North Tyneside were awarded support.

### 2.9 **Transport Investment Strategy**

DfT published a Transport Investment Strategy in July. It identifies 4 key priorities for transport investment which are for projects that:

- Improve user experience by addressing congestion and reliability in clearly defined ways, typically through maintenance, renewals, or capacity upgrades; especially on routes into and around urban centres.
- Deliver specific, tangible benefits to wider objectives, for example schemes that make viable specific housing developments, or unlock identified private sector investment in jobs and industrial capability.
- Create step-changes in connectivity and capacity where that can credibly improve the productivity or integration of our industrial, manufacturing or business clusters, both at a local and national level.

## Transport North East Committee

- Make the greatest contribution to environmental, safety, and health commitments, or that lead to improvements in overall user experience.

In addition, there is a proposal to allocate a proportion of the National Roads Fund (hypothecated Vehicle Excise Duty) to the Major Road Network. It is not currently known how much this would be or whether it would be for maintenance or new construction.

### 2.10 Housing and Growth Investment Fund

In September four bids were submitted from the NECA areas for Housing and Growth funding to help unlock housing development sites. These were:

Lead Authority	Scheme title	Total Costs	Ask from Housing and Growth Investment Fund
Newcastle	Ponteland Road Corridor	£4,100,000	£2,500,000
South Tyneside	A194 / B1306 Mill Lane Roundabout Improvement Scheme	£2,363,760	£1,613,760
Sunderland	A19 / A690 Doxford Park Junction Improvement Scheme	£1,919,054	£1,439,320
Northumberland	A19/A189 Moor Farm Bus Gate	£210,000	£210,000

Highways England have confirmed that The A194/B1906 Mill Lane Roundabout Improvement Scheme in South Tyneside and the A19/A690 Doxford Park Junction Improvement Scheme in Sunderland have passed the first sift and Highways England will work with scheme promoters to undertake a more detail appraisal of each scheme.

## Transport North East Committee

### 2.11

#### **Clean Bus Fund**

This is a £30m two-year grant fund (£15m for Year 1 and £15m for Year 2), for retrofitting buses with technology to reduce tailpipe emissions. Applications are now invited from local authorities in England and Wales. The primary aim of the fund is to help local authorities to reduce roadside concentrations of nitrogen dioxide (NO<sub>2</sub>) quickly, in those areas where the statutory limits are exceeded... Local authorities can apply for up to £1.5m in each year with a maximum of £3m across the two. This year's application closes on 17 November 2017. An officer working group has been established in liaison with the Bus Operators to progress.

### 2.12

#### **Roll out of smart ticketing**

In October 2017 Government launched an £80m programme to roll out smart ticketing across the majority of the rail network by the end of 2018. As part of the programme smart cards will be able to be hosted on mobile phones and mobile barcode ticketing will be rolled-out across every rail franchise in the UK by the end of 2018.

### 2.13

#### **Unannounced pledges from Autumn Statement 2016 and Spring Budget 2017**

There are a number of other funding streams announced for which there are no other details as yet, these include:

- £80m for Ultra Low Emission Vehicles (ULEV) Charging Infrastructure, £150m for Low Emission Buses and Taxis and £100m for connected/autonomous vehicles. It is likely these will be competition-based funds or innovation funds for industry.
- £100m nationally to make roads more resilient to flooding, including roads which flooded last winter and £50m to make rail more resilient
- £300m was announced for Northern Powerhouse rail and £100m for highways schemes at the Conservative Party Conference.

### 2.14 **Transport pipeline schemes**

The Regional Transport Team has been working with Heads of Transport to produce a pipeline of transport schemes for LGF and other potential sources of future funding. All districts plus Nexus have submitted schemes to the pipeline. The stage of development and funding ask varies from scheme to scheme. Promoters are encouraged to develop their schemes as far as possible to ensure that they are sufficiently advanced should suitable funding become available.

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

- 3.1 There are no proposals for decisions arising from this update report.

## **Transport North East Committee**

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

- 4.1 There are no proposals from on which to base alternative options from this update report.

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

- 5.1 The Regional Transport Team will continue to monitor and respond to funding opportunities and co-ordinate bidding on behalf of NECA.

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

- 6.1 Where external funding is secured it will assist in the development and construction of schemes to help achieve the NECA's objectives.

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

- 7.1 Overall the NECA region has received £78.76m so far in 2017-18 in addition to LGF spend of approximately £22m. This assists in delivering high quality transport schemes across the NECA area which support the objectives set in the Transport Manifesto and Strategic Economic Plan.

### **8. Legal Implications**

- 8.1 Most grants are accompanied with specific conditions which the bid must meet. This influences what schemes can be put forward to which competitions and set rules which delivery partners must abide by in order to receive funding. These can vary between competitions.

### **9. Key Risks**

- 9.1 There are no specific risk management implications of this report. Bids will usually require evidence of risk management process in place.

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

- 10.1 Individual schemes undertake appropriate impact assessments.

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

- 11.1 There are no crime and disorder implications of this report.

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

- 12.1 Individual scheme conduct consultation as appropriate.

## Transport North East Committee

### 13. Other Impacts of the Proposals

- 13.1 There are no direct proposals arising from this update report, therefore no consequential impacts.

### 14. Appendices

- 14.1 There are no appendices to this report.

### 15. Background papers

- 15.1 There are no background papers to this report.

### 16. Contact Officers

- 16.1 Helen Mathews  
[Helen.Mathews@nexus.org.uk](mailto:Helen.Mathews@nexus.org.uk),  
0191 2033455

### 17. Sign Off

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

### 18. Glossary

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## Transport North East Committee

**Date:** 16 November 2017

**Subject:** Metro Futures New Fleet Procurement Update

**Report of:** Lead Chief Executive for Transport

### Executive Summary

The purpose of this report is to provide an update on the Metro Futures programme including progress with the DfT funding approval process. This report will also provide a fleet specification summary and seek a decision on the seating layout for the new Metrocars.

### Recommendations

The Transport North East Committee is recommended to:

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

## **Transport North East Committee**

### **1. Background Information**

- 1.1 The Metro and Local Rail Strategy, approved by the Leadership Board in July 2016, sets out plans to secure investment for the future of Metro operations. This includes procuring a new fleet of Metrocars to replace the current fleet, a continuation of essential renewals to 2030 and exploring the case(s) for future extensions to the Metro network, and integration with local rail. Metro Futures is the brand that brings these elements together.
- 1.2 In order to secure investment for the fleet replacement and essential renewals, Outline Business Cases were also approved by the Leadership Board in July 2016 and subsequently submitted to the DfT setting out the strategic case, indicative costs and economic benefits pertaining to both proposals.
- 1.3 The current Metrocars were constructed in the late 1970s, and have served their purpose well. However, despite undergoing two significant refurbishments, the fleet is coming to the end of its design life, with many components effectively life-expired, contributing to a very unstable operating environment, with Metrocar failures leading to delays and trains being withdrawn from service.
- 1.4 A key component of the Strategic Case for the fleet replacement is identifying the problems associated with the current Metro rolling stock. During the last three years, faults per kilometre have increased significantly and performance has been consistently below both Nexus' own internal target and comparator UK fleets, highlighting poor reliability. This level of poor reliability has manifested itself in a downward trend in customer satisfaction, culminating in Metro's lowest customer satisfaction score for seven years being obtained in November 2015. This was recently reinforced in benchmarking with other Metro systems across the world, where it is evident that the Tyne and Wear Metro has the lowest passenger satisfaction score across all 'NOVA' metros. During the last three years, faults per kilometre have increased significantly and currently stand at around 7,000 km per fault. This is below both Nexus' own internal target and comparator UK fleets.
- 1.5 It is therefore vitally important that the introduction of new Metro rolling stock increases fleet reliability and helps improve customer satisfaction. In this regard, market research was undertaken in 2016 to obtain feedback from customers in relation to the design of the new fleet of Metrocars.
- 1.6 The Committee received a report on the 9th February 2017 providing an update on three strands of market research:
- Transport Focus, the independent transport user watchdog;
  - Nexus' own research; and,
  - Nexus in collaboration with Newcastle University's Open Lab.

## Transport North East Committee

A further report summarising the results of the market research was presented to the Committee on 20th April 2017.

- 1.7 On the 13th July 2017, TNEC endorsed the high-level fleet specification and depot strategy with the exception of the proposed seating layout to allow Nexus to undertake further analysis of the findings of the market research. The results of this further analysis are set out below.

### **DfT approvals progress**

- 1.8 On the 11<sup>th</sup> September 2017, a paper was prepared and considered by the Department of Transport (DfT). The paper proposed how investment in a new fleet of Metrocars could be achieved.
- 1.9 The need to invest in the replacement of the current Metrocars has been previously accepted by DfT, which with a Benefit-to-Cost Ratio of 3.55 represents high value for money for the investment. The focus of the most recent consideration was to preside over two funding options for the new fleet:
- Public Ownership Model (Capital Grant)
  - Private Ownership Model (PPP/PFI)
- 1.10 It should be noted that although the Public Ownership option represents better value for money, due to the Private Ownership Model providing an 'off balance sheet' solution, this could be favoured by DfT and or HM Treasury because of constraints on the DfT's departmental expenditure limit and the fact that this investment will fall between spending reviews.
- 1.11 The strategic case for new trains has been reaffirmed by DfT and they have agreed that there are two viable funding options for the new fleet. The decision on which of the options should be selected was presented to the Secretary of State for Transport on the 17<sup>th</sup> October 2017.
- 1.12 It is expected that the Secretary of State for Transport will liaise with HM Treasury in making his decision and will ultimately submit a recommendation to the Chief Secretary to the Treasury. At the time of drafting this report his decision is eagerly awaited.
- 1.13 Irrespective of the outcome Nexus intends to seek the endorsement of Leadership Board before commencing the procurement process for new rolling stock, rolling stock maintenance and new rolling stock maintenance facilities and once Nexus are informed of a decision a paper will be submitted.

## **2. Proposals**

### **Fleet Specification and Depot Strategy**

## Transport North East Committee

- 2.1 The fleet specification aims to satisfy the recommendations of the 'Metro and Local Rail Strategy' to replace the life-expired existing Metro fleet with new trains which can deliver improved customer benefits, increased operational flexibility and operating cost savings. The specification therefore takes cognisance of the customer market research concluded earlier this year. TNEC will recall that the specification includes key considerations such as;
- Network constraints (power, tunnels, structures etc.)
  - Dual voltage (passive provision)
  - 'Tram-Train' Crashworthiness
  - Regenerative braking
  - Rail Vehicle Accessibility Regulations compliance
  - Customer Aspirations (aesthetics, security, seating etc.)
- 2.2 TNEC will also recall that a new purpose built maintenance facility for the fleet is also required and the current site at South Gosforth will be redeveloped to provide this.

### Transport Focus Market Research – Seating Layout

- 2.3 As has been set out to previous meetings of TNEC, three strands of research were undertaken to establish what the passenger experience was of the current Metros and what they would like to see in a new fleet of Metrocars. It has previously been reported that the results from Nexus in-house research were inconclusive. The Open Lab research focused on the concept of 'pop up labs' across various locations in Tyne and Wear that explored passengers' experiences on the Metro and what could be incorporated on a new fleet of Metros to improve the customer offer. Transport Focus are a nationally recognised independent body that represents road users and public transport users. Transport Focus undertake significant amounts of independent customer research across the breadth of the transport industry each year on behalf of Central Government and other Transport agencies.
- 2.4 Nexus felt it was important that market research was independent so we could present credible findings to stakeholders and Government, with the message, that 'we've consulted our passengers – and this is what they've told us' from an independent body and the added value this brings. Transport Focus have undertaken similar market research exercises to ask passengers what they would want to see in new rolling stock, such as Merseytravel.
- 2.5 Nexus therefore, commissioned Transport Focus to undertake independent market research to understand what Metro passenger's views were on the current fleet of Metrocars and what people would like to see in a new fleet.

## Transport North East Committee

- 2.6 There were two elements to the Transport Focus research; a quantitative survey where people were asked to complete a questionnaire at Metro stations across the network and, qualitative research where people were recruited to participate in focus groups, which enabled further debate and discussion regarding the current Metro and what new Metros could offer.
- 2.7 During the Quantitative survey Transport Focus surveyed 970 people at Metro stations across Tyne and Wear as part of this research. An important element of the research was to understand what our customers felt about the current fleet of Metros. They generally felt that Metro was easy to use, but some of the issues they raised included:
- Availability of space inside the carriage was an issue for people. Both for items carried, and the amount of space to stand comfortably;
  - There was an issue of crowding around doors and central pole, with people not moving down the carriage to create more space;
  - There was an issue with the cleanliness of the seats, and across the Metro;
  - Personal security on board the Metro is important to them;
  - The overall appearance of the Metro needs to be improved; and
  - Flexible seats were important to meet needs at peak and off peak time.
- 2.8 Research undertaken by the University of Newcastle Open Lab supports these conclusions as the main concerns passengers have with the current layout.
- 2.9 During the Transport Focus quantitative research, respondents were shown one option for a layout of the new Metro cars and asked how this compared to the current layout. All alternate layouts were preferred by respondents when compared to the current layout, those layouts with linear seating or a higher proportion of linear seating performed most strongly.
- 2.10 The issues highlighted above were discussed in the focus groups (Qualitative research) and the dialogue developed into what could be achieved in a new design of Metrocars to help resolve these issues. Focus groups were shown three different designs of seating layout. Each one generated much debate. While focus groups indicated that passengers had mixed feelings about different seating layouts, when considering the options in the light of the overall context, the groups concluded that linear/longitudinal seating options provided a solution to several of the issues identified with the current trains:
- A linear style of seating would provide extra space inside the carriage in the central gangway for standing, and making it easier for people to move down the carriage

## Transport North East Committee

- Linear seating would create more capacity on the Metro, allowing more people to make journeys at the peak, as there is an increase in space for people to stand more comfortably, and helping to cater for the predicted increase in demand for Metro in the future
- Linear seating would provide more space for items carried (bags, suitcases, briefcases)
- A linear style arrangement of seats would mean people wouldn't be able to put their feet on seats, therefore helping with cleanliness
- People felt that a linear style of seating may help with anti-social behaviour and personal security, as the seating 'opens up' the carriage increasing visibility. This also means that people with mobility issues are more likely to be 'seen' and be offered seats.
- The provision of flexible/drop down seats would be better accommodated in a linear style.

2.11 When taking all of the above into consideration, with the results from the on-station surveys and the focus groups, together with projections for increased numbers of passengers, Transport Focus concluded that a linear/longitudinal arrangement of seating was preferred.

2.12 Seating layouts were also considered through the quantitative research carried out by Nexus. In this, survey respondents were asked to rank 4 seating configurations, including the linear seating option and the current layout, 1-4, with 1 being their preferred layout. The results of this survey on this particular question were inconclusive, with no one layout emerging as an overall preference.

2.13 Overall, taking the research in its entirety, it is concluded that linear seating provides the best solution for the layout of the new fleet to address problems passengers have with existing layout and to accommodate future demand.

2.14 On the basis of the above, TNEC is recommended to endorse the specification of longitudinal seating in the fleet specification for the new fleet of Metrocars.

### 3. Reasons for the Proposals

3.1 Nexus is putting forward these proposals in order for it to finalise and incorporate the Metrocar fleet specification into the suite of procurement documents.

### 4. Alternative Options Available

## Transport North East Committee

- 4.1 Option 1 – The Transport North East Committee may accept recommendation (ii) which is to endorse Nexus' intention to procure a fleet of Metrocars with a linear/longitudinal seating layout.
- 4.2 Option 2 – The Transport North East Committee may not accept recommendation (ii) and instead the Committee may choose to endorse a mixed seating layout comprising of a mix of longitudinal and transverse seating. Nexus does not recommend this option as it does not fully address the issues raised in paragraph 2.4.
- 4.3 Option 3 – The Transport North East Committee may not accept recommendation (ii) and instead the Committee may request that Nexus leaves the decision on seating layout to the manufacturer. Nexus does not recommend this option as it is likely this would only postpone the decision, as Nexus will be asked by the manufacturer to accept their designs. This acceptance will need to be provided within the contractual timescales and therefore Nexus does not recommend deferring this decision to occur within the live Contract.

### 5. Next Steps and Timetable for Implementation

- 5.1 Subject to the approval from this Committee, Nexus will finalise the Metrocar fleet specification.
- 5.2 Following the Ministerial Decision Nexus will submit a report to Leadership Board seeking endorsement to one of the following options;

Option 1 – If the Ministerial Decision is in favour of the Public Ownership / Capital Grant funding route then Nexus will seek endorsement from Leadership Board to commence the procurement.

Option 2 – If the Ministerial Decision is in favour of the Private Ownership / PPP/PFI funding route then Nexus will seek endorsement from Leadership Board to commence the development of the documentation associated with the procurement of a PPP/PFI style contract.

### 6. Potential Impact on Objectives

- 6.1 The proposal for Metro's future is important in meeting objectives set out in the Metro and Local Rail Strategy, 2016, particularly in terms of:
- providing Metro and local rail services that are reliable, accessible and comfortable with high levels of customer satisfaction, within available resources; and
  - to grow the Metro and local rail network and their modal share as

## Transport North East Committee

part of an integrated public transport network

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

- 7.1 As detailed in paragraph 1.7 two potential financial models are being deliberated on by the Secretary of State for Transport and hence the precise financial implications are not yet known. When the decision is known there will be a separate report to the Leadership Board.

### **8. Legal Implications**

- 8.1 There are no legal requirements or implications within this report.

### **9. Key Risks**

- 9.1 In order to ensure the project for fleet delivery is successful, Nexus has developed a fully monetised comprehensive risk register which is in place for the Metro Futures Project and is updated periodically.

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

- 10.1 The design of the new Metrocars will be fully compliant with the latest accessibility guidelines from Government.

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

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

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

- 12.1 Market Research and Consultation has been undertaken for the future design of new Metrocars. Nexus has developed a Communications Plan in conjunction with the Department for Transport, which is a robust process to capture all stakeholder interaction and engagement. It also facilitates tracking of activity and forward planning and co-ordination of activity across the project team and its support functions.

The plan contains a programme of external-facing outputs to keep stakeholders updated and inspired by progress towards new fleet introduction, underlining the importance of the project to the future prosperity of North East England. The plan has led to Nexus gaining support for its proposal from stakeholders such as the North East Local Enterprise Partnership (NELEP), North East England Chambers of Commerce, Federation of Small Businesses and the Confederation of British Industry along with over one hundred local businesses through a series of showcase events around the North East.

## Transport North East Committee

### 13. Other Impact of the Proposals

- 13.1 The NECA Transport Manifesto, the Strategic Economic Plan and Local Transport Plans all set out the importance of investing in a new fleet of Metrocars, for continued operation of the Metro system.

### 14. Appendices

- 14.1 None

### 15. Background Papers

- 15.1 9th February 2017, Summary of market research and consultation for new fleet of Metrocar design.
- 15.2 20th April 2017, Metro Fleet specification update (included the summary document of market research as annex).
- 15.3 13<sup>th</sup> July 2017, Metro Futures update and Fleet Procurement Strategy – detailing the Fleet Specification and Depot strategy

### 16. Contact Officers

- |      |                                |   |
|------|--------------------------------|---|
| 16.1 | Tobyn Hughes<br>E-mail<br>Tel: | Managing Director, Nexus<br>tobyn.hughes@nexus.org.uk<br>0191 203 3246. |
|------|--------------------------------|---|

### 17. Sign off

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

### 18. Glossary

- 18.1 BICC Board Investment and Commercial Committee (DfT)  
DfT Department for Transport

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## Transport North East Committee

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**Date:** 16 November 2017

**Subject:** North East Rail Projects Update

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

### Executive Summary

The purpose of this report is to keep members of the Committee periodically informed on the current state of play of the various rail projects being progressed in the North East.

### Recommendations

The Transport North East Committee is recommended to agree to support the continued progress of these schemes aimed at improving the short and medium term rail services in the North East.

## Transport North East Committee

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### 1 Background Information

- 1.1 This reports sets out the position on a number of rail schemes being pursued by constituent authorities of NECA and Nexus.
- 1.2 Members continued support is sought to lobby for the resources required to bring about significant changes to the rail network and facilities in the North East. This includes both support for local schemes within constituent authorities as well as the wider network enhancements needed throughout the NECA and regional geographies.
- 1.3 Through individual authorities and collectively through the North East Rail Management Unit (NERMU) close working with both Network Rail and the train operating companies continues to progress a number of local schemes.

### 2 Proposals

#### Sunderland Station

- 2.1 The Sunderland Station project is to deliver improvements to the main 'above ground' southern concourse area focusing on redeveloping the concourse area with improved access, retail offering and passenger information. The exterior of the building will provide a light and bright focal point, incorporating artwork. Wider public realm improvements, in the area immediately adjacent to the station, are being considered by the City Council as a second phase to the scheme. Sunderland City Council has been leading this project, working with Network Rail, Northern Rail and Nexus as partners.
- 2.2 A design has been agreed to by all parties, progress in developing this scheme has been slow and two obstacles to delivery remain:
  - a. There is a funding 'gap' of £6.1m. The scheme is estimated to cost in the region of £13.35 million with £7.25m already secured through the City Council and Nexus; and
  - b. Network Rail, who own the station and are responsible for delivering the works, do not yet have a confirmed programme. Discussions continue with Network Rail to resolve this matter, particularly around the GRIP status of the work undertaken to date.
- 2.3 Recently, the project has started to make positive progress again, a joint project team has been established and is meeting every month. Sunderland

## Transport North East Committee

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City Council has signed a Development Services Agreement with Network Rail. To aid the design, intrusive structural surveys are being carried out. These are now nearing completion and to date have not identified any constraints that would impact on the redevelopment of the station

- 2.4 Network Rail are currently evaluating design options, and initial cost estimates programmed to be complete by January 2018. Concurrently, Nexus are developing the outline business case to close the funding gap, scheduled for completion by April 2018. Work is also ongoing to try to identify sources of funding to bridge the current gap.
- 2.5 A retail study is being commissioned via Northern rail to help inform the station design and the nature and specification of retail units therein. The aim is to maximise the attractiveness of the station as a destination and hub for the city.

### **Horden Peterlee Station**

- 2.6 Horden Peterlee station will be located between Seaham station 8.5km to the north and Hartlepool station 12km to the south, and will operate on the Durham Coast Rail Line. The preferred location has been chosen at South East View.
- 2.7 Horden Peterlee station was prioritised by the Local Transport Body (which reviewed major transport schemes prior to the creation of the LEP and NECA) and was allocated £3.4m of funding towards a total scheme cost of £31.1m as outlined in the North East Strategic Economic Plan (SEP). Durham County Council have also reiterated their commitment to the scheme in the latest iteration of the *Regeneration Statement* and in identifying Horden Peterlee as one of the Council's six foremost priority projects.
- 2.8 Extensive validation work has been undertaken to analyse the benefits of the project and built into the Full Business case which was submitted to NECA in December 2016, following a full application to the DfT New Stations Fund in November 2016. The project was awarded Local Growth Funding in February 2017 and an award of £4.2 M from the New Stations Fund followed in July 2017. The balance of funding for the project will be provided by Durham County Council with an anticipated total cost of £10.45M.
- 2.9 Discussions with the ToC on operation and timetabling for all passing services have taken place with positive indications of increased services and patronage.

## Transport North East Committee

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- 2.10 Work on the preferred site continues with ground investigations completed in May 2017 finding no significant problems. As the site is in close proximity to the heritage coast, Habitat and environmental surveys have been completed and any necessary mitigations built into the programme.
- 2.11 Network Rail Grip stage 3 has been completed and the Development Services Agreement for Grip stage 4 work is expected to be signed in October 2017 following Network Rail providing a detailed cost and timeline for the project with more detailed design, costing and value engineering work progressing. The County Council and train operating company (Northern Rail) has been fully involved with Network Rail in early option selection processes with an outline plan and 3d sketches provided.
- 2.12 Durham continue to negotiate the closure of the level crossing with the owner

### **The Northumberland and Newcastle Line**

- 2.13 As a reminder, the reintroduction of passenger services on the Northumberland and Newcastle line has been an aspiration of Northumberland County Council for many years and accords with key local and regional policy in terms of promoting economic growth across South East Northumberland. The scheme would introduce passenger services on the fully operational and maintained freight line between Ashington and Newcastle, a 32 km corridor serving a population of approximately 150,000 residents. It will regenerate the region by providing access to employment and training facilities in North Tyneside, Newcastle and beyond. It will also enable movement of people from the urban centre to South East Northumberland.
- 2.14 Station stops are proposed at Woodhorn, Ashington, Bedlington, Bebside, South Newsham, Seaton Delaval and Northumberland Park with an estimated journey time of approximately 40 minutes between Woodhorn and Newcastle.
- 2.15 Studies commissioned as part of preparing the business case have predicted in excess of 380,000 annual passenger journeys by 2034 and that delivery of the scheme would lead to an increase in annual incomes and GVA of over £70 million. The Council commissioned Network Rail who have undertaken the GRIP stage 2 study. This confirmed that the scheme is feasible but requires a significant upgrade to existing infrastructure including track, level crossings and signals. As part of the GRIP 2 study, Network Rail estimated a total capital cost for the scheme at approximately £191 million. However these costs include 40% risk and significant items of expenditure, particularly in respect of signaling, permanent way (track) and structures which do, or will, form part of Network Rail's future maintenance and investment programmes irrespective of the ABT scheme progressing or not.

## Transport North East Committee

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- 2.16 Negotiations are ongoing with Network Rail to confirm what is the do minimum infrastructure required to enable passenger services to run on the line. Northumberland are being assisted in these discussions by Nexus and Rail North officers. This review is to more tightly define the scope of the GRIP 3 study and has identified several significant cost elements which can be removed from the scheme scope.
- 2.17 The overall programme for the GRIP study provided by Network Rail suggested that trains could be running on the line in early 2021. This timeline will be reviewed on completion of the scope review with Network Rail.

### Newcastle Central Station

- 2.18 The current layout a Newcastle Central Station cannot accommodate future planned levels of service as HS2 and Northern Powerhouse Rail will both impact on the current East Coast Main Line station. Transport for the North have just commissioned the next stage of development of the NPR network, This will refine future service planning assumptions and in turn the overall quantum of trains required to cater for the number of passengers predicted. This work is due to be concluded by autumn 2018. Early work suggests that if the number of trains and passengers increase significantly then the Newcastle Central Station of the future may look very different from today, albeit that the solution must be sympathetic to the Grade 1 listed features of the building.
- 2.19 Plans to develop a Southern Entrance to the station are now incorporated within the Transport for the North's Rail Northern Powerhouse Rail Workstream. An underpass linking Stephenson Quarter to the south of the station, each of the island platforms, the station concourse and possibly the Metro station is being considered.
- 2.20 It is likely that the next stage of work will recommend a staged approach to enhance the station over time to accommodate future train service increases as they come on line.

### Cramlington Station

- 2.21 Northumberland County Council has commissioned professional services to carry out a pre-GRIP feasibility study to assess the potential for improving the rail offer from Cramlington Station. The study will include consideration of the potential need and demand for improved station facilities by local residents, commuters and visitors to the town centre considering present and proposed rail franchise agreements.

## Transport North East Committee

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- 2.22 The purpose of the study is to achieve the objective of securing more and better rail services from Cramlington. This is important given the current poor level of service it receives; its location on the East Coast Mainline; and the future development potential for Cramlington (South West Sector, CentrePoint, West Hartford, Manor Walks etc).
- 2.23 The study has acknowledged constraints in providing significant infrastructure improvements although has identified opportunities to provide additional station stops as part of existing franchise arrangements. These opportunities are currently being pursued.

### **Gilsland Station**

- 2.24 Gilsland Station is situated on the Tyne Valley Line just within Northumberland between Haltwhistle (Northumberland) and Brampton (Cumbria) stations and was closed in the 1960s with the former station buildings sold and converted into private residence. The opportunity exists to reopen the station to act as a gateway to Hadrian's Wall.
- 2.25 Network Rail has completed a high level feasibility study which reported an indicative cost of over £28 million and areas of risk which require further investigation specifically the mitigation proposed at level crossings. This is now acknowledged by Network Rail as being overly cautious. To provide more certainty around scheme costs will require the scheme to be taken through the GRIP process with an estimated cost of £250,000 to take the project to GRIP stage 2.

### **Boldon and Tile Sheds Level Crossings – Bridge**

- 2.26 South Tyneside have met with Network Rail officers to discuss the level crossing operations at Tiledshed / Boldon Lane with increasing concerns regarding the half-barrier operation and traffic congestion. Network Rail have indicated the proposal to introduce full-barrier installations at each level crossing within the CP6 period (2019-2024) which will increase the potential down-time of the level crossings to over 40 minutes every hour.
- 2.27 From the Council perspective, this will grind the connecting roads to the level crossings to a halt, with there already being significant congestion / delays to traffic, including buses, due to the trains that are operating on the Sunderland – Newcastle line.
- 2.28 In light of this proposition, South Tyneside has commenced work that will look at the potential to closure both of the level crossings to traffic and non-motorised users and provide a new bridge link and associated carriageways.

## **Transport North East Committee**

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- 2.29 The Council appointed transport consultants to undertake a feasibility study that would look into the potential to close the level crossings and to determine if the project would be both viable, deliverable and affordable. The Consultant's report recommended two options (an eastern alignment and a western alignment) each being feasible and worthy of further development work.
- 2.30 The next stage of the project is undertaking an option prioritisation of the 2 options, it is expected that this will be completed in early 2018. The final stage of the project will be the detailed design of the preferred option and then construction. Network Rail have been requested to contribute their 'planned' investment (£1.75m per crossing) for the 'do-minimum' solution of full barrier operation, instead into the new bridge and associated highway links.
- 2.31 The Council has now worked up a funding bid in September 2017 to the Housing Infrastructure Fund (HIF) – Marginal Funding which if successful could see the new bridge and crossings implemented by 2021. Further to this, the Council has received formal confirmation of Network Rail's financial contribution to the scheme (£4m by 2021) and also Network Rail have referenced the potential housing sites identified in the local plan process that would be dependent on the bridge infrastructure coming forward.

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

- 3.1 The various rail projects are all being developed to meet a specific demand as summarised below:
- Sunderland Station – Economic regeneration / City Gateway
  - Horden Peterlee Station – Economic growth through rail connectivity
  - Northumberland to Newcastle Line – Economic growth through rail connectivity
  - Newcastle Station – Economic regeneration and to meet increased rail demand
  - Cramlington Station – Economic growth linked to future housing creating increased rail demand
  - Gilsland Station - economic growth through tourism demand for rail connectivity
  - Boldon and Tile Sheds level crossings – economic growth through minimising congestion resulting from road / rail interfaces

### **4 Alternative Options available**

## Transport North East Committee

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- 4.1 Each of the projects described in this report have been through or are still going through feasibility assessments and option appraisals. As part of this process alternative options are considered to ensure the final schemes best meet the identified outcomes sought.

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

- 5.1 As outlined above there are a number of key local rail projects currently being progressed at various stages of development. Local lead sponsors are working with varying levels of assistance from Nexus officers to deliver projects within the NECA area. An overall network development approach is being overseen through the North East Rail Management Unit working with NECA and Tees Valley colleagues, Transport for the North, Rail North, Network Rail and the various train operating companies.
- 5.2 TNEC will be provided with regular update report on each of the schemes as they progress to fruition.

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

- 6.1 The delivery of all of the enhanced services and stations are being pursued to increase rail capacity and connectivity with the twin objectives of assisting with economic growth and improving public transport services.

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

- 7.1 Each of the schemes described above are subject to their promoting organisation financial controls.
- 7.2 Through the development of NERMU, the working partnership of local authorities is strengthening its key relationships with Network Rail, Rail North Ltd, Transport for the North and the train operators to use the scarce rail officer resources within the North East to maximum effect. Individual projects will need at times to call on external expertise as part of the development costs of projects.

### **8 Legal Implications**

- 8.1 Each of the schemes described above are subject to their promoting authorities legal controls

### **9 Key Risks**

## Transport North East Committee

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- 9.1 Each of the projects outlined in this report are subject to their own risk management approach.

### **10 Equality and Diversity**

- 10.1 The development and delivery of these schemes enhance connectivity to local rail services for all and as such do not negatively impact on Equality and Diversity.

### **11 Crime and Disorder**

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

### **12 Consultation / Engagement**

- 12.1 As each scheme progresses through the project development and delivery stages, the promoting authority undertakes consultation and engagement as appropriate.

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

- 13.1 By improving connectivity and capacity to rail travel overall benefits will be accrued with regards the environmental impacts of sustainable rail travel. However each of the projects will undertake an appropriate impact assessment as part of the scheme development and delivery considerations.

### **14 Appendices**

- 14.1 None

### **15 Background Papers**

- 15.1 None

### **16 Contact Officers**

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

## Transport North East Committee

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### 17 Sign off

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

### 18 Glossary

## Transport North East Committee

**Date:** 16 November 2017

**Subject:** Draft Transport Budget and Levies 2018/19

**Report of:** Chief Finance Officer

### Executive Summary

The purpose of this report is to provide the Transport North East Committee with a summary of the latest information about the draft transport budgets and transport levies for 2018/19 for consideration and comment in order to inform the recommendations to be made in the report to the NECA Leadership Board meeting on 21 November 2017 about the draft NECA budget for wider consultation. Further comments will be reflected in the report on the Budget and Transport Levies for 2018/19 due to be considered by the NECA Leadership Board on 16 January 2018. The Nexus elements of the budgets will also be considered in more detail by the Tyne and Wear Sub-Committee on 16 November 2017.

### Recommendations

The Transport North East Committee is recommended to:

- i. Note the contents of this report;
- ii. Note the current position with regard to the development of the overall potential transport net revenue budget of £83.690m proposed for 2018/19 as set out in section 2.1.1;
- iii. Consider the proposals and any comments or information that should be included in the report to the NECA Leadership Board on 21 November 2017 about the draft budget proposal for future years; and
- iv. Note that members of the committee will be informed of the results of consultation and given the opportunity to comment on Transport proposals that will be included in the NECA Leadership Board report to be considered on 16 January 2018.

## Transport North East Committee

### 1. Background Information

- 1.1 This report sets out a summary of the proposed draft Transport Revenue budget and levies for 2017/18 in order that recommendations can be agreed for inclusion in the budget report to the 16 January 2018. This is a requirement of the NECA constitution and needs to comply with regulations relating to the allocation of Transport Budgets and Levies.
- 1.2 The revenue position in the current year, as set out in a report elsewhere on this agenda, is positive with expenditure forecast to be within budget.
- 1.3 At this stage in the development of the Transport Revenue budget for 2018/19, the Transport Levies and net revenue budget are likely to be £83.482m, which is an overall reduction of £1.054m (-1.2%) on the current year. This reflects a proposed reduction in the Tyne and Wear levy of £1.240m (1.97%), a reduction in the Northumberland levy of £0.022m (0.36%) and an increase in the Durham levy of £0.208m (1.3%).

### 2. Proposals

#### 2.1 Transport Revenue Budgets 2018/19

- 2.1.1 The overall total proposed net revenue budget for transport in 2018/19 is £83.690m. This represents a net reduction of £1.054m (1.2%) on the budget for 2017/18 agreed by the Leadership Board in January 2017. Information about the draft budget and the levies for each of the three areas in NECA are summarised in the table below and set out in more detail in the following sections.

**Table 1: Summary of proposed transport budgets and levies 2018/19**

Area	Transport Levy	Change from 2017/18
	£	£
Durham	15,690,493	208,069
Northumberland	6,199,460	(22,280)
Tyne and Wear	61,800,000	(1,240,000)
<b>Total</b>	<b>83,689,953</b>	<b>(1,054,211)</b>

#### 2.2 Durham County Council

- 2.2.1 The budget and levy for public passenger transport activity in County Durham is expected to be in the region of £15.690m for 2018/19. This compares with a levy for 2017/18 of £15.482m.

## Transport North East Committee

### 2.2.2 Table 2: Draft Durham Transport Budget and Levy 2018/19

	Gross Expenditure £	Gross Income £	Net Expenditure £
Concessionary Fares	11,949,130	(9,500)	11,939,630
Subsidised Bus Services	4,656,971	(1,806,551)	2,850,420
Bus Stations	457,791	(314,211)	143,580
Bus Shelters	31,350	(12,120)	19,230
PT Information	184,440	(95,514)	88,926
Staffing	643,707		643,707
<b>Total Grant</b>	<b>17,923,389</b>	<b>(2,237,896)</b>	<b>15,685,493</b>
Share of NECA Transport Costs	5,000	0	5,000
<b>Transport Levy</b>	<b>17,928,389</b>	<b>(2,237,896)</b>	<b>15,690,493</b>

2.2.3 The net budget for 2018/19 is comparable with 2017/18 with minor changes in relation to an increase in payments for concessionary fares and an estimated 1% pay award. The focus of spend on subsidised services will continue to be on maintaining the level of accessibility in rural and semi-rural areas and supplementing the daytime commercial network with early and later journeys. In addition to public transport services, the transport team in Durham will continue to focus on integration and efficiency in the delivery of home to school transport and adult social care transport across the County.

### 2.3 Northumberland County Council

2.3.1 The budget and levy for public transport activity in Northumberland is £6.194m and £6.199m respectively for 2018/19. This compares with a budget of £6.222m for 2017/18. The budget and levy for 2018/19 is summarised in the table below.

**Table 3: Draft Northumberland Transport Budget and Levy 2018/19**

	Gross Expenditure £	Gross Income £	Net Expenditure £
Concessionary Fares	4,734,940	(12,940)	4,722,000
Subsidised Bus Services	1,826,740	(546,340)	1,280,400
Bus Stations	23,000	0	23,000
PT Information	25,000	0	25,000
Staffing	144,060	0	144,060
<b>Total Grant</b>	<b>6,753,740</b>	<b>(559,280)</b>	<b>6,194,460</b>
Share of NECA Transport Costs	5,000	0	5,000
<b>Transport Levy</b>	<b>6,758,740</b>	<b>(559,280)</b>	<b>6,199,460</b>

## Transport North East Committee

- 2.3.2 The net budget for 2018/19 is comparable with 2017/18 with minor changes on staffing due to vacancies and an analysis of time spent on combined authority activities. The budget for Bus Services is unchanged to its current level with no significant investment in the county's bus stations planned for 2018/19. The budgets assume a one percent pay award and that the grant received in respect of Bus Service Operators Grant will remain unchanged.

### 2.4 Tyne and Wear

- 2.4.1 Figures for the Tyne and Wear levy have been prepared on the basis of the potential 2018/19 figures discussed by the Leadership Board when it set the 2017/18 budget at its January 2017 meeting, which involved a proportionate saving for constituent authorities in line with their reduction in spending power (excluding the social care precept increase). In headline terms this would involve a cash saving to constituent councils of £1.240m in 2018/19 and an additional £0.590m in 2019/20, on top of the £2.080m (-3.2%) reduction applied in 2017/18.

- 2.4.2 The distribution of the levy within Tyne and Wear is based on population, and the amounts levied on each indicial authority will reflect changes in the population as well as the reduction in the overall total. The proposed levy for 2018/19 for each of the Tyne and Wear councils is shown below.

Council	Population (2016 Mid Year Estimates)	2018/19 Proposed Levy	Saving compared to 2017/18
		£	£
Gateshead	201,592	11,037,261	(253,824)
Newcastle	296,478	16,232,316	(220,583)
North Tyneside	203,307	11,131,158	(244,078)
South Tyneside	149,418	8,180,709	(170,984)
Sunderland	277,962	15,218,556	(350,531)
<b>Total</b>	<b>1,128,757</b>	<b>61,800,000</b>	<b>(1,240,000)</b>

- 2.4.3 This reduction would bring the overall annual transport levy reduction since 2011 to £11.992m (or 16.3%), which has largely been achieved through efficiency savings and temporary use of reserves, whilst protecting service outcomes to date. This level of saving while protecting service outcomes is a significant achievement, particularly in the light of the cost pressures in respect of concessionary travel, and outcomes in other regions around the country where there have been some significant cuts in services.

- 2.4.4 Proposals for the Nexus budget are set out in detail for consideration by the Tyne and Wear Sub-Committee as part of their agenda.

## Transport North East Committee

### Tyne and Wear Levy Budget – Nexus

- 2.4.5 The proposed allocation of the Tyne and Wear Levy between the grant to Nexus and the non-Nexus Tyne and Wear Transport budget is set out in the table below:

**Table 5: Allocation of the draft Tyne and Wear Levy for 2018/19**

	2017/18	2018/19	Change
	£	£	£
Levy budget (non-Nexus)	2,150,000	2,140,000	(10,000)
Grant to Nexus	60,890,000	59,660,000	(1,230,000)
<b>Total Levy</b>	<b>63,040,000</b>	<b>61,800,000</b>	<b>(1,240,000)</b>

- 2.4.6 Nexus has considered its spending plans for 2018/19, assuming that the budget was being set at a 'stand-still' i.e. if it were to maintain service outcomes whilst absorbing pay and price inflation as well as a further reduction in the grant it receives from the NECA via the levy. Estimates illustrate that a £1.2m reduction in the NECA grant will result in a shortfall in Nexus' budget of £2.1m (central case) and between £1.7m and £3.7m depending on whether a pessimistic or optimistic position is adopted. This approach has been taken due to a number of uncertainties affecting areas of the Nexus budget including the public sector pay cap, Metro fare revenue and the transition from outsourced arrangements for Metro to in-house provision.

- 2.4.7 As at 31 March 2017, Nexus' revenue reserves amounted to £15.5m. This is in addition to its capital reserves, earmarked for investment in capital projects, the most notable amount being the £15.0m earmarked to provide a local contribution for the new Metrocar fleet. Total capital reserves amounted to £28.2m as at 31 March 2017. It is therefore apparent that Nexus has options to cushion the impact of any grant reductions from the NECA during 2018/19 and possibly 2019/20, although Nexus' ability to continue absorbing the kind of cost pressures it has faced in the past diminishes over time.

### Tyne and Wear Levy Transport Budget (non-Nexus)

- 2.4.8 This budget primarily relates to activity inherited from the former Tyne and Wear ITA along with central transport activity funded by the levy. The vast majority (83%) relates to financing charges on historic debt. Additionally, there is budget provision to pay for support services, other supplies and services, independent members allowances, the external audit fee and a repayment to the Tyne Tunnels for use of reserves in 2013/14 to pay off the pension deficit.
- 2.4.9 The Tyne and Wear (former ITA) Transport Revenue reserves are estimated to be £0.298m at the year end as a result of a largely breakeven forecast for the year. The indicative budget for 2018/19 has been prepared on a steady state basis, with some minor reductions in interest charges, and is summarised in the table below.

**Table 6: Tyne and Wear Transport (former ITA) Budget**

## Transport North East Committee

	2017/18 Revised Estimate	2018/19 Original Estimate	Change
	£000	£000	£000
Support services	210	210	-
Administration and governance	42	42	-
Financing Charges	1,775	1,752	(23)
Contingency	110	110	-
<b>Total Spending</b>	<b>2,137</b>	<b>2,114</b>	<b>(23)</b>
Use of Transport Reserve	(13)	(26)	(13)
<b>Contribution from Levy</b>	<b>(2,150)</b>	<b>(2,140)</b>	<b>(10)</b>

### 2.5 Tyne Tunnels

2.5.1 The Tyne Tunnels are accounted for as a ringfenced trading account within the accounts of NECA, meaning that it is wholly funded from the tolls and Tyne Tunnels reserves, with no call on the levy or government funding at all.

2.5.2 In 2017/18 the original budget was for a small surplus against the Tyne Tunnels account. This is now forecast to be a largely breakeven position. More details are set out in the 2017/18 Revenue Budget Monitoring report elsewhere on this agenda. The indicative budget for 2018/19 is set out in the table below.

**Table 7: Tyne Tunnels Budget**

	2017/18 Revised Estimate	2018/19 Estimate	Change
	£000	£000	£000
Tolls Income	(26,296)	(25,970)	326
Contract payments to TT2	19,288	19,480	192
Employees	2	33	31
Pensions	54	54	-
Support Services	120	80	(40)
Supplies and Services	35	35	-
Community Fund	10	10	-
Financing Charges	6,996	6,579	(417)
Interest/Other Income	(50)	(50)	-
Repayment from TWITA reserves	(240)	(240)	-
<b>Contribution (to)/from reserves</b>	<b>(81)</b>	<b>11</b>	<b>92</b>

2.5.3 Further reductions in the toll income for 2018/19 are forecast due to the continuing

## Transport North East Committee

impact of the Silverlink works which began in August 2016, which has been affecting traffic flows during the current financial year. Traffic levels are forecast to improve during 2019/20.

2.5.4 The contract payments to TT2 are increased with the movement of the retail price index and the level of the vehicle tolls are periodically increased in line with movements of the retail price index. In 2018 it is proposed to increase the toll for class 3 Heavy Goods Vehicles by 10p to £3.40, reflecting the increase in the retail price index. This will restore the 2:1 ratio to the current toll on cars (class 2 vehicles), which will not increase next year. The recommendation for the increase in the class 3 toll will be considered by Tyne and Wear Sub-Committee on 16<sup>th</sup> November and by the Leadership Board at its meeting on 21<sup>st</sup> November.

2.5.5 The overall forecast position for 2018/19 is a small deficit of £11k, which would be met from the Tyne Tunnels reserves.

### 3. Reasons for the Proposals

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

### 4. Alternative Options Available

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

### 5. Next Steps and Timetable for Implementation

5.1 Further consultation on the 2018/19 budget proposals will be taking place during November and December. The Leadership Board will meet to agree the 2018/19 NECA Budget and Transport Levies on 16 January 2018, taking into account the recommendation from this committee as well as any comments made during the consultation process.

### 6. Potential Impact on Objectives

6.1 The report sets out the proposed transport finance and resourcing of the Combined Authority to support the delivery of its objectives

### 7. Financial and Other Resources Implications

7.1 The finance implications are set out in detail in the body of the report. The reserves identified in the report are considered to be appropriate to manage risks relating to transport activities of NECA.

## **Transport North East Committee**

### **8. Legal Implications**

- 8.1 The Authority has a duty to ensure it can deliver a balanced budget. The Local Government Act 2003 imposes a duty on an Authority to monitor its budgets during the year and consider what action to take if a potential deterioration is identified.
- 8.2 The treatment of transport costs and their funding through levies are set out in the NE Combined Authority Order and in the Transport Levying Bodies (amendment) Regulations 2014.

### **9. Key Risks**

- 9.1 Financial risks associated with the authority's transport activities, and actions taken to mitigate these, will be factored into strategic risk management processes for the Combined Authority. Reserves will be set to help manage risk and will take into account potential risks.

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

- 10.1 There are no specific equalities and diversity implications arising from this report.

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

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

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

- 12.1 The budget proposals for 2018/19 are currently subject to a period of consultation which includes the North East Leadership Board, Treasurers/Finance Directors meetings, Chief Executives meetings, meetings with individual Councils to discuss detailed budget points, consultation with the North East Chamber of Commerce and consideration by the Authority's Governance and Overview and Scrutiny Committees.

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

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

### **14. Appendices**

- 14.1 None

### **15. Background Papers**

## Transport North East Committee

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

### 16. Contact Officers

16.1 Paul Woods, Chief Finance Officer, NECA, [paul.woods@northeastca.gov.uk](mailto:paul.woods@northeastca.gov.uk), 07446936840

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

### 17. Sign off

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

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## **Transport North East Committee**

**Date:** 16 November 2017

**Subject:** Capital Programme Monitoring Report

**Report of:** Chief Finance Officer

### **Executive Summary**

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

### **Recommendations**

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

## Transport North East Committee

### 1. Background Information

- 1.1 In January 2017, NECA's capital programme for 2017/18 was agreed by the Leadership Board, totalling £128.052m of which £85.148m related to Transport projects. The programme was reviewed in light of the 2016/17 outturn and developments during the new financial year, and an update at the end of the second quarter is set out in the report.

### 2. Proposals

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

- 2.1.1 In January 2017 a base capital programme was approved by the Leadership Board which included £85.148m Transport projects, as set out in the table below. Elements of the programme have been revised following the outturn position, and the latest approved programme now totals £72.365m. Expenditure at this stage in the year totals £31.857m (pending some remaining quarter 2 LGF claims), which is in line with expectations. The projected outturn is estimated to be £74.407m, representing 103% of the latest approved budget. Details of revisions to the projected outturn and progress to date is set out in the relevant sections below.

#### 2.1.2

	Original approved	Latest approved	Spend to Q2	Projected Outturn
	£m	£m	£m	£m
Local Growth Fund Transport Schemes	29.728	16.705	5.837	21.848
Metro Asset Renewal Plan	41.686	41.169	19.855	37.998
Nexus Non-Metro Capital Programme	0.000	0.409	0.291	0.401
Tyne Tunnels	2.425	2.425	1.188	2.500
Other Transport Grants	11.309	11.660	4.686	11.660
<b>Total</b>	<b>85.148</b>	<b>72.368</b>	<b>31.857</b>	<b>74.407</b>

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

- 2.2.1 The forecast expenditure to the year end on Transport schemes within the LGF programme is £21.848m compare with an original budget included within the capital programme for 2017/18 of £29.728m and a latest approved (contracted) budget of £16.705m.
- 2.2.2 Expenditure to the end of quarter 2 (with a small number of claims awaiting assessment at the time of writing this report) is £5.837m, which is in line with expectations for this point in the year. Projects are making good progress against their contracted Key Performance Indicators (KPIs) with each KPI target

## Transport North East Committee

expected to be met for the current year.

2.2.3

Scheme	Approval Status	2017/18 Approved Budget	2017/18 Forecast	Spend to Date
		£m	£m	£m
Lindisfarne Roundabout	Approved	2.797	1.989	1.942
Northern Access Corridor Ph 2&3 Stage 2	Approved	1.025	0.531	0.475
Northern Access Corridor Ph 2&3 Stage 1	Approved	0.000	0.308	0.308
Local Sustainable Transport Fund Package	Approved	0.274	1.257	0.316
A19 employment corridor access improvements (North Tyne)	Approved	2.762	2.652	0.599
A191 junctions including Coach Lane and Tyne View Park	Approved	0.000	0.011	0.011
A1056-A189 Weetslade roundabout improvements and A1-A19 link (A1058)	Approved	0.000	0.893	0.286
Scotswood Bridgehead – Stage 1	Approved	0.000	(0.045)	0.000
South Shields Transport Hub – Stage 2	Pipeline	0.000	3.000	0.000
Sunderland Low Carbon Zone	Approved	0.000	0.297	0.297
A1058 Coast Road	Approved	2.395	2.923	1.022
Horden Rail Station	Approved	0.560	0.444	0.157
A185/A194/A19 (The	Approved	0.138	0.142	0.142

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Arches) – Stage 1				
A185/A194/A19 (The Arches) – Stage 2	Approved	3.432	3.432	0.000
Metro Enhancements	Approved	1.000	1.000	0.000
Blyth Cowpen Road	Approved	0.000	0.222	0.196
A19 North Bank Tyne (Swans) – Stage 2	Approved	2.322	2.322	0.086
A19/A189 Seaham Murton interchange	Pipeline	0.000	0.100	0.000
Newcastle Central Station Gateway	Pipeline	0.000	0.270	0.000
<b>Total</b>		<b>16.705</b>	<b>21.848</b>	<b>5.837</b>

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

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

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

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

2.3.3 Since the July 2017 meeting, there has been an overall reduction in the value of works being executed in the current year to £41.169m, despite the recent approval by the Leadership Board of Local Growth Funding for the Metro Maintenance and Renewals Skills Centre which is being built in South Shields town centre. This reduction concerns changes to the delivery of a small number of large projects, in particular:

- The replacement Radio and Rail Traffic Management System (RTMS)

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projects (£1.6m), where delays in obtaining Network Rail product approval for the new Radio system have pushed delivery of both into 2018/19

- Track renewals between Gateshead Stadium and South Shields (£6.5m), where a different configuration of the works being undertaken in order to minimise passenger disruption and achieve efficiencies is now being progressed. This involves packaging the renewals work separately to the refurbishment work with delivery now scheduled to commence in 2018/19 and continuing into 2019/20
- Rail Vehicle Accessibility Regulations works (£0.7m), where an application to DfT has been made to establish whether these works are required in view of the plan to replace the Metro fleet
- Replacement Point Motors (£0.8m), where the lead time for securing components and the access to the network has partly delayed the project to next year
- Overhead Line replacement, which has been re-profiled to future years to allow for delivery timescales of materials (£1.4m).

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

Year	2017/18	2018/19	2019/20	2020/21	Total
Current DfT grant profile	£29.7m	£23m	£18m	£18m	£88.7m
Agreed re-profiled grant profile	£24.7m	£23m	£21m	£20m	£88.7m
<b>Change</b>	<b>-£5m</b>	<b>-</b>	<b>+£3m</b>	<b>+£2m</b>	<b>-</b>

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

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

## Transport North East Committee

Board in June 2016.

- 2.3.6 At the end of the sixth of 13 periods (ending 16 September 2017), the Metro capital programme has been revised to £41.169m. In addition to the £11m of expenditure being carried forward to future years (outlined in paragraph 2.1.4 above) the budget now also includes the Killingworth Road Bridge replacement and the Metro Maintenance and Renewals Skills Centre (£6.5m).
- 2.3.7 The movement between the original budget for 2017/18 and the latest budget for 2017/18 can be summarised as follows:-

	£m
Re-phasing from 2016/17, increasing 2017/18 budget	4.6
Accelerated projects (from 2017/18 to 2016/17), reducing 2017/18 budget	(0.1)
Re-phasing from 2017/18 to future years, reducing 2017/18 budget	(12.6)
Accelerated projects (from 2018/19 to 2017/18), increasing 2017/18 budget	1.2
Other changes (largely inclusion of Killingworth Road bridge funded by Highways Challenge funding and Metro Maintenance and Renewals Skills Centre funded by LGF)	6.4
<b>TOTAL</b>	<b>(0.5)</b>

- 2.3.8 Expenditure as at the end of Period 6 is £19.855m. This represents 91% of the £21.932m minimum expenditure level required by DfT for this financial year.
- 2.3.9 The latest forecast to the year end is now £37.998m; lower than budgeted largely because of savings made in the delivery of track works in the North Tyneside area during the summer of 2017.
- 2.3.10 An evaluation of remaining risks in the programme together with several options to undertake managed re-profiling of expenditure will ensure that the final outturn falls within the DfT's prescribed funding tolerance (which as previously indicated, is required to be at least £21.932m and no more than £33.043m).
- At this stage any variation in expenditure against the revised budget that is not forecast to be incurred in the current year will be carried forward into the 2018/19 programme.
- 2.3.11 To 16 September 2017, the following key projects have been progressed:

## Transport North East Committee

- Renewal of the Killingworth Road Bridge was completed successfully and service resumed on 3 September as planned. Further non-disruptive works are continuing to restore temporary cable diversions and hand over the site to allow progression of highway works, separately commissioned by Newcastle City Council.
- Track renewal work in the summer blockade between Northumberland Park and South Gosforth also completed to programme allowing service to resume on 3 September. Further weekend and 'Control of Line' works will be carried out in October as planned, in order to finalise the works.
- Detailed survey and investigation work for the renewal and refurbishment of track from Gateshead Stadium to South Shields station is taking place. Initial design documentation is expected to be submitted in October. Work on site is planned to commence in mid-2018.
- A significant radio system milestone has been achieved, which should allow installation of equipment in Network Rail's Tyneside Control Centre, covering operation between Pelaw and South Hylton. This will enable full rollout of on-train equipment which follows successful pilot installations. This is currently programmed to complete in 2018/19.
- As a consequence of the impact of the current Radio programme on the Railway Traffic Management System (RTMS) a revised programme with the supplier has been agreed. Training, testing and monitoring continues.
- Refurbishment of five stations on the Airport line (Callerton, Bankfoot, Kingston Park, Fawdon and Wansbeck Road) has started. Refurbishment of Monkseaton, West Monkseaton and Cullercoats station will commence in November. Detailed designs are also being finalised for Shiremoor, Palmersville, Benton and Longbenton station refurbishments. Work is planned to commence at these stations in early 2018.
- Commissioning of live multifunctional relays in the power supply is expected to complete in November and will improve the resilience of Metro operations when power supply faults occur.
- The first two possessions for Overhead Line conductor and catenary wire replacement was completed successfully over the weekend of 16<sup>th</sup> & 17<sup>th</sup> September and 14<sup>th</sup> & 15<sup>th</sup> October.
- Pilot work to address cable degradation continues to plan with 11 of the planned 15 locations fully complete. It is intended to follow on with a full scale programme which will prioritise coastal areas based on age and harsher environmental conditions.
- Tyne Dock station refurbishment is progressing with painting complete and platform furniture and tactile surfacing now in place. Remaining work includes electrical systems and platform surfacing.

## Transport North East Committee

- Refurbishment of Monkseaton, West Monkseaton and Cullercoats station is planned to commence in November by the Nexus Capital Delivery team commencing with damp remediation at Cullercoats station.
- Detailed design is being finalised – sign off expected in early October - for Shiremoor, Palmersville, Benton and Longbenton station refurbishments. It is planned to competitively tender this scheme with work planned to commence in early 2018.
- Derogation is being sought regarding compliance with Rail Vehicle Accessibility Regulations pending replacement of the Metrocar Fleet – the specification of which will address this issue.

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

	Year to Date	Period 7 Forecast	Period 8 Forecast	Period 9 Forecast
	£m	£m	£m	£m
In Period Spend		2.17	3.42	1.97
Cumulative Spend	19.86	22.03	25.45	27.42

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

	Latest Approved Funding 2017/18 £000	Projected Funding 2017/18 £000
<b>ARP</b>		
Metro Rail Grant (MRP)	24,739	24,739
Local Contribution 10%		
• Local Transport Plan (LTP)	2,640	2,640
• Reserves	109	109
Over-programming	7,157	4,376
<b>Total - ARP</b>	<b>34,645</b>	<b>31,864</b>
<b>Other Schemes</b>		
• Highways Challenge Fund	4,496	4,434

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• Reserves	1,027	700
• Local Growth Fund	1,000	1,000
<b>Total – Other Schemes</b>	<b>6,523</b>	<b>6,134</b>
<b>Total</b>	<b>41,169</b>	<b>37,998</b>

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

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

<b>Nexus Non Metro Programme</b>	<b>Latest Budget 2017/18</b>	<b>Projected Outturn 2017/18</b>	<b>Period 6 Spend 2017/18</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cycling	69	71	71
Real Time	16	17	-
Wi-Fi	45	40	22
Ferry works	279	273	198
<b>Total Nexus Non Metro</b>	<b>409</b>	<b>401</b>	<b>291</b>

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

### 2.4.3 Non-Metro Capital Programme Financing

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

	<b>Latest Approved Funding 2017/18 £000</b>	<b>Projected Funding 2017/18 £000</b>
<b>Grant</b>		
Local Transport Plan (LTP)	77	77

## Transport North East Committee

<b>Nexus Contribution</b>		
Reserves	332	324
<b>Total</b>	<b>409</b>	<b>401</b>

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

2.5.1 The vast majority of the Tyne Tunnels capital programme relates to the refurbishment of the Tyne Pedestrian and Cycle Tunnels (Phase 3 Improvement Works). Works are funded from Tyne Tunnels ringfenced reserves and are forecast to total £2.500m at the year end, with £1.188m spend to the end of quarter 2.

2.5.2 The refurbishment works on the Tyne Pedestrian and Cyclist Tunnels continue to make progress, with civil engineering, mechanical and electrical contractors working on site. Some additional concrete and steelwork repairs have been identified at the base of the lift shafts, which will be accommodated within the existing programme of works.

The refurbishment works currently progressing include:

- Installation of paving flags in the pedestrian and cyclist tunnels;
- Installation of cladding panels to the inclined escalator shafts, with works to the north incline being completed;
- Injection and coating works to deal with leaks in the inclined shafts;
- Injection works within the pedestrian and cyclist tunnels;
- Installation of mechanical and electrical equipment throughout the works.

A report with a more detailed update is on the agenda for the Tyne and Wear Sub Committee.

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

2.6.1 Local Transport Plan (LTP) Integrated Transport Block grant is a flexible source of capital funding which is awarded to NECA by the DfT. This grant is paid out to NECA's constituent authorities and Nexus to deliver transport capital schemes, and is paid on a quarterly basis. In the case of Nexus, the grant provides match funding to the Metro Capital grant funding the Metro Asset Renewal Programme. To the end of Q2, a total of £4.686m had been paid out to the NECA constituent authorities, and the forecast to the year-end remains £11.460m.

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

## Transport North East Committee

2.6.3

	Original approved	Latest approved	Spend to Q2	Projected Outturn
	£m	£m	£m	£m
Local Transport Plan (Less Metro ARP Local Contribution shown above)	11.309	11.460	4.686	11.460
North East Smart Ticketing Initiative	0.000	0.200	0.000	0.200
<b>Total</b>	<b>11.309</b>	<b>11.660</b>	<b>4.686</b>	<b>11.660</b>

### 3. Reasons for the Proposals

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

### 4. Alternative Options Available

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

### 5. Next Steps and Timetable for Implementation

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

### 6. Potential Impact on Objectives

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

### 7. Financial and Other Resources Implications

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

### 8. Legal Implications

- 8.1 The Authority has a duty to ensure it can deliver a balanced budget. The Local Government Act 2003 imposes a duty on an Authority to monitor its budgets

## Transport North East Committee

during the year and consider what action to take if a potential deterioration is identified.

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

### **9. Key Risks**

- 9.1 Financial risks associated with the Authority's activities, and actions taken to mitigate these, will be factored into strategic risk management processes for the Combined Authority. Detailed operational risk registers are maintained by the delivery bodies responsible for the individual projects and programmes set out in this report.

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

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

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

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

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

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

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

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

### **14. Appendices**

- 14.1 Appendix A – Metro Asset Renewal Plan

### **15. Background Papers**

- 15.1 Capital Programme 2017/18 – 17 January 2017

### **16. Contact Officers**

## Transport North East Committee

16.1 John Fenwick, Director of Finance and Resources, Nexus,  
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Eleanor Goodman, Principal Accountant, NECA,  
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### 17. Sign off

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

## Transport North East Committee

### Appendix A – Metro Asset Renewal Plan

Asset Category	Budgets					Forecasts			
	Original Approved Budget (DfT submission) 2017/18	Amended Programme 2017/18	Approved Programme 2018/19	Approved Programme 2019/2020	Total Budget 2017/18-2019/20	Period 6 Forecast 2017/18	Period 6 Forecast 2018/19	Period 6 Forecast 2019/20	Total Forecast 2017/18-2019/20
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Civils	1,213	1,527	2,232	1,069	4,828	1,449	2,263	1,440	5,152
Communications	2,745	2,656	2,937	115	5,708	2,646	2,352	58	5,056
Level Crossings	0	0	0	0	0	3	0	0	3
Mechanical & Electrical	480	479	80	80	639	281	149	80	510
Metro Cars	1,650	1,650	1,663	1,300	4,613	1,900	1,663	1,300	4,863
Miscellaneous	520	714	140	140	994	608	140	140	888
Project Management Costs	150	0	1,600	1,700	3,300	0	1,600	1,700	3,300
Overhead Line	3,655	3,171	4,766	3,384	11,321	3,030	2,541	3,079	8,651
Permanent Way	21,990	17,049	17,039	2,987	37,075	15,537	15,278	1,724	32,539
Plant	0	6	0	0	6	8	0	0	8
Power	0	148	0	69	217	151	0	0	151
Signalling	6,001	3,598	3,035	1,044	7,676	3,180	2,496	927	6,603
Stations	3,281	3,648	5,782	849	10,279	3,071	2,534	2,074	7,679
<b>Total ARP Programme</b>	<b>41,686</b>	<b>34,645</b>	<b>39,274</b>	<b>12,737</b>	<b>86,656</b>	<b>31,864</b>	<b>31,015</b>	<b>12,522</b>	<b>75,401</b>
Other Projects	0	6,523	8,161	340	15,024	6,134	9,149	0	15,283
<b>TOTAL</b>	<b>41,686</b>	<b>41,169</b>	<b>47,434</b>	<b>13,077</b>	<b>101,680</b>	<b>37,998</b>	<b>40,164</b>	<b>12,522</b>	<b>90,684</b>

## Transport North East Committee

**Date:** 16 November 2017

**Subject:** Revenue Budget Monitoring Report

**Report of:** Chief Finance Officer

### Executive Summary

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

In overall terms, net expenditure reported against the NECA budget is forecast to be slightly less than the original estimate, with a slight surplus against the levy of £23k compared with the original estimate of £8k.

Within this, Nexus are forecasting a significantly better position than originally budgeted, with a forecast surplus of £1.140m as compared with the original budgeted deficit of £1.610m, as set out in detail in the report. Durham County Council are forecasting a slight overspend (£0.171m) against the original budget. Northumberland County Council are also forecasting an underspend against the transport grant (£0.246m). These surpluses or deficits against the revenue grant funding from NECA will be retained or funded by the respective body at the year end in line with the usual arrangements.

### Recommendations

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

## Transport North East Committee

### 1. Background Information

- 1.1 At its meeting held on 20 January 2017, the Leadership Board received a report from the Chief Finance Officer setting out the Authority's proposed base net revenue budget for 2017/18 for Transport activity of £84.7m.

### 2. Proposals

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

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

2.1.2

	2017/18 Original Budget	2017/18 Forecast	Spend to Date
	£000	£000	£000
Transport Levy	(84,744)	(84,744)	(42,372)
Grant to Durham	15,447	15,447	7,724
Grant to Northumberland	6,217	6,217	3,109
Grant to Nexus	60,890	60,890	30,445
Retained Transport Levy Budget	2,182	2,167	1,019
<b>Contribution (to)/from NECA Reserves</b>	<b>(8)</b>	<b>(23)</b>	<b>(75)</b>

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

- 2.2.1 This budget relates primarily to activity inherited from the former Tyne and Wear ITA (TWITA), as well as some costs such as external audit and the cost of servicing Transport Committees which relate to the whole NECA area. The majority of the budget relates to financing charges on historic supported borrowing debt. Additionally, there is budget provision for Support Services, independent members allowances and a repayment to the Tyne Tunnels for use of its reserves in 2013/14 to pay of the former TWITA pension deficit.
- 2.2.2 A substantial reduction in the annual budget for financing charges is in effect from 2017/18, which results from changes made by the Authority in the method used to calculate its Minimum Revenue Provision – the amount set aside from the revenue budget for the repayment of historic debt. This has enabled a reduction of circa £0.500m in the NECA Retained Transport Levy budget.

## Transport North East Committee

- 2.2.3 The table below shows expenditure to the end of the second quarter compared to the budget for the year set in January 2017 and the forecast for 2017/18. A slight reduction in forecast costs for Support Services means that the overall position is a likely small contribution to reserves at the year end.

	2017/18 Original Budget	2017/18 Forecast	Spend to Date
	£000	£000	£000
Support Services	243	223	100
Training, Travel and Subsistence	3	2	-
Independent Members Allowances	5	5	1
Supplies and Services	22	22	17
Devolution/Contingency	110	110	-
Financing Charges	1,529	1,535	767
Repayment to Tyne Tunnels Reserves	240	240	120
Contribution from Levy	(2,160)	(2,160)	(1,080)
<b>Contribution (to)/from Reserves</b>	<b>(8)</b>	<b>(23)</b>	<b>(75)</b>

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

- 2.3.1 The forecast for 2017/18 at the end of quarter 2 shows that there will be a small budget overspend for the year of £0.170m against the NECA transport grant. This is due to the following:

- **Subsidised Services (£0.167m over budget)** – this results from additional contract costs and annual price review of contracts.
- **Bus Stations (£0.016m over budget)** – this results from increased Repairs and Maintenance activity and vandalism.
- **Bus Shelters (£0.020m over budget)** – this results from increased repairs and maintenance activity.
- **Staffing (£0.033m under budget)** – this results from vacancy savings.

### 2.3.2

	Original Budget	Spend to Date (Aug 2017)	Forecast to Year end	Variance (Budget vs Forecast)
	£000	£000	£000	£000
Concessionary Fares	11,738	4,971	11,738	0
Subsidised Services	2,850	514	3,018	168
Bus Stations	144	270	160	16
Bus Shelters	19	44	39	20
Passenger Transport	89	21	89	0

## Transport North East Committee

Information				
Staffing	637	232	604	-33
Share of NECA Transport Costs	5	0	5	0
<b>Net Expenditure</b>	<b>15,482</b>	<b>6,051</b>	<b>15,653</b>	<b>171</b>

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

2.4.1 The latest forecast indicates that expenditure will underspend in the current financial year for both Concessionary Fares and Subsidised Bus Services.

The main areas of expenditure operated by Northumberland are:

- i) Concessionary Fares – Although claims from operators are received monthly all adjustments to reimbursement rates are made quarterly to ensure that operators are being reimbursed with an accurate overall rate. Based on data received to the end of September 2017 and trends from previous financial years it is forecast that Concessionary Fares will underspend by £0.100m. A fixed price deal for the period 2017/18 to 2019/20 has been agreed with a major operator, accounting for 75% of concessionary journeys in Northumberland, to allow budget certainty for the authority.
- ii) Subsidised Bus Services – The Council supports a range of socially necessary bus services, mainly in the rural North and West areas of the County but also some in the more urban South East. It is forecast that the Council will underspend by £0.146m at the end of the financial year due to contracts switching to tendered values rather than being supported with Bus Service Operators Grant (BSOG). No new routes will be added to the network to utilise this underspend as current BSOG grant ceases on 31<sup>st</sup> March 2018. The Council is currently awaiting an announcement on its replacement and the level of grant that will be received from 1<sup>st</sup> April 2018.

2.4.2

	<b>Original Budget</b>	<b>Spend to Date</b>	<b>Forecast to year</b>	<b>Variance (Budget</b>
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## Transport North East Committee

			end	vs outturn)
	£000	£000	£000	£000
Concessionary Fares	4,722	2,234	4,622	(100)
Subsidised Bus Services	1,304	361	1,158	(146)
PT Information	28	0	28	0
Staffing	163	81	163	0
<b>Net Expenditure</b>	<b>6,217</b>	<b>2,676</b>	<b>5,971</b>	<b>(246)</b>

### 2.5 Nexus Budget 2017/18 Update

#### 2.5.1 Base Budget 2017/18 Update

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

2.5.2 A significant development for Nexus is that on 1 April 2017 over 500 employees transferred into a newly formed subsidiary company, North East Metro Operations Limited (NEMOL), from DB Regio Tyne and Wear Limited (DBTW), whose concession for operating the Metro system expired on the same day. The costs for the subsidiary are reported through Nexus' financial review and are included in the 'Metro' service line.

2.5.3 Since the Leadership Board agreed the budget in January, there have been a number of permanent changes to the base budget totalling £1.919m, as detailed below, resulting in a revised base budget surplus for the year of £0.309m. However, one-off budget increases of £0.305m have offset this position such that the revised 2017/18 revenue budget is a surplus of £0.004m.

	£m	£m
<b>Base budget deficit</b>		1.610
<b>Permanent Reductions to Base</b>		
Secured Services	(0.750)	
Concessionary Travel	(0.600)	
HV Power	(0.500)	
Establishment Savings	(0.069)	(1.919)

## Transport North East Committee

<b>Revised base budget surplus</b>		(0.309)
<b>Additional one-off variations 2017/18</b>		
Ferry Landing Repairs	0.288	
Cash handling	0.017	0.305
<b>Revised 2017/18 surplus</b>		<b>(0.004)</b>

The above budget changes are summarised below:

- Bus Secured Services** – The 2017/18 Secured Services budget was set with reference to the 2016/17 budget plus contract price adjustments of £0.300m, mainly to absorb inflationary pressures. However, since the budget was formulated in November 2016, there have been a number of changes totalling £0.750m due to the following:
  - Contract renewals have been in line with the previous year, and in some cases at a lower price;
  - When contract renewals are confirmed, the new contracts included route efficiencies and the merging of some routes into one; and
  - Some services have become commercial and are no longer secured.
- Concessionary Travel** – A surplus of £0.600m is forecast because of savings accruing from the negotiated agreements Nexus has with various bus operators.
- HV Power** – The base budget included a provision for High Voltage Power based on information supplied to Nexus by Npower during the budget setting process which factored in a growth in the electricity cost. However, whilst growth is still expected compared to the previous year, the cost of electricity has recently reduced, resulting in a £0.500m base budget reduction.
- Establishment Savings** – The employee base budget has been adjusted to reflect the savings achieved through the reorganisation which took place at the end of 2016/17. This exercise identified savings totalling £0.069m in excess of the (budgeted) target of £0.800m.

### 2.5.4 Forecast 2017/18

The forecast outturn for 2017/18 for Nexus as at the end of reporting period 6 (to 16<sup>th</sup> September 2017) is a surplus on the budget before taxation of £1.140m, a positive variation on the revised budget of £1.136m.

Service Area	2017/18 budget £m	2017/18 Forecast £m	Variation £m
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## Transport North East Committee

ENCTS	35.166	34.300	(0.866)
Discretionary CT	4.626	4.611	(0.015)
Metro	4.228	3.966	(0.262)
Ferry	1.461	1.456	(0.005)
Local Rail	0.175	0.175	(0.000)
Bus Services	11.639	11.671	0.032
Bus Infrastructure	1.817	1.769	(0.048)
Public Transport Information	1.774	1.802	0.028
<b>TOTAL REQUIREMENT</b>	<b>60.886</b>	<b>59.750</b>	<b>(1.136)</b>
<b>NECA GRANT (LEVY)</b>	<b>(60.890)</b>	<b>(60.890)</b>	<b>0.000</b>
<b>(SURPLUS) / DEFICIT</b>	<b>(0.004)</b>	<b>(1.140)</b>	<b>(1.136)</b>

The identified variation is due to the following:

- Metro fare revenue £0.400m** – Now that six periods have elapsed, it is becoming apparent that fare revenue is likely to be lower than budget by the end of the financial year. Whilst it is still too early at this stage to forecast with a high degree of confidence a range of possible outcomes show that as at period 6, the fare revenue shortfall for 2017/18 is expected to be between £0.300m and £0.600m below the budget set of £45.098m, with a further £0.100m reduction due to a deterioration in Nexus' share of the Network One (NTL) market. This is equivalent to a 0.9% to 1.6% variation from the base budget.

As a result, the Metro fare revenue forecast has been reduced by £0.400m this period; this will be kept under close review during the remainder of the year.

- Concessionary Travel clawback (£0.880m)** – Passenger boardings for 2016/17 were lower than target meaning that Nexus has invoked clawback provisions in its CT agreements totalling £0.880m. This is a one off item and will not affect the base budget.
- Metro Extensions (£0.255m)** – Within the Metro Futures budget for 2017/18 there is a provision for an “extensions” workstream. The latest indications are that maximum expenditure this financial year on the extensions workstream will be £0.255m less than initially envisaged. This is a multi-year project and a profiled budget is being developed as part of the 2018/19 budget setting process.

## Transport North East Committee

- **Other (£0.401m)** – Other savings totalling £0.401m have been identified across a range of budgets. The majority of this value can be explained by the following:
  - A rebate of £0.180m has been received from Npower in respect of over payments made during the 2016/17 financial year. The rebate is a result of a reduction in the unit cost of electricity achieved during the prior year, influenced by the flexible purchasing solution now being offered by NEPO.
  - Additional establishment efficiencies in various departments as a result of time taken to fill vacant posts has resulted in an estimated saving of £0.218m as at the end of period 6.

### 2.6 Tyne Tunnels Revenue Budget 2017/18 Update

- 2.6.1 The Tyne Tunnels are accounted for as a ringfenced account within the NECA budget, meaning that all costs relating to the tunnels are wholly funded from the tolls and Tyne Tunnels reserves, with no call on the levy or government funding. The forecast position for 2017/18 against the Tyne Tunnels account is a largely breakeven position, with a small contribution to the ringfenced Tunnels reserve.
- 2.6.2 The forecast for tolls income and contract payments has been further revised downwards as traffic levels through the Tunnels continue to be lower than previously experienced, which has been the case since commencement of the Silverlink works in August 2016.
- 2.6.3 The forecast for Employee Costs has reduced significantly as the Tyne Tunnels Monitoring Officer moved to a new position earlier this year. There has been a corresponding increase in the Support Services budget, as the responsibilities associated with this role will be covered through a service level agreement for the remainder of the financial year.
- 2.6.4 The forecast for financing charges has increased compared to the original budget, as it is proposed to set aside an additional voluntary amount for debt repayment, in addition to the required minimum revenue provision. All other forecasts are largely in line with the original estimates.
- 2.6.5 The table below sets out expenditure to the end of quarter 2 against the budget set in January 2017, with a small surplus against the account forecast at the year end, which would result in a small contribution to the Tyne Tunnels reserve.

	2017/18 Original	2017/18 Forecast	Spend to Date

## Transport North East Committee

	<b>Budget</b>		
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Tolls Income	(28,000)	(26,296)	(13,778)
Contract Payments	21,400	19,288	9,934
Employee Costs	32	2	2
Pensions	53	54	25
Support Services	90	120	43
Supplies and Services	35	35	18
Community Fund	10	10	-
Financing Charges	6,778	6,996	3,389
Interest/Other Income	(75)	(50)	(10)
Repayment from TWITA	(240)	(240)	(120)
<b>Total contribution (to)/from reserves</b>	<b>83</b>	<b>(80)</b>	<b>(497)</b>

### 3. Reasons for the Proposals

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

### 4. Alternative Options Available

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

### 5. Next Steps and Timetable for Implementation

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

### 6. Potential Impact on Objectives

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

### 7. Financial and Other Resources Implications

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

### 8. Legal Implications

- 8.1 The Authority has a duty to ensure it can deliver a balanced budget. The Local

## Transport North East Committee

Government Act 2003 imposes a duty on an Authority to monitor its budgets during the year and consider what action to take if a potential deterioration is identified.

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

### **9. Key Risks**

- 9.1 Financial risks associated with the authority's activities, and actions taken to mitigate these, will be factored into strategic risk management processes for the Combined Authority.

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

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

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

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

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

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

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

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

### **14. Appendices**

- 14.1 None

### **15. Background Papers**

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

### **16. Contact Officers**

- 16.1 John Fenwick, Director of Finance and Resources, Nexus,

## Transport North East Committee

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### 17. Sign off

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

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