



North East Leadership Board

Tuesday 14th July 2015 at 2.00 pm

Meeting to be held at Northumberland County Council, County Hall, Morpeth, NE61 2EF

SUPPLEMENTAL AGENDA No.3

Page No

4. Updates from Thematic Leads

(c) **Transport**

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To All Members

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North East Combined Authority

Leadership Board

DATE: 14 July 2015

SUBJECT: Thematic Lead Update Report

REPORT OF: Thematic Lead for Transport

EXECUTIVE SUMMARY

This report outlines details of major transport developments and announcements since the last update report was provided to the Leadership Board on 21st April 2015.

RECOMMENDATIONS

It is recommended that the Leadership Board note the contents of this report.

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1. **Transport developments and announcements since the previous report**

1.1 Since the last full meeting of the Leadership Board, there have been a number of significant transport announcements affecting the North East and these are detailed below. As part of the devolution debate, we continue to make the case for secure long-term devolved funding streams instead of piecemeal funding opportunities based around specific projects selected by Whitehall.

2. **Transport for the North**

2.1 As previously advised, the North East Combined Authority is working as part of the Transport for the North (TfN) partnership, to promote investment in key inter-city connections across the north of England.

2.2 Following the General Election, the Chancellor has re-affirmed the government's support for the Northern Powerhouse and James Wharton, the Member of Parliament for Stockton South, has been appointed as Minister for Local Growth and the Northern Powerhouse.

2.3 A Northern Region Freight and Logistics Strategy has been commissioned, to report in 2016, and a private sector reference group, including representatives from this region, is being established to ensure that businesses involved in the movement of goods can inform the strategy.

2.4 The next key step is to review and agree governance for the programme with an independent Chair to be appointed by the autumn and a suitable budget available for development of the programme proposals.

2.5 On 25th June, the Secretary of State for Transport announced that, following a review of Network Rail's upgrade programme, work on TransPennine electrification will be "paused". The Chief Executive of Network Rail has stated that a number of enhancement projects may take longer to deliver and cost more than envisaged. This has understandably raised concern for the delivery of the Northern Powerhouse.

2.6 As our local authority representative on the TfN Partnership Board, I will continue to make the case for the interests of the region and work with colleagues across the north to ensure that the government's bold pledges about the "Northern Powerhouse" are turned into reality – with clear timescales for when promised improvements will be secured.

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3. Transport Vision for the North East

3.1 As Board Members will be aware, the North East Combined Authority needs to produce a Transport Plan, not least to replace the existing three Local Transport Plans (Durham, Northumberland and Tyne and Wear) with a more strategic document which reflects our ambitions as a Combined Authority.

3.2 Production of this Plan will be a two-stage process:

1. A Transport Manifesto setting out high level ambitions, followed by
2. The Transport Plan – a comprehensive, statutory document

3.3 A draft Manifesto is in development and will be the subject of widespread consultation. It is people-focused and emphasises the importance of transport as an ‘enabler’ that facilitates access to services and facilities, supports the aspirations of the Strategic Economic Plan and ultimately promotes growth, prosperity and well-being for all our residents. Regular reports will continue to be taken to the Transport North East Committee offering Members the opportunity to discuss and inform the development of the Transport Vision and the ensuing Plan.

4. Local Growth Fund Transport Schemes

4.1 As the Leadership Board will be aware, in 2014 it was announced that 15 road and public transport schemes, plus a Local Sustainable Transport Fund (LSTF) package, due to commence delivery in 2015/16, had been granted funding from the Local Growth Deal. As part of the deal, a provisional funding allocation has also been made for five more projects starting in 2016/17.

4.2 As business cases for the various schemes are concluded, and subject to their undergoing satisfactory independent assessment, they will be brought forward to this Board or to the Transport North East Committee for final approval to release funding.

4.3 A separate report in respect of the LSTF package is on the agenda for this meeting.

5. Roads

5.1 As part of the Roads Investment Strategy, a strategic study of the Northern Trans-Pennine corridor (A66/A69) has been commissioned which will explore the case for dualling the A69 and/or A66, with the aim of creating a new strategic link across the Pennines in northern England. This will also meet the aspirations set out by Transport for the North.

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6. Rail

6.1 Proposals to operate additional East Coast services

6.1.1 As reported previously, three companies have submitted formal track access rights applications to the Office of Rail and Road Regulation proposing to operate additional trains on the East Coast Main Line. They are:

- Virgin Trains East Coast (the incumbent operator) – seeking to secure access rights to deliver its own committed additional services. This would provide an additional hourly service between Newcastle and London Kings Cross.
- Alliance Rail Holdings (open access operator) – seeking to run hourly services between Edinburgh and London from 2016, calling at Newcastle, under the name of Great North Eastern Railway Co Ltd.
- First Group (open access operator) – seeking to run several trains a day between London King's Cross and Edinburgh from 2018, via intermediate stations at Stevenage, Newcastle and Morpeth

6.1.2 Whichever combination of these services is granted access, the NECA area's rail connectivity should improve. However, the introduction of new services would highlight once again the limited capacity on the route north of Northallerton, reinforcing the case we continue to make for investment on this section of route to address the current constraints.

6.2 Rail North and the Northern and TransPennine Express franchises

6.2.1 Bids for both of the above franchises have recently been submitted (bids for TransPennine Express on 28th May and bids for Northern on 26th June). I welcome the fact that, due to strong lobbying from Rail North and from local authorities and Members of Parliament across Northern England, the government's minimum requirements for the franchises will deliver significant improvements, including the replacement of outdated 'Pacer' rolling stock, improved services, a dedicated North East management unit, and investment in stations.

6.2.2 Another positive development is the fact that Rail North will participate with the Department for Transport in the detailed evaluation process for each franchise, with each bid being assessed for quality and price. The successful bidders for both franchises are expected to be announced in late 2015, with the new franchises commencing on 1st April 2016.

6.2.3 In my capacity as Chair of the Transport North East Committee, I am representing the North East Combined Authority on Rail North, with Cllr Neil Foster from Durham Council as the designated deputy.

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6.3 North East Rail Management Arrangements

- 6.3.1 It is proposed that those Local Transport Authorities within the North East rail geography – namely the NECA, the five Tees Valley authorities, North Yorkshire and Cumbria County Councils - formally collaborate to deliver greater local accountability over local rail services. This 'Business Unit' of authorities would act within the Rail North Partnership described in 2.4 above, to undertake delegated management responsibilities and liaise with the new Northern Rail Franchisee to deliver local outputs.
- 6.3.2 On behalf of the NECA, Nexus officers have developed a draft Collaboration Agreement to identify a proposed governance structure, funding arrangements and outline Business Plan for the first year of operation. Officers will liaise with colleagues from the Tees Valley, North Yorkshire and Cumbria to refine and finalise this Agreement, and a proposal will be brought forward to the Transport North East Committee for approval in due course.

6.4 Network Rail's Long Term Planning Process

- 6.4.1 In September 2016, Network Rail will present their Initial Industry Plan for investment in the rail network during their next Control Period, which will run from 2019 until 2024.
- 6.4.2 To inform this Plan, Network Rail are conducting a series of planning exercises, called 'Route Studies', to determine where investment is required and how this investment should be distributed. The East Coast Main Line will be subject to its own Route Study, as will the local routes within North East England.
- 6.4.3 The Combined Authority has been invited to participate in the planning process for both the East Coast Main Line and North East England Route Studies. In addition, Nexus have been invited to participate in the North East Route Study in their capacity as service funder of the Tyne and Wear Metro.
- 6.4.4 We will use this opportunity to advocate investment in rail infrastructure throughout the North East, in line with the aspirations set out in the North East Rail Statement.

7 Public Transport

7.1 Quality Contract Scheme

- 7.1.1 The Quality Contracts Scheme Board meets between 13th July and 24th July at venues in Newcastle and Sunderland. The Board is to consider whether the scheme meets the public interest criteria and whether the procedural requirements have been complied with, making recommendations to the NECA based on their examination.

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7.1.2 The Board hearings will be in public other than where confidential material is discussed, and include oral evidence from various parties. Due to the weight of evidence, the QCS Board now plans to publish its opinion by 31st October 2015, a timescale set out in the previous report.

7.1.3 The Queen's Speech to the Houses of Parliament on 27th May contained references to a new Buses Bill to allow certain local transport authorities to develop bus franchising. We will explore whether the new statutory arrangements provide opportunities for the North East, as part of our discussions with government on a devolution package.

7.2 Metro Funding

7.2.1 Nexus is pressing the Department for Transport for years seven and eight (2016/17 and 2017/18) of the current Metro Asset Renewal Programme to be funded in full. The DfT has so far committed to 75% funding for these years with the remainder to be included in a spending review. All previous years of the programme have been funded in full, based on positive assessment of project delivery to date.

7.2.2 Nexus, on behalf of the NECA, continues to develop the business case for a new Metrocar fleet, given that delivery from 2022 is estimated to provide the best benefit-cost ratio. The business case is being developed around the concept of a fleet which would serve the existing Metro network primarily, but with the capability to run on the wider rail network in the region, including lines without passenger service or which have been mothballed. Investment in a new Metro fleet and potential extensions of the system and its benefits are expected to form a key part of the NECA's new transport manifesto and plan, and our devolution proposals.

7.3 Smart Travel

7.3.1 The roll-out of projects to extend the availability and use of smart payment on public transport continue to gather pace. More than two million journeys on Metro alone have been made since April 2015 using smart cards, including the Pop card for Metro season ticketholders

7.3.2 Pilot groups are also now making 'Pay As You Go' smart journeys on Metro and bus routes in County Durham, Northumberland and Tyne and Wear, with a cash fare deducted from a balance held on the customer's Pop card deducted with each journey. This benefit will be extended in stages to greater numbers of passengers from summer 2015 onwards.

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8. Sustainable transport

8.1 Cycling

8.1.1 On 25th and 26th June, Newcastle was proud to host the prestigious Cycle City, Active City Conference, offering delegates the opportunity to hear a range of high profile speakers and experts from across Europe explain and demonstrate how lessons from around the world can be applied here in the UK to promote cycling and physical activity.

8.1.2 I had the pleasure of welcoming delegates to the event and amongst the keynote speakers were British former racing cyclist, Chris Boardman MBE and Minister of Transport Robert Goodwill. The Conference was followed on the Saturday by the Skyride NewcastleGateshead, with thousands of cyclists enjoying a traffic-free bike ride on a special route passing some of the most iconic landmarks on both banks of the River Tyne.

8.2 Low-Carbon Vehicles

8.2.1 In December 2014 the Office for Low Emission Vehicles (OLEV) announced three funding schemes aimed at encouraging the uptake of low emission vehicles;

- Go Ultra Low City Scheme
- Low Emission Bus Scheme
- Ultra Low Emission Vehicle Taxi Scheme

8.2.2 A separate report will outline the current position in respect of these funding schemes and anticipated NECA bids.

9 Aviation

9.1 On 1st July, the Davies Commission, set up by the coalition Government to address the issue of how the UK could maintain its status as an aviation hub, published its final report. It advises that a new full-length, north-west runway at Heathrow offers the "strongest case" with the "greatest strategic and economic benefits". The Prime Minister has promised a decision by the end of the year. We have consistently emphasised the importance of the link from Newcastle International Airport to the Heathrow hub, increasing the number of global destinations that are available from this region with one change of plane.

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10. Digital Connectivity Update

10.1 Introduction

10.1.1 In the light of our Strategic Economic Plan's focus on the broader issue of "connectivity", this report also provides an update on activity across the NECA area in respect of our commitment to enhance digital connectivity.

10.2 Background

10.2.1 North East councils have prioritised digital connectivity to ensure that both businesses and individuals can fully realise the opportunities that are available in an evolving and increasingly technology driven economy. The main focus of activity is:

- Supporting the development of digital skills and facilitating take-up
- Delivering hard infrastructure where it is needed
- Delivering superfast broadband
- Supporting business needs and improving digital inclusion

10.2.2 The region has considerable strengths in this area, and in recent years has seen more new technology company start-ups than any area of the UK outside of London. The North East has emerged as one of the leading centres for digital games development and start-ups, with dynamic clusters that act as a magnet for entrepreneurs and students.

10.2.3 Business and residents have expectations for digital connectivity that are comparable to the most advanced cities in the world. It is vital that we are ambitious in our approaches and meet these expectations to ensure we are competitive now and in the future. Digital is an evolving agenda and we must strive to be at the forefront of this agenda for future economic success.

10.3 Current Activity

10.3.1 Superfast broadband - all councils have contracts in place with BT as part of the BDUK national programme to deliver the following coverage:

- Durham - 97.7% by June 2019
- Gateshead – 98.9% by June 2019
- Newcastle – 97% by Summer 2015
- North Tyneside – 99.8% by June 2019
- Northumberland – 93% by September 2017
- South Tyneside – 99.15% by June 2019
- Sunderland - 98.95% by June 2019.

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- 10.3.2 Targets set out in the SEP have been revised from 99% access by 2016, to reflect the national programme and availability of infrastructure to deliver. Infrastructure requirements for Broadband availability are being met as part of existing contracts with BT where possible.
- 10.3.3 Connection Vouchers – a scheme is being delivered for all North East councils by Newcastle City Council. This provides vouchers worth up to £3000 each for SMEs to get connected to Superfast broadband. There have been 144 bespoke vouchers issued, valued at £347,116, plus 140 contracts signed for the pre-registered scheme totalling an additional £47,721.
- 10.3.4 Public Wi-fi - Gateshead and Newcastle councils are working with BT to deliver public Wi-fi in the urban core, using street furniture. Northumberland is planning to trial street level Wif-fi in areas of multiple deprivation as part of street lighting renewal.
- 10.3.5 Provision of free Wi-fi more widely is being considered by all councils, however there are resource implications as the business case does not always exist for the private sector to deliver in areas that don't have a high footfall, and therefore council subsidies are needed.
- 10.3.6 All councils have programmes in place to raise skills and support digital inclusion building on the Go ON UK Pathfinder.
- 10.3.7 Improving digital infrastructure and capacity – innovative approaches include:
- Gateshead, Newcastle and Northumberland Councils as partners in Digital Civics (Centre for Doctoral Training), focusing on research that can improve the use of digital technology across Local Authorities, covering: Digital local democracy; Digital community learning; Public health and positive health communities; Digital social care; Participatory media
 - Sunderland Software City has been given 'spoke' status for the Digital Economy Hub and established incubator space within the Software Centre facility. This involves working with all five regional Universities, including Newcastle University Cloud Innovation Centre, Durham Supercomputing Centre and Idea Lab at Northumbria University
 - North Tyneside is investigating use of Satellite catapult and use of Cit-Ease city modelling environment (informed by Digital Civics).

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10.4 **Dynamo Conference**

10.4.1 Dynamo, an industry-led initiative focusing on growing the tech sector in the North East, brought together over 350 delegates to their 2nd annual Conference, hosted at the University of Sunderland's St Peter's Campus. Themes running through the event included innovation, collaboration, policy, growth and skills. Key points raised during the event included:

- Northern Powerhouse and devolution – what does this mean for the North East IT sector? What role could Tech North provide to help distinguish the North East's offer outside the region?
- Skills shortages are acutely felt by many in the industry.
- Dynamo unveiled their vision for a Northern Institute for Technology and Business Exchange (NIT), to ensure that the region remains at the cutting edge of innovation and skills development.
- Innovation – in many ways the North East is at the cutting edge of digital innovation, but how can more SMEs take advantage? The regional Digital Catapult (based in Sunderland) has a strong role.
- Infrastructure – could ultrafast broadband roll-out be accelerated in the North East to give us a competitive edge?

10.4.2 Key statistics from the day:

- The North East IT sector employs around 32,000 people.
- There are more than 2,000 IT vacancies in the North East region.

10.5 **Proposals for future activity**

10.5.1 Our future approach should demonstrate high levels of ambition, and be based around a clear vision for supporting economic growth in the North East. As an initial action, it is proposed to develop a high-level Vision and supporting delivery plan. Key areas of work that this could encompass are set out below. These are grouped into three main themes:

- Vision and Future Ambition
- Delivery of Infrastructure
- Digital skills and increasing uptake.

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10.6 Vision and Future Ambition

10.6.1 Improving digital connectivity

Digital connectivity will be crucial to the region's economic future – and good digital connectivity provides an opportunity to compensate for some of the challenges posed by distance from other major cities in the UK. The next stage of Broadband speed after Superfast, is Ultrafast. Delivery of Ultrafast in key locations across the region will ensure our future competitiveness, and 'future-proof' the economy in our priority sectors (eg meeting the needs of the gaming sector). It is proposed that work is undertaken to identify our future priorities and benefits of Ultrafast, linked to sector specialisms and regional growth priorities. This can inform future funding bids and investment decisions for infrastructure. This work should be done alongside a continuing focus on improving levels of Superfast connectivity, including within rural areas and other parts of NECA where the current roll-out programmes will leave gaps.

10.6.2 Developing reputation for being data specialists

Our existing strengths (including Newcastle University Cloud Innovation Centre and Sunderland Software City) provide an opportunity to make the region a specialist centre for processing data. It is proposed that work takes place to identify regional ambitions, including areas that can set the region apart, aligned to delivering Public Service Reform and Smart Specialisation

10.6.3 Opportunities provided from data centres

We have a number of data centres, which have the potential to be assets for the region as a whole. However we currently lack a co-ordinated understanding of what is available and how it can be used. It is proposed to develop an inventory of data centres, and work with private sector partners to maximise the use of these, increasing regional capability.

10.7 Delivery of Infrastructure

10.7.1 Private developers supporting provision of digital infrastructure

Demand exists from residents for digital connectivity, however the councils have experienced difficulty getting private developers to commit to providing adequate infrastructure in new housing developments. The following actions are proposed:

- Seek to influence developers and overcome their reluctance to provide appropriate infrastructure for connectivity in new homes. This should be achieved by using strategic relationships, targeting senior decision makers alongside marketing teams - encouraging them to recognise the benefits of providing appropriate infrastructure that would be at no additional cost to them and can make properties more saleable by meeting customer expectations for connectivity.
- Local Authorities exploring the potential to include a requirement

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to provide the most appropriate new technologies in new housing developments, through Planning Frameworks and procurement processes

- NECA lobbying Central Government to update national frameworks and guidelines – building pressure on house builders to meet requirements for connectivity
- Link to the work of Digital Civics, working with University partners to model ‘homes of the future’ and demonstrating to house builders the requirements for digital infrastructure.

10.7.2 Increase mobile coverage and availability of Public Wi-fi

In addition to increasing connectivity, opportunities exist to develop regional access to free Wi-fi, which support wider civic engagement and channel shift. It is proposed that the scope of this is explored further, aligned to Growth Hub activity to develop a federated ID for employees across the North East. There are a number of issues that would need to be addressed (including regional ambitions and aligned systems across councils). An initial discussion paper is proposed for consideration by Economic Directors.

10.8 **Digital skills and Increasing Uptake**

10.8.1 Understanding usage and supporting take-up (ensuring ‘connectedness’)

The councils are on-track to deliver targets for Superfast Broadband coverage. To ensure that the benefits of this are maximised by residents and businesses, there is a need to understand levels of take-up and how it is being used. It is proposed to collate intelligence based on data held by individual councils, BT and BDUK – sharing data across the organisations in the North East.

10.8.2 Digital skills

Analysis of relevant data as above can be used to inform future approaches to support residents and businesses get the most from provision. Using data insights, the councils should collaborate and develop targeted approaches to increase digital skills

10.8.3 Increasing broadband uptake and utilisation

Demand exists for more business support activity across the region. It is proposed that lessons are learned from the evaluation of previous / existing programmes delivered locally. This can be used as the basis for a regional programme, which streamlines available information and support. It is suggested that this is led by the North East Growth Hub and channelled through existing networks (e.g. NECC) recognising that the resources are not available to set up a bespoke programme.

11. **Next Steps**

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11.1 The North East Combined Authority will continue to work with funding bodies, transport operators and delivery partners to secure a modern, sustainable and efficient transport network. Work will continue on developing the Transport Plan for the North East.

11.2 In respect of digital connectivity, a discussion was to take place on 6th July, led by Bob Paton and involving all Local Authorities (representatives to be identified by Economic Directors), to develop proposals further. This was to be based around the key themes of:

- Vision and supporting future growth needs
- Delivery of infrastructure
- Digital Skills and increasing uptake.

11.3 It is proposed that this NECA grouping subsequently meets with Dynamo to discuss their future plans.

11.4 Detailed updates will be provided to NECA Leadership Board and NELEP as part of regular Transport and Connectivity reporting.

12. Potential Impact on Objectives

12.1 Successful delivery of the various transport and digital connectivity schemes and investment proposals outlined in this document will assist the Combined Authority in delivering its objective to maximise the area's opportunities and potential.

13. Finance and Other Resources

12.1 The completion of Business Cases will identify any variations in costs and funding which will need to be managed within available resources and may require decisions to be made about compensating savings elsewhere within the programme. These programme management issues will be considered by TNEC, with recommendations made to NELEP and the Leadership Board for decision.

13. Legal

13.1 NECA is under a duty to prepare a Local Transport Plan. The Transport Plan is required to develop policies for the promotion and encouragement of safe, integrated, efficient and economic transport to, from and within NECA's area and NECA must carry out its functions to implement these policies.

14. Other Considerations

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14.1 **Consultation/Community Engagement**

Many of the transport programmes outlined in this report have been the subject of consultation, at either a regional or national level.

14.2 **Human Rights**

There are no specific human rights implications arising from this report.

14.3 **Equalities and Diversity**

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

14.4 **Risk Management**

There are no specific risk management implications arising from this report.

14.5 **Crime and Disorder**

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

14.6 **Environment and Sustainability**

Delivery of the various rail, cycling and public transport measures listed in this report should assist in meeting our objectives for a more sustainable transport system and improved air quality.

15. **Background Documents**

None.

16. **Links to Plans in the Policy Framework**

This report has no direct link to plans in the policy framework.

17. **Appendices**

None.

18. **Contact Officers**

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19. Sign off

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

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