



North East Joint Transport Committee

Tuesday, 16th January, 2024 at 2.30 pm

Meeting to be held in the Bridges Room, Gateshead Civic Centre, Regent Street, Gateshead, NE8 1HH

AGENDA

Page No

1. **Welcome and apologies for absence**

2. **Declaration of Interests**

Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be given to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.

3. **Minutes of the meeting held on 19 December 2023**

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4. **Transport Budget and Levies 2024/2025**

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5. **Transport Capital Programme 2024/25**

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6. **Transport Plan Progress Report**

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7. **Date of next meeting**

The next meeting will be held on 20 February 2024 at 2.30pm at Gateshead Civic Centre.

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NORTH EAST JOINT TRANSPORT COMMITTEE

DRAFT MINUTES FOR APPROVAL

DATE: 19 DECEMBER 2023

Meeting held: Bridges Room, Gateshead Civic Centre

COMMITTEE MEMBERS PRESENT:

Councillor: M Gannon (Chair)

Councillors: A Hopgood, C Johnson M Meling and G Sanderson

IN ATTENDANCE:

Councillor A Hay

Statutory Officers: M Barker (Monitoring Officer – Transport)
E Goodman (NECA Finance Manager)
T Hughes (Managing Director, Transport North East)
S Ramsey (Lead Chief Executive – Transport)

Officers: M Dodds, J Fenwick, P Fleming, R Forsyth-Ward,
P Holmes, M Jackson, L Kashouris, G Kelly, S Lennie,
S McNaughton, C Massarella, P Meikle, E Reynard.

52. APOLOGIES FOR ABSENCE

Apologies were received from Councillor N Kemp, Councillor K Kilgour, Councillor G Miller, Councillor C Rowntree and Councillor E Scott.

53. DECLARATIONS OF INTEREST

There were no declarations of interest.

54. MINUTES OF THE MEETING HELD ON 17 OCTOBER 2023

The minutes were agreed as a correct record.

55. NOTES OF THE INQUORATE MEETING HELD ON 23 NOVEMBER 2023

The notes were agreed. The Monitoring Officer advised the Committee that the decisions that were endorsed by the members present at the last meeting, have subsequently been approved using delegated officer powers as set out in the JTC Standing Orders.

56. BUS SERVICE IMPROVEMENT PLAN (BSIP) CAPITAL PROGRAMME DEVELOPMENT FUNDING APPROVAL

The Committee considered a report which proposed the release of BSIP funding to advance scheme development and to provide mitigation measures relating to the Tyne Bridges restoration project.

In order to progress the remaining BSIP capital sub-programmes, it is proposed that the procurement of professional services is initiated to bring forward required business cases. In partnership with the seven local authorities and Nexus, preliminary work has been undertaken to compile a list of schemes for each of the sub-programmes which meet the overarching objectives of the BSIP and can be delivered within the funding timescales.

This work will continue to be progressed through the regionally agreed Transport Assurance Framework. To ensure the timely delivery of these business cases, external consultants with a wealth of knowledge and experience in this field will be procured to develop the sub-programmes.

BSIP capital will not be the only source of funding within region over the period to 2025, the region has a substantial capital programme for transport which exceeds £350m of capital funding supplemented by a further £105m of revenue funding over the BSIP period. There is a close relationship between funding avenues with schemes potentially suitable to come forward through various different capital funding pots including CRSTS and further BSIP funding which is expected to follow. In the management of our capital programme, it will be ensured that schemes come forward through the most suitable funding mechanism and that our capital programme in totality will make a significant impact on delivering the objectives of the North East Transport Plan and the BSIP.

There are proposals within the BSIP capital programme which have been identified as needing to be expedited due to the compressed delivery window owing to the upcoming Tyne Bridge works. To confirm, the total BSIP capital budget which was granted from the DfT is £73.5million, taking into account the funding of £33.2m which has been drawn down and the proposal to accelerate £3.4million, £36.7m would remain in the overall budget.

As part of the due diligence in relation to the accelerated funding of these two schemes, independent consultants will undertake a review of the scheme proposals to minimise any risk. The delivery of these schemes will be subject to relevant authority approvals following due diligence which will be enabled by this funding and the necessary stakeholder engagement required.

The Committee was advised that the allocation of funding set out in the second recommendation of the report was incorrect and the correct allocations to be agreed were £2.7m to Newcastle City Council and £700k to Gateshead Council to accelerate the delivery of Jesmond bus priority measures and Metro Centre pocket park and ride.

Councillor Hopgood asked whether the funding for the Tyne Bridge restoration had been received yet? Councillor Gannon advised that the funding had not been received but the works had been planned to begin in January. If the work does not begin then, there will be profound implications on the cost of the scheme and also on the local economy.

RESOLVED: The North East Joint Transport Committee:

- (i) Authorised the Managing Director, Transport North East, following consultation with the Monitoring Officer and Chief Finance Officer, to procure professional services and support as required up to the value of £350,000 to advance BSIP capital schemes.
- (ii) Noted the revised allocation of funding provided at the meeting and agreed to the allocation of BSIP capital funding to the value of £2.7m to Newcastle City Council and £700k to Gateshead Council to accelerate the delivery of Jesmond bus priority measures and Metro Centre pocket park and ride.

57. VARIATION OF THE ENHANCED PARTNERSHIP SCHEME

The Committee received a report which proposed a variation to the Enhanced Partnership Scheme which updates the timescales for delivery by local authorities of a number of capital interventions, the inclusion of interventions which are not funded through the Bus Service Improvement Plan (BSIP) grant, at the request of the Department for Transport, along with other minor text updates.

Due to the delay in confirmation of funding and further guidance received from the DfT it is suggested that a number of variations are made to the EP Scheme.

These are as follows:

- Owing to the delay in funding and technological challenges it is no longer possible to deliver Intelligent Transport System (ITS) investment to the timescales initially set out in the EP scheme, it is suggested therefore to extend these timescales.
- During the statutory process of the EP feedback received from partners into timescales and wording of several EP facilities and measures was received

too late to be adequately reflected in the text of the EP. Minor variations to the EP Scheme are therefore suggested.

- Guidance received from the DfT states that non-BSIP investment which benefit buses should be included in the EP. Timescales and details of these investments, such as the TCF funded Durham Bus Station, will need to be varied into the EP Scheme.

These variations to the EP Scheme will allow the JTC and highway authorities to meet requirements set out in the EP Scheme as well to more accurately reflect the feedback received from the partnership and the DfT.

RESOLVED: The North East Joint Transport Committee approved the variation to the Enhanced Partnership Scheme as set out in Appendix 1 of the report.

58. NORTH EAST ZERO EMISSION VEHICLE (ZEV) STRATEGY – APPROVAL TO PUBLISH

The Committee considered a report which sought approval to adopt the North East Zero Emission Vehicle Strategy following a period of consultation. The strategy aims to deliver reliable public zero emission vehicle charging infrastructure across the region, wherever people need it.

A mixture of online and in-person engagement took place throughout the consultation period which ran from 3 October to midnight on 7 November 2023 which resulted in 838 responses with the majority being in support of the strategy. Following the consultation, some changes have been made to the Strategy.

RESOLVED: The North East Joint Transport Committee:

- (i) Noted the responses to the consultation as outlined in this report and in the consultation feedback report; and,
- (ii) Formally adopted the North East Zero Emission Vehicle Strategy as one of the suite of strategies expanding on the North East Transport Plan.

59. TRANSPORT PLAN PROGRESS REPORT

The Committee received a report which provided an update on the progress made across a number of delivery plan categories in implementing the objectives of the North East Transport Plan and achieving the vision of ‘moving to a green, healthy, dynamic and thriving North East’.

After seven weeks of industrial action by Go North East bus drivers, drivers represented by the Unite Union voted to accept a new offer from the company and services resumed on 2nd December. The impact on the region’s people and economy has been profound with approximately 5 million bus journeys lost during the strike.

More positively, new affordable adult day tickets have been launched using BSIP funding to complement the existing young people aged 21 and under. Unlimited travel by bus, Metro and Ferry is now available for adults across the entire region for £6.80. The region's Enhanced Bus Partnership won a number of awards at the UK Bus Awards in recognition of its innovative activities delivered in partnership.

A new East Coast Main Line timetable from December 2024 is under development. Members of the Joint Transport Committee discussed this at the last meeting and were clear that detrimental impacts to the region's connectivity are unacceptable, and that the government needs to invest in the capacity of the East Coast Main Line in our region.

Councillor Gannon advised that he had represented the concerns of the JTC on the issue at various meetings over the last couple of weeks including with the Rail Minister and at Transport for the North. He has also corresponded with the rail industry. Unfortunately, despite the continued pressure, the new timetable was agreed at the Transport for the North Board.

Councillor Sanderson expressed his immense dissatisfaction over the decision to reduce the East Coast Main Line timetable. He added that the region's views had been ignored and that the decision was reprehensible and wrong.

Councillor Johnson agreed and added that he travels along the East Coast Main Line a lot, and has noticed that there are a lot of short notice cancellations, which will be even worse once the new timetable is implemented, which will impact on the smaller stations like Morpeth and Chester-le-Street.

Councillor Gannon added that this was foreseeable many years ago and that the North East is disadvantaged to achieve a national advantage. If investments had been made, then this situation could have been avoided.

Councillor Sanderson requested that a letter be drafted on behalf of all of the Leaders and Elected Mayor urging a rethink of the decision which was abhorrently wrong for the region.

Councillor Hopgood agreed and suggested that each Leader includes a statement in the letter outlining the economic impact that the decision will have for each local authority.

This was agreed.

RESOLVED: The North East Joint Transport Committee noted the report.

60. DATE OF NEXT MEETING

The next meeting will be held on Tuesday 16 January 2024 at 2.30pm in the Bridges Room.

North East Joint Transport Committee

Date: 16 January 2024
Subject: Transport Budget and Levies 2024/25
Report of: Chief Finance Officer

Executive Summary

This report sets out the 2024/25 Transport Budget and associated Transport Levies for the North East Joint Transport Committee (JTC) together with indicative forecasts for future years also exemplified for consideration and approval. The budget proposals contained in this report take into account comments received during consultation on the outline proposals presented to this committee in November 2023 and input from members of the JTC Overview and Scrutiny Committee.

The two Combined Authorities in the JTC area are required to set the Transport Levies before 15 February 2024 to enable their constituent council to take the levies and other contributions into account in setting their own budgets. The two Combined Authorities will formally determine to issue the levies that are agreed by the JTC at their meetings on 23 January 2024 (NECA) and 30 January 2024 (NTCA).

The changes which will be required in order to establish the proposed North East Mayoral Combined Authority (NEMCA) will entail the abolition of the JTC, as NEMCA will be responsible for the exercising of transport functions across the region in the future. Until the new authority comes into existence, the current decision-making arrangements apply and therefore budget and levy proposals are set out for agreement by the JTC. The transport budgets and levies included in this report will form part of the overall combined budget for NEMCA from May 2024.

The report provides an update on the Revenue Budget outturn for 2023/24 and sets out the revenue resources planned to be used in 2024/25 to deliver the objectives of the JTC. A separate report on this agenda sets out the 2024/25 Transport Capital Programme and provides an update on the delivery of the 2023/24 Transport Capital Programme.

The proposed budget and levy for public transport activity in County Durham is £16.905m for 2024/25, of which £16.895m will be payable as a grant to Durham County Council and £10,000 retained to contribute to the central costs of the JTC. This

compares with a levy for 2024/25 of £16.912m, of which £16.902m was payable as transport grant.

The proposed budget and levy for public transport activity in Northumberland is £6.562m for 2024/25, of which £6.552m will be payable as a grant to Northumberland County Council and £10,000 retained to contribute to the central costs of the JTC. This compares with a levy for 2024/25 of £6.458m, of which £6.448m was payable as transport grant.

The proposed levy for public transport activity in Tyne and Wear is £70.300m for 2024/25, of which £68.200m will be payable as a grant to Nexus. This represents a year-on-year increase of £2.500m (3.7%) in the levy compared with 2023/24 when the Tyne and Wear levy was £67.800m. As in previous years, £2.100m of the Tyne and Wear levy will be retained and used to help fund central costs of the JTC, primarily relating to historic debt charges for the former Tyne and Wear Integrated Transport Authority (TWITA) functions.

The proposed gross expenditure budget for Transport North East (TNE) is £36.672m in 2024/25, funded through a range of sources, including external government grants, a contribution from the Local Transport Plan (LTP) Integrated Transport Block grant of £500,000 (equating to £62,500 for each of the seven local authorities and Nexus), a contribution from the Transport levies and interest earned on revenue balances.

A break-even position is forecast on the Tyne Tunnels revenue account for 2023/24, where increased investment income and reduction in debt financing costs will cover the deficit previously forecast for the year. For 2024/25 a break even budget will be set on the assumption that toll increases in line with RPI are applied when the Tyne and Wear Sub Committee take their decision on tolls on 18 January 2024.

The proposed increase in the tolls will apply to Class 2 and Class 3 vehicles next year. The calculated increases required, based on RPI, are from £2.20 to £2.40 for Class 2 vehicles (cars) and £4.40 to £4.80 for Class 3 vehicles. No change is proposed to the 10% discount available to Pre-Paid account holders or to the toll exemptions for emergency response vehicles, public bus services, disabled users and other categories of exempt vehicle as set out in the Tyne Tunnels Bylaws and River Tyne Tunnels order. The increases are required as RPI linked increases are triggered in the contract payments to the operator of the tunnels, so the tolls must increase to maintain a balanced position.

Increased interest on revenue balances held for transport activity is forecast in the current year, and it is proposed that the additional income generated this year (£8.125m) is transferred to an earmarked reserve at the end of this financial year, to be applied to support investment and activity in future years to facilitate and following the transition to NEMCA.

Factoring in the budget proposals contained in this report and the accompanying capital budget report, the JTC reserves are forecast to be £28.204 million at 31 March 2025. Details of the sums held and earmarked for specific purposes are set out in the report.

Recommendations

The North East Joint Transport Committee is recommended to:

- i) Note the updated forecast outturn position for the Transport budget in 2023/24 and approve the revised estimates for the year;
- ii) Agree a Transport net revenue budget from the levies for 2024/25 of £93.767m, as set out in section 2.4 of this report;
- iii) Agree the following Transport Levies for 2024/25:
 - a. Durham County Council £16,905,000
 - b. Northumberland County Council £6,562,000
 - c. Tyne and Wear Councils (detailed in Table 6) £70,300,000
- iv) Agree a transport revenue grant to Durham County Council for the delivery of transport services of £16,895,000, as outlined in section 2.6;
- v) Agree a transport revenue grant to Northumberland County Council for the delivery of transport services of £6,552,000, as outlined in section 2.10;
- vi) Agree a transport revenue grant to Nexus for the delivery of transport services in Tyne and Wear of £68,200,000;
- vii) Approve the budget for Transport North East as set out in section 2.53 to 2.57;
- viii) Approve the budget for the Tyne Tunnels set out in section 2.58-2.70; and
- ix) Note and agree the forecast level and use of reserves at section 2.71.

1. Background Information

- 1.1 The draft transport revenue budget proposals were presented to this committee for consideration on 21 November 2023 and have been the subject of consultation with officer groups, members of the JTC Overview and Scrutiny Committee and the Tyne and Wear Sub-Committee (for proposals relating to Tyne and Wear).
- 1.2 This report sets out the final budget proposals, taking into account the comments received during the budget setting process and the latest available information.
- 1.3 The report outlines the proposed Transport revenue budget and levies for 2024/25, together with indicative forecasts for future years exemplified for consideration and approval. The report also provides an updated forecast for the current year against the 2023/24 budget agreed by the JTC in January 2023.
- 1.4 The proposed devolution deal requires the seven councils to establish a new mayoral combined authority and will lead to the abolition of the North East Combined Authority (NECA) and North of Tyne Combined Authority (NTCA). The new Mayoral Combined Authority is dependent on Parliament passing a statutory order under the Local Democracy, Economic Development and Construction Act 2009. The creation of the North East Mayoral Combined Authority (NEMCA) will also see the abolition of the JTC, as NEMCA will be responsible for the exercising of transport functions across the region in future.
- 1.5 It is anticipated that the order will be laid before Parliament this month and for it to be made (i.e., take effect) in March 2024. This will then allow for the mayoral election to be held in May 2024 and NEMCA to come into existence on 7 May 2024.
- 1.6 Until the new combined authority comes into being, existing decision-making arrangements apply and therefore the budgets for 2024/25 are set out in this report for agreement by the JTC.

2. Proposals

Transport Revenue Budgets Updated 2023/24 Forecast

- 2.1 The main area of income and expenditure in the JTC revenue budget is the Transport Levies and the revenue grants paid to Durham County Council, Northumberland County Council and Nexus for the delivery of public transport services.
- 2.2 The Transport levies and revenue grants are normally fixed for the year so there is no change in these amounts in the forecast for the year end. Any surplus (underspending) or deficit (overspending) against these grants by the three main delivery agencies (Durham County Council, Northumberland County Council and Nexus) is retained or managed within the reserves of those organisations.
- 2.3 The updated forecasts, based on actual spend to 31 October is set out in the table below:

Table 1: Transport Levies and Grants 2023/24

	2023/24 Original Budget	Spend to 31 October 2023	2023/24 Forecast Outturn	2023/24 Variance
	£m	£m	£m	£m
Total Transport Levies	(91.170)	(53.183)	(91.170)	0.000
Grant to Durham	16.902	9.859	16.902	0.000
Grant to Northumberland	6.448	3.761	6.448	0.000
Grant to Nexus	65.700	38.325	65.700	0.000
Retained Levy budget	2.120	0.620	2.120	0.000
Total Expenditure	91.170	52.565	91.170	0.000
Net (Income) / Expenditure Position	0.000	(0.618)	0.000	0.000

Transport Revenue Budget and Levy Proposals for 2024/25

2.4 The overall total proposed net revenue budget for transport levies in 2024/25 is £93.767m, as summarised in Table 2 below. This represents a total net increase of £2.597m (2.85%) when compared to 2023/24.

Table 2: Transport Levies 2024/25

	2023/24 Levy	2024/25 Proposed Levy	Change from 2023/24	Levy per person¹
	£m	£m	£m	£
Durham	16.912	16.905	(0.007)	32.01
Northumberland	6.458	6.562	0.104	20.23
Tyne and Wear	67.800	70.300	2.500	61.57
Total	91.170	93.767	2.597	

2.5 The variation in the figures for the levy per person reflects the higher costs of concessionary travel demand and capital financing costs in the Tyne and Wear area and the fact that in Tyne and Wear a proportion of the levy underpins the Metro, and demonstrates why three separate levies are required. There is more information provided in Appendix 1 on the background to the separate levies and what the levies fund. The following table sets out a summary of the transport net revenue spending planned for 2024/25. Approximately £49.305m (52.6%) is planned to be spent on the statutory English National Concessionary Travel Scheme (ENCTS) concessionary travel and discretionary add-ons, and £19.898m (21.2%) on subsidised bus services (not including the costs of home to school transport for children and young people as these are within the budgets of the relevant local authorities). £20.494m (21.9%) is used to partially fund the Metro Services – representing 29.2% of the Tyne and Wear levy.

¹ ONS mid-2022 Population estimates, [Population estimates for England and Wales - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/population-demography/population/population-estimates-for-england-and-wales)

Table 3: Summary of the 2024/25 Transport Levy Budget

	Durham	Northum-berland	Tyne and Wear	Total
	£m	£m	£m	£m
Statutory Concessionary Travel	12.155	4.865	29.298	46.318
Discretionary Concessionary Travel	-	-	2.987	2.987
Subsidised Bus Services	3.888	1.480	14.530	19.898
Bus Stations/Infrastructure	0.009	0.029	2.546	2.584
Public Transport Information	0.051	0.025	1.166	1.242
Metro (inc. Discretionary Travel)	-	-	20.494	20.494
Ferry	-	-	1.999	1.999
Staffing in Durham/Northumberland	0.792	0.153	-	0.945
Reserves Funding	-	-	(4.820)	(4.820)
Transport Grant	16.895	6.552	68.200	91.647
JTC Central Costs/former TWITA costs	0.010	0.010	2.100	2.120
Transport Levy	16.905	6.562	70.300	93.767

Durham

2.6

The proposed budget and levy for public passenger transport activity in County Durham will be set at £16.905m for 2024/25. This compares with a levy of £16.912m for 2023/24 – a year on year decrease of £7k. The budget and levy for 2023/24, including the forecast outturn position, and the proposed 2024/25 levy is summarised in table 4 below.

Table 4: Durham Transport Budget and Levy 2024/25

	Original Budget	Spend to Date	2023/24 Forecast	2023/24 Variance	2024/25 Initial Budget
	£m	£m	£m	£m	£m
Concessionary Fares	11.155	6.059	9.239	(1.916)	12.155
Subsidised Services	4.888	4.341	6.801	1.913	3.888
Bus Stations	0.276	0.634	0.297	0.021	0.312
Bus Shelters	(0.268)	0.052	(0.089)	0.179	(0.303)
Passenger Transport Information	0.089	0.053	0.082	(0.007)	0.051
Staffing	0.762	0.508	0.762	0.000	0.792
Share of JTC costs	0.010	0.010	0.010	0.000	0.010
Net Expenditure	16.912	11.657	17.102	0.190	16.905

2.7 The updated projected outturn for 2023/24 indicates a total overspend of £0.190m to the year end. An underspend is forecast on Concessionary Fares reimbursement due to the reduction in Concessionary travel passengers post-Covid, estimated at £1.916m. These underspends are offsetting the additional support (£1.913m) being provided to the Passenger Transport Network through subsidised services. These costs relate to increased contract costs to bus operators for services that are deemed as no longer being commercially viable to the operator and which would otherwise have been withdrawn. Concessionary Fares underspends are being utilised to offset these costs and support the Passenger Transport Network.

2.8 An overspend of £0.021m is forecast in relation to an increase in security and repairs and maintenance costs in bus stations and an overspend of £0.179m is also forecast in relation to increased repairs and maintenance and a loss of advertising income on bus shelters. There is a small anticipated underspend of £0.007m against the revised budget for passenger transport information.

2.9 The proposed budget for 2024/25 represents a small year on year reduction (£0.006m) compared to 2023/24.

Northumberland

2.10 The proposed budget and levy for public transport activity in Northumberland is £6.562m for 2024/25. This compares with a levy of £6.458m for 2023/24 – a year on year increase of £0.104m. The budget and levy for 2023/24, including the

forecast outturn position, and the proposed 2024/25 levy is summarised in the table below.

Table 5: Northumberland Transport Budget and Levy 2024/25

	Original Budget	Spend to Date	2023/24 Forecast	2023/24 Variance	2024/25 Initial Budget
	£m	£m	£m	£m	£m
Concessionary Fares	5.020	2.174	4.670	(0.350)	4.865
Subsidised Bus Services	1.230	1.049	1.480	0.250	1.480
Bus Services	0.027	0.016	0.035	0.008	0.029
Passenger Transport Information	0.025	0.000	0.025	0.000	0.025
Staffing	0.146	0.085	0.146	0.000	0.153
Share of JTC Costs	0.010	0.010	0.010	0.000	0.010
Total Net Expenditure	6.458	3.334	6.366	(0.092)	6.562

- 2.11 The updated forecast outturn position for 2023/24 is an underspend of £0.092m to year end. Concessionary travel is forecast to underspend by £0.350m as a result of suppressed demand for public transport journeys. Journeys relating to Concessionary Travel are currently at seventy-five percent of pre-Covid levels, although there is evidence that they are starting to rise. A regional review of the provision of supported services is underway and passenger behaviour in the longer term following the removal of restrictions cannot yet be predicted.
- 2.12 The Supported Services budget is currently forecast to overspend by £0.250m. The overspend relates to the high number of contracts that were handed back to the Council by operators due to increases in fuel prices and the lack of resources (drivers/vehicles) available. The passenger transport team have reviewed the existing network and prioritised the contracts that continue to provide value for money and ensure that all geographic areas are served by the new network. As part of its 2023/24 budget the Council approved a recurrent pressure to be added after the levy had been approved.
- 2.13 The small overall increase proposed in the 2024/25 levy compared with 2023/24 is a result of a number of factors. On concessionary travel, the budget has been reduced by £0.350m due to suppressed demand for journeys, with patronage levels still recovering to pre-pandemic levels, but the reduction is partially offset by a provisional allowance of £0.195m for increases in the potential level of reimbursement rates to operators in 2024/25. The budget for supported bus services is increased by £0.250m. Costs have increased due to a number of impacts on the supported bus network in 2023/24. There have been cases where bus operators have withdrawn from operating bus services on a purely

commercial basis due to patronage and revenue levels not recovering to their pre-pandemic levels, with routes then being needed to be funded as supported bus services. The additional funding allocated in 2023/24 allowed the Council to maintain vital public transport links around the County so has been built into the 2024/25 base budget.

Tyne and Wear Levy

- 2.14 The levy for Tyne and Wear includes a centrally retained budget of £2.100m, required to fund central transport costs, primarily relating to debt charges for the former Tyne and Wear Integrated Transport Authority.
- 2.15 The apportionment of the Tyne and Wear levy between the constituent councils is revised each year to take into account the mid-year population estimates. In 2024/25 the split of the levy will be based on the mid-2022 population estimates, published in November 2023. Table 6 below exemplifies the overall year on year change in the budget and apportionment between the Tyne and Wear Councils. The movement in population estimates means that the levy change per council may be higher or lower than the headline percentage change of 3.7%. Further detail is provided in Appendix 1.

Table 6: Tyne and Wear Levy Apportionment 2024/25

	2022 Population	2023/24 Levy	2024/25 Proposed Levy	Change inc. population impact
		£	£	£
Gateshead	197,722	11,814,249	12,173,688	359,439
Newcastle	307,565	17,964,279	18,936,691	972,412
North Tyneside	210,487	12,597,052	12,959,626	362,574
South Tyneside	148,667	8,908,840	9,153,386	244,546
Sunderland	277,354	16,515,580	17,076,609	561,029
Total	1,141,795	67,800,000	70,300,000	2,500,000

Nexus Revenue Budget

Updated Nexus Forecast of Outturn 2023/24

- 2.16 The JTC approved Nexus' revenue budget for 2023/24 on 17 January 2023. The budget included a levy increase of £2.6m, utilisation of reserves of £8.0m and use of £3.3m additional Metro Rail Grant received in 2021/22.
- 2.17 At that time, a budget pressure on high voltage (HV) power costs existed due to the budget being lower than the forecast at the time. Although this remains the case (paragraph 2.23 refers), additional Metro Rail Grant was received at the end of 2022/23 totalling £3.0m to assist with this pressure, which has been reflected within the forecast outturn shown below.
- 2.18 Since the previous report, Nexus has seen a £2.426m improvement in the forecast financial position for 2023/24, most notably due to unexpected, one-off savings in concessionary fares reimbursement and secured service payments of

£1.580m as a result of Go North East's industrial action, together with the continued recovery of Metro fare revenue, which has exceeded previous forecasts. This means that at the end of period 8, Nexus is no longer expecting to use reserves in the current year and only the one-off Metro Rail Grants (referred to in paragraph 2.16 and 2.17 above) will be needed to balance the budget in the current year.

2.19 Despite the positive position being reported in respect of the current year, due to Nexus' underlying structural deficit, the financial outlook remains very challenging for 2024/25 and beyond. It will be necessary to earmark reserves that were previously expected to be used in 2023/24 to balance the budget across the Medium-Term Financial Plan (MTFP) period up to 2026/27 in order to protect front line services and limit the potential future increases in the levy on Tyne and Wear councils.

2.20 The table below shows expenditure to the end of period 8 (11 November 2023), together with the forecast to the year end (based on current estimates of the likely outturn) against budget. The allocation of budget across service areas has been updated following the processing of the annual pay award. There is narrative following the table explaining the variances against budget across the main service areas.

Table 7: Nexus Forecast of Outturn 2023/24

	Revised Budget	Spend to Date	2023/24 Forecast	2023/24 Variance
	£m	£m	£m	£m
Concessionary Fares	30.689	17.171	28.630	(2.059)
Metro	26.178	10.807	23.243	(2.935)
Bus Services	14.739	7.545	14.344	(0.395)
Other	5.386	2.870	4.897	(0.489)
	76.992	38.394	71.114	(5.878)
Grant from Levy	(65.700)	(40.389)	(65.700)	-
MRG 2021/22 (reserves)	(3.300)	-	(3.300)	-
MRG 2022/23 (reserves)	-	-	(0.832)	(0.832)
LTF	-	(0.480)	(1.050)	(1.050)
BSIP	-	(0.156)	(0.232)	(0.232)
	7.992	(2.631)	-	(7.992)
Reserves	(7.992)	2.631	-	7.992
	-	-	-	-

Metro

2.21 At the end of period 8, financial performance on Metro shows net expenditure at £2.935m better than budget, before application of one-off grant. Metro fare revenue (including car park and Penalty Fare Notice (PFN) income) at the end of period 8 was £29.521m which exceeded the budget by £2.546m (9%). This includes a one-off adjustment of £0.250m in relation to Network Ticketing (NTL) share of revenue redistribution for the prior year.

- 2.22 The year end Metro fare revenue forecast is a positive variance of £2.912m, an increase of £0.679m since the previous report. Given the uncertainties surrounding Metro performance and patronage growth since the pandemic, the forecast continues to be cautious and the extent to which actual performance against budget has delivered this favourable variance in the year to date has begun to unwind, something that will need careful examination as to the reasons why. In addition, the introduction of the BSIP subsidised multi-modal fare has led to a reduction in the price of the all zone daysaver product and there is a risk that Metro customers switch to the BSIP product, in addition to the revenue loss from the all zone daysaver price reduction. The impact is difficult to predict at this time, therefore the forecast for the year end remains prudent.
- 2.23 The Metro forecast reflects the pressure on HV power costs for the year, which is estimated to be £2.398m higher than the £15.230m original budget. At this stage 86% of the required electricity for the year has been purchased. This creates a level of budget certainty, although as the remainder is purchased there is still scope for further movement in the forecast. As outlined in paragraph 2.17, £3.0m of additional MRG was received in the previous financial year to assist with this pressure and is also reflected within the forecast.
- 2.24 The forecasts include net cost pressures of £0.773m directly relating to Metro, which has increased since the last report primarily in relation to additional infrastructure maintenance costs. The forecasts reflect the deployment of additional security on the Metro to tackle anti-social behaviour in the evenings and investment in front-line teams to operate gatelines for longer, address backlogs in maintenance and provide greater capacity and resilience in Metro's Control Room. It also includes additional contractual inflation, where this has been higher than was included at the time of budget setting, particularly in respect of the Stadler contract for the maintenance of Metrocars, although this has been offset by additional income in relation to penalties being imposed for non-delivery of key contracts.
- 2.25 All service areas receive a share of interest income, and at the end of period 8, interest income was £3.731m better than budget. Interest rates are significantly higher than they were at the time of budget setting, and cashflow is expected to be positive throughout the year, due to the sizeable amount of capital grants that Nexus has access to. It is currently expected that interest income may be as high as £4.400m for the year, representing a £4.000m improvement against the original budget which is reflected in the forecast. Metro also benefits from savings in overheads since the previous report and include areas such as ICT licencing, support services costs and unused contingencies. The share of additional interest income and overhead savings allocated within the forecast for Metro is currently £3.194m.

Concessionary Fares

- 2.26 At the end of period 8, within concessionary fares, a saving of £1.091m is reflected for reduced payments to Go North East as a result of the impact of the industrial action. In addition to this, the forecast outturn for the year reflects £0.184m of additional school income, a £0.400m prior year adjustment for the

reimbursement of concessionary travel payments relating to 2021/22 and £0.133m of other reductions in concessionary travel payments to operators. In addition, the share of increased interest income and overhead savings allocated within the forecast of £0.251m.

Bus Services

- 2.27 The table shows that at the end of period 8, the forecast outturn for bus services is £0.395m less than budget. This reflects £0.489m of reduced secured services costs due to the Go North East industrial action. The forecast includes additional expenditure in relation to those services funded by the Local Transport Fund (LTF) of £1.050m, as well as additional expenditure relating to BSIP of £0.232m.
- 2.28 The forecast also reflects higher than budgeted secured services revenue of £0.570m, as well as other savings on secured services contracts of £0.057m and a saving of £0.022m relating to the Taxi Card scheme. In addition to this, the share of additional interest income and overhead savings allocated within the forecast is £0.539m.

Other

- 2.29 Other includes Ferry, Bus Infrastructure and Passenger Transport Information and at the end of period 8, financial performance shows net expenditure at £0.489m better than the revised budget, before application of one-off grant. The forecast reflects £0.022m of higher than budgeted income relating to the ferry, departure charges and bus information, £0.042m of public transport information cost savings, offset by £0.046m of additional ferry operating costs and bus shelter installation costs. In addition to this, the share of additional interest income and overhead savings allocated within the forecast is £0.471m.

Nexus Budget 2024/25

- 2.30 When the JTC met on 21 November 2023, Nexus reported that in order to protect service, an increase in the Tyne and Wear levy commensurate with the 3.7% uplift that was signalled in the budget report to the JTC in January 2023, would be required to protect front line services.
- 2.31 As set out earlier in this report, the reduction in planned use of reserves in 2023/24 has created the headroom to assist with the financial challenges in 2024/25 and beyond. This is because Nexus' underlying deficit is expected to continue into subsequent years.
- 2.32 As reported to the JTC in November 2023, in 2023/24 the budget pressures being faced by Nexus are all permanent, whereas the efficiencies/additional income that are offsetting these in the current year are largely temporary. For example, the additional MRG is a one-off grant allocation, interest on balances is expected to reduce in future years and the efficiencies being delivered in the current year are also largely one-offs, e.g., savings resulting from Go North East's industrial action, salary slippage from employee turnover and penalties being imposed for non-delivery of key contracts. Although the recovery in Metro fare revenue should continue, it is clear that Nexus' underlying structural deficit remains.

Budget Planning

- 2.33 During budget setting for 2023/24, although it was not formally agreed by the JTC, it was highlighted that it was likely to be necessary to increase the Tyne and Wear Transport levy further in both 2024/25 and 2025/26 given Nexus cannot place reliance on reserves indefinitely. Initial forecasts presented to JTC in January 2023 as part of the 2023/24 budget setting report suggested that an increase in the levy of 3.7% (amounting to £2.5m) in 2024/25 and 3.0% (amounting to £2.1m) in 2025/26 would be required. This was in addition to Nexus using £8.0m of reserves in 2023/24 and £3.6m of reserves in 2024/25, to enable services to be maintained.
- 2.34 Since the development of the 2023/24 budget and medium-term financial plan last year, inflation levels have been higher than expected and it has also been necessary to invest further in security. This has placed added pressure to the 2024/25 budget, alongside investment in train operations and infrastructure maintenance, making provision for an increase in concessionary fares and pressures from the delay in the introduction of the new fleet.
- 2.35 However, at the same time, it is expected that investment income will be higher than previously forecast, due to higher interest rates and the level of cash balances. In addition, due to the recovery of Metro fare revenue being better than expected during 2023/24, the forecast for 2024/25 has been revised upwards.
- 2.36 The table below shows Nexus' latest estimate for Metro fare revenue across the medium term using 2019/20 i.e., the last full year before the Covid pandemic, as the base year:

Table 8: Estimate of Metro Fare Revenue 2024/25 to 2026/27

	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m
Balance brought forward	46.5	48.3	49.5	46.5
Fares review	1.0	0.5	0.5	2.0
Impact of new fleet	0.8	0.7	1.2	2.7
Impact of Metro Flow	-	-	2.0	2.0
Total	48.3	49.5	53.2	53.2
Total as a % of 2019/20 (£45.1m)	107%	110%	118%	118%

- 2.37 This estimate reflects the phased implementation of the new fleet (which is expected to generate additional fare revenue) together with the impact of the annual fares review being considered by the Tyne and Wear Sub-Committee later this month, for implementation with effect from April 2024. Risks associated with this estimate not being achieved are highlighted in paragraph 2.46.
- 2.38 In terms of secured bus services, at this point, budget planning has only reflected the base level of service provision. Additional funding will be available in 2024/25 and beyond from the BSIP and an operational delivery plan reflecting Nexus' allocation is currently being formulated.

- 2.39 The opportunities described in paragraph 2.35 help partially offset the cost pressures described in paragraph 2.34, resulting in a net budget pressure of £1.2m. However, as referred to in paragraph 2.32 and outlined in the November 2023 JTC report, Nexus has an underlying structural deficit that remains unresolved. The medium-term financial forecast for 2024/25, reported to the JTC in January 2023, showed a net deficit of £6.1m before a levy increase. Taking into account the net budget pressure of £1.2m, the forecast deficit for 2024/25 is now £7.3m.
- 2.40 Given the magnitude of this financial challenge, Nexus is still seeking a 3.7% or £2.5m increase in the Tyne and Wear transport levy, the impact of which on each of the Tyne and Wear councils is shown in table 6 earlier in the report.
- 2.41 Nexus is also proposing to underpin (and balance) the revenue budget in 2024/25 by applying £4.8m of reserves funding. This is possible due to the better financial position reported in 2022/23, as well as the expected improved position in 2023/24. It is necessary to adopt this strategy, so that Nexus, in addition to being able to protect fare revenue, operational performance, and the delivery of key transport services, can also provide stability surrounding the introduction of the new Mayoral Combined Authority. The alternative to this would be the need to immediately address the underlying structural deficit which would likely require cuts to key transport services and increased levies from the Tyne and Wear authorities.
- 2.42 Due to the underlying structural deficit, in addition to annual levy increases, the latest forecasts for 2025/26 and 2026/27 indicate that use of reserves will also be required in these years. As highlighted to the JTC in November, Nexus' total reserves as at 31 March 2023 amounted to £62.5m, the majority of which is earmarked in general reserves, to accommodate any unforeseen pressures arising in-year or for capital investment. Specifically in relation to underpinning the MTFP, Nexus has earmarked £19.7m of its total reserve for this purpose, which is in excess of the assumed contributions in 2024/25, 2025/26 and 2026/27, which will provide an element of contingency.
- 2.43 It is necessary to consider a long-term solution for eradicating the budget deficit, something which the JTC has previously acknowledged, prior to the outbreak of the Covid pandemic, when it stated that further discussions in relation to resourcing were necessary.

Budget 2024/25

- 2.44 Taking into account the measures proposed to balance the budget (paragraphs 2.40 and 2.41), Nexus' 2024/25 budget and its main sources of funding are summarised in the table below and in more detail at Appendix 2 and Appendix 3.

Table 9: Nexus 2024/25 Budget and Funding Summary

	Gross Exp ²	Commercial Revenue ³	Govt Grant	Net position
	£m	£m	£m	£m
Statutory Concessions ENCTS	29.7	(0.4)	-	29.3
Discretionary Concessions	3.6	(0.6)	-	3.0
Metro	144.9	(57.4)	(67.0)	20.5
Ferry	3.2	(0.8)	(0.4)	2.0
Bus Services	18.8	(3.3)	(1.0)	14.5
Bus Infrastructure	3.5	(0.6)	(0.4)	2.5
Public Transport Information	1.7	(0.5)	-	1.2
Total	205.4	(63.6)	(68.8)	73.0
JTC Grant from Levy				(68.2)
Deficit funded from reserves				4.8

2.45 As shown above, the proposed levy increase of £2.5m would mean the grant receivable by Nexus in 2024/25 is £68.2m, which is lower than the estimated costs that will be incurred and need to be budgeted for next year. The gap (£4.8m) will need to be funded by utilising reserves to underpin the revenue budget in 2024/25.

2.46 The preparation of the 2024/25 budget gives rise to a number of risks and opportunities which include the following:

- a) The JTC may not approve the levy increase of £2.5m. This would force Nexus to cut services as described in 2.41;
- b) The budget makes an allowance for inflation on pay and non-pay. Inflation has begun to fall, however there is still a risk that the allowance made may be insufficient and this will put Nexus' budget under additional pressure. On the other hand, if inflation falls faster than expected, this could have a positive impact on Nexus' budget;
- c) During 2022/23, Nexus reduced its ENCTS (concessionary fares) reimbursement to reflect reduced ridership seen since Covid. There is a risk that there could be upward pressure placed on this budget, arising from technical work that the DfT commissioned during the early part of 2023 in respect of the calculation of these costs;
- d) Metro fare revenue is budgeted to recover to 107% of pre-Covid levels. In respect of this challenging target, it should be noted that Nexus' assessment of its ability to generate revenue at this level reflects the better than expected and continued recovery seen during the year to date in

² Including central support service costs and overheads

³ This assumes fare revenue recovers to 107% of pre-Covid levels as shown in paragraph 2.36

2023/24. The fare revenue budget assumes that the new fleet will generate additional fare revenue, which could be impacted if there is any further delay in its implementation. In addition, there is also a risk that additional revenue expected to be generated from the annual fares review being considered by the Tyne and Wear Sub-Committee later in January will not be as high as modelled given the need to hold the price of certain fares commensurate with the £6.00 multi-modal fare introduced as part of the BSIP; and

- e) The budget assumes an inflationary uplift in the MRG that is received from central government. At this stage this has not been confirmed, although lobbying to the DfT will continue.

Forecasts 2025/26 and 2026/27

- 2.47 It was previously indicated that it would be necessary to consider further increases in the Tyne and Wear transport levy in 2025/26. This is still expected to be required and potentially an increase thereafter may also be required. In addition, as highlighted in paragraph 2.42, it will be necessary to place reliance on reserves in 2025/26 and 2026/27 in order to balance the budget and maintain services, due to the underlying structural deficit.
- 2.48 In compiling the forecasts for 2025/26 and 2026/27, assumptions for inflation have been made with reference to the latest Bank of England forecasts which shows it will be at the target rate. The cost base is therefore expected to increase, although at the same time Nexus has assumed that the MRG received from central government will be indexed, however this is unconfirmed and represents a risk to the forecast at this time. In addition, the forecast reflects additional fare revenue that is expected to be generated from future fares reviews.
- 2.49 Further to this, the forecast reflects opportunities from the introduction of the new fleet, including additional fare revenue, and savings in HV power consumption, once the entire new fleet is in service. At the same time, the forecast makes an allowance for additional costs associated with delivering a timetable uplift in connection with the opportunity presented by completion of the Metro Flow engineering works. These additional costs have been estimated based on the original business case which planned for an introduction of a ten-minute frequency across the Metro network. Nexus is continuing to refine these estimates and review the options for modifying the timetable, in view of the deficit position.
- 2.50 Despite the opportunities being reflected in the forecast, due to the unavoidable cost pressures Nexus is likely to face, it will be necessary for consideration to be given for the levy to increase in both years. After taking into account the levy increase, the pressures and opportunities are broadly neutral, and therefore do not help to address Nexus' underlying structural deficit. As previously outlined, Nexus is able to make reserves contributions in 2025/26 and 2026/27, however, beyond this it is clear that Nexus needs to be able to set a balanced budget which is sustainable in the long term and does not continue to place reliance on reserves.

2.51 The forecasts for 2025/26 and 2026/27 are subject to a significant amount of variability and will need to be updated, once key risks and uncertainties become clearer. Indicative estimates are set out below:

Table 10: Nexus budget indicative estimates 2025/26 and 2026/27

	Gross Exp	Commercial Revenue	Government Grant	Grant from Levy	Deficit funded from reserves
	£m	£m	£m	£m	£m
2025/26	207.7	(60.1)	(71.8)	(70.3)	5.5
2026/27	213.5	(63.7)	(72.1)	(72.5)	5.2
Total					10.7

2.52 As shown in this table above, in 2025/26, the potential levy increase previously identified of 3.0% (amounting to £2.1m) is still required to balance the budget in 2025/26, with a further levy increase of 3.0% (amounting to £2.2m) potentially being required in 2026/27. This is in addition to use of £10.7m of reserves across these two years, whilst an approach to addressing Nexus' underlying structural deficit is developed.

Transport North East

2.53 TNE provides strategy, planning and delivery services on behalf of the JTC and works to implement the vision of 'moving to a green, healthy, dynamic and thriving North East'. The TNE Core budget is funded through contributions from the Transport Levies which are retained to support central activity, a topslice of the LTP Integrated Transport Block grant which is awarded to the JTC. In addition, external contributions fund specific posts and government grants are awarded which meet the costs of specific programmes and projects. The budget in 2023/24 and 2024/25 includes items agreed by the JTC in July 2023 to fund transition to the new mayoral combined authority.

2.54 The table below summarises the forecast for the current year across all areas of TNE's revenue budget, with the exception of the Tyne Tunnels which is shown separately in the next section as this is treated as a ringfenced account which is self-financing from tolls income.

Table 11: TNE Forecast 2023/24 and Budget 2024/25

	Revised Budget	Spend to Date	2023/24 Forecast	2023/24 Variance	2024/25 Initial Budget
	£m	£m	£m	£m	£m
Expenditure					
Transport Strategy	1.037	0.568	1.126	0.089	1.159
Enhanced Partnerships	76.891	4.567	59.286	(17.605)	31.679
Programmes	9.775	1.619	12.058	2.283	1.651
Rail Partnerships	1.270	0.648	1.287	0.017	1.061
Bus Reform	0.900	0.026	0.900	0.000	0.450
Other Devolution Workstreams	0.897	0.164	0.648	(0.249)	0.672
Total Expenditure	90.770	7.592	75.305	(15.465)	36.672
Income					
LTP Topslice	(0.500)	(0.500)	(0.500)	0.000	(0.500)
Retained Transport Levy	(0.284)	(0.361)	(0.362)	(0.078)	(0.367)
External Funding for Specific Posts	(0.178)	(0.042)	(0.187)	(0.009)	(0.194)
Government Grants	(87.303)	(6.280)	(71.855)	15.448	(34.289)
Interest Income	0.000	0.000	(8.125)	(8.125)	0.000
Total Income	88.265	(7.183)	(81.029)	7.236	(35.350)
Net Expenditure	2.505	0.409	(5.724)	(8.229)	1.322
Devolution Reserve	(1.357)	(0.190)	(1.315)	0.042	(0.966)
JTC Unallocated Reserve	(0.105)	0.354	(0.222)	(0.117)	0.000
Local Rail Studies Reserve	(1.043)	(0.573)	(0.864)	0.179	(0.356)
2023/24 Transport Interest Reserve	0.000	0.000	8.125	8.125	0.000
Total Use of Reserves	(2.505)	(0.409)	5.724	8.229	(1.322)

2.55

Total expenditure across TNE is now forecast to be £75.305m in 2023/24 compared with the revised budget of £90.770m – the reduction being primarily due to reprofiling of expenditure on the Bus Service Improvement Plan (Enhanced

Partnerships) budget where some service improvements will now commence from 2024/25, when previously it was anticipated that they would commence in the current year.

2.56 Total income is forecast at £81.029m, which is above forecast expenditure due to the receipt of unbudgeted interest on revenue balances, arising from the frontloading of government grants and interest rates having risen sharply during 2023. It is proposed that £8.125m be set aside in an earmarked reserve at the 2023/24 year end and held to support investment and activity in future years to facilitate and following the transition to the new mayoral combined authority.

2.57 Savings on historic debt charges inherited from the former Tyne and Wear ITA mean that the amount retained from the Tyne and Wear levy to help fund TNE has been increased, from £0.284m in 2023/24 to £0.367m in 2024/25. This has enabled cost pressures around staffing, such as the national pay award, to be accommodated without any additional contributions from constituent local authorities being required.

Tyne Tunnels

2.58 The Tyne Tunnels are accounted for as a ring-fenced account within the JTC budget, meaning that all costs relating to the tunnels are wholly funded from toll income and Tyne Tunnels reserves, with no call on the levy or external government funding.

2.59 The JTC receives all toll income from the vehicle tunnels in the first instance and a payment under the contract with TT2 is determined based on traffic levels. The balance retained by the JTC is to meet other costs associated with the Tyne Tunnels, primarily interest and principal repayments on borrowing taken out to fund the New Tyne Crossing project, and other client costs associated with the management of the contract with the concessionaire.

2.60 The updated forecast outturn for 2023/24 and budget for 2024/25 is set out below.

Table 11: Tyne Tunnels Budget 2023/24 and 2024/25

	Revised Budget	Spend to Date	2023/24 Forecast	2023/24 Variance	2024/25 Initial Budget
	£m	£m	£m	£m	£m
Tolls Income	(35.991)	(23.546)	(36.216)	(0.225)	(39.033)
TT2 Contract	28.032	17.082	28.628	0.596	30.226
Employees	0.147	0.087	0.146	(0.001)	0.153
Historic Pensions	0.065	0.028	0.045	(0.020)	0.047
Premises	0.114	0.003	0.114	0.000	0.014

Support Services	0.160	0.071	0.175	0.015	0.179
Supplies and Services	0.347	0.225	0.626	0.279	0.403
Financing Charges	7.928	6.247	6.674	(1.254)	8.401
Interest/Other income	(0.150)	(0.082)	(0.239)	(0.089)	(0.150)
Repayment from TWITA for temporary use of reserves	(0.240)	(0.240)	(0.240)	0.000	(0.240)
Capital Expenditure Funded from Revenue - TPCT	0.287	0.125	0.287	0.000	0.000
Net Expenditure to be Funded from Reserves	0.699	0.000	0.000	(0.699)	0.000
Contribution to/(from) Reserves	(0.699)	0.000	0.000	0.699	0.000

2.61 The forecast tolls income for 2023/24 is higher than the original budget due to higher than forecast traffic levels over the first two quarters. This is also the reason for the forecast TT2 contract payment being higher than the original budget. The 2023/24 forecast for supplies and services exceeds the budgeted amount by approximately £0.280m due to additional requirement for technical services relating to completion of the Tyne Pedestrian and Cycle Tunnels refurbishment works and several engineering projects, above and beyond that anticipated.

2.62 Budget estimates for 2024/25 are provided in the table above and are based on the assumption that the JTC Tyne and Wear Sub Committee (TWSC) will decide to increase the tolls in line with the Retail Prices Index (RPI), as set out in the legislation. Decisions on toll charges are reserves for the TWSC and the mechanism for revising the tolls is detailed in the River Tyne Tunnels Order 2005. The TWSC are able to increase the toll paid by customers (the 'Real Toll') once every 12 months, based on the RPI from the application of the last increase, rounded to the nearest 10 pence.

2.63 Separately, a 'Shadow Toll' sets the amount paid to TT2 per journey, also based on RPI. It is considered every January and is a contractual commitment as set out in the Project Agreement signed in 2007. The Shadow Toll is required to be rounded to the nearest 10 pence, and an increase is only possible in 10 pence increments.

2.64 The legislation does not provide for any alternative to the RPI based increase in the Real Toll and assumes that the authority will increase user charges in line with

the RPI calculation. The Project Agreement similarly prescribes the calculation for the Shadow Toll increase without any alternative.

- 2.65 The Real Toll charged to users needs to be the same amount or similar to the Shadow Toll paid to TT2 per journey, otherwise the JTC would incur a loss on each tunnel journey because the income generated would fall short of the expenditure incurred in servicing the debt charges and meeting the contractual obligations to TT2.
- 2.66 The current Real Toll lags slightly behind the Shadow Toll (10p lower) due to a decision taken by the TWITA in August 2011. However, this has been the position for some years and can be accommodated within the budget. The current Real Toll is £2.20 for Class 2 Vehicles and £4.40 for Class 3 Vehicles, and the Shadow Toll is £2.30. The Shadow Toll will increase to £2.50 on 1 January 2024. The TT2 contract payment for the 2024/25 budget is based on this increase to the Shadow Toll and therefore to ensure the Tyne Tunnels account is balanced, an increase will be required to the tolls in 2024/25. It is forecast that the tolls will increase to £2.40 for Class 2 Vehicles and £4.80 for Class 3 Vehicles, representing a 20p and 40p rise respectively.
- 2.67 The earliest date an increase in the tolls can be applied is May 2024 because of the decision taken by the TWSC last year to delay increasing the toll for Class 2 Vehicles in 2023 until May to provide relief for tunnel users during the winter period taking into account winter fuel bulls and the cost-of-living crisis. The income lost during that period was funded from Tyne Tunnel reserves, however this is not a sustainable long-term position.
- 2.68 The 2024/25 budget for Employee Costs and Support Services is based on assumed cost increases. The 2024/25 budget for Supplies and Services is lower than the 2023/24 forecast outturn and this is primarily due to the handover of the operations and maintenance of the TPCT to TT2, which is planned for May 2024. Nevertheless, ongoing technical advice is required on multiple projects and there have been cost increases introduced by several suppliers.
- 2.69 The costs associated with Premises are largely related to the operations of eth TPCT. Electricity costs for the lighting systems, CCTV and security systems, and the lifts at either end are substantial. Therefore, the proposed budget for Premises is less than in 2023/24 because the TPCT operational costs will be transferred to TT2 as part of the handover which is planned for May 2024 on the basis that the refurbishment works are completed.
- 2.70 Financing charges have reduced significantly compared to the original budget as a result of the early repayment of some outstanding borrowing using cash balances. Interest on revenue balances is higher than budgeted as interest rates have increased since the budget was agreed.

Reserves

- 2.71 The JTC holds reserves to fund future activity and to manage financial risk associated with its activities. A summary of the reserves held at 1 April 2023 and

the forecast position at 31 March 2024 and 31 March 2025 is shown in the table below.

Table 12: JTC Reserves

	1 April 2023	31 March 2024	31 March 2025
	Actual	Forecast	Estimate
	£m	£m	£m
JTC Unallocated	1.096	0.874	0.874
2023/24 Transport Interest	0.000	8.125	8.125
Earmarked – JTC Tyne Tunnels	9.626	9.339	9.239
Earmarked – Local Rail Studies	1.963	1.099	0.743
Earmarked – Nexus POP Truth on Server	0.461	0.000	0.000
Earmarked – Transport Devolution Preparation	2.573	1.258	0.292
Earmarked – Metro Reinvigoration	8.267	2.967	2.967
Earmarked – Metro Fleet Replacement	10.367	5.456	5.456
Total	34.353	29.118	27.696

2.72 The budget for 2024/25 contains planned use of earmarked reserves to provide local match funding on the Metro Asset Renewal Plan and Metro Fleet Replacement capital programmes, and to fund work on Metro and Local Rail Studies and Transport Devolution preparation.

2.73 A significant level of interest on revenue balances attributable to high cash balances due to front-loading of government grants is forecast to be received in 2023/24, over and above already budgeted levels. This is due to both the much higher interest rates now compared with at the time of setting the original budget, and significantly higher cash balances held on behalf of the JTC during the year as a result of receipts of large capital grants relating to BSIP, Active Travel and TCF in advance of expenditure being defrayed. A total of £9.018m is forecast, of which £0.893m will be applied to earmarked reserves held on behalf of Nexus and the Tyne Tunnels. It is proposed that the remaining £8.125m is held in an earmarked reserve support investment and activity in future years to facilitate and following transition to the new proposed MCA.

2.74 This table does not include Nexus own reserves, use of which is described in the Nexus budget sections above.

3. Reasons for the Proposals

3.1 The proposals are presented in this report to enable the JTC to set its budget for 2024/25.

4. Alternative Options Available

4.1 Option 1 – the North East Joint Transport Committee may accept the recommendations set out in the report.

4.2 Option 2 – the North East Joint Transport Committee may suggest amendments or alternative proposals to be considered. Option 1 is the recommended option.

4.3 Option 1 is the recommended option. If the recommendations in the report are not agreed, a special meeting of the JTC would be urgently required in order to agree 2024/25 Transport Levies before the statutory deadline of 15 February 2024.

5. Next Steps and Timetable for Implementation

5.1 The NECA Leadership Board and NTCA Cabinet will issue the transport levies to their constituent authorities on behalf of the JTC, and this will be presented to their meetings on 23 January and 30 January respectively.

6. Potential Impact on Objectives

6.1 The budgets presented in this report are aligned to the achievement of the Transport policy objectives of the JTC. They allow a balanced budget to be established in 2024/25 and include a strategy to enable the delivery of services over the medium term.

7. Financial and Other Resources Implications

7.1 The financial and other resource implications are set out in the body of the report.

8. Legal Implications

8.1 The JTC must approve the transport budgets and levies unanimously. The NECA Leadership Board and NTCA Cabinet will issue the levies to their constituent councils by 15 February preceding the financial year to which they relate. The Newcastle upon Tyne, North Tyneside, and Northumberland Combined Authority (Establishment and Functions) Order 2018 specifies that this function is exercisable only by the JTC.

9. Key Risks

9.1 Appropriate risk management arrangements are put in place in each budget area by the delivery agencies responsible. Reserves are maintained to help manage financial risk to the authority.

9.2 The JTC must approve the transport budget and levies unanimously. Despite mitigations including briefings and consultation with all constituent authorities particularly in Tyne and Wear, there remains a risk that it is not possible to achieve unanimous agreement at this meeting.

9.3 Should the proposals for the levies not be agreed unanimously at this meeting, a special meeting of the JTC would be required to consider revised proposals. Without an increase in the Tyne and Wear levy, the approach to balancing the Nexus budget in 2024/25 may involve reductions in services.

9.4 Under the Transport Levying Bodies Regulations 1992, the two combined authorities are required to issue a levy before 15 February preceding the commencement of the financial year in respect of which it is issued. This is to enable constituent local authorities to be able to include the levy amounts in their budgets for the new financial year.

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 NECA Constitution requires that consultation on budget proposals in its role as Accountable Body for the JTC be undertaken at least two months prior to the budget being agreed. The draft proposals have been subject to consultation with members of the JTC Overview and Scrutiny Committee and officer groups.

12.2 The JTC Overview and Scrutiny Committee discussed the draft budget proposals in its meetings on 26 October and 14 December. As part of their discussions, Members recognised that the current forecasts of deficits in the Nexus budget resulted in a serious position for the JTC and a set of stark choices around levy increases.

12.3 Members noted the reliance on reserves in order to balance the budget and the need to reach a balanced position without reliance on reserves at the end of the MTFP period. The forecast for the period to 2026/27 is covered in detail in the report.

13. Other Impact of the Proposals

13.1 There are no other impacts arising from this report.

14. Appendices

14.1 Appendix 1 – Transport Levy Arrangements

Appendix 2 – Nexus Summary Revenue Budget Requirement 2024/25

Appendix 3 – Detailed Nexus 2024/25 Budget

15. Background Papers

15.1 JTC Budget 2023/24 – report to JTC 17 January 2023

[\(Public Pack\) Agenda Document for North East Joint Transport Committee, 17/01/2023 14:30 \(northeastca.gov.uk\)](#)

15.2 Draft JTC Budget Proposals 2024/25 – report to JTC 21 November 2023

16. Contact Officers

16.1 Eleanor Goodman, NECA Finance Manager,
eleanor.goodman@northeastca.gov.uk

17. Sign off

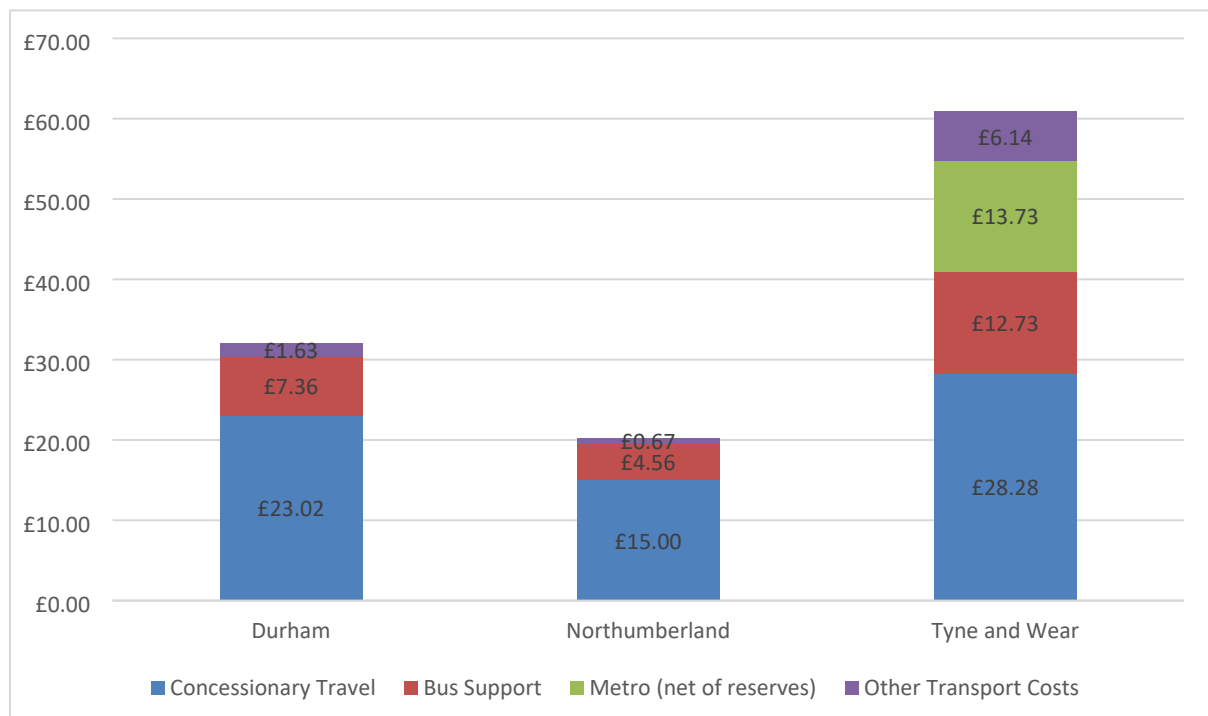
- The Proper Officer for Transport:
- Head of Paid Service:
- Monitoring Officer:
- Chief Finance Officer:

Appendix 1 – Transport Levy Arrangements

Background to Levy Arrangements

Public transport has traditionally been seen as a county-wide service, due to the wider geographic nature of transport services. County-wide precepts for Transport costs were replaced in 1990 with levying arrangements, reflecting Government decisions about how public transport grant support was to be provided i.e., within the Revenue Support Grant paid to metropolitan districts rather than directly to Passenger Transport Authorities (PTAs). The levying arrangements which specified a population apportionment were set out in the Transport Levying Bodies Regulations 1992. The regulations reflected the principle that all residents in a county area should contribute equally to access to transport services. In recent years concessionary travel costs have also been classified by DLUHC and DfT as a county-wide level service.

In establishing Combined Authorities with levying powers, Government required population to be used as the basis for levy apportionment. The area, unlike other Combined Authority areas, includes three county areas with very different levels of cost and grant funding. The difference in costs relates particularly to the cost of concessionary travel reimbursement, which is considerably higher in Tyne and Wear due to the high levels of travel on an urban transport network as well as higher levels of historic public transport borrowing costs and services such as the Tyne and Wear metro and the Shields ferry. It was not therefore considered appropriate to have a single transport levy covering the whole JTC area and the amended levy arrangements established three separate levies through legislation: one for Durham County Council, one for Northumberland County Council and one for Tyne and Wear. The difference in transport costs and levies between the three areas can be seen in the chart below:



Apportionment on Population basis in Tyne and Wear

Under the Transport Levying Bodies Regulations, the measure of population which must be used to apportion the Tyne and Wear Transport levy between the constituent authorities is the total resident population at the relevant date of the area of each Authority concerned (the relevant date being 30 June in the financial year which commenced prior to the levying year).

For the 2024/25 levy, this is the 2022 Mid-Year estimates published by the Office for National Statistics (ONS). The population estimates for 2021 and 2022 are set out in the table below. The population estimates for all five authorities have changed by different proportions:

	2021 MYE	2022 MYE ⁴	Change	
	People	People	People	% increase/-decrease
Gateshead	196,154	197,722	1,568	0.8%
Newcastle	298,264	307,565	9,301	3.1%
North Tyneside	209,151	210,487	1,336	0.6%
South Tyneside	147,915	148,667	752	0.5%
Sunderland	274,211	277,354	3,143	1.2%
Total Tyne & Wear	1,125,695	1,141,795	16,100	1.4%

Apportioning the proposed levy of £70.300m gives the following figures for Tyne and Wear:

	2023/24	2024/25	Change	
	£	£	£	%
Gateshead	11,814,249	12,173,688	359,439	3.0%
Newcastle	17,964,279	18,936,691	972,412	5.4%
North Tyneside	12,597,051	12,959,626	362,574	2.9%
South Tyneside	8,908,840	9,153,386	244,546	2.7%
Sunderland	16,515,580	17,076,609	561,029	3.4%
Total Tyne & Wear	67,800,000	70,300,000	2,500,000	3.7%

⁴ [Population estimates for England and Wales - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

Appendix 2 – Nexus Summary Budget Requirement 2024/25

Revenue Budget 2024/25

	Direct Costs	External Income	Net Costs	Net Indirect	Grants	Loan Interest	Capital Adjustment	2024/25 Net
	£m	£m	£m	£m	£m	£m	£m	£m
ENCTS	28.701	-	28.701	0.597	-	-	-	29.298
Discretionary CT	3.392	(0.590)	2.802	0.185	-	-	-	2.987
Metro	126.980	(54.728)	72.252	14.262	(28.634)	1.049	(38.435)	20.494
Ferry	1.877	(0.455)	1.422	0.941	-	0.014	(0.378)	1.999
Bus Services	17.111	(2.833)	14.278	1.204	(0.891)	0.009	(0.070)	14.530
Bus Infrastructure	2.473	(0.423)	2.050	0.639	-	0.225	(0.368)	2.546
Public Transport Information	0.595	(0.164)	0.431	0.707	-	0.028	-	1.166
Total requirement	181.129	(59.193)	121.936	18.535	(29.525)	1.325	(39.251)	73.020
JTC Grant (levy)								(68.200)
Deficit								4.820

Appendix 3 – Detailed Nexus Budget 2024/25

Service Area	Direct Costs £m	External Income £m	Indirect £m	Grants £m	Loan Interest £m	Asset Financing £m	Net £m
ENCTS	28.701	-	-	-	-	-	28.701
ENCTS	28.701	-	-	-	-	-	28.701
Discretionary CT	3.392	(0.590)	-	-	-	-	2.802
Discretionary CT	3.392	(0.590)	-	-	-	-	2.802
METRO							
Metro Farebox	0.867	(48.294)	-	-	-	-	(47.427)
PFN Income	-	(0.785)	-	-	-	-	(0.785)
Car Park Income	0.005	(0.198)	-	-	-	-	(0.193)
Ticketing & Gating	1.189	-	-	-	-	-	1.189
Automatic Fare Collection	1.685	(0.004)	-	-	-	-	1.681
Fare Collection & Revenue	3.746	(49.281)	-	-	-	-	(45.535)
MMA Management	12.785	-	-	-	-	-	12.785
Contracts & Commercial	7.197	(1.369)	-	-	-	-	5.828
Contracts & Commercial	19.982	(1.369)	-	-	-	-	18.613
System Development	4.000	(4.000)	-	-	-	-	-
System Development	4.000	(4.000)	-	-	-	-	-
Planning & Performance	1.492	-	-	-	-	-	1.492
Service Delivery	2.852	-	-	-	-	-	2.852
Operations Delivery	18.150	(0.066)	-	-	-	-	18.084
Metro Operations	22.494	(0.066)	-	-	-	-	22.428

Service Area	Direct Costs £m	External Income £m	Indirect £m	Grants £m	Loan Interest £m	Asset Financing £m	Net £m
Insurance & Claims	1.731	-	-	-	-	-	1.731
Rates	1.725	-	-	-	-	-	1.725
Utilities	1.894	-	-	-	-	-	1.894
Metro Marketing	0.699	-	-	-	-	-	0.699
Metro pensions and provisions	2.140	-	-	-	-	-	2.140
Depreciation	39.537	-	-	-	-	-	39.537
Metro - Other	47.726	-	-	-	-	-	47.726
HV Power	13.880	-	-	-	-	-	13.880
Safety & Assurance Metro	3.609	-	-	-	-	-	3.609
Engineering	0.281	-	-	-	-	-	0.281
Buildings & Facilities	3.247	-	-	-	-	-	3.247
IMSM/facilities	0.145	-	-	-	-	-	0.145
Civils & Structures	2.347	-	-	-	-	-	2.347
Rail Management & Administration	0.217	-	-	-	-	-	0.217
Permanent Way	1.882	(0.011)	-	-	-	-	1.871
Power Supplies	0.842	-	-	-	-	-	0.842
Signalling	1.339	-	-	-	-	-	1.339
Stores	0.207	(0.001)	-	-	-	-	0.206
ID Admin & performance	1.036	-	-	-	-	-	1.036
Infrastructure Management	29.032	(0.012)	-	-	-	-	29.020
Metro	126.980	(54.728)	-	-	-	-	72.252
Ferry	1.877	(0.455)	-	-	-	-	1.422
Ferry	1.877	(0.455)	-	-	-	-	1.422

Service Area	Direct Costs £m	External Income £m	Indirect £m	Grants £m	Loan Interest £m	Asset Financing £m	Net £m
Contract Management	0.510	-	-	-	-	-	0.510
TaxiCard	0.179	(0.021)	-	-	-	-	0.158
Secured Bus Services	16.422	(2.812)	-	-	-	-	13.610
Bus Services	17.111	(2.833)	-	-	-	-	14.278
Bus Infrastructure	2.473	(0.423)	-	-	-	-	2.050
Bus Infrastructure	2.473	(0.423)	-	-	-	-	2.050
Information	0.595	(0.164)	-	-	-	-	0.431
Public Transport Information	0.595	(0.164)	-	-	-	-	0.431
INDIRECT							
Pensions & Provisions	-	-	2.581	-	-	-	2.581
Investment Income	-	-	(2.786)	-	-	-	(2.786)
Democratic Services & Executive	-	-	1.411	-	-	-	1.411
Central Other	-	-	1.206	-	-	-	1.206
Media & Communications	-	-	0.490	-	-	-	0.490
Print & Distribution	-	-	0.220	-	-	-	0.220
Marketing	-	-	0.420	-	-	-	0.420
Customer Services	-	-	1.332	-	-	-	1.332
Customer Services & Communications	-	-	2.461	-	-	-	2.461
Human Resources	-	-	0.896	-	-	-	0.896
Learning & Development	-	-	2.322	-	-	-	2.322

Service Area	Direct Costs £m	External Income £m	Indirect £m	Grants £m	Loan Interest £m	Asset Financing £m	Net £m
Corporate Planning	-	-	1.536	-	-	-	1.536
People & Culture	-	-	4.754	-	-	-	4.754
Administration & Secretarial	-	-	0.177	-	-	-	0.177
Legal Services	-	-	0.480	-	-	-	0.480
Finance & Audit	-	-	1.695	-	-	-	1.695
Procurement	-	-	0.345	-	-	-	0.345
Estates	-	-	0.734	-	-	-	0.734
ICT	-	-	4.551	-	-	-	4.551
Finance & Resources	-	-	7.982	-	-	-	7.982
ICT Projects	-	-	0.089	-	-	-	0.089
ISTP	-	-	0.265	-	-	-	0.265
Major Projects	-	-	0.354	-	-	-	0.354
Safety & Assurance	-	-	1.776	-	-	-	1.776
Safety & Assurance	-	-	1.776	-	-	-	1.776
Indirect	-	-	18.535	-	-	-	18.535
Loan Charges	-	-	-	-	1.325	-	1.325
Released from:							
Released from Capital Grants	-	-	-	-	-	(37.414)	(37.414)
Released from Capital Reserves	-	-	-	-	-	(1.838)	(1.838)
Asset Financing					1.325	(39.251)	(37.926)

Service Area	Direct Costs £m	External Income £m	Indirect £m	Grants £m	Loan Interest £m	Asset Financing £m	Net £m
Bus Operators Grant	-	-	-	(0.891)	-	-	(0.891)
Metro Rail Grant	-	-	-	(28.634)	-	-	(28.634)
Grants	-	-	-	(29.525)	-	-	(29.525)
TOTAL REQUIREMENT	181.129	(59.193)	18.535	(29.525)	1.325	(39.251)	73.020
JTC Grant	-	-	-	(68.200)	-	-	(68.200)
JTC Grant	-	-	-	(68.200)	-	-	(68.200)
DEFICIT / (SURPLUS)	181.129	(59.193)	18.535	(97.725)	1.325	(39.251)	4.820

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North East Joint Transport Committee

Date: 16 January 2024
Subject: Transport Capital Programme 2024/25
Report of: Chief Finance Officer

Executive Summary

This report provides the North East Joint Transport Committee (JTC) with an updated forecast capital outturn for 2023/24 and presents the initial 2024/25 capital programme, totalling £304.416m, for consideration and approval.

The report identifies that total capital expenditure on Transport schemes of £232.693m is now forecast for 2023/24 against the revised programme budget of £278.496m – forecast slippage / underspending of £45.803m (16.4%). The main variances since the last update reported to the committee is a substantial revision of forecast expenditure on the Transforming Cities Fund Tranche 2 programme and the Active Travel Fund Tranches 2, 3 and 4 programmes. There are also variances forecast on the Bus Service Improvement Plan, the Metro Asset Renewal Programme and the Metro Flow programme which are detailed in the report.

The capital expenditure forecast on the Transforming Cities Fund Tranche 2 schemes is now estimated to be £48.212m in 2023/24. This is a revision of £12.189m on the previous forecast and is mainly due to scheme development difficulties, ongoing resource and capacity constraints and challenging market conditions which have led to some scheme promoters failing to hit assurance milestones.

£3.369m of capital expenditure is forecast on Active Travel Fund Tranches in 2023/24, which is a sizeable revision (reduction) on the previous forecast of expenditure (£22.725m) and has arisen largely due to difficulties in developments, scheme interdependencies and delays in Active Travel England sign off on final designs.

The report sets out details of the Nexus Capital Programme for 2024/25, totalling £102.143m, which includes the Metro Asset Renewal Program (MARP £47.191m), Fleet Replacement Programme (MFR £50.579m), Metro Flow (MFL £1.553m) and Other Nexus Capital Projects (Nexus OCP £2.819m). Indicative figures for 2025/26 and 2026/27 are included, which are subject to approval of funding.

The programme includes an estimated £14.057m of Local Transport |Plan Integrated Transport Block grant that will be received by NECA on behalf of the JTC, most of which will be paid to constituent authorities and Nexus on a quarterly basis to support their capital programmes. Expenditure on the Nexus elements is included in the

sections on the Nexus capital programme and to avoid double counting the remaining £11.309m is reported against the LTP Integrated Transport Block programme line.

The vast majority of the planned capital expenditure will be funded from specific government grants received, with these capital resources augmented with the use of earmarked reserves also. Full details of the funding of the planned expenditure are set out in the report.

Recommendations

The North East Joint Transport Committee is recommended to:

- i) Note the latest position in respect of the 2023/24 capital programme, summarised in section 2.1 and exemplified in more detail in the sections that follow;
- ii) Approve the proposed initial capital programme for 2024/25 which amounts to £304.416m, as summarised in section 2.1 and exemplified in more detail in the sections that follow;
- iii) Note that grant funding for the Metro Asset Renewal Programme (MARP) for years 2025/26 and 2026/27 is still subject to Department for Transport (DfT) approval, therefore the element of Nexus' capital programme relating to the MARP in these years, can only be considered indicative at this stage, pending the outcome of ongoing discussions with DfT officials;
- iv) Note that a further report to consider the MARP programme once will be prepared once the grant funding for years 2025/26 and 2026/27 is confirmed by DfT; and
- v) Approve the other elements of Nexus' capital programme (2024/25 to 2025/26) for the MARP (2024/25 only), the Fleet Replacement Programme and Other Projects as detailed in this report.

1. Background Information

- 1.1 In January 2023, the JTC approved the initial 2023/24 capital programme of £238.994m. The capital programme was updated to take account of adjustments for slippage in the 2022/23 outturn and new developments and funding secured. The revised updated budget for 2023/24, as reported to the JTC in November 2023 is £278.496m.
- 1.2 The programme for 2024/25 includes schemes for which funding has been identified. Where funding announcements are still outstanding (for example in relation to the Local Electric Vehicle Infrastructure (LEVI) bid submitted at the end of November 2023) schemes will be brought forward for inclusion in the capital programme once funding has been confirmed.
- 1.3 The report describes the work underway to develop the potential programme for the City Region Sustainable Transport Settlement. The indicative CRSTS programme will continue to be refined through the development of the CRSTS Business Case. The North East Mayoral Combined Authority and newly elected Mayor will be required to submit the CRSTS Business Case to Government for consideration post May 2024.

2. Proposals

2023/24 Capital Programme forecast and Indicative 2024/25 Capital Programme

- 2.1 A summary of the Transport capital outturn forecast for 2023/24, together with details of actual expenditure to 31 October 2023 and the indicative Transport capital programme for 2024/25 is set out in the table below, with further details provided in the sections that follow.

Table 1: Transport Capital Programme 2023/24 and 2024/25

	2023/24 Revised Budget	2023/24 Forecast Outturn	2023/24 Variance	Actual Spend to 31 Oct	2024/25 Initial Programme
	£m	£m	£m	£m	£m
ATF Tranche 2	2.929	0.540	(2.389)	1.885	0.464
ATF Tranche 3	17.612	1.929	(15.683)	0.000	16.000
ATF Tranche 4	2.184	0.900	(1.284)	0.000	5.979
BSIP	40.982	33.291	(7.691)	0.000	40.467
CRSTS ¹	0.000	0.000	0.000	0.000	49.000

¹ A total of £147m funding for allocation to projects from CRSTS capital settlement. Until a programme is agreed, this is shown as equal allocations of £49m per annum which will be refined at a later date.

EV Charging Infrastructure	0.299	0.153	(0.146)	0.189	0.000
Levelling Up Fund	0.000	4.097	4.097	0.000	14.622
LTP Highways Maintenance Block ²	0.000	0.000	0.000	0.000	52.143
LTP Integrated Transport Block ³	11.396	11.391	(0.005)	4.663	11.309
MARP	43.686	36.635	(7.051)	15.908	47.191
MFR	90.986	91.318	0.332	74.738	50.600
MFL	4.126	0.987	(3.139)	2.956	1.533
Nexus OCP	3.544	2.889	(0.655)	1.741	2.819
TCF	60.401	48.212	(12.189)	13.011	12.189
Tyne Tunnels	0.287	0.287	0.000	0.125	0.100
ULEV – Taxis	0.064	0.064	0.000	0.000	0.000
Total	278.496	232.693	(45.803)	115.216	304.416

Active Travel Fund

- 2.2 In November 2020, the North East region was allocated £9.049m of grant funding from Tranche 2 of the Active Travel Fund (ATF) (£7.714m capital and £1.335m revenue). To date £6.984m of the capital funding has been spent.
- 2.3 Eight active travel schemes across the seven constituent local authorities have been allocated capital funds. In order for a Grant Funding Agreement (GFA) to be set up and claims to be processed for schemes, all required grant funding agreements are now in place.
- 2.4 Due to development difficulties and scheme interdependencies, it is forecast that two schemes will now not be completed this year and will complete in 2024/25, with a budget of £0.464m associated with these schemes.

² Following transition to the proposed Mayoral Combined Authority from May 2024, Local Transport Plan funding will form part of the overall CRSTS grant settlement. It is proposed that for the years 2024/25 – 2026/27 allocations remain as previously agreed for distribution to constituent local authorities and Nexus.

³ As above. Excludes local match for MARP shown under that budget line.

- 2.5 In March 2022, the North East was allocated £17.929m of capital grant funding from ATF Tranche 3. Schemes are now entering into final development stages before delivery commences. Nine schemes across four local authorities were originally allocated funds, and following change control requests and the award of an additional £6.500m to a North Tyneside scheme, there are now eight schemes and the allocation for ATF Tranche 3 totals £26.962m. Active Travel England (ATE) must sign off final designs before schemes can progress into delivery, which is being considered through a design review meeting process.
- 2.6 There have been delays in processing schemes through the design review process by ATE, however one scheme has now entered into delivery (North Tyneside Sea Front Sustainable Route) and a further four are due to commence before or shortly after the end of the 2023/24 financial year. Therefore, the majority of the allocation of Tranche 3 expenditure will now be incurred next year and has needed to be reprofiled into 2024/25.
- 2.7 In March 2023, the North East was allocated £7.203m from Tranche 4 of the Active Travel Fund, of which £6.879m is capital. Four of the schemes are capital delivery schemes, and two are revenue development schemes. One scheme (NCN1 – South Tyneside to Sunderland) has entered into delivery, but to date no grant funding has been spent. As a result, the majority of capital spend is forecast for 2024/25.
- 2.8 The assurance process for Tranche 4 follows that for Tranche 3, in that schemes must provide an Assurance Statement and Monitoring & Evaluation plan, and also go through an ATE design review before a GFA is issued.

Bus Service Improvement Plan

- 2.9 In April 2022, the North East's BSIP was awarded £163.5 million of indicative funding through the government's competitive BSIP funding pot, of which £73.5m was for capital expenditure. All funding has now been confirmed by DfT.
- 2.10 A series of corridor-based bus priority improvement schemes which focus on improving bus reliability on high passenger demand routes across the region was approved at JTC in July 2023 totalling £20.250m. A further £13.040m was approved for the continued roll out of Intelligent Transport Systems (ITS). Preparatory work is currently underway to develop a programme of works for the remaining allocation.
- 2.11 At the JTC meeting in December 2023, Members agreed to the release of £0.350m of allocated professional fees to advance the remaining BSIP capital schemes and £3.4m to accelerate the delivery of Jesmond bus priority measures and Metrocentre Pocket Park and Ride. Capital expenditure to 31 October 2023 is nil with forecast expenditure to the year-end being £33.291m.

City Region Sustainable Transport Strategy

- 2.12 On establishment of the proposed mayoral combined authority, the region will be able to access £147m of new capital funds through the CRSTS. A business case, including a proposed programme to allocate this funding, will be presented to the

mayor and cabinet for agreement post May 2024, which must then be submitted to Government for consideration.

- 2.13 During the year, TNE has procured consultancy support to undertake an Independent Assessment of CRSTS candidate schemes as a means of identifying a prospective programme. An evidence-based recommendation will be developed, to ensure that the emerging indicative programme of prospective CRSTS schemes offers value for money and crucially can deliver within the CRSTS timescales.
- 2.14 Until a programme is developed and agreed by the new MCA, the total £147m CRSTS capital available has been indicatively profiled in the table above as £49m per annum. This will be refined and updated as the programme is agreed.

Electric Vehicle Charging Infrastructure

- 2.15 Work is nearing completion on the installation of EV charging infrastructure at six further sites around the region, in Gateshead, West Denton, The Dunes at South Shields, Morpeth, Crook and Tynemouth Swimming Pool. In some cases, sites have had to be altered to reflect changing circumstances or restrictive network capacity.

Levelling Up Fund

- 2.16 Following positive subsidy control appraisal of the region's £19.5m, levelling up Fund programme, the region is now able to progress towards delivery of the programme. This involves the delivery of 52 electric buses and supporting infrastructure and 92 Electric Vehicle chargers at park and ride locations and key destinations. A memorandum of understanding is due to be signed with the Department for Transport which will see the first capital payment of £4.7m made in January 2024. Thereafter orders for vehicles can be placed and infrastructure procured. Proportionate extensions to the programme have been agreed with DfT to account for the revised commencement date.

Local Transport Plan

- 2.17 Currently, LTP Highways Maintenance Funding is paid directly to constituent local authorities by DfT. From 2024/25 and the creation of the proposed MCA, this funding will be awarded to NEMCA to allocate. For at least the CRSTS1 period (2024/25 to 2026/27), this will continue to be allocated to each local authority on the same basis as they currently receive the funding. Any change to these arrangements post 2026/27 will need to be agreed by NEMCA.
- 2.18 LTP Integrated Transport Block funding is currently paid to NECA on behalf of the JTC for local allocation, and this principle will continue from 2024/25 under NEMCA. Proposed allocations for 2024/25 are in line with current distributions and set out in the table below.

Table 2: LTP Integrated Transport Block allocation 2024/25

Authority	Gross Allocation	UTMC Contribution	TNE Contribution	Net Allocation
	£	£	£	£
Durham	2,810,594	0	(62,500)	2,748,094
Gateshead	1,338,823	(79,187)	(62,500)	1,197,136
Newcastle	1,662,476	(115,397)	(62,500)	1,484,579
North Tyneside	1,096,864	(79,761)	(62,500)	954,603
Northumberland	1,708,124	0	(62,500)	1,645,624
South Tyneside	849,247	(58,583)	(62,500)	728,164
Sunderland	1,618,226	(109,208)	(62,500)	1,446,518
Nexus/PT allocation	2,972,647	0	(62,500)	2,910,147
Total	14,057,000	(442,136)	(500,000)	13,114,864

Nexus Capital Programme

- 2.19 The JTC approved Nexus' capital programme for 2023/24 to 2025/26 in January 2023. Following consideration of the 2022/23 outturn report a revised 2023/24 Capital Programme budget was approved by the JTC in July 2023. The programme is sub-divided into the following sections:
- i. Metro Asset Renewal Programme (MARP);
 - ii. Fleet Replacement Programme (FRP);
 - iii. Other Capital Projects (OCP); and
 - iv. Metro Flow (MFL).
- 2.20 The following report reviews the financial performance, at the end of Period 8 against the latest revised programme budget approved in terms of:
- i. Actual cumulative spend at the end of the period;
 - ii. Latest forecast outturn for 2023/24; and
 - iii. Actual capital grant recovery.
- 2.21 Nexus' revised capital programme for 2023/24, provided for gross expenditure of £142.342m. By comparison, the 2023/24 programme forecast outturn as at Period 8 stands at £133.829m. The £8.513m forecast under spend (6%) is illustrated below and detailed within the report. At the end of Period 8 the total programme spend was £95.343m, against an approved budgeted spend of £102.105m. The £6.762m variance is highlighted throughout the remainder of this report.

Table 3: Total Nexus Capital Programme

	Original Budget £m	Revised Budget £m	Actual / Forecast £m	Variance £m
Cumulative to Period 8				
Metro Asset Renewal Programme	20.665	20.665	15.908	(4.757)
Fleet Replacement Programme	74.608	74.608	74.738	0.130
Other Capital Projects	2.912	2.912	1.741	(1.171)
Metro Flow	3.920	3.920	2.956	(0.964)
	102.105	102.105	95.343	(6.762)
Outturn				
Metro Asset Renewal Programme	43.897	43.686	36.635	(7.051)
Fleet Replacement Programme	115.236	90.986	91.318	0.332
Other Capital Projects	3.107	3.544	2.889	(0.655)
Metro Flow	1.075	4.126	2.987	(1.139)
	163.315	142.342	133.829	(8.513)

2.22 At the end of Period 8, £91.440m of capital grant has been claimed from the DfT. This includes both the MARP and DRP. The actual amount claimed in total was 100.7% of forecast and therefore within DfT tolerance levels of +/- 5%.

Metro Asset Renewal Programme

2.23 Cumulative actual spend at the end of Period 8 was £15.908m compared with an original forecast of £20.665m. This is a £4.757m under spend relates to the timing of spend and is across a number of projects, the most notable being the Ticket Vending Machine (TVM) upgrade, Cullercoats Footbridge (there was a delay to the award of contract but the project is still expected to be completed this year), Whitley Bay Canopy (detailed further below) and the Benton Square Compound refurbishment.

2.24 Overall, the forecast outturn for 2023/24 stands at £36.635m (including £0.769m of contingency) compared to the approved budget of £43.686m. This is a forecast under spend of £7.051m (16%). There are a number of projects that contribute to this, but those of particular note are:

- Whitley Bay Canopy – to reflect a revised programme of works as a direct consequence of the Buckingham Group going into Administration and the subsequent novation to the new contractor.
- Multi-Storey Car Parks - to reflect the latest project timetables which have been impacted by consultancy availability and quality.
- Switches and crossings at Pelaw – to limit the cumulative impact of network closures to take into account the availability of suitable of bus replacement services.

- Nexus Office and Operational Buildings – to allow for the scope of the project to be fully developed.

- 2.25 The November grant claim was £2.953m, compared to the forecast £3.000m and therefore within the +/- 5% DfT target. Total grant claimed to date is £16.707m and MRG (capital) grant totalling £30.900m (including £2.987m Metro Flow spend) is forecast to be claimed by year end. This represents the total available MRG (Capital) Grant for 2023/24.
- 2.26 The forecast outturn of £36.635m is currently being critically examined in light of uncertainties surrounding future funding, particularly in relation to financial years 2025/26 and 2026/27. For now, the forecast represents work currently being undertaken, but this could change in the next month or two depending on levels of available funding, once known. In the meantime, the current forecast would be funded from £27.913m MRG capital grant from DfT, with the remaining £8.722m funded from £2.718m of local funding (LTP), plus £5.300m of earmarked reserves. There is currently £0.704m of unfunded over programming. Originally over programming was £8.224m.
- 2.27 Metro Rail Grant (Capital) for 2023/24 to 2024/25 has been included as part of the North East devolution deal announced on 28 December 2022. The majority of the local contribution, currently sourced from the Public Transport allocation of the LTP Integrated Transport Block is likely to form part of CRSTS.

Fleet Replacement Programme (FRP)

- 2.28 Cumulative actual spend at the end of Period 8 was £74.748m compared to the revised expected spend of £74.608m, following a re-set of contract milestones, reflecting delays in the new fleet becoming operational. The £0.130m over spend relates to the Carriage Wash fit out works at Gosforth Depot which are ahead of forecast.
- 2.29 Forecast outturn for 2023/24 is £91.318m (including a risk contingency of £2.719m), compared to the approved budget of £90.986m. therefore broadly on budget. The 2023/24 forecast outturn is based on the revised delivery programme. The £0.332m in-year pressure can but funded from within existing resources and the programme contingency continues to be critically examined each period in order to contain the budget within overall funding levels.
- 2.30 The November grant claim is £13.060m and 101.3% of the forecast and therefore within the +/- 5% DfT target.
- 2.31 The £91.318m forecast outturn is funded from the £89.900m DfT Fleet Replacement grant available in 2023/24, with the balance, £1.418m, funded from Nexus Fleet Reserves. This includes contingency expenditure of £2.719m and therefore if this not used in-year, spend may fall below the £89.900m DfT Fleet Replacement grant allocation and permission would need to be sought from the DfT for the virement of any under recovery of grant.

Other Capital Projects (OCP)

- 2.32 In 2023/24 Other Capital Projects have an approved budget of £3.544m comprising of £1.878m for the Transforming Cities digital car parks project, £0.023m for the completion of the Bus Contracts system, £0.862m for Ground Investigation (GI) works at the site of the proposed North Ferry Landing relocation project, and a further £0.781m for Ferry vessels and maintenance of existing landings (North and South).
- 2.33 Cumulative actual spend at the end of Period 8 was £1.741m against the approved budget profile of £2.912m. The £1.171m under spend relates to:
- Digital Car Parking – Delays in contractor installing new ticket machines, plus a reduction in overall use of contingency. The completion date is now February 2024, which is within TCF funding deadlines.
 - Bus Contracts system – Delays in testing due to additional software development being required.
 - Ferry North Landing Relocation – The actual cost of delivering the North Landing Relocation project GI works is less than budget.
 - Ferry – Slippage of the South Landing works and a reduction for a change in scope for the Ferry TVM solution.
- 2.34 Forecast outturn for 2023/24 is £2.889m against an approved budget of £3.544m. The £0.655m forecast underspend (18%) refers largely to the aforementioned underspend on North Landing GI works, a reduction in contingency for Digital Car Parking and slippage on the Ferry South Landing project.
- 2.35 The £2.889m outturn forecast is funded by £1.642m of Transforming Cities Grant in relation to Digital Car Parks, £0.079 LTP funding, £0.018m Clean Maritime Demonstration Competition funding and £1.150m Capital Reserves.

Metro Flow (MFL)

- 2.36 Cumulative actual spend at the end of Period 8 was £2.956m, against the approved budget profile of £3.920m. The £0.964m underspend is as a result of delays to delivering remaining remedial works to the main contract, which were previously being delivered by the main contractor Buckingham Group and are now delayed following Buckingham Group going into receivership and termination of the contract.
- 2.37 Forecast outturn for 2023/24 is £2.987m compared with the approved budget of £4.126m. The forecast in-year underspend is due to the termination of the Buckingham contract, with remedial works now scheduled to be carried out in 2024/25.
- 2.38 The forecast outturn of £2.987m is expected to be funded by £2.987m of MRG (Capital) Grant. £3.456m of 2023/24 MRG (Capital) Grant had been allocated to fund Metro Flow in this financial year. The forecast 2023/24 underspend

therefore results in a £0.469m under spend of MRG (Capital) Grant and zero use of TCF grant retained for Metro Flow in 2023/24.

- 2.39 Surplus TCF grant of c£4.500m is anticipated, which the DfT has agreed can be retained by the region and is expected to be used as contribution towards the North Shields Ferry landing relocation.

Nexus 2024/25 Capital Programme

- 2.40 Nexus’ capital programme for 2024/25 to 2026/27 includes investment in three main areas:

- I. Metro infrastructure (the Metro Asset Renewal Programme or MARP);
- II. A new fleet of Metrocars (the Fleet Replacement Programme or FRP); and
- III. Other Capital Projects (OCP) e.g., the cross Tyne Ferry and projects where external funding is being sought;

- 2.41 Funding is largely provided by the DfT:

- I. In respect of the MARP, the Department for Transport (DfT) is still to confirm the level of grant funding to be made available to Nexus for 2025/26 and 2026/27;
- II. In relation to FRP, 2023/24 represents the sixth year of capital funding from DfT, with the programme expected to complete in 2026/27;
- III. OCP is funded via a combination of earmarked reserves and external grant in the form of the City Regional Transport Scheme (CRSTS) and Transforming Cities Fund (TCF).

- 2.42 The financing of the proposed programme, assuming a certain level of grant funding from DfT is detailed in the following table:

	Proposed Budget 2024/25 £m	Proposed Budget 2025/26 £m	Proposed Budget 2026/27 £m
Metro Rail Grant (DfT)	38.400	39.300	19.079
Fleet Replacement Grant (DfT)	50.579	28.073	-
Transforming Cities Grant (DfT)	0.772	-	-
LTP ITB	2.797	2.797	2.797
Reserves	3.487	4.500	0.822
Overprogramming	4.554	1.723	0.000
	100.589	76.393	22.698

Metro Asset Renewal Programme (MARP)

- 2.43 At its January 2023 meeting, the JTC approved the capital programme for 2023/24 to 2025/26. At that time, grant funding was only secured for 2023/24 and

2024/25, but there was an assumption that grant funding would be secured for 2025/26 at a later date.

2.44 The North East Devolution Deal confirmed the following in connection with funding for the Metro Essential Renewals Programme:

- Funding for Metro’s Essential Renewals programme and operational support will be paid direct to Nexus as Metropolitan Rail Grant, out with the CRSTS mechanism. However, £57 million of capital funding was transferred from the North East’s nominal CRSTS allocation to take account of the additional Metropolitan Rail Grant capital payments in 2023/24 and 2024/25; and
- Funding for Metro Essential Renewals and operational support for 2025/26 and 2026/27 will be considered as part of the next Comprehensive Spending Review following the production of a business case and discussion between the government, the North East Mayoral Combined Authority, and Nexus.

2.45 Following informal dialogue between Nexus and DfT civil servants, a programme for 2025/26 and 2026/27 has been developed totalling £65.709m.

2.46 However, at this point no funding has been confirmed by DfT for 2025/26 and 2026/27. Discussions are ongoing, and a further report will be brought to the Joint Transport Committee when the outcome is known.

2.47 Based on discussions with DfT officials, investment that Nexus envisages it might be funded to deliver over the next 36 months (2024/25 to 2026/27) at asset category level is set out below and in more detail at Appendix 1.

	Proposed Budget 2024/25 £m	Proposed Budget 2025/26 £m	Proposed Budget 2026/27 £m
Capital Maintenance	2.840	3.310	2.500
Civils	5.067	3.340	1.125
Level Crossings	0.100	0.100	0.100
Mechanical and Electrical	3.934	4.500	1.300
Overhead line	3.750	5.025	5.606
Permanent Way (Plain line)	7.058	10.345	1.031
Plant	0.625	1.250	0.400
Risk Contingency	2.000	5.752	5.629
Signalling	7.561	6.898	3.380
Stations	4.445	0.230	0.200
Business Applications	1.404	0.310	0.075
ICT Infrastructure	3.040	0.957	0.370
Miscellaneous	4.797	1.824	-
Power	0.570	0.100	0.100
	47.191	43.941	21.816

2.48 The programme is developed based on funding discussions with DfT officials, using a prioritisation model that, in the context of the finite funding available for investment in the Metro asset base, targets resources based on a range of criteria ranging from safety and performance to impact on customer demand/experience and broader strategic fit. Whilst the proposed programme is set out in Appendix A, a summary of its key components is provided below:

Civils

- Refurbishment of bridges at Stoddart Street (Newcastle)
- Development of a scheme to replace the track system on Howdon Viaduct
- Asbestos Management in central area tunnels
- Remedial works to Regent Centre, Four Lane Ends and Northumberland Park Multi-Storey Car Parks and Surface Car Parks across the network
- Heworth Interchange roofing works
- Carlisle Street works

Permanent Way

- Renewal of Prudhoe Street switch and crossing (central Newcastle tunnel)
- Renewal of switches and crossings at Pelaw
- Procurement of switches and crossings for installation at Monkseaton in the following year
- Design, planning and renewal and refurbishment of track between Regent Centre and Airport
- Scope and option development to enable reduced reliance on lookout protection for infrastructure works

Mechanical and Electrical

- Continued renewal of tunnel lighting across the network with efficient LED units
- Lift renewal
- Escalator renewal
- Fire safety improvement surveys
- Sump pump replacement
- Development and design of Electric Vehicle charging infrastructure

Overhead Line Equipment

- Continuation of the overhead line renewal
- Replacement of fixed tension sections with automatically tensioned equipment

ICT Infrastructure

- Renewal of the CCTV storage platform
- Upgrade of the Public Address system
- Replacement of Copper cable for communications systems

Business Applications

- Replacement of the Asset Management Systems
- Replacement of Bank Note Recyclers in Ticket Vending Machines (to accommodate the change to the Kings Head appearing on bank notes)

Signalling

- Continued development of proposals for a new signalling system, including feasibility assessments
- Implementation of a new Supervisory Control and Data Acquisition (SCADA) system, which allows remote monitoring of various items of equipment across the network, some of it safety critical
- Continuation of works to address cable degradation in a multi-year programme continuing across the Metro infrastructure

Stations

- Refurbishment of Whitley Bay Station canopy.
- Continuation of works to refresh and update Halt Stations across the network.
- Northumberland Park Car Park refurbishment

Capital Maintenance/Other

- Continued heavy maintenance of the existing fleet and a contribution towards the mid-life refurbishment of the new trains
- Replacement of road vehicles, and specialist Engineering and Road-Rail vehicles

- Investment in the Nexus estate
- Permanent way, rail grinding, off track enhancements and vegetation management around the system
- Refurbishment of electrically powered engineering locomotives

Fleet Replacement Programme (FRP)

2.49 In October 2017, government announced £336.8m of grant funding for the replacement of Nexus' fleet of Metrocars. This funding is augmented by a £25.0m local contribution.

2.50 The funding profile was confirmed in January 2020 based on the key milestones to be delivered within the programme and is detailed below:

	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
DfT Capital	-	21.6	29.8	44.0	78.6	117.7	43.6	1.5	336.8
Local Cont.	1.1	7.6	16.3	-	-	-	-	-	25.0
	1.1	29.2	46.1	44.0	78.6	117.7	43.6	1.5	361.8

2.51 During 2023/24 the profile has evolved further with most notably a contract reset delaying completion until 2026/27:

	18/19 to 22/23	23/24	24/25	25/26	26/27	Total
	£m	£m	£m	£m	£m	£m
DfT Capital	168.2	89.9	50.6	28.1	-	336.8
Local Cont.	18.5	1.4	-	4.3	0.8	25.0
	186.7	91.3	50.6	32.4	0.8	361.8

2.52 The re-profiling of the delivery programme reflects the approved contract reset programme for the planned delivery of the new train fleet. Currently, it is envisaged that over the next 36 months, some residual Gosforth Depot works will complete, Driver Transition Training will commence and complete and the Manufacture and Supply Agreement (MSA) will progress through manufacture and acceptance leading to the delivery of all 46 new trains. The following expenditure is forecast:

	Proposed Budget 2024/25	Proposed Budget 2025/26	Proposed Budget 2026/27
	£m	£m	£m
New Train Fleet (MSA)	43.282	29.031	0.822
Gosforth Depot (DCC)	0.155	-	-
Project Delivery	5.272	1.939	-
Risk Contingency	1.870	1.382	-
	50.579	32.352	0.822

Other Capital Projects (OCP)

2.53 Other Capital Projects for which funding is confirmed largely feature investment in Ferry related infrastructure and the finalisation of works in relation to the Metro Flow project:

	Proposed Budget 2024/25	Proposed Budget 2025/26	Proposed Budget 2026/27
	£m	£m	£m
Ferry Vessels	0.517	0.060	0.060
South Landing works	0.749	0.040	-
Metro Flow	1.553	-	-
	2.819	0.100	0.060

2.54 There are a number of emerging projects for which funding is yet to be confirmed that Nexus may undertake during the life of the proposed programme. These include:

- Bus Service Improvement Plan (BSIP) projects e.g., website development, bus stops and shelters;
- CRSTS projects e.g., smart ticketing, Regent Centre, Metro gatelines, North ferry landing, Callerton car park;
- Levelling Up Fund projects e.g., customer facing EV charging infrastructure;
- Other third party funded projects e.g., Green Lane bridleway crossing improvements, Wallsend bus station improvements, Clean Ferry feasibility study.

2.55 In addition, during the lifetime of the proposed programme Nexus expects to develop the business cases for the Washington Loop Metro expansion and the renewal of the existing signalling system. Whilst the proposed programme contains a budget to undertake feasibility studies and establish options available, construction/works are subject to future funding submissions and therefore do not feature within the programme detailed in this report.

Transforming Cities Fund

- 2.56 The North East was awarded £198m of capital grant for Tranche 2 of Transforming Cities Fund. Within the Tranche 2 schemes, £103.8m is for schemes where the decision making on funding is devolved to the region, and the remaining £94m is for the Metro Flow scheme managed by Nexus, where the decision making on the funding is retained by the Department for Transport. Updates on Metro Flow are included with the Nexus Capital Programme sections in this report.
- 2.57 Total expenditure to date within the TCF Tranche 2 programme stands at approximately £56.002m, which represents 54.2% of the overall grant. Over quarter 1 and quarter 2 of 2023/24, £13.011m from the Devolved Pot was incurred. A total of £12.189m of expenditure is now forecast for 2023/24. Therefore, a rapid acceleration in the spending over the remainder of 2022/23 is required to meet the forecast. Expenditure forecasts have been based on quarterly monitoring returns and expenditure profiles included within scheme business cases.
- 2.58 Scheme development difficulties, ongoing resource and capacity constraints and challenging market conditions have led to some scheme promoters failing to hit assurance milestones and because of these delays, expenditure is likely to run into the 2024/25 financial year. Talks are ongoing with DfT regarding the revised expenditure profile.

Tyne Tunnels

- 2.59 The Tyne Tunnels capital programme relates to the refurbishment of the Tyne Pedestrian and Cycle Tunnels (TPCT). The TPCT reopened for public use in August 2019 after being closed for several years for refurbishment. They are currently open to the public with no charge to users. To access the tunnels, pedestrians and cyclists can use the vertical lift at both ends. The tunnels are monitored via CCTV by the 24-hour security presence on-site.
- 2.60 The inclined glass lifts at the TPCT are additional lifts which have been planned to increase capacity for cyclists and to provide a tourist attraction, as they are bespoke glass lifts which travel on a steep incline down the historic escalator shaft to the lowest part of the tunnels. Completion and certification of the inclined lifts has been significantly delayed due to the bespoke nature of the design and issues with contractors. However, the works have been completed and are in the final stages of testing and certification and should be opening to the public within the next few months.
- 2.61 There is a planned handover of the TPCT to TT2 scheduled for May 2024 on the basis that the refurbishment works are completed. However, the JTC (and any future equivalent bodies) will remain responsible for carrying out major maintenance and renewal of assets, and therefore, it is prudent to set aside funds for these capital works within the budget. An asset life cycle schedule will be developed as part of the handover documentation, which will detail when the TPCT assets are likely to require renewal based on the manufacturer's specification. This will inform the capital works budget, however in the meantime

a provisional figure of £0.1m has been included in the 2024/25 budget. The future capital needs will be constantly reviewed, and the budget updated accordingly to ensure suitable provision is made for capital works.

Ultra Low Emission Vehicles – Taxi Project

2.62 It is expected that the final North Tyneside charger will go live imminently with orders being placed for connections. The Newcastle site remains delayed owing to legal agreements being sought. It is hoped the works will be fully complete this financial year.

3. Reasons for the Proposals

3.1 The proposals are presented in this report to enable the JTC to agree its capital programme for 2023/24.

4. Alternative Options Available

4.1 Option 1 is the recommended option.

4.2 Option 1 – the North East Joint Transport Committee may accept the recommendations set out in the report.

4.3 Option 2 – the North East Joint Transport Committee may suggest amendments or alternative proposals to be considered. Option 1 is the recommended option.

5. Next Steps and Timetable for Implementation

5.1 Progress against the JTC Capital Programme will be reported regularly throughout the year and monitored carefully by officers at the various delivery bodies. AS and when updated information on funding bids is received, the capital programme will be updated.

6. Potential Impact on Objectives

6.1 The budgets presented in this report are aligned to the achievement of the Transport policy objectives of the Authority.

7. Financial and Other Resources Implications

7.1 The financial and other resource implications are set out in the body of the report.

8. Legal Implications

8.1 The Newcastle upon Tyne, North Tyneside, and Northumberland Combined Authority (Establishment and Functions) Order 2018 specifies that the setting of the capital programme in relation to transport is a function exercisable only by the JTC. Unanimous approval is required.

9. Key Risks

9.1 Risks associated with the delivery of transport schemes by the key delivery bodies are factored into the risk management processes of those organisations.

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 Projects being delivered by constituent authorities and other delivery partners, or in constituent authority areas, are subject to local consultation and planning approvals.

13. Other Impact of the Proposals

13.1 There are no other impacts arising from this report.

14. Appendices

14.1 Appendix 1 – Nexus Proposed Capital Programme 2024/25 to 2026/27

15. Background Papers

15.1 JTC 2023/24 Capital Programme January 2023 ([Public Pack](#))[Agenda Document for North East Joint Transport Committee, 17/01/2023 14:30 \(northeastca.gov.uk\)](#)

15.2 JTC 2023/24 Capital Programme Update November 2023 ([Public Pack](#))[Agenda Document for North East Joint Transport Committee, 21/11/2023 14:30 \(northeastca.gov.uk\)](#)

16. Contact Officers

16.1 Eleanor Goodman, NECA Finance Manager,
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17. Sign off

- The Proper Officer for Transport:
- Head of Paid Service:
- Monitoring Officer:
- Chief Finance Officer:

18. Glossary

ATF – Active Travel Fund

BSIP – Bus Service Improvement Plan
CRSTS – City Region Sustainable Transport Settlement
EV – Electric Vehicles
LUF – Levelling Up Fund
LTP – Local Transport Plan
MARP – Metro Asset Renewal Plan
MFR – Metro Fleet Replacement
MFL – Metro Flow
OCP – Other Capital Projects
TCF – Transforming Cities Fund
ULEV – Ultra Low Emission Vehicles

Appendix 1 – Nexus Proposed Capital Programme 2024/25 to 2026/27

Asset Category	Proposed Budget 2024/25 (£m)	Proposed Budget 2025/26 (£m)	Proposed Budget 2026/27 (£m)
Metro ARP	47.191	43.941	21.816
Capital Maintenance	2.840	3.310	2.500
<i>Capital Maintenance - Existing fleet and transition.</i>	1.700	1.700	1.700
<i>Infrastructure Vehicle Renewal and Refurbishment (RRV's, wagons, etc.)</i>	0.540	0.660	-
<i>Plain Line (Heavy Maintenance)</i>	0.600	0.600	0.800
<i>Rail Grinding</i>	-	0.350	-
Civils	5.067	3.340	1.125
<i>Structural Assessments - overbridges</i>	0.075	0.075	0.075
<i>Tunnels - repairs and asbestos maintenance</i>	0.150	0.150	0.150
<i>Howdon Viaduct - Track System Renewal</i>	0.342	0.050	0.050
<i>Stoddart Street bridges - repair/waterproofing</i>	2.578	0.040	-
<i>Multi Storey Car Parks refurbishment</i>	0.066	0.925	-
<i>Surface Car Parks Refurbishment</i>	0.200	0.100	0.100
<i>Bridges - condition and assessment led repairs/painting</i>	0.750	0.750	0.750
<i>Earthworks GST-SSS</i>	0.106	-	-
<i>Carlisle Street Overbridge - deck refurbishment</i>	0.150	0.500	-
<i>Station- Heworth Interchange- Construction - Roof</i>	0.250	0.750	-
<i>Seaburn station platform repairs</i>	0.400	-	-
Level Crossings inc. foot crossing	0.100	0.100	0.100
<i>Crossing Upgrade / repairs</i>	0.100	0.100	0.100

Asset Category	Proposed Budget 2024/25 (£m)	Proposed Budget 2025/26 (£m)	Proposed Budget 2026/27 (£m)
Mechanical and Electrical	3.934	4.500	1.300
<i>Escalators - Haymarket (No. 1&3) 1/2 Life Refurbishment</i>	0.016	-	-
<i>Lighting inverters</i>	0.077	-	-
<i>Tunnel Lighting</i>	0.500	1.000	1.000
<i>Escalator Replacements</i>	0.850	0.505	-
<i>Lift Replacements</i>	1.120	1.680	-
<i>Fire Safety Improvement Programme</i>	0.771	0.540	-
<i>NRHQ Gas Improvement Works</i>	0.035	-	-
<i>Protection testing</i>	0.130	-	-
<i>Sump Pump Replacement Works</i>	0.225	0.225	-
<i>Lighting Control Programme</i>	0.030	0.100	0.100
<i>Decarbonisation Programme</i>	0.050	0.250	-
<i>BMS Programme</i>	0.030	0.100	0.100
<i>EV Vehicle infrastructure</i>	0.100	0.100	0.100
Overhead line	3.750	5.025	5.606
<i>OHL renewal - Continued from Phase 2 ARP</i>	3.450	3.525	3.606
<i>Replacement of fixed tensioning with automatic</i>	0.300	1.500	2.000
Permanent Way	7.058	10.345	1.031
<i>Vegetation management / Off track remedial works</i>	0.750	0.750	0.500
<i>Metro Infrastructure Boundary improvements</i>	0.100	0.100	0.100
<i>Switches & Crossings - Pelaw 7005/7006/7017 pts</i>	1.357	-	-

Asset Category	Proposed Budget 2024/25 (£m)	Proposed Budget 2025/26 (£m)	Proposed Budget 2026/27 (£m)
<i>Switches & Crossings - Prudhoe Street 6007A/B pts</i>	0.451	-	-
<i>Plain Line Refurbishment. SGF to Airport (Col)</i>	3.400	6.804	0.040
<i>Switches & Crossings - Monkseaton 2036Bpts (Turnout), 2034 Abpts (Crossover), 2032 AB pts (Crossover)</i>	0.750	2.300	-
<i>Lookout Protection infrastructure works</i>	0.250	0.250	0.250
<i>Bridge longitudinal timbers</i>	-	0.141	0.141
Plant	0.625	1.250	0.400
<i>Vehicle replacement Programme</i>	0.300	0.400	0.400
<i>Battery Locomotive refurbishment</i>	0.325	0.850	-
Risk Contingency	2.000	2.000	2.000
Signalling	7.561	6.898	3.380
<i>Cable Testing and Replacement</i>	0.500	0.500	0.500
<i>Location Rewire</i>	0.200	0.200	0.200
<i>Cable degradation - relay rooms</i>	1.083	-	-
<i>Scada (and Mimic)</i>	4.480	3.265	0.115
<i>LED Signal Replacement</i>	0.100	0.100	0.100
<i>Signalling componentary sundry</i>	0.200	0.200	0.200
<i>Remote condition monitoring</i>	0.100	0.100	0.100
<i>Signal Sighting works - Stop boards</i>	0.018	-	-
<i>Troughing and trayplating</i>	0.100	0.100	0.100
<i>Signalling System replacement development</i>	0.400	1.000	-

Asset Category	Proposed Budget 2024/25 (£m)	Proposed Budget 2025/26 (£m)	Proposed Budget 2026/27 (£m)
<i>RTMS Upgrade / refresh</i>	0.100	0.500	0.900
<i>Passenger Information Displays</i>	0.100	0.933	1.165
<i>Uninterrupted Power Supply</i>	0.100	-	-
<i>Point Heaters</i>	0.080	-	-
Stations	4.445	0.230	0.200
<i>Northumberland Park Car Park</i>	0.770	-	-
<i>Whitley Bay (Canopy)</i>	3.425	0.030	-
<i>Monkseaton (inc. canopy)</i>	0.050	-	-
<i>Chichester refurbishment</i>	0.050	0.050	0.050
<i>Halt Stations - including Sunderland line</i>	0.150	0.150	0.150
Business Applications	1.404	0.310	0.075
<i>Asset Management Software Replacement</i>	0.526	0.235	-
<i>Finance BACS application</i>	0.003	-	-
<i>Bank Note Acceptors</i>	0.800	-	-
<i>Business Applications</i>	0.075	0.075	0.075
ICT Infrastructure	3.040	0.957	0.370
<i>Microsoft SQL Server</i>	0.050	-	-
<i>Network Refresh</i>	0.050	-	-
<i>CCTV Storage Platform</i>	1.882	-	-
<i>CCTV - Safety and Security led enhancements</i>	0.050	-	-
<i>Copper ICT 50 pair cable</i>	0.110	0.050	-

Asset Category	Proposed Budget 2024/25 (£m)	Proposed Budget 2025/26 (£m)	Proposed Budget 2026/27 (£m)
<i>Lift Help Points</i>	0.038	0.037	-
<i>PA Speakers and Cabling</i>	0.050	0.050	0.050
<i>Office LAN</i>	0.340	-	-
<i>Telephony architecture</i>	-	0.100	-
<i>PA Head End Upgrade</i>	0.350	-	-
<i>Cyber Security / Environment Hardening</i>	-	0.425	-
<i>Wi/Fi Upgrade</i>	-	0.175	-
<i>Laptop / desktop replacement</i>	-	-	0.200
<i>Smartphone renewal</i>	0.120	0.120	0.120
Miscellaneous	4.797	1.824	-
<i>Control Centre improvements (further)</i>	1.700	-	-
<i>LV Top Shed</i>	0.150	-	-
<i>Benton Square Security</i>	0.150	-	-
<i>Infra Del NRHQ office refurb</i>	0.075	-	-
<i>Smart Card Reader 3 Upgrade / Fare collection systems</i>	1.800	-	-
<i>Nexus Office and Operational Property strategy delivery.</i>	0.872	1.824	-
<i>Upgrade TVMs, gates/barriers, validators, TOMs XP</i>	0.050	-	-
Power	0.570	0.100	0.100
<i>DC Switch Boxes</i>	0.420	-	-
<i>HV Improvements</i>	0.150	0.100	0.100
Inflation Allowance	-	3.752	3.629

Asset Category	Proposed Budget 2024/25 (£m)	Proposed Budget 2025/26 (£m)	Proposed Budget 2026/27 (£m)
<i>Inflation at 3% annually from 2027/28</i>	-	3.752	3.629
Metro Flow	1.553	-	-
Fleet Replacement Programme	50.579	32.352	0.822
<i>MSA</i>	43.283	29.031	0.822
<i>DCC</i>	0.155	-	-
<i>Project Delivery</i>	5.272	1.939	-
<i>Risk Allowance</i>	1.869	1.382	-
Other Capital Projects	1.266	0.100	0.060
<i>Ferry Vessels</i>	0.517	0.060	0.060
<i>South Landing works</i>	0.749	0.040	-
Total Capital Programme	100.589	76.393	22.698

North East Joint Transport Committee

Date: 16 January 2024

Subject: Transport Plan Progress Report

Report of: Managing Director, Transport North East

Executive Summary

This report provides an update on progress made across a number of Delivery Plan categories in implementing the objectives of the North East Transport Plan and achieving the vision of 'moving to a green, healthy, dynamic and thriving North East.'

The North East has bid for 43 buses through the Zero Emission Bus Regional Area (ZEBRA) 2 fund.

Recent analysis of DfT statistics has shown that the North East (inc. Tees Valley) has seen a loss of 39 million bus miles over the past 18 years, this represents a 37% cut to the overall network.

The redeveloped southern entrance of Sunderland rail station opened to the public on 8 December 2023.

The proposed December 2024 timetable for the East Coast Main Line will improve the frequency of trains between Newcastle and London but will see fewer London-bound services calling at towns in Northumberland. Recent cuts by Transpennine Express between Newcastle and Manchester, because of staffing issues, will also continue in the new timetable.

Regulated rail fares in England will increase by up to 4.9% from March 2024.

The North East Zero Emission Vehicle Strategy was approved by the North East Joint Transport Committee in December. The aim of the strategy is to promote the use of ZEVs for journeys which have to be made by cars and vans.

The Newcastle E-scooter rental trial has been extended for the fourth time until March 2026.

Recommendations

The Joint Transport Committee is recommended to note the contents of this report.

1. Background Information

- 1.1 The North East Transport Plan sets out a vision of 'moving to a green, healthy, dynamic and thriving North East' through the delivery of transport improvements under seven policy areas. Recent developments in the transport field are discussed below, organised by policy area.

2. Public transport, travelling by bus, Metro, ferry and on demand public transport

Bus Travel

- 2.1 Go North East Industrial action – Following the resolution of industrial action by Go North East and drivers from the Unite Union, normal services resumed on 2 December. During the strike, bus patronage was at 63% of the same time during 2022. This is a shortfall in boardings of approximately 5,630,000 throughout the course of the strikes when compared with the same time period in 2022.

- 2.2 ZEBRA 2 Bid – Transport North East have been working in collaboration with the region's main bus operators to prepare a bid for the Zero Emission Bus Regional Area (ZEBRA) 2 fund. The ZEBRA 2 scheme will provide £129 million across England to support the introduction of zero emission buses in financial years 2023 to 2024 and 2024 to 2025. The region has bid for 43 battery electric buses:

- Arriva (14 buses based at Belmont depot for services 48, 64 and X46)
- GNE (11 buses based at Riverside depot for services 58 and X66)
- STG (18 buses based at Slatyford depot for services 30/31/36)

The next stage in the process will be clarification interviews in mid-January and then winners will be announced in mid-March 2024.

- 2.3 Bus Service Mileage Decline – Recent analysis of DfT statistics has shown that the North East (including the Tees Valley) has seen a loss of 39 million bus miles over the past 18 years, this represents a 37% cut to the overall network. When broken down further and excluding the Tees Valley, the figures show a 31% reduction since 2010 and a 12% reduction in the 12 months leading up to March 2023. Furthermore, the statistics do not include the significant impact that Go North East industrial action had on the region's bus services at the tail end of 2023.

Metro

- 2.4 Special Interest Groups Visit to New Metro Trains – Nexus has held a series of visits for special interest groups to experience the new Metro trains and see how their feedback has shaped the final design. The groups, including people with visual and hearing impairments, physical and learning disabilities, and special interest groups like cyclists, were all invited to familiarisation days to see the range of accessibility features in action. They are the first customers to experience the new trains.

3. Connectivity beyond our boundaries

Rail

3.1 East Coast Main Line (ECML) timetable – At the recent Transport for the North (TfN) Board meeting (14/12) members confirmed acceptance of the ECML timetable change planned for December 2024, following receipt of additional assurances which were of particular relevance to the North East (see table below):

Written confirmation from the Department that funding is specifically earmarked in its programme for the rail enhancements required to deliver capacity upgrade works on the ECML to release a 7th hourly path for passenger services between Northallerton and Newcastle in Control Period 7.	Rail Minister has written to TfN confirming that said funding has been specifically included in the Rail Network Enhancements Pipeline (RNEP) baseline.
Written confirmation from TPT that it will continue to plan on the basis of operating two trains per hour between Newcastle and Manchester, with the second hourly service to be introduced as soon as the infrastructure is available to deliver the 7th path.	Rail Minister & TPE have confirmed their commitment.
Assurances from LNER and other operators that they will pursue options to restore other connectivity to and from North East stations that will be negatively impacted by the proposals, particularly in relation to LNER trains serving Berwick-upon-Tweed and Durham.	LNER has written offering a compromise re Durham and to pursue future options.

The proposed December 2024 timetable will improve the frequency of trains between Newcastle and London but will see fewer London-bound services calling at towns in Northumberland. Recent cuts by Transpennine Express between Newcastle and Manchester, because of staffing issues, will also continue in the new timetable.

The North East has secured a clear commitment from government to the investment that will provide capacity relief on the East Coast Main Line in the relatively near future, and this is very welcome. That does not, however, diminish the fact that the new timetable sacrifices the North East’s rail connectivity in order to improve it for the rest of the country.

A letter, expressing concerns about the impact that the new timetable will have on the North East, is being prepared by officers to be sent to the Secretary of State for Transport.

3.2 Rail Fare Increases – Regulated rail fares in England will increase by up to 4.9% from March 2024, the increase has been capped below inflation and has been

delayed from January when the increases would normally come into force. Previously, fares have risen based on the retail price index (RPI) measure of inflation plus an additional 1%. This would have seen fares rise by 10% this year without government intervention.

- 3.3 Industrial relations – The ASLEF Union members were involved in several days of industrial action during December 2023. ASLEF members were balloted in early December on whether to continue taking strike action for the next 6 months, which the majority of members voted in favour of. This means there is likely to be further disruption for the foreseeable future, more detail will be provided when further strike action is announced. Members of the RMT Union have agreed to an improved pay offer, meaning they will not be involved in industrial action until Spring 2024 at the earliest.
- 3.4 Sunderland Station Redevelopment – The redeveloped southern entrance of Sunderland rail station opened to the public on 8 December 2023. The project, which was partially funded by £16.3m from the Transforming Cities Fund (TCF), features a new ticket office, retail spaces and a new mezzanine level with office spaces reserved for rail industry staff. The southern entrance is the first step in a wider investment programme to transform the transport hub, with Sunderland Council campaigning for support for the next phases. Further works may include capacity increases and redevelopment of the station’s northern entrance.
- 3.5 Rail and Metro Extensions – Officers at Transport North East are currently working towards the development of a prospectus of potential local rail and Metro extensions to inform the incoming Mayor and Cabinet of opportunities. It is envisioned that this prospectus will be shaped in collaboration with both internal and external partners while also being supplemented by commissioned feasibility and forecasting studies. Feedback from partners is currently being reviewed and it is envisaged that stakeholder workshops with external partners will commence in early 2024.
- 3.6 Ticket Office Closure Consultation Feedback – Transport Focus has released a report detailing the types of feedback received, and the demographics of respondents during the Governments consultation on the closure of ticket offices. When combined with the parallel consultation run by London TravelWatch, 750,000 responses were received. Key issues raised include:
- Concerns around a reduction in the levels of station staffing.
 - Insufficient alternative options for ticket purchase.
 - Concerns that proposals would disadvantage disabled people.

Some of the main demographics of respondents are included below:

- Almost half of respondents were over 65.
 - 58% of respondents were female.
 - 20% of respondents had a long-term physical or mental health impairment limiting the daily activities or work that they can do.
- 3.7 Government Response to the Union Connectivity Review – The Secretary of State for Transport, Mark Harper, provided a written statement to parliament on 7

December 2023 on the UK government's response to the Union Connectivity Review (UCR). The UCR is an independent UK-wide multi-modal strategic transport assessment. The relevant detail for rail from the government response is their commitment to "funding Network Rail to study options for enhancements to improve capacity and journey times on services between England and Scotland".

4. Making the right travel choice

4.1 Local Electric Vehicle Infrastructure (LEVI) Capital Fund – Following submission of the region's LEVI bid in November 2023, we are awaiting a decision from government. Providing the LEVI capital application is approved, 90% of funding will be released by the Department for Transport in January 2024. The final 10% of funding will be released following stage 3 of the application process. Delivery of the EV charge points are expected to be underway by September 2024.

4.2 ZEV Strategy – The North East Zero Emission Vehicle Strategy was approved by the North East Joint Transport Committee in December. The aim of the strategy is to promote the use of ZEVs for journeys which have to be made by cars and vans and is based around the idea that; **excellent infrastructure + well informed people will lead to an increase to ZEVs**. The strategy also sets out a delivery plan with an initial list of proposed ZEV schemes worth approximately £79m to grow the charging network across the region. This list is a "live pipeline" of schemes and is expected to develop further over time.

4.3 Electric Scooter Trial Extension – The Newcastle E-scooter rental trial has been extended for the fourth time until March 2026. New rules have been introduced meaning that Neuron (the operators of the scooters) will store riders driving license information and will be required to provide this information to the police in the event of an offence.

4.4 ZEV Mandate – The Government's Zero Emission Vehicle Mandate came into force on 3 January. Under these new rules, car manufacturers will be required to sell a minimum proportion of ZEVs, or risk facing financial penalties. For 2024, the minimum requirement is for 22% of all new cars sold to be zero emission, with the threshold rising annually to 100% by 2035. For vans, the figure for 2024 is 10%

5. Private transport: travelling by car and using road infrastructure

5.1 Government Response to the Union Connectivity Review – As mentioned in section 3.1, the Secretary of State for Transport, Mark Harper, provided a written statement to parliament on 7 December 2023 on the UK government's response to the Union Connectivity Review (UCR). The relevant content when it comes to road infrastructure is a re-commitment to funding the dualling of the A1 between Morpeth and Ellingham. The strategic importance of the A1 as a link between Scotland and England is re-emphasised in the statement.

5.2 Tyne Bridge Restoration Works – Works to restore the Tyne Bridge are set to start imminently with engineers beginning with structural work on the Gateshead side of the bridge. During the period of restoration works, capacity will be halved on the bridge with one lane of traffic travelling in either direction.

6. Transport Usage Trends

- 6.1 Metro passenger numbers in November were estimated to be 92% of 2022 levels. Bus passenger numbers in November were estimated to be around 64% of 2022 levels. Bus passenger numbers may be affected by industrial action. Overall, through November 2023 traffic levels across Tyne and Wear were around 1% higher than November 2022 levels. The number of cyclists passing a sensor at Wearmouth Bridge is around 35% up year to date compared to 2022.

7. Reasons for the Proposals

- 7.1 This report is for information purposes.

8. Alternative Options Available

- 8.1 Not applicable to this report.

9. Next Steps and Timetable for Implementation

- 9.1 Next steps are set out under the respective items, where applicable.

10. Potential Impact on Objectives

- 10.1 Successful delivery of the various transport schemes and investment proposals outlined in this document will assist the JTC in delivering its objective to maximise the region's opportunities and economic potential.

11. Financial and Other Resources Implications

- 11.1 The report provides an update and overview of progress against the seven Delivery Plan categories in implementing the objectives of the North East Transport Plan and achieving the vision of 'moving to a green, healthy, dynamic and thriving north-east.'
- 11.2 The North East Transport Plan includes proposed / required investment totalling £7 billion to achieve the aims and ambitions of the JTC, the majority of which is dependent on future funding decisions by central government. The financial and other resource implications aligned to the plan were agreed as part of the Transport Budget and Levies 2021/22 report to the JTC on 19 January 2021 and in subsequent reports to augment and amend the budget as appropriate.

12. Legal Implications

- 12.1 There are no legal implications arising directly from this report.

13. Key Risks

- 13.1 Appropriate risk management arrangements are in place for each programme of work overseen by the delivery agencies responsible.

14. Equality and Diversity

14.1 Successful delivery of schemes to improve public transport, walking and cycling will help to address transport-related social exclusion.

15. Crime and Disorder

15.1 There are no specific crime and disorder implications associated with this report.

16. Consultation/Engagement

16.1 Many of the schemes and proposals outlined in this report have been, or will be, the subject of engagement with appropriate stakeholders or the wider public.

17. Other Impact of the Proposals

17.1 No specific impacts.

18. Appendices

18.1 None.

19. Background Papers

19.1 None.

20. Contact Officers

20.1 Toby Hughes, Managing Director, Transport North East

Toby.hughes@transportnortheast.org.uk

21. Sign off

- 21.1
- The Proper Officer for Transport:
 - Head of Paid Service:
 - Monitoring Officer:
 - Chief Finance Officer:

22. Glossary

22.1 All abbreviations or acronyms are spelled out in the report.

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