



North East Joint Transport Committee

Tuesday, 21st November, 2023 at 2.30 pm

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

AGENDA

	Page No
1. 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 last meeting held on 17 October 2023	3 - 8
4. Revenue Budget Proposals 2024/25 and Updated Forecast of Outturn 2023/24	9 - 34
5. Forecast of Capital Outturn 2023/24 - Period to 30 September 2023	35 - 50
6. City Region Sustainable Transport Assessment - Development Funding	51 - 60
7. Transport Plan Progress Report	61 - 72
8. BSIP Data Analytics Procurement	73 - 84
9. Date of Next Meeting	

The next meeting will take place on Tuesday 19 December at 2.30pm in the Bridges Room, Gateshead Civic Centre.

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NORTH EAST JOINT TRANSPORT COMMITTEE

DRAFT MINUTES FOR APPROVAL

DATE: 17 OCTOBER 2023

Meeting held: Bridges Room, Gateshead Civic Centre

COMMITTEE MEMBERS PRESENT:

Councillor: M Gannon (Chair)

Councillors: K Kilgour, C Johnson, M Meling, G Miller and E Scott

IN ATTENDANCE:

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

Officers: J Bailes, M Dodds, J Fenwick, A Graham, P Holmes, M Jackson, H Jones, C Massarella, T Male, P Meikle, E Reynard, P Watson and M Wilson

35. APOLOGIES FOR ABSENCE

Apologies were received from Councillor N Kemp, Councillor G Sanderson and Councillor R Wearmouth

36. DECLARATIONS OF INTEREST

There were no declarations of interest.

37. MINUTES OF THE MEETING HELD ON 19 SEPTEMBER 2023

The minutes were agreed as a correct record.

38. BUS SERVICE IMPROVEMENT PLAN – 2023 REFRESH

The first regional Bus Service Improvement Plan (BSIP) agreed by the Joint Transport Committee was published in October 2021. The plan set out ambitious targets for bus services throughout the region, including cheaper and simpler fares, and enhanced service network and infrastructure improvements to speed up buses.

The Government awarded funding of £163.5m to the Joint Transport Committee to invest in some of the projects outlined in the BSIP. This has enabled the following initiatives to be commissioned:

- A new region-wide £1 bus fare for young people aged 22 and under, across the entire region;
- A £3 unlimited travel day ticket for young people aged 22 and under, across the entire region valid on all bus, Metro and Ferry services;
- A new range of affordable multi-modal adult day tickets across the region, which will be implemented shortly;
- Free travel for people aged 18-25 who have recently left local authority care;
- Work to develop a new journey planning and public transport information website;
- The introduction of new bus and improved bus services, and the preservation of other services that would otherwise have been cut; and
- New bus priority measures to speed up buses at congested points across the region, and an upgrade to traffic signal equipment to give priority to buses that are running late.

Government requires the BSIP to be refreshed annually. The 2023 refresh has provided the opportunity to:

- Review and reaffirm the JTC's ambitions for bus;
- Continue engagement with bus users, stakeholders and the wider public;
- Update the background data which informs the BSIP; and
- Review delivery plans.

This has been achieved through a series of workshops with partners, commissioning of new market research and an extensive public engagement campaign called the Big Bus Conversation which received more than 2000 responses.

Councillor Gannon noted that the £1 single fare had a very positive impact on young people and informed the Committee that the marketing campaign for the product has been shortlisted for an industry award.

Councillor Gannon expressed his concern regarding the ongoing Go North East strike action especially for residents who have no other form of transport to travel to work or school. He urged all parties to negotiate a settlement as soon as possible and added that the industrial action could have a long term impact on bus usage.

RESOLVED: The North East Joint Transport Committee approved for publication the updated version of the Bus Service Improvement Plan.

39. TRANSPORT PLAN PROGRESS REPORT

The Committee received a report which provided 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 Committee was informed that following a request at the last meeting, a letter has been sent from the Chair to the Secretary of State for Transport regarding the rail industry consultation on possible ticket office closures.

TransPennine Express (TPE) have announced a new timetable from December 2023 which reduce services in the region. This is to enable the company to carry out driver training. This issue was debated at a recent Rail North Committee where concerns were expressed about when the full timetable would be reintroduced.

Councillor Gannon advised that TPE have provided assurance that the timetable change will be a temporary measure and accepted that was important that drivers needed to be trained. He noted that there was still an outstanding issue regarding proposed changes to the LNER timetable, following a consultation in 2022, where it was proposed that services to London would be increased by one train per hour, but this would result in a reduction by one train per hour to Manchester due to capacity issues on the East Coast Main Line. It was agreed that the Chair would write to the Rail Minister, on behalf of the Committee, to seek clarification on this issue.

The Committee were advised that despite the Government's announcement that the ban on the sale of new petrol and diesel cars would be put back to 2035, work on EV charging will continue within the timescales agreed by JTC. In addition a bid to the LEVI fund is being progressed in relation to residential access to EV charging facilities.

During his speech at the recent Conservative Party Conference, the Prime Minister announced 'Network North', a package of transport investment across

the North using funding reallocated because of the cancellation of the HS2 leg from Birmingham to Manchester.

Projects of direct interest to the North East include confirmation of A1 dualling between Morpeth and Ellingham, the Blyth Relief Road, reopening Ferryhill station and a number of other pledges. These include a commitment to extend the national adult £2 bus fare until November 2024, and to create a road resurfacing fund to tackle potholes.

Significantly the Government confirmed that the region's City Region Sustainable Transport Settlement (CRSTS2) allocation for the period April 2027 - March 2033 will be £1.85bn (around £700m of which is funding reallocated from HS2). The North East's CRSTS1 funding is £563m for transport improvements between now and March 2027 - so the next allocation is over three times the size.

Re-opening the Leamside Line was referenced in the Government's initial communications, however less than 24 hours after that announcement, reference to re-opening the line was removed from official documentation. A letter has been sent by the Chair of the JTC to the Secretary of State for Transport, Mark Harper, requesting urgent clarification on how the Leamside Line and all other projects named in Government communications will be funded. This issue led to widespread local and national coverage of the campaign to reopen the Leamside Line.

The Government also published a document entitled "Plan for Drivers" that contains a range of measures intended to support motorists, including planned new guidance on the use of bus lanes and 20 mph speed limits.

Councillor Miller agreed that clarification on how the projects would be funded needed to be provided as the scattergun approach of the Government in the announcement was not helpful for residents. He added that using the Leamside Line in an 'illustrative' way was an example of the Government levelling down the North East.

Councillor Scott agreed and felt that the region needed to continue to push for funding for the Leamside Line. She added that the announcement regarding Ferryhill station was good news for Durham.

Councillor Gannon noted that two of the schemes identified in the Network North for investment had already been completed a number of years ago. He added that any new funding for the region was always gratefully received but added that, as had happened with the Leamside Line, any announcements from the Government regarding funding can be quickly withdrawn.

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

40. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED: The North East Joint Transport Committee agreed to exclude the press and public during consideration of item 7 by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

41. MINUTES OF THE CONFIDENTIAL MEETING HELD ON 19 SEPTEMBER 2023

The minutes were agreed as a correct record.

42. DATE OF NEXT MEETING

The next meeting will be held on Tuesday 21 November at 2.30pm in the Bridges Room, Gateshead Civic Centre.

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North East Joint Transport Committee

Date: 21 November 2023

Subject: Revenue Budget Proposals 2024/25 and Updated Forecast of Outturn 2023/24

Report of: Chief Finance Officer

Executive Summary

This report provides the North East Joint Transport Committee (JTC) with an updated forecast of outturn for the transport revenue budgets for 2023/24, based on the position to 30 September 2023 and a summary of the draft transport budget and levies for 2024/25.

The transport levies and grants to Durham, Northumberland and Nexus are fixed for the current year so the outturn is in line with the original budget allocations.

Durham County Council are forecasting an overspend of £0.185m in the current year which will be funded by their own reserves. This relates to increased costs on subsidised bus services. Work is under way on finalising the budget estimates for 2024/25 and these will be reported to JTC in January.

Northumberland County Council forecast of outturn shows a projected underspend against the transport grant of £0.387m relating to concessionary fares reimbursement. Work is under way on finalising the budget estimates for 2024/25 and these will be reported to JTC in January.

Nexus is forecasting an improved financial position for 2023/24, with improvements in Metro fare revenue and the generation of greater interest income on investment balances being the most significant factors. Nexus is now forecasting it will need to use £0.258m of reserves to balance the budget for the current year, which is a reduction of £7.734m against the amount originally budgeted. The outturn position is after the use of £6.300m of one-off Metro Rail Grant, which falls out next year. The 2024/25 forecasts indicate that if Nexus is to protect front line services, an increase in the 2024/25 Tyne and Wear Transport levy of £2.5m (3.7%) will be required, which is in line with the MTFP forecasts presented to the JTC in January 2023.

A break-even position is forecast on the Tyne Tunnels revenue account, where increased investment income will cover the deficit previously forecast for the year. For

2024/25 a break even budget is also forecast, on the assumption that toll increases in line with RPI are applied when the Tyne and Wear Sub Committee take their decision on tolls in January 2024.

It is proposed to continue the contribution of £10,000 per authority towards TNE which is retained from the Durham and Northumberland levies, and which contributes towards the team's work on behalf of the region. The contribution from the Tyne and Wear levy to fund central activity next year will be £2.1m (in line with current budgets) which also contributes to the work of TNE but is mainly used to meet costs relating to the former Tyne and Wear Integrated Transport Authority, namely charges for historic debt.

It is proposed that funding for TNE from the Local Transport Plan Integrated Transport Block is continued at £500,000 (£62,500 per council and Nexus).

Increased interest on revenue balances is forecast and it is proposed that £8.125m is held in an earmarked reserve at the end of this financial year to be applied to support Transport activity in future years following transition to the proposed North East MCA.

Recommendations

The North East Joint Transport Committee is recommended to:

- i) Receive the report for information and comment;
- ii) Note the updated forecast of outturn for the 2023/24 Transport Revenue Budgets, as set out in the report;
- iii) Consider the budget assumptions and proposals set out in the report, forming the basis of consultation on the 2024/25 Transport Revenue Budget;
- iv) Note that the budget proposals for Transport will be subject to a consultation process including reports to the JTC Overview and Scrutiny Committee, relevant officer groups and the Leadership Board of NECA and the NTCA Cabinet; and
- v) Note the intention to consider and approve the final budget proposals and agree the Transport levies at the meeting of the JTC on 16 January 2024.

1. Background Information

- 1.1 The JTC receives funding from a variety of sources including the levies on Durham, Northumberland and Tyne and Wear councils, Tyne Tunnels income, grant funding and interest on the investment of its cash balances. This funding is used to deliver the transport objectives of the Committee through the provision of revenue grants to Durham and Northumberland councils and Nexus for the delivery of public transport services, the funding of the Tyne Tunnels and the central strategic support provided by Transport North East (TNE).
- 1.2 In line with the Transport Levying Bodies Regulations 1992, the transport levies must be issued by 15 February preceding the commencement of the financial year in respect of which they are to be issued.
- 1.3 This report provides the JTC with an updated forecast of outturn for the transport revenue budgets for 2023/24, based on the position to 30 September 2023, and an update on the budget planning assumptions and proposals for the levies and other aspects of the Transport revenue budget for 2024/25, decisions on which will be taken by the JTC on 16 January 2024. Decisions on Tyne Tunnels tolls and Metro Fares will be taken by the Tyne and Wear Sub Committee (TWSC) on 18 January 2024.

2. Proposals

Transport Levies 2023/24 and Indicative Levies 2024/25

- 2.1 As the transport levies and revenue grants are normally fixed for the year there is no change in the levies payable and the grants payable between the original budget and the forecast outturn, and minimal change in the retained transport levy budget. Any surplus or deficit against the budgets for the three main delivery agencies (Durham County Council, Northumberland County Council and Nexus) is retained or managed within the reserves of that organisation.
- 2.2 A proportion of the levies is retained to support the work of the JTC through TNE and to meet historic costs relating to the former Tyne and Wear Integrated Transport Authority (TWITA), which primarily relate to historic debt charges. This area of the budget is expected to break even in the current year.
- 2.3 The updated forecast of outturn for the current year, together with initial budget proposals for 2024/25 are set out in table 1 below, with further explanations provided in the sections that follow.

Table 1: 2023/24 Forecast and indicative 2024/25 Transport Levies and Grants

	2023/24 Original Budget	Spend to Date Q2	2023/24 Forecast Outturn	2023/24 Forecast Variance	2024/25 Initial Draft Budget
	£m	£m	£m	£m	£m
Total Levy Income	(91.170)	(45.157)	-	-	(93.670)
Grant to Durham	16.902	8.451	16.902	-	16.902
Grant to Northumberland	6.448	3.224	6.448	-	6.448
Grant to Nexus	65.700	32.850	65.700	-	68.200
Levy contribution to JTC central costs	2.120	0.632	2.120	-	2.120
Total Expenditure	91.170	45.157	91.170	-	93.670
Contribution (to)/from JTC reserves	0.000	0.000	0.000	-	0.000

Tyne and Wear Levy

- 2.4 The majority of the Tyne and Wear levy is paid as a revenue grant to Nexus for the delivery of public transport services on behalf of the five Tyne and Wear Councils. The budget proposals for next year include an increase in the levy on Tyne and Wear councils from £67.800m to £70.300m, an increase of £2.500m or approximately 3.7%. This would increase the grant paid to Nexus for the provision of public transport services from £65.700m to a proposed £68.200m. The centrally retained budget of £2.100m, retained to fund Tyne and Wear transport costs (primarily relating to the former TWITA debt charges) and contribute to the central TNE budget would be held at the current level next year.

Nexus Revenue Budget

Updated Forecast of Outturn 2023/24

- 2.5 The JTC approved Nexus' revenue budget for 2023/24 on 17 January 2023. The budget included a levy increase of £2.6m, the utilisation of £8.0m Nexus' reserves and the use of £3.3m of additional Metro Rail Grant received in 2021/22.
- 2.6 When the 2023/24 was set, significant budget pressures in relation to HV power costs existed, with costs being incurred outstripping the budget. Although this remains the case (paragraph 2.12 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 updated forecast of outturn.

- 2.7 Over the last few months Nexus has continued to see an improvement in the financial position for 2023/24, particularly relating to the recovery of Metro fare revenue and the generation of greater interest income on investment balances. The updated forecasts show that Nexus is now expecting to need to use only £0.258m of its reserves to balance the budget this year, which is a reduction of £7.724m against the amount originally expected. The updated forecast reflects the use of £6.300m of one-off Metro Rail Grant (referred to in paragraph 2.5 and 2.6 above) which is non-recurrent.
- 2.8 Detailed budget setting for 2024/25 is well underway and despite the more positive position in respect of the current year, the position for next financial year has worsened relative to the Medium-Term Financial Plan (MTFP) presented to the JTC in January 2023. It is now expected that a greater reliance on reserves will be required next year, as well as in the following two years up to 2026/27. It is clear that Nexus' financial outlook remains very challenging, and it will be necessary to earmark reserves that were previously expected to be used in 2023/24 to balance the budget across the MTFP.
- 2.9 The table below shows expenditure to the end of period 6 (16 September 2023), together with the forecast to the year end (based on current estimates of the likely outturn) against budget. There is narrative following the table explaining the variances against budget against the main service areas.

Table 2: Nexus forecast of outturn 2023/24

	Original Budget	Spend to P6	Forecast at P6	Variance
	£m	£m	£m	£m
Concessionary Fares	30.791	14.016	29.895	(0.896)
Metro	25.661	9.022	23.238	(2.423)
Bus Services	14.969	6.492	15.754	0.785
Other	5.571	2.259	5.052	(0.519)
	76.992	31.789	73.939	(3.053)
Grant from Levy	(65.700)	(30.337)	(65.700)	-
MRG 2021/22 (reserves)	(3.300)	(0.961)	(3.300)	-
MRG 2022/23 (reserves)	-	-	(3.000)	(3.000)
LTF	-	(0.276)	(1.053)	(1.053)
BSIP	-	(0.215)	(0.628)	(0.628)
	7.992	-	0.258	(7.734)
Reserves	(7.992)	-	(0.258)	7.734
	-	-	-	

Metro

- 2.10 At the end of period 6, financial performance on Metro shows net expenditure at £2.423m better than budget, before application of one-off grant and reserves. Metro fare revenue (including car park and PFN income) at the end of period 6 was £21.888m which exceeded the budget by £2.272m (12%). This includes a one-off adjustment of £0.250m in relation to Network Ticketing (NTL) share of revenue redistribution for the prior year.

- 2.11 The year end Metro fare revenue forecast is a positive variance of £2.233m. Given the uncertainties surrounding Metro performance and patronage growth since the pandemic, the forecast continues to be cautious and reflects actual growth against the profiled budget at the end of period 6. The introduction of the £6.00 NTL multi-modal BSIP funded fare could have a detrimental impact on Metro fare revenue in the second part of the year because of the need to reduce the price of the all zone daysaver product, as well as the risk associated with Metro customers switching to the NTL product. The forecast for the year therefore remains prudent and careful monitoring of this budget will continue as the year progresses.
- 2.12 The Metro forecast reflects the continued 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 2.6, £3.0m of additional Metro Rail Grant was received in the previous financial year to assist with this pressure and is also now reflected within the forecast.
- 2.13 The forecast includes net additional cost pressures of £0.573m directly relating to Metro. This reflects 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.
- 2.14 All service areas receive a share of interest income, and at the end of period 6, interest income was £1.945m better than budget. Interest rates are higher than they were at the time of budget setting, and cash balances are also higher than was anticipated, due to the sizeable amount of capital grants that Nexus has access to which are paid in advance. 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 updated forecasts. £2.916m of this improvement is allocated to Metro.
- 2.15 Metro also benefits from savings in overheads (which are also applicable to other service areas) which have increased since the previous report and include areas such as ICT licencing, support services costs and unused contingencies. The overhead savings reflected in the forecast for Metro are currently £0.245m.

Concessionary Fares

- 2.16 At the end of period 6, concessionary fares include higher than budgeted school income of £0.138m and £0.024m of lower concessionary travel payments made to operators. The forecast outturn for the year reflects £0.150m of additional school income, a £0.400m prior year adjustment for the reimbursement of concessionary travel payments relating to 2021/22 and £0.132m of reductions in concessionary

travel payments to operators. In addition, the share of increased interest income and overhead savings allocated within the forecast is £0.214m.

Bus Services

- 2.17 At the end of period 6, the forecast outturn for bus services is £0.785m higher than budget. This reflects additional expenditure in relation to those services funded by the Local Transport Fund (LTF) and the Bus Services Improvement Plan (BSIP). The total LTF included within the forecast for the year is £1.053m, and in addition, there is spend amounting to £0.628m relating to BSIP.
- 2.18 The forecast also reflects higher than budgeted secured services revenue of £0.192m, as well as savings on secured services contracts of £0.117m 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 £0.565m.

Other

- 2.19 Other includes Ferry, Bus Infrastructure and Passenger Transport Information and at the end of period 6, financial performance shows net expenditure at £0.519m better than the revised budget, before application of one-off grant and reserves. The forecast reflects £0.067m of higher than budgeted income relating to the ferry, departure charges and bus information, offset by £0.023m 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 £0.475m.

Nexus Revenue Budget 2024/25

Background

- 2.20 If Nexus is to continue to protect front line services, an increase in the Tyne and Wear Transport levy commensurate with that which was signalled in the budget and MTFP report to the JTC in January 2023 will be required next year, with further increases forecast to be necessary in 2025/26 and 2026/27.

2023/34 Budget and Forecast Outturn

- 2.21 At its January 2023 meeting, the JTC approved a levy increase of 4% (£2.6m) and agreed a contribution of £8.0m from Nexus' reserves in 2023/24, to allow for a balanced budget and enable Nexus' services to be maintained.
- 2.22 The cost of high voltage power, higher levels of inflation and the need for further investment in safety and security across the Metro network are all contributing to the challenges Nexus is facing in managing its revenue budget. However, Nexus received additional Metro Rail Grant (MRG) from the DfT at the end of 2022/23 which is being applied to offset the increased cost of high voltage power in the current year. In addition, Nexus has seen a recovery in Metro patronage and fare box revenue beyond that which was anticipated in the 2023/24 budget and will also generate more

investment income than budget, because of both the rapid increase in interest rates and the extent of cash balances it is currently holding.

- 2.23 It is therefore expected that Nexus will use less reserves in the current year than originally planned, as set out earlier in this report. The position is summarised in the table below:

Table 3: Reconciliation between original Nexus deficit and forecast outturn 2023/24

	£m	£m
Original Deficit		8.0
Additional Budget Pressures		
Metro high voltage power	2.2	
Additional inflation	0.4	
Investment in security/frontline	1.0	3.6
		11.6
Efficiencies/Income		
Metro fare revenue	(2.2)	
Interest on balances	(4.0)	
Other efficiencies	(2.1)	(8.3)
		3.3
Funded By:		
Additional MRG	(3.0)	
Use of reserves	(0.3)	(3.3)
Revised Surplus/Deficit		-

- 2.24 Despite this improvement, Nexus' underlying deficit will continue into subsequent years. The pressures highlighted in the table above are all permanent, whereas the efficiencies / additional income is largely temporary or one off. For example, the additional MRG is a one-off grant allocation, interest on balances is expected to reduce in future years as interest rates and cash balances reduce and the efficiencies being delivered in the current year are also largely one-offs e.g. salary slippage from employee turnover and penalties being imposed for non-delivery of key contracts. The recovery in Metro fare revenue should however continue.

Understanding Nexus' Structural Deficit

- 2.25 Nexus has had an underlying, structural deficit for some time. This was highlighted in the budget report considered by the JTC in January 2020, prior to the outbreak of the Covid pandemic. At that time JTC acknowledged that further discussions in relation to resourcing and service levels were necessary.
- 2.26 During the pandemic and at the outset of the cost of living / energy crisis, Nexus benefited from a significant amount of financial support from central government, which has had the effect of masking the underlying deficit, with a break-even position achieved in 2020/21 and surpluses (underspends) generated in 2021/22 and 2022/23.
- 2.27 For the 2022/23 financial year, the Tyne and Wear transport levy was increased by 6.75% (£4.1m) to compensate and offset the loss of fare revenue, which remained below pre-pandemic levels from 2021/22 onwards. The levy increased again in the

current year by 4.0% or £2.6m. However, Nexus' budget has been under considerable pressure from a combination of the ongoing impact of Covid, the cost-of-living crisis and high inflation, impacting on pay and energy costs in particular.

2.28 The table below shows a reconciliation from 2020/21 through to the budget estimate that has been compiled for 2024/25.

Table 4: Movements in Nexus budget 2020/21 to 2024/25

	£m	£m
Inflation		
Cost Pressures	24.8	
Funding Uplift	(14.0)	10.8
Savings/Redirection of resources		
Investment in services	10.7	
Efficiencies/Savings Delivered	(16.7)	(6.0)
Net Position		4.8

2.29 As can be seen, cost pressures have outstripped available funding (including £9.2m of additional levy support granted during the period)¹ and although Nexus has delivered significant base budget efficiencies, the need to invest in safety and security as well as front line services has meant that the underlying deficit has not been eradicated.

Strategic Approach to Development of the MTFP

2.30 When the JTC endorsed Nexus' 2023/24 budget and MTFP forecasts in January 2023, the call on reserves in 2022/23 was expected to be £0.5m. As reported to the JTC in July 2023, Nexus achieved a surplus of £7.0m in 2022/23 (acknowledging that total unbudgeted grant support amounted to £19.4m and had it not been for this, Nexus would have reported a deficit of over £10.0m).

2.31 As at 31 March 2023, Nexus' total reserves 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. Nexus has earmarked £19.7m of its total reserve to underpin the MTFP.

2.32 Should the financial performance in the year to date be maintained to the year-end (refer to paragraph 2.23), Nexus will have sufficient reserves to underpin its revenue budget across the period of the revised MTFP (to 2026/27), thereby helping to protect fare revenue, operational performance and maintain key transport services. This is shown in the table below, which attempts to forecast the call on reserves across this timeframe² :

Table 5: Nexus forecast use of reserves 2023/24-2026/27

	As at Oct 2023
	£m
Reserves earmarked to support the revenue budget	19.7

¹ This includes £4.1m in 2022/23, £2.6m in 2023/24 and an estimated yet to be agreed £2.5m in 2024/25

² The estimates for 2025/26 and 2026/27 are still being refined

2023/24	0.3
2024/25	4.8
2025/26	5.5
2026/27	5.2
Reserves Requirement	15.8

2.33 It should be recognised that these forecasts include an increase in the levy in each of the three years commencing 2024/25, in line with the current MTFP assumptions. Should Nexus' financial performance across the period of its MTFP prove to be better than is currently estimated and its base position were to improve, consideration will be given to whether future levy increases will still be required, as opposed to Nexus adding to the reserves it has earmarked to underpin the MTFP. In determining whether this is possible, the Committee will need to carefully consider that Nexus is still forecasting budget deficits in each of the next three financial years, even with the levy increases that are proposed. Any future changes to the levy will also need to consider the affordability impact upon councils balanced against the effect upon transport services.

2.34 Should the JTC endorse this approach, the benefits are that in addition to Nexus being able to protect fare revenue, operational performance and the delivery of key transport services, it will also provide stability surrounding the introduction of the 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.

Budget Preparation 2024/25 to 2026/27

2.35 During budget setting for 2023/24, it was highlighted that it may be necessary to increase the Tyne and Wear Transport Levy in 2024/25 by 3.7% (£2.5m).

2.36 The table below outlines how the budget for 2024/25 is taking shape (Nexus is currently finalising its budget estimates for 2024/25). This demonstrates that after various interventions, it is still necessary to increase the Tyne and Wear transport levy to enable services to be maintained (NB – at 3.7% this is below the prevailing rate of inflation):

Table 6: Initial Nexus Budget 2024/25

	£m	£m
Base Deficit		6.1
Pressures		
Inflationary pressures	1.6	
Investment in security/frontline and statutory services	2.9	
Impact of delay in new fleet (net incl. high voltage power)	2.2	6.7
Efficiencies/Additional Income		
Fare revenue (incl. secured bus and ferry)	(3.1)	
Interest on balances	(2.4)	
Levy increase (3.7%)	(2.5)	(8.0)

		4.8
Use of reserves		(4.8)
Surplus/Deficit		-

2.37 In terms of cost pressures:

- i. Inflationary pressures relate to contract price adjustments and employee costs;
- ii. The investment in security/frontline and statutory services reflects the ongoing impact of additional security to tackle anti-social behaviour on the Tyne and Wear Metro together with investment in train operations and infrastructure maintenance;
- iii. In addition, provision has been made for an increase in concessionary fares, although this will be assessed against a backdrop of concessionary journeys still forecast to be lower than pre-pandemic levels;
- iv. The delay in the introduction of the new fleet will have an adverse impact on expected revenues and high voltage power consumption, although this is offset by a reduction in the unit price of high voltage power.

2.38 In terms of efficiencies/income:

- i. Growth in Metro fare revenue is expected to continue into the following year, which together with the annual fares review that the Tyne and Wear Sub-Committee will consider in January 2024, will generate additional income;
- ii. Interest on balances will continue to accrue at a higher rate, although not at the level of the prior year, mainly because cash balances will be lower, given that some of Nexus' major capital investment has been delivered, e.g. Metro Flow.

2.39 Taking all of this into account means that after a levy increase of 3.7%, the deficit for 2024/25 is forecast at £4.8m, which represents a reduction of £1.3m on the underlying, structural deficit.

Impact on Tyne and Wear Councils in 2024/25

2.40 The table below shows the provisional impact on the Tyne and Wear Councils from a proposed 3.7% increase in the levy:

Table 7: Initial estimates 2024/25 Tyne and Wear Levy

	2023/24 Levy (before population change)	Proposed increase (3.7%)	2024/25 Proposed Levy
	£m	£m	£m
Gateshead	11.814	0.436	12.250
Newcastle	17.964	0.663	18.627
North Tyneside	12.597	0.464	13.061
South Tyneside	8.909	0.328	9.237

Sunderland	16.516	0.609	17.125
Total	67.800	2.500	70.300

2.41 It should be noted that the 2022 mid-year population estimates, which is the basis upon which the 2024/25 levy will be apportioned amongst the Tyne and Wear Councils have not yet been published, so depending on changes in population, some Councils might see an increase on their 2023/24 share of the levy that is higher or lower than 3.7%. It is understood that the Office of National Statistics (ONS) will not release the 2022 mid-year population estimates until later in November or possibly even into December 2023.

2.42 Further work is being undertaken in relation to the development of budget estimates for 2025/26 and 2026/27 to better inform the MTFP and these will be brought to the JTC in January 2024 (as well as the final budget for 2024/25, once this has been finalised). At this point in time, as signalled in paragraph 2.33, increases in the levy are anticipated in each of the next three years as outlines in the table below:

Table 8: Expected Tyne and Wear Levy Increases 2024/25-2026/27

Expected Levy Increases	£m	%
2024/25	2.5	3.7
2025/26	2.1	3.0
2026/27	2.2	3.0

Key Risks

2.44 There are several risks associated with Nexus' 2024/25 budget and MTFP forecasts, not least of which is the Tyne and Wear levy itself. If it does not increase at the level proposed / required, the alternative would be to immediately address the underlying, structural deficit which would likely require cuts to transport services.

2.45 Other key risks relate to the following:

- i. Fare Revenue – which has growth targets associated with annual fares reviews and the delivery of key interventions, for example when the new fleet of Metrocars is fully operational;
- ii. Metro Rail Grant – which is assumed to increase in line with inflation;
- iii. Concessionary Fares – which could be subject to upward pressures arising from technical work that the DfT commissioned during the early part of 2023; and
- iv. Inflation – which is forecast to reduce across the timeframe of the MTFP, something that will adversely affect key contracts and employee costs if it does not reduce in accordance with current forecasts.

Durham

- 2.46 The Q2 forecast of outturn for Durham shows an estimated overspend of £0.185m. As usual, any projected over or underspends at the year end will be retained by Durham County Council.

Table 9: Durham Updated Forecast of Outturn 2023/24

	2023/24 Original Budget	Spend to Date Q2	2023/24 Forecast Outturn	Variance	2024/25 Initial Draft Budget
	£m	£m	£m	£m	£m
Concessionary Fares	11.155	2.211	9.255	(1.900)	1.155
Subsidised Services	4.888	3.381	6.785	1.897	4.888
Bus Stations	0.276	0.589	0.292	0.016	0.276
Bus Shelters	(0.278)	0.077	(0.088)	0.180	(0.278)
Passenger Transport Information	0.089	0.066	0.081	(0.008)	0.089
Staffing	0.762	0.381	0.762	0.000	0.793
Share of JTC central costs	0.010	0.010	0.010	0.000	0.010
Net Expenditure	16.912	6.715	17.097	0.185	16.933
JTC Grant	(16.912)	(8.456)	(16.912)	0.000	(16.933)
(Surplus)/Deficit for the Year	-	(1.741)	0.185	0.185	-

- 2.47 The main reasons for the reported variances are shown below:
- i. Concessionary Fares -£1.900 million – Due to the reduction in Concessionary travel passengers post Covid, an underspend is anticipated. These underspends are offsetting the additional support being provided to the Passenger Transport Network through subsidised services.
 - ii. Subsidised Services £1.897 million – Overspend relates to increased contract costs to bus operators for services that are deemed as no longer being commercially viable to the operator. Concessionary Fares underspends are being utilised to offset these costs and support the Passenger Transport Network.
 - iii. Bus Stations £0.016 million – Overspend relates to an increase in security and repairs and maintenance costs in bus stations.
 - iv. Bus Shelters £0.180 million – Overspend relates to an increase in repairs and maintenance costs and a loss of advertising income on bus shelters.

- v. Passenger Transport Information -£0.008 million – There is an anticipated overspend of £0.030 million against revised budget which relates to additional software costs.

2.48 Work is underway on preparation of the 2024/25 budget for Durham which is shown for the time being as largely in line with 2023/24, although changes are anticipated by the time of the report to this committee in January 2024.

Northumberland

2.49 The following table provides a detailed breakdown of expenditure on public transport services by Northumberland County Council against the grant awarded by the JTC:

Table 10: Northumberland Updated Forecast of Outturn 2023/24

	2023/24 Original Budget	Spend to Date Q2	2023/24 Forecast Outturn	Variance	2024/25 Initial Draft Budget
	£m	£m	£m	£m	£m
Concessionary Fares	5.020	1.784	4.620	(0.400)	5.020
Subsidised Services	1.230	1.097	1.230	0.000	1.230
Bus Stations	0.027	0.005	0.040	0.013	0.027
Passenger Transport Information	0.025	0.000	0.025	0.000	0.025
Staffing	0.146	0.073	0.146	0.000	0.146
Share of JTC central costs	0.010	0.010	0.010	0.000	0.010
Net Expenditure	6.458	2.969	6.071	0.000	6.458
JTC Grant	(6.458)	(1.075)	(6.458)	0.000	(6.458)
(Surplus)/Deficit for the Year	-	1.894	(0.387)	(0.387)	-

2.50 The forecast outturn position for 2023/24 is an underspend of £0.387m. Concessionary Travel is forecast to underspend by £0.400 million 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 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.

2.51 The budget for 2024/25 is currently in the process of being developed with figures unavailable at this time. These will be reported to the January meeting of the committee. It is therefore shown in the table below as in line with the 2023/24 budget although updated budget estimates are anticipated by the time of the January meeting.

Tyne Tunnels

- 2.52 The Tyne Tunnels are operated as a ringfenced account, so all costs associated with the tunnels are fully met from toll income and Tyne Tunnels reserves, with no call on the levy or other public funding.
- 2.53 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.
- 2.54 The original 2023/24 budget, forecast outturn for 2023/24 and initial draft budget for 2024/25 are presented in the table below.

Table 11: Tyne Tunnels Forecast of Outturn 2023/24 and initial draft budget 2024/25

	2023/24 Original Budget	Spend to Date Q2	2023/24 Forecast Outturn	2023/24 Forecast Variance	2024/25 Initial Draft Budget
	£m	£m	£m	£m	£m
Tolls Income	(35.991)	(21.091)	(36.642)	(0.651)	(39.033)
TT2 Contract	28.032	14.631	28.628	0.596	30.226
Employees	0.147	0.074	0.146	(0.001)	0.153
Historic Pensions	0.065	0.024	0.045	(0.020)	0.047
Premises	0.114	0.001	0.114	0.000	0.014
Support Services	0.160	0.071	0.175	0.015	0.179
Supplies and Services	0.347	0.167	0.626	0.279	0.403
Financing Charges	7.928	6.316	7.102	(0.835)	8.401
Interest/Other Income	(0.150)	(0.033)	(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 – Tyne Pedestrian and Cycle Tunnels	0.000	0.080	0.285	0.285	0.000

Net Expenditure to be funded from Reserves	0.412	0.000	0.000	(0.412)	0.000
Contribution to/(from) Reserves	(0.412)	0.000	0.000	0.412	0.000

- 2.55 The forecast tolls income for 2023/24 is higher than was originally budgeted 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 outturn 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 Cyclist Tunnel (TPCT) refurbishment works and several engineering projects, above and beyond that anticipated.
- 2.56 Budget estimates for 2024/25 are provided in the table above and are based on the assumption that the Joint Transport Committee Tyne & Wear Subcommittee (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 reserved 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. Budget estimates for the Usage Payment are derived from traffic levels, which are subject to revision as TT2 finalise their traffic estimates through their own budget process.
- 2.57 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 agreed in 2007. The Shadow Toll is also required to be rounded to the nearest 10 pence, and an increase is only possible in 10 pence increments.
- 2.58 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.
- 2.59 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.
- 2.60 The current Real Toll lags slightly behind the Shadow Toll (10p lower) due to a decision taken by the Tyne and Wear Integrated Transport Authority (TWITA) in August 2011. This came about because of a conflict between the construction period and the date that the Shadow Toll increased, where the TWITA felt it was inappropriate to raise tolls for tunnel users during a period of major road disruption. However, this has been the position for several years and is accounted for each year within the budget.

- 2.61 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. TT2 has confirmed that 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 remains balanced, an increase will be required to the tolls in 2024/25. It is forecast that the actual tolls will need to increase to £2.40 for Class 2 Vehicles and £4.80 for Class 3 Vehicles, representing a 20p and 40p rise respectively.
- 2.62 The earliest date an increase of the actual 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 tunnels users during the winter period taking into account winter fuel bills and the cost-of-living crisis. The income lost during that period was funded from Tyne Tunnel reserves. Delaying implementation of tolls increases in this way is not a sustainable long-term solution.
- 2.63 The 2024/25 budget for Employee Costs and Support Services is based on assumed inflationary cost increases. The 2024/25 budget for Supplies and Services is less than the 2023/24 forecast outturn, however it is still greater than the 2023/24 budget value due to ongoing technical advice required on multiple projects and cost increases introduced by several suppliers.
- 2.64 The costs associated with Premises are largely related to the operations of the Tyne Pedestrian and Cyclist Tunnel (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 this financial year on the basis that the refurbishment works are completed.

Transport North East

- 2.65 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 JTC activity and a topslice of the Local Transport Plan (LTP) Integrated Transport Block grant which is awarded to the JTC plus external contributions to fund specific posts and external grants for specific programmes and projects.
- 2.66 Forecast outturn expenditure for 2023/24 is £1.125m against the original budget of £1.037m, with outturn income forecast to be £1.156m resulting in a small surplus of £0.031m which will be taken to reserves to fund expenditure in future years.

Table 12: TNE Core Budget Forecast of Outturn 2023/24 and initial draft budget 2024/25

	2023/24 Original Budget	Spend to Date Q2	2023/24 Forecast Outturn	2023/24 Forecast Variance	2024/25 Initial Draft Budget
	£m	£m	£m	£m	£m
Employee Costs	0.806	0.416	0.903	0.097	1.012

Transport Plan / Strategy Work	0.085	0.021	0.067	(0.018)	0.067
Research and Development	0.090	0.125	0.092	0.002	0.164
Travel and Miscellaneous	0.024	0.005	0.025	0.001	0.025
IT / Equipment	0.004	0.000	0.003	(0.001)	0.003
Contingency	0.018	0.000	0.015	(0.003)	0.015
Organisational Development	0.010	0.016	0.02	0.010	0.02
Total Expenditure	1.037	0.583	1.125	0.088	1.306
LTP Topslice	(0.500)	(0.500)	(0.500)	0.000	(0.500)
Retained Transport Levy	(0.284)	(0.373)	(0.373)	(0.089)	(0.373)
External Funding for Specific Posts	(0.178)	(0.029)	(0.189)	(0.011)	(0.189)
LA Capability Fund Grant	0.000	(0.016)	(0.034)	(0.034)	(0.034)
LEVI Revenue Grant	0.000	0.000	0.000	0.000	(0.148)
LTA Capacity Revenue Grant	(0.010)	0.000	(0.020)	(0.010)	(0.020)
CRSTS Revenue	0.000	0.000	(0.040)	(0.040)	(0.040)
Total Income	(0.972)	(0.918)	(1.156)	(0.184)	(1.304)
Net (Surplus)/Deficit	0.065	(0.335)	(0.031)	(0.096)	0.002

2.67 Draft estimates for 2024/25 are included in the table above. These are being further developed in line with the work programme for 2024/25 and updated estimates will be provided at the January 2024 meeting.

2.68 As noted in the July meeting of the JTC, the revenue grants and contributions funded work by TNE includes BSIP and CRSTS revenue activity. Expenditure is now forecast to be £88.976, funded by £88.736m of external revenue grants, with a balance of £0.240m to be funded from reserves relating to expenditure on Metro and Local Rail Studies and the Regional Freight Study. Estimates for 2024/25 are being prepared and will be included at the January JTC report.

Table 13: TNE Revenue Grants and Contributions Forecast Outturn 2023/24 and Initial Budget 2024/25

	2023/24 Revised Budget	Spend to Date Q2	2023/24 Forecast Outturn	2023/24 Forecast Variance	2024/25 Initial Draft Budget
	£m	£m	£m	£m	£m
Active Travel Capability Fund	0.065	0.004	1.748	1.683	0.000

Active Travel Planning	1.206	0.001	0.477	(0.729)	0.326
Active Travel Fund Tranche 4	0.000	0.000	0.324	0.324	0.000
BSIP/Enhanced Partnership	76.891	4.148	75.688	(1.203)	14.074
CRSTS	6.773	0.000	6.773	0.000	0.000
Freight Study	0.040	0.025	0.040	0.000	0.000
LEVI Capability Fund	0.000	0.105	0.810	0.810	0.570
Levelling Up Fund Capacity	0.000	0.000	0.070	0.070	0.000
LTF October-December extension	1.312	1.360	1.360	0.048	0.000
Local Transport Authority Capability	0.062	0.032	0.051	(0.011)	0.000
Metro and Local Rail Studies	1.043	0.102	1.020	(0.023)	0.753
Rail Development	0.227	0.089	0.210	(0.017)	0.245
TCF Programme Management	0.317	0.064	0.405	0.088	0.000
Total Expenditure	87.936	5.930	88.976	1.040	15.968
Active Travel Capability Fund grant	(0.065)	(0.004)	(1.748)	(1.683)	0.000
ATF Revenue grant	(1.206)	(0.001)	(0.477)	0.729	(0.326)
ATF Revenue Tranche 4	0.000	0.000	(0.324)	(0.324)	0.000
DfT BSIP Grant	(76.891)	(4.148)	(75.688)	1.203	(14.074)
City Regional Sustainable Transport Settlement (CRSTS)	(6.773)	0.000	(6.773)	0.000	0.000
LEVI Capability Fund	0.000	(0.105)	(0.810)	(0.810)	(0.570)
Levelling up Fund Capacity	0.000	0.000	0.070	(0.070)	(0.000)
Local Transport Authority Capability grant	(0.062)	(0.032)	(0.051)	0.011	0.000
Local Transport Fund	(1.312)	(1.360)	(1.360)	(0.048)	0.000

Metro & Local Rail Studies	(1.043)	(0.102)	(0.820)	0.223	(0.423)
Rail Administration Grant	(0.227)	(0.089)	(0.210)	0.017	(0.245)
Transforming Cities Fund	(0.317)	(0.064)	(0.405)	(0.088)	0.000
Total Grants and Contributions	(87.896)	(5.905)	(88.736)	(0.840)	(15.638)
Net Expenditure to be funded from Reserves	0.040	0.025	0.240	0.200	0.330

2.69

As agreed at the July meeting of the JTC, a budget was set aside for Devolution workstreams, funded by earmarked reserves created from the receipt of higher than forecast interest on revenue balances in 2022/23, and CRSTS revenue grant where expenditure is eligible to do so. An update against this budget is shown in the table below, which highlights that forecast expenditure in 2023/24 is now £1.548m against the budget of £1.797m, due to delays in recruitment to some posts and procurement of external support.

Table 14: Transport Devolution Workstreams Forecast of Outturn 2023/24 and initial budget 2024/25

	2023/24 Revised Budget	Spend to Date Q2	2023/24 Forecast Outturn	2023/24 Forecast Variance	2024/25 Initial Draft Budget
	£m	£m	£m	£m	£m
Highways	0.267	0.000	0.018	(0.249)	0.382
Making the Right Travel Choices	0.033	0.000	0.033	0.000	0.017
Transport Plan Refresh	0.100	0.000	0.100	0.000	0.050
Bus Reform	0.900	0.020	0.900	0.000	0.450
ZEV Infrastructure	0.233	0.148	0.233	0.000	0.117
Data – Project Management	0.080	0.000	0.080	0.000	0.040
Finance and Funding Strategy	0.067	0.000	0.067	0.000	0.033
Overall Project Management	0.067	0.000	0.067	0.000	0.033
Transport Devolution Benchmarking	0.050	0.000	0.050	0.000	0.000

Total Expenditure	1.797	0.168	1.548	(0.249)	1.122
CRSTS Revenue	(0.207)	0.000	(0.207)	0.000	(0.133)
LEVI grant	(0.233)	(0.148)	(0.233)	0.000	(0.117)
Devolution Earmarked Reserve	(1.357)	(0.020)	(1.108)	0.249	(0.872)
Total Funding	(1.797)	(0.168)	(1.548)	0.249	(1.122)

Interest on Revenue Balances

- 2.70 A significant level of interest on revenue balances attributable to high cash balances 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 at the end of this financial year to be applied to support Transport activity in future years following transition to the proposed MCA.

3. Reasons for the Proposals

- 3.1 The NECA Constitution requires that consultation on budget proposals be undertaken at least two months prior to the budget being agreed. The information included in this report is presented to update the JTC on the preparation of the 2024/25 Transport budgets. The report also provides updated forecasts for the current year based on the latest available information.

4. Alternative Options Available

- 4.1 The update forecasts and indicative budget proposals presented in this report are intended to inform the JTC of work on the preparation of the 2024/25 Transport budget and begin the formal budget consultation process in line with the requirements set out in the NECA constitution in its role as Accountable Body for Transport.
- 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 The NECA Constitution requires that consultation on budget proposals be undertaken at least two months prior to the budget being agreed. The draft proposals will be subject to consultation with the Overview and Scrutiny Committee, relevant

officer groups and constituent councils. Comments raised as part of the consultation process will be considered in the preparation of the final reports.

- 5.2 Proposals are at an initial stage and work will be ongoing in developing these further over the coming weeks. Decisions on the levies and other aspects of the Transport budget will be taken by the JTC on 16 January 2024.

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 summarised in detail in the body of the report where they are known. Further details which are developed as part of the budget development and consultation process will be identified in the January 2024 report to the Committee.

8. Legal Implications

- 8.1 The JTC must approve the transport budget and levies unanimously. It will be recommended to make this decision at its meeting in January 2024.

9. Key Risks

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

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 (in its role as accountable body for the JTC) requires that consultation on its budget proposals be undertaken at least two months prior to the budget being agreed.

13. Other Impact of the Proposals

- 13.1 There are no other impacts arising from this report.

14. Appendices

- 14.1 Appendix 1 – Nexus Services and Deliverables

15. Background Papers

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

15.2 Revenue Budget Update – JTC Report 18 July 2023 ([Public Pack](#))[Agenda Document for North East Joint Transport Committee, 18/07/2023 14:30 \(northeastca.gov.uk\)](#)

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 – Nexus Services and Deliverables

Nexus Services and Deliverables that its MTFP provides are detailed below:

1. **Metro** - comprising the operation and maintenance of the Tyne and Wear Metro. Patronage is currently estimated at just under 32 million journeys per annum and revenue that is generated is estimated to be in excess of £46 million. On a typical weekday, the Metro delivers over 97% of scheduled journeys which amounts to over 15,000 kilometres operated. Maintenance activities cover all assets that comprise the system e.g. the fleet of Metrocars, track, overhead line, stations, embankments, bridges, viaducts, tunnels, communications systems, fare collection systems, lifts and escalators.

Metro connects the key centres of population in Tyne and Wear. Many employment sites are accessible by Metro, either directly or via interchange. Universities and Further Education Colleges can be easily accessed by Metro, along with many retail facilities, hospitals, GP surgeries and clinics. Metro is readily accessible (defined as those who live within 800m of a Metro Station) to 350,000 individuals. Customer surveys suggest that approximately one quarter of the Tyne and Wear population uses Metro, with many Metro stations serving as interchanges with other modes of public transport, mainly local bus services but also taxi, national and local rail services as well as air transportation. Research Nexus previously commissioned shows that Metro plays a critical role as an economic enabler:

- Metro contributes up to £224 million of Gross Value Added (GVA) to the North East economy each year;
- In a wider measure of GDP and welfare benefits, the overall contribution increases to up to £437million per annum; and
- The current network delivers an economic value of £11.80 per passenger.

2. **Statutory Concessions** - comprising the net cost of the English National Concessionary Travel Scheme (ENCTS) in Tyne and Wear which is a statutory obligation placed upon Nexus as the Travel Concession Authority (TCA). Expenditure is dependent upon the numbers of passengers using the Scheme, the fare that would have been paid (to the bus operator) if the Scheme did not exist and an estimate of the additional costs of meeting the increased demand caused by the existence of the Scheme. TCA's and bus operators utilise DfT guidance in determining the value of payments due but in essence, Nexus has virtually no control over this sizeable burden on its NECA grant funded expenditure.
3. **Discretionary Concessions** - comprising the discretionary add-ons to the ENCTS (the companion pass, post 2300 hour boardings, and pre 0930 hour

boardings for the purposes of attending medical appointments), the Metro Gold Card Scheme, the Under 16 Scheme and Teen Travel. It might be possible to reduce expenditure on these discretions if the fare that is charged were to be increased, for example the price of the Under 16 All Day Ticket (which currently retails at £1.10 for use on any mode and any operator's services).

4. **The Shields Ferry** - is the only cross-Tyne ferry operating in the region, providing a vital link between North and South Tyneside for leisure, commuting, tourism, and education, offering a sustainable alternative to the Tyne Tunnel. Nexus currently operates two vessels on the crossing, The Pride of the Tyne built in 1993 and the Spirit of the Tyne, built in 2007. Both the ferries and landings are owned by Nexus. The costs to deliver the service comprise staffing, fuel, maintenance, cleaning and security.
5. **Bus Services** – these are typically socially necessary services that Nexus secures when commercial operators do not consider routes to be profitable. Typically, such services include the following types of provision:-
 - All day services;
 - Scholars services;
 - Works / Early Morning services;
 - Evenings and weekend extensions;
 - Route diversions; and
 - Taxibus and Community Transport.
6. **Bus Infrastructure** - comprising staffing, cleaning, maintenance and security of bus interchanges, stations and shelters.
7. **Public Transport Information** - comprising website design and maintenance, printed material including Bus, Metro and Ferry timetables (including bus stop liners), call handling and the provision of electronic information for journey planning.

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North East Joint Transport Committee

Date: 21 November 2023

Subject: Forecast of Capital Outturn 2023/24 – Period to 30 September 2023 and 2024/25 Capital Programme Planning Assumptions

Report of: Chief Finance Officer

Executive Summary

This report provides the North East Joint Transport Committee (JTC) with an update on the 2023/24 capital programme, including expenditure to date and forecasts to the year end based on the position at the end of September 2023 (Quarter 2).

The Transport capital programme encompasses a wide range of capital schemes, mainly delivered by the constituent local authorities and Nexus, but also investment in the two Combined Authorities' own assets, including the Tyne Tunnels.

Total capital expenditure on Transport schemes is forecast to be £262.029m, against the revised programme budget of £279.073m, forecast slippage of £17.044m (6.1%) to the year end.

Major variances include expenditure forecast on Active Travel Fund (ATF) Tranche 3 schemes which will be £14.353m (81.5%) below the revised budget of £17.612m due to delays in the approval of scheme designs by Active Travel England (ATE). TNE are actively engaging with ATE to progress the agreement of scheme designs so that delivery can commence.

Bus Service Improvement Plan (BSIP) capital works totalling £33.291m are forecast compared with the budget of £40.982m, slippage of £7.691m (18.8%) of schemes which will now be delivered in 2024/25. The budget figure was based on the original profile submitted with the BSIP which has subsequently been further developed.

Forecast expenditure on the Levelling Up Fund programme (£10.007m this financial year) is now included within the overall capital programme as progress is being made by government on the subsidy control checks it required before the projects are able to commence. This will involve delivery of zero emission buses and electric vehicle charging infrastructure.

The forecast variance on the Metro Asset Renewal Plan (MARP) programme is £6.134m, mostly relating to deferral of spend into 2024/25 on a number of schemes within the programme which are detailed in section 2.17 of the report.

None of the variances forecast within this report will result in any loss of funding and use of capital grants will be within the conditions set by funders.

Actual expenditure incurred to the end of September 2023 totalled £79.036m, 30% of the £262.028m forecast capital expenditure for the year.

Most of the capital investment that will be incurred during the year will be funded by government grants (£250.149m, (95.5%) of the total forecast capital expenditure) with elements of the Nexus capital programme and the Tyne Pedestrian and Cycle Tunnels works funded by earmarked reserves (£11.880m, (4.5%) of total forecast capital expenditure) held specifically for these purposes.

The report includes an update on the development of the capital programme for 2024/25 and for future years, which will be presented to the JTC for agreement in January 2024.

Recommendations

The North East Joint Transport Committee is recommended to:

- i) Note the updated forecast of capital outturn for 2023/24; and
- ii) Note the assumptions being applied in the development of the capital programme for 2024/25 and future years.

1. Background Information

- 1.1 On 17 January 2023, the JTC approved the initial capital programme for 2023/24, totalling £238.994m. The capital programme was subsequently updated to take account of the 2022/23 outturn position and additional funding awarded since January 2023. The revised budget approved by the JTC in July 2023 is £279.072m.

2. Proposals

- 2.1 A summary of the Transport capital programme for 2023/24, together with forecast outturn position and details of actual expenditure to 30 September 2023 is set out in the table below, with further details provided in the sections that follow.

Table 1: Capital Forecast of Outturn 2023/24 to 30 September 2023

	2023/24 Revised Budget	2023/24 Forecast Outturn	Variance	Expenditure to date
	£m	£m	£m	£m
ATF Tranche 2	2.929	3.603	0.674	2.000
ATF Tranche 3	17.612	3.259	(14.353)	0.000
ATF Tranche 4	2.184	1.300	(0.884)	0.000
BSIP	40.982	33.291	(7.691)	0.000
EV Charging Infrastructure	0.299	0.153	(0.146)	0.036
Levelling Up Fund	0.000	10.007	10.007	0.000
LTP	11.396	11.309	(0.087)	5.163
MARP	43.686	37.552	(6.134)	10.747
MFR	90.986	94.811	3.825	46.014
MFL	4.126	2.837	(1.289)	2.885
Nexus OCP	3.544	3.154	(0.390)	1.613
TCF	60.401	60.401	0.000	10.498
Tyne Tunnels	0.287	0.287	0.000	0.081
ULEV - Taxis	0.064	0.064	0.000	0.000
Total	279.073	262.028	(17.044)	79.037

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), of which £7.329m was capital. £0.262m of the capital funding was defrayed in 2020/21, £1.187m in 2021/22, and £3.517m in 2022/23. All eight schemes in the programme have now entered into grant funding agreement, five schemes are now complete (Durham Great North Cycleway, Gateshead Town Centre Walking and Cycling Improvements, North Tyneside Strategic Corridors, Northumberland Waterloo Road, Sea Lane and South Eldon Street in South Tyneside) and the other three are in delivery. Forecast expenditure to the financial year-end is £3.603, meaning there is a forecast £0.674m overspend to year end. Actual expenditure to 30 September totalled £2.000m.
- 2.3 In March 2022, the North East was awarded a further £17.9m for the delivery of nine schemes in our region from Tranche 3 of the fund. In March 2023, an additional £9.033m was awarded to schemes within Tranche 3 as a result of agreed change controls with Active Travel England (ATE). Of the nine schemes awarded funding in the North East, four were funded in Newcastle (£7.700m), one in North Tyneside (£10.000m), two in Northumberland (£3.462m) and two in Sunderland (£5.800m).
- 2.4 None of these schemes have commenced delivery as yet due to delays in the approval of scheme designs. TNE are actively engaging with ATE to progress the agreement of scheme designs alongside working to secure further funds through future rounds of Active Travel funding. It is forecast that schemes will commence delivery from Quarter 3 2023/24.
- 2.5 In March 2023, the North East was awarded a further £7.203m from Active Travel Fund Tranche 4 for the delivery of four construction and two development schemes. Of the capital schemes, one is funded in Gateshead (£0.866m), one in Newcastle (£3.850m), one in North Tyneside (£0.600m), and one in South Tyneside (£1.600m). The scheme in South Tyneside is due to commence imminently, with the others to follow in the coming months.

Bus Service Improvement Plan

- 2.6 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.
- 2.7 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.
- 2.8 Capital expenditure to 30 September 2023 is nil with forecast expenditure to the year end being £33.291m. It is expected that development funds of up to £0.250m will be released during the next quarter.

Electric Vehicle (EV) Charging Infrastructure

- 2.9 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.
- 2.10 Capital expenditure to 30 September is £0.026m. Forecast expenditure to the financial year-end is £0.176m, £0.01m above the revised budget.

Levelling Up Fund

- 2.11 Discussions are ongoing regarding the Levelling Up Fund Round 2 programme and the subsidy control checks that have been undertaken. The programme, funding zero emission buses and EV charging infrastructure, is expected to enter into delivery in late 2023, with the first payments made in January 2024. The full value of the programme is £19.597m and will be phased for delivery through to March 2025.

Local Transport Plan (LTP) Integrated Transport Block

- 2.12 LTP Integrated Transport Block funding is made available by DfT to the whole JTC area. This block is allocated between the JTC constituent authorities on a locally agreed basis with an allocation to Nexus (mainly used to provide the match funding needed for the Metro Asset Renewal Plan capital programme). The LTP block allocation is also used to contribute to the costs of the Transport North East (TNE) team and, in Tyne and Wear only, to the Urban Traffic Management and Control (UTMC) centre. Expenditure to the end of September was £5.163m with £11.309m forecast for the year.

Nexus Capital Programme

- 2.13 The JTC approved Nexus' Capital Programme for 2023/24 to 2025/26 in January 2023. Following 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 Plan (MARP);
 - ii. Fleet Replacement Programme (FRP);
 - iii. Other Capital Projects (OCP); and
 - iv. Metro Flow (MFL).

The following report reviews the financial performance, at the end of Period 6, 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.

Total Nexus Capital Programme Summary

- 2.14 Nexus' revised capital programme for 2023/24 provided for gross expenditure of £143.432m. By comparison, the 2023/24 programme forecast outturn as at Period 6 stands at £138.353m. The £3.989m forecast variance is illustrated below and

detailed within the report. At the end of Period 6 the total programme spend was £61.259m, against an approved budgeted spend of £67.552m. The £6.293m variance is highlighted throughout the remainder of this report.

Table 2: Total Nexus Capital Programme

	Original Budget	Revised Budget	Actual / Forecast	Variance
	£m	£m	£m	£m
Cumulative to Period 6				
MARP	13.958	13.958	10.747	(3.211)
FRP	47.462	47.462	46.014	(1.448)
OCP	2.394	2.394	1.613	(0.781)
MFL	3.738	3.738	2.885	(0.853)
	67.552	67.552	61.259	(6.293)
Outturn				
MARP	43.897	43.686	37.552	(6.134)
FRP	115.236	90.986	94.811	3.825
OCP	3.107	3.544	3.154	(0.390)
MFL	1.075	4.126	2.837	(1.289)
	163.315	142.342	138.354	(3.988)

2.15 At the end of Period 6, £57.196m of capital grant has been claimed from the Department of Transport (DfT). This includes both the MARP and FRP. The actual amount claimed in total was 100.6% of forecast and therefore within DfT tolerance levels of +/-5%.

Metro Asset Renewal Programme (MARP)

2.16 Cumulative actual spend at the Period 6 was £10.747m compared with an original forecast of £13.958m. The £3.211m under spend relates to the timing of spend and is across a number of projects, the most notable being Cullercoats Footbridge (there was a delay to the award of contract, but the project is still expected to be completed this year) and Whitley Bay Canopy (detailed further below).

2.17 The forecast outturn for 2023/24 is £37.552m (including £0.987m of contingency) compared to the approved budget of £43.686m. The expected variance of £6.134m is across a number of projects and mostly relates to the deferral of spend into 2024/25. Those projects with the most significant deferral of spend include:

- Switches and crossings at Pelaw – to limit the cumulative impact of network closures to take into account the availability of suitable bus replacement services;
- Office and operational buildings – to allow for the scope of the project to be fully developed;
- Multi-storey and surface car parks – to reflect the latest project timetables which have been impacted by consultancy availability and quality;
- Whitley Bay Canopy – to reflect the newly appointed contractor’s programme of works, following Buckingham Group Ltd going into administration; and
- Benton Square Compound and Security – due to the complexities of planning demolition works around overhead power lines to ensure health and safety.

- 2.18 The September grant claim was £1.466m, compared to the forecast £1.400m and therefore within the +/-5% DfT target. Total grant claimed to date is £11.188m and MRG (capital) grant totalling £30.900m (including £2.837m Metro Flow Spend) is forecast to be claimed by year end. This represents the total available MRG (capital) grant for 2023/24.
- 2.19 The forecast outturn of £37.552m will be funded from £28.063m MRG capital grant from DfT, with the remaining £9.489m funded from £2.718m of local funding (LTP) plus £5.300m of MARP earmarked reserves. There is currently £1.471m of unfunded over programming. Originally over programming was £8.224m.
- 2.20 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 deal confirms that this funding will continue to be remitted to Nexus via DfT, rather than as part of any wider CRSTS funding package, with bids for future funding beyond March 2025 also being submitted via the Department through a future Spending Review, the timing of which is uncertain, something that poses a risk to Nexus’ ability to deliver projects beyond March 2025 and which might have an impact on how Nexus approaches the delivery of the programme. This will be addressed further in the development of Nexus’ capital programme 2024/25 to 2026/27.

Fleet Replacement Programme (FRP)

- 2.21 Cumulative actual spend at the end of Period 6 was £46.014m compared to expected spend at this stage of £47.462m. The £1.448m variance relates to the timing of milestone payments and will reverse in the next period.
- 2.22 Forecast outturn for 2023/24 is £94.811m (including a risk contingency of £9.478m), compared to the approved budget of £90.986m. The 2023/24 forecast outturn is based on a revised delivery programme for the new fleet of Metrocars which has been agreed in principle with Stadler. A further iteration of the delivery programme is currently being reviewed and may further alter this forecast. Although there is a £3.825m in-year pressure, the outturn for the entire programme is still expected to be met from within the £361.800m overall budget.
- 2.23 The September grant claim is £5.078m and 100.2% of the forecast and therefore within the +/-5% DfT target.

- 2.24 The £94.811m forecast outturn is funded from the £89.900m DfT Fleet Replacement grant available in 2023/24, with the balance, £4.911m, funded from Nexus Fleet Reserves.

Other Capital Projects (OCP)

- 2.25 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).
- 2.26 Cumulative actual spend at the end of Period 6 was £1.613m against the approved budget profile of £2.394m. Forecast outturn for 2023/24 is £3.154m against an approved budget of £3.544m. The £0.390m forecast underspend refers largely to a reduction in contingency for Digital Car Parking (£0.186m) and slippage on the Ferry South Landing project (£0.177m).
- 2.27 The latest forecast for the North Landing Relocation project is £0.929m and assumes that the project will continue to the Design and Build tender phase, although contract award will be subject to funding for the project being confirmed.
- 2.28 The £2.793m outturn forecast is funded by £1.692m of Transforming Cities Fund grant in relation to Digital Car Parkes, £0.079m LTP funding and £1.384m Capital Reserves, which is inclusive of the £0.929m North Landing Relocation project forecast.

Metro Flow (MFL)

- 2.29 Cumulative actual spend at the end of Period 6 was £2.885m, against the approved budget profile of £3.738m. There is slippage of £0.853m 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 due to Buckingham Group issuing a notice of administration and the subsequent decision to terminate the contract.
- 2.30 Forecast outturn for 2023/24 is £2.837m compared with the approved budget of £4.126m. The forecast slippage is due to the termination of the Buckingham contract, with remedial works now scheduled to be carried out in 2024/25.
- 2.31 The forecast outturn of £2.837m is expected to be funded by £2.837m 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 slippage therefore results in a £0.619m under spend of MRG (Capital) Grant and zero use of TCF grant retained for Metro Flow in 2023/24.
- 2.32 Surplus TCF grant of c£4.580m 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.

Transforming Cities Fund (TCF)

- 2.33 The North East was awarded £208m of capital grant from the Transforming Cities Fund (TCF) of which £10m was for Tranche 1 and £198m for Tranche 2. Within the Tranche 2 scheme allocation, £104m was for schemes where the decision making on funding is devolved to the region, and the remaining £94m was allocated for the Metro Flow scheme managed by Nexus, where the decision making on the funding is retained by the DfT.
- 2.34 All Tranche 1 schemes are now complete. Four TCF Tranche 2 schemes have now fully claimed their TCF grant, and a further 22 are in delivery and still claiming grant.
- 2.35 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.
- 2.36 Payments made to scheme promoters to 30 September totalled £12.021m. Total capital expenditure on the Tranche 2 programme to date is £54.406m. It is worth noting that at the time of writing, two claims for large schemes within the programme are outstanding. Forecast expenditure to the end of this financial year remains at £60.401m.

Tyne Tunnels

- 2.37 The Tyne Tunnels capital programme relates to the refurbishment of the Tyne Pedestrian and Cyclist Tunnels (TPCT). Capital expenditure in the first two quarters of 2023/24 is £0.080m and the forecast outturn for 2023/24 remains in line with the budget figure.
- 2.38 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.
- 2.39 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 delayed due to the bespoke nature of the design and issues with contractors. However, the works are in the final stages of testing and certification and should be opening to the public within the next few months.
- 2.40 There is a planned handover of the TPCT to TT2 for this financial year 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

- 2.41 Eight of the ten dedicated chargers for the taxi and private hire industry are now live. It is expected that the final two charges in Newcastle and North Tyneside will go live imminently with orders being placed for connections. Forecast expenditure for this financial year is £0.043m, in line with the revised budget allocation.

Capital Programme Funding

- 2.42 The table below sets out the proposed funding of the 2023/24 revised capital programme. In line with the original funding proposed, the vast majority (£250.149m) of forecast capital expenditure will be met from government grants with £11.880m funded from reserves held for this purpose.

Table 3: Capital Programme Funding 2023/24

	2023/24 Revised Budget	2023/24 Forecast Outturn	Variance
	£m	£m	£m
Government Grants	270.815	250.149	(20.666)
Reserves	8.258	11.880	3.622
Total	279.073	262.029	(17.044)

Capital Programme for 2024/25 and future years

- 2.43 The capital programme for 2024/25 and future years is under development and will be presented to the January 2024 meeting of the JTC for approval. Some of the assumptions in the drafting of the capital programme are set out below.
- 2.44 The nine Active Travel Fund Tranche 3 schemes detailed at paragraph 2.3 are all expected to commence delivery by 31 March 2024, pending approval by Active Travel England (ATE). Similarly, the four capital Active Travel Fund Tranche 4 schemes are all due to be under a Grant Funding Agreement by 31 March 2024, with delivery commencing on at least one scheme.
- 2.45 Upon the formation of the proposed North East Mayoral Combined Authority, the region will gain access to the City Region Sustainable Transport Settlement (CRSTS), subject to the preparation, submission and approval of a business case. The capital monies associated with the North East CRSTS programme indicatively total £147m. Expenditure is forecast across the period from 2023-2027, and it is therefore assumed that a forecast expenditure of £49m for 2024/25 from the prospective CRSTS programme is included in the budget.

- 2.46 When the JTC considered the development of Nexus' capital programme (2023/24 to 2025/26), the Committee was advised that bringing together a meaningful and fully funded MARP had been extremely challenging. This was because capital grant from DfT for these three years was still not absolutely confirmed and further, since 2019 the MARP had been subject to annual funding settlements making planning and delivering the programme very difficult.
- 2.47 The North East Devolution Deal confirmed the following in connection with funding for the MARP:
- Funding for Metro's Essential Renewals programme and operational support will be paid direct to Nexus as Metropolitan Rail Grant (MRG), outwith the CRSTS mechanism. However, £57 million of capital funding has been deducted from the North East's nominal CRSTS allocation to take account of the additional MRG 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.
- 2.48 Although Nexus has been in dialogue with civil servants from DfT in connection with future years funding for the MARP, at this time, funding for 2025/26 has not been confirmed.
- 2.49 This is increasing the challenges Nexus has, given expenditure incurred in the current year will commit Nexus to obligations in future years. As set out earlier in this report, while progress in delivering the MARP in the current year has been good, because of the uncertainty it might be necessary for Nexus to take stock of deliverables in both the current and next financial year in order to re-set the MARP and make arrangements to seek permission to carry capital funding into future years in order to meet obligations arising.
- 2.50 Typically, consideration will need to be given to the following:
- Whether financial headroom can be created to meet obligations and financial commitments in 2025/26 in relation to contracts that are awarded in the current financial year (or next); and
 - Whether financial headroom can be created in 2025/26 to fund the delivery of projects considered to be of an even higher priority than some of those in the current programme scheduled to be delivered in the current financial year (or next). An example of this would be overhead line renewal works scheduled for 2025/26 and 2026/27.
- 2.51 The MARP is determined using a project prioritisation tool ensuring that all projects take safety and operational considerations into account and clearly align with Nexus' Corporate Plan. The prioritisation tool is underpinned by Engineering Asset Management Plans and ICT Infrastructure and Applications roadmaps. It will help inform any resource allocation decisions that the JTC will need to consider when it

meets in January 2024 to approve the capital programme, specifically the MARP (2024/25 to 2026/27).

2.52 In the meantime, lobbying for capital grant after the 2024/25 financial year will continue. On 13 October 2023, on behalf of the North East Joint Transport Committee, Transport North East and Nexus, a submission to the Autumn Spending Review was provided to central government. This is attached to this report as Appendix 1. This submission proposed that the government uses the Autumn Statement to:

- Confirm capital and revenue funding for the Tyne and Wear Metro for financial years 2025/26 and 2026/27; and
- Create “Metro Control Periods” which would operate in a very similar manner to the Control Periods by which Network Rail is funded to maintain and operate the rest of the UK’s railway.

2.53 Whilst it looks increasingly likely that the MARP will need to be recast, the main priorities over the next three years remain as follows:

- Continuation of the network wide Overhead Line Equipment (OLE) renewal;
- Replacement of the life expired Supervisory, Control and Data Acquisition (SCADA) system, which remotely monitors assets such as fire alarms, lifts and escalators, tunnel lighting and high voltage transformers;
- Track renewal on the Airport Line together with replacement of several switches and crossings across the network;
- Remedial works to the Howdon viaduct;
- Refurbishment of Whitley Bay Station Canopy and renewal of Switches and Crossings at Pelaw;
- Investment in a half-life refurbishment fund for the new fleet, as per the contract Nexus has with Stadler Rail Services UK; and
- Technology projects such as the renewal of core ICT infrastructure and CCTV storage as well as the Ticketing System ‘XP’ upgrade, completion of ICT network equipment renewal (including network security enhancements), Metro Timetabling and Rostering system replacement and replacement of the Asset and Maintenance management system.

2.54 The Fleet Replacement Programme will continue and the 2024/25 budget is currently estimated at £55m, funded by capital grant provided by DfT. In the remaining year (2025/26) a further £25m will be invested in the new fleet, bringing total expenditure at that point to an estimated £362m.

2.55 Although dual track operations between Hebburn and Bede station have been enabled and operations improved, some outstanding works remain on the Metro Flow project because the recent administration of the principal contractor, Buckingham Group Limited. Site works that were meant to be substantially complete in the current year will slip into 2024/25.

- 2.56 As described at paragraph 2.45, a programme for the CRSTS capital funding which will be made available to the proposed mayoral combined authority is in development, which includes a regional prioritisation of schemes put forward by the constituent local authorities and Nexus. Nexus is seeking funding from round 1 of the CRSTS to augment grant it has retained from the from the Transforming Cities Fund as a result of the Metro Flow project being delivered under budget, for the proposed relocation of the North Ferry Landing which, if secured, will see the main contract awarded in 2024/25.
- 2.57 Refurbishment of the South Ferry Landing and buildings together with the Ferry vessels will continue into 2024/25.
- 2.58 Nexus has also put forward schemes for the CRSTS regional prioritisation process, for investment in additional gate lines at Metro stations, the development of Regent Centre station and its Smart Ticketing Enhancement Programme (STEP) which if successful, will also feature in the capital programme 2024/25 to 2026/27.

3. Reasons for the Proposals

- 3.1 The information contained within this report is provided to the JTC to enable it to fulfil its function of monitoring the Transport Capital Programme.

4. Alternative Options Available

- 4.1 Option 1 – the North East Joint Transport Committee may accept the recommendations set out in the report.
- Option 2 – the North East Joint Transport Committee may suggest amendments or alternative proposals to be considered.

5. Next Steps and Timetable for Implementation

- 5.1 The Transport Capital Programme will be monitored for the remainder of the financial year and the outturn position reported following the year end. Detailed work on the capital programme for 2024/25 and future years is underway and will be reported to the JTC in January 2024 for agreement.

6. Potential Impact on Objectives

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

7. Financial and Other Resources Implications

- 7.1 The financial implications are set out in detail within the body of the report. The report is for information and provides the Joint Transport Committee with a summary of the updated capital programme approved in January 2023. The report also includes an update on assumptions being applied in the development of the capital programme for 2024/25 and for future years, which will be presented to the JTC in January 2024.

8. Legal Implications

8.1 The authority has a duty to ensure it can deliver a balanced budget. The Local Government Act 2003 imposes a duty on an Authority to monitor its budgets during the year and consider what action to take if a potential deterioration is identified.

8.2 Scheme promoters are required to sign a Grant Funding Agreement (GFA) before funding is provided, with claims being made based on expenditure defrayed and an audited statement required before final retention is released.

8.3 There are no other legal implications arising from this report.

9. Key Risks

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

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 (in its role as accountable body for the JTC) requires that consultation on its budget proposals be undertaken at least two months prior to the budget being agreed.

13. Other Impact of the Proposals

13.1 There are no other impacts arising from this report.

14. Appendices

14.1 Appendix 1 – Funding for the Tyne and Wear Metro – Submission to the Autumn Spending Review on behalf of the North East Joint Transport Committee, Transport North East and Nexus

15. Background Papers

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

15.2 Capital Programme Update – JTC Report 18 July 2023 ([Public Pack](#))[Agenda Document for North East Joint Transport Committee, 18/07/2023 14:30](#) (northeastca.gov.uk)

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:

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North East Joint Transport Committee

Date: 21 November 2023

Subject: City Region Sustainable Transport Settlement – Development Funding

Report of: Managing Director, Transport North East.

Executive Summary.

The release of £3,660,000 of the revenue funds associated with the City Region Sustainable Transport Settlement (CRSTS) to advance scheme development, in line with the allocation made by the Joint Transport Committee in February 2023, is recommended as follows:

Lead Authority	Allocation
Gateshead Council	£287,000
Newcastle City Council	£432,000
Newcastle City Council & Gateshead Council	£196,000
Nexus	£441,000
North Tyneside Council	£363,000
Northumberland County Council	£522,000
South Tyneside Council	£192,000
Sunderland City Council	£552,000
Region (TNE on behalf of region)	£675,000
Totals	£3,660,000

Table 1: CRSTS Development Funds Recommendations

Recommendations

The North East Joint Transport Committee is recommended to:

- i. Agree to the release of £3,660,000 of City Region Sustainable Transport Settlement revenue funds for the purposes of scheme development in accordance with the table included in paragraph 2.8. below, and instruct officers to prepare and sign Grant Funding Agreements with lead Authorities.
- ii. Authorise the Managing Director, Transport North East, in consultation with the Monitoring Officer and Chief Finance Officer, to initiate the procurement of consultancy support as required associated with the £675,000 regional allocation of development funds.

1. Background Information

- 1.1 City Region Sustainable Transport Settlements (CRSTS) were announced as part of the 2020 UK Budget, the Budget set out that 8 English City Regions, inclusive of the North East, would be eligible for a share of additional funding for local transport networks over a five-year period (2022/23 to 2026/27).
- 1.2 It was subsequently announced that £5.7bn would be shared between the City Regions, as per the Budget announcement, however, for the North East access to a settlement was subject to the creation of a Mayoral Combined Authority. In the progression of the North East Devolution Deal, the Government confirmed that the North East CRSTS would total up to £563m.
- 1.3 This £563m settlement consolidates existing funding including: Regional Highways Maintenance, Pothole Funding, Integrated Transport Block and outstanding Transforming Cities Funding. The totality of existing funds is circa £416m with up to £147m available as new capital funds for local transport enhancements.
- 1.4 In order to unlock the North East CRSTS a Business Case must be submitted by the newly formed North East Mayoral Combined Authority (NEMCA) and agreed with Government. To aid the development, preparation and management of the North East CRSTS programme £11.36m of revenue funds from the Department for Transport (DfT) were also accounted for within the Devolution Deal. To date, £8.52m of these funds has been received, with a final outstanding payment of £2.84m due to be issued at the start of the financial year 2024/25.
- 1.5 In February 2023, the Joint Transport Committee (JTC) agreed budget headings for £7.14m of CRSTS revenue funds including allocating £3.66m of these funds for the purposes of the development of schemes which will go on to make up the CRSTS programme, alongside a further £1.1m to produce the Business Case required to unlock CRSTS funding. In June 2023, JTC members agreed to allocate £0.110m of the funds identified to progress the CRSTS Business Case to undertake an Independent Assessment of CRSTS candidate schemes as a means of identifying a perspective programme and as the basis for allocating the £3.66m of development funds set aside in February 2023.
- 1.6 Since this point Transport North East (TNE) have procured consultancy services to undertake the Independent Assessment and have been working closely with scheme promoters to identify and develop a prospective programme of schemes, in order to inform the release of development funding.

2. Proposals

- 2.1 The Independent Assessment was commissioned in order to provide an evidence-based recommendation for the allocation of development funding and to ensure that the emerging indicative programme of perspective CRSTS schemes offers value for money and crucially can deliver within the CRSTS timescales.

- 2.2 The Independent Assessment has involved an audit of all Transport Plan Pipeline schemes alongside new submissions from scheme promoters. Supporting materials have been supplied by scheme promoters with 1-2-1 conversations taking place to interrogate scheme details including consideration of scheme risk, interfaces, interdependencies, and scalability.
- 2.3 It is important to recognise that the Independent Assessment does not aim to identify good or bad schemes but is focused predominantly on ensuring alignment to CRSTS objectives and scheme deliverability by March 2027, in order to ensure the swift release of funds, demonstrate continued ability to deliver under new governance arrangements and to put the region in the best possible position to leverage further funding. To these ends the criteria used to identify a prospective CRSTS programme is outlined below:
- CRSTS Eligibility Criteria as set out by DfT
 - CRSTS Deliverability Requirements
 - Alignment with overarching CRSTS Objectives as set out by DfT
 - Alignment to North East Transport Plan Objectives
 - Stage of Scheme Development
 - Value for Money Assessment
 - Scheme Cost Clarity
 - Clarity of Scheme Scope
- 2.4 Although the new capital funds available through CRSTS totals approx. £147m with the addition of overprogramming consistent with DfT guidance (up to 25%) the emerging CRSTS programme value is approx. £179m. Furthermore, proposals at this stage are indicative only, the programme will continue to be developed, refined and flexed through the development of the Business Case required to unlock CRSTS.
- 2.5 It is also important to note that the emerging programme and any schemes within it are subject to North East Mayoral Combined Authority (NEMCA) approval, in addition, to being subject to DfT approval through an appraisal and assurance mechanism. Individual schemes will also be subject to required Local Authority approvals and any associated governance requirements such as local Cabinet approvals.
- 2.6 CRSTS will not be the only source of funding within region over the period to 2027, 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 CRSTS period. There is a close relationship between funding avenues with schemes potentially suitable to come forward through various different capital funding pots. 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.

- 2.7 Government has also announced a further round of CRSTS funding over the period 2027 – 2032, the indicative funding announced for the North East totals £1.85bn. The Independent Assessment has considered longer-term development approaches beyond March 2027, to be further refined during the CRSTS Business Case development. This provides both the region and the DfT with assurance on the longer-term CRSTS pipeline, in addition, to providing a viable route for the delivery and development of transformational schemes.
- 2.8 As noted, the Independent Assessment of CRSTS candidate schemes has acted as a means of allocating the £3.66m of development funds set aside in February 2023 to ensure the development of schemes within our perspective CRSTS programme can commence immediately without the need to wait for the release of capital funding, recommendations for the allocation of development funding are as follows:

Lead Authority	Allocation
Gateshead Council	£287,000
Newcastle City Council	£432,000
Newcastle City Council & Gateshead Council	£196,000
Nexus	£441,000
North Tyneside Council	£363,000
Northumberland County Council	£522,000
South Tyneside Council	£192,000
Sunderland City Council	£552,000
Region (TNE on behalf of region)	£675,000
Totals	£3,660,000

Table 1: CRSTS Development Funds Recommendations

- 2.9 Included within the above recommendation is an allocation to Transport North East to lead the development of schemes and Business Cases with a regional focus, removing an additional assurance burden from Local Authorities. In order to progress the development of these schemes it is proposed that the JTC authorise the Managing Director, Transport North East, in consultation with the Chief Finance Officer, to initiate the procurement of consultants to undertake Business Case production in line with the proposed budget heading.

3. Reasons for the Proposals

- 3.1 The CRSTS programme runs until 31 March 2027, it is therefore imperative that the region takes a delivery focused approach to the programme of capital interventions that will be funded by the North East CRSTS, in order to ensure delivery within the required programme timeframe.
- 3.2 The recommendation to release development funding from the budget allocation agreed by the Joint Transport Committee in February 2023 will ensure that schemes within the emerging and indicative CRSTS programme can be developed in the required timescales and are well placed to commence capital delivery upon the release of funding post May 2024.

4. Alternative Options Available

- 4.1 No alternative options have been identified which could reasonably ensure the timescales for the delivery of the CRSTS Business Case and programme can be met.

5. Next Steps and Timetable for Implementation

- 5.1 Grant Funding Agreements will be prepared by officers for the release of CRSTS revenue funding for the purposes of scheme development. The proposed delegation will be effective with immediate effect and reports will be made as necessary to the JTC on the progress of the funded activity.
- 5.2 The indicative CRSTS programme will continue to be refined through the development of the CRSTS Business Case, regular briefings will be provided to the JTC as this work progresses. 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.

6. Potential Impact on Objectives

- 6.1 The proposals outlined are consistent with the North East Devolution Deal and align to the policy objectives contained within the North East Transport Plan. This includes the development of a package of sustainable transport improvements, developing concepts for efficient network management and bolstering the quality and offer of public transport options across the region.

7. Financial and Other Resources Implications

- 7.1 The total cost associated with the recommendation of this report is £3,660,000, these costs are funded from the CRSTS revenue funds totalling £8.52m received by NECA between January and April 2023 and were allocated at the February meeting of the Joint Transport Committee.

The apportionment of development funding recommended to each authority is derived from the Independent Assessment, ensuring that each allocation is evidence based and contains appropriate levels of contingency. Furthermore, it is intended that

development funding where possible is capitalised on receipt of CRSTS capital grant funds post May 2024, to ensure the availability of development funding to continue to develop regional and local priorities for delivery through both the CRSTS programme and over a longer delivery horizon.

- 7.2 Any delays in producing the CRSTS Business Case and developing the schemes that sit within it will potentially impact the North East from accessing the capital funding associated with CRSTS and in turn may impact on the profile of CRSTS grant funding expenditure.
- 7.3 There are no Human Resources or ICT implications arising from the recommendations of this report.

8. Legal Implications

- 8.1 Grant Funding Agreements (GFAs) are required in order to enable each authority permission to commence drawing down the development funding allocation outlined within the recommendations of the report. A standard GFA template has been prepared for development funding that is utilised to minimise any legal risks and ensure NECA's obligations (on behalf of the JTC) to the DfT in regard to CRSTS revenue funding are met. These obligations are appropriately transferred to each authority through the GFA minimising risk should a given proposal fail to come forward for delivery post award of development funds.

9. Key Risks

- 9.1 Recommendations of the report mitigate the risk of delay to the development of the CRSTS Business Case required to unlock CRSTS capital funding. Any delay to the production of the CRSTS Business Case will result in a delay to the release of capital funds and subsequently is likely to impact on the ability of schemes within the CRSTS programme to meet the deadline for CRSTS delivery which is the 31st March 2027. Resources have been deployed to maximise the use of time ahead of the formation of the North East Mayoral Combined Authority to ensure swift submission of the CRSTS Business Case and the release of associated capital funding.

10. Equality and Diversity

- 10.1 All schemes proposed for funding utilising CRSTS grant funds will be required to be designed to modern standards in compliance with appropriate legislation, ensuring that any equality and diversity implications are minimised. A Health Impact and Equalities Assessment will be prepared for the Business Case that is required to unlock CRSTS funding from Central Government.

11. Crime and Disorder

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

12. Consultation/Engagement

- 12.1 The apportionment of proposed development funding has been discussed with the Heads of Transport of the LA7 constituent authorities. This report has been shared with the Transport Strategy Board, comments have been taken on board and integrated into the report. In addition, a paper to the Joint Transport Committee on the principles of the use of CRSTS revenue funds, including the allocation of £3.660m of funding for scheme development was issued and approved in February 2023.

13. Other Impact of the Proposals

- 13.1 None.

14. Appendices

- 14.1 None.

15. Background Papers

- 15.1 North East Devolution Deal: [North East devolution deal - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

North East Transport Assurance Framework: [NORTH EAST JOINT TRANSPORT COMMITTEE \(transportnortheast.gov.uk\)](http://transportnortheast.gov.uk)

Joint Transport Committee Report (Item 7), Tuesday 21st February 2023: [Public Pack\)Agenda Document for North East Joint Transport Committee, 21/02/2023 14:30 \(northeastca.gov.uk\)](http://northeastca.gov.uk)

Joint Transport Committee Report (Item 12 - Confidential), Tuesday 20th June 2023: [Joint Transport Committee AGM - 20 June 2023 - North East Combined Authority \(northeastca.gov.uk\)](http://northeastca.gov.uk)

16. Contact Officers

- 16.1 Jonathan Bailes, Interim Assistant Director Transport Programmes

E-mail: jonathan.bailes@transportnortheast.gov.uk

17. Sign off

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

18. Glossary

- DfT – Department for Transport
- TNE – Transport North East

- JTC – Joint Transport Committee
- CRSTS – City Region Sustainable Transport Settlement
- LA – Local Authority
- NECA – North East Combined Authority
- MCA – Mayoral Combined Authority
- NEMCA – North East Mayoral Combined Authority
- Transport Assurance Framework – a framework for business case development and review that ensures good decision making, procurement and governance is in place for all projects, for schemes that can demonstrate good value for public money
- GFA – Grant Funding Agreement, outlines the terms and conditions under which a scheme will be delivered, and constitutes the contract between NECA and the scheme promoter for the delivery of the scheme.

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North East Joint Transport Committee

Date: 21st November 2023
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 been allocated an indicative £11.2 million of additional Bus Service Improvement Plan funding following a reallocation of HS2 funding by government. The funding is exclusively revenue funding.

A new package of adult day tickets to make bus travel cheaper and simpler throughout the region was launched on 5 November 2023.

The Metro Flow project has won the Outstanding Engineering Achievement at the Global Light Rail Awards in London.

The JTC has written to government to express concerns around several issues following the cancellation of HS2, and the announcement of ‘Network North’ and the ‘Plan for Drivers’.

A 5-week public consultation for the North East Zero Emission Vehicle Strategy closed on 7 November. The consultation included drop in events in each of the seven local authorities, three online events and an online survey.

The rail industry is understood to be preparing a potential new timetable for the East Coast Mainline from December 2024, although details have not been made public at this stage. Separately the Rail Minister has confirmed that a Network Rail-prepared business case to increase capacity on the line will be considered by the Department for Transport next spring.

A dispute between Go North East and the Trades Union Unite has led to several weeks of almost all of the operator’s bus services being cancelled. This has been very detrimental to the region.

Metro performance challenges are ongoing, mainly as a result of difficulties associated with maintaining the existing train fleet. In times of disruption, Nexus prioritises providing passengers with a frequent service even if trains are not running to timetable.

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. The 'Plan for Drivers', cancellation of HS2, announcement of 'Network North' and the King's Speech

- 2.1 Letters to Government – As mentioned in the October Transport Plan Progress Report, the government has announced the cancellation of HS2 and the reallocation of funding to 'Network North' and its new 'Plan for Drivers'.

'Network North' is a package of transport investment across the North. For the North East this includes £1.85bn for our City Region Sustainable Transport Settlement 2, the dualling of the A1 between Morpeth and Ellingham, and £11.2 million additional bus funding which has most recently been announced.

The 'Plan for Drivers' is a 30 point plan that the Secretary of State for Transport announced during his keynote speech at the Conservative Party Conference. The plan outlines how the government is reviewing its powers to prevent 'overzealous use of traffic management' amongst other things. Measures could include cutting councils off from the DVLA database if they don't follow the rules.

Following these announcements from government, letters have been sent to various ministers expressing concerns and requesting clarity.

A letter requesting details on how all the North East schemes announced as part of 'Network North' are intended to be funded has been sent to the Secretary of State for Transport, Mark Harper.

A second letter outlining our proposal for the long-term funding arrangement of the Tyne and Wear Metro has been sent to the Rail Minister, Huw Merriman. This was in anticipation of the upcoming Autumn Statement and details how we expect funding for the Metro to be a separate allocation to our City Region Sustainable Transport Settlement funding. A response to this letter has been received by the Minister for Roads and Local Transport, Richard Holden, noting the increase in CRSTS2 funding the North East will receive through 'Network North'.

A final letter has been sent to the government expressing concerns around points set out in the 'Plan for Drivers' as requested by the Committee and inconsistencies with other government guidance and documents.

2.2 Regional Funding Update – The government has made a number of new funding announcements of regional interest, as summarised below:

- £1.85bn for CRSTS2, an uplift of £685m to previously announced funding. Inclusive of capital and revenue funding, the split of which is to be confirmed.
- £150m of additional funding nationally for highways maintenance in financial year 2023/24, with a further uplift for future years through to 2035 expected.
- Further £11.2m of revenue funding to improve fares and services for the financial year 2024/25 as part of the next round of regional BSIP funding.
- Subject to confirmation it is likely that the region will receive further BSIP funding for the period 2024/25 through to 2028/29.
- Both this additional BSIP funding and the region's share of the national £150m of additional funding announced for Highways Maintenance will be entirely separate and fully additional to the £1.85bn announced for CRSTS2.

Whilst funding at this stage is indicative this will allow the new Mayoral Combined Authority to plan ahead for transport infrastructure projects over the long-term.

2.3 The King's Speech – During the King's Speech on 7 November, there were a number of notable points mentioned, as well as notable omissions. The key points to note are:

- 'Network North' was recommitted to, with mention of 'prioritising improving the journeys that people make most often'.
- However, there was no mention of the 'Plan for Drivers' or the schemes included within it. This means that any of the proposals from the Plan will either be non-binding or minor legislative changes that can be enacted without a vote.
- A new legal framework will be introduced to support the safe commercial development of self-driving vehicles.
- The government recommitted to implementing Great British Railways (GBR), GBR was first proposed in May 2021. However, this bill was only brought forward in draft form to allow more time for plans to be scrutinised by parliamentarians and industry experts. The Bill only being brought forward in draft form means it is unlikely the legislation will be finalised in this parliamentary session or before the next general election.
- Other notable absences from the Speech included anything on powers to reform buses or micromobility legislation.

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

3.1 Bus Travel

Bus awards – The bus partnership has been nominated for ‘Marketing Campaign of the Year’ award at the 2023 UK Bus Awards. The ‘Get ‘round for a pound’ marketing campaign, which accompanied the May 2023 launch of £1 bus single fare for all young people 21 and under in the region, has been recognised. The partnership came together to market the fare with a strong focus on digital and social media promotion as well as out of home marketing.

Other members of the partnership have also been nominated for awards for achievements prior to the making of the North East Enhanced Partnership. This includes the 2022 Great North Run (Partnership for Excellence) and Care Experienced travel pilot in Newcastle and Gateshead (Bus and the Community). To extend the benefits of these impactful projects the partnership plan to expand the free travel pass scheme for all young people 25 and under in the region, who have experience in local authority care.

BSIP refresh – The October 2023 meeting of the JTC saw the approval of the second annual Bus Service Improvement Plan (BSIP) refresh. The refresh presented the opportunity to reengage with the public and stakeholders including undertaking the public engagement campaign ‘The Big Bus Conversation’ which was first completed in 2021. We also updated data which informed the BSIP. Following this we were able to reconfirm our ambitions for bus in the region including simpler and cheaper fares, an enhanced network and infrastructure improvements to speed up buses. The refresh also celebrated progress made so far to achieving our BSIP Key Performance Indicators (KPIs) and accessed delivery plans.

Fares – A new package of BSIP-funded adult day tickets to make bus travel cheaper and simpler throughout the region was launched on 5 November 2023, price points of these products are summarised in the table below:

Product name	Product scope	Product price
Tyne & Wear Day Rover	Tyne & Wear adult day ticket (multi-modal)	£6
Durham Day Rover	County Durham adult day ticket (multi-operator)	£4
Northumberland Day Rover	Northumberland county adult day ticket (multi-operator)	£5
TNE Day Saver	Regionwide adult (multi-modal)	£6.80

Although these products were planned prior to the announcement of the extension of the national £2 fare cap, they will still represent significant savings for many people’s journeys in the North East. This includes passengers in the region who currently take multiple journeys in one day with different operators, and those who take multi-modal journeys including the Tyne and Wear Metro. Removing this additional cost for interchange will simplify the public transport ticketing offer.

Go North East Industrial action – Go North East drivers under the Unite union are continuing to take industrial action over a proposed 2 year pay deal, a first week of strikes took place between 30th September and 6th October, and the second week between 14th October and 20th October, and a prolonged period of action starting on 28th October. The impact across the region has been highly damaging, with Gateshead having effectively no buses running during the weeks of strike action and causing major disruption to passengers who are reliant on these services.

Arriva sale – Arriva has been sold to the US infrastructure investor I Squared in a deal believed to be worth around £1.4bn. A spokesperson for I Squared has said they plan to expand and electrify Arriva's fleet after its takeover, with a significant amount of investment expected to be focused on the companies UK operations.

3.2 Metro

Metro Flow Awards –Metro Flow, which was recently awarded 'Major Project of the Year' at the National Rail Awards, has won another major award. The £104m project has also won the Outstanding Engineering Achievement at the Global Light Rail Awards in London.

Whitley Bay Metro Station Restoration Work – Work has resumed on a £5.3m project to restore the historic canopy at Whitley Bay Metro station in North Tyneside. The glazing directly above the Metro tracks will be reinstated and the steel work refurbished, providing a more sheltered environment for passengers.

New Metro Fleet – A series of tests have been taking place to ensure that the Tyne and Wear Metro's new trains perform correctly at full passenger capacity. The crush lag is taking place to ensure that they perform as they should when the carriage is full and takes place by loading one of the new trains with 39 tonnes of ballast to simulate it at maximum capacity. The new fleet is expected to come into service in 2025.

The ageing current fleet of trains, which are over 40 years old, continue to cause performance challenges across the network due in part to the difficulty securing replacement parts and power issues. Nexus is preparing improvement plans to avoid trains being badly affected during colder temperatures in the winter.

3.3 UK's Second National Infrastructure Assessment

The National Infrastructure Commission have released their second National Infrastructure Assessment, a '30-year plan for a low carbon and resilient economy that supports economic growth and protects the natural environment'. The document sets out 50 recommendations across sectors including transport.

For transport, they recommend that there should be more devolution of powers and funding to all local authorities responsible for strategic transport planning and that government should invest £22bn to improve public transport in the largest cities outside the capital to unlock growth. Birmingham, Bristol, Leeds and Manchester are identified as the initial priorities.

Whilst it is encouraging to see the recommendations around devolved powers and funding, it is disappointing that cities in the North East haven't been identified as priority.

4. Connectivity beyond our boundaries

4.1 Rail

Ticket office closure consultation – Plans to close the majority of ticket offices in England, proposed by train operators, have been cancelled. Transport Secretary Mark Harper said the proposals did not meet “the high thresholds” set by the government. Train operators were required to consult Transport Focus and London Travel Watch to provide passengers a chance to have their say. The consultation received 750,000 responses and had sparked concern from disability groups and unions.

East Coast Main Line (ECML) – Rail Industry work on a new ECML timetable has been ongoing for some time and we continue to await further information on whether the rail industry intends to change the timetable in 2024 and, if so, how that change will affect our region.

Letters have been exchanged with the Rail Minister seeking clarification over work by Network Rail to release additional capacity on the East Coast Main Line in the North East. The Minister has confirmed that Network Rail's business case is expected to be considered by the Department for Transport next spring. The letter also confirmed that the recently announced HS2 to Leeds study has been changed to look at the ECML. This now appears to be the vehicle to delivering the Integrated Rail Plan upgrades in the north. The letter is included as an appendix to this report.

Operational update – Damage to Plessey Viaduct (caused prior to Storm Babet) causing significant disruption to rail services north of Newcastle with numerous services cancelled or amended, and stops at Morpeth significantly reduced in the Southbound direction. Freight trains were re-routed via the Northumberland Line which impacted on planned signalling works.

Performance and service provision were also impacted by the severe weather caused by Storm Babet, with speed restrictions in place affecting journeys on the East Coast Main Line.

Leamside Line All Party Parliamentary Group – The latest All Party Parliamentary Group (APPG) for re-opening the Leamside Line took place on 25 October. Regional MPs were joined by Rail Minister Huw Merriman to hear about the vital local connectivity and the boost to capacity and resilience on the East Coast Main Line the Leamside Line will bring. An update was also given on the development of the business case as well as the benefits the line will bring to our region's business community.

5. Making the right travel choice

5.1 Zero Emission Vehicles (ZEVs)

ZEV Strategy – A 5-week public consultation for the North East Zero Emission Vehicle Strategy closed on 7 November. The consultation included drop in events in each of the seven local authorities, three online events and an online survey. Key findings will be shared with this committee at the December meeting.

Local Growth Fund Electric Vehicle Infrastructure project – Work continues to on the delivery of the LGF-funded project to install 7 new EV charge points across the region, one in each local authority.

Local Electric Vehicle Infrastructure (LEVI) Capital Fund – Work continues on our region's application to the LEVI capital fund, with the deadline of 30 November. The application follows an indicative £15.8m allocation and invitation to proceed to with stage 2 of the process.

Transport North East are leading on the completion of the LEVI capital stage 2 application in conjunction with all seven local authorities and are collaborating with Northern PowerGrid to ensure there is sufficient network capacity at all proposed EV chargepoint locations.

LEVI capital funding aims to deliver a step-change in the deployment of local, primarily low power, on-street charging infrastructure across England.

6. **Private transport: travelling by car and using road infrastructure**

6.1 Tyne Tunnels Update –

Road Tunnels – In September 2023 there were 1,642,597 vehicle journeys through the Tyne Tunnels, which is 6% higher than the same month in 2022, reflecting the continued growth in traffic using the tunnels. At the same time, non-compliance, which is a measure of the number of customers who failed to pay when payment was due, continues to remain below target (3%), demonstrating that the vast majority of users are able to make payment within the payment window.

Pedestrian & Cyclist Tunnel – The Pedestrian & Cyclist Tunnel continues to be open 24/7 and work on the bespoke inclined lifts is progressing well. The vertical lifts were out of service for short periods of time on Tuesday 19 September and Monday 2 October for a planned inspection and subsequent maintenance work. The north vertical lift developed a fault on Saturday 14 October and went out of service at 21:15 until 14:30 on Tuesday 17 October. Given that the issue with the lift was unexpected, it was not possible to arrange a replacement bus service at short notice. Updates were provided on the TPCT social media channels throughout the course of the incident.

6.2 A66 Northern Trans-Pennine – The deadline for the A66 Northern Trans-Pennine Development Consent Order (DCO) has been extended until 7 March 2024, a decision had been due on 7 November. The project would dual 50 miles from Penrith to Scotch Corner. The reason given for the extension was the need to consider impacts on the North Pennines Moors Special Area of Conservation.

7. **Transport Usage Trends**

7.1 Across the region, public transport passenger numbers were relatively high throughout the month of September, with bus usage at 109% of 2022 levels and Metro usage at 101% of the previous period. The number of cyclists passing sensors at selected sites across the region is up by around 11% overall in 2023 compared to 2022. Overall traffic levels across Tyne and Wear are similar to September 2022 levels.

8. Reasons for the Proposals

8.1 This report is for information purposes.

9. Alternative Options Available

9.1 Not applicable to this report.

10. Next Steps and Timetable for Implementation

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

11. Potential Impact on Objectives

11.1 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.

12. Financial and Other Resources Implications

12.1 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.'

12.2 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.

13. Legal Implications

13.1 There are no legal implications arising directly from this report.

14. Key Risks

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

15. Equality and Diversity

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

16. Crime and Disorder

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

17. Consultation/Engagement

17.1 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.

18. Other Impact of the Proposals

18.1 No specific impacts.

19. Appendices

19.1 Appendix 1 – Letter from Secretary of State for Transport regarding East Coast Mainline

20. Background Papers

20.1 None.

21. Contact Officers

21.1 Tobyn Hughes, Managing Director, Transport North East

Tobyn.hughes@transportnortheast.org.uk

22. Sign off

- 22.1
- The Proper Officer for Transport:
 - Head of Paid Service:
 - Monitoring Officer:
 - Chief Finance Officer:

23. Glossary

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

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Department
for Transport

Councillor Martin Gannon
Gateshead Council
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From the Minister of State
Huw Merriman MP

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Our Ref: MC/438570

7 November 2023

Dear Cllr Gannon,

Thank you for your letter of 23 October 2023, on behalf of the local authorities you represent, regarding train services on the East Coast Main Line (ECML).

The Department for Transport is committed to providing the North and Midlands with the long-term transport network it needs. As outlined in the Prime Minister's recent announcement of Network North, we are investing every single penny saved from cancelling HS2 Phase 2 into transport projects in the North, Midlands, and across the country. This will truly unleash growth and transform prospects, benefitting more people, more places, more quickly than before.

The industry is close to finalising its response to the ECML major timetable change consultation that was undertaken in 2021, and whilst it will not be possible to address every concern raised, I am confident that the industry proposal is a significant improvement over what was offered in consultation. I am meeting the Chair of Transport for the North shortly to discuss the plan and I know the industry is keen to share with you and other stakeholders and passengers what it has developed as soon as possible.

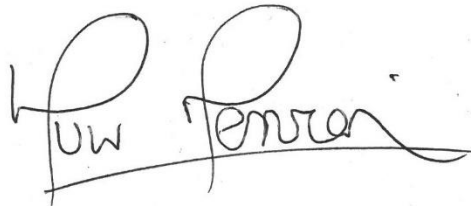
The Department is acutely aware of the particular capacity constraints that exist north of York. The business case development work on the Northallerton to Newcastle project – which builds upon separate upgrades at Darlington and York stations and seeks to provide additional long-distance capacity north of York – is continuing. I anticipate the Outline Business Case for the scheme will be formally submitted for consideration in spring next year. You will note that recently, TransPennine Trains (TPT) announced that it is reducing the Leeds-Manchester service from four trains to three trains per hour during off-peak times. We support this temporary measure as it will give

TPT the opportunity to implement its short-term (1 year) stabilisation and training recovery plan to improve punctuality and reliability, and TPT plans to restore this service in full by December 2024 at the latest.

As part of Prime Minister's recent announcement, we will be refocusing the HS2 to Leeds study, launched in July, to look at improving broader connectivity around the ECML. This will ensure we find the right long-term solutions for London services to Leeds and West Yorkshire and build on the IRP proposals to upgrade the ECML.

Thank you again for your correspondence and I hope this reply is helpful.

Yours ever,

A handwritten signature in black ink, appearing to read 'Huw Merriman'. The signature is written in a cursive style with a horizontal line underneath the name.

HUW MERRIMAN MP

MINISTER OF STATE FOR TRANSPORT

North East Joint Transport Committee

Date: 21 November 2023

Subject: BSIP data analytic tool procurement

Report of: Managing Director, Transport North East

Executive Summary

The Bus Service Improvement Plan (BSIP) sets out 11 Key Performance Indicators (KPI's) which Transport North East will use to monitor the performance of the BSIP interventions on areas such as, patronage, modal share, bus punctuality and bus boarding in rural areas. Following soft market testing Transport North East (via NECA as the administering body for the Joint Transport Committee) would like to appoint CitySwift through the Crown Commercial Service, G-Cloud 12 Framework Agreement, to provide a data analytics tool. The contract will run until March 2025 with a cost per annum of £246,610.

Recommendations

The North East Joint Transport Committee is recommended to:

- i. approve the appointment of CitySwift to provide data analytics software to support the monitoring and evaluations of the BSIP interventions.

1. Background Information

- 1.1 The North East's BSIP sets out an ambitious plan to make buses more attractive by making them an affordable and practical alternative to using private cars for more people and helping existing bus users to travel more frequently. The numerous measures proposed included improvements to timetables and fares, extensive priority measures on roads and at junctions to speed buses up, improved waiting facilities, a set of affordable fare "caps" that work across all buses and Metro services, lower fares for many young people and simplified and improved information.
- 1.2 To monitor the impact of these wide ranging interventions the BSIP sets out 11 KPI's which look at modal share, bus patronage including young people, bus boarding at rural stops, passenger satisfaction, average bus speeds, bus punctuality and reliability and bus fleet emission standard. Transport North East have committed to reporting against these KPI's every 6 months, to support this reporting it is proposed to direct award CitySwift.
- 1.3 Transport North East have developed a tender specification for the required analytical software which can be found in Appendix 1. Following discussions with the procurement team it was deemed that a full competitive tender would not allow Transport North East to get the full benefit of a system in the current funding window, until March 2025. It was therefore agreed that if a suitable supplier was available through the Crown Commercial Service Framework that procurement route would be taken.
- 1.4 Following a review of the available suppliers on the Crown Commercial Services, G-Cloud 13 and a number of demonstrations with potential suppliers it was agreed that CitySwift were the only supplier that could deliver on the specification with an "off the shelf" product.
- 1.5 The contract has a fee value greater than the delegated authority of the Managing Director, Transport North East and therefore require approval by the Joint Transport Committee (JTC).

2. Proposals

- 2.1 It is proposed that CitySwift is appointed based on their ability to deliver on all elements of Transport North East's requirements with an "off the shelf" product range.

3. Reasons for the Proposals

- 3.1 A data analysis tool is required for the BSIP monitoring and evaluation, procurement have advised that to meet the BSIP funding timescales a direct award as the best option.
- 3.2 Given the value of the award the approval of JTC is required to appoint CitySwift, hence the presented proposals.

4. Alternative Options Available

- 4.1 Option 1 – The North East Joint Transport Committee may accept the recommendations presented in this report to:
- i. approve the appointment of CitySwift to provide data analytics software to support the monitoring and evaluations of the BSIP interventions.

Option 1 is the preferred option

- 4.2 Option 2 – The North East Joint Transport Committee may not accept the recommendation presented in this report. In this event, a competitive procurement exercise would be required to appoint a data analytics tool provider.

5. Next Steps and Timetable for Implementation

- 5.1 If the recommendations presented in this report are accepted, the contract will be finalised and issued to CitySwift through Durham County Council procurement team.

6. Potential Impact on Objectives

- 6.1 There are no impacts on the objectives of the BSIP or North East Transport Plan arising directly from this report.

7. Financial and Other Resources Implications

- 7.1 The funding for the procurement of this tool is through the BSIP funding award of £163.5m of which £1.526m has been allocated for partnership delivery costs as outlined in table 8 of the 2023/24 Revenue budget and capital programme update paper brought to this committee on the 18 July 2023.
- 7.2 Depending on the date of the contract award, if JTC approve this appointment, the annual cost of £246,610 will be prorated to end on 31 March 2025.

8. Legal Implications

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

9. Key Risks

- 9.1 A key risk is that the Transport North East team can accurately report to the Department for Transport (DfT) on monitoring and evaluation metrics to adhere to the grant funding conditions. The procurement of this software will help mitigate this risk by removing significant manual processes which are currently being used.

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

12.1 Consultation with Durham County Council procurement team on the appropriate procurement route.

13. Other Impact of the Proposals

13.1 Not applicable.

14. Appendices

14.1 Appendix 1 – Data tool tender specification

15. Background Papers

15.1 North East Bus Service Improvement Plan: [TNE-BSIP_FINAL.pdf](#)
(transportnortheast.gov.uk)

Bus Back Better – The National Bus Strategy: [Bus Back Better](#)
(publishing.service.gov.uk)

The Bus Services Act 2017 – Enhanced Partnerships Guidance: [The bus services act 2017: enhanced partnerships](#) (publishing.service.gov.uk)

JTC Report – Vision for Buses (item 9): [\(Public Pack\) Agenda Document for North](#)

[East Joint Transport Committee, 13/07/2021 14:30](#) (northeastca.gov.uk)

JTC Report – Establishment of the Enhanced Partnership (item 5) ([Public Pack\)Agenda Document for North East Joint Transport Committee, 21/03/2023 14:30](#) (northeastca.gov.uk)

16. Contact Officers

16.1 Heather Jones, Head of Enhanced Partnerships E-mail
Heather.Jones@transportnortheast.gov.uk Tel: 07962867407

17. Sign off

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

18. Glossary

BSIP – Bus Service Improvement Plan

BSOG – Bus Service Operators Grant

DfT – Department for Transport

EP – Enhanced Partnership

JTC – Joint Transport Committee

LA – Local Authority

LTA – Local Transport Authority

NBS – National Bus Strategy

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Bus Data Analytical Tool

TENDER DOCUMENT – FINAL

21 AUGUST 2023

Background

Transport North East (TNE) works to deliver game-changing transport schemes and initiatives. Our goal is to greatly improve the lives of everyone living or working in our region.

We provide strategy, planning and delivery services on behalf of the [North East Joint Transport Committee \(NEJTC\)](#) and work tirelessly to implement our vision of moving to a green, healthy, dynamic and thriving North East.

We want to deliver a modern, robust transport system region-wide and promote greener, more sustainable travel. We recently helped to deliver the first [North East Transport Plan](#), a strategic document which sets out our regional transport aspirations up to 2035.

The Transport Plan brings to life our transport aspirations for the region and includes a live programme of 243 schemes which will bring in at least £6.8bn of transport investment – a figure which will grow over time.

Our Bus Service Improvement Plan (BSIP), launched in 2021, set out a wide range of significant proposed improvements to every aspect of bus services, to be delivered through a formal Enhanced Partnership of bus operators, the NEJTC, Local Authorities and Nexus.

Buses are essential to our region and help us to achieve many of our objectives: carbon reduction, improving air quality and getting people around sustainably to jobs, education and other opportunities. But too many people just don't see the bus as a viable option. We plan to change that – we aim to deliver a truly integrated, sustainable public transport system for the people of the North East.

TNE is seeking a supplier to provide a new bus data management, analytics and visualisation system as part of its monitoring activities for the implementation of its BSIP.

The system will be used internally to inform officers of bus performance against key metrics which will be used to report on the Partnership's Key Performance Indicators (KPIs) , these include:

- Bus reliability
 - Measured as a comparison of lost and scheduled mileage.
- Bus Punctuality
 - Measured by on time performance.
- Bus Speeds
 - At Mayoral Combined Authority (MCA) level and by route.
- Customer Satisfaction
 - Provided to TNE through third party suppliers.
- Modal Share of Bus Use
 - Usually from surveys but open to suggestions of other sources.
- Patronage levels on buses (provided by operators)
 - Split by ticket type and boarding location.

Anticipated data sources for monitoring the above are outlined in the requirements section below.

Requirements

The requirements outlined in this document are expected to be made available at system go-live, following a series of scoping and functionality specification meetings with TNE. Figure 1 gives a high-level overview of the data system structure and functionality. In summary, the requirements are covered by the three following headings:

Data Inputs: These are presented as TNE currently obtain them. Suppliers should, where appropriate identify new sources of data that could be better integrated into the system. Some sources are openly available but also available through operators.

Data System: Storage, cleaning and data processing for metric measuring should be undertaken by the system.

Reporting & Visualisation: A number of levels of analysis will be required for reporting so there should be the option to 'drill down' into data. There should also be the option to export this analysis for TNE officers to use in reporting.

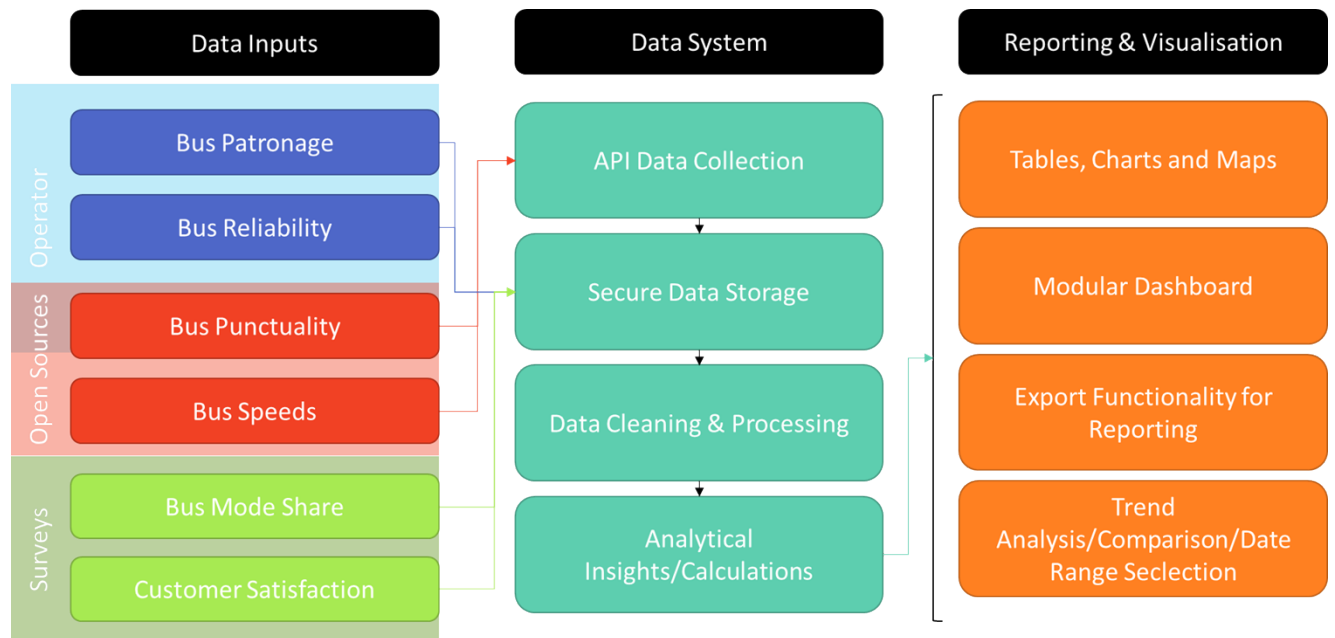


FIGURE 1: HIGH LEVEL OVERVIEW OF THE DATA FLOW AND ANTICIPATED DATA SYSTEM

Data Inputs

Data is expected to be provided to TNE through a number of channels, TNE is a data user not generally a data producer. The system should be able to process and visualise the following, non-exhaustive list:

- Spreadsheets from operators (patronage, ticket sales)
- TransXchange
- BODS API
- GTFS

- Customer Survey results (spreadsheet tables)
- North East Urban Traffic Management Control (UTMC) API
- Nexus API

TNE do not store or own most of the data that will be used within the system and therefore require the supplier to provide data collation and storage functionality. There is also the opportunity for the supplier to provide a data collection functionality either through open means or other sources the supplier may have access to.

The majority of the datasets are not expected to be 'live' and are, at a minimum, likely to be updated monthly or quarterly. Where data is available more regularly such as through APIs or other collection methods then TNE will work with the supplier to determine the most appropriate level of collection and aggregations where necessary.

Some of the data, such as patronage, is deemed commercially sensitive by operators and therefore the supplier should demonstrate they are able to securely store this and limit access to those identified within TNE.

Data System

Suppliers should be able to store, process and provide analytics related to these datasets. Suppliers are not limited to these datasets and where alternative sources are available through the supplier these should be discussed with TNE.

The system should be cloud based and made accessible to TNE officers through a web-based interface with security either through dedicated login or O365 Single-Sign On (SSO).

Reporting and Visualisation

Monitoring functionality is not expected to be 'live', some of the data sources will only be available on a weekly, monthly or quarterly basis. Where data is obtained through APIs, we will work with the supplier to determine the most appropriate level of aggregation.

The supplier is expected to work with TNE to design, where possible, the functionality required for reporting and visualisation. It should, at a minimum, present visuals such as charts, tables, mapping (GIS) and trend analysis that presents the metrics above.

It is anticipated that a number of 'views' may be required to present different levels of the data depending on reporting need, all of these for internal members of staff to TNE. View levels should include:

- overarching regional insight;
- local Authority level;
- corridor/bus route grouping;
- hot spot identification e.g. loss in running, delays etc.

Different views can be provided through switching between tabs, having drill-down/zoom-in options or separate dashboards depending on requirements. TNE are open to suggestions from the supplier on the best way to vary the level of detail available.

An export function should allow views, visualisations and charts to be exported for use by officers in further reporting.

Mapping (GIS) will be a key part of the views and reporting; minimum functionality should include:

- a clear base map;
- a selection of base layers such as roads, boundaries and towns which can be switched on and off by the user;
- ability to select layers for analysis;
- zooming and panning functionality;
- polygon, polyline and point geometries should be supported;
- interactive clicking and popup information when necessary;
- colour blind safe.

Added Value

Bidders are invited to include any areas of added value their offering may be able to provide, these can be either:

- as standard in their offering/software package;
- additional to what is requested and not a standard part of their package, in which case additional costs for the added value elements should be presented.

Licensing, Maintenance & Support

The system is expected to be licensed to 10 to 20 users within TNE and local authority partners, with the option to increase this as and when necessary, it is not to be made publicly available. Access to the system should allow for concurrent usage across users without implication on performance or functionality. It is anticipated that one to three people may be assigned a 'super user' status with responsibility for admin and setting up/removing access to the tool when necessary.

The tool should be provided with ongoing maintenance and support for the contract period (see Project Timeline). This should include:

- correcting errors identified in reporting;
- ensuring functionality is agreed within the contract;
- ensuring updates maintain tool integrity and data security;
- correcting for changing in data input formats (e.g. table structure changes).

Project Timeline

Following award, TNE will expect an inception meeting with the successful supplier to agree functionality and discuss delivery timelines.

TNE wishes to take delivery of an operational system as early as possible, it does not expect significant software development time to be required and would look for a working system to be in place within two months of inception.

The contract period will initially last until 31st March 2025 with potential for a 12 month extension.

Testing and Acceptance

It is expected that during the scoping phase the supplier will meet with TNE to confirm specifications and data sources. When an initial iteration of the system has been created TNE will be given opportunities to test functionality and provide feedback. TNE will provide feedback within 5 working days of testing for the supplier to address.

Budget

TNE are looking for a range of options to assess, suppliers are invited to provide a number of options with increasing scale of functionality. These could include, but not limited to:

1. Minimum requirements of this document met.
2. Value added (1), additional functionality to support main goals.
3. Value added (2), scale up opportunities (more modal coverage etc.).