



North East Joint Transport Committee

Tuesday, 21st September, 2021 at 2.30 pm

Meeting to be held in a Council Chamber - Civic Centre

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 (and submit it to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.	
3. Minutes of the meeting held on 13 July 2021	5 - 12
4. Transport North East - Transport Plan Progress Report	13 - 34
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6. Key Route Network Consultation	45 - 48
7. Capability Fund Update	49 - 58
8. JTC Submission to 2021 Comprehensive Spending Review and 'Levelling Up' White Paper	59 - 72
9. Transport Budget 2022/23 and Medium Term Financial Strategy	73 - 84
10. Exclusion of the Press and Public	

The Joint Transport Committee may wish to exclude the press and public during consideration of items 10,11 and 12 by virtue of paragraph 3 of Parts 1 and 3 of Schedule 12A of the Local Government Act.

11.	Minutes of the confidential meeting held on 13 July 2021	85 - 86
12.	Transport Programme Resources	87 - 92
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NORTH EAST JOINT TRANSPORT COMMITTEE

DRAFT MINUTES FOR APPROVAL

DATE: 13 July 2021

Meeting held: Council Chamber, Gateshead Civic Centre

COMMITTEE MEMBERS PRESENT:

Councillor: M Gannon (Chair)

Councillors: J Foreman, K Kilgour, C Johnson, C Rowntree, G Sanderson and E Scott

IN ATTENDANCE:

Statutory Officers: M Barker (Monitoring Officer - Transport)
P Darby (Chief Finance Officer)
T Hughes (Managing Director, Transport North East)
S Ramsey (Lead Chief Executive for Transport)

Officers: G Armstrong, J Bailes, F Bootle, N Easton, R Forsyth-Ward, E Gilliard, A Graham, A Leadbeater, T Male, J Sparkes and E Reynard.

REQUEST TO SPEAK

Prior to the commencement of formal business, the Chair allowed Mr D Shaw to make representations to the Committee regarding the recent changes in the rules relating to COVID regulations.

13. APOLOGIES FOR ABSENCE

Apologies were received from Councillor T Dixon and Councillor N Forbes.

14. DECLARATIONS OF INTEREST

There were no declarations of interest.

15. MINUTES OF THE LAST MEETING HELD ON 15 JUNE 2021

The minutes of the last meeting were agreed as a correct record.

16. 2020/21 REVENUE BUDGET AND CAPITAL OUTTURN PROGRAMME

The Committee received a report which provided the outturn position in relation to the 2020/21 Transport Revenue Budget and Transport Capital Programme. The report covers all areas of the revenue budget including the Transport Levies and grants to Durham, Northumberland and Nexus, the Transport Strategy Unit and the Tyne Tunnels revenue account.

Durham County Council, Northumberland County Council and Nexus all reported surpluses against the grant paid from the JTC which will be retained within their own reserves. The Tyne Tunnels account outturn was a small surplus of £0.023m which has been retained in the Tyne Tunnels reserves.

The report also identified an underspend of £12.163m on Transport schemes during 2020/21.

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

17. 2020/21 REVENUE BUDGET AND CAPITAL PROGRAMME UPDATE

The Committee received a report which provided the forecast of outturn for the 2021/22 Transport Revenue and Capital Budget, based on the position as at the period ending 31 May 2021 and factoring in the outturn position for 2020/21.

The report covered all areas of the revenue and capital budget including the Transport Levies and grants to Durham, Northumberland and Nexus, and the Tyne Tunnels revenue account.

The report also provided details of the 2021/22 capital programme plans, together with expenditure and forecasts of the outturn position based on the position at the end of May 2021. Included in the revised budgets is the impact of the 2021/21 outturn position where a number of schemes underspent last year and for which the budget has been reprofiled for the year.

The report identifies that total capital expenditure on Transport schemes of £168.241m is forecast against the revised programme budget of £162.337m, an outturn forecast overspend of £5.904m. The revised programme also takes into account new grant approvals. Expenditure to the end of May 2021 totalled £22.479m – 13% of the forecast total capital expenditure for the year.

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

Most of the capital works during the year will be funded through government grants awarded (£147.055m forecast) with elements of the Nexus capital

programme and the Tyne Pedestrian and Cyclist Tunnels works funded by reserves (£21.186m forecast) held specifically for this purpose.

RESOLVED: The North East Joint Transport Committee:

- (i) Noted the report.
- (ii) Agreed the extension of the Metro and Local Rail Extensions studies budget period for a further two years to 31 March 2024, to be funded by the budget transferred from Nexus as set out in section 2.30-2.33 of the report.
- (iii) Agreed the £0.300m increase in the budget for the Tyne Pedestrian and Cycle Tunnels refurbishment project as set out in section 3.36 of the report.

18. TRANSPORT PLAN PROGRESS REPORT

The Committee received a report which provided an updated on progress made across 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'.

The regional Active Travel campaign launched at the end of June, with the first summer roadshow due to take place on 19 July.

The region has also submitted a bid to the Zero Emission Bus Regional Areas (ZEBRA) 2021-2022 scheme. A package of investment has been developed with a wide range of stakeholders which focuses on a number of bus corridors which fall within air quality exceedance areas and could enable 79 buses to be converted to electric models across a range of routes and locations.

The Committee was also advised that long-term Government funding for Tyne and Wear Metro has still not been confirmed, with the current grant ending on 19 July. Discussions are ongoing with Government officials and it is hoped a positive outcome will be achieved soon.

Councillor Gannon asked what the current usage is for Metro and what the cost implications would be if more funding wasn't awarded after 19 July?

Officers advised that patronage is around 60-65% of pre-covid levels and that Saturday is the busiest day of the week, which shows a change in working patterns. The Committee were also advised that there are more cars on the road following the pandemic which has an impact on revenue.

The Committee was further advised that assumptions have been made for this year's budget that the costs for Metro will be around £26m. Discussions are ongoing with officials, but nothing has been confirmed as yet.

Councillor Gannon commented that the Committee was grateful for the funding support provided by Government and was reassured that discussions were ongoing regarding funding for the future.

19. NORTH EAST RAIL AND METRO STRATEGY PROGRESS UPDATE

The Committee received a report which provided an update on the development of the North East Rail and Metro Strategy which links to the Committee's long-standing ambition to improve rail infrastructure in the region. A draft copy of the strategy will be presented to JTC in October for consultation.

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

20. TRANSFORMING CITIES FUND TRANCHE 2 – GRANT FUNDING AGREEMENTS

The Committee considered a report which sought delegated authority to approve and allocate funding from the Transforming Cities Fund Devolved Pot to the Sunderland Station Scheme. A business case for the scheme is currently being considered in accordance with the region's Transport Assurance Framework with the scheme appraisal being conducted by Transport North East's retained independent consultants.

It is necessary to expedite approval of the scheme, given the need to start on site in August 2021, in order to meet the construction programme within Transforming Cities Fund timelines. It is proposed that delegated authority is agreed so funding can be allocated in two parts – firstly for works required by Network Rail and secondly for the new car park.

Councillor Rowntree commented that the scheme would bring much needed long-term investment in Sunderland and is a key part of the vision for the city.

Councillor Gannon congratulated Sunderland City Council on its progress in the city so far. He added that the current station needs investment and he was delighted to agree for the funding to be allocated. He commented that the ongoing East Coast Main Line May 2022 timetable consultation may affect plans as there is a proposal that services are removed.

RESOLVED: The North East Joint Transport Committee:

- (i) Delegated authority to the Transport North East Managing Director, in consultation with the Section 73 Officer and Monitoring Officer, to approve the release of £16,326,814 from the TCF Devolved Pot to the Sunderland Station scheme, subject to successful appraisal in line with Transport Assurance Framework.
- (ii) Instructed officers to prepare and execute a Grant Funding Agreement with Sunderland City Council for the Sunderland Station scheme.

21. VISION FOR BUSES

The Committee considered a report which presented the 'North East Vision for Buses' document which articulates the JTC's aspirations for the region's bus network. The document will be used as a basis for public and stakeholder engagement. The results of the engagement will feed into the local Bus Service Improvement Plan and form part of the Enhanced Partnership required as part of the Government's National Bus Strategy.

Councillor Rowntree emphasised that there was a need for ongoing discussions regarding timetables and added that robust consultation was also required with members of the public.

Councillor Gannon agreed and added that bus use is significant in the North East but that more needed to be done to encourage people out of their cars and onto public transport which will contribute to the region's climate change ambitions.

Councillor Sanderson added that is very important that Northumberland is included in all aspects of the consultation as needs for public transport in the area are different to those in Tyne and Wear.

Councillor Foreman welcomed the bus plan and hoped focus would also be on integration of all public transport to make it easier for the public to move between buses, trains and Metro across the whole region.

Councillor Gannon welcomed the Strategy and agreed that integration of all public transport was key for the region and that ticket costs needed to be driven down to encourage more people to use it.

RESOLVED: The North East Joint Transport Committee:

- (i) Approved the "North East Vision for Buses" document in Annex A to the report; and
- (ii) Agreed that the document should be used as a basis for a period of public and stakeholder engagement over future aspirations for the region's bus network.

22. EAST COAST MAINLINE – MAY 2022 TIMETABLE CONSULTATION RESPONSE

The Committee received a report which advised that train operators led by LNER are consulting on the introduction of a new East Coast Main Line timetable for introduction in May 2022.

No action has been taken to increase capacity on the East Coast Main Line (ECML) in the North East despite many years of campaigning by local authorities and business groups in the region.

The proposals have significant connectivity impacts for the North East, including a reduction in services to Manchester in order to accommodate growth in services to London, as well as other negative impacts.

Councillor Gannon commented that the ongoing lack of capacity on the ECML is strangling the economy of the North East. He added he has attended many meetings with Ministers where he has reinforced the message to increase capacity on the ECML. He believed that the Government has acknowledge this message however the issue needs to be dealt with now and improvements are needed in the short and long term.

Councillor Sanderson agreed and added that the proposals were a huge step backwards and will discourage people from using public transport. Connections to Berwick and Morpeth will be impacted if these proposals go ahead and people will need to find other ways to travel to school and work. Councillor Sanderson felt that although lobbying was still required, that the JTC should contribute to a study to look at capacity constraints. This would also show how determined the region is to increase capacity on the ECML.

Officers agreed with Councillor Sanderson's suggestion in principle, but added that resources would need to be investigated before confirmation could be made.

Councillor Gannon seconded Councillor Sanderson's proposal.

Councillor Scott added that whilst there were some benefits for Durham residents within the proposed timetable changes, she was very concerned about the overall impact the proposals would have on the economy and tourist industry across the whole region.

RESOLVED: The North East Joint Transport Committee agreed to make the following requests to Government and the rail industry:

- (i) That the timetable changes are put on hold;
- (ii) That a "taskforce" be established by the government, led by an independent third party, to examine the capacity constraints and put forward options to resolve them both short- and long- term; and
- (iii) That the taskforce should then put together a plan to introduce the timetable change slowly, aligned to the growth in capacity, and with no detriment to existing connectivity.

23. APPOINTMENT OF TRANSPORT FOR THE NORTH, RAIL NORTH COMMITTEE

The Committee considered a report regarding representation on the Transport for the North Rail North Committee.

RESOLVED: The North East Joint Transport Committee:

- (i) Nominated Mayor Jamie Driscoll as Member, and Councillor Martin Gannon as Substitute Member to represent the regional group comprising NECA and NTCA on the Transport for the North, Rail North Committee;
- (ii) Noted that Transport for the North have stipulated that the Member and Substitute Member appointed to the Rail North Committee should be from amongst the current Members and Substitute Members representing both NECA and NTCA on the TfN Board.

24. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED: The North East Joint Transport Committee agreed to exclude the press and public during items 13,14,15 and 16 by virtue of paragraphs 1,2,3, 4 and 5 of Parts 1 and 3 of Schedule 12A of the Local Government Act.

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North East Joint Transport Committee

Date: 21 September 2021

Subject: Transport Plan Progress Report

Report of: Managing Director, Transport North East

Executive Summary

This report provides an update on progress made across 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.’

Continuing progress is being made with the Transforming Cities programme and, of the 19 Tranche 1 schemes, 15 are now complete and the other 4 are nearing completion. Funding has been approved for the core station element of the Sunderland Central Station redevelopment scheme.

The region has been identified by the government as a potential candidate to receive funding over a five-year period through the new £4.2bn City Regional Sustainable Transport Fund. Work is being carried out to identify the opportunities which a long-term, devolved settlement for transport would present for our region.

The region’s expression of interest (EOI) for the Zero Emission Bus Regional Areas (ZEBRA) 2021-2022 scheme was successful and a full business case is to be submitted by January 2022.

The ‘Go Smarter, Go Active’ Active Travel Campaign launched in June with well-received cycling roadshows taking place in all seven local authorities. New cycling and walking maps for the region has been produced and travel guides for days out around the North East by foot and by bike have been published as part of the campaign.

A regional bid totalling £28.7m for Active Travel Fund Tranche 3 was submitted on 9th August. Tranche 2 schemes are all expected to be completed by the end of March 2022, except for Grey Street in Newcastle which was granted an extension. The region has also been successful in obtaining a grant of £2,157,597 from the DfT Capability Fund for 2021/22.

Joint working with bus operators is progressing well as we work towards the development and delivery of an Enhanced Bus Partnership and associated Bus Service Improvement Plan.

The government has confirmed a further £13.1m of funding to support the Tyne and Wear Metro until the end of the current financial year.

Work is continuing on the Tyne Pass Scheme to introduce barrierless travel for Tyne Tunnel users and this is expected to go live before the end of 2021. The full refurbishment of the Tyne Pedestrian and Cycle Tunnels is now almost complete and should be complete by the end of 2021.

On Tuesday 24th August 2021, the rail industry confirmed that the May 2022 ECML timetable change has been delayed until at least 2023. Responses received to the public timetable consultation was referenced as one of the key reasons behind the delay. Earlier this year, the JTC submitted a response to the timetable change consultation outlining concern that the proposals would have resulted in a significant cut in the number of services calling at some North East stations.

From December 2021 Transpennine Express will begin a new rail service between Newcastle and Edinburgh calling at a number of key stations in Northumberland. The service will run until at least May 2023.

Recommendations

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

1. Background

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:

- Making the right travel choice
- Active Travel
- Public transport: travelling by bus, ferry and on demand public transport
- Public transport: travelling by local rail and Metro
- Private transport: travelling by car and using road infrastructure
- Connectivity beyond our boundaries
- Research, development and innovation

Progress under each category is outlined below.

There are also five objectives, which are:



Carbon-neutral north east



Overcome inequality and grow our economy



Healthier north east



Appealing sustainable transport choices



Safe secure network

The symbols have been used below to denote how the listed schemes / actions contribute to the achievement of the various objectives.

2. Making the right travel choice

2.1

Transforming Cities Fund (TCF)



Of the 19 Tranche 1 schemes, 15 are now complete and the other four are nearing completion. TCF Tranche 2 funding has been approved for the core station element of the Sunderland Central Station redevelopment scheme. Business cases for Tranche 2 schemes were initially delayed due to the Covid-19 pandemic. As a result, all schemes are behind their initial schedule with some further delays as a result of capacity issues due to staff absences. A strategy is being implemented to mitigate against this and it is understood that all schemes are still capable of being delivered before the programme deadline of the 31st of March 2023. It is expected that one scheme will be presented to JTC for approval by the end of 2021 and six schemes will come forward in January.

Next milestones

- The Tranche 1 programme is set to be complete by the end of 2021.
- Construction on the Sunderland Central Station Redevelopment scheme is due to start in September 2021.

Key risks

- Further delays in business case development could result in Tranche 2 schemes not being delivered by March 2023. There is therefore the potential that TCF funds could go unspent and be handed back to Government. A strategy to mitigate against this is being implemented, which details the process by which the TCF programme will be managed, including the removal, expansion or addition of schemes to ensure funding is fully spent.

RAG rating



2.2

City Regional Sustainable Transport Fund



The City Regional Sustainable Transport Fund (formerly known as the Intra-City Transport Fund) is a £4.2bn fund over a five-year period to be shared between eight city regions from 2022 for investment in intra-city transport. The North East was identified as one of the regions which could potentially access the fund in the 2020 budget. Discussions with government on this are awaited.

We are currently undertaking an exercise to identify the opportunities which a long-term, devolved settlement for transport would present to our region.

Next milestones

- Development of a high-level prospectus demonstrating how we could invest devolved funding, and the benefits it would bring to our region.

Key risks

- Funding conditions not yet confirmed.
- Scale of funding unknown.

RAG rating:



2.3

Capability Fund



The region has been successful in obtaining a grant of £2,157,597 from the DfT Capability Fund for 2021/22, representing our full indicative allocation. This funding is to be used for behavioural change measures to increase levels of walking and cycling.

Next Milestones

- Programme manage delivery of the various measures.

Key risks

- Schemes not delivered as anticipated, limiting the opportunity to influence travel mode shift to foot and by bike in the region.
- Not meeting expected scheme delivery timeframes, potentially because of the delay in the announcement of programme grant allocations or problems in recruiting suitable staff or delivery partners. It is expected that key risks can be mitigated against through appropriate programme management.

RAG rating: 

2.4

Zero Emission Vehicle policy




A Zero Emission Vehicle (ZEV) Policy is being developed to set out how we will develop and expand the region's charging network and investigate other clean fuel alternatives, such as hydrogen. The Policy will support future bids in the event of the government announcing further funding opportunities.

Next milestones

- The final version of the Policy will be presented to the January 2022 meeting of JTC for approval.

Key risks

- Additional funding for ZEVs being announced before the Policy is fully agreed. To mitigate this, we are working at pace to develop the Policy.

RAG rating: 

2.5

Go Ultra Low taxi project



Eight of the ten dedicated chargers for the taxi and private hire industry (funded by the Office of Zero Emission Vehicles) are operational. Engagement events to encourage the switch to EV in the taxi trade are planned for 2021 and 2022. An information hub is now available at, <https://www.cenex.co.uk/north-east-rapid-charger-network-information-hub/>. The final two chargers in Newcastle and North Tyneside will be connected as soon as the sites become available.

Next milestones

- Make final connections at the Newcastle City Centre, Blandford Square

site and bring forward the one in North Tyneside as soon as the site is released.

- Host a further workshop with the trade in 2021.

Key risks

- There are issues impacting on implementing the final two sites – legal constraints for Blandford Square in Newcastle, whilst the Coronation Street in North Tyneside is currently being used as a Covid testing centre.

RAG rating:



2.6

Additional Electric Vehicle Charging Points



JTC has received £500,000 from the Local Growth Fund (LGF) to deliver seven new electric vehicle charging sites, one in each local authority in the region. The infrastructure, which will help to expand the availability of EV charging points in the North East, will be installed over the coming months.

Next milestones

- An inception meeting will be held with the contractor who will install and operate the infrastructure, and a further meeting will be held with the contractor and local authority partners, once the contract has been signed.

Key risks

- Challenging timescales for delivery of the new rapid chargers. We will seek to recoup time through the planning stage or the installation process.

RAG rating:



3.

Active Travel

3.1

Active Travel campaign



The regional 'Go Smarter, Go Active' Active Travel Campaign launched at the end of June. Cycling roadshows took place over the summer and ran for a week (seven days) in each of the seven local authority areas. The roadshows featured a range of activities including;

- Learn to ride age 5+
- Adult cycling refresher session
- Family cycle rides
- Adult ride along
- Bike maintenance sessions

Learn to ride age 5+ and the family cycle rides were especially popular. The Learn to Ride age 5+ sessions were fully booked very quickly and additional sessions were added to help meet demand.



Positive feedback has been received from members of the public who attended the roadshows, with comments including:

'After years of trying my daughter has finally today managed to ride her bike without stabilisers. The session gave her great confidence and spurred her into trying again.'

'Dr Bike - absolutely fantastic service, the guy took the time to fully diagnose an issue with my bike and then solve it as best he could on the day.'

'Excellent session, I feel inspired to join my son and ride now myself.'

A new regional walking and cycling map and a suite of 16 itineraries for fun-filled days out across the North East have also been produced as part of the campaign and are available on the Go Smarter, Go Active website (gosmartergoactive.co.uk). The campaign has been supported by a range of promotional activities which have sought to engage with as many people as possible.

Next milestones

- The campaign will be reviewed, and an Evaluation Report will be produced.

RAG rating:



3.2

Active Travel Fund



A regional bid totalling £28.7m for Tranche 3 of the Active Travel Fund was submitted on the 9th of August. Schemes eligible for the third round of Active

Travel Fund will be expected to be delivered by 31st March 2023. DfT have not set indicative capital allocations as in previous rounds of funding. £239m of funding is available for this round but bidding authorities have been requested to be ambitious with their ask.

Successful bidders are expected to be announced in the Autumn of 2021. Upon confirmation of our regional allocation a report will be presented to Joint Transport Committee (JTC) with details of our proposals.

Consultation and final designs are underway for all schemes within the Tranche 2 programme. Construction of schemes is anticipated to start in September 2021. All schemes are due to be completed by the end of March 2022, with the exception of Grey Street which was granted an extension to July 2022 by the DfT.

Next milestones

Construction of the Tranche 2 schemes in Durham and Sunderland is expected to start in September 2021.

- Confirmation of the Active Travel Fund Tranche 3 regional funding award is currently anticipated in October 2021.

Key risks

Timescales for project delivery or scope could be impacted if scheme designs require amendment or enhancement following consultation feedback.

- Tranche 3 is a competitive bidding process, therefore, given the availability of funds nationally, there is a substantial risk of receiving a proportionally lower settlement than the regional bid which was submitted on the 9th August.

RAG rating:



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

4.1

Bus partnership development



Good progress is being made on the Bus Services Improvement Plan (BSIP) and bus partnership development is covered under a separate agenda item.

4.2

Zero Emission Bus Regional Area (ZEBRA) bid



Working with bus operators, the region submitted an £18.6m EOI bid to the Zero Emission Bus Regional Areas (ZEBRA) 2021-2022 scheme. A package of investment has been developed with a wide range of stakeholders, focusing on the delivery of 73 zero emission buses on corridors which fall within air quality exceedance areas. The region was successful at the EOI stage and has been invited to develop a business case.

Next milestones

- A business case will be developed by the submission deadline of January 2022.

Key risks

- Need for match funding from operators; securing funding from government.
- Energy supply and delivery.
- Manufacturing capacity for delivery.

RAG rating:



4.3

School travel update



Grant funding of £619,932 was received from the Department for Education (DfE) for the second half of the summer term. As social distancing restrictions on public transport have now been removed, the DfE will not be funding additional dedicated transport in the autumn.

Next milestones

- Ensure that survey and audit processes are complied with.

Key risks

- Social distancing on public transport being reintroduced in the autumn term when there is currently no additional home to school/college funding expected for this period.

RAG rating:



5.

Public transport, travelling by local rail and Metro

5.1

North East Rail and Metro strategy



The first working draft of the strategy document was shared with stakeholders during the week commencing 12th July. Comments will now be incorporated into a final draft version of the document.

Key milestones

- Consultation draft to be recirculated to Stakeholders by end of October, prior to seeking approval at the January JTC.
- Public consultation January / February 2022.

Key risks

- The early engineering feasibility work outputs suggest that the corridors can be brought back into use from a technical viewpoint, however, the demand forecasting work will help to determine the strength of an economic case.

RAG rating:



5.2

Rail expansion studies



South of Tyne & Wearside – Phase 1 Engineering Feasibility report complete. Phase 3 (Washington – South Hylton) study underway (due to complete early August)

Next milestones

- The region's Restoring Your Railways 3 ('RYR3') bids are still awaiting a Government decision on outcomes.

Key risks

- The early engineering feasibility work outputs suggest that the corridor can be brought back into use from a technical viewpoint, however, the demand forecasting work will help to determine the strength of an economic case.

RAG rating:



5.3

Metro funding



DfT and HM Treasury have confirmed a £13.1m package of funding to support Metro until the end of the financial year. This will be the last package of funding available.

Next milestone

- Budget setting January 2022

Key risks

- Patronage does not recover during 2021/22 to fully cover Metro's operational expenditure from the 1st April 2022 and service cuts are required.

RAG rating:



5.4

Local rail



Northern is working on various workstreams to improve performance on the region's local rail network. Plans to improve the line speed on the Bishop line are currently at the funding stage, and a line of route review is currently underway on the Tyne Valley line between Newcastle and Carlisle.

Northern has released "Travel with confidence" reassurance messaging to help attract passengers back to the network, in line with Government guidance.

Next milestones

- The December 2021 Local Rail timetable is currently in development.

Key risks

- Northern passenger demand is now reported to be about 65% compared to the pre-COVID period. The recovery in passenger numbers is slower than that of other public transport modes such as the Metro which will impact on operator revenue.

RAG rating:



5.5

Northumberland Line



Through the project led by Northumberland County Council, Network Rail has commenced early enabling works and planning applications for five new stations have been submitted. The line is anticipated to reopen to passengers by 2024. Work continues to develop an integrated ticketing solution to feed into the Full Business Case on 1st October.

During August, Northumberland County Council and Northern Rail hosted special rail services operated between Newcastle and Morpeth offering an opportunity for invited guests to travel on part of the line and view the sites of five of the six proposed new stations, Northumberland Park, Seaton Delaval, Newsham, Blyth Bebside, Bedlington and Ashington.

Cllr Glen Sanderson, leader of Northumberland County Council, and Cllr Martin Gannon, Chair of the North East Joint Transport Committee, both travelled on the special service and commented on the benefits that the new service would provide for residents of South East Northumberland and the wider region.



Next milestones

- Planning applications need to be submitted for the remaining stations and the Transport and Works Act order inquiry is programmed for November 2021.

Key risks

- The Northumberland Line project has a full governance structure in place which monitors and mitigates any risks to delivery through workstream level risk registers.

RAG rating:



5.6

New mainline rail services for the North East



TransPennine Express

From December 2021 Transpennine Express will begin a new rail service between Newcastle and Edinburgh which is planned to operate five times per week in each direction. In most cases it will call at Newcastle, Cramlington, Morpeth, Widdrington, Alnmouth and Berwick in the North East as well as Reston (a new station to open shortly), Dunbar, and Edinburgh Waverley in Scotland. The service will operate until at least May 2023. Calls at Widdrington and Cramlington are subject to completion of industry procedures for operational and safety requirements meaning they might be added after the start of the December 2021 timetable.



(Photo courtesy of Tony Miles)

First East Coast (Lumo)

On Tuesday 7th September 2021, First Group announced that a new open access train operator on the East Coast Main Line will launch on 25th October 2021. Branded as 'Lumo', five services per day will run in each direction, calling at Edinburgh Waverley, Morpeth, Newcastle, Stevenage, and London King's Cross. The five fully electric trains were manufactured at Hitachi, County Durham and will be standard class throughout. According to Lumo, fares will be affordable, with single tickets between the capitals starting from £14.90. Lumo will be based in Newcastle, near Central Station, creating around 100 new jobs.

Next Milestones

- Complete industry procedures for operational and safety requirements at Widdrington and Cramlington stations so that these calls can be added to the service after December 2021.

- The first 'Lumo' services will begin on 25th October 2021.

Key risk

A delay in completing the industrial procedures for operational and safety requirements at Widdrington and Cramlington stations resulting in limited calls at these venues or not at all if this is not completed by May 2023 and it is decided

not to continue with the service. RAG rating:



5.7

Leamside Line



An Umbrella Strategic Outline Business Case (USOBC) for the reopening of the Leamside Line is under development.

Next milestones

- Skeleton USOBC due late August.
- First draft of business case due in October.

Key risks

- National, regional and local stakeholders all have an interest in the shape that the Leamside Line project might take; the project will need to manage any conflicting stakeholder or potential funder aspirations.

RAG rating:



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

6.1

Key Route Networks consultation



The Department for Transport has launched a consultation on giving Mayoral Combined Authorities more powers and accountability for the management of Key Route Networks (KRN). The consultation closes on 24 September. The consultation is covered in a separate report on this agenda.

Next milestones

- Consultation response to be drafted.

Key risks

- Response is not approved by the deadline.

RAG rating:



6.2

Tyne Tunnel



Traffic levels using the Tyne tunnels are increasing towards expected levels as Covid-19 restrictions are lifted and businesses return to normal working arrangements.

Work is progressing on the Tyne Pass Scheme to introduce barrierless travel for Tunnel users. This will modernise the outdated payment system and will bring significant environmental benefits in terms of reduced vehicle emissions and improved air quality. The go-live date for the full Tyne Pass scheme for open-road tolling with no barriers, is planned before the end of 2021. Interim stages are now in place as an option for drivers, including Pay Later and barrierless lanes for pre-paid account holders to give them priority for faster lanes.

The Tyne Pedestrian and Cycle Tunnels (TPCT) are welcoming more cyclists than ever and are open 24/7 for night workers as well as daytime hours. The full refurbishment of this listed structure is almost complete. Outstanding work required is on the installation of the bespoke inclined glass lifts. This work is currently underway as specialist lift contractors have been on site since early July and are aiming for the lifts to be operational by the end of 2021.

Next milestones

- The Tyne Pass scheme is planned to go live in November/December 2021. More details on the scheme are provided in regular reports to the JTC Tyne and Wear Sub-Committee ('TWSC').
- The inclined lifts installation work at the TCPT is ongoing during the summer and autumn of 2021 to enable them to be fully operational by the end of the year.

Key risks

- There is a delivery and financial risk on the Tyne Pass Scheme, but that rests with TT2 who operate the Tunnels and who are responsible for implementation of the scheme and for enforcement of unpaid tolls. There will be a reputational risk to JTC if the scheme is not delivered on time or produces adverse outcomes for users. Some users who have received an Unpaid Toll Charge Notice (UTCN) over the last few months under the interim Tyne Pass systems in place have been dissatisfied. It is therefore important that officers continue to work with TT2 on clear messaging to users, distinctive signage and fair processes for UTCNs in order to provide customers with the best possible experience under the new Scheme. Officers will continue to work with TT2 towards these aims. Safeguards have been put in place via the Project Agreement with TT2 and via the processes for management of the Concession.
- There are delivery and financial risks to the JTC in relation to the Tyne Pedestrian and Cyclist Tunnels (TPCT) works, as the tunnels refurbishment has been carried out by Newcastle City Council on behalf of the JTC and has been funded by tunnels income. At this stage of the refurbishment, the financial risk is lower as the work has almost been completed and the tunnels are open to the public, with only the inclined lift work to be completed.

RAG rating:



7. Connectivity beyond our boundaries

7.1

Transport for the North (TfN)



Martin Tugwell has been appointed as TfN Chief Executive and Cllr Louise Gittins has taken up the role of TfN Acting Chair. Public consultation on TfN's Decarbonisation Strategy closed on 31st August.

Consultation will shortly take place on TfN's new Freight and Logistics Strategy which sets out plans to benefit the economy by improving freight connectivity and capacity across the North, whilst also seeking to decarbonise road freight and promote use of rail freight, especially on cross-Pennine routes.

The goals of the strategy align closely with our own objectives, especially the focus on tackling rail capacity bottlenecks on the East Coast Main Line.

Next milestones

- Consultation on the Freight and Logistics Strategy is planned for this autumn.

Key risks

- Capacity constraints on the East Coast Main Line, and the continuing delay in publication of the Integrated Rail Plan will make it difficult to significantly expand the market for rail freight and to deliver TfN's other rail aspirations.

RAG rating:



7.2 **East Coast Main Line May 2022 Major timetable change consultation**



On 28th July 2021, a response was submitted to the May 2022 ECML timetable change consultation. It remains the JTC's view that connections between local, regional and national rail services are made worse under the industry proposals both northbound and southbound at numerous North East stations.

As a result, our response requested that the timetable changes should be put on hold; a "taskforce" should be established by the government and led by an independent expert; the taskforce should examine the capacity constraints and put forward options to resolve them both short and long-term; the taskforce should then put together a plan to introduce the timetable change slowly, aligned to the growth in capacity, and with no detriment to existing connectivity.

On 24th August 2021 it was confirmed that the rail industry has agreed the new timetable will not be introduced in May 2022. According to the industry, a key reason for the decision was responses received to the public timetable consultation, which may enable a change to the service specification.

Next milestones

- Train Operating Companies (TOCs) are currently reviewing all feedback received during the consultation, which will inform updated proposals for the East Coast Main Line's significant timetable change, with the aim to implement this in 2023, although that date is not confirmed.

Key risks

- Unlocking economic growth and connectivity across the North, lessening the North-South divide and strengthening East-West links remains a key priority for our region.
- Reducing calls at North East rail stations would damage their accessibility, connectivity and economic growth potential.

RAG rating:

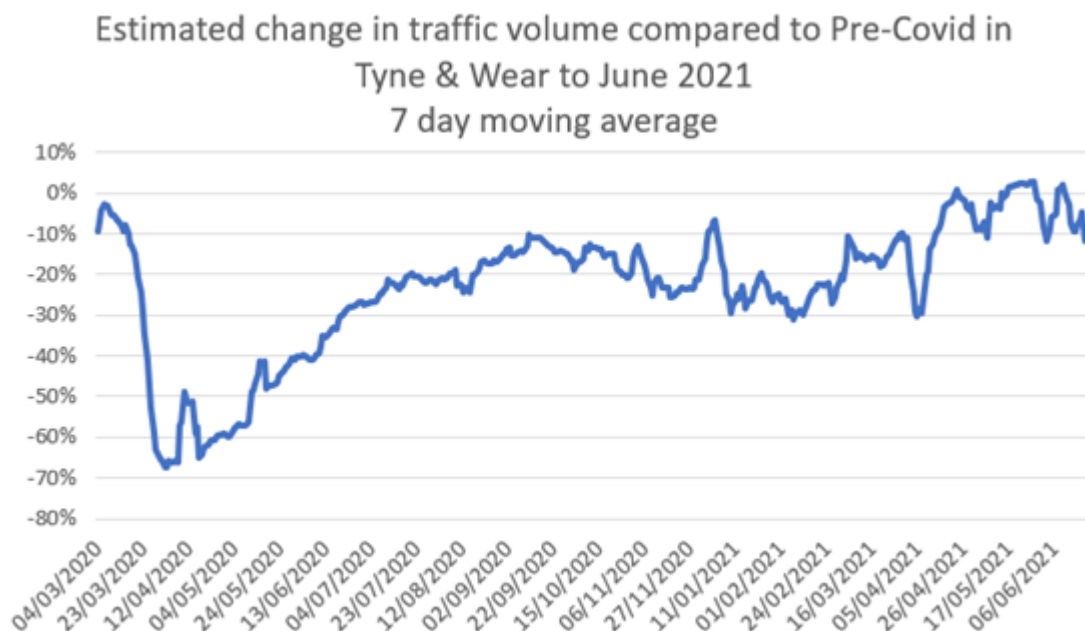


8

Estimated Change in Traffic Flow in Tyne and Wear

The following chart shows that at the start of the pandemic traffic levels dropped considerably but have now recovered significantly towards pre-covid levels and at times above.

The chart below contains data from parts of Northumberland. In Durham in June 2021 traffic levels were approximately 96% of pre-covid levels.



10. Proposals

- 10.1 This report is for information. Members are asked to note the contents of the report.

11. Reasons for the Proposals

11.1 This report is for information purposes.

12. Alternative Options Available

12.1 Not applicable to this report.

13. Next Steps and Timetable for Implementation

13.1 Next steps are set out under each respective item.

14. Potential Impact on Objectives

14.1 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.

15. Financial and Other Resources Implications

15.1 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.'

15.2 The North East Transport Plan includes proposed / required investment totalling £7billion 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.

16. Legal Implications

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

17. Key Risks

17.1 Appropriate risk management arrangements are in place for each programme of work overseen by the delivery agencies responsible. Key risks are set out under each respective item.

18. Equality and Diversity

18.1 Successful delivery of schemes to improve public transport, walking and cycling will help to address transport-related social exclusion and create a fairer society.

19. Crime and Disorder

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

20. Consultation/Engagement

20.1 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.

21. Other Impact of the Proposals

21.1 No specific impacts.

22. Appendices

22.1 1 - Progress on Key Performance Indicators.

23. Background Papers

23.1 None.

24. Contact Officers

24.1 Tobyn Hughes, Managing Director, Transport North East
Tobyn.hughes@nexus.org.uk

25. Sign off

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

26. Glossary

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

Appendix 1

Progress on Key Performance Indicators

<u>KPI</u>	<u>Direction of travel</u>	<u>Key insight</u>
<p><u>Sustainable Travel</u> 33% of journeys made by public transport, walking and cycling.</p> <p>Data Source: DfT National Travel Survey 2019, published August 2020.</p>	No Change	<p>An updated National Travel Survey for 2020 has not yet been released for comparison. Other data sources have Metro and bus use remaining below pre-covid levels even after restrictions have been lifted, however cycling numbers are up in many locations.</p>
<p><u>Public transport accessibility</u> 45% People within 25 minutes of key employment, education and retail sites by public transport.</p> <p>Data source: Commissioned analysis August 2020</p>	No Change	<p>Data is not yet available to update, however, there have been no major changes to infrastructure.</p>
<p><u>Climate action</u> CO2 emissions per capita: 1.7 tonnes CO2 emitted per person annually using transport.</p> <p>Data source: UK local authority and regional CO2 emissions statistics: 2019, Department for Business, Energy & Industrial Strategy,</p>	No Change	<p>Figures for 2019 have been released and show no change in the amount of transport related CO2 emissions.</p>

published June 2021		
<p><u>Take up of ultra-low emission vehicles (ULEVs)</u></p> <p>0.34% Proportion of licenced vehicles in our region that are classed as ultra-low emission (end of 2019)</p> <p>Data source: Department for Transport vehicle licensing statistics</p>	Increase	0.48% of licenced vehicles in the region are classed as ultra-low emission (end of 2020). Data published May 2021.
<p><u>Air quality</u></p> <p>For 2019, the highest, median, hourly nitrogen dioxide reading was 26.9ug/m3 occurring in the morning traffic peak.</p> <p>Data source: Department for Environment Food & Rural Affairs Automatic Urban and Rural Network (AURN)</p>	Decrease	For 2020, the highest, median, hourly nitrogen dioxide reading was 20.1ug/m3 occurring in the morning traffic, however this is expected to be unusually low due to lock down restrictions
<p><u>Network performance</u></p> <p>In terms of efficiency, in 2019 our regional network scored 71.8%</p> <p>Data source: Department for Transport congestion data.</p>	No Change	Data is not yet available to update
<p><u>Motor vehicle traffic</u></p> <p>Estimated vehicle miles per head in our region in 2019 5,077</p> <p>Data source: Department for Transport National</p>	No Change	National data has not yet been released for 2020

Travel survey, published August 2020		
<u>Road safety: numbers killed and seriously injured</u> Numbers killed and seriously injured (KSI) three year rolling average (2016-17 to 2018-19) 778 Data source: Traffic Accident Data Unit	Decrease	In the three-year rolling average from 2017 to 2020 there were 704 KSI.
<u>Road safety: number of slight injuries</u> Number of slight injuries three year rolling average (2016-17 to 2018-19) 3,275 Data source: Traffic Accident Data Unit	Decrease	In the three-year rolling average from 2017 to 2020 there were 2,934 slight injuries

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North East Joint Transport Committee

Date: 21 September 2021

Subject: Enhanced Bus Partnership Update

Report of: Managing Director, Transport North East

Executive Summary

The purpose of this report is to provide Joint Transport Committee (JTC) members with an update on the progress made to date in delivering a Bus Service Improvement Plan (BSIP) and Enhanced Bus Partnership (EP) for our region. The report details the public and stakeholder engagement which has taken place and is planned in the production of our Bus Service Improvement Plan (BSIP), which will set out, at a policy level, what improvements will be delivered to bus services in the Region through a partnership between the 7 Local Authorities, Nexus and Bus Operators. JTC members are invited to provide any feedback on the contents of the update.

Recommendations

The North East Joint Transport Committee is recommended to:

- i. Note the progress made in delivering the Bus Service Improvement Plan by end October 2021, to lead to an Enhanced Bus Partnership in 2022;
- ii. Note the receipt of £1,315,575 of Local Transport Authority Bus Capacity funding from the Department for Transport, to support the development of the Enhanced Partnership and Bus Service Improvement Plan; and
- iii. Provide feedback on the contents of the report.

1. Background Information

1.1 The Covid-19 pandemic has put our public transport services and our transport objectives at risk. Ridership levels – and therefore income from fares – are far below pre-pandemic levels. Central government support has kept the buses and Metro running until now because of their role as an essential service, but the government has been clear that this support will cease at the end of this financial year. Ridership is not recovering quickly enough to make services viable without further financial support, and we therefore need to act in order to preserve services.

The National Bus Strategy (NBS), published in March 2021, set out the government's ambitions for bus networks outside of London, establishing a £3bn national competitive pot of funding that will become available to Local Transport Authorities (LTAs) to bid into for enhancements to their bus network.

1.2 The National Bus Strategy (NBS, March 2021), recognised that radical change is needed to recover the bus industry post pandemic, and set out the government's ambitions for bus networks outside of London. The NBS established a £3bn national competitive pot of funding that will become available to Local Transport Authorities (LTAs) to bid into for enhancements to their bus network. The strategy also set out the conditions which LTAs should adhere to, not only to access this national funding for enhancements; but to secure ongoing financial support for bus operations in their area. The key milestones are:

- 30th June 2021: commit to establishing Enhanced Partnerships under the Bus Services Act
- 31st October 2021: publish a local Bus Service Improvement Plan (BSIP) in line with the strategy requirements
- April 2022: Have an Enhanced Partnership (EP) in place

1.3 At its meeting on 15 June 2021, the JTC approved the issue of a Statutory Notice, stating the JTC's intention to enter into an Enhanced Partnership with bus operators. The Notice this was made on 30 June 2021 and has been acknowledged by the Department for Transport (DfT). The publication of a BSIP is the next key milestone in the process and is due on the 31 October this year. A BSIP should be data led; and should include evidence that engagement has been undertaken with key stakeholders as part of its formulation.

1.4 This report outlines the progress made to date both in developing the BSIP, including detailing the consultation and engagement that has taken place in line with government requirements, strengthened by JTC requirements, and provides a wider update on the progress towards delivering an Enhanced Partnership.

2. Progress to Date

2.1 In July 2021, the Joint Transport Committee agreed a Vision for Buses setting out our ambition for:

- An enhanced network that is simple and easy to understand

- Faster and more reliable journey times
- A simple and flexible fares structure
- Better integration between modes
- More early morning and evening services
- Clear and consistent information that is easy to access
- Improved safety and security
- Cleaner and greener vehicles
- Improved connectivity beyond our boundaries
- A first-class customer experience

- 2.2 It was agreed that we would work with local bus operators through an Enhanced Partnership which will allow us to bid into the £3bn national fund detailed within the NBS. JTC members unanimously supported the proposal to progress the development of a BSIP which will set out our vision for delivering the step-change in bus services within the region. The BSIP is effectively a bidding document that will need to convince the government that our plans are ambitious, credible, effective, and deliverable.
- 2.3 The government has been very clear that emergency Covid-19 funding support for buses will cease at the end of this financial year, it is increasingly likely that the only route to securing new funding for buses will be through grants awarded through BSIP process.
- 2.4 It is therefore essential that the strongest possible BSIP is presented to government in order to secure the biggest possible share of the £3bn available for the region. The funding will support not only our ambitions for a better bus system, but it will also be needed to provide essential relief as the bus network continues its recovery from the effects of the pandemic.
- 2.5 The BSIP is being developed in close consultation with bus operators, local authorities, and key stakeholders. The emerging document strategy is clear that extensive priority will need to be given to buses on our roads, particularly on the approaches to centres of population, in order to speed up bus journeys and increase reliability. This will see the introduction of more bus lanes and more bus-only roads and access gates across the region.
- 2.6 Road junctions at key points on the bus network will prioritise buses both in their physical design and in how traffic signals are phased. We will need to critically appraise parking charges and policies to make sure that buses are a competitive and attractive way to travel for both work and leisure. We will also need to make sure that parked cars do not prevent people from boarding buses or make it difficult for buses to pass through narrow roads in villages and estates.
- 2.7 In turn, bus operators will be required to make very significant improvements of their own as part of the package of interventions outlined within the BSIP. Fares will need to be both affordable and integrated; buses will need to be of the highest standard in appearance, comfort, and environmental performance; and timetables will need to be designed to support communities across the area, rather than

focusing on the most profitable routes.

- 2.8 Through the BSIP process these proposed changes will need to be considered very carefully, considering the impact on all road users. The Department for Transport Guidance specifically requires that the BSIP and EP deliver a shift from car use to bus use. The JTC has mandated community engagement, which is not part of the BSIP and EP process, but will make our bid stronger and more deliverable. However, it is equally important to stress that without the wide-ranging improvements highlighted here our BSIP may not attract significant funding and our bus network will shrink as a result.
- 2.9 The North East BSIP is built on the base of our Local Transport Plan, which in 2019 established very similar outcome targets and very similar working processes to those required by government in its 2021 Strategy and Guidance. The effectiveness of our policies and partnerships was demonstrated by a rise in bus journeys of almost 1m journeys in the year before the pandemic. Joint Corridor Studies and some joint modelling of transport initiatives was commissioned to build on this base.
- 2.10 The BSIP takes the ambition in the Transport Plan proposals and the Vision for Buses as a starting point. Working in collaboration with the NEBus grouping of regional operators, it develops proposals to build bus ridership back to pre-pandemic levels, then go beyond those levels to maximise the contribution of the bus to the region's economic, social and environmental targets. The following list of actions is the minimum government requirement for a share of the £3bn funding, and it has significant implications for highway design as well as bus services:
- more frequent, with turn-up-and-go services on major routes and feeder or demand-responsive services to lower-density places;
 - faster and more reliable, with bus priority wherever necessary and where there is room;
 - cheaper, with more low, flat fares in towns and cities, lower point-to-point fares elsewhere, and more daily price capping everywhere;
 - more comprehensive, with overprovision on a few corridors reduced to boost provision elsewhere and better services in the evenings and weekends, not necessarily with conventional buses;
 - easier to understand, with simpler routes, common numbering, co-ordinated timetable change dates, good publicity, and comprehensive information online;
 - easier to use, with common tickets, passes and daily capping across all operators, simpler fares, contactless payment and protection of bus stations;
 - better integrated with other modes and each other, including more bus-rail interchange and integration and inter-bus transfers.
- 2.11 Progress towards the BSIP production is illustrated in the Project Dashboard (appended).

3. Consultation and Engagement

- 3.1 The JTC noted at its July 2021 meeting that whilst the BSIP is required to be developed in consultation with Bus User Groups, service providers and local businesses, there is no government requirement to consult with the public.
- 3.2 The JTC chose to pursue a programme of public engagement through 'The Big Bus Conversation'. A webpage and survey were set up on the TNE site and our partners in local authorities and bus operating companies promoted the engagement, leading to a very strong response. NEBus provided a liveried Conversation Bus which visited sites arranged by the 7 local authorities, staffed by TNE alongside operator and LA partners where possible.
- 3.3 Consultation with stakeholders such as local businesses, service providers and bus user groups has been established through a region-wide Stakeholder Forum, which will continue to be invited to comment throughout the Project through meetings and briefings. The JTC also established a Project Board which includes key representatives of the stakeholder groups, and a Project Advisory Board with a wider representation.
- 3.4 Bus operators are not a stakeholder but a Partner. Joint Working Groups have been established with membership from the LA7, Nexus and Operators. The Working Groups correspond to chapters in the BSIP:
- 3.5 Beside the Working Groups, usual channels of communication have continued and have been supplemented by:
- A weekly meeting between bus operators and the LA7 highways and traffic officers, chaired jointly by TNE and NEBus.
 - A fortnightly briefing meeting for smaller operators, at which TNE gives a project update and seeks feedback from smaller operators, whether these are concerns or ambitions. These meetings are also attended by Nexus, Durham and Northumberland as the secured service commissioning authorities.
 - Briefing letters to all operators in the Region, to ensure that every operator has had the opportunity to comment and respond. These briefing letters encourage operators to take part in the fortnightly briefings and/or to send comments to the buses@transportnortheast.gov.uk contact address. All operators have been assured that they are entitled to a 1:1 meeting with TNE if they wish, though the collaborative meetings tend to lead to a more in-depth discussion as the comments of one operator prompt thoughts in others.
- 3.6 Where Bus Boards have been established, all members of the BSIP and EP partnership attend: bus operators and officers from LAs, Nexus and TNE. These meetings have proved productive and are very welcome.

4. Reasons for the Proposals

4.1 This report is for information purposes.

5. Alternative Options Available

5.1 Not applicable to this report.

6. Next Steps and Timetable for Implementation

6.1 The Bus Service Improvement Plan will be presented to the Joint Transport Committee for approval at the meeting of the 19 October 2021, subject to approval, the BSIP will be submitted to the Department for Transport by the 31 October 2021. Ongoing work will then be undertaken in the development of the Enhanced Partnership, which must be in place by 1 April 2022.

7. Potential Impact on Objectives

7.1 A successful Enhanced Partnership will help to deliver the objectives of the North East Transport Plan. In particular, the EP will support a green recovery through the provision of an attractive form of sustainable transport.

8. Financial and Other Resources Implications

8.1 The approach to financing and resourcing the project to deliver an Enhanced Partnership was agreed in a paper presented at JTC on 15 June 2021. Since then, £1,315,575 of Local Transport Authority Bus Capacity (Revenue) funding was provided by the Department for Transport on the 27 July 2021, to support the development of the Enhanced Partnership and Bus Service Improvement Plan. This will allow for almost all of the project funding contributions that were made by the LA7 Local Authorities and Nexus which collectively amounted to £1,344,000 to be returned.

9. Legal Implications

9.1 The Enhanced Partnership follows a statutory framework requiring legal notices and formal agreements. The EP will become legally binding upon the LTA, LAs and Bus Operators. Specialist legal advice has been sought in support of the development of the Enhanced Partnerships, particularly, in relation to subsidy control and competition law matters.

10. Key Risks

10.1 Failure to comply with the requirements of the National Bus Strategy would lead to the removal of existing bus funding support and risk causing severe damage to the existing bus network within the region. There are also risks in relation to the provision of future central government funds and the return to the level of pre-pandemic bus passenger numbers, such that Joint Transport Committee aspirations for our future bus network may be unachievable. The proposals outlined within this report and the actions and improvements proposed by the Bus Service Improvement Plan and the ongoing development of the Enhanced Partnership mitigate these risks.

11. Equality and Diversity

- 11.1 The Bus Service Improvement Plan and the Enhanced Partnership will be developed in line with the Public Sector Equality Duty.

12. Crime and Disorder

- 12.1 The Bus Service Improvement Plan and Enhanced Partnership will address issues of safety and security to ensure that our bus services are both safe and perceived to be safe by all.

13. Consultation/Engagement

- 13.1 The process for developing and implementing an Enhanced Partnership necessitates statutory consultation with the public, bus operators and key stakeholders. Detailed consultation in the production of the Bus Service Improvement Plan has been undertaken with partners and is ongoing. In addition, this report has been received at the meeting of the Heads of Transport and Transport Strategy Board in accordance with the governance requirements of the Joint Transport Committee, feedback has been taken and integrated from both groups.

14. Other Impact of the Proposals

- 14.1 An Enhanced Partnership offering an attractive bus network would benefit both the environment and economy through a green recovery and the provision of realistic sustainable transport choices.

15. Appendices

- 15.1 BSIP and EP Project Dashboard – Appendix 1
Key dates flow chart – Appendix 2

16. Background Papers

- 16.1 Bus Back Better – The National Bus Strategy: [Bus Back Better \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)
The Bus Services Act 2017 – Enhanced Partnerships Guidance: [The bus services act 2017: enhanced partnerships \(publishing.service.gov.uk\)](https://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 \(northeastca.gov.uk\)](https://northeastca.gov.uk)
JTC Report – Bus Partnerships (items 9 and 10): [Public Pack\)Agenda Document for North East Joint Transport Committee, 15/06/2021 14:30 \(northeastca.gov.uk\)](https://northeastca.gov.uk)

17. Contact Officers

- 17.1 Philip Meikle, Transport Strategy Director

E-mail: philip.meikle@transportnortheast.gov.uk

Tel: 0191 433 3859

18. Sign off

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

19. Glossary

BSIP – Bus Service Improvement Plan

EP – Enhanced Partnerships

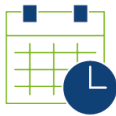
JTC – Joint Transport Committee

NBS – National Bus Strategy

LTA – Local Transport Authority

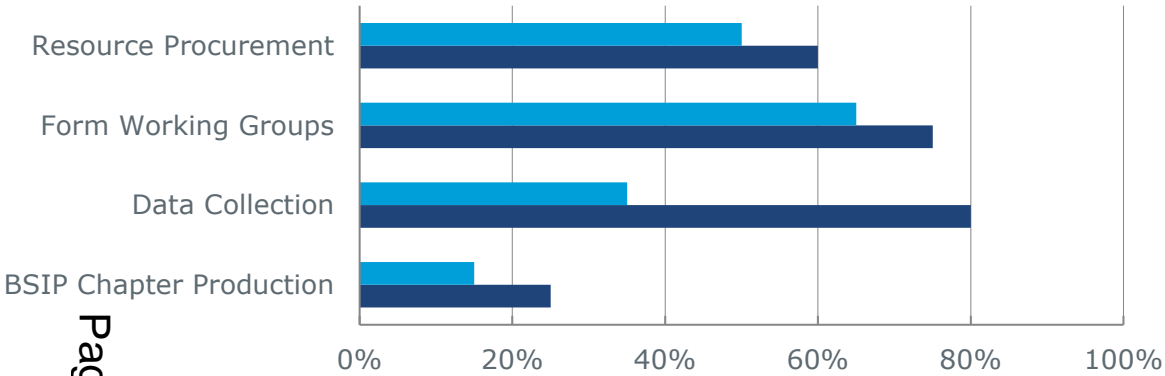
LA – Local Authority

DfT – Department for Transport

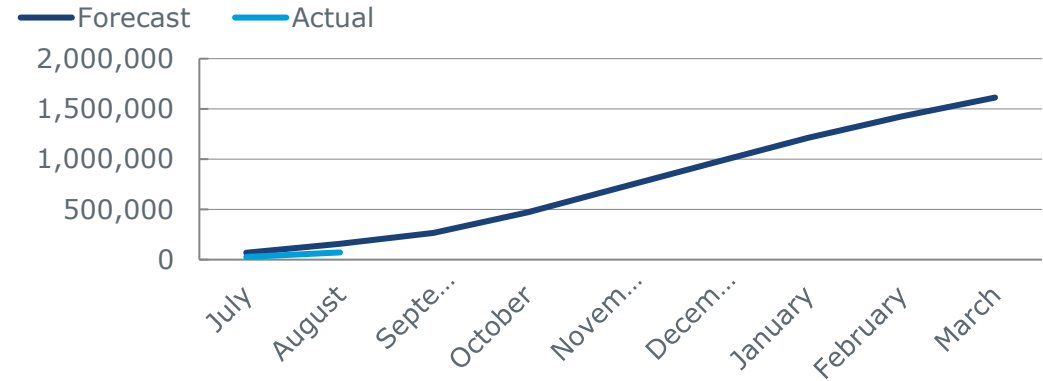


Progress

Actual Planned



Budget (Cumulative)



Current Team

9

Appointed

2

To appoint

7



Issues

Low staff resource

Urgent development of highways proposals needed

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Risk

Description	Impact	Mitigation / Action	RAG
Strategic - Baseline of partnership, EP starts at lower than current levels (services cut, fares increased pre EP agreement)	BSIP money used to get back to current levels rather than enhance network	Hold regular meetings keeping partners involved to make sure they understand and pursue the aims of the BSIP	A
Political – Failure to get agreement on priorities between LAs	Delay to BSIP agreement, miss DfT date	Draft BSIP for review at September JTC with as granular detail as possible	A
Strategic - Over committing in BSIP and then not getting required funding	Failure to deliver on BSIP expectations, poor reputation for TNE/JTC	BSIP to be written to have scalable proposals dependent on level of funding received	A
Strategic - Lack of funding post EP	Services dropping off when BSIP/EP funding ends	Have ambitious yet realistic proposals that all partners would be able to continue if funding was cut	A
Strategic – Gap between BSIP aims and highways authorities appetite to give up road space	Difficulty in agreeing BSIP and slow implementation of EP	Have early coordination between Operators and Highways authorities	A

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North East Joint Transport Committee

Date: 21 September 2021

Subject: Key Route Networks Consultation

Report of: Managing Director, Transport North East

Executive Summary

The Department for Transport is carrying out a consultation into potential proposals to give metro mayors and their combined authorities greater decision-making powers and accountability with regards to the Key Route Network (KRN).

The consultation closes 24 September.

A response from the Joint Transport Committee (JTC) has been drafted. The response acknowledges that the role of the KRN in the North East is likely to form an element of any future devolution discussion and sets out the value that our KRN offers to the region and how we would treat it if more funding were to become available, such as through devolution. The response does not comment on the proposal to give metro mayors greater powers over the KRN.

Recommendations

The North East Joint Transport Committee is recommended to approve the proposed response to the Key Route Networks Consultation.

1. Background Information

- 1.1 The Department for Transport is carrying out a consultation into potential proposals to give metro mayors and their combined authorities greater decision-making powers and accountability with regards to the Key Route Network (KRN).
- 1.2 The KRN in this region represents those roads managed by local authorities which are regionally economically important movement routes for people and goods and are typically important bus corridors. The KRN in the North East includes the A68, A697 and A688
- 1.3 The Consultation closes 24 September.

2. JTC's response to the consultation

- 2.1 The JTC's response to the consultation acknowledges that the role of the KRN in the North East is likely to form an element of any future devolution discussion and sets out the value that our KRN offers to the region and how we would treat it if more funding were to become available, such as through devolution. The response does not comment on the proposal to give metro mayors greater powers over the KRN.
- 2.2 The JTC's response gives details of the North East's KRN and outlines some of the issues affecting the network and aspirations for it, especially in relation to our commitment to develop a Bus Services Improvement Plan and form Enhanced Bus Partnerships and the JTC's goal to increase levels of cycling and walking to help meet the North East Transport Plan's vision of 'moving to a green, health, thriving and dynamic North East.' The response also highlights the following points:
- Measures to improve traffic flows and active travel along the KRN can play a role in enabling JTC to achieve the five Transport Plan objectives; Carbon neutral North East, Safe, secure network, Appealing sustainable transport choices, Overcome inequality and grow our economy and Healthier North East.'
 - KRN is integral to the region's Bus Services Improvement Plan and the introduction of bus priority measures along the KRN have the potential to improve bus journey times and reliability;
 - Measures are required to ensure that walking and cycling along the KRN can be done so safely and that priority is given to active travel wherever feasible;
 - The importance of the KRN to the movement of freight.

3. Reasons for the Proposals

3.1 This report seeks approval to submit a response covering the above points on behalf of the JTC.

4. Alternative Options Available

4.1 Option 1 – The North East Joint Transport Committee grants approval for the consultation response to be submitted.

Option 2 – The North East Joint Transport Committee does not grant approval for the consultation response to be submitted.

Option 1 is the recommended option.

5. Next Steps and Timetable for Implementation

5.1 If the response is approved, it will be submitted before the deadline of 24 September.

6. Potential Impact on Objectives

6.1 Provision of a KRN that meets our regional aspirations will help to deliver the objectives of the North East Transport Plan, in particular to grow the economy and to achieve a carbon neutral north east.

7. Financial and Other Resources Implications

7.1 There are no financial implications arising out of this report.

8. Legal Implications

8.1 There are no legal implications arising out of this report.

9. Key Risks

9.1 Failure of the KRN to meet our regional aspirations would make it more difficult to achieve our Transport Plan objectives.

10. Equality and Diversity

10.1 An improved KRN that meets the needs of all users will help to reduce transport-related social exclusion.

11. Crime and Disorder

11.1 There are no specific crime and disorder implication arising out of this report.

12. Consultation/Engagement

12.1 The North East local authorities have been consulted in developing the proposed response.

13. Other Impact of the Proposals

- 13.1 Use of the KRN to help deliver our bus service proposals would enable us to offer an attractive bus network that would benefit both the environment and economy through a green recovery and the provision of realistic sustainable transport choices.

14. Appendices

- 14.1 None

15. Background Papers

- 15.1 None.

16. Contact Officers

- 16.1 Tobyn Hughes, Managing Director Transport North East
E-mail: Tobyn.hughes@nexus.org.uk

17. Sign off

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

18. Glossary

KRN – Key Route Networks

North East Joint Transport Committee

Date: 21 September 2021

Subject: Capability Fund Update

Report of: Managing Director, Transport North East

Executive Summary

On 3 March 2021 we received notification from the Department for Transport (DfT) that our region is to receive Active Travel Capability revenue funding for 2021/22.

The guidance states that funding can be used to meet the following objectives:

- To support the development of infrastructure projects to the new standards set out, including updating previous plans (such as LCWIPs) as necessary;
- To promote increased levels of physical activity through walking and cycling for everyday journeys; and
- To support access to new and existing employment, education and training.

On 19 April 2021 the region submitted proformas to the DfT setting out what the funding would be spent on and provided assurance that proposals offer value for money.

The North East Joint Transport Committee (JTC) is to receive £2,157,597 in revenue funding from the Department for Transport's Capability Fund. This amount matches the indicative allocation set out in March.

The funding will be spent on a range of measures which aim to support active travel as set out on section 2.5. of this report.

Recommendations

The Joint Transport Committee is recommended to:

- Note that the JTC is to receive £2,157,597 from the DfT's Active Travel Capability Fund;
- Approve the distribution of the fund to the Local Authorities and Transport North East as per the allocations set out in Table 1; and
- Approve the creation of a fixed term Active Travel Data Analyst post within Transport North East.

1. Background

1.1 On 3 March 2021 we received notification from the Department for Transport (DfT) that our region is to receive Active Travel Capability revenue funding for 2021/22 to an indicative value of £2,157,597.

1.2 The DfT has specified that the funding is to be used for schemes which support the following objectives:

- To support the development of infrastructure projects to the new standards set out, including updating previous plans (such as LCWIPs) as necessary;
- To promote increased levels of physical activity through walking and cycling for everyday journeys; and
- To support access to new and existing employment, education and training.

1.3 The region was required to submit proformas setting out what the funding would be spent on and provide assurance that proposals offer value for money. The proformas were completed with input from the Local Authorities and submitted on 19 April 2021.

2. North East Funding Allocation

2.1 On 13 August 2021 the DfT confirmed that the North East JTC is to receive £2,157,597 from the fund, the full indicative allocation, which will be paid in October 2021. The grant award letter is appended to this paper.

2.2 The proposed funding allocations are shown in Table 1. These are based on the DfT's initial allocations set out in the letter dated 3 March minus a 7% 'top slice' which is to be retained by Transport North East for regional active travel development.

2.3 Table 1: Proposed funding allocations

	Proposed allocation (£)
County Durham	280,213.65
Gateshead	283,397.97
Newcastle	334,624.23
North Tyneside	251,927.70
Northumberland	217,274.04
South Tyneside	321,339.18
Sunderland	317,787.51
Transport North East	151,000.00
Total	2,157,564.28

2.4 The revenue funding, which is for 2021/22, is to be used to achieve the objectives set out in the JTC's capability fund bid and deliver the schemes

summarised in paragraph 2.5. Transport North East propose to retain £151,000 for regional active travel development, specifically to support the production of the forthcoming North East Active Strategy. This will include the creation of a 12 month fixed term active travel analyst post within Transport North East.

2.5 The funding is to be used to deliver a range of schemes to support behaviour change initiatives to encourage more active travel and the JTC's bid included proposals to spend the funding on the following:

- North East active travel development, specifically, to support the production of the forthcoming Regional Active Strategy, including the provision of specific capacity (through recruitment of a temporary active travel analyst for one year) to analyse how the current local and regional cycling network can be further developed;
- Obtaining and analysing additional walking and cycling data to enhance understanding of trends and gap analysis in the region;
- Education and publicity campaigns;
- Bike maintenance training;
- LCWIP activities including network planning and scheme design and ensuring LCWIP is up to Gear Change standard;
- Cycle purchase / subsidy schemes;
- Cycle training for adults and children;
- Work place travel planning;
- Marketing and communications activity;
- Toolkits and teaching resources for schools and businesses; and
- Bike and e-bike loan schemes.

2.6 Any changes to schemes which equate to over 25% of the sum of the funding allocation are required to be reported to the DfT. If schemes will no longer deliver the objectives of the bid then DfT may clawback funding.

2.7 As a condition, local authorities are required to have robust monitoring and evaluation plans in place and annual monitoring returns are to be submitted to DfT to show how funding has been spent.

3. Proposals

3.1 The Joint Transport Committee is recommended to:

- Note that the JTC is to receive £2,157,597 from the DfT's Active Travel Capability Fund;
- Approve the distribution of the fund to the Local Authorities and Transport North East as per the allocations set out in Table 1; and
- Approve the creation of a fixed term Active Travel Data Analyst post within Transport North East.

4. Reasons for the Proposals

4.1 Agreement of the proposal will enable the funding to be distributed promptly once it is received and for the activities outlined in the bid to be taken forward

and for funding to be committed in 2021/22.

5. Alternative Options Available

5.1 Two options are presented to the North East Joint Transport Committee.

Option 1 – The North East Joint Transport Committee may accept the recommendation set out in paragraph 3.1 above.

Option 2 – The North East Joint Transport Committee may not accept the recommendation set out in paragraph 3.1 above.

Option 1 is the recommended option.

6. Next Steps and Timetable for Implementation

6.1 Provided JTC approval is granted the following will be carried out:

- Funding will be distributed to local authorities once it is received;
- Transport North East will recruit a temporary active travel analyst for one year at a salary of £25,481.

7. Potential Impact on Objectives

7.1 Successful delivery of schemes to increase the uptake of active travel will assist the JTC in achieving the vision of ‘moving to a green, healthy, dynamic and thriving North East.’

8. Financial and Other Resources Implications

8.1 The Joint Transport Committee will receive £2,157,597 in revenue funding in October. This funding will be used to deliver the schemes outlined in the JTC’s bid which was submitted to DfT in April.

8.2 No additional funding is available and the DfT may claw back funding if schemes do not meet the fund objectives.

9. Legal Implications

9.1 There are no specific legal implications arising directly from this report.

10. Key Risks

10.1 Delay to the distribution of the funding may make it difficult for the funding allocation to be spent in 2021/22, we are awaiting clarification from the DfT if the funding must be incurred by the end of this financial year or contracted.

11. Equality and Diversity

11.1 Successful delivery of schemes to increase walking and cycling will help to address transport-related social exclusion and create a fairer society.

12. Crime and Disorder

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

13. Consultation/Engagement

13.1 This report has been received at the meeting of Transport Strategy Board in accordance with the governance requirements of the Joint Transport Committee, feedback has been taken and integrated into this report.

14. Other Impact of the Proposals

14.1 There are no additional impacts arising from the proposal.

15. Appendices

15.1 Appendix A - Local Authority Capability Fund Grant Award Letter – 2021/22

16. Background Papers

16.1 Active Travel Fund, North East Joint Transport Committee, 15 June 2021

17. Contact Officers

17.1 Rachelle Forsyth-Ward, Strategic Transport Advisor

Rachelle.forsythward@transportnortheast.gov.uk

Jonathan Bailes, Transport Programme Lead

jonathan.bailes@transportnortheast.gov.uk

18. Sign off

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

19. Glossary

19.1 DfT- Department for Transport

LCWIP – Local Cycling and Walking Investment Plans

TNE – Transport North East

DRAFT



Department
for Transport

Rupert Furness
Active Accessible Travel
Department for Transport
Great Minster House
33 Horseferry Road
London
SW1P 4DR
Rupert.furness@dft.gov.uk
07825 193634
Web Site: www.gov.uk/dft

13 August 2021

Rachelle Forsyth-Ward
North East Joint Transport Committee
Second Floor,
Gateshead Civic Centre,
Regent Street,
Gateshead,
NE8 1HH

Dear Rachelle Forsyth-Ward,

Local Authority Capability Fund Grant Award Letter – 2021/22

I am writing to confirm the Department for Transport (DfT) revenue grant funding for your Local Authority Capability Fund activities.

Your Capability Fund allocation will be paid as a revenue grant under Section 31 of the Local Government Act 2003. Your grant allocation for 2021-22 is shown in the table below.

Table 1.

Local Authority	2021/22
North East Joint Transport Committee	£2,157,597

Your grant will be paid in one instalment in October 2021 subject to receipt of your signed grant acceptance slip shown in Annex B.

Your grant is awarded on the understanding that your authority will deliver the objectives as set out in your Capability Fund bid. It is also provided on the condition that your authority works with appropriate lower tier (district-level) authorities to ensure that the funding is targeted at the areas of greatest need, consistent with wider Government agendas including levelling up. Your authority must also demonstrate that it has fully consulted appropriate lower tier authorities in the preparation of your Local Cycling and Walking Infrastructure Plans (LCWIPs).

We appreciate that, during implementation, opportunities or challenges may arise that require a change to your project in order for outcomes to be realised to their full potential, including where activities interact with and support objectives in the Active Travel Capital Fund bids. Any substantive changes, which equate to over 25% of the total sum of your revenue funding allocation, should be reported to the Department for Transport. However, should the change be substantial enough so as to cease to represent the programme for which funding was awarded, or should your ability to

deliver the objectives for which funding was awarded be significantly compromised, the Department reserves the right to reclaim any unspent revenue funding.

Future Government Spending Rounds are subject to evidence showing good performance in delivery. This means that poor or non-delivery of bid objectives for this Capability Fund may have an impact on the funding your authority receives in future. This includes adherence to LTN1/20 and other good practice for any network planning or design activities undertaken with this funding.

For any grant, Government is required to monitor the effectiveness of any public investment. We therefore expect you to have robust monitoring and evaluation plans in place, including, where applicable, reporting on how behaviour change interventions are targeted at the specific groups detailed in proposals. Monitoring and evaluation requirements remain the responsibility of your authority, and are expected to be undertaken as required to meet your own internal needs. DfT will also require annual monitoring returns showing how the funding has been spent, and a report summarising evaluation activities. Selected authorities may also be invited to participate in a DfT-funded national evaluation. We have produced detailed guidance to support authorities to meet monitoring and evaluation requirements and drive up the quality and consistency of monitoring and evaluation data. If you need any assistance please contact local.evaluation@df.gov.uk.

With regards to assurance, local authorities are public authorities and are expected to have robust accounting, monitoring and transparency arrangements in place to allow for appropriate accountability to their communities. The Department has decided that these arrangements should be sufficient to allow for proportionate local scrutiny of the Capability Fund Grant funding. The Department, however, reserves the right to approach authorities if internal or external auditors require information relevant to their scheme. There may also be a requirement for local authorities to participate in a national evaluation of Capability Fund activities. The authority would be expected to comply with such requests. The Department may also approach your authority to request a visit to your project to review progress. We will notify you if this becomes necessary.

This grant may be subject to the new rules on subsidy control. It is the responsibility of the receiving organisation to satisfy themselves that they are compliant with the new rules on subsidy control when using this funding. LA's should ensure that they are versed on the new subsidy control rules, and further guidance is available from: <https://www.gov.uk/government/publications/complying-with-the-uks-internationalobligations-on-subsidy-control-guidance-for-public-authorities> .

Please now arrange for your Section 151 officer to sign and date the grant acceptance slip in Annex B and return it to DfT. We will issue your grant determination letter and make payment in October 2021.

Yours sincerely,



Rupert Furness

ANNEX A

INFORMATION ON RECEIVING GRANT

1. The grant will be paid in one instalment in October 2021 subject to receipt of your signed acceptance slip.
2. Our grant may be audited by the Department or external auditors, and if this is the case, the Department will notify your authority in writing. The authority is expected to comply with any such arrangements.
3. It is suggested that claimants familiarise themselves with the Fraud Act 2006 and the Bribery Act 2010 when making claims, and in provision of funding to partner organisations.
4. Personal information collected for grant purposes will be used by the Department for Transport for administering the Capability Fund. We may share information for the purposes of countering fraud or otherwise as required or permitted by law.
5. The Department will observe its obligations under the Data Protection Act 1998 in responding to requests made under the Freedom of Information Act 2000. Where a request includes personal information that you have provided, we will consult you before deciding whether such information should be disclosed. Information about junior staff who are not in public facing roles will not normally be disclosed.

ANNEX B

Grant Acceptance Slip

I acknowledge receipt of this Capability Fund 2021/22 Award letter for the activities set out in the funding bid.

And

I accept the grant offer on behalf of **North East Joint Transport Committee** subject to the conditions set out in this letter. I confirm that I am lawfully authorised to do so

Signed.....

Please print name.....

Position.....

Date.....

Please sign and email a scanned copy to Walking.Cycling@dft.gov.uk

North East Joint Transport Committee

Date: 21 September 2021

Subject: 2021 Comprehensive Spending Review (CSR) and “Levelling Up” White Paper – Transport North East submission

Report of: Managing Director, Transport North East

Executive Summary

This report provides an overview of the region’s submission to the UK government for the 2021 Comprehensive Spending Review (CSR) and Levelling up White Paper. A “Levelling up” cover letter and brochure which sets out some of the priority transport actions required for our region was submitted to government for consideration, following the meeting of Transport Strategy Board on 8 September 2021.

Recommendations

It is recommended that the Joint Transport Committee:

- (i) Note the Transport North East representations to the UK government’s 2021 Comprehensive Spending Review and “Levelling up” White Paper.
- (ii) Note that a meeting is requested with the Prime Minister’s “Levelling Up” Advisor, Neil O’Brien MP, ahead of the publication of the government’s “Levelling Up” White Paper.
- (iii) Agree that the region continues to make representations to the Department for Transport, HM Treasury, and other relevant departments, using the North East Transport Plan to communicate opportunities for investment and improvements to our transport network.

1. Background Information

1.1 The UK government's Comprehensive Spending Review (CSR) is expected to go ahead in the Autumn. The CSR is expected to outline budget totals for government departments for the next three years.

The Prime Minister has stated his intention to use the forthcoming CSR to finance the government's initiative to "Level Up" underperforming regions.

In May 2021, the government announced that a "Levelling Up" White Paper will also be published later this year, setting out how policy interventions can improve opportunity and boost livelihoods across the country as part of the pandemic recovery.

A new No10 – Cabinet Office Unit has been established to work on the White Paper and the Prime Minister has also appointed Neil O'Brien, MP for Harborough, as his "Levelling Up" Adviser.

1.2 In order to take advantage of these opportunities, a regional submission was prepared, consisting of a "Levelling up" cover letter and brochure which sets out some of the priority transport considerations for our region to influence the CSR and levelling up white paper.

2. Proposals

2.1 As part of the submission, a list of North East transport priorities has been compiled. The list was discussed at Transport Strategy Board on the 8 September 2021 and is based on recent submissions to central government such as the Union Connectivity Review (UCR) and Northern Transport Acceleration Council (NTAC).

2.2 North East Transport Priorities:

- A multi-year settlement with certainty of funding, allowing for stable decision-making and efficient programme management, putting North East on an equal footing for transport funding with similar English regions;
- "Capacity funding" so that projects can be properly developed as part of a pre-agreed strategic pipeline;
- Funding and flexibility agreed for the North East to deliver significant improvements to the bus network, together with ticketing initiatives;
- First phases of the Leamside Line to be developed and the return of local rail services to underserved communities in County Durham and Northumberland;
- Confirmation of a previous commitment to £27m revenue (indexed) and £40m capital support grants per annum for 5 years for the successful operation, maintenance and renewal of key assets of the Tyne and Wear Metro
- Public Transport recovery funding to continue and strategic maintenance budgets increased to address climatic impacts and decarbonise the network;
- Confirmation of NE Active Travel funding supplemented by continued revenue funding to cement behaviour change;
- An increase in investment in zero emission vehicle charging / fuelling

Infrastructure and zero emission bus funding to facilitate a shift to greener vehicles;
- Government to commit to National infrastructure priorities such as High Speed 2, Northern Powerhouse Rail and targeted highway improvements.

3. Reasons for the Proposals

3.1 Continuing to take a proactive role in facilitating discussions with government and partners to establish how transport policy and funding initiatives can be implemented, will help enable the North East to achieve its transport objectives. This report provides an update to Joint Transport Committee members following the submission of a cover letter and brochure to the UK government, which set out priority transport actions required for our region.

4. Alternative Options Available

4.1 This report provides an update only.

5. Next Steps and Timetable for Implementation

5.1 Both the CSR and “Levelling Up” White Paper are expected to be published by the government in the Autumn. HM Treasury should also open a process for the CSR to allow external stakeholders to submit direct representations.

6. Potential Impact on Objectives

6.1 Successful representations to central government will help deliver the objectives of the Transport Plan, and in particular, a green recovery through the provision of attractive forms of sustainable transport.

7. Financial and Other Resources Implications

7.1 None.

8. Legal Implications

8.1 There are no specific legal implications arising from this report.

9. Key Risks

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

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

12.1 Many of the priority schemes and proposals outlined the draft submission have been, or will be, the subject of engagement with appropriate stakeholders or the wider public. This report has been received at the meeting of the Heads of Transport and Transport Strategy Board in accordance with the governance requirements of the Joint Transport Committee. Feedback has been taken and integrated from both groups. In addition, Joint Transport Committee members have been consulted on the content of the letter and brochure via correspondence.

13. Other Impact of the Proposals

13.1 No specific impacts.

14. Appendices

14.1 **Appendix 1** – Levelling Up the North East’s transport, cover letter

Appendix 2 – Levelling Up policy and 2021 Spending Review Considerations for the North East, prospectus

15. Background Papers

15.1 None.

16. Contact Officers

16.1 Tobyn Hughes, Managing Director, Transport North East
Tobyn.hughes@nexus.org.uk

17. Sign off

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

18. Glossary

CSR – Comprehensive Spending Review, which will set UK government departments’ resource budgets for the coming years.



Rt Hon Boris Johnson MP
Prime Minister
10 Downing Street
London
SW1A 2AA

Gateshead Council
Civic Centre
Regent Street
Gateshead
NE8 1HH

Rt Hon Rishi Sunak
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

By email: boris.johnson.mp@parliament.uk
rishi.sunak.mp@parliament.uk

10 September 2021

Dear Prime Minister and Chancellor of the Exchequer

Levelling Up the North East's Transport

We write as the Chairs of the North East Joint Transport Committee, and the North East Local Enterprise Partnership, in relation to both the forthcoming Comprehensive Spending Review and Levelling Up White Paper.

The North East Joint Transport Committee brings together the North of Tyne Combined Authority (covering Newcastle, North Tyneside and Northumberland) and the North East Combined Authority (covering Durham, Gateshead, South Tyneside and Sunderland) for regional transport matters. Its vision is moving to a green, healthy, dynamic and thriving North East.

The North East Local Enterprise Partnership works with partners to develop a more competitive economy for the North East, Helping to create more and better jobs for everyone.

You will know that in the North East we have great plans to prosper and grow, with positive and well-skilled people who want to contribute to moving our country forward.

However, as COVID-19 has seen some of the region's long-standing health and social inequalities return, we believe there is much to do in order to grow our region's productivity, creating inclusive economic recovery growth whilst tackling the climate emergency and pollution in our towns and cities.

Transport can address many of the challenges the region faces. We would therefore like to work with you to level up investment in the North East's transport so that people in our region can benefit from the same access to opportunities as other regions in the UK.

Earlier this year, we published our statutory North East Transport Plan (2021-35), which we firmly believe aligns to your 'Levelling Up' agenda. The Plan, which is the first for the region, sets out a live programme of around 243 schemes which, if funded, will help to make a big difference to the lives of people in the North East – our health, our environment and our economy.

Therefore, as you formulate both the Comprehensive Spending Review and Levelling Up White Paper, we ask that you give consideration to the following transport priorities for the North East:

- A multi-year settlement with certainty of funding of circa £100m a year with capacity funding building on Transforming Cities Fund commitments – the City Regional Sustainable Transport Fund getting us started on investing in a chunk of our core priorities;
- Funding and flexibility agreed for the NE to deliver significant improvements to the bus network, together with ticketing initiatives delivering the core aims of Bus Back Better;
- Confirmation of a previous commitment to £27m revenue (indexed) and £40m capital support grants per annum for 5 years for the successful operation, maintenance and renewal of key assets of the Tyne and Wear Metro¹;
- Committing to East Coast Main Line (ECML) infrastructure upgrade between Newcastle and York to ensure our region is properly linked in to the HS2 and Northern Powerhouse rail networks. Funding needs to be committed over the period 2024-34 to deliver a four-track railway. This can be achieved through the reinstatement of the Leamside Line coupled with the upgrading of the existing ECML, and we expect to see this included as part of the forthcoming Integrated Rail Plan (IRP).
- First phases of the Leamside Line to be developed and the return of local rail services to underserved communities in County Durham and Northumberland.
- Public Transport recovery funding to continue beyond the existing committed period, including support for the Tyne and Wear Metro, to ensure services can be protected across the medium term, pending the recovery of passenger numbers to pre Covid levels;
- Strategic maintenance budgets increased to address climatic impacts and decarbonise the network;
- Confirmation of NE Active Travel funding supplemented by continued revenue funding to cement behaviour change;
- An increase in investment in Zero Emission Vehicle charging infrastructure and zero emission bus funding to facilitate a shift to greener vehicles; and
- Government to commit to National infrastructure priorities such as High Speed 2, Northern Powerhouse Rail and targeted highway improvements

Independent analysis tells us that each journey on the Metro or local rail network in our region is worth £8.50 to the North East's economy², and investment in bus services also provides a high return. Our region has a strong track record of delivering what it has

¹ Please note that Department for Transport have also referenced this requirement.

² NE Bus Successful buses for a successful region Report, 2019 [nebus booklet web.pdf \(wordpress.com\)](#) Not a regional figure but from research by 'Greener Journeys' [greener-journeys-arup-final-report-1.pdf \(cpt-uk.org\)](#) p.5

promised, and so you can be sure that making investment available to us will lead to improved economic outcomes both for the North East and for the country as a whole.

We strongly believe that if we are provided with the investment and support that we need will allow us to overcome inequality and grow our economy, creating a faster, more attractive and affordable transport system in the North East. We believe this to be the very definition of 'Levelling up'.

The UK cannot afford for the North East to be left behind as other investment is planned elsewhere, and we look forward to your assistance in helping our area to recover and grow.

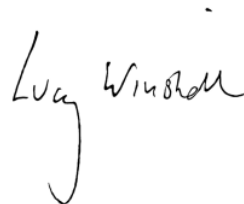
Finally, we have attached a 'Levelling up' brochure which sets out some of the priority considerations in transport for our region.

We would be delighted to discuss these proposals with you in person in the North East, along with our other plans to move our region forward.

Yours sincerely



Councillor Martin Gannon
Chair, North East Joint Transport Committee



Lucy Winskill
Chair, North East LEP

CC – Neil O'Brien MP, Levelling Up Adviser, No10 – Cabinet Office Unit
neil.obrien.mp@parliament.uk

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Levelling Up policy and 2021 Spending Review Considerations for the North East

Moving to a green, healthy, dynamic and thriving North East

Transport North East

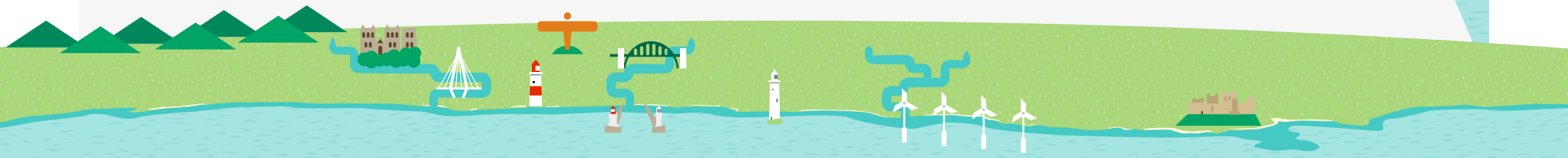
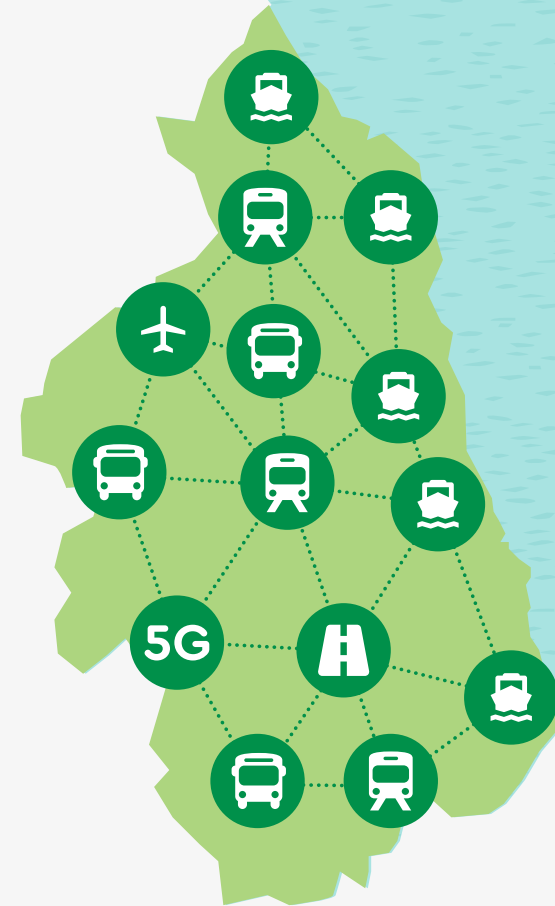
Levelling up Policy – Future Considerations

Introduced in 2019 by the Government and restated and confirmed in 2020 and 2021 levelling up includes a number of key components which are of relevance to Transport North East and the Joint Transport Committee.

Levelling up has a significant transport component and is likely to feature in Government fiscal updates including future Spending Reviews.

This brochure therefore sets out some of the considerations for the region and the steps we can take including priorities for the Autumn Spending Review 2021 to enable us to overcome inequality and grow our economy, creating a faster, more attractive and affordable transport system in the North East.

The region has the drive and ambition to recover from this pandemic and grow in a sustainable way, contributing to the success of the UK. Investment in transport is one important way that we can achieve this.



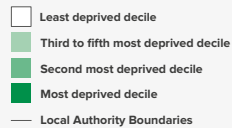
Why do we need to invest

Here are some of the challenges that the region faces.

Page 67

1

The region faces some of the starkest disparities in deprivation levels with some of the most deprived wards in the country.



2

Gross Value Added – a measure of the size of the economy – is well below the average for England. Taking this at a per capita base in 2018 shows the average productivity of a worker in the region is low and can be improved.



GVA
well below the
England average

3

Further exemplifying this challenge. The average productivity level per worker across the region is 16% lower than the national average.



**Low average
productivity levels**

4

Over a quarter of a million people were furloughed in the North East LEP area during the height of the pandemic 30% of the workforce with 67,000 more people on Universal Credit.



**30% of the
workforce
(251,200 people)
furloughed
during Covid**

5

Life expectancy across the region is a year lower than the UK average of 79.4 male and 83.1 female. This is exacerbated by poor health outcomes for the general population.

**North East average
life expectancy**



**Female:
83.1**



**Male:
79.4**

6

The largest employing sectors are Health, Manufacturing and Retail. A smaller percentage of employment in the North East is in professional, scientific and technical activities which is a contributing factor to lower wages and economic growth.

The largest employing sectors in the North East
(% of total employment)



7

3.9% of the population employed on a zero hours contract in Q4 2019 the second highest rate amongst UK regions. 9.6% of all employees paid at or below the National Living Wage (NLW) the highest rate amongst English regions.



**The second
highest rate
of zero hours
contract workers**

8

A Quarter of the region's school pupils eligible for free school meals, the highest proportion of any area



9

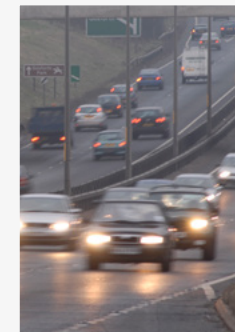
Between 2016 to 2019, 19% of people in the North East region were living in households with below 60% of median household income before housing costs. This compares to 17% across England as a whole.



**Households
spend 13.6% of
a gross weekly
wage (on average)
on transport.**

10

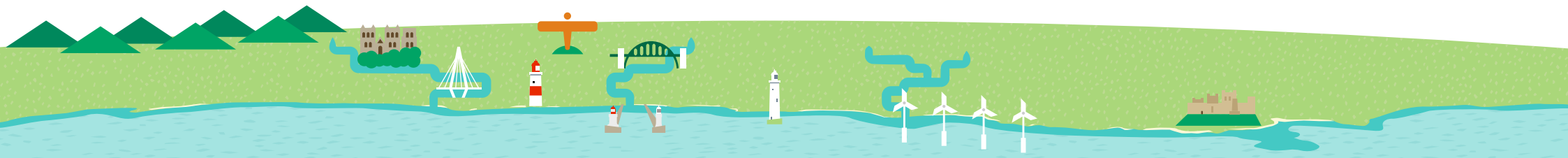
The significant cost of air pollution on the health and social care system in 2035 if no action is taken.



For more details on the individual projects please see the Transport Plan & Connectivity Blueprint

<https://www.transportnortheast.gov.uk/transportplan/>

<https://www.transportnortheast.gov.uk/projects-and-campaigns/connected-north-east-our-blueprint/>



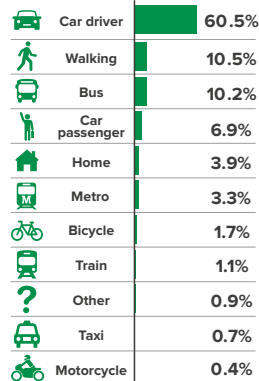
Our Plan to build a green, healthy, dynamic and thriving North East

Transport can address some of the challenges the region faces.

Addressing these challenges and embracing the opportunities will allow us to overcome inequality and grow our economy, creating a faster, more attractive and affordable transport system

By understanding journey choice, we can enable people to make greener and healthier travel choices whenever they can and ensure our sustainable network takes everyone where they need to go at a price they can afford.

Our plans include a significant investment in information and affordable ticketing, quality stations and stops and public transport priority. We will as a result support a range of transport choices.



Everyone benefits when more people walk and cycle.

Our Active Travel proposals will deliver a radically improved network, ensuring safe segregated navigable routes are available linking public transport hubs, universities, colleges, workplaces, towns and villages for rural connections.

In Central Tyneside alone, cycling:

Takes up to **16,000 cars off the road every day**

Prevents **277 serious long-term health conditions**

Saves **9,400 tonnes of greenhouse gas emissions**

And creates **£58.8 million in economic benefit**

Public transport, including the bus network, is instrumental in enabling economic growth.

It enables people to get to work, school, shopping, health appointments and everything else that is vital. Without it, a great swathe of our population could not travel as they do now, leaving them isolated, or dependent on cars.

We will invest in "Mobility Hubs" and link better with the future Economic and cultural development of our places and spaces across the region. Micro mobility solutions will feature alongside park and ride / pedal / walk facilities.



The North East's road network is used for every journey people make. We aim to grow the proportion of people travelling using sustainable modes on the network, improve road safety, reduce congestion, and meet climate change targets.

We plan to invest in road management systems to helping traffic flow smoothly, give priority to sustainable transport together with addressing pinchpoints and serve growth areas



Our Metro and local rail network plays a significant part in supporting the North East's economy, contributing up to £224 million each year. Our ambition is to, improve, expand and integrate our local networks, helped through regional rail devolution and for the NE to be fully part of future High Speed rail network within an Integrated Rail Plan



Transport offers challenges to solve and opportunities to grasp. Zeroing emissions, reducing fares, improving information, promoting active travel and making journeys safer are just some of the opportunities it offers to innovators.

We will invest in a radical expansion of charging electric vehicles throughout the region to abolish "range anxiety" and to encourage the switch for private and commercial vehicles. We will support innovation and investment in future fuels such as hydrogen to decarbonise our transport fleet



How will we get there?

What action do we require from the CSR 2021 and the Levelling up White Paper?

Transforming travel in the North East

The North East has a long-standing vision of a fully integrated transport system offering best-in-class sustainable and appealing transport choices to rural, urban and sub-urban communities. We know what needs to be done, we have a plan and some building blocks are already under construction like the Northumberland Line, new Metro trains, and new cycle routes

But we lack the funding and in some circumstances the long terms funding and policy to start building in earnest. We have the chance of with new large-scale transport funding devolved to our region to achieve a significant step change in the North East's health, long term prosperity and environment .

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Our transport asks for the Levelling Up White Paper and Spending Review



A multi-year settlement of circa £120m with certainty of funding, allowing for stable decision-making and efficient programme management, putting North East on an equal footing for transport funding with similar English regions



“Capacity funding” so that projects can be properly developed as part of a pre-agreed strategic pipeline



Funding and flexibility agreed for the NE to deliver significant improvements to the bus network, together with ticketing initiatives delivering the core aims of Bus Back Better after initiatives



Confirmation of a previous commitment to £27m revenue (indexed) and £40m capital support grants per annum for 5 years for the successful operation, maintenance and renewal of key assets of the Tyne and Wear Metro



Committing to East Coast Main Line (ECML) infrastructure upgrade between Newcastle and York to ensure our region is properly linked in to the HS2 and Northern Powerhouse rail networks



Leamside Line to be developed and the return of local rail services to underserved communities in County Durham and Northumberland.



Public Transport recovery funding to continue and strategic maintenance budgets increased to address climatic impacts and decarbonise the network



Confirmation of NE Active Travel funding supplemented by continued revenue funding to cement behaviour change.



An increase in investment in Zero Emission Vehicle charging infrastructure and zero emission bus funding to facilitate a shift to greener vehicles



Government to commit to National infrastructure priorities such as High Speed 2, Northern Powerhouse Rail and major highway improvements to the trunk roads that link our region and our ports and airport with other parts of the UK

City Region potential outcomes that could be achieved across the North East



We will play a significant role in the decarbonisation the region's environment and mitigating against climate change head on.



The economy of the North East will be stronger with direct jobs created in the transport sector with many more across the region we serve.



Improvements will reach right across the North East and will be developed in collaboration with members of the public.



We will enable new homes and jobs to be created critically supported by public and active travel connectivity.



By investing in active travel and public transport, health inequalities can be reduced.



There will be easier access to education skills and higher value jobs.



We will be focused on increasing the proportion of people travelling by active and public transport achieved through a more reliable and resilient network.



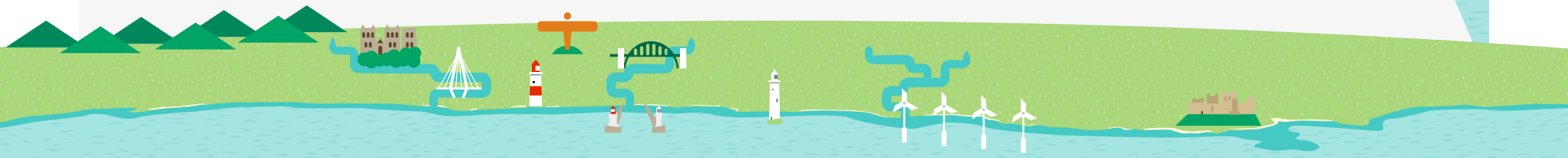
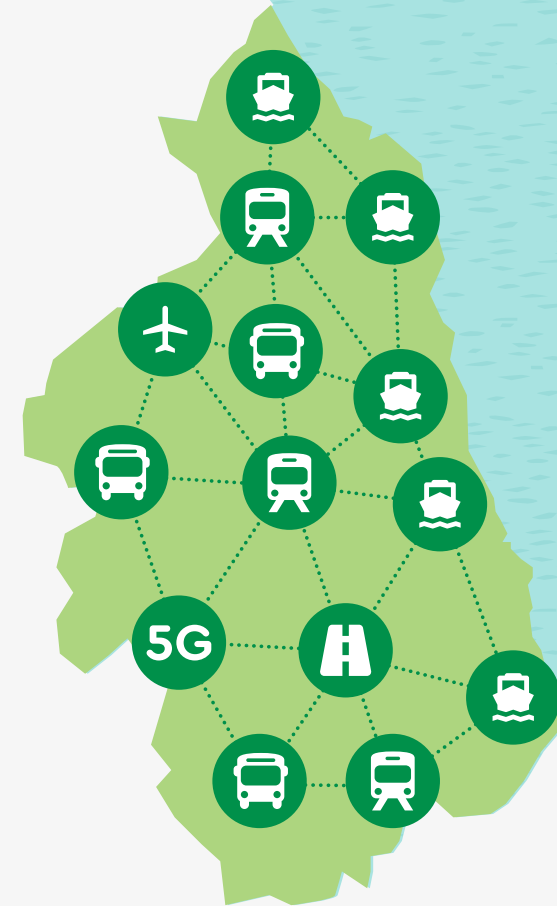
Levelling up Policy – Where next?

Our region has huge amounts to offer the UK in both economic and social terms, but we need the government to help us by investing in levelling up our transport infrastructure to release economic growth.

Steps that can help to realise our potential include:

- A number of short to medium term spending priorities that the region has highlighted in this document ranging from maintaining the network and bolstering resilience in the face of uncertain passenger numbers through to targeted investments to our active travel and public transport networks. These all have a positive impact on the way people travel in and around the North East, moving us to a green, healthy, dynamic and thriving North East.
- The Union Connectivity Review (UCR) and the Government’s reaction to its content to be published with a key focus on investment in long distance transport infrastructure.
- The Integrated Rail Plan is due to be published and we request the East Coast Mainline upgrades feature prominently in this and the UCR reports.
- The Levelling Up Fund and Infrastructure Bank are welcome initiatives and we request that transport projects can continue to be funded in this way.
- As we expect that a Levelling up white paper will be published in Autumn 2021, we want to continue to work with Government and to positively contribute towards the development of this White Paper and its passage through Parliament into legislation showcasing what the North East can achieve.

We welcome opportunities to discuss these points in our response with the Government.



North East Joint Transport Committee

Date: 21 September 2021

Subject: Transport Budget 2022/23 and Medium Term Financial Strategy

Report of: Chief Finance Officer

Executive Summary

This report summarises the process and timetable for the approval of the levies and other budgets relating to the Joint Transport Committee (JTC) and sets out the context and initial strategy for the development of proposals for these budgets in 2022/23 and future years.

The budget proposals will be further developed and consulted upon in the coming months, and decisions on the levies and other aspects of the Transport Budget will be taken by the JTC on 18 January 2022. Decisions on the Tyne Tunnels tolls will be taken by the Tyne and Wear Sub Committee (TWSC) on 13 January 2022.

Proposals for the Durham and Northumberland levies will be driven by the Transport budgets for these authorities which are being prepared in tandem. The Tyne and Wear levy is largely determined by the grant required by Nexus, with £2.1m currently retained to fund costs relating to the former Tyne and Wear Integrated Transport Authority and contributions to the Transport North East team.

The Nexus revenue budget has and continues to be significantly impacted by the Covid-19 pandemic. Based on current and forecast patronage, the removal of emergency support from April 2022 results in a forecast deficit of £19.2m in 2022/23, rising to £19.8m in 2023/24 if no further government support is forthcoming and the Tyne and Wear levy was maintained at the current level of £61.1m. Note that Nexus is currently revising its budget estimates and that this forecast is largely based on the medium term forecast presented to the JTC in January 2021.

In order to deliver the ambitions set by the Joint Transport Committee as set out in the Transport Plan, growth is needed in the Transport North East budget to supplement the existing contributions from the Local Transport Plan Integrated Transport Block and the Transport Levies, which currently total £0.687m.

Wherever possible this will be funded from external grants awarded, but there is a need for certainty to aid future planning and so additional contributions from the constituent councils will need to be considered. Should budgets have to be maintained at the current level, this would mean a prioritising and rescheduling of work required to enable it to be delivered

within existing resources, which main mean missing out on competitive grant funding bids and a failure to deliver on the aspiration of the JTC.

In order to set a break-even budget on the Tyne Tunnels, it is likely that an inflationary increase will be required to the toll for Class 3 vehicles (HGVs) in 2022/23. A report will be presented to the Tyne and Wear Sub Committee in January 2022 recommending this increase if the Retail Price Index is sufficient to trigger it. An increase in Class 2 vehicles is not anticipated in the next financial year.

It is recommended that funding for the Urban Traffic Management Control (UTMC) centre is maintained at the same level as the current year, pending a longer-term funding package being agreed which will enable the centre to support the region's Intelligent Transport Systems (ITS) capital investment taking place as part of Transforming Cities Fund and other programmes.

This report underpins the development of the detailed Transport Budget Proposals 2022/23, which will be brought to this Committee for consideration in November

Recommendations

The North East Joint Transport Committee is recommended to receive this report for consideration and comment, which will inform the development of the Transport Budget Proposals 2022/23 report from the NECA Chief Finance Officer to the November meeting of this committee.

1. Background Information

- 1.1 The North East Joint Transport Committee receives funding from a variety of sources including the levies on Durham, Northumberland and Tyne and Wear councils, Tyne Tunnels tolls income, grant funding and interest income. This funding is used to deliver the transport objectives of the Committee through the delivery of public transport services via Durham and Northumberland Councils and Nexus, and the work of the Transport North East team, who work on behalf of the JTC to provide it with relevant information and policy choices and deliver its policies at a regional level.
- 1.2 In line with the Transport Levying Bodies Regulations, 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 summarises the process and timetable for the approval of the levies and other budgets relating to the Joint Transport Committee and sets out the initial strategy for these budgets in 2022/23 and future years. The proposals will be further developed and consulted upon in the coming months, and decisions on the levies and other aspects of the Transport Budget will be taken by the JTC on 18 January 2022. Decisions on the Tyne Tunnels tolls will be taken by the Tyne and Wear Sub Committee (TWSC) on 13 January 2022.

2. Proposals

Timetable and consultation

- 2.1 Appendix 1 sets out the timetable of when decisions will need to be taken to enable the Transport budget and levy decisions to be taken by the JTC on 18 January 2022. The timetable meets the need for consultation on the 2022/23 budget proposals, as set out in NECA's constitution (in its role as Accountable Body for the JTC).
- 2.2 The NECA constitution sets out the process which must be followed to ensure that appropriate and effective consultation takes place with all members and other stakeholders on the content of the budget
- 2.3 The initial high-level draft budget proposals for 2022/23 contained in this report will be developed further and subject to consultation with the JTC Overview and Scrutiny Committee on 14 October, with updated detailed proposals being brought back to the JTC on 16 November.
- 2.4 Detailed proposals will be referred back to the JTC Overview and Scrutiny Committee on 16 December.
- 2.5 Taking into account the outcome of this consultation, final proposals in relation to the Transport budget and levies will be considered at the JTC on 18 January 2022.

Transport Levies

2.6 Budget proposals for Durham County Council and Northumberland County Council are being worked up by those authorities, and these will drive the calculation of the levies and the Transport Grants for these areas for 2022/23. Draft proposals will be included in the report to the November meeting of the committee.

Population Updates – Tyne and Wear Levy Distribution

2.7 In accordance with the Transport Levying Bodies Regulations, the Tyne and Wear Levy for 2022/23 must be issued by 15 February 2022

2.8 The measure of population which must be used to apportion the Tyne and Wear Transport levy between the constituent authorities is the total resident population at the relevant date of the area of each Authority concerned (the relevant date being 20 June in the financial year which commenced prior to the levying year).

2.9 The ONS Mid-Year Population estimates (MYE) for 2020 have now been released¹. The latest estimates show population increases in each Tyne and Wear council area except Gateshead, with increases in the relative population share in Newcastle and North Tyneside. On a cash freeze basis, this would give the following apportionment for the 2022/23 levy:

	2021/22 Levy	2019 Mid Year Estimate	2020 Mid Year Estimate	Popul- ation Change	2022/23 Levy	Levy Change	Levy Change
Tyne & Wear	£			%	£	£	%
Gateshead	£10,815,502	202,055	201,950	-0.05%	£10,761,283	(£54,220)	-0.50%
Newcastle	£16,209,202	302,820	306,824	1.32%	£16,349,690	£140,487	0.87%
North Tyneside	£11,129,066	207,913	208,871	0.46%	£11,130,081	£1,015	0.01%
South Tyneside	£8,081,370	150,976	151,133	0.10%	£8,053,404	(£27,966)	-0.35%
Sunderland	£14,864,859	277,705	277,846	0.05%	£14,805,543	(£59,316)	-0.40%
Total	£61,100,000	1,141,469	1,146,624	0.45%	£61,100,000	£0	0.00%

Nexus

2.10 The majority of the Tyne and Wear levy (£57.8m in 2021/22 – 95%) is required to fund the revenue grant to Nexus for the delivery of transport services in the Tyne and Wear area. The grant for 2021/22 included a one-off reduction to the base grant of £59.0m, to effect the transfer of £1.2m budget relating to work on Metro and Local Rail Strategies, previously agreed by the JTC, to TNE who have

¹ [Estimates of the population for the UK, England and Wales, Scotland and Northern Ireland - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

coordinated the work since 1 April 2021. Nexus' budget assumptions agreed by the JTC in January 2021 assumed that the temporary reduction would not be maintained in 2022/23, with its share of the Tyne and Wear levy reverting back to £59.0m.

- 2.11 The gross Nexus budget for 2021/22 is £173.1m, with £57.8m (33%) funded from the Tyne and Wear Levy in 2021/22.
- 2.12 The impact of Covid-19 on Nexus' revenue budget has and continues to significant, with £21.9m Covid Emergency Support required to compensate for reductions in fare revenue due to low passenger numbers. £39.9m Local Rail Revenue Restart Grant (LRRRG) has been paid to Nexus from the start of the pandemic to 19 July 2021, with a further £13.2m available to 5 April 2022 and the government insisting that no further funding will be provided thereafter.
- 2.13 Local Authority Coronavirus Bus Services Support Grant (LACBSSG) and DfE funding for scholars' services has also been received, totalling £4.0m. DfE funding ended on 16 July 2021 and LACBSSG on 31 August 2021. Recovery funding will be paid to 5 April 2022 with nothing thereafter. The Ministry of Housing, Communities and Local Government (MHCLG) funding for other losses is now at an end.
- 2.14 The withdrawal of Covid-19 emergency funding has a significant impact on Nexus revenue budget for 2022/23 and 2023/24, as set out in the following table:

Nexus Revenue Budget	2021/22	2022/23	2023/24
	£m	£m	£m
Gross Expenditure	173.1	177.3	180.9
Income before Levy and Covid Support	(90.7)	(99.1)	(102.1)
	82.4	78.2	78.8
Levy	(57.8) ²	(59.0)	(59.0)
Deficit before Covid Support	24.6	19.2	19.8
Covid Support	(21.9)	-	-
Budget Deficit	2.7	19.2	19.8

- 2.15 Over 90% of Nexus' fare and commercial revenue relates to Metro and Covid has impacted this part of the Nexus budget than anywhere else, leading to a clear imbalance in the scale of the challenge facing Metro as opposed to non-Metro services:

- Metro: £16.0m shortfall / saving required on a £113.6m base budget

Non-Metro: £3.2m shortfall / saving required on £63.6m base.

Non-Metro

- 2.16 Over £50m is currently allocated to supporting the bus network, mainly in reimbursement for concessionary fares, but also for the secured services network.

² There was a one-year, temporary, reduction of £1.2m in the base grant to Nexus agreed for 2021/22 to effect the transfer of funding previously agreed by the JTC for the Metro and Local Rail Studies work to TNE who have coordinated this work from 1 April 2021.

During the Covid-19 pandemic, reimbursement to bus operators for concessionary fares has been maintained at budgeted levels at the request of the JTC and central government. The statutory instrument that enabled this to take place (overriding the principle that reimbursement must be on a 'no better, no worse' basis) expires at the end of this year and government are currently considering how reimbursement will work in future. This may enable savings to be achieved in the Non-Metro budget which could be applied to help fund Metro.

- 2.17 The secured services budget requires review to determine how these services are best configured and provided.

Metro

- 2.18 The scale of the financial challenge in relation to Metro is much greater, with an estimated £16.0m deficit in 2022/23, reducing slightly to £15.9m in 2023/24. Metro has a very high fixed cost base, with only 45% of its operating budget being variable costs. Fares are high relative to other light rail systems, and have historically kept pace with inflation. Moving from 5 to 3 trains per hour (with a half-hourly service after 19:00) would only save £3.7m, i.e. not even a quarter of what is required, and would impact negatively on fare revenue creating a spiral of decline. It is not considered possible for Metro to save its way out of the situation.

Potential Options

- 2.19 It is suggested that the following options are considered:
- Option 1 – make the case for additional DfT support (and use reserves);
 - Option 2 – make the case for an increase in the levy (and use reserves);
 - Option 3 – if the levy cannot be increased, recast it so that more is used to fund Metro (and use reserves);
 - Option 4 – if the levy cannot be increased or recast, make significant savings across Metro – using reserves in their entirety in 2022/23 with significant cuts in 2023/24 or using reserves in a more measured way in 2022/23 and 2023/24 with successive rounds of cuts in both years.
- 2.20 Nexus has continued to lobby central government for continuation of support past 5 April 2022, including working with other metropolitan areas with light rail systems to make a common case. Nexus will continue to refine the estimates of the costs and deficit taking into account the latest passenger levels and will identify all options for savings within its own budgets including in relation to concessionary fares as described above. Any strategy may involve the use of reserves although this can only be a temporary solution. It is likely that an increase in the Tyne and Wear levy will be required, the scale of which will be determined by the level of other savings which can be made or funding support which can be received.

Transport North East

- 2.21 Since its creation in 2018 to support the JTC, the Transport North East (TNE) team has been working at full capacity to develop and lead delivery of a very broad and ambitious transport programme on behalf of the region.

2.22 The North East Combined Authority and North of Tyne Combined Authority together form one of the largest areas in the country by both population and geographical size. TNE acts as a strategic transport body that supports both combined authorities (via the JTC) and among the things that it does are:

- Managing large funding programmes like Transforming Cities Fund and Active Travel Fund
- Writing new funding bids, having secured £223m in the past three years
- Managing large-scale transformational projects such as the Bus Partnership Project
- Procuring and managing large scale contracts such as the Tyne Tunnels
- Developing policy and strategy largely using in-house resources, like the Transport Plan, the Vision for Buses and the Connectivity Blueprint
- Proactively managing communications to put across the JTC's policies effectively, and to promote the responsible use of transport, like the Go Smarter Go Active campaign currently running
- Producing an agenda and multiple reports for the JTC – a high profile public committee meeting – every two months, ensuring that all reports are of the highest possible standard, conform to local government procedures and regulations, and are consulted upon with key stakeholders

Maintaining strong and effective partnerships with 7 local authorities, 2 combined authorities, Nexus, the Local Enterprise Partnership, DfT, Transport for the North (TfN), Network Rail, Highways England, bus and rail operators, business groups and transport user groups, and many others.

2.23 TNE has been providing these functions very effectively, producing high quality outputs and often securing a higher share of funding than equivalent areas (for example it secured the second highest TCF settlement of any region). Despite this, the team's core funding has not changed in over seven years, when the level of output delivered was significantly smaller and the scope of activities much reduced: the current combined LA contribution to the team via the transport levies is currently £187k per annum, with an additional £500k being provided from the region's LTP funding (a top-slice of 3.6%).

2.24 This is in contrast to other geographical areas of a similar scale where benchmarking shows that equivalent functions are carried out by teams many times greater in size.

2.25 As a result the current team, some of whom are on temporary contracts because their roles are linked to specific external funding pots, is under severe pressure and will not be able to sustain the level of current output.

2.26 The choice is now either reducing the team's output significantly to match existing resources, or expanding its core funding so that the function can be adequately resourced on a stable basis.

2.27 Proposals are being worked up in detail to set out the level of expansion to core funding that would be required if this is the chosen option. Efficiencies will be taken

into account including re-structuring and the repurposing of some roles. The additional budget requirement will be met through external funding wherever available and appropriate, for example through funding which may be made available through the Bus Service Improvement Plan process, or through topslicing of grant funding made available through competitive bidding processes. However these funding sources are not currently confirmed and to provide certainty for development and recruitment, it is recommended that an increase in contributions from the constituent local authorities is agreed as part of the 2022/23 budget process. Should the region subsequently agree a devolved transport funding settlement with government, that funding could potentially be used to cover some or all additional costs.

- 2.28 Detailed options will be presented to the committee in the November budget report, taking into account the latest information about availability of DfT grant funding.

Tyne Tunnels

- 2.29 The Tyne Tunnels are accounted for as a ring-fenced account within the JTC budgets, meaning that all costs relating to the Tunnels are wholly funded from toll income received and Tyne Tunnels reserves, with no call on the levy or other government funding.
- 2.30 The JTC receives all of the toll income from the vehicle tunnels in the first instance, and payments are then made under the contract to the concessionaire, TT2 Ltd., based on traffic levels. Sums retained by the JTC meet costs associated with the Tunnels, primarily interest and principal repayments on borrowing taken out to fund the New Tyne Crossing project, and client costs associated with management of the contract with TT2.
- 2.31 Traffic levels at the Tyne Tunnels were severely impacted by the Covid-19 pandemic. The normal level of traffic pre-Covid was approximately 55,000 vehicles per day. As a result of the national lockdown, traffic levels dropped during March and April 2020 to approximately 17,000 vehicles per day which is 30% of pre-pandemic levels. This was the lowest level of traffic seen during the life of the TT2 contract. For the rest of 2020 and into early 2021, traffic levels improved to around 60/70% but were much lower than expected and toll revenue was significantly down on pre-pandemic levels. TT2 have borne the income loss, rather than the JTC, as the JTC income is protected by the nature of the Project Agreement which sees JTC take the first share of traffic income while TT2 takes its income from the additional traffic over that level. This means that TT2 takes the financial risk on a drop in traffic levels. During July and August 2021, usage has been gradually increasing and was at approximately 94% of pre-pandemic levels in August.
- 2.32 Payments to the concessionaire, TT2 Ltd., increase in line with RPI inflation with increases applied in 10p increments for the 'shadow tolls' that drive the contract payments. The financial model for the Tyne Tunnels assumes that tolls will be maintained in real terms to match the rise in contract payments to TT2 and service debt financing on the tunnels. To allow a break-even position on the Tyne Tunnels revenue account to be maintained, it is assumed that toll increases will be applied where possible in line with the Order.

- 2.33 The toll charged to users of the Tunnels can be increased in 10p increments in line with increases in RPI. The latest RPI index suggests that an increase in the tolls for Class 3 vehicles (HGVs) will be required next year (the increase would be from £3.70 to £3.90, with the last increase having come into effect in August 2020) but not for Class 2 vehicles. A recommendation in line with the latest inflation indices will be made to the Tyne and Wear Sub Committee at the appropriate time (January 2021), but it is proposed that this increase is applied when available.

Urban Traffic Management and Control (UTMC)

- 2.34 The UTMC facility was established in 2011. The system integrates data from various Intelligent Transport Systems (ITS) with the overarching aims of:
- Reducing congestion;
 - Providing Reliable Journey Times;
 - Improving Air quality; and

Providing reliable and timely information to the travelling public.

- 2.35 In March 2021, the Joint Transport Committee agreed £442,136 of funding for UTMC, through the LTP Integrated Transport Block. It is proposed that this is held at the same level for 2022/23, but that work commences to establish a longer-term funding settlement for 2023/24 onwards.
- 2.36 This is required to support capital investment in ITS assets that directly rely on the UTMC to deliver their intended benefits. Some of this investment has already taken place (e.g. through the Better Bus Area Fund, Local Sustainable Travel Fund, National Productivity Improvement Fund and Transforming Cities Fund Tranche 1). Further investment is planned in Transport Capital Schemes which have ITS elements included which also need to connect to the UTMC system to provide the intended efficiencies and control mechanisms, e.g. the Sunderland Strategic Transport Corridor Phase 2 and 3 and the planned investment of £19m as part of the Transforming Cities Fund.

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.

4. Alternative Options Available

- 4.1 This report is for information only. The report highlights some significant budget challenges and required investments to provide capacity within the Transport North East Team. A range of potential options for balancing the budgets next year are outlined in the report for members consideration.

5. Next Steps and Timetable for Implementation

- 5.1 Financial forecasts will be updated and more detail will be presented to the JTC at its meeting in November 2021, with a view to recommending formal agreement of the budget and levies in January 2022.

6. Potential Impact on Objectives

6.1 The budget assumptions presented in this report are designed to support the achievement of the Transport policy objectives of the JTC.

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 reports to the November 2021 and January 2022 reports to the JTC.

8. Legal Implications

8.1 The JTC must ultimately approve the transport budget and levies unanimously. There are no legal implications arising from this report which is for information.

9. Key Risks

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

10. Equality and Diversity

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

11. Crime and Disorder

11.1 There are no specific crime and disorder implications associated with 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 these proposals.

14. Appendices

14.1 Appendix 1 – Budget Timetable 2022/23 – Joint Transport Committee

15. Background Papers

15.1 JTC Revenue Budget report January 2021 ([Public Pack](#))[Agenda Document for North East Joint Transport Committee, 19/01/2021 14:30 \(northeastca.gov.uk\)](#)

16. Contact Officers

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17. Sign off

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

18. Glossary

Appendix 1: Budget Timetable 2022/23 – Joint Transport Committee

Date	Meeting/Event	Action
21 September 2021	JTC	Initial budget proposals in relation to JTC/Transport budgets and set out proposed timetable including consultation
14 October 2021	JTC Overview & Scrutiny Committee	Examine initial budget proposals and make any recommendations to the JTC
4 November 2021	TWSC	Consider report on the draft budget proposals with specific reference to Tyne and Wear Transport activity
16 November 2021	JTC	Consider updated draft Transport budget proposals and any feedback from JTC Overview & Scrutiny Committee
30 Nov 2021	NTCA Cabinet Meeting	Consider draft Transport budget proposals developed by JTC and implications regarding Transport Levy for constituent authorities as part of the budget consultation process
14 Dec 2021	Leadership Board	Consider the decisions and any recommendations made by the JTC and JTC Overview & Scrutiny Committee
16 December 2021	JTC Overview & Scrutiny Committee	Consider updated budget proposals as part of consultation process (if necessary)
18 January 2022	JTC	Approve Transport Revenue Budget and Transport Levies
25 January 2022	NTCA Cabinet Meeting	Formally agree to issue the Transport Levy to NTCA constituent authorities

1 February 2022	Leadership Board	Leadership Board formally issue levy agreed by JTC in January. Formal agreement of non-Transport budgets and contributions
15 February 2022	Levy letters issued to constituent authorities	Date by which Transport levies must be issued in line with the Transport Levying Bodies Regulations

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