



North East Joint Transport Committee

Tuesday, 21st January, 2020 at 2.00 pm

Meeting to be held in the Reception Room, South Shields Town Hall

AGENDA

	Page No
1. Apologies	
2. Declaration of Interests	
Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.	
3. Minutes of the Meeting held on 19 November 2019	5 - 8
4. Regional Transport Update	9 - 28
5. North East Electric Vehicle Infrastructure Update	29 - 32
6. North East Transport Plan: Update and Timelines	33 - 36
7. Transport Budget and Levies 2020/21	37 - 66
8. Transport Capital Programme 202/21	67 - 92
9. East Coast Mainline Update: December 2021 Timetable	93 - 98
10. Developing Our Region's Bus Policy in the Context of Our Transport Plan	99 - 104



NORTH EAST JOINT TRANSPORT COMMITTEE

DRAFT MINUTES FOR APPROVAL

DATE: 19 November 2019

Meeting held: Committee Room 2, Sunderland Civic Centre

Present:

Councillor: M Gannon (Chair)

Councillors: C Johnson, C Marshall, M Walsh and Mayor J Driscoll.

In attendance:

Councillor: J McCarty

Statutory Officers: J Hewitt (S73 Officer), T Hughes (Managing Director, Transport North East) and N Robason (Deputy Monitoring Officer).

Officers: G Armstrong, R Broadbent, J Fenwick, M Jackson, A Leadbeater, G Mansbridge, P Meikle, S Ramsey, E Reynard, M Scott, J Sparkes and R Forsyth-Ward.

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillor P Jackson, Councillor I Malcolm, Councillor G Miller and Mayor N Redfearn.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS MEETING HELD ON 23 OCTOBER 2019

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

4. BUDGET PROPOSALS

The Joint Transport Committee received a report updating the initial budget proposals provided at the last meeting and providing feedback from the Joint Transport Committee Overview and Scrutiny Committee on 7 November 2019.

The report also provided the Committee with a range of options for the Tyne and Wear levy as requested at the last meeting.

The draft proposed budget and levy for public passenger transport activity in Durham and Northumberland was also set out in the report.

Since the last meeting, Nexus has received information from the Pension Actuary that impacts positively on medium-term planning forecasts. This and the impact of a range of options for the Tyne and Wear levy were considered in the report.

Proposals for the budgets for the Tyne Tunnels and the Transport Strategy Unit have not changed from position reported at the last meeting other than to reflect an increased position for the Transport Plan.

The report also proposed to continue the contribution of £10,000 per authority which funds the work of the Joint Transport Committee, including contributions to the post of Managing Director, Transport North East and the Transport Strategy Unit.

The contribution from the Tyne and Wear levy to fund central activity is dependent on the final levy position that is agreed. At this stage, it is assumed that the contribution remains at 2019/20 levels. The funding is mainly used to meet costs relating to the operation of the former Tyne and Wear Integrated Transport Authority.

It was also proposed that funding for the Transport Strategy Unit from the Local Transport Plan Integrated Transport Block grant be maintained at the current level of £500,000.

RESOLVED: The Committee agreed the recommendations in the report.

5. REGIONAL TRANSPORT UPDATE

The Committee received a report outlining progress in relation to various regional transport issues.

RESOLVED: The Committee noted the report.

6. CAPITAL PROGRAMME MONITORING REPORT

The Committee received a report highlighting capital expenditure on transport schemes including Local Growth Fund, tranche 1 of Transforming Cities Fund,

Go Ultra Low project, the Metro Asset Renewal Plan programme, the Metro Fleet Replacement project and Tyne Pedestrian and Cycle Tunnels.

RESOLVED: The Committee noted the report.

7. NORTH EAST TRANSPORT PLAN

The Committee received a report outlining the draft vision for the Transport Plan which is 'Moving to a green, healthy, dynamic and thriving North East'.

The development of the Plan will be guided by the following key principles:

- One total network;
- Look to the future;
- A great experience;
- North East pride and passion; and
- Sound evidence and commitment to deliver for the region.

The objectives of the Transport Plan are:

- Carbon-neutral transport;
- Overcome inequality and grow our economy;
- Healthier North East;
- Appealing sustainable transport choices; and
- Safe, secure network.

RESOLVED: (i) The Committee agreed the vision, principles and objectives set out in the report; and

(ii) Granted approval to progress the development of the North East Transport Plan.

8. NORTH EAST TRANSFORMING CITIES FUND BID

The Committee received a report requesting approval to submit the Strategic Outline Business Case prepared to support a bid from the North East region to the Government's Transforming Cities Fund.

RESOLVED: The Committee approved the report.

9. DATE AND TIME OF THE NEXT MEETING

The next meeting will take place on Tuesday 21 January 2020 at South Shields Town Hall.

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North East Joint Transport Committee

Date: 21 January 2020

Subject: Transport North East, Regional Transport Update

Report of: Managing Director, Transport North East

Executive Summary

The region awaits to hear the outcome of the final Transforming Cities Fund bid which has asked the government for up to £394m of funding for transport improvements in the North East.

Work is progressing on the North East Transport Plan, covering both the NTCA and NECA areas.

The region is continuing to work together to press the government to invest in the East Coast Main Line in the North East.

The Outline Business case for the Northumberland Line has been submitted to the Department for Transport.

Transport for the North are leading on the refresh of the Major Roads Report which will provide useful evidence for the future management, maintenance and improvement of the major roads network in the region.

The North East is continuing to make the case for greater control and accountability over the specification and operation of local rail services.

Through the North East Rail Management Unit, Northern are developing proposals to operate a Northern 'Connect' service on the Durham Coast Line.

The region continues to make significant progress with Electric Vehicle (EV) charging infrastructure in the region.

A new TransPennine Express service from Newcastle to Edinburgh started in December 2019 by extending the Liverpool to Newcastle service and using new bi-mode trains. However significant problems occurred following the timetable changes, with a high number of services temporarily withdrawn.

Nexus' Final Business Case (FBC) for the Fleet Replacement Programme was endorsed by DfT's Board Investment Commercial Committee (BICC) on 11th November 2019.

Recommendations

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

1. Background Information

1.1 Transforming Cities Fund (TCF)

The final TCF Strategic Outline Business Case (SOBC) was submitted to the Department for Transport (DfT) on 28 November 2019. The submission demonstrates the level of ambition of the region to make necessary transformative improvements to our network. Our preferred bid is for £394m of improvements backed up with £70m of local match funding demonstrates very high value for money. The region awaits to hear the outcome of the submission and dealing with technical queries in the interim. A funding award is expected in the spring.

1.2 North East Transport Plan

An update report on the North East Transport Plan was presented to this Committee on 19th November 2019. The Committee agreed the vision, principles and objectives set out in the report and granted approval to progress the development of the Plan. A full report requesting approval for the timescales for the Transport Plan which will be discussed under a separate agenda item.

1.3 Electric Vehicle Infrastructure

The North East continues to make significant progress with Electric Vehicle (EV) charging infrastructure in the region, both in terms of new installations and updating the existing network. An Electric Vehicle Infrastructure Update report can be found elsewhere on the agenda.

1.4 Northern Powerhouse Rail (NPR)

In August 2019, the LA7 Leaders and NE LEP Chair sent a joint letter to the Prime Minister regarding NPR in the North East. On 17 October, Transport Minister Paul Maynard MP responded to the letter confirming that the government have committed £75 million to the development of NPR in 2020/21. Transport for the North (TfN) have stated that this funding will allow for further development of the SOBC and the design and sifting of corridor options for NPR, which the North East continues to support. See **Appendix 1** for a copy of the response letter.

1.5 Northern (Arriva Rail North Limited) Franchise

On 16 October the Secretary of State for Transport, Grant Shapps MP, gave evidence to the House of Commons Transport Select Committee on his policy priorities. He told the Committee that he had recently issued a request for proposals from both Arriva and the operator of last resort regarding the Northern Franchise because "...it cannot continue delivering in the current delivery method". Arriva Rail North Limited were originally awarded to operate the Northern franchise from April 2016 to April 2025. See **Appendix 2** for a link to the transcript from the oral evidence session.

Through the North East Rail Management Unit (NERMU), Northern are developing proposals to operate a Northern 'Connect' service on the Durham Coast following a failed bid by Northern to run the service via the ECML (turned down by Network Rail due to lack of capacity on the ECML). A limited number of additional services became operational in December 2019, further work is required to enable a full hourly 'express' service to operate.

1.6 TransPennine Express (TPE)

A new service from Newcastle to Edinburgh (extension of the Liverpool to Newcastle service) was introduced as part of the December 2019 timetable changes. This service mainly uses new 5 car bi mode Nova 1 trains, which reduce emissions and increase seating capacity on the route. The introduction of the new timetable caused significant disruption to North East passengers, particularly on TPE services. Although a number of the planned services were deferred (at very short notice) to ease implementation there has been a very high number of on the day cancellations and significant delays. Communications have been challenged with both TPE and TfN as whilst it was factually correct to state that the deferment only affected 5% of the overall TPE network, it did not reflect the impact of broadly 30% of NE services being cancelled with only half that did run operating to schedule. These initial short-term service reductions have not stabilised the new timetable and a further reduction took place with effect from the 6th January until the end of the month. In all 32 services a day have been deferred from the original planned timetable. TfN are closely monitoring the impacts and seeking for TPE to get up to full service complement as soon as practicable once the whole TPE network has stabilised. Cllr Marshall (JTC representative on the Rail North Committee) has issued a press release expressing the North East's dissatisfaction.

1.7 North East Rail Devolution Update

The North East is continuing to make the case for greater control and accountability over the specification and operation of local rail services. Greater influence over local rail services in the region will assist the JTC in delivering its objective to maximise the region's opportunities and potential. Work is underway to develop a prospectus for 'North Eastern Railways'. As reported previously, the Williams Rail Review White Paper is expected to be published early this year and this will influence the pace and direction Members may wish to take in the pursuit of improved local rail services. NERMU are continuing to work with Transport for the North to align the emerging NE proposition within a wider plan for the North.

1.8 East Coast Main Line (ECML)

The North East continues to play a prominent role in the East Coast Mainline Authorities (ECMA) Consortium. In October 2019 ECMA published independent research showing that the line is very vulnerable to disruption and is in need of urgent investment. The research found that in 2018, 12 major incidents occurred costing the UK economy £46.28 million. If the number of delays on the line over 10 minutes were halved, this would deliver an additional £62.8 million each year to the wider economy.

The region is continuing to work together to press the government to invest in the ECML in the North East. Our message remains that a relatively small investment to upgrade the ECML is needed to bring about the benefits of HS2 and Northern Powerhouse Rail, bringing the North East much closer to the rest of the UK. An information report on the ECML December 2021 timetable change can be found elsewhere on today's agenda.

1.9 High Speed 2 (HS2)

On August 21, the government announced an independent review into "whether and how we proceed" with the entire HS2 programme. On September 25, the region submitted a response to the review panel setting out a summary of our position on

HS2. Our response outlined that we strongly believe that HS2 Phase 2b can have a very positive economic and social impact on the businesses and communities of the North East. However, this will only be the case if the link from HS2 to the ECML is built, and the ECML between Northallerton and Newcastle receives a major upgrade. See **Appendix 3** for a copy of the letter.

The review is expected to conclude shortly and could have a significant impact on both NPR and the ECML. TfN are conducting early scenario testing of potential impacts.

1.10 Northumberland Line

The Outline Business case has been submitted to DfT for approval, the scheme is also a key component of the wider TCF bid.

1.11 Tyne and Wear Metro

Nexus finalised the Final Business Case (FBC) for the Fleet Replacement Programme and it was endorsed by DfT's Board Investment Commercial Committee (BICC), chaired by the Permanent Secretary on 11th November 2019. The subsequent final DfT and HM Treasury funding approval process has been protracted due to the General Election and is now due to be concluded with Nexus receiving a Grant Funding Offer in January 2020. Nexus intends to make its Decision to Award immediately following receipt of the Grant Funding Offer from the DfT and notify the tenderers of its decision triggering the mandatory 10 day standstill period. Subject to receipt of any procurement challenge from the unsuccessful parties, Nexus will award the contracts for the Fleet Replacement Programme and commence its publicity campaign to unveil the new train design which will mark the commencement of a series of events involving key stakeholders. There will be a 6 month period of mobilisation including the TUPE transfer of c.120 employees. Throughout this period Nexus and the new maintainer will continue to engage with staff and the Trades Unions to ensure this process leads to a seamless business transfer in July 2020.

1.12 Transport for the North (TfN)

Major Road Network (MRN) / Local Majors

Following the MRN submission and the announcement of the initial funding for Tyne Bridge for development of the scheme, DfT have been providing feedback to the other scheme promoters in the region. In addition TfN are leading on the refresh of the Major Roads Report which will provide useful evidence for the future management, maintenance and improvement of the network. This includes coverage of the decarbonisation agenda.

1.13 Local Bus Services

A new bus strategy is required to cover the JTC's area and this will be developed with JTC members as part of the forthcoming Transport Plan in order to move towards the requirement from this committee of improving bus services in the North East. Early work is progressing, including dialogue with local bus operators.

1.14 Letter to Secretary of State for Transport

On 16 December 2019, JTC wrote to the Secretary of State for Transport, Grant Shapps, highlighting the transport concerns for the North East.

The JTC received a response on 6 January 2020 (see **Appendix 4**).

2. Proposals

2.1 This report is for information. Therefore, Members are asked to note the contents of the report.

3. Reasons for the Proposals

3.1 This report is for information purposes only.

4. Alternative Options Available

4.1 Not applicable to this report.

5. Next Steps and Timetable for Implementation

5.1 A Regional Transport update will be taken to the next JTC meeting.

6. Potential Impact on Objectives

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

7. Financial and Other Resources Implications

7.1 None.

8. Legal Implications

8.1 The preparation of a Local Transport Plan (LTP) is a duty place on combined authorities under the Transport Act 2000 (as amended), and NECA and NoTCA must carry this out through the Joint Transport Committee.

9. Key Risks

9.1 The risk of work streams not progressing in a timely manner may impact upon the region's ability to achieve its aspirations for improving transport

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

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

13. Other Impact of the Proposals

13.1 No specific impacts.

14. Appendices

14.1 Appendix 1 – Copy of UK government response to JTC letter signed by LA7 leaders to the Prime Minister regarding NPR in the North East.

Appendix 2 – [Link to House of Commons Transport Select Committee, Oral evidence: Priorities of the new Secretary of State for Transport, Wednesday 16 October 2019](#)

Appendix 3 – Joint Transport Committee response to the HS2 Independent Review

15. Background Papers

15.1 Not applicable.

16. Contact Officers

16.1 Harry Nicol, Senior Specialist Transport Planner, Transport North East Strategy Unit
harry.nicol@northeastca.gov.uk

Rachelle Forsyth-Ward, Strategic Transport Advisor, Transport North East Strategy Unit, 0191 2116445, rachelle.forsyth-ward@northeastca.gov.uk

17. Sign off

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

18. Glossary

18.1 LA7 – refers to the area covered by North East and North of Tyne Combined Authorities

NELEP – refers to the North East Local Enterprise Partnership, responsible for overseeing the Strategic Economic Plan (SEP) for the North East.

Any other acronyms or technical terms used are explained in the body of the report.

North East Joint Transport Committee

The Rt. Hon. Grant Shapps MP
Secretary of State for Transport
Great Minster House
33 Horseferry Road
London
SW1P 4DR

Gateshead Council
Civic Centre
Regent Street
Gateshead
NE8 1HH

16 December 2019

Dear Secretary of State

Transport in North East England

Now that the general election is out of the way I am writing to seek your support in moving transport in the North East forward.

I write as the Chair of the North East Joint Transport Committee, that creates a single forum for the North of Tyne Combined Authority and the North East Combined Authority to work together on transport.

I note that a number of commitments were made during the election campaign in relation to transport in the North East, and we look forward to early engagement with you to tackle together our priorities of economic growth, climate change, and improving city air quality.

We would appreciate early confirmation of your support for our bold and ambitious bid to the government's Transforming Cities fund, as the work to start delivering infrastructure schemes needs to begin. The bid includes the first phase of reopening the Northumberland Line to passenger rail services; 'Metro Flow' to expand the frequency and capacity of the Tyne and Wear Metro; and other major projects to speed commuters using sustainable transport through the congested approaches into the urban area.

We also await urgent news of the Government's funding for a new fleet of Metro trains so that we can promise a bright future to the system's long-suffering passengers and employees. We are also in desperate need of confirmation, now long overdue, of the on-going revenue and capital funding streams that underpin the operations of the Tyne and Wear Metro.

There are a number of other matters that I would like to bring to your attention:

The East Coast Main Line: Rarely a week passes without a major failure of this part of the UK's critical infrastructure. We rely on this line for all of our rail services to London, Scotland and the Midlands as well as to Leeds and Manchester, and would become more

reliant still if Northern Powerhouse Rail (NPR) and/or HS2 were to go ahead. An urgent plan is needed for short, medium and long-term investment in this route, and we – along with the local business community - would urge you to make it a priority.

Tyne and Wear Metro: Alongside the urgent decisions highlighted above, we have a plan for expanding the reach of Metro to underpin local economic growth which was recognised during the election campaign and I would be pleased to take you through it.

Buses: People in our area use buses more than in any other comparable region. We are working closely with local bus companies and we have an investible plan for major investment to speed up services, and to make them a more affordable and attractive alternative to commuting by car. We look forward to working with your department on accelerating the delivery of low-emission buses, bus priority, and improved ticketing and information. As we develop new ways to improve bus services for passengers, including app-based flexible transport integrated with the Metro and local rail, we look forward to working with you to secure the powers and funding we need to make transformational improvements.

Local rail: We have a well-developed plan to take devolved responsibility for local rail services, built on integration with the Metro. Rail under-performs in our area, whereas it could be a driver of economic growth. We have explained our plan to the Williams Rail Review team and would be delighted to take you through it as you formulate your own policy on the future of the Northern Rail franchise.

Electric vehicles: The automotive sector is hugely important to our local economy and have worked hard to promote the uptake of electric vehicles through partnership and expanding the range of EV charging facilities. There is much more to do though; in particular focusing on helping rural communities to transition to low-carbon vehicles, and we look forward to working with you on opportunities to keep the area at the forefront on EV technology.

Various promises were made during the election campaign in relation to devolved funding streams to allow areas like ours to develop and deliver long-term plans for transport that will transform the way people work and live. We would welcome further discussions.

As we head into a new set of trading relationships with our European partners, the North East wants to help the UK to achieve its economic potential. To do this we need your assistance to help us to transform our transport network.

I would be delighted to discuss these proposals with you in person at your earliest convenience.

Yours sincerely



Councillor Martin Gannon
Chair, North East Joint Transport Committee



Department
for Transport

From the Parliamentary
Under Secretary of State
Paul Maynard MP

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Councillor Martin Gannon
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17 OCT 2019

Dear Mr. Gannon,

Thank you for your letter of 16 August to the Prime Minister, about Northern Powerhouse Rail in the North East. Your letter has been transferred to my Department and I am replying as the Minister responsible.

I welcome the level of ambition you demonstrate for the North East. The region continues to prosper under this Government, with faster productivity growth than London since 2010.

The Government is committed to supporting growth across the North, we have invested £13 billion in better transport in the North over 5 years, more than any other Government.

In the North East, Newcastle, North Tyneside and Northumberland will benefit from £600 million of investment in jobs and infrastructure under the North of Tyne Devolution Deal and £337 million has been committed to deliver a new fleet of trains for the Tyne and Wear metro.

But there is more to do. The North deserves better connections – it brings places closer together, encourages businesses to invest, create jobs, and unleashes the collective potential of local areas.

The Prime Minister pledged in July to fund a new route between Leeds and Manchester. We have also committed £75m to the development of Northern Powerhouse Rail in 2020/21, this represents a 50% increase in the funding received for this year. But these are just the first steps and we are working with Transport for the North to achieve a deal in the Autumn.

Our commitment to Northern Powerhouse Rail comes on top of £3 billion we expect to spend on improving the Transpennine route between Manchester, Leeds and York. We are also investing £1.2 billion on upgrades of the East Coast Mainline. This investment, combined with the introduction of new rolling stock, will reduce journey times and provide more capacity and more frequent services to the North East.

Yours ever

Paul

PAUL MAYNARD

Doug Oakervee
Chair, Oakervee Review

By email: highSpeedRailReview@dft.gov.uk

25 September 2019

Dear Mr Oakervee

High Speed 2 Review

Summary of our position

We write to provide a view from the seven local authorities in the North East, and the North East Local Enterprise Partnership, to help inform your review of HS2.

We believe that HS2 has the potential to either help the North East's fragile economy to develop and grow through significant investment and transformed rail links, or to create new barriers that will hold the North East back while other parts of the country benefit.

The positive scenario will only occur if:

- HS2 Phase 2b is committed to and fully funded by the government; and
- The East Coast Main Line corridor between York and Newcastle receives significant investment in the years leading up to HS2's introduction to make it 'HS2-ready' and to enable HS2 trains to continue to Scotland.

Unless both of these things are developed together as one single commitment, we are deeply concerned that high speed rail will not benefit the North East and may cause economic damage.

It is already clear that the government's previous commitments to HS2 Phases 1 and 2a, strengthening the economic ties between London, the West Midlands and North West of the country, is encouraging long-term investment in those areas. We urgently need an equivalent commitment to HS2 Phase 2b to give similar confidence to the East of the country. This will add the East Midlands and Yorkshire to the list of beneficiaries.

However, the North East needs more. A commitment to HS2 Phase 2b must be accompanied by a parallel commitment to major investment in the East Coast Main Line corridor to provide the necessary capacity and line speed to allow high speed trains to transform journeys.

With this investment, the North East can become part of the country's new high speed network comprising HS2 and Northern Powerhouse Rail - and indeed there is no reason why the high speed network could not continue on to Scotland.

Without it however the North East will be damaged by a congested and unreliable railway – continuing a trend that is already visible today. Perversely rail links to and from the North East will be less attractive than today, not transformed for the better.

We therefore call upon the review to recommend HS2 Ltd, the UK Government, Network Rail and Transport for the North to all work together to produce credible, timely and properly funded plans to upgrade the East Coast Main Line so that the North East can fully benefit from the introduction of high-speed rail to the North.

High Speed 2

With construction underway on HS2 in the south of England, there is a danger in the timing of this review and we wish to make it clear our belief that a half-built HS2 would do great harm to our regional economy. Instead the country needs to build a high speed route network that benefits the whole of the UK, rather than concentrating on a small and already relatively affluent part of it. It is of the highest importance that the whole route is built including the connection between HS2 Phase 2b and the ECML. Without it there can be no through HS2 services to York, Tees Valley, North East England or Eastern Scotland, with the negative economic effects described above

We believe that this can be achieved by building and integrating all phases of HS2 along with the Northern Powerhouse Rail (NPR) network being proposed by Transport for the North (TfN), and by upgrading the northernmost part of the East Coast Main Line (ECML) so that it can form an extended part of the high speed rail network.

Our long-term preference would of course be for the dedicated high-speed network to extend to the North East; however that debate is for another time. Our more immediate task is to make sure that the existing plans for HS2 Phase 2b provide the best possible economic outcomes for people and businesses in the North East.

We believe that HS2 and NPR together, if configured correctly, can help us to achieve the North East's long-term economic growth plans. Conversely though, if not implemented correctly, we believe that HS2 has the potential to cause great social and economic harm to our area.

The North East suffers from a productivity gap with the rest of the UK, and that gap is growing. To tackle that we need the best possible connectivity as a region, allowing people in the North East to access a wide range of employment and training opportunities, and giving confidence to business that its activities are supported by good transport links. A failure to proceed with either the eastern leg of HS2 Phase 2b or the eastern part of the NPR network would simply reinforce the problem; transport links supporting productivity growth would be strengthened elsewhere in the country without the same opportunity being provided to the North East. The economic outcomes of this could only be negative for our area.

We believe that there is a strong case for the construction of HS2 Phase 2b to be divided into smaller phases, with the ECML connection being built at an early stage, perhaps in tandem with the major upgrade of the ECML. When operating together with other NPR 'touchpoints' this may provide immediate economic benefits by speeding up journeys from York, Tees Valley and the North East to other major economic centres across the North of England and also to Scotland.

There is an assumption in previous work that HS2 will serve Scotland by utilising the West Coast Main Line (WCML). We do not accept that assumption; work commissioned by HS2East in 2016 suggests that a journey time between Edinburgh and London as low as 3 hours could be achieved by HS2 services travelling on a combination of HS2 and an upgraded ECML.

We believe that strong economic benefits to the country will come from HS2 trains continuing north from Newcastle to Scotland. This is because HS2 would provide fast links between major economic centres in the West and East Midlands, Yorkshire, Tees Valley and the North East with those in central Scotland. We describe later how we believe that the ECML between York and Newcastle must receive major investment to make it 'HS2-ready' by 2034. The economic benefits of this investment would be further strengthened if it were to facilitate HS2 trains to Scotland.

This view is supported by TfN and numerous local authority partners across the footprint of the eastern leg of HS2 Phase 2b. TfN's current activity in the development of a business case for Northern Powerhouse Rail will support and stimulate economic development in the years prior to HS2 arriving in the region. Rail investment can help deliver the growth potential in the North East. By delivering High Speed links through HS2 and Northern Powerhouse Rail as well as conventional rail upgrades this could be worth an extra £45.6bn to the Northern economy. This is much needed investment to ensure easier faster more reliable links are available for all.

High Speed 2 and the East Coast Mainline.

HS2 Phase 2b will deliver a continuous new high-speed railway between London, the Midlands and a junction with the East Coast Main Line (ECML) in North Yorkshire. From that point it is envisaged that HS2 trains will use the existing ECML to serve the North East.

Throughout the Midlands and much of the North, together with the southern part of the ECML, HS2 will release much-needed capacity on the existing rail network providing a wide range of economic benefits in addition to those offered by faster rail services on HS2 itself. Unfortunately, the direct opposite is true for the North East. The ECML between Northallerton and Newcastle already suffers from major capacity constraints, low line speeds, and a lack of resilience. If HS2 Phase 2b is built as envisaged and no further action is taken, HS2 trains will simply exacerbate the problem by increasing the number of trains needing to access already constrained infrastructure. The result will be a high-quality, fast service on HS2 between London, the Midlands and the York area, followed by a very slow, winding and unreliable journey as the train heads north. Performance on this section of the route needs to match the dedicated infrastructure sections so that the overall HS2 high level of performance can be achieved. Any delays or reduced performance in the North East would inevitably have a knock on effect throughout the line.

The separate plans for NPR create the same difficulty: north of York NPR trains are expected to use the ECML.

Unless this is tackled head-on the negative economic effects are obvious; the degree of physical separation that already exists between the North East and the rest of the UK will be exaggerated, all the more so because of the contrasting huge improvement in ease and

speed of travelling between other parts of the North, the Midlands and London by high speed rail. Businesses may locate away from the North East in favour of places with better connections, and our communities will not only be unable to share in the economic benefits that HS2 can bring, but the productivity gulf could widen as the benefits felt elsewhere begin to take effect.

There are two further negative effects: the North East's existing rail services (passenger and freight) will become slower and less reliable because of the arrival of HS2 and NPR services; and the efficient operation of the wider HS2 network will be impacted by delayed trains arriving from the ECML part of the network.

Investment in HS2 Phase 2b and in the ECML complement each other; ECML investment is essential if HS2 Phase 2b is to deliver its full potential. This is borne out by two sets of research; one commissioned for the East Coast Main Line Authorities (ECMA) Consortium in 2016 and another commissioned by HS2East in 2017.

The ECMA research showed that:

- The East Coast corridor is already an important driver of the UK economy
- Investment in the ECML to realise up to eight long distance high speed (LDHS) train paths out of London, and nine north of Peterborough, would generate over £0.3bn of additional GDP per year.
- If this is developed in combination with the HS2 Phase 2 proposals this could rise to over £0.5bn per year. This would be worth £5bn-£9bn to the UK economy in 2016 value terms over 60 years.
- Of three investment scenarios (Bronze, Silver and Gold) considered in the research, the highest Benefit Cost Ratio (BCR) was delivered by the Gold scenario, the only one of the three to comprise both ECML investment and delivery of HS2

The 2017 HS2East research showed similar findings, with the Eastern Leg of Phase 2b yielding benefits estimated in 2016 at £717 million per year when ECML upgrades are included, but only £604million for the Eastern Leg alone.

To tackle this we want to see a single plan developed that will upgrade the ECML between York and Newcastle so that it is 'HS2-ready' prior to when HS2 Phase 2b is expected to open. This will require an increase in line speed to allow 140mph running wherever possible; expansion in capacity by providing at least four tracks along the full length of the corridor (either on the existing alignment or by using a combination of parallel routes); and funding to upgrade HS2 stations so that they have the right level of platform capacity, local connectivity, and passenger facilities to play their role as gateways to the country's high speed rail network.

HS2 and Northern Powerhouse Rail

The Strategic Outline Business Case (SOBC) for NPR was presented earlier this year to the Government alongside TfN's Strategic Business Plan. The SOBC considers the problems outlined above, and proposes that upgrading the ECML between York and Newcastle is considered a core part of the NPR project, and that it be carried out at an early stage of NPR.

We urge the Government to provide funding for TfN to enable Network Rail to develop detailed options to make the ECML between York and Newcastle 'HS2-ready', and to

allocate major infrastructure enhancement funding for the period 2024-2034 to carry out the works.

We seek your strong support in the review to recommend making this happen.

The 'touchpoints' between HS2 Phase 2b and NPR will allow trains to connect the North's existing city centre stations by utilising HS2's dedicated high speed lines for part of their journeys. This will mean that not only will HS2 improve connectivity between the North, the Midlands and London, but it can also contribute to faster journey times and capacity growth within the North itself. From the North East's perspective this could see productivity gains through improvements to journey time to Leeds, Manchester and Sheffield even before taking account of NPR. We therefore strongly support the development of these 'touchpoints'.

Summary

To summarise our position, we strongly believe that HS2 Phase 2b can have a very positive economic and social impact on the businesses and communities of the North East. However this will only be the case if the link from HS2 to the ECML is built, and the ECML between Northallerton and Newcastle receives a major upgrade between now and the opening date for HS2b – if not then we are concerned that HS2 Phase 2b may import negative economic impacts.

We also believe that the economic benefits of HS2 Phase 2b can be significantly improved if HS2 services run on to Scotland via the North East, and if the 'touchpoints' between HS2 and NPR are delivered to strengthen connectivity between the North's major economic centres.

Please do not hesitate to contact us if you would like to engage further on the points that we make in this letter.

Yours sincerely



Cllr Martin Gannon

Leader of Gateshead Council and Chair of the North East Joint Transport Committee
[on behalf of the 7 Local Authorities in the North East]



Andrew Hodgson

Chair of the North East Local Enterprise Partnership





Department
for Transport

LEADER'S OFFICE

8 JAN 2020

From the Secretary of State
The Rt. Hon. Grant Shapps

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Councillor Martin Gannon
Gateshead Council
Civic Centre
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06 JAN 2020

Dear Cllr Gannon,

Thank you for your letter of 16 December about transport in the North East of England.

I am grateful for your letter on behalf of the North East Joint Transport Committee highlighting your transport concerns for North East England. I too am looking forward to engaging with key stakeholders in the North East to tackle our joint transport priorities together. I will set out in order below responses to each of your points.

I understand your concerns about the performance of the East Coast Main line. Performance has been poor and we are in regular contact with Network Rail and London North Eastern Railway LNER, which are working closely together to tackle this very important issue. As you may be aware, between 2014 and 2024, the Government will have invested £1.2bn in the biggest upgrade of the East Coast Main Line in a generation.

This investment, alongside our significant investment in a fleet of new Azuma trains, is set to increase capacity along the line, allowing more services to run and providing up to 10,000 extra seats a day on long-distance services, resulting in faster journeys and improved reliability for passengers.

The independent Douglas Oakervee review has been tasked with testing all the existing evidence on HS2 to consider its benefits and impacts, affordability and efficiency, deliverability, and scope and phasing. The Government is considering the advice from the Oakervee review into HS2 and will respond with a way forward in due course. As the Conservative manifesto set out, the Government will engage with leaders in the North and Midlands to determine the way forward for each Phase.

The Prime Minister has committed to building Northern Powerhouse Rail between Leeds and Manchester before focusing on Liverpool, Tees Valley, Hull, Sheffield and Newcastle.

In regard to the Tyne and Wear Metro, enhancing the Metro system south of the Tyne is incorporated as part of the Transforming Cities Fund's North East City Region bid. Decisions on the 12 City Region bids are expected in March 2020.

Turning to bus services in the North East of England, we acknowledge how important these services are to people across the country. We recently announced a £220 million package to transform services across the country. These funds will help to support Britain's first all-electric bus town, better information for passengers, and contactless payment on every city bus, on top of the over £2 billion the public sector spends on bus services each year. This will make journeys greener, easier, more reliable and therefore more attractive to passengers.

Go North East was also awarded £1.6m funding under the Ultra-Low Emission Bus Scheme to help deliver 9 electric buses and charging infrastructure, to operate on routes in and around Newcastle and Gateshead.

In terms of local rail services in your area, as you will be aware, the first Phase of reinstating the Northumberland Line passenger service, including four new stations at Northumberland Park, Newsham, Bedlington and Ashington, is being considered as part of the Transforming Cities Fund's North East City Region bid. The scheme (proposed to be completed in two Phases by 2023 and 2024 respectively) has also been mentioned as a potential candidate for both the reversal of the Beeching Fund and the Rail Network Enhancements Pipeline.

You also raise the issue of electric vehicles (EV), in the North East. We have granted just over £81,000 to South Tyneside Council under our On-street Residential Chargepoint Scheme, to support them in installing EV infrastructure for their residents. The Government awarded £1.5m to the North East Combined Authority under the Go Ultra Low Cities Scheme to help deliver the UK's first 'ultra-rapid' 350kW enabled EV charging station, near to the factory in Sunderland where the Nissan Leaf EVs are produced, alongside 11 other rapid (>50kw) hubs.

In addition, in February 2019, the North East was also awarded £500k by Government to help deliver 10 rapid chargers dedicated to electric taxis and private hire vehicles.

Thank you again for your correspondence. We look forward to engaging with The North East further as these plans and investments progress.

Yours ever,

A handwritten signature in blue ink, consisting of several fluid, overlapping loops and a long horizontal stroke extending to the right.

Rt Hon Grant Shapps MP

SECRETARY OF STATE FOR TRANSPORT

North East Joint Transport Committee

Date: 21 January 2020

Subject: North East Electric Vehicle Infrastructure Update

Report of: Managing Director, Transport North East

Executive Summary

The purpose of this report is to update Joint Transport Committee with the significant progress with progress with Electric Vehicle (EV) charging infrastructure in the North East, both in terms of new installations and updating the existing network. In addition, the Transport Strategy Unit (TSU) has helped local authorities respond to the Secretary of State for Transport on how they are increasing EV usage.

Although funding for the current Go Ultra Low North East (GULNE) project will end in March 2020, next steps have been determined should further funding become available.

Recommendations

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

1. Background Information

- 1.1 In order for the region to meet governmental targets for every new car and van to effectively be zero emission by 2040, a new wave of EV infrastructure is needed to meet the forecasted demand. In 2016 the north east secured £1.53m of funding following a bid to the Office for Low Emission Vehicles (OLEV) to deliver a series of interventions aimed at encouraging the uptake of Ultra Low Emission Vehicles in the region. A year later £1.5m in additional funding was secured from the European Regional Development Fund with the OLEV funding providing a direct match. All monies obtained from these sources will fund the programme.
- 1.2 Partnership working with Newcastle University has resulted in the programme being supplemented by £1.3million from Newcastle University's UK Collaboratorium for Research into Cities (UKCRIC) funding source which is being used to deliver a rapid charger filling station on the Newcastle Helix site.
- 1.3 The main deliverables of the programme will include:
- Construction of two EV filling stations (one to be delivered at Newcastle Helix and wholly owned by Newcastle University);
 - Eleven rapid charging hubs consisting of 2 rapid chargers across the region;
 - Work with SMEs to encourage use of the EV charging network and cut their business travel carbon footprint;
 - Innovation accelerator work to encourage local SMEs to capitalise on the EV opportunities.

1.4 Key Updates

1.5 Go Ultra Low North East

The Go Ultra Low North East programme (GULNE) has made significant progress during the project period, notably the opening of the UK's first Electric Vehicle (EV) filling station in Sunderland and the installation of six rapid charging hubs. The remaining five hubs will be installed by early 2020.

- 1.6 By March 2020, the project will have successfully engaged with 50 local SMES, awarded £100k to five regional SMEs in order to bring new low carbon products to the market, and saved 128 tonnes of Green House Gases.

- 1.7 An additional filling station, also to be installed and operated by Fastned, will be located at Newcastle Helix. This station will be wholly owned by Newcastle University. It is anticipated that installation will commence early 2020.

- 1.8 There is no funding to continue the GULNE project beyond March 2020.

1.9 Local Authority Electric Vehicle Strategy

In November of this year, the Secretary of State for Transport wrote to all local authorities to seek information on their electric vehicle strategy and any potential barriers to uptake of EVs. Each local authority responded individually and the Transport Strategy Unit (TSU) provided local authorities with text on what activities the region is delivering in order to increase EV usage.

1.10 Taxi Charging Infrastructure

In March 2019, the region successfully received funding of £500k from the Office for Low Emission Vehicles (OLEV), to install charging points specific to the taxi trade. A condition of the grant was a 25% local contribution to scheme, which will be provided by the procured operator. The procurement exercise has now closed, and 3 bids were received. The successful bidder will be appointed in December 2019 and the chargers will be installed by spring 2020.

1.11 Existing EV charging Infrastructure

Gateshead, Newcastle, North Tyneside and Sunderland councils are preparing a concession agreement to procure an operator who will upgrade and maintain the existing EV network. Facilitated by the TSU, this agreement will bring the existing network up to a good standard and the operator will work in partnership with each of the four councils to expand the network. The concession is expected to go out to the market in early 2020.

2. Proposals

2.1 This report is for information. Therefore, Members are asked to note the contents of the report.

3. Reasons for the Proposals

3.1 This report is for information purposes only.

4. Alternative Options Available

4.1 Not applicable to this report.

5. Next Steps and Timetable for Implementation

5.1 As highlighted above, the GULNE project will end in March 2020. If further funding becomes available, the TSU will utilise the recommendations from the charging behaviour research study which is a primary component of the GULNE project. Using these recommendations and lessons learnt from the programme, a feasibility study would be undertaken to identify a pipeline of locations where chargers should be installed.

6. Potential Impact on Objectives

6.1 The delivery of new EV infrastructure within the North East will assist in delivering its key objective to move to a low carbon economy and to reduce transport-based carbon emissions.

7. Financial and Other Resources Implications

7.1 None

8. Legal Implications

8.1 No legal implications identified

9. Key Risks

9.1 If investment is not continued in Electric Vehicle infrastructure, there is a risk that the region will not meet government's ambition of ending the sale of new conventional petrol and diesel cars and vans by 2040.

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

12.1 Much of content outlined in this report have been the subject of consultation, at either a regional or national level.

13. Other Impact of the Proposals

13.1 No specific impacts.

14. Appendices

14.1 Not applicable

15. Background Papers

15.1 Not applicable.

16. Contact Officers

16.1 Kim Farrage, Senior Specialist Transport Planner, Transport North East Strategy Unit, 0191 2778971, kim.farrage@northeastca.gov.uk

Rachelle Forsyth-Ward, Strategic Transport Advisor, Transport North East Strategy Unit, 0191 2116445, rachelle.forsyth-ward@northeastca.gov.uk

17. Sign off

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

18. Glossary

18.1 GULNE- Go Ultra Low North East programme
EV- Electric Vehicle

North East Joint Transport Committee

Date: 21 January 2020

Subject: North East Transport Plan- Update and Timescales

Report of: Managing Director, Transport North East

Executive Summary

At Joint Transport Committee (JTC) in November 2019, the vision, principles, and objectives for the North East Transport Plan were endorsed. The agreed vision is: 'Moving to a green, healthy, dynamic and thriving North East.

The purpose of this report is to seek the endorsement from Joint Transport Committee on the proposed timeline for the Transport Plan. It is proposed that public consultation will commence in July 2020, and the Plan will be formally endorsed and published in November 2020.

Recommendations

The Joint Transport Committee is recommended to endorse the following milestones which will enable the Plan to be published by the end of 2020 as set out in paragraph 2.

1. Background Information

1.1 A paper seeking endorsement of the draft Transport Plan vision, principles and objectives was presented to the Joint Transport Committee in November 2019. JTC approved the vision, principles and objectives set out below.

1.2

Vision	“Moving to a green, healthy, dynamic and thriving North East”
Principles	<ul style="list-style-type: none"> • One total network • Look to the future • A great experience • North East pride and passion; and • Sound evidence and commitment to deliver for the region
Objectives	<ul style="list-style-type: none"> • Carbon- neutral transport • Overcome inequality and grow our economy • Healthier North East • Appealing sustainable transport choices; and • Safe, secure network

1.3 Endorsement of the vision, principles and objectives has enabled the content of the Transport Plan to begin to be developed based around clear evidence and data.

1.4 A project plan with clear deadlines and milestones has been produced.

2. Proposals

2.1 The proposed milestones are as follows:

Time period	Activity/Deadline
January 2020-March 2020	Procurement of digital space consultant
March 2020	Consultation draft of the Plan finalised
March 2020-June 2020	Consultants to work on the digital space for the Plan and approval by Transport Strategy Board (TSB) and Independent Review Panel.
May 2020- 1 June	Pre Consultation: ‘The Big Transport Conversation’
June 2020	JTC endorse Plan for consultation
July 2020- September 2020	Formal consultation - 12 week period
October- early November 2020	Revise Plan to reflect comments and recirculation to Independent Review Panel and Transport

	Strategy Board
November 2020	JTC endorse final Plan for publication

3. Reasons for the Proposals

3.1 The purpose of this report is to set clear milestones for the production and publication of the Transport Plan.

4. Alternative Options Available

4.1 Option 1 – The North East Joint Transport Committee may accept the recommendations set out in paragraph 2.

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

Option 1 is the recommended option.

5. Next Steps and Timetable for Implementation

5.1 Following approval of the milestones, the content of the Transport Plan will be developed in order for key deadlines to be met.

6. Potential Impact on Objectives

6.1 Development of a high-quality sustainable transport network that provides excellent connectivity around the region will assist in meeting the objectives of the North of Tyne Combined Authority and North East Combined Authority, and their constituent members.

7. Financial and Other Resources Implications

7.1 There are no financial or other resource implications arising from the report.

8. Legal Implications

8.1 There are no other legal implications arising directly from the recommendations in this report.

9. Key Risks

9.1 The key risks relate to a delay in production of the Transport Plan and are being addressed through a robust project management framework, frequent liaison with the Transport Strategy Board and regular updates to this Committee.

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

12.1 LA7 Heads of Transport and Transport Strategy Board have been consulted on the proposals in this paper.

13. Other Impact of the Proposals

13.1 No specific impacts.

14. Appendices

14.1 Not applicable

15. Background Papers

15.1 Not applicable.

16. Contact Officers

16.1 Rachelle Forsyth-Ward, Strategic Transport Advisor, 0191 2116445, rachelle.forsyth-ward@northeastca.gov.uk

Kim Farrage, Senior Specialist Transport Planner, 0191 2778971, kim.farrage@northeastca.gov.uk

17. Sign off

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

18. Glossary

18.1 LA7- 7 North East local authorities
JTC- Joint Transport Committee



North East Joint Transport Committee

Date: 21 January 2020
Subject: Transport Budget and Levies 2020/21
Report of: Chief Finance Officer

Executive Summary

This report sets out the 2020/21 Transport Revenue Budget and associated Transport Levies for the North East Joint Transport Committee (JTC) for consideration and approval. The budget proposals contained in this report take into account comments received during consultation on the outline proposals presented to this committee in October and November 2019.

The two Combined Authorities in the JTC area are required to set the Transport Levies before 15 February 2020 to enable their constituent councils to take the levies and other contributions into account in setting their own budgets. The two Combined Authorities will formally consider issuing the levies that are agreed by the JTC at their meetings on 28 January (NECA) and 4 February (NTCA).

The report provides an update on the Revenue Budget outturn for 2019/20 and sets out the revenue resources planned to be used in 2020/21 to deliver the objectives of the JTC. A separate report on this agenda sets out the 2020/21 Transport Capital Programme and provides an update on the delivery of the 2019/20 Transport Capital Programme.

The proposed budget and levy for public passenger transport activity in County Durham is £15.466m for 2020/21, of which £15.456m will be payable as a grant to Durham County Council and £0.010m retained to contribute to the central costs of the JTC. This compares with a levy for 2019/20 of £15.562m, of which £0.010m was retained to contribute to central costs.

The proposed budget and levy for public transport activity in Northumberland is £6.234m for 2020/21, of which £6.224m will be payable as a grant to Northumberland County Council and £0.010m retained to contribute to the central costs of the JTC. This compares with a levy of £6.104m for 2019/20, of which £0.010m was retained to contribute to central costs.

The proposed budget and levy for public transport activity in Tyne and Wear is £61.100m for 2020/21, of which £59.000m will be payable as a grant to Nexus. This represents a year on year cash freeze in the levy compared with 2019/20. As in previous years, £2.100m of the levy will be retained and used to help fund central costs of the JTC, primarily relating to the former Tyne and Wear Integrated Transport Authority (TWITA) functions.

The gross expenditure budget for the Transport Strategy Unit is £0.927m in 2020/21, funded through a range of sources, the most significant of which is a contribution from the Local Transport Plan Integrated Transport Block grant of £500,000 (equating to £62,500 for each of the seven local authorities and Nexus).

The Tyne Tunnels revenue account forecast for 2019/20 is a breakeven position. The Tyne Tunnel estimates for 2020/21 build in the full year costs of the new Tyne Tunnels Manager and indicate a small surplus. Provision has been made for costs relating to the Tyne Pass Project to install Automatic Number Plate Recognition (ANPR) technology at the tunnels. The budget estimates for 2020/21 have been prepared on the basis that increases in the Retail Price Index (RPI) measure of inflation will trigger an increase in the toll for Class 3 vehicles (HGVs). This is a decision for the Tyne and Wear Sub Committee, who will be recommended to agree the increase at their meeting on 16 January.

Recommendations

The North East Joint Transport Committee is recommended to receive this report for consideration and, taking into account the comments from consultation, to:

- i) Note the position of the Transport budget in 2019/20 and approve the revised estimates for the year;
- ii) Agree a Transport net revenue budget for 2020/21 of £82.800m, as set out in section 2.8 of this report;
- iii) Agree the following Transport Levies for 2020/21:
 - a. Durham County Council £15,466,000
 - b. Northumberland County Council £6,234,000
 - c. Tyne and Wear councils (detailed in Table 6) £61,100,000
- iv) Agree a transport revenue grant to Durham County Council for the delivery of transport services of £15,456,000, as outlined in section 2.9;
- v) Agree a transport revenue grant to Northumberland County Council for the delivery of transport services of £6,224,000, as outlined in section 2.12;
- vi) Agree a transport revenue grant to Nexus for the delivery of transport services in Tyne and Wear of £59,000,000 as outlined in section 2.22;
- vii) Approve the budget for the Tyne Tunnels set out in section 2.47, which includes a recommended increase in the Tyne Tunnels tolls for inflation to be considered for approval by the Tyne and Wear Sub Committee on 16 January 2020;
- viii) Approve the budget for the Transport Strategy Unit as set out in section 2.40; and
- ix) Note the forecast level of reserves at section 2.50.

1. Background Information

- 1.1 The draft budget proposals were presented to this committee for consideration on 23 October 2019 and 19 November 2019 and have been the subject of consultation with officer groups, the JTC Overview and Scrutiny Committee, the Tyne and Wear Sub-Committee (for proposals relating to Tyne and Wear) and the JTC Audit Committee.
- 1.2 This report sets out the final budget proposals, taking into account the comments received during the budget process and the latest available information.
- 1.3 The report outlines the proposed Transport revenue budget and levies for 2020/21, together with indicative forecasts for future years also exemplified for consideration and approval. The report also provides an updated forecast for the current year.

2. Proposals

Transport Revenue Budgets 2019/20 Forecast

- 2.1 The main area of income and expenditure in the JTC revenue budget is the Transport levies and the revenue grants paid to Durham County Council, Northumberland County Council and Nexus for the delivery of public transport services.
- 2.2 As the Transport Levies and revenue grants are normally fixed for the year, there is no change in the Levies payable and minimal change in the Joint Transport Committee revenue budget itself in year.
- 2.3 Any surplus or deficit against the budgets for the three main delivery agencies (Durham County Council, Northumberland County Council and Nexus) is retained or managed within the reserves of those organisations. There is a small variance forecast against the Retained Transport Levy budget of £0.020m resulting from lower than anticipated interest costs on historic Tyne and Wear Transport debt. The forecast underspend will be transferred to the JTC retained reserves at the year end.
- 2.4 *Table 1: 2019/20 Transport Levies and Grants:*

	2019/20 Original Budget	2019/20 Forecast Outturn	2019/20 Forecast Variance
	£000	£000	£000
Total Transport Levies	(82,766)	(82,766)	0
Grant to Durham	15,552	15,552	0
Grant to Northumberland	6,094	6,094	0
Grant to Nexus	55,667	55,667	0
Contribution to Metro Fleet Replacement reserve	3,333	3,333	0
Retained Transport Levy budget (to meet central costs)	2,120	2,100	(20)
Net	-	(20)	(20)
Contribution to/ (from) JTC unearmarked reserves	-	20	20

Budget and Levy Proposals for 2020/21

2.5 The overall total proposed net revenue budget for transport levies in 2020/21 is £82.800m, as summarised in Table 2 below. This represents a small net increase of £0.034m when compared to 2019/20.

2.6 *Table 2: Transport Levies 2020/21:*

	Levy	Change from 2019/20	Levy per person ¹
	£000	£000	£/person
Durham	15,466	(96)	£29.35
Northumberland	6,234	130	£19.46
Tyne and Wear	61,100	0	£53.77
Total	82,800	34	

2.7 The variation in the figures for the levy per person reflects the higher costs of concessionary travel demand and capital financing costs in the Tyne and Wear area and demonstrates why three separate levies are required. The following table sets out a summary of the transport net revenue spending planned for 2020/21. Around £55.243m (67%) is planned to be spent to concessionary travel and around £16.286m (20%) on subsidised bus services. It should be noted that these figures do not include the costs of home to school transport for children and young people as these are within the budgets of the relevant local authorities.

2.8 *Table 3: Summary of the 2020/21 Transport Budget:*

	Durham	N'Land	Tyne & Wear	Total
	£000	£000	£000	£000
Statutory Concessionary Travel	11,932	4,811	35,700	52,443
Discretionary Concessionary Travel	0	0	2,800	2,800
Subsidised Bus Services	2,556	1,230	12,500	16,286
Bus Stations/Infrastructure	196	25	2,300	2,521
Public Transport Information	88	25	1,400	1,513
Metro (incl. Discretionary Travel)	0	0	2,800	2,800
Heavy Rail	0	0	300	300
Ferry	0	0	1,200	1,200
Staffing in Durham/Northumberland	684	133	-	817
Transport Grants	15,456	6,224	59,000	80,680
JTC General Transport Costs and former TWITA Costs	10	10	2,100	2,120
Transport Levy	15,466	6,234	61,100	82,800

¹ ONS mid-2018 Population estimates, <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/bulletins/annualmidyearpopulationestimates/mid2018>

Durham

2.9 The budget and levy for public passenger transport activity in County Durham will be set at £15.466m for 2020/21. This compares with a levy for 2019/20 of £15.562m. The budget and levy for 2019/20 and 2020/21 is summarised in the table below.

2.10 *Table 4: Durham Transport Budget and Levy 2020/21:*

	2019/20 Original Budget	2019/20 Forecast	2019/20 Forecast Variance	2020/21 Proposed Budget
	£000	£000	£000	£000
Concessionary Fares	12,048	12,048	-	11,932
Subsidised Services	2,583	2,361	(222)	2,556
Bus Stations	144	130	(14)	177
Bus Shelters	19	37	18	19
Passenger Transport Information	89	85	(4)	88
Staffing	669	669	-	684
Share of NECA Transport Costs	10	10	-	10
Net Expenditure / Levy	15,562	15,340	(222)	15,466

2.11 There is a £0.222m underspend forecast in 2019/20, which will be retained by Durham County Council at the year-end. The main reasons for the projected underspend are as follows:

- Subsidised Services - £222,000 under budget – this relates mainly procurement efficiencies arising from lower than expected costs of bus services procured by the council;
- Bus Stations - £14,000 under budget – this is due to lower than expected costs for repairs and maintenance and vandalism;
- Bus Shelters – £18,000 over budget – this is due to increased costs for repairs and maintenance and vandalism; and
- Passenger Transport Information - £4,000 under budget – minor variances across a number of budget heads.

The budget proposals for 2020/21 are largely in line with those for the current year, with no adverse impact on services anticipated in the coming year.

Northumberland

2.12 The budget and levy for public passenger transport activity in Northumberland will be set at £6.234m for 2020/21. This compares with a levy for 2019/20 of £6.104m. The budget and levy for 2019/20 and 2020/21 is summarised in the table below.

2.13 *Table 5: Northumberland Transport Budget and Levy 2020/21*

	2019/20 Original Budget	2019/20 Forecast	2019/20 Forecast Variance	2020/21 Proposed Budget
	£000	£000	£000	£000
Concessionary Fares	4,690	4,621	(69)	4,811
Subsidised Services	1,230	1,150	(80)	1,230
Bus Stations	24	24	-	25
Passenger Transport Information	25	25	-	25
Staffing	125	125	-	133
Share of NECA Transport Costs	10	10	-	10
Net Expenditure / Levy	6,104	5,955	(149)	6,234

2.14 The main areas of expenditure are:

- Concessionary Fares – Based on performance to date, the budget is forecast to underspend by £0.069m in 2019/20. The patronage for the service has declined by approximately 1.5% per annum which is offset by increased ticket income.
- Subsidised Bus Services – The Council supports a range of socially necessary bus services, mainly in the rural North and West areas of the County but also some in the more urban South East. It is forecast that the outturn position will show an underspend of £0.080m at the end of the current financial year.

The budget for 2020/21 includes a small increase related to increased ticket prices and reimbursements to operators for concessionary travel.

Tyne and Wear

2.15 The recommended budget and levy for Tyne and Wear is £61.100m for 2020/21, a year on year cash freeze when compared with 2019/20.

2.16 The levy for Tyne and Wear is made up of a centrally retained budget of £2.100m – retained to fund Tyne and Wear transport costs (primarily relating to the former Tyne and Wear Integrated Transport Authority) and the grant to Nexus for the provision of public transport services of £59.000m.

2.17 The apportionment of the Tyne and Wear levy between the constituent councils is revised each year to take into account the mid-year population estimates. In 2020/21 the split of the levy will be based on the mid-2018 population estimates, as set out in Table 6 below. More detail is provided in Appendix 1.

2.18 *Table 6: Tyne and Wear Levy Apportionment 2020/21*

Council	2019/20 Levy £	2020/21 Levy £	Change £
Gateshead	10,949,433	10,888,379	(61,054)
Newcastle	16,002,955	16,140,834	137,879
North Tyneside	11,060,540	11,075,330	14,790
South Tyneside	8,089,866	8,079,396	(10,470)
Sunderland	14,997,206	14,916,061	(81,145)
Total	61,100,000	61,100,000	0

Nexus Revenue Budget

Background

2.19 The initial budget proposals considered by the JTC on 23 October 2019 showed a worsening financial position in the current year and the potential impact of introducing the new fleet. This position was updated when the JTC met on 19 November 2019 to take account of the impact of the 2019 pension valuation, which showed an improved position from 2020/21. This is summarised in the table below:

2.20 *Table 7: Impact of Pension Valuation on Nexus Medium Term Financial Plan forecast*

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Indicative Deficit (including impact of new fleet)	4.400	2.400	6.000	8.800
Impact of Pension Valuation:	0	(3.400)	(2.900)	(2.500)
(Surplus)/Deficit before use of reserves	4.400	(1.000)	3.100	6.300
Movement in reserves	(4.400)	1.000	(3.100)	(3.200)
Savings required	0	0	0	3.100

2.21 These forecasts were based on the following assumptions:

- That the grant from the JTC is frozen in 2020/21 to 2022/23;
- The pension saving is estimated at £3.400m in 2020/21, reducing to £2.900m in 2021/22 and £2.500m in 2022/23 in order to build in a level of contingency should the Fund position deteriorate by the time of the next valuation;
- A balanced budget will be achieved without the need for service reconfiguration in 2020/21 and 2021/22 when a planned use of reserves is taken into account; and
- If half of the 2022/23 estimated deficit were met from reserves, expenditure reductions in that year would need to be considered.

- The balance of usable reserves at 31 March 2023 would be circa £6.300m using these forecasts and the planned use of reserves to delay savings.

Budget Preparation: 2020/21 to 2022/23

2.22 Nexus' budget has been prepared on the following basis:

- Services will be maintained at current levels, in line with previous commitments;
- Pay and contract prices (including concessionary fares reimbursement) will broadly increase in line with inflation;
- Metro Rail Grant (MRG) will increase in line with inflation (increasing from £26.100m to £26.600m, as confirmed by DfT on 10 October 2019);
- Metro fares will be rebased and then increased in line with CPI inflation; and
- JTC grant will be £59.000m in 2020/21, the same level as 2019/20.

2.23 At the meeting on 19 November 2019, the JTC agreed to fund a number of Metro Futures planning studies, totalling £2.300m. The majority of these costs can be accommodated from existing budget provision and the estimated surplus in 2020/21. These studies have been incorporated into the budget, which has reduced the forecast usable reserves as at 31 March 2023 to £5.300m.

2.24 Previous commitments that have been incorporated into the budget include provision for the South Shields Learning Centre, management of the fleet maintenance contracts and the introduction of revised terms and conditions associated with cleaning Metro and bus infrastructure.

Budget 2020/21

2.25 The following table shows the movement from the 2019/20 base budget:

Table 8: Movement from 2019/20 to 2020/21 Nexus base budget:

	£m	£m
Base Budget 2019/20 (Deficit – Use of Reserves Required)		0.700
Grants and commercial revenue	(3.700)	
Savings / Re-direction of current expenditure	(4.700)	(8.400)
Maintenance of services	4.500	
Committed growth	3.200	7.700
Base Budget 2020/21 (Balanced)		0

2.26 Appendix 3 summarises the Nexus JTC grant funded budget. Appendix 4 shows this in more detail whilst Appendix 5 shows how central services are allocated across areas of service delivery.

2.27 Nexus' main areas of expenditure are set out in the table below, along with associated

narrative:

Table 9: Summary of Nexus expenditure:

	2019/20		2020/21	
	Gross Exp £m	Net Exp £m	Gross Exp £m	Net Exp £m
Statutory Concessionary Travel*	35.500	35.400	35.800	35.700
Discretionary Concessionary Travel*	3.400	2.800	3.300	2.800
Metro	101.600	1.500	104.500	2.800
Ferry	1.500	1.000	1.700	1.200
Local Rail	0.400	0.200	0.500	0.300
Bus Services	15.200	11.700	15.900	12.500
Bus Infrastructure	3.600	2.500	3.500	2.300
Public Transport	1.500	1.200	1.500	1.400
Total	162.700	56.300	166.700	59.000

* Expenditure for 2019/20 has been restated in order that accounting treatment in both years is consistent.

- **Statutory Concessionary Travel** – comprising the net costs of the English National Concessionary Travel Scheme (ENCTS) in Tyne and Wear, which is a statutory obligation placed upon Nexus as the Travel Concession Authority (TCA). Expenditure is dependent upon the numbers of passengers using the Scheme, the fare that would have been paid (to the bus operator) if the Scheme did not exist and an estimate of the additional costs of meeting the increased demand caused by the existence of the Scheme. TCAs and bus operators utilise DfT guidance in determining the value of payments due but, in essence, Nexus has no control over this budget.
- **Discretionary Concessionary Travel** – comprising the discretionary add-ons to the ENCTS (the all-day disabled pass, the companion pass, post 23:00 boardings, and pre 09:30 boardings for the purposes of attending medical appointments), the Under 16 Scheme and Teen Travel.
- **Metro** – comprising operations (train control, train crew, cleaning security, fleet engineering, customer services and track access), infrastructure repairs and maintenance and planning studies relating to potential future extensions. The cost of the Metro concessionary travel Scheme (Gold Card) also forms part of this budget. Costs are offset by central and local government grants, fare revenue and other commercial income.
- **Ferry** – comprising staffing, fuel, maintenance, cleaning and security.
- **Local Rail** – comprising the cost of Nexus' involvement in the franchise

management arrangements of Northern Rail and Trans Pennine Express. This includes servicing the North East Rail Management Unit on behalf of the JTC.

- **Bus Services** – mainly comprising secured bus services which necessarily involves the following types of service provision:
 - All day services
 - Scholars services
 - Works/Early Morning services
 - Evenings and weekend extensions
 - Route diversions
 - Taxibus and Community Transport
- **Bus Infrastructure** – comprising staffing, cleaning, maintenance and security of bus interchanges, stations and shelters.
- **Public Transport Information** – comprising website design and maintenance, printed material including Bus, Metro and Ferry timetables (including bus stop liners), call handling and the provision of electronic information for journey planning.

Looking Ahead: 2021/22 and 2022/23

2.28 The forecasts for 2021/22 and 2022/23 have also been updated, with the caveat that both of Nexus’ revenue grants (from the JTC and the DfT) are only committed until the end of 2020/21. The planning assumption has been to assume no further growth or reduction in either of these grants. On this basis, the updated medium-term financial forecast is shown in the table below:

Table 10: Updated Nexus Medium Term Financial Forecast

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
(Surplus)/Deficit before use of reserves	4.400	0	3.700	6.500
Planned use of reserves	(4.400)	0	(3.700)	(3.300)
Savings Required	0	0	0	3.200

2.29 This compares with the planning assumptions set out in the table at paragraph 2.20. The budget pressures in 2021/22 and 2022/23 have widened by £0.600m and £0.200m respectively, principally because of the need to fund the completion of the Metro extensions planning studies.

2.30 Nexus has successfully managed reductions in grant from the JTC for the past decade, with the grant having been reduced in 8 of the past 10 years. Since 2014, Nexus has managed to generate a cumulative surplus of circa £11.000m, of which £7.000m has been invested in transport infrastructure, with the balance held in reserves, available to support frontline services. This has been possible because of a combination of factors:

- Prudent financial management and the ongoing delivery of efficiency savings;

- Growth in Metro fare revenue;
- Growth in DfT Metro Rail Grant;
- A relatively stable secured bus network; and
- A reduction in concessionary fares patronage.

2.31 The pension savings from the latest valuation means that a levy freeze can be accommodated in 2020/21 and provides time for further discussions in relation to the Nexus medium term financial plan position which remains challenging for a number of reasons:

- Despite recent growth in metro fares, the growth in fare revenue has slowed over the past two years and is now static;
- The forecast for 2021/22 and 2022/23 assumes a freeze (real terms reduction) in grant from DfT;
- The forecast also assumes a continuation of the freeze (real terms reduction) in JTC grant 2021/22 and 2022/23;
- Pay and price inflation continue to increase, with some expenditure expected to be in excess of CPI inflation year on year;
- Concessionary fares patronage is expected to increase in future years following a reduction in the latter part of the previous decade;

2.32 The JTC will publish an ambitious Transport Plan next year. This, coupled with the Transforming Cities fund bid and the outcome of planning studies in relation to the Metro, will require further discussions in relation to resourcing.

Reserves

2.33 A possible means of dealing with the forecast Nexus deficit is the prudent use of reserves. Nexus' reserves as at 31 March 2019 amounted to £50.300m² of which:

- £10.000m is assessed as being necessary to cushion the impact of unexpected events or emergencies arising;
- £7.000m is earmarked for capital investment;
- £3.000m is earmarked to cover the expected increase in the fleet Metrocar maintenance agreement (MMA);
- £14.000m is earmarked for the new Metro fleet; and
- £16.000m is available to underpin the revenue budget.

2.34 Planned use of reserves is forecast to reduce the £16.000m available to underpin the revenue budget to £4.600m by 31 March 2023.

Transport Strategy Unit

² This excludes reserves held by NECA of £6.700m in respect of the new fleet (increasing to £10.000m by 31 March 2020) and £9.200m in respect of the Metro Asset Renewal Programme.

- 2.35 The Transport Strategy Unit (TSU) (previously referred to as the Regional Transport Team) supports the Joint Transport Committee, providing relevant information to support policy choices and to deliver policies at a regional level. The TSU's activities include developing and maintaining:
- The Transport vision and plan;
 - The funding plan and bids for external funding;
 - Input into the LEP's strategies and plans on transport, and local business organisations;
 - A project pipeline and assurance framework;
 - Responses to transport consultations and policy-making opportunities by government and other external agencies;
 - Input into Transport for the North (TfN)'s pan-Northern policies and plans; and
 - Relationships with other authorities (whether local, combined, national or sub-national) with whom the Joint Transport Committee may share a common interest.
- 2.36 During 2018/19 and 2019/20 the capacity of the TSU has been temporarily enhanced through secondments and fixed term contracts to prepare the bid against Transforming Cities Fund Tranche 2. This work will be complete before the end of the current financial year. The 2020/21 draft budgets have not made any assumptions on funding to be received from the Transforming Cities Fund Tranche 2 bid. Should the bid be successful, costs of programme management have been built into the bid and the budget for 2020/21 and future years will be updated accordingly.
- 2.37 In addition to the significant current activity of developing the Transport Plan and related delivery programmes, some other major upcoming policy developments could potentially include the development of a new bus strategy, the expansion of the Metro and local rail network, developing a model for rail devolution, and growing the programme to increase the uptake of walking and cycling. Further work is required in considering the scope of these developments, with funding packages to be agreed once requirements are clearer. There are also significant funding opportunities for well-developed bids along with a need for strong delivery programme management.
- 2.38 The TSU is funded through contributions from the Transport Levies which are retained to support JTC activity and a top-slice of the Local Transport Plan Integrated Transport Block grant which is awarded to the JTC and external contributions to some specific posts.
- 2.39 A summary of the forecast position for 2019/20 including the Transforming Cities Fund (TCF) bid resources (which was agreed after the original budget was set in January 2019) and the initial proposed budget for 2020/21 is set out in the table below, based on previously agreed activity. Should changes be required as a result of the updated Transport Plan which will set clear priorities for the work of the TSU, this will be the subject of future reports to the JTC.
- 2.40 A summary of the budget for 2020/21 is set out below.

Table 11: Summary of TSU budget 2020/21:

	2019/20 Original Budget	2019/20 Forecast	2019/20 Forecast Variance	2020/21 Proposed Initial Budget
	£	£	£	£
Gross Expenditure				
Employee costs - Managing Director Transport North East and TSU	658,405	614,819	(43,586)	721,004
Transport Plan and Strategy Work	50,000	70,000	20,000	50,000
TSU Research and Development	180,000	183,044	3,044	120,000
TSU Travel and Miscellaneous	6,000	14,800	8,800	16,000
TSU IT / Equipment / Accommodation	0	20,000	20,000	10,000
TSU Contingency	0	0	0	10,000
Salaries and secondment costs – TCF	241,856	233,847	(8,009)	0
Consultancy and other costs of bid preparation – TCF	191,218	191,218	0	0
Total Expenditure	1,327,479	1,327,728	249	927,004
Gross Income				
LTP funding – TSU	(500,000)	(500,000)	0	(500,000)
LGF funding – TSU	(100,000)	(100,000)	0	(95,000)
LGF funding – TCF	(100,000)	(100,000)	0	0
LTP/Levy funding – TCF	(233,074)	(233,074)	0	0
Retained Transport Levy	(31,870)	(47,671)	(15,801)	(128,773)
External funding for specific posts	(139,102)	(178,218)	(39,116)	(148,002)
Total Income	(1,104,046)	(1,158,963)	(54,917)	(871,775)
Use of Reserves				
Regional Transport Team reserves	(123,433)	(1,948)	121,485	(5,229)
Go Smarter legacy funds – TCF	(100,000)	(100,000)	0	0
Go Smarter legacy funds – Other	0	(30,044)	(30,044)	(50,000)
Earmarked reserves - TCF	0	(36,772)	(36,772)	0

2.41 The forecast outturn for salaries is less than the original budget due to a number of vacancies in the team. These vacancies have offset a cost pressure for pension contributions which has arisen because the budget assumed that employees would

have transferred to the employment of NECA from 1 April 2019 and associated pension savings would have been made.

- 2.42 An increase in forecast costs in relation to the Transport Plan is reflected in the 2019/20 outturn and the 2020/21 budget as a result of additional work on the Plan requested by the Joint Transport Committee. Go Smarter legacy funds will be used to fund these additional costs.
- 2.43 The staffing budget for 2020/21 includes the cost of an admin support post for the team which will also provide support to the Managing Director, Transport Operations and the Tyne Tunnels contract manager.

Tyne Tunnels

- 2.44 The Tyne Tunnels are fully funded from tolls paid by tunnel users. No government funding was made available for the construction of the second Tyne Tunnel (which opened in 2011) and the refurbishment of the first tunnel which was completed in the same year. The works were funded by a combination of public sector and private sector borrowing, through a Public Private Partnership contract with a private sector concessionaire (TT2 Ltd) who designed and built the new tunnel and operate the tunnels under a contract which runs until 2037. The public sector borrowing was taken out by the then Tyne and Wear Integrated Transport Authority and is to be repaid over a 50-year period. The total current balance of borrowing associated with the Tyne Tunnels is £126.823m.
- 2.45 Contract payments to TT2 are calculated with reference to the traffic using the tunnels and increase with RPI inflation. As a result, actual tolls levied on users are required to increase to keep pace with increases in the contract payments, so the toll is maintained in real terms over the life of the contract. Under the River Tyne (Tunnels) (Modification) Order 2011, tolls can be increased in increments of 10p. Toll increases to date have been in line with expectations presented at the development stage of the New Tyne Crossing project.
- 2.46 The updated forecast outturn for 2019/20 still indicates a breakeven position. Traffic levels have been largely in line with forecasts, slightly higher than in 2018/19 but traffic flow levels remain less than the levels experienced in 2016/17 prior to the commencement of Highways England works at Silverlink in North Tyneside. The forecasts include the costs of the new Tyne Tunnel Manager who will take up their post from March 2020. The forecast for 2020/21 is an overall small surplus of £2,000.
- 2.47 The tables below provide a summary of the forecast for 2019/20 and the indicative budget for 2020/21 and future years

Table 12: Tyne Tunnels Budget 2019/20 and 2020/21 and initial forecasts to 2022/23:

	2019/20 Original Budget	2019/20 Forecast	2019/20 Forecast Variance	2020/21 Proposed Budget	2021/22 Estimate	2022/23 Estimate
	£000	£000	£000	£000	£000	£000
Tolls Income ³	(28,090)	(28,160)	(70)	(28,441)	(28,919)	(29,642)
TT2 Contract	21,197	21,233	36	21,653	22,505	22,942
Employees	-	5	5	62	63	65
Pensions	52	52	-	53	55	56
Support Services	95	145	50	100	102	104
Supplies & Services	45	35	(10)	45	47	48
Financing Charges	6,966	7,058	92	6,816	6,416	6,673
Interest /Other Income	(50)	(128)	(78)	(50)	(50)	(50)
Repayment from TWITA for temporary use of reserves	(240)	(240)	-	(240)	(240)	(240)
(Surplus) /Deficit on Tyne Tunnels revenue account	(25)	0	25	(2)	(21)	(44)

2.48 Tyne Tunnels reserves are held in order to manage risks associated with NECA's ownership of the tunnels, to meet any small in-year deficits which may arise on the Tunnels revenue account, to fund capital expenditure relating to the tunnels and to deal with any changes which may arise from changes in accounting treatments.

2.49 The table below summarises the forecast position against the Tunnels reserves.

³ Toll Income includes an assumed inflation increase in tolls for class 3 vehicles (HGVs) of 10p from May 2020.

Table 13: Tyne Tunnels Reserves:

	2019/20 Original	2019/20 Forecast	2020/21 Original
	£000	£000	£000
Tyne Tunnels Reserves b/f	(18,452)	(21,150)	(16,763)
Deficit (Surplus) on Tyne Tunnels revenue account met from reserves	(25)	0	(2)
Capital Expenditure funded from Reserves	260	2,000	100
NESTI Expenditure funded from Reserves	342	342	305
Repayment of funding swaps	0	2,045	0
Tyne Tunnels Reserves c/f	(17,875)	(16,763)	(16,360)

Reserves

- 2.50 The JTC holds reserves to fund future activity and to manage financial risk associated with its activities. A summary of the reserves forecast at 31 March 2020 and 31 March 2021 is shown in the table below. Reserves are forecast to reduce as a result of the application of funding held in reserves to finance capital investment (for example in 2019/20 on Metro Fleet Renewal and Tyne Pedestrian and Cycle Tunnels refurbishment) and to meet other earmarked expenditure. The level of reserves forecast at 31 March 2021 is considered to be prudent to manage risk associated with the activities of the JTC, taking into account that separate reserves are held by Nexus.

2.51 Table 14: Summary of JTC Reserves to 2021

	Actual 1 April 2019	Forecast 31 March 2020	Forecast 31 March 2021
	£000	£000	£000
Tyne and Wear Transport	630	650	650
Tyne Tunnels	21,150	16,763	16,360
Metro Reinvigoration	9,167	9,233	9,233
Metro Fleet Renewal	6,694	1,487	1,487
TCF support	37	0	0
Go Smarter Legacy (within Grants Unapplied)	194	64	14
Transport Strategy Unit (within Grants Unapplied)	125	123	118
Total JTC Reserves	37,997	28,320	27,862

3. Reasons for the Proposals

- 3.1 The proposals are presented in this report to enable the JTC to set its budget for 2020/21.

4. Alternative Options Available

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

Option 2 – The North East Joint Transport Committee may not accept the recommendations set out in the report.

Option 1 is the recommended option. If the recommendations in the report are not agreed, a special meeting of the JTC would be urgently required in order to agree 2020/21 Transport Levies before the statutory deadline of 15 February.

5. Next Steps and Timetable for Implementation

- 5.1 The NTCA Cabinet and NECA Leadership Board will issue the transport levies to their constituent authorities on behalf of the Joint Transport Committee, and this will be presented for agreement on 28 January and 4 February respectively.

6. Potential Impact on Objectives

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

7. Financial and Other Resources Implications

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

8. Legal Implications

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

9. Key Risks

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

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

- 12.1 The NECA Constitution requires that consultation on budget proposals prepared in its role as Accountable Body for the JTC be undertaken at least two months prior to the budget being agreed. The draft proposals have been subject to consultation with JTC Overview and Scrutiny Committee, JTC Audit Committee, the Tyne and Wear Sub Committee and constituent councils. Nexus Audit Committee have considered proposals in relation to the Nexus budget and the Chair of the Nexus Audit Committee provided written feedback to the Chair of the JTC. Comments raised as part of the consultation process have been taken into account in the preparation of the final report.

13. Other Impact of the Proposals

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

14. Appendices

- 14.1 Appendix 1 – Transport Levy Arrangements
Appendix 2 – Transport Levy Budget
Appendix 3 – Nexus Summary Revenue Budget Requirement 2020/21
Appendix 4 – Detailed Nexus Revenue Budget 2020/21
Appendix 5 – Nexus Overhead Allocation 2020/21

15. Background Papers

- 15.1 Transport Budget and Levies 2019/20 report to JTC 22 January 2019
<https://northeastca.gov.uk/wp-content/uploads/2019/01/North-East-Joint-Transport-Committee-22-January-2019-Agenda-Pack.pdf>
Budget Proposals 2020/21 report to JTC 23 October 2019
<https://northeastca.gov.uk/wp-content/uploads/2019/01/North-East-Joint-Transport-Committee-22-January-2019-Agenda-Pack.pdf>
Budget Proposals report to JTC 19 November 2019 <https://northeastca.gov.uk/wp-content/uploads/2019/11/Agenda-Pack-JTC-19.11.19.pdf>

16. Contact Officers

- 16.1 Eleanor Goodman, NECA Finance Manager, eleanor.goodman@northeastca.gov.uk, 0191 277 7518

17. Sign off

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

18. Glossary

CPI – Consumer Price Index

DfT – Department for Transport

ENCTS – English National Concessionary Travel Scheme

JTC – Joint Transport Committee

LTP – Local Transport Plan

MHCLG – Ministry of Housing, Communities and Local Government

MMA – Metrocar Maintenance Agreement

MRG – Metro Rail Grant

NECA – North East Combined Authority

NTCA – North of Tyne Combined Authority

TCA – Travel Concession Authority

TCF – Transforming Cities Fund

TfN – Transport for the North

TSU – Transport Strategy Unit

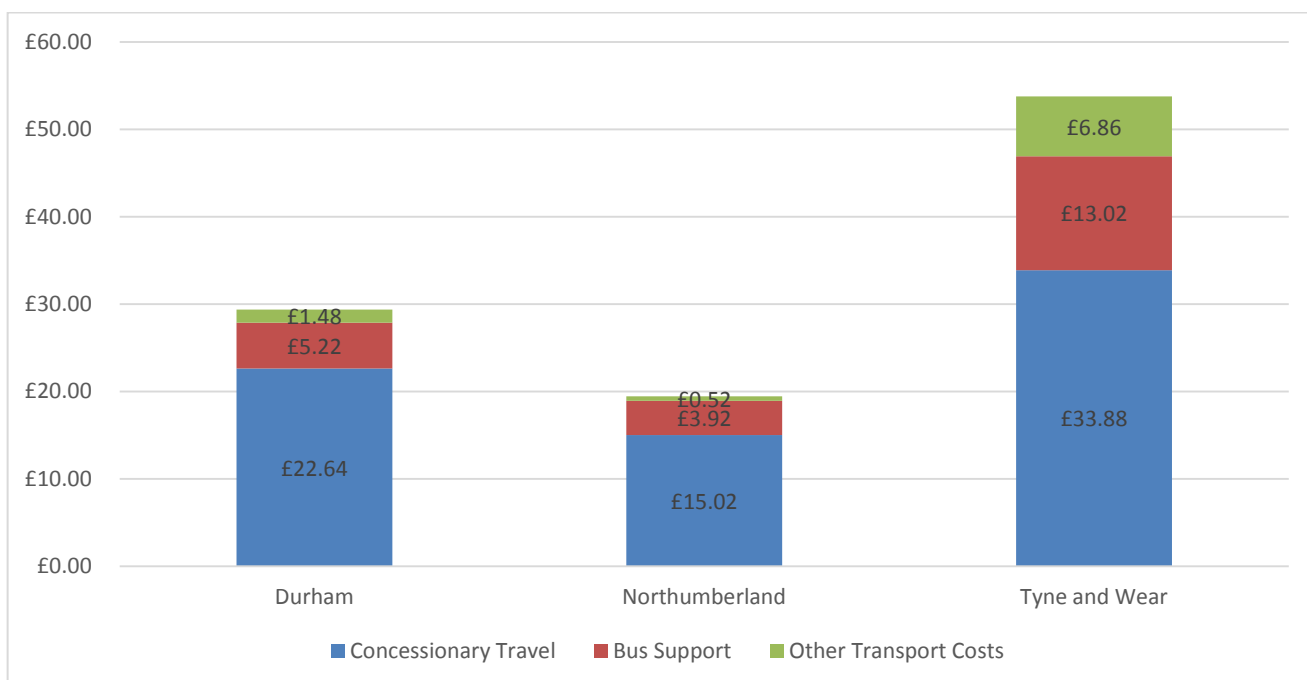
Appendix 1 – Transport Levy Arrangements

Background to Levy Arrangements

Public Transport has traditionally been seen as a county-wide level service, due to the wider geographic nature of transport services. County-wide precepts for Transport costs were replaced in 1990 with levying arrangements, reflecting Government decisions about how public transport grant support was to be provided, i.e. within the Revenue Support Grant paid to metropolitan districts rather than directly to PTAs. The levying arrangements which specified a population apportionment were set out in the Transport Levying Bodies Regulations 1992, now amended by the Transport Levying Bodies (Amendment) Regulations 2015. The regulations reflected the principle that all residents in a county area should contribute equally to access to transport services. In recent years concessionary travel costs have also been classified by MHCLG and DfT as a county-wide level service.

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

Chart 1: JTC Levies per head of population – 2020/21 Proposed Levies



The costs per head of population in Tyne and Wear are higher because they reflect a significantly higher level of concessionary travel activity and the support for secured bus services to provide accessible transport schemes across the county. 'Other' Transport costs also includes capital financing costs relating to transport schemes which are not included in the other levies.

Apportionment on Population basis in Tyne and Wear

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

For the 2020/21 levy, this is the 2018 Mid-Year estimates published by the Office for National Statistics (ONS). The population estimates for 2017 and 2018 are set out in the table below. The population estimates for all five authorities have changed by different proportions, as set out in the table below.

	2017 MYE	2018 MYE	Change	
	People	People	People	Percentage
Gateshead	202,419	202,508	89	0.04%
Newcastle	295,842	300,196	4,354	1.45%
North Tyneside	204,473	205,985	1,512	0.73%
South Tyneside	149,555	150,265	710	0.47%
Sunderland	277,249	277,417	168	0.06%
Total Tyne & Wear	1,129,538	1,136,371	6,833	0.60%

Apportioning the proposed levy of £61.100m gives the following figures for Tyne and Wear:

	2019/20	2020/21	Change compared to 2019/20	
	£	£	£	%
Gateshead	10,949,433	10,888,380	(61,054)	(0.56)%
Newcastle	16,002,955	16,140,834	137,879	0.86%
North Tyneside	11,060,540	11,075,330	14,790	0.13%
South Tyneside	8,089,866	8,079,396	(10,469)	(0.13)%
Sunderland	14,977,206	14,916,061	(81,145)	(0.54)%
Total Tyne & Wear	61,100,000	61,100,000	0.000	0.00%

Appendix 2 – Transport Levy Budget

	2019/20 Original	2019/20 Revised Forecast	2020/21 Original
	£	£	£
Transport Levies			
Durham	(15,561,536)	(15,561,536)	(15,466,000)
Northumberland	(6,104,370)	(6,104,370)	(6,234,000)
Tyne and Wear	(61,100,000)	(61,100,000)	(61,100,000)
Total Levies	(82,765,906)	(82,765,906)	(82,800,000)

Transport Grants			
Durham	15,551,536	15,551,536	15,456,000
Northumberland	6,094,370	6,094,370	6,224,000
Tyne and Wear (Nexus)	55,666,667	55,666,667	59,000,000
Metro Fleet Replacement reserve	3,333,333	3,333,333	0
Total	80,645,906	80,645,906	80,680,000

Centrally Held Costs (mainly Tyne and Wear)			
Service Level Agreement	210,000	210,000	215,250
External Audit Fee (Transport element)	15,000	15,000	15,000
Independent Members Allowances and expenses (Transport element)	5,000	6,000	6,000
Conferences, Travel and Subsistence	2,000	1,000	1,000
Supplies and Services	22,000	25,000	22,000
JTC Support/Transport Strategy Unit	70,000	47,671	128,773
Transforming Cities Fund Bid Support	11,000	11,000	0
Repayment to Tyne Tunnels (for Pension Deficit payment)	240,000	240,000	240,000
Financing Charges – Interest and DME	1,015,900	1,015,229	972,877
Financing Charges – MRP	529,100	529,100	519,100
Net Expenditure	2,120,000	2,100,000	2,120,000

Contribution (to)/from Reserves	0	(20,000)	0
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Tyne and Wear Transport Reserve	2019/20 Original	2019/20 Revised	2020/21 Original
	£	£	£
Reserves brought forward	(513,000)	(630,000)	(650,000)
Reserves contribution in year	0	(20,000)	0
Reserves carried forward	(513,000)	(650,000)	(650,000)

Appendix 3 – Nexus Summary Revenue Budget Requirement 2020/21

Revenue Budget 2020/21

	Direct Costs	Income	Net Direct Costs	Indirect Costs	Grants	Loan Interest	Capital Adjustments	2020/21 Net
	£m	£m	£m	£m	£m	£m	£m	£m
ENCTS	34.933	(0.055)	34.878	0.837	-	-	-	35.715
Discretionary CT	3.056	(0.520)	2.536	0.270	-	-	-	2.806
Metro	91.138	(48.050)	43.088	12.171	(27.055)	1.230	(26.593)	2.840
Ferry	1.206	(0.347)	0.859	0.477	-	0.016	(0.201)	1.151
Local Rail	0.236	-	0.236	0.256	(0.252)	0.017	-	0.256
Bus Services	14.324	(2.220)	12.104	1.269	(1.091)	0.268	(0.005)	12.545
Bus Infrastructure	2.849	(0.583)	2.266	0.602	-	0.011	(0.540)	2.339
Public Transport	0.562	(0.148)	0.415	0.899	-	0.034	-	1.347
TOTAL REQUIREMENT	148.305	(51.923)	96.581	16.780	(28.398)	1.575	(27.339)	59.000
JTC GRANT (LEVY)								(59.000)
Deficit/(Surplus)								-

Appendix 4 – Detailed Nexus Revenue Budget 2020/21

Service Area	Direct Cost £m	External Income £m	Indirect £m	Grants £m	Loan Interest £m	Asset Financing £m	Net £m
ENCTS	34.933	(0.055)					34.878
ENCTS	34.933	(0.055)	0.000	0.000	0.000	0.000	34.878
Discretionary CT	2.206	(0.520)					1.686
Concessionary Travel - Ferry	0.005						0.005
Concessionary Travel - Metro	0.844						0.844
DISCRETIONARY CT	3.056	(0.520)	0.000	0.000	0.000	0.000	2.536
Network Extensions	1.649						1.649
Metro Extensions	1.649	0.000	0.000	0.000	0.000	0.000	1.649
Metro Farebox (inc. Car Parks)	0.957	(46.370)					(45.413)
Ticketing & Gating	1.180						1.180
Automatic Fare Collection	1.533						1.533
Fare Collection & Revenue	3.670	(46.370)	0.000	0.000	0.000	0.000	(42.700)
Commercial	14.283	(1.665)					12.619
Operations and safety	10.250						10.250
Service delivery	2.147						2.147
Customer Services	3.882						3.882
Other	0.255						0.255
Metro Services	30.788	(1.665)	0.000	0.000	0.000	0.000	29.123

Service Area	Direct Cost £m	External Income £m	Indirect £m	Grants £m	Loan Interest £m	Asset Financing £m	Net £m
Engineering	1.526						1.526
MMA payment	5.250						5.250
Fleet Engineering	6.776	0.000	0.000	0.000	0.000	0.000	6.776
Rail Infrastructure - Rates	1.650						1.650
Rail Infrastructure - Insurance	1.597						1.597
Rail Infrastructure - Depreciation	27.852						27.852
Metro - Other	31.099	0.000	0.000	0.000	0.000	0.000	31.099
Rail Infrastructure - HV Power	7.266						7.266
Planning Performance	0.734						0.734
Programme Assurance	0.095						0.095
Engineering	0.238						0.238
Buildings & Infrastructure Services	4.796	(0.002)					4.794
Rail Management & Administration	0.117						0.117
Permanent Way	1.654	(0.012)					1.642
Power Supplies	0.782						0.782
Signalling	1.314						1.314
Stores	0.157	(0.001)					0.156
Renewals	0.004						0.004
Infrastructure Management	17.156	(0.015)	0.000	0.000	0.000	0.000	17.141
METRO	91.138	(48.050)	0.000	0.000	0.000	0.000	43.088

Service Area	Direct Cost £m	External Income £m	Indirect £m	Grants £m	Loan Interest £m	Asset Financing £m	Net £m
Ferry	1.206	(0.347)					0.859
FERRY	1.206	(0.347)	0.000	0.000	0.000	0.000	0.859
Heavy Rail	0.236						0.236
LOCAL RAIL	0.236	0.000	0.000	0.000	0.000	0.000	0.236
Contract Management	0.268						0.268
Network Management	0.317						0.317
TaxiCard	0.388	(0.063)					0.325
Secured Bus Services	13.351	(2.157)					11.194
BUS SERVICES	14.324	(2.220)	0.000	0.000	0.000	0.000	12.104
Bus Infrastructure	2.849	(0.583)					2.266
BUS INFRASTRUCTURE	2.849	(0.583)	0.000	0.000	0.000	0.000	2.266
Information	0.562	(0.148)					0.415
PUBLIC TRANSPORT INFORMATION	0.562	(0.148)	0.000	0.000	0.000	0.000	0.415

Service Area	Direct Cost £m	External Income £m	Indirect £m	Grants £m	Loan Interest £m	Asset Financing £m	Net £m
Pensions and Provisions			0.373				0.373
Investment Income			(0.560)				(0.560)
Democratic Services & Executive			1.182				1.182
Central Other	0.000	0.000	0.995	0.000	0.000	0.000	0.995
Media & Communications			0.369				0.369
Print and distribution			0.154				0.154
Marketing			1.167				1.167
Customer Services			0.537				0.537
Retail Sales			0.400				0.400
Customer Services and Communications	0.000	0.000	2.626	0.000	0.000	0.000	2.626
Administration & Secretarial			0.157				0.157
Legal Services			0.389				0.389
Finance and Audit			1.553				1.553
Procurement			0.276				0.276
Estates			0.812				0.812
Human Resources			1.024				1.024
Learning and Development			1.897				1.897
ICT			3.498				3.498
Finance and Resources	0.000	0.000	9.605	0.000	0.000	0.000	9.605
Health and Safety			2.274				2.274
Health and Safety	0.000	0.000	2.274	0.000	0.000	0.000	2.274

Service Area	Direct Cost £m	External Income £m	Indirect £m	Grants £m	Loan Interest £m	Asset Financing £m	Net £m
Corporate Planning			1.280				1.280
Transport Strategy	0.000	0.000	1.280	0.000	0.000	0.000	1.280
INDIRECT COSTS	0.000	0.000	16.780	0.000	0.000	0.000	16.780
Loan Charges					1.575		1.575
Released from:							
Released from Capital Reserves						(1.319)	(1.319)
Released from Capital Grants						(26.020)	(26.020)
ASSET FINANCING	0.000	0.000	0.000	0.000	1.575	(27.339)	(25.763)
Bus Operators Grant				(1.091)			(1.091)
Heavy Rail Grant				(0.252)			(0.252)
Metro Rail Grant				(26.590)			(26.590)
Other Grant				(0.465)			(0.465)
GRANTS	0.000	0.000	0.000	(28.398)	0.000	0.000	(28.398)
TOTAL REQUIREMENT	148.505	(51.923)	16.580	(28.398)	1.575	(27.339)	59.000
JTC Grant				(59.000)			(59.000)
JTC Grant	0.000	0.000	0.000	(59.000)	0.000	0.000	(59.000)
DEFICIT / (SURPLUS)	148.505	(51.923)	16.780	(87.398)	1.575	(27.339)	0.000

Appendix 5 – Nexus Overhead Allocation 2020/21

Indirect Cost Centre	£m	Service Area	£m
Investment Income	(0.560)	ENCTS	0.837
Pensions and provisions	0.373	Discretionary CT	0.270
Democratic Services & Executive	1.182	Metro	12.171
Health and Safety	2.274	Ferry	0.477
Learning and Development	1.897	Local Rail	0.256
Legal Services and Administration	0.546	Bus Services	1.269
Human Resources	1.024	Bus Infrastructure	0.602
Finance and Procurement	1.829	Public Transport Information	0.899
Corporate Planning	1.280		
Information Technology	3.498		
Retail & OSS	0.937		
Media & Communications	0.369		
Marketing & Print Unit	1.320		
Property Admin	0.812		
Total Indirect Costs	16.780	Total Indirect Costs	16.780

North East Joint Transport Committee

Date: 21 January 2020
Subject: Transport Capital Programme 2020/21
Report of: Chief Finance Officer

Executive Summary

This report provides the Joint Transport Committee with an updated forecast capital outturn for 2019/20 and presents the initial 2020/21 capital programme, totalling £81.883m, for consideration and approval.

The report identifies that the updated forecast of capital expenditure on Transport schemes is £93.840m against the revised programme budget of £92.828m, an outturn forecast overspend of £1.012m, which will be financed from earmarked reserves. The revised programme reflects reprofiling of schemes from last year, taking into account the 2018/19 outturn and new grant approvals made since the original capital programme was set in January 2019. Expenditure to 30 November 2019 totalled £30.886m – 32.9% of the forecast total capital expenditure for the year.

In terms of the initial capital programme for 2020/21 and the indicative programme for future years, some of which is dependent upon the outcome of government funding announcements, the initial 2020/21 programme currently totals £81.883m. This has the potential to increase significantly should positive announcements on government funding approvals be received.

Transport schemes within the Local Growth Fund (LGF) programme are largely coming to an end in 2019/20, with £4.250m of expenditure forecast for this financial year (excluding schemes included in the Nexus capital programme) and £0.317m included in the programme for 2020/21.

Transforming Cities Fund (TCF) Tranche 1 funding of £9.102m is expected to be delivered and fully expended in 2019/20. A TCF Tranche 2 bid for a total programme of up to £467.189m including local contributions was submitted to DfT on 28 November. The outcome of the tranche 2 bid is expected to be announced in March.

The report sets out details of the Nexus capital programme for 2020/21, totalling £70.257m, which includes: the Asset Renewal Programme (MARP, £22.222m), Metro Fleet Replacement (£46.086m), Nexus Digital Asset Renewal Programme (DARP, £1.444m) and

Cross-Tyne Ferries (£0.505m). Indicative figures for 2021/22 and 2022/23 are included, which are subject to approval of funding.

Total capital expenditure forecast in 2019/20 by Nexus is £65.776m, against a revised programme budget of £66.805m – an in year forecast under spend of £1.029m. Actual capital expenditure incurred by Nexus to 30 November, 2019 was £18.977m, 28.4% of the total forecast expenditure to the year end.

Recommendations

The North East Joint Transport Committee is recommended to:

- i. Note the latest position in respect of the 2019/20 capital programme, set out in section 2.2;
- ii. Approve the proposed initial capital programme for 2020/21 which amounts to £81.883m as set out in section 2.3.

1. Background Information

- 1.1 This report provides details of the initial capital programme for 2020/21 and indicative proposals for future years, together with details of the funding sources identified to deliver the programme, which covers a wide range of transport investments.
- 1.2 The report is based on the latest available information about the planned capital programme, which will be updated as new information becomes available, such as the outcomes of bids for additional funding and will be subject to monitoring reports during the year. The report also includes an updated forecast against the revised 2019/20 capital programme.

2. Proposals

2019/20 Capital Programme Update

- 2.1 In January 2019 a base capital programme totalling £81.944m was approved by the JTC. The programme was subsequently revised following the 2018/19 outturn and the latest approved programme now totals £92.828m. Expenditure at this stage in the year totals £30.886m which is in line with expectations. The projected outturn is estimated to be £93.840m. A summary of the Transport capital programme for 2019/20 is set out in the table below, with further details provided in the following sections:

Table 1: 2019/20 Capital Programme Forecast

	2019/20 Original	2019/20 Revised	2019/20 Forecast	Forecast (Under) / Over Spend	Expend- iture to date
	£m	£m	£m	£m	£m
Local Growth Fund Transport Schemes ¹	3.784	3.445	4.250	0.805	1.446
Transforming Cities Fund Tranche 1	0.000	9.102	9.102	0.000	0.624
Go Ultra Low	0.995	1.083	1.083	0.000	0.590
Metro Asset Renewal Plan	33.987	32.853	32.335	(0.518)	14.738
Metro Fleet Replacement	30.200	30.200	30.200	0.000	3.792
Nexus non-Metro	1.486	3.752	3.241	(0.511)	0.447
Tyne Tunnels	0.260	0.854	2.090	1.236	1.813
Local Transport Plan ²	11.232	11.539	11.539	0.000	7.436
Total	81.944	92.828	93.840	1.012	30.886

¹ Excluding amounts for Metro Learning Centre at South Shields, shown within Nexus capital programme lines

² Excluding amounts for local contribution to Metro ARP, shown within Nexus capital programme lines

2020/21 Capital Programme

2.2 The initial capital programme for 2020/21 totals £81.883m and is set out in the table below, together with indicative figures for 2021/22 and 2022/23. More detail on these investments is included in the following sections. The figures do not yet include the additional resources that are anticipated from bids for additional transport funding, principally the Transforming Cities Fund Tranche 2 bid, which was submitted at the end of November 2019. The indicative Metro ARP programme for 2021/22 and 2022/23 is included but is subject to confirmation of DfT funding.

2.3 *Table 2: Summary Transport Capital Programme 2020/21-2022/23*

	2020/21 Programme £m	2021/22 Indicative £m	2022/23 Indicative £m
LGF Transport Schemes	0.317	0.000	0.000
Metro ARP	22.222	41.639	42.760
Metro Fleet Replacement	46.086	43.980	78.645
Nexus Digital Asset Renewal Programme	1.444	0.858	0.600
Cross Tyne Ferries	0.505	0.358	0.419
Local Transport Plan ³	11.309	11.309	11.309
Total Capital Programme	81.883	98.144	133.733

Local Growth Fund (LGF) Transport Schemes

2.4 2019/20 is the fifth year of the Local Growth Fund (LGF) programme, which covers Economic Assets, Innovation, Transport and Skills themed projects. Many of the transport schemes within this element of the capital programme have exhausted the drawdown of the LGF elements of their funding and the programme is therefore smaller than it has been in recent years. Expenditure to November 2019 totalled £1.446m, and the forecast for the year based on the quarterly monitoring returns from schemes received at the time of writing the report totals £4.250m. This includes the following key projects:

- £2.278m forecast for payment to Durham County Council for the Horden Rail Station scheme, of a total £3.34m LGF approval. The scheme involves the construction of a new station on the Durham Coast Line to provide improved public transport access to the people and businesses of Horden and Peterlee, including the adjacent communities of East Durham. The target date for the opening of the station is summer 2020.

³ Excludes amounts shown within Nexus Metro ARP.

- £1.232m forecast for payment to North Tyneside Council for the A19 North Bank of Tyne (Swans) Stage 2 scheme which involves improvements to roundabouts and approach roads, improvements to other junctions and improved cycling and walking facilities in the area.
- Other payments are forecast to be made in year to other local authority schemes including the Northern Access Corridor Phase 2 and 3 (Newcastle City Council), Traffic Movements along A185/A193/A19 (The Arches) (South Tyneside Council) and A1065-A189 Weetslade Roundabout improvements (North Tyneside Council).

- 2.5 There is also LGF expenditure forecast on the Nexus Learning Centre at South Shields which is included within the Nexus capital programme set out later in this report.
- 2.6 The LGF capital programme continues to be managed in accordance with the North East Local Enterprise Plan (North East LEP) Assurance Framework, which is subject to annual review by the North East LEP Board and updated where required to meet latest best practice guidance.
- 2.7 Currently there is only one Transport scheme which remains in the programme for 2020/21, the final year of the LGF programme. This is Jade Business Park (inc. A19/A189 Seaham Murton interchange), with a forecast of £0.390m included in the 2020/21 LGF programme.

Transforming Cities Fund (TCF)

- 2.8 The Transforming Cities Fund represents a significant opportunity for the region to source capital funding for public transport and sustainable transport infrastructure. An initial £10m allocation was secured for the region from Tranche 1, which was announced and received in March 2019. Works are under way to construct the schemes funded by this award, which are all expected to complete during 2019/20.
- 2.8 Grant Funding Agreements for all Tranche 1 projects have been sealed by NECA on behalf of the JTC and by scheme promoters. At the time of writing this report, the first claims have been received and initial payments made to scheme promoters, with further claims due at the end of the third and fourth quarters of the year.
- 2.9 The forecast to the end of 2019/20 for Tranche 1 schemes is £9.102m (£0.898m was accrued in 2018/19) which will represent full utilisation of the grant funding.
- 2.10 A second, much larger TCF Tranche 2 bid has been the subject of previous reports to the JTC and was submitted to the DfT on 28 November 2019.
- 2.11 The programme submitted has five thematic packages focussed on key transport corridors into and within the region's town and city centres. The programme enhances existing infrastructure and services to transform the transport offer to enable people in the region to be able to travel easily and flexibly by public and sustainable transport to benefit the economy, environment and wider society. This will realise a low carbon, sustainable network that opens travel horizons, increases mobility and drives up productivity through better connections between urban centres, employment sites and

suburbs. Plans to increase the frequency, reach and reliability of Metro, local rail and bus services are complemented by investment in cycling and walking, city centre gateways, transport technology and Park & Ride. Included within the bid is £74.000m local match funding.

2.12 *Table 3: Summary of High, Medium and Low scenarios submitted in TCF Tranche 2 bid*

	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
High Scenario	122.934	146.481	197.774	467.189
Medium Scenario	114.412	139.394	196.174	449.980
Low Scenario	108.601	129.596	181.661	419.857

Go Ultra Low

2.13 The Go Ultra Low project has been the subject of previous reports to the Joint Transport Committee. The project is jointly funded through funding from Office for Low Emission Vehicles (OLEV) and European Regional Development Funding (ERDF) and includes the construction of one of the UK's first Electric Vehicle (EV) filling stations at West Wear Street in Sunderland city centre, along with the installation of a number of rapid charging clusters across the region. The electric vehicle filling station in Sunderland became operational in April this year with an official opening in June, and it has been positively received. The 11 EV charging hubs which are also funded through the Go Ultra Low North East programme are being delivered through the summer and autumn 2019 are installed at strategic locations around the region.

2.14 Capital expenditure to the end of November 2019 was £0.590m. The project is due to complete during the 2019/20 financial year and is therefore not included in the programme for 2020/21. If further funding becomes available, the Transport Strategy Unit (TSU) will utilise the recommendations from the charging behaviour research study to undertake a feasibility study to identify a pipeline of locations where chargers should be installed. Forecast expenditure to the year-end is £1.083m, which takes into account slippage from 2018/19.

Nexus Capital Programme

Background

- 2.15 Nexus' planned capital programme for 2020/21 to 2022/23⁴ includes investment in five main areas:
- i. Metro Infrastructure (the Metro Asset Renewal Programme or MARP);
 - ii. A new fleet of Metrocars;
 - iii. Nexus' digital infrastructure (the Digital Asset Renewal Programme or DARP);

⁴ A large proportion of planned capital investment is subject to funding bids submitted to DfT

- iv. Metro enhancements e.g. Metro Flow, Park and Ride and digital car parking; and
- v. Other assets e.g. the cross Tyne ferry

2.16 Funding for (i) to (iv) is largely provided by the DfT:

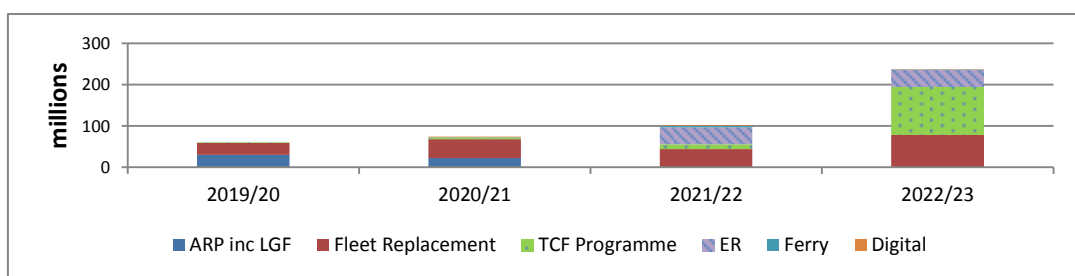
- i. For the MARP, 2020/21 represents the final year of an 11-year investment programme that commenced in April 2010. An application for funding covering the period 2021/22 to 2030/31 has been submitted to DfT who are actively considering this future investment need;
- ii. In relation to the new Fleet, preferred tenderer status has been conferred on one of the Best and Final Offer (BAFO) tenderers for the manufacture of the new fleet, construction of the new Gosforth depot and maintenance of both old and new trains. The Final Business Case (FBC) was recently accepted by DfT’s Business Investment Commercial Committee (BICC) and a ministerial announcement, together with grant funding conditions is expected in early 2020, with contract award scheduled for 17 January 2020;
- iii. For the DARP, a number of digital upgrades to support Metro operations are required. These upgrades are also reliant on DfT funding, alongside the MARP;
- iv. Metro enhancements are subject to a bid for external funding from the DfT via the Transforming Cities Fund (TCF).

2.17 In terms of other capital investment, some of which relates to non-Metro digital enhancements as well as investment in the cross Tyne ferry service, a combination of other external funding e.g. the LTP Integrated Transport Block grant and Nexus’ own internal funds e.g. capital reserves is required.

2.18 In addition, the revenue budget supports developmental work in pursuit of new investment opportunities e.g. economic planning studies in connection with the Metro Futures programme.

2.19 Subject to funding approvals, the scale of the programme being delivered could increase considerably over the next 36 months. Therefore, resource planning across multiple disciplines will be undertaken to ensure Nexus has the optimum capacity and skills to deliver this step-change in investment efficiently.

2.20 The graph below shows the potential increase in Nexus’ programme value should confirmation of funding approvals be received (compared to 2019/20), which continues at a similar level in 2023/23:



Tyne and Wear Metro Asset Renewal Programme (MARP)

2.21 Nexus is nearing the end of the tenth year of its eleven-year renewal programme to upgrade and replace many of the assets across the Tyne and Wear Metro system.

2.22 The latest forecast indicates that by the end of March 2020, circa £330m of the £352m eleven-year funding allocation will have been defrayed, leaving £22m available from a combination of Metro Rail Grant (£20m) and local funding (£2m). The proposed programme for 2020/21 is summarised in the table below and is detailed at Appendix 1.

Table 4: Metro Asset Renewal Programme 2020/21

Asset Category	MARP 2020/21 £m
Civils	0.674
Permanent Way	5.017
Overhead Line	3.708
Stations	1.729
Communications	0.754
Signalling	2.424
Plant	1.412
Nexus Learning Centre	0.532
Capital Maintenance/Other	5.972
Total	22.222

2.23 A number of significant projects across a range of different asset categories are planned. These are detailed below:

- i) Civils
Repairs to bridges in the Pelaw area which cross Network Rail infrastructure;
- ii) Permanent Way
Renewal and refurbishment of track between Heworth and Pelaw.
- iii) Overhead Line Equipment
Continuation of the programme of contact wire renewal and cantilever replacement.
- iv) Stations
Track adjustments to ensure that the platform/track interface is within stated tolerances.
- v) Communications
Replacement of CCTV cameras across the network.
- vi) Signalling
Installation of new track circuit equipment and work to arrest cable

degradation throughout the network.

vii) Capital Maintenance/Other

Investment in the old fleet in order to prevent further degradation and help maintain performance until the new fleet is operational. Road and rail vehicle replacement and rail grinding.

- 2.24 Despite the eleven-year programme successfully renewing and replacing a range of key assets network wide, this essential programme of renewals needs to continue across the next decade in order to stabilise the backlog that had developed pre 2010, when Metro was subject to annual funding settlements, meaning that the condition of the Metro Infrastructure had steadily declined. Years 2 and 3 (2021/22 and 2022/23) of this three-year programme therefore represents the planned investment to continue network renewals.
- 2.25 Across the next decade, the investment need is in the order of £385m. Around 55% of this is required through to 2026, with 45% required after 2026 (in real terms, investment reduces towards the end of the next decade as the backlog is eradicated). The higher amount of investment in the first half of the next decade is also a function of investment delivered in this decade being less than initially sought in 2010. Capital grant from DfT was initially agreed at £350m, some £107m less than the estimate contained in Nexus' reference case submission and this was reduced by a further £33m to £317m at the 2015 Spending Review.
- 2.26 It is likely that Nexus will still be required to fund 10% of the overall investment in the MARP, which will amount to £38m between 2021 and 2031. As with investment since 2010, Nexus will need to secure this from a combination of the LTP Integrated Transport Block and internal resources.
- 2.27 The programme includes Tanner's Bank bridge replacement, which is subject to a £3m funding bid to the Highways Maintenance Challenge Fund. If successful the Metro Rail Grant (DfT) funding requirement will reduce to £0.3m.
- 2.28 The indicative MARP programme for 2021/22 and 2022/23 is shown in Appendix 2. It includes another significant amount of track replacement and refurbishment as well as the continuation of overhead line renewal. Investment will continue in other key assets such as power supply systems, bridges and structures, signalling and the current fleet of Metrocars.

Metrocar Replacement Programme

- 2.29 In October 2017, the Chancellor announced £336.8m of grant funding for the replacement of Nexus' fleet of Metrocars. This is to be augmented with a £25.0m local contribution.
- 2.30 The funding profile has not yet been confirmed, but the intention is that it will follow the key milestone payments to the preferred supplier of the new fleet, in line with the agreed programme for the Manufacture and Supply Agreement (MSA) and Depot Construction Contract (DCC). In addition, there is other investment relating to the Howdon satellite depot as well as ancillary costs required in order to get the new fleet into operational service. These are detailed below:

Table 5: Metro Fleet Replacement Programme 2020/21 – 2022/23

Project	Indicative Programme 2020/21 £m	Indicative Programme 2021/22 £m	Indicative Programme 2022/23 £m	Total £m
MSA	21.850	20.700	48.299	90.849
DCC	19.089	16.968	19.796	55.853
Howdon	2.514	0.000	0.000	2.514
Ancillary Costs	2.633	6.312	10.550	19.495
Total	46.086	43.980	78.645	168.711

2.31 The following is planned over the next 36 months:

- MSA payments in relation to detailed design, completion of the first unit, pre-delivery acceptance together with the roll out of the new fleet;
- DCC payments in relation to track formation and piling, construction of the new facility, demolition of the old sheds, overhead line replacement, installation of new track and a new carriage wash;
- Construction of the Howdon depot facility; and
- Project management and a range of activities required in order to get the new fleet into operational service e.g. testing and commissioning.

Digital Asset Renewal Plan (DARP)

2.32 Nexus' digital asset base includes its entire ICT network infrastructure together with the various customer facing and business applications necessary to run Metro and the other services Nexus provides. The DARP updates and replaces key assets in accordance with criticality, business transformation, asset life and vendor support. Digital renewals have been grouped into three categories, namely:

- Business/Back office applications;
- Customer Facing applications and assets; and
- Network Infrastructure, i.e. the platform for business and customer facing applications and assets.

2.33 The DARP for 2020/21 to 2022/23 is included at Appendix 3. Since a significant amount of the programme relates to Metro, the financing of this digital investment in 2021/22 and 2022/23 will be reviewed once DfT have given approval to a new funding agreement. Therefore, at this stage years 2 and 3 of the DARP should be considered indicative. Year 1 of the DARP, estimated to cost £1.444m is summarised in the table below:

Table 6: Nexus Digital Asset Renewal Programme 2020/21

Asset Category	2020/21 £m
Business Applications	0.661

Network IT Infrastructure/Hardware	0.443
Customer Facing Applications	0.140
Programme Management	0.200
Total	1.444

2.34 During 2020/21 key projects will be centred upon ensuring readiness for the new fleet. This includes:

- Performance Software (£0.100m); used to measure the performance of the Metrocar fleet and allocate lost time appropriately
- Digital Connectivity (£0.110m); ensuring adequate “track to train” wireless connectivity to allow, for example, on-board WiFi
- Timetable and Rostering (£0.250m); to enable efficient rostering of drivers whilst old and new Metrocars are running in parallel.

Metro Enhancements (Transforming Cities)

2.35 As part of the Transforming Cities Fund tranche 2 bid discussed at section 2.9-2.11, Nexus have submitted four projects for consideration. The funding decision is expected in April 2020. These projects are not included in the summary capital programme tables at section 2.3, which will be updated and presented to the JTC following a funding decision.

Table 7: Metro Enhancements Indicative Programme 2020/21-2022/23

Project	Indicative Programme 2020/21 £m	Indicative Programme 2021/22 £m	Indicative Programme 2022/23 £m	Total £m
Metro Flow	2.658	9.203	107.702	119.563
Digital Car Parks	0.230	0.601	2.513	3.344
Callerton Car Park	0.170	1.018	0.957	2.145
Follingsby Car Park	0.647	0.643	5.570	6.860
Total	3.705	11.465	116.742	131.912

2.36 The table above illustrates the total cost estimate with all four projects expected to be largely delivered by March 2023.

2.37 The most significant of which, ‘Metro Flow’ will deliver more capacity, better frequency and more resilience to the existing network via the implementation of dual tracking in South Tyneside and the procurement of four additional trains. It is envisaged that this project will increase patronage, reduce emissions and improve journey times.

2.38 The other three projects will deliver enhancements to the regions ‘park and ride’ capacity and accessibility.

The Cross Tyne Ferries

2.39 On 21 November 2019, the Tyne and Wear Sub-Committee gave approval to Nexus' Ferry Strategy, the objectives of which will require significant capital investment, in particular:

- Rebuilding the North Shields jetty at the current location or at the Fish Quay, depending on the outcome of a feasibility study; and
- Exploring options to upgrade or replace vessels, including zero emission technology.

2.40 Before this investment can be committed to, funding will need to be sought. During the remainder of the current financial year, the feasibility of relocating the North landing will be explored.

2.41 In the interim, repairs will be required to the vessels, the current North Landing and at the South Landing. The table below illustrates the planned investment over the period of this three-year programme, for which funding has been secured:

Table 8: Ferry Capital Programme 2020/21-2022/23

Project	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
Repairs to North Landing	0.100	0.100	0.100	0.300
Repairs to South Landing	0.233	0.168	0.319	0.720
Ferry Vessels	0.172	0.090	0.000	0.262
Total	0.505	0.358	0.419	1.282

Capital Funding for Nexus Programme

2.42 Funding for the proposed Nexus capital programme for 2020/21 to 2022/23 is not fully secured at this stage, with the bulk of years 2 and 3 dependent on bids to DfT, whether for Metro Rail Grant or Transforming Cities funding. The programme is summarised at asset category level in the following table, which will be updated to include Metro Enhancements should a positive announcement on the Tranche 2 bid be received:

Table 9: Nexus Capital Funding

Asset Category	2020/21 £m	2021/22 £m	2022/23 £m	Total £m

Metro ARP				
- Civils	0.674	2.625	4.946	8.245
- Permanent Way	5.017	9.325	9.925	24.267
- Overhead Line	3.708	3.804	3.400	10.912
- Stations	1.729	0.500	2.400	4.629
- Signalling	2.424	4.040	2.940	9.404
- Metro Cars (Old)	3.410	3.223	3.223	9.856
- Programme Management and Risk Contingency	2.241	9.405	10.282	21.928
- Comms, Plant, Power, Mechanical & Electrical etc.	3.019	8.704	5.644	17.367
Fleet Replacement Programme				
- MSA	21.850	20.700	48.299	90.849
- DCC	19.089	16.968	19.796	55.853
- Howdon Depot	2.514	0.000	0.000	2.514
- Ancillary Costs	2.633	6.312	10.550	19.495
Digital Asset Replacement Programme	1.444	0.858	0.600	2.902
Cross Tyne Ferries	0.505	0.358	0.419	1.282
Total Capital Programme	70.257	86.822	122.424	279.503

2.43

Funding	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
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Metro Rail Grant (DfT)*	20.000	37.475	37.361	94.836
Highways Maintenance Challenge Fund***	0.000	0.000	1.248	1.248
New Fleet Grant (DfT)****	29.800	43.980	78.645	152.425
LTP Grant**	2.299	2.717	2.717	7.733
Local Funding	18.158	2.650	2.453	23.261
Total Funding	70.257	86.822	122.424	279.503

* Grant funding to be confirmed by DfT (apart from MARP, 2020/21)

** Funding to be determined locally but will be subject to DfT grant funding approvals for 2021/22 and 2022/23

*** Funding subject to grant funding approvals and expression of interest submissions

****Funding subject to Ministerial and Treasury approval in January 2020

- 2.44 In addition to the capital programme set out above, Nexus will potentially be required to contribute to the delivery of regional projects funded by the Transforming Cities Fund. The resourcing requirements will be revisited should this transpire.

Tyne Tunnels

- 2.45 The major maintenance liability for the Tyne Pedestrian and Cyclist Tunnels (TPCT) was retained by the NECA (formerly the Tyne and Wear Integrated Transport Authority) in the Project Agreement entered into with TT2. The TPCT has been undergoing major refurbishment works, which are now substantially complete, and the tunnels were reopened to the public on the 7 August 2019. The remaining work on the Tyne Pedestrian and Cycle Tunnels refurbishment is the completion of the inclined lifts. At the last Committee meeting it was reported that the specialist lift contractor was due to present the lifts for acceptance and certification before Christmas. A joint inspection was held at the end of November, with the Chief Executive of the lift contractor in attendance. Unfortunately, the extent of the 'snagging' list was such that the lifts could not be accepted. Although some of the issues have now been addressed the work is not yet complete and the lifts will again be put forward for acceptance and certification. Once they have been accepted and completed their certification for use, they will be brought into service. The tunnels remain open to the public between 06:00 to 20:00, with TT2 providing the night shuttle between 20:00 to 06:00. The facility is being well used by both pedestrians and cyclists.
- 2.46 The delays in completion of the works to the TPCT have led to increased costs in year, including works, professional fees, staffing and costs of site accommodation and security. The costs of the project will be met from the Tyne Tunnels earmarked reserves held for this purpose and the updated forecast position on the Tyne Tunnels reserves has been included with the revenue budget report.

Local Transport Plan

- 2.47 Local Transport Plan (LTP) Integrated Transport Block funding is made available by the DfT to the whole JTC area. This block is allocated between the JTC constituent

authorities on a locally agreed basis with an allocation to Nexus (mainly used to provide the match funding needed for the Metro ARP capital programme). The LTP block allocation is also used to contribute to the costs of the Regional Transport Team, which supports the delivery of the Local Transport Plan. Quarter 1 to 3 payments have been made to constituent authorities which total £7.436m and the forecast for the year is for the full grant available of £13.949m to be utilised.

2.48 For 2020/21 it is proposed that the apportionment of the grant between constituent authorities be maintained on the same basis as 2019/20, as set out in the table below.

Table 10: Allocation of LTP Integrated Transport Block grant

	Allocation	Contribution to UTMC	Contribution to TSU	Net Allocation
	£m	£m	£m	£m
Durham	2.789	-	(0.0625)	2.727
Gateshead	1.328	(0.067)	(0.0625)	1.199
Newcastle	1.650	(0.098)	(0.0625)	1.489
North Tyneside	1.088	(0.068)	(0.0625)	0.958
Northumberland	1.695	-	(0.0625)	1.633
South Tyneside	0.843	(0.050)	(0.0625)	0.730
Sunderland	1.606	(0.093)	(0.0625)	1.450
MARP Local Contribution / Public Transport Schemes	2.950	-	(0.0625)	2.887
Total	13.949	(0.376)	(0.500)	13.073

Capital Programme Financing

2.49 Forecast capital expenditure for 2019/20 and 2020/21 will be financed as follows:

Table 11: Capital Programme Financing summary

	2019/20 Revised	2019/20 Updated	2019/20	2020/21

	Budget £m	Forecast £m	Variance £m	£m
Government Grants	79.858	79.858	0.000	66.947
Borrowing	0.000	0.000	0.000	0.000
Earmarked Reserves	12.970	13.982	1.012	18.641
Total Funding	92.828	93.840	1.012	81.883

3. Reasons for the Proposals

- 3.1 The proposals are presented in this report to enable the Joint Transport Committee to agree its capital programme for 2020/21.

4. Alternative Options Available

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

Option 2 – The North East Joint Transport Committee may not accept the recommendations set out in this report.

Option 1 is the recommended option.

5. Next Steps and Timetable for Implementation

- 5.1 Progress against the JTC Capital Programme will be reported regularly throughout the year and monitored carefully by officers at the various delivery bodies. As and when updated information with regard to funding bids is received, the capital programme will be updated and presented to the JTC for confirmation.

6. Potential Impact on Objectives

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

7. Financial and Other Resources Implications

- 7.1 The financial and other resources implications are set out in the main body of the report.

8. Legal Implications

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

9. Key Risks

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

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

12.1 Projects being delivered by constituent authorities or in constituent authority areas are subject to local consultation and planning approvals.

13. Other Impact of the Proposals

13.1 There are no other impacts arising from this report.

14. Appendices

14.1 None

15. Background Papers

15.1 JTC report 22 January 2019 – Transport Capital Programme 2019/20
<https://northeastca.gov.uk/wp-content/uploads/2019/01/North-East-Joint-Transport-Committee-22-January-2019-Agenda-Pack.pdf>

16. Contact Officers

16.1 Eleanor Goodman, NECA Finance Manager, eleanor.goodman@northeastca.gov.uk,
0191 277 7518

17. Sign off

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

18. Glossary

DfT – Department for Transport

DARP – Digital Asset Renewal Programme

JTC – Joint Transport Committee

LTP – Local Transport Plan

MARP – Metro Asset Renewal Programme

TCF – Transforming Cities Fund

TPCT – Tyne Pedestrian and Cycle Tunnel

TSU – Transport Strategy Unit

UTMC – Urban Traffic Management and Control

Appendix 1 – Metro Asset Renewal Programme 2020/21

	2020/21 £m
Civils	
Crossgate Viaduct	0.003
Sunderland and Leamside Bridges	0.400
1142 Burnside Road Underbridge, 1148 Beach Road Underbridge	0.003
1156 Tanners Bank Underbridge	0.164
Asbestos revisited works- Central area tunnels	0.103
Total Civils	0.674
Permanent Way	
Package D (Gateshead Stadium to South Shields - Renewals)	0.008
Package D (Heworth to South Shields - Renewals completion)	5.009
Total Permanent Way	5.017
Overhead Line	
OLE - System Development	3.708
Total Overhead Line	3.708
Stations	
Interchange station package SSS	0.059
Byker	0.050
Platform Interchange Compliance	1.620
Total Stations	1.729
Communications	
Radio	0.354
CCTV / PA Access	0.400
Total Communications	0.754
Signalling	
Signalling - RTMS	0.121
Relay replacements	0.300
Reed track circuits	1.228
Location case rewire	0.284
Cable degradation	0.077
Cable replacement	0.200
Signalling- Replacement point motors (critical locations)	0.214
Total Signalling	2.424
Plant	
Diesel Shunters Battery Locos (likely to be RRVs)	1.412

	2020/21
	£m
Total Plant	1.412
Power	
Network Stray Currents	0.014
Total Power	0.014
Capital Maintenance	
Vehicle Replacement Programme	0.140
Off track enhancements	0.058
Lifts Refurbishment/Major Items	0.040
Track Capital Maintenance	0.352
OHL Capital Maintenance	0.027
Fleet Investment	3.410
Stations Refurb - Esc Imps/Major Items	0.020
Total Capital Maintenance	4.047
PM Costs	
PM Costs	1.700
Total PM Costs	1.700
Risk Allowance	0.213
Total Including Risk Allowances	21.691
Other Projects	
Nexus Learning Centre	0.532
Total Other Projects	0.532
Total ARP Programme Funding (including Major Projects)	22.222
Funding	
DfT Grant	20.000
10% Nexus Contribution	2.222
Total ARP Funding	22.222

Appendix 2 – Metro Asset Renewal Programme 2021/22 to 2022/23

	2021/22 (DfT Bid) £m	2022/23 (DfT Bid) £m	Total £m
Civils			
Bridges - Benton (1114 1115B) (subway demolition)	0.275	-	0.275
Bridges - condition and assessment led repairs/painting	0.500	0.300	0.800
Stoddart Street bridges - repair/waterproofing	-	0.400	0.400
1156 Tanners Bank Underbridge	0.200	1.248	1.448
Additional project (Highways Maintenance Challenge Fund)		1.248	1.248
Cullercoats Footbridge	0.400	-	0.400
Structural Assessments - overbridges	0.050	0.050	0.100
Tunnels - repairs and asbestos maintenance	-	0.500	0.500
Multi Storey Car Parks refurbishment	1.000	1.000	2.000
Surface Car Parks Refurbishment	0.200	0.200	0.400
Total Civils	2.625	4.946	7.571
Permanent Way			
Package A (BC971,974,976,979A) TYN-NPK	-	0.250	0.250
Gateshead Stadium to South Shields - Plain Line Refurbishment	5.900	-	5.900
Plain Line Refurbishment South Gosforth to Airport	-	6.000	6.000
Switches & Crossings - Christon Road 1020A/B pts & 1021pts	1.500	-	1.500
Switches & Crossings - Pelaw Chords 7016/17 pts	0.500	-	0.500
Switches & Crossings - Prudhoe Street 6007A/B pts	0.500	-	0.500
Switches & Crossings - Chillingham Road 3014A/B pts	0.050	1.100	1.150
Switches & Crossings - Monkseaton 2036A/B pt, 2034A, 2032 A/B pt	0.800	2.500	3.300
Points Heater Controls Replacement	0.075	0.075	0.150
Total Permanent Way	9.325	9.925	19.250
Overhead Line			
OLE - System Development	3.804	3.400	7.204
Total Overhead Line	3.804	3.400	7.204
Stations			
Whitley Bay	0.500	1.550	2.050
Monkseaton	-	0.300	0.300
Byker	-	0.450	0.450
Halt Stations JES-SGF	-	0.100	0.100
Total Stations	0.500	2.400	2.900

	2021/22 (DfT Bid) £m	2022/23 (DfT Bid) £m	Total £m
Signalling			
Relay replacements	0.100	0.100	0.200
Relay Rooms cooling and lighting at SGF	0.030	0.080	0.110
Reed track circuits	0.250	0.250	0.500
Reed track impedance bonds (replace oil filled)	0.090	0.090	0.180
Subsidiary signals	0.050	0.300	0.350
Location case rewire	0.300	0.300	0.600
Cable degradation	1.000	1.000	2.000
Toughing	0.100	0.100	0.200
Cable replacement	0.500	0.500	1.000
Treadle replacement	0.040	0.040	0.080
Scada	-	0.050	0.050
Customer Information System (PID's)	-	0.050	0.050
Trainstop Replacement (Trackside)	0.080	0.080	0.160
LED Signal Replacement	1.500	-	1.500
Total Signalling	4.040	2.940	6.980
Level Crossings			
LC- Minor enhancements	0.010	0.010	0.020
Total Level Crossings	0.010	0.010	0.020
Mechanical and Electrical			
Escalators - Haymarket 1&3 1/2 Life Refurbishment	-	0.250	0.250
Escalator - Haymarket 2 1/2 Life Refurbishment	0.125	-	0.125
Escalator - Sunderland 1 1/2 Life Refurbishment	0.125	-	0.125
Lift - Central (No.1) 1/2 Life Refurbishment	0.050	-	0.050
Lift Monument (No.1) 1/2 Life Refurbishment	0.050	-	0.050
Lift Monument (No.3) Replacement	0.180	-	0.180
Lift Gateshead (No.1) 1/2 Life Refurbishment	0.050	-	0.050
Lift Chichester (No.1-2) 1/2 Life Refurbishment	0.100	-	0.100
Lift Haymarket (No.1) 1/2 Life Refurbishment	-	0.050	0.050
Escalator handrail & lift re-roping	0.075	0.075	0.150
Linear Heat Detection replacement	0.400	-	0.400
Gas suppression	0.007	-	0.007
Lighting inverters	0.500	-	0.500
Interposing relay UPS	0.250	-	0.250
Fire extinguishers	0.022	-	0.022
Station lighting and small power	0.050	0.050	0.100
Dry risers	-	0.100	0.100
Air compressors	0.010	-	0.010
Tunnel Lighting	1.000	-	1.000
Total Mechanical and Electrical	2.994	0.525	3.519

	2021/22 (DfT Bid) £m	2022/23 (DfT Bid) £m	Total £m
Power			
DC Switch Boxes	0.333	0.333	0.666
Targeted HV Cabling Replacement	-	0.210	0.210
HV/DC troughing fettling	-	1.000	1.000
Traction power mimic replacement	1.000	-	1.000
Total Power	1.333	1.543	2.876
Capital Maintenance			
Rail Grinding	0.100	0.100	0.200
Security Fencing	-	-	0.000
Vehicle Replacement Programme	0.140	0.140	0.280
Infrastructure Vehicle Maintenance (RRV's, wagons etc.)	0.175	0.175	0.350
Off track enhancements	0.200	0.200	0.400
Track Capital Maintenance	0.400	0.400	0.800
Fleet Investment	3.223	3.223	6.446
Total Capital Maintenance	4.238	4.238	8.476
Miscellaneous			
Replace/refresh Drawing Management System	0.065	-	0.065
Network Refresh	0.900	-	0.900
Remote condition monitoring	-	0.200	0.200
Fare Collection Systems	1.000	1.000	2.000
Upgrade TVMs, gates/barriers, validators, TOMs	-	0.200	0.200
Metro Service	0.500	0.500	1.000
Bus costs	0.600	0.600	1.200
Dayworks	0.050	0.050	0.100
Control Centre improvements	0.250	-	0.250
Total Miscellaneous	3.365	2.550	5.915
PM Costs			
Network Expansion Development	1.000	2.000	3.000
PM Costs	2.530	2.530	5.060
Total PM Costs	3.530	4.530	8.060
Inflation Risk Allowance	1.204	1.240	2.444
Risk Allowance	4.671	4.513	9.184
Total Including Risk Allowances	41.639	53.560	95.199
Total ARP Programme Funding (including Major Projects)	41.639	42.760	84.399

	2021/22 (DfT Bid) £m	2022/23 (DfT Bid) £m	Total £m
Funding			
DfT Grant	37.475	37.361	74.836
Highways Maintenance Challenge Fund	0.000	1.248	1.248
10% Nexus Contribution			
LTP	2.640	2.640	5.280
Reserves/Other	1.524	1.511	3.035
Total ARP Funding	41.639	42.760	84.399

Appendix 3 – Digital Asset Renewal Programme 2020/21 to 2022/23

	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
Business Application				
ArcGis Desktop	-	-	0.025	0.025
Bus Contracts System	0.130	-	-	0.130
Finance System	0.161	0.053	-	0.214
Performance Software	0.101	-	-	0.101
Ferry ETMs	0.020	-	-	0.020
CRM Portal	-	0.020	-	0.020
Document Management System	-	0.150	-	0.150
HR/Payroll System	-	0.100	-	0.100
Live Travel Map	-	0.035	-	0.035
Organice	-	0.050	-	0.050
Time Recording	-	0.025	-	0.025
Timetable Rostering	0.250	-	-	0.250
Total Business Applications	0.662	0.433	0.025	1.120
Customer Facing Applications				
Digital Connectivity	0.110	-	-	0.110
TMS 'Novus FX'	-	0.050	-	0.050
Cycle Lockers	0.020	-	-	0.020
QR Code redirect site for bus stop departures	0.010	-	-	0.010
RTI Replacement (Bus)	-	0.175	-	0.175
Total Customer Facing Applications	0.140	0.225	-	0.365
Network IT Infrastructure/Hardware				
Microsoft SQL Server	0.016	-	0.050	0.066
Microsoft Sharepoint	-	-	0.100	0.100
Microsoft CRM	-	-	0.060	0.060
Video Conferencing Facilities	0.038	-	-	0.038
Backup & Recovery Solution	0.300	-	-	0.300
DMZ Virtual Infrastructure	0.085	-	-	0.085
Microsoft Team Foundation Server	0.003	-	-	0.003
Paloalto (Firewall)	-	-	0.165	0.165
Total Network IT Infrastructure/Hardware	0.442	-	0.375	0.817
Total PM Costs	0.200	0.200	0.200	0.600
Total DARP Programme	1.444	0.858	0.600	2.902
Funding	£m	£m	£m	£m
LTP	-	-	0.077	0.077
Reserves	1.444	0.858	0.523	2.825
Total ARP Funding	1.444	0.858	0.600	2.902

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North East Joint Transport Committee

Date: 21 January 2020

Subject: North East Joint Transport Committee Policy on the East Coast Main Line Timetable

Report of: Managing Director, Transport North East.

Executive Summary

Capacity constraints of existing infrastructure limit the number of services that can operate from other parts of Britain to and from our region using the East Coast Mainline. Planning for a major timetable change is underway for introduction in December 2021 and tradeoffs may be necessary between services until the infrastructure is upgraded. The purpose of this report is to seek members' views on the strategic connectivity priorities for the North East, which are dependent on rail services using the East Coast Main Line (ECML).

Recommendations

When consulted on timetable changes by the rail industry, The North East Joint Transport Committee is recommended to stand by the retention of the current rail connectivity pattern (2 to London, 2 to Manchester and 2 to Birmingham), rather than introducing a third train service to London in each hour at the expense of trains to either Birmingham or Manchester.

1. Background Information

- 1.1 The East Coast Main Line (ECML) is one of the UK's most important strategic transport routes. It is a vital artery for the North East as the region relies on this line for all of our rail services to London, Scotland, the Midlands, Leeds, Manchester and beyond.
- 1.2 Currently, the ECML between Northallerton, Newcastle and Berwick consists of only two tracks – one in each direction, which limits the number of passenger trains that can run within any given hour to six. This currently means 2 to London, 2 to Manchester and 2 to Birmingham.
- 1.3 As part of the original business case for the new Azuma trains, additional services were planned from 2021. This would mean extending a stopping service from London to York onwards to Newcastle to provide three trains each hour between London and Newcastle.
- 1.4 Additional infrastructure was planned to enable this third London train; however this scheme was dropped by Government on cost grounds. As a consequence, if the third service is to be introduced, it is likely that a trade-off between current services to other destinations would be necessary to accommodate the new train service on existing infrastructure. Based on evidence gathered for a previous rail industry consultation response on behalf of the predecessor to this committee, this would risk our region's economic growth because of reduced connectivity opportunities between our region and other parts of the country based on the evidence.
- 1.5 Members are asked to consider the connectivity priorities for the region so that a clear message can be communicated when industry consultation occurs.

2. Proposals

- 2.1 It is proposed that when the rail industry seek views on service patterns to and from our region using the ECML that we respond with the message that our priorities are:
 - Today's quantum of service of 2 trains to London, 2 to the Midlands, and 2 to the North of England is retained as well as the quantum of services to Scotland, and;
 - Introduction of any additional service should not be to the detriment of today's service quantum to any destination.

3. Reasons for the Proposals

- 3.1 It is expected that retaining connectivity to East Scotland, West Yorkshire, the West Midlands, South Yorkshire, Bristol, the Thames Valley and beyond has a greater benefit than an additional London service as removal of such a service would be a detriment to the number of places reached from our region by direct train.

3.2 The Institute for Public Policy Research (IPPR) 2016 report ‘At The Crossroads - Regional trade in the North East’, figures show the value of exports and imports from the various regions to and from the North East, using 2010 data which is the most recent available..

3.3 It can be seen from the table 1 below that significant trade flows between the areas covered by train service we are seeking to protect:

Table 1

Region	Value of trade from the NE (million Euro)	Value of trade to the NE (million Euro)	Total (million Euro)
West Yorkshire	225	249	474
West Midlands	30	217	247
South Yorkshire	62	169	231
Gloucester, Wiltshire, Bristol and Bath	49	105	154
Derbyshire & Nottinghamshire	72	141	213
East Scotland	236	129	365
North East Scotland	80	147	227
Total			1,544

3.4 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.

3.5 There are three stations in the JTC area (Durham, Chester-Le-Street and Morpeth), which rely on long distance services to destinations other than London for local links to Newcastle as well as destinations further afield.

3.6 Reducing calls at these stations would damage their accessibility, connectivity and economic growth potential.

4. Alternative Options Available

4.1 Option 1 – The North East Joint Transport Committee may accept the recommendations set out in paragraph 2.1.

4.2 Option 2 – The North East Joint Transport Committee may not accept the recommendations set out in paragraph 2.1 above and instead let the rail industry decide the service pattern for ECML rail services serving the North East in 2021.

4.3 Option 3 –The North East Joint Transport Committee may wish to accept a third hourly service to London at the expense of curtailment of one of the existing ECML services north of Northallerton.

4.4 Option 1 is the recommended option.

5. Next Steps and Timetable for Implementation

5.1 The JTC will respond to the December 2021 Timetable Consultation when it is launched by Network Rail in early 2020.

6. Potential Impact on Objectives

6.1 The delivery of improved rail services in the North East will assist in delivering this committee's key objectives for economic growth, greater opportunities and reduction of transport-based carbon emissions.

7. Financial and Other Resources Implications

7.1 There are no financial and other resources implications.

8. Legal Implications

8.1 There are no legal implications.

9. Key Risks

9.1 Constraints on economic growth and loss of connectivity opportunities to key economic markets are key risks if there is insufficient train paths for all the services that are currently planned to operate from 2021 on the ECML.

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

12.1 This Committee will be kept up to date with developments as necessary and the JTC response to the December 2021 timetable change consultation response will be subject to consultation with each Council in the Joint Transport Committee area.

13. Other Impact of the Proposals

13.1 No specific Impacts

14. Appendices

14.1 None

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

Any acronyms or technical terms used are explained in the body of the report.

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North East Joint Transport Committee

Date: 21 January 2020

Subject: Developing our region's bus policy in the context of our transport plan.

Report of: Managing Director, Transport North East

Executive Summary

On 19th November, JTC agreed the Vision, the objectives and the principles of our Regional Transport Plan.

Whilst the Transport Plan should look agnostically across all transport modes to identify the future interventions necessary to deliver the positive environmental, economic and health credentials our plan aspires to, there is also a need to contemplate interventions and outcomes at a more detailed transport modal level.

A number of "management models" exist and may soon be enabled to deliver bus services, from the current deregulated commercial model, through to bus franchising. This paper focusses less on these means of delivery as it is designed to outline 'the product' which we wish to see in the development of our bus network that North East bus users, present and future, should experience so these aspirations can be translated into proposed deliverables to be outlined in our Transport Plan.

Recommendations

The North East Joint Transport Committee is recommended to note the concepts above and offer feedback.

1. Background Information

1.1 Ideas presented in the following table represent interventions that could happen on the bus network to respond to the ambitions for the transport plan. At this stage, they are conceptual and are not yet data or evidence led and are not proposed as policies for development or adoption. The ideas should be taken in the context of an integrated network, joined to other modes through journey planning apps and branding.

1.2

Proposed Transport Plan Principles	How might bus deliver against this?
One, total network	<ul style="list-style-type: none"> • Timetables to integrate with timetables of other modes; • Bus park and ride, and; • Affordable, integrated, digital smart fares and information.
Look to the future	<ul style="list-style-type: none"> • Changes to scholars service offer to make bus desirable to young people including check in technology with notifications to parents; • Reduce interaction with the driver to make bus travel less daunting for young people; • Get our future generations in the sustainable transport habit, and; • Financially sustainable operational models.
A great experience	<ul style="list-style-type: none"> • Attractive bus fares which represent great value, • Frequent, punctual and reliable services, to the right places at the right times on comfortable vehicles, using high quality bus infrastructure and; • Friendly and helpful staff.
North East pride and passion	<ul style="list-style-type: none"> • Branding across vehicles; • Marketing which reflects the tone of our region.
Sound evidence and commitment to deliver for the region.	<ul style="list-style-type: none"> • Commitment with in the transport plan to solutions, which support our ambition and inclusion of bus improvements or policy delivery on our regional timeline.
Proposed Transport Plan Objectives	How might bus deliver against this?
Carbon Neutral Transport	<ul style="list-style-type: none"> • A fleet, which uses new fuel technologies to become zero emission.
Overcome inequality and grow our	<ul style="list-style-type: none"> • Buses play a role in an integrated network with

economy	minimum accessibility standards to opportunities such as employment, education and health.
Healthier North East	<ul style="list-style-type: none"> • Integration with sustainable modes such as walking and cycling with fare structures that encourage the best mode for the time of day or weather when appropriate.
Appealing sustainable transport choices	<ul style="list-style-type: none"> • Attractive, modern vehicles with journey times and prices to compete with car; • Excellent information and journey planning standards so the alternative to the car is well publicised and people can choose.
Safe, secure network	<ul style="list-style-type: none"> • Well trained drivers, segregated from pedestrians with safe bus stops so everyone feels safe; • Public transport hate crime charter extended to buses; • An attractive school bus and works services offer to drive down car journeys, especially around schools.

2. Proposals

2.1 JTC is invited to consider the concepts above and offer feedback.

3. Reasons for the Proposals

3.1 Thoughts gathered in the discussion will be taken forward for inclusion in the proposal for bus policy in the transport plan and linked to potential management models for delivery.

4. Alternative Options Available

4.1 Option 1

The North East Joint Transport Committee is recommended to note the concepts above and offer feedback.

Option 2

The North East Joint Transport Committee can choose not to provide feedback on the concepts.

Option 1 is the recommended option.

5. Next Steps and Timetable for Implementation

5.1 At a later stage in the development of the transport plan, proposed bus policy

options will be presented to JTC for consideration.

6. Potential Impact on Objectives

6.1 The concepts above support the North East Transport Plan objectives.

7. Financial and Other Resources Implications

7.1 The proposal is conceptual and there are no known financial and resource implications at this stage.

8. Legal Implications

8.1 There are no known legal implications at this stage.

9. Key Risks

9.1 If alternative 'management models' to deliver bus services are not considered the full benefits to the environment, economy and health will not be realised.

10. Equality and Diversity

10.1 The proposal can improve accessibility standards, improving access to opportunities and reducing inequality.

11. Crime and Disorder

11.1 The proposal could have a positive impact on perceptions of safety and security.

12. Consultation/Engagement

12.1 The Transport Strategy Board has been consulted on the proposal.

13. Other Impact of the Proposals

13.1 The proposals are expected to have a positive impact on the environment, economy and health.

14. Appendices

14.1 None

15. Background Papers

15.1 None

16. Contact Officers

16.1 Philip Meikle, Transport Strategy Director,
philip.meikle@nexus.org.uk

0191 203 3241

17. Sign off

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

18. Glossary

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By virtue of paragraph(s) 2, 3, 4 of Part 1 of Schedule 12A of the Local Government Act 1972.

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