



North East Joint Transport Committee

Tuesday, 17th March, 2020 at 2.00 pm

Meeting to be held in the Blaydon Room, Gateshead Civic Centre

AGENDA

	Page No
1. Apologies	
2. Declarations 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 Meeting held on 21 January 2020	3 - 6
4. Bus Funding Opportunities	7 - 13
5. East Coast Mainline, HS2 and Northern Powerhouse Rail Update	15 - 24
6. Nexus Fleet Replacement Programme Update	25 - 31
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9. Revenue Budget Monitoring Report	53 - 61
10. Capital Programme Monitoring Report	63 - 75
11. Exclusion of the Press and Public	

The North East Joint Transport Committee may wish to exclude the press and public from the meeting during consideration of the following item on the grounds indicated:

Item 12: By virtue of paragraphs 2, 3 and 4 of Part 1 of Schedule 12A of the Local Government Act 1972

12. **Confidential minutes of the meeting held on 21 January 2020** **77 - 78**
13. **Date of Next Meeting**

The next meeting will be held on Tuesday 16 June at 2pm at Gateshead Civic Centre.

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NORTH EAST JOINT TRANSPORT COMMITTEE

DRAFT MINUTES FOR APPROVAL

DATE: 21 January 2020

Meeting held: Reception Room, South Shields Town Hall

Present:

Councillor: M Gannon (Chair)

Councillors: P Jackson, C Johnson, C Marshall, J McCarty, G Miller and M Walsh

In attendance:

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

Officers: M Jackson, G Mansbridge, P Meikle, R O'Farrell, S Ramsey, E Reynard, J Sparkes, R Forsyth-Ward and A White.

1. APOLOGIES FOR ABSENCE

Apologies were received from Mayor J Driscoll, Councillor I Malcolm and Mayor N Redfearn.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS MEETING HELD ON 19 NOVEMBER 2019

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

4. REGIONAL TRANSPORT UPDATE

The Committee received a report outlining progress in relation to various regional transport issues. It is hoped that Nexus will be in a position to announce the preferred bidder for the fleet replacement programme by the end of January.

Cllr Marshall also provided the Committee with a verbal update from Transport for the North.

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

5. NORTH EAST ELECTRIC VEHICLE INFRASTRUCTURE UPDATE

The Committee received a report outlining progress with Electric Vehicle charging infrastructure in the North East, in terms of new installations and updating the existing network.

The Committee were advised that funding for the programme will end in March 2020, but next steps have been identified should more funding become available.

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

6. NORTH EAST TRANSPORT PLAN – UPDATE AND TIMESCALES

The Committee considered a report outlining the proposed timescales 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.

RESOLVED: The North East Joint Transport Committee endorsed the milestones outlined in the report.

7. TRANSPORT BUDGET AND LEVIES 2020/21

The Committee considered a report setting out the 2020/21 Transport Revenue Budget and associated levies. The report also set out the revenue resources planned to be used in 2020/21 to deliver the objectives of the Joint Transport Committee.

RESOLVED: The North East Joint Transport Committee:

- (i) Noted the position of the Transport budget in 2019/20 and approved the revised estimates for the year;
- (ii) Agreed a Transport net revenue budget for 2020/21 of £82.800m;
- (iii) Agreed 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 £61,100,00
- (iv) Agreed a transport revenue grant to Durham County Council for the delivery of transport services of £15,456,000;

- (v) Agreed a transport revenue grant to Northumberland County Council for the delivery of transport services of £6,224,000;
- (vi) Agreed a transport revenue grant to Nexus for the delivery of transport services in Tyne and Wear of £59,000,000;
- (vii) Approved the budget for the Tyne Tunnels as set out in section 2.47 of the report, which includes a recommended increase in the Tyne Tunnels tolls for inflation which was approved by the Tyne and Wear Sub-Committee on 16 January 2020;
- (viii) Approved the budget for the Transport Strategy Unit as set out in section 2.40 of the report;
- (ix) Noted the forecast level of reserves at section 2.50 of the report.

8. TRANSPORT CAPITAL PROGRAMME 2020/21

The Committee considered a report which provided an updated forecast capital outturn for 2019/20 and presented the initial 2020/21 capital programme.

RESOLVED: The North East Joint Transport Committee:

- (i) Noted the latest position in respect of the 2019/20 capital programme as set out in the report;
- (ii) Approved the proposed initial capital programme for 2020/21 which amounts to £81.883m.

9. NORTH EAST JOINT TRANSPORT COMMITTEE POLICY ON THE EAST COAST MAINLINE TIMETABLE

The Committee considered a report which sought views on the strategic connective priorities for the North East which are dependent on rail services using the East Coast Main Line (ECML).

Currently the ECML between Northallerton, Newcastle and Berwick consists of 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 two trains to London, two trains to Manchester and two trains to Birmingham.

As part of the original business case for the new Azuma trains, additional services were planned from 2021, with three trains each hour between London and Newcastle. Additional infrastructure was planned to enable the third London train; however, this scheme was dropped by the Government on cost grounds. As a consequence, if a third train is introduced, it is likely that other services will be reduced to accommodate the additional train.

Cllr Gannon commented that there is no doubt that there is demand for increased services to London, but also to Manchester and Birmingham. He stated investment is needed to increase the capacity of the ECML following years of underinvestment in the North East's rail infrastructure. The line needs to be upgraded from two tracks north of York.

Cllr Walsh agreed with Cllr Gannon's comments.

RESOLVED: The North East Joint Transport Committee agreed that should there be consultation on timetable amendments by the rail industry that the Committee will stand by the retention of the current rail connectivity pattern (two to London, two to Birmingham and two to Manchester) rather than introduce a third train service to London at the expense of trains to either Birmingham or Manchester.

10. DEVELOPING OUR REGION'S BUS POLICY IN THE CONTEXT OF OUR TRANSPORT PLAN

The Committee received a report which focussed on a range of potential models to deliver bus services as part of the development of the Transport Plan.

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

11. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED: The North East Joint Transport Committee agreed to exclude the press and public from the meeting during consideration of item 12 by virtue of paragraphs 2,3 and 4 of Part 1 of Schedule 12A of the Local Government Act 1972.

13. DATE OF NEXT MEETING

The next meeting will be held on 17 March 2020 at 2pm at Gateshead Civic Centre.

North East Joint Transport Committee

Date: 17 March 2020

Subject: Bus Funding Opportunities

Report of: Lead Chief Executive for Transport

Executive Summary

In February 2020 the Government announced four funding opportunities for buses, under the banner of 'A Better Deal for Bus Users'. These relate to: All Electric Bus Towns; Superbus Networks; Rural Mobility Fund; and Supported Bus Services Funding for 2020/21. Details of each funding opportunity and the proposed approach for the North East are set out in the report. Summarised as follows:

- Work is underway with bus operators to prepare a bid for the Electric Bus Town Fund and the Superbus Network Fund;
- Funding allocations for the Funding for Supported Bus Services in 2020/21 have been received (£1.454 million) and it is proposed to distribute this funding by allocating 20% based on rural population, with the remainder allocated based current supported bus miles operated. This is in line with the DfT's own formula for calculating the JTC's allocations. This gives a split of Nexus (£705k), Northumberland (£242k) and Durham (£508k), with details proposals being worked up at the current time; and
- NECA doesn't qualify for funding under the Rural Mobility Fund, with proposals to lobby Government to reconsider whether the North East should be able to bid for this.

Recommendations

The Joint Transport Committee is recommended to:

- i. Note the 'A Better Deal for Bus Users' funding opportunities set out below, including the funding allocation for the 'Funding for Supported Bus Services in 2020/21' to Nexus (£705k), Northumberland (£242k) and Durham (£508k);
- ii. Note that a Statement of Intent is required to be submitted by 13 March 2020 for the 'Funding for Supported Bus Services in 2020/21' and that this is to be actioned under delegated powers by the Lead Chief Executive for Transport, in consultation with the JTC's Chair, Chief Finance Officer and Monitoring Officer; and

- iii. Agree to delegate to the Managing Director, Transport North East, authority to submit expressions of interest on behalf of the JTC for the All Electric Bus Town, Superbus Network, and Rural Mobility Fund (if available) in accordance with the published deadlines.

1. Background Information

- 1.1 DfT announced four funding opportunities on 6 February 2020 under the banner of 'A Better Deal for Bus Users'. Details of each and the steps being taken to secure funding from them are below.

2. Proposals

All Electric Bus Town

- 2.1 This is a £50 million competitive fund open to all English local transport authorities outside London for towns that have a self-contained urban bus network and a recognised air quality problem. Access to the fund is contingent on all local bus operators agreeing to replace all buses operating within the town with battery electric powered buses (and to operate them for at least 5 years), and replacing all buses operating into the town from surrounding areas with diesel/battery electric hybrid buses.
- 2.2 The fund will not support the entire cost of replacing the bus fleet. It will support 75% of the additional capital cost of upgrading a diesel powered bus to a battery electric powered bus. The equivalent cost of new diesel powered buses must be committed by bus operators. The remaining 25% of the upgrade cost must be found locally, either by the bus operator, the local transport authority or another source.
- 2.3 Expressions of interest must be submitted by 30 April 2020 using a DfT application form. We are engaging with bus operators and local authorities to gauge interest in bidding for this Fund.

Superbus Network

- 2.4 This is a £70 million competitive fund whose primary objective is to increase bus patronage in an area through a package of measures covering bus priority, capped bus fares and increasing service frequencies. The funding is for both revenue and capital projects.
- 2.5 The core element of the bid is expected to be improved bus priorities. The second part of the package will fund a fare cap on all daily fares in the geographical area of the scheme. The third part will allow funding for increased frequencies on individual routes with the overall aim of increasing long-term patronage by providing buses at times when local people need to use them.
- 2.6 Local authorities and bus operators must commit to establishing an Enhanced Bus Partnership for the area in order to access the funding. Sunderland and Tyneside are both eligible areas for deployment, through the JTC.
- 2.7 There is a two-phase application process for this fund:
- Phase 1: An Expression of Interest must be submitted by 30 April, which assesses proposals in terms of the size of the pilot area, the challenges it faces and the delivery plan and timescale. Up to three projects will be taken

forward from this phase, with successful bidders expected to be notified by the end of May 2020.

- Phase 2: This will require development of a more detailed business case, following relevant departmental guidance. Local authorities will be asked to propose a more ambitious and a less ambitious option.

Rural Mobility Fund

- 2.8 This is a £20 million competitive fund that enables local transport authorities to trial demand responsive bus services in rural and suburban areas not well served by conventional bus services.
- 2.9 The guidance states that the North East is not eligible to bid for this Fund as we are currently a bidder for the Transforming Cities Fund. We have asked for this to be reconsidered, a response is awaited.

Supported Bus Services Funding for 2020/21

- 2.10 DfT has allocated £1.454m of revenue funding to the JTC Area to improve existing bus services, restore lost bus services or introduce new bus services.
- 2.11 It is proposed to distribute this funding by allocating 20% based on rural population, with the remainder allocated based current supported bus miles operated. This is in line with the DfT's own formula for calculating the JTC's allocations. This gives a split of Nexus (£705k), Northumberland (£242k) and Durham (£508k).
- 2.12 Proposals for how each organisation will spend the fund are currently being developed. A Statement of Intent is required that sets out how the region intends to deploy this funding to meet the Government's objectives for the Fund. This statement must be submitted on Friday 13 March in order to release funding for services commencing in April 2020. Any further submissions need to be made by 26 June. Evidence of engagement with local communities and consultation with local MPs is required.

3. Reasons for the Proposals

- 3.1 The funding opportunities set out in Section 2 offer ways for the North East to grow bus use and address accessibility gaps in the bus network.

4. Alternative Options Available

- 4.1 Option 1 is to work with bus operators to bid for the Electric Bus Town Fund and the Superbus Network Fund, spend the Funding for Supported Bus Services in 2020/21 and lobby Government to reconsider whether the North East should be able to bid for the Rural Mobility Fund.
- 4.2 Option 2 is to not progress an approach to these funding opportunities, missing an opportunity to improve bus use in the North East.
- 4.3 Option 1 is the recommended option.

5. Next Steps and Timetable for Implementation

- 5.1 Engagement with bus operators has been commenced to gauge interest in bidding for the Electric Bus Town and Superbus Network funds. The outcome of these discussions will be reported back in due course and expressions of interest developed in required.
- 5.2 Durham, Nexus and Northumberland are working together to develop a Statement of Intent that explains where the Funding for Supported Bus Services in 2020/21 will be deployed. Given the short timescales related to this funding it is proposed that sign-off for this Statement of Intent is delegated to the Managing Director Transport North East in discussion with the JTC's Chair, Chief Finance Officer and Monitoring Officer

6. Potential Impact on Objectives

- 6.1 Successful bids for this funding will improve bus use and help achieve the North East's transport and environmental objectives.

7. Financial and Other Resources Implications

- 7.1 The 2020/21 JTC Revenue budget will be updated to include the Funding for Support Bus Services once confirmed. Financial implications of other funding opportunities set out in the report will be taken in account in developing any bids, which will require the involvement of the Chief Finance Officer.
- 7.2 There are no human resource or ICT implications associated with this report.

8. Legal Implications

- 8.1 Should any bids be successful, it is anticipated they will be subject to terms and conditions applied by the Department for Transport in a funding agreement or offer letter which will be the subject of a further report to the Committee. The Funding for Supported Bus Services in 2020/21 allocation may also be subject to terms and conditions specified by DfT.

9. Key Risks

- 9.1 There are no key risks arising from this report.

10. Equality and Diversity

- 10.1 Successful bids for this funding will enable a broader range of public transport and sustainable transport options to be available to more people in the North East. The specific needs of people with mobility problems will be considered to ensure that equality of access is achieved and enhanced. The safety and security requirements of vulnerable people will also be considered to ensure that a diverse range of people from across our communities can enjoy the benefits of the resulting investment.

11. Crime and Disorder

11.1 At this stage there are no specific crime and disorder issues identified with this programme.

12. Consultation/Engagement

12.1 The content of this report has been consulted with Transport Officers and the Transport Strategy Board. Active engagement has commenced with bus operators to gauge their interest and views. Durham, Nexus and Northumberland will take on board the views of the public in developing proposals for the Funding for Supported Bus Services in 2020/21 and engage with MPs regarding those proposals.

13. Other Impact of the Proposals

13.1 It is likely that any successful bids for this funding will have beneficial impacts on the businesses of transport operators, key employment sites and employers in the North East. In addition it is likely that improved access to educational opportunities will be delivered. Finally, greater use of buses will lead to improved health outcomes for people living and working in the North East.

14. Appendices

14.1 None.

15. Background Papers

15.1 DfT funding details:

<https://www.gov.uk/government/publications/a-better-deal-for-bus-users/a-better-deal-for-bus-users>

16. Contact Officers

16.1 Tobyn Hughes, Managing Director, Transport North East
Email: tobyn.hughes@nexus.org.uk
Tel: 0191 203 3246

17. Sign off

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

18. Glossary

DfT – Department for Transport

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North East Joint Transport Committee

Date: 17 March 2020

Subject: East Coast Main Line, HS2 and Northern Powerhouse Rail Update

Report of: Managing Director, Transport North East

Executive Summary

The East Coast Main Line (ECML) is the transport artery which connects the North East to other Northern Powerhouse cities, Scotland, London, the Midlands and beyond. In the 2030s, it will become our link to HS2 and Northern Powerhouse Rail, yet in its current condition it lacks the resilience, capacity and line speeds necessary to meet existing requirements let alone those of the future.

This report sets out the ways in which the region is working with the rail industry and local businesses to seek the investment required to deliver the much-needed improvements to the East Coast Main Line (ECML), particularly between Northallerton and Scotland; and also to obtain their support regarding HS2 and Northern Powerhouse Rail (NPR). ECML improvements with HS2 and NPR will transform North East connectivity to the rest of the UK.

All the region's stakeholders need to be active and vocal in making the case to government for a plan for major investment in the line as a matter of urgency, and should speak as one united voice to deliver a clear message.

This report sets out what is being done to promote investment and the opportunities to do more in terms of recent developments and next steps for each activity that forms part of our campaign.

Recommendations

The North East Joint Transport Committee is recommended to note the contents of the report and support the ongoing work to secure the funding needed to upgrade the ECML and deliver HS2 and NPR to cater for future growth.

1. Background Information

1.1 ECML

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 Plans are being developed for both HS2 and Northern Powerhouse Rail to come to the region as enablers for significant economic growth, better connecting the North East to other key economic centres. This requires an uplift to 9 trains per hour on the ECML, north of Northallerton. As reported previously the current ECML infrastructure cannot accommodate any more trains over and above today's levels.

1.4 To meet this future demand Network Rail have conducted a study entitled 'What is required to make the rail network between Church Fenton and Newcastle ready for 2030 and beyond.' This report outlines the emerging findings from the draft of the study which is due to be concluded and published by April 2020.

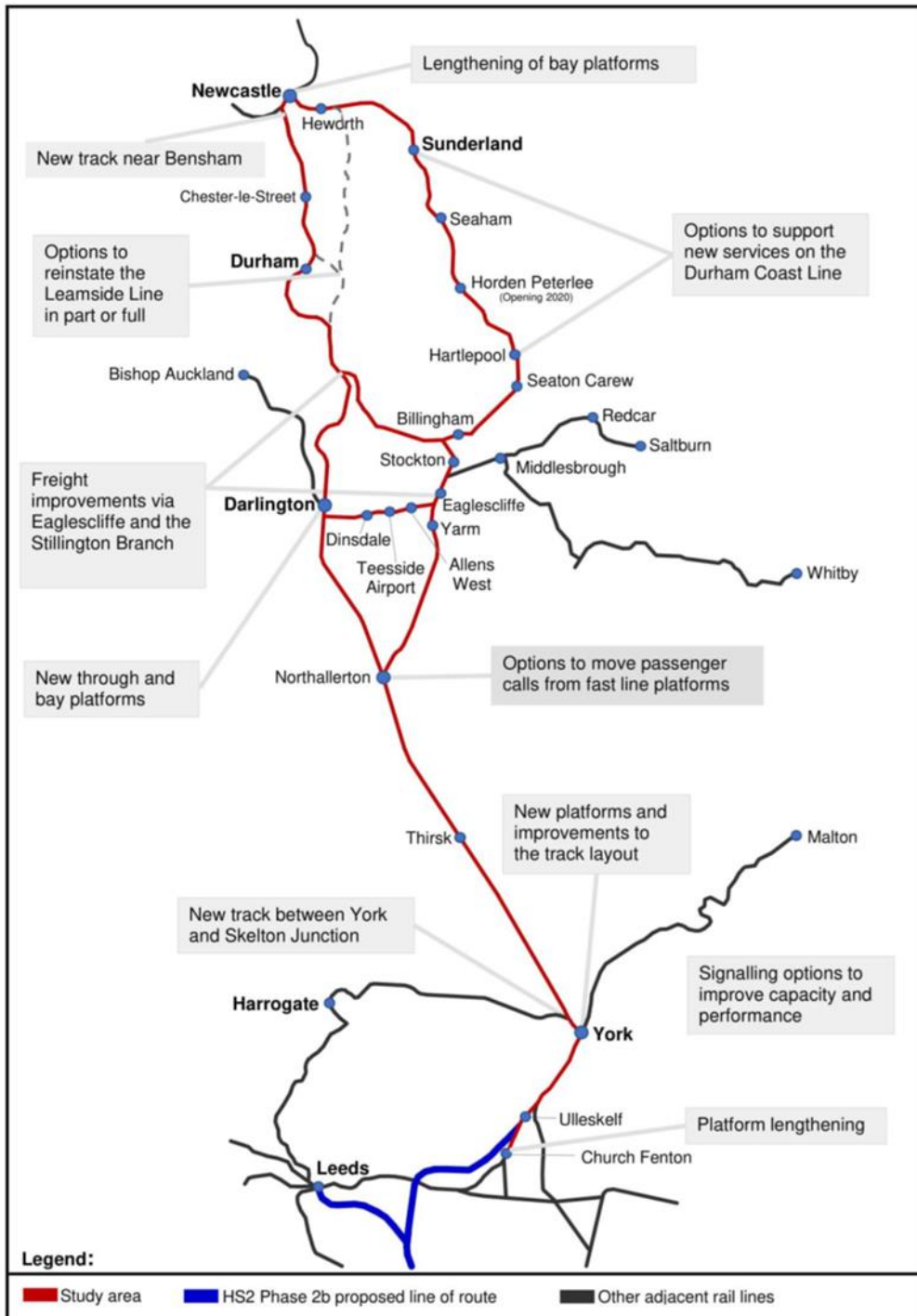
Network Rail ECML Study

1.5 As part of Network Rail's duty to plan for the future of the railway, it has carried out a study on the East Coast Main Line, from just south of York (where HS2 is proposed to join the ECML at Church Fenton) to Newcastle. This study took into account the relationship with the Durham Coast line and also the potential for using a reinstated Leamside line. The study looked at forecast passenger demand up to 2043 and also included three incremental scenarios: background growth only, then with HS2 added, then with High Speed 2 (HS2) and Northern Powerhouse Rail (NPR) added.

1.6 The region had a representative on the officers working group that helped to progress the study and fed in the North East views previously reported to this committee. They also made the link to the local authorities' development work and the NPR development work. The study area was expanded from purely the ECML to also consider the other north – south corridors in the region namely the Durham Coast line and the currently redundant Leamside Line.

1.7 The emerging findings of the draft report are encouraging because they reflect many of our region's long-standing concerns and aspirations for HS2 / NPR, freight and local services. The diagram in **Figure 1** outlines the proposed interventions required with further detail provided in the **Table 1** below. It is important to note that the report does not represent any commitment to fund improvement schemes: "all recommendations are for progression of interventions for further development, and their ultimate delivery is subject to a detailed understanding of affordability and value for money".

Figure 1: Map of Draft Recommendations



1.8 Table 1: Draft recommendations from the ECML study.

Recommendation (North to South)	Comments
Newcastle Station – lengthening of bay platforms to accommodate longer terminating NPR and HS2 trains	This outcome is being fed into the current station development work being promoted by Newcastle City Council. Additional scope has been added to future proof the current work.
New track near Bensham Curve	This would enable segregation of freight and high-speed passenger services on the approach to Newcastle station from the south.
Options to reinstate the Leamside line in part or full	This would enable the segregation of freight and high-speed passengers services thus increasing the number of passenger services that could use the ‘on line’ ECML to 9tph. Freight would be fully or partially diverted via a reopened Leamside, The opening up of Leamside would also enable the opportunity for local passenger services to operate on the line.
Options to support new services on the Durham Coast Line	<p>This looks at what would be required to deliver more local, regional or freight services along the Durham Coast south of Sunderland. North of Sunderland the Tyne and Wear Metro is seeking to run 6tph (Metro Flow) and Northern trains 2tph services (including Northern Connect), thus there is little scope for further increases. However in accordance with Sunderland City Council aspirations for better local and regional connectivity the study identifies constraints and possible solutions. These accord with the work Sunderland are undertaking around the development of the Station.</p> <p>Interventions would also be required at Hartlepool Station to reintroduce the second platform before additional services could be run.</p>
Fright improvements via Eaglescliffe and the Stillington Branch	This would enable freight to divert away from the ECML at Northallerton, via Eaglescliffe and the Stillington branch to re-join the ECML at Ferryhill (where there are more than 2 tracks) and then use the Leamside line either in part or in full as described above.
Darlington, Northallerton and York	South of our region significant interventions are required at these stations to facilitate increased number of train services to the North East.

1.9 The next steps once this study has been published, is to work with local authorities, Network Rail and TfN to develop a coordinated phased approach to progressing the business cases for the intervention identified. To aid this Network Rail are preparing an investment plan for the ECML during 2020 covering short, medium- and long-

term schemes. A further report will come back to this Committee when that plan emerges.

Fast Track North East

- 1.10 Building on the work of this Committee, the North East Chamber of Commerce is leading on a 'Fast Track North East' campaign to secure investment in the North East railways to improve connectivity and reliability for business, both employees for access to work and employers for access to trade and a wider labour pool.
- 1.11 The Chamber are sending a letter to the Transport Secretary ahead of the UK Government budget on March 11. The letter includes the need for investment to be made over the period 2024-34, including the reinstatement of the disused Leamside Line and upgrades for the existing East Coast Main Line. It is intended that the Chamber will ask members of the JTC to sign the letter along with business leaders and MPs in the region so that the North East is presenting one collective view to government.

Other ECML activities

- 1.12 As demonstrated from the above, the North East is taking a proactive role in campaigning for ECML investment between York and Newcastle. Other activities include:
- The MP for Newcastle North (Catherine McKinnell) is Chair of the East Coast Mainline All-Party-Parliamentary-Group.
 - JTC members represent the region on the East Coast Mainline Authorities (ECMA) Consortium. Transport North East provides secretariat support to ECMA.
 - Earlier this month the Chair of the JTC hosted a Parliamentary briefing for North East MPs on the regional transport agenda. The message conveyed was that government investment in the East Coast Mainline is out top priority.
 - The JTC Chair and senior transport officers regularly speak at events and conferences further raising our ECML asks to the wider North and the rest of the country and to key stakeholders.
 - The JTC TfN representatives and senior rail officers work with Transport for the North (TfN) to develop Northern Powerhouse Rail to deliver the capacity, service frequency and reduced journey times needed to better connect the region.

1.13 HS2 and NPR

In August 2019, the UK Government commissioned an independent review 'on how and whether to progress with the entire HS2 project', based on all existing evidence. Whilst the review did not make a public call for evidence, the JTC sent a letter to the Chair of the review setting out our region's viewpoint in September 2019.

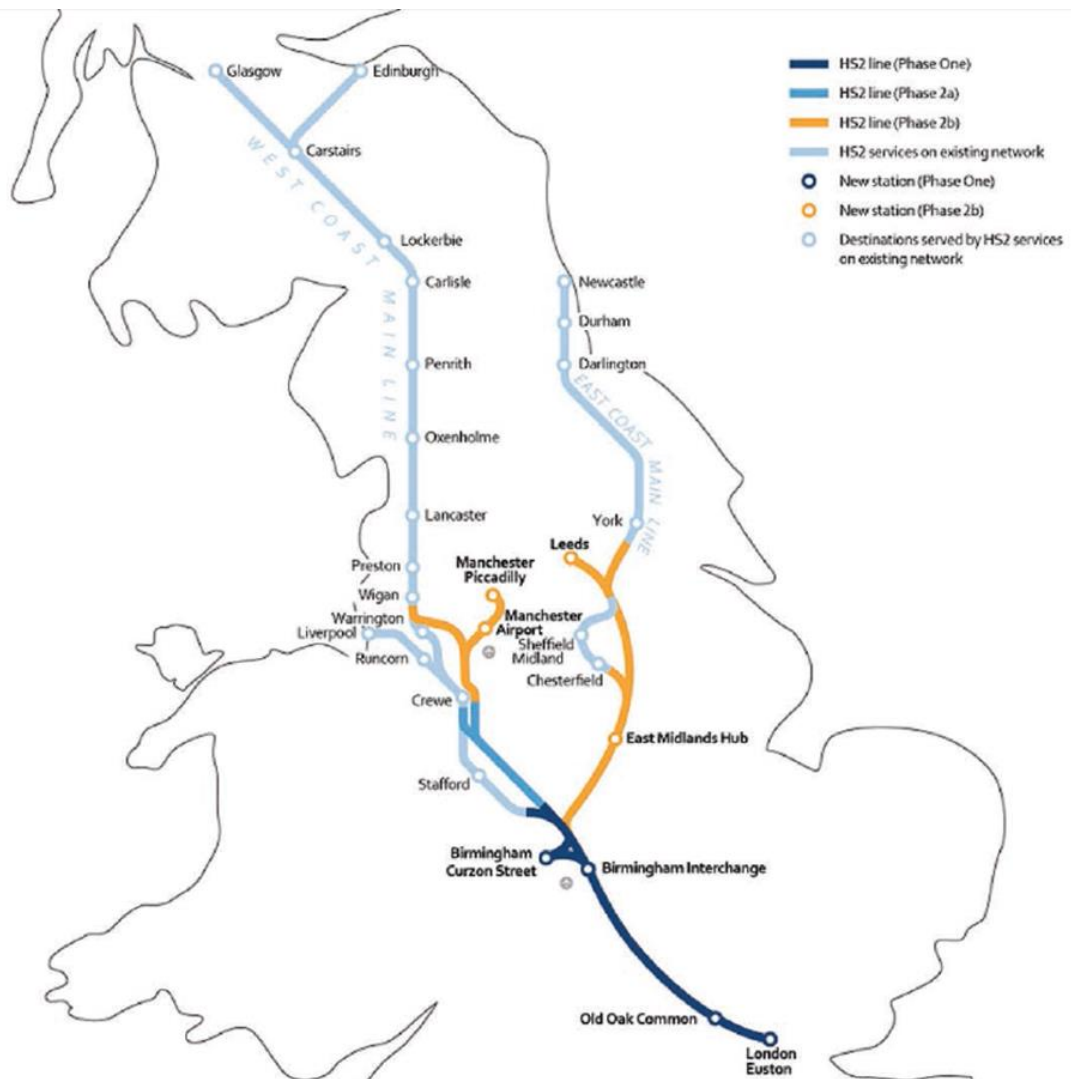
Our response was noted at the end of the Oakervee report as one of the organisations who contributed their views and evidence to the review.

- 1.14 We stated that 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. We outlined that 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.
- 1.15 In addition to HS2 significantly improving connections to the South and the Midlands, the North East is also working with Transport for the North to develop Northern Powerhouse Rail which will improve east – west connections. In some places across the North these two schemes overlap and both proposed services use the same infrastructure called 'touchpoints'. For the final leg to and from the North East both services will use an upgraded ECML. Thus there is already some synergy between the two schemes and the Government has now sought an Integrated Rail Plan for the North to bring these investments into a single investment programme, 'High Speed North'.

The Oakervee Review

- 1.16 The review concluded recommending that the Government commit to building HS2 in full (the full 'Y' shape network see Figure 2). However, it also recommended that more needs to be done to ensure the North gets improved rail services ahead of the (now delayed) planned opening of HS2 Phase 2b in 2035-40.
- 1.17 In February 2020, the Prime Minister stated that the 'Cabinet has given high-speed rail the green signal' and a new dedicated High Speed 2 Minister, Andrew Stephenson (MP for Pendle), has been appointed. The new HS2 Minister will lead the development of an Integrated Rail Plan (IRP) for the North, with input from the National Infrastructure Commission. The IRP is due to be ready by end of this calendar year.
- 1.18 The Government has decided to establish 'High Speed North' to be controlled by a separate company, but it is currently unclear whether this is a brand name or a new arms-length delivery body. It is thought that HS North will likely cover HS2 Phase 2b and Northern Powerhouse Rail. The Government is expected to publish a Command paper outlining further details in mid-March 2020, which should give clarity on the Parliamentary process and hybrid bills. If this appears before the JTC committee sit a verbal update will be given of any key issues.
- 1.19 Transport for the North are keen to have more of a say in the delivery of both HS2b and NPR and will be seeking to work with the Minister as he formulates his plans.

Figure 2 HS2 Map



Northern Powerhouse Rail

- 1.20 As a reminder the concept of NPR is for fast, frequent intercity services that will bring the whole of the North closer together though better rail journeys. For the North East the output that is been worked towards is 4 NPR trains per hour and a reduction in journey time to Leeds of 30 minutes to an hour.
- 1.21 NPR as a network is a mix of new lines and significant upgrades to existing lines and thus has differing challenges to delivery.
- 1.22 TfN is still aiming to produce a Strategic Outline Business Case (SOBC) for the whole Northern Powerhouse Rail network as planned along with sequencing and phasing in November. TfN also wants line upgrades such as the ECML to be sequenced by the government and Network Rail in Control Period 7 (CP7) 2024–2029 and Control Period 8 (CP8) 2029–2034.

Integrated Rail Plan (IRP) for the North

- 1.23 The government is now considering bringing all the major rail programmes within the North under a single integrated plan. This will however have to also to factor in plans for High Speed Scotland, plans in the Midlands and the interaction of local service enhancements like the Northumberland line and the Leamside Line.
- 1.24 The Chair of JTC has sent a letter to the new minister setting out the North East view and the JTC TfN member representatives have fed into the TfN response to the IRP.

2. Proposals

- 2.1 It is proposed that Members note and support the emerging findings of the Network Rail study, the continued lobbying work underway, and note the feedback regarding HS2 and NPR.

3. Reasons for the Proposals

- 3.1 Better connectivity by rail is an essential enabler for the region's economic growth and environmental improvement plans. The ECML (supported by HS2 and NPR) is the key route connecting the region with the rest of the UK both for passengers and freight. Thus, investment in the ECML to cater for predicted growth is vital to the future well-being of the North East. Interventions are starting to emerge from studies and the case for investment is being made by the regions political and business leaders.
- 3.2 Continued efforts must therefore be made to secure the funding to design and then deliver the essential improvements required for the ECML over the next 10 to 15 years in an incremental and coordinated way.

4. Alternative Options Available

- 4.1 Not applicable for this report as for information only.

5. Next Steps and Timetable for Implementation

5.1 ECML

Continued activity, in partnership with the other bodies described in this report, to emphasise the need for investment in the ECML in order for the full benefits of HS2 and NPR to be realised.

5.2 HS2 and NPR

The Government is expected to publish a Command paper outlining further details in mid-March 2020. The new HS2 Minister will lead the development of an Integrated Rail Plan (IRP), with input from the National Infrastructure Commission. The IRP is due to be ready by end of this calendar year. Further reports will be

brought back as developments become known.

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 economic growth, future opportunities and reduction of transport-based carbon emissions and loss of connectivity are key risks if increased service frequency and reduced journey times are not enabled through increasing the capacity of the ECML between York and Newcastle and the full HS2 and NPR services reaching the North East.

10. Equality and Diversity

- 10.1 There are no equality and diversity implications arising from the proposal.

11. Crime and Disorder

- 11.1 There are no crime and disorder implications arising from the proposal.

12. Consultation/Engagement

- 12.1 None

13. Other Impact of the Proposals

- 13.1 No specific implications

14. Appendices

- 14.1 Appendix 1 – Independent report - Oakervee Review of HS2 – Published 11 February 2020.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/864842/oakervee-review.pdf

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.

North East Joint Transport Committee

Date: 17 March 2020

Subject: Nexus Fleet Replacement Programme Update

Report of: Managing Director, Transport North East.

Executive Summary

This report provides the Joint Transport Committee with an update on Nexus' Fleet Replacement Programme, including confirmation of grant funding and contract award to Stadler. Nexus made its decision to award contracts for its Fleet Replacement Programme to Stadler on 27th January 2020 following grant funding award from the DfT on 14th January 2020.

The report further details the proposed contract process and programme including confirmation that the Gosforth depot development will commence in Autumn 2020 and the first test trains will arrive on the Metro network in the summer of 2022.

Recommendations

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

1. Background Information

- 1.1 The Fleet Replacement Programme is concerned with delivering a new fleet of trains for the Tyne and Wear Metro, a new train maintenance facility in Gosforth, a new satellite depot in Howdon and procuring contracts for the maintenance of the new fleet of trains and the existing fleet up to the point of its disposal.
- 1.2 Following an intensive 11 month procurement exercise Nexus received Best and Final Offers from 3 tenderers on 9th August 2019 and the evaluation was concluded by 12th September 2019. Nexus' Senior Leadership Team gave approval in principle to the selection of Stadler as the preferred tenderer on the 27th September 2019 allowing Nexus to finalise the Final Business Case (FBC) for the Fleet Replacement Programme and submit this to the DfT.
- 1.3 The decision was scrutinised by the Nexus Audit Committee on 3rd October 2019 who concluded that a robust and comprehensive procurement process had been carried out, with risks and future financial controls fully illustrated.
- 1.4 Between the 9th and 11th October 2019 the DfT undertook an OGC Gateway 3 Review of the Fleet Replacement Programme. The review was undertaken by specialists from the DfT, DfBEIS and the MoD and concluded with Nexus being awarded an Amber / Green Delivery Confidence rating which is described as; 'Successful delivery appears probable however constant attention will be needed to ensure risks do not materialise into major issues threatening delivery'. This is considered to be the best rating Nexus could have achieved in this review given the scale and complexity of the Programme.
- 1.5 Nexus gave approval for the selection of Stadler as the preferred tenderer on the 29th October 2019.
- 1.6 On the 11th November 2019 DfT's Board Investment Commercial Committee, chaired by the Permanent Secretary, endorsed Nexus' FBC and subsequently submissions were made to DfT and HM Treasury Ministers to approve the funding for the Fleet Replacement Programme.
- 1.7 Nexus received a letter confirming grant funding from the DfT on 14th January 2020. This was followed by a Grant Funding Agreement that was executed on the 22nd January 2020.
- 1.8 Nexus made its decision to award contracts for the Fleet Replacement Programme to Stadler on 27th January 2020. Nexus subsequently issued its decision to award and standstill notice to tenderers marking the start of the 10 day mandatory standstill period required under the Utilities Contract Regulations 2016. The standstill period is the time in which unsuccessful tenderers can formally challenge the procurement outcome if they feel they have been unfairly treated. The standstill period concluded with no such challenges being received which stands testament to the fair and transparent procurement process Nexus followed.
- 1.9 On the 28th January 2020 Nexus held a launch event at Proto in Gateshead to celebrate reaching its contract award milestone. The event which publically revealed the new train designs was attended by a wide range of local and national

suppliers and stakeholders. Amongst the speakers at the event, Rail Minister, Chris Heaton-Harris heralded the £337m investment as a new era for the Tyne and Wear Metro. Following the event the Minister visited a manufacturing firm on the Team Valley, one of numerous local firms that will be supplying components for the manufacture and ongoing maintenance of the new Metro trains as well as entering into new export markets that the fleet procurement has exposed them to.

- 1.10 The day of events attracted significant positive media attention which extended into the following days with more detailed coverage about the transformation that the investment in new trains and the depot will bring about to the North East, not only to Metro's customers but to the local economy as a whole.
- 1.11 Following completion of the standstill period Nexus' and Stadlers' legal advisers formed the final contracts and these were executed on the 11th February 2020 marking the start of the delivery phase of the Fleet Replacement Programme
- 1.12 Very few bodies outside the government itself, Transport for London, and specialist private sector firms ever carry out rolling stock procurements. Given that the new Metro fleet must last for another 35 years it is also a task that comes around only once in a generation. Nexus is confident that it has executed a high quality process that will deliver high quality trains for Metro's passengers, high value for taxpayers, and local economic opportunities.

2. Proposals

- 2.1 Nexus have now entered the mobilisation phase of the contracts for the design and manufacture of the new trains, design and construction of the new depot and the transfer of the train maintenance business to Stadler.
- 2.2 The design and manufacture of new trains will lead to the first test trains arriving on the Metro network in the summer of 2022. These trains will undergo an extensive type testing programme to gain regulatory approval to use the new trains on Nexus and Network Rail infrastructure. Following this, the trains will be rolled out as frequently as once a week until all 42 new trains are in operation by the end of 2024.
- 2.3 In order to introduce the trains and fully exploit their capabilities, such as running on battery power, Nexus needs to modify and introduce new processes and procedures associated with its train operations. Nexus will develop these in parallel with the design and manufacture of the new trains.
- 2.4 The transfer of the existing maintenance business will include the TUPE transfer of c.120 employees and a formal consultation process with the staff will commence in March 2020 with the aim of having a seamless business transfer in August 2020.
- 2.5 The redevelopment of the depot will commence in Autumn 2020. As the depot will need to remain operational throughout the redevelopment, the work will be undertaken in phases over a period of c.5 years.
- 2.6 Throughout the depot redevelopment Nexus will operate up to 10 trains from a new satellite depot in Howdon, freeing up capacity at the main depot for the

redevelopment works. The works to construct the temporary satellite depot is making excellent progress and is scheduled to be complete in the summer of 2020.

2.7 Nexus set out to order a fleet shaped by the people who will use it. The design of the new Metro train is based on the ideas, feedback and suggestions of more than 3,000 local people who took part in consultation in 2016-17. While many elements of the design are now complete local people will continue to shape the final train through consultation on key areas including:

- the type and colour(s) of seats;
- the colour and pattern of internal and external finishes;
- the colour, finish and position of grab poles;
- location and size of internal and external signage;
- bicycle fixings.

Metro celebrates its 40th birthday in 2020 and this consultation will form part of events focussing on the system’s future role. A full-size mock-up of a new Metro carriage will be opened to the public and passenger groups in autumn 2020, as part of this process.

3. Reasons for the Proposals

3.1 The reasons for the proposals are to advise the committee of the progress to date and the next steps associated with the Fleet Replacement Programme.

4. Alternative Options Available

4.1 The report is for information therefore there are no alternative options proposed.

5. Next Steps and Timetable for Implementation

5.1 The high-level programme milestones are listed below.

Activity	Target Date
Contract Award for Fleet Replacement Programme	11 th February 2020
Completion of Satellite Depot	July 2020
Metrocar Maintenance Agreement start inc TUPE transfer of maintenance organisation	August 2020
Gosforth Depot Redevelopment	Autumn 2020 - 2025
New Fleet introduction	2022 - 2024

6. Potential Impact on Objectives

6.1 The proposal for awarding contracts for the Fleet Replacement Programme is critical to meeting objectives set out in the Metro and Local Rail Strategy, 2016, particularly in terms of:

- providing Metro and local rail services that are reliable, accessible and comfortable with high levels of customer satisfaction, within available resources; and
- to grow the Metro and local rail network and their modal share as part of an integrated public transport network.

7. Financial and Other Resources Implications

- 7.1 Nexus are in receipt of £337m from central government, which combined with a £25m local contribution amounts to a total funding envelope of £362m for a new fleet of Metrocars and maintenance facilities.
- 7.2 The contract value of the new fleet and new depot is £300.7m. The remaining £61.1m will be used for the satellite depot and costs necessarily incurred in getting the new fleet operational e.g. project management, testing and commissioning. A risk contingency of £28.7m is available within the overall budget to mitigate those risks being retained by Nexus e.g. ground conditions at the depot, infrastructure compliance within standard and changes to specification leading to a contract variation.
- 7.3 In addition, Nexus has been awarded £13.1m of other capital grant in order to part fund the maintenance of the existing fleet under the terms of the Metrocar Maintenance Agreement (MMA) up to the end of 2023/24.
- 7.4 Confirmation of both grants allowed Nexus to make its Decision to Award.

8. Legal Implications

- 8.1 The procurement process leading to the award by Nexus of the contract to the preferred supplier was carried out in accordance with the relevant legislation. As noted within the report, the 'standstill period' following the contract award passed without challenge.

9. Key Risks

- 9.1 In order to ensure the project for fleet delivery is successful, Nexus has developed a fully monetised comprehensive risk register which is in place for the Fleet Replacement Programme and is reviewed and updated periodically.
- 9.2 At the time of drafting this report the main risks associated with the proposals are;
- i. Ground condition risk – the risk of encountering unforeseen onerous ground conditions during the redevelopment of Gosforth Depot. A contingency sum is included for this risk within the risk contingency referred to in paragraph 7.2.
 - ii. Conformity of infrastructure with standards and tolerances – Nexus is obligated to ensure its infrastructure is compliant with its standards and tolerances and the new trains will be designed based on a compliant network. Nexus is currently undertaking a project through its Asset Renewal

Programme to undertake engineering works to ensure its infrastructure is fully compliant with its standards at the point of introducing the new trains.

- iii. Managing the transition between the old and the new train fleet – the risk of disruption to passenger services due to introducing new trains at the same time as training all c.160 Traincrew to drive the new trains. Nexus commenced planning for this key delivery phase in 2018 and will continue to do so working in collaboration with Stadler moving forward to ensure any disruption is minimised.

10. Equality and Diversity

- 10.1 The design of the new Metrocars will be fully compliant with the latest accessibility guidelines from Government and The Rail Vehicle Accessibility (Non-Interoperable Rail System) Regulations 2010 and is consistent with Nexus' Disabled Person's Protection Policy (DPPP). Nexus will be undertaking an equality and diversity impact assessment to assess the impact the new fleet will have.

11. Crime and Disorder

- 11.1 There are no direct crime and disorder implications arising from the proposals within this report.

12. Consultation/Engagement

- 12.1 There are no specific consultation/engagement implications arising from the proposals within this report.

13. Other Impact of the Proposals

- 13.1 There are no other direct implications arising from this report.

14. Appendices

- 14.1 None

15. Background Papers

- 15.1 North East Joint Transport Committee (Tyne and Wear Sub-Committee) 16th January 2020; Update on the new Metro fleet procurement including grant award.
- 15.2 North East Joint Transport Committee, 18th June 2019; Update on the new Metro fleet procurement ahead of (BAFO) stage TNEC, 19th April 2018; Metro Futures New Fleet Procurement Update
- 15.3 NELB, 16th January 2018; Metro Futures and New Fleet Procurement Update
- 15.4 NELB, 30th November 2017; Metro Future Fleet Procurement Update

- 15.5 TNEC, 13th July 2017; Metro Futures update and Fleet Procurement Strategy – detailing the Fleet Specification and Depot strategy
- 15.6 TNEC, 20th April 2017; Metro Fleet specification update
- 15.7 TNEC - 9th February 2017, Summary of market research and consultation for new fleet of Metrocar design

16. Contact Officers

- 16.1 Tobyn Hughes Managing Director, Nexus
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Tel: 0191 203 3246

17. Sign off

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

18. Glossary

BICC Board Investment and Commercial Committee (DfT)
DfBEIS Department for Business Environment and Industrial Strategy
DfT Department for Transport
MMA Metrocar Maintenance Agreement (maintenance of the existing fleet)
MoD Ministry of Defence
NELB North East Leadership Board
OGC Office of Government Commerce
TNEC Transport North East Committee
TSA Train Services Agreement (maintenance of the new fleet)
TUPE The Transfer of Undertakings (Protection of Employment) Regulations 2006

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North East Joint Transport Committee

Date: 17 March 2020

Subject: North East Transport Plan Update

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.'

All seven Local Authorities and both combined authorities have declared a climate emergency and set targets for reducing carbon. The target dates vary.

A list of high level KPIs have been developed and will be used to monitor the region's future performance against the Plan.

The impact of the Transport Plan on decarbonisation will be measured using the KPI Transport emissions per capita (tonnes CO₂).

An Implementation Plan will accompany the Transport Plan. It will consist of a pipeline of projects and measures designed to deliver the vision, objectives and principles of the Plan.

A supplier is being procured to develop the digital space for the Transport Plan and execute The Big Transport Conversation and formal consultation.

Recommendations

The North East Joint Transport Committee is recommended to:

- Endorse the Key Performance Indicators (KPIs) which will monitor the region's future performance against the Plan;
- Endorse the principles of the Implementation Plan which will consist of a pipeline of projects designed to deliver the vision, objectives and principles of the Plan;
- Note the commencement of the procurement of a supplier to develop the Transport Plan web space and carry out the consultation exercises, and agree to give delegated authority to the Managing Director, Transport North East, in consultation with the Monitoring Officer and Chief Finance Officer, to award the contract to the preferred supplier at the end of the procurement process, in accordance with JTC Standing Orders and NECA contract procedures;

- Note the options available for how the Transport Plan can support the LA7 and the North East and North of Tyne Combined Authorities to meet the targets for addressing their declared climate emergencies.

1. Background Information

- 1.1 In November 2019, JTC endorsed the Plan's vision, objectives and principles. This endorsement has enabled the Plan to be developed based on clear evidence and data.
- 1.2 At the JTC in January 2020, members endorsed the proposed milestones of the Plan which conclude with the publication of the Plan in November 2020.
- 1.3 JTC have requested that the North East Transport Plan be unlike a 'traditional' Transport Plan. Instead, it has been requested that the Plan is more accessible, public facing and avoids the use of transport planning jargon. Publishing the Plan on a digital platform will enable these requirements to be met.
- 1.4 The Transport Plan is intended to set out a transport strategy for the region up to 2035. A key objective of the Plan, expressed as "Carbon Neutral Transport", is to help address the climate emergencies declared by all of the LA7 authorities and, through transport-based measures, contribute to the goal of the North East becoming carbon neutral.
- 1.5 Transport is the largest contributor to UK greenhouse gas emissions, accounting for 27% of such emissions in 2017. Whilst emissions in the UK have reduced over the last three decades, the reduction has been small: 2017 emissions from transport had only fallen by 2% on 1990 levels. Although the JTC has begun to take measures to reduce emissions from transport, the scale of the problem means that much more needs to be done if the targets set by the Local Authorities and both Combined Authorities are to be achieved.
- 1.6 The world is facing a climate crisis and, in response, ambitious targets for reducing carbon emissions are being set at an international, national and local level.
- 1.7 All seven Local Authorities and the North East and North of Tyne Combined Authorities have responded to the threat of a climate crisis by declaring a climate emergency and setting targets for reducing carbon. The target dates vary (as set out below) and, in some cases, refer only to the council's own activities whereas others relate to the entire municipal area for which the council is responsible.

2023 target date:

- North Tyneside: halve the authority's and borough's carbon footprint by 2023;

2030 target date:

- Durham: achieve a 60% reduction in emissions by 2030;
- Gateshead: make the council's activities carbon neutral by 2030;
- Newcastle: make Newcastle carbon neutral by 2030;
- Northumberland: make Northumberland carbon neutral by 2030;
- South Tyneside: make South Tyneside Council carbon neutral by 2030;

- Sunderland: to become carbon-neutral by 2030
- North of Tyne Combined Authority: North of Tyne area to be a net-zero carbon region (equivalent to being carbon neutral) by 2030

2050 target date:

- Durham: investigate what further actions are necessary to make the county carbon neutral by 2050;
- North Tyneside: to become carbon neutral by 2050;

No specific date:

- North East Combined Authority: will fully support all four NECA constituent authorities in working towards their ambitious targets.

1.8 A related issue is that of air pollution, which has a negative impact on health and is estimated to shorten life expectancy. The EU Court of Auditors stated in 2018 that air pollution is now the “biggest environmental risk” to public health in Europe, causing an estimated 400,000 premature deaths a year.

1.9 In this area, Gateshead, Newcastle, and North Tyneside are amongst the UK authorities estimated to have roads with concentrations of Nitrogen Dioxide forecast to be above annual legal limits in 2021 and have developed plans for a Clean Air Zone (CAZ) to tackle this. It should be noted, however, that there is no ‘safe’ limit for air pollution therefore and so this issue should continue to be addressed even if the CAZ is successful in securing legal compliance.

Key Performance Indicators (KPIs)

1.10 In order to monitor the region’s future performance against the Plan, a list of high level KPIs have been developed.

The KPIs link to the Plan’s overarching objectives and are proposed to be as follows:

	Objectives				
KPI	Carbon Neutral North East	Overcome inequality and strong economy	Healthier North East	Appealing sustainable transport choices	Safe, secure network
Transport emissions per capita (tonnes CO ₂)					
Ultra-low emission vehicles (ULEVs) as a proportion of all licensed vehicles at the end of the year					
The percentage of properties that can access 200,000 jobs within 60 minutes by public transport.					
Annual mean average NO ₂ (ug/m ³) at all Automatic Urban and Rural Network sites in LA7					
Road network efficiency measure using the Teletrac Navman (Trafficmaster) dataset					
Trips per person per year by mode					
Infrastructure measures. (km of segregated cycle ways and public charging infrastructure)					
Total annual mileage Motor vehicle traffic (vehicle miles).					
Numbers killed and seriously injured, three year rolling average.					
Number of slight injuries, three year rolling average					
Perception surveys for modes					
The cost of travel by mode between selected origin-destination pairs					

Implementation Plan

- 1.11 An Implementation Plan will accompany the Transport Plan. It will consist of a pipeline of projects and measures designed to deliver the vision, objectives and principles of the Plan.
- 1.12 The pipeline will be developed through engagement with a wide group of transport business, environmental, public health and academic stakeholders, alongside existing evidence. The projects will not just reflect existing ideas but new ideas and innovation.
- 1.13 As well as the pipeline, the Implementation Plan will include an assessment of the region's infrastructure needs linked to Local Plans and Infrastructure Plans, and investment plans of external partners such as Highways England, Network Rail and Transport for the North
- 1.14 An example of this approach can be seen in Transport for Greater Manchester's (TfGM's) Delivery Plan, which can be viewed online at <https://tfgm.com/2040/delivery-plan-2020-2025> . The maps on pages 26-28 illustrate how the region may present the information. It is proposed that the JTC adopts a similar approach but in an online format.

Web space procurement

- 1.15 Working with Durham County Council's Procurement Team, the Transport Strategy Unit is undertaking an exercise to procure a supplier to develop the digital space for the Transport Plan.

How can our regional transport plan support the targets of LA7 authorities and the two combined authorities to move towards carbon-neutrality?

- 1.16 Achieving net carbon neutrality will require a significant switch away from conventionally powered vehicles to sustainable modes meaning:
- A significant increase in walking and cycling;
 - Increased use of public transport, and;
 - A shift to vehicles that are electric-powered or use alternative fuels.
- 1.17 An objective of our transport plan is: "Appealing sustainable transport choices". With this objective, we aim to make transport service, infrastructure and policy interventions which remove barriers to active travel and public transport use and make these options more attractive as people plan their journeys.
- 1.18 Naturally, road transport will always have a part to play, and for many journeys, especially in rural areas, will remain essential. We should, however, consider how the carbon footprint of road journeys can be reduced, through making electric car ownership a more attractive option and in the short term, examining measures which reduce emissions from the existing road vehicle fleet.

How will the transport plan measure its impact on decarbonisation?

1.19 The first of the KPIs listed in the previous table will measure transport emissions of CO2 per capita, which will inform JTC on the progress of the decarbonisation of our transport network.

2. Proposals

2.1 JTC is asked to consider the following proposals:

- That KPIs are included within the transport plan, including measures which monitor the decarbonisation of the region's transport network, meaning that JTC can be reassured that the transport plan is actively contributing to LA7 and Combined Authority ambitions.
- That our transport plan focuses on solutions which make walking, cycling and public transport more attractive means to travel around our region and that it includes measures to deliver a reduction in the carbon footprint of road transport consistent with the carbon reduction targets set by the LA7 authorities, NTCA and NECA.
- That a suitable supplier be obtained to develop digital space and a consultation programme for the Transport Plan, in accordance with JTC Standing Orders and NECA contract procedures.

3. Reasons for the Proposals

3.1 The proposals highlighted in paragraph 2.1 will help to monitor progress of the Transport Plan objectives, will enable the provision of digital space to host the Plan, and will support the local authorities in the LA7 and the North East and North of Tyne Combined Authority to meet their ambitious targets for addressing their declared climate emergencies.

4. Alternative Options Available

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

4.2 Option 2 – The North East Joint Transport Committee may choose not to proceed on the above basis.

4.3 Option 1 is the recommended option.

5. Next Steps and Timetable for Implementation

- 5.1
- May 2020 - Pre-consultation engagement through 'The Big Transport Conversation'.
 - June 2020 - Consultation version of the North East Transport Plan to go to JTC.
 - July – September 2020 - If endorsed by JTC, statutory consultation for the Transport Plan.
 - October 2020 - Revised version of Transport Plan to go to Transport Strategy Board for endorsement.

- November 2020 - Final version of the Transport Plan to go the JTC for approval.
- Late November 2020 – Publish on Transport North East website.
- January 2021 – Official launch of Transport Plan.

6. Potential Impact on Objectives

- 6.1 The proposal will have a positive impact on the Transport Plan target of ‘carbon neutral transport’ and contribute to the achievement of the Transport Plan vision: ‘Moving to a green, healthy, dynamic and thriving North East’.

The proposal will also support the climate emergencies declared by all of the LA7 authorities.

7. Financial and Other Resources Implications

- 7.1 Procurement of digital space, consultation and the undertaking of statutory environmental assessments for the Transport Plan will all incur costs that are included within the current Transport Strategy Unit budget.

In the longer term, achieving a carbon-neutral transport system is likely to require substantial financial investment and staffing resources. These cannot be quantified at this stage.

8. Legal Implications

- 8.1 There is a legal requirement for a number of environmental and other assessments to be carried out in respect of plans and programmes for which there is a statutory requirement; LTPs fall within this definition. Consultants have therefore been appointed to carry out a Strategic Environmental Assessment, Habitats Regulation Assessment, Equalities Impact Assessment and Health Impact Assessment in respect of this Plan.

There are no other specific legal implications at this stage.

9. Key Risks

- 9.1 In relation to web space procurement, the key risk relates to a delay in the creation of a web space platform on which to host the Transport Plan. This would impact on the Plan publication date. This risk is being closely managed and appointment of the supplier in April would allow sufficient time to meet this timescale.

With regard to carbon reduction, the key risk is that targets are not met with consequent detrimental impacts on climate change, resulting in growing incidence of extreme weather conditions such as flooding, droughts, and storms and resultant effects on our transport system and our residents. Although these issues require action on a global scale, we can attempt to mitigate them locally by developing measures through the Transport Plan to urgently address the climate emergency.

10. Equality and Diversity

10.1 Poorer communities are often the worst affected by climate change and poor air quality. Moving towards a carbon-neutral transport network, with improved alternatives to car use and better air quality, should assist in reducing social exclusion and ill-health.

11. Crime and Disorder

11.1 There are no crime and disorder implications arising from the proposal.

12. Consultation/Engagement

12.1 This Committee will be kept up to date with the progression of the North East Transport Plan and a consultation draft will be circulated in June 2020. Pre-consultation informal engagement will be carried out through 'The Big Transport Conversation' referred to earlier under 'Next Steps'.

Transport Strategy Board have been consulted on the proposal in respect of procurement of digital space.

13. Other Impact of the Proposals

13.1 The introduction of measures to reduce carbon will have a positive impact on the environment and will contribute to the North East's ambition to become net Carbon Neutral.

14. Appendices

14.1 None

15. Background Papers

15.1 None.

16. Contact Officers

16.1 Philip Meikle, Transport Strategy Director, Nexus

philip.meikle@nexus.org.uk

17. Sign off

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

18. Glossary

LA7- 7 North East local authorities

JTC- Joint Transport Committee

TSU – Transport Strategy Unit

North East Joint Transport Committee

Date: 17 March 2020

Subject: Transport North East, Regional Transport Update

Report of: Managing Director, Transport North East

Executive Summary

This report highlights that the region continues to await the outcome of the final Transforming Cities Fund (Tanche 2) 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 in partnership with other organisations to press the government to invest in the East Coast Main Line in the North East.

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

The region continues to make significant progress with Electric Vehicle (EV) charging infrastructure in the region including an award in 2019 for £605,000 funding to deliver 10 rapid chargers specific for the Taxi and private hire network

Following the successful acceptance of Nexus' Final Business Case (FBC) and the subsequent award of funding for the Fleet Replacement Programme by DfT, Nexus has awarded the contract for the new fleet, new depot and maintenance agreements to Stadler. Mobilisation work has commenced. The construction of a new satellite depot at Howdon is progressing well and is due to be complete by July 2020.

In February, the DfT launched a series of funding opportunities totalling £220m, under the banner "A Better Deal for Bus Users".

Councillor Martin Gannon, Chair of North East Joint Transport Committee, has written to the then to the Chancellor of the Exchequer, setting out the region's transport aspirations. The text of the letter is set out in Appendix A

Recommendations

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

1. Background Information

1.1 Transforming Cities Fund (TCF)

As reported to this Committee on 20th January, 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

Work is progressing following approval of the Plan timescales at the 20th January meeting of this Committee and agreement at the 19th November meeting to progress the Plan and on its vision, principles and objectives. A full report seeking this Committee's endorsement of the Plan's Key Performance Indicators, the Implementation Plan and the procurement of the digital space 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.

1.4 Ultra-Low Emission Taxi Infrastructure Scheme

The Joint Transport Committee received a report on 17 September 2019 which advised that funding was awarded to the region in March 2019 from the Office for Low Emission Vehicles (OLEV) to install charging points specific to the taxi trade.

Since then, an open procurement exercise has been undertaken on behalf of NECA for the Joint Transport Committee, to procure an operator to install, operate and maintain ten electric vehicles rapid charging points specifically for the taxi trade and thereby deliver the Office for Low Emission Vehicles' (OLEV) Taxi project, encouraging a shift away from reliance on petrol and diesel for the taxi and private hire trade.

Three submissions were received, and following the evaluation stage, Swarco UK was identified as submitting the most economically advantageous tender. The tender price falls within the available budget of £500,000 and enables the full specification to be delivered.

The timescales for expenditure and implementation of the grant award from OLEV mean that it has been necessary for the decision to award the contract to Swarco UK to be made by the Head of Paid Service (Transport) in consultation with the Chair of the Joint Transport Committee under delegation reference HPS4 within the NECA Constitution. As is required by the Constitution, this decision is now being reported to the Joint Transport Committee

At least one charging point will be provided in each of the local authority areas across the North East. The sites will be operational by the end of July 2020 and will

be owned by the individual local authorities.

1.5 Northern Powerhouse Rail (NPR)

TfN is still aiming to produce a Strategic Outline Business Case (SOBC) for Northern Powerhouse Rail as planned along with sequencing and phasing in November 2020. TfN also wants line upgrades such as the East Coast Main Line (ECML) to be sequenced by the government and Network Rail in Control Period 7 (CP7) 2024–2029 and Control Period 8 (CP8) 2029–2034.

1.6 Northern Trains Limited

On 29 January Transport Secretary Grant Shapps MP announced that from 1 March 2020, the government will take over the running of services on the Northern network from Arriva Rail North. The North East are working with Transport for the North to agree with Northern Trains Limited (the new operating name) the Services Agreement that replaces the previous Northern Franchise Agreement. Assurances have been given that previous commitments like the new Connect service on the Durham Coast and the refurbishment of trains will be honoured.

1.7 North East Rail Devolution Update/The Williams Rail Review

At the time of writing this report there had not yet been an announcement on the Williams Rail Review, to which the JTC have previously input views around future Rail Devolution. It is hoped to engage early with the review implementation team to work with them to progress our local ambition.

1.8 East Coast Main Line - Network Rail long term planning process

As part of Network Rail's duty to plan for the future of the railway, it has carried out a study on the East Coast Main Line (ECML), from just south of York to Newcastle. This study took into account the relationship with the Durham Coast line and also the potential for using a reinstated Leamside line. The emerging findings of the draft report are encouraging because they reflect many of our region's long-standing concerns and aspirations for HS2 / NPR, freight and local services. A report setting out the further details can be found elsewhere on today's agenda.

1.9 Fast Track East Coast

The North East Chamber of Commerce is leading on a 'Fast Track North East' campaign to secure investment in the North East's railways. The Chamber is drafting a letter to be sent to the Transport Secretary ahead of the UK Government budget on 11th March. The letter includes the need for investment to be made over the period 2024-34, including the reinstatement of the disused Leamside Line and upgrades for the existing ECML. It is expected that JTC members will be asked to sign the letter.

1.10 The Oakervee HS2 Review

In August 2019, the UK Government commissioned an independent review 'on how and whether to progress with the entire HS2 project', based on all existing evidence. The review, which was published 11 February 2020, recommends that the Government commit to building HS2 in full (the full 'Y' shape network). The HS2 update report on this agenda provides further details.

1.11 Beeching Reversal / 'Restoring your Railway Fund'

The Department for Transport (DfT) is inviting MPs to work with local authorities and community groups to propose how they could use funding from a £500 million fund to develop new or existing proposals to reopen closed local rail lines, build new or expand local lines, and build new or restore former stations. Transport North East have canvassed MP's and are helping to facilitate the submission of expressions of interest.

1.12 New Stations Fund

The DfT are also running a new £20 million round of the New Stations Fund, however at the time of writing this report the details were not available. This will support both the development of new stations and restoration of old station sites. Previous funding rounds granted £4.4 million of DfT funding towards building the £10.55 million new station at Horden in County Durham (see below).

1.13 Northumberland Line

Northumberland County Council have approved the Outline Business Case for the project and have submitted to DfT for consideration. On 28th January 2020 the Department for Transport (DfT) confirmed an additional £1.5 million investment 'to accelerate the re-opening of the Ashington-Blyth-Tyne (Northumberland) line for passengers, with project at forefront of £500 million commitment to reversing Beeching cuts.'

1.14 Horden Station

Work has started on site to build the new platforms and timetable development work is complete to enable the services to call at the new station once it is open.

1.15 Tyne and Wear Metro

Following the successful acceptance of Nexus' Final Business Case (FBC) and the subsequent award of funding for the Fleet Replacement Programme by DfT, Nexus has awarded the contract for the new fleet , new depot and maintenance agreements to Stadler. On the 28th January 2020 Nexus held a launch event at Proto in Gateshead to celebrate reaching its contract award milestone. The event which publically revealed the new train designs was attended by a wide range of local and national suppliers and stakeholders. The contracts were executed on 11th February 2020 following the 10 day mandatory standstill period required under the Utilities Contract Regulations 2016. The standstill period is the time in which unsuccessful tenderers can formally challenge the procurement outcome if they feel they have been unfairly treated. The standstill period concluded with no such challenges being received which stands testament to the fair and transparent procurement process Nexus followed. Over the next few months Nexus will work closely with Stadler on the train designs which will lead to the production of a full scale 'mock-up' of a new Metro. Nexus will be consulting with its passengers, stakeholders and businesses later in the Autumn. The construction of a new satellite depot at Howdon is progressing well, and is due to be complete by July 2020. 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.

1.16 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.

1.17 Local Bus Services

DfT launched a series of funding opportunities on 6 February 2020 totaling £220m, under the banner “A Better Deal for Bus Users”. These opportunities are:

- A £50m Electric Town Bus Fund;
- A £70m Superbus Network Fund;
- A £20m Rural Mobility Fund; and
- £1.454m allocated to the North East to fund Supported Bus Services in 2020/21

DfT require a Statement of Intent, setting out how the region intends to deploy this funding to meet the Government’s objectives for the Fund, to be submitted to them before 5pm on Friday 13 March 2020 in order to release funding for services commencing in April 2020. Officers at each of the LA7 Authorities plus Nexus have been requested to collate their proposals for submission to DfT by Friday 6 March 2020. We will then work with the authorities to prepare a final Statement of Intent form to be submitted to DfT on behalf of the region on Friday 13 March 2020.

1.18 Expansion of North East EV charging infrastructure

The JTC has submitted a bid to the North East LEP requesting monies from the Local Growth Fund underspend. The bid asks for £1.3m which will be used to deliver 16 electric vehicle charge points across the region.

1.19 Letter to Chancellor of the Exchequer

Appendix A sets out the text of a letter from Councillor Martin Gannon, Chair of North East Joint Transport Committee, to the Chancellor of the Exchequer setting out, in the context of the forthcoming North East Transport Plan, our main transport priorities for the region, together with the major improvements we expect to make that will support the ‘levelling up’ agenda, if we are provided with the investment and support that we need.

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 NTCA 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 A:

Text of a letter from Councillor Martin Gannon, Chair of North East Joint

Transport Committee, to the Chancellor of the Exchequer

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

- 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.

Appendix A: Final text of letter sent by Councillor Martin Gannon, Chair of North East Joint Transport Committee, to the Chancellor of the Exchequer

The Rt. Hon. Sajid Javid MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
Westminster
London
SW1A 2HQ

Dear Chancellor

Levelling up the North East's transport

I write as the Chair of the North East Joint Transport Committee, which brings together the North of Tyne Combined Authority and the North East Combined Authority for transport matters.

Our transport vision is "Moving to a green, healthy, dynamic and thriving North East".

There is much to do in order to grow our region's productivity, creating inclusive economic growth whilst tackling the climate emergency and pollution in our towns and cities. We would like to work with you to level up investment in our region's transport so that it can play its full role in delivering those objectives.

Therefore, as you compile the Budget this year, we would like you to give consideration to the following transport priorities for the North East:

- A commitment to East Coast Main Line infrastructure upgrade between Newcastle and York to ensure our region is properly linked in to the HS2 and Northern Powerhouse rail networks. Transport North East has been an active participant in a long term planning study recently undertaken by Network Rail on this stretch of line. The emerging conclusions recognise the need for significant investment to meet future demand. To achieve this, funding needs to be committed over the period 2024-34 to deliver a four-track railway. This can be achieved through the reinstatement of the Leamside Line coupled with the upgrading of the existing East Coast line;
- Approval in full of our region's £393 million bid to the Transforming Cities Fund;
- Confirmation of our submission to DfT for ongoing capital and revenue funding to support the operation of the Tyne and Wear Metro system;
- £10.4 million of revenue funding in the next financial year for the development of outline business cases for major transport schemes;
- Establishment of an infrastructure fund for our region, which will enable a rolling programme of up to £200 million investment each year up until 2035.

We will shortly publish our region's Transport Plan. If we are provided with the investment and support that we need, we expect to make the following major improvements that will support the 'levelling up' agenda:

Metro and Local Rail – investment to improve and expand services and devolution of powers and revenue budget

- We welcome the pledge to reopen the Northumberland Line to passenger traffic and we have further plans. An expanded Metro and local rail network, reversing Beeching cuts, and reintroducing to our network locations such as Washington, and Team Valley and potentially Consett, and Doxford and Cobalt business and retail parks;
- Improvements to the Durham Coast, Tyne Valley and Bishop Auckland rail lines to improve both journey times and frequencies;
- Adoption of devolved rail powers to specify more frequent services with a more regionally pertinent fare structure – starting with the Northumberland line.

Buses – investment in new buses and infrastructure

- Roll out of electric bus fleets across the North East;
- Provision of exclusive bus infrastructure, including enhanced park and ride provision and improved interchange with rail to make buses a more attractive alternative to the car.

Walking and cycling – investment in infrastructure and increased revenue budget

- New and more direct cycling and walking routes to provide attractive alternatives to the car, including suitably designed and located crossing points with priority for pedestrians and cyclists;
- Provision of good quality cycle parking, signage and street furniture in suitable locations;
- Revenue funding to ensure that our cycling and walking network remains attractive by being well-maintained;
- Revenue funding to deliver behaviour change projects.

Highways – investment in infrastructure

- Investment in new technology to help manage the road network more effectively, so traffic flows more smoothly while allowing priority for buses;
- Infrastructure improvements at pinch points, including river crossings, to improve traffic flow.
- Electric vehicle charging to be provided throughout the region, giving confidence to car drivers that recharging will always be available no matter where their destination is.

Carbon neutral power solutions – investment in infrastructure

- Increased electrification of the entire transport network and explore options for improved energy efficiency;

- Installation of solar panels on key pieces of infrastructure, including Metro stations and interchanges.

Independent analysis tells us that each journey on the Metro or local rail network in our region is worth £8.50 to this region's economy, and investment in bus services also provides a high return. Our region has a strong track record of delivering what it has promised, and so you can be sure that making investment available to us will lead to improved economic outcomes both for the North East and for the country as a whole.

Yours sincerely

Councillor Martin Gannon

Chair, North East Joint Transport Committee

North East Joint Transport Committee

Date: 17 March 2020
Subject: Revenue Budget Monitoring Update
Report of: Chief Finance Officer

Executive Summary

This report provides the North East Joint Transport Committee with an updated forecast outturn position in relation to the 2019/20 Transport Revenue Budget.

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

The updated forecast outturn position indicates that expenditure is expected to be within the revised budget against all budget heads.

Where grants are paid to other organisations for the delivery of transport services (i.e. Durham, Northumberland and Nexus), the grant is fixed for the year, but the report includes details of how the grant will be applied by each organisation for the provision of public transport services.

Underspends are currently forecast by Durham County Council and Northumberland County Council, which will be retained by these organisations. Nexus are forecasting an in-year deficit of £4.100m due to cost pressures and one-off items, which will be met by Nexus reserves in year.

The Tyne Tunnels account is forecasting a break-even position for the year.

The Transport Strategy Unit is forecasting an underspend against the budget for the year which will mean a lower than budgeted use of reserves being required to support expenditure in year.

Recommendations

The North East Joint Transport Committee is recommended to note the updated forecasts as set out in the report.

1. Background Information

- 1.1 At its meeting held on 22 January 2019, the JTC agreed a Transport levy budget for 2019/20 of £82.766m. During the year the JTC has received regular updates on performance against these budgets. This report presents an updated forecast outturn position based on the position as at the end of January 2020.

2. Proposals

Transport Revenue Budget Summary

- 2.1 The table below summarises the updated forecast outturn position against the net Transport Levy budget (i.e. the net cost to the North East Combined Authority after external income) for 2019/20. The levies and grants to Durham, Northumberland and Nexus are fixed for the year, but details of how the grant will be applied by each organisation to the provision of public transport services is set out in more detail in the following sections.

Transport Levy Budget

	Original Budget	Revised Budget	Spend to Date (January 2020)	Forecast to Year end
	£000	£000	£000	£000
Total Transport Levies	(82,766)	(82,766)	(68,972)	(82,766)
Grant to Durham	15,552	15,552	12,960	15,552
Grant to Northumberland	6,094	6,094	5,078	6,094
Grant to Nexus	55,667	55,667	46,389	55,667
Contribution to Metro Fleet Reserve	3,333	3,333	2,778	3,333
Retained Transport Levy Budget	2,120	2,100	1,706	2,045
Contribution (to)/from JTC reserves	0	(20)	(61)	(75)

Durham

- 2.2 The updated projected outturn for 2019/20 shows a budget underspend of £122,000 for the year. The main reasons for this are as follows:
- *Subsidised Services* - £73,000 under budget – this relates to lower than expected payments to operators;
 - *Bus Shelters* - £37,000 under budget – this is mainly due to higher than anticipated advertising income; and

- *Passenger Transport Information* - £12,000 under budget – this is made up of variances on a number of minor budgets.

2.3 The following table provides a detailed breakdown of forecast expenditure in Durham:

	Original Budget	Spend to Date (December 2019)	Forecast to Year end	Variance (Budget vs Forecast)
	£000	£000	£000	£000
Concessionary Fares	12,048	6,966	12,048	0
Subsidised Services	2,584	1,470	2,511	(73)
Bus Stations	144	570	144	0
Bus Shelters	19	69	(18)	(37)
Passenger Transport Information	89	124	77	(12)
Staffing	668	501	668	0
Share of JTC Transport Costs	10	0	10	0
Net Expenditure	15,562	9,700	15,440	(122)

2.4 The projected underspend at the year-end will be retained by Durham County Council.

Northumberland

2.5 The updated projected outturn for 2019/20 shows a budget underspend of £167,000 for Concessionary Fares and Subsidised Bus Services. The main reasons for this are as follows:

- *Concessionary Fares* – Although claims from operators are received monthly, all adjustments to reimbursement rates are made quarterly to ensure that operators are reimbursed with the correct overall rate. If performance continues at current levels, then the budget is forecast to underspend by £80,000. The patronage for this service continues to decline at approximately 1.5% per annum but this reduction is offset by comparable increases in ticket prices.
- *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 there will be an underspend of £100,000 at the end of the financial year. There are not expected to be any new routes added to the network during the remainder of the financial year.

2.6 The following table provides a detailed breakdown of expenditure in Northumberland:

	Original Budget	Spend to Date	Forecast to Year end	Variance (Budget vs
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		(January 2020)		Forecast)
	£000	£000	£000	£000
Concessionary Fares	4,690	3,726	4,610	(80)
Subsidised Services	1,230	785	1,130	(100)
Bus Services	24	37	37	13
Passenger Transport Information	25	13	25	0
Staffing	125	104	125	0
Share of NECA Transport Costs	10	0	10	0
Net Expenditure	6,104	4,665	5,937	(167)

2.7 The projected underspend at the year-end will be retained by Northumberland Council.

Tyne and Wear – Nexus

2.8 When 2019/20 revenue budget for Nexus was agreed, the JTC approved a use of reserves of £0.700m in order that Nexus could set a balanced budget.

2.9 Members will recall that on 17 September 2019 the JTC received a report which outlined a revised forecast deficit of £3.500m. This was further revised in the Nexus Budget Strategy paper to JTC on 23 October 2019 to an estimated deficit of £4.100m.

2.10 The deficit from the original budget, totalling £3.400m was explained by:

- £1.1m in respect of the development of the Transforming Cities Fund (TCF) bids, such costs being non-recurring and possibly subject to capitalisation and potential recovery from any Transforming Cities Fund allocations once they are known;
- A reduction in Metro fare revenue of £1.2m (this equates to over 2% of the fare box) and broadly reflects the outturn position in 2018/19;
- A reduction in Secured bus services fare revenue of £0.3m (this equates to circa 10% of the fare box);
- The April 2019 pay award for Nexus (and NEMOL) employees were both 0.5% in excess of the budget provision, adding a £0.3m pressure in year;
- Contract inflation relating to high voltage power and cleaning, which are forecast to be £0.5m and £0.2m in excess of budget respectively;
- Responses to catastrophic overhead line failures in May 2019 had added a £0.3m budget pressure;
- Train crew overtime was in excess of the budget – adding a £0.5m pressure; an
- These cost pressures were partly mitigated by:
 - The reclassification of capital grant as revenue grant (£0.5m);

- A reduction in contract costs relating to the secured bus network (£0.3m); and
- An increase in investment income (£0.2m).

Updated Forecast to Year End

2.11 The updated forecast remains broadly unchanged from the position reported in October 2019, with an in-year deficit of £4.100m still forecast. There has however, been a number of changes and variations in the previous forecasts that can be explained as follows:

- Metro fare revenue is forecast to reduce by a further £0.725m to £44.917m, which is a shortfall on budget of £1.925m (4.29%). The revised forecast takes into account reduced passenger numbers and service disruptions along with the impact of industrial action by the train crew. The industrial action included an overtime and rest day working ban throughout December along with full strike action on 20 and 21 December 2019 by RMT train crew;
- A further £0.124m cost pressure has also been recognised relating to the continuation of enhanced overtime rates for train crew while Nexus wait on trainee train crew fully qualifying and being available for service.
- These cost pressures have been mitigated by:
 - A review of the balance sheet resulted in a positive variance of £0.411m due to the write off of outstanding credit balances relating to historic purchase order commitments;
 - Nexus' energy provider has now secured a large proportion of their electricity portfolio required for 2019/20 at a unit cost lower than originally budgeted. Based on this latest information it is considered reasonable to reduce this forecast by £0.278m to reflect current pricing and consumption calculations;
 - Concessionary travel savings of £0.082m;
 - Other minor savings of £0.078m across the revenue budget have been recognised across a range of areas.

Retained Levy Budget

2.12 This budget relates primarily to activity inherited from the former Tyne and Wear Integrated Transport Authority (TWITA) as well as some costs such as external audit and the cost of servicing the JTC which relate to the whole JTC area. Most of the budget relates to financing changes on historic supported borrowing debt. Additionally, there is budget provision to pay for support services, other supplies and services, and a repayment to the Tyne Tunnels account for the use of reserves in 2013/14 to pay off the Tyne and Wear Pension Fund deficit. Expenditure for the year is currently forecast to be £2.045m compared with budget of £2.120m as a result of lower than budgeted financing charges.

2.13 The Tyne Tunnels are operated as a ringfenced account, so all costs associated with the tunnels are fully met from toll income and Tyne Tunnels reserves, with no call on the levy or other public funding. The forecast position for the year is in line with the updated position reported to the January 2020 JTC meeting and indicates a break-even position compared to the original budget, which was a small surplus of £25,000. Details are set out in the table below with variances explained in the following sections.

	Original budget	Revised budget	Spend to Date	Forecast to Year end	Variance (Revised Budget vs Forecast)
	£000	£000	£000	£000	£000
Tolls Income	(28,090)	(28,160)	(24,513)	(28,373)	(213)
TT2 Contract Payment	21,197	21,233	18,051	21,423	190
Employees	0	5	0	5	0
Historic Pension Costs	52	52	42	50	(2)
Support Services	95	145	0	145	0
Supplies and Services	45	35	16	25	(10)
Financing Charges	6,966	7,058	5,933	7,120	62
Interest/Misc. Income	(50)	(128)	(31)	(155)	(27)
Repayment from former TWITA reserves	(240)	(240)	(200)	(240)	0
(Surplus)/Deficit on Tyne Tunnels account	(25)	0	(702)	0	0

- *Tolls income* – the forecast for tolls income has increased by £213,000 compared to the revised budget. This is due to an increase in traffic flows following the completion of the Highways England works at Silverlink in North Tyneside.
- *Contract payments to TT2* – these are calculated with reference to the traffic using the tunnel. The forecast is therefore £190,000 higher than the revised budget due to the increase in traffic flows referenced above.

The North East Transport Strategy Unit (formerly Regional Transport Team)

2.14 The North East Transport Strategy Unit (TSU) (formerly the Regional Transport Team) budget is to support the Joint Transport Committee and North East LEP, on a seven-authority basis. The budget includes salary costs and the items required to ensure a functional central resource across the JTC area including the development of the Transport Manifesto and Transport Plan and various research projects where value can be added at a regional level including modelling works, major schemes bid development, including Transforming Cities fund, the Freight Quality Partnership and other research studies. The team has also taken on the role of providing support to the Consortium of East Coast Main Line Authorities (ECMA), the costs of which are partly met through a recharge to other member authorities.

2.15 When the budget was set, it assumed that staff within the team currently employed by Newcastle City Council would transfer to the employment of NECA with effect from 1

April 2019. This has the effect of reducing superannuation contributions to 0% from 2019/20 for several years. Since this transfer has not yet taken place, unbudgeted pension contributions totalling £48,749 been incurred so far in 2019/20. These costs are being mitigated by vacancies within the team.

2.16 Forecast expenditure for the Transport Strategy Unit is estimated to be below the budgeted figure of £1.327m due to vacancies within the team, a lower than budgeted requirement for external support for business case assessment and slightly lower than forecast costs on TCF bid support. There is a corresponding reduction in the forecast for LGF funding to support programme management of Transport schemes which reflects the stage of the programme, where most Transport schemes are now complete or nearing completion.

2.17 The net overall position is for a lower than budgeted use of reserves.

	2019/20 Original Budget	2019/20 Forecast	2019/20 Forecast Variance
	£	£	£
Gross Expenditure			
Employee costs - Managing Director Transport North East and TSU	658,405	613,062	(45,343)
Transport Plan and Strategy Work	50,000	50,000	0
TSU Research and Development	180,000	163,044	(16,956)
TSU Travel and Miscellaneous	6,000	14,800	8,800
TSU IT / Equipment / Accommodation	0	20,000	20,000
TCF Bid Support and Tranche 1 Support	433,074	417,772	(15,302)
Total Expenditure	1,327,479	1,278,678	(48,801)
Gross Income			
LTP funding - TSU	(500,000)	(500,000)	0
LGF funding - TSU	(100,000)	(71,500)	28,500
LGF funding - TCF	(100,000)	(100,000)	0
LTP/Levy funding - TCF	(233,074)	(233,074)	0
Retained Transport Levy	(31,870)	(47,671)	(15,801)
External funding for specific posts	(139,102)	(178,218)	(39,116)
Total Income	(1,104,046)	(1,130,463)	(26,417)
Use of Reserves			
Regional Transport Team reserves	(123,433)	(1,400)	122,033
Go Smarter legacy funds - TCF	(100,000)	(100,000)	0
Go Smarter legacy funds - Other	0	(10,044)	(10,044)
Earmarked reserves - TCF	0	(36,772)	(36,772)

3. Reasons for the Proposals

- 3.1 This report is for information, to enable the JTC to fulfil its role of monitoring transport budgets on behalf of the two combined authorities.
- 4. Alternative Options Available**
- 4.1 This report is for information.
- 5. Next Steps and Timetable for Implementation**
- 5.1 The transport revenue budget will be monitored for the remainder of the financial year and the outturn position reported following the year end.
- 6. Potential Impact on Objectives**
- 6.1 There are no impacts on objectives arising from this report which is for information.
- 7. Financial and Other Resources Implications**
- 7.1 The financial implications arising from this report are set out in detail within the body of the report. The report is for information and provides the Joint Transport Committee with an updated forecast of expenditure against the budget approved in January 2019. There are no financial decisions arising from the report.
- 8. Legal Implications**
- 8.1 There are no specific legal implications arising from this report which is for information.
- 9. Key Risks**
- 9.1 Financial risks associated with the authority's activities, and actions taken to mitigate these, will be factored into strategic risk management processes for the Joint Transport Committee.
- 10. Equality and Diversity**
- 10.1 There are no 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 Revenue Budget for 2019/20 was subject to a period of consultation and engagement as part of the approval process. Detailed budget proposals are subject to consultation as appropriate, which is organised by the relevant delivery body.
- 13. Other Impact of the Proposals**
- 13.1 There are no other impacts arising from these proposals.
- 14. Appendices**
- 14.1 None

15. Background Papers

15.1 JTC Revenue Budget report, 22 January 2019.

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

TCF – Transforming Cities Fund

JTC – North East Joint Transport Committee

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North East Joint Transport Committee

Date: 17 March 2020

Subject: Capital Programme Monitoring Report 2019/20

Report of: Chief Finance Officer

Executive Summary

This report provides the Joint Transport Committee with an update on the 2019/20 capital programme, showing expenditure to date and providing updated forecasts of the outturn based on the position at the end of January 2020.

The report identifies that total capital expenditure on Transport schemes of £83.163m is now forecast against the revised programme budget of £91.841m, an outturn forecast under-spend of £8.678m (9.5%). The revised programme takes account of the 2018/19 outturn and new grant approvals made since the original capital programme was set in January 2019 as well as the updated position reported to the JTC at the meeting on 21 January 2020. Expenditure to the end of January 2020 totalled £48.677m – 59% of the forecast total capital expenditure for the year.

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

Expenditure of £4.241m is forecast on Local Growth Fund (LGF) Transport schemes (excluding schemes included in the Nexus capital programme). Most of the Transport schemes in the programme are coming to an end as LGF is in its fifth year, but grants are still forecast to be paid to Nexus for the Metro Skills Centre (£2.792m), North Tyneside Council for the A19 North Bank of Tyne (£1.232m) and Durham County Council for Horden Rail Station (£2.278m) in 2019/20.

The capital programme includes £9.102m of expenditure in relation to Tranche 1 of the Transforming Cities Fund programme. The updated forecast shows that £3.038m of expenditure will need to be reprofiled into 2020/21. The draft bid for Tranche 2 funding was submitted in June 2019 and the final bid was submitted to Government in November 2019. At the time of writing this report announcements on funding to be provided have not been made.

The Go Ultra Low project continues in 2019/20. This project involves the creation of rapid charging clusters, following the opening of the Electric Vehicle Filling station in Sunderland

which became operational in April 2019. Capital expenditure of £2.101m is forecast for the year on this project.

2019/20 represents the tenth year of the Metro Asset Renewal Plan programme, which runs from 2010 to 2021. Expenditure in year is forecast to be £29.486m which is within the minimum and maximum levels set for the year by the Department for Transport (DfT).

The Metro Fleet Replacement project expenditure is forecast at £24.886m in 2019/20, as the procurement to award the Fleet Replacement contract continues. Best and Final Offer bids have been received and moderation has taken place to identify the preferred bidder. The final business case was submitted to DfT in October 2019. Funding for the Fleet Replacement project was confirmed on 22 January 2020 and the successful tenderer, Stadler, was announced on 28 January 2020. The contract was signed 7 February 2020.

The refurbishment works on the Tyne Pedestrian and Cycle Tunnels are now substantially complete and the tunnels were reopened to the public on 7 August 2019. Work continues to complete the commissioning of the new inclined lifts and to resolve some snagging issues.

The capital programme includes £13.949m of Local Transport Plan Integrated Transport Block grant that will be received by NECA on behalf of the Joint Transport Committee, most of which is paid to constituent authorities on a quarterly basis to support their capital programmes.

Most of the capital works during the year will be funded through government grants with elements of the Nexus capital programme and the Tyne Pedestrian and Cyclist Tunnels works funded by reserves held specifically for this purpose.

Recommendations

The North East Joint Transport Committee is recommended to note the updated forecasts contained within this report.

1. Background Information

- 1.1 This report provides an update on the Transport capital programme for 2019/20 and the funding sources identified to deliver the programme, which covers a wide range of transport improvements.
- 1.2 In January 2019, the Joint Transport Committee (JTC) agreed a capital programme totalling £81.944m for 2019/20, including an element of over-programming, with a forecast likely outturn of £75.187m for the year. The programme was revised following the 2018/19 outturn and the outcome of the successful Transforming Cities Fund Tranche 1 bid announced in March 2019. The revised programme totals £91.841m. Expenditure at this stage in the year totals £48.677m which represents 59% of the forecast expenditure for the year and is in line with budget profiling expectations. The forecast outturn is estimated to be £83.163m, which is £8.678m (9.5%) below the revised budget estimates.

2. Proposals

- 2.1 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.

	2019/20 Original	2019/20 Revised	2019/20 Forecast	Forecast (Under) / Over Spend	Expenditure to date
	£m	£m	£m	£m	£m
Local Growth Fund Transport Schemes ¹	3.784	3.445	4.241	0.796	1.446
Transforming Cities Fund Tranche 1	0.000	9.102	6.064	(3.038)	2.434
Go Ultra Low	0.995	1.083	2.101	1.018	1.574
Metro Asset Renewal Plan	33.987	31.992	29.486	(2.506)	21.774
Metro Fleet Replacement	30.200	30.200	24.886	(5.314)	8.395
Nexus non-Metro Programme	1.486	3.626	2.756	(0.870)	1.055
Tyne Tunnels	0.260	0.854	2.090	1.236	1.813
Local Transport Plan ²	11.232	11.539	11.539	0.000	10.186
Total Capital Programme	81.944	91.841	83.163	(8.678)	48.677

Local Growth Fund Transport schemes

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

2.2 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 almost completed the full drawdown of the LGF elements of their funding and the programme is therefore smaller than it has been in recent years. Expenditure to December 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 £4.241m. 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.
- £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.
- Smaller 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).

There is also LGF expenditure forecast on the Nexus Learning Centre at South Shields which is included in section 2.10 below.

2.3 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.

Transforming Cities Fund

2.4 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.

2.5 Grant Funding Agreements for Tranche 1 projects have been sealed by NECA on behalf of the JTC and by scheme promoters. At the time of writing this report, most Q1 to Q3 claims have been received and payments have now been made to scheme promoters, with further claims due at the end of the fourth quarter.

2.6 A Tranche 2 funding bid was submitted to Government in November 2019 following a draft submission in June 2019. Feedback has been provided to Government since that submission, clarifying various details of the bid. This bid amounts to some £393.5m of Government funding, backed by £76.5m of local match funding, which

would deliver major investments in urban rail, bus and sustainable transport networks across the region. Much of this funding is likely to be devolved to the region and an assurance framework to manage delivery of the funded schemes has been developed, learning from experience with other funds and building on the processes being put in place for the Tranche 1 schemes.

- 2.7 The forecast to the end of 2019/20 for Tranche 1 schemes is now £6.963m (£0.898m was accrued in 2018/19), which will represent 70% of the grant funding. £3.038m of the Tranche 1 budget will need to be re-profiled into 2020/21 to reflect slippage in the following schemes:-

TCF Scheme	Total Grant Funding	Forecast to 31/03/2020	Budget to be re-profiled into 2020/21
	£m	£m	£m
1.2.1 High Level Bridge	0.248	0.000	0.248
1.3.1 Tyne & Wear ITS Enhancement (UTMC)	0.741	0.000	0.741
1.3.3 Quayside ITS Extension	0.237	0.050	0.187
1.4.1 Ryhope to City Centre	0.622	0.250	0.372
1.4.2 Hetton – Easington Lane	0.497	0.450	0.047
1.5 Barras Bridge	2.010	0.567	1.443
Total	4.355	1.317	3.038

Go Ultra Low

- 2.8 The Go Ultra Low 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 2019 with an official opening in June 2019, and it has been positively received. The 11 EV charging hubs which are also funded through the Go Ultra Low will be delivered by summer 2020 at strategic locations around the region.

- 2.9 Capital expenditure to the end of December 2019 was £1.574m. The project is due to complete during the 2019/20 financial year, with forecast expenditure to the year-end being £2.101m, which factors in slippage from 2018/19.

Nexus Capital Programme

- 2.10 The JTC approved the Nexus capital programme for 2019/20 in January 2019 totalling £65.673m. Following the outturn for 2018/19 and various project approvals considered by Nexus' Senior Leadership Team, the revised programme is now £65.818m. Based on expenditure to the end of January, the updated position is as follows:

Asset Category	2019/20 Original	2019/20 Revised	2019/20 Forecast	Forecast (Under) / Over Spend	Spend to date	Reasons for Major Variations

	£m	£m	£m	£m	£m	
Metro ARP						
Civils	1.079	1.714	1.402	(0.312)	1.314	Re-profiling from 2018/19
Permanent Way	6.441	6.593	6.532	(0.061)	4.994	Advance materials purchase for next year's track works
Overhead Line	3.651	2.898	2.819	(0.079)	2.221	Re-profiling to 2020/21
Stations	5.675	3.699	2.687	(1.012)	2.473	Re-profiling to future years
Signalling	2.897	2.804	2.094	(0.710)	1.613	Re-profiling to future years
Metro Cars (Old)	3.410	3.195	3.498	0.303	3.115	
Programme Management & Risk Contingency	4.359	0.804	1.148	0.344	0.000	Reassessment of risks/ allocation to projects
Communications, Plant, Power, Mechanical & Electrical etc.	2.013	4.579	3.704	(0.875)	2.637	Inclusion of Fleet Reliability Improvement Plan and Depot Improvement Works
Nexus Learning Centre	4.462	5.706	5.602	(0.104)	3.407	Re-profiling from 2018/19 and additional costs
Total Metro ARP	33.987	31.992	29.486	(2.506)	21.774	
Fleet Replacement	30.200	30.200	24.886	(5.314)	8.395	Re-profiling following contract award
Digital Asset Renewal Programme and Other Capital Investment	1.486	3.626	2.756	(0.870)	1.055	Re-profiling from 2018/19 and inclusion of Transforming Cities
Total Nexus Capital Programme	65.673	65.818	57.128	(8.690)	31.224	

Metro Asset Renewal Plan (ARP)

2.11 2019/20 represents the tenth year of the eleven-year ARP programme. The requirement from DfT is that Nexus achieves at least a minimum level of expenditure and no more than a maximum level of expenditure in any one financial year (which for 2019/20 were set at £20.615m and £29.948m respectively). The 2019/20 capital budget therefore included an initial level of over-programming of 35%. The reasons for this are that it allows Nexus the ability to actively manage, schedule and deliver

projects to drive efficiencies without a risk of falling below minimum expenditure levels.

- 2.12 Expenditure to 1 February 2020 was £21.774m, which represents 93% of the £20.615m minimum expenditure level required by DfT and Local Growth Fund requirement of £2.775m for this financial year.
- 2.13 The latest forecast to the year end is an estimated outturn of £29.486m; lower than budgeted largely because of reduced expenditure forecasts in the phasing of works relating to several projects, including the Stations' Design projects.
- 2.14 An evaluation of remaining risks in the programme together with several options to undertake managed re-profiling of expenditure will ensure that the final outturn falls within the DfT's prescribed funding tolerance. At this stage any variation in expenditure against the budget that is not forecast to be incurred in the current year will be carried forward into the 2020/21 programme.
- 2.15 At 1 February 2020, the following key projects are progressing:
- Re-railing in the tunnels between the QEII Bridge and Gateshead Stadium has progressed to plan and is expected to be completed in April – work is being undertaken overnight with no disruption to Metro Services. The contract has been awarded for track works at South Shields in April 2020 and tender evaluation will complete in February for full track renewal between Heworth and Pelaw planned for summer 2020.
 - Construction of the Nexus Learning Centre is progressing in line with the planned occupancy date of May 2020. The building structure is complete with internal work to the building underway.
 - Refurbishment of the Halt Stations at Monkseaton, West Monkseaton, Cullercoats, Shiremoor, Palmersville, Benton and Longbenton is concluding with hand-railing and weather-dependant platform surfacing to complete.
 - Railway Traffic Management System (RTMS): Most remaining issues have now been addressed - a software update took place on 1st December with a further release scheduled for 1st March.
 - Overhead Line Equipment Renewal: This continues with wire runs undertaken approximately every 3 weeks with other components being renewed overnight without impacting Metro Services. To date 23.8km of overhead wire has been renewed, of the 106km programme scope.
 - The programme to replace critical point motors with modern and more reliable equipment continues to programme with 21 of the planned 32 installed and operational.
 - The replacement transformer supply power to South Gosforth Depot was commissioned on 19th January.
 - Replacement of Pan-Tilt-Zoom CCTV security cameras across the network is planned to complete in March 2020 with static camera installation to follow. Image quality is vastly improved.
- 2.16 Over the next two four-week periods, the Metro ARP cost loaded programme shows the following expenditure profile:

	Year to date	February 2020 Forecast	March 2020 Forecast
	£m	£m	£m
In period spend	21.78	2.65	5.06
Cumulative spend	21.78	24.43	29.49

2.17 Forecast expenditure for 2019/20 is funded as follows:

	Budgeted Funding 2019/20	Forecast Funding 2019/20	Variance 2019/20
	£m	£m	£m
ARP			
Metro Rail Grant	21.000	22.754	1.754
Local Contribution 10% - Local Transport Plan (LTP)	2.333	2.528	0.195
Over-programming	8.208	0.515	(7.693)
Total ARP	31.541	25.797	(5.744)
Other Schemes			
LGF	2.446	2.775 ³	0.329
Reserves	0.000	0.914 ⁴	0.914
Total – Other Schemes	2.446	3.689	1.243
Total	33.987	29.486	4.501

Fleet Replacement

2.18 The approved budget for 2019/20 is £30.200m, with forecast expenditure expected to be £24.886m following contract signature on 7 February 2020, delayed from mid-January due to the General Election.

2.19 Expenditure as at 1 February 2020 is £8.395m in respect of the contract to construct the Howdon Satellite Depot element of the Fleet Replacement Project.

2.20 The following table sets out how the Fleet Replacement programme for 2019/20 will be funded, revised to reflect the delivery programme of the successful tenderer:

	Approved Funding	Projected Funding	Variance 2019/20

³ Including Re-profiling from 2018/19

⁴ Fleet Reliability Improvement Plan and Depot Improvement Works

	2019/20	2019/20	
	£m	£m	£m
Fleet Capital Grant	21.600	21.600	0.000
Fleet Local Contribution	8.600	3.286	(5.314)
Total	30.200	24.886	(5.314)

Nexus Non-Metro Capital Programme

2.21 The approved budget for 2019/20 is £3.626m, with forecast expenditure of £2.756m, as set out below:

Nexus Non-Metro Programme	2019/20 Original	2019/20 Revised	2019/20 Forecast	Forecast (Under) / Over Spend	Spend to date
	£m	£m	£m	£m	£m
Transforming Cities ⁵	0.000	1.194	0.694	(0.500)	0.515
Ferry Works	0.368	0.652	0.652	0.000	0.229
Digital Assets	1.118	1.014	0.863	(0.151)	0.177
Ticketing and Gating	0.000	0.521	0.302	(0.219)	0.070
North East Smart Ticketing Initiative	0.000	0.070	0.070	0.000	0.034
Motor Fleet Replacement	0.000	0.035	0.035	0.000	0.030
Follingsby Land Acquisition	0.000	0.140	0.140	0.000	0.000
Total Nexus Non-Metro	1.486	3.626	2.756	(0.870)	1.055

2.22 The Non-Metro forecast for 2019/20 indicates an overall underspend against the approved budget of £0.870m, reasons for which are detailed below:

- The Transforming Cities bid project has resulted in the submission of funding bids to DfT, with the next stage requiring the design element of the projects. The forecast has been amended to reflect the Form A desing cost for Metro Flow which is now funded from MARP.
- The replacement of the IP Telephony system is nearing completion. This was previously identified as a DARP project but is now also to be funded from

⁵ One off exceptional cost in developing bid highlighted in revenue report

MARP.

- Progression to the next phase of the Ticketing & Gating (T&G) project has been delayed until to April due to delays in completing the Peer to Peer Encryption (P2PE) roll out. If there is a new version release prior to completion, further upgrades to the suppliers (S&B) back office system will also be required.

2.23 Expenditure as at 1 February 2020 is £1.055m, with key projects progressing as follows:

- The Transforming Cities expenditure to date relates to the continued progression of bid submission for the three identified projects, Metro Flow, Digital Car Parking and Follingsby/Callerton Park and Ride sites. This includes development through Outline Business Case (OBC) stage and submission to the Regional team in advance of the final funding award decision to be announced in March 2020.
- Most of the Ferry vessel up-grades and refurbishment is currently being undertaken, which follows the peak summer season. This includes Pride engine mount modifications, engine overhauls, port ramp refurbishments and external corrosion rectification.
- During the year Nexus have needed to invest further in the Ferry North landing due to structural issues with the ramp and pontoon. Emergency works have been completed and the feasibility of a potential relocation to the western Quay has commenced.
- Within DARP, additional to server infrastructure and security upgrades there are several significant projects due to be completed in 2019/20. This includes a Business Intelligence system upgrade and performance software to monitor delivery of services under the new fleet maintenance contract with Stadler.
- Follingsby as a strategic location for a Park and Ride site has long been established in the Metro and Local Rail Strategy 2016 and the Northern Powerhouse Rail Sequence Two Report.

2.24 The following table sets out how the Nexus Non-Metro capital programme for 2019/20 will be funded:

	Approved Funding 2019/20	Projected Funding 2019/20	Variance 2019/20
	£m	£m	£m
Local Transport Plan (LTP)	0.077	0.077	0.000
Reserves	3.540	2.670	(0.870)
Fleet Local Contribution	0.009	0.009	0.000
Total	3.626	2.756	(0.870)

Tyne Tunnels Capital Programme

2.25 The Tyne Pedestrian and Cyclist Tunnels reopened to the public in August 2019 after their closure for significant refurbishment and improvement. Visitors can once again cycle or walk from one side of the River Tyne to the other and experience the unique structure which has been a key link for the people of Tyneside since 1951

and which form part of the National Cycle Network.

- 2.26 Access to the tunnels is available to both pedestrians and cyclists via the vertical lifts and the fixed escalator. However, the commissioning of the new inclined lift is yet to be completed. As reported to the last meeting of this committee, 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.
- 2.27 The tunnels are currently open to the public between 06:00 to 20:00 with TT2 providing a night shuttle between 20:00 to 06:00. The reopening has been well received by the public and the facility is being well used by both pedestrians and cyclists.
- 2.28 Expenditure to January 2020 was £1.813m, with the forecast to the year-end of £2.090m for the full completion of the project.

Local Transport Plan

- 2.29 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. Q1 to Q4 2019/20 payments have been made to constituent authorities which total £10.186m and the forecast for the year is for the full grant available of £13.949m to be utilised once the Nexus element and the public transport element is claimed at the year end.

Capital Programme Financing

- 2.29 Forecast capital expenditure for the year will be financed as follows:

	2019/20
	£m
Government Grants	76.284
Borrowing	0.000
Earmarked Reserves	6.879
Total Funding	83.163

3. Reasons for the Proposals

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

4. Alternative Options Available

4.1 The report is for information with no decision required.

5. Next Steps and Timetable for Implementation

5.1 The transport capital programme will be monitored for the remainder of the financial year and the outturn position reported following the year end.

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 declaring its objective to maximise the region's opportunities and potential.

7. Financial and Other Resources Implications

7.1 The financial summary is set out in the main body of the report. There are no financial or other resource implications from this report which is for information.

8. Legal Implications

8.1 There are no legal implications arising from this report, which is for information.

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 The capital programme for 2019/20 is comprised of previously approved schemes which have been subject to consultation before being signed off. Individual schemes (for example LGF funded schemes) are subject to consultation at a local level appropriate to the specific project.

13. Other Impact of the Proposals

13.1 There are no other impacts arising from this report which is for information.

14. Appendices

14.1 None

15. Background Papers

15.1 JTC report 22 January 2019 – Transport Capital Programme 2019/20

16. Contact Officers

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

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

18. Glossary

ARP – Asset Renewal Plan

DfT – Department for Transport

GUL – Go Ultra Low

LGF – Local Growth Fund

LTP – Local Transport Plan

NESTI – North East Smart Ticketing Initiative

TCF – Transforming Cities Fund

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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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