

## **North East Joint Transport Committee**

Tuesday 19 March 2019 at 2.00pm

Meeting to be held in a Committee Room, Gateshead Civic Centre, Regent Street, Gateshead, NE8 1HH

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## **AGENDA**

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	<b>Page No</b>
1. <b>Apologies for Absence</b>	
2. <b>Declarations of Interest</b>	
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. <b>Minutes of the Previous Meeting held on 22 January 2019</b>	<b>1 - 6</b>
4. <b>Regional Transport Update</b>	<b>7 - 14</b>
5. <b>Transforming Cities Fund Update</b>	<b>15 - 44</b>
6. <b>Light Rail (and other rapid transit solutions) - response to Department for Transport call for evidence</b>	<b>45 - 76</b>
7. <b>Taxi OLEV Grant and GUL Update</b>	<b>77 - 86</b>
8. <b>Capital Programme Monitoring Report</b>	<b>87 - 96</b>
9. <b>Revenue Budget Monitoring Report</b>	<b>97 - 106</b>
10. <b>East Coast Main Line update</b>	<b>107 - 122</b>
11. <b>Air Quality Update</b>	<b>123 - 130</b>

- |     |   |                  |
|-----|---|------------------|
| 12. | <b>Funding Formula Consultation Response</b>  | <b>131 - 140</b> |
| 13. | <b>Appointment of the Independent Chair and Vice Chair for the Joint Transport Committee, Overview and Scrutiny Committee</b> | <b>141 - 154</b> |

14. **Date and Time of Next Meeting**

Tuesday 18 June 2019 2.00pm at South Shields Town Hall.

Contact Officer: Brenda Joyce Tel: 0191 2116144 E-mail: [brenda.joyce@newcastle.gov.uk](mailto:brenda.joyce@newcastle.gov.uk)

**To All Members**



## **North East Joint Transport Committee**

### **DRAFT MINUTES TO BE APPROVED**

22 January 2019

(2.05 - 2.33 pm)

Meeting held Committee Room, Town Hall, Westoe Road, South Shields, NE33 2RL

#### **Present:**

Councillor: M Gannon (Chair)

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

#### **PRELIMINARY ISSUE: MATTERS REQUIRING UNANIMOUS APPROVAL**

The Chair noted that there were a number of items on the agenda that required unanimity but that not all members were present at the meeting.

Peter Judge (Monitoring Officer) advised the Committee that a letter had been received from Sunderland City Council which had been circulated to all members, asking that the Committee accept Sunderland's vote in relation to the following three agenda items as listed in the letter:

- Agenda Item 4 – Proper Officer for Transport
- Agenda Item 7 – Transport Budget and Levies 2019/20
- Agenda Item 8 – Transport Capital Programme 2019/20

Members were advised that they would be asked to confirm their acceptance of Sunderland's vote following discussion of these three items.

#### **21 APOLOGIES FOR ABSENCE**

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

22 **DECLARATIONS OF INTEREST**

None.

23 **MINUTES OF THE PREVIOUS MEETING HELD ON 18 DECEMBER 2018**

It was noted that Councillors C Johnson and M Walsh had also been in attendance at the meeting on 18 December and it was agreed to amend the minutes accordingly.

**RESOLVED** – That the minutes of the meeting held on 18 December 2018 were agreed as a correct record and signed by the Chair, subject to an amendment to show that Cllr C Johnson and Cllr M Walsh had also been in attendance at the meeting.

24 **PROPER OFFICER FOR TRANSPORT**

Submitted: Report of Lead Chief Executive for Transport (previously circulated and copy attached to Official Minutes).

S Ramsey (Lead Chief Executive for Transport) presented the report which sought approval for the creation of a new role of Managing Director, Transport North East. Members were advised that the role would incorporate the statutory functions of the Proper Officer for Transport and the Director General of Nexus and that the postholder would be responsible for leading both the Regional Transport Team and Nexus.

The Committee welcomed the report and noted that the creation of the new role would provide value for money for taxpayers and a more joined up approach to the delivery of transport operations.

**RESOLVED** – that the North East Joint Transport Committee:

- i. Unanimously agreed that the North East Combined Authority (NECA), as accountable body and host Combined Authority, create the post of Managing Director Transport North East, and that this post incorporate the responsibilities of the Proper Officer for Transport and Director General of Nexus;
- ii. Unanimously agreed the role description and person specification for the Managing Director Transport North East Transport as set out in Appendix A;
- iii. Unanimously agreed that the functions of the Proper Officer for Transport and the Director General of Nexus be merged into the single new role, Managing Director Transport North East, and as a consequence, the NECA role, Managing Director Transport Operations, will be deleted;
- iv. Noted that the deletion of the Managing Director Transport Operations post will be handled in accordance with the relevant NECA policy and that the postholder will be assimilated to the new post of Managing Director, Transport North East;

- v. Unanimously agreed that the Managing Director Transport North East be appointed Proper Officer for Transport with immediate effect; and
- vi. Unanimously accepted the vote of Sunderland City Council in favour of these recommendations, as set out in their letter of 22 January 2019.

## 25 REGIONAL TRANSPORT UPDATE

Submitted: Report of Managing Director Transport Operations (previously circulated and copy attached to Official Minutes).

T Hughes (Managing Director Transport Operations) presented the report which updated the Committee on recent developments in transport affecting the LA7 area. This included Transport for the North's (TfN's) Strategic Transport Plan, the Government's response to the Major Road Network Consultation, progress with development of the Strategic Outline Business Case for Northern Powerhouse Rail, and engagement with the National Infrastructure Commission with regards to the National Infrastructure Assessment.

The Committee welcomed the report, and in particular news of progress with the TfN Strategic Transport Plan and the recent announcement on the Major Road Network. Members noted that a lot of time was spent discussing schemes that would unlock investment and create jobs and growth for the North East and that it was important this work was acknowledged by the Department for Transport and a fair share of national transport funding allocated to the region.

**RESOLVED** – That the North East Joint Transport Committee noted the contents of the report.

## 26 WILLIAMS RAIL REVIEW

Submitted: Report of Managing Director Transport Operations (previously circulated and copy attached to Official Minutes).

T Hughes presented the report which informed the Committee of the region's response to the call for evidence to support the review of the UK rail industry. It was noted that there would be a number of further opportunities for the Committee to input over the course of the coming year.

Members were advised that overall comment on behalf of the region was that the management of the UK's railways needed to be much more closely aligned to local people who used and relied on the services, including passengers, businesses and local communities. Also, that it had long been the position of the North East that it would like to have much greater involvement in the specification and delivery of local rail services, and for inter-city services a model that aligned development of the railways with local economic plans.

It was noted that an invitation had been extended to Mr. Williams to attend a meeting of the Committee at some point in the future as part of his consultation.

**RESOLVED** – That the North East Joint Transport Committee noted the report and the response to the call for evidence.

## 27 **TRANSPORT BUDGET AND LEVIES 2019/20**

Submitted: Report of Chief Finance Officer (previously circulated and copy attached to Official Minutes).

P Woods (Chief Finance Officer) presented the report which set out the 2019/20 Transport Revenue Budget and Transport Levies for consideration and approval by the Committee. The report also provided an update on the Revenue Budget for 2018/19 and set out the revenue resources planned to be used in 2019/20 to deliver the objectives of the Committee.

Members were advised that there was considerable concern about the Government's Fair Funding proposals in relation to the Concessionary Travel scheme, and that a report on this was to be discussed by the North East Joint Transport Committee, Tyne and Wear Sub-Committee on 31 January 2019.

**RESOLVED** – That the North East Joint Transport Committee received the report for consideration and, taking into account the comments from consultation:

- i. Noted the position of the Transport budget in 2018/19 and approved the revised estimates for the year;
- ii. Unanimously agreed a Transport net revenue budget for 2019/20 of £82.766m, as set out in sections 2.4 to 2.9 of the report;
- iii. Unanimously agreed the following Transport Levies for 2019/20:
  - a) Durham County Council £15,561,536
  - b) Northumberland County Council £6,104,370
  - c) Tyne and Wear councils (detailed in table 7) £61,100,000
- iv. Unanimously agreed a transport revenue grant to Durham County Council for the delivery of transport services of £15,551,536, as outlined in section 2.6;
- v. Unanimously agreed a transport revenue grant to Northumberland County Council for the delivery of transport services of £6,094,370 outlined in section 2.7;
- vi. Unanimously agreed a transport revenue grant to Nexus for the delivery of transport services in Tyne and Wear of £55,666,667 and a contribution to the Metro Fleet Replacement Reserve of £3,333,333 as outlined in section 2.8;
- vii. Unanimously approved the budget for the Tyne Tunnels set out in section 2.10 and appendix 4, which includes a recommended increase in the Tyne Tunnels tolls for inflation to be considered for approval by the Tyne and Wear Sub Committee on 31 January 2019; and

- viii. Unanimously agreed the continuation of funding for the Regional Transport Team as set out in section 2.12;
- ix. Noted the response made to the Government consultation on the Provisional Local Government Finance Settlement by the deadline of 10th January, expressing concern at a further cut in Government funding for concessionary travel in 2019/20; and agreed that the Chair (in consultation with the Proper Officer for Transport and Chief Finance Officer, NECA) be given delegated authority to submit a response to Ministry of Housing, Communities and Local Government (MHCLG) consultation on future funding by 21st February, expressing a strong preference to keep a specific formula for concessionary travel funding, which recognises the different patterns of boardings around the country, as opposed to the current proposal to simply merge the funding into a foundation formula based mainly on resident population;
- x. Noted and took into account the comments received during consultation set out in section 2.13 and agreed that a response be provided to the North East England Chamber of Commerce by the Chair on behalf of the Committee; and
- xi. Unanimously accepted the vote of Sunderland City Council in favour of these recommendations, as set out in their letter of 22 January 2019.

## 28 **TRANSPORT CAPITAL PROGRAMME 2019/20**

Submitted: Report of Chief Finance Officer (previously circulated and copy attached to Official Minutes).

P Woods presented the report which updated the Committee on the forecast capital outturn position for 2018/19 and presented the initial 2019/20 capital programme for approval. Members were advised that the forecast included over-programming, but not yet money from the Transforming Cities fund bid, although this was expected to be successful, and that the Committee would continue to receive updates throughout the year.

T Hughes further advised Members that whilst there was a three-year indicative programme for the Metro Asset Renewal project there was currently no certainty from Government over funding for year three of the programme pending a Spending Review, and that the Chair of the North East Joint Transport Committee, Tyne and Wear Sub-Committee had written to Government asking for some clarity.

At this point the Chair asked that the Committee agree to accept the letter from Sunderland setting out their vote in relations to items 4, 7 and 8, and this was unanimously agreed.

**RESOLVED** – That the North East Joint Transport Committee:

- i. Noted the latest position in respect of the 2018/19 capital programme, set out in section 2.1;

- ii. Unanimously approved the proposed initial capital programme for 2019/20 which amounts to £83.395m as set out in section 2.2.
- iii. Unanimously accepted the vote of Sunderland City Council in favour of these recommendations, as set out in their letter of 22 January 2019.

## 29 **TRANSFORMING CITIES FUND BID FOR THE NORTH EAST**

Submitted: Report of Managing Director Transport Operations (previously circulated and copy attached to Official Minutes).

T Hughes presented the report which updated the Committee on progress made to draw down central Government funding for sustainable and public transport measures from the Department for Transport's Transforming Cities Fund.

Members were advised that a bid for Tranche 1 had been submitted and that officers were working on developing a second much larger bid for Tranche 2, details of which would be brought forward to the Committee in due course.

**RESOLVED** – That the North East Joint Transport Committee noted the submissions made to the Department for Transport in relation to a Tranche 1 bid, and noted the progress made on preparing a Tranche 2 bid.

## 30 **HS2 CONSULTATION RESPONSE**

Submitted: Report of Managing Director Transport Operations (previously circulated and copy attached to Official Minutes).

T Hughes presented the report which informed the Committee of the response submitted to HS2 Ltd's consultation on plans for Phase 2b of HS2. Members were advised that, in order for the region to benefit from HS2, significant investment in the capacity and line speed of the East Coast Mainline would be required over the next 15 years.

In discussion Members noted that it was vitally important that capacity was freed up and passenger journey's improved in the region through the implementation of HS2, and that it was therefore imperative to get commitment to upgrades and extensions to the East Coast Mainline in order to achieve this and to provide more local services. It was clear that these were concerns that were shared by Tees Valley, by TfN and by border authorities in Scotland and that the whole of the north was speaking with one voice on the issue.

**RESOLVED** – That the North East Joint Transport Committee noted the report and the response to the HS2 consultation.

## 31 **DATE AND TIME OF NEXT MEETING**

Tuesday 19 March 2019 at 2.00pm.



## North East Joint Transport Committee

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**Date:** 19 March 2019

**Subject:** Regional Transport Update

**Report of:** Managing Director, Transport North East

### Executive Summary

The purpose of this report is to update the Joint Transport Committee (JTC) on recent developments in transport affecting the LA7 area; the area which covers the North East Combined Authority (NECA) and North of Tyne Combined Authority (NTCA).

Transport for the North (TfN) has now officially adopted the Strategic Transport Plan and Investment Programme for the North. This gives TfN the momentum to forge ahead with a number of work streams, including the development of Northern Powerhouse Rail and the Integrated and Smart Ticketing Programme.

The Strategic Economic Plan covering the LA7 area was re-launched in February, with a renewed focus on taking advantage of new technological developments to further advance the development of the LA7 economy.

Developments in the rail industry included the Rail Delivery Group launching a set of proposals to radically overhaul rail fares across the country and a re-organisation at Network Rail to better reflect local needs.

The Williams Review has published its first evidence paper, with Williams emphasising the need for significant change in the commercial model of the rail industry in order to respond to rapidly changing lifestyles and travel habits.

The North East Transport Plan continues to be developed, with a piece of research currently being undertaken to seek the views of the LA7 Leaders and their respective senior officers. The region has seen some recent funding bid success, with around £2 million secured from the Green Bus and Ultra Low Emission Taxi infrastructure funds.

Nexus and Metro services won an award for Accessibility and Integrated Transport Excellence, recognising the outstanding service levels during 2018's major events.

## **Recommendations**

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

## 1. **Background**

### 1.1 Transport for the North (TfN)

On the 7th February TfN adopted their Strategic Transport Plan (STP) and Investment Programme. This is the first time that the North has spoken with one voice to establish how we will drive economic growth and create a more successful North through improved transport connections.

The Regional Transport Team organised a roundtable event at Newcastle Airport Hilton Hotel on the 7th March with businesses, the transport community and local members, to explain the detail of the Plan and enable stakeholders to find out what it means for them.

The Plan is accompanied by an Investment Programme, which provides the platform from which to secure funding from Government for interventions and schemes to be integrated into the delivery plans of bodies such as Network Rail and Highways England.

In addition, through 2019, TfN is being tasked with bolstering the evidence base for the plan through additional modelling of the corridor studies that underpin it, the completion of a further rail and road study in this region and rolling out further phases of the Integrated and Smart Ticketing Programme. Development of the business case for Northern Powerhouse Rail (NPR) continues, with the Strategic Outline Business Case (SOBC) receiving approval at the 7<sup>th</sup> February TfN board. The case will now be submitted to Government for approval.

### 1.2 Strategic Economic Plan (SEP) Re-refresh

The North East LEP re-launched the region's SEP on Thursday 14<sup>th</sup> February. The focus of the re-launch centred on the vastly changed political landscape since 2014 and the need to ensure the region is well prepared for every eventuality.

There has been good progress with job creation in the region since the launch of the SEP in 2014, with 64,600 net new jobs created, 77% of which were defined as 'better jobs' or highly skilled. The North East LEP continue to work SMEs as well as larger firms like Nissan to ensure strong jobs growth.

Technology was a key focus of the re-launch and how the region could become a leader in the digitalisation of the economy and the positive adoption of disruptive technologies.

In relation to transport, the SEP re-refresh adds focus to the key Transforming Cities funding opportunity and the potential to win funding to trial new mobility platforms. Transforming Cities presents a big opportunity for the region to seek funding for new transport schemes. An update paper is provided elsewhere on the agenda.

### 1.3 Rail ticketing and fares

In February, the Rail Delivery Group (RDG) published proposals for a more transparent, simpler to use, modern system of tickets and fares. Research has found that there is distrust with the ticketing system, to the extent that 35% of people are put off by train travel due to the complexity of the system. The new proposed system would be established upon a number of core principles, including value for money, fair pricing, simplicity, flexibility and assurance.

The report follows a consultation that was undertaken by the RDG in collaboration with Transport Focus and SYSTRA, which received nearly 20,000 responses.

Some of the key changes proposed includes the 'unbundling' of fares, with a move to a single fare as the basic unit of all pricing in the system. This would also give operators the opportunity to create more flexible ticket offerings to be priced accordingly but would also protect passengers from excessive fares through regulation of price levels, rather than of a limited number of specific fare types that are often not suitable for modern travel patterns (e.g. season tickets). The RDG report also highlights the ability to influence fares locally in devolved areas, to help aid economic growth.

The RDG will work with the Government to seek opportunities to trial the new ticketing proposals over the next year, with a possible implementation, if successful, over the next 3-5 years.

#### 1.4 Network Rail re-organisation

Network Rail will be changing the way it operates, with a new model for the organisation. The route and region structure will change, increasing the number of routes from 8 to 13, with each route having responsibility for operations, maintenance and renewals.

Five Network Rail regions will be established to support the routes, including Scotland, Wales & Western, London North Western, Southern and Eastern. A number of previously centralised services and functions will also be devolved to region or route level enabling Network Rail to be more responsive to customers and passengers and better deliver to future plans.

It is not yet clear how this will directly affect the North East, particularly with the East Coast Mainline having a separate route to the North East local network. Nexus will work with Network Rail to pursue the North East rail priorities through the new structures.

#### 1.5 Williams Rail Review

On 26<sup>th</sup> February, the Williams Review published its first evidence paper, looking into the role of the railway in Great Britain. This evidence paper outlines how rail infrastructure is no longer coping with unprecedented passenger demand and there is a strong case for real change to transform the rail experience.

Williams presented at the George Bradshaw Address, outlining his belief that "franchising cannot continue the way it is today". He went on to state that in order for the railway to be a success, it must "put passengers at its heart".

From these early findings of the Williams review, it is evident that there is a strong urge for change within the rail industry. What was working in the rail industry 25 years ago is no longer working today and transformative change will be required in order for the industry to keep up with rapid changes in lifestyles and travel habits. The Williams Review will continue throughout this year, with a White Paper anticipated to be published by the Government in the Autumn.

#### 1.6 North East Transport Plan

Work is continuing on the North East Transport Plan, covering both the North of Tyne and North East Combined Authority areas.

McDonough Marketing Communication has been commissioned to carry out a piece of research to help shape the direction of the Plan. They will do this by carrying out a series of facilitated discussions, both individually and collectively, with the Leaders from all seven local authorities and their respective senior officers. The research is expected to be completed by 31st March. The Transport Plan will be shaped around the research findings.

In the meantime, the Regional Transport Team has been updating the data that will inform the Plan's objectives and aspirations. The team are also obtaining examples of good practice from similar documents both nationally and internationally to ensure that the North East Transport Plan is of a high standard. The team are working towards producing a draft Plan for approval early summer. A public consultation would then follow, the results of which would be incorporated late 2019 with the final version of the Plan ready for publication early 2020.

#### 1.7 Funding Bids

The region has been successful in acquiring funding for a fleet of new electric buses. A total of £1.6m of funding has been awarded from the Green Bus Fund competition, with £1.2m awarded towards the cost of 9 new buses, and £450k awarded towards the cost of new infrastructure to support the electric buses. Anticipated to commence service in early 2020, these new buses will be the first electric buses in the region and will be operated in areas where air quality is poorest.

The region has also been successful in receiving £500k in funding through the Office for Low Emission's Taxi infrastructure scheme. An update paper on this scheme is provided elsewhere on the agenda.

The success of the region in both the Green Bus Fund and Low Emission Taxi infrastructure scheme underscores the regions ambition to transform the transport network, so that it contributes less to air quality problems. Notwithstanding this success, further action is needed on air quality, and a separate paper on air quality is provided elsewhere on the agenda.

#### 1.8 Tyne and Wear Metro

Performance remains a challenge on the Tyne and Wear Metro, with punctuality in the year to December 2018 falling to 78% compared to 85% over the previous year. Lack of driver resource has led to some train cancellations but a new training school for drivers has started in January 2019 to bring staffing levels up.

Notwithstanding these challenges, Nexus and Metro services saw success at the Rail Business Awards held in London on the 21<sup>st</sup> February 2019. Nexus won in the Accessibility and Integrated Transport Excellence category for the exceptional service levels provided in 2018 for major events like the Great Exhibition of the North, ensuring a greater level of access for visitors from far and wide.

Nexus were also finalists in the category for Marketing and Communications Excellence for the work to win funding for a new Metro fleet. Work on the procurement of a new fleet of trains and maintenance depot continues on track.

The Government has launched a call for evidence on the opportunities to introduce new Light Rail Systems or other rapid transit solutions into towns and cities in England. A separate paper on the agenda outlines the draft response the region proposes to submit, focussing on the success of the Tyne and Wear Metro system for our region in terms of the economic and social value it has brought to date and the great potential that a new fleet and targeted expansions of the system could deliver in the future.

## **2. Proposals**

2.1 This report is for information purposes only. Therefore, no proposals are contained in this 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 Development of the Transport Plan continues, with the aim to consult on a draft plan later in 2019.

## **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 regions opportunities and potential.

## **7. Financial and Other Resources Implications**

7.1 The report includes information on funding and financial opportunities. There are no specific financial implications arising from this report.

7.2 There are no Human Resource or ICT implications.

## **8. Legal Implications**

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

## **9. Key Risks**

9.1 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 None

## **15. Background Papers**

15.1 Not applicable.

## **16. Contact Officers**

16.1 Toby Hughes, Managing Director, Transport North East.

[toby.hughes@nexus.org.uk](mailto:toby.hughes@nexus.org.uk) Tel: 0191 203 3246

Stephen Bellamy, Business Development Officer (Policy)

[stephen.bellamy@nexus.org.uk](mailto:stephen.bellamy@nexus.org.uk) Tel: 0191 203 3219

## **17. Sign off**

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

## **18. Glossary**

DfT – Department for Transport, which plan's and invests in transport infrastructure

LA7 – refers to the area covered by NECA and NTCA Combined Authorities

NELEP – refers to the North East Local Enterprise Partnership, responsible for overseeing the SEP

NPR – refers to Northern Powerhouse Rail, a project that seeks funding to deliver a new rail line connecting major urban centres in the North

RDG – refers to the Rail Delivery Group, the British rail industry membership body that brings together passenger and freight rail companies, Network Rail and High Speed 2.

SEP – Strategic Economic Plan

SMEs - Small and medium-sized enterprises are businesses whose personnel numbers fall below certain limits, but collectively employ more than larger enterprises.

STP – refers to the Strategic Transport Plan that is currently under development by Transport for the North

SOBC – refers to a Strategic Outline Business Case, which provides necessary information that explains the case for investment in something

TfN – refers to the sub national transport body, Transport for the North



## North East Joint Transport Committee

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**Date:** 19 March 2019

**Subject:** North East Transforming Cities Fund Bid - Update

**Report of:** Managing Director, Transport North East

### Executive Summary

The purpose of this report is to update the Committee on progress made to draw down central Government funding for sustainable and public transport measures from the Department for Transport's Transforming Cities Fund. The report updates members on the submitted Tranche 1 bid for capital schemes that can start during the remainder of 2018/19, and the Tranche 2 and Future Mobility Zone bids that will be submitted later this year for schemes that start between 2019/20 and 2022/23.

### Recommendations

The Joint Transport Committee is recommended to:

- a) note the progress made on preparing a Tranche 2 bid, and any verbal update that may be available in relation to a funding decision for our Tranche 1 bid;  
and
- b) endorse the methodology for sifting and prioritising potential transport schemes that could form part of the North East's TCF Tranche 2 programme, as set out in Appendix 1.

## **1. Background Information**

- 1.1 In March 2018, the Department for Transport (DfT) launched a Call for Proposals for city region authorities wishing to obtain capital funding from its Transforming Cities Fund (TCF). The TCF has been established to fund capital infrastructure works that will deliver transformational benefits to sustainable and public transport users.
- 1.2 In September 2018, the North East (Northumberland, Tyne and Wear and County Durham) was one of ten city regions shortlisted to submit bids for funding from TCF during 2019. In December 2018 two further city regions were added to this shortlist. Across the 12 bidding authorities there is £1.28bn of capital funding available.
- 1.3 In November 2018, the Chancellor of the Exchequer announced in his budget statement that an opportunity to bid for Future Mobility Zone status would be added to the TCF process. Up to three Future Mobility Zones (FMZs) will be established during 2019, adding to the zone already established in the West Midlands. £90m of TCF funding has so far been allocated by DfT to the FMZs.
- 1.4 This report sets out the progress made so far in developing our approach to the TCF. The report sets out progress on three aspects of the bid: our Tranche 1 bid for schemes that can commence work during 2018/19; our Tranche 2 bid for schemes to be delivered between 2019 and 2023; and our Future Mobility Zone bid.

## **2. Proposals**

### **TCF Tranche 1 Bid**

- 2.1 This bid was submitted to DfT on 4 January 2019. The DfT required very short timescales to develop and submit this Tranche 1 bid. Table 1 provides members with a summary of the funding request submitted to DfT.
- 2.2 The guidance for Tranche 1 provided by Government indicated that a decision on the funding to be made available through Tranche 1 would be made “by the end of February 2019”, in order that works can start on-site during the 2018/19 financial year that ends on 31<sup>st</sup> March 2019. At the time of writing this report, no decision had yet been received. Should there be an announcement by DfT prior to the date of this Committee, a verbal update will be provided.

	Total Cost	Match funding	TCF Grant and % of cost	
	£m	£m	£m	%
i) Cycling Links to Key Employment Sites	6.764	4.057	2.707	40%
ii) Cycling Links to Newcastle City Centre	2.320	1.300	1.020	44%
iii) Cycling Links to Sunderland City Centre	1.816	0.286	1.530	84%
iv) Public Transport Reliability Upgrades	10.254	7.000	3.254	32%
v) Transport improvements at Barras Bridge	2.780	0.390	2.390	86%
Total of the five scheme packages	23.934	13.033	10.901	46%
Over Programming / Programme Savings*	-0.450*	+0.451*	-0.901	n/a
Total Tranche 1 TCF Bid	23.484	13.484	10.000	43%

**Table 1 Summary of the funding request submitted to DfT**

\*The over-programming could be dealt with by a combination of cost savings or additional match funding and the table above provisionally assumes an equal contribution from cost savings and match funding at this time.

### **TCF Tranche 2 Bid**

- 2.3 Work has now commenced to prepare the Tranche 2 bid for the North East. This work will be led by the Regional Transport Team (RTT), additional resources have been added to the RTT through secondments, temporary appointments and consultancy support so that it is equipped to prepare a compelling and strong bid for funding that maximises the city region's prospects of drawing down TCF funding.
- 2.4 Guidance for the Tranche 2 bidding process was published on Wednesday 13 February 2019 (see Appendix 1). DfT requires that we prepare a business case for three programmes of capital investment – a high cost scenario, a medium cost scenario and a low cost scenario. Officers will work with DfT officials over the coming weeks to co-develop the business case in a manner that meets DfT's requirements.
- 2.5 The guidance sets out details of what TCF funding is available for – public transport capital investments, cycling/walking capital investments and public realm capital investments. No revenue support funding is available through TCF Tranche 2. The guidance also sets out the objectives that a programme of schemes should seek to deliver. Based on this guidance, the RTT has produced a methodology to sift and prioritise potential TCF capital schemes being put forward by local authorities, Nexus, transport operators and other stakeholders. This methodology has been discussed and endorsed by Heads of Transport and Chief Executives in the North East and is detailed in Appendix 2. The Committee is requested to endorse this methodology.

2.6 A business case to support our TCF capital investment programme will need to be submitted on Thursday 20 June 2019. It is intended that the content of this draft bid will be approved by this Committee at its Annual General Meeting on Tuesday 18 June 2019. After a further period of co-development with DfT officials and a further approval from the Joint Transport Committee, a final Tranche 2 bid must be submitted on Thursday 28 November 2019. We understand that a decision on funding will then be made by DfT in early 2020.

### **TCF Future Mobility Zone Bid**

2.7 The DfT has not yet published guidance in relation to the Future Mobility Zone (FMZ) bid process. However, we understand that DfT will be seeking to establish up to three FMZs by June 2019.

2.8 We understand that the award of FMZ status will provide funding for innovative transport measures such as:

- flexible and shared transport links that can be booked on-demand;
- new online tools and apps that combine journey planning and ticketing across all modes and operators; and
- physical and digital infrastructure at hubs that enable the impacts of these technology and transport innovations to be maximised.

Work already undertaken by Nexus indicates that there is a significant interest in such innovations within the North East city region. Once the FMZ guidance has been published, officers will advise Heads of Transport and Chief Executives whether there is a strong case for seeking Future Mobility Zone status and the funding that will come with that status. This will also be discussed in the next update to this Committee.

## **3. Reasons for the Proposals**

3.1 The proposals set out in Section 2 of this report are focussed on attracting significant additional investment in the North East's public transport network (Metro, bus and rail) and sustainable transport network (cycling and walking). This investment will assist in boosting our economy, expanding opportunities for work and training and contribute to achieving environmental objectives.

## **4. Alternative Options Available**

4.1 Option 1 is to develop TCF bids as set out in Section 2 of this report.

4.2 Option 2 is to halt work on our Transforming Cities Fund bid and end our involvement in the bidding process set up by DfT. This approach would mean that the potential benefits of significant investment in sustainable transport, public transport and future mobility will be lost.

4.3 Option 1 is the recommended option.

## **5. Next Steps and Timetable for Implementation**

5.1 An eleven month programme of work will develop our Tranche 2 proposals and submit the final bid document and business case to DfT. The next steps in this process are to begin the preparation of a programme of Tranche 2 investments in each of the high, medium and low cost scenarios, and commence the preparation of the necessary business case development and economic appraisal.

## **6. Potential Impact on Objectives**

6.1 A successful TCF bid will attract considerable additional funding to the North East's transport network, increasing the use of public and sustainable transport, and reducing reliance on the private car for more trips. These impacts will have a positive effect on the economic, social and environmental objectives set out in our Strategic Economic Plan, North East Transport Manifesto and our Local Transport Plans. The funding will also assist in delivering the local air quality improvements required in order to meet worldwide transport emissions targets.

## **7. Financial and Other Resources Implications**

7.1 A costed plan has been developed to enable the resources available to the Regional Transport Team to be boosted, so that a strong and compelling bid for TCF funding can be submitted.

7.2 A recruitment process for the RTT is ongoing, assistance from NECA's Human Resources department is helping to deliver this process, which includes opportunities for short terms secondments.

## **8. Legal Implications**

8.1 In accordance with the Constitution, terms of funding bids to be agreed by the Monitoring Officer and Chief Finance officer.

## **9. Key Risks**

9.1 The principal risk associated with this work is that the bid for funding from DfT via TCF proves unsuccessful. The recruitment of an experienced and skilled team to guide the TCF bidding process, supported by expert consultants, will mitigate this risk and maximise the prospects of receiving the funding requested.

9.2 The second key risk is that inappropriate schemes that do not meet the requirements of the TCF process are imposed upon the North East bid and adversely affect the strength of our bid. Applying an appropriate sifting process will provide an effective mitigation of this risk.

9.3 The financial risks relating to each individual project will be taken by the individual promoting local authority. In the event that the funding is able to be managed as part of a locally determined and managed 'programme' there will be the opportunity to flexibly manage resources to help mitigate risks.

## **10. Equality and Diversity**

10.1 A successful TCF bid 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 during the design phase of each scheme within the package to ensure that equality of access is achieved and enhanced. The safety and security requirements of vulnerable people will also be considered during this design phase 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 RTT will be responsible for consultation and engagement with scheme promoters, transport operators, key stakeholders and central Government through the programme. Where public consultation is needed in order to implement individual schemes, this will be dealt with by the scheme promoter.

12.2 The contents of this report have been subject to consultation with Chief Executives, Economic Directors and Heads of Transport from all seven local authorities in the North East and Nexus.

## **13. Other Impact of the Proposals**

13.1 It is likely that a successful TCF bid will have significant beneficial impact 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 sustainable and public transport modes will lead to improved health outcomes for people living and working in the North East.

## **14. Appendices**

14.1 Appendix 1 – DfT TCF Tranche 2 Guidance  
Appendix 2 – Proposed Sifting and Prioritisation Methodology

## **15. Background Papers**

15.1 None.

## **16. Contact Officers**

16.1 Mike Scott, TCF Project Lead  
Email: [mike.scott@nexus.org.uk](mailto:mike.scott@nexus.org.uk)  
Tel: 0191 203 3512

## **17. Sign off**

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

## **18. Glossary**

DfT – Department for Transport

TCF – Transforming Cities Fund

FMZ – Future Mobility Zone

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Department  
for Transport



Transforming Cities Fund

# Transforming Cities Fund

## Supplementary Guidance for Shortlisted City Regions: Tranche 2

**Moving Britain Ahead**

January 2019

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# 1. Introduction

- 1.1 This guidance is intended solely for use by city regions that submitted a proposal for the Transforming Cities Fund (“the Fund”) and were shortlisted in 2018 to progress to the co-development phase and invited to develop a business case for their package of proposals following a Call for Proposals<sup>1</sup>. It covers how the co-development process will work and how the Department will select which proposals to fund in Tranche 2. This guidance also sets out the expected timetable for receiving business cases. It should be read alongside the [Call for Proposals guidance](#) published in March 2018.

## Background

- 1.2 At Budget 2018<sup>2</sup> the Government announced that the Fund will be extended by a year to 2022-23. This will provide an extra £440 million to the city regions shortlisted for competitive funding, and a further £240 million will be made available to the six metro mayors with a devolved settlement. The Government also announced at Budget that two additional city regions will be shortlisted, taking the total to 12 shortlisted city regions. Preston and South-East Dorset were selected by the Secretary of State in December 2018 from those city regions that previously bid for competitive funding and met the eligibility criteria.
- 1.3 To support the Industrial Strategy Future of Mobility Grand Challenge, £90 million from the National Productivity Investment Fund will also be allocated to the Transforming Cities Fund to create up to three Future Mobility Zones. This will trial new transport modes, services, and digital payments and ticketing. £20 million of this has already been allocated to the West Midlands. More information on the process for allocating funding to Future Mobility Zones will be made available in due course.
- 1.4 In Tranche 2, the Department is inviting all 12 shortlisted city regions to develop their plans into packages of proposals, supporting longer-term programmes to be agreed in 2019-20. These will be scrutinised against our assessment criteria with funding awarded to proposals which demonstrate value for money.
- 1.5 In addition to the £50,000 development funding provided to each shortlisted city region, as part of the Government’s co-development offer, the Department will provide access to experts and constructive challenge, as appropriate, to support the development of business cases and maximise the value of investments. The level of funding to be awarded to shortlisted city regions will be agreed by the Secretary of State after these proposals have been fully scrutinised.

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<sup>1</sup> <https://www.gov.uk/government/publications/apply-for-the-transforming-cities-fund>

<sup>2</sup> <https://www.gov.uk/government/publications/budget-2018-documents/budget-2018#productivity>

## Funding available

1.6 The Fund is now £2.45 billion, of which £1.28 billion (which is entirely capital) is available to the shortlisted city regions over a 5-year period to 2022-23 as follows:

Competitive Fund	2018/19	2019/20	2020/21	2021/22	2022/23	Total
Capital (£m)	60	110	160	510	440	1,280

**Table 1: 5-Year Funding Profile for Shortlisted City Regions**

1.7 The Department will allocate funding via two tranches. The £60 million profiled for 2018-19 is focused on early-delivery small schemes and will be allocated via Tranche 1. In Tranche 2 the remainder of the Fund will support longer-term programmes.

## Driving up productivity through improved public and sustainable transport investment

1.8 As part of the Government’s Industrial Strategy and the National Productivity Investment Fund, the Transforming Cities Fund aims to drive up productivity through improved connections between urban centres and suburbs. To do this, we will invest in infrastructure to improve public and sustainable transport connectivity in some of England’s largest cities.

1.9 Encouraging an increase in journeys made by low carbon, sustainable modes is a key objective of the Fund. Proposals which include cycling and walking will be viewed more favourably where they have been derived and prioritised using the [Local Cycling and Walking Infrastructure Plan \(LCWIP\)](#) process or equivalent. Proposals should demonstrate a clear link to the city’s emerging LCWIP or existing cycling and walking strategy.

1.10 Additionally, the Fund aims to support wider cross-cutting priorities such as:

- Improving access to work and delivering growth
- Encouraging the use of new mobility systems and technology as part of the Grand Challenge on the Future of Mobility
- Tackling air pollution and reducing carbon emissions
- Delivering more homes
- Delivering apprenticeships and improving skills

1.11 Both tranches of the Fund will align to these objectives and proposals will be assessed against these when taking investment decisions with scrutiny placed on the quality of evidence given and proportionate analysis conducted.

## 2. Tranche 2: Main co-development programme

### Co-design of bespoke packages of investment

- 2.1 Through co-development, we aim to speed up development of business cases and ensure that schemes are of the highest quality, resulting in a step-change in local public and sustainable transport connectivity with better access to jobs, reduced congestion and improved air quality.
- 2.2 The Department will work with shortlisted city regions as a ‘critical friend’ to co-develop packages of proposals to transform connectivity, providing support, guidance, constructive challenge, and advice where needed. Co-development will take place until all funding is allocated.
- 2.3 Multiplying the value of government investment is vital. We will encourage city regions to explore other possible sources of funding such as private and/or local investment to help fund schemes and deliver the best value for money. City regions should look to maximise the opportunities of increasing the overall funding envelope with these sources of funding to increase the transformational impact. Larger local commitments will strengthen the case for investment at assessment.
- 2.4 As part of the Government’s Industrial Strategy, we will encourage city regions to consider innovative approaches that harness the use of new mobility systems and technology as part of the Grand Challenge on the Future of Mobility<sup>3</sup>. Alongside the creation of Future Mobility Zones, all shortlisted cities are encouraged to consider innovative approaches and futureproofing plans as part of the Grand Challenge.

### Level of support

- 2.5 Throughout the co-development process, the Department’s Area Leads will be the main point of contact for city regions, providing support and challenge in developing their plans, and acting as a link to the rest of the Department. Wider support will be tailored to meet the specific needs of each city region, and allocated proportionately based on the ambition, scale and complexity of projects. This could include providing:
  - Access to specialist advice to help develop projects, e.g. analysts and policy leads from the Department and other government departments, academia, research institutions, tech firms, etc.
  - Guidance on completing the business case, including producing an economic case
  - Support to establish a process of monitoring and evaluation meeting the objectives of the wider Fund

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<sup>3</sup> <https://www.gov.uk/government/publications/industrial-strategy-the-grand-challenges/industrial-strategy-the-grand-challenges#future-of-mobility>

- A community of practice where shortlisted city regions will have the opportunity to work with new partners, to build capability, and share ideas amongst each other and those Mayoral Combined Authorities that have already received a share of the Fund
- 2.6 Additionally, as part of the Transport Investment Strategy the Department has offered ‘to provide targeted support to local authorities to develop their bidding and delivery capability, to ensure that all areas have the potential to produce high quality bids and can realise the benefits that strong projects will unlock’. In recognition of this, the Department will allocate £50,000 to each city region in 2018/19 to support delivery of the Fund’s capital programme.

## Allocation of funding

- 2.7 It is anticipated that proposed packages will consist of a range of small scale measures (“small schemes”) that will be locally assured, and larger scale measures (“large schemes”) that will require a more detailed appraisal or ‘retained’ by DfT in accordance with section 3.9 below.
- 2.8 To seek funding for the main programme of schemes, city regions should submit a draft programme-level Strategic Outline Business Case (SOBC) by 20 June 2019, setting out the broad objectives and plans for funding. This could include a range of small schemes (up to £40 million each) or large schemes (up to around £250 million each). The Department will provide feedback on draft SOBCs, which city regions should use to help formulate their final SOBCs before final submission on 28 November 2019.
- 2.9 The initial timetable for Tranche 2 is as follows:

<b>Business case</b>	<b>Deadline</b>
Submission of draft SOBC	6pm on 20 June 2019
Submission of final SOBC	6pm on 28 November 2019

**Table 2: Timetable for Tranche 2 business case**

- 2.10 Further details will be provided about timeframes for more complex proposals ‘retained’ for development.
- 2.11 Finalised programme level business cases could be submitted earlier than autumn 2019 depending on the complexity of the schemes proposed. Due to the five-year profile of spend, we will actively support accelerated delivery if proposed packages are ready and meet the Fund’s profile. The Department recognises that city regions will be at different levels of readiness to apply to the Fund. The process and timetable for handling submissions to the Fund has therefore been designed to not only deal with proposals coming forward of different complexity and scale, but allow for some early interventions to be made which will support a wider package of proposals.
- 2.12 There will be no guarantee of funding to shortlisted city regions if programmes are not sufficiently developed or fail to demonstrate good value for money. City regions should therefore consider how schemes could be made flexible enough to be scaled up or down to reflect the options available, and consider the best portfolio of interventions to make the most difference within their areas.
- 2.13 While funding allocations will be determined by the available budget and reflect consideration of all shortlisted city regions’ bids, we do not seek to specifically rank schemes against each other. Instead, our priority is to identify packages of investment for each city region which offer good value for money and are deliverable within the time frame. The Department is also open to business cases changing from the initial expression of interest, particularly if city regions can demonstrate further prioritisation on investment to maximise the value of the programme.

- 2.14 The Fund is not aimed at packages that simply deliver large numbers of unconnected smaller interventions across the board as these are unlikely to be transformational in their own right; it is seeking coherent programmes of interlinking interventions which will transform connectivity in key commuter routes in city regions. Government will support innovative approaches to deliver this, including new technology, engineering solutions and business models, as part of the Grand Challenge on the Future of Mobility.
- 2.15 The Fund is designed to deliver improved local public transport. Whilst it may complement, it is not intended to replace funding for work on the National Rail or Strategic Road Networks, which have other funding streams available for enhancements. However, packages which include, for example, improvements to National Rail stations and connectivity into multi-modal hubs will be encouraged and will be considered when assessing business cases and the amount of funding awarded.
- 2.16 The size of agreed funding packages, once approved, will be fixed. Should cost increases and/or delays occur, the Department will not provide additional funding and this will need to be accounted for within local budgets. There will be an expectation that funding is spent according to the approved funding profile. While we can consider some year-on-year flexibility of profiling, this is not guaranteed and we cannot guarantee any funding beyond 2022/23. It is therefore important that initial profiles are realistic and deliverable.



## 3. Assessment criteria

- 3.1 The Department will make decisions on proposals by considering the evidence presented to it in a business case, but will also have regard to the strategic objectives of the Fund and Government as set out at section 3.19 below. City regions may receive less or no funding for schemes if they fail to meet the assessment criteria.
- 3.2 The Department's assessment will be consistent with the [Transport Business Case process](#) covering strategic, economic, financial, commercial, and management cases.

### Value for money

- 3.3 Value for money will be a key consideration in the assessment process. The schemes proposed in the business case need to maximise the overall benefits and seek to identify all the positive and negative impacts. It is also important to identify the main uncertainties in the value for money assessment, such as around the estimation of key impacts, and assumptions used in analysis. The principles for assessing value for money follow the guidance set out in DfT's [Value for Money framework](#).
- 3.4 Any evidence presented in the narrative of the strategic case should be consistent with the impacts identified in the economic case. There is recently published guidance on development of an economic narrative in section 5 of Unit A2.1 of [WebTAG](#).
- 3.5 Formal funding approval will be taken at a programme level, with all or most investment decisions on individual components of the package to be made locally in accordance with the city region's assurance frameworks. Assurance frameworks will need to have been signed off by the Department beforehand, ensuring that they meet at least the minimum standards as defined in the national [Local Enterprise Partnership assurance framework guidelines](#). This includes the expectation that only in exceptional circumstances should schemes with lower than "high" value for money be put forward (Benefit Cost Ratio above 2 and accounting for significant non-monetised impacts and key uncertainties.) The following assurance requirements must also be met:
  - Any individual scheme decision of £40 million or over, even if the Fund contribution is less than that, will also require the approval of the Department.
  - Individual scheme business cases and funding approval documentation must be made available to the Department on request.
  - The Department reserves the right to attend, with observer status, programme board meetings where funding approval decisions are being considered.
- 3.6 Investment packages should be prepared for low, medium and high funding levels. The above guidance may be used as an outline, but more depth will need to be provided to form a Strategic Outline Business Case (SOBC). A clear economic narrative should be set out to identify the impacts of the proposals, including identifying how costs and benefits from individual schemes can be ascribed to its particular geographic "corridor." Options assessment for the different packages and their respective funding should be included, with estimated Benefit-Cost Ratios and detailed identification of non-monetised impacts. Details should also be provided on the transport and economic modelling undertaken, alongside a Transport Economic Efficiency Table.

- 3.7 An [Appraisal Summary Table](#) will also be required for each business case to demonstrate that the full range of impacts has been considered. We would expect this to be proportionate i.e. non-monetised assessments for impacts considered to be neutral/marginal, as long as there is sufficient supporting evidence to justify this.
- 3.8 The quality of the analysis provided on scheme impacts will be assessed and may be a material factor in determining whether a scheme is selected. It will be the responsibility of the bidder to convince us in the business case (and any supporting material) that the analysis is fit-for-purpose, although we would welcome innovative approaches where they are robust and proportionate. Value for money will be assessed at a programme level as opposed to an individual scheme level. This will include the requirement to consider additional issues, such as further modelling to quantify the interdependencies between the schemes within the programme. Where this is not possible, qualitative narrative should be provided to outline the likely impacts. Further advice can be provided on this during the co-development phase
- 3.9 Promoters are required to submit a full appraisal in line with the Department's [Transport Business Case Guidance](#) and Transport Appraisal Guidance ([WebTAG](#)). For individual schemes over £40 million, business cases will also be expected to successfully progress through Outline Business Case (OBC) and Full Business Case (FBC) stages to be fully awarded funding, in line with existing guidance stated above. The Department reserves the right to automatically 'retain' any schemes which total over £40 million, and any other schemes, if lower, for which the Department believes further information would be helpful in deciding based on, for example, the level of complexity involved. These schemes would be 'retained' within a wider programme agreed at the SOBC stage which will then require Departmental approval at OBC and FBC before funding is released.

## Financial requirements

- 3.10 The Department wishes to see local commitment to the proposed scheme. All proposals must therefore include a private and/or local financial contribution towards the overall costs of the measures put forward. City regions must identify whether the private and/or local contribution will come from local authority sources or external partners and the private sector, including transport operators. While we will consider the business case in the round, the greater the overall local contribution towards the costs and the more the contribution is from the private sector and other external organisations, the more positively the business case will be considered in the assessment process.
- 3.11 The proposals will need to explain how the measures will be viable and benefits maintained and sustained beyond the period of the Fund without further long term DfT financial support, for example assessing how likely it is that expected revenues will at least cover any operational, maintenance and renewal expenditure. Where the measures are not expected to become fully financially viable in the short term, the basis for provision to be sustained after the Fund period should be explained and the expected local authority and/or external sources of future funding support stated and quantified.
- 3.12 Responsibility for estimating and controlling all project costs lies entirely with the shortlisted city region. The Department will not consider any requests for increased funding.
- 3.13 A detailed cost breakdown should be provided, clearly showing the costs of each programme element. All successful Tranche 1 components should be clearly identifiable where they are already in receipt of grant funding. Cost breakdowns should include all information outlined in the example set out in **Annex A** below.

## Commercial case

- 3.14 The commercial case provides evidence on the commercial viability of a proposal and the procurement strategy that will be used to engage the market. It should clearly set out the financial implications of the proposed procurement strategy and the rationale for the recommended procurement option. It presents evidence on risk allocation and transfer,

contract timescales and implementation timescale as well as details of the capability and skills of the team delivering the project and any personnel implications arising from the project.

- 3.15 Where the implementation of programmes involves partnership working, for example with transport operators or the community and voluntary sector, bids should indicate the authority's broad expectations for how risks would be shared between the parties involved with clear responsibilities identified for roles and risk management.

## **Deliverability**

- 3.16 We would expect the following to be put in place and demonstrated in the management case:

- An overarching programme plan and implementation strategy, showing relevant sequencing of projects in the portfolio and associated risks. This should include a plan for stakeholder management, communications and benefits realisation.
- A well-documented and consistent governance regime, which includes decision making and reporting arrangements. This should set out evidence of previous delivery track record and any 'lessons learnt' approaches for similar schemes or programmes. This should also include board membership and any other committee oversight, including key roles and responsibilities (and any vacancies).
- Identification of dependencies and their associated risks. An implementation strategy and governance arrangements must ensure that dependencies are managed and takes account of how decisions are made across partnerships. This could include a dependency network map. The overarching programme plan should cross-reference the risk register to explain planned risk mitigations.

- 3.17 Procurement is also important and proposals that involve lengthy or complex procurement processes may struggle to meet the delivery timeframes of this Fund. The Department therefore expects that promoters will demonstrate how the use of existing framework contracts can deliver both value for money and an expedited delivery schedule.

- 3.18 Promoters must be able to demonstrate that they have a sound implementation strategy for delivering each component of the package. The business case should detail how implementation will be managed within the city region and clearly identify the roles, responsibilities and the level of involvement of any partnership bodies in the delivery process. There should be a clear statement of senior level support from any partner organisations.

- 3.19 The Senior Responsible Owner for the programme should be identified and details of the programme management arrangements should be provided. This should be consistent across the programme, with senior programme members identified and roles explained.

- 3.20 All applications should include a description of the key risks to delivery and planned measures for managing those risks. Output milestones should also be included to measure progress towards delivery of the package components to time and budget over the period to be covered by the funding. These milestones should be measures that city regions readily identify with in monitoring progress on a local public and sustainable transport project and the many strands within it. The Department will, in assessing proposals, consider how far the proposed milestones are both ambitious and realistic. A risk management strategy should be in place and described. The risk register should show a residual risk rating once the described mitigating actions are considered.

- 3.21 Subject to other criteria in this guidance being met, schemes that can demonstrate the potential for early delivery may be prioritised over schemes which are expected to complete towards the end of 2022/23. Statutory powers, if required, should either be in place or be sufficiently advanced to allow delivery in this timeframe. The Department reserves the right to fast track decisions on individual schemes within a programme, based on the quality of business cases received and the potential for early delivery.

## Summary of evidence required

3.22 The table below provides an illustrative guide, setting out how city regions should present their evidence across each of the five cases of the Transport Business Case model. Where possible, it would be advantageous for city regions to include an underlying narrative for the individual schemes on a corridor basis:

Type of case	Required evidence
<b>Strategic case</b>	<p>Evidence of how far the proposals meet the core policy objectives of the Fund to:</p> <ul style="list-style-type: none"> <li>Invest in new local transport infrastructure to boost productivity</li> <li>Improve public and sustainable transport connectivity</li> <li>Improve access to employment sites, Enterprise Zones, development sites, or an urban centre that offers particular growth/employment opportunities</li> </ul> <p>Please see guidance from the <a href="#">Rebalancing Toolkit</a> which is designed to help authors of strategic cases assess how a programme or project fits with the objective of spreading growth across the country. Any evidence presented in the narrative of the strategic case should be consistent with the impacts identified in the economic case.</p>
<b>Economic case</b>	<p>An appraisal of the economic impacts of the proposals, such as user benefits, but also encompassing evidence on wider impacts consistent with the principles of WebTAG, e.g. increasing access to employment through greater connectivity between workers in suburbs and city centre firms<sup>4</sup>, unlocking housing<sup>5</sup>, or how interventions could contribute to reducing deprivation or improving the urban realm.</p> <p>It is expected that not all impacts will be monetised at draft SOBC stage, especially for wider benefits ascribed to small schemes. Where this is the case, the business case should set out the non-monetised impacts narrative around the benefits with appropriate supporting evidence. A proportionate approach should be adopted, for example the use of supplementary economic modelling is not encouraged for an SOBC.</p>
<b>Commercial case</b>	<p>A description of the level of market engagement and procurement strategy for the packages. Proposals that involve lengthy procurement processes may struggle to meet the delivery timeframe of this Fund.</p>
<b>Financial case</b>	<p>Evidence on financial sustainability, project costs and affordability. This should include a funding profile, broken down by the total scheme cost, Fund contribution, total public sector contribution and any other local and/or private contribution. It should also include accepting financial responsibility for the project going forward and background on source of any local contributions, and how funding has been secured.</p> <p>Confirmation from promoter's Section 31 Officer that the authority has the available funds to meet the total local funding contribution.</p>
<b>Management case</b>	<ul style="list-style-type: none"> <li>Overarching delivery plan and implementation strategy with clear timetable for delivery</li> <li>Governance regime, Senior Responsible Owner, roles and vacancies</li> <li>Risk management strategy, including dependencies.</li> <li>Evidence on the delivery arrangements for the project, including a description of risks.</li> <li>Evidence of delivery track record on previous, similar projects.</li> <li>Evidence of a 'lessons learnt' approach for previous schemes/programmes.</li> </ul>

<sup>4</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/725179/tag-unit-a2-3-employment-effects.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/725179/tag-unit-a2-3-employment-effects.pdf)

<sup>5</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/712890/tag-unit-a2.2-induced-investment.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/712890/tag-unit-a2.2-induced-investment.pdf)

## Meeting the Fund's Objectives

3.23 Through co-development, and during assessment, we will aim to sift out schemes which fail to meet the overarching objectives of the Fund, before any other factors are taken into account. In doing so we will be strongly guided by the following factors:

Proposals **must meet** both of the following objectives and assessments will be made of the extent to which proposals deliver against each of the criteria:

- focus on improving capacity on commuting trips, access to employment centres, enterprise zones and development sites, improving reliability, and supporting economic growth; and
- reduce carbon emissions, for example by bringing about an increase in the volume and proportion of journeys made by low carbon, sustainable modes including walking and cycling. We would expect this approach to be proportionate, for example, proposals will be assessed more favourably if city regions use existing tools such as the [webTAG Active Mode Appraisal Tool](#) guidance, but we would accept additional evidence provided from case studies or emerging planning tools such as the [Propensity to Cycle Tool](#) to make assumptions about mode shift. These could cover existing government targets as well as more ambitious scenarios and how they could lead to additional health benefits on top of carbon impacts.

Proposals which in addition meet some or all of the following objectives will be favourably considered in the assessment process:

- help to deliver wider social and economic benefits for the community (e.g. improving skills and use of apprenticeships, accessibility and social inclusion);
- support housing delivery;
- bring about improvements to air quality, particularly to support compliance with legal limits in those areas where NO<sub>2</sub> exceedances have been identified and are in the process of developing plans; and
- align to the Future of Mobility Grand Challenge. The business case will be assessed more favourably if it is able to qualitatively set out how options will be robust to a range of futures, given wider societal and technological changes such as urbanisation and uptake of connected and autonomous vehicles.

The criteria also cover the **value for money, deliverability and affordability** of package proposals. **Proposals must meet all of the following criteria** and the more a proposal delivers against each criterion, the better its chances of success:

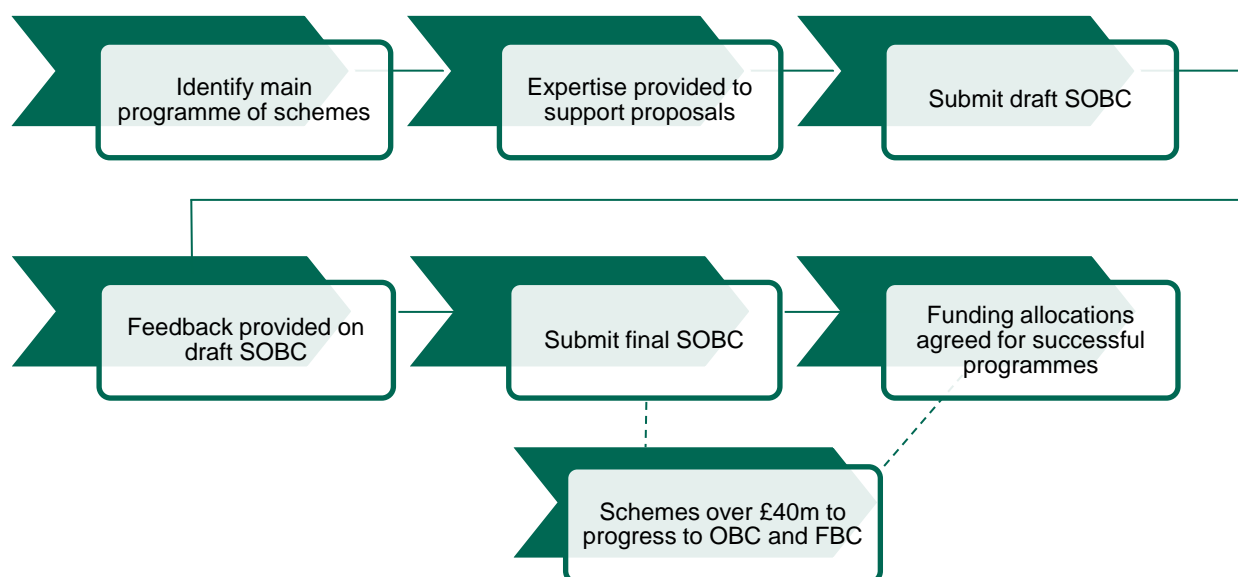
- represent good value for money and deliver additional benefits over and above those already planned in Local Transport Plans and/or funded from alternative sources;
- be financially sustainable with benefits enduring beyond the Fund period without further DfT support, with plans, where appropriate, for any guaranteed local authority and/or external funding support;
- incorporate a credible delivery plan with realistic milestones for progressing the different elements to completion on time and within budget;
- be affordable in relation to the overall funding available and the Government's wish to maximise the number of proposals it can support;
- include a commitment to make a sizeable private and/or local contribution towards the overall costs. This might include relevant resources from the local authority's formula grant, funding from a local stakeholder, development related funding, contributions from transport operators, private sector organisations or other sources.

## Evaluation and monitoring of scheme impacts

- 3.24 It is vital that the investments made as part of the Fund are measured for their impact.
- 3.25 All funded city regions will be expected to monitor and evaluate their interventions and report on this appropriately. The Department and city regions have a shared interest in evaluating over time the effectiveness of the Fund and measuring post-implementation the impact on productivity growth and levels of congestion and other benefits secured from different types of measures taken forward. For the Department it will inform future funding decisions; for local authorities it will add to the evidence of which combination of measures are the most effective in specific circumstances and help them design better interventions in the future.
- 3.26 The Department will lead the Fund's overall evaluation, built on appropriate baseline and monitoring data relating to the specific transport challenges in the local areas, for example current measures of congestion problems, levels of air quality, volume and proportion of journeys by different modes and road accident data. Some of this data should form part of the evidence base already available to local authorities and used to drive the development and delivery of their Local Transport Plans. Additional data may have to be collected by local authorities.
- 3.27 In addition, the Department will be developing theme-specific case studies, which will require the co-operation of local authorities, for example by taking part in stakeholder interviews.
- 3.28 As part of co-development, it is expected that evaluation processes will be developed alongside business cases. The Department will consult successful authorities in due course about the design of an evaluation framework to ensure it meets both Government and local needs.

## 4. Next steps and submitting business cases

### Engagement with the Department



- 4.1 Department officials will be happy to answer any questions about this guidance, including clarification of the process and business case requirements.
- 4.2 Shortlisted city regions should engage with their designated Area Lead in the Department as a first point of contact for any queries.

#### **January to May 2019 – prior to draft business case submission**

- 4.3 Following inception meetings, Department officials will continue to meet with shortlisted city regions to support them in developing their business cases. We want to learn what each city region's highest priority schemes for investment are, and get an indication of the level of funding required, alongside discussing each city region's governance arrangements.
- 4.4 Promoters are strongly encouraged to discuss the modelling and appraisal of business cases early on to ensure that any advice can be incorporated into the final proposal. Meetings will be carried out without prejudice and do not guarantee success in the assessment process.

## June to October 2019 – post-submission of draft business case

- 4.5 Following discussions and co-development with DfT, a draft programme level SOBC should be submitted by **6pm on 20 June 2019** and the final SOBC by **6pm on 28 November 2019**.
- 4.6 During this time, the Department is likely to seek clarification on particular issues raised in submitted business cases, for example, to achieve an accurate assessment of value for money. This is likely to be in the form of clarification questions sent to promoters by email, who will be required to respond within a set time period in order to enable the Department to conclude its assessment.
- 4.7 The Department may also request a meeting with city regions to clarify any evidence presented in programme business cases. City region representatives may be invited to pitch their proposals to a DfT investment committee which will ultimately make recommendations as to the final settlement awarded to each city. The Department will then take a final funding decision for each city region.
- 4.8 Three hard copies of the business case and supporting material should be submitted. Electronic copies are likely to be too large to send by email, therefore an appropriate digital file transfer version should be provided (or CD/USB copy).
- 4.9 All materials should be sent to:
- Charles Small  
Head of English Devolution Team  
Transforming Cities Fund Business Cases  
Department for Transport  
2/19, Great Minster House  
33 Horseferry Road  
London  
SW1P 4DR
- Email: [tcfproposals@dft.gov.uk](mailto:tcfproposals@dft.gov.uk)
- 4.10 When authorities submit a bid for funding to the Department, as part of the Government's commitment to greater openness in the public sector under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004, they must also publish a version excluding any commercially sensitive information on their own website within two working days of submitting the final bid to the Department. The Department reserves the right to deem the business case as non-compliant if this is not adhered to.

## Enquiries

- 4.11 If you have any questions about this guidance, including clarification on the information and appraisal requirements for the Fund, please contact the relevant DfT Area Lead who has been assigned to each city region as the main point of contact.



## Annex A – Cost breakdown example

£m	2019/20	2020/21	2021/22	2022/23	Total
<b>ITEM 1</b>					
DfT capital					
Local contribution					
Private contribution					
<b>Total</b>					
<b>ITEM 2</b>					
DfT capital					
Local contribution					
Private contribution					
<b>Total</b>					
<b>Tranche 1 component (already funded)</b>					
DfT capital					
Local contribution					
Private contribution					
<b>Total</b>					
<b>TOTALS</b>					
Total capital (entire programme)					
Total DfT funding requested					
Total private/local contribution (including any contribution made to Tranche 1 component)					
Allowance for inflation					
Cost of risks identified in quantified risk assessment (QRA)					

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## Transforming Cities Fund Tranche 2 Bid Long List to Short List Sifting Criteria

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A two-stage approach is proposed to shortlist potential schemes that will be included in the North East's Tranche 2 Transforming Cities Fund (TCF) bid.

Each shortlisted scheme will be assessed and developed individually by the scheme promoter. The overall business case for the package of schemes will be developed by the TCF Bid Team.

## Stage 1 – Meeting TCF Requirements

In order to pass the Stage 1 sift, each scheme will need to:

- exhibit at least one of the required attributes on the left hand side of the table below; and
- any scheme that exhibits one or more of the out of scope attributes on the right hand side of the table will be rejected.

In coming to a position on each of these criteria, the TCF Bid Team will take a measured and consistent approach based on available evidence and analysis wherever available.

These attributes have been obtained directly from DfT guidance on the TCF. Failing to meet these attributes is therefore highly likely to adversely affect the overall package of schemes, which is why these tests are considered to be pass/fail requirements.

Required Attributes	Out of Scope Attributes
Public transport and sustainable transport schemes, focussed on intra-city connectivity	Longer-distance inter-city transport schemes linking between city regions
Capital infrastructure investment that targets benefits to public transport users	Investment in road schemes that primarily benefit general road users
Investment in cycling and walking schemes that have, or contribute to, city region scale transformational impacts	Investments in cycling and walking that provide purely local links that have no city regional impacts, or maintenance of existing links
Investment in sustainable transport schemes that can increase journeys made by low carbon sustainable modes and which meet DfT's programme objectives of: <ul style="list-style-type: none"> <li>🕒 Drive up productivity through improved connectivity</li> <li>🕒 Improve access to work and deliver growth</li> <li>🕒 Encourage use of Future Mobility Services</li> <li>🕒 Tackle air pollution and reduce carbon emissions</li> <li>🕒 Deliver more homes</li> <li>🕒 Deliver apprenticeships and improve skills</li> </ul>	Investment in transport schemes that: <ul style="list-style-type: none"> <li>🕒 do not deliver the programme objectives</li> <li>🕒 deliver the programme objectives in a vague, secondary or round-about way</li> <li>🕒 only has a minor impact on the programme objectives</li> <li>🕒 has a negative impact on some of the programme objectives</li> </ul>
	Investments that are not in a sufficient state of readiness to be included in the bid, for instance because: <ul style="list-style-type: none"> <li>🕒 they are not sufficiently designed to be included in a programme-level bid and business case; or</li> <li>🕒 they cannot be delivered within the funding window offered by TCF; or</li> <li>🕒 they are unable to attract sufficient local match funding.</li> </ul>

## Stage 2 – Meeting TCF and City Region Objectives

Those schemes that pass the Stage 1 sift will move to Stage 2. This will assess each scheme against the six DfT's TCF objectives and the mapped city region objectives as set out in the table below.

Schemes will be rated against each of the above six TCF/city region objectives as follows:

- **0**: no beneficial impact on the objective
- **1**: some beneficial impact on the objective at a whole city or city region scale, or significant but localised beneficial impact on the objective (localised means within a single community, such as the catchment area of a single Metro station or bus stop)
- **2**: significant beneficial impact on the objective across a whole city within the city region, or across the entire city region.

When developing a rating for each of these objectives, the TCF Bid Team will take a measured and consistent approach based on available evidence and analysis. Wherever possible, quantitative evidence will be used to make judgements about the contribution of each scheme to the objectives. Where this evidence is not available, reasonable qualitative judgements will be made.

In order to pass the second sift each scheme will need to:

- Achieve rating of **2** for at least two objectives, with at least one being a priority objective; **or**
- Achieve rating of **0** for no more than two objectives.

So a scheme that achieves a rating of 2 for two objectives but 1/0 for the other four objectives will move to the shortlist. The reason being that there is a significant contribution to some of the objectives.

A scheme that achieves a rating of 1 for four objectives but 0 for the other two objectives will also move to the shortlist. The reason being that there is some positive contribution to the majority of objectives.

Whereas a scheme that achieves a rating of 1 for three of the objectives but 0 for the other three objectives will not move to the shortlist. The reason being that there is no impacts on at least half of the objectives, and no significant impact on some of the objectives.

This second sift is designed to ensure that schemes on the shortlist have the maximum impact on programme objectives, which in turn will maximise the prospects of attracting funding for the shortlisted package.

TCF Objectives (from DfT Guidance)	City Region Objectives (source indicated)
<b>Drive up productivity through improved connectivity (priority objective)</b>	The NELEP Strategic Economic Plan (SEP) aims to improve local connectivity to foster growth, 'ensuring links to our clusters and residential locations, reducing carbon emissions and leveraging private investment'. Our regional transport objectives identify that growth can be achieved through good local, regional, national and international connections that enable businesses to link up with one another.
<b>Improve access to work and delivering growth (priority objective)</b>	Our regional transport objectives enable transport to drive competitiveness by safely and reliably delivering goods, and allowing employees to travel to and from work quickly, easily and affordably. In order to achieve this, we aim to provide a network of attractive, good quality and safe cycle routes integrated with transport hubs, workplaces, shopping, leisure, and education sites.
<b>Encourage the use of future mobility systems</b>	Several of our regional transport objectives concern innovative technologies such as developing and expanding the Urban Traffic Management and Control Centre, expanding rapid EV charging points, promoting ultra-low emission buses, taxis and freight vehicles, and supporting universities and businesses as leaders of research and technology for sustainable urban development.
<b>Tackle air pollution and reducing carbon emissions</b>	Our regional transport objectives include reallocating road space to more sustainable forms of transport, and improving road safety for cyclists and pedestrians to encourage the use of zero-carbon modes. Regionally, one of the four pan-Northern transport objectives set out in the Transport for the North Strategic Transport Plan is to 'promote and support the built and natural environment', a key part of which is to reduce carbon emissions and reduce the negative impact of transport on air quality.
<b>Deliver more homes</b>	The local ambition set out in the SEP is to 'to return to pre-recession housing rates and deliver over 6,000 housing units a year'. This is envisaged through the LEP maximising available resources and through cooperation between Local Planning Authorities to ensure that planning is not considered a barrier to housing growth in the region.
<b>Deliver apprenticeships and improving skills</b>	The SEP 'vision for 2024' is for our education establishments to be providing academic, technical and professional education including apprenticeships and higher level apprenticeships in all areas of growth in our economy, to ensure that our labour market contains the skills needed to drive growth.

## North East Joint Transport Committee

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**Date:** 19 March 2019

**Subject:** Light Rail (and other rapid transit solutions) – DfT Call for Evidence

**Report of:** Managing Director, Transport North East

### **Executive Summary**

The purpose of this report is to summarise the contents of the proposed Joint Transport Committee (JTC) response to the Call for Evidence. The response is appended to this report.

The report describes the purpose and content of the Call for Evidence, and summarises the proposed JTC response to the questions asked.

### **Recommendations**

The Joint Transport Committee is recommended to agree the contents of the draft response as appended to this report and that it be submitted to the Department for Transport.

## 1. Background Information

- 1.1 On 7 February 2019 the Department for Transport (DfT) published a Call for Evidence (“the Call”) on the opportunities available to introduce new Light Rail Systems or other rapid transit solutions into towns and cities in England. The purpose of the Call as defined by the DfT is to consider how light rail, or similar rapid transit systems, could be incorporated into the transport networks in towns and cities in the future, and how they will help to complement and integrate new modes and trends. These include autonomous vehicles, car sharing, bike sharing and initiatives that offer Mobility As A Service, in addition to rail, buses, cycling and walking. The Call invites feedback on how the DfT can help harness the opportunities for building on the popularity of light rail, with the hope of introducing a new generation of light rail and related systems in the UK, in line with Government’s industrial strategy.
- 1.2 In view of the contribution which the Metro system has made to the Tyne and Wear area over four decades, and the proposals contained within the NECA Metro and Local Rail Strategy for network extensions, the JTC is well placed to respond in detail to the Call for Evidence, as Nexus has amassed a large amount of experience in light rail planning and operations. The questions and proposed responses of the JTC are included as **Appendix 1**.
- 1.3 The key points of the proposed response are as follows:
- Evidence from the Tyne and Wear Metro suggests that there are benefits to be gained from extensions to the current network. Metro has been a pioneer in joint-running with heavy rail services for almost two decades, and the new fleet will offer the capability and flexibility to serve new areas cost-effectively.
  - Metro delivers significant economic benefits to the region. It is estimated that each year, Metro and Local Rail contributes around £224m of Gross Value Added (GVA) to the North East economy. In a wider measure of GDP and welfare benefits, the overall contribution increases to £437m per annum, which equates to an economic value of around £8.50 per passenger journey as demonstrated by the findings of an independent report into the value of Metro and local rail in the region, commissioned during 2018.
  - Metro also improves long-term productivity growth by helping urban conurbations to grow, both in terms of jobs and businesses, by bringing economic activity (people and firms) closer together. The Metro network provides high capacity on segregated alignments, often in tunnels in the densest and busiest locations, playing a vital role in providing the transport capacity which supports increased agglomeration.
  - Metro can be a sustainable enabler of new development by facilitating more intensive development within easy reach of stations, whilst network extensions will deliver better links to major areas of employment,



widening the local labour pool and providing more job opportunities for local communities through improved transport links.

- The policy within the Metro and Local Rail Strategy of delivering incremental network extensions through the use of existing disused rail alignments represents a low-risk, low-cost approach to new light rail compared with on-street or greenfield construction.
- Devolution of light rail policy and funding to the most local level that is appropriate with delivering schemes which meet the needs of the areas that light rail serves is advocated. This would support the case for Metro network extensions within the framework of North East local rail devolution.
- The future of Metro and other light rail networks will be linked to developments in future mobility in terms of innovative 'first mile/last mile' links, and integrated payment and journey information facilities.

## **2. Proposals**

- 2.1 JTC is recommended to agree the content of the attached response to the Call for Evidence, and that it be submitted to the Department for Transport to inform government thinking on the future of light rail.

## **3. Reasons for the Proposals**

- 3.1 Submission of the response will highlight the contribution which Metro makes to the economy, society and environment of the region, and promote the concept of network extensions delivered in a way which addresses some of the DfT's concerns relating to scheme costs and delivery as described in the Call.

## **4. Alternative Options Available**

- 4.1 Option 1 - JTC may accept the recommendation set out above.  
Option 2 – JTC may not accept the recommendation set out above and decline to respond to the call for evidence  
Option 1 is the recommended option.

## **5. Next Steps and Timetable for Implementation**

- 5.1 The closing date for responses to the Call for Evidence is 19 May 2019.

## **6. Potential Impact on Objectives**

- 6.1 The response to the Call for Evidence will improve visibility of proposals within the Strategic Economic Plan and the Metro and Local Rail Strategy for Metro network extensions, and help to strengthen the case for continued capital and revenue funding of Metro.

## **7. Financial and Other Resources Implications**

7.1 There are no specific financial implications arising from this report.

## **8. Legal Implications**

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

## **9. Key Risks**

9.1 No risks have been identified in connection with the contents of this report.

## **10. Equality and Diversity**

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

## **11. Crime and Disorder**

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

## **12. Consultation/Engagement**

12.1 The report describes the current a consultation process initiated by the Department for Transport to which the JTC has been invited to respond.

## **13. Other Impact of the Proposals**

13.1 No specific impacts.

## **14. Appendices**

14.1 Appendix 1 – North East Joint Transport Committee response to DfT Call for Evidence.

## **15. Background Papers**

15.1 Light Rail (and other rapid transit solutions) A Call for Evidence on the opportunities available to introduce new Light Rail Systems or other rapid transit solutions into towns and cities in England. Department for Transport February 2019.

## **16. Contact Officers**

16.1 Tobyn Hughes, Managing Director, Transport North East

[tobyn.hughes@nexus.org.uk](mailto:tobyn.hughes@nexus.org.uk) Tel: 0191 203 3246

Gordon Harrison, Business Development Manager

[gordon.harrison@nexus.org.uk](mailto:gordon.harrison@nexus.org.uk) Tel: 0191 203 3662

## **17. Sign off**

- Head of Paid Service:
- Monitoring Officer:

- Chief Finance Officer:

## **18. Glossary**

DfT – Department for Transport, government department for transport planning and infrastructure.

Mobility as a Service – new methods of transport delivery including the use of an online integrated planning and payment portal.

GVA – Gross Value Added - is the measure of the value of goods and services produced in an area, industry or sector of an economy.

## **Appendix 1**

### **Light Rail (and other rapid transit solutions)**

*A Call to Evidence on the opportunities available to introduce new Light Rail Systems or other rapid transit solutions into towns and cities in England*

#### North East Joint Transport Committee Response

Dear Mr Norman,

As a region which pioneered light rail networks in the United Kingdom, the North East Joint Transport Committee is proud to respond to the call for evidence on light rail.

Our own Tyne and Wear Metro system is at the heart of everyday life in Tyne and Wear. Each year, Metro and Local Rail contributes around £224m of Gross Value Added (GVA) to the North East economy. In a wider measure of GDP and welfare benefits, the overall contribution increases to £437m per annum, which equates to an economic value of around £8.50 per passenger journey.

Local decision making and accountability is at the heart of both our approach to planning and operating the system and our ambition to expand the reach of both Metro and local rail. In time we hope that devolution of the local rail services to our region will allow us to plan and deliver a more integrated Metro and rail offer, capturing the customer, environmental and economic benefits which can be realised.

By these means we intend to grow our Metro and local rail system. An expanded network, generating more journeys and carrying more passengers will help grow our local economy, making travel greener, offer better connectivity to opportunities and making it easier to travel around our region and enjoy its great leisure attractions.

We have invested £300 million in our system since 2010, renewing ageing infrastructure to increase reliability, with £50m more to be spent by 2021. By the end of 2021 we will also see the first of our new Metro fleet in the region, the result of a £362 million project supported by significant DfT grant funding for new trains which will offer more reliable and more comfortable journeys for passengers.

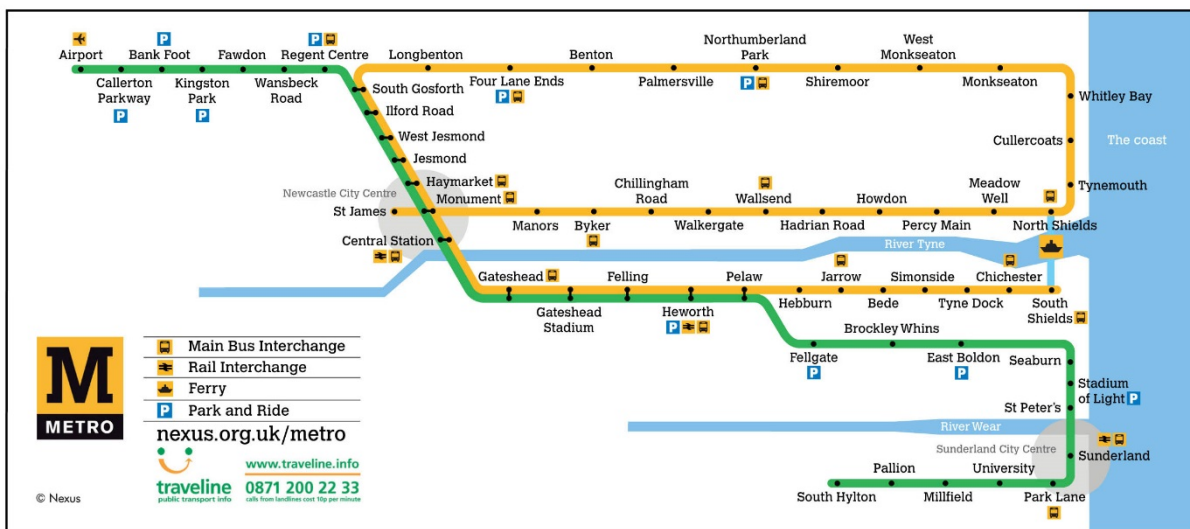
Our experience is that the benefits of light rail can only be delivered if the system is a reliable one: something which can only be achieved with certainty of ongoing funding. We therefore call on government to give us the confirmation that we urgently need that financial support for our system will be provided in the future. Without this, Nexus, the owner and operator of the Metro, will be prevented from properly planning the maintenance and operation of the Metro system reducing the effectiveness of light rail in our region, reducing the benefits which the system brings to our economy and diminishing the passenger experience.

Alongside this letter, we provide a supporting and detailed response to the questions posed in this call for evidence which further makes the case for light rail, a transport mode at the heart of our aspirations for this region.

Yours sincerely  
 Cllr Martin Gannon  
 Chair of the North East Joint Transport Committee  
 [on behalf of the 7 Local Authorities in the North East]

## The Tyne and Wear Metro

The Tyne and Wear Metro system opened in 1980 following the conversion of former British Rail suburban passenger and freight routes plus new underground tunnels between Gateshead and Jesmond, and Manors and St James. Following network extensions in 1984 and 1991, Metro reached its current extent with the introduction of services between Pelaw and South Hylton in 2002 by a ground-breaking solution of joint running over new and existing Network Rail infrastructure.



Now,  
the

Figure 1: Tyne and Wear Metro System

system consists of 60 Metro stations and catered for around 37 million passenger trips in 2018. Other key facts include:

- A service which operates for almost 20 hours each day between 05.00 and just before 01.00;
- We are an enabler to the region's events calendar. On the day of the Great North world's largest half marathon, Metro is to carry over 90,000 runners and spectators course of a few hours;
- Trains operate at three minute intervals the centre of the system in each peak – the intensive railway operation in the UK of London;



Figure 2: Existing Metro Rolling Stock

hours  
01.00;  
Run, the  
relied on  
of the  
through  
most  
outside

- 25% of homes in Tyne and Wear are within walking distance of a Metro system, and;
- All of our stations offer step-free access to platforms and trains.

The current fleet of 90 cars operate in pairs and were built to a bespoke specification. The fleet dates from the opening of the system, is now life-expired and will be progressively replaced with a new fleet by 2024. A detailed train specification is being prepared incorporating best practice in safety, sustainability, accessibility and information, and offering the operational flexibility to implement network extensions.

Our region has a published Metro and Local Rail Strategy which outlines our ambitious plans for the future of the system, chiefly by applying the pragmatic approach of exploiting

the latent potential of disused former rail corridors, making best use of new technologies for non-electrified sections, and developing operational integration between the Metro and local rail networks. This approach will strengthen the regional economy by offering greater travel choices, and deliver benefits to communities not currently served by Metro.



Our view is that to achieve full benefits, a combination of improved and expanded local rail services achieved through greater devolved authority, Metro system expansion and often the joint running of metro and local rail services on the same infrastructure is appropriate. An expanded local system in the North East of England is outlined in Figure 3.

Figure 3: Potential future North East Metro and local rail network

## Responses to Call for Evidence questions

### ***Q1 What is the potential scale of the opportunity for further light rail (or other rapid transit) systems to be introduced in England?***

The map in Figure 3 demonstrates the potential scale of an extended light rail and local rail system in our region, with a mix of light rail and local rail services operating together on some lines.

Our model of segregated alignments and also of joint-running over Network Rail infrastructure in the Sunderland area since 2002 have delivered success in terms of accessibility, mobility and helping the local economy where people can easily travel across the conurbation. We see great potential to extend the reach of Metro through targeted network extensions and closer integration with the local rail network, and we believe that this model can also work for other areas. It is set out in detail in the adopted NECA Metro and Local Rail Strategy.<sup>1</sup>

### ***Q2 Is there an appetite for new systems to be introduced in our cities and towns?***

Yes. The North East has benefited greatly from the presence of Metro, and our region wishes to extend the success of its existing area of operations by expanding the network further, to deliver connectivity to places that have yet to benefit from the transformative advantages of light rail.

The economic benefits of light rail are an important factor which support an appetite for increased provision. Nexus can share the outputs of research commissioned<sup>2</sup> to quantify how, and why, further investment in the Metro system will help to stimulate the regional economy – quantification of these benefits is discussed in the response to Q4 below. One of the key benefits identified is better connectivity between people and jobs, businesses and workers, and businesses to suppliers and customers, as these lie at the heart of economic performance. Transport allows people to access a wider range of more productive, higher value jobs and training opportunities, it brings businesses closer together, and promotes social inclusion. A larger Metro network will:

- Support economic inclusion across socio-economic groups – addressing continuing fundamental challenges within the regional labour market relating to high levels of economic inactivity, worklessness, and/or income-linked deprivation. Metro services play a very important role in

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<sup>1</sup> NECA Metro and Local Rail Strategy 2016 accessible at [https://www.nexus.org.uk/sites/default/files/Metro%20and%20Light%20Rail%20Strategy%20Draft\\_0.pdf](https://www.nexus.org.uk/sites/default/files/Metro%20and%20Light%20Rail%20Strategy%20Draft_0.pdf)

<sup>2</sup> The Economic Value of Metro and Light Rail to the North East – summary paper. Mott MacDonald 2018.

providing good levels of accessibility from these areas to jobs, education and training, health and social facilities and retail.

- Support land utilisation in and around stations, as well as supporting the regeneration and renaissance of town and city centres.
- Enhance quality of life attributes by providing efficient access to urban centres and encouraging people to live and work in the North East. Use of Metro also helps to prevent increased road traffic, reducing negative externalities such as emissions, road traffic accidents, general road traffic congestion, and severance.

### ***Q3 Is there evidence to support this appetite?***

Yes. Our appetite to achieve this locally is proven by the support shown by local politicians to the Metro and Local Rail Strategy; and by the frequent calls by politicians in public meetings and the press for expansion of the system in towns and parts of the region, which the system does not currently serve. In recognition of this, the Local Plans of the region's local authorities reference and safeguard extension corridors in their areas.

Evidence published by the Urban Transport Group suggests that 'other transport improvements may struggle to achieve the same catalytic impact on urban regeneration and city image that can be triggered by the tangible and permanent commitment to an area that light rail represents, and that many areas are now realising the potential benefits of light rail'.<sup>3</sup>

We strongly agree with the above statement, which supports evidence from our communities in the Tyne and Wear area, where there are regular requests for Metro to be expanded to serve their neighbourhoods. Metro can also be extended along new corridors to serve major employment sites such as the International Advanced Manufacturing Park (IAMP), Cobalt in North Tyneside and Team Valley, Gateshead, and one of the UK's largest retail centres at Gateshead Metrocentre.

### ***Q4 What would the environmental, economic and congestion benefits be?***

Each year, Metro and Local Rail contributes around £224m of Gross Value Added (GVA) to the North East economy. In a wider measure of GDP and welfare benefits, the overall contribution increases to £437m per annum, which equates to an economic value of around **£8.50 per passenger journey**.

This value captures the benefits accruing to individuals, businesses, and wider society from more efficient travel, greater productivity through better business connectivity, and selected social and environmental impacts which can also be more readily monetised. We estimate that 85-90% of these values are attributable to Metro, with the local heavy rail network

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<sup>3</sup> Light Rail Briefing, Urban Transport Group 2018.



contributing the balance<sup>4</sup>. Any Metro extensions are likely to contribute a similar amount per journey.

We have strong evidence of the economic and congestion benefits that the Tyne and Wear Metro brings to the area it serves; although this analysis is location-specific, it may also be transferable across other networks and conurbations elsewhere in England.

Metro brings a range of benefits to the North East economy:

- Providing labour market access and mobility – Metro supports the regional economy by providing excellent access to the labour market, promoting densification of economic activities at key economic nodes. More than 10 million journeys a year are made by Metro for commuting purposes. Further expansion of these locations and improvements to connectivity create the conditions for a virtuous circle of continued economic expansion.
- Supporting businesses, inward investment and economic growth - Metro supports the growth of the North East economy by providing supply-side capacity to support growth, enabling rapid and important access to urban centres which is critical for business-to-business connectivity.
- Improving long-term productivity growth - urban conurbations in the Tyne and Wear area have increased in density and are likely to continue to do so in the future, both in terms of jobs and businesses. Metro enables this continued densification process by bringing economic activity (people and firms) closer together. The Metro network provides high capacity on segregated alignments, often in tunnels in the densest and busiest locations, playing a vital role in providing the transport capacity which supports increased agglomeration.

Light rail also brings environmental benefits when it results in mode shift from car: it's estimated that Metro takes an estimated 40,000 car journeys off the area's crowded roads every day, resulting in substantial air quality benefits and more space for cycling and walking, and essential freight traffic. The Tyne and Wear area, like other major conurbations, has high levels of road congestion which would be considerably worse without the contribution of Metro in moving large volumes of people across our region. A recent survey conducted by Inrix<sup>5</sup> concluded that car drivers in the Newcastle upon Tyne area spend the equivalent of almost three working weeks every year stuck in traffic jams, at an estimated annual cost of £666 per driver. The same area has air quality exceedances requiring local authority action to bring these within legal levels. Metro provides access to the heart of Newcastle, Sunderland and Gateshead via segregated alignments immune from road congestion, reducing congestion levels and delivering journey time benefits.

### ***Q5 What impact would it have on jobs?***

Good infrastructure positively influences investment decisions. This is evidenced in the region's Strategic Economic Plan<sup>6</sup> which states:

*“Quality transport infrastructure helps people move for jobs and leisure and distribute goods and services across the economy. This network will be the enabler to*

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<sup>4</sup> Ibid.

<sup>5</sup> INRIX Global Traffic Scorecard, February 2019.

<sup>6</sup> The North East Strategic Economic Plan – Creating More and Better Jobs. North East Local Enterprise Partnership 2019.

*sustainable growth and opportunity.....our aim is to deliver continuous improvement in a modern, integrated transport system that underpins our economic ambitions.”*

The contribution of light rail towards job creation and retention is also highlighted in the Newcastle International Airport Masterplan 2035<sup>7</sup> which confirms that Metro is an important part of the airport’s product – if it is to attract more inbound passengers and flights, boosting the regional economy, good public transport links are essential.

The major land-use allocations contained with the Local Plans of the area’s local authorities evidence that the majority of new jobs expected to be created in the Tyne and Wear area over the next 15 years will be located within walking distance of a Metro station, or could be accessed via network extensions. The role of Metro will therefore be critical in further growing the regional economy. By ensuring improved labour market access, light rail will help to ensure continued economic vitality; through labour supply benefits and reduced dependency on the car for accessing work, sustainable travel choices can be made and future jobs within city centres made accessible across a wider area. Light rail can also stimulate a propensity to move to more productive jobs, under a dynamic land-use scenario.

Economic modelling work undertaken to assess the economic value of Metro has shown that of the jobs that would be lost without Metro and local rail provision, significant proportions are located in areas of higher deprivation and/or structural unemployment. Light rail also helps to deliver equality of opportunity by helping to ensure access to employment, regardless of ability to drive, or access to a car. In the North East, further and higher education provision is a major part of the regional economy, as well as a positive influence on students’ futures. The Metro network is a major transport provider for this market; this accessibility ensures residents can access a wider spectrum of educational opportunities.

***Q6 Does light rail open up new housing or business developments or improve the urban fabric of the area?***

Metro has helped to achieve both of these objectives. In terms of development, this can occur through allowing sites to be developed where the impact upon the adjacent road network would otherwise be unacceptable, but where by means of traffic modelling or the use of maximum +parking standards, it can be demonstrated that the presence of light rail would enable sustainable development to proceed.

As an example in North Tyneside, large-scale residential development is allocated in the Local Plan sites adjacent or close to the Metro line linking central Newcastle and Whitley Bay. The provision of an additional station is an integral part of the infrastructure planning requirement for a 3000-dwelling development, with a nearby 2000-dwelling site nearby also within scope of being served by existing stations.

Amongst other examples, our Metro and Local Rail strategy also considers extending the network along the disused Leamside rail corridor close to the International Advanced

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<sup>7</sup> Newcastle International Airport Masterplan 2035 Consultation Draft.  
<https://www.newcastleairport.com/media/1289/new-master-plan.pdf>

Manufacturing Park (IAMP) near the Nissan UK car plant in Sunderland, where 5,000 jobs are being created. Bringing Metro closer to IAMP would represent a practical example of widening the regional labour pool via a high-profile light rail link.

***Q7 What can we learn from the experience of other countries in adopting new systems?***

Metro is a member of the CoMET and NOVA international federation of light rail networks, and our experience of collaborating within this network suggests that some of the lessons that can be learned from elsewhere include:

- Planning for light rail into major new development areas from the initial concept stage;
- City-region scale integrated transport planning, with comprehensive interchange with other modes and integrated scheduling and ticketing;
- Purposeful and consistent regional governance, with policy and resource support, and,
- Adoption of latest environmental technologies.

***Q8 What issues have helped progress light rail schemes or acted as barriers to their development?***

The devolution of powers to specify and operate services has been key to the success of our Metro system; and the more general advantages of rail devolution are set out in the Urban Transport Group report “Rail Devolution Works”<sup>8</sup>.

Rail devolution supports light rail: the Urban Transport Group has highlighted how local devolution has allowed Metro to carry up to 25 times as many passengers as on a comparable Northern commuter route. Devolution allows schedules and fares to be closely tailored to market requirements, with the benefits of local knowledge.

As a Passenger Transport Executive, Nexus has powers under the Transport Act to implement local transport improvements, including light rail schemes, which have been invaluable in developing Metro to its current status, and will continue to be in the future as network extensions are progressed. Through these powers Nexus has the ability to manage projects locally, alongside local accountability ensuring that services are responsive towards local decision makers, businesses and passenger priorities.

A significant barrier to development is the availability of future funding to maintain existing assets and allow ongoing operations. Light rail has substantial fixed costs which farebox revenue does not cover as Metro fares are set at affordable levels which reflect the spending power of the communities we serve. Metro faces continuing challenges in seeking government funding to meet these needs, which is essential if it is to continue and expand its remit to deliver the benefits to society outlined in the response to Q4.

The level of costs associated with light rail, especially for on-street schemes, remain cause for concern and may act as a disincentive to scheme development when light rail could

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<sup>8</sup> Rail Devolution Works. Urban Transport Group <http://www.urbantransportgroup.org/system/files/general-docs/UTG%20%E2%80%93%20Rail%20Devolution%20Works.pdf>

otherwise represent the best mode choice of mode. As a consequence, the Metro network extensions programme will not include on-street light rail operation. The level of capital investment required for light rail is considerable, and affects the ability of urban areas to fund networks without significant external support.

Forward-looking land-use policies are also key. Light rail provision from concept to implementation is a protracted process and it's therefore vital that major development in areas to be served are located in the right place, and brought forward for development at the right time. The Metro and Local Rail Strategy for Tyne and Wear takes account of Local Plans and has informed their preparation, and these two-way processes will become increasingly important as the need to minimise private travel in urban areas gains momentum.

***Q9 What and where are the future opportunities here in England for new light rail systems or alternatives?***

The key opportunity in our region is economic, given that each additional journey generated by an expanded system would be worth £8.50 to the local economy.

The map in Figure 3 of this response sets out the future opportunities in our region published in our Metro and Local Rail Strategy. Chiefly, these routes would exploit the network of disused rail alignments present across the area, where they have a contribution to make towards the travel needs of future generations. We advocate this approach for several reasons:

- It offers further opportunities for stand-alone Metro operation or integration with the local heavy rail network;
- In many cases key items of infrastructure which would represent significant capital cost are already in place, such as bridges and retaining walls;
- Disused rail corridors are normally unobstructed by development and as previously mentioned are safe guarded in local spatial plans, and;
- In many cases there are no utilities present, obviating the need for expensive diversions.

***Q10 What are the key issues that are preventing light rail schemes from being delivered?***

These are mainly covered in the response to Q8, where barriers to development are considered. Additional issues that could come into play include the lengthy legal processes which accompany the introduction of a fixed track solution – by comparison with most Bus Rapid Transit schemes, for example – and the application of WebTAG scheme appraisal assessment which currently fails to accurately apportion the wider benefits of light rail to the economics of the scheme (although a recent DfT consultation exercise aims to address this issue<sup>9</sup>). The complex and lengthy procedures associated with Transport and Works Act applications can also be an issue, particularly if changes to scheme scope become necessary. For example, even the more generous expenditure timescales linked to larger

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<sup>9</sup> <https://www.gov.uk/government/consultations/transport-appraisal-and-modelling-strategy-informing-future-investment-decisions>

funding opportunities such as the DfT Transforming Cities fund may not be compatible with those necessary to secure Transport and Works Act consent from a standing start.

***Q11 How can we deliver systems within a budget as has happened?***

Nexus has extensive experience in delivering a £300m+ asset renewal programme for Metro, adhering closely to the parameters set by the DfT as majority funder, and consequently has developed a knowledge bank of project costs which continue to be refined with the benefit of experience. It is the devolved control of schemes to the local level which has played a major role in keeping this programme on track and on budget, and it is this background which we believe gives Nexus a good understanding of the cost base underlying future network extensions utilising disused rail alignments.

***Q12 What are the key lessons from Europe in progressing light rail and in what way are these different to the UK?***

From participation in the CoMET/NOVA network and our knowledge of other European networks, from a distance our observations are as follows:

- Perhaps the most evident theme apparent in many European networks is that decisions on planning, funding, operation and network development are normally devolved to a local level that's commensurate with effective city-region governance. This allows for schemes to gain and maintain political and financial traction and buy-in within the areas they are designed to serve, without an overriding reliance upon central/national government for policy direction and funding. For example the Karlsruhe light rail tram network, noted for its operational variety from the city's market place to DB main lines, is owned by the city of Karlsruhe, however longer-distance services go beyond city limits to neighbouring municipalities. The relatively constrained boundaries of PTE areas in England can limit such flexibility: whilst powers exist in Transport Act legislation for cross-boundary operations, in practice political and administrative structures can often militate against this.
- Although light rail outside of London is a success story within the context of a deregulated bus market, the European experience suggests that a co-ordinated network of heavy and light rail, bus and cycle networks connecting at multi-modal integrated transport interchanges is the most effective setting for light rail to prosper. In the Tyne and Wear area there are examples of mutually effective service and payment product integration between bus and Metro, but there are also examples of the two networks operating in isolation with little service co-ordination, as it may be in the immediate interests of both providers to act independently.

***Q13 What does the future of light rail look like with new generation transport schemes coming forward?***

Our view is that the future of light rail looks very positive in this context: our view is that our established and future Metro system has a part to play in an integrated transport system as new technology reduces operating costs, delivers improved reliability and extends the reach of networks.

**Q14 How do you see light rail aligning with new initiatives such as autonomous vehicles; cycling and walking; and wider Mobility As A Service initiatives?**

In our region's Strategic Economic Plan, we state that:

*"We want North East residents and visitors to move around the region sustainably, either by public transport or active travel. To do this, we need a system that allows them to plan their journey and purchase tickets seamlessly across all modes and operators."*

Building on our existed integrated transport infrastructure of smart card ticketing, purpose built Metro and rail to bus interchanges and initiatives such as car club parking and smart cycle lockers at Metro stations and the carriage of cycles on the Metro system we intend to add to this with links to on demand last mile services as well as "micro transit" opportunities and better way-finding to promote walking and cycling.

Nexus is investigating in depth the prospects for developing New Mobility hubs at existing transport interchanges and Metro stations across the Tyne and Wear area, as part of its Stations of the Future concept and its emerging thinking for delivering the DfT's Transforming Cities agenda.

We are watching the potential scale and impact of CAVs with interest and whilst they do not form part of current planning, much of the existing park and ride network as with New Mobility hubs can be future-proofed to accommodate them if necessary.

We believe that Metro should sit as a backbone of a future mobility ecosystem in our region with all transport modes connected with real time responsive, digital journey planning and ticketing offering customers the highest levels of convenience and value.

**Q15 How can promoters leverage funding from sources beyond central Government?**

Locally we have considered a number of funding sources that can help stimulate the implementation of additional light rail provision and we have researched this point. Section 106 planning agreements and the Community Infrastructure Levy offer limited potential. In the area served by Metro these are likely to be at the scale of additional stations on existing routes, or enhancements to existing stations, rather than substantial contributions towards network extensions.

The concept of leveraging funding from the land value capture (LVC) process is one which has been examined in some detail by Nexus in the context of its potential to fund or part-fund extensions to the Metro network as identified in the NECA Metro and Local Rail Strategy. The principle of intercepting a proportion of the inherent value released when new transport infrastructure makes development sites accessible is superficially an attractive one, as it should help to meet the costs of introducing light rail to new locations whilst retaining adequate returns to make such developments financially viable. However, LVC can be difficult for the public sector to secure because of the independence of the planning

process and its constraints. It can also be difficult for developers and landowners, because of confidentiality issues.

Research commissioned for the Tyne and Wear area suggested less potential for LVC than might be expected, and concluded that the concept is more effective in areas with a higher density of population and development pressures such as Greater London. In the locations across Tyne and Wear where LVC may be a viable option, the total value of that capture would only fund a relatively small proportion of network extension costs. Therefore, for regions such as ours, the concept is likely to be part of a cocktail of funding sources rather than a primary source; this brings its own challenges in terms of identifying and amassing funds from partners at the right time and scale for an effective construction programme to be delivered.

In some areas there may be a disconnect between those locations exhibiting the greatest potential for LVC, and those which would benefit most from network extensions to relieve road congestion and/or encourage sustainable economic regeneration. LVC also cannot be extracted from locations on existing Metro corridors that would benefit from improved Metro services as a consequence of network extensions, even though these could be of significant scale.

## **Other Rapid Transit System Alternatives**

### ***Q16 Is there an appetite for considering Very/Ultra-light rail (ULR) or Personal Rapid Transit (PRT) as an alternative transport solution to light rail?***

There may be a role for ULR or PRT as alternative solutions to light rail; Nexus notes with interest the work under way in Coventry to develop the ULR concept, however we take the view expressed in the NECA Metro and Local Rail Strategy that in most cases, 'conventional' light solutions – and in our case, a network that's fully segregated from road traffic – are most appropriate to the mass movement of people across conurbations. Light rail also offers the operational flexibility to track-share with other trains across the national rail network as evidenced by the South Yorkshire tram-train trials, and Metro's joint running on Network Rail assets between Sunderland and Pelaw.

PRT is a concept that the region will follow with interest, at this stage it is probably a niche application as suggested in the call for evidence. It may be a useful concept for 'last-mile' links where a light rail corridor passes close to but does not directly serve a major destination – in Tyne and Wear it could connect the IAMP with a Metro service on the Leamside Line for example – however it does not appear to offer scope for the movement of high volumes of people, or obvious advantages over the use of zero-emission buses to deliver similar outcomes. PRT may be linked to the development of connected and autonomous vehicles, and potential future public transport applications should be regularly assessed.

### ***Q17 What are the estimated costs of delivering such systems and the wider benefits on offer? Please provide evidence.***

Please refer to the response to Q16.

**Q18 Should such a system be a concept that is promoted?**

Please refer to the response to Q16.

**Q19 How would this system provide a positive contribution to the economic productivity and development of a city or town? Please provide evidence.**

Please refer to the response to Q16.

**Q20 What are the barriers for developing such systems, particularly those with elevated sections? For example, public acceptance, or environmental sensitivities?**

Please refer to the response to Q16.



## **Light Rail (and other rapid transit solutions)**

*A Call to Evidence on the opportunities available to introduce new Light Rail Systems or other rapid transit solutions into towns and cities in England*

### North East Joint Transport Committee Response

Dear Mr Norman,

As a region which pioneered light rail networks in the United Kingdom, the North East Joint Transport Committee is proud to respond to the call for evidence on light rail.

Our own Tyne and Wear Metro system is at the heart of everyday life in Tyne and Wear. Each year, Metro and Local Rail contributes around £224m of Gross Value Added (GVA) to the North East economy. In a wider measure of GDP and welfare benefits, the overall contribution increases to £437m per annum, which equates to an economic value of around £8.50 per passenger journey.

Local decision making and accountability is at the heart of both our approach to planning and operating the system and our ambition to expand the reach of both Metro and local rail. In time we hope that devolution of the local rail services to our region will allow us to plan and deliver a more integrated Metro and rail offer, capturing the customer, environmental and economic benefits which can be realised.

By these means we intend to grow our Metro and local rail system. An expanded network, generating more journeys and carrying more passengers will help grow our local economy, making travel greener, offer better connectivity to opportunities and making it easier to travel around our region and enjoy its great leisure attractions.

We have invested £300 million in our system since 2010, renewing ageing infrastructure to increase reliability, with £50m more to be spent by 2021. By the end of 2021 we will also see the first of our new Metro fleet in the region, the result of a £362 million project supported by significant DfT grant funding for new trains which will offer more reliable and more comfortable journeys for passengers.

Our experience is that the benefits of light rail can only be delivered if the system is a reliable one: something which can only be achieved with certainty of ongoing funding. We therefore call on government to give us the confirmation that we urgently need that financial support for our system will be provided in the future. Without this, Nexus, the owner and operator of the Metro, will be prevented from properly planning the maintenance and operation of the Metro system reducing the effectiveness of light rail in our region, reducing the benefits which the system brings to our economy and diminishing the passenger experience.

Alongside this letter, we provide a supporting and detailed response to the questions posed in this call for evidence which further makes the case for light rail, a transport mode at the heart of our aspirations for this region.

Yours sincerely

Cllr Martin Gannon

Chair of the North East Joint Transport Committee

[on behalf of the 7 Local Authorities in the North East]

## The Tyne and Wear Metro

The Tyne and Wear Metro system opened in 1980 following the conversion of former British Rail suburban passenger and freight routes plus new underground tunnels between Gateshead and Jesmond, and Manors and St James. Following network extensions in 1984 and 1991, Metro reached its current extent with the introduction of services between Pelaw and South Hylton in 2002 by a ground-breaking solution of joint running over new and existing Network Rail infrastructure.

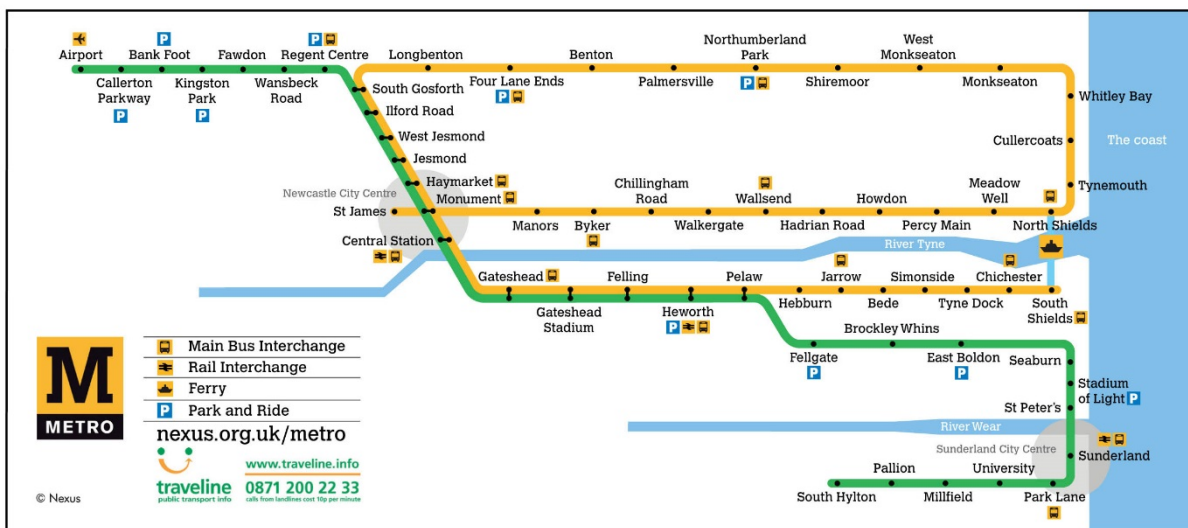


Figure 1: Tyne and Wear Metro System

Now, the system consists of 60 Metro stations and catered for around 37 million passenger trips in 2018. Other key facts include:

- A service which operates for almost 20 hours each day between 05.00 and just before 01.00;
- We are an enabler to the region's events calendar. On the day of the Great North Run, the world's largest half marathon, Metro is relied on to carry over 90,000 runners and spectators of the course of a few hours;
- Trains operate at three minute intervals through the centre of the system in each peak – the most intensive railway operation in the UK outside of London;
- 25% of homes in Tyne and Wear are within walking distance of a Metro system, and;
- All of our stations offer step-free access to platforms and trains.



Figure 2: Existing Metro Rolling Stock

The current fleet of 90 cars operate in pairs and were built to a bespoke specification. The fleet dates from the opening of the system, is now life-expired and will be progressively replaced with a new fleet by 2024. A detailed train specification is being prepared incorporating best practice in

safety, sustainability, accessibility and information, and offering the operational flexibility to implement network extensions.

Our region has a published Metro and Local Rail Strategy which outlines our ambitious plans for the future of the system, chiefly by applying the pragmatic approach of exploiting the latent potential of

disused former rail corridors, making best use of new technologies for non-electrified sections, and developing operational integration between the Metro and local rail networks. This approach will strengthen the regional economy by offering greater travel choices, and deliver benefits to communities not currently served by Metro.

Our view is that to achieve full benefits, a combination of improved and expanded local rail services achieved through greater devolved authority, Metro system expansion and often the joint running of metro and local rail services on the same infrastructure is appropriate. An expanded local system in the North East of England is outlined in Figure 3.



Figure 3: Potential future North East Metro and local rail network

## Responses to Call for Evidence questions

### ***Q1 What is the potential scale of the opportunity for further light rail (or other rapid transit) systems to be introduced in England?***

The map in Figure 3 demonstrates the potential scale of an extended light rail and local rail system in our region, with a mix of light rail and local rail services operating together on some lines.

Our model of segregated alignments and also of joint-running over Network Rail infrastructure in the Sunderland area since 2002 have delivered success in terms of accessibility, mobility and helping the local economy where people can easily travel across the conurbation. We see great potential to extend the reach of Metro through targeted network extensions and closer integration with the local rail network, and we believe that this model can also work for other areas. It is set out in detail in the adopted NECA Metro and Local Rail Strategy.<sup>1</sup>

### ***Q2 Is there an appetite for new systems to be introduced in our cities and towns?***

Yes. The North East has benefited greatly from the presence of Metro, and our region wishes to extend the success of its existing area of operations by expanding the network further, to deliver connectivity to places that have yet to benefit from the transformative advantages of light rail.

The economic benefits of light rail are an important factor which support an appetite for increased provision. Nexus can share the outputs of research commissioned<sup>2</sup> to quantify how, and why, further investment in the Metro system will help to stimulate the regional economy – quantification of these benefits is discussed in the response to Q4 below. One of the key benefits identified is better connectivity between people and jobs, businesses and workers, and businesses to suppliers and customers, as these lie at the heart of economic performance. Transport allows people to access a wider range of more productive, higher value jobs and training opportunities, it brings businesses closer together, and promotes social inclusion. A larger Metro network will:

- Support economic inclusion across socio-economic groups – addressing continuing fundamental challenges within the regional labour market relating to high levels of economic inactivity, worklessness, and/or income-linked deprivation. Metro services play a very important role in providing good levels of accessibility from these areas to jobs, education and training, health and social facilities and retail.
- Support land utilisation in and around stations, as well as supporting the regeneration and renaissance of town and city centres.

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<sup>1</sup> NECA Metro and Local Rail Strategy 2016 accessible at [https://www.nexus.org.uk/sites/default/files/Metro%20and%20Light%20Rail%20Strategy%20Draft\\_0.pdf](https://www.nexus.org.uk/sites/default/files/Metro%20and%20Light%20Rail%20Strategy%20Draft_0.pdf)

<sup>2</sup> The Economic Value of Metro and Light Rail to the North East – summary paper. Mott MacDonald 2018.

- Enhance quality of life attributes by providing efficient access to urban centres and encouraging people to live and work in the North East. Use of Metro also helps to prevent increased road traffic, reducing negative externalities such as emissions, road traffic accidents, general road traffic congestion, and severance.

***Q3 Is there evidence to support this appetite?***

Yes. Our appetite to achieve this locally is proven by the support shown by local politicians to the Metro and Local Rail Strategy; and by the frequent calls by politicians in public meetings and the press for expansion of the system in towns and parts of the region, which the system does not currently serve. In recognition of this, the Local Plans of the region's local authorities reference and safeguard extension corridors in their areas.

Evidence published by the Urban Transport Group suggests that 'other transport improvements may struggle to achieve the same catalytic impact on urban regeneration and city image that can be triggered by the tangible and permanent commitment to an area that light rail represents, and that many areas are now realising the potential benefits of light rail'.<sup>3</sup>

We strongly agree with the above statement, which supports evidence from our communities in the Tyne and Wear area, where there are regular requests for Metro to be expanded to serve their neighbourhoods. Metro can also be extended along new corridors to serve major employment sites such as the International Advanced Manufacturing Park (IAMP), Cobalt in North Tyneside and Team Valley, Gateshead, and one of the UK's largest retail centres at Gateshead Metrocentre.

***Q4 What would the environmental, economic and congestion benefits be?***

Each year, Metro and Local Rail contributes around £224m of Gross Value Added (GVA) to the North East economy. In a wider measure of GDP and welfare benefits, the overall contribution increases to £437m per annum, which equates to an economic value of around **£8.50 per passenger journey**.

This value captures the benefits accruing to individuals, businesses, and wider society from more efficient travel, greater productivity through better business connectivity, and selected social and environmental impacts which can also be more readily monetised. We estimate that 85-90% of these values are attributable to Metro, with the local heavy rail network contributing the balance<sup>4</sup>. Any Metro extensions are likely to contribute a similar amount per journey.

We have strong evidence of the economic and congestion benefits that the Tyne and Wear Metro brings to the area it serves; although this analysis is location-specific, it may also be transferable across other networks and conurbations elsewhere in England.

Metro brings a range of benefits to the North East economy:

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<sup>3</sup> Light Rail Briefing, Urban Transport Group 2018.

<sup>4</sup> Ibid.

- Providing labour market access and mobility – Metro supports the regional economy by providing excellent access to the labour market, promoting densification of economic activities at key economic nodes. More than 10 million journeys a year are made by Metro for commuting purposes. Further expansion of these locations and improvements to connectivity create the conditions for a virtuous circle of continued economic expansion.
- Supporting businesses, inward investment and economic growth - Metro supports the growth of the North East economy by providing supply-side capacity to support growth, enabling rapid and important access to urban centres which is critical for business-to-business connectivity.
- Improving long-term productivity growth - urban conurbations in the Tyne and Wear area have increased in density and are likely to continue to do so in the future, both in terms of jobs and businesses. Metro enables this continued densification process by bringing economic activity (people and firms) closer together. The Metro network provides high capacity on segregated alignments, often in tunnels in the densest and busiest locations, playing a vital role in providing the transport capacity which supports increased agglomeration.

Light rail also brings environmental benefits when it results in mode shift from car: it's estimated that Metro takes an estimated 40,000 car journeys off the area's crowded roads every day, resulting in substantial air quality benefits and more space for cycling and walking, and essential freight traffic. The Tyne and Wear area, like other major conurbations, has high levels of road congestion which would be considerably worse without the contribution of Metro in moving large volumes of people across our region. A recent survey conducted by Inrix<sup>5</sup> concluded that car drivers in the Newcastle upon Tyne area spend the equivalent of almost three working weeks every year stuck in traffic jams, at an estimated annual cost of £666 per driver. The same area has air quality exceedances requiring local authority action to bring these within legal levels. Metro provides access to the heart of Newcastle, Sunderland and Gateshead via segregated alignments immune from road congestion, reducing congestion levels and delivering journey time benefits.

#### **Q5 What impact would it have on jobs?**

Good infrastructure positively influences investment decisions. This is evidenced in the region's Strategic Economic Plan<sup>6</sup> which states:

*“Quality transport infrastructure helps people move for jobs and leisure and distribute goods and services across the economy. This network will be the enabler to sustainable growth and opportunity.....our aim is to deliver continuous improvement in a modern, integrated transport system that underpins our economic ambitions.”*

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airport's product – if it is to attract more inbound passengers and flights, boosting the regional economy, good public transport links are essential.

The major land-use allocations contained within the Local Plans of the area's local authorities evidence that the majority of new jobs expected to be created in the Tyne and Wear area over the next 15 years will be located within walking distance of a Metro station, or could be accessed via network extensions. The role of Metro will therefore be critical in further growing the regional economy. By ensuring improved labour market access, light rail will help to ensure continued economic vitality; through labour supply benefits and reduced dependency on the car for accessing work, sustainable travel choices can be made and future jobs within city centres made accessible across a wider area. Light rail can also stimulate a propensity to move to more productive jobs, under a dynamic land-use scenario.

Economic modelling work undertaken to assess the economic value of Metro has shown that of the jobs that would be lost without Metro and local rail provision, significant proportions are located in areas of higher deprivation and/or structural unemployment. Light rail also helps to deliver equality of opportunity by helping to ensure access to employment, regardless of ability to drive, or access to a car. In the North East, further and higher education provision is a major part of the regional economy, as well as a positive influence on students' futures. The Metro network is a major transport provider for this market; this accessibility ensures residents can access a wider spectrum of educational opportunities.

***Q6 Does light rail open up new housing or business developments or improve the urban fabric of the area?***

Metro has helped to achieve both of these objectives. In terms of development, this can occur through allowing sites to be developed where the impact upon the adjacent road network would otherwise be unacceptable, but where by means of traffic modelling or the use of maximum +parking standards, it can be demonstrated that the presence of light rail would enable sustainable development to proceed.

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Amongst other examples, our Metro and Local Rail strategy also considers extending the network along the disused Leamside rail corridor close to the International Advanced Manufacturing Park (IAMP) near the Nissan UK car plant in Sunderland, where 5,000 jobs are being created. Bringing Metro closer to IAMP would represent a practical example of widening the regional labour pool via a high-profile light rail link.

***Q7 What can we learn from the experience of other countries in adopting new systems?***

Metro is a member of the CoMET and NOVA international federation of light rail networks, and our experience of collaborating within this network suggests that some of the lessons that can be learned from elsewhere include:

- Planning for light rail into major new development areas from the initial concept stage;
- City-region scale integrated transport planning, with comprehensive interchange with other modes and integrated scheduling and ticketing;
- Purposeful and consistent regional governance, with policy and resource support, and,
- Adoption of latest environmental technologies.

***Q8 What issues have helped progress light rail schemes or acted as barriers to their development?***

The devolution of powers to specify and operate services has been key to the success of our Metro system; and the more general advantages of rail devolution are set out in the Urban Transport Group report “Rail Devolution Works”<sup>8</sup>.

Rail devolution supports light rail: the Urban Transport Group has highlighted how local devolution has allowed Metro to carry up to 25 times as many passengers as on a comparable Northern commuter route. Devolution allows schedules and fares to be closely tailored to market requirements, with the benefits of local knowledge.

As a Passenger Transport Executive, Nexus has powers under the Transport Act to implement local transport improvements, including light rail schemes, which have been invaluable in developing Metro to its current status, and will continue to be in the future as network extensions are progressed. Through these powers Nexus has the ability to manage projects locally, alongside local accountability ensuring that services are responsive towards local decision makers, businesses and passenger priorities.

A significant barrier to development is the availability of future funding to maintain existing assets and allow ongoing operations. Light rail has substantial fixed costs which farebox revenue does not cover as Metro fares are set at affordable levels which reflect the spending power of the communities we serve. Metro faces continuing challenges in seeking government funding to meet these needs, which is essential if it is to continue and expand its remit to deliver the benefits to society outlined in the response to Q4.

The level of costs associated with light rail, especially for on-street schemes, remain cause for concern and may act as a disincentive to scheme development when light rail could otherwise represent the best mode choice of mode. As a consequence, the Metro network extensions programme will not include on-street light rail operation. The level of capital investment required for light rail is considerable, and affects the ability of urban areas to fund networks without significant external support.

Forward-looking land-use policies are also key. Light rail provision from concept to implementation is a protracted process and it’s therefore vital that major development in areas to be served are

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<sup>8</sup> Rail Devolution Works. Urban Transport Group <http://www.urbantransportgroup.org/system/files/general-docs/UTG%20%E2%80%93%20Rail%20Devolution%20Works.pdf>



located in the right place, and brought forward for development at the right time. The Metro and Local Rail Strategy for Tyne and Wear takes account of Local Plans and has informed their preparation, and these two-way processes will become increasingly important as the need to minimise private travel in urban areas gains momentum.

***Q9 What and where are the future opportunities here in England for new light rail systems or alternatives?***

The key opportunity in our region is economic, given that each additional journey generated by an expanded system would be worth £8.50 to the local economy.

The map in Figure 3 of this response sets out the future opportunities in our region published in our Metro and Local Rail Strategy. Chiefly, these routes would exploit the network of disused rail alignments present across the area, where they have a contribution to make towards the travel needs of future generations. We advocate this approach for several reasons:

- It offers further opportunities for stand-alone Metro operation or integration with the local heavy rail network;
- In many cases key items of infrastructure which would represent significant capital cost are already in place, such as bridges and retaining walls;
- Disused rail corridors are normally unobstructed by development and as previously mentioned are safe guarded in local spatial plans, and;
- In many cases there are no utilities present, obviating the need for expensive diversions.

***Q10 What are the key issues that are preventing light rail schemes from being delivered?***

These are mainly covered in the response to Q8, where barriers to development are considered. Additional issues that could come into play include the lengthy legal processes which accompany the introduction of a fixed track solution – by comparison with most Bus Rapid Transit schemes, for example – and the application of WebTAG scheme appraisal assessment which currently fails to accurately apportion the wider benefits of light rail to the economics of the scheme (although a recent DfT consultation exercise aims to address this issue<sup>9</sup>). The complex and lengthy procedures associated with Transport and Works Act applications can also be an issue, particularly if changes to scheme scope become necessary. For example, even the more generous expenditure timescales linked to larger funding opportunities such as the DfT Transforming Cities fund may not be compatible with those necessary to secure Transport and Works Act consent from a standing start.

***Q11 How can we deliver systems within a budget as has happened?***

Nexus has extensive experience in delivering a £300m+ asset renewal programme for Metro, adhering closely to the parameters set by the DfT as majority funder, and consequently has developed a knowledge bank of project costs which continue to be refined with the benefit of experience. It is the devolved control of schemes to the local level which has played a major role in

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<sup>9</sup> <https://www.gov.uk/government/consultations/transport-appraisal-and-modelling-strategy-informing-future-investment-decisions>

keeping this programme on track and on budget, and it is this background which we believe gives Nexus a good understanding of the cost base underlying future network extensions utilising disused rail alignments.

***Q12 What are the key lessons from Europe in progressing light rail and in what way are these different to the UK?***

From participation in the CoMET/NOVA network and our knowledge of other European networks, from a distance our observations are as follows:

- Perhaps the most evident theme apparent in many European networks is that decisions on planning, funding, operation and network development are normally devolved to a local level that's commensurate with effective city-region governance. This allows for schemes to gain and maintain political and financial traction and buy-in within the areas they are designed to serve, without an over-riding reliance upon central/national government for policy direction and funding. For example the Karlsruhe light rail tram network, noted for its operational variety from the city's market place to DB main lines, is owned by the city of Karlsruhe, however longer-distance services go beyond city limits to neighbouring municipalities. The relatively constrained boundaries of PTE areas in England can limit such flexibility: whilst powers exist in Transport Act legislation for cross-boundary operations, in practice political and administrative structures can often militate against this.
- Although light rail outside of London is a success story within the context of a deregulated bus market, the European experience suggests that a co-ordinated network of heavy and light rail, bus and cycle networks connecting at multi-modal integrated transport interchanges is the most effective setting for light rail to prosper. In the Tyne and Wear area there are examples of mutually effective service and payment product integration between bus and Metro, but there are also examples of the two networks operating in isolation with little service co-ordination, as it may be in the immediate interests of both providers to act independently.

***Q13 What does the future of light rail look like with new generation transport schemes coming forward?***

Our view is that the future of light rail looks very positive in this context: our view is that our established and future Metro system has a part to play in an integrated transport system as new technology reduces operating costs, delivers improved reliability and extends the reach of networks.

***Q14 How do you see light rail aligning with new initiatives such as autonomous vehicles; cycling and walking; and wider Mobility As A Service initiatives?***

In our region's Strategic Economic Plan, we state that:

*"We want North East residents and visitors to move around the region sustainably, either by*

*public transport or active travel. To do this, we need a system that allows them to plan their journey and purchase tickets seamlessly across all modes and operators.”*

Building on our existed integrated transport infrastructure of smart card ticketing, purpose built Metro and rail to bus interchanges and initiatives such as car club parking and smart cycle lockers at Metro stations and the carriage of cycles on the Metro system we intend to add to this with links to on demand last mile services as well as “micro transit” opportunities and better way-finding to promote walking and cycling.

Nexus is investigating in depth the prospects for developing New Mobility hubs at existing transport interchanges and Metro stations across the Tyne and Wear area, as part of its Stations of the Future concept and its emerging thinking for delivering the DfT’s Transforming Cities agenda.

We are watching the potential scale and impact of CAVs with interest and whilst they do not form part of current planning, much of the existing park and ride network as with New Mobility hubs can be future-proofed to accommodate them if necessary.

We believe that Metro should sit as a backbone of a future mobility ecosystem in our region with all transport modes connected with real time responsive, digital journey planning and ticketing offering customers the highest levels of convenience and value.

***Q15 How can promoters leverage funding from sources beyond central Government?***

Locally we have considered a number of funding sources that can help stimulate the implementation of additional light rail provision and we have researched this point. Section 106 planning agreements and the Community Infrastructure Levy offer limited potential. In the area served by Metro these are likely to be at the scale of additional stations on existing routes, or enhancements to existing stations, rather than substantial contributions towards network extensions.

The concept of leveraging funding from the land value capture (LVC) process is one which has been examined in some detail by Nexus in the context of its potential to fund or part-fund extensions to the Metro network as identified in the NECA Metro and Local Rail Strategy. The principle of intercepting a proportion of the inherent value released when new transport infrastructure makes development sites accessible is superficially an attractive one, as it should help to meet the costs of introducing light rail to new locations whilst retaining adequate returns to make such developments financially viable. However, LVC can be difficult for the public sector to secure because of the independence of the planning process and its constraints. It can also be difficult for developers and landowners, because of confidentiality issues.

Research commissioned for the Tyne and Wear area suggested less potential for LVC than might be expected, and concluded that the concept is more effective in areas with a higher density of population and development pressures such as Greater London. In the locations across Tyne and Wear where LVC may be a viable option, the total value of that capture would only fund a relatively small proportion of network extension costs. Therefore, for regions such as ours, the concept is likely to be part of a cocktail of funding sources rather than a primary source; this brings its own challenges in terms of identifying and amassing funds from partners at the right time and scale for an effective construction programme to be delivered.

In some areas there may be a disconnect between those locations exhibiting the greatest potential for LVC, and those which would benefit most from network extensions to relieve road congestion and/or encourage sustainable economic regeneration. LVC also cannot be extracted from locations on existing Metro corridors that would benefit from improved Metro services as a consequence of network extensions, even though these could be of significant scale.

### **Other Rapid Transit System Alternatives**

#### ***Q16 Is there an appetite for considering Very/Ultra-light rail (ULR) or Personal Rapid Transit (PRT) as an alternative transport solution to light rail?***

There may be a role for ULR or PRT as alternative solutions to light rail; Nexus notes with interest the work under way in Coventry to develop the ULR concept, however we take the view expressed in the NECA Metro and Local Rail Strategy that in most cases, ‘conventional’ light solutions – and in our case, a network that’s fully segregated from road traffic – are most appropriate to the mass movement of people across conurbations. Light rail also offers the operational flexibility to track-share with other trains across the national rail network as evidenced by the South Yorkshire tram-train trials, and Metro’s joint running on Network Rail assets between Sunderland and Pelaw.

PRT is a concept that the region will follow with interest, at this stage it is probably a niche application as suggested in the call for evidence. It may be a useful concept for ‘last-mile’ links where a light rail corridor passes close to but does not directly serve a major destination – in Tyne and Wear it could connect the IAMP with a Metro service on the Leamside Line for example – however it does not appear to offer scope for the movement of high volumes of people, or obvious advantages over the use of zero-emission buses to deliver similar outcomes. PRT may be linked to the development of connected and autonomous vehicles, and potential future public transport applications should be regularly assessed.

#### ***Q17 What are the estimated costs of delivering such systems and the wider benefits on offer? Please provide evidence.***

Please refer to the response to Q16.

#### ***Q18 Should such a system be a concept that is promoted?***

Please refer to the response to Q16.

#### ***Q19 How would this system provide a positive contribution to the economic productivity and development of a city or town? Please provide evidence.***

Please refer to the response to Q16.

#### ***Q20 What are the barriers for developing such systems, particularly those with elevated sections? For example, public acceptance, or environmental sensitivities?***

Please refer to the response to Q16.

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## North East Joint Transport Committee

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**Date:** 19<sup>th</sup> March 2019

**Subject:** Office for Low Emission Vehicle (OLEV) Taxi Grant and Go Ultra Low (GUL) Update

**Report of:** Managing Director, Transport North East

### **Executive Summary**

The purpose of this report is to update the Joint Transport Committee on the Go Ultra Low (GUL) Programme which the North East is currently delivering, plus the welcome announcement that the region had been successful in securing £500k of grant funding from the Office for Low Emission Vehicles (OLEV) to install electric vehicle charging infrastructure specifically for the taxi trade.

The GUL project, which is jointly funded through OLEV and European Regional Development Funding (ERDF), is progressing well. The construction of one of the UK's first Electric Vehicle (EV) Filling stations, which is funded through the GUL project, has begun and is due to complete in March. In addition, the EV rapid hubs which are to be delivered in strategic locations around the region are due to be installed spring 2019.

### **Recommendations**

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

## 1. Background Information

### Go Ultra Low (GUL) Programme

- 1.1. In order for the region to meet governmental targets for every new car and van to effectively be zero emission by 2040, a new wave of EV infrastructure is needed to meet the forecasted demand. In 2016 the north east secured £1.53m of funding following a bid to the Office for Low Emission Vehicles (OLEV) to deliver a series of interventions aimed at encouraging the uptake of Ultra Low Emission Vehicles in the region. A year later £1.5m in additional funding was secured from the European Regional Development Fund with the OLEV funding providing a direct match. All funding obtained from these sources will fund the programme.
- 1.2 Partnership working with Newcastle University has resulted in the programme being supplemented by £1.3million from Newcastle University's UK Collaboratorium for Research into Cities (UKCRIC) funding source which is being used to deliver a rapid charger filling station on the Newcastle Helix site.
- 1.3 The main deliverables of the programme will include:
  - Construction of two EV filling stations (one to be delivered at Newcastle Helix and wholly owned by Newcastle University)
  - Eleven rapid charging hubs consisting of 2 rapid chargers across the region;
  - Work with SMEs to encourage use of the EV charging network and cut their business travel carbon footprint;
  - Innovation accelerator work to encourage local SMEs to capitalise on the EV opportunities.
- 1.4 The regionally owned Electric Vehicle Filling station will be situated at West Wear Street in Sunderland City centre. The filling station will comprise of four rapid chargers which can charge a car within 30 minutes and two super rapid chargers capable of charging a compatible Ultra Low emission Vehicles (ULEV) car within 15 minutes. Please see Appendix A for a visual of the Sunderland EV Filling Station.
- 1.5 The rapid charging clusters, which are to be installed at strategic locations around the region, will offer convenient charging solutions for users. There was an initial programme budget to deliver six clusters, however due to high value for money we have been able to procure a contractor who will install a further five EV clusters across the region. In order to identify the locations of the rapid charging hubs, a feasibility study in partnership with each local authority was undertaken. Criteria included user demand forecast and deliverability within specified timescales. Please see Appendix B for a list of locations where the clusters are to be installed.
- 1.6 All infrastructure delivery, including the EV filling station in Sunderland and the smaller EV rapid cluster hubs at strategic locations around the region, is



progressing well. The filling station is scheduled to be operational from the end of March and the six EV clusters are anticipated to be installed by late spring 2019. The five remaining EV clusters are due to be installed by the end of 2019.

- 1.7 It is proposed to have an official opening of the EV filling station in early June with the official opening for the first phase of the rapid clusters taking place late summer.
- 1.8 To maximise the uptake of ULEVs, various other interventions have been undertaken. One such project is the introduction of a “Fleet Revolution” campaign targeted at providing SMEs in the region with free advice on the merits of introducing ULEVs in to their fleet and the potential grants which they could receive from government.
- 1.9 Marketing and promotional activities are also underway under the branding “Go Ultra Low North East” to raise the project’s profile and to communicate the aims and objectives of the project to the region.

#### OLEV Taxi Grant

- 1.10 Following a regional funding submission to OLEV’s taxi grant in December 2018, it has been confirmed that the region has been successful in securing £500k (the full amount requested) of government funding aimed at supporting the taxi trade’s transition to ultra- low emission taxis as well as improving air quality in urban areas.
- 1.11 The grant will deliver 10 EV charging posts across all 7 local authority areas in the North East. Furthermore, the infrastructure will be backed up by a series of focused campaigns and advice aimed at the taxi trade to encourage the transition to ULEV taxis. Please see Appendix B for a list of the locations where the taxi-only chargers will be installed.
- 1.12 In order to deliver the infrastructure and to fund the public match contribution of 25%, a full OJEU procurement for an operator, to design, install, manage and maintain the infrastructure will be undertaken.
- 1.13 Project delivery will commence in April and will run for 2 years. The project will be led by the Regional Transport team in partnership with the seven local authorities.

## **2. Proposals**

- 2.1 This report is for information purposes only. Therefore, no proposals are contained in this 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 Officers will continue to deliver the Go Ultra Low project and begin to draw delivery plans together for the delivery of the OLEV taxi grant.

## **6. Potential Impact on Objectives**

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

## **7. Financial and Other Resources Implications**

- 7.1 There are no known financial implications as there is no public sector match funding for the OLEV Taxi project. Regarding the GUL projects, all activities are within the project's budget.
- 7.2 There are no Human Resource or ICT implications

## **8. Legal Implications**

- 8.1 Legal officers from the North East have been involved and individual local authorities to ensure that both projects are state aid compliant and to sign any associated legal documentation.

## **9. Key Risks**

- 9.1 If ULEV infrastructure is not implemented, then there is a risk then each local authority would need to deliver this infrastructure through their internal resources to meet the increasing number of ULEVs.

## **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 Heads of Transport are kept up to date with the GUL project on a monthly basis. All statutory officers were aware of the OLEV taxi grant funding opportunity and have been notified of the outcome of the bid. They will also be involved in the formal agreement and completion of the Grant Funding Agreement.-+

## **13. Other Impact of the Proposals**

- 13.1 No specific Impacts.

## **14. Appendices**

14.1 Appendix A- Visual of Sunderland EV Filling station

14.2 Appendix B- List of hub locations

**15. Background Papers**

15.1 Agenda item 9 “Office of Low Emission’s Ultra Low Emission Taxi Infrastructure Scheme” Joint Transport Committee, 18<sup>th</sup> December 2018

**16. Contact Officers**

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**17. Sign off**

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

**18. Glossary**

OLEV- Office for Low Emission Vehicles

ERDF- European Regional Development Funding

ULEV- Ultra Low Emission Vehicles

EV- Electric Vehicles

GUL- Go Ultra Low

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# Appendix A- Visual of Sunderland EV Filling Station



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## **Appendix B- Locations of EV rapid charging hubs and Taxi Hubs**

### Locations of Rapid Charging Hubs

- Smithy Square Car Park, Cramlington
- Gateshead Leisure Centre, Gateshead
- Metro Centre, Gateshead
- St Nicholas Car Park, Gosforth
- Wentworth Leisure Centre, Hexham
- Beaconsfield Car Park, Tynemouth
- Gateshead Civic Centre,
- Kingston Park, Newcastle,
- Speculation Place, Washington
- Blyth Keel Row shopping centre
- Bournemouth gardens, Whitley Bay

### Locations of Taxi Rapid Charging Hubs

- Chester le Street Town Centre
- Back Walker Terrace, Gateshead Town Centre
- Blandford Square, Newcastle City Centre
- Clayton Street, Newcastle City Centre
- Keel Row Car Park, Blyth
- Coronation Street Car Park, Wallsend
- King Street Car Park, North Shields
- New George Street Car Park, South Shields
- Brinkburn Crescent Car Park, Houghton le Spring

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## North East Joint Transport Committee

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**Date:** 19 March 2019

**Subject:** Capital Programme Monitoring Report

**Report of:** Chief Finance Officer

### **Executive Summary**

The purpose of this report is to provide the Joint Transport Committee with an update on the 2018/19 Transport Capital Programme. The latest approved programme for the year is £65.033m, with expenditure to the year end forecast to be £61.879m due to slippage on some Local Growth Fund transport schemes, rephasing of works included in the Metro Asset Renewal Plan, and some slippage on the Tyne Pedestrian and Cycle Tunnels refurbishment.

### **Recommendations**

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

## 1. Background Information

1.1 In January 2018 a base capital programme was approved by the NECA Leadership Board which included £80.125m Transport projects, including overprogramming, as set out in Table 1 below. The programme has been revised during the financial year to reflect the outturn for 2017/18 and the most up-to-date information, and the latest approved programme now totals £65.033m. Expenditure at this stage in the year totals £45.727m which is in line with expectations. The projected outturn is estimated to be £61.879m, which takes into account information about potential slippage of programmed expenditure into 2019/20 and acceleration of expenditure from 2019/20 into 2018/19.

1.2

	<b>Original Approved Programme</b>	<b>Latest Approved Programme</b>	<b>Spend to end Jan 2019</b>	<b>Projected Outturn</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Local Growth Fund (Transport Schemes)	26.915	20.986	13.312	19.518
Metro Asset Renewal Plan	37.982	28.876	18.957	27.380
Nexus non-Metro	0.319	0.322	0.322	0.322
Tyne Tunnels	3.600	3.540	2.950	3.350
Local Transport Plan (less ARP local contribution)	11.309	11.309	10.186	11.309
<b>Total</b>	<b>80.125</b>	<b>65.033</b>	<b>45.727</b>	<b>61.879</b>

Table 1 2018/19 Capital Programme – Forecast

## 2. Proposals

### Local Growth Fund Transport schemes

2.1 2018/19 is the fourth year of the Local Growth Fund (LGF) programme, which covers Economic Assets, Innovation, Transport and Skills themed projects. Details of the Transport elements of the programme are listed in Appendix 1. Many of the transport schemes have almost completed the drawdown of the LGF elements of their funding and the programme is smaller than it has been in recent years. Expenditure is forecast to be £19.518m at the year end, which is slightly below the revised approved programme for the year agreed in January, which was £20.986m. Payments to the end of the third quarter on transport schemes total £13.312m, with significant payments made to projects including the South Shields Transport Interchange and the Arches and Swans schemes. Almost all remaining LGF Transport funding is currently forecast to be drawn down by individual projects by 2019/20.

2.2 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.

### **Metro Asset Renewal Programme**

2.3 The Leadership Board approved the Metro Asset Renewal Plan (ARP) capital programme for 2018/19 in January 2018 totalling £37.982m. This is the ninth year of the eleven year ARP programme.

2.4 The requirement from the Department for Transport (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 2018/19 were set at £21.041m and £31.264m respectively). The 2018/19 capital budget therefore included an initial level of over-programming approaching 50%. The reasons for this is 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.

2.5 At the end of Period 11 (ending 2 February 2019), the Metro capital programme has been revised to £28.876m. This now includes the Nexus Learning Centre (£3.3m) which was not included in the £37.982m programme approved in January 2018. The reduction in the budget for this year is due to the re-profiling of individual projects, some of which were brought into the current year when the 2017/18 year was closed down, some of which will need to be moved into future years, and some of which will be accelerated, i.e. delivered earlier than previously planned. The most significant project which has been re-profiled is the track renewal from Gateshead Stadium to South Shields. These works have been further reviewed to try to minimise disruption. This single element has reduced this year's budget by £10.3m.

2.6 The £9.1m movement between the £37.982m original budget for 2018/19 and the £28.786m latest budget for 2018/19 can be summarised as follows (Table 2):

	<b>£m</b>
Re-phasing from 2017/18, increasing 2018/19 budget	6.1
Accelerated projects (from 2018/19 to 2017/18), reducing 2018/19 budget	(0.4)
Re-phasing from 2018/19 to future years, reducing 2018/19 budget	(15.5)
Accelerated projects (from 2019/20 to 2018/19), increasing 2018/19 budget	1.1
Inclusion of Nexus Learning Centre	3.3
Other changes (including de-scoping works pending potential Track Dualling bid)	(3.7)
<b>Total</b>	<b>(9.1)</b>

**Table 2: Budget for Metro Asset Renewal Programme**

2.7 Expenditure as at the end of Period 11 is £18.957m. This represents 90% of the £21.041m minimum expenditure level required by DfT for this financial year.

- 2.8 The latest forecast to the year end is now £27.380m; lower than budgeted largely because of reduced expenditure forecasts in the phasing of works relating to a number of projects, including the Radio and Nexus Learning Centre projects.
- 2.9 An evaluation of remaining risks in the programme together with several options to undertake managed reprofiling of expenditure will ensure that the final outturn falls within the DfT's prescribed funding tolerance.
- 2.10 At this stage any variation in expenditure against the revised budget that is not forecast to be incurred in the current year will be carried forward into the 2019/20 programme.
- 2.11 As at Period 11, the following key projects are progressing:
- Halt station refurbishment at Monkseaton, West Monkseaton, Cullercoats, Shiremoor, Palmersville, Benton and Longbenton.
  - Resolution of outstanding Radio defects continues.
  - South Shields Interchange where the works are continuing to programme with the main structure, cladding and roof all in place.
  - Cable diversion works at Burnside and Beach Road are continuing ahead of the planned installation of the new bridges over the first two weekends in March 2019. Inspection of the pre-fabricated bridges has been arranged at the manufacturers prior to delivery to site.
  - The contract has been awarded for the renewal of the highest priority track sections from Gateshead Stadium to South Shields. Planning and mobilisation is underway with delivery on site planned for April / May 2019.
  - Following commissioning of the Railway Traffic Management System (RTMS) on 4th/5th August, progress continues on resolving post implementation issues. The latest software fix was deployed on 17th February, part of which will help progress the provision Real Time Information.
  - The Overhead Line equipment renewal programme continues with the most recent 'wire run' undertaken on the 26th/27th January 2019.
  - Commissioning of new multifunctional relays in the power supply system continues with 75% completed. Improved resilience in fault conditions are already being noted. The work is planned to complete by the end of May 2019.
  - Hardware forming the new Nexus Core IT infrastructure is being installed and configured. Migration from the existing systems is being planned and is expected to commence before the end of March.

- The advance works to procure and weld new rail for the central tunnels from QEII Bridge to Gateshead Stadium is complete. Detailed planning of the works is underway for delivery in early 2019/20.

2.12 To the end of 2018/19, the Metro ARP cost loaded programme shows the following expenditure profile (Table 3).

	<b>Year to Date</b>	<b>Period 12 Forecast</b>	<b>Period 13 Forecast</b>
	£m	£m	£m
In period spend	N/A	3.16	5.26
Cumulative Spend	18.96	22.12	27.38

Table 3: Metro ARP cost loaded programme expenditure profile

2.13 Forecast expenditure for 2018/19 is financed as follows (Table 4):

	<b>Latest Approved Funding 2018/19</b>	<b>Projected Funding 2018/19</b>
	£m	£m
<b>ARP</b>		
Metro Rail Grant	23.537	21.715
Local contribution 10%		
- Local Transport Plan (LTP)	2.640	2.640
- Reserves	(0.025)	(0.227)
Over-programming	(0.528)	-
<b>Total ARP</b>	<b>25.625</b>	<b>24.128</b>
<b>Other Schemes</b>		
LGF	3.252	3.252
<b>Total – other Schemes</b>	<b>3.252</b>	<b>3.252</b>
<b>Total</b>	<b>28.876</b>	<b>28.726</b>

Table 4: Metro ARP forecast expenditure 2018/19

### **Nexus non-Metro Programme**

2.14 The budget for 2018/19 is £0.319m, with forecast expenditure at £0.322m, as set out below (Table 5):

	Latest budget 2018/19	Projected Outturn 2018/19	Period 11 Spend 2018/19
	£m	£m	£m
Nexus Non-Metro Programme			
Regent Centre Car Park	0.032	0.035	0.036
Ferry Works	0.287	0.287	0.287
<b>Total Nexus Non Metro</b>	<b>0.319</b>	<b>0.322</b>	<b>0.322</b>

Table 5: Nexus non-Metro Programme forecast expenditure

- 2.15 The Table 6 sets out how the Nexus Non-Metro capital programme will be financed:

	Latest Approved Funding 2018/19	Projected Funding 2018/19
	£m	£m
<b>Grant</b>		
Local Transport Plan (LTP)	0.077	0.077
<b>Nexus Contribution</b>		
Reserves	0.242	0.245
<b>Total</b>	<b>0.319</b>	<b>0.322</b>

Table 6: Financing of Nexus Non-Metro capital programme

## Tyne Tunnels

- 2.16 The Tyne Tunnels capital programme relates to the refurbishment of the Tyne Pedestrian and Cycle Tunnels (TPCT). The works are continuing with civil, mechanical and electrical engineering contractors working on site. Good progress is being made throughout the tunnels with all areas of work either complete or nearing completion. The main outstanding works to be completed at the time of the preparation of this report are the installation of the glass enclosure to the inclined lift and the glass screen around the inclined lift, including the full length of the inclined shafts. Once these works are completed the commissioning and testing of all the apparatus and systems in the tunnels can be completed to allow the tunnels to be reopened to the public.
- 2.17 It is now anticipated that the tunnels will reopen early in the 2019/20 financial year, with works ongoing during the first quarter.
- 2.18 The approved budget for the works in 2018/19 was £3.600m. The forecast outturn is now anticipated to be around £3.300m, with the balance included in the 2019/20 capital programme. This will be funded from Tyne Tunnels reserves.
- 2.19 Proposals are being developed for the official re-opening of the TPCT which will promote the works carried out and inform the public of the availability of this asset.

## Other Transport Grants

2.20 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. Expenditure to the end of January is £10.186m and will be in line with the approved programme for the year of £11.309m (excluding the element used to meet the Metro ARP local contribution, which is reported in section 2.2 above) at the year end.

### **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 Not applicable to this report, which is for information.

### **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 delivering its objective to maximise the region's opportunities and potential.

### **7. Financial and Other Resources Implications**

7.1 There are no specific financial implications arising from this report, which is for information. Financial implications of the previously approved transport capital programme are set out in detail in the main body of the report.

### **8. Legal Implications**

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

### **9. Key Risks**

9.1 Financial risks associated with the Transport Capital Programme, and actions taken to mitigate these, will be factored into strategic risk management processes for NECA in its role as accountable body for Transport. Detailed operational risk management processes and registers are maintained by the delivery bodies responsible for the individual projects and programmes set out in this report.

### **10. Equality and Diversity**

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

## **11. Crime and Disorder**

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

## **12. Consultation/Engagement**

12.1 The 2018/19 capital programme comprises previously approved schemes which were subject to consultation as part of the approval process.

## **13. Other Impact of the Proposals**

13.1 No specific impacts.

## **14. Appendices**

14.1 Appendix 1 – Local Growth Fund Transport Schemes

Appendix 2 – Metro Asset Renewal Plan

## **15. Background Papers**

15.1 2018/19 Capital Programme – NECA report January 2018

<https://northeastca.gov.uk/wp-content/uploads/2018/03/Leadership-Board-16-January-2018-Agenda-Pack.pdf>

2019/20 Capital Programme – JTC report January 2019

<https://northeastca.gov.uk/wp-content/uploads/2019/01/North-East-Joint-Transport-Committee-22-January-2019-Agenda-Pack.pdf>

## **16. Contact Officers**

16.1 Eleanor Goodman, Principal Accountant, NECA,  
[eleanor.goodman@northeastca.gov.uk](mailto:eleanor.goodman@northeastca.gov.uk), Tel: 0191 277 7518

## **17. Sign off**

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



## Appendix 1 – Local Growth Fund Transport Schemes

	Latest Approved Budget	Spend to Dec 2018 (Q3)	Projected Outturn	2019/20 Budget	2020/21 Budget
	£m	£m	£m	£m	£m
Northern Access Corridor – Phase 2 & 3 (Stage 2)	1.016	0.102	1.016	0.000	0.000
Local Sustainable Transport Fund Programme	0.717	0.000	0.709	0.009	0.000
A1056-A189 Weetslade Roundabout Improvements and A1-A19 link	0.128	0.006	0.128	0.000	0.000
Scotswood Bridgehead (Stage 1)	(0.045)	0.000	(0.045)	0.000	0.000
South Shields Transport Interchange (Stage 2)	6.000	6.000	6.000	0.000	0.000
A1058 Coast Road	0.582	0.582	0.570	0.000	0.000
Horden Rail Station	0.846	0.492	0.637	2.284	0.000
Traffic Movements along A185/A194/A19 (The Arches) (Stage 2)	4.816	2.998	4.266	0.318	0.000
South Shields Metro Training and Maintenance Skills Centre	3.307	1.227	3.307	2.446	0.000
Blyth Cowpen Road	0.001	(0.003)	0.001	0.000	0.000
A19 North Bank Tyne (Swans) (Stage 2)	3.421	1.830	2.766	0.700	0.000
Jade Business Park (inc A19/A189 Seaham Murton interchange)	0.138	0.028	0.075	1.772	1.381
Programme Management	0.060	0.050	0.090	0.100	0.100
<b>Total Transport Schemes</b>	<b>20.986</b>	<b>13.312</b>	<b>19.518</b>	<b>7.629</b>	<b>1.481</b>

## Appendix 2 – Nexus Metro Asset Renewal Programme

Asset Category	Budgets					Forecasts			
	Original Approved Budget (DfT submission) 2018/19	Amended Programme 2018/19	Approved Programme 2019/20	Approved Programme 2020/2021	Total Budget 2018/19-2020/21	Period 11 Forecast 2018/19	Period 11 Forecast 2019/20	Period 11 Forecast 2020/21	Total Forecast 2018/19-2020/21
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Civils	2,072	2,705	1,080	503	4,288	2,567	1,164	1,018	4,748
Communications	3,137	3,469	1,206	26	4,702	3,082	1,496	25	4,603
Level Crossings	0	3	0	0	3	0	0	0	0
Mechanical & Electrical	260	164	270	80	514	82	296	80	459
Metro Cars	3,410	3,525	3,410	3,410	10,345	3,548	3,410	3,410	10,368
Miscellaneous	1,915	1,301	2,351	340	3,992	1,032	2,435	340	3,807
Project Management Costs	0	0	1,384	1,700	3,084	0	1,384	1,700	3,084
Overhead Line	2,796	3,133	3,691	3,472	10,296	3,058	3,700	3,116	9,874
Permanent Way	14,462	4,269	8,855	5,096	18,219	4,244	6,915	5,096	16,256
Plant	0	8	0	1,500	1,508	8	0	3,000	3,008
Power	0	121	269	100	491	91	135	3	229
Signalling	4,328	2,857	3,449	1,147	7,453	2,618	2,604	2,007	7,229
Stations	5,601	4,069	6,450	140	10,660	3,798	4,196	702	8,696
Risk Allowance	0	0	2,616	2,625	5,241	0	2,000	0	2,000
<b>Total ARP Programme</b>	<b>37,981</b>	<b>25,625</b>	<b>35,033</b>	<b>20,138</b>	<b>80,796</b>	<b>24,128</b>	<b>29,736</b>	<b>20,496</b>	<b>74,360</b>
Other Projects	0	3,252	2,446	0	5,698	3,252	2,446	0	5,698
<b>TOTAL</b>	<b>37,981</b>	<b>28,876</b>	<b>37,479</b>	<b>20,138</b>	<b>86,494</b>	<b>27,380</b>	<b>32,181</b>	<b>20,496</b>	<b>80,058</b>

### Note 1

Other Projects include Nexus Learning Centre.

## North East Joint Transport Committee

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**Date:** 19 March 2019

**Subject:** Revenue Budget Monitoring Report

**Report of:** Chief Finance Officer

### Executive Summary

The purpose of this report is to provide the Joint Transport Committee with an update on the 2018/19 revenue budget, at the end of the third quarter.

As the Transport levies and revenue grants are fixed for the year there is minimal change in the Joint Transport Committee's revenue budget itself. Net expenditure reported against the levy funded budget is forecast to break even, following the redirection of a projected underspend to help fund the costs of the Transforming Cities bid.

In terms of the three transport delivery bodies that the JTC funds by transport grants, Durham County Council is forecasting an underspend of £486k, Northumberland County Council is forecasting an underspend of £183k and Nexus is now forecasting a surplus of £751k as compared with the original budgeted deficit of £1,934k. The Tyne Tunnels revenue account is forecast to breakeven at the year end.

Explanations for significant variances are set out in the body of the report. These surpluses against the revenue grant funding from NECA will be retained by the respective delivery body at the year end and will be taken into account in funding decisions for future years.

### Recommendations

The Joint Transport Committee is recommended to note the position at the end of the third quarter and the forecast outturn for the 2018/19 financial year.

## 1. Background Information

- 1.1 At its first meeting on 20 November 2018, the JTC received a report which included confirmation of the 2018/19 Transport revenue budget which had been approved by the NECA Leadership Board in January 2018. The total transport levies payable by constituent authorities amount to £83.648m, which is fixed for the year.

## 2. Proposals

### Transport Levy Budget

- 2.1 As the Transport levies and revenue grants are normally fixed for the year, there is no change in Levies payable and minimal change in the Joint Transport Committee revenue budget itself. Any surplus or deficit against the budgets for the three main delivery organisations (Durham County Council, Northumberland County Council and Nexus) is retained or managed within the reserves of these organisations.

The one significant change is a £3.333m reduction in the grant payable to Nexus in 2018/19, with £3.333m being held instead in a Metro Fleet Replacement Reserve as a second year contribution towards the match funding that is required by the Department for Transport (DfT).

- 2.2 A summary of the forecast outturn against the Transport levies is set out in Table 1 below:

	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Forecast Outturn</b>	<b>Spend to date Jan 2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Total Transport Levies	(83,648)	(83,648)	(83,648)	(69,707)
Grant to Durham	15,692	15,692	15,692	13,077
Grant to Northumberland	6,146	6,146	6,146	5,122
Grant to Nexus	59,700	56,367	56,367	49,750
Contribution to Metro Fleet Replacement Reserve	-	3,333	3,333	-
Retained Transport Levy Budget	2,110	2,110	2,110	1,723
Contribution (to)/from NECA Transport Reserves	-	-	-	(65)

Table 1: Forecast outturn against the Transport levies

- 2.3 The retained Transport levy budget relates primarily to activity inherited from the former Tyne and Wear Integrated Transport Authority (TWITA), as well as costs

relating to the whole JTC area. The majority of the budget relates to financing charges on historic supported borrowing debt. Additionally, there is budget provision for support services, external fees and a repayment to the Tyne Tunnels for use of its reserves in 2013/14 to pay off the former TWITA pension deficit.

The budget (Table 2) is forecast to break even at the year end. There have been some savings in relation to the cost of support services as a result of different levels of activity than initially projected, and Joint Transport Committee support. As set out in the budget report to the JTC on 22 January 2019, these savings have been directed to make a contribution to the costs of supporting the Transforming Cities Fund (TCF) bid. An update on progress regarding the Transforming Cities Fund is elsewhere on this agenda.

	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Forecast Outturn</b>	<b>Spend to date Jan 2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Support Services/Staffing	220	205	205	180
Administration and Governance	42	38	38	30
Financing Charges	1,798	1,798	1,798	1,498
Transport Joint Committee	50	20	20	15
TCF bid support	-	49	49	-
Total Expenditure	2,110	2,110	2,110	1,723
Contribution from Levies*	(2,110)	(2,110)	(2,110)	1,758
Contribution (to)/from NECA Transport Reserves	-	-	-	(35)

**Table 2: Transport Levy Budget**

\*includes a contribution of £5k per authority from Durham and Northumberland to cover audit, servicing of committees and other central transport costs.

## **Durham**

2.4 The projected outturn for 2018/19 against the Durham grant shows a budget underspend of £486k against the original budget. A £480k reduction on subsidised services is forecast, which relates mainly to medium term financial plan savings made early following changes made to the procurement of bus services. There are minor variances against other budget lines, resulting in an overall projected underspend of £486k. A summary of the forecast outturn position against the Durham grant is set out in Table 3 below:

2.5

	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Forecast Outturn</b>	<b>Spend to date Jan 2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Concessionary Fares	11,940	11,940	11,940	8,105
Subsidised Services	2,850	2,553	2,370	1,861
Bus Stations	144	152	140	537
Bus Shelters	19	27	21	23
Passenger Transport Information	89	85	85	128
Staffing	650	650	650	488
<b>Net Expenditure</b>	<b>15,692</b>	<b>15,407</b>	<b>15,206</b>	<b>11,142</b>

Table 3: Summary of the forecast outturn position against the Durham grant

### Northumberland

2.6 The projected outturn for 2018/19 against the Northumberland grant shows a budget underspend of £183k against the original budget.

2.7 The main areas of expenditure operated by Northumberland are:

- i) Concessionary Fares – Although claims from operators are received monthly all adjustments to reimbursement rates are made quarterly to ensure that operators are being reimbursed with an accurate overall rate. It is currently forecast that Concessionary Fares will underspend by £87k due to a reduction in patronage numbers and the increase in the age-related qualifying criteria.
- ii) Subsidised Bus Services – The Council supports a range of socially necessary bus services, mainly in the rural North and West areas of the County but also some in the more urban South East. It is forecast that the Council will underspend by £105k at the end of the financial year. There are no new routes currently being added to the network, with the underspend due to the retendering exercise that took place last financial year.

2.8 A summary of the forecast outturn position against the Northumberland grant is set out in Table 4 below:

	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Forecast Outturn</b>	<b>Spend to date Jan 2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Concessionary Travel	4,722	4,720	4,635	3,431
Subsidised Bus Services	1,230	1,230	1,125	588
Bus Services	23	23	30	24
Public Transport Information	25	27	27	27
Staffing	145	145	145	121
<b>Total</b>	<b>6,145</b>	<b>6,145</b>	<b>5,962</b>	<b>4,191</b>

Table 4: Summary of the forecast outturn position against the Northumberland grant

## Tyne and Wear (Nexus)

### 2.9 Base budget

When approving Nexus' 2018/19 revenue budget in January 2018, the NECA Leadership Board approved use of £1.934m of reserves in order that we could set a balanced budget. This allowed Nexus to maintain frontline services despite a £1.190m reduction in the grant it will receive from the JTC this year. This is possible because of a combination of permanent savings that were achieved in the previous financial year and further efficiencies generated in 2018/19.

2.10 In the previous revenue budget monitoring update report, a revised base budget surplus of £1.200m was reported. There is a further permanent increase in the base budget identified as at the end of period 11, arising as a result of the April 2018 pay negotiations, as set in Table 5 below:

	£m
<b>Revised budget 2018/19 (Period 5)</b>	<b>(1.200)</b>
<b>Other Permanent Variations</b>	
Employee costs	0.225
<b>Revised budget 2018/19 (Period 11)</b>	<b>(0.975)</b>

Table 5: Base budget for Tyne and Wear (Nexus)

### 2.11 Forecast to the year end

The latest forecast at the end of Period 11 shows a surplus of £0.751m, which has reduced by £0.265m from the surplus of £1.016m reported to TNEC in October 2018.

The reduction of £0.265m is detailed in Table 6 below:

2018/19 Forecast	£m	£m
<b>Period 5 forecast</b>		<b>(1.016)</b>
Metro fare revenue	0.600	
Employee costs	0.225	
NEMOL savings	(0.174)	
Secured bus services	(0.300)	
Insurance claims	(0.163)	
Investment income	(0.090)	
Metrofutures	0.090	
Miscellaneous	0.077	0.265
<b>2018/19 Outturn Forecast</b>		<b>(0.751)</b>

Table 6: Forecast to the year end

### 2.12 Metro fare revenue

Metro revenue is being adversely impacted due to a number of factors including operational performance, a challenging retail environment, increases in car ownership and economic uncertainty, all of which are contributing to a reduction in forecast revenue.

### **Employee costs**

As noted earlier, there is a pressure of £0.225m commensurate with the settlement of the April 2018 pay negotiations.

### **North East Metro Operations Limited (NEMOL)**

Savings in NEMOL primarily relate to efficiencies within support services where we have merged functional areas. Other savings previously reported are being redirected into the depot to assist with the performance of our ageing fleet of Metrocars.

### **Secured bus services**

A net £0.300m of savings have been generated through a combination of better prices for re-tendered contracts, offset by a reduction in fare revenue.

### **Insurance claims**

Savings of £0.163m are being forecast in the public and employee liability claims budget.

### **Metrofutures**

The cost pressure is due to an increase in the cost of external support.

### **Miscellaneous**

There are a number of other cost pressures being partially offset by savings elsewhere, resulting in a £0.075m increase in costs during 2018/19.

2.13

### **Summary**

The Table 7 below provides the Committee with a summary of Nexus' budget position as at the end of period 11. The table shows Nexus' main service areas after support services and other indirect costs have been allocated.

	<b>Approved Budget</b>	<b>Period 11 Position</b>	<b>Variation £m</b>
--	------------------------	---------------------------	---------------------



	£m	£m	
ENCTS	35.357	34.977	(0.380)
Discretionary CT	4.284	3.584	(0.700)
Metro (including NEMOL)*	2.816	1.050	(1.766)
Ferry	0.918	1.344	0.426
Local Rail	0.100	0.112	0.012
Bus Services	11.718	10.949	(0.769)
Bus Infrastructure	2.004	2.005	0.001
Public Transport Information	1.104	1.596	0.492
<b>TOTAL REQUIREMENT</b>	<b>58.301</b>	<b>55.616</b>	<b>(2.685)</b>
<b>NECA GRANT (LEVY)</b>	<b>(56.367)</b>	<b>(56.367)</b>	<b>0.000</b>
<b>DEFICIT / (SURPLUS)</b>	<b>1.934</b>	<b>(0.751)</b>	<b>(2.685)</b>

Table 7: Summary of Nexus' budget position

\*This excludes the £3.3m contribution to the new fleet and the capitalisation of £1.6m investment in the old fleet.

## Tyne Tunnels

- 2.14 The Tyne Tunnels are accounted for as a ring-fenced trading account, meaning that all costs relating to the tunnels are wholly funded from the tolls and earmarked Tyne Tunnels reserves, with no call on the levy, council tax payers or Government funding at all (Table 8). The tunnels are operated by a concessionaire, TT2 Ltd, whose contract payments are calculated with reference to traffic volumes.

2.15

	Original Budget	Revised Budget	Forecast Outturn	Forecast Variance
	£000	£000	£000	£000
Tolls income	(25,970)	(26,730)	(26,720)	10
TT2 Contract Payment	19,480	20,298	20,287	(11)
Employees	33	0	0	0
Pensions	54	50	50	0
Support Services	80	95	95	0
Supplies and Services	35	30	30	0
Community Fund	10	0	0	0
Financing Charges	6,579	6,594	6,594	0
Interest/Misc Income	(50)	(90)	(90)	0
Repayment from TWITA reserves	(240)	(240)	(240)	0
(Surplus)/Deficit on Tyne Tunnels Account	11	7	6	(1)

Table 8: Tyne Tunnel Budget

## Reserves

2.16 Reserves specific to transport activity are held which are able mitigate against any risks arising from the revenue budget.

A specific reserve is held for the Tyne Tunnels, and this is estimated to be approximately £18.600m at the year end, once contributions to funding the Tyne Pedestrian and Cycle Tunnels have been applied. A reserve for Tyne and Wear Transport is also held, forecast to be £0.513m at the year end.

Further reserves are held for part-funding the contribution to the Metro Asset Renewal programme and for Metro Fleet Replacement. These are forecast to be around £8.972m and £6.666m respectively at the year end.

In addition, Nexus holds its own reserves.

These reserves are currently considered to be adequate to manage risks relating to the Transport revenue budget.

### **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 revenue budget.

### **4. Alternative Options Available**

4.1 Not applicable to this report, which 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 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 potential.

### **7. Financial and Other Resources Implications**

7.1 There are no specific financial implications arising from this report, which is for information. Financial implications of the previously approved transport revenue budget are set out in detail in the main body of the report.

### **8. Legal Implications**

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

### **9. Key Risks**

9.1 Financial risks associated with the transport revenue budget, and actions taken to mitigate these, will be factored into strategic risk management processes for NECA in its role as accountable body for Transport. Detailed operational risk management processes and registers are maintained by the delivery bodies responsible for the individual projects and programmes set out in this report.

Reserves are held to help mitigate against any financial risks, as described in section 2.6.

## **10. Equality and Diversity**

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

## **11. Crime and Disorder**

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

## **12. Consultation/Engagement**

12.1 The 2018/19 revenue budget comprises previously approved budgets which were subject to consultation as part of the approval process.

## **13. Other Impact of the Proposals**

13.1 No specific impacts.

## **14. Appendices**

14.1 None

## **15. Background Papers**

15.1 2018/19 Revenue Budget – NECA report January 2018

<https://northeastca.gov.uk/wp-content/uploads/2018/03/Leadership-Board-16-January-2018-Agenda-Pack.pdf>

2019/20 Revenue Budget – JTC report January 2019

<https://northeastca.gov.uk/wp-content/uploads/2019/01/North-East-Joint-Transport-Committee-22-January-2019-Agenda-Pack.pdf>

## **16. Contact Officers**

16.1 Eleanor Goodman, Principal Accountant, NECA,  
[eleanor.goodman@northeastca.gov.uk](mailto:eleanor.goodman@northeastca.gov.uk), Tel: 0191 277 7518

## **17. Sign off**

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

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## North East Joint Transport Committee

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**Date:** 19<sup>th</sup> March 2019

**Subject:** East Coast Main Line 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 2033 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.

Preparation needs to commence now to deliver the future services described in this report as a consequence of the lead times involved in major rail infrastructure projects. 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 Joint Transport Committee is recommended to note the progress made and comment on the present and future activities described in this report.

## 1. Background Information

1.1 The East Coast Main Line (ECML) is one of the UK's most important strategic transport routes. It is a vital artery for the North East, as it carries most of our long distance rail services and many local ones, as shown on the map at **Appendix 1**. **Appendix 2** lists the Train Operating Companies running on the ECML in the North East.

1.2 The organisations which the North East deals with that have a stake in the ECML, together with their role are set out below:

**The Secretary of State for Transport** sets overall rail policy and strategic objectives, including oversight of rail franchises, provision of funding and procurement of new rolling stock.

**Department for Transport (DfT)** implements the rail policy and strategic objectives set by the Secretary of State. It lets and manages passenger rail franchises in England, pays subsidies to loss-making rail franchises and receives premium payments from profit-making franchises. The Department is also the 'operator of last resort' should an operator fail, such as Virgin Trains East Coast.

**Network Rail** owns and manages most rail infrastructure in Britain. It is funded partly through a direct grant from the government and partly by train operating companies paying access charges to use the rail network. It then invests its income in the rail system. As a public sector body it may not borrow money from the private sector.

**Train operators** run passenger or freight services, either through a franchise or an "open access" agreement such as that under which Grand Central Trains operates.

**High Speed 2 (HS2)** is the new railway planned to be built from London to Manchester and Leeds, by 2033. There will be a connection to the ECML near York, which will allow HS2 trains to run to Newcastle along the ECML route.

**Northern Powerhouse Rail (NPR)** is a subsidiary of **Transport for the North (TfN)** and its plans comprise of a network of more and faster rail services across the North, including to the North East. As with HS2, these plans rely on a major upgrade of the ECML to accommodate the additional trains and allow them to run fast enough to achieve the significant journey time reductions that TfN envisage.

**All Party Parliamentary Group (APPG)** on the East Coast Main Line. A group of MPs and Peers, chaired by Catherine McKinnell MP (Lab, Newcastle upon Tyne North) that campaigns to secure investment on the ECML

**Consortium of East Coast Main Line Authorities (ECMA)** works to secure investment, improve the passenger experience, improve capacity and reliability and shorten journey times on the ECML.

The principal decision makers in the above list are the Secretary of State for Transport and DfT. HS2, TfN, the APPG and ECMA are all organisations with and through whom the North East needs to work in order to achieve our aim of investment in the ECML.

1.3 The region's main concern with the ECML is that it does not have the resilience, capacity, or line speeds necessary to meet existing requirements, let alone those in the future. These points are discussed further in the following paragraphs. In particular, the ECML needs very significant investment, including providing additional tracks between Northallerton and Newcastle, for it to do all of the following:

1. Be "HS2 ready" by 2033 so that HS2 services can run along it as reliably as they will do on the dedicated HS2 network and at much higher speeds than the line currently permits – see 3.1 to 3.5 below;
2. Accommodate the extra and faster trains envisaged by Transport for the North (TfN) through Northern Powerhouse Rail (NPR) – see 3.6 to 3.10 below;
3. In the longer term, be ready for High Speed Scotland – see 3.16 to 3.19 below, and;
4. Cope with the growth that will happen anyway even not taking the above into account.

It is vital to note that the above are complementary and not divisible. Each element will only yield its full economic benefit to the North East and the wider UK if ECML investment is sufficient to enable them all to happen.

## **2. Immediate Issues**

### **2.1 Resilience**

Because most of the ECML between Northallerton and Newcastle only has two tracks, it cannot cope in times of disruption. The age and condition of the track, signalling and power supply and the increasing demands placed upon them make disruptions more likely. The dependency of the area on the ECML is demonstrated when trouble occurs to any part of the line; all of the area's rail links to the key economic centres of the UK can be either severely disrupted or even severed altogether for several hours. To meet the increased power supply requirements of the new trains entering service on the ECML, Network Rail have programmed in power supply improvements works during the next spending period 2019-2024

### **2.2 Capacity**

There are insufficient train "paths" (see Glossary for a definition) for all the services that aspire to use the ECML to and from our region (taking into account long distance and local passenger services, open access operators and freight). There are currently six passenger and two freight train paths per hour in each direction with at least one more passenger train path per hour in each direction planned by 2021. Transport for the North's development work envisages that 9.5 passenger train paths per hour will be needed by 2033 to meet all anticipated future requirements.

### **2.3 Line speeds**

The current maximum line speed on the ECML is 125mph. However, not all trains currently using the ECML are capable of anywhere near this as Appendix

2 shows Slow (60mph) freight trains further reduce capacity, especially on the two track section north of Northallerton where trains catch each other up. Network Rail is therefore looking at where possible to upgrade the ECML to 140mph (the maximum speed of the new Azuma trains) as part of the NPR work described in Section 3, but to make this speed increase worthwhile, faster and slower trains need to be separated out. The major investment north of Northallerton needed to deliver this increase in capacity involves creating extra tracks by some means (which could include the re-opening of the Leamside Line as a diversionary route) to make an effective four track railway.

#### 2.4 Services

Whilst there are various plans for growth in services using the ECML over the next five years, the line capacity issue means that not all will be capable of being operated without immediate investment, which seems unlikely. This will inevitably lead to difficult choices for the industry and the North East must seek to have a strong voice in those discussions. Furthermore we wish to see growth in rail services to cities and towns that are not on the ECML, but which will need to use the ECML for all or part of their routing.

2.5 Network Rail recognises these challenges and highlighted them in its draft East Coast Route Study published last year. Whilst the study identifies several projects in the North East with a total cost of upwards of £3bn-£4bn, none of them are expected to be covered by the funding available to Network Rail up to 2024. In addition, the ECML has had significantly less investment than the West Coast Main Line which benefitted from a £9bn upgrade in the early 2000s that resulted in higher speeds, greater capacity and increased usage.

### 3. **High Speed 2 (HS2)**

3.1 HS2 has the potential to develop the North East's fragile economy through transformed rail links. This 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 period 2024-2033 to make it 'HS2-ready' and to enable HS2 trains to continue to Scotland.

If this is not achieved, it will have a negative effect holding the North East back while other parts of the country benefit from improved intercity train services.

3.2 Rebalancing Britain's economy through fast, frequent rail connectivity is at the centre of the vision for HS2. Construction is starting on phase one of HS2 (London to Birmingham), with an estimated opening date in 2026. The map at Appendix 3 shows the planned expansion of HS2 as part of phase 2b, including to Yorkshire, where the line will split with one spur to Leeds and another towards York. From York, it is planned for HS2 services to use a link to the East Coast Mainline (ECML) to reach the North East, giving the region direct access to the HS2 network. If approved by Government, HS2 phase 2b including the link to the ECML will open in 2033. Transport Scotland is examining the case for the trains to travel via an upgraded ECML to Scotland, as described in 2.15 to 2.19.



### 3.3 The North East needs HS2 because:

- A sustained increase in passenger numbers since the early 1990s has put pressure on the existing rail network;
- Although HS2 trains will run faster than existing ones, it is not just about speed. Whilst it will transform journey times for the region, particularly to the Midlands, it will also deliver extra capacity nationally (although not in the North East). This will relieve pressure on existing lines, opening opportunities to expand other services, such as freight;
- HS2 Phase 2b will be key in supporting the development of Northern Powerhouse Rail (NPR). A junction South of York will accommodate HS2 and NPR services travelling to and from our region, enabling nationwide connectivity. In addition, NPR proposals elsewhere in the North rely upon HS2 funding and improvements, particularly on the approach to city entries in Manchester and Leeds. Without HS2 Phase 2b, we are unlikely to maximise the full benefits of NPR;
- Without HS2 Phase 2b, the business cases for NPR and upgrading the ECML will be more difficult, given the lack of incentive to support a nationally significant scheme; and
- The North East SEP refresh highlights the lack of committed investment in the ECML and the need to tackle this challenge to enable HS2 Phase 2b. This will facilitate the efficient movement of goods and people, helping to drive the region's economy forward.

Therefore, the region must support HS2 Phase 2b, by lobbying Government and continued participation in TfN and ECMA as described later in this report.

3.4 High Speed 2 (HS2) will therefore present a challenge, because HS2 services will operate on the existing ECML from York to the North East, alongside other long distance and regional passenger services and freight. As described in paragraph 1.6, the speed difference between HS2 and other trains requires significant investment in the ECML to provide separate tracks for higher speed and lower speed services. In addition, HS2 is envisaged to operate to a much higher standard of performance and reliability than currently prevails on the ECML, so action needs to be taken to address this.

### 3.5 Latest developments

As reported to the January meeting of this Committee, HS2 Ltd recently consulted on its plans for Phase 2b of HS2. A response emphasising the above points and emphasising the need for extra capacity on the ECML north of Northallerton not only for HS2 Phase 2b in 2033 but also more immediately was therefore submitted.

#### Next steps:

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 to be realised.

## **Northern Powerhouse Rail (NPR)**

- 3.6 NPR is being led jointly by DfT and Transport for the North (TfN). The aim of NPR is to deliver more and faster rail journeys between principal locations in the North – for example saving an hour on a journey from Newcastle to Manchester. The NPR map is shown at Appendix 4.
- 3.7 At the February TfN Board, members approved the Strategic Outline Business Case (SOBC) for the NPR Network and TfN have now submitted this to government for approval. The network is split into interlinked corridors and for the Leeds to Newcastle corridor the proposals include a suite of interventions in Yorkshire and then a significantly upgraded ECML to the North East. Improvements will be required at Newcastle station and services may run through Newcastle to Sunderland or Edinburgh. The SOBC has a positive cost benefit ratio and if approved will enable more detailed work to be carried out on both the economic modelling and infrastructure refinement to reach a preferred option for detail design and ultimately construction. As NPR and HS2 are intrinsically linked, TfN is working to the same delivery timetable for the Leeds – Newcastle corridor as per HS2 Phase2b i.e. open by 2033.
- 3.8 The NPR SOBC is based on the requirement for nine passenger trains on the ECML, to accommodate a mix of existing services, and NPR / HS2 services. The key constraint to delivering this level of trains per hour is the speed mix particularly with freight. Thus there is a need to separate freight from passenger and this can only be done by diverting it away from the existing ECML. No amount of improvement work solely on the existing two tracks between Northallerton and Newcastle will be sufficient to deliver this, hence NPR are developing a plan to reopen of the Leamside line and upgrading the Stillington line.
- 3.9 It should be noted that the North East has additional aspirations for the use of the Leamside Line that complement its use as a diversionary route for the ECML: its southern section could potentially offer a direct route for services between Sunderland and the ECML by the reinstatement of track as far as South Hylton; it could lead to Washington being served by passenger trains for the first time; and its northern section could form part of a Metro loop serving Wearside.
- 3.10 Latest developments  
The TfN Board and resultant SOBC described above  
Next steps  
Continue to work with TfN to emphasise that, as with HS2, NPR can only be delivered if there is substantial investment in the ECML to deliver two more tracks between Northallerton and Newcastle.

## **East Coast Main Line Authorities (ECMA) Group**

- 3.11 The North East has played an active part in ECMA since its formation. The region now provides secretariat for ECMA (for which it is reimbursed from ECMA funds), ensuring that it is properly resourced and fully able to campaign

effectively for investment in the ECML.

3.12 Research for ECMA demonstrating the benefits of investment in the ECML, which emphasises that this will only yield maximum benefit if combined with HS2 Phase 2b, was published in 2016 and concluded that:

- investing £3 billion in the ECML would generate £9 billion for the UK economy;
- this investment needs to take place both before and after HS2 Phase 2b is operational in 2033; and
- HS2 and ECML investment are complementary not an “either/or”.

This research is now in need of a refresh. The North East Regional Transport Team, acting on behalf of and funded by ECMA, has therefore commissioned a refresh of this research which is due to be completed by April. ECMA will ensure that, once completed, this research will be given maximum publicity to support the campaign for investment in the ECML.

3.13 Latest developments

The ECMA Consortium last met on 27<sup>th</sup> February, to consider recent events and agree a 2019 work programme. The meeting was attended by the Joint Transport Committee Chair and other committee members.

Next steps

The North East is well-represented on ECMA and is therefore able to ensure that its activities are of benefit to the region. ECMA activities scheduled for 2019 include the following:

- Seeking meetings with both the Secretary of State for Transport and the Scottish Government Cabinet Secretary for Transport;
- Develop a communications strategy including updating the website to make it more attractive and include regular news items and making use of social media;
- Responding to the Williams Rail Review (to which the North East has already provided an initial response to the call for evidence as reported to the last meeting of this Committee); and
- Continue to supply the All Party Parliamentary Group (see section 5 below) and individual MPs with topics for debates and Parliamentary questions.

#### **All Party Parliamentary Group (APPG) on the East Coast Main Line**

3.14 ECMA’s successful discussions with MPs contributed to the setting up of the APPG by Catherine McKinnell, MP for Newcastle North last January. The APPG has met throughout 2018 and held meetings with key stakeholders including Network Rail and government ministers. ECMA will provide support and ideas for meetings in 2019.

3.15 Latest developments

A further APPG meeting is due by the end of May

#### Next steps

The North East needs to continue to work, both directly and through ECMA, with the APPG to ensure that its ECML investment aspirations feature prominently in the APPG's "asks" of government

### **High Speed Scotland**

3.16 In November 2013 the Department for Transport (DfT) commissioned HS2 Ltd to undertake a feasibility study exploring broad options for improved rail capacity and journey times to the North of England and Scotland. Current typical journey times between London and Glasgow are 4 hours 31 minutes, and between London and Edinburgh 4 hours 23 minutes. The study investigated the feasibility of delivering journey times of 3 hours or less between London and Scotland, by looking into upgrade options to the existing West Coast Main Line (WCML) and East Coast Main Line (ECML), and options for high speed routes extending from HS2 Phase Two.

3.17 Subsequent to this work, Transport Scotland (acting on behalf of a joint Transport Scotland, DfT and Network Rail working group) commissioned a further study considering the potential for accelerated journey times between our region and Scotland. The current HS2 Ltd Train Service Specification shows Edinburgh being served by HS2 trains running via the West Coast Main Line although the North East's position stated in the recent response to HS2's consultation is that we do not accept the premise for this.

3.18 The UK and Scottish Governments made a commitment in March 2016 to "work with Transport Scotland and Network Rail to identify infrastructure options that could improve capacity, resilience and journey time on the [rail] routes between England and Scotland". In the light of this commitment, a business case will be presented in due course for a solution that achieves these objectives.

3.19 Latest developments

Commissioning of the study into how to deliver faster journey Anglo-Scottish rail journey times as described above

#### Next steps

Ensure that the North East is effectively involved in Transport Scotland's work and that the need for ECML investment is prominently emphasised.

### **ECML Round Table**

3.20 There are numerous pieces of work being done by various bodies seeking to improve services on the ECML to and through the North East. At the request of the North East, TfN has arranged a series of 'round table' meetings to bring all these bodies together to share the work they were doing and to forms these into a coherent coordinated programme.

3.21 Latest developments

The second 'round table' meeting took place in February 2019.

#### Next steps

Work with TfN on a single investment proposal for the Northern part of the ECML which can be promoted through the various channels described in this report.

#### **4. Proposals**

4.1 This report is for information purposes only.

#### **5. Reasons for the Proposals**

5.1 This report is for information purposes only.

#### **6. Alternative Options Available**

6.1 Not applicable to this report.

#### **7. Next Steps and Timetable for Implementation**

7.1 Officers will continue to participate in the activities described in this report and report back on developments as necessary.

#### **8. Potential Impact on Objectives**

8.1 The delivery of improved rail service in the North East will assist in delivering its key objectives for economic growth, greater opportunities and reduction of transport-based carbon emissions

#### **9. Financial and Other Resources Implications**

9.1 The only financial implication is the on-going subscription to ECMA from the two Combined Authorities of £15,000 in 2019/20 which is available within the existing budget.

9.2 There are no Human Resource or ICT implications

#### **10. Legal Implications**

10.1 There are no legal implications

#### **11. Key Risks**

11.1 If the North East does not participate actively in the activities described in this report, there is a potential for the region to lose out in terms of economic opportunities.

#### **12. Equality and Diversity**

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

**13. Crime and Disorder**

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

**14. Consultation/Engagement**

14.1 Heads of Transport and this Committee will be kept up to date with developments as necessary.

**15. Other Impact of the Proposals**

15.1 No specific Impacts

**16. Appendices**

16.1 Appendix 1: Map of ECML and adjacent routes

Appendix 2: Passenger Train Operating Companies serving the North East part of the ECML

Appendix 3: High Speed 2 map including link with East Coast Main Line

Appendix 4: Northern Powerhouse Rail Map.

**17. Background Papers**

17.1 The North East Joint Transport Committee's responses to the Williams Rail Review call for evidence and to the HS2 Phase 2b consultation are Agenda items 6 and 10 respectively of the Joint Transport Committee, 22<sup>nd</sup> January 2019 available at

<https://northeastca.gov.uk/wp-content/uploads/2019/01/North-East-Joint-Transport-Committee-22-January-2019-Agenda-Pack.pdf>

East Coast Main Line Authorities details including 2016 research available at

<https://www.investineastcoast.co.uk/>

Details of the All Party Parliamentary Group (APPG) are available at

<https://publications.parliament.uk/pa/cm/cmllparty/180314/east-coast-main-line.htm> and

<https://www.catherinemckinnellmp.co.uk/category/appg-east-coast-mainline/>

**18. Contact Officers**

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**19. Sign off**

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

## 20. Glossary

**APPG** – All Party Parliamentary Group on the East Coast Main Line. A group of MPs and Peers, chaired by Catherine McKinnell MP (Lab, Newcastle upon Tyne North) that campaigns to securing investment on the ECML; on improving passenger experience, capacity and reliability; and on shorter journey times - as well as on the economic growth that could be unlocked in the areas the ECML serves.

**ECMA** – Consortium of East Coast Main Line Authorities. This works to secure investment, improve the passenger experience, improve capacity and reliability and shorten journey times on the ECML. ECMA's members represent Local Authorities, Combined Authorities and Scottish Regional Transport Partnerships along the East Coast Main Line. Each has a responsibility for enabling economic growth in their own sections of the line. The Consortium allows members to speak with a single voice.

**ECML** – East Coast Main Line railway. One of the UK's most strategic transport routes. It stretches more than 500 miles from London to Scotland via the North East, contributes significantly to UK PLC and connects a diverse range of businesses as well as the political capitals of England and Scotland.

**HS2** – High Speed 2, a new high speed railway that will run between London and Birmingham from 2026, extends to Crewe by 2027 and then link to Manchester and Leeds from 2033. It is termed High Speed 2 because the Channel Tunnel Rail Link between London and the United Kingdom end of the Channel Tunnel is termed High Speed 1.

**HS2 Phase 2b** – that part of HS2 linking Birmingham to Leeds, and also including a link between HS2 and the ECML, allowing HS2 trains to run on the ECML to Newcastle and potentially beyond

**HS2East:** A collaboration of Authorities, LEPs and Chambers of Commerce in the East Midlands, Yorkshire, North East and Scotland with a focus on securing the delivery of the eastern leg of the HS2 'Y' from Birmingham to Leeds. The campaign is focused on the value of economic and wider benefits that delivery of this part HS2 will realise, including along an upgraded ECML north of York as this being the natural route to Scotland for HS2 services

**High Speed Scotland** - the UK and Scottish governments are working together with business and Civic leaders throughout Northern England and Scotland to support the extension of the high speed rail network to Scotland.

**NPR** - Northern Powerhouse Rail, a major strategic rail programme, designed to transform connectivity between the key economic centres of the North. The programme promises radical changes in service patterns and target journey times. NPR's Strategic Outline Business Case received Board approval in February 2019. It outlines just how the investment could increase the capacity,

speed and resilience of the North's rail network. The network represents an investment of up to £39bn.

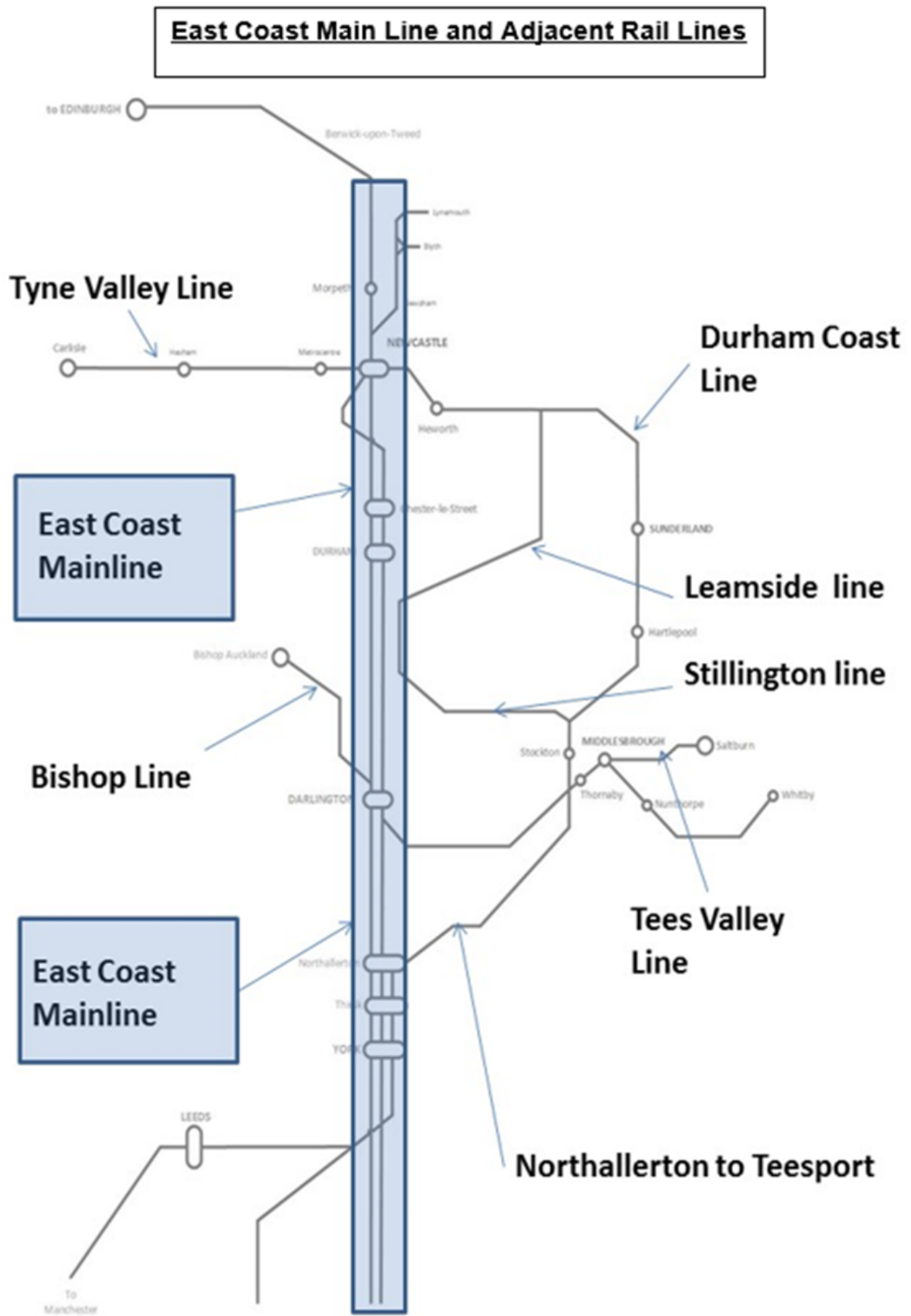
**NwR:** Network Rail (NwR) owns and manages most rail infrastructure in Britain. It is an arm's length public body of the Department for Transport with no shareholders and thus reinvests its income in the railways. Network Rail is funded partly through a direct grant from the government and partly by train operating companies paying access charges to use the rail network. As a public sector body it may not borrow money from the private sector.

**TfN:** Transport for the North (TfN) is a partnership of public and private sector representatives working with central government and national transport bodies to develop and deliver strategic transport infrastructure across the North of England including the NECA area. Through the Cities and Local Government Devolution Act 2016, TfN is now the UK's first statutory sub-regional transport body. It is a Statutory Partner to the Department for Transport, Highways England, and Network Rail to ensure that the North's pan-Northern strategic transport priorities are delivered

**Train path** - In railway terminology, a train path is the time "slot" of a possible movement of a train along a given route.



**Appendix 1 : Map of ECML and adjacent routes**



## Appendix 2: Train Operating Companies serving the North East part of the ECML

Operator	Running between	North East stations served	Max speed of rolling stock currently used
1. London North Eastern Railway	London and Scotland	Durham, Sunderland (one train per day), Newcastle, Morpeth, Alnmouth and Berwick upon Tweed	125mph
2. Cross Country	South and South West England, the Midlands and Scotland	Chester le Street (one train per day), Durham, Newcastle, Morpeth, Alnmouth and Berwick upon Tweed.	125mph
3. Grand Central	London and Sunderland	Sunderland	125mph
4. TransPennine Express	Liverpool, Manchester, Manchester Airport and Newcastle	Chester le Street, Durham and Newcastle	100mph
5. Northern Rail	a. Newcastle, Morpeth and Chathill	Newcastle, Manors, Cramlington, Morpeth, Pegswood, Widdrington, Acklington, Alnmouth, Chathill (limited service north of Morpeth)	75mph
	b. Tees Valley and Newcastle	Durham, Chester le Street and Newcastle (limited service)	75mph
6. Freight operators	Range of services along ECML	n/a	60mph to 100mph depending on locomotive and train type

### Appendix 3: High Speed 2 map including link with East Coast Main Line



## Appendix 4: Northern Powerhouse Rail Map



## North East Joint Transport Committee

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**Date:** March 2019  
**Subject:** Air Quality Update  
**Report of:** Managing Director, Transport North East

### Executive Summary

The purpose of this report is to update the Joint Transport Committee on the latest position with respect to air quality.

### Recommendations

Members are asked to note the contents of this report, detailing the latest position in respect of air quality and the legal direction that three of the constituent local authorities are subject to.

## 1. Background Information

- 1.1 Air Quality is a very significant public health issue in the UK, with estimates of up to 40,000 early deaths linked to poor air quality annually, including hundreds within the North East.
- 1.2 Much of the action to improve air quality has been driven by European legislation. This includes legislation on both emissions and the levels of pollutants in the air. These Directives have been transposed into UK law for a number of years. The Government has not announced any plan to change the law relating to air quality after Britain leaves the European Union.
- 1.3 The government has repeatedly been taken to court and lost a number of legal challenges relating to its obligations to ensure that measures are taken in order to reduce nitrogen dioxide to levels below the limits required. In particular, it has been established that the government is now under an obligation to take measures to achieve these limits in the shortest possible time. The most recent *UK Plan for tackling roadside Nitrogen Dioxide concentrations* identified a number of areas across the country that, based on government modelling, would not be compliant with legal limits for roadside Nitrogen Dioxide (NO<sub>2</sub>) by 2021.
- 1.4 As part of the *UK Plan*, many Councils including Newcastle, Gateshead and North Tyneside were subject to a Direction (a legal order) from the Secretary of State dated 27 July 2017 to *“Undertake as part of the UK plan for tackling roadside nitrogen dioxide concentrations 2017, a Feasibility Study in accordance with the HM Treasury’s Green Book approach, to identify the option which will deliver compliance with legal limits for nitrogen dioxide in the area for which the authority is responsible, in the shortest possible time”*. Sunderland and South Tyneside Councils were also subject to a direction in February 2018 following a subsequent court case.

## 2. Proposals

- 2.1 The Cabinets of Gateshead, Newcastle and North Tyneside Councils have approved the submission of an Outline Business Case to the Joint Air Quality Unit and the beginning of a public consultation regarding Air Quality, including measures to deliver compliance in the shortest possible time.
- 2.2 The proposals include:
- A Clean Air Zone Class D (which would charge buses, taxis, HGVs, LGVs and cars which were not Euro 6 diesel or Euro 4 petrol) focused on Newcastle & Gateshead Town / City Centres stretching onto the A1058 (Coast Road) and including the Gosforth Air Quality Management Area;

- Other means of charging certain road users that would not focus solely on older vehicles and therefore could be seen to be more equitable. By applying to a wider range of vehicles than government's approach this option could also be set at a lower level in order to remain effective. These options include tolls on city centre bridges that could be set at the same level as those for the Tyne Tunnel (£3.40 for HGVs, £1.70 for LGVs / cars);
- A Low Emission Zone to ensure a minimum emissions standard (EURO VI/6) for buses, HGVs and taxis in Newcastle city centre. This would be a smaller area than the area modelled for the CAZ and would be focused on Newcastle City Centre with an option to implement a similar LEZ in Gateshead Town Centre around the Interchange;
- A ban on use of the Central Motorway between the Tyne Bridge and Coast Road in the peak hours for HGV & LGVs;
- Significant investment in cycling infrastructure, particularly to public transport interchanges;
- Junction changes to alter access on / off Central Motorway and the Tyne Bridge; and
- Local measures to improve air quality by removing pollutants from the atmosphere.

2.3 Depending on the measures taken to change infrastructure to improve air quality it is considered likely that certain individuals or communities may be disproportionately impacted. Therefore, in addition to the measures outlined above, there are also proposed measures to support those most impacted, these include:

- Grants for upgrades / scrappage for particular types of vehicles if owned by people meeting certain criteria;
- A public behaviour change campaign that incorporates engagement with businesses and schools to look at implementing new working practices and ways to get around. This is particularly important given that the larger reduction we can see in single occupancy car trips, particularly in peak hours, the better the area's transport network will function and the cleaner our air will be;
- Travel credits for people on lower incomes living within or commuting to the impacted area to ensure there are realistic options for alternative ways of getting around; and
- Exemptions for certain types of vehicles or users such as emergency service vehicles and blue badge holders

All of these proposals are subject to a public consultation.

2.4 There are also a number of measures which could result in improved air quality and could be funded from either the Clean Air Fund associated with this work or alternative funding sources and that we wish to consider through our consultation. These measures align with the emerging priorities for the Transforming Cities

Fund, where the North East has been shortlisted to submit a bid by November 2019. The types of measures we are considering are also focused on enabling sustainable and active ways of travelling in the area. These measures include:

- Transforming Newcastle City Centre to improve bus, pedestrian and cycle access;
- Potential removal of major infrastructure such as the Gateshead Flyover that act as barriers to movement;
- Investment in Intelligent Transport Systems and other measures to improve traffic flow and public transport priority on key corridors;
- Consideration of measures such as a Workplace Parking Levy;
- Improved public transport interchanges;
- New Metro stations in areas such as North Tyneside facilitated by adding another Metro track east of Pelaw; and
- New Park and Ride facilities and Metro / light rail extensions / improvements.

2.5 In response to the legal directions issued to both South Tyneside Council and Sunderland City Council, both have undertaken targeted feasibility studies on local road links that government had determined would be over the legal limit. South Tyneside Council's assessments have determined that the A194 corridor, which is the specific road link that South Tyneside had been asked to examine, was now in compliance for NO<sub>2</sub>, with no further action required.

2.6 Sunderland's study also determined that there were no road links that exceed the NO<sub>2</sub> limits required in respect of air quality. Nevertheless, to maintain this situation the council are continuing to devise strategies to improve air quality across the city. The council have identified a number of key routes and junctions that would benefit from major investment to enable highway enhancements that will help reduce congestion levels, provide better journey time reliability and encourage modal transfer to more sustainable forms of transport. Furthermore, work on travel plans for businesses and schools, work on car clubs and further studies such as a review of vehicle speeds on key routes and consideration of taxi licensing requirements are being progressed.

In addition, funding has been secured to enable 16 buses on the 56 service, which travels between Sunderland and Newcastle, to be retrofitted with a Selective Catalytic Reduction System and new electric filling stations will be installed at the City Centre and on the A19 on the outskirts of Sunderland.

2.7 Durham City has a declared AQMA which covers the majority of the main routes in the City Centre. The air quality issues relate to the volume of traffic accessing the City both for employment and leisure and also as part of longer distance journeys. The County Council have an accepted Air Quality Action plan which includes



measures such as:

- Recent traffic management changes within the City Centre including additional signalisation and linking of junctions (UTC);
- Ensuring that park and ride buses are compliant with the Euro VI emission;
- The development of cycle-ways to encourage modal shift across Durham City;
- The promotion of Smarter Travel Choices;
- Variable message and car park direction signing system to direct traffic to available parking;
- Exploration of differential parking charges with preferential rates for low polluting vehicles; and
- Expansion of Park and Ride.

The County Council are also considering a more significant intervention with the construction of a Northern Relief Road around the City in tandem with measures to remove existing highway capacity.

### **3. Reasons for the Proposals**

- 3.1 The proposals will assist the authorities in complying with the important public health issues of air pollution and comply with the Direction placed upon them by DEFRA.

### **4. Alternative Options Available**

- 4.1 Option 1 – JTC may accept the recommendations in this report  
Option 2 – JTC may not accept the recommendations in this report.  
Option 1 is the recommended option.

### **5. Next Steps and Timetable for Implementation**

- 5.1 The public consultation process will run between March and May 2019. Subsequent to this, a Full Business Case will be prepared and agreed with Government. This will include a detailed implementation plan to ensure that the councils implement measures by January 1st 2021.

### **6. Potential Impact on Objectives**

- 6.1 This proposal may have an impact on a number of objectives set out in the Strategic Economic Plan and Local Transport Plan.
- 6.2 In terms of the Strategic Economic Plan, there are both positive and negative potential employment impacts from any proposal which seeks to reduce the use of high-polluting diesel vehicles. While the region may be impacted in a

transition away from diesel vehicles, thereby impacting the objective of *More and better jobs*, there are world-leading strengths within the Ultra Low Emission Vehicle manufacturing industry in the region, which could be boosted by a transition to cleaner vehicles.

- 6.3 The existing Tyne and Wear Local Transport Plan 3 sets out Policy 18 *We will seek to improve air quality* and this proposal will have a positive impact upon this policy, as all options result in lower Nitrogen Dioxide concentrations in the worst affected areas.

## **7. Financial and Other Resources Implications**

- 7.1 Proposals which charge forms of vehicle in central Tyneside may result in vehicles rerouting and using the A1 and A19. Additional traffic or rerouting may have implications for future Tyne Tunnel revenues and Metro revenues. Any potential impact will continue to be discussed with TT2 and Nexus.

## **8. Legal Implications**

- 8.1 There are no anticipated legal impacts for the Joint Transport Committee.

## **9. Key Risks**

- 9.1 There are no key risks for the Joint Transport Committee.
- 9.2 The authorities involved are seeking to mitigate a number of risks, these include:
- Public health, poor air quality is impacting on people's lives and needs to be addressed. The authorities have made a number of improvements in recent years but need to continue to do so through their proposals and engaging with people about their travel choices;
  - The availability of funding any solutions, which is mitigated through continual dialogue with Government and submission of business cases to guarantee funding; and
  - Having significant adverse impacts on the most vulnerable populations in the area. These impacts are mitigated through the extensive public consultation process and also through the preparation of dedicated impact assessments for vulnerable populations.

## **10. Equality and Diversity**

- 10.1 As part of their Public Sector Equality Duty, Tyneside Authorities have undertaken an Integrated Impact Assessment of their Clean Air Zone options. This report itself does not have any equality and diversity implications.

## **11. Crime and Disorder**

11.1 There are no anticipated Crime and Disorder impacts from this report.

## **12. Consultation/Engagement**

12.1 There will be a full public consultation as part of this work, running for 11 weeks between March and May 2019. While this consultation will be focused on Newcastle, Gateshead and North Tyneside, residents of any Joint Transport Committee authority and elsewhere will be able to participate.

## **13. Other Impact of the Proposals**

13.1 The proposals have a number of impacts. The impacts have been assessed as part of the Outline Business Case, Integrated Impact Assessment and will continue to be assessed as part of the public consultation.

13.2 This report itself does not have any impacts

## **14. Appendices**

14.1 There are no appendices attached.

## **15. Background Papers**

15.1 *Consulting on ways to improve Air Quality in Newcastle, North Tyneside and Gateshead 25/26<sup>th</sup> February 2019*  
<http://democracy.newcastle.gov.uk/documents/s140706/Cabinet%20Air%20Quality.pdf>

## **16. Contact Officers**

16.1 Graham Grant [graham.grant@newcastle.gov.uk](mailto:graham.grant@newcastle.gov.uk) Tel: 01912116011

## **17. Sign off**

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

**18. Glossary**

CAZ – Clean Air Zone

HGV – Heavy Goods Vehicle

JAQU – Joint Air Quality Unit

LGV – Light Goods Vehicle

NO<sub>2</sub> – Nitrogen Dioxide

PM – Particulate Matter

## North East Joint Transport Committee

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**Date:** 19 March 2019  
**Subject:** Funding Formula Consultation Response  
**Report of:** Chief Finance Officer

### **Executive Summary**

The purpose of this report is to inform the Joint Transport Committee of its response to the Ministry of Housing, Communities and Local Government (MHCLG) consultation on the review of local authorities' relative needs and resources. Formulating a response was delegated to the Chair in consultation with the Chief Finance Officer and Managing Director, North East Transport.

### **Recommendations**

The North East Joint Transport Committee is recommended to note the report and the response to the consultation.

## **1. Background Information**

- 1.1 As reported at the last meeting of this Committee, MHCLG had issued a consultation on its Review of Local Authorities' Relative Needs and Resources. The consultation sought views on the approach to measuring the relative needs and resources of local authorities, which will determine new baseline funding allocations for local authorities in England in 2020/21. At its previous meeting, the JTC agreed that it would formulate a response, delegating responsibility for this to the Chair in consultation with the Chief Finance Officer and Managing Director, North East Transport.
- 1.2 The JTC was advised that the response would express a strong preference to keep a specific formula for concessionary travel funding, which recognises the different patterns of boarding around the country, as opposed to the current proposal to simply merge the funding into a foundation formula based mainly on resident population.
- 1.3 The funding allocations have implications for the JTC since they include funding to local authorities for the statutory English National Concessionary Travel Scheme (ENCTS), which is included in the three transport levies and paid to Nexus, Durham Council and Northumberland Council to meet the costs of the scheme.

## **2. Proposals**

- 2.1 The response was agreed with the Chair and submitted by NECA on 21 February, acting in its capacity as accountable body for transport within the geographic area of the Joint Transport Committee. The response submitted is attached as Appendix 1.
- 2.2 Key points to note from the response are:
- It is essential that there is a separate and transparent funding formula or mechanism for Concessionary Travel and that it is not simply included in the foundation formula for Upper Tier services, which would mean funding distributed on the basis of resident population with no recognition of need and costs relating from factors such as deprivation, low car ownership and high concessionary travel usage.
  - Evidence of an existing funding gap between the costs of a national statutory scheme and the funding currently available from Government has been provided to MHCLG and to the Transport Select Committee.
  - Failure to include evidence of spending need in the funding formula for concessionary travel would result in an unfair outcome that would be likely to fail the key principles of the funding review.

## **3. Reasons for the Proposals**

- 3.1 This report is presented to the Committee for information.

## **4. Alternative Options Available**

- 4.1 Not applicable – report is for information.

## **5. Next Steps and Timetable for Implementation**

5.1 The response to this consultation was submitted in line with the deadline of 21 February. MHCLG are analysing all feedback and the outcome of the consultation will be reported in due course.

## **6. Potential Impact on Objectives**

6.1 This report is for information and therefore there is no impact on objectives. Adequate funding for the costs of ENCTS is essential to enable the two Combined Authorities to meet their statutory responsibilities as Transport Authorities.

## **7. Financial and Other Resources Implications**

7.1 There are no specific financial implications arising from this report. Potential financial implications of the proposals contained within the consultation are considered in the response.

## **8. Legal Implications**

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

## **9. Key Risks**

9.1 There are no specific risks arising from this report, which is for information.

## **10. Equality and Diversity**

10.1 There are no specific crime and disorder 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 The response to the Fair Funding consultation in this report was subject to consultation with the Chair and with Chief Finance Officers and Chief Executives of each council in the Joint Transport Committee area.

## **13. Other Impact of the Proposals**

13.1 No specific impacts.

## **14. Appendices**

14.1 Appendix 1: Response to the Review of Local Authorities Relative Needs and Resources

## **15. Background Papers**

15.1 MHCLG consultation documents are available at the following link:

<https://www.gov.uk/government/consultations/review-of-local-authorities-relative-needs-and-resources>

## **16. Contact Officers**

16.1 Eleanor Goodman, Principal Accountant, [eleanor.goodman@northeastca.gov.uk](mailto:eleanor.goodman@northeastca.gov.uk),  
Tel: 0191 277 7518

## **17. Sign off**

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

## **18. Glossary**

ENCTS – English National Concessionary Travel Scheme

MHCLG – Ministry of Housing, Communities and Local Government



## Appendix 1 – Response to the Relative Needs and Resources Consultation

### RESPONSE TO THE CONSULATION ON NEEDS AND RESOURCES

Full Name\*            **Paul Woods**

Organisation\*        North East Combined Authority

Address\*             1 St James Square  
Newcastle  
NE

Email address\*      Paul.woods@northeastca.gov.uk

Phone Number        07446936840

#### 1. Consultation response pro-forma

Are the views expressed on this form an official response from a:

**Combined Authority**

## Relative needs

### Question 1

Do you have views at this stage, or evidence not previously shared with us, relating to the proposed structure of the relative needs assessment set out in this section?

#### Yes

**It is essential that there is a separate and transparent Funding Formula or mechanism for Concessionary Travel and that it is not simply included in the foundation formula for Upper Tier services.**

**It is also essential that Concessionary Travel is fully funded, given the huge funding gap that now exists between the costs of what is mainly a national statutory scheme and the estimate funding Government is now providing.**

The case for a separate funding formula and the drivers of need to spend were clearly set out in the detailed paper NR TWG 18/17 presented to the Technical Working Group in September 2018. Need and cost is not simply driven by resident population.

New evidence of the funding gap was provided to Parliament Transport Select Committee in oral and written evidence on 30 January and 4 February 2019 and this has been recently copied to MHCLG.

**If the funding formula is not based on 'evidence' of spending need in this area of activity it is likely to fail key principles of the funding review and is unlikely to be seen as a fair outcome.**

The current proposal would potentially have very significant adverse impact on Transport Authorities ability to provide Public Transport in areas with high concessionary travel usage. This would have adverse impact on pensioners on low incomes and without access to a car and other users of public transport services. It would damage the achievement of transport objectives and undermine efforts to reduce congestion and air pollution, with potential adverse implications for public health.

### Question 3

What are your views on the best approach to Home to School Transport and Concessionary Travel?

Both services are important and deserve a greater degree of transparency of funding and adequate levels of funding to meet statutory responsibilities.

It is essential that there is a separate and transparent Funding Formula or mechanism for funding Concessionary Travel costs and that it is not simply included in the foundation formula for Upper Tier services, as currently proposed.

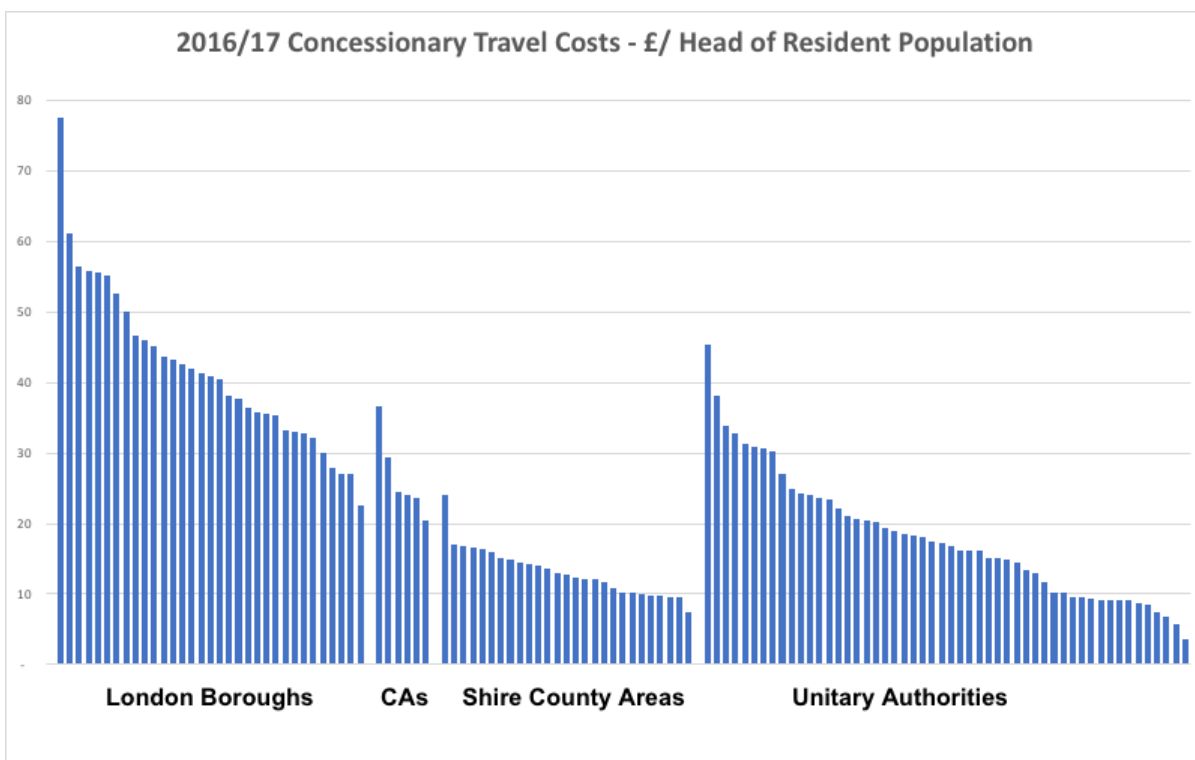
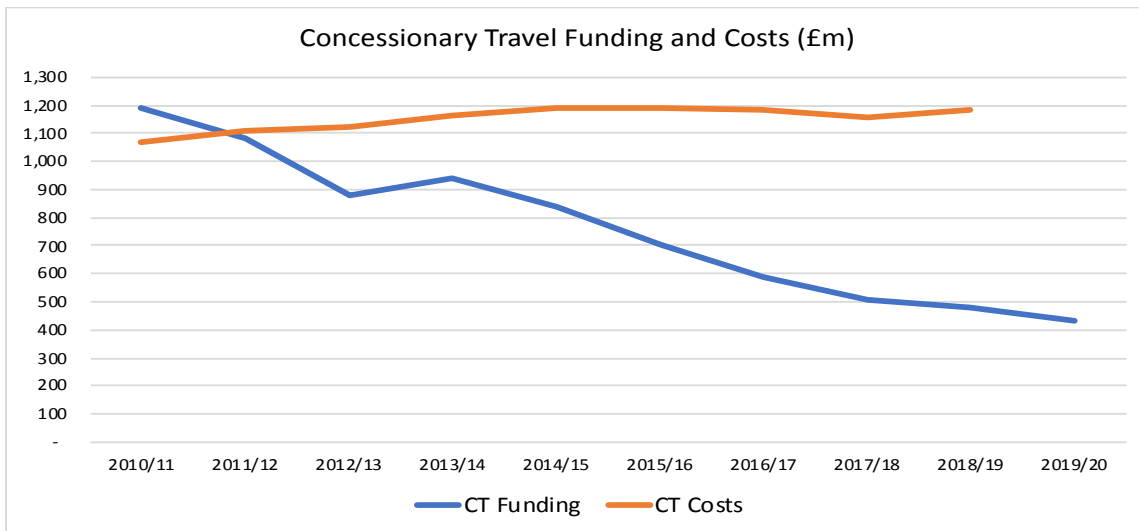
It is also essential that Concessionary Travel is fully funded, given the huge funding gap that I estimate now exists (over £700m) between the likely costs of what is mainly a national statutory scheme (c £1.15bn) and the estimate of funding Government is providing (estimated to be c £430m) in 2019/20.

The case for a separate funding formula and the key drivers of need to spend were clearly set out in the detailed paper NR TWG 18/17 presented to the Technical Working Group in September 2018. Need and cost is not simply driven by resident population. A recent DfT report provided evidence that pensioners on low incomes (under £20,000) travelled twice as much on CT journeys compared with pensioners with higher incomes. Pensioners without access to a car travelled three times as much as pensioners with access to a car. In addition, councils in areas that attract visitors from other areas have to pay for boardings in their area for non-residents, resulting in significant extra costs unrelated to their own resident population. This evidence was set out in report NR TWG 18/17 and is illustrated by the following chart which shows the pattern of spending per resident in 2016/17. This is clearly not a flat pattern of spending per resident. The spending need and cost can be much better be addressed by an updated estimate of Boarding by DfT developed in consultation with the LGA and LTAs as was developed for the current formula.

Evidence for the funding gap was provided to Parliament's Transport Select Committee in oral and written evidence on 30 January and 4 February 2019 and this has been copied to MHCLG. An estimate of the scale of the growing funding gap is also set out in the chart below. The funding gap and its impact on Transport services and Council budgets does not appear to be recognised or understood by DfT or MHCLG.

Another perhaps better more transparent and fairer alternative is to provide for the funding of concessionary travel outside of formula funding by a reimbursement of LTA concessionary travel costs by DfT.

If the funding formula is not based on real 'evidence' of spending need in this area of activity it is likely to fail key principles of the funding review and is unlikely to be seen as a fair outcome.



The current proposal would potentially have very significant adverse impact on Councils' ability to provide Public Transport, particularly in areas with high concessionary travel usage. This would have adverse impact on many pensioners on low incomes and pensioners without access to a car and other users of public transport services. It would damage the achievement of transport objectives and undermine efforts to reduce congestion and air pollution, with adverse implications for public health.

## Question 16

Do you have any comments at this stage on the potential impact of the proposals outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments.

YES

Please specify

The current proposal to move from a formula that reflects deprivation (low incomes) and bus and concessionary travel usage to a flat resident population based formula would potentially have very significant adverse impacts on many Councils' ability to provide Public Transport, particularly in areas with high concessionary travel usage.

This would have adverse impact on many **pensioners on low incomes** and **pensioners without access to a car** and **other users of public transport services, who are also on low incomes** and reliant on public transport.

The impact of reductions in the underfunding of concessionary travel can be evidenced by the cuts in transport services that occurred in 2005/06 to 2008/09 when a general formula approach was adopted by DCLG. The current proposal would have a more damaging effect due to the lack of recognition of the impact of deprivation and density, which was in the general formula in 2005/06. Cuts in public transport services in recent years also demonstrate the impact of the underfunding of concessionary travel.

It would damage the achievement of transport objectives and undermine efforts to reduce congestion and air pollution, with adverse implications for public health, particularly in areas that have high levels of air pollution.

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## North East Joint Transport Committee

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**Date:** 19 March

**Subject:** Appointment of the Independent Chair and Vice Chair for the Joint Transport Committee, Overview and Scrutiny Committee

**Report of:** Monitoring Officer

### Executive Summary

This report seeks agreement to the appointment of the Independent Chair and Vice Chair for the Joint Transport Committee, Overview and Scrutiny Committee for the Municipal Year 2018/19.

It also asks members to delegate the approval of appointments to the Chair and Vice Chair of the Joint Transport Audit Committee to the Chair of the Joint Transport Committee, acting on the recommendation of the recruitment panel, following the completion of the current recruitment process, due to the amount of time until the next scheduled meeting.

### Recommendations

It is recommended that the Joint Transport Committee:

- i. Appoints:
  - a. David Taylor-Gooby to be the Independent Chair of the Joint Transport Committee, Overview and Scrutiny Committee with immediate effect.
  - b. Andrew Clark to be the Independent Vice Chair of the Joint Transport Committee, Overview and Scrutiny Committee with immediate effect.
- ii. Delegate the approval of appointments to the Chair and Vice Chair of the Joint Transport Committee Audit Committee to the Chair of the Joint Transport Committee on the recommendation of the appointment panel.

## 1. Background Information

- 1.1 In accordance with the Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018 (the **Order**), the North East Combined Authority (**NECA**) and the Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority (**NTCA**) have appointed the Joint Transport Committee (JTC) to exercise functions as specific in the Order.
- 1.2 At the meeting of the Joint Transport Committee on the 18 December, the Committee approved the commencement of the appointment of the Independent Chair and Vice Chair of the:
- a) Joint Transport Committee, Overview and Scrutiny Committee
  - b) Joint Transport Committee, Audit Committee

### **Appointment process for the Independent Chair and Vice Chair of the Joint Transport Committee – Overview and Scrutiny Committee**

- 1.3 In accordance with the **Order** (*Schedule 2, Section 4 (3)*) it stipulates that the Joint Transport Committee must appoint an independent person to be Chair of the Overview and Scrutiny Committee.
- 1.4 The remuneration of the vacancy will be advertised in accordance with current remuneration levels to replicate the NECA's Independent Chair(s) of £2,000.
- 1.5 There is no provision in the Order for a Vice-Chair, however, it is considered prudent to plan for occasions when the Chair may be unavailable. Therefore, a vacancy was also advertised with the job description (**Appendix 1**) for the Vice Chair and an identical interview process taken place as in section 1.5.
- 1.6 The remuneration of this vacancy was advertised in accordance with the current remuneration levels to replicate the NECA's Independent Vice Chair of £1,000 per annum.
- 1.7 The vacancies were advertised on North East Jobs. Candidates were shortlisted following consultation with the Chair and Vice Chair of the Joint Transport Committee by email at the end of January 2019. Interviews took place on the 8 March. As a result of the interview, the panel - Monitoring Officer of NECA, the Strategic Director, Corporate Services and Governance at Gateshead Council and the Policy and Scrutiny Officer of NECA- they recommend the appointment of the following two candidates:



- a. David Taylor-Gooby to be the Independent Chair of the Joint Transport Committee, Overview and Scrutiny Committee.
- b. Andrew Clark to be the Independent Vice Chair of the Joint Transport Committee, Overview and Scrutiny Committee.

### **Appointment process for the Independent Chair and Vice Chair of the Joint Transport Committee – Audit Committee**

- 1.8 In accordance with the **Order** (*Schedule 2, Section 14 (3)*) it stipulates that the Joint Transport Committee must appoint an independent person to the Audit Committee.
- 1.9 The appointment of the Independent person, both Chair and Vice Chair will follow the recruitment procedures as outlined in 1.5. Job Descriptions of both the Chair and Vice Chair are attached as **Appendix 2** and have been advertised on North East Jobs.
- 1.10 Following consultation with the Chair and Vice Chair of the Joint Transport Committee by email at the end of January 2019, the Monitoring Officer has invited potential candidates for interview, which will take place in early April. The interview panel will comprise of the new Monitoring Officer of NECA, the Strategic Director, Corporate Services and Governance at Gateshead Council and the new Deputy Finance Officer of NECA.
- 1.11 It is recommended that Members agree to delegate the approval of appointments to the Chair and Vice Chair of the Joint Transport Audit Committee to the Chair of the Joint Transport Committee, acting on the recommendation of the recruitment panel, following the completion of the recruitment process.
- 1.12 There is no provision in the Order for a Vice Chair, however, as noted in paragraph 1.7 it is considered prudent to plan for occasions when the Chair may not be available.
- 1.13 The role of Chair will be remunerated at £2,000 per annum and the role of Vice-Chair will be remunerated at £1,000 per annum.

## **2. Proposals**

- 2.1 The Joint Transport Committee is invited to appoint the Independent Chair and Vice Chair of the Joint Transport Committee, Overview and Scrutiny Committee.
- 2.2 The Committee is invited to delegate the approval of appointments to the Chair and Vice Chair of the Joint Transport Committee, Audit Committee, to the Chair

of the Joint Transport Committee, acting on the recommendation of the recruitment panel.

### **3. Reasons for the Proposals**

- 3.1 The proposals will enable the Joint Transport Committee and its other Committees to operate effectively and in accordance with the Order and the Standing Orders.

### **4. Alternative Options Available**

- 4.1 The proposals are set out in the recommendations of this report.

### **5. Next Steps and Timetable for Implementation**

- 5.1 The appointments to the Committees will be recorded on the NECA website, and all stakeholders informed, as soon as practicably possible.

### **6. Potential Impact on Objectives**

- 6.1 The appointments will enable the Joint Transport Committees to properly discharge its functions, thereby assisting in the delivery on its objectives.

### **7. Financial and Other Resources Implications**

- 7.1 The provision of the support arrangements for the Joint Transport Committee(s) is contained within the existing financial resources available.

### **8. Legal Implications**

- 8.1 The Joint Transport Committee is required to make arrangements to enable relevant decision-making responsibilities, overview and scrutiny arrangements, audit arrangements and associated functions to be fulfilled. These responsibilities arise under the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 and the Openness of Local Government Body Regulations 2014, as well as the provisions for the Order creating NECA and the recent Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018. The proposals set out in this report comply with these requirements.

### **9. Key Risks**

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

## **10. Equality and Diversity**

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

## **11. Other Impact of the Proposals**

11.1 The proposals comply with the principles of decision-making. Relevant consultation processes have been held where applicable.

## **12. Appendices**

12.1 Appendix 1 – Job Description – Independent Chair and Vice-Chair of Joint Transport Committee, Overview and Scrutiny Committee

12.2 Appendix 2 - Job Description – Independent Chair and Vice Chair of the Joint Transport Committee, Audit Committee

## **13. Background Papers**

13.1 Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018

13.2 The Durham, Gateshead, South Tyneside and Sunderland Combined Authority Order 2014 (SI 2014 No.1012) as amended by the Second Order

13.3 Appointment of the Chair and Vice Chair for the Joint Transport Committee, Tyne and Wear Sub Committee and appointment process of the Independent Chair(s) and Vice Chair(s) for the Audit Committee, and the Overview and Scrutiny Committee report.

## **14. Contact Officers**

14.1 Peter Judge, Monitoring Officer  
E-mail: [peter.judge@northeastca.gov.uk](mailto:peter.judge@northeastca.gov.uk) Tel: 0734 2069 371

## **15. Sign off**

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

**16. Glossary**

NECA – North East Combined Authority

NTCA – North of Tyne Combined Authority

## **North East Joint Transport Committee**

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### **APPOINTMENT OF AN INDEPENDENT CHAIR AND VICE-CHAIR OF ITS OVERVIEW AND SCRUTINY COMMITTEE**

The Joint Transport Committee has been created jointly by the North East Combined Authority and the North of Tyne Combined Authority to discharge certain functions of the two Combined Authorities prescribed by Article 9 of the Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018. The Joint Transport Committee also discharges additional functions delegated to it by the two Combined Authorities.

There is a duty under the Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority Order 2018 to appoint an Overview and Scrutiny Committee to scrutinise the decisions taken by the Joint Transport Committee and its sub-committees. It currently has one sub-Committee with decision making authority – the JTC Tyne and Wear Sub-Committee.

The North East Joint Transport Committee wishes to appoint independent individuals to be the Chair and Vice-Chair of the Joint Transport Committee's Overview and Scrutiny Committee. These roles are created under Paragraph 3(5) of Schedule 5A of the Local Democracy Development and Construction Act 2009.

The North East Combined Authority is the accountable body and host Combined Authority for the North East Joint Transport Committee and its Chief Officers support the JTC and its committees, together with a Proper Officer for Transport.

#### **Main Purpose – Independent Chair:**

1. To chair the Overview and Scrutiny Committee and provide independent leadership.
2. To ensure the Overview and Scrutiny Committee fulfils the functions of providing review and scrutiny within the decision making structures of the Joint Transport Committee.

#### **Main Purpose – Independent Vice-Chair:**

1. To support the chair in the discharge of their roles on a day-to-day basis.

2. To act as chair and in their place during vacancies and other absences.

### **Key Responsibilities:**

1. To chair meetings of the Overview and Scrutiny Committee (minimum 4 per year and any extraordinary meetings as required).
2. To ensure the Overview and Scrutiny Committee works effectively, with good collaboration between its members, encouraging and supporting the development of a work programme with its Members, which includes matters of strategic importance to residents of the constituent authorities and making reports with recommendations to the Joint Transport Committee.
3. To work with scrutiny members and support officers to develop the work programme, scrutiny agendas, and the management of associated business including any other activities such as consultation meetings and public evidence gathering sessions.
4. Work with Scrutiny members to develop their role in reviewing and scrutinising decisions made in connection with the discharge of any functions which are the responsibility of the Joint Transport Committee or any other decision making body or officer of the Committee.
5. To liaise with the NECA Monitoring Officer and the NECA Policy and Scrutiny Officer in respect of call-in and generally to ensure the timely and efficient management of the Overview and Scrutiny Committee's business.
6. To lead the Committee in its role of reviewing the performance of the Joint Transport Committee.
7. Together with the Committee, to scrutinise decisions, including decisions which are confidential and exempt from publication. The Chair and Vice-Chair will also be involved in relation to the urgency and general exception processes required when matters are entered onto the Forward Plan on less than the 28 days' required notice.
8. To uphold the integrity of scrutiny and public accountability working through the Committee, including maintaining the reputation of the Combined Authorities and the Joint Transport Committee for robust decision making.

### Availability:

- It is envisaged the post holder will need to be available for at least half a day per month, generally during working hours.
- Have the flexibility to carry out the required tasks and duties, including occasionally working outside normal office hours.
- Be accessible to Officers and Committee Members by email or in person outside of scheduled meetings.
- It should be noted that meetings are held at Constituent Council offices across the LA7 area (Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland).

**APPOINTMENT OF INDEPENDENT PERSON AS CHAIR/VICE CHAIR OF THE JOINT  
TRANSPORT COMMITTEE, OVERVIEW AND SCRUTINY COMMITTEE**

**PERSON SPECIFICATION**

<b>Knowledge</b>	General understanding of the qualities of good governance and decision making	Essential
	Be prepared to undergo formal training in the role	Essential
	Knowledge of the roles and responsibilities of councillors	Desirable
	Understanding of the diverse functions of a Local Authority or a Combined Authority, contemporary issues and challenges facing local government	Desirable
	Awareness of the role of overview and scrutiny	Desirable
<b>Experience and skills</b>	Chairing skills: ability to organise, coordinate and follow through on issues; manage competing or differing views, and positively challenge to achieve the desired outcome.	Essential
	Have personal integrity and act independently	Essential
	Be fair and able to take an objective view of sometimes emotive issues	Essential
	Have an ability to act impartially	Essential
	Be able to exercise sound judgement	Essential
	Have excellent inter-personal skills	Essential
	Be able to express their ideas and point of view effectively, while being inclusive and appreciative of others point of view.	Essential
	These are politically restricted posts and the post-holder cannot have held political office with a Constituent Authority within the last five years	Essential
	Experience of acting as a Chair of large committees bringing together diverse groups	Essential (Chair)/ Desirable (Vice-Chair)
	Experience of working within a formally constituted Committee structure	Essential (Chair)/ Desirable (Vice-Chair)
	Experience of working with Local Government Officers	Desirable
Experience of dealing with confidential material in a public and accountable environment	Desirable	

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## North East Joint Transport Committee

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### APPOINTMENT OF AN INDEPENDENT CHAIR AND VICE-CHAIR OF ITS AUDIT COMMITTEE

The Joint Transport Committee has been created jointly by the North East Combined Authority and the North of Tyne Combined Authority to discharge certain functions of the two Combined Authorities prescribed by Article 9 of the Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018. The Joint Transport Committee also discharges additional functions delegated to it by the two Combined Authorities.

There is a duty under the Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority Order 2018 to appoint an Audit Committee in relation to the transport functions of the two Combined Authorities discharged by the Joint Transport Committee and its sub-committees. It currently has one sub-Committee with decision making authority – the JTC Tyne and Wear Sub-Committee.

The North East Joint Transport Committee wishes to appoint independent individuals to be the Chair and Vice-Chair of the Joint Transport Committee's Audit Committee. These roles are created under Paragraph 3(5) of Schedule 5A of the Local Democracy Development and Construction Act 2009.

The North East Combined Authority is the accountable body and host Combined Authority for the North East Joint Transport Committee and its Chief Officers support the JTC and its committees, together with a Proper Officer for Transport.

#### **Main Purpose – Independent Chair:**

1. To chair the Audit Committee and provide independent leadership.
2. To ensure the Audit Committee fulfils the functions set out in the Joint Transport Standing Orders and the Committee's Terms of Reference.

#### **Main Purpose – Independent Vice-Chair:**

1. To support the chair in the discharge of their roles on a day-to-day basis.
2. To act as chair and in their place during vacancies and other absences.

## **Key Responsibilities - Chair:**

- 1 To chair meetings of the Audit Committee, ensuring that:
  - meetings are conducted in accordance with the Joint Transport Committee's Standing Orders and Committee's Terms of Reference;
  - meetings are effectively managed; and
  - decision making of the committee is transparent, timely and effective.
- 2 To engage fully in collective consideration of the issues before the Audit Committee, taking into account a full range of relevant factors, including legislation and supporting regulation (eg the Accounts & Audit (England) Regulations 2011 as amended), professional guidance (eg that issued by the Chartered Institute of Public Finance and Accountancy (CIPFA)), and the advice of the Combined Authorities Chief Finance Officers.
- 3 To participate fully in the discharge of all Audit Committee functions. The Audit Committee has no Standards functions.
- 4 To promote the concept of proportionate, effective risk management and internal control throughout the organisation; and to champion the work of Internal Audit, External Audit and Risk Management.
- 5 To participate in periodic review of the overall effectiveness of the Audit Committee.
- 6 To ensure that the minutes of Audit Committee meetings accurately record decisions taken.
- 7 To determine whether or not any late items of business are sufficiently urgent to justify being added to the agenda for committee meetings in accordance with the Local Government Act 1972.
- 8 Where appropriate, to determine the date and time for any extraordinary meeting of the Audit Committee, following consultation with relevant officers (and where possible in consultation with the Vice Chair).

### Availability:

- It is envisaged the post holder will need to be available for at least half a day per month, generally during working hours.
- Have the flexibility to carry out the required tasks and duties, including occasionally working outside normal office hours.
- Be accessible to Officers and Committee Members by email or in person outside of scheduled meetings.
- It should be noted that meetings are held at Constituent Council offices across the LA7 area (Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland).

**APPOINTMENT OF INDEPENDENT PERSON AS CHAIR/VICE CHAIR OF THE JOINT  
TRANSPORT COMMITTEE, AUDIT COMMITTEE**

**PERSON SPECIFICATION**

<b>Knowledge</b>	Qualified accountant (a Consultative Committee of Accounting Bodies (CCAB) qualification) or in-depth experience in the fields of audit, accounting, risk and performance management, for example gained as Chair of an Audit Committee	Essential
	General understanding of the qualities of good governance and decision making	Essential
	Be prepared to undergo formal training in the role	Essential
	Knowledge of the roles and responsibilities of councillors	Desirable
	Understanding of the complexity of issues surrounding audit and risk management in local government	Desirable
	Knowledge of the locality of the two Combined Authorities areas (which the Joint Transport Committee covers), and knowledge of its communities	Desirable
	Knowledge of the Combined Authorities and the North East Joint Transport Committee's strategic aims and objectives	Desirable
	Knowledge and understanding of local authority members Codes of Conduct	Desirable
<b>Skills</b>	Ability to weigh/sort complex evidence and reach rational conclusions, incorporating appropriate advice	Essential
	Ability to be objective, independent and impartial	Essential
	Ability to work in a Group, and chair meetings	Essential
	Ability to make reasoned decisions	Essential
	Strong strategic awareness and ability to identify emerging external factors that may impact on strategy, implementation of plans, or reputation with key stakeholders	Essential
	A good communicator with excellent leadership and interpersonal skills, able to both empower and challenge supportively	Essential
<b>Experience</b>	Experience of audit and internal audit and working with an Audit Committee	Essential (Chair)/ Desirable (Vice-Chair)

	Experience of risk management, performance management and financial governance	Essential
	Have an ability to act impartially	Essential
	Be able to exercise sound judgement	Essential
	Have excellent inter-personal skills	Essential
	Be able to express their ideas and point of view effectively, while being inclusive and appreciative of others point of view	Essential
	These are politically restricted posts and the post-holder cannot have held political office with a Constituent Authority within the last five years	Essential
	Experience of acting as a Chair of large committees bringing together diverse groups	Essential (Chair)/ Desirable (Vice-Chair)
	Experience of working within a formally constituted Committee structure	Desirable
	Experience of working with Local Government Officers	Desirable
	Experience of dealing with confidential material in a public and accountable environment	Desirable
	Knowledge/experience in matters relating to members codes of conduct (noting that this Committee has no direct standards or conduct function)	Desirable
	Experience gained working in a large, or public sector, organisation	Desirable
<b>Other</b>	Live or work in the Combined Authority area.	Essential
	Must not be a member, co-opted member or officer of the Joint Transport Committee, North East Combined Authority or the North of Tyne Combined Authority	Essential
	Must not have been an officer or member of either of the Combined Authority's Constituent Councils within the previous 5 years, from date of appointment	Essential
	Able and willing to devote the necessary time to the role	Essential