



North East Joint Transport Committee

Tuesday, 19th November, 2019 at 2.00 pm

Meeting to be held in a Committee Room 2, Sunderland Civic Centre

AGENDA

	Page No
1. Apologies for Absence	
2. Declaration of Interests	
Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.	
3. Minutes of last meeting held on 23 October 2019	3 - 4
4. Budget Proposals	5 - 32
5. Regional Transport Update	33 - 36
6. Capital Programme Monitoring Report	37 - 50
7. North East Transport Plan	51 - 56
8. Transforming Cities Fund - Final Submission to the Department for Transport	57 - 62
9. Date of Next Meeting	

The next meeting will take place on 21 January 2020 at 2pm in South Shields Town Hall.

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NORTH EAST JOINT TRANSPORT COMMITTEE

DRAFT MINUTES FOR APPROVAL

DATE: 23 October 2019

Meeting held: Blaydon Room, Gateshead Civic Centre

Present:

Councillor: M Gannon (Chair)

Councillors: W Daley, C Johnson, C Marshall, G Miller, M Walsh and Mayor J Driscoll.

In attendance:

Councillor: J McCarty

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

Officers: R Broadbent, J Fenwick, G Mansbridge, R O'Farrell, S Ramsey, E Reynard, J Sparkes and A White.

1. APOLOGIES FOR ABSENCE

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

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS MEETING HELD ON 17 SEPTEMBER 2019

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

4. BUDGET PROPOSALS

The Joint Transport Committee received a report summarising the proposed draft Transport budget and levies for 2020/21 which also provided an update on the position in the current year. The report also included indicative summary budget information for 2021/22 and 2022/23.

For modelling purpose, the budget strategy is based on an assumption of a levy for 2020/21 for Tyne and Wear in line with the current year which represents a cash freeze. On that basis, the proposed levy would be £61.1m.

The Committee was advised that Nexus is anticipating significant budget pressures over the medium term and is working on the basis it will need to factor a levy freeze into its planning assumptions for 2020/21 and over the medium term.

Durham and Northumberland are currently developing their transport budget proposals for 2020/21 and future years, which will be reported to the next meeting.

Members of the Committee requested that a range of levy proposals be brought back to the Committee so that comparisons could be made regarding the impact of changes to the levy on the medium term financial plan.

- RESOLVED:
- (i) The Committee noted the recommendations of the report; and
 - (ii) Additional proposals for the Tyne and Wear levy to be presented to the next Committee Meeting.

5. NEXUS BUDGET STRATEGY – MEDIUM TERM FINANCIAL PLANNING 2020/21 – 2022/23

The Joint Transport Committee received a report which set out details of the budget pressures and issues facing Nexus over the next three years and sought the views of the Committee to inform its approach to its medium term financial plan, in particular the implications of Nexus preparing its budget for 2020/21.

- RESOLVED: The Committee noted the need for additional proposals for the Tyne and Wear levy to be presented to the next Committee meeting.

6. DATE AND TIME OF THE NEXT MEETING

The next meeting will take place on Tuesday 19 November.

North East Joint Transport Committee

Date: 19 November 2019
Subject: Budget Proposals
Report of: Chief Finance Officer

Executive Summary

This report provides an update on the initial budget proposals which were considered by the Joint Transport Committee on 23 October 2019 and subsequently by the JTC Overview and Scrutiny Committee on 7 November 2019.

Following feedback from JTC meeting on 23 October 2019 on initial proposals, a range of options are presented in this report for the Tyne and Wear levy.

The draft proposed budget and levy for public passenger transport activity in County Durham is estimated at £15.466m for 2020/21. This compares with a levy for 2019/20 of £15.562m.

The draft proposed budget and levy for public transport activity in Northumberland is estimated at £6.224m for 2020/21. This compares with a levy of £6.104m for 2019/20

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

Proposals for budgets for the Tyne Tunnels and the Transport Strategy Unit have not changed from the position reported on 23 October. The Tyne Tunnels revenue account forecast for 2019/20 is a breakeven position.

The Tyne Tunnel estimates for 2020/21 build in the full year costs of the new Tyne Tunnels Manager and indicate a breakeven position. Provision has been made for one-off costs of the Tyne Pass Project. The draft budget estimates for 2020/21 have been prepared on the basis that increases in the Retail Price Index (RPI) measure of inflation will trigger an increase in the toll for Class 3 vehicles (HGVs).

It is proposed to continue the contribution of £10,000 per authority which is retained from the Durham and Northumberland levies and which funds the work of the Joint Transport Committee, including contributions to the post of the Managing Director, Transport North East and the Transport Strategy Unit.

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

It is proposed that funding for the Transport Strategy Unit from the Local Transport Plan Integrated Transport Block grant is maintained at the current level of £500,000 (£62,500 per council and Nexus).

On 7 November 2019 the JTC Overview and Scrutiny Committee considered the estimates outlined in this report. Feedback from the meeting is set out in this report.

Recommendations

The North East Joint Transport Committee is recommended to:

- i. Receive this report for consideration and comment as part of the on-going budget setting process;
- ii. Consider the following budget assumptions/proposals and agree to these forming the basis of further consultation on the 2020/21 Transport Budget:
 - a. That the draft proposed budget and levy for Durham County Council is £15.466m (subject to further ongoing work by DCC);
 - b. That the draft proposed budget and levy for Northumberland County Council is £6.224m (subject to further ongoing work by NCC);
 - c. Consider the options presented in respect of the Tyne and Wear levy and the grant to Nexus, and provide feedback on the preferred option for further consultation;
 - d. That the Tyne Tunnels tolls are proposed to be increased for Class 3 vehicles (HGVs) by £0.10p to keep pace with inflation and the increase in the shadow toll payable to the concessionaire TT2 Ltd., in line with the concession contract and the agreed approach to the funding of the Tyne Tunnels (Note: the decision to increase the Tyne Tunnels tolls will be taken by the Tyne and Wear Sub Committee in January 2020);
- iii. Note the indicative budget forecasts for 2021/22 and 2022/23, as set out in the report;
- iv. Note that the budget proposals will be subject to further consultation including a further meeting of the Joint Transport Committee Overview and Scrutiny Committee and consultation with the Joint Transport Committee Audit Committee, relevant officer groups and the Leadership Board of NECA and the NTCA Cabinet and the North East England Chamber of Commerce;
- v. Note the intention to approve the budget and agree the Transport Levies at the meeting of the JTC on 21 January 2020, after considering any comments received on the proposals and decisions reached by the Tyne and Wear Sub Committee in January 2020.

1. Background Information

- 1.1 The North East Joint Transport Committee receives funding from a variety of sources including the levies on Durham, Northumberland and Tyne and Wear councils. Funding is also received from Tyne Tunnels tolls income, grant funding and interest income. This funding is used to deliver the transport objectives of the Committee through the relevant bodies and as set out in this report.
- 1.2 A report was considered by the JTC on 23 October which included initial budget proposals for 2020/21 and future years. Following feedback from the meeting on the initial proposals, a range of options are presented in this report for the Tyne and Wear levy together with further information that is now available, particularly in relation to the Nexus budget.

2. Proposals

Transport Levies

- 2.1 The main area of income and expenditure in the JTC revenue budget is the Transport levies and the revenue grants paid to Durham County Council, Northumberland County Council and Nexus for the delivery of public transport services.
- 2.2 The JTC area, unlike other Combined Authority areas, includes three county areas with different levels of service provision, cost and different levels of grant funding. The difference in costs across the areas is primarily related to concessionary travel reimbursement (including discretionary concessionary travel), which is higher in the Tyne and Wear area because of high levels of travel on the urban transport network, the Metro and Shields Ferry, and historic public transport borrowing costs. This is reflected in the grants paid to Tyne and Wear authorities within the revenue support grant. It is not therefore possible to have a single transport levy covering the whole JTC area and the levy arrangements established three separate levies through legislation for Durham County Council, one for Northumberland County Council and one for Tyne and Wear.
- 2.3 As the transport levies and revenue grants are fixed for the year there is no change in the levies receivable and grants payable between the original budget and the forecast outturn with minimal change in the retained transport levy budget. Any surplus or deficit against the budgets for the three main delivery agencies is retained or managed within the reserves of that organisation.
- 2.4 A proportion of the levies is retained to support the work of the JTC and to meet historic costs relating to the former Tyne and Wear Integrated Transport Authority (TWITA). This budget is expected to underspend slightly in the current year due to lower than anticipated interest costs on historic Tyne and Wear Transport debt. The forecast underspend will be transferred to the JTC retained reserves at year end.

2.5 **Table 1: 2019/20 Transport Levies and Grants**

	2019/20 Original Budget	2019/20 Forecast Outturn	2019/20 Forecast Variance
	£000	£000	£000
Total Transport Levies	(82,766)	(82,766)	0
Grant to Durham	15,552	15,552	0
Grant to Northumberland	6,094	6,094	0
Grant to Nexus	55,667	55,667	0
Contribution to Metro Fleet Replacement reserve	3,333	3,333	0
Retained Transport Levy budget	2,120	2,091	(29)
Net	-	(29)	(29)
Contribution to/ (from) JTC unearmarked reserves	-	29	29

Durham County Council

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

2.7 **Table 3: Draft Durham Transport Budget and Levy 2020/21**

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

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

- i) Subsidised Services - £222,000 under budget – this relates mainly procurement efficiencies arising from lower than expected costs of bus services.
- ii) Bus Stations - £14,000 under budget – this is due to lower than expected costs for repairs and maintenance and vandalism.
- iii) Bus Shelters – £18,000 over budget – this is due to increased costs for repairs and maintenance.

iv) Passenger Transport Information - £4,000 under budget – Minor variances

2.9 Durham County Council is in the process of finalising the 2020/21 budget proposals. The initial estimates shown above show that net budgets are proposed to be largely in line with the current year, with no adverse impact on services anticipated next year.

Northumberland County Council

2.10 The proposed budget and levy for public transport activity in Northumberland is £6.224m for 2020/21. This compares with a budget of £6.104m for 2019/20. The budget and levy for 2019/20 and 2020/21 is summarised in the table below:

2.11 **Table 4: Draft Northumberland Transport Budget and Levy 2020/21**

	2019/20 Original Budget	2019/20 Forecast	2020/21 Proposed Budget
	£000	£000	£000
Concessionary Fares	4,690	4,621	4,811
Subsidised Services	1,230	1,150	1,230
Bus Stations	24	24	25
Passenger Transport Information	25	25	25
Staffing	125	125	133
Share of NECA Transport Costs	10	0	10
Net Expenditure / Levy	6,104	6,151	6,234

2.12 The main areas of expenditure are:

- i) Concessionary Fares – Based on performance to date, the budget is forecast to underspend by £69,000 in 2019/20. The patronage for the service has declined by approximately 1.5% per annum which is offset by increased ticket income.
- 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 outturn position will show an underspend of £80,000 at the end of the current financial year.

2.13 Northumberland County Council is finalising the 2020/21 budget proposals. The estimates set out a small increase related to increased ticket prices and reimbursement to operators for concessionary travel.

Tyne and Wear

2.14 The JTC meeting on the 23 October requested further modelling of Tyne and Wear levy options and the impact of different scenarios on the Nexus medium term financial plan position.

2.15 The distribution of the levy within Tyne and Wear is based on population, in accordance with the Transport Levying Bodies Regulations 1992. The amounts levied on each individual authority need to be adjusted to reflect the mid-year population estimate for 2018. Increases in the share of the population for Newcastle and North Tyneside mean that the share of the levy for these authorities will increase in 2020/21, while there will be compensating small decreases for Gateshead, South Tyneside and Sunderland in 2020/21.

2.16 The following options for the Tyne and Wear levy have been modelled:

- a) A 2% increase in all three years 2020/21-2022/23
- b) A 2% increase in 2020/21 with a cash freeze thereafter
- c) A 1% increase in 2020/21 with a cash freeze thereafter
- d) A cash freeze in all three years
- e) A 1% reduction in 2020/21 and a cash freeze thereafter
- f) A 2% reduction in 2020/21 and a cash freeze thereafter

2.17 A 1% increase or decrease in the levy equates to £611,000. Detailed tables setting out the impact of each proposal on the Tyne and Wear councils are shown in Appendix 1, with a summary of the total impact shown in the table below:

2.18 **Table 5: Options for Tyne and Wear Levy 2020/21-2022/23**

	2019/20	2020/21	2021/22	2022/23
	£000	£000	£000	£000
a) 2% increase in all 3 years	61,100	62,322	63,568	64,840
Year on Year Increase / (Decrease)		1,222	1,246	1,272
Cumulative Increase / (Decrease)		1,222	2,468	3,740
b) 2% increase in 2020/21 and cash freeze thereafter	61,100	62,322	62,322	62,322
Year on Year Increase / (Decrease)		1,222	0	0
Cumulative Increase / (Decrease)		1,222	1,222	1,222
c) 1% increase in 2020/21 and cash freeze thereafter	61,100	61,711	61,711	61,711
Year on Year Increase / (Decrease)		611	0	0
Cumulative Increase / (Decrease)		611	611	611
d) Cash freeze in all three years	61,100	61,100	61,100	61,100
Year on Year Increase / (Decrease)		0	0	0
Cumulative Increase / (Decrease)		0	0	0
e) 1% reduction in 2020/21 and cash freeze thereafter	61,100	60,489	60,489	60,489
Year on Year Increase / (Decrease)		(611)	0	0
Cumulative Increase / (Decrease)		(611)	(611)	(611)

f) 2% reduction in 2020/21 and cash freeze thereafter	61,100	59,878	59,878	59,878
Year on Year Increase / (Decrease)		(1,222)	0	0
Cumulative Increase / (Decrease)		(1,222)	(1,222)	(1,222)

Nexus

- 2.19 The majority of the Tyne and Wear levy is paid as a revenue grant to Nexus for the delivery of public transport services. An update on the 2019/20 revenue budget position was provided in the JTC report on 23 October 2019.
- 2.20 At the JTC meeting on 23 October 2019, Nexus' medium-term financial forecasts was discussed. This showed the following deficits across the years 2019/20 to 2022/23, assuming a freeze in the grant Nexus receives from the JTC via the Tyne and Wear levy, together with planned use of reserves. This position assumed the existing pension contributions were maintained in the next valuation from 2020/21 and assumed continuation of the current service provision, factoring in pressures arising from pay and price inflation, the Metro fare box and the Metro Fleet replacement programme.

Table 6: Summary of Nexus medium term financial forecast at 23 October 2019

Position presented to JTC: 23/10/19	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	2.40	6.00	5.80		
Movement in reserves		(4.40)	(2.40)	(3.00)	(2.90)		
Deficit/(Surplus) after use of reserves		0.00	0.00	3.00	2.90		
Gap		0.00	0.00	(3.00)	(2.90)	(5.90)	
Remaining reserves	16.00	11.60	9.20	6.20	3.30		21%

- 2.21 Nexus' gross budget in the current year is £170m, funded as follows:
- 31% by government grant;
 - 36% from commercial revenues; and
 - 33% from the Tyne and Wear levy

2.22 The levy funds the following services:

- Statutory Concessionary Fares (62% of the levy)
Legal reimbursement to bus operators for the 'free bus pass' – the English National Concessionary Travel Scheme (ENCTS). Nexus has no control over the prices of, or demand for this service and with eligibility age now settling at 66 years, there is likely to be greater pressure on this budget during the next decade
- Metro (2.5% of the levy)
The Metro gross budget in the current year is £103million with 1.5% of this being funded from the levy
- Other Services (35.5% of the levy)
Secured buses, discretionary concessions, the ferry, bus infrastructure, provision of public Transport information etc.

2.23 Metro revenue has grown by 12% over the past 5 years, meaning that reliance on the grant from the levy for Metro services has been reduced whilst the levy funds a higher proportion of the other services that are provided by Nexus.

2.24 The 2019 pension valuation results for Nexus were received after the JTC meeting on 23 October 2019 and there is a forecast financial benefit compared to the position reported to the JTC on 23 October. The Nexus' pension fund position has improved and can be used to reduce its employer's future service contribution rate.

2.25 The maximum saving from the valuation is estimated at £3.4m per annum, assuming the surplus is amortised. This improves the Medium-Term Financial Plan (MTFP) forecasts presented to the JTC on 23 October 2019 as set out in the revised MTFP table below. This table uses the same assumptions as set out in paragraph 2.20 (and as reported to the JTC at the last meeting i.e. a cash freeze in the levy) but updated to show the estimated impact of the improved pension valuation position:

2.26 ***Table 7: Updated Nexus medium term financial forecast November 2019***

Position presented to JTC: 23/10/19 (Updated to show impact of Pension Saving)	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	(1.00)	2.60	5.40		
Movement in reserves		(4.40)	1.00	(2.60)	(2.70)		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	2.70		
Gap		0.00	0.00	0.00	(2.70)	(2.70)	
Remaining reserves	16.00	11.60	12.60	9.99	7.29		46%

2.27 Under a scenario of a cash freeze in the levy in 2020/21 and factoring in the impact of the updated pension fund forecasts, there is now a £1m surplus forecast in 2020/21, though there remains significant budget shortfalls in 2021/22 (£2.6m) and 2022/23 (£5.4m) which will need to be addressed. The table above factors in some prudent assumptions around utilising reserves to offset these pressures in the short term. This is not a sustainable position and spending will need to reduce and/or income increased by circa £5.4m to ensure a balanced budget beyond this medium term financial planning period. More detailed modelling of various scenarios and the impact on these forecasts is included in Appendix 2 to this report. The different scenarios are set out below:

- Increasing the levy by 2% across all three years, 2020/21 to 2022/23 (a);
- Increasing the levy by 2% and 1% in 2020/21 only, with a freeze thereafter (b);
- Freezing the levy across all three years (c);
- Reducing the by 1% and 2% in 2020/21 only, with a freeze thereafter (d);
- In all scenarios, introducing a 9.3% pension contribution rate, together with how taking a 'stepped' approach to the rate (in order to mitigate the risk of a significant increase at the 2022 valuation)¹;
- In all scenarios no reductions in services.

2.28 The following table summarises the modelling set out in Appendix 2:

¹ The rate has been adjusted from 9.3% in 2020/21 to 10.4% in 2021/22 to 11.6% in 2022/23

Table 8: Summary of Nexus levy grant options modelling

Scenario	Deficit by 2022/23 £m	Reserves at 31/03/23
Levy increased by 2% in all 3 Years / 9.3% Pension	1.86	11.67
Levy +2% / 9.3% Pension	4.22	10.24
Levy +2% / Stepped Pension	5.16	9.31
Levy +1% / 9.3% Pension	4.81	8.77
Levy +1% / Stepped Pension	5.75	7.83
Levy Freeze / 9.3% Pension	5.40	7.29
Levy Freeze / Stepped Pension	6.34	6.36
Levy -1% / 9.3% Pension	5.99	5.82
Levy -1% / Stepped Pension	6.93	4.88
Levy -2% / 9.3% Pension	6.58	4.34
Levy -2% / Stepped Pension	7.52	3.41

- 2.30 As an illustration, to eradicate the estimated deficit purely through the Tyne and Wear levy would require a levy increase of around 5% in both 2021/22 and 2022/23 assuming a levy freeze in 2020/21.

Metro Futures Studies

- 2.29 At a previous JTC briefing, members considered proposals for progressing a series of studies that are necessary for Metro and local rail network expansion plans. These studies were considered essential to progressing the Metro and Local Rail Strategy (MLRS), adopted in 2016. The estimated cost required for the work was set out as £2.4m, which could be completed over an accelerated 12 to 18 month timetable if additional funding was identified over and above the existing budget provision within the Nexus revenue budget (circa £500,000)..
- 2.30 If there was a cash freeze in the 2020/21 Tyne and Wear levy, Nexus forecast a surplus of approximately £1m. Should this position ultimately be agreed, this surplus could be used to provide a total of circa £1.5m in 2020/21 to progress the work, with the studies completed the following year, funded from the 2021/22 Nexus budget or from Nexus reserves.

Tyne Tunnels

- 2.31 The Tyne Tunnels are fully funded from tolls paid by tunnel users. No government funding was made available for the construction of the second Tyne Tunnel (which opened in 2011) and the refurbishment of the first tunnel which was completed in the same year. The works were funded by a combination of public sector and private sector borrowing, through a Public Private Partnership contract with a private sector concessionaire who designed and built the new tunnel and operate the tunnels under a contract which runs until 2037. The public sector borrowing was taken out by the then Tyne and Wear Integrated Transport Authority and is to be repaid over a 50-year period. The total current balance of borrowing associated with the Tyne Tunnels is £126.823m.
- 2.32 Contract payments to TT2 are calculated with reference to the traffic using the

tunnels and increase with RPI inflation. As a result, actual tolls levied on users are required to increase to keep pace with increases in the contract payments, so the toll is maintained in real terms over the life of the contract. Under the River Tyne (Tunnels) (Modification) Order 2011, tolls can be increased in increments of 10p. Toll increases to date have been in line with expectations presented at the development stage of the New Tyne Crossing project.

2.33 As reported to the JTC on 23 October, the forecast outturn for 2019/20 is for a small surplus of around £52,000 which is mainly as a result of additional interest income on balances held by the JTC. Traffic levels have been largely in line with forecasts, slightly higher than in 2018/19 but traffic flow levels remain less than the levels experienced in 2016/17 prior to the commencement of Highways England works at Silverlink in North Tyneside. The forecasts include the costs of the new Tyne Tunnel Manager.

2.34 The tables below provide a summary of the forecast for 2019/20 and the indicative budget for 2020/21 and future years

Table 9: Tyne Tunnels Budget 2019/20 and 2020/21 and initial forecasts to 2022/23

	2019/20 Original Budget	2019/20 Forecast	2020/21 Proposed Budget	2021/22 Estimate	2022/23 Estimate
	£000	£000	£000	£000	£000
Tolls Income	(28,090)	(28,141)	(28,422)	(28,919)	(29,642)
TT2 Contract	21,197	21,221	21,633	22,505	22,942
Employees	-	16	62	63	65
Pensions	52	52	53	55	56
Support Services	95	145	100	102	104
Supplies & Services	45	35	46	47	48
Financing Charges	6,966	6,988	6,756	6,416	6,673
Interest /Other Income	(50)	(128)	(50)	(50)	(50)
Repayment from TWITA for temporary use of reserves	(240)	(240)	(240)	(240)	(240)
(Surplus) /Deficit on Tyne Tunnels revenue account	(25)	(52)	(61)	(22)	(45)

2.35 A new post of Tyne Tunnels Contract Manager was approved by the JTC in September. This role will manage the client-side aspects of the Tyne Tunnel

Project Agreement with TT2 and act as the principal point of liaison with the Concessionaire so that contractual matters are dealt with in a timely and efficient manner. The part-year costs of the post are built into the revised forecast for 2019/20 and the full year costs from 2020/21 onwards, which is the reason for the variance in Employee costs in the 2019/20 forecast. Once this post is filled and handover has been completed there will be a reduction in the budget for support services, as support has previously been provided by the NECA Chief Finance Officer and Monitoring Officer and individuals at Newcastle City Council.

- 2.36 As previously reported to the Tyne and Wear Sub Committee, TT2 have brought forward proposals to introduce a Tyne Pass process using Automatic Number Plate Recognition as a pre-cursor to a longer term aim of having a free flow system in place in the future where there would be no toll booths on the plazas.
- 2.37 These proposals would require changes to the Tyne Tunnels Byelaws, the Project Agreement and financial model for the contract. A temporary increase in the support services budget for the Tyne Tunnels is therefore proposed for the 2019/20, 2020/21 and 2021/22 financial years to meet the additional costs from the client side of implementing the project, such as external professional advice. This can be met from within the Tyne Tunnels budget and will be kept under review as the project progresses.
- 2.38 The 2020/21 tolls income estimate assumes an increase in tolls to £3.90 for Class 3 vehicles in line with inflation as measured by the Retail Price Index (RPI) – a year on year increase of £0.10 (2.6%). It is not anticipated that an increase in the tolls for Class 2 vehicles will have been triggered by the increase in RPI until the 2021/22 financial year, as increases can only be applied in 10p increments. These charges are therefore likely to remain at £1.80 in 2020/21.
- 2.39 In terms of the formal process for the increase in Tolls, if the level of RPI has reached the point at which an increase is possible, a decision to increase tolls will be taken by the Tyne and Wear Sub Committee in January 2020. If a decision to increase the tolls is taken, officers from NECA as the Accountable Body for the JTC will follow the process set out in the Tyne Tunnels Order 2005 to implement the decision of the committee. This will involve advertising the proposed increase in at least one local newspaper and notifying the Department for Transport. Once notified, the Department has 21 days to determine whether to take the order and, if so, the order will be made 28 days before it comes into effect. A decision on the specific date for implementation will be taken in conjunction with TT2, taking into account operational considerations. The increase, if implemented, would come into effect after May 2020 and will be discussed in greater detail with the Tyne and Wear Sub Committee.
- 2.40 Reserves are held to manage risks associated with ownership of the tunnels, to meet any in-year deficits which may arise on the tunnels revenue account and to deal with any changes which may arise from changes in accounting treatments in future years. The forecast position against the Tyne Tunnels reserves is set out in the table below:
- 2.41 ***Table 10: Tyne Tunnels Reserves 2020/21 Forecast***

	2019/20 Original	2019/20 Forecast	2020/21 Original
	£000	£000	£000
Tyne Tunnels Reserves b/f	(18,452)	(21,150)	(17,961)
(Surplus)/Deficit on Tyne Tunnels revenue account met from reserves	(25)	(52)	(61)
Capital Expenditure funded from Reserves	260	854	-
NESTI Expenditure funded from Reserves	300	342	305
Repayment of LGF funding swap	-	2,045	-
Tyne Tunnels Reserves c/f	(17,917)	(17,961)	(17,717)

Transport Strategy Unit

- 2.42 The Transport Strategy Unit (TSU) (previously referred to as the Regional Transport Team) supports the Joint Transport Committee, providing relevant information to support policy choices and to deliver policies at a regional level. The TSU's activities include developing and maintaining:
- The Transport vision and plan;
 - The funding plan and bids for external funding;
 - Input into the LEP's strategies and plans on transport, and local business organisations;
 - A project pipeline and assurance framework;
 - Responses to transport consultations and policy-making opportunities by government and other external agencies;
 - Input into Transport for the North (TfN)'s pan-Northern policies and plans; and
 - Relationships with other authorities (whether local, combined, national or sub-national) with whom the Joint Transport Committee may share a common interest.
- 2.43 During 2018/19 and 2019/20 the capacity of the TSU has been temporarily enhanced through secondments and fixed term contracts to prepare the bid against Transforming Cities Fund Tranche 2. This work will be complete before the end of the current financial year. The 2020/21 draft budgets have not made any assumptions on funding to be received from the Transforming Cities Fund Tranche 2 bid due to be submitted at the end of November 2019 (which is considered in a report elsewhere on this agenda). Should the bid be successful, costs of programme management have been built into the bid and the budget for 2020/21 and future years will be updated accordingly.
- 2.44 In addition to the significant current activity of developing the Transport Plan and related delivery programmes, some other major upcoming policy developments could potentially include the development of a new bus strategy, the expansion of the Metro and local rail network, developing a model for rail devolution, and growing the programme to increase the uptake of walking and cycling. Further work is required in considering the scope of these developments, with funding packages

to be agreed once requirements are clearer. There are also significant funding opportunities for well-developed bids along with a need for strong delivery programme management.

2.45 The TSU is funded through contributions from the Transport Levies which are retained to support JTC activity, a top-slice of the Local Transport Plan Integrated Transport Block grant which is awarded to the JTC and external contributions to some specific posts.

2.46 A summary of the forecast position for 2019/20 including the TCF bid resources (which was agreed after the original budget was set in January 2019) and the initial proposed budget for 2020/21 is set out in the table below. The budget for 2020/21 and future years will be updated once the updated Transport Plan is agreed which will set clear priorities for the work of the TSU.

2.47 **Table 11: Transport North East Strategy Unit Budget**

	2019/20 Original Budget	2019/20 Forecast Outturn	2019/20 Forecast Variance	2020/21 Initial Estimates
	£	£	£	£
Gross Expenditure				
Managing Director Transport North East and Transport Strategy Unit	658,405	584,251	(74,154)	678,369
Transport Plan	50,000	70,000	20,000	50,000
Transport Strategy Unit: Research and Development	180,000	183,044	3,044	135,000
Transport Strategy Unit: Travel and Miscellaneous	6,000	14,800	8,800	16,000
Transport Strategy Unit: Contingency	0	0	0	15,000
Transport Strategy Unit: IT/Equipment/Accomm	0	20,000	20,000	20,000
Salaries and secondment costs – Transforming Cities	241,856	233,847	(8,009)	0
Consultancy and other costs of bid preparation – Transforming Cities	191,218	191,218	0	0
Total Expenditure	1,327,479	1,297,159	(30,319)	914,369
Gross Income				
LTP funding - TSU	(500,000)	(500,000)	0	(500,000)
LGF funding - TSU	(100,000)	(100,000)	0	(100,000)
LGF funding - TCF	(100,000)	(100,000)	0	0
LTP/Levy funding - TCF	(233,074)	(233,074)	0	0
Retained Transport Levy	(31,870)	(47,671)	(15,801)	(128,773)
External funding for specific	(139,102)	(149,598)	(10,598)	(129,023)

posts				
Total Income	(1,104,046)	(1,130,343)	(26,297)	(857,756)
Net	223,433	166,816	(56,617)	56,353
Use of Reserves to Fund Net Expenditure				
Transport Strategy Unit Reserves	(123,433)	0	123,433	(6,573)
Go Smarter legacy funds – Transforming Cities Fund	(100,000)	(100,000)	-	0
Go Smarter legacy funds - Other	0	(30,044)	(30,044)	(50,000)
Earmarked reserves – Transforming Cities Fund	0	(36,772)	(36,772)	0

- 2.48 The forecast outturn for salaries is significantly less than the original budget due to a number of vacancies in the team which have not yet been filled. These vacancies have offset a cost pressure for pension contributions which has arisen because the budget assumed that employees would all have transferred to the employment of NECA and associated pension savings would have been made. This transfer is unlikely to take place before 1 January 2020. By the end of October 2019, unbudgeted pension costs of £38,006 had been incurred.
- 2.49 An increase in forecast costs in relation to the Transport Plan is reflected in the 2019/20 outturn as a result of additional work on the Plan requested by the Joint Transport Committee. Following the last meeting of the Committee, the budget for 2020/21 has been increased by £35,000 to reflect the importance members place on this area of work. Go Smarter legacy funds will be used to fund these additional costs. The total budget for the Transport Plan is £120,000, the majority of which (£70,000) is forecast to be required this financial year. The balance of £50,000 is contained in the 2020/21 budget.
- 2.50 The original budget for the year contained a significant use of the general reserve which was built up through underspends on the budget in previous years. This is now not forecast to be required in 2019/20 due to anticipated in year savings - particularly in relation to salaries and through the identification of alternative resources to fund activity.
- 2.51 An earmarked reserve to part-fund the TCF bid work was established at the end of the 2018/19 financial year to ringfence an underspend in the contribution from the Transport levy and which was not included in the original budget.
- 2.52 The JTC holds reserves to fund future activity and to manage financial risk associated with its activities. A summary of the reserves forecast at 31 March 2020 is shown in the table below

Table 12: Summary of JTC Reserves 2019/20

	Actual 1 April 2019	Forecast 31 March 2020
	£000	£000
Tyne and Wear Transport	(630)	(659)
Tyne Tunnels	(21,150)	(17,961)
Metro Reinvigoration	(9,167)	(9,233)
Metro Fleet Renewal	(6,694)	(1,487)
TCF support	(37)	0
Go Smarter Legacy (within Grants unapplied)	(194)	(64)
Transport Strategy Unit (within Grants unapplied)	(125)	(125)
Total JTC Reserves	(37,997)	(29,529)

JTC Overview and Scrutiny Committee 7 November 2019

- 2.53 The JTC Overview and Scrutiny Committee met on 7 November, 2019 to consider the draft budget proposals. Members considered the reports presented to the JTC on 23 October along with the updated information around options for the Tyne and Wear levy and the updated Nexus position as set out in Appendices 1 and 2. Members were appreciative of the information provided which they felt gave them a better understanding of the Transport budgets and the proposals under consideration.
- 2.54 There were two main issues which the Overview and Scrutiny Committee wished the JTC to be mindful of in their consideration of the proposals for 2020/21 and future years' budgets:
- Whether there are opportunities for Invest to Save proposals, particularly to tackle fare evasion on Metro which would help maximise fare income;
 - Members were keen to ensure climate change and air quality issues were taken into account when setting budgets and in particular the importance of public transport in tackling these issues. The JTC wished the Committee to consider these issues when setting budgets and agreeing levies, particularly if there were any proposals to reduce services in the future.

3. Reasons for the Proposals

- 3.1 The proposals are presented here to update the JTC on the work on the preparation of the 2020/21 Transport Budget and continue the consultation process. The report provides updated forecasts based on the latest information available, scenario modelling in terms of the Tyne and Wear Levy and feedback from the JTC Overview and Scrutiny Committee.

4. Alternative Options Available

- 4.1 Option 1 – The North East Joint Transport Committee may accept the

recommendation set out in the report.

Option 2 – The North East Joint Transport Committee may suggest amendments or alternative proposals be considered.

5. Next Steps and Timetable for Implementation

5.1 Proposals are at a draft stage and still subject to consultation. Taking into account the results of consultation, firm recommendations will be presented to the JTC for formal agreement in January 2020. .

6. Potential Impact on Objectives

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

7. Financial and Other Resources Implications

7.1 The financial and other resource implications are summarised in detail in the body of the report where they are known. Further details which are developed as part of the budget development and consultation process will be identified in reports to the January 2020 meeting of the Committee.

8. Legal Implications

8.1 The JTC must ultimately approve the transport budget and levies unanimously.

9. Key Risks

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

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

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

12.2 The extent of public consultation will be proportionate to the impact that the proposals would have on services to the public. At this stage no significant service reductions or implications are expected in 2020/21, however, if the Tyne and Wear levies are frozen again in 2021/22 or reduced this will provide a challenge to Nexus. Proposals will be published on the website for comment and

included in any budget consultation undertaken by constituent authorities.

13. Other Impact of the Proposals

13.1 There are no other impacts arising from this report.

14. Appendices

14.1 Appendix 1 - Tyne and Wear Levy Options 2020/21-2022/23
Appendix 2 – Modelled impacts on Nexus MTFP Forecasts 2020/21-2022/23

15. Background Papers

15.1 JTC Budget 2019/20 report 22 January 2019
JTC Initial Budget Proposals 2020/21 report 23 October 2019

16. Contact Officers

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

17. Sign off

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

18. Glossary

DfT – Department for Transport
NECA – North East Combined Authority
NTCA – North of Tyne Combined Authority
TfN – Transport for the North
TSU – Transport Strategy Unit
TT2 – TT2 Ltd., Tyne Tunnels concessionaire

Appendix 1 - Tyne and Wear Levy Options 2020/21-2022/23

1. At the Joint Transport Committee on 23 October 2019, members requested some additional information about the impact of various options for the levy on the Tyne and Wear councils. The following scenarios have been modelled and are set out in the tables below:
 - a) A 2% increase in all three years 2020/21-2022/23
 - b) A 2% increase in 2020/21 with a cash freeze thereafter
 - c) A 1% increase in 2020/21 with a cash freeze thereafter
 - d) A cash freeze in all three years
 - e) A 1% reduction in 2020/21 and a cash freeze thereafter
 - f) A 2% reduction in 2020/21 and a cash freeze thereafter
2. Apportionment of the levy is based upon the 2018 ONS Mid-Year population estimates in 2020/21, as per the Transport Levying Bodies Regulations.
3. Since the populations in each council area change each year, the apportionment of the levy must be updated each year so there will be changes to the amounts payable by each individual council even in a cash freeze scenario.
4. For 2021/22 and 2022/23 the population figures are not yet available so the apportionment for these years is as per the 2018 Mid-Year figures.
5. The Retained Levy relates primarily to former Tyne and Wear Integrated Transport Authority (TWITA) costs (mainly historic financing charges) and contributions towards supporting the JTC including the Transport Strategy Unit (TSU). Any increase or decrease in the Retained Levy amount will be managed through the Tyne and Wear Transport reserve.

Modelling of Options

a) A 2% increase in all three years 2020/21-2022/23

	2019/20 Levy (£)	2018 Population	2020/21 Levy (£)	2021/22 Levy (£)	2022/23 Levy (£)
Gateshead	10,949,433	202,508	11,106,147	11,328,270	11,554,836
Newcastle	16,002,955	300,196	16,463,651	16,792,924	17,128,782
North Tyneside	11,060,540	205,985	11,296,836	11,522,773	11,753,229
South Tyneside	8,089,866	150,265	8,240,984	8,405,804	8,573,920
Sunderland	14,997,206	277,417	15,214,382	15,518,669	15,829,043
Tyne & Wear Total	61,100,000	1,136,371	62,322,000	63,568,440	64,839,810
Year on Year Increase / (Decrease)			1,222,000	1,246,440	1,271,370
Cumulative Increase / (Decrease)			1,222,000	2,468,440	3,739,810

Retained Levy	2,100,000	2,142,000	2,184,840	2,228,540
Grant to Nexus	59,000,000	60,180,000	61,383,600	62,611,270

b) A 2% increase in 2020/21 only and a cash freeze thereafter

	2019/20 Levy (£)	2018 Population	2020/21 Levy (£)	2021/22 Levy (£)	2022/23 Levy (£)
Gateshead	10,949,433	202,508	11,106,147	11,106,147	11,106,147
Newcastle	16,002,955	300,196	16,463,651	16,463,651	16,463,651
North Tyneside	11,060,540	205,985	11,296,836	11,296,836	11,296,836
South Tyneside	8,089,866	150,265	8,240,984	8,240,984	8,240,984
Sunderland	14,997,206	277,417	15,214,382	15,214,382	15,214,382
Tyne & Wear Total	61,100,000	1,136,371	62,322,000	62,322,000	62,322,000
Year on Year Increase / (Decrease)			1,222,000	0	0
Cumulative Increase / (Decrease)			1,222,000	1,222,000	1,222,000

Retained Levy	2,100,000	2,142,000	2,142,000	2,142,000
Grant to Nexus	59,000,000	60,180,000	60,180,000	60,180,000

c) A 1% increase in 2020/21 only and a cash freeze thereafter

	2019/20 Levy (£)	2018 Population	2020/21 Levy (£)	2021/22 Levy (£)	2022/23 Levy (£)
Gateshead	10,949,433	202,508	10,997,263	10,997,263	10,997,263
Newcastle	16,002,955	300,196	16,302,242	16,302,242	16,302,242
North Tyneside	11,060,540	205,985	11,186,083	11,186,083	11,186,083
South Tyneside	8,089,866	150,265	8,160,190	8,160,190	8,160,190
Sunderland	14,997,206	277,417	15,065,221	15,065,221	15,065,221
Tyne & Wear Total	61,100,000	1,136,371	61,711,000	61,711,000	61,711,000
Year on Year Increase / (Decrease)			611,000	0	0
Cumulative Increase / (Decrease)			611,000	611,000	611,000

Retained Levy	2,100,000
Grant to Nexus	59,000,000

2,121,000	2,121,000	2,121,000
59,590,000	59,590,000	59,590,000

d) A cash freeze in all three years

	2019/20 Levy (£)	2018 Population	2020/21 Levy (£)	2021/22 Levy (£)	2022/23 Levy (£)
Gateshead	10,949,433	202,508	10,888,380	10,888,380	10,888,380
Newcastle	16,002,955	300,196	16,140,834	16,140,834	16,140,834
North Tyneside	11,060,540	205,985	11,075,330	11,075,330	11,075,330
South Tyneside	8,089,866	150,265	8,079,396	8,079,396	8,079,396
Sunderland	14,997,206	277,417	14,916,061	14,916,061	14,916,061
Tyne & Wear Total	61,100,000	1,136,371	61,100,000	61,100,000	61,100,000
Year on Year Increase / (Decrease)			0	0	0
Cumulative Increase / (Decrease)			0	0	0

Retained Levy	2,100,000
Grant to Nexus	59,000,000

2,100,000	2,100,000	2,100,000
59,000,000	59,000,000	59,000,000

e) A 1% reduction in 2020/21 and a cash freeze thereafter

	2019/20 Levy (£)	2018 Population	2020/21 Levy (£)	2021/22 Levy (£)	2022/23 Levy (£)
Gateshead	10,949,433	202,508	10,779,496	10,779,496	10,779,496
Newcastle	16,002,955	300,196	15,979,426	15,979,426	15,979,426
North Tyneside	11,060,540	205,985	10,964,576	10,964,576	10,964,576
South Tyneside	8,089,866	150,265	7,998,602	7,998,602	7,998,602
Sunderland	14,997,206	277,417	14,766,900	14,766,900	14,766,900
Tyne & Wear Total	61,100,000	1,136,371	60,489,000	60,489,000	60,489,000
Year on Year Increase / (Decrease)			(611,000)	0	0
Cumulative Increase / (Decrease)			(611,000)	(611,000)	(611,000)

Retained Levy	2,100,000
Grant to Nexus	59,000,000

2,079,000	2,079,000	2,079,000
58,410,000	58,410,000	58,410,000

f) A 2% reduction in 2020/21 and a cash freeze thereafter

	2019/20 Levy (£)	2018 Population	2020/21 Levy (£)	2021/22 Levy (£)	2022/23 Levy (£)
Gateshead	10,949,433	202,508	10,670,612	10,670,612	10,670,612
Newcastle	16,002,955	300,196	15,818,017	15,818,017	15,818,017
North Tyneside	11,060,540	205,985	10,853,823	10,853,823	10,853,823
South Tyneside	8,089,866	150,265	7,917,808	7,917,808	7,917,808
Sunderland	14,997,206	277,417	14,617,739	14,617,739	14,617,739
Tyne & Wear Total	61,100,000	1,136,371	59,878,000	59,878,000	59,878,000
Year on Year Increase / (Decrease)			(1,222,000)	0	0
Cumulative Increase / (Decrease)			(1,222,000)	(1,222,000)	(1,222,000)

Retained Levy	2,100,000
Grant to Nexus	59,000,000

2,058,000	2,058,000	2,058,000
57,820,000	57,820,000	57,820,000

Appendix 2 – Nexus MTFP Forecasts – Updated November 2019

a) Levy increase of 2% across all 3 years

Scenario: Levy +2% (all 3 years) / 9.3% Pension	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	-2.18	0.24	1.86		
Movement in reserves		-4.40	2.18	-0.24	-0.93		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	0.93		
Savings required		0.00	0.00	0.00	-0.93	-0.93	
Remaining reserves	16.0	11.60	13.78	13.53	12.60		79%

Scenario: Levy +2% (all 3 years) / Stepped Pension	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	-2.18	0.71	2.80		
Movement in reserves		-4.40	2.18	-0.71	-1.40		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	1.40		
Savings required		0.00	0.00	0.00	-1.40	-1.40	
Remaining reserves	16.0	11.60	13.78	13.07	11.67		73%

b) Levy increase of 1% and 2% in 2020/21

Scenario: Levy +2% / 9.3% Pension	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	-2.18	1.42	4.22		
Movement in reserves		-4.40	2.18	-1.42	-2.11		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	2.11		
Savings required		0.00	0.00	0.00	-2.11	-2.11	
Remaining reserves	16.0	11.60	13.78	12.35	10.24		64%

Scenario: Levy +2% / Stepped	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	-2.18	1.89	5.16		
Movement in reserves		-4.40	2.18	-1.89	-2.58		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	2.58		
Savings required		0.00	0.00	0.00	-2.58	-2.58	
Remaining reserves	16.0	11.60	13.78	11.89	9.31		58%

Scenario: Levy +1% / 9.3% Pension	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	-1.59	2.01	4.81		
Movement in reserves		-4.40	1.59	-2.01	-2.41		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	2.41		
Savings required		0.00	0.00	0.00	-2.41	-2.41	
Remaining reserves	16.0	11.60	13.19	11.17	8.77		55%

Scenario: Levy +1% / Stepped	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	-1.59	2.48	5.75		
Movement in reserves		-4.40	1.59	-2.48	-2.87		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	2.87		
Savings required		0.00	0.00	0.00	-2.87	-2.87	
Remaining reserves	16.0	11.60	13.19	10.71	7.83		49%

c) Levy freeze in 2020/21

Scenario: Levy Freeze / 9.3% Pension	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	-1.00	2.60	5.40		
Movement in reserves		-4.40	1.00	-2.60	-2.70		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	2.70		
Savings required		0.00	0.00	0.00	-2.70	-2.70	
Remaining reserves	16.00	11.60	12.60	9.99	7.29		46%

Scenario: Levy Freeze / Stepped Pension	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	-1.00	3.07	6.34		
Movement in reserves		-4.40	1.00	-3.07	-3.17		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	3.17		
Savings required		0.00	0.00	0.00	-3.17	-3.17	
Remaining reserves	16.00	11.60	12.60	9.53	6.36		40%

d) Levy reduction of 1% and 2% in 2020/21

Scenario: Levy -1.0% / 9.3% Pension	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	-0.41	3.19	5.99		
Movement in reserves		-4.40	0.41	-3.19	-3.00		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	3.00		
Savings required		0.00	0.00	0.00	-3.00	-3.00	
Remaining reserves	16.00	11.60	12.01	8.81	5.82		36%

Scenario: Levy -1.0% / Stepped Pension	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	-0.41	3.66	6.93		
Movement in reserves		-4.40	0.41	-3.66	-3.46		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	3.46		
Savings required		0.00	0.00	0.00	-3.46	-3.46	
Remaining reserves	16.00	11.60	12.01	8.35	4.88		31%

Scenario: Levy -2.0% / 9.3% Pension	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	0.18	3.78	6.58		
Movement in reserves		-4.40	-0.18	-3.78	-3.29		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	3.29		
Savings required		0.00	0.00	0.00	-3.29	-3.29	
Remaining reserves	16.00	11.60	11.42	7.63	4.34		27%

Scenario: Levy -2.0% / Stepped Pension	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	0.18	4.25	7.52		
Movement in reserves		-4.40	-0.18	-4.25	-3.76		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	3.76		
Savings required		0.00	0.00	0.00	-3.76	-3.76	
Remaining reserves	16.00	11.60	11.42	9.29	3.41		21%

North East Joint Transport Committee

Date: 19 November 2019

Subject: Transport North East, Regional Transport Update

Report of: Managing Director, Transport North East

Executive Summary

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

Procurement to award a contract to an Operator who will design, install, operate and maintain electric charging infrastructure for the taxi industry was put out to the market at the end of October. A contract will be awarded in December.

Recommendations

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

1. Background Information

1.1 North East Transport Plan

Work continues on the North East Transport Plan, covering the LA7 area. There is a full report requesting approval for the vision, principles and objectives for the Transport Plan which will be discussed under a separate agenda item.

1.2 Electric Vehicle Infrastructure

The region is in the process of carrying out procurement to award a contract for electric vehicle charging infrastructure for the taxi industry to assist in their transition to low emission vehicles. The contract will be awarded to an operator who will design, install, operate and maintain the chargers was put out to the market at the end of October. A contract will be awarded in December and a further update will be brought to a future committee.

1.3 Tyne and Wear Metro

For the Great North Run day, Metro carried almost 91,000 passengers. A seven and a half minute service between Newcastle to South Shields was maintained, supported by 400 staff, working in various operational teams.

The latest Metro Customer Satisfaction survey score of 7.8 (August 2019) is meeting the target of 7.8. Actions being taken to improve punctuality and reliability should further increase the overall satisfaction score. The next survey results are due at the end of November 2019.

Financially, a number of budgetary pressures remain. Metro farebox revenue for 2019/20 is forecast to be 2.6% less than the base budget of £46.80m. For Metro ridership, the current annual punctuality for 2019-20 is 84.1%, 3.2% below the target of 87.3%. This is an improvement from 81.5% for the same period last year.

Nexus is currently undertaking an annual review of Metro and Ferry fares. A new fares review proposal for 2020 will be presented to members of the North East Joint Transport Committee, Tyne and Wear Sub-Committee on November 21, which aims to tackle the challenges the region faces head on by making the Metro a more attractive option for passengers.

For the new Metro Fleet, Best and Final Offer (BAFO) bids have been received and evaluated from the three shortlisted tenderers - Stadler, CAF and Hitachi. Moderation is taking place to identify the preferred bidder. An approval decision is expected in December 2019, leading to contract award in January 2020.

1.4 Transport for the North (TfN)

Strategic Development Corridors (SDCs)

TfN has completed work on the three remaining Strategic Development Corridors (West Coast to Sheffield City Region, Yorkshire to Scotland and East Coast to Scotland). The completion of this work has delivered two Strategic Programme Outline Cases (SPOCS): East Coast- Scotland DSC SPOC and West Coast – Sheffield City Region SDC SPOC.

The East Coast – Scotland SDC is of particular relevance to the North East as it covers the north-south road and rail links running through the region. The East Coast-

Scotland SDC consists of the East Coast to Scotland Strategic Development Corridor (SDC), which focused on rail, and Yorkshire – Scotland SDC, which focused on road. The SPOCS provide the evidence to inform TfN’s investment programme and the next phase of Strategic Development Corridors.

TfN are currently working towards developing a framework which will enable schemes in the investment programme to be sequenced.

Major Road Network (MRN) / Local Majors

On 31 July, Transport for the North (TfN) submitted 12 major road network (MRN) and 4 Large Local Major (LLM) projects to the Department for Transport (DfT) to be considered for funding, including 4 MRN schemes from the North East:

- Durham Northern Relief Road
- Sunderland Strategic Transport Corridor Phase 4
- Tyne Bridge and Central Motorway
- Blyth Relief Road

2. Proposals

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

3. Reasons for the Proposals

- 3.1 This report is for information purposes only.

4. Alternative Options Available

- 4.1 Not applicable to this report.

5. Next Steps and Timetable for Implementation

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

6. Potential Impact on Objectives

- 6.1 Delivery of the various transport schemes and investment proposals outlined in this document will assist the JTC in delivering its objectives.

7. Financial and Other Resources Implications

- 7.1 There are no financial implications arising from this report. As previously reported to the Committee, grant funding has been received from the Office for Low Emission Vehicles for the project to deliver electric vehicle charging points for use by the taxi industry.

8. Legal Implications

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

9. Key Risks

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

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

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

13. Other Impact of the Proposals

13.1 No specific impacts.

14. Appendices

14.1 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

Harry Nicol, Senior Specialist Transport Planner, Transport North East Strategy Unit
harry.nicol@northeastca.gov.uk Tel: 0191 277 8920

17. Sign off

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

18. Glossary

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

North East Joint Transport Committee

Date: 19 November 2019
Subject: Capital Programme Monitoring Report 2019/20
Report of: Chief Finance Officer

Executive Summary

This report provides the Joint Transport Committee with details of the 2019/20 capital programme plans, together with expenditure and forecasts of the outturn position based on the position at the end of September 2019.

The report identifies that total capital expenditure on Transport schemes of £92.799m is forecast against the revised programme budget of £92.828m, an outturn forecast underspend of circa £29,000. The revised programme takes account of the 2018/19 outturn and new grant approvals made since the original capital programme was set in January 2019. Expenditure to 30 September 2019 totalled £28.646m – 31% of the forecast total capital expenditure for the year.

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

Expenditure of £7.242m is forecast on Local Growth Fund (LGF) Transport schemes. Most of the Transport schemes in the programme are coming to an end now as LGF is in its fifth year, but significant grants are still forecast to be paid to Nexus for the Metro Skills Centre (£2.792m), North Tyneside Council for the A19 North Bank of Tyne (£1.232m) and Durham County Council for Horden Rail Station (£2.278m) in 2019/20.

The capital programme includes £9.102m for Tranche 1 of the Transforming Cities Fund programme. This is expected to be fully expended in the year. The draft bid for Tranche 2 funding was submitted in June 2019 and the final bid is due to be submitted to DfT at the end of November 2019.

The Go Ultra Low project continues in 2019/20. This project involves the creation of rapid charging clusters, following the opening of the Electric Vehicle Filling station in Sunderland which became operational in April 2019. Capital expenditure of £1.082m is forecast for the year on this project.

2019/20 is the tenth year of the Metro Asset Renewal Plan programme which runs from 2010 to 2021. Expenditure in year is forecast to be £32.335m which is within the minimum and maximum levels set for the year by the Department for Transport.

The Metro Fleet Replacement project is forecast at £30.200m in 2019/20 as the procurement to award the Fleet Replacement contract continues. Best and Final Offer bids have been received and moderation has taken place to identify the preferred bidder. The final business case was submitted to DfT in October 2019 with an approval decision expected in December 2019 leading to contract award in January 2020.

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

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

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

Recommendations

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

1. Background Information

- 1.1 This report provides an update on the Transport capital programme for 2019/20 and the funding sources identified to deliver the programme, which covers a wide range of transport improvements.
- 1.2 In January 2019, the Joint Transport Committee (JTC) agreed a capital programme totalling £81.944m for 2019/20, including an element of over-programming, with a forecast likely outturn of £75.187m for the year. The programme was revised following the 2018/19 outturn 19 and the outcome of the successful Transforming Cities Fund Tranche 1 bid announced in March 2019. The revised programme now totals £92.828. Expenditure at this stage in the year totals £28.646m which represents 31% of the forecast expenditure for the year and is in line with expectations. The forecast outturn is estimated to be £92.799m, which is marginally below (c£29,000) the revised budget estimates.

2. Proposals

- 2.1 A summary of the Transport capital programme for 2019/20 is set out in the table below, with further details provided in the following sections.

	2019/20 Original	2019/20 Revised	2019/20 Forecast	Forecast (Under) / Over Spend	Expenditure to date
	£m	£m	£m	£m	£m
Local Growth Fund Transport Schemes ¹	3.784	3.445	4.450	1.005	1.139
Transforming Cities Fund Tranche 1	0.000	9.102	9.102	0.000	0.000
Go Ultra Low	0.995	1.083	1.082	(0.001)	0.499
Metro Asset Renewal Plan	33.987	32.853	32.335	(0.518)	14.738
Metro Fleet Replacement	30.200	30.200	30.200	0.000	3.792
Nexus non-Metro Programme	1.486	3.752	3.241	(0.511)	0.447
Tyne Tunnels	0.260	0.854	0.850	(0.004)	0.595
Local Transport Plan ²	11.232	11.539	11.539	0.000	7.436
Total Capital Programme	81.944	92.828	92.799	(0.029)	28.646

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

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

Local Growth Fund Transport schemes

2.2 2019/20 is the fifth year of the Local Growth Fund (LGF) programme, which covers Economic Assets, Innovation, Transport and Skills themed projects. Many of the transport schemes within this element of the capital programme have almost completed the drawdown of the LGF elements of their funding and the programme is therefore smaller than it has been in recent years. Expenditure to October 2019 totalled £1.139m, and the forecast for the year based on the quarterly monitoring returns from schemes received at the time of writing the report totals £4.450m. This includes the following key projects:

- £2.278m forecast for payment to Durham County Council for the Horden Rail Station scheme, of a total £3.34m LGF approval. The scheme involves the construction of a new station on the Durham Coast Line to provide improved public transport access to the people and businesses of Horden and Peterlee, including the adjacent communities of East Durham. The target date for the opening of the station is summer 2020.
- £1.232m forecast for payment to North Tyneside Council for the A19 North Bank of Tyne (Swans) Stage 2 scheme which involves improvements to roundabouts and approach roads, improvements to other junctions and improved cycling and walking facilities in the area.
- Smaller payments are forecast to be made in year to other local authority schemes including the Northern Access Corridor Phase 2 and 3 (Newcastle City Council), Traffic Movements along A185/A193/A19 (The Arches) (South Tyneside Council) and A1065-A189 Weetslade Roundabout improvements (North Tyneside Council).

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

2.3 The LGF capital programme continues to be managed in accordance with the North East Local Enterprise Plan (North East LEP) Assurance Framework, which is subject to annual review by the North East LEP Board and updated where required to meet latest best practice guidance.

Transforming Cities Fund

2.4 The Transforming Cities Fund represents a significant opportunity for the region to source capital funding for public transport and sustainable transport infrastructure. An initial £10m allocation was secured for the region from Tranche 1, which was announced and received in March 2019. Works are under way to construct the schemes funded by this award.

2.5 Grant Funding Agreements for all Tranche 1 projects have been sealed by NECA on behalf of the JTC and by scheme promoters. At the time of writing this report, the first claims have been received and some payments made to scheme promoters, with further claims due at the end of the third and fourth quarters of the year.

- 2.6 The forecast to the end of 2019/20 for Tranche 1 schemes is £9.102m (£0.898m was accrued in 2018/19) which will represent full utilisation of the grant funding.

Go Ultra Low

- 2.7 The Go Ultra Low project has been the subject of previous reports to the Joint Transport Committee. The project is jointly funded through funding from Office for Low Emission Vehicles (OLEV) and European Regional Development Funding (ERDF) and includes the construction of one of the UK's first Electric Vehicle (EV) filling stations at West Wear Street in Sunderland city centre, along with the installation of a number of rapid charging clusters across the region. The electric vehicle filling station in Sunderland became operational in April this year with an official opening in June, and it has been positively received. The 11 EV charging hubs which are also funded through the Go Ultra Low North East programme are being delivered through the summer and autumn 2019 are installed at strategic locations around the region.
- 2.8 Capital expenditure to the end of September 2019 was £0.499m. The project is due to complete during the 2019/20 financial year, with forecast expenditure to the year-end being £1.082m, which takes into account slippage from 2018/19.

Nexus Capital Programme

- 2.9 The JTC approved the Nexus capital programme for 2019/20 in January 2019 totalling £65.673m. Following the outturn for 2018/19 and various project approvals considered by Nexus' Senior Leadership Team, the revised programme is now £66.805m. At the end of Period 7 (ending 12 October 2019), the summary position is as follows:

Asset Category	2019/20 Original	2019/20 Revised	2019/20 Forecast	Forecast (Under) / Over Spend	Spend to date	Reasons for Major Variations
	£m	£m	£m	£m	£m	
Metro ARP						
Civils	1.079	1.630	1.398	(0.232)	1.201	Re-profiling from 2018/19
Permanent Way	6.441	6.970	6.814	(0.156)	4.615	Advance materials purchase for next year's track works
Overhead Line	3.651	3.018	2.715	(0.303)	1.293	Re-profiling to 2020/21
Stations	5.675	4.286	3.260	(1.026)	2.107	Re-profiling to future years
Signalling	2.897	2.960	2.638	(0.322)	0.818	
Metro Cars (Old)	3.410	3.195	3.417	0.222	1.794	
Asset	2019/20	2019/20	2019/20	Forecast	Spend	Reasons for

Category	Original	Revised	Forecast	(Under) / Over Spend	to date	Major Variations
	£m	£m	£m	£m	£m	
Programme Management & Risk Contingency	4.359	0.489	2.097	1.608	0.000	Reassessment of risks/ allocation to projects
Communications, Plant, Power, Mechanical & Electrical etc.	2.013	4.477	4.383	(0.094)	1.358	Inclusion of Fleet Reliability Improvement Plan and Depot Improvement Works
Nexus Learning Centre	4.462	5.828	5.613	(0.215)	1.552	Re-profiling from 2018/19 and additional costs
Total Metro ARP	33.987	32.853	32.335	(0.518)	14.738	
Fleet Replacement	30.200	30.200	30.200	0.000	3.792	
Digital Asset Renewal Programme and Other Capital Investment	1.486	3.752	3.241	(0.511)	0.447	Re-profiling from 2018/19 and inclusion of Transforming Cities
Total Nexus Capital Programme	65.673	66.805	65.776	(1.029)	18.977	

Metro Asset Renewal Plan (ARP)

- 2.10 This is the tenth year of the eleven year ARP programme. The requirement from DfT is that Nexus achieves at least a minimum level of expenditure and no more than a maximum level of expenditure in any one financial year (which for 2019/20 were set at £20.615m and £29.948m respectively). The 2019/20 capital budget therefore included an initial level of over-programming of 35%. The reasons for this 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.
- 2.11 Expenditure to 31 October 2019 is £14.738m. This represents 71% of the £20.615m minimum expenditure level required by DfT for this financial year.
- 2.12 The latest forecast to the year end is an estimated outturn of £32.335m; lower than budgeted largely because of reduced expenditure forecasts in the phasing of works

relating to a number of projects, including the Stations' Design projects.

2.13 An evaluation of remaining risks in the programme together with several options to undertake managed re-profiling of expenditure will ensure that the final outturn falls within the DfT's prescribed funding tolerance. At this stage any variation in expenditure against the budget that is not forecast to be incurred in the current year will be carried forward into the 2020/21 programme.

2.14 At 31 October, the following key projects are progressing:

- The next phase of track work - re-railing in the tunnels between the QEII Bridge and Gateshead Stadium will start in November 2019. Procurement is underway for track works at South Shields in April 2020 and full renewal between Heworth and Pelaw planned for Summer 2020.
- Construction of the Nexus Learning Centre is progressing in line with the planned occupancy date of March 2020. Roofing is nearing completion with cladding underway.
- Refurbishment of the Halt Stations at Monkseaton, West Monkseaton, Cullercoats, Shiremoor, Palmersville, Benton and Longbenton is continuing. Installation of vitrified enamel (VE) and wayfinding panels is nearing completion. Installation of with new accessible hand railing will commence in November.
- Railway Traffic Management System (RTMS): The supplier is continuing to progress the resolution of the remaining issues. A further software release took place on 15th September with a further release scheduled for 30th November.
- Overhead Line Equipment Renewal: This continues with wire runs undertaken approximately every 3 weeks with other components being renewed overnight without impacting Metro Services. The next wire runs are scheduled for the weekends of 9th&10th and 23rd& 24th November.
- The programme to replace critical point motors with modern and more reliable equipment is underway with 13 of the planned 32 installed and operational.
- A tender has been released for the supply of 2 new 'On track Machines' (engineering trains).

2.15 Over the next three months, the Metro ARP cost loaded programme shows the following expenditure profile:

	Year to date	November 2019 Forecast	December 2019 Forecast	January 2020 Forecast
	£m	£m	£m	£m

In period spend	14.74	1.89	2.79	2.33
Cumulative spend	14.74	16.63	19.42	21.75

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

	Budgeted Funding 2019/20	Forecast Funding 2019/20
	£m	£m
ARP		
Metro Rail Grant	21.000	22.754
Local Contribution 10% - Local Transport Plan (LTP)	2.333	2.528
Over-programming	8.208	3.097
Total ARP	31.541	28.379
Other Schemes		
LGF	2.446	2.775 ³
Reserves	0.000	1.181 ⁴
Total – Other Schemes	2.446	3.956
Total	33.987	32.335

Fleet Replacement

2.17 The approved budget for 2019/20 is £30.200m, with forecast expenditure expected to be £30.300m, as the procurement to award the Fleet Replacement contract continues.

2.18 Expenditure as at the end of October is £3.792m, in respect of the commencement of the contract to construct the Howdon Satellite Depot element of the Fleet Replacement Project.

2.19 The following table sets out how the Fleet Replacement programme for 2019/20 will be funded which will be revised to reflect the delivery programme of the successful tendered following the conclusion of the evaluation process in Autumn 2019.

	Approved Funding 2019/20	Projected Funding 2019/20
	£m	£m
Fleet Capital Grant	21.600	21.600

³ Including Re-profiling from 2018/19

⁴ Fleet Reliability Improvement Plan

Fleet Local Contribution	8.600	8.600
Total	30.200	30.200

Nexus Non-Metro Capital Programme

2.20 The approved budget for 2019/20 is £3.752m, with forecast expenditure of £3.241m, as set out below:

Nexus Non-Metro Programme	2019/20 Original	2019/20 Revised	2019/20 Forecast	Forecast (Under) / Over Spend	Spend to date
	£m	£m	£m	£m	£m
Transforming Cities ⁵	0.000	1.194	1.194	0.000	0.212
Ferry Works	0.368	0.368	0.289	(0.079)	0.029
Digital Assets	1.118	1.424	0.992	(0.432)	0.171
Ticketing and Gating	0.000	0.521	0.521	0.000	0.015
North East Smart Ticketing Initiative	0.000	0.070	0.070	0.000	0.020
Motor Fleet Replacement	0.000	0.035	0.035	0.000	0.000
Follingsby Land Acquisition	0.000	0.140	0.140	0.000	0.000
Total Nexus Non Metro	1.486	3.752	3.241	(0.511)	0.447

2.21 The Non-Metro forecast for 2019/20 indicates an overall reduction in the approved budget of £0.511m as detailed below:

- Following surveys of the ferry landings a change to the scope of works has been identified. In 2019/20 Nexus now intend to only carry out urgent safety critical works. Further surveys and consultant reports will continue to assess the full project requirements.
- During the year additional Digital Asset projects have been identified, whilst others have slipped into 2020/21. A revised programme has been produced with £0.432m re-profiled into the next financial year.
- Approval has been given for Nexus to purchase two motor vans outside of the Asset Renewal Plan to be used within the Information department.
- The Follingsby land acquisition is at a strategic location for a Park and Ride site, which has long been established in the Metro and Local Rail Strategy 2016 and the Northern Powerhouse Rail Sequence Two Report. The Park and Ride element is currently included within the Transforming Cities Fund

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

submission. Acquiring this land is essential to the deliverability of this scheme.

2.22 Expenditure as at the end of £0.447m, with key projects progressing as follows:

- The Transforming Cities Fund expenditure to date relates to the continued progression of the three identified projects, South Tyneside Metro Flow, Digital Car Parking and Follingsby/Callerton Park and Ride sites. This includes development through outline business case (OBC) stage and submission to the Transport Strategy Unit in advance of the full DfT bid in November 2019.
- The majority of the Ferry vessel upgrades and refurbishment is planned to be undertaken following the peak summer season. This will include Pride engine mount modifications, engine overhauls, port ramp refurbishments and external corrosion rectification.
- Within the Digital asset renewal, additional to server infrastructure and security upgrades there are a number of significant projects due to be delivered in full or in part in 2019/20. This includes IP (Internet Protocol) Telephony replacement, a business intelligence tool and Fleet performance software.
- The Ticketing and Gating project is continuing with the P2PE (Point to Point Encryption) rollout with a further software release due in November.
- The North East Smart Ticketing Initiative (NESTI) has developed its smart card next generation app and host card emulation facility, which will allow customers to use a mobile smart phone to purchase tickets and validate travel. Contractual issues have been resolved to enable the project to move to the testing phase.

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

	Approved Funding 2019/20 £m	Projected Funding 2019/20 £m
Local Transport Plan (LTP)	0.077	0.077
Reserves	3.666	3.155
Fleet Local Contribution	0.009	0.009
Total	3.752	3.241

Tyne Tunnels Capital Programme

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

and which form part of the National Cycle Network.

- 2.25 Access to the tunnels is available to both pedestrians and cyclists via the vertical lifts and the fixed escalator. However, the commissioning of the new inclined lift is yet to be completed. During the commissioning phase some alterations to the door components were identified together with several other snagging issues. Additional fabrication works have been completed and the snagging works are being addressed. The inclined lifts are due to be presented for acceptance imminently and once they have completed their certification for use will be brought into service.
- 2.26 The tunnels are currently open to the public between 06:00 to 20:00 with TT2 providing a night shuttle between 20:00 to 06:00. The reopening has been well received by the public and the facility is being well used by both pedestrians and cyclists.
- 2.27 Expenditure to the end of September was £0.595m, with the forecast to the year-end of £0.850m for the full completion of the project.

Local Transport Plan

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

Capital Programme Financing

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

	2019/20 £m
Government Grants	79.858
Borrowing	0.000
Earmarked Reserves	12.941
Total Funding	92.799

3. Reasons for the Proposals

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

4. Alternative Options Available

4.1 The report is for information with no decision required.

5. Next Steps and Timetable for Implementation

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

6. Potential Impact on Objectives

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

7. Financial and Other Resources Implications

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

8. Legal Implications

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

9. Key Risks

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

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

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

13. Other Impact of the Proposals

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

14. Appendices

14.1 None

15. Background Papers

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

16. Contact Officers

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

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

18. Glossary

ARP – Asset Renewal Plan

DfT – Department for Transport

GUL – Go Ultra Low

LGF – Local Growth Fund

LTP – Local Transport Plan

NESTI – North East Smart Ticketing Initiative

TCF – Transforming Cities Fund

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North East Joint Transport Committee

Date: 19 November 2019

Subject: North East Transport Plan

Report of: Managing Director Transport North East

Executive Summary

The proposed vision for the Transport Plan is; 'Moving to a green, healthy, dynamic and thriving North East'.

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

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

The following objectives set out what the Transport Plan aims to achieve:

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

The purpose of this report is to ask the Joint Transport Committee to approve the draft vision, principles and objectives for a North East Transport Plan. Following approval, the content of the Plan will begin to be developed.

Recommendations

The North East Joint Transport Committee is recommended to agree to the vision, principles and objectives for the North East Transport Plan, as set out in paragraph 2, and grant approval for the development of the Plan to progress.

1. Background Information

- 1.1 The Transport Plan will be easily accessible by the public, free of traditional transport jargon, and will engage the people of the North East in a move to greener, more sustainable travel. It will also clearly set out a commitment to the transport projects the region should deliver in the period up to 2035.
- 1.2 The Plan should respond to the climate emergencies declared by LA7 authorities and Combined Authorities in the region. It should also consider how transport can sustainably support our economy, both in terms of inclusive growth and social mobility, as well ensuring that North East businesses can prosper. The Plan is also the opportunity to consider how sustainable transport can support a healthier region.
- 1.3 Transport Plans need to meet a number of statutory requirements and these will be addressed in a technical document that supports the public-facing Transport Plan. The technical document will fulfil the needs of those who write bids to bring funding to our region and other interested parties.
- 1.4 The Transport Plan will align with national policies, including those on addressing the climate emergency, and care will be taken to ensure it supports all relevant local policies.

2. Proposals

- 2.1 The proposed vision for the Transport Plan is; 'Moving to a green, healthy, dynamic and thriving North East'.
- 2.2 These are words chosen to summarise the ambition for the Plan to focus on a greener transport system. They speak of a Plan which will enable people to be more socially mobile and healthier, and live within a more prosperous economy. 'Moving to' references not only the notion of travelling, but also positive change such as the excellent sustainable alternatives to the car the plan will aspire to develop and the changes in attitude to sustainable transport this will engender. Finally, the reference to happiness comes from the point that transport affects each of us throughout our lives and that transport links families and friends, people to opportunities, and carries us around our region to enjoy the place we live and others should visit.
- 2.3 The following key principles will be adopted to guide the development of the Plan:
 - One, total network – making sure people are connected and able to move about easily and efficiently.
 - Look to the future – considering the longevity of our Plan's outcomes, ensuring that we take the needs of future generations in to account when developing proposals.
 - A great experience – making sure the services we provide are of the right quality, performance level and price.
 - North East pride and passion – our transport network should be a part of the

North East. People from the region will be proud of our network and people visiting from elsewhere will admire it.

- Sound evidence and commitment to deliver for the region – a detailed programme of improved infrastructure and better service delivery will flow from our Plan.

2.4 The principles will be applied wherever the Transport Plan leads to the development of an investment or activity.

2.5 The following objectives arise out of the above principles and set out what we wish our Transport Plan to achieve:

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

2.6 These objectives will help to tackle the climate emergency and grow the region's economy, supporting the aim of the North East Strategic Economic Plan. Long-distance connectivity and addressing the needs of the freight sector are crucial in generating economic growth, and the Transport Plan will therefore acknowledge this. People's health is also core to the Transport Plan and we will seek to improve health by increasing the level of active travel and reducing carbon emissions, thereby improving air quality. The Transport Plan will also introduce measures which make sustainable travel, including cycling and walking, an attractive alternative to the car. It will ensure that people are confident that they will be able to feel safe and secure when travelling. Given that the 2011 Census shows almost a third of our region's population live in rural locations, the Transport Plan will set out solutions specifically aimed at the mobility needs of rural communities.

3. Reasons for the Proposals

3.1 The purpose of this report is to set a clear vision and objectives for the Transport Plan.

4. Alternative Options Available

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

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

Option 1 is the recommended option.

5. Next Steps and Timetable for Implementation

5.1 Following approval of the principles and objectives the content of the Transport Plan will begin to be developed. The data and evidence base will be drafted and JTC will be asked to debate the evidence base and possible policies at a future

meeting.

- 5.2 A draft Plan is expected to be produced for discussion with JTC members in spring 2020, and public consultation will follow.

6. Potential Impact on Objectives

- 6.1 Development of a high-quality sustainable transport network that provides excellent connectivity around the region will assist in meeting the objectives of the North of Tyne Combined Authority and North East Combined Authority, and their constituent members, in particular the wish to address the climate emergency. It will also assist in meeting the goal of the North East Strategic Economic Plan for “more and better jobs”.

7. Financial and Other Resources Implications

- 7.1 There are no financial implications arising from this report. Provision to meet costs associated with the preparation of the North East Transport Plan is included in the budget for the Transport North East Strategy Unit.

8. Legal Implications

- 8.1 The Joint Transport Committee is legally responsible for preparing a single Transport Plan for the area of the two Combined Authorities, NECA and NoTCA. There are no other legal implications arising directly from the recommendations in this report.

9. Key Risks

- 9.1 The key risks relate to delay in production of the Transport Plan, or the failure of the Plan to adequately address the Plan’s objectives. These are being addressed through a robust project management framework, frequent liaison with the Transport Strategy Board and regular updates to this Committee.

10. Equality and Diversity

- 10.1 Reduction of social inequality is a key goal of the plan and improved alternatives to car use will benefit all members of the community, as well as helping to address poor air quality, the effects of which are most acute for those with existing health conditions.

11. Crime and Disorder

- 11.1 One objective of the plan is to improve confidence in safety and security for those using all modes of transport in the region.

12. Consultation/Engagement

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

13. Other Impact of the Proposals

13.1 Environment

A core focus for the plan will be to create a greener and more sustainable transport system that helps to address the goal of the various authorities to be carbon neutral.

14. Appendices

14.1 None.

15. Background Papers

15.1 None.

16. Contact Officers

16.1 Tobyn Hughes, Managing Director, Transport North East,
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Rachelle Forsyth-Ward, Strategic Transport Advisor, Rachelle.Forsyth-ward@northeastca.gov.uk 0191 2116445

17. Sign off

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

18. Glossary

LA7 – 7 North East local authorities

JTC- Joint Transport Committee

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North East Joint Transport Committee

Date: 19 November 2019

Subject: North East Transforming Cities Fund Bid

Report of: Lead Chief Executive for Transport

Executive Summary

This report seeks approval to submit the Strategic Outline Business Case (SOBC) prepared to support a bid from the North East region to the Government's Transforming Cities Fund (TCF).

Recommendations

The Joint Transport Committee is recommended to:

- i. approve submission of the Transforming Cities Fund Tranche 2 bid to the Department for Transport, in the form of a Strategic Outline Business Case (SOBC)

1. Background Information

- 1.1 In March 2018 the DfT launched a Call for Proposals to city region authorities wishing to obtain capital funding from its Transforming Cities Fund (TCF). The North East was one of twelve city regions subsequently shortlisted to submit bids.
- 1.2 This report deals with a bid for 'Tranche 2' of the funding round. The bid proposal is to be submitted to the Department for Transport (DfT) in the form of a Strategic Outline Business Case (SOBC). The SOBC sets out the case for investment in a programme of sustainable transport and public transport schemes across the region.
- 1.3 A draft of the SOBC was submitted to DfT following approval by this Committee when it met on 18 June 2019.

2. Proposals

- 2.1 Since June, officers have undertaken considerable work to further develop our regional bid for TCF. This work has focussed on:
- Reviewing and updating the programme of schemes, and working with scheme promoters to obtain more detailed capital cost and whole life costs for the programme;
 - Working closely with bus operators in the region to understand in more detail where pinch-points exist on their networks and secure their buy-in for the TCF programme, in particular the substantial package of bus measures. We are also working with operators and local highway authorities to develop a pipeline of further schemes for future bidding opportunities;
 - Refreshing the Strategic Case and the supporting strategic economic narrative, to ensure that an excellent case for investment is made;
 - Undertaking further analysis of the Economic Case for investment, to demonstrate that the programme delivers high value for money;
 - Finalising the financial proposals to ensure that the cost of delivering the programme is fully understood (including confirmation of sources for match funding and whole life operating/maintenance costs); and
 - Completing discussions about the commercial and management proposals that will support the delivery of the devolved funding for this Programme.
- 2.2 Following this work the region's TCF bid remains largely the same as approved by this Committee in June 2019. The only programme changes made since June are:
- Inclusion of a package to help prioritise buses over other vehicles at traffic signal junctions across much of the region, speeding up bus services along busy corridors and improving their reliability. The package will also enable more reliable real-time information about bus locations to be served to passengers while waiting for their bus; and
 - Withdrawal of a cycling scheme which did not meet the criteria for the bid and

is expected to be moved forward by other means.

- 2.3 Members are invited to review the full draft SOBC which is available on the internet at <https://northeastca.gov.uk/documents/transforming-cities-fund-tranche-2/>. An assurance framework is also available which will be used to ensure that local management of the programme can be carried out effectively.

3. Reasons for the Proposals

- 3.1 The proposal to submit an SOBC follows guidance set out by the Department for Transport and allows the JTC to bid for a share of the Transforming Cities Fund, should the process go ahead as envisaged.

4. Alternative Options Available

- 4.1 Option 1 is to submit a SOBC in support of our bid for Transforming Cities Fund resources, 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 and public transport will be lost.
- 4.3 Option 1 is the recommended option.

5. Next Steps and Timetable for Implementation

- 5.1 The SOBC that we have produced will be submitted to DfT by the deadline on 28 November 2019. Should funding be allocated it is expected that all schemes will be delivered between 2020 and 2023.

6. Potential Impact on Objectives

- 6.1 The region's TCF bid is intended to help the JTC deliver its objectives to promote sustainable transport.

7. Financial and Other Resources Implications

- 7.1 The programme has been developed in line with bidding requirements set out by Government in guidance. The programme is a product of collaborative working between the Transport Strategy Unit, Nexus, the individual local authority Economic Directors and Transport Leads and transport stakeholders. The programme is similar to that considered and approved by this Committee in June 2019, subject to the changes set out in paragraphs 2.1 and 2.2.
- 7.2 There are no human resource or ICT implications associated with this report

8. Legal Implications

- 8.1 Should the bid be successful, it is anticipated it will be subject to terms and conditions applied by the Department for Transport in a funding agreement or offer letter which will be the subject of a further report to the Committee.

9. Key Risks

- 9.1 The key risk associated with this project relate to the production of a strong programme of schemes that meet DfT guidance, and the production of a strong business case to support investment in that programme. Resources have been added to the Transport Strategy Unit and regular meetings and briefings have been convened in order that these two key risks have been mitigated effectively.

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 content of this report has been the subject of consultation with various officer groups amongst the seven local authorities and Nexus, as well as benefitting from extensive consultation and engagement with external stakeholders, including bus operators, major employment parks and major retail destinations. An Insight Panel has been engaged in order to sample the public's views on our programme, the positive results from this Panel are set out in the SOBC Strategic Case chapter.

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 • None

15. Background Papers

15.1 North East TCF Expression of Interest

<https://northeastca.gov.uk/wp-content/uploads/2018/06/Transforming-Cities-Fund-Free-Format-Version.pdf>

15.2 Department for Transport TCF Tranche 2 Guidance

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/786857/transforming-cities-tranche-2-applications.pdf

15.3 North East Draft SOBC submitted to DfT in June 2019

<https://northeastca.gov.uk/documents/transforming-cities-fund-tranche-2/>

16. Contact Officers

16.1 Mike Scott, TCF Project Lead

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17. Sign off

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

18. Glossary

DfT – Department for Transport

TCF – Transforming Cities Fund

BCR – Benefit:Cost Ratio, a Government value for money measure for public sector investments

