



## **Joint Transport Committee Overview and Scrutiny Committee**

Thursday, 14th December, 2023 at 10.00 am

Meeting to be held in the Council Chamber, South Shields Town Hall

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## **AGENDA**

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1. <b>Apologies for absence</b>	
2. <b>Declarations of Interest</b>	
3. <b>Minutes of the previous meeting held on 26.10.2023</b>	<b>3 - 6</b>
4. <b>Transport Budget 2024/25</b>	<b>7 - 44</b>
5. <b>Bus Partnership and BSIP Fares Performance Update</b>	<b>45 - 50</b>
6. <b>Forward Plan and Work Programme Update</b>	<b>51 - 74</b>

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North East Combined Authority

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## JOINT TRANSPORT COMMITTEE, OVERVIEW AND SCRUTINY COMMITTEE

### DRAFT NOTES OF THE MEETING

DATE 26 October 2023

Meeting held in Committee Room 1, Sunderland City Hall

#### Present:

D Taylor-Gooby	-	Chair
A Clark	-	Vice Chair
Councillor L Bowman	-	Northumberland County Council
Councillor A Chisholm	-	Newcastle City Council
Councillor T Campion	-	Newcastle City Council
Councillor T Dodds	-	Sunderland City Council
Councillor J Harrison	-	North Tyneside Council
Councillor J Shaw	-	North Tyneside Council
Councillor S Dean	-	South Tyneside Council
Councillor C Lines	-	Durham County Council
Councillor J Miller	-	Durham County Council
Councillor A Wintcher	-	Gateshead Council

#### Officers:

R Currie	-	Gateshead Council
P O'Reagan	-	NECA
S Gwilym	-	Durham County Council
S Clarke	-	Nexus
C Massareua	-	Nexus
H Lewis	-	Nexus

#### 1. APOLOGIES FOR ABSENCE

Cllr J Eagle	-	Gateshead Council
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#### 2. DECLARATIONS OF INTEREST

There were no declarations of interest.

### **3. MINUTES OF THE PREVIOUS MEETING HELD ON 27 JULY 2023**

Cllr Campion noted that the request made at the previous meeting for further information regarding service enhancements to the Bus Partnership had not been received. Officers advised that this would be provided outside of the meeting.

RESOLVED:

- (i) The minutes of the previous meeting held on 27 July 2023 were agreed as a correct record.

### **4. TRANSPORT BUDGET 2024/25**

The Committee received a report for information providing a further update on the Transport Budget 2024/25.

The Committee were reminded that on 18 September the JTC had received a report setting out the processes/timetable for the approval of transport levies and other budgets and had set out the context and initial strategy for the development of proposals for these budgets in 2024/25 and beyond.

It was reported that the budget proposals were to be further developed and consulted on in the coming months with decisions on levies and other aspects of transport budgets being presented to the JTC in January 2024. It was highlighted that 2024/25 will be the first year of the proposed North East Mayoral Combined Authority and that budgets agreed by the JTC will be adopted by the Authority upon its creation. The Committee were advised that draft detailed proposals would be presented to the JTC in November following consultation with this in committee at its December meeting.

An overview of proposals for Durham and Northumberland levies was provided; it was noted that these levies would be driven by the transport budgets for those authorities and are being prepared in tandem. It was also explained that the Tyne & Wear levy is largely determined by the grant required by Nexus to maintain current operations. It was further noted that the budget planning assumption is that the retained levy would be kept at the same amount for 2024/25 and that this amount is maintained over the medium-term financial strategy planning period.

Information was provided on the Local Transport Plan Integrated Transport Block grant funding towards the TNE team; it was also noted that based on initial estimates it is anticipated that it will be necessary to seek an increase in the Tyne and Wear levy in future years. The Committee were also advised that in order to set a break-even budget on the Tyne Tunnels an increase in tolls for Class 2 and Class 3 vehicles would be required in 2024/25 commencing in May 2024.

The Committee noted its concern that bus patronage had yet to return to pre-pandemic levels which had impacted bus operator finances and routes across the region. The Committee also discussed the reducing baseline for the BSIP and the use of reserves that had been required. A further discussion took place on the lack of public transport in County Durham; notably Newton Aycliffe which cannot be accessed by public transport.

RESOLVED:

- (i) The Committee noted the report for information.

## **5. NEXUS CORPORATE PERFORMANCE**

The Committee received a report providing an update on Nexus Performance and the Tyne and Wear Sub-Committee's (TWSC) oversight of the organisation. It was highlighted that the purpose of this report was to provide the TWSC an update on the performance of Nexus against its Corporate Business Plan for 2023/24 at its meeting on 14 September 2023. The report covers Periods 3 and 4 which encompasses 28 May 2023 to 22 July 2023.

From the report the Committee noted that Metro patronage continues to grow and was 7.0% above target for Periods 3 and 4. It was also reported that Metro fare and commercial revenue is ahead of budget but that this represents a reduction in real terms and Nexus' cost case continues to be under pressure due to inflation and the energy crisis. The Committee noted that patronage on the Shields Ferry and secured bus services are also ahead of budget.

The Committee were informed that Metro punctuality had been 79.5% in Periods 3 and 4; it was explained that punctuality had been affected by ongoing challenges of maintaining the train fleet in the new maintenance depot with faults taking longer to resolve. It was stated that Metro had carried 92,000 additional journeys on the weekend of Sam Fender and Pink concerts in June 2023 compared to a typical weekend.

An update on the new Metro fleet was also provided; it was noted that testing continues to progress to plan and that the demolition works on the old fleet maintenance depot were complete in July 2023. It was highlighted that also in July 2023 Nexus had been the official transport and accessibility partner for Northern Price and had been 'Rainbow Sponsor' for Sunderland Pride. The Committee were advised that the TWSC had noted Nexus' performance against its key priorities in the Corporate Plan 2023/24.

Cllr Campion expressed concern that increasing numbers of commuters were turning to their cars. Further concern was noted at the rates of anti-social behaviour (ASB) on Metro services and that the severity of the ASB had worsened. Officers explained that in May 2023 Nexus had introduced additional security staffing on to the majority of trains after 7pm at a cost of over £2.0m per annum. The Committee questioned whether the Police and Crime Commissioner's office would be contributing to this cost. The Committee were advised that a multi-agency approach is to be taken to improve security on Metro services aided by Government funding.

A query was raised with regards to Metro train cancellations; it was asked whether the punctuality data provided included cancellations. A question was also asked whether Nexus collated information on income losses as a result of Metro passengers fraudulently travelling with the wrong ticket. Officers advised that they would provide answers to those queries outside of the meeting.

A discussion took place on driver availability and training for the new fleet of trains. It was noted that Metro services would require more drivers than ever before and that there are no challenges with driver recruitment but that challenges did lie with recruiting engineers. It was highlighted that apprenticeships would be advertised in due course to support Nexus in bridging the skills gap. It was also explained that drivers are excited to drive the new fleet of trains and that the new fleet would provide more efficient and available services across the network.

RESOLVED:

- (i) The Committee noted the report.

## **6. FORWARD PLAN AND WORK PROGRAMME UPDATE**

The Committee received the Forward Plan and Work Programme Update for 2023/24.

RESOLVED:

- (i) The Committee noted the work programme as reported.

## North East Joint Transport Committee Overview and Scrutiny Committee

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**Date:** 14 December 2023  
**Subject:** Transport Budget 2024/25  
**Report of:** Chief Finance Officer

### Executive Summary

On 21 September 2023, the North East Joint Transport Committee (JTC) received a report setting out draft proposals for the transport levies and other budgets relating to the JTC. This report provides members of the JTC Overview and Scrutiny Committee with a full copy of the JTC report for discussion as part of the consultation process at Appendix 1.

The report to the JTC provides an update on the Forecast of Outturn for 2023/24 and sets out draft proposals for 2024/25 and indicative estimates for future years, which can be summarised as follows:

- It is proposed to increase the Tyne and Wear transport levy by 3.7% (£2.5m) in 2024/25 (as reported to the JTC as part of last year's budget process) to enable Nexus' services to be maintained. Even with this levy increase, use of reserves totalling £4.8m will be required to balance the budget next year.
- The Tyne and Wear Sub Committee will take a decision relating to the Tyne Tunnels tolls in January 2024. In order to set a balanced budget, an inflationary increase in the tolls will be required from 1 May 2024. The proposed increases in the tolls, which have been factored into the budget estimates are set out in the JTC report.
- It is proposed to maintain the contribution of £10,000 per authority towards Transport North East which is retained from the Durham and Northumberland levies. The contribution from the Tyne and Wear levy will be £2.100m (in line with current allocations) which is mainly used to meet costs relating to the former Tyne and Wear Integrated Transport Authority, namely charges for historic debt.
- It is proposed that funding for Transport North East from the Local Transport Plan Integrated Transport Block is continued at £500,000 (£62,500 per council and Nexus).

- Durham and Northumberland County Councils are currently working on finalising their budget proposals which will inform the levy requirements for 2024/25 and details will be included in the report to the JTC at its meeting in January 2024.

### **Recommendations**

The Joint Transport Committee Overview and Scrutiny Committee is recommended to note the report and make any observations or recommendations on the content, which will be factored into the final budget report to be considered by the JTC at its meeting on 16 January 2024.

### **Guiding Principles for Scrutiny Members**

The below are the key guiding principles to support the Overview and Scrutiny Committee Members in reading the report in advance of the meeting to:

- Consider any added value that Scrutiny can bring; and
  - Promote effective discussion and consider the information in the report.
1. The impact the matter has on individuals in the community and across the JTC area.
  2. Focus on the efficiency and effectiveness of the proposals, next steps and any potential changes.
  3. Consideration of any risks that may occur.
  4. Scrutiny focusing on any performance management or quality assurance.



## **1. Background Information**

- 1.1 At its meeting on 21 November 2023, the North East Joint Transport Committee (JTC) received a report setting out the draft proposals for the transport levies and other transport budgets in 2024/25, with some indicative estimates for future years. The final proposals on the levies and other aspects of the transport budget will be recommended to the JTC for approval at its meeting on 16 January 2024.
- 1.2 This report is attached as Appendix 1. The Overview and Scrutiny Committee is invited to provide comment and make any recommendations to the JTC which will be taken into account in developing the detailed final proposals for the Transport Budget 2024/25.

## **2. Proposals**

- 2.1 The report at Appendix 1 provides an updated forecast of outturn for the current year which shows Durham County Council forecasting a small overspend in relation to subsidised bus services, Northumberland County Council forecasting a small underspend in relation to concessionary fares reimbursement, and Nexus forecasting an improved position arising from increased Metro fare revenue, greater interest income on investment balances and the use of £6.300m one-off additional Metro Rail Grant.
- 2.2 The report at Appendix 1 covers all areas of the JTC budget and contains the draft proposals for 2024/25. Durham and Northumberland councils are currently working on budget proposals which will inform the levy requirements for 2024/25 and details will be included in the report to the JTC at its meeting in January 2024.
- 2.3 It will be necessary to increase the Tyne and Wear transport levy by 3.7% (£2.5m) in 2024/25, in line with the previous Medium Term Financial Plan (MTFP) reported to the JTC, to enable Nexus' services to be maintained. Even with this levy increase, proposed use of reserves totalling £4.8m is required to set a balanced budget.
- 2.4 It is proposed to continue the contribution of £10,000 per authority towards Transport North East (TNE) which is retained from the Durham and Northumberland levies. The contribution from the Tyne and Wear levy to fund central activity next year will be £2.100m, no increase compared to current allocations. This is mainly used to meet costs relating to the former Tyne and Wear Integrated Transport Authority, namely charges for historic debt.
- 2.5 It is proposed that funding for TNE from the Local Transport Plan Integrated Transport Block is continued at £500,000 (£62,500 per council and Nexus).
- 2.6 For the Tyne Tunnels, the Tyne and Wear Sub Committee will take a decision at its meeting on 18 January 2024 in relation to the tolls for 2024. In order to set a balanced budget, an inflationary increase in the tolls from 1 May 2024 will be required and this has been factored into the draft budgets.

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

3.1 The information in this report is provided to the Committee as part of the consultation process on the budget, as set out in the NECA Constitution (in its role as Accountable Body for the JTC). The Committee is invited to provide comment and make any recommendations to the JTC which will be factored into the final report setting out budget proposals for 2024/25 which will be recommended to the JTC at its meeting on 16 January 2024.

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

4.1 This report is presented for information and comment.

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

5.1 Any comments raised by the Committee will be factored into the final report setting out budget proposals for 2024/25 which will be recommended to the JTC at its meeting on 16 January 2024.

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

6.1 The Transport budget proposals and MTFS will seek to achieve the Transport policy objectives of the JTC.

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

7.1 Financial and other resources implications are set out in the report attached at Appendix 1.

#### **8. Legal Implications**

8.1 There are no legal implications arising directly from the recommendations in this report. The Transport budget and levies must be agreed unanimously by the JTC once finalised.

#### **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 specific crime and disorder implications arising from this report.

#### **12. Consultation/Engagement**

12.1 This report forms part of the consultation on 2024/25 budget proposals, as set out in the NECA Constitution (in its role as Accountable Body for the JTC).

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

13.1 There are no other impacts arising from this report.

### **14. Appendices**

14.1 Appendix 1 – JTC report 21 November 2023 – Revenue Budget Proposals 2024/25 and Updated Forecast of Outturn 2023/24

### **15. Background Papers**

15.1 JTC Budget 2023/24 ([Public Pack](#))[Agenda Document for North East Joint Transport Committee, 17/01/2023 14:30 \(northeastca.gov.uk\)](#)

### **16. Contact Officers**

16.1 Eleanor Goodman, NECA Finance Manager,  
[Eleanor.goodman@northeastca.gov.uk](mailto:Eleanor.goodman@northeastca.gov.uk)

### **17. Sign off**

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

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## North East Joint Transport Committee

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**Date:** 21 November 2023

**Subject:** Revenue Budget Proposals 2024/25 and Updated Forecast of Outturn 2023/24

**Report of:** Chief Finance Officer

### Executive Summary

This report provides the North East Joint Transport Committee (JTC) with an updated forecast of outturn for the transport revenue budgets for 2023/24, based on the position to 30 September 2023 and a summary of the draft transport budget and levies for 2024/25.

The transport levies and grants to Durham, Northumberland and Nexus are fixed for the current year so the outturn is in line with the original budget allocations.

Durham County Council are forecasting an overspend of £0.185m in the current year which will be funded by their own reserves. This relates to increased costs on subsidised bus services. Work is under way on finalising the budget estimates for 2024/25 and these will be reported to JTC in January.

Northumberland County Council forecast of outturn shows a projected underspend against the transport grant of £0.387m relating to concessionary fares reimbursement. Work is under way on finalising the budget estimates for 2024/25 and these will be reported to JTC in January.

Nexus is forecasting an improved financial position for 2023/24, with improvements in Metro fare revenue and the generation of greater interest income on investment balances being the most significant factors. Nexus is now forecasting it will need to use £0.258m of reserves to balance the budget for the current year, which is a reduction of £7.734m against the amount originally budgeted. The outturn position is after the use of £6.300m of one-off Metro Rail Grant, which falls out next year. The 2024/25 forecasts indicate that if Nexus is to protect front line services, an increase in the 2024/25 Tyne and Wear Transport levy of £2.5m (3.7%) will be required, which is in line with the MTFP forecasts presented to the JTC in January 2023.

A break-even position is forecast on the Tyne Tunnels revenue account, where increased investment income will cover the deficit previously forecast for the year. For

2024/25 a break even budget is also forecast, on the assumption that toll increases in line with RPI are applied when the Tyne and Wear Sub Committee take their decision on tolls in January 2024.

It is proposed to continue the contribution of £10,000 per authority towards TNE which is retained from the Durham and Northumberland levies, and which contributes towards the team's work on behalf of the region. The contribution from the Tyne and Wear levy to fund central activity next year will be £2.1m (in line with current budgets) which also contributes to the work of TNE but is mainly used to meet costs relating to the former Tyne and Wear Integrated Transport Authority, namely charges for historic debt.

It is proposed that funding for TNE from the Local Transport Plan Integrated Transport Block is continued at £500,000 (£62,500 per council and Nexus).

Increased interest on revenue balances is forecast and it is proposed that £8.125m is held in an earmarked reserve at the end of this financial year to be applied to support Transport activity in future years following transition to the proposed North East MCA.

### **Recommendations**

The North East Joint Transport Committee is recommended to:

- i) Receive the report for information and comment;
- ii) Note the updated forecast of outturn for the 2023/24 Transport Revenue Budgets, as set out in the report;
- iii) Consider the budget assumptions and proposals set out in the report, forming the basis of consultation on the 2024/25 Transport Revenue Budget;
- iv) Note that the budget proposals for Transport will be subject to a consultation process including reports to the JTC Overview and Scrutiny Committee, relevant officer groups and the Leadership Board of NECA and the NTCA Cabinet; and
- v) Note the intention to consider and approve the final budget proposals and agree the Transport levies at the meeting of the JTC on 16 January 2024.

## **1. Background Information**

- 1.1 The JTC receives funding from a variety of sources including the levies on Durham, Northumberland and Tyne and Wear councils, Tyne Tunnels income, grant funding and interest on the investment of its cash balances. This funding is used to deliver the transport objectives of the Committee through the provision of revenue grants to Durham and Northumberland councils and Nexus for the delivery of public transport services, the funding of the Tyne Tunnels and the central strategic support provided by Transport North East (TNE).
- 1.2 In line with the Transport Levying Bodies Regulations 1992, the transport levies must be issued by 15 February preceding the commencement of the financial year in respect of which they are to be issued.
- 1.3 This report provides the JTC with an updated forecast of outturn for the transport revenue budgets for 2023/24, based on the position to 30 September 2023, and an update on the budget planning assumptions and proposals for the levies and other aspects of the Transport revenue budget for 2024/25, decisions on which will be taken by the JTC on 16 January 2024. Decisions on Tyne Tunnels tolls and Metro Fares will be taken by the Tyne and Wear Sub Committee (TWSC) on 18 January 2024.

## **2. Proposals**

### **Transport Levies 2023/24 and Indicative Levies 2024/25**

- 2.1 As the transport levies and revenue grants are normally fixed for the year there is no change in the levies payable and the grants payable between the original budget and the forecast outturn, and minimal change in the retained transport levy budget. Any surplus or deficit against the budgets for the three main delivery agencies (Durham County Council, Northumberland County Council and Nexus) is retained or managed within the reserves of that organisation.
- 2.2 A proportion of the levies is retained to support the work of the JTC through TNE and to meet historic costs relating to the former Tyne and Wear Integrated Transport Authority (TWITA), which primarily relate to historic debt charges. This area of the budget is expected to break even in the current year.
- 2.3 The updated forecast of outturn for the current year, together with initial budget proposals for 2024/25 are set out in table 1 below, with further explanations provided in the sections that follow.

Table 1: 2023/24 Forecast and indicative 2024/25 Transport Levies and Grants

	<b>2023/24 Original Budget</b>	<b>Spend to Date Q2</b>	<b>2023/24 Forecast Outturn</b>	<b>2023/24 Forecast Variance</b>	<b>2024/25 Initial Draft Budget</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Total Levy Income</b>	<b>(91.170)</b>	<b>(45.157)</b>	-	-	<b>(93.670)</b>
Grant to Durham	16.902	8.451	16.902	-	16.902
Grant to Northumberland	6.448	3.224	6.448	-	6.448
Grant to Nexus	65.700	32.850	65.700	-	68.200
Levy contribution to JTC central costs	2.120	0.632	2.120	-	2.120
<b>Total Expenditure</b>	<b>91.170</b>	<b>45.157</b>	<b>91.170</b>	-	<b>93.670</b>
<b>Contribution (to)/from JTC reserves</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	-	<b>0.000</b>

### **Tyne and Wear Levy**

- 2.4 The majority of the Tyne and Wear levy is paid as a revenue grant to Nexus for the delivery of public transport services on behalf of the five Tyne and Wear Councils. The budget proposals for next year include an increase in the levy on Tyne and Wear councils from £67.800m to £70.300m, an increase of £2.500m or approximately 3.7%. This would increase the grant paid to Nexus for the provision of public transport services from £65.700m to a proposed £68.200m. The centrally retained budget of £2.100m, retained to fund Tyne and Wear transport costs (primarily relating to the former TWITA debt charges) and contribute to the central TNE budget would be held at the current level next year.

### **Nexus Revenue Budget**

#### **Updated Forecast of Outturn 2023/24**

- 2.5 The JTC approved Nexus' revenue budget for 2023/24 on 17 January 2023. The budget included a levy increase of £2.6m, the utilisation of £8.0m Nexus' reserves and the use of £3.3m of additional Metro Rail Grant received in 2021/22.
- 2.6 When the 2023/24 was set, significant budget pressures in relation to HV power costs existed, with costs being incurred outstripping the budget. Although this remains the case (paragraph 2.12 refers), additional Metro Rail Grant was received at the end of 2022/23 totalling £3.0m to assist with this pressure which has been reflected within the updated forecast of outturn.



- 2.7 Over the last few months Nexus has continued to see an improvement in the financial position for 2023/24, particularly relating to the recovery of Metro fare revenue and the generation of greater interest income on investment balances. The updated forecasts show that Nexus is now expecting to need to use only £0.258m of its reserves to balance the budget this year, which is a reduction of £7.724m against the amount originally expected. The updated forecast reflects the use of £6.300m of one-off Metro Rail Grant (referred to in paragraph 2.5 and 2.6 above) which is non-recurrent.
- 2.8 Detailed budget setting for 2024/25 is well underway and despite the more positive position in respect of the current year, the position for next financial year has worsened relative to the Medium-Term Financial Plan (MTFP) presented to the JTC in January 2023. It is now expected that a greater reliance on reserves will be required next year, as well as in the following two years up to 2026/27. It is clear that Nexus' financial outlook remains very challenging, and it will be necessary to earmark reserves that were previously expected to be used in 2023/24 to balance the budget across the MTFP.
- 2.9 The table below shows expenditure to the end of period 6 (16 September 2023), together with the forecast to the year end (based on current estimates of the likely outturn) against budget. There is narrative following the table explaining the variances against budget against the main service areas.

*Table 2: Nexus forecast of outturn 2023/24*

	<b>Original Budget</b>	<b>Spend to P6</b>	<b>Forecast at P6</b>	<b>Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Concessionary Fares	30.791	14.016	29.895	(0.896)
Metro	25.661	9.022	23.238	(2.423)
Bus Services	14.969	6.492	15.754	0.785
Other	5.571	2.259	5.052	(0.519)
	<b>76.992</b>	<b>31.789</b>	<b>73.939</b>	<b>(3.053)</b>
Grant from Levy	(65.700)	(30.337)	(65.700)	-
MRG 2021/22 (reserves)	(3.300)	(0.961)	(3.300)	-
MRG 2022/23 (reserves)	-	-	(3.000)	(3.000)
LTF	-	(0.276)	(1.053)	(1.053)
BSIP	-	(0.215)	(0.628)	(0.628)
	<b>7.992</b>	-	<b>0.258</b>	<b>(7.734)</b>
Reserves	(7.992)	-	(0.258)	7.734
	-	-	-	

### **Metro**

- 2.10 At the end of period 6, financial performance on Metro shows net expenditure at £2.423m better than budget, before application of one-off grant and reserves. Metro fare revenue (including car park and PFN income) at the end of period 6 was £21.888m which exceeded the budget by £2.272m (12%). This includes a one-off adjustment of £0.250m in relation to Network Ticketing (NTL) share of revenue redistribution for the prior year.

- 2.11 The year end Metro fare revenue forecast is a positive variance of £2.233m. Given the uncertainties surrounding Metro performance and patronage growth since the pandemic, the forecast continues to be cautious and reflects actual growth against the profiled budget at the end of period 6. The introduction of the £6.00 NTL multi-modal BSIP funded fare could have a detrimental impact on Metro fare revenue in the second part of the year because of the need to reduce the price of the all zone daysaver product, as well as the risk associated with Metro customers switching to the NTL product. The forecast for the year therefore remains prudent and careful monitoring of this budget will continue as the year progresses.
- 2.12 The Metro forecast reflects the continued pressure on HV power costs for the year, which is estimated to be £2.398m higher than the £15.230m original budget. At this stage 86% of the required electricity for the year has been purchased. This creates a level of budget certainty, although as the remainder is purchased there is still scope for further movement in the forecast. As outlined in paragraph 2.6, £3.0m of additional Metro Rail Grant was received in the previous financial year to assist with this pressure and is also now reflected within the forecast.
- 2.13 The forecast includes net additional cost pressures of £0.573m directly relating to Metro. This reflects the deployment of additional security on the Metro to tackle anti-social behaviour in the evenings and investment in front-line teams to operate gatelines for longer, address backlogs in maintenance and provide greater capacity and resilience in Metro's Control Room. It also includes additional contractual inflation, where this has been higher than was included at the time of budget setting, particularly in respect of the Stadler contract for the maintenance of Metrocars, although this has been offset by additional income in relation to penalties being imposed for non-delivery of key contracts.
- 2.14 All service areas receive a share of interest income, and at the end of period 6, interest income was £1.945m better than budget. Interest rates are higher than they were at the time of budget setting, and cash balances are also higher than was anticipated, due to the sizeable amount of capital grants that Nexus has access to which are paid in advance. It is currently expected that interest income may be as high as £4.400m for the year, representing a £4.000m improvement against the original budget which is reflected in the updated forecasts. £2.916m of this improvement is allocated to Metro.
- 2.15 Metro also benefits from savings in overheads (which are also applicable to other service areas) which have increased since the previous report and include areas such as ICT licencing, support services costs and unused contingencies. The overhead savings reflected in the forecast for Metro are currently £0.245m.

### **Concessionary Fares**

- 2.16 At the end of period 6, concessionary fares include higher than budgeted school income of £0.138m and £0.024m of lower concessionary travel payments made to operators. The forecast outturn for the year reflects £0.150m of additional school income, a £0.400m prior year adjustment for the reimbursement of concessionary travel payments relating to 2021/22 and £0.132m of reductions in concessionary

travel payments to operators. In addition, the share of increased interest income and overhead savings allocated within the forecast is £0.214m.

### **Bus Services**

- 2.17 At the end of period 6, the forecast outturn for bus services is £0.785m higher than budget. This reflects additional expenditure in relation to those services funded by the Local Transport Fund (LTF) and the Bus Services Improvement Plan (BSIP). The total LTF included within the forecast for the year is £1.053m, and in addition, there is spend amounting to £0.628m relating to BSIP.
- 2.18 The forecast also reflects higher than budgeted secured services revenue of £0.192m, as well as savings on secured services contracts of £0.117m and a saving of £0.022m relating to the Taxi Card scheme. In addition to this, the share of additional interest income and overhead savings allocated within the forecast is £0.565m.

### **Other**

- 2.19 Other includes Ferry, Bus Infrastructure and Passenger Transport Information and at the end of period 6, financial performance shows net expenditure at £0.519m better than the revised budget, before application of one-off grant and reserves. The forecast reflects £0.067m of higher than budgeted income relating to the ferry, departure charges and bus information, offset by £0.023m of additional ferry operating costs and bus shelter installation costs. In addition to this, the share of additional interest income and overhead savings allocated within the forecast is £0.475m.

## **Nexus Revenue Budget 2024/25**

### **Background**

- 2.20 If Nexus is to continue to protect front line services, an increase in the Tyne and Wear Transport levy commensurate with that which was signalled in the budget and MTFP report to the JTC in January 2023 will be required next year, with further increases forecast to be necessary in 2025/26 and 2026/27.

### **2023/34 Budget and Forecast Outturn**

- 2.21 At its January 2023 meeting, the JTC approved a levy increase of 4% (£2.6m) and agreed a contribution of £8.0m from Nexus' reserves in 2023/24, to allow for a balanced budget and enable Nexus' services to be maintained.
- 2.22 The cost of high voltage power, higher levels of inflation and the need for further investment in safety and security across the Metro network are all contributing to the challenges Nexus is facing in managing its revenue budget. However, Nexus received additional Metro Rail Grant (MRG) from the DfT at the end of 2022/23 which is being applied to offset the increased cost of high voltage power in the current year. In addition, Nexus has seen a recovery in Metro patronage and fare box revenue beyond that which was anticipated in the 2023/24 budget and will also generate more

investment income than budget, because of both the rapid increase in interest rates and the extent of cash balances it is currently holding.

- 2.23 It is therefore expected that Nexus will use less reserves in the current year than originally planned, as set out earlier in this report. The position is summarised in the table below:

*Table 3: Reconciliation between original Nexus deficit and forecast outturn 2023/24*

	£m	£m
<b>Original Deficit</b>		8.0
<b>Additional Budget Pressures</b>		
Metro high voltage power	2.2	
Additional inflation	0.4	
Investment in security/frontline	1.0	3.6
		11.6
<b>Efficiencies/Income</b>		
Metro fare revenue	(2.2)	
Interest on balances	(4.0)	
Other efficiencies	(2.1)	(8.3)
		3.3
<b>Funded By:</b>		
Additional MRG	(3.0)	
Use of reserves	(0.3)	(3.3)
<b>Revised Surplus/Deficit</b>		-

- 2.24 Despite this improvement, Nexus' underlying deficit will continue into subsequent years. The pressures highlighted in the table above are all permanent, whereas the efficiencies / additional income is largely temporary or one off. For example, the additional MRG is a one-off grant allocation, interest on balances is expected to reduce in future years as interest rates and cash balances reduce and the efficiencies being delivered in the current year are also largely one-offs e.g. salary slippage from employee turnover and penalties being imposed for non-delivery of key contracts. The recovery in Metro fare revenue should however continue.

### **Understanding Nexus' Structural Deficit**

- 2.25 Nexus has had an underlying, structural deficit for some time. This was highlighted in the budget report considered by the JTC in January 2020, prior to the outbreak of the Covid pandemic. At that time JTC acknowledged that further discussions in relation to resourcing and service levels were necessary.
- 2.26 During the pandemic and at the outset of the cost of living / energy crisis, Nexus benefited from a significant amount of financial support from central government, which has had the effect of masking the underlying deficit, with a break-even position achieved in 2020/21 and surpluses (underspends) generated in 2021/22 and 2022/23.
- 2.27 For the 2022/23 financial year, the Tyne and Wear transport levy was increased by 6.75% (£4.1m) to compensate and offset the loss of fare revenue, which remained below pre-pandemic levels from 2021/22 onwards. The levy increased again in the

current year by 4.0% or £2.6m. However, Nexus' budget has been under considerable pressure from a combination of the ongoing impact of Covid, the cost-of-living crisis and high inflation, impacting on pay and energy costs in particular.

2.28 The table below shows a reconciliation from 2020/21 through to the budget estimate that has been compiled for 2024/25.

*Table 4: Movements in Nexus budget 2020/21 to 2024/25*

	£m	£m
<b>Inflation</b>		
Cost Pressures	24.8	
Funding Uplift	(14.0)	10.8
<b>Savings/Redirection of resources</b>		
Investment in services	10.7	
Efficiencies/Savings Delivered	(16.7)	(6.0)
<b>Net Position</b>		<b>4.8</b>

2.29 As can be seen, cost pressures have outstripped available funding (including £9.2m of additional levy support granted during the period)<sup>1</sup> and although Nexus has delivered significant base budget efficiencies, the need to invest in safety and security as well as front line services has meant that the underlying deficit has not been eradicated.

### **Strategic Approach to Development of the MTFP**

2.30 When the JTC endorsed Nexus' 2023/24 budget and MTFP forecasts in January 2023, the call on reserves in 2022/23 was expected to be £0.5m. As reported to the JTC in July 2023, Nexus achieved a surplus of £7.0m in 2022/23 (acknowledging that total unbudgeted grant support amounted to £19.4m and had it not been for this, Nexus would have reported a deficit of over £10.0m).

2.31 As at 31 March 2023, Nexus' total reserves amounted to £62.5m, the majority of which is earmarked in general reserves, to accommodate any unforeseen pressures arising in-year or for capital investment. Nexus has earmarked £19.7m of its total reserve to underpin the MTFP.

2.32 Should the financial performance in the year to date be maintained to the year-end (refer to paragraph 2.23), Nexus will have sufficient reserves to underpin its revenue budget across the period of the revised MTFP (to 2026/27), thereby helping to protect fare revenue, operational performance and maintain key transport services. This is shown in the table below, which attempts to forecast the call on reserves across this timeframe<sup>2</sup> :

*Table 5: Nexus forecast use of reserves 2023/24-2026/27*

	<b>As at Oct 2023</b>
	£m
Reserves earmarked to support the revenue budget	<b>19.7</b>

<sup>1</sup> This includes £4.1m in 2022/23, £2.6m in 2023/24 and an estimated yet to be agreed £2.5m in 2024/25

<sup>2</sup> The estimates for 2025/26 and 2026/27 are still being refined

2023/24	0.3
2024/25	4.8
2025/26	5.5
2026/27	5.2
Reserves Requirement	<b>15.8</b>

2.33 It should be recognised that these forecasts include an increase in the levy in each of the three years commencing 2024/25, in line with the current MTFP assumptions. Should Nexus' financial performance across the period of its MTFP prove to be better than is currently estimated and its base position were to improve, consideration will be given to whether future levy increases will still be required, as opposed to Nexus adding to the reserves it has earmarked to underpin the MTFP. In determining whether this is possible, the Committee will need to carefully consider that Nexus is still forecasting budget deficits in each of the next three financial years, even with the levy increases that are proposed. Any future changes to the levy will also need to consider the affordability impact upon councils balanced against the effect upon transport services.

2.34 Should the JTC endorse this approach, the benefits are that in addition to Nexus being able to protect fare revenue, operational performance and the delivery of key transport services, it will also provide stability surrounding the introduction of the Mayoral Combined Authority; the alternative to this would be the need to immediately address the underlying, structural deficit which would likely require cuts to key transport services.

#### **Budget Preparation 2024/25 to 2026/27**

2.35 During budget setting for 2023/24, it was highlighted that it may be necessary to increase the Tyne and Wear Transport Levy in 2024/25 by 3.7% (£2.5m).

2.36 The table below outlines how the budget for 2024/25 is taking shape (Nexus is currently finalising its budget estimates for 2024/25). This demonstrates that after various interventions, it is still necessary to increase the Tyne and Wear transport levy to enable services to be maintained (NB – at 3.7% this is below the prevailing rate of inflation):

*Table 6: Initial Nexus Budget 2024/25*

	£m	£m
<b>Base Deficit</b>		<b>6.1</b>
<b>Pressures</b>		
Inflationary pressures	1.6	
Investment in security/frontline and statutory services	2.9	
Impact of delay in new fleet (net incl. high voltage power)	2.2	6.7
<b>Efficiencies/Additional Income</b>		
Fare revenue (incl. secured bus and ferry)	(3.1)	
Interest on balances	(2.4)	
Levy increase (3.7%)	(2.5)	(8.0)

		4.8
Use of reserves		(4.8)
<b>Surplus/Deficit</b>		-

2.37 In terms of cost pressures:

- i. Inflationary pressures relate to contract price adjustments and employee costs;
- ii. The investment in security/frontline and statutory services reflects the ongoing impact of additional security to tackle anti-social behaviour on the Tyne and Wear Metro together with investment in train operations and infrastructure maintenance;
- iii. In addition, provision has been made for an increase in concessionary fares, although this will be assessed against a backdrop of concessionary journeys still forecast to be lower than pre-pandemic levels;
- iv. The delay in the introduction of the new fleet will have an adverse impact on expected revenues and high voltage power consumption, although this is offset by a reduction in the unit price of high voltage power.

2.38 In terms of efficiencies/income:

- i. Growth in Metro fare revenue is expected to continue into the following year, which together with the annual fares review that the Tyne and Wear Sub-Committee will consider in January 2024, will generate additional income;
- ii. Interest on balances will continue to accrue at a higher rate, although not at the level of the prior year, mainly because cash balances will be lower, given that some of Nexus' major capital investment has been delivered, e.g. Metro Flow.

2.39 Taking all of this into account means that after a levy increase of 3.7%, the deficit for 2024/25 is forecast at £4.8m, which represents a reduction of £1.3m on the underlying, structural deficit.

### **Impact on Tyne and Wear Councils in 2024/25**

2.40 The table below shows the provisional impact on the Tyne and Wear Councils from a proposed 3.7% increase in the levy:

*Table 7: Initial estimates 2024/25 Tyne and Wear Levy*

	<b>2023/24 Levy (before population change)</b>	<b>Proposed increase (3.7%)</b>	<b>2024/25 Proposed Levy</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Gateshead	11.814	0.436	12.250
Newcastle	17.964	0.663	18.627
North Tyneside	12.597	0.464	13.061
South Tyneside	8.909	0.328	9.237

Sunderland	16.516	0.609	17.125
<b>Total</b>	<b>67.800</b>	<b>2.500</b>	<b>70.300</b>

2.41 It should be noted that the 2022 mid-year population estimates, which is the basis upon which the 2024/25 levy will be apportioned amongst the Tyne and Wear Councils have not yet been published, so depending on changes in population, some Councils might see an increase on their 2023/24 share of the levy that is higher or lower than 3.7%. It is understood that the Office of National Statistics (ONS) will not release the 2022 mid-year population estimates until later in November or possibly even into December 2023.

2.42 Further work is being undertaken in relation to the development of budget estimates for 2025/26 and 2026/27 to better inform the MTFP and these will be brought to the JTC in January 2024 (as well as the final budget for 2024/25, once this has been finalised). At this point in time, as signalled in paragraph 2.33, increases in the levy are anticipated in each of the next three years as outlines in the table below:

*Table 8: Expected Tyne and Wear Levy Increases 2024/25-2026/27*

<b>Expected Levy Increases</b>	<b>£m</b>	<b>%</b>
2024/25	2.5	3.7
2025/26	2.1	3.0
2026/27	2.2	3.0

### **Key Risks**

2.44 There are several risks associated with Nexus' 2024/25 budget and MTFP forecasts, not least of which is the Tyne and Wear levy itself. If it does not increase at the level proposed / required, the alternative would be to immediately address the underlying, structural deficit which would likely require cuts to transport services.

2.45 Other key risks relate to the following:

- i. Fare Revenue – which has growth targets associated with annual fares reviews and the delivery of key interventions, for example when the new fleet of Metrocars is fully operational;
- ii. Metro Rail Grant – which is assumed to increase in line with inflation;
- iii. Concessionary Fares – which could be subject to upward pressures arising from technical work that the DfT commissioned during the early part of 2023; and
- iv. Inflation – which is forecast to reduce across the timeframe of the MTFP, something that will adversely affect key contracts and employee costs if it does not reduce in accordance with current forecasts.



## Durham

- 2.46 The Q2 forecast of outturn for Durham shows an estimated overspend of £0.185m. As usual, any projected over or underspends at the year end will be retained by Durham County Council.

*Table 9: Durham Updated Forecast of Outturn 2023/24*

	<b>2023/24 Original Budget</b>	<b>Spend to Date Q2</b>	<b>2023/24 Forecast Outturn</b>	<b>Variance</b>	<b>2024/25 Initial Draft Budget</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Concessionary Fares	11.155	2.211	9.255	(1.900)	1.155
Subsidised Services	4.888	3.381	6.785	1.897	4.888
Bus Stations	0.276	0.589	0.292	0.016	0.276
Bus Shelters	(0.278)	0.077	(0.088)	0.180	(0.278)
Passenger Transport Information	0.089	0.066	0.081	(0.008)	0.089
Staffing	0.762	0.381	0.762	0.000	0.793
Share of JTC central costs	0.010	0.010	0.010	0.000	0.010
<b>Net Expenditure</b>	<b>16.912</b>	<b>6.715</b>	<b>17.097</b>	<b>0.185</b>	<b>16.933</b>
<b>JTC Grant</b>	<b>(16.912)</b>	<b>(8.456)</b>	<b>(16.912)</b>	<b>0.000</b>	<b>(16.933)</b>
<b>(Surplus)/Deficit for the Year</b>	<b>-</b>	<b>(1.741)</b>	<b>0.185</b>	<b>0.185</b>	<b>-</b>

- 2.47 The main reasons for the reported variances are shown below:
- i. Concessionary Fares -£1.900 million – Due to the reduction in Concessionary travel passengers post Covid, an underspend is anticipated. These underspends are offsetting the additional support being provided to the Passenger Transport Network through subsidised services.
  - ii. Subsidised Services £1.897 million – Overspend relates to increased contract costs to bus operators for services that are deemed as no longer being commercially viable to the operator. Concessionary Fares underspends are being utilised to offset these costs and support the Passenger Transport Network.
  - iii. Bus Stations £0.016 million – Overspend relates to an increase in security and repairs and maintenance costs in bus stations.
  - iv. Bus Shelters £0.180 million – Overspend relates to an increase in repairs and maintenance costs and a loss of advertising income on bus shelters.

- v. Passenger Transport Information -£0.008 million – There is an anticipated overspend of £0.030 million against revised budget which relates to additional software costs.

2.48 Work is underway on preparation of the 2024/25 budget for Durham which is shown for the time being as largely in line with 2023/24, although changes are anticipated by the time of the report to this committee in January 2024.

### Northumberland

2.49 The following table provides a detailed breakdown of expenditure on public transport services by Northumberland County Council against the grant awarded by the JTC:

*Table 10: Northumberland Updated Forecast of Outturn 2023/24*

	<b>2023/24 Original Budget</b>	<b>Spend to Date Q2</b>	<b>2023/24 Forecast Outturn</b>	<b>Variance</b>	<b>2024/25 Initial Draft Budget</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Concessionary Fares	5.020	1.784	4.620	(0.400)	5.020
Subsidised Services	1.230	1.097	1.230	0.000	1.230
Bus Stations	0.027	0.005	0.040	0.013	0.027
Passenger Transport Information	0.025	0.000	0.025	0.000	0.025
Staffing	0.146	0.073	0.146	0.000	0.146
Share of JTC central costs	0.010	0.010	0.010	0.000	0.010
<b>Net Expenditure</b>	<b>6.458</b>	<b>2.969</b>	<b>6.071</b>	0.000	<b>6.458</b>
<b>JTC Grant</b>	<b>(6.458)</b>	<b>(1.075)</b>	<b>(6.458)</b>	0.000	<b>(6.458)</b>
<b>(Surplus)/Deficit for the Year</b>	-	<b>1.894</b>	<b>(0.387)</b>	<b>(0.387)</b>	-

2.50 The forecast outturn position for 2023/24 is an underspend of £0.387m. Concessionary Travel is forecast to underspend by £0.400 million as a result of suppressed demand for public transport journeys. Journeys relating to Concessionary Travel are currently at seventy-five percent of pre-Covid levels although they are starting to rise. A regional review of the provision of supported services is underway and passenger behaviour in the longer term following the removal of restrictions cannot yet be predicted.

2.51 The budget for 2024/25 is currently in the process of being developed with figures unavailable at this time. These will be reported to the January meeting of the committee. It is therefore shown in the table below as in line with the 2023/24 budget although updated budget estimates are anticipated by the time of the January meeting.

## Tyne Tunnels

- 2.52 The Tyne Tunnels are operated as a ringfenced account, so all costs associated with the tunnels are fully met from toll income and Tyne Tunnels reserves, with no call on the levy or other public funding.
- 2.53 The JTC receives all toll income from the vehicle tunnels in the first instance and a payment under the contract with TT2 is determined based on traffic levels. The balance retained by the JTC is to meet other costs associated with the Tyne Tunnels, primarily interest and principal repayments on borrowing taken out to fund the New Tyne Crossing project, and other client costs associated with the management of the contract with the concessionaire.
- 2.54 The original 2023/24 budget, forecast outturn for 2023/24 and initial draft budget for 2024/25 are presented in the table below.

*Table 11: Tyne Tunnels Forecast of Outturn 2023/24 and initial draft budget 2024/25*

	<b>2023/24 Original Budget</b>	<b>Spend to Date Q2</b>	<b>2023/24 Forecast Outturn</b>	<b>2023/24 Forecast Variance</b>	<b>2024/25 Initial Draft Budget</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Tolls Income	(35.991)	(21.091)	(36.642)	(0.651)	(39.033)
TT2 Contract	28.032	14.631	28.628	0.596	30.226
Employees	0.147	0.074	0.146	(0.001)	0.153
Historic Pensions	0.065	0.024	0.045	(0.020)	0.047
Premises	0.114	0.001	0.114	0.000	0.014
Support Services	0.160	0.071	0.175	0.015	0.179
Supplies and Services	0.347	0.167	0.626	0.279	0.403
Financing Charges	7.928	6.316	7.102	(0.835)	8.401
Interest/Other Income	(0.150)	(0.033)	(0.239)	(0.089)	(0.150)
Repayment from TWITA for temporary use of reserves	(0.240)	(0.240)	(0.240)	0.000	(0.240)
Capital Expenditure Funded from Revenue – Tyne Pedestrian and Cycle Tunnels	0.000	0.080	0.285	0.285	0.000

Net Expenditure to be funded from Reserves	0.412	0.000	0.000	(0.412)	0.000
Contribution to/(from) Reserves	(0.412)	0.000	0.000	0.412	0.000

- 2.55 The forecast tolls income for 2023/24 is higher than was originally budgeted due to higher than forecast traffic levels over the first two quarters. This is also the reason for the forecast TT2 contract payment being higher than the original budget. The 2023/24 forecast outturn for Supplies and Services exceeds the budgeted amount by approximately £0.280m due to additional requirement for technical services relating to completion of the Tyne Pedestrian and Cyclist Tunnel (TPCT) refurbishment works and several engineering projects, above and beyond that anticipated.
- 2.56 Budget estimates for 2024/25 are provided in the table above and are based on the assumption that the Joint Transport Committee Tyne & Wear Subcommittee (TWSC) will decide to increase the tolls in line with the Retail Prices Index (RPI), as set out in the legislation. Decisions on toll charges are reserved for the TWSC and the mechanism for revising the tolls is detailed in the River Tyne Tunnels Order 2005. The TWSC are able to increase the toll paid by customers (the 'Real Toll') once every 12 months, based on the RPI from the application of the last increase, rounded to the nearest 10 pence. Budget estimates for the Usage Payment are derived from traffic levels, which are subject to revision as TT2 finalise their traffic estimates through their own budget process.
- 2.57 Separately, a 'Shadow Toll' sets the amount paid to TT2 per journey, also based on RPI. It is considered every January and is a contractual commitment as set out in the Project Agreement agreed in 2007. The Shadow Toll is also required to be rounded to the nearest 10 pence, and an increase is only possible in 10 pence increments.
- 2.58 The legislation does not provide for any alternative to the RPI based increase in the Real Toll and assumes that the authority will increase user charges in line with the RPI calculation. The Project Agreement similarly prescribes the calculation for the Shadow Toll increase without any alternative.
- 2.59 The Real Toll charged to users' needs to be the same amount or similar to the Shadow Toll paid to TT2 per journey, otherwise the JTC would incur a loss on each tunnel journey because the income generated would fall short of the expenditure incurred in servicing the debt charges and meeting the contractual obligations to TT2.
- 2.60 The current Real Toll lags slightly behind the Shadow Toll (10p lower) due to a decision taken by the Tyne and Wear Integrated Transport Authority (TWITA) in August 2011. This came about because of a conflict between the construction period and the date that the Shadow Toll increased, where the TWITA felt it was inappropriate to raise tolls for tunnel users during a period of major road disruption. However, this has been the position for several years and is accounted for each year within the budget.

- 2.61 The current Real Toll is £2.20 for Class 2 Vehicles and £4.40 for Class 3 Vehicles, and the Shadow Toll is £2.30. TT2 has confirmed that the Shadow Toll will increase to £2.50 on 1 January 2024. The TT2 contract payment for the 2024/25 budget is based on this increase to the Shadow Toll and therefore to ensure the Tyne Tunnels account remains balanced, an increase will be required to the tolls in 2024/25. It is forecast that the actual tolls will need to increase to £2.40 for Class 2 Vehicles and £4.80 for Class 3 Vehicles, representing a 20p and 40p rise respectively.
- 2.62 The earliest date an increase of the actual tolls can be applied is May 2024 because of the decision taken by the TWSC last year to delay increasing the toll for Class 2 vehicles in 2023 until May to provide relief for tunnels users during the winter period taking into account winter fuel bills and the cost-of-living crisis. The income lost during that period was funded from Tyne Tunnel reserves. Delaying implementation of tolls increases in this way is not a sustainable long-term solution.
- 2.63 The 2024/25 budget for Employee Costs and Support Services is based on assumed inflationary cost increases. The 2024/25 budget for Supplies and Services is less than the 2023/24 forecast outturn, however it is still greater than the 2023/24 budget value due to ongoing technical advice required on multiple projects and cost increases introduced by several suppliers.
- 2.64 The costs associated with Premises are largely related to the operations of the Tyne Pedestrian and Cyclist Tunnel (TPCT). Electricity costs for the lighting systems, CCTV and security systems, and the lifts at either end are substantial. Therefore, the proposed budget for Premises is less than in 2023/24 because the TPCT operational costs will be transferred to TT2 as part of the handover which is planned for this financial year on the basis that the refurbishment works are completed.

### Transport North East

- 2.65 TNE provides strategy, planning and delivery services on behalf of the JTC and works to implement the vision of 'moving to a green, healthy, dynamic and thriving North East'. The TNE Core budget is funded through contributions from the Transport Levies which are retained to support JTC activity and a topslice of the Local Transport Plan (LTP) Integrated Transport Block grant which is awarded to the JTC plus external contributions to fund specific posts and external grants for specific programmes and projects.
- 2.66 Forecast outturn expenditure for 2023/24 is £1.125m against the original budget of £1.037m, with outturn income forecast to be £1.156m resulting in a small surplus of £0.031m which will be taken to reserves to fund expenditure in future years.

*Table 12: TNE Core Budget Forecast of Outturn 2023/24 and initial draft budget 2024/25*

	<b>2023/24 Original Budget</b>	<b>Spend to Date Q2</b>	<b>2023/24 Forecast Outturn</b>	<b>2023/24 Forecast Variance</b>	<b>2024/25 Initial Draft Budget</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Employee Costs	0.806	0.416	0.903	0.097	1.012

Transport Plan / Strategy Work	0.085	0.021	0.067	(0.018)	0.067
Research and Development	0.090	0.125	0.092	0.002	0.164
Travel and Miscellaneous	0.024	0.005	0.025	0.001	0.025
IT / Equipment	0.004	0.000	0.003	(0.001)	0.003
Contingency	0.018	0.000	0.015	(0.003)	0.015
Organisational Development	0.010	0.016	0.02	0.010	0.02
<b>Total Expenditure</b>	<b>1.037</b>	<b>0.583</b>	<b>1.125</b>	<b>0.088</b>	<b>1.306</b>
LTP Topslice	(0.500)	(0.500)	(0.500)	0.000	(0.500)
Retained Transport Levy	(0.284)	(0.373)	(0.373)	(0.089)	(0.373)
External Funding for Specific Posts	(0.178)	(0.029)	(0.189)	(0.011)	(0.189)
LA Capability Fund Grant	0.000	(0.016)	(0.034)	(0.034)	(0.034)
LEVI Revenue Grant	0.000	0.000	0.000	0.000	(0.148)
LTA Capacity Revenue Grant	(0.010)	0.000	(0.020)	(0.010)	(0.020)
CRSTS Revenue	0.000	0.000	(0.040)	(0.040)	(0.040)
<b>Total Income</b>	<b>(0.972)</b>	<b>(0.918)</b>	<b>(1.156)</b>	<b>(0.184)</b>	<b>(1.304)</b>
<b>Net (Surplus)/Deficit</b>	<b>0.065</b>	<b>(0.335)</b>	<b>(0.031)</b>	<b>(0.096)</b>	<b>0.002</b>

2.67 Draft estimates for 2024/25 are included in the table above. These are being further developed in line with the work programme for 2024/25 and updated estimates will be provided at the January 2024 meeting.

2.68 As noted in the July meeting of the JTC, the revenue grants and contributions funded work by TNE includes BSIP and CRSTS revenue activity. Expenditure is now forecast to be £88.976, funded by £88.736m of external revenue grants, with a balance of £0.240m to be funded from reserves relating to expenditure on Metro and Local Rail Studies and the Regional Freight Study. Estimates for 2024/25 are being prepared and will be included at the January JTC report.

*Table 13: TNE Revenue Grants and Contributions Forecast Outturn 2023/24 and Initial Budget 2024/25*

	<b>2023/24 Revised Budget</b>	<b>Spend to Date Q2</b>	<b>2023/24 Forecast Outturn</b>	<b>2023/24 Forecast Variance</b>	<b>2024/25 Initial Draft Budget</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Active Travel Capability Fund	0.065	0.004	1.748	1.683	0.000

Active Travel Planning	1.206	0.001	0.477	(0.729)	0.326
Active Travel Fund Tranche 4	0.000	0.000	0.324	0.324	0.000
BSIP/Enhanced Partnership	76.891	4.148	75.688	(1.203)	14.074
CRSTS	6.773	0.000	6.773	0.000	0.000
Freight Study	0.040	0.025	0.040	0.000	0.000
LEVI Capability Fund	0.000	0.105	0.810	0.810	0.570
Levelling Up Fund Capacity	0.000	0.000	0.070	0.070	0.000
LTF October-December extension	1.312	1.360	1.360	0.048	0.000
Local Transport Authority Capability	0.062	0.032	0.051	(0.011)	0.000
Metro and Local Rail Studies	1.043	0.102	1.020	(0.023)	0.753
Rail Development	0.227	0.089	0.210	(0.017)	0.245
TCF Programme Management	0.317	0.064	0.405	0.088	0.000
<b>Total Expenditure</b>	<b>87.936</b>	<b>5.930</b>	<b>88.976</b>	<b>1.040</b>	<b>15.968</b>
Active Travel Capability Fund grant	(0.065)	(0.004)	(1.748)	(1.683)	0.000
ATF Revenue grant	(1.206)	(0.001)	(0.477)	0.729	(0.326)
ATF Revenue Tranche 4	0.000	0.000	(0.324)	(0.324)	0.000
DfT BSIP Grant	(76.891)	(4.148)	(75.688)	1.203	(14.074)
City Regional Sustainable Transport Settlement (CRSTS)	(6.773)	0.000	(6.773)	0.000	0.000
LEVI Capability Fund	0.000	(0.105)	(0.810)	(0.810)	(0.570)
Levelling up Fund Capacity	0.000	0.000	0.070	(0.070)	(0.000)
Local Transport Authority Capability grant	(0.062)	(0.032)	(0.051)	0.011	0.000
Local Transport Fund	(1.312)	(1.360)	(1.360)	(0.048)	0.000

Metro & Local Rail Studies	(1.043)	(0.102)	(0.820)	0.223	(0.423)
Rail Administration Grant	(0.227)	(0.089)	(0.210)	0.017	(0.245)
Transforming Cities Fund	(0.317)	(0.064)	(0.405)	(0.088)	0.000
<b>Total Grants and Contributions</b>	<b>(87.896)</b>	<b>(5.905)</b>	<b>(88.736)</b>	<b>(0.840)</b>	<b>(15.638)</b>
Net Expenditure to be funded from Reserves	<b>0.040</b>	<b>0.025</b>	<b>0.240</b>	<b>0.200</b>	<b>0.330</b>

2.69

As agreed at the July meeting of the JTC, a budget was set aside for Devolution workstreams, funded by earmarked reserves created from the receipt of higher than forecast interest on revenue balances in 2022/23, and CRSTS revenue grant where expenditure is eligible to do so. An update against this budget is shown in the table below, which highlights that forecast expenditure in 2023/24 is now £1.548m against the budget of £1.797m, due to delays in recruitment to some posts and procurement of external support.

*Table 14: Transport Devolution Workstreams Forecast of Outturn 2023/24 and initial budget 2024/25*

	<b>2023/24 Revised Budget</b>	<b>Spend to Date Q2</b>	<b>2023/24 Forecast Outturn</b>	<b>2023/24 Forecast Variance</b>	<b>2024/25 Initial Draft Budget</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Highways	0.267	0.000	0.018	(0.249)	0.382
Making the Right Travel Choices	0.033	0.000	0.033	0.000	0.017
Transport Plan Refresh	0.100	0.000	0.100	0.000	0.050
Bus Reform	0.900	0.020	0.900	0.000	0.450
ZEV Infrastructure	0.233	0.148	0.233	0.000	0.117
Data – Project Management	0.080	0.000	0.080	0.000	0.040
Finance and Funding Strategy	0.067	0.000	0.067	0.000	0.033
Overall Project Management	0.067	0.000	0.067	0.000	0.033
Transport Devolution Benchmarking	0.050	0.000	0.050	0.000	0.000



<b>Total Expenditure</b>	<b>1.797</b>	<b>0.168</b>	<b>1.548</b>	<b>(0.249)</b>	<b>1.122</b>
CRSTS Revenue	(0.207)	0.000	(0.207)	0.000	(0.133)
LEVI grant	(0.233)	(0.148)	(0.233)	0.000	(0.117)
Devolution Earmarked Reserve	(1.357)	(0.020)	(1.108)	0.249	(0.872)
<b>Total Funding</b>	<b>(1.797)</b>	<b>(0.168)</b>	<b>(1.548)</b>	<b>0.249</b>	<b>(1.122)</b>

### **Interest on Revenue Balances**

- 2.70 A significant level of interest on revenue balances attributable to high cash balances is forecast to be received in 2023/24, over and above already budgeted levels. This is due to both the much higher interest rates now compared with at the time of setting the original budget, and significantly higher cash balances held on behalf of the JTC during the year as a result of receipts of large capital grants relating to BSIP, Active Travel and TCF in advance of expenditure being defrayed. A total of £9.018m is forecast, of which £0.893m will be applied to earmarked reserves held on behalf of Nexus and the Tyne Tunnels. It is proposed that the remaining £8.125m is held in an earmarked reserve at the end of this financial year to be applied to support Transport activity in future years following transition to the proposed MCA.

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

- 3.1 The NECA Constitution requires that consultation on budget proposals be undertaken at least two months prior to the budget being agreed. The information included in this report is presented to update the JTC on the preparation of the 2024/25 Transport budgets. The report also provides updated forecasts for the current year based on the latest available information.

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

- 4.1 The update forecasts and indicative budget proposals presented in this report are intended to inform the JTC of work on the preparation of the 2024/25 Transport budget and begin the formal budget consultation process in line with the requirements set out in the NECA constitution in its role as Accountable Body for Transport.
- 4.2 Option 1 – the North East Joint Transport Committee may accept the recommendations set out in the report.
- 4.3 Option 2 – the North East Joint Transport Committee may suggest amendments or alternative proposals to be considered. Option 1 is the recommended option.

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

- 5.1 The NECA Constitution requires that consultation on budget proposals be undertaken at least two months prior to the budget being agreed. The draft proposals will be subject to consultation with the Overview and Scrutiny Committee, relevant

officer groups and constituent councils. Comments raised as part of the consultation process will be considered in the preparation of the final reports.

- 5.2 Proposals are at an initial stage and work will be ongoing in developing these further over the coming weeks. Decisions on the levies and other aspects of the Transport budget will be taken by the JTC on 16 January 2024.

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

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

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

- 7.1 The financial and other resource implications are 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 the January 2024 report to the Committee.

## **8. Legal Implications**

- 8.1 The JTC must approve the transport budget and levies unanimously. It will be recommended to make this decision at its meeting in January 2024.

## **9. Key Risks**

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

## **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.

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

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

## **14. Appendices**

- 14.1 Appendix 1 – Nexus Services and Deliverables

## **15. Background Papers**

15.1 Revenue Budget 2023/24 – JTC Report 17 January 2023 ([Public Pack](#))[Agenda Document for North East Joint Transport Committee, 17/01/2023 14:30 \(northeastca.gov.uk\)](#)

15.2 Revenue Budget Update – JTC Report 18 July 2023 ([Public Pack](#))[Agenda Document for North East Joint Transport Committee, 18/07/2023 14:30 \(northeastca.gov.uk\)](#)

**16. Contact Officers**

16.1 Eleanor Goodman, NECA Finance Manager,  
[eleanor.goodman@northeastca.gov.uk](mailto:eleanor.goodman@northeastca.gov.uk)

**17. Sign off**

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

## Appendix 1 – Nexus Services and Deliverables

Nexus Services and Deliverables that its MTFP provides are detailed below:

1. **Metro** - comprising the operation and maintenance of the Tyne and Wear Metro. Patronage is currently estimated at just under 32 million journeys per annum and revenue that is generated is estimated to be in excess of £46 million. On a typical weekday, the Metro delivers over 97% of scheduled journeys which amounts to over 15,000 kilometres operated. Maintenance activities cover all assets that comprise the system e.g. the fleet of Metrocars, track, overhead line, stations, embankments, bridges, viaducts, tunnels, communications systems, fare collection systems, lifts and escalators.

Metro connects the key centres of population in Tyne and Wear. Many employment sites are accessible by Metro, either directly or via interchange. Universities and Further Education Colleges can be easily accessed by Metro, along with many retail facilities, hospitals, GP surgeries and clinics. Metro is readily accessible (defined as those who live within 800m of a Metro Station) to 350,000 individuals. Customer surveys suggest that approximately one quarter of the Tyne and Wear population uses Metro, with many Metro stations serving as interchanges with other modes of public transport, mainly local bus services but also taxi, national and local rail services as well as air transportation. Research Nexus previously commissioned shows that Metro plays a critical role as an economic enabler:

- Metro contributes up to £224 million of Gross Value Added (GVA) to the North East economy each year;
- In a wider measure of GDP and welfare benefits, the overall contribution increases to up to £437million per annum; and
- The current network delivers an economic value of £11.80 per passenger.

2. **Statutory Concessions** - comprising the net cost of the English National Concessionary Travel Scheme (ENCTS) in Tyne and Wear which is a statutory obligation placed upon Nexus as the Travel Concession Authority (TCA). Expenditure is dependent upon the numbers of passengers using the Scheme, the fare that would have been paid (to the bus operator) if the Scheme did not exist and an estimate of the additional costs of meeting the increased demand caused by the existence of the Scheme. TCA's and bus operators utilise DfT guidance in determining the value of payments due but in essence, Nexus has virtually no control over this sizeable burden on its NECA grant funded expenditure.
3. **Discretionary Concessions** - comprising the discretionary add-ons to the ENCTS (the companion pass, post 2300 hour boardings, and pre 0930 hour

boardings for the purposes of attending medical appointments), the Metro Gold Card Scheme, the Under 16 Scheme and Teen Travel. It might be possible to reduce expenditure on these discretions if the fare that is charged were to be increased, for example the price of the Under 16 All Day Ticket (which currently retails at £1.10 for use on any mode and any operator's services).

4. **The Shields Ferry** - is the only cross-Tyne ferry operating in the region, providing a vital link between North and South Tyneside for leisure, commuting, tourism, and education, offering a sustainable alternative to the Tyne Tunnel. Nexus currently operates two vessels on the crossing, The Pride of the Tyne built in 1993 and the Spirit of the Tyne, built in 2007. Both the ferries and landings are owned by Nexus. The costs to deliver the service comprise staffing, fuel, maintenance, cleaning and security.
5. **Bus Services** – these are typically socially necessary services that Nexus secures when commercial operators do not consider routes to be profitable. Typically, such services include the following types of provision:-
  - All day services;
  - Scholars services;
  - Works / Early Morning services;
  - Evenings and weekend extensions;
  - Route diversions; and
  - Taxibus and Community Transport.
6. **Bus Infrastructure** - comprising staffing, cleaning, maintenance and security of bus interchanges, stations and shelters.
7. **Public Transport Information** - comprising website design and maintenance, printed material including Bus, Metro and Ferry timetables (including bus stop liners), call handling and the provision of electronic information for journey planning.

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# North East Joint Transport Committee

## Overview and Scrutiny Committee

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**Date:** 14 December 2023

**Subject:** North East Transport Plan Refresh Update

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

### Executive Summary

The North East Transport Plan approved by North East Joint Transport Committee (JTC) in 2021 was the result of positive and close working between elected members, mayors and officers of the combined and constituent authorities, and has led to a step change in funding and delivery. A major delivery programme is already underway to deliver the schemes in the pipeline and strong progress is being made.

Following the signing of the minded to North East devolution deal and in anticipation of the government's forthcoming Local Transport Plan (LTP) guidance, the region is required to produce a refreshed North East Transport Plan.

The aim of the refresh is to produce a high-quality, widely supported Transport Plan that meets statutory obligations and sets out the region's transport needs and challenges.

The refreshed Plan should build upon the existing Plan that has extensive local stakeholder support and is seen by the current Leaders/Mayor of the LA7 authorities as a strong reflection of their local and regional ambitions for transport. It should not seek to start afresh.

The refreshed Plan will also include an updated accompanying delivery plan which includes a timeline of projects and interventions.

This briefing report provides an overview of the work currently underway relating to the North East Transport Plan refresh.

### Recommendations

- i. The Overview and Scrutiny Committee is recommended to note the work currently underway relating to the North East Transport Plan refresh and consider the information in this report.

## **Guiding Principles for Scrutiny Members**

The below are the key guiding principles to support the Overview and Scrutiny Committee Members in reading the report in advance of the meeting to:

- Consider any added value that Scrutiny can bring; and
  - Promote effective discussion and consider the information in the report.
1. The impact the matter has on individuals in the community and across the JTC area.
  2. Focus on the efficiency and effectiveness of the proposals, next steps and any potential changes.
  3. Consideration of any risks that may occur.
  4. Scrutiny focusing on any performance management or quality assurance.



## **1. Background Information**

- 1.1 The first North East Transport Plan was approved by the North East Joint Transport Committee (JTC) in March 2021 and sets out the region's transport priorities up to 2035. It was subject to an 8-week public consultation in 2020/21 and has since garnered strong support from regional authorities and the business community, along with thousands of individuals and community organisations across the North East.
- 1.2 As well as being a statutory requirement, the Plan sets out the region's priorities and forms the basis for bids and requests for funding for transport investment.
- 1.3 Following the signing of the minded to North East devolution deal and the expected publication of new Local Transport Plan (LTP) guidance from central government, the region is required to produce an updated North East Transport Plan setting out transport priorities for the region up to 2040.
- 1.4 The Plan will act as an enabler to other devolution driven workstreams.
- 1.5 It is expected that the refreshed Plan will align with the revised LTP and quantifiable reductions (QCR) guidance, a draft of which is expected imminently.
- 1.6 The revised local transport plan guidance from the UK government is expected to indicate that carbon emissions from the region's transport network should be quantified as part of the evidence base. This will provide a 'Quantifiable Carbon Reduction (QCR) baseline' against which the carbon impacts of the transport plan can be measured.
- 1.7 The QCR requirement could also provide an insight into the sources of transport carbon emissions, which will help authorities to understand and demonstrate the scale of change required.

## **2. Proposals**

- 2.1 The refreshed Plan will build upon the existing North East Transport Plan and will be prepared in line with existing local, regional and national policies and strategies.
- 2.2 It is proposed that the refreshed Plan document will be high-quality, defined as:
  - well received and acknowledged as an exemplar document;
  - clearly and professionally written, without jargon;
  - well-illustrated, presented, and accessible by all stakeholders.
- 2.3 It is assumed that the vision "Moving to a green, healthy, dynamic, and thriving North East" will remain in line with the current vision unless relevant changes are directed over time. The objectives in the refreshed draft Transport Plan will be focused on

emerging and draft themes being discussed and formulated as wider North East Mayoral Combined Authority objectives:

- Healthy life expectancy
- Green industrial revolution
- Building social, economic and digital infrastructure
- Cultural strength
- Making devolution deliver

### **3. Transport Plan Development**

- 3.1 The refreshed Plan will set out targets and deliverables that can be described in terms that people can identify with in their daily lives, rather than intangible or technical measurements, whilst still following the forthcoming LTP guidance.
- 3.2 The personas developed for the Making the Right Travel Choice Strategy were well-received and it is therefore proposed that they developed further and used in the refreshed Transport Plan. These will be reviewed and updated on a regular basis.
- 3.3 The refreshed Transport Plan will include an accompanying 15 year delivery plan which sets out a timeline of proposed projects and interventions up to 2040.

#### **3.4 Transport Plan Steering Group**

A steering group, which includes representatives from Office for Health Improvement and Disparities (North East) (OHID), public health, NE Bus, Northern, Nexus and the local authorities, has been established for the development of the refreshed Transport Plan. The group will receive updates and provide a steer upon request. The steering group will meet at key points throughout the development of the refreshed Plan.

The first meeting of the Steering Group took place in October.

### **4. Key Milestones**

- 4.1 A two-stage project management process will be used to successfully deliver the refreshed Transport Plan:
- Stage 1 (July 2023-June 2024) – the development of refreshed draft Plan to be presented to the Mayor and Cabinet for comment in May/June 2024.
  - Stage 2 – (June 2024-January 2025) – to work through the draft Plan with the Mayor from June 2024 onwards and launch a 12-week public consultation in late 2024, subject to Mayor and Cabinet approval, with the aim of publishing the refreshed Plan early 2025.

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

- 5.1 The purpose of this report is to provide an update on work currently underway relating to the North East Transport Plan refresh.

## **6. Alternative Options Available**

- 6.1 Not applicable to this report.

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

- 7.1 Development of the Transport Plan refresh will continue with the first initial draft being available for Super Feedback Week which will take place 6<sup>th</sup> – 14<sup>th</sup> December.
- 7.2 OSC will receive updates on progress with the North East Transport Plan Refresh.

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

- 8.1 Development of a high-quality sustainable transport network that provides excellent connectivity around the region will assist in meeting the objectives of the North East Mayoral Combined Authority.

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

- 9.1 There are no financial or resource implication arising directly from this report.

## **10. Legal Implications**

- 10.1 There are no legal implications arising from this report.

## **11. Key Risks**

- 11.1 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 North East Joint Transport Committee.

## **12. Equality and Diversity**

- 12.1 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..

## **13. Crime and Disorder**

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

## **14. Consultation/Engagement**

- 14.1 LA7 Heads of Transport and Transport Strategy Board have been consulted on the proposals in this paper. A Steering Group has met and agreed the development principles of the Transport Plan Refresh.

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

- 15.1 No specific impacts.

## **16. Background Papers**

- 16.1 North East Transport Plan [transportnortheast.gov.uk/wp-content/uploads/2021/10/AST004-Transport-Plan-A4-North-East-Transport-Plan.pdf](https://transportnortheast.gov.uk/wp-content/uploads/2021/10/AST004-Transport-Plan-A4-North-East-Transport-Plan.pdf)

## **17. Contact Officers**

- 17.1 Rachelle Forsyth-Ward  
Interim Assistant Director, Transport Strategy  
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## **18. Sign off**

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

## **19. Glossary**

NECA- North East Combined Authority  
NTCA- North of Tyne Combined Authority  
TNE- Transport North East  
NETP- North East Transport Plan  
ZEV – Zero Emission Vehicle

## North East Joint Transport Committee Overview and Scrutiny Committee

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**Date:** 14 December 2023

**Subject:** Bus Partnership and BSIP Fares Performance Update

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

### Executive Summary

Progress is being made on delivering our Bus Service Improvement Plan (BSIP) interventions, with good progress being made in the further development of the capital schemes, the introduction of service enhancements across the region and the launch of the BSIP adult day tickets. There has also been strong performance in the 21 and under fares products since the last update to this committee.

### Guiding Principles for Scrutiny Members

The below are the key guiding principles to support the Overview and Scrutiny Committee Members in reading the report in advance of the meeting to:

- Consider any added value that Scrutiny can bring; and
- Promote effective discussion and consider the information in the report.

1. The impact the matter has on individuals in the community and across the JTC area.
2. Focus on the efficiency and effectiveness of the proposals, next steps and any potential changes.
3. Consideration of any risks that may occur.
4. Scrutiny focusing on any performance management or quality assurance.

### Recommendations

The North East Joint Transport Committee is recommended to consider the contents of this report and identify any comments or representations it wishes to make to the Joint Transport Committee.

## **1. Background Information**

- 1.1 The region's Bus Service Improvement Plan (BSIP) has been refreshed and was approved by the Joint Transport Committee (JTC) at the October 2023 meeting. The BSIP retained the region's ambitions for bus and allowed us an opportunity to re-engage with the public through our Big Bus Conversation to ensure our plans still met the needs of the region.
- 1.2 A number of interventions have been progressed since the formal creation of our Enhanced Partnership (EP) in March 2023 all with the aim of achieving our BSIP Key Performance Indicators (KPI's) of improving bus ridership, performance, customer satisfaction and environmental performance. These objectives of the North East BSIP and EP have been developed in response to The National Bus Strategy and North East Transport Plan objectives to boost bus ridership, creating an attractive sustainable transport option.
- 1.3 At the Overview and Scrutiny Committee in July 2023 an update was provided on the introduction and early performance of the Bus Service Improvement Plan (BSIP) £1 fare for those ages 21 and under, a further update on the performance of the scheme was requested by members.

### **Industrial action**

- 1.4 Go North East staff under the Unite union have recently ended a period of industrial action with services resuming on Saturday 2 December. A two year pay deal was agreed by ballot on Friday 1 December with staff receiving an 11.2% pay increase this year and an inflation linked rise next year.
- 1.5 The first week of strikes took place between 30 September and 6 October, and the second week between 14 October and 20 October, and a prolonged period of action started on 28 October. The impact across the region has been highly damaging, with a number of areas across the region having effectively no buses running during the weeks of strike action and causing major disruption to passengers who are reliant on these services.
- 1.6 To celebrate services restarting Go North East offered a week of free travel (single and return tickets) from 2 December to 8 December inclusive. This news was welcomed by the Joint Transport Committee (JTC) and Cllr Gannon encouraged everyone to "get back onto buses without delay".

### **Partnership activities**

- 1.7 The partnership have progressed a number of other BSIP interventions since the last update to this committee. On 3 September 2023 we launched the accompanying £3 day ticket to our £1 single ticket for young people aged 21 and under. Then on 5 November 2023 the adult day tickets were launched:

<b>Product</b>	<b>Price</b>
County Durham (multi-operator)	£4
Northumberland (multi-operator)	£5
Tyne & Wear (multi-modal)	£6
Regionwide (multi-modal)	£6.80

It is too early to give a performance update on these products at the time of writing.

- 1.8 Progress has been made on the development of our capital programme with development funding being released to Local Authorities for detailed design work on the Tranche 1 bus priority corridors. A paper is also being taken to the December JTC meeting to approve the release of further development funding for Tranche 2 bus priority, park & ride sites and stops and station upgrades. The paper is also asking to accelerate funding to two schemes that form part of the Tyne Bridge mitigation works.

### **£1 fare performance update**

- 1.9 The £1 fare for those ages 21 and under has been available for over 6 months and the performance of the tickets has improved during that time. In the period from the 27 August 2023 to 23 September 2023 just over 1.1 million tickets were sold compared to the 730,000 tickets sold in the first period the product was available. Sales did reduce slightly in the period to the 21 October 2023 due to the industrial action at Go North East but sales were still near the 1 million mark.
- 1.10 These figures show that we are very close to achieving our original modelling targets of sales per period, though we are still below where we need to be to reach our annual sales targets. While the marketing steering group is looking at what specific Christmas advertising could be done to help promote the products.
- 1.11 Sales of the £3 day ticket doubled between the period from launch to the 23 September and the period to the 21 October, this is believed to be around awareness of the product. More detailed analysis is still needed between TNE and bus operators to determine if uses of this product exceed the 3 uses per ticket to make it better value for money than the £1 single.
- 1.12 To coincide with the launch of the £3, 21 and under day ticket a second round of the marketing campaign was ran. This was across the best performing digital platforms from the first campaign as well as in person and out of home advertising specifically targeted at university freshers weeks. The digital campaign was very successful with over 3.8 million impressions and over 25,000 click throughs onto the webpage.

## **2. Proposals**

- 2.1 The committee is recommended to note the contents of this report.

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

3.1 This report is intended to inform the committee of developments to bus sector funding, activities of the partnership and of performance of the 21 and under fares.

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

4.1 None.

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

5.1 The partnership will continue to progress schemes planned for in the BSIP and EP. The North East Regional Partnership Board will provide a forum for discussion for these initiatives and the JTC will be informed and asked for approval as each proposal comes forward.

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

6.1 Working towards our BSIP KPIs will also help us to deliver the objectives of the North East Transport Plan. In particular, by supporting a green recovery through the provision of an attractive form of sustainable transport.

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

7.1 None.

### **8. Legal Implications**

8.1 None.

### **9. Key Risks**

9.1 None.

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

10.1 None.

### **11. Crime and Disorder**

11.1 None.

### **12. Consultation/Engagement**

12.1 In the production of the BSIP, detailed consultation was undertaken with partners, stakeholders and the public, as reported to JTC on 21 September 2021. Close collaboration has also been ongoing with partners in the development of the EP and BSIP.



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

13.1 None.

### **14. Appendices**

14.1 None.

### **15. Background Papers**

15.1 North East Bus Service Improvement Plan: [TNE-BSIP\\_FINAL.pdf](#)  
([transportnortheast.gov.uk](http://transportnortheast.gov.uk))

Bus Back Better – The National Bus Strategy: [Bus Back Better](#)  
([publishing.service.gov.uk](http://publishing.service.gov.uk))

The National Bus Strategy Delivering Bus Service Improvement Plans using an Enhanced Partnership Guidance: [The bus services act 2017: enhanced partnerships](#) ([publishing.service.gov.uk](http://publishing.service.gov.uk))

JTC Report – Vision for Buses (item 9): [\(Public Pack\) Agenda Document for North East Joint Transport Committee, 13/07/2021 14:30](#) ([northeastca.gov.uk](http://northeastca.gov.uk))

JTC Report – Bus Partnerships (items 9 and 10): [\(Public Pack\) Agenda Document for North East Joint Transport Committee, 15/06/2021 14:30](#) ([northeastca.gov.uk](http://northeastca.gov.uk))

Bus Service Improvement Plan outline resourcing form (the content of this document is exempt from publication pursuant to paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972).

### **16. Contact Officers**

16.1 Heather Jones, Head of Enhanced Partnerships  
E-mail: [heather.jones@transportnortheast.gov.uk](mailto:heather.jones@transportnortheast.gov.uk)  
Tel: 07962 867 407

### **17. Sign off**

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

### **18. Glossary**

BRG – Bus Recovery Grant  
BSIP – Bus Service Improvement Plan  
BSOG – Bus Service Operators Grant  
DfT – Department for Transport  
EP – Enhanced Partnership  
JTC – Joint Transport Committee

LTA – Local Transport Authority



## **North East Joint Transport Committee, Overview and Scrutiny Committee**

**Date:** 14 December 2023

**Subject:** Joint Transport Committee Forward Plan and Scrutiny Work Programme

**Report of:** Policy and Scrutiny Officer

### **Executive Summary**

The purpose of this report is to provide an update on the suggested work programme for 2023/24 for the Joint Transport Overview and Scrutiny Committee.

### **Recommendations**

The Overview and Scrutiny Committee is recommended to:

- i. Review and comment on the suggested work programme.
- ii. To consider the guidance set out in the Scrutiny Protocol and reflect on how these principles might be adopted locally by the NEMCA Overview and Scrutiny Committee. The views and comments of the Committee will then be taken into account in formulating the NEMCA Constitution.

## **1. Background Information**

- 1.1 The Joint Transport Committee (JTC) Forward Plan is a document which the Joint Transport Committee is required to maintain under the Combined Authorities (Overview and Scrutiny, Access to Information and Audit Committees) Order 2017. The Forward Plan for the Joint Transport Committee, and its Subcommittees is published on both the North East Combined Authority's website and on the North of Tyne Combined Authority's website. It lists the decisions that the Joint Transport Committee and its Officers intend to take in the coming months and must include all decisions to be made in the next 28 days. The JTC Forward Plan template contains specific information relating to each decision, including the date the decision will be made, a brief explanation of the topic, the consultation to be undertaken, and contact details of the author. The JTC Forward Plan template has recently been updated and includes further information including if the decision is a 'Key Decision' and if an item will be discussed in private.
- 1.2 Details of each decision are included on the JTC Forward Plan 28 days before the report is considered and any decision is taken. This supports the transparency of decision making across the Joint Transport Committee and allows members of the public to see the items that will be discussed. There are special procedures for circumstances where publication for the full 28 clear day period is impractical or where there is special urgency. Both of these procedures involve the Chair of the Overview and Scrutiny Committee and would be reported to the committee at the next meeting.

### **Role of Overview and Scrutiny**

- 1.3 The Joint Transport Committee, Overview and Scrutiny Committee has been established in accordance with Schedule 2 (4) of The Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018.
- 1.4 The Joint Transport Committee, Overview and Scrutiny Committee can examine any decisions of the Committee – be that by the JTC itself or a subcommittee, constituent authority, or officer holding delegated authority. This Scrutiny occurs in public and ensures democratic and public accountability.
- 1.5 One of the main functions of this Committee is the review and scrutiny of 'Key Decisions' made by the Joint Transport Committee and its Officers. The relevant regulations set out a test for what should be considered a Key Decision – being those which are most significant in financial or other terms. This is explained in the Decision-Making Protocol of the North East Combined Authority that was adopted by the Joint Transport Committee for its use at its inaugural meeting in November 2018.

### **Requests for Special Urgency/General Exception**

- 1.6 In accordance with the Decision Making Protocol, it was agreed by Members that the request of any Short Notice Procedure that involved the Chair of the Overview

and Scrutiny Committee would be reported at the next Committee. The table below shows the number of requests made since the last meeting was held:

Type of Short Notice Procedure	Number of Requests since previous Committee
Requests for Special Urgency	0
Request for General Exception	0

Details of requests for Special Urgency and General Exception can be found at this website <https://northeastca.gov.uk/decision-making/forward-plan/special-notice-and-urgency-provisions/>.

### **Annual Work Programme – Approach for ongoing overview and scrutiny of Transport Plan**

- 1.7 A JTC OSC working group was set up in March 2021 to discuss an approach for ongoing oversight and scrutiny of the Transport Plan when it comes into effect and recognised that that the Transport Plan gives the OSC clarity of the policy framework it is operating within and focus for the future.
- 1.8 At the 25 March 2021 OSC meeting members discussed and agreed that the Transport Plans objectives and policy statements can provide structure to the OSC’s Work Programme over the next few years, by enabling it to focus on a particular area in each meeting. The committee also discussed an approach to structuring future meetings which involved receiving and debating an overview on progress being made on the Transport Plan and its objectives, planned future actions, and then providing the opportunity to scrutinise particular areas of the plan in more detail.
- 1.9 The scheduling of these areas of would be informed by whichever is the most advanced in the development of its delivery plan. This would provide the OSC the opportunity to have an effective and productive input into the delivery of the Plan. By the end of each meeting, the OSC should understand the Objective and its delivery plan so it is then able to monitor it and assist in providing ideas/proposals to support delivery or overcome obstacles (e.g. by identifying alternative actions for consideration by the JTC).
- 1.10 There is the opportunity to use, where appropriate, external input into the OSC meetings when considering the objectives and specific issues that may be on interest to certain groups.
- 1.11 The most recent version of the work programme (appendix two) has been compiled to allow the Overview and Scrutiny Committee the opportunity to consider items that will be of regional importance to the Joint Transport Committee, the JTC forward plan and items previously raised by Members. A link to the current forward plan can be found [here](#).
- 1.12 It should be noted that the work programme covers items that will be discussed at the meetings. It does not preclude ‘deeper dives’ providing more focused scrutiny of

particular topics by a sub-group of the committee outside of these meeting dates. These topics can be raised with the Chair and Scrutiny Officer at any time.

1.13 The Committee is asked to review and discuss the suggested work programme.

## **2. Scrutiny Protocol - Context - English Devolution Accountability Framework**

2.1 In March 2023, the Department for Levelling Up, Housing and Communities published the English Devolution Accountability Framework. The Framework is part of the Government's drive to deliver stronger, more empowered and more accountable local leadership. It provides guidance on how mayoral combined authorities will be scrutinised by the Government, business leaders, residents and voters and local politicians.

2.2 The Government believes local scrutiny in combined authorities is critical for increasing the accountability of decision makers. It should drive understanding, enhance the performance of services and the outcomes for those people affected by those decisions. It is crucial that local Overview and Scrutiny Committees in areas with devolution deals set new standards for holding their institutions to account for delivery as well as playing a critical role in policy and strategy development.

### **iny Protocol**

2.3 In recognition of this important role, the Government has worked with stakeholders to develop a protocol for all institutions with devolved functions on the relationship between the directly elected mayor, the combined authority and its overview and scrutiny and audit committees. The Scrutiny Protocol was published on 22 November 2023 and is attached as Appendix One.

2.4 'rotocol is non-statutory guidance but should be seen as supplementary to statutory nce and relevant legislation. The Protocol seeks to ensure that authorities have a on a sustained culture of scrutiny. Membership on committees should be prized and eted for. Retention of members for several years should be common. Members must le to devote the time to the role. Committees should have the profile and cachet to e that their findings are brought to the attention of the public wherever necessary. æssfully implementing this Scrutiny Protocol will be a key factor when determining lity for single funding settlements and deeper (Level 4) devolution deals.

### **2.5 East Mayoral Combined Authority**

As members will be aware, the North of Tyne Combined Authority (NTCA), the North East Combined Authority (NECA) and the seven constituent local authorities have now given their consent to the making of a statutory order to establish the North East Mayoral Combined Authority (NEMCA). It is anticipated that the Secretary of State will lay the Order before Parliament early in 2024 so that NEMCA can come into existence on 7 May 2024. The draft Order provides for the appointment of an Overview and Scrutiny Committee, to comprise of an equal number of members from each constituent council and to be chaired by an "appropriate person", which means an elected member who is from a different political party to that of the Mayor. The Committee may form sub-committees.

- 2.6 the coming months consideration will need to be given to planning and preparation of the appointment of NEMCA's Overview and Scrutiny Committee. Members of the Overview and NECA Overview and Scrutiny Committees are due to meet together on 16 July 2024 to consider the NEMCA budget proposals. It is proposed that during this time will be devoted to allow members to begin to consider the form and constitution of the new Committee. These discussions will have to have regard to the Scrutiny Protocol and will inform the drafting of the new Authority's Constitution.
- 2.7 Members are therefore recommended to consider the guidance set out in the Scrutiny Protocol and reflect on how these principles might be adopted locally by the NEMCA Overview and Scrutiny Committee. The views and comments of the Committee will then be taken into account in formulating the NEMCA Constitution.
- 3. Reasons for the Proposals**
- 3.1 To provide an opportunity for Committee members to input on any additional items as part of continued planning for the Work Programme for 2023/24.
- 3.2 The work programme will be refreshed and updated at each meeting of the Committee throughout the year.
- 4. Alternative Options Available**
- 4.1 There are no alternative options available.
- 5. Potential Impact on Objectives**
- 5.1 Development of a work programme and review and scrutiny of decisions in the JTC Forward Plan will contribute towards the development and implementation of the policy framework of NECA, NTCA, Nexus and the North East LEP as well as providing appropriate challenge to decisions taken.
- 6. Financial and Other Resources Implications**
- 6.1 No financial or other resource implications are identified at this stage.
- 7. Legal Implications**
- 7.1 There are no specific legal implications arising from these recommendations.
- 8. Key Risks**
- 8.1 There are no key risks associated with the recommendations made in this report.
- 9. Equality and Diversity**
- 9.1 There are no specific equality and diversity implications arising from this report.
- 10. Crime and Disorder**

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

## **11. Consultation/Engagement**

11.1 On-going consultation takes place with Officers and Scrutiny Members across the local authorities that make up the Joint Transport Committee, in regard to the items for the Annual Work Programme as Appendix Two.

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

12.1 The proposals consider the wider impact and take into account the Principles of Decision Making. They allow Members' consideration of the items on the JTC Forward Plan and allow them the opportunity to have an overview of all performance, decision making and developments across the Joint Transport Committee structure.

## **13. Appendices**

13.1 Appendix One – Scrutiny Protocol  
Appendix Two – Annual Work Programme

## **14. Background Papers**

14.1 None.

## **15. Contact Officers**

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Telephone: (0191) 433 2100

## **16. Sign off**

- 16.1
- The Proper Officer for Transport: ✓
  - Head of Paid Service: ✓
  - Monitoring Officer: ✓
  - Chief Finance Officer: ✓

## **17. Glossary**



- 17.1 NECA - North East Combined Authority
- North East LEP - North East Local Enterprise Partnership
- NTCA – North of Tyne Combined Authority

**Joint Transport Committee: Overview and Scrutiny Work Programme  
December 2023**

**Standing Items for each Committee Meeting:**

- Declaration of Interest
- Minutes of Previous Meeting
- JTC Forward Plan and Work Programme Report

**Source of work programme and items of importance:**

The Overview and Scrutiny Committee obtains work programme items from the following sources:

- a) Items submitted by Members of the Committee (and including items referred by other members of the Combined Authorities)
- b) Suggestions from Officers
- c) The Budget and Policy Framework; Transport Plan
- d) The JTC Forward Plan
- e) The Proper Officer for Transport
- f) Evidence for any policy review work regarding Transport

**Suggested Work Programme 2023-2024**

Meeting Date	Subject
March 2024	<ul style="list-style-type: none"> <li>• Transition of the transport function to the new Mayoral Combined Authority</li> <li>• Nexus Performance Update</li> </ul>

It should be noted that the work programme covers items that will be discussed at the meetings. It does not preclude ‘deeper dives’ providing more focused scrutiny of particular topics by a sub-group of the committee outside of these meeting dates. These topics can be raised with the Chair and Scrutiny Officer at any time.

[Department for  
Levelling Up,  
Housing &  
Communities](#)

Guidance

# Scrutiny Protocol

Published 22 November 2023

## **Applies to England**

Contents

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# Chapter 1: Introduction

1.1. The Levelling Up White Paper set out a mission that by 2030, every part of England that wants one will have a devolution deal with powers at or approaching the highest level of devolution and a simplified, long-term funding settlement.

1.2. In providing areas with more powers and funding flexibility, these powers need to be used appropriately to support local and national priorities. This means having local leaders and institutions that are transparent and accountable, seek the best value for taxpayer's money and maintain strong ethical standards.

1.3. Strong and accountable local leaders are a fundamental part of thriving local democracies. The English Devolution Accountability Framework (EDAF) sets out how these institutions with devolved powers are accountable to local people and the UK government, and how their decisions will be scrutinised and made transparent for local politicians, business leaders, and local communities of their area. This Scrutiny Protocol is a key part of making sure that institutions' overview and scrutiny arrangements are of the highest possible standards for holding them to account for delivery as well as for playing a critical role in policy and strategy development. This is particularly important when scrutinising devolved powers.

1.4. Effective scrutiny is critical for ensuring there is appropriate accountability for the decisions made by local decision makers. When done well, local scrutiny should drive understanding, enhance the performance of services and improve the outcomes for those people affected by those decisions.

1.5. This Scrutiny Protocol sets out the relationship between mayors and directly elected leaders, and the combined authority, combined county authority, county council or unitary authority they lead. It also sets out how the overview and scrutiny and audit committees hold these institutions with devolved powers and their mayor or directly elected leader to account.

1.6. In adopting the key principles and provisions of this Scrutiny Protocol, each institution will ensure it has a focus on a sustained culture of scrutiny. Membership on committees should be prized and competed for. Retention of members for several years should be common. Members must be able to devote the time to the role. Committees should have the profile and cachet to ensure that their findings are brought to the attention of the public wherever necessary through strong communications.

1.7. The government considers the Scrutiny Protocol a key factor in implementing Level 4 and single department-style funding settlements. Institutions with devolved powers should utilise the principles of the Scrutiny Protocol and requirements of the EDAF (including Local Assurance

Frameworks) to ensure transparent and accountable decision-making and delivery of value for money on devolved funds.

1.8. In the future, the government will expect areas to adopt MP sessions to further enhance scrutiny, similar to those arrangements being established in Greater Manchester Combined Authority (GMCA) and West Midlands Combined Authority (WMCA) and any lessons learned from the application there. This will be considered when institutions receive single department-style funding settlements.

## **Who the Scrutiny Protocol is for**

1.9. This Scrutiny Protocol (“the Protocol” applies to the arrangements of overview and scrutiny committees in all English institutions with devolved powers, including combined authorities (mayoral and non-mayoral), combined county authorities (mayoral or non-mayoral) and, with regard to their devolved powers, county councils and unitary authorities that have agreed devolution deals.

1.10. The Protocol provides guidance for Chairs and members of Overview and Scrutiny Committees as well as scrutiny officers to help them carry out their roles effectively. The Protocol also provides guidance for those responsible for making appointments to Overview and Scrutiny Committees.

1.11. Overview and scrutiny committees have statutory powers to scrutinise the decisions of the executive, the combined authority or the combined county authority. Members and officers should recognise that recommendations following scrutiny enable improvements to be made to policies and how they are implemented.

1.12. London has different arrangements. The Greater London Authority Act 1999 (as amended) sets out the arrangements for the Greater London Authority and Assembly. Where applicable, the GLA and Assembly should look to implement the guidance identified in this Protocol.

## **How to use this Protocol**

1.13. This Protocol is non-statutory guidance but should be seen as supplementary to statutory guidance and relevant legislation.

1.14. This Protocol primarily refers to “shoulds” – good practice, and key principles and additional scrutiny that government considers a key factor in implementing Level 4 and single department-style funding settlements.

1.15. This Protocol also refers to requirements arising from legislation and statutory guidance that must be adhered to [Footnote 1](#).

## Chapter 2: Key principles for good scrutiny

2.1. Scrutiny is most effective when it is highly focussed and seeks to achieve a clear outcome. There should be a commitment to focussing scrutiny activity through developing a clear, outcome-driven, and member-led work programme which is delivered through a committee structure that can enhance the delivery of that work programme to best effect. This could be a single committee or multi-committee model.

2.2. In combined authorities and combined county authorities, a single committee model should be considered to provide a shared platform from which all committee members can develop a strategic overview across all portfolio areas and an understanding of the interconnection of key policies to effectively scrutinise cross cutting issues. If another model is used it should be clear how this model is able to meet the key principles identified in this Protocol. These are:

- pool of members
- politically balanced membership
- geographically balanced membership
- appointment of chair
- sustained appointments made on interest and skills
- well-resourced training
- inviting technical expertise
- remuneration and status
- holding the mayor or directly elected leader and the institution to account
- participation in pre-policy and pre-decision scrutiny
- provision to call in
- regular performance monitoring including agreed outcomes
- robust work programming
- focused task and finish exercises
- strong relationships with stakeholders
- regular self-evaluation and reflection
- access to data, research, and analysis
- strong relationship with audit committees

GMCA have been successful in implementing a single committee model with 20 members and 20 additional members in a substitute pool. This single committee model has been implemented to provide the flexibility and resilience for scrutiny to work effectively whilst being well-attuned to the cross-cutting nature of Combined Authority business.

2.3. County councils and unitary authorities with devolution deals should look to incorporate the scrutiny of any new activity arising from the devolution deal into their existing scrutiny arrangements. As there could be multiple committees looking at specific service areas, members are encouraged to maintain and develop a strategic overview of the service areas within their remit and work collaboratively with other committees where appropriate if issues involve more than one service area. It may also be worthwhile to undertake a review of current scrutiny arrangements as part of implementing their devolution deal to ensure that they will be suitable for the new activity.

## **Key principle 1 – pool of members**

2.4. Enabling the interconnection of policies across a number of portfolio areas requires members to have an advanced level of knowledge across a range of subjects. To achieve this, all committee members whether appointed to a committee or acting as substitutes should be treated as a single body and have access to the same induction and training opportunities as well as regular subject briefings. In doing so, members will feel suitably well-informed to engage effectively at meetings and take part in task and finish exercises (where required).

2.5. Well informed and active substitute members also provide a greater pool of membership to ensure that meetings are quorate and enable wider engagement of members across the authority area.

## **Key principle 2 – politically balanced membership**

2.6. Membership must be politically balanced in line with the proportionality across the institution as far as reasonably possible.

## **Key principle 3 – geographically balanced membership**



2.7. Due to the increased geographical size of a combined authority or combined county authority committee membership should also be geographically balanced as far as possible to ensure that the committee draws on a whole area perspective at meetings. Nonetheless, institutions with devolved powers are strategic organisations delivering across a functional economic geography and as part of their role members should be able to pivot between their local understanding and the need to take a wider strategic/functional view when considering issues applying to the whole institution and the geography it represents. This will aid effective scrutiny of priorities, performance, and delivery.

## **Key principle 4 – appointment of chair**

2.8. In combined authorities and combined county authorities, the chair of the committee must be seen as an independent voice. They must either be an independent person or an appropriate person (as defined by legislation). This ensures a healthy degree of separation to allow a greater level of objectivity in the committee's scrutiny activity. Such practice should be considered for county councils and unitary authorities for the scrutiny of any new activity arising from the devolution deal that is being brought into their existing scrutiny arrangements.

2.9. It is the responsibility of the chair to be 'apolitical' to ensure the committee remains in line with its terms of reference and is the voice of the committee at combined authority, combined county authority or cabinet meetings.

## **Key principle 5 – sustained appointments made on interest and skills**

2.10. Scrutiny requires a certain set of skills and it is therefore imperative that those who are appointed to the committee are done so based on their experience, interests, and skill set while also considering geographical and political balance. When seeking appointments, a clear role description should be used to inform interested parties of the key skills required as well as the demands of the role (an example of a role description is attached at Annex A).

2.11. Where possible members should also be appointed for more than one year to enable them to provide continuity to the work of the committee and ensure that the shared level of knowledge remains high. Working from the foundation of an informed committee allows members to be more confident in their challenge and ultimately more effective in their scrutiny.

## Key principle 6 – well-resourced training

2.12. All institutions should provide and adequately fund training for all members including knowledge briefings, peer to peer groups, and training on key functions including finance, commercial and data interrogation. This training should include an induction for the chair and members on the institution, its powers, roles, and responsibilities should be required at the beginning of every municipal year.

2.13. All members should be offered additional knowledge briefings outside of the formal meeting structure and ahead of reports being presented, where they can have access to further information to assist them in their scrutiny activity. These briefings should be informal and provide a safe space where members feel able to ask those questions that they may not feel able to in a committee meeting. Further briefings should also be organised at members request on any other subject matter that they feel will strengthen their knowledge base and offered to all members and substitutes.

## Key principle 7 – inviting technical expertise

2.14. Committees should invite technical expertise to meetings to enhance scrutiny of decisions. Technical experts can provide a different perspective on the issues being discussed at meetings and help members with their line of questioning leading to enhanced scrutiny.

2.15. Technical expertise should also be commissioned to provide training and briefings to the chair and members of the committee to support them in their roles and ensure they have access to technical and independent knowledge and information to enhance their scrutiny of the institutions' priorities, performance, and delivery.

### **Case study: West Yorkshire Combined Authority (WYCA)**

WYCA's scrutiny has invited external experts to scrutiny committee meetings (and working groups) and made good use of the professional expertise of existing scrutiny members. A local academic who had independently tested the accuracy of the Real Time Bus Information system managed by WYCA was invited to answer technical questions alongside officers, which resulted in the committee recommending that officers partner with the academic and the university to iron out the technical issues.

Councillors with an expertise and background in psychology have also led presentations and discussions, based on their own research and experience, on the topic of how behaviour change techniques and principles could be employed to encourage people to change how they travel to support decarbonisation goals.

## **Key principle 8 – remuneration and status**

2.16. Combined authorities and combined county authorities should remunerate committee members directly, reflecting the responsibility and status of the role. This must be done transparently through the use of an Independent Remuneration Panel (IRP) who recommend an allowance level for approval by the combined authority or combined county authority (to be provided for in forthcoming secondary legislation, subject to the will of Parliament). Combined authorities and combined county authorities should pay the maximum recommended by the IRP to ensure that members commit the time required to the role. Substitute members should also be remunerated, but their payment should also reflect the number of meetings that they have attended. The chair should receive an additional level of remuneration in recognition of their specific role.

2.17. County councils and unitary authorities can make provision for the payment of special responsibility allowances for those councillors who have either assumed significant responsibilities following agreement of their devolution deal or want to reconsider other policies in light of it.

2.18. Scrutiny should be seen as central to the good governance of the authority. Committees and chairs should receive some dedicated resource with support provided across a range of areas such as research, policy, and administration. Clear processes should be in place for their recommendations to be received and responded to as appropriate and they should have the visible support of senior officers and members of the institution. Committees and chairs should have access to information including matters of commercial sensitivity, matters awaiting government approval and other confidential matters (in line with Access to Information Procedure Rules).

## **Key principle 9 – holding the mayor or directly elected leader and the institution to account**

2.19. One of the key roles of the committee is to hold the mayor or directly elected leader (and where necessary other members and officers of the institution and its partners) to account for their performance.

2.20. The mayor or directly elected leader and institution should commit to engage regularly with the committee both informally and formally and must attend the committee when requested.

2.21. Members who are portfolio-leads (or equivalent) should also commit to engaging regularly with the committee and attend when requested. Even if members of the institution have assigned or delegated areas of responsibility to

others, it should be standard practice for them to attend to present any reports within their portfolio alongside the appropriate officers.

2.22. There should be a standing invitation for the chairs of the committees to attend the combined authority, combined county authority or relevant cabinet meetings to create an opportunity for the committee's comments on particular proposed decisions or issues to be shared directly.

## **Key principle 10 – participation in pre-policy and pre-decision scrutiny**

2.23. The practice of bringing decisions for scrutiny shortly before they are taken should be avoided (whilst recognising the need for urgent exceptions). Instead, members should be engaged early in the development stage of a policy so that they can help shape its design and add real value.

2.24. A Forward Plan of key decisions is essential. Having regular opportunities to consider this also enables the committee to have a breadth of sight across all the work of the institution and determine those areas for further scrutiny. Moreover, institutions should ensure that there is a culture of the Forward Plan being used appropriately with decisions being placed on the plan well in advance of them being taken.

2.25. The committee should also contribute to all policy and strategy development in respect of high-profile complex issues affecting the whole geographical area. As a result, when a report is taken for a decision, the committee's comments and amendments can be highlighted. This may include matters of commercial sensitivity, matters awaiting government approval and other confidential matters (in line with Access to Information Procedure Rules), that need careful handling and might involve the exclusion of the public.

### **Case study: West Midlands Combined Authority (WMCA)**

Ahead of the WMCA submitting its deeper devolution deal offer to DLUHC, its overview and scrutiny committee held a series of workshops that undertook a deep dive into each of the offer's key proposals, testing the scope and ambition of each 'ask', and challenging whether the ambition of these proposals were sufficient to address the region's needs. This work resulted in the strengthening of the deal document ahead of its formal adoption by the Combined Authority and its constituent authorities.

2.26. To inform their scrutiny of policies and decisions, and using all available evidence or assessments, members should consider the viability of funding sources, financial propriety, and the extent to which the policy or decision being scrutinised is likely to provide value for money.

## **Key principle 11 – provision to call in**

2.27. The committee should use their power to ‘call in’ decisions to ensure that any decisions receive further scrutiny where the committee thinks it is necessary. However, good scrutiny should focus on uncovering potential issues with decisions before they need to be called in.

## **Key principle 12 – regular performance monitoring**

2.28. An initial focus on the institutions’ key strategies will enable the committee to understand its priorities, and begin to monitor performance against delivery and ultimately recommend where action is needed, including improvement activity more quickly. This should be supported by regular reports highlighting the evidential challenges and where further scrutiny could support delivery against a target, including any outcomes that may have been agreed as part of devolution deals.

2.29. However, it is important that performance monitoring does not monopolise the work programme of the committee, but that it is used as a tool to highlight those areas where further scrutiny would be most effective.

## **Key principle 13 – robust work planning**

2.30. Areas highlighted through the performance monitoring of the institutions’ key strategies should formulate the skeleton of the committee’s work programme, from which members can then select other areas of interest through a formal report or task and finish exercise where they feel scrutiny could add further value.

2.31. It is important that the work programme remains robust and flexible enough to cope with a dynamic devolution environment where the priorities of the institution change so that scrutiny can be undertaken on policy development as it evolves. A combination of long term pre policy scrutiny interspersed with more immediate performance scrutiny will ensure the work programme remains appropriate and can dovetail with the work of the institution.

2.32. Committees should have a clear process by which it develops its work programme, who it will engage as part of its work programme and prioritises what it should undertake further inquiry on. It is expected that committees will take in a wide range of views from the institution itself (officers, the executive or the combined authority or combined county authority), constituent members, partner organisations and residents.

## **Key principle 14 – focused task and finish exercises**

2.33. The chair and members should consider when it is relevant to focus on an area of the work programme through task and finish activities which can provide the opportunity for the ‘deep dive’ scrutiny that a committee meeting setting often does not allow. This approach is often most valuable when it brings together stakeholders to discuss and debate complex topics but should be member-led and have tangible outcomes that will benefit the work of the institution.

2.34. Determining the scope of the task and finish exercise, alongside an agreed timeframe, is imperative as the realm of the topics can often be immense, but the decision process to influence is fast paced.

2.35. The number of task and finish reviews should be determined by the strategic priorities highlighted by members and the capacity of the scrutiny function. Task and finish review meetings can be held virtually but their work should be transparent and their final reports and recommendations (at least) must be made publicly available.

2.36. The institution should formally receive task and finish reports following endorsement from the committee and must respond to their clear set of recommendations within two months. The committee should be responsible for monitoring the progress against these recommendations at agreed periods.

## **Key principle 15 – strong relationships with stakeholders**

2.37. Committees should use their power to invite stakeholders to meetings. These could include members and officers of constituent local authorities, and, in county council areas, their district councils and other local stakeholders should be invited to the committee meeting where the organisation delivering services and utilities is being scrutinised.

2.38. To allow scrutiny to be effective it is crucial that the public can easily understand the work and performance of committees. With this in mind, local journalism plays an invaluable role in the fabric of our society, in supporting communities and in ensuring the provision of reliable, high-quality information. Local news publishers remain uniquely placed to undertake the investigative journalism and scrutiny of public institutions are a local level that is vital to helping ensure a healthy local democracy. Local press and media must therefore continue to be able to play a key role in facilitating public accountability, with opportunities created for them to engage with the committees, its members, and their work, and findings.

2.39. As well as building relationships with local press and media, institutions should consider how they use their communications function to publicise the committee, and its members, work, and findings while remaining mindful of the recommended code of practice for local authority publicity.

2.40. For combined authorities and combined county authorities, the work of their committees should complement that of the constituent local authority scrutiny committees rather than create duplication. It is likely that one set of scrutiny activities will raise points that equally apply or are relevant to the other. Strong relationships, including with other key local stakeholders, should therefore be formed to enable work programmes to be shared and reports presented to the most appropriate committee. There is also a role for members of the committee in ensuring effective links with constituent local authority scrutiny committees through appropriate information sharing and ensuring the interconnection of work programmes.

## **Key principle 16 – regular self-evaluation and reflection**

2.41. Members should come together regularly to reflect and direct their own work programme. This could take place in public during a meeting or informally following a meeting, however space should be created for members to be open and honest about the direction of the work of the committee and provide an opportunity for regular self-evaluation.

2.42. Reflecting on the work of the committee and the resulting outcomes of scrutiny activity should also be undertaken through other methods, including regular round-up bulletins, annual reports, or other publications.

2.43. An annual report should be published to broadcast the work of the committee demonstrating how the committee's work influences and benefits the outcomes of the institution and its strategic goals and priorities. For combined authorities and combined county authorities, this should be formally considered by its constituent members. For county councils or unitary authorities, this should be considered at cabinet and full council.

2.44. The institution should welcome the continual self-evaluation of the committee but also commit to undertaking its own evaluation exercises, as often as required, to ensure the function remains effective, including seeking feedback from key partners.

## **Key principle 17 – access to data, research and analysis**

2.45. Committees should use data to improve their knowledge and understanding of their institution's performance, as well as how other institutions are performing to learn lessons and share best practice.

2.46. The Office for Local Government (Oflog) will support the improvement of local government performance by fostering accountability through increased transparency. It will provide authoritative and accessible data and analysis about the performance of local government and will publish key data for institutions with devolved powers. This should be considered as part of committee business.

## **Key principle 18 – strong relationship with audit committees**

2.47. Combined authorities and combined county authorities must have an audit committee. Local authorities with a devolution deal should have an audit committee to ensure they maintain robust financial management and controls for accountability to local stakeholders.

2.48. Overview and scrutiny committees should work in tandem with the Audit Committee and should be agreeing how to manage shared areas of interest and responsibility. The Audit Committee having responsibility to support and monitor governance, risk management, external and internal audit, financial reporting, control and assurance arrangements. The overview and scrutiny committee having responsibility for scrutinising decisions the executive, the combined authority or the combined county authority is planning and how they will be implemented.

2.49. Although the focus of the overview and scrutiny committee, is different from the audit committee, there are opportunities for the committees to work collaboratively. Work programmes of each committee should be informed by each other's work and recommendations shared where appropriate. Regular meetings should be organised between the chair of Audit and the chair of Scrutiny to support a better understanding of the committees' outputs, helping to avoid duplication and ensure important areas are not missed.

2.50. Audit committees should receive dedicated resource and there should be clear processes in place for their recommendations to be received and responded to as appropriate.

2.51. Audit committees should also publish an annual report to broadcast the work of the committee and how its work influences and benefits the outcomes of the institution and its strategic goals and priorities. For combined authorities and combined county authorities, this should be formally considered by its



constituent members. For county councils or unitary authorities, this should be considered at cabinet and full council.

2.52. The institution should welcome the continual self-evaluation of the Audit Committee but also commit to undertaking its own evaluation exercises, as often as required, to ensure the function remains effective.

## **Chapter 3: Additional scrutiny – mayor or directly elected leader’s Question Time**

3.1. Mayors and directly elected leaders provide greater democratic accountability by having a single visible leader directly accountable to the public at the ballot box for their performance and the decisions they make.

3.2. Mayor’s or directly elected leaders’ question time should also be organised where the Mayor or directly elected leader takes questions from the public, chaired by an independent person – a local journalist or businessperson for example. These should be held at least every 3 months.

### **Footnote 1**

- Schedule 5A to the Local Democracy, Economic Development and Construction Act 2009
- The Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017
- Schedule 1 to the The Levelling Up and Regeneration Act 2023 (the 2023 Act) and regulations made under the 2023 Act.
- The Overview and Scrutiny: statutory guidance for councils and combined authorities (which will be updated to include CCAs once the necessary secondary legislation is made, subject to the will of Parliament).
- Sections 9F-9FI of the Local Government Act 2000.
- Combined Authorities must also have regard to any such provision in its statutory constitutional provisions.

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