



Joint Transport Committee Overview and Scrutiny Committee

Thursday, 19th December, 2019 at 2.00 pm

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

AGENDA

Page No

1. **Apologies for Absence**

2. **Declaration of Interests**

Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.

3. **Minutes of the Inquorate Meeting held on 7 November 2019** 3 - 6

4. **Budget Proposals** 7 - 38

5. **JTC OSC Work Programme** 39 - 48

6. **Date of Next Meeting**

The next meeting will be held on 19 March 2020 at Newcastle Civic Centre.

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JOINT TRANSPORT COMMITTEE, OVERVIEW AND SCRUTINY COMMITTEE

DRAFT MINUTES FOR APPROVAL

Thursday 7 November 2019, 2pm

Meeting held Gateshead Civic Centre, Lamesley Room

Present:

- D Taylor-Gooby (Chair)
- A Clark (Vice Chair)
- B McNeany – Gateshead Council
- G Armstrong – NECA
- J Fenwick – Nexus
- J Sparkes – NTC
- P Darby – NECA
- T Hughes – Nexus
- M Mallam-Churchill – Gateshead Council (Minutes)

Councillors:

- I Patterson – Gateshead Council
- J Eagle – Gateshead Council
- M Clarke – Durham County Council
- R Manchester – Durham County Council
- O Avery – Newcastle City Council
- P Stewart – Sunderland City Council
- S Graham – North Tyneside Council

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from the following:

- A Batey – Durham County Council
- D MacKnight – Sunderland City Council
- J Kelly – Sunderland City Council
- G Castle – Northumberland County Council
- G Sanderson – Northumberland County Council

2. DECLARATIONS OF INTEREST

RESOLVED:

- (i) Councillor Eagle of Gateshead Council declared an interest as an employee of Nexus but made the Committee aware he has legal dispensation to be a part of the OSC.

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

RESOLVED:

- (i) The approval of the minutes for the last meeting held on 19 September 2019 was deferred due to the meeting being inquorate.
- (ii) The Chair advised the Committee that he intended to write a letter to members to try and improve attendance as being inquorate is impeding the business of Committee.

4. BUDGET PROPOSALS

The Committee received a report providing a copy of the reports that were presented to the Joint Transport Committee on 23 October 2019 for discussion as part of the budget consultation process.

From the report it was highlighted that the budget strategy outlined in the report to the JTC on 23 October 2019 was based on an assumption of a levy for 2020/21 for Tyne and Wear in line with the current year, representing a cash freeze.

It was also noted from the report that the forecast position for 2019/20 for the Tyne Tunnels revenue account is for a breakdown position after making additional provision for the repayment of debt and the costs of the new Tyne Tunnel Manager. It was stated that initial estimates for 2020/21 build in the full year costs of the new Tyne Tunnels Manager position and indicate a breakeven position next year.

The Committee was further advised that provision has been made for one-off costs of the Tyne Pass Project in the current and next year. It was also stated that the draft budget estimates for 2020/21 have been prepared on the basis that increases in the Retail Price Index will trigger an increase in the toll for Class 3 vehicles.

It was advised that the JTC had requested additional information about the impact on the Tyne and Wear councils and the Nexus medium term financial strategy of different options for increases or decreases in the Tyne and Wear levy as well as the cash freeze which had been included in the initial proposals.

The Committee was also provided with a Nexus Revenue Budgeted infographic providing a visual overview of Gross Budget, Levy/JTC Grant and Capital Investment across the board.

Cllr Patterson queried what had contributed to the operational revenues for Metro growing; it was advised that this is a result of increases to Government Grants and fair increases. It was further noted that Tyne and Wear authority levies have however decreased over the same period. A comment was also made noting that future

investment of Metro services such as the new fleet programme should ensure the continued increase in operational revenues for Metro.

A discussion took place on the various financial pressures facing Nexus. Tobyn Hughes advised the Committee that although Metro fare income was forecast to be below budget target for the year, nevertheless Metro's fare revenues would be higher than last year. The issue facing Nexus's budget was that costs were rising faster than income. The Committee were also advised that offering concessions such as the Under 16 pass have an impact on overall income.

Cllr Eagle queried the impact of passengers who do not pay a fare when using services. It was noted that the Metro service is large and open and whilst there have been increases in gates and customer service advisors there will still be room for some to evade paying a fare. Cllr Avery commented that he believed the general public would be supportive of increasing measures to combat fare evasion.

Mr Taylor-Gooby queried the costs of overhead line failures; it was also asked how often these lines are repaired/replaced. It was stated that there is a programme ongoing to replace old overhead lines, it was also noted that there is an in-house team responsible for these works.

The Committee were advised that reflections from the discussions held at the meeting would be included in a final report to the JTC on 19 November 2019.

5. A. O. B

Cllr Manchester raised the issue of human trafficking in light of the recent incident in Essex. It was queried what measures are currently in place at facilities such as Port of Tyne to prevent such instances occurring. Tobyn Hughes advised that this was largely a matter for other agencies but that he would make enquiries and provide feedback in due course.

6. DATE AND TIME OF THE NEXT MEETING

The next meeting will take place on 19 December 2019 at 2pm at South Shields Town Hall.

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North East Joint Transport Committee Overview and Scrutiny Committee

Date: 19 December 2019
Subject: Budget Proposals
Report of: Chief Finance Officer
Type of Item Consultation

Purpose of the report

The purpose of this report is to present the updated budget proposals for the North East Joint Transport Committee (JTC) to the JTC Overview and Scrutiny Committee, following the earlier report on initial proposals which was presented to the last meeting on 7 November 2019.

This information 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 taken into account in their decision on the final proposals.

Recommendations

The Overview and Scrutiny Committee is recommended to examine the updated budget proposals and make any observations or recommendations on these proposals which will be considered by the JTC at its meeting on 21 January 2020.

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
- promote effective discussion and consider the information in the report

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

1. Background Information and current context

- 1.1 At the last meeting of the JTC Overview and Scrutiny Committee, a report was presented setting out draft budget proposals which were considered by the JTC on 23 October. An updated report was presented to the JTC for consideration on 19 November 2019.
- 1.2 The updated report provided additional information which had been requested regarding options for the Tyne and Wear levy and set out a recommendation to accelerate work on the Metro Futures Studies (a series of studies that are necessary for Metro and local rail network expansion plans) which could be funded from a combination of existing budget provisions and the forecast surplus in the Nexus budget which would result from a cash freeze in the levy being agreed for 2020/21. Other aspects of the JTC budget such as the Transport Strategy Unit and the Tyne Tunnels were in line with proposals made on 23 October.
- 1.3 The JTC agreed the recommendations set out in the report attached here as Appendix 1 and the final budget recommendations will now be developed in line with the draft budget strategy.

2. Key Issues and challenges

- 2.1 The JTC must unanimously agree transport levies and budgets which cover the whole North East area – with three separate levies for Durham, Northumberland and Tyne and Wear.
- 2.2 Other areas of the JTC budget for agreement in January 2020 are the Transport Strategy Unit budget and the Tyne Tunnels revenue budget.

3. Principles of decision making

- 3.1 The updated budget proposals are the result of earlier presentations to the JTC on 23 October 2019 and 19 November 2019. At its meeting on 19 November 2019, feedback on the draft proposals from the last meeting of the JTC Overview and Scrutiny Committee was reflected in the report considered by the JTC on 19 November.

4. Potential Impact on Objectives

- 4.1 The budget proposals presented in the attached report seeks to achieve the Transport policy objectives of the JTC.

5. Financial and Other Resources Implications

- 5.1 Financial and other resource implications are set out in the report presented at Appendix 1.

6. Legal Implications

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

Joint Transport Committee.

7. Equality and Diversity

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

8. Crime and Disorder

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

9. Other Impacts

9.1 There are no other impacts arising from this report.

10. Next Steps

10.1 The final budget proposals will be presented to the JTC at the meeting on 21 January 2020 for decision.

10.2 The levies agreed by the JTC must be formally issued by the NTCA Cabinet and NECA Leadership Board who are meeting on 28 January 2020 and 4 February 2020 respectively.

11. Appendices

11.1 Appendix 1: report to Joint Transport Committee 19 November 2019

12. Background Papers

12.1 This report builds upon the previous budget consultation report to the JTC Overview and Scrutiny Committee 7 November 2019 - <https://northeastca.gov.uk/wp-content/uploads/2019/11/v2-Agenda-JTC-OSC-7.11.19.pdf>

13. Contact Officers

13.1 Eleanor Goodman
NECA Finance Manager
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Tel: 0191 277 7518

14. Sign off

- 14.1
- Head of Paid Service: ✓
 - Monitoring Officer: ✓
 - Chief Finance Officer: ✓

North East Joint Transport Committee

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

Executive Summary

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

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

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

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

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

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

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

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

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

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

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

Recommendations

The North East Joint Transport Committee is recommended to:

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

1. Background Information

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

2. Proposals

Transport Levies

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

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

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

Durham County Council

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

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

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

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

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

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

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

Northumberland County Council

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

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

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

2.12 The main areas of expenditure are:

- i) Concessionary Fares – Based on performance to date, the budget is forecast to underspend by £69,000 in 2019/20. The patronage for the service has declined by approximately 1.5% per annum which is offset by increased ticket income.
- ii) Subsidised Bus Services – The Council supports a range of socially necessary bus services, mainly in the rural North and West areas of the County but also some in the more urban South East. It is forecast that the outturn position will show an underspend of £80,000 at the end of the current financial year.

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

Tyne and Wear

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

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

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

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

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

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

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

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

Nexus

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

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

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

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

2.22 The levy funds the following services:

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

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

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

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

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

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

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

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

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

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

Table 8: Summary of Nexus levy grant options modelling

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

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

Metro Futures Studies

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

Tyne Tunnels

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

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

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

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

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

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

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

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

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

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

Transport Strategy Unit

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

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

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

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

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

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

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

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

Table 12: Summary of JTC Reserves 2019/20

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

JTC Overview and Scrutiny Committee 7 November 2019

2.53 The JTC Overview and Scrutiny Committee met on 7 November, 2019 to consider the draft budget proposals. Members considered the reports presented to the JTC on 23 October along with the updated information around options for the Tyne and Wear levy and the updated Nexus position as set out in Appendices 1 and 2. Members were appreciative of the information provided which they felt gave them a better understanding of the Transport budgets and the proposals under consideration.

2.54 There were two main issues which the Overview and Scrutiny Committee wished the JTC to be mindful of in their consideration of the proposals for 2020/21 and future years' budgets:

- Whether there are opportunities for Invest to Save proposals, particularly to tackle fare evasion on Metro which would help maximise fare income;
- Members were keen to ensure climate change and air quality issues were taken into account when setting budgets and in particular the importance of public transport in tackling these issues. The JTC wished the Committee to consider these issues when setting budgets and agreeing levies, particularly if there were any proposals to reduce services in the future.

3. Reasons for the Proposals

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

4. Alternative Options Available

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

recommendation set out in the report.

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

5. Next Steps and Timetable for Implementation

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

6. Potential Impact on Objectives

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

7. Financial and Other Resources Implications

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

8. Legal Implications

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

9. Key Risks

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

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

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

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

included in any budget consultation undertaken by constituent authorities.

13. Other Impact of the Proposals

13.1 There are no other impacts arising from this report.

14. Appendices

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

15. Background Papers

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

16. Contact Officers

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

17. Sign off

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

18. Glossary

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

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

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

Modelling of Options

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

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

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

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

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

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

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

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

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

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

d) A cash freeze in all three years

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

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

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

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

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

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

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

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

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

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

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

Appendix 2 – Nexus MTFP Forecasts – Updated November 2019

a) Levy increase of 2% across all 3 years

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

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

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

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

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

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

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

c) Levy freeze in 2020/21

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

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

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

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

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

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

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



North East Joint Transport Committee, Overview and Scrutiny Committee

Date: 19 December 2019

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 2019/20 for the Joint Transport Overview and Scrutiny Committee.

Recommendations

The Overview and Scrutiny Committee is recommended to:

- i. Agree the suggested work programme.

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 Committees 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 Authority – be that by the principal decision-making body or a committee 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 decisions '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

- 1.7 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	1

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/>.

In this instance the request for General Exception was for consideration of the Tyne Tunnel byelaws.

Annual Work Programme - Update

- 1.9 The most recent version of the work programme 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, and items previously raised by Members. It is appended to this report.

Joint NECA/JTC Workshop

- 1.10 A joint NECA/JTC OSC workshop was held on 14 November. This workshop was to consider the role of both O&S Committees, the variation between the two Committees, what can be done to make the Committees effective and consider a proposed programme of work for the year.
- 1.11 There was discussion on the role of Overview and Scrutiny. The O & S committee is an important part of NECA and JTC decision making and is responsible for holding the Combined Authority to account by:
- Testing and challenging decisions
 - Being a forum for public and political scrutiny
 - Providing public confidence in decisions about the use of public assets and money
 - Pausing decisions to allow for further consideration
 - Engaging members of the public
- 1.12 There was also discussion on the principles of good scrutiny:
- At its best scrutiny holds executives to account, monitors decisions affecting local residents and contributes to the formation of policy
 - The Centre for Public Scrutiny has four principles of good scrutiny, in that it:
 1. Provides a constructive “critical friend” challenge
 2. Amplifies the voices and concerns of the public
 3. Is led by independent people who take responsibility for their role

4. Drives improvements in public services

1.13

The final aspect to add clarity and focus was the use of appropriate 'lens' for the committee to consider when considering papers and issues for overview and scrutiny. The Committee may want to explore this aspect further and gain consensus on the 'lenses' to use to best add value as a Committee.

1.14

Discussion at the workshop included what areas the work programme could focus on and the need for coordination across the work programmes of individual Scrutiny Committees (NECA, JTC and individual councils) with prioritisation being necessary to ensure that the intended outcome for a specific item remained focussed. Coordination will also help ensure that the best use is made of the available support for scrutiny.

1.15

The draft work programme is included as appendix 2.

1.16

This work programme reflects feedback from the Committee at the 19 September meeting, the workshop and discussions with the Chair and Vice-Chair. It should be considered a living document that can be added to as topics arise.

1.17

The Committee may wish to give consideration to adding to the work programme and consider the proposed timing the different scrutiny mechanisms when planning their work programme going forward.

2.

Proposal

2.1

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

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 2019/20.

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 2.

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 1 – JTC Forward Plan
Appendix 2 – Annual Work Programme

14. Background Papers

14.1 None.

15. Contact Officers

15.1 Gavin Armstrong, Policy and Scrutiny Officer
Email: gavin.armstrong@northeastca.gov.uk
Telephone Number: Tel No: (0191) 4247537

15.2 Mike Barker
email: mikebarker@gateshead.gov.uk
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

**Forward Plan of Decisions
02 December 2019 ***

North East Joint Transport Committees

Reference Number	Decision expected to be made on or within 60 days of	Decision Type: Key or Non-Key	Decision Maker	Details of Decision to be taken	Additional Documents for consideration	Contact Officer	Decision to be made in Public or Private (and relevant category of exemption)
North East Joint Transport Committee (JTC)							
JTC 6 (a)	21 January 2020 (Standing Item)	Non-key	Joint Transport Committee	Regional Transport Update To provide an update on the latest transport issues in the region	None	Tobyn Hughes Managing Director Transport North East (0191) 203 3246 tobyn.hughes@nexus.org.uk	Public
North East Joint Transport Committee Tyne and Wear Sub-Committee (TWSC)							
JTC TW 4 (a)	16 January 2020 (Standing Item)	Non-key	Tyne and Wear Sub-Committee	Monitoring Nexus' Performance 2019/20 To provide members with an update on Nexus' corporate performance for 2018/19 including Metro performance.	Nexus Corporate Plan 2019/20 https://northeastca.gov.uk/wp-content/uploads/2019/01/JTC-Tyne-and-Wear-Sub-	Tobyn Hughes Managing Director Transport North East (0191) 203	Public

Reference Number	Decision expected to be made on or within 60 days of	Decision Type: Key or Non-Key	Decision Maker	Details of Decision to be taken	Additional Documents for consideration	Contact Officer	Decision to be made in Public or Private (and relevant category of exemption)
					Committee-31-January-2019-Agenda-Pack.pdf	3246 tobyn.hughes@nexus.org.uk	
JTC TW 4 (b)	16 January 2020 (Standing Item)	Non-key	Tyne and Wear Sub-Committee	Nexus' Corporate Risks 2019/20 To present members with Nexus' Corporate Risk Register for 2019/20. The report identifies the corporate risks for 2019/20 included any mitigating actions put in place.	None	Tobyn Hughes Managing Director Transport North East (0191) 203 3246 tobyn.hughes@nexus.org.uk	Public
North East Joint Transport Committee Overview and Scrutiny Committee (JTC Overview and Scrutiny Committee)							
JTC OS 4 (a)	19 December 2019 (Standing Item)	Non-key	JTC Overview and Scrutiny Committee	Joint Transport Committee Overview and Scrutiny Work Programme To receive the latest version of the annual work programme.	Held by the Contact Officer	Mike Barker 0191 433 2100 mikebarker@gateshead.gov.uk	Public
JTC OS 4 (b)	19 December 2019	Non-key	JTC Overview and Scrutiny Committee	If Necessary Budget Proposals Consider (updated) budget proposals as part of		John Hewitt NECA Chief Finance Officer NECA.johnh	Public

Reference Number	Decision expected to be made on or within 60 days of	Decision Type: Key or Non-Key	Decision Maker	Details of Decision to be taken	Additional Documents for consideration	Contact Officer	Decision to be made in Public or Private (and relevant category of exemption)
				consultation process.		ewitt@durham.gov.uk 03000261943	
North East Joint Transport Committee Audit Committee (JTC Audit Committee)							
JTC Audit 2 (a)	18 December 2019 CHANGE OF DATE	Non-key	JTC Audit Committee	Budget Proposals Consider budget proposals as part of consultation process		John Hewitt NECA Chief Finance Officer NECA.johnhewitt@durham.gov.uk 03000261943	Public
JTC Audit 2 (b)	18 December 2019 CHANGE OF DATE	Non-key	JTC Audit Committee	Joint Transport Committee Strategic Risk Register To consider and comment on the updated Strategic Risk Register for the Joint Transport Committee	None	Tracy Davis Senior Manager – Assurance Tracy.davis@sunderland.gov.uk 0191 561 2861	

**Joint Transport Committee: Overview and Scrutiny Work Programme
November 2019 - March 2020**

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 Authority);
- 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 2019 – 2020

Meeting Date	Subject
19 March 2020	Studies for Metro Expansion Position Statement – bus services
19 March 2020	Transport Plan
19 March 2020	Seeking assurance that processes are in place at local ports to address human trafficking
19 March 2020	Prepare a report (post-election) on the powers of the JTC
TBC	IMAP

It is further proposed that the work programme for 2020-21 focuses on the Transport Plan which is currently in development.