



## **Transport North East Committee**

Friday, 26 February 2016, following the conclusion of the Transport North East (Tyne and Wear) Sub-Committee, approximately at 2.30pm

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

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## **SUPPLEMENTAL AGENDA**

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	<b>Page No</b>
10. <b>Local Sustainable Transport Fund Delivery in the NECA area</b>	<b>1 - 14</b>
11. <b>Capital Programme Monitoring Report</b>	<b>15 - 28</b>
12. <b>Revenue Budget Monitoring Report</b>	<b>29 - 42</b>

Contact Officer: Victoria Miller Tel: 0191 211 5118 E-mail: [victoria.miller@northeastca.gov.uk](mailto:victoria.miller@northeastca.gov.uk)

**To All Members**

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## North East Combined Authority Transport North East Committee

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**DATE:** 26<sup>th</sup> February 2016

**SUBJECT:** Local Sustainable Transport Fund Delivery in the NECA area

**REPORT OF:** Chief Executive Officer for Transport

### **EXECUTIVE SUMMARY**

The purpose of this report is to make members aware of a number of sustainable transport projects which will be taking place in Durham, Northumberland, and Tyne and Wear after March 2016, when Department for Transport (DfT) grant funding ends for the current Local Sustainable Transport Fund (LSTF) programmes being delivered in these areas. Members are also informed on progress with LSTF programmes currently being delivered in Durham, Northumberland and Tyne and Wear.

### **RECOMMENDATIONS**

It is recommended that:

- 1 - The Committee receives this report for information and that consideration is given to the opportunity to secure further funding for future LSTF activities in the NECA area beyond March 2016
- 2 - Approval of a bid for Sustainable Travel Transition Year funding in 2016-17 be delegated to the Head of Paid Service, in consultation with the Thematic Lead for Transport, the Chief Finance Officer, the Monitoring Officer and NECA's Sustainable Transport Group

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### **1. Background Information**

- 1.1 The LSTF is a DfT led funding programme which began in 2011 following the Coalition Government's Transport White Paper 'Creating growth, cutting carbon.' The objectives of the programme were that local authorities would deliver sustainable transport solutions which would support economic growth and reduce carbon emissions. Activities delivered through the LSTF would need to address road congestion problems, improving the reliability and predictability of journey times, enabling economic investment and enhancing access to employment. The aims of the funding opportunity were strongly aligned with the economic and environmental goals of the Strategic Economic Plan (SEP).
- 1.2 DfT made £560m available for English local authorities to bid for in 2011, as well as a further £40m in 2012. Programmes were due to finish at the end of March 2015 but an additional £78.5m revenue funding was made available for 2015/16.

### **2. Examples of Sustainable Transport Projects being delivered in the NECA area after March 2016**

#### **NSRI**

- 2.1 £400k has been secured from the Northumbria Safer Roads Initiative (NSRI) over three year from April 2016 to deliver public transport and POP card promotion, bus induction, Metro induction, the annual 'hands up' Travel Survey, Theatre in Education and child pedestrian training projects in Tyne and Wear schools. The funding will allow a cycling project (cycling transition) to be further trialled, focusing on pupils due to make the move from primary to secondary school. It will also help to develop and promote the Schools Go Smarter Teaching Resources website, which will be of benefit to schools in all of the NECA's seven local authorities. It is anticipated that the Child Pedestrian Training Programme will also be rolled out in accessible areas of Northumberland, if NSRI funding can be secured between 2016-19.

#### **Examples of Other Sustainable Transport Projects being delivered in 2016/17**

- 2.2 Access to Employment – Discounted / free public transport offers will be offered to jobseekers and apprentices in Durham and jobseekers in Tyne and Wear. Northumberland will continue to offer a reduced Wheels to Work Scooter Loan scheme but is bidding for EU funding to enlarge this offer.
- 2.3 Accessibility – Northumberland is continuing to explore greater and more imaginative use of existing capacity within private cars. This is primarily through volunteer car schemes to address rural accessibility, promoting

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locality based car share activities and working with Car Clubs to look at access from rural areas to employment hubs. Across the NECA area we will seek to expand the capability of UTMC facilities.

- 2.4 Active Travel – Northumberland will continue to fund School and Workplace Travel Plan Officers. It is also working with public health to develop an Active Cramlington project
- 2.5 Cycling – National standard Bikeability cycling training will continue to be provided in Gateshead, Newcastle, North Tyneside, Northumberland, and South Tyneside. Newcastle will provide Bikeability Plus for younger age groups. Gateshead, Newcastle and South Tyneside will continue with Adult Cycle Training. Up-to-date cycle maps are available for South East Northumberland and each of the five Tyne and Wear districts. Newcastle will provide workplace / community cycle training, cycle maintenance, and led like rides as part of the Cycling in the City initiative. Northumberland will provide cycle skills and bike maintenance if Sport England funding can be secured. Durham will be continuing with Cycle Safety through the DfT Bikeability Grant.
- 2.6 Pedestrian Safety – Durham will continue with providing pedestrian safety for secondary schools, but through mainstream budgets.
- 2.7 Smarter Travel – Gateshead and Northumberland will continue with their Car Club provision, and Durham have already funded their car-sharing website for 2016/17. Co-Wheels will continue to provide their Car Club in Newcastle.

### **Tyne and Wear Go Smarter to Work Post March 2016**

- 2.8 In preparation for continuing the momentum beyond the funding period, the Go Smarter to Work (GSW) Legacy programme builds on this by offering the **Go Smarter Business Network** beyond March 2016.
- 2.9 The Go Smarter Business Network is a key legacy project. Following the successful pilot in autumn 2015 the Network will launch in March 2016. The Business Network will be applicable across Tyne and Wear and to organisations in Northumberland and Durham as part of the NECA. The Business Network will meet 3-4 times per year to discuss issues pertinent to them. From a legacy perspective the Business Network provides the ongoing support that may not be available once the LSTF funding period comes to an end - it will encourage organisations to support each other and to work together to address local issues.
- 2.10 The benefits of joining the Business Network include, for example, facilitated quarterly meetings to discuss sustainable travel issues, sharing knowledge and best practice; annual staff travel surveys, with the resulting data provided to the business for monitoring purposes; and access to a newly developed Travel Planning Business Case Tool - built specifically to realise the cost benefit of implementing travel planning measures in the

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- workplace.
- 2.11 Organisations would pay an annual fee to be part of the Business Network – which will contribute towards its development, operation and ongoing maintenance. GSW’s approach is founded on providing initiatives free of charge to member organisations. As such each engaged organisation would have the first year’s Business Network membership fee paid by the project. This ‘pump-priming’ is anticipated to result in a high level of uptake and by the end of the first year the organisation should realise the benefits to being involved and transition to being a fee-paying member.
- 2.12 The Business Network will be managed by WSP|Parsons Brinkerhoff on behalf of NECA in the same model of delivery as the Freight Quality Partnership.
- 2.13 Tyne and Wear Go Smarter have been delivering ‘Travel Champion Training’ workshop sessions to organisation representatives from across the GSW Employment Areas in Tyne and Wear. The sessions are aimed at organisation travel leads (one or two per organisation), determined by the business themselves, and comprise an initial half day introductory session and a follow up session one month later to provide additional guidance and advice on developing a site specific Action Plan for their company. Following the second session each of the businesses is offered additional, specific support, to help implement their Action Plan prior to the end of the LSTF funding period. This will help businesses to have work based travel champions who will be able to progress action plans for sustainable travel in the future.
- 2.14 The **Library of Resources** is a suite of information, literature, and materials, available for use by businesses, via the Go Smarter website, after the programme ends.  
This material will include:
  - Travel Plan Guidance (produced for the Champion Training)
  - Action Plan Guidance, Examples and Templates (produced for the Champion Training)
  - Template Posters.
- 2.15 An area of the website has been identified for this, and documents will be uploaded near the end of the programme. The list is by no means exhaustive and ideas for content are welcomed.
- 3. NECA LSTF Delivery in 2015/16**
- Durham**
- 3.1 The **South Durham Local Motion** programme received £2.008m of LSTF grant funding between 2011/12 and 2014/15 to promote low-carbon sustainable travel across the South Durham area with a focus on cross-

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- boundary journeys to Darlington. Working in partnership with Darlington Borough Council and transport operators, a range of sustainable travel measures have been delivered to make it easier for people to access job and training opportunities and change the travel behaviour of younger people and those already employed.
- 3.2 Between 2012 and 2015 this programme has been delivered to schools, workplaces, and households across South Durham, in areas such as Bishop Auckland, Shildon and Newton Aycliffe, helping to increase the level of sustainable travel for everyday local journeys.
- 3.3 Through South Durham Local Motion new infrastructure has been built to encourage walking and cycling between communities and key destinations in Durham. This has helped overcome physical barriers to walking and cycling and increased opportunities for sustainable and active travel. It has also improved public transport infrastructure and services in partnership with local bus and rail operators.
- 3.4 Building on this investment and success, Durham County Council were awarded additional LSTF grant funding of £840,000 to continue the programme in 2015/16. This funding has expanded the reach of the project towards Durham City, including additional communities (Spennymoor, Crook and Willington) where connections between people, jobs and training can be a significant issue.
- 3.5 The aim of the programme is to reduce traffic congestion, to keep people and goods moving, and will also support the planned growth of major development sites that are continuing to expand and bring welcome new jobs and training opportunities to the area. Although there is no information available on outcomes at this stage for the South Durham Local Motion programme Table 1 lists the outputs delivered by project between 1 April 2015 and 30 September 2015.

**Table 1: South Durham Local Motion Outputs 2015/16 (1 April 2015 – 30 September 2015)**

<b>Project</b>	<b>Output</b>
Get Active, Get Cycling	156 rides (391 participants)
Better Bike Initiative	An independently run cycle recycle scheme has been delivered by a partner charity
Cycle Safety and Security	517 bikes security marked
Tackling Barriers to Walking	1 community street audit completed
Get Active, Get Walking	130 walks (478 participants)

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JobConnector Bus Services	New buses on two routes
Multi- Operator Smart Ticketing	On-going smart tickets on trial
Bus Travel Promotion	1 campaign targeting households along selected routes
Workplace Travel Solutions	13 businesses engaged to engender sustainable transport habits amongst staff
School Travel Solutions	Bike It and FEAT 1 <sup>st</sup> activities delivered to schools, involving 12,038 student participants, 773 staff, 203 parents, and 38 adults. 10,220 pupils participated in 10 MEGA Friday walks.
Community Travel Solutions	142 individuals given travel advice at Job Centre Plus. 788 individuals given travel advice at other venues. 5,585 doorstep conversations through PTP <sup>1</sup> .

### Northumberland

- 3.6 The **Go Smarter Northumberland (GSN)** programme received £2.70m LSTF grant for the period between 2012 and 2015 and was allocated a further £700,000 grant for 2015/16. This has been used to deliver a package of measures designed to support local economic growth by promoting and encouraging the use of low carbon active and sustainable modes of travel to work. The activities delivered by GSN between 2012 and 2015 were concentrated on the settlements of Ashington, Blyth, Cramlington, Newbiggin and the Seaton Valley in South East Northumberland. In 2015-16 the area of delivery for some activities (TravelRight, Wheels to Work scooter loans, workplace and schools based projects) was extended throughout Northumberland. Although there is no information available at this stage on outcomes from the GSN programme Table 2 lists the outputs delivered by project between 1 April 2015 and 30 September 2015.

**Table 2: Go Smarter Northumberland Outputs 2015/16 (1 April 2015 –**

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<sup>1</sup> Personalised Travel Planning



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**31 October 2015)**

<b>Project</b>	<b>Output</b>
Welfare to Work TravelRight	414 travel plans for jobseekers completed
Welfare to Work Scooter Loans	23 scooters on loan
Welfare to Work Cycle Maintenance	55 people enrolled for the cycle mechanics course, 31 have achieved QCF <sup>2</sup> 27 enrolled for Performing Engineering Operations, 13 achieved NVQ 22 completed the community learning course
Cycle to Work offer	140 loans completed (20 of which purchased bikes, 11 taking up the loan-to-buy offer)
Bus to Work Enhanced Service	2 additional journeys daily added to timetable at Cobalt Park for shift workers
Bus to Work Tickets	19 job starters supported with weekly tickets and 10 with daily tickets
Behaviour Change Business Engagement	Engagement with 19 firms, employing over 15,000 people; 886 travel surveys completed.
Behaviour Change Marketing	Campaigns delivered include GiveITAGo & W2W Scooter Loans. Campaign started for Smarter Parker.
Behaviour Change Schools	Engagement initiated with 11 of Northumberland's 16 secondary/high schools.
Software	iTrace and Car Share licenses paid

- 3.7 The programme has also worked in partnership with Tyne and Wear to promote the development and awareness of the Go Smarter brand and marketing as well as the development of [www.GoSmarter.co.uk](http://www.GoSmarter.co.uk). For 2015/16 GSN has adopted the toolkit approach to workplace engagement developed in Tyne and Wear.
- 3.8 Partnership working with neighbouring authorities, stakeholders, service providers and local businesses has been a key driver of the delivery progress made by Go Smarter Northumberland.

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<sup>2</sup> Qualifications and Credit Framework

### Tyne and Wear

- 3.9 The **Schools Go Smarter (SGS)** programme has been delivered in Tyne and Wear since September 2011 using £5.513M of grant funding from DfT. The **Go Smarter to Work (GSW)** programme has been delivered in Tyne and Wear since September 2012 using £5.29M of grant funding from DfT. Both programmes aim to reduce congestion through the promotion and encouragement of sustainable transport and active travel across Tyne and Wear. These programmes were due to end in March 2015. However, in late 2014, Tyne and Wear were successful in being awarded a further £3.85M revenue funding to continue delivery of some elements of the programme in 2015/16.

### Schools Go Smarter

- 3.10 Mode share trends for the journey to school have been compared between schools participating in any activity offered from the Schools Go Smarter programme (intervention schools) and those schools which did not participate (control schools) for the evaluation period 2011 – 2014. The data for mode share trends come from voluntary Hands up Surveys (HUS) taken in schools (class level throughout the life of the SGS programme.
- 3.11 The analysis distinguished between pupils within the 5-10 (primary) and 11-15 (secondary) age groups. By and large, the conclusions were:
- Cycling - overall increase in the proportion of children at both primary and secondary school level who cycle to school.
  - Walking - Slight decline of pupils aged 5-10 walking to schools, and very little change in the proportion of children at secondary level walking to school across Tyne and Wear.
  - Public Transport - the proportion of children at primary school level travelling to school by public transport remained constant throughout the period. There was a small increase travelling by public transport at secondary level.
  - Car and Others - Overall reduction in the proportion of children at primary school level travelling to school by car and a small increase for children at secondary level.
- 3.12 The mode share data from HUS was then compared between those schools that participated (intervention) and those that did not (control). There was a slight decrease from 34% to 30% in the proportion of car trips in intervention schools following the commencement of the programme; whereas car use increased by a similar level in control schools, from 32% to 36%. The increasing gap between intervention and control schools in active mode share is apparent in Figure 1. Active mode share decreased from 56% to 51% in control schools throughout the period while the proportion increased slightly in intervention schools from 58% to 61%.

Table 3 lists the number of schools engaged in the SGS projects between

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1 April and 31 December 2015<sup>3</sup>

**Table 3: Tyne and Wear SGS Outputs (1 April 2015 – 31 December 2015)**

Project	Number of schools
Child Pedestrian Training	61
Cycle Transition	8
Schools Cycling	107
Schools Public Transport	30 (Bus Induction), 0 (Metro Induction) <sup>4</sup>
Schools Walking	117
Theatre Education Year 7	37
Theatre Education Years 8-9	30
Travel Resources	21
Any of the above <sup>5</sup>	256

### Go Smarter to Work

- 3.13 The original business engagement programme was targeted on key employment sites served by the A1 Western Bypass Corridor. For 2015/16 sites along the A19 corridor have also been included, and there are now 12 key employment areas across Tyne and Wear where there is engagement with businesses. The Business Engagement Programme is delivered through a 'toolkit of measures' which are designed to provide an attractive range of sustainable travel choices / alternatives to the car. These are tailored to the unique needs of the organisation being targeted and the travel behaviour of their employees.
- 3.14 To test the effectiveness of the Business Engagement programme a travel survey is conducted amongst employees of the businesses, before and after the delivery of activities. Note that the short term outcome of smarter choices and behavioural change programmes are often small changes that 'nudge' behaviour. It can be difficult to pick up a statistically significant

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<sup>3</sup> December rather than September as stats were prepared for a report to Tyne and Wear Transport Sub-Committee in January 2016.

<sup>4</sup> Metro induction shows as 0 due to the timing of the intervention and the reporting period (Apr – Dec), schools are invited to take part in January

<sup>5</sup> Note the total number of schools taking part does not equal the sum of the projects as a school may be involved in multiple projects

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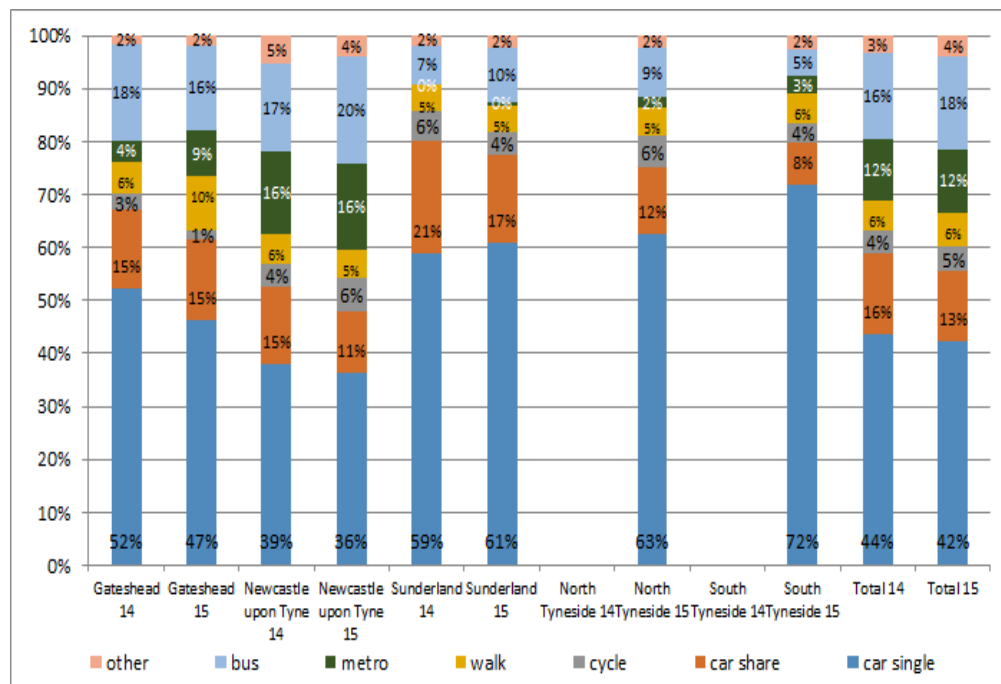
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change from the data. The data available as at September 2015 was analysed.

3.15 Figure 1 (overleaf) shows collated results across a number of organisations by area for 2014 and 2015. The results show small changes in most modes. Comparing the total for 2014 and 2015, there appears to be a small decline in those travelling by car and a small increase in those travelling by bus, walk and cycle.

3.16 Note the North Tyneside and South Tyneside data have been excluded from the 'Total15' as they are 'before' surveys.

**Figure 1 – Mode share based on 2013-14 surveys (8,387 responses) and 2014-15 surveys (6,389 responses, or 4,243 excl. North Tyneside and South Tyneside)**



3.17 Note that the A19 employment areas have not yet conducted their follow up surveys as engagement didn't start until April 2015 – this is being planned for March 2016.

3.18 It has always been recognised that it would be extremely challenging, if not impossible, to attribute any observed changes on the local road network and strategic indicators solely to the Go Smarter activities. This is due to numerous contextual factors outside of the programme's control, for example roadworks on the A1, fuel prices, and public transport fares. Nevertheless data on strategic indicators such as traffic flows, journey times, and accidents are being collected and monitored so that following the end of the programme in Summer 2016 trends and changes can be

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reported.

- 3.19 Table 4 lists the outputs of the Business Engagement between 1 April and 31 December 2015

**Table 4: Tyne and Wear GSW Business Engagement Outputs (1 April 2015 – 31 December 2015)**

<b>Activity</b>	<b>Value</b>
Business engagement	326 businesses
Accreditation awards	Bronze – 106; Silver – 51; Gold – 3
Match funding	39 applications received and approved
Cycle Smart Dr Bike	343 Dr Bike sessions and 2,075 participants
Cycle Smart Fix It Yourself	31 FIY sessions and 85 participants
Cycle Smart Training	88 cycle training sessions and 52 participants
Drive Smart	38 lessons delivered
Ticket Smart	301 public transport taster ticket redemptions
Travel Smart	6,904 participants; 4,900 Personalised Travel Plans issued; 2,004 Thank You Packs <sup>6</sup>
Walk Smart	84 Nordic Walking sessions and 128 participants
Work Smart	1 session and 10 attendees – from all areas
Travel Champion Training	2 workshops and 29 attendees from all areas

### **Access to Employment**

- 3.20 This scheme element comprises two projects which specifically aim to help jobseekers into work, in particular where transport has been identified as a barrier. Between April and September 2015 Nexus distributed 850 vouchers to the partners (425 each to JCP and Ingeus). The number is quite low as they each received 1400 vouchers just before the end of March 2015. In November 2015 Nexus distributed a further 1000 vouchers (500 each). 91 enquiries have been made to the scooter loan scheme between April and December 2015 and the applicants were provided with both information and advice on transport solutions across Tyne and Wear. Of these enquiries, 36 resulted in scooter loans.

### **Communications and marketing**

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<sup>6</sup> Thank You Pack issued to participants already travelling sustainably

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- 3.21 A Communications Strategy has been used for LSTF activity in Tyne and Wear, using the Go Smarter brand across all its scheme elements and activity. A branding protocol has been established, there is a strategic digital approach including a website and social media activity; a schedule of integrated comms campaigns; and there is a strategic PR strategy.
- 3.22 Go Smarter has run three campaigns between April and December 2015 across Tyne and Wear and Northumberland. These campaigns were:
- 3.23 **Go Smarter Scooter Schemes** – to increase the awareness amongst job seekers of the scooters schemes in both Tyne & Wear and Northumberland.
- 3.24 **Go Smarter Autumn 2015 campaign # giveitago** (including the Give it a Go Commuter Challenge) – to increase general awareness of Go Smarter and encourage behaviour change across all modes.
- 3.25 **Smarter Parker** - Increase awareness of the problems caused by unsafe parking at schools and encourage behaviour change in parents to suitable alternatives.

#### 4. **2016-17 Sustainable Travel Transition Year funding**

- 4.1 As advised earlier in this report, LSTF programmes being delivered in Durham, Northumberland and Tyne and Wear will end at the end of March 2016. This funding opportunity will be replaced by a £60m 'Access Fund' for delivery from 2017/18. In order to bridge these two programmes, the Department for Transport is making £20m revenue funding available to local authorities, Combined Transport Authorities, and Passenger Transport Executives in England for delivery in 2016/17, through a 'Sustainable Travel Transition Year' bidding opportunity. Guidance for this was published on 15th February 2016, with the main objectives being economic growth and reduced carbon emissions. Bids must demonstrate that they are building on successful sustainable transport initiatives, will increase the numbers of people cycling and walking, and show a strategic vision for accessing jobs, education, and training. It is proposed that a NECA-based revenue only bid is submitted for this funding opportunity by the deadline of 29th March 2016.

#### 5. **Next Steps**

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5.1 A bid for 2016-17 transition year funding will be developed and a further report will be sent to TNEC when the government has provided more details on any new 'access' funding.

5.2 A Tyne and Wear Go Smarter Update report was discussed at January's meeting of the Tyne and Wear Transport Sub-committee. Members stressed the importance of long term behavioural change monitoring to gather evidence for future revenue based bidding opportunities. It is anticipated that we will progress 'access' funding activities strategically on a NECA basis. However, it is noted that there will be some sustainable transport based funding opportunities which will be more appropriate to be delivered on an individual local authority basis.

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

6.1 Investment in Local Sustainable Transport Fund projects, or successor schemes, will assist the Combined Authority in achieving a more sustainable transport system for the region.

### **7. Finance and Other Resources**

7.1 The funding for this activity is coming to an end, as outlined in the report. Additional Government funding is being sought as opportunities arise following the results of the spending review. The outcome of bids for funding will be tracked and reported as part of future budget monitoring reports during 2016/17. Once the outcome of bids for external funding is clearer, the funding for activity in future years can be reviewed.

### **8. Legal**

8.1 There are no specific legal implications arising from this report

### **9. Other Considerations**

9.1 Consultation/Community Engagement

The various LSTF projects listed in this report have been the subject of appropriate consultation and community engagement.

9.2 Human Rights

There are no specific human rights implications arising from this report.

9.3 Equalities and Diversity

There are no specific equalities and diversity implications arising from this

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report.

### 9.4 Risk Management

The main risk arising out of this report is that established and popular sustainable transport initiatives will not be able to continue after March 2016. Section 2 of this report outlines the actions being taken to sustain the benefits of various LSTF initiatives in 2016-17 and Section 4 outlines the possibility of transition year funding during this period.

### 9.5 Crime and Disorder

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

### 9.6 Environment and Sustainability

Investment in Local Sustainable Transport Fund projects, or successor schemes, will assist the Combined Authority in achieving a more sustainable transport system for the region.

## 10. Background Documents

None.

## 11. Links to Plans in the Policy Framework

None.

## 12. Contact Officers:

11.1 George Mansbridge, Head of Development Services, South Tyneside Council

[george.mansbridge@southtyneside.gov.uk](mailto:george.mansbridge@southtyneside.gov.uk) 0191 424 7566

Mark Wilson, Head of Transport Policy (North East Combined Authority)

[mark.wilson@newcastle.gov.uk](mailto:mark.wilson@newcastle.gov.uk) 0191 211 5679

## 13. Sign off

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



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**DATE:** 26<sup>th</sup> February 2016

**SUBJECT:** Capital Programme Monitoring Report

**REPORT OF:** Chief Finance Officer

#### **EXECUTIVE SUMMARY**

This report provides the Transport North East Committee with a monitoring update on delivery of the 2015/16 Transport capital programme.

#### **RECOMMENDATIONS**

It is recommended that the Committee notes the content of this report.

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### 1 Executive Summary

- 1.1 This report provides the Transport North East Committee with the third monitoring update on the 2015/16 Transport capital programme. This is a requirement of the NECA constitution and is a function delegated to TNEC.
- 1.2 Details of the various elements making up the capital programme are presented in the narrative below with further detail in the appendices.

### Background Information

- 2.1 At the Leadership Board meeting on 20 January 2015, the base transport capital programme for 2015/16 was agreed, at a level of around £90m.

### 3 Transport Capital Programme 2015/16

- 3.1 For 2015/16, the Leadership Board agreed a total capital programme of £119m, of which around £90m related to investment in Transport schemes. The latest approved budget of £79.455m agreed at the Leadership Board in January 2016 takes into account reduced levels of overprogramming as schemes have progressed during the year, some re-assignment of funding to future years and swaps between transport and non-transport elements of the overall NECA programme. Expenditure to the third quarter and the forecast outturn for the year across the Transport programme is set out in the table below.

	<b>Original Approved Budget 2015/16 £m</b>	<b>Latest Approved Budget 2015/16 £m</b>	<b>Spend to Q3 2015/16 £m</b>	<b>Forecast Outturn 2015/16 £m</b>
Local Growth Deal Transport Schemes	30.150	21.370	0.025	21.338
Metro Asset Renewal Programme	45.271	42.985	20.747	38.679
Nexus Non-Metro*	1.153	0.342	0.088	0.265
Tyne Tunnels Capital Programme	3.100	2.675	1.329	2.675
LTP Integrated Transport Block	11.309	12.083	8.482	12.083

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Grant				
<b>Total</b>	<b>90.983</b>	<b>79.455</b>	<b>30.671</b>	<b>75.040</b>

\*Less grant funding shown in other programme lines

### 4.2 Local Growth Deal Capital Schemes 2015/16

4.2.1 The North East Growth Deal announced in July 2014 included funding for a number of transport schemes, including the devolution of Local Major Schemes funding previously agreed. NECA received £53.910m on 10 April 2015, comprising the 2015/16 allocation of the growth deal, made up of transport and non-transport schemes.

4.2.2 A small element of underspending on the LGF Transport programme is anticipated given the complexity of projects and a delay in government confirmation of funding for future years which was not received until after the Comprehensive Spending Review, leading to a delay in securing funding approvals. Unspent grant will be carried forward.

4.2.3 At the meeting of the Leadership Board on 19 January 2016 a number of decisions were taken to maximise expenditure against the LGF programme in the 2015/16 financial year. This included bringing approved infrastructure expenditure on two Enterprise Zone schemes into the programme, following guidance from DCLG that the LGF grant could be used very flexibly to fund capital expenditure in 2015/16. These schemes are the approved infrastructure works in the Sunderland and the Newcastle North Bank of Tyne Enterprise Zones. It is expected that around £4.6m of LGF grant will be used to fund these schemes this year. NECA will refinance the schemes next year releasing £4.6m to be reassigned to fund spending on LGF schemes in future years.

4.2.4 A total of eight Transport projects were given specific approvals, being:

- A19 Employment Corridor Access Improvements – approved to proceed to grant funding agreement and construction based on a full and compliant business case, with an LGF grant of £4.7m;
- A191 Junctions including Coach Lane and Tyne View Park – approved to proceed to grant funding agreement and construction based on a full and compliant business case, with an LGF grant of £1.5m;
- Sunderland Low Carbon Zone – approved to proceed to grant funding agreement and construction based on a full and compliant business case, with the release of LGF grant of £5.95m;
- Northern Access Corridor Phase 2 (Cowgate to Osborne Road) – delegated the decision to approve the business case and funding release to the Head of Paid Service, in consultation with the Thematic Lead for Transport, the Chief Finance Officer and the Monitoring Officer, subject to receipt of a full and compliant business case and no increase in the overall level of LGF grant for the project;
- Scotswood Bridgehead Improvements – delegated the decision to approve the business case and funding release to the Head of Paid Service, in consultation with the Thematic Lead for Transport, the Chief

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Finance Officer and the Monitoring Officer, subject to receipt of a full and compliant business case and no increase in the overall level of LGF grant for the project. In the event of a delay in finalising the full business case it is proposed that a 1<sup>st</sup> phase advance approval (around £500,000) be granted;

- Newcastle Central Station to Stephenson Quarter – to agree a phased approval and release of LGF for the project, beginning with a 1<sup>st</sup> phase approval for £850,000 for design and advanced junction works, anticipating a subsequent full business case and remaining LGF approval request expected to be made in late Spring 2016;
- South Shields Interchange – to agree a phased approval and release of LGF for the project, beginning with a 1<sup>st</sup> phase approval for £1,600,000 for design, consultancy fees and site assembly works, anticipating a remaining LGF approval for £5,300,000 expected to be made in late spring 2016;
- Northern Access Corridor Phase 3 (Osborne Rd to Haddrick’s Mill) – to agree a phase approval and release of LGF for the project, beginning with a 1<sup>st</sup> phase approval of £635,000 for advanced works, anticipating a remaining LGF approval for £3,795,000 expected to be made in late Spring 2016.

These decisions allow transport projects within the programme to progress at pace and maximise use of the LGF grant in the current year.

- 4.2.5 At the end of the third quarter, the Central Metro Refurbishment had commenced draw down of LGF funding, and further funding has been claimed during the fourth quarter.

	<b>2015/16 Budget</b>	<b>2015/16 Forecast</b>
A19/A194/A1300 Lindisfarne Roundabout	2.93	0.72
Central Metro Station Refurbishment	2.51	2.51
Northern Access Corridor - Osborne Road to Haddricks Mill.	0.50	0.65
Local Sustainable Transport Fund Package	4.00	3.768
A19 employment corridor access improvements (North Tyne)	0.70	0.53
A191 junctions including Coach Lane and Tyne View Park	0.80	0.62
Newcastle Central Station to Stephenson Quarter	1.00	0.85
A1056-A189 Weetslade roundabout improvements and A1-A19 link (A1056)	0.68	1.02
South Shields Transport Hub	2.07	1.60
Sunderland Low Carbon Zone	2.75	2.65
A1058 Coast Road major scheme (Billy Mill – Norham Road Improvements)	4.84	2.92

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A167 Park and Ride corridor	1.00	-
Northern Access Corridor - Cowgate to Osborne Road.	3.50	3.00
A1 Corridor complementary local networks works – Scotswood Bridgehead	1.70	0.50
A194/A185 (The Arches) Junction	0.50	-
Hornden (Peterlee) Station	0.67	-
	<b>30.15</b>	<b>21.338</b>

### 4.3 Metro Asset Renewal Plan (ARP) 2015/16

- 4.3.1 This reflects the sixth year of the ambitious eleven year programme to renew the Metro network where investment is directed towards those assets where there is greatest need, recognising that logistical and other planning processes also play a significant role in determining where resources are deployed in fulfilling the objectives of Nexus' three year rolling programme of delivery.
- 4.3.2 The Leadership Board approved the Metro Asset Renewal Plan (ARP) capital programme for 2015/16 in January totalling £45.271m. This included an over programming level of over 30% in order that Nexus is able to better manage the consequences of delivering a complex programme of up to 100 individual projects. The 2015/16 capital budget has been subsequently revised to £42.985m. This is a result of movement in the physical delivery and financial profiling of a number of projects.
- 4.3.3 The reduction in the budget for this year is due to the re-profiling of individual projects, some of which were brought into the current year when the 2014/15 year was closed down, some of which have been moved into future years and some of which have been accelerated i.e. delivered earlier than previously planned. This reflects the dynamic nature of the programme and also helps ensure spending targets for 2015/16 are achieved. A key benefit of this strategy is the ability to actively manage the scheduling and delivery of projects to drive efficiencies without a risk of falling below minimum expenditure levels. This includes procurement savings and consolidating packages of work to increase market interest and competitiveness, to ensure that the necessary disruption to the Metro service is minimised (avoiding key events and making best use of holiday and lower patronage windows).
- 4.3.4 Expenditure as at the end of the third quarter (the tenth four week period) of 2015/16 amounts to £20.747m. This represents 62% of the £33.692m minimum expenditure level required by DfT for this financial year.

Set against a revised budget of £42.985m, the latest forecast, as at the end of period 10 i.e. the period ending 2 January 2016 is now £38.679m; lower than budgeted largely because of reduced capital expenditure forecasts in the stations, radio, CCTV and Overhead Line asset groups. An evaluation of remaining risks in the programme together with several options to undertake managed re-profiling of expenditure will ensure that the final outturn falls within the DfT's prescribed funding tolerance (where the maximum expenditure level for 2015/16 is set at £40.581m). At this stage, the forecast under spend is shown as being carried forward into the 2016/17 programme; this will be further assessed at the end of the year when the 2015/16 outturn is known.

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4.3.5 Because the Leadership Board only approved a programme in relation to the Metro ARP for 2016/17, pending a review of the decision arising out of Spending Review 2015 to cut £33m of potential investment between 2016 and 2021, the schedule at Appendix A outlines the current approved programme. This includes a full programme of activity for 2016/17 together with an estimate of planned expenditure in 2017/18 and 2018/19 arising out of projects contained within the 2016/17 programme whose delivery will continue beyond next financial year.

4.3.6 To the end of the third quarter of 2015/16 the following key projects have been progressed:

- Essential earthworks to ensure long term stability of embankments and cuttings in the South Gosforth to Jesmond corridor continue and are now expected to complete in April 2016.
- Newcastle Central Metro Station refurbishment continues with the existing internal cladding now largely removed. Nexus is working with the contractor to optimise the remaining delivery programme.
- Refurbishments of Felling and Gateshead Stadium Metro Stations were completed in October.
- The Railway Traffic Management System (RTMS) project is continuing to programme with survey work and progression of detailed requirements and design documentation occurring in accordance with planned timescales.
- Tender documentation is complete for Killingworth Road Bridge as a design and build contract. The procurement process commenced with the invitation for Pre-Qualification being released in early January 2016.
- Installation of radio infrastructure is continuing and integration testing is underway. Planning for Metrocar radio equipment installation and staff training continues. The overall delivery programme is being reviewed and expenditure has been re-phased accordingly.
- Remedial and strengthening work to bridges in Jarrow, Bede, Wallsend and Walkergate was completed in December.
- Planning approval has been granted for the South Shields Metro and Bus Interchange scheme. Design is continuing and the Compulsory Purchase Order process is underway.
- Escalator replacement at Manors and Four Lane End Stations is now complete. Work is on-going to renew the escalators at St James Station - this will mark the completion of the escalator replacement programme.

4.3.7 Over the final quarter of 2015/16, the ARP cost loaded programme shows the following expenditure profile:

	<b>YTD</b>	<b>Period 11 Forecast</b>	<b>Period 12 Forecast</b>	<b>Period 13 Forecast</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
In Period Spend	-	1.256	4,691	11.985
Cumulative Spend	20.747	22.003	26.694	38.679

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- The Newcastle Central Metro Station refurbishment works will continue and are expected to complete in Autumn 2016.
- The Permanent Way (track renewal) Framework Contract has been awarded and the contractor (TXM Limited) is now mobilising to deliver the first work package from Tynemouth to Northumberland Park. The works will be delivered in 2 x 15 day closures in March and July together with a number of weekend possessions.
- Design work will continue for the refurbishment of Four Lane Ends, Regent Centre, Chichester and Tyne Dock Metro Stations.
- The replacement of switches and crossings (S&C) units at St James' station together with completion of drainage works associated with the Regent Centre S&C is programmed over 3 successive weekends commencing in mid-February 2016.
- Collating the full requirements for the RTMS system will be finalised for agreement with stakeholders, following which detailed design, development and implementation planning will be progressed.

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### 4.4 Nexus Non-Metro

4.4.1 Delivery of the Nexus Non Metro capital programme is also reviewed on a 4 weekly cycle by its Corporate Management Team. The latest revised budget for 2015/16 is £0.342m as set out below:-

<b>Expenditure</b>	<b>Latest Approved Budget 2015/16</b>	<b>Projected Outturn 2015/16</b>	<b>Quarter 3 Spend 2015/16</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Nexus Non Metro Programme</b>			
Cycling	82	82	14
Training Facility	123	123	60
Wi-Fi	77	18	14
Asset Knowledge	60	42	-
<b>Total Nexus Non Metro</b>	<b>342</b>	<b>265</b>	<b>88</b>

4.4.2 The business case submission for the Real Time Gateway Project, remains outstanding given unresolved questions concerning ownership and future liability of the infrastructure, therefore expenditure that will be incurred will straddle both this financial year and next. In addition, because Nexus are not expected to deliver the Cycling Gateway Project, this budget has been reduced to zero.

4.4.3 Finalising the Cycling Project which was part funded in the prior year from LSTF grant is proving more complex than originally envisaged because of additional enabling works required at Metro stations. This is currently being assessed but it is anticipated that the budget may be exceeded. This is not yet included in the forecast, although if necessary, Nexus will fund any over spend from its capital reserves.

4.4.4 The outline business case relating to the Metro Maintenance and Renewals Skills Centre will be submitted to the Leadership Board in June 2016 for approval. The budget for 2015/16 has been reduced to reflect this.

4.4.5 The following table sets out how the Nexus Non-Metro capital programme for 2015/16 will be financed:

<b>Page 22</b>	<b>Approved Funding 2015/16 £000</b>	<b>Projected Funding 2015/16 £000</b>
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<b>Grant</b>		
Local Transport Plan (LTP)	66	66
<b>Nexus Contribution</b>		
Capital Reserves	209	132
Other	67	67
<b>Total</b>	<b>342</b>	<b>265</b>

### 4.5 Tyne Tunnels Capital Programme 2015/16

	Original Approved Budget 2015/16 £m	Revised Budget 2015/16 £m	Q3 2015/16 £m	Projected Outturn 2015/16 £m
Tyne Pedestrian and Cyclist Tunnels	2.500	3.034	1.172	2.000
New Tyne Crossing	0.600	0.675	0.157	0.675
<b>Total Tyne Tunnels</b>	<b>3.100</b>	<b>3.709</b>	<b>1.329</b>	<b>2.675</b>

#### 4.5.1 Tyne Pedestrian and Cyclist Tunnels

The Tyne Pedestrian and Cyclist Tunnels closed to the public in May 2013 to allow for a full refurbishment, installation of inclined lifts to replace the old wooden escalators, and structural works to be completed.

There will be further slippage against the programme into 2016/17. The main contractor for the refurbishment, GB Building Solutions Limited, entered into administration in March 2015. NECA has assumed project management responsibilities including contracting directly with the specialist sub-contractor for the inclined lift installation, to enable the project to progress to completion. However, this has caused significant delays to the programme. A procurement exercise is being undertaken for a specialist contract for the asbestos removal works which are required before the refurbishment of the tunnels can be completed.

Once the tenders have been returned, the Tyne and Wear Sub Committee will consider a report setting out costs, programme timescales and options in full detail to inform the capital budget for the remainder of the works.

Costs of the works are funded from Tyne Tunnels reserves so there will be no funding lost as a result of programme slippage.

#### 4.5.2 New Tyne Crossing

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There are a small number of pieces of work still underway in relation to the New Tyne Crossing during 2015/16: namely the contribution to the Hexham Fish Pass works agreed with Northumberland County Council, (which was a requirement of the environmental obligations as part of the project); provision for outstanding Part 1 Land Compensation Claims; and ongoing work in relation to land transfers with North and South Tyneside. Professional fees and costs associated with this work and work on variations to the Project Agreement are also included within the 2015/16 budget. Expenditure at this stage in the year is £0.186m and is anticipated to be within budget at the year end. These costs are funded from Tyne Tunnels reserves.

### 4.6 Local Transport Plan (LTP) Integrated Transport Block 2015/16

4.6.1 LTP Integrated Transport Block grant is a flexible source of capital funding which is awarded to NECA by the DfT. This grant is provided to NECA's constituent authorities and Nexus, to deliver transport capital schemes, and is paid on a quarterly basis. In the case of Nexus, the grant provides match funding to the Metro Capital grant funding the Metro Asset Renewal Programme.

	Original Approved Budget 2015/16 £m	Revised Budget 2015/16* £m	Q3 2015/16 £m
Durham	2.789	2.789	2.092
Northumberland	1.695	1.695	1.271
Tyne and Wear (less ARP contribution included in section 4.3 above)	6.825	7.599	5.119
	<b>11.309</b>	<b>12.083</b>	<b>8.482</b>

\* The revision to the budget was to update the figures to include carried forward grant from 2014/15 which is permitted under the grant conditions.

4.6.2 The NECA Heads of Transport Group has discussed proposals for the allocation of the 2016/17 Integrated Transport Block funding awarded to NECA. It was agreed to continue the allocations made in 2015/16 which were based on an updated formula, and to extract the funding for the Regional Transport Team as a topslice. This produces the following figures:

<b>Proposed Allocation of the NECA IT Block for 2016/17</b>	
NECA Core	500,000
Durham	2,689,029
Gateshead	1,280,916
Newcastle	1,590,569

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Nexus	2,844,073
North Tyneside	1,049,422
Northumberland	1,634,243
South Tyneside	812,515
Sunderland	1,548,233
<b>Total NECA</b>	<b>13,949,000</b>

### 5 Initial Capital Programme for 2016/17

- 5.1 The Leadership Board on 19 January 2016 agreed an initial capital programme of £129.3m for 2016/17, of which £94.513m related to Transport schemes. This is summarised in the table below. Not yet included within the programme is spending related to the Tyne Tunnels, overprogramming on the LGF programme or any new grant funding that NECA or the NELEP may secure – which will be included in future update reports to the Leadership Board in March or April.

	<b>2016/17 Programme</b>
	<b>£m</b>
Local Growth Fund Programme – Transport	42.012
Metro Asset Renewal Programme	41.192
LTP Integrated Transport Block (less Metro ARP local contribution included above)	11.309
Tyne Tunnels Capital Programme	tbc
<b>Total</b>	<b>94.513</b>

### 6 Next Steps

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

### 7 Potential Impact on Objectives

- 7.1 The report sets out the transport capital programme of the Combined Authority which supports the meeting of its objectives.

### 8 Finance and Other Resources

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8.1 The finance implications are set out in detail in the body of the report.

### **9 Legal**

9.1 The Authority has a duty to ensure it can deliver a balanced budget. The Local Government Act 2003 imposes a duty on an Authority to monitor its budgets during the year and consider what action to take if a potential deterioration is identified.

### **10 Other Considerations**

#### **10.1 Consultation/Community Engagement**

The Authority's capital programme for 2015/16 comprises previously approved budgets which were subject to consultation as part of the approval process.

#### **10.2 Human Rights**

There are no specific human rights implications arising from this report.

#### **10.3 Equalities and Diversity**

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

#### **10.4 Risk Management**

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

#### **10.5 Crime and Disorder**

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

#### **10.6 Environment and Sustainability**

There are no specific environment and sustainability implications arising from this report.

### **11 Background Documents**

11.1 Capital Programme 2015/16 – Leadership Board 20 January 2015  
Capital Programme Monitoring Update 2015/16 P2 – TNEC 9 July 2015  
Capital Programme Monitoring Update 2015/16 Q3 – TNEC 24 November 2015

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Capital Programme 2016/17 – Leadership Board 19 January 2016

### **12 Links to Plans in the Policy Framework**

12.1 This report has no direct link to plans in the Policy Framework.

### **13 Appendices**

13.1 Appendix A – Metro Asset Renewal Plan

### **14 Contact Officers**

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

### **15 Sign off**

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

# North East Combined Authority

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### Appendix A – Metro Asset Renewal Plan

Asset Category	Budgets			Forecasts		
	Original Approved Budget (DfT submission) 2015/16	Latest Approved Programme 2015/16	Approved Programme 2016/17	Quarter 3 Projection 2015/16	Quarter 3 Projection 2016/17	Quarter 3 Commitments 2017/18
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Civils (Note 1)	9,490	5,921	1,715	4,944	2,691	0
Communications	4,643	4,744	3,650	3,759	4,635	439
Level Crossings	2	45	0	62	0	0
Mechanical & Electrical (Note 3)	1,938	3,883	335	3,601	617	0
Metro Cars	2,148	2,144	1,365	2,281	1,228	0
Miscellaneous	435	519	715	423	811	0
Overhead Line (Note 2)	1,986	3,184	3,650	2,742	4,092	0
Permanent Way (Note 1)	12,304	13,674	19,470	14,213	18,879	0
Plant	0	84	0	75	9	0
Power	0	193	0	228	0	0
Signalling	4,652	5,781	6,685	5,191	7,276	794
Stations	7,673	2,823	2,505	1,160	4,168	0
<b>Total ARP Programme</b>	<b>45,271</b>	<b>42,995</b>	<b>40,090</b>	<b>38,679</b>	<b>44,406</b>	<b>1,233</b>
Major Projects	3,500	6,120	1,102	6,120	1,102	0
<b>TOTAL</b>	<b>48,771</b>	<b>49,115</b>	<b>41,192</b>	<b>44,799</b>	<b>45,508</b>	<b>1,233</b>

#### Note 1

Civils works relating to Easter 2016 blockade included within Permanent way.

#### Note 2

Overhead line costs now include the specialist plant, re-profiled from 2014/15. The first procurement exercise resulted in no tender submissions. Contracts have now been awarded and manufacture is in progress.

#### Note 3

The Mechanical and Electrical category now includes further escalators at St James stations to maximise procurement efficiencies under the existing framework contract.

## North East Combined Authority

### Transport North East Committee

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**DATE:** 26<sup>th</sup> February 2016

**SUBJECT:** Revenue Budget Monitoring Report

**REPORT OF:** Chief Finance Officer

#### **EXECUTIVE SUMMARY**

This report provides the Transport North East Committee with a monitoring update on the 2015/16 Transport budget. This is a requirement of the NECA constitution and is a function delegated to TNEC.

The report also provides an update for information on Transport budgets agreed at the North East Leadership Board on 19 January 2016.

#### **RECOMMENDATIONS**

It is recommended that the Committee notes the content of this report.

# North East Combined Authority

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### 1 Executive Summary

- 1.1 This report provides the Transport North East Committee with a progress update in relation to delivery of the transport related revenue budget for 2015/16. This is a requirement of the NECA constitution and is a function delegated to TNEC.
- 1.2 The overall picture on the budget position is positive, with savings being made against various budget heads and the total likely expenditure below the budget originally set for the year. However there are continuing pressures on the budgets for Concessionary Travel costs across the region with a likely overall overspend of around £350k. This is offset by savings in other budget areas.
- 1.3 The grants paid to Durham County Council, Northumberland County Council and Nexus are fixed for the year, with each organisation managing budget overspends or underspends within this, and the Transport budget position for each is set out in the narrative sections below.

### 2 Background Information

- 2.1 At its meeting held on 20 January 2015, the Combined Authority received a report from the Chief Finance Officer setting out the Authority's proposed base net budget for Transport activity of £89.244m and total levies of £89.177m.
- 2.2 This report provides an update on spend to the end of December 2015 (or closest relevant accounting period).

### 3 2015/16 Revenue Budget – Period 9 Update

- 3.1 At the meeting on 20 January 2015, the Leadership Board approved a total levy of £89.177m to fund transport activity across the North East Combined Authority area.

#### 3.2 Transport Levy

- 3.2.1 A summary of the NECA Transport budget for 2015/16 is set out in the table below, with income and expenditure to the end of December 2015. 2015/16 is the first year of the seven authority transport levies. Further detail on each of the elements is provided in the subsequent sections.



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	Original	Forecast	2015
Transport Levies	(89,177)	(89,177)	(66,883)
Grant to Durham	16,072	16,072	12,054
Grant to Nexus	64,500	64,500	48,375
Grant to Northumberland	5,896	5,896	4,422
NECA Transport Retained budget	2,786	2,897	2,049
<b>Contribution (to)/from NECA Reserves</b>	<b>77</b>	<b>97</b>	<b>17</b>

### 3.3 Durham

3.3.1 The latest forecast indicates that there will be a budget underspend of £455k for the year.

3.3.2 The main reasons for the reported variances (forecast outturn against original budget) are shown below:

- i. **Concessionary Fares £130k over budget** – this results from reimbursement to operators being higher than the budget, which was set before negotiations took place.
- ii. **Subsidised Services £455k under budget** – this results from action being taken to manage expenditure in anticipation of the £400k budget reduction in 2016/17.
- iii. **Bus Stations £21k under budget** – this results from general efficiency savings and reduced payments to contractors.
- iv. **Bus Shelters £60k under budget** – resulting from a reduction in maintenance costs following a programme of refurbishments.
- v. **Passenger Transport Information £13k under budget** – this results from recharges for staffing costs for the North East Travel Information Service (NETIS) not included in the original budget.
- vi. **Staffing £36k under budget** – this results from vacancy savings.

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

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	Original Budget	31 December 2015	Forecast to Year end	Variance (Budget vs Forecast)
	£000	£000	£000	£000
Concessionary Fares	11,891	8,447	12,021	130
Subsidised Services	3,228	1,803	2,773	(455)
Bus Stations	184	297	163	(21)
Bus Shelters	80	34	20	(60)
Passenger Transport Information	79	75	66	(13)
Staffing	609	314	573	(36)
Share of NECA Transport Costs	5	3	5	-
<b>Net Expenditure</b>	<b>16,076</b>	<b>10,973</b>	<b>15,621</b>	<b>(455)</b>

### 3.4 Northumberland

3.4.1 The latest forecast indicates that expenditure will overspend by £365k. Northumberland County Council's two main areas of revenue expenditure are as follows:

- i. **Subsidised Bus Services** – Northumberland County Council supports a range of socially necessary bus services, mainly in the rural North and West areas but some in the more urban South East. The Council has reviewed all contracts that do not offer value for money and re-tendered some routes with alternative delivery models. The £200k saving has been achieved in the current financial year but due to pressures that have come forward from 2014/15, it is estimated that the budget will overspend by £81k. This pressure will not continue into 2016/17.
- ii. **Concessionary Travel Scheme** – Although claims from operators are made monthly all adjustments to reimbursement rates are made quarterly to ensure that operators are being reimbursed with an accurate overall rate. Work has not yet been completed to calculate the reimbursement rate for the third quarter. The year end forecast position of £320k overspend has looked at data from the first and second quarter and the trends from those operators during the previous financial year to reflect the seasonal variations on the transport. Since the budget was presented to the Combined Authority the saving (£150k) in relation to performing an audit of eligibility for disabled person's bus passes has been reinstated into the budget resulting in NCC showing a forecast overspend of £170k within its accounts. This saving is still be investigated but any savings will be realised over a number of years, rather than in one financial year, as passes are renewed.

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	Original Budget	Spend to Date	Forecast to Year end	Variance (Budget vs Forecast)
	£000	£000	£000	£000
Concessionary Fares	4,366	3,142	4,686	320
Subsidised Services	1,318	1,125	1,399	81
PT Information	36	0	0	(36)
Staffing	176	132	176	0
<b>Net Expenditure</b>	<b>5,896</b>	<b>4,399</b>	<b>6,261</b>	<b>365</b>

### 3.5 Tyne and Wear – Nexus

3.5.1 The forecast outturn for the 2015/16 year for Nexus is a surplus on the budget before taxation of £0.288m. This compares with the original budgeted deficit of £3.103m, a positive variance of £3.391m. It also varies from the position previously reported to the Tyne and Wear Sub-Committee at its January 2016 meeting because the latest forecast reflects the position as at the end of reporting period 10 (to 2<sup>nd</sup> January 2016). The major variations between the original budget and the forecast outturn are set out below and in the subsequent table.

#### 3.5.2 Expenditure

##### Metro Concession

The concession payments to DB Regio are partly determined with reference to inflation indices that are unpublished at the time the original budget for the year is set and therefore an estimate is made. Once the appropriate indices became available the payment was recalculated, resulting in additional costs of £94k.

The budget for the year incorporates assumed performance penalty charges to be levied on DB Regio totalling £200K. At this stage, and based on poor performance across the range of the regimes in operation, the estimate to the year end is that £477k will be deducted which is an additional £277k over the base budget.

The net effect of the increase in the Concession payment and in penalties charged is to reduce the overall payment to DB Regio by £183k as compared to budget.

##### High Voltage Power

The budget for high voltage power costs was set with regard to advice that the Government's Electricity Market Reform ("EMR") would be introduced during the year, resulting in a sizeable increase in high voltage power costs. It now appears that the EMR will not be introduced until later in 2016 and as a result, the estimated cost of HVP has been reduced by £250k against budget.

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### Asset Financing Costs

At the time the budget for 2015/16 was set, the full extent of expenditure under the Metro Asset Renewal Plan (“ARP”) during 2014/15 was not certain and the budget was prepared on the basis of estimates of the full year’s expenditure available at the time. As part of the 2016/17 budget setting process a full review of asset capitalisation and associated depreciation costs was carried out, taking into account actual capital expenditure during 2014/15 and also the impact of a review of fixed assets carried out at March 2015 and incorporated into the financial results for the 2014/15 year. This has reduced the actual charge for the current year by £441k against budget. However, since the ARP is largely financed through the receipt of related Government grants, the fall in depreciation charges results, as is noted below, in a reduction in the level of grants released from deferred capital reserves.

### Bus

The previous budget update noted that substantial savings against budget have been achieved during the renewals of the current year’s secured bus service contracts. These savings have arisen from a combination of factors including lower than budgeted contract price inflation, driven by a fall in fuel prices; the entry of new operators into the market which has driven prices down and a more efficient way of configuring contracts.

At the time of the last report to the Committee, a net saving of approximately £1.000m was forecast. Savings have continued to be achieved over recent months and it is now anticipated that the saving against budget over the year will be a net £1.235m, a further increase of £235K.

The Committee should note that during the establishment of the base budget for 2016/17, the favourable variation in year was taken into account and the base budget for secured bus services was adjusted accordingly.

### Concessionary Travel

Because the current Concessionary Travel agreements with bus operators cover a two year period, a number of savings, particularly with regard to the costs of consultancy services which will not be required to any significant extent during this year, have been achieved, resulting in an overall cost reduction of £94K.

### Employees

Following the appointment of the new Director General on 1st of January 2015, a reorganisation of management posts was undertaken. The cost reduction resulting from the changes made to the management structure following that reorganisation, including national insurance and pension costs, was c£420k. The Committee should note that during the establishment of the base budget for 2016/17, the favourable variation in year was taken into account and the base budget was adjusted accordingly.

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### 3.5.3 Income

#### Metro Rail Grant

As with the concession payments to DB Regio, the level of the Metro Rail Grant (“MRG”) received from the DfT is partly determined by inflation indices unavailable at the time the budget for the year is set. Once the actual indices became available the MRG receivable over the course of the year was reduced by £47k from the level included in the budget.

#### Metro Income

Metro income for the 10 periods to 2<sup>nd</sup> January amounted to £37.492m, against a budget of £36.211m, a positive variance of £1.281m. As a comparison, the income for the first 10 periods of 2014/15 was £36.009, £1.482m lower than the current year’s figure.

The forecast for the year has previously been increased by £500<sup>k</sup> and given the continued growth in fare revenue up to period 10, the forecast has been adjusted by a further £599k, a total uplift of £1.099m. Although there is still some uncertainty remaining during the remainder of the year, particularly with regard to potential adverse weather and major engineering works planned for March 2016, it is thought that any resulting reduction in income will not be at a level to materially offset the positive variance achieved to date.

The Committee should note that during the establishment of the base budget for 2016/17, the favourable variation in year was taken into account and the base budget for Metro revenue was adjusted accordingly.

#### Concessionary Travel

Sales of Metro Gold Cards have been consistently lower than budgeted levels throughout the first 6 periods of the year. As a result, the Forecast for the year as a whole has been reduced by £226k from the Budget of £1.18m to £949k.

#### Bus

As noted above, a net saving on the secured bus budget of £1.235m is now being forecast. The reduction in income shown in the appendix is offset by a bigger reduction in costs and this is driven in part by a more efficient configuration of contracts including the transfer of risk in relation to fare revenue on some contracts to bus operators.

#### Asset Financing

As noted above, there has been a reduction in the level of depreciation charges associated with the Metro ARP as compared with the budget for the year, with the result that there have been corresponding reductions in releases from the Deferred Grant Reserve amounting to £663k over the year.

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### Nexus Revenue Budget Report - Cumulative to 2<sup>nd</sup> January 2016

	Original Budget	Forecast to year end	Variance (Budget v Forecast)
	£m	£m	£m
<b>Expenditure</b>			
<b>Metro</b>			
DB Regio Concession Payment	37.108	36.925	(0.183)
Asset Costs	22.632	22.191	(0.441)
Nexus Rail	12.079	11.912	(0.167)
HV Power, Rates and Insurances	9.443	9.067	(0.376)
<b>Concessionary Travel</b>			
ENCTS	37.634	37.514	(0.120)
Metro	6.357	6.392	0.035
Under 16s	4.748	4.738	(0.010)
<b>Bus</b>			
Secured Bus Services	18.123	16.117	(2.006)
Bus Infrastructure	1.937	1.760	(0.177)
<b>Other</b>			
Northern Mail	2.904	2.904	-
Ferry	1.224	1.210	(0.014)
Customer Services	4.940	4.780	(0.160)
Support Services	7.950	7.571	(0.379)
Pensions & Provisions	5.506	5.698	0.192
Loan Interest	1.927	1.927	-
	<b>174.512</b>	<b>170.706</b>	<b>(3.806)</b>
<b>Income</b>			
<b>Grant Income</b>			
Local Authority Grant	(64.500)	(64.500)	-
Metro Rail Grant	(24.503)	(24.456)	0.047
Heavy Rail Grant	(2.901)	(2.901)	-
<b>Commercial Income</b>			
Metro	(48.695)	(49.794)	(1.099)
Bus	(6.726)	(5.955)	0.771
Ferry	(0.570)	(0.545)	0.025
Concessionary Travel	(1.828)	(1.852)	(0.024)
Other	(1.105)	(1.073)	0.032
<b>Other</b>			
Asset Financing	(20.251)	(19.588)	0.663
Investment Income	(0.330)	(0.330)	-
	<b>(171.409)</b>	<b>(170.994)</b>	<b>0.415</b>
<b>(Surplus) / Deficit</b>	<b>3.103</b>	<b>(0.288)</b>	<b>(3.391)</b>

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### 3.6 Tyne and Wear – Tyne Tunnels

3.6.1 The budget for 2015/16 is set out in the table below, with income and expenditure to the end of December 2015.

	<b>2015/16 Original</b>	<b>2015/16 Forecast</b>	<b>31 Dec 2015</b>
<b>Income</b>			
Tolls	(27,100)	(27,457)	(20,910)
Interest / Other Income	(200)	(234)	(184)
Repayment from TW Transport reserve	(240)	(240)	(180)
<b>Expenditure</b>			
Contract Payments	21,907	21,658	16,562
Employees	36	36	30
Pensions	50	56	39
Support Services	120	100	75
Supplies & Services	50	35	6
Community Fund	10	10	10
Financing Charges	6,793	6,419	4,815
<b>Net (Surplus)/Deficit</b>	<b>1,426</b>	<b>383</b>	<b>258</b>
<b>Contribution to/(from) Tunnels reserve</b>	<b>(1,426)</b>	<b>(383)</b>	<b>(258)</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

3.6.2 The forecast to the year-end shows an improved position from when the original budget was set. This is primarily due to improved traffic incomes and significantly reduced financing costs as a result of treasury management activity including early repayment of loans. One-off miscellaneous income of £34k relates to savings on insurances between TT2 and NECA. The community fund budget has been used to fund a contribution to the T2K wheelchair race which took place on the weekend of the Great North Run.

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### 3.7 Retained Transport Budget

<b>Retained budget</b>	<b>2015/16 Original</b>	<b>2015/16 Forecast</b>	<b>31 Dec 2015</b>
Service Level Agreement	256	250	186
Training, Travel & Subsistence	3	3	1
Members Allowances	5	5	4
Supplies & Services	22	22	5
Audit Fee	17	13	7
Contingency	10	-	-
Financing Charges	2,236	2,159	1,619
Repayment to Tyne Tunnels reserves	240	240	180
Devolution	-	110	49
Interest Income	(3)	(5)	(2)
Levy Income	(2,709)	(2,709)	(2,032)
<b>Contribution (to)/from NECA Reserves</b>	<b>77</b>	<b>97</b>	<b>17</b>

The budgeted position was a use of reserves to support the budget of approximately £77k. Due to the piece of work to reduce financing costs that has been completed since the budget was prepared, the total budget estimate for the year was reduced by approximately £90k. Minor reductions on some other budget heads are anticipated, such as the audit fee, service level agreement and supplies and services.

In the revised budget for the year agreed by the Leadership Board on 19 January 2016, £110k was allocated to fund Devolution activity – to be funded from the underspend in the previous year's budget which had resulted in a higher level of Transport reserve being available at the beginning of the year. As a result, the total projected use of reserves for 2015/16 is now forecast at around £97k.



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### 4 2016/17 Transport Budget

- 4.1 At its meeting on 19 January 2016, the Leadership Board agreed the revenue budget and Transport levies across the whole NECA area for 2016/17 as set out in the table below:

	Durham	Northumberland	Tyne and Wear	Total
	£000	£000	£000	£000
Concessionary Travel - Statutory	11,191	4,591	36,530	52,312
Concessionary Travel - Discretionary	574	242	3,552	4,368
Subsidised Bus Services	2,822	1,303	14,110	18,236
Bus Stations / Infrastructure	129	-	2,401	2,530
Public Transport Information	88	3	1,649	1,740
Metro (including discretionary travel)	-	-	4,221	4,221
Heavy Rail	-	-	187	187
Ferry	-	-	1,160	1,160
Staffing in Northumberland and Durham	631	190		821
Major Projects in Tyne and Wear	-	-	2,349	2,349
Use of Nexus Reserves	-	-	(3,659)	(3,659)
<b>Transport Grants</b>	<b>15,435</b>	<b>6,329</b>	<b>62,500</b>	<b>84,264</b>
NECA General Transport Costs	5	5	106	116
NECA Tyne and Wear Costs			2,514	2,514
<b>Transport Levy</b>	<b>15,440</b>	<b>6,334</b>	<b>65,120</b>	<b>86,894</b>

- 4.2 The budget has been set at a level to protect services where possible in the next financial year, while enabling a review of transport, particularly in Tyne and Wear, to take place during 2016/17.

### 5 Next Steps

- 5.1 The transport revenue budget will be monitored for the remainder of the financial year and the outturn position reported following the year end.

### 6 Potential Impact on Objectives

- 6.1 The report sets out the transport revenue budget of the Combined Authority which supports the meeting of its objectives.

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### **7 Finance and Other Resources**

7.1 The finance implications are set out in detail in the body of the report.

### **8 Legal**

8.1 The Authority has a duty to ensure it can deliver a balanced budget. The Local Government Act 2003 imposes a duty on an Authority to monitor its budgets during the year and consider what action to take if a potential deterioration is identified.

### **9 Other Considerations**

#### **9.1 Consultation/Community Engagement**

The Authority's revenue budget for 2014/15 and 2015/16 comprises previously approved budgets which were subject to consultation as part of the approval process.

#### **9.2 Human Rights**

There are no specific human rights implications arising from this report.

#### **9.3 Equalities and Diversity**

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

#### **9.4 Risk Management**

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

#### **9.5 Crime and Disorder**

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

#### **9.6 Environment and Sustainability**

There are no specific environment and sustainability implications arising from this report.

### **10 Background Documents**

10.1 Revenue Budget 2015/16 – Leadership Board 21 January 2015

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Revenue Budget 2015/16 – Leadership Board 17 February 2015

Revenue Budget 2015/16 P2 Update – TNEC 9 July 2015

Revenue Budget 2015/16 P6 Update – TNEC 24 November 2015

Revenue Budget 2016/17 – Leadership Board 19 January 2016

### **11 Links to Plans in the Policy Framework**

11.1 This report has no direct link to plans in the Policy Framework.

### **12 Appendices**

12.1 n/a

### **13 Contact Officers**

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

### **14 Sign off**

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

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