

Transport North East Committee

Tuesday 29th July, 2014 at 2.00 pm

Meeting to be held: Committee Room, Newcastle Civic Centre, NE1 8QH

www.northeastca.gov.uk

AGENDA

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- | | | |
|----|--|----------------|
| 1. | Apologies for Absence | |
| 2. | Declarations of Interest | |
| | 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 Previous Meeting | 1 - 4 |
| 4. | Bus Strategy Delivery Project Update | 5 - 12 |
| 5. | Adoption of the Assurance Framework | 13 - 18 |
| 6. | North East Combined Authority Response to the Northern and TransPennine Express Public Consultation | 19 - 38 |
| 7. | Rail North: Influencing the Future of Northern and TransPennine Rail Services | 39 - 48 |
| 8. | Capital Programme 2014/15 - Monitoring Report | 49 - 60 |
| 9. | Revenue Budget 2014/15 - Monitoring Report | 61 - 74 |

10. Appointment of the 3rd Vice-Chair (from the Tyne and Wear Councils)

Members are requested to note the intention to circulate the above report on a supplemental agenda in accordance with the provisions of the Local Government (Access to Information) Act 1985

11. Date and Time of Next Meeting

Thursday, 9 October 2014 at 2pm at North Tyneside.

Contact Officer: Victoria Miller Tel: 0191 211 5118 E-mail: victoria.miller@newcastle.gov.uk

To All Members

North East Combined Authority

Transport North East Committee

29 May 2014

Meeting held: Committee Room, Civic Centre, Newcastle upon Tyne, NE1 8QH

Present:

Councillor: Forbes (Chair)

Councillors: Allen, Blackburn, Foreman, Foster, M Green, S Green, Hobson, Lott, McCarty and McElroy.

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Ledger, Swithenbank and Speding.

The Chair requested that future meetings should be arranged in a way that would ensure that they did not clash with meetings of the Cabinets or full Councils of the constituent Local Authorities.

2 DECLARATIONS OF INTEREST

On request from the Chair, V Geary outlined the procedure for the registration of Members' interests by Members in the Public Register.

It was also noted that if Members had registered their interests in the Public Register they were not obliged to declare these interests at every meeting of the Committee unless there was a specific item on the agenda that required Members to declare their interests at the meeting.

Councillors Blackburn, Hobson and Lott declared a personal interest due to holding a concessionary travel pass.

Councillor Hobson declared a personal interest due to holding the Metro Gold Card and a senior rail card.

Councillor Blackburn and Hobson declared a personal interest due to holding a concessionary pass for the Tyne Tunnels.

3 **APPOINTMENT OF VICE-CHAIR**

Submitted: A report of the Monitoring Officer (previously circulated and copy attached to Official Minutes).

The Chair introduced the report which invited the Committee to appoint its third Vice-Chair for the Municipal Year 2014/15 from the Tyne and Wear Authorities, and explained the rationale behind the appointment of three Vice-Chairs.

RESOLVED – That:

- (i) The appointment of the third Vice-Chair of the Committee be deferred until the next meeting; and
- (ii) Councillor J McCarty be appointed as Chair of the Transport North East (Tyne and Wear) Sub-Committee on an interim basis in order to chair today's meeting of the Sub-Committee.

4 **TRANSPORT POLICY UPDATE**

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

Members considered the report which described the elements of the role of the Committee in delivering transport functions through the Combined Authority.

Members welcomed the report and the vision for integrated transport. Members commented on the importance of true integration, connectivity and effectiveness, including cost effectiveness and the ease of use, of public transport and other modes of travel in order to improve access, including local access, support economic growth and address environmental issues. Members also commented on the importance of improvements to roads, the importance of learning from each other, including in relation to both urban and rural issues, and the importance of fast delivery of the vision. Members also commented on the size of the task in front of them and on the importance of a realistic, achievable and ambitious plan which would be suitable for future generations.

Comments were also made about the importance of working to consider opportunities for funding and support from the Government, influencing national policies and learning from the best practices from around the world. Members were invited to contact the Chair with any further additions to the overall agenda.

RESOLVED – That the Committee:

- (i) noted the opportunities provided by the new Combined Authority, and considered the transport issues that were arising;
- (ii) noted the opportunities for further integration of transport services within the Combined Authority area, including for the delivery of bus services; and

- (iii) noted the opportunity for enhancing the region's influence on national decisions affecting the connectivity of the North East, including the East Coast Main Line and HS2.

5 **BUDGET 2014/15 - UPDATE REPORT**

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

Members considered the report which provided the transport-related budgets for the delivery agencies for 2014/15 and set out the proposed monitoring arrangements.

In addition to the information set out in the report, Members noted the importance of the development of a medium term financial strategy to support the vision for transport.

It was also noted that a large part of the Combined Authority's reserves would be earmarked for specific transport functions. Explanation was provided at the meeting as to why the level of reserves for the Combined Authority did not need to be set high.

RESOLVED – That:

- (i) the budget for 2014/15 be noted;
- (ii) quarterly monitoring reports be provided to the Committee during the course of the year;
- (iii) information be provided for a future meeting on the income of Metro;
- (iv) Members would contact P Woods to request financial briefing; and
- (v) A note be circulated to Members on the position with regard to the reserves of the Combined Authority.

6 **DATE AND TIME OF NEXT MEETING**

The next meeting would be held at 2pm on 29 July 2014 at the Newcastle Civic Centre.

It was noted that venues of future meetings would rotate between the town halls of the Constituent Authorities.

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North East Combined Authority

Transport North East Committee

DATE: 29th July 2014

SUBJECT: Bus Strategy Delivery Project Update

REPORT OF: The Lead Officer for Transport

EXECUTIVE SUMMARY

The purpose of this report is to provide a background briefing on the Bus Strategy Delivery Project, and to inform members on the process that is intended to take place over coming months to determine a way forward.

RECOMMENDATIONS

Members are asked note the background information contained in this report, and that the Tyne and Wear Sub-Committee will receive a report containing more detailed information as relevant to the Tyne and Wear area.

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1 Buses in the North East Combined Authority Area

- 1.1 Buses are essential to the economic and social wellbeing of the Combined Authority area. According to the Department for Transport's National Travel Survey, the North East continues to have the lowest levels of car ownership of any English region (except London) and the highest number of bus trips per head of population (also except London)¹. In 2012/13 there were 172.6 million recorded passenger trips taken by bus in the Combined Authority area (Tyne and Wear: 139.6 million; Durham: 23.8 million; Northumberland: 9.2 million)².
- 1.2 The high propensity to use local buses masks a trend of people switching between bus and car usage. Between 2001 and 2011, the number of people using the bus to travel to work in Tyne and Wear fell by 13% according to the 2011 Census, and over the same time period the number of adult fare-paying journeys on buses fell by 16%³. Despite the relatively high utilisation of buses in the North East at 77 trips per head of population in 2011/12, this is down from 84 trips per head in 2004/5, while over the same period car utilisation grew from 371 to 381 trips per head⁴.
- 1.3 According to the Strategic Economic Plan, 'Whilst aiming to improve transport connectivity, we are also committed at the same time to reducing carbon emitted by transport. A key way of achieving both goals is through the use of shared and sustainable modes of transport alongside reducing carbon emissions from all vehicles and networks. By making sustainable travel easier and more attractive, many short trips can be taken off our local road network, with economic benefits for the area arising out of a reduction in congestion, in addition to wider social and environmental benefits'⁵. A trend of growing car utilisation and declining bus usage runs counter to that ambition.
- 1.4 In the UK, with the exceptions of Northern Ireland and London, bus services were "deregulated" under the Transport Act 1985. Subject to certain safety and quality standards, bus operators decide which services to run, the fares to charge and other such matters, without recourse to the local authority. Local

¹ <https://www.gov.uk/government/statistical-data-sets/nts99-travel-by-region-and-area-type-of-residence> Table NTS9902

² <https://www.gov.uk/government/statistical-data-sets/bus01-local-bus-passenger-journeys> Table BUS0109b

³ Nexus Continuous Monitoring data

⁴ <https://www.gov.uk/government/statistical-data-sets/nts99-travel-by-region-and-area-type-of-residence> Table NTS9903

⁵ 'More and Better Jobs: A Strategic Economic Plan for the North East', March 2014

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authorities have powers to supplement these services—filling gaps in the commercial network—by inviting tenders for supported services (known as ‘secured services’ or ‘tendered services’). Local commercial bus service provision in the Combined Authority area is currently provided for the very large part by three operators – Go North East, Stagecoach and Arriva, with a number of smaller operators operating under contract to provide tendered services.

- 1.5 The day-to-day performance of the local bus system is relatively good: levels of punctuality and reliability are high, and surveys of customers carried out by Passenger Focus record high levels of customer satisfaction with their journey compared to elsewhere in the UK – the last survey showed satisfaction in Tyne and Wear of 90% and Northumberland 85%⁶. It should however be noted that Passenger Focus surveys passengers who are travelling on the day the survey is undertaken, and so by their very nature do not take account of the views of people who do not use the bus to travel. The average age of the local bus fleet is 7.7 years (compared to a non-London UK average of 8.3 years, and 5.4 years in London⁷).
- 1.6 Coupled with the long-term decline in patronage is a trend of reduction in bus service provision and accessibility. The withdrawal of non-profitable routes or sections of route have contributed to a reduction in accessibility to local jobs and services over time. The number of vehicle miles operated in the North East reduced from 105 million in 2004/5 to 86 million in 2012/13⁸.
- 1.7 The Combined Authority has an objective to improve transport integration, which includes ticketing and greater use of technology to benefit passengers. The NESTI Project, in which the Combined Authority is a partner, has developed a smart infrastructure on public transport across North East England. However at this stage the development of a simple range of smart ticketing products to cover public transport across the Combined Authority area has not taken place, in part due to commercial considerations.
- 1.8 Customer satisfaction with value for money is 62% in Tyne and Wear, and 50% in Northumberland⁹. Each bus company has its own range of fares valid for travel on its own services, and although Network One provides a separate

⁶ Passenger Focus, Bus Passenger Survey 2013 (Note: the survey included survey results for Tyne and Wear and Northumberland, but did not cover Durham)

⁷ <https://www.gov.uk/government/statistical-data-sets/bus06-vehicle-stocks-technology-and-equipment> Table BUS0605

⁸ <https://www.gov.uk/government/statistical-data-sets/bus02-vehicle-distance-travelled> Table BUS0206

⁹ Passenger Focus, Bus Passenger Survey 2013

range of higher-priced multi-modal fares, these are only valid for travel in Tyne and Wear. The English National Concessionary Travel Scheme (ENCTS) provides free off-peak travel for older and disabled people (accounting for around a third of bus trips), and in Tyne and Wear children below the age of 16 are entitled to a heavily discounted concessionary fare. There are no concessionary products for young people over the age of 16 or students, although there are a variety of discounted products for these passengers offered on a commercial basis.

- 1.9 A significant amount of local public funding is spent supporting the bus network, principally the statutory reimbursement for carrying elderly and disabled passengers under ENCTS, other discretionary concessionary products, and payments for tendered services. With significant pressure on local funding availability as a result of national funding cuts, reductions in discretionary tendered services and subsidised fares have become widespread across the country in recent years. Some reductions have been necessary in Durham and Northumberland, but in Tyne and Wear Nexus' medium term financial strategy involves absorbing the impacts of reduced funding by using reserves in order to avoid cuts in service in the short term, while seeking alternative savings. This position is clearly unsustainable after 2015/16 and unless existing services can be delivered for less, cuts to those services are highly likely to follow.

2 Bus Strategy Delivery Project (BSDP)

- 2.1 The Policy Update report to the Transport North East Committee on 29th May 2014 described how Nexus is currently developing and evaluating alternative mechanisms for improving bus services in accordance with the Bus Strategy for Tyne and Wear. Through the Bus Strategy Delivery Project (BSDP) Nexus is developing a draft Quality Contracts Scheme (QCS), and discussing a Voluntary Partnership Agreement (VPA) with the bus operators. These tasks are expected to be completed in late summer, after which further direction will be sought from the Combined Authority.
- 2.2 The Bus Strategy for Tyne and Wear identifies the key issues and challenges for the Combined Authority to improve the bus network in Tyne and Wear, having been originally developed by the ITA. It sets out three key objectives of stopping the long-term decline in bus patronage, maintaining (and preferably growing) accessibility, and achieving better value for money.
- 2.3 In response to the creation of the BSDP, the North East Bus Operators' Association (NEBOA) was founded in 2012. Membership of NEBOA is open

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to any local bus operator, and Go North East, Stagecoach and Arriva are all active members. NEBOA's objectives include the development of one or more VPAs to cover Tyne and Wear, Northumberland and Durham. Noteworthy examples of VPAs in operation elsewhere in the UK are in Sheffield (see <http://www.travelsouthyorkshire.com/sbp/>), and Oxford (see <https://www.oxfordshire.gov.uk/cms/content/quality-bus-partnerships>).

- 2.4 Under a Quality Contracts Scheme, the Combined Authority would introduce a type of franchising system in Tyne and Wear to set fare levels, timetables and customer service standards, and operators would compete for contracts to operate services following a defined specification set by the Combined Authority. Nexus has carried out formal consultation over the proposed QCS and is now finalising it, taking account of consultation feedback where appropriate.
- 2.5 Although the QCS as proposed incorporates the vast majority of local bus services currently operating in and through Tyne and Wear, a large number of those buses also serve communities in Durham and Northumberland. As the QCS would cover Tyne and Wear only, those services would operate as tendered services when in Durham and Northumberland. This gives rise to a number of practical and commercial risks in addition to some opportunities, and in order to manage those risks equitably and transparently a 'Collaboration Agreement' has been developed in draft by Nexus along with officers from Durham and Northumberland.
- 2.6 Whilst it would not be practically possible to expand the currently proposed QCS to cover other parts of the Combined Authority's area at this stage primarily because of the timescales involved, there may be potential to develop a larger QCS at a later stage if that proves to be the appropriate course of action in line with any development of the Combined Authority's transport strategies.

3 Next Steps

- 3.1 It is intended that both the VPA and the QCS proposals will be reported to NELB at its scheduled meeting set for 21st October 2014, along with a detailed analysis comparing the two, for the NELB to determine what next steps, if any, to take in their development.
- 3.2 It is also intended that the VPA and QCS proposals will additionally be considered by the Tyne and Wear Sub Committee at its scheduled meeting

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set for 11th September 2014, and the Transport for the North East Committee at its scheduled meeting set for 9th October 2014 in order for them to make any appropriate observations or recommendation(s) to NELB to assist in its decision-making.

4 Potential Impact on Objectives

- 4.1 The Combined Authority, when considering in future whether to make a Quality Contracts Scheme or to enter into a Voluntary Partnership Agreement, would do so taking into account the likely achievement of its Bus Strategy and wider objectives.

5 Finance and Other Resources

- 5.1 No financial implications flow directly from this report, however any future decision by the Combined Authority to either enter into a Voluntary Partnership Agreement or to progress the introduction of a Quality Contracts Scheme would have a significant impact on the financial management of the Combined Authority, the affordability of the services Nexus procures and delivers on its behalf, and the resources required to deliver them. These impacts will be identified in the reports to be presented in September and October 2014.

6 Legal

- 6.1 If the Combined Authority concludes that it wishes to proceed with the introduction of a QCS, a series of legal steps defined in the Transport Act 2000 (as amended) must be followed. In addition any Scheme must be compliant with European Law, and must consider Article 1 of the First Protocol to the European Convention on Human Rights (known as "A1P1") in terms of the application of the Scheme.
- 6.2 If the Combined Authority concludes that it wishes to proceed with the introduction of a VPA, it will need to ensure that that any such agreement is compliant with competition law and satisfies the Part 1 Competition Test in Schedule 10 to the Transport Act 2000. It will also need to carefully consider any restrictions and/or obligations placed upon it by entry into the VPA.

7 Other Considerations

7.1 Consultation/Community Engagement

The proposed QCS has been subject to substantial formal and informal consultation. In addition, a public information campaign was carried out in parallel to the statutory consultation, from July to November 2013. For information on the consultation and engagement, please see Nexus' website: <http://www.nexus.org.uk/busstrategy>

The VPA proposals from NEBOA have also been made available to the public through the Nexus website.

7.2 Human Rights

Please see paragraph 6.1 .

7.3 Equalities and Diversity

There are no implications for equalities and diversity arising directly from this report, but the results of future decisions on bus services may have an impact and so would need to be subject to the appropriate impact assessments being carried out.

7.4 Risk Management

The risks of introducing a QCS, a VPA, or indeed taking no action, will be considered in the report to be presented to this Committee in October.

7.5 Crime and Disorder

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

7.6 Environment and Sustainability

No environment or sustainability implications flow directly from this report, however any future decision by the Combined Authority to either enter into a Voluntary Partnership Agreement or to progress the introduction of a Quality Contracts Scheme has the potential to impact on the both the environmental performance of the bus system itself, and the effects of changes in bus ridership on the local highways network. These impacts will be identified in the reports to be presented in September and October 2014.

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8 Background Documents

- 8.1 The Bus Strategy for Tyne and Wear
- 8.2 NEBOA VPA proposal
- 8.3 QCS Consultation materials

All background documents available at

<http://www.nexus.org.uk/busstrategy>

9 Links to Plans in the Policy Framework

- 9.1 The Bus Strategy is part of the Local Transport Plan for Tyne and Wear.
- 9.2 Improving transport connectivity and reducing carbon emitted by transport are objectives of the Strategic Economic Plan.

10 Contact Officers

- 10.1 Tobyn Hughes,
Deputy Director General, Nexus
Email: tobyn.hughes@nexus.org.uk
Tel: 0191 2033246

11 Sign off

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

North East Combined Authority

Transport North East Committee

DATE: 29 July 2014

SUBJECT: Adoption of the Assurance Framework

REPORT OF: Lead Chief Executive for Transport

EXECUTIVE SUMMARY

The purpose of this report is to set out a process for updating the Assurance Framework previously developed in partnership with Department for Transport to ensure value for money and deliverability of transport major schemes. Use of the Assurance Framework has been formally agreed by the North East Leadership Board.

RECOMMENDATIONS

It is recommended that the Committee agree to replace part one of the Assurance Framework with the constitution for the NECA and formally adopt parts two and three of the Assurance Framework.

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1 Background Information

- 1.1 The seven North East councils, the Tyne and Wear Integrated Transport Authority and the North East Local Enterprise Partnership previously agreed an assurance framework and entered into a legal agreement associated with the creation of the, now obsolete, North East Local Transport Body. The framework was designed to demonstrate to the Department for Transport (DfT) that strong governance and accountability arrangements were in place, in order that DfT funding could be devolved to a more local level. It also incorporated robust arrangements for scheme prioritisation, and a structured approach to ensuring the deliverability and Value for Money of transport major schemes.
- 1.2 The Assurance Framework was developed in partnership and approved by the Department for Transport. The Department have been notified that the robust approach formerly in place will be maintained under new Combined Authority arrangements.
- 1.3 The role of a Local Transport Body will be fulfilled by the Combined Authority, which will assume responsibility for funding devolved by the DfT for major transport schemes. The Assurance Framework was adopted by the North East Leadership Board at its meeting of the 15th of July 2014.
- 1.4 Adoption of the Assurance Framework by the NECA will enable investments previously approved by the Leadership Board, in its role as a Local Transport Body, to be delivered under the new Combined Authority arrangements. It will also give DfT confidence that an appropriate arrangement is in place for delivery of transport schemes funded as part of the Strategic Economic Plan process and the associated Local Growth Fund.

2 Proposals

- 2.1 The North East Local Enterprise Partnership has secured £289.3m from the Government's Local Growth Fund via the Growth Deal. The North East Combined Authority will be responsible for overseeing implementation of the programme of transport schemes included in the Growth Deal. As part of the deal, the Combined Authority is required to:
 - **Build on existing strong governance:** To support growth, the North East area has established a Combined Authority covering the local authorities of County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland. The NECA will build on the potential of this strong local leadership to ensure coherent, joined up and effective delivery of projects and programmes in pursuit of growth.

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- **Ensure implementation and demonstrate success**, by accepting the funding agreement, and by tracking progress against milestones and agreed core metrics and outcomes in line with a monitoring and evaluation framework. This will include agreeing monitoring metrics and reporting arrangements with the Government by September 2014. The NECA will also produce an evaluation plan for the projects contained in the Deal before April 2015.
 - **Ensure value for money** by developing robust processes that will guide local decision-making. This will include agreeing an Assurance Framework with the Government by September 2014, building on existing local and national frameworks.
- 2.2 In addition to the new funding received via the growth deal process, the North East LEP area previously received £31.1m for the delivery of six local major schemes as part of the devolved local major schemes process. These schemes were prioritised by the former Local Transport Body, and are now the responsibility of the NECA.
- 2.3 The Assurance Framework developed for the North East Local Transport Body is made up of three parts:
- Part One: Purpose, structure and operating principles;
 - Part Two: Prioritisation; and
 - Part Three: Programme management and investment decisions.
- 2.4 The Constitution for the North East Combined Authority supersedes the LTB governance arrangements set out in part one of the Assurance Framework. Therefore, it is recommended that the Combined Authority's constitution is used to define the overall governance arrangement, replacing the current part one of the Framework.
- 2.5 Retention of part two of the Assurance Framework will be important should the Combined Authority wish to add new schemes in to the delivery process beyond those that have already been prioritised in the SEP. If the Combined Authority is required to prioritise schemes in the future the broad principles set out in part two will assist with this.
- 2.6 Part 3 is a key section of the Framework, outlining programme management arrangements and detailing how value for money will be ensured. As noted in 2.1, the Combined Authority is required to ensure implementation, demonstrate success and ensure value for money. Part three of the Framework sets out how this will be achieved.

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- 2.7 It is recommended that the Combined Authority adopts parts two and three of the Assurance Framework and part one of the document is replaced with the Constitution for the North East Combined Authority.

3 **Next Steps**

- 3.1 Now the Assurance Framework has been adopted by the Combined Authority the document will be amended to reflect this subject to advice from Transport North East Committee.
- 3.2 The Combined Authority is currently awaiting further clarification from government on the most appropriate way to reflect the Framework within wider programme management arrangements for the SEP investment programme as a whole.

4 **Potential Impact on Objectives**

- 4.1 Adoption of the Assurance Framework will enable the Combined Authority to ensure value for money, build on existing strong governance and ensure efficient scheme implementation – conditions of the growth deal.

5 **Finance and Other Resources**

- 5.1 There are no direct financial or resource implications for the NECA in relation to the adoption of parts two and three of the Assurance Framework. This will help ensure that value for money is achieved from the considerable resources that have been secured

6 **Legal**

- 6.1 There are no legal implications to report.

7 **Other Considerations**

- 7.1 Consultation/Community Engagement
There are no specific consultation or community engagement implications arising from this report.
- 7.2 Human Rights
There are no specific human rights implications arising from this report.
- 7.3 Equalities and Diversity
There are no specific equality and diversity implications arising from this report.

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- 7.4 Risk Management
There are no specific risk management implications arising from this report.
- 7.5 Crime and Disorder
There are no specific crime and disorder implications arising from this report.
- 7.6 Environment and Sustainability
There are no specific environment and sustainability implications arising from this report.
- 8 **Background Documents**
- 8.1 North East Local Transport Body Assurance Framework
- https://www.newcastle.gov.uk/sites/drupalncc.newcastle.gov.uk/files/wwwfileroot/parking-roads-and-transport/public_transport/neltb_assurance_framework.pdf
- 9 **Links to Plans in the Policy Framework**
- 9.1 This report has no direct link to plans in the policy framework.
- 10 **Appendices**
- 10.1 Not applicable
- 11 **Contact Officers**
- 11.1 Mark Wilson, Combined Authority Transport Advisor
mark.wilson@newcastle.gov.uk
- 12 **Sign Off**
- Head of Paid Service ✓
 - Monitoring Officer ✓
 - Chief Finance Officer ✓

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North East Combined Authority

Transport North East Committee

DATE: 29th July 2014

SUBJECT: North East Combined Authority Response to the Northern and TransPennine Express Public Consultation

REPORT OF: Chair of the Transport North East Committee

EXECUTIVE SUMMARY

The Department for Transport and Rail North are running a public consultation seeking views on the TransPennine Express and Northern rail franchises, which are due for renewal in February 2016. The purpose of this report is to seek approval from the Transport North East Committee for the submission of the attached response prepared on behalf of the North East Combined Authority.

RECOMMENDATIONS

The Transport North East Committee are asked to approve the content of the response, attached as Appendix 1, prior to its submission to the Department for Transport ahead of the closing date on 18th August 2014.

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1 Background Information

- 1.1 The Northern and TransPennine Express rail franchises currently provide local and inter-regional services across the North of England. Northern provide local services connecting communities throughout the Combined Authority area and beyond, whilst TransPennine Express provide inter-regional services connecting the Combined Authority to other urban centres in the North, whilst also serving local passenger flows between stations on the East Coast Mainline. Nexus is currently a co-signatory to the Northern franchise along with the DfT and other former PTE areas across the North of England.
- 1.2 Northern Rail provide local rail services throughout the north of England including, in the North East, routes between Carlisle and Newcastle via Hexham, to Morpeth and Chathill and services linking Newcastle to Middlesbrough via Sunderland and communities on the Durham coast. The franchise is heavily subsidised by central government, and although patronage has grown significantly (leading to overcrowding in some areas) service provision has not kept pace with demand. Northern operate one of the oldest rolling stock fleets in the country, and passengers continue to register dissatisfaction with the quality of the vehicles.
- 1.3 TransPennine Express, currently operated by First Group and the French transport operator Keolis, operates inter-regional services in the north of England. The current offering includes one train per hour connecting Newcastle with Liverpool via Leeds and Manchester. The service also provides calls at Chester-le-Street (the only regular provision at the station) and Durham. The current franchise requires a small government subsidy, but it is anticipated that a premium will be achieved shortly into the new franchise period based on current levels of growth. Similarly to Northern above, the current franchise is due to expire in Spring of 2015, but negotiations between the operator and DfT are currently underway to extend this until 2016.
- 1.4 As described in further detail elsewhere on this agenda, Nexus has been working with other former PTEs and LTAs across the North of England, through the Rail North consortium, on proposals to secure the decentralisation of the design and management of these rail franchises, which are fundamental to connectivity throughout the region. The process reached a major milestone in October 2013 with the submission of a devolution proposal to the Department for Transport.

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- 1.5 In January 2014, the Secretary of State announced that, rather than devolve full powers to the North of England, he would agree that the DfT should work in partnership with Rail North on the collaborative development of the two aforementioned franchises (with the DfT in the lead), and to develop an integrated partnership capable of jointly managing the franchises after they had been let. Rail North have been working in partnership with DfT since January to develop the specifications for the two franchises, although it should be stated that the final decision on their design rests with the Secretary of State.
- 1.6 On 9th June 2014 the procurement process for the new franchises began with the publication of Prospectuses, PQQs and a Public Consultation. The latter publication covered both the Northern and TransPennine Express franchises. The DfT state that the consultation is intended to:
- Inform stakeholders of the planned process and timescales for awarding the two franchises
 - provide background information about the current services and the context of the new franchises
 - guide stakeholders and potential funders of the objectives and expectations for the franchises
 - discuss the requirements included in the Rail Executive's base case specifications and the options considered
 - invite potential funders to notify Rail Executive of any changes
- 1.7 The public consultation has been published as joint DfT/Rail North document, however this does not imply that Rail North and DfT objectives on every area of the specification are aligned and it does not preclude any constituent Rail North authority, including the North East Combined Authority, from responding.
- 1.8 Whilst the DfT state that they share the Rail North objective to support the economic growth of the North of England, they place significant emphasis on the need for efficiencies to reduce the levels of subsidy across both franchises. The consultation document introduces potential 'trade-offs', where investment in rolling stock improvements or frequency enhancements might be offset by fares rises, reduced services at lower-footfall stations, and staffing efficiencies. However, it does make positive reference to the North East Business Unit proposals and indicate that removal of Pacer units may be a feature of the franchise.

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- 1.9 Officers from the seven local authorities within the North East Combined Authority area have co-authored the attached response to the public consultation. The response is aligned to the objectives of the Combined Authority.

2 Proposals

- 2.1 The Transport North East Committee is requested to agree to the recommendations set out above and approve the attached response for submission on behalf of the Combined Authority.

3 Next Steps

- 3.1 A further update will be provided to the Transport North East Committee on the government response to the consultation when it becomes available.

4 Potential Impact on Objectives

- 4.1 The suggested response contributes to the objectives of the North East Rail Statement and our aspirations for rail improvements and investments over the next 15 years.

5 Finance and Other Resources

- 5.1 There are no specific financial implications arising from this report.

6 Legal

- 6.1 There are no specific legal implications arising from this report.

7 Other Considerations

7.1 Consultation/Community Engagement

There are no specific consultation/community engagement implications arising from this report.

7.2 Human Rights

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

North East Combined Authority

Transport North East Committee

7.3 Equalities and Diversity

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

7.4 Risk Management

There are no specific risk management issues arising from this report.

7.5 Crime and Disorder

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

7.6 Environment and Sustainability

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

8 Background Documents

- 8.1 TransPennine Express rail franchise and Northern rail franchise: stakeholder consultation, Department for Transport, June 2014.

9 Links to Plans in the Policy Framework

- 9.1 This report has no direct links to plans in the policy framework.

10 Appendices

- 10.1 Appendix 1 – The North East Combined Authority response to TransPennine Express rail franchise and Northern rail franchise: stakeholder consultation.

11 Contact Officers

- 11.1 James Farnell-Smith, Head of Heavy Rail, Nexus
james.farnell-smith@nexus.org.uk

12 Sign off

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

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Appendix 1 - North East Combined Authority Response to the Department for Transport and Rail North document entitled 'TransPennine Express rail franchise and Northern rail franchise: stakeholder consultation'

TO1: What are your views on increasing below-average fares over time to levels typical on the rest of the network in order to improve the frequency, capacity and quality of local services? Do you have any evidence to support your views?

The North East Combined Authority does not consider there to be sufficient information to fully answer this question. There is no understanding of the possible level of any fares increases or whether they would apply equally to the entirety of the Northern network or be specific to certain areas as suggested in Chapter 2 of the Consultation Document. Nor does the document set out a sufficient understanding of the likely benefits of such fares increases. For example, a short term increase over the regulated fares cap is an entirely different prospect to consistent above-inflation fares rises for the entire Franchise Period. The Combined Authority believes that it can, working with the franchisee, configure the North East's local rail network to better support its economic development objectives as outlined in the Strategic Economic Plan, and deliver the Secretary of State's stated objective of achieving efficiencies by working in partnership across the rail industry. The introduction of a North East Business Unit, with an appropriately-devolved level of autonomy, would give the North East Combined Authority, along with its partners in the Tees Valley, the ability to undertake such work and achieve greater local influence over the delivery of local rail services.

TO2: What are your views on giving priority to improving the quality of Northern rolling stock at the expense of some reduction in lightly-used services (e.g. fewer calls at low-use stations)? Do you have any evidence to support your views?

The North East Combined Authority is strongly in favour of the improvement of Northern's rolling stock fleet, and particularly the replacement of ageing 'Pacer' units. This type of rolling stock is extensively utilised on routes serving the Combined Authority area and passengers continue to register dissatisfaction with the quality of those vehicles. To quote the results of the Autumn 2013 Passenger Focus National Rail Passenger Survey, satisfaction with rolling stock was recorded at 13% below the average for other comparable operators. The North East Combined Authority is concerned that rolling stock quality is becoming a barrier to modal shift, increasing the pressure on the local highway network and preventing the Combined Authority from achieving full value from its rail services and achieving the economic development objectives outlined in its Strategic Economic Plan. Whilst the North East Combined Authority understands that new or refurbished rolling stock will inevitably increase operating costs, it feels that this investment is long overdue and necessary if the North of England franchise is to continue to experience the growth observed in recent years, and to achieve the Secretary of State's objective of reducing the long-term subsidy requirement through increased farebox revenue.

The North East Combined Authority does not accept that calls at low-use stations should be reduced to facilitate rolling stock improvements. As stated in the Consultation Document, Northern's 'Pacer' units are non-compliant with PRM TSI standards, and the Combined Authority does not feel as though reductions to vital local public transport services are an appropriate mechanism for achieving the necessary investment to achieve compliance. Whilst the North East Combined Authority has few

stations that could be classified as 'low-use', those that could be are not appropriate for service reductions. Evidence to support this view is listed below:

Heighington

Although Heighington station currently falls some way short of the low-use station threshold it does provide the only public transport offering in the immediate area and significantly is adjacent to the Hitachi train plant currently under construction. At start up the factory will have in excess of 500 employees working a single shift system 5-days a week but will develop to a multi-shift system as the operation expands. The station forms part of that business' travel plan and we anticipate significant growth in traffic as a result. To further encourage travel by train to Hitachi and the surrounding industrial estate, Durham County Council are also working with Northern on options for train timetable improvement and improved pedestrian access from the station to the works gatehouse. Even a modest 5% of Hitachi employees travelling by train will see usage at the station grow by nearly 8,000 journeys per annum. Until now the station was on the periphery of the Aycliffe Industrial Estate development but the greater Merchant Place developments including Hitachi plus the Newton Park supply chain development that forms part of the recent successful Regional Growth Fund bid and will put the station at the centre of significant new employment opportunities during the next franchise period.

Dunston & Blaydon

The number of daily services at both of these stations has increased from December 2013 to roughly hourly (Dunston) and every two hours (Blaydon) – an increase from the previous 3 per day and 4 per day respectively. The ORR's station usage statistics should change significantly once these services have had chance to bed in.

Manors & Heworth

Both of these stations provide vital interchange facilities with Tyne & Wear Metro and local bus services, facilitating connectivity between the employment centres in Gateshead, North & South Tyneside and Sunderland with communities in the wider Combined Authority area. If services at these interchanges are reduced, intra-regional connectivity will be adversely affected, making the network less coherent for passengers undertaking multi-modal journeys.

Pegswood, Widdrington, Acklington & Chathill

Services call at these stations twice per day in each direction, providing vital commuter connectivity between these Northumberland communities and the employment centres in Tyne & Wear, Morpeth and Alnwick. These reasonably isolated communities are poorly served by public transport and as such the rail service acts as a lifeline to connect residents to educational and leisure opportunities as well as employment as discussed above. Clearly such a low level of service will never generate high levels of footfall, but the current services are well used and planned future developments at some of these stations will increase patronage. The North East Combined Authority would not support any reduction to the current service frequency. Indeed, paragraph 6.12 of the Consultation Document states "We are not considering line or station closures within this review of the [Northern] franchise design", and it would be impossible to reduce the service at these four stations without resorting to a 'Parliamentary train' scenario which should be avoided.

Furthermore, Northumberland County Council are currently considering proposals to fund the reopening of Belford station, and plans are being considered for the reopening of Gilsland station. Clarity on the future of these schemes will be realised during the Franchise period.

TO3: What are your views on allowing some reduction in the hours ticket offices are open and staffed if this is accompanied by the ability for passengers to have widespread access to ticket buying opportunities (e.g. through new and improved approaches such as smart ticketing, increased advance purchase ticketing or via mobile phones), adequate measures to ensure vulnerable passengers are not disadvantaged and more effective customer service by both station and on-train staff? Do you have any evidence to support your views?

The North East Combined Authority does not consider there to be sufficient information to fully answer this question. Again, there is insufficient detail on the likely scale of any such reduction of ticket office opening hours or whether the proposed alternative ticket buying opportunities would be available throughout the network or concentrated on high-footfall areas. The Combined Authority cannot support any proposal that would see staffing reductions, which is not explicitly stated here but is clearly inferred. Furthermore, ticket offices provide a vital service to those passengers who may be less able to utilise the more technologically-advanced purchasing mechanisms listed in the question, and a reduction in their operation would inevitably act as barrier to such passengers using the rail network. The Combined Authority is concerned that the vital social function of Northern's local services is not being fully considered, and that such proposals may prevent vulnerable individuals from accessing the healthcare, education, employment and leisure opportunities accessible through the rail network. The North East Combined Authority considers the continued implementation of smart ticketing, being delivered locally through the NESTI initiative, is vital for the integration of public transport services and believes that the franchisee should be obligated to engage meaningfully with local delivery bodies to facilitate the introduction to its services.

COM1: How can local communities, local businesses and other organisations be further stimulated to play an active part in the running of Northern and TPE rail services, including at stations?

The North East Combined Authority firmly believes that a publicly-funded rail franchise such as Northern, which operates local services vital to the economic prosperity and social fabric of the region, should be locally accountable and have greater consideration to the current and future requirements of the region when making decisions that may affect its services. The proposed North East Business Unit would deliver these aspirations, with a clearly accountable local governance structure and complimentary local management arrangements within the franchisee. Under the proposals, the client side contract manager would report to the appropriate Leader's committees within the regions, and meet local business community leaders, CRP's, user groups and MPs as required, and would act as client-side champion when engaging with the TransPennine Express franchisee. The implementation of the proposal would allow the North East Combined Authority area to be actively involved in shaping the local rail network to better act as a conduit for economic development, which may involve working alongside the franchisee to deliver improvements and timetable changes.

COM2: What opportunities are there for Community Rail Partnerships to expand their role and range of activities?

There are currently two Community Rail Partnerships in operation in the North East Combined Authority area, namely the Bishop Line CRP and the Tyne Valley CRP. The work undertaken by these organisations to support and grow the railway in their areas is hugely valued and the Combined Authority would support the continued part-funding of their activities by the franchisee. As discussed in our answer to COM1 above, the CRP's in the North East Business Unit area could become active participants through enhanced engagement with the client-side contract manager.

TPF1: Are you aware of any proposals for third party funded changes not already indicated? Please provide details.

The North East Combined Authority is not aware of any further third party funded changes other than those listed in the consultation document. However, it must clarify that the reinstatement of passenger services between Newcastle and Ashington is dependent on the delivery of the required infrastructure. Funding arrangements for the potential train service is still to be determined. The Combined Authority views the reinstatement of services on this route as a priority and is supports its inclusion within the specification.

In the North East Combined Authority area Horden (Peterlee) station is expected to reach GRIP3 by February 2015. Capital costs are entirely third party funded by Durham County Council and the North East LEP Major Transport Scheme fund. Durham County Council will also underwrite any shortfall in revenue for the first 3 years of operation should it be necessary to cover station operating costs. After this operating costs are expected to be covered by revenue generated and should form part of the TOC business case.

The North East Combined Authority is currently investigating the feasibility of reinstating the Leamside line, and its potential benefits to freight generators and operators, local communities currently not served by the rail network and as a means of relieving capacity constraints on the East Coast Mainline between Northallerton and Newcastle. The latter issue is of significant concern for the Combined Authority and it believes continued investment to facilitate the retention and enhancement of all passenger, freight and future High Speed services on the route as being fundamental to the continued connectivity between the North East and the rest of the UK. Whilst the Combined Authority recognises that this issue cannot be addressed through the refranchising programme alone, it is a constituent part of a broader issue of which the DfT Rail Executive should be aware.

FID1: What factors may impact on demand for travel on the new Northern and TPE franchises? Please provide any evidence you may have.

In its Strategic Economic Plan, the North East LEP sets out its vision for delivering 100,000 new jobs by 2024, and to fully close the employment gap between the North East Combined Authority area and the rest of the country (excluding London). The Plan also commits to at least halving the gap between the North East and the rest of the country on GVA per Full Time Equivalent (FTE), private sector employment density, and activity rate.

In order to deliver this vision, we will focus enabling investment on key employment locations, including the urban cores of Newcastle, Gateshead, Sunderland and Durham, the North East Enterprise Zone (including sites on the banks of the Tyne and adjacent to Port of Blyth), the International Advanced Manufacturing Park in Sunderland/South Tyneside, Team Valley Trading Estate and Aycliffe Business Park, industrial sites at the northern entrance to the Tyne Tunnel, and Newcastle International Airport Business Park. This job creation will be supported by a number of strategic housing developments throughout the Combined Authority area. Enabling connectivity between businesses and the skills market will be crucial to facilitating economic growth, and as such is a strategic priority for the Combined Authority.

It is expected that job creation as described above will increase the demand for rail services and subject the current low-frequency routes to crowding pressures. To provide an example, the station at Heighington, on the Bishop Auckland line, will during the course of the next Northern franchise period become part of the expanded Aycliffe Business Park. Hitachi, who are constructing the IEP train fleet for East Coast Mainline operations, have included the rail service as part of their travel plan and significant growth in passenger numbers are expected once the facility and adjacent sites become operational. The current, inconsistent, service between Heighington and the surrounding residential areas will face significant pressure and may act as a barrier between business and the labour market. It is probable that this problem will be replicated in a number of other areas.

DTD1: What are your proposals for providing passengers better and safer access to different modes of transport at stations (including bus, tram, cycling and walking)?

The North East Combined Authority area is unique in that local rail services provide one aspect of a diverse public transport offering serving both major metropolitan areas and small rural communities. The public transport offer includes the Tyne & Wear Metro as well as an extensive local bus network. To enable this network to function optimally, the North East Combined Authority would stress the importance of greater integration between transport modes. The North East Combined Authority, through Nexus, is delivering the NESTI smart ticketing initiative on behalf of all local authorities in the North East of England. Whilst the consultation document does not seek specific views on smart ticketing, the North East Combined Authority looks forward to working alongside the franchisee to further integrate this solution onto local rail services.

In terms of infrastructure, the North East Combined Authority continues to invest to facilitate greater integration between transport modes. The £389m Metro: all change programme is renewing and modernising the Tyne and Wear Metro system, used by 38 million passengers a year in and around Tyne and Wear. Further investment has been undertaken to modernise the below-ground platform areas at Sunderland station and to revitalise the passenger environs at Newcastle Central Station. Authorities within the Combined Authority intend to continue investing in local rail infrastructure and have plans in various stages of delivery for both of the aforementioned sites.

A package of capital works intended to complement current Local Sustainable Transport Fund (LSTF) revenue expenditure has recently been funded via our Strategic Economic Plan. The package contains funding to improve sustainable travel infrastructure at 4 key heavy rail stations in our area; Morpeth, Newcastle Central, Sunderland and Durham.

In addition to this investment an allocation has been made to improve Newcastle Central Metro station, and its linkages with the key regional gateway that is Newcastle Central station.

DTD2: How do you suggest your proposals to improve the door-to-door journey experience might be funded?

TPE1: What are your views on the degree of flexibility proposed for the train service specification for the new TPE franchise? Do you have any evidence to support your views?

The inter-regional connectivity provided by the TransPennine Express franchise is vital to the continued economic prosperity of the North East Combined Authority. The services currently delivered by the franchise provide the majority of direct connections between our key urban centres and the Core Cities of Leeds, Manchester and Liverpool. The North East Rail Statement identifies the continuation of these services as fundamental to the region's rail connectivity aspirations over the next 15 years. Indeed, the North East Combined Authority would suggest that these services cannot be viewed as merely supplementing the local commuter service, as they may be in other areas of the North of England, instead they deliver a fundamental link to key markets .

The Rail North Long Term Rail Strategy supports the continued connectivity between these Core Cities and Newcastle, noting that ‘..These cities should be linked by fast high quality services providing high frequency connectivity, the highest standards applicable nationally in terms of customer amenity, and at journey times significantly better than those achievable by road (as measured centre to centre, in off-peak periods)..’.

With this in mind, the North East Combined Authority is reluctant to support any changes to the train service specification which may reduce the number of services at our stations. If the DfT proceed with this proposal, the North East Combined Authority would seek, as a minimum, the protection of all existing service frequencies and calling patterns at North East stations and would strongly support the introduction of additional services which serve to improve the frequency between the Combined Authority area and Leeds, Manchester and Liverpool.

TPE2: Where, if anywhere, would you like to see any changes to first and last trains on the TPE network and why? Do you have any evidence to support this?

The North East Combined Authority would seek improvements to early and late services at Chester-le-Street. Whilst the first and last services Monday-Saturday services are reasonable, providing two pre-09:00 arrivals into Newcastle for example, the first Newcastle-bound service on a Sunday does not arrive at its destination until 10:15. Southbound services from Chester-le-Street are less satisfactory still, with the first service not departing until 10:13, arriving in York at 11:13 and Manchester Victoria at 12:35. The last southbound service on a Sunday departs at 18:14. As Rail North observe in their Long Term Rail Strategy, the UK now has a truly seven day economy, and connecting residents in areas such as Chester-le-Street into main employment centres for retail and services such as Newcastle is fundamental for the continued growth of the economy both locally and across the UK.

TPE3: Where, if anywhere, would you like to see any changes to weekend trains on the TPE network and why? Do you have any evidence to support this?

The North East Combined Authority's concerns regarding weekend services at Chester-le-Street have been documented in our response to TPE2 above, and its thoughts on the options for the North TransPennine route detailed in NTP1 below should apply to Sundays as well as Monday-Saturday.

NTP1: What factors do you consider should be taken into account in the assessment of the North TransPennine route options, in particular in the balance of crowding, frequency, journey time and connectivity benefits? What evidence do you have in relation to any of these options?

The North East Combined Authority strongly supports the introduction of a sixth train per hour on the North TransPennine route. The Combined Authority is of the firm belief that a second hourly service to Newcastle, as suggested in 4.11 of the consultation document, would deliver tangible economic and social benefits to the region, and be commercially attractive the franchisee. This belief is supported by the attached study, conducted on behalf of Rail North, which examined the options for the North TransPennine timetable post-electrification. Of the options examined, N6, which included two services to Newcastle per hour, was found to deliver the most benefit. Furthermore, the reduced journey times delivered by the Government's investment in the electrification of the route, and the increased capacity and rolling stock quality delivered as a consequence, is likely to significantly increase demand from business and leisure travellers, which will support the delivery of the Combined Authority's economic growth strategy. Furthermore, if a second hourly service delivered improved frequencies at Chester-le-Street, which currently has a two-hourly service, it would serve to support the area's growth as an employment destination and benefit commuters from the surrounding residential areas into Newcastle and Durham, reducing the peak time crowding currently experienced and removing the barrier to modal shift.

NTP2: Are there other options for any additional North TransPennine services that you would put forward for consideration? What evidence do you have in relation to any of these options?

On the condition that existing service patterns, station calls and frequencies were not adversely affected, the North East Combined Authority would support any proposal to extend TransPennine Express services north of Newcastle to serve destinations in Northumberland. This would enhance the existing hourly Northern services to Morpeth and provide greater connectivity to key markets in the wider region.

NTP3: Do you consider that the ITT should specify which services should terminate at Liverpool or Manchester Airport on the North TransPennine route, or should the choice of destination be left to bidders' commercial decisions, and what are your reasons? What evidence do you have in relation to any of these options?

The North East Combined Authority remains concerned that direct connections from Newcastle, Chester-le-Street and Durham to Manchester Airport were lost as a result of the May 2014 timetable changes. The Rail North Long Term Rail Strategy emphasises the importance of Manchester Airport to the North of England generally, and reminded the reader that growth forecasts for rail patronage to Manchester Airport predict an increase over and above that of growth on the transpennine corridor generally. It cannot be acceptable that one of the North's five largest cities remains without

a regular direct rail connection to the North's intercontinental air hub, whilst direct links to less economically significant urban centres are retained. The North East Combined Authority would strongly suggest that, if a sixth hourly North TransPennine service is provided, that it is used to re-introduce this direct connection, and would seek the general improvement of direct links between Newcastle and Manchester Airport regardless.

NTP4: What factors do you consider should be taken into account in the assessment of the options for Hull, Middlesbrough and Scarborough services? What evidence do you have in relation to any of these options?

The North East Combined Authority declines to comment.

NTP5: Are there other options for Hull, Middlesbrough and Scarborough services that you would put forward for consideration? What evidence do you have in relation to any of these options?

The North East Combined Authority declines to comment.

NTP6: What factors do you consider should be taken into account in the assessment of whether or not to reduce calls at Stalybridge and Garforth? What evidence do you have in relation to this?

Whilst the North East Combined Authority recognises the importance of TransPennine Express calls at stations such as Stalybridge and Garforth to support the commuting and leisure offer into nearby metropolitan areas, it would stress that demand between such centres and the North East Combined Authority area is low, and as such would prefer if journeys from the North East to key markets in Leeds, Manchester and Liverpool are not lengthened by calls at such intermediate stations.

STP1: What factors do you consider should be taken into account in the assessment of the option to specify one additional train per hour on the South TransPennine route, in particular in the balance of crowding, frequency, journey time and connectivity benefits?

Whilst the North East Combined Authority would not seek to offer any specific comment on the options for such a service, it would make DfT Rail Executive aware that long distance high speed and freight services using the East Coast Mainline are fundamentally important to the current and future economic prosperity of the Combined Authority area. The Combined Authority would be wary of any increased local services utilising the mainline and would seek assurance from Network Rail that these could be accommodated without detrimentally affecting current and future long distance and freight capacity requirements.

STP2: What factors do you consider should be taken into account in the assessment of the remapping and South Humberside connectivity options? Please provide any evidence you may have.

The North East Combined Authority declines to comment.

STP3: In particular, what factors do you think should be taken into account in the considering the case for replacing TPE services between Doncaster and Cleethorpes with a service operated by Northern? Please provide any evidence you may have.

The North East Combined Authority declines to comment.

STP4: Are there any other options that you would put forward for consideration? Please provide any evidence you may have.

The North East Combined Authority declines to comment.

STP5: If the ITT were to specify a third South TransPennine service via Stockport, or remapping the EMT service to TPE, do you consider that it should specify which of these services should terminate at Manchester Airport or Liverpool or should this be left to bidders' commercial decisions, and what are your reasons? Please provide any evidence you may have.

The North East Combined Authority declines to comment.

NW1: What factors do you consider should be taken into account in the assessment of the North West remapping options for Blackpool North, Windermere and Barrow-in-Furness services? What evidence do you have in relation to any of these options?

The North East Combined Authority declines to comment.

NW2: What factors do you consider should be taken into account in the assessment of the Barrow and Windermere connectivity options? What evidence do you have in relation to any of these options?

The North East Combined Authority declines to comment.

NW3: What factors do you consider should be taken into account in the assessment of the options for Anglo-Scottish services? What evidence do you have in relation to any of these options?

Whilst the North East Combined Authority does not seek to offer thoughts on the specific Anglo-Scottish TransPennine Express options presented in the Consultation Document, as an authority neighbouring Scotland we are acutely aware of the need for greater cross-border connectivity. Stronger transport links between North East England and Scotland would open new markets and improve the often lengthy journey times between the North East's main centres and key urban areas in Scotland. This would facilitate improved access to healthcare, leisure and education opportunities in both areas. Despite this, as of 2016 the North East Combined Authority will likely lose its direct link to Glasgow via the Tyne Valley. The Combined Authority wishes to stress the importance of coherent connections between Northern's services and long distance services to Scotland on both the East Coast Mainline and the West Coast Mainline at Carlisle. The importance of these connections would be taken into greater consideration should the North East Business Unit proposals be realised.

NTSR1: Please indicate, with evidence where available, where passengers would be better served, and revenue increased, by:

- **Reducing the number of calls at low-use stations?**

The North East Combined Authority's thoughts on low-use stations have been documented in our response to question TO2 above. In many cases, the station usage figures which classify these

stations as 'low-use' are inappropriate and this should be understood when developing service frequencies for those stations. At others, poor service frequencies are the underlying reason behind low usage, and it would seem counter-productive to the aim of better serving passengers and raising revenue for these services to be reduced further. In many cases, the Northern rail service provides the primary public transport mode to the communities served by those stations.

- **Increasing frequencies on busier sections of routes or at busier times?**

Evidence from Network Rail's Regional Urban Market Study confirms local experience of severe overcrowding on peak-time services on both the Tyne Valley and Durham Coast routes into Tyne & Wear. On the former route, some afternoon peak departures are estimated to operate with passenger loadings of 158% of seated capacity. Morning peak services are similarly overcrowded. Such loading levels present significant passenger satisfaction challenges and may be acting as a deterrent to rail travel generally. Existing service patterns serve to exacerbate this problem. On the Tyne Valley route in the morning peak, there is a 1hr 10m gap between Newcastle arrivals, serving to concentrate demand on the later service. On the Durham Coast route, there are only two services into Newcastle from Middlesbrough prior to 9am, one of which arrives at 08:58. These inefficient peak services clearly need addressing as a matter of urgency and the North East Combined Authority would seek their resolution as part of any new timetable produced by the new franchisee. If a more sensible level of peak capacity is delivered, it would encourage patronage growth and increase the revenue stream to the franchisee.

In addition, the North East Combined Authority is seeking both peak and off-peak frequency enhancements on local routes. Securing a half-hourly frequency on the Durham Coast route between Tyne & Wear and Middlesbrough is a priority for the Combined Authority. The Combined Authority would seek consideration of services along the Durham Coast route being extended to York, capacity permitting and possibly planned alongside Grand Central services to provide an hourly direct service. This would remove the journey time penalties currently experienced by passengers having to change at Thornaby for access to southbound long-distance services. Such enhancements would deliver improved connectivity between communities in East Durham, many of which are subject to economic deprivation, and the employment opportunities in Tyne & Wear and Tees Valley and the key economic markets accessible through long distance services provided by East Coast, Grand Central and Cross Country. Enhancements would also serve to improve connectivity between the urban centres at each end of the route, for which rail travel is currently uncompetitive with road in terms of journey time, and enhance connections with long-distance services from Newcastle, Sunderland and Middlesbrough.

Similarly on the Tyne Valley route, the North East Combined Authority would seek the introduction of a second hourly connection between Newcastle and Carlisle. Ideally, one of these services would serve all stations and the second would provide a faster 'express' service calling only at key centres.

These enhancements would significantly improve the offer to passengers, making rail a more attractive proposition for both business and leisure use and enhance connectivity, both between communities throughout the region, and between centres of employment and the labour market. If local rail services are made more competitive with road transport, the North East Combined Authority believes it would not only benefit the local economy, but allow the North East to contribute positively towards continued revenue growth within the franchise.

- **Speeding-up the service for longer-distance passengers?**

As discussed elsewhere in this response, journey times on rail services in the North East Combined Authority area, both intra and inter-regionally, are poor. Uncompetitive journey times between Tyne & Wear and Middlesbrough have already been illustrated in this response, but rail journeys between Tyne & Wear and Cumbria via the Tyne Valley line are also slow. Connections between other centres in the region, for example Sunderland to Darlington, Middlesbrough to Morpeth, require at least one change. These weaknesses are a function of infrastructure constraints, rolling stock characteristics, and service patterns. Whilst the North East Combined Authority will work with Network Rail to seek improvements to the former, it is seeking improvements in both rolling stock and service patterns through the refranchising process. Whilst additional, 'express' type services would be welcomed to reduce these longer-distance journey times (albeit not at the expense of existing calls at lower use stations), the North East Business Unit would facilitate local expertise and economic strategy being utilised to configure the network to truly serve the region.

- **Improving connections with other services where there is evident demand?**

As previously discussed, onward connections to other local and inter-regional rail services are of crucial importance to passengers in the Combined Authority area. The North East's primary rail connection to the rest of the country is the East Coast Mainline, which provides for services linking the Combined Authority area to London, Edinburgh, Leeds, Manchester and Liverpool amongst others. It is crucial therefore that local services provide efficient, simple connections into stations on the mainline, and to main destinations off the core route, such as Middlesbrough/Thornaby. Currently, Northern services on the Durham Coast route do not interact sensibly with TransPennine Express services at the connection node at Thornaby. This inefficiency adds significantly to journey times of passengers travelling from Durham Coast stations to key destinations including York. If this and similar connections could be made more passenger-friendly, revenue could be grown through enhancing the attractiveness of rail as a genuine alternative to road travel. Utilising local knowledge through an established North East Business Unit would facilitate improved connections through joint planning of timetables with the franchisee.

- **Adjusting train services to meet seasonal changes in demand?**

Whilst the North East Combined Authority is not seeking specific seasonal service enhancements, demand for access to the many leisure attractions in the authority area inevitably rises during the spring and summer months. The Combined Authority believes that the rail service should be sufficiently attractive and accessible to permit passengers seeing it as a realistic option for their travel requirements.

- **Adjusting the time of the first/last train?**

The North East Combined Authority would not support adjusting the times which would result in later first trains and earlier late trains. Any such reduction in the operational day would clearly not be in the interests of passengers or secure any increased revenue. Making first trains earlier and/or making last trains later would clearly improve service levels and would therefore better serve passengers and, provided that it generated more patronage, increase revenue. There are particular

needs for later evening departures from Newcastle on the Tyne Valley line, between Newcastle and Morpeth and along the Durham Coast. The last train on the Morpeth route departs Newcastle at 22:00, making rail travel unattractive for passengers using the many leisure facilities in the city centre. The last service to Hexham is only slightly more attractive at 22:35. Services on Saturdays are considerably worse, with the last departure from Newcastle to Morpeth at 20:20 and to Hexham at 21:18. The North East Combined Authority believes that late Saturday services should be aligned with the Monday-Friday service as they are elsewhere. On Sundays there are no services at all on the route to Morpeth and the last train to Hexham departs at 20:15. The absence of later evening services along the Durham Coast is a barrier to the use of rail. The Combined Authority, however, expects the franchisee to exploit any opportunities provided by re-signalling schemes whereby the functions of signal boxes along the route are taken over by the regional signalling centre. As discussed elsewhere in this response, the Northern rail service has simply not kept pace with the developing seven-day economy of the UK, and is a considerable barrier for passengers wishing to access employment and leisure facilities at weekends. If the North East Combined Authority is to achieve its economic development objectives, it must have a public transport network that facilitates access between its residential and employment centres throughout the week.

NTSR2: Please set out, with evidence where available, any other approaches that might improve route utilisation and make better use of existing resources on the Northern franchise.

As we have stated throughout this response, the North East Combined Authority does not believe that the local rail network is configured to facilitate optimum economic benefit to the region it serves. Whilst existing rail services facilitate connectivity between major centres and outlying towns and rural communities, which serves a vital economic and social purpose, we are of the belief that local rail could deliver more through local input and oversight of franchise management and strategic direction. For this reason, the North East is proposing the creation of a dedicated Business Unit within the Northern franchise. If created, the North East Business Unit would work alongside the franchisee to improve the utilisation of the local routes and resources to align their delivery to our economic development strategy.

NTSR3: Please indicate, with evidence where available, where services should be improved on weekends, resources permitting.

As discussed in our response to NTSR1 above, weekend services on the local Northern network do not facilitate participation in a seven-day economy. Last services from Newcastle on key routes are early and unattractive to passengers using leisure facilities in the city centre. By comparison, the parallel commercial bus service along the Tyne Valley runs until 23:00 seven days per week, with late services often heavily loaded.

The North East Combined Authority believes that the route to Morpeth should be better served on Sundays. The population of Cramlington, an intermediate call on the route, has a population over twice that of, for example, Garforth, but receives no Sunday rail service compared to the hourly service (with services departing Leeds until 22:43) received by Garforth.

There is also evidence of crowding on weekend trains on the Tyne Valley line, particularly when there are events in Newcastle (e.g. football matches, concerts etc) or elsewhere (e.g. country fairs

etc) to the extent that passengers cannot board trains bound for Newcastle at stations nearest the city.

NTRS4: Please indicate, with evidence where available, where weekend services provide poor value for the subsidy required to operate them.

NTRS5: What are your views on retaining the route from Cleethorpes and Grimsby to Barton-on-Humber within the Northern franchise? What evidence do you have to support your views?

The North East Combined Authority declines to comment.

OTH1: Do you have any other views on the future of the Northern and TPE franchises that you wish to set out?

The North East Combined Authority welcomes recognition that rolling stock quality on Northern services needs to be improved. As illustrated in the consultation document, Rail North's Long Term Rail Strategy and the North East Rail Statement, quality of rolling stock is a major source of dissatisfaction to passengers. In the North East Combined Authority area, this exacerbates existing issues such as poor journey times and service frequencies articulated in this response, to cumulatively act as a significant deterrent to modal shift. Whilst the North East Combined Authority would stress that it would not welcome service reductions to facilitate rolling stock improvements, it would suggest that the relatively self-contained rail network of the North East may provide an opportunity to invest in improved quality stock and deliver a transformational change throughout the entirety of the local network.

The North East Combined Authority wishes to express concern at the indication set out in the Consultation Document that timetables would not be specified, rather that there would be a less prescriptive approach, specifying length of operating day, minimum train frequency, minimum number of calls at each station etc. The Authority is concerned that this approach, particularly that of minimum number of calls at each station, could be used by the franchisee to reduce services at vital times to the detriment of passengers.

The North East Combined Authority is concerned by the inconsistent provision of station facilities in the Northern franchise. Whilst some stations are both fully accessible and provide good quality real-time information, others are extremely basic and offer inadequate information and security to passengers. The Combined Authority is concerned that low quality stations contribute to dissatisfaction felt by passengers when using the Northern service and act as another barrier to modal shift.

The North East Combined Authority has referred to the North East Business Unit proposal throughout this response as a means of securing meaningful local influence over the direction and delivery of local rail services. As recognised by the Consultation Document, the North East has a largely self-contained local network which shares infrastructure with the Tyne & Wear Metro. This is one of a number of factors which may, over the duration of the Franchise Period, give rise to a wider debate around the future of both light and heavy rail services in the region. As this debate matures, input from the Northern Franchisee would be vital in informing any position on this matter. The North East Combined Authority would seek that the Franchisee is obliged to discuss this matter with

it, the other North East authorities, DfT and Rail North (through the Business Unit) at the appropriate time.

North East Combined Authority

Transport North East Committee

DATE: 29th July 2014

SUBJECT: Rail North: Influencing the Future of Northern and TransPennine Rail Services

REPORT OF: Lead Chief Executive - Transport

EXECUTIVE SUMMARY

This paper updates the Combined Authority on the joint working taking place between Local Transport Authorities in the North of England and the Department for Transport (DfT), aimed at securing efficient local rail services to support economic growth and to increase the influence of the North of England over the Northern and TransPennine rail franchises.

RECOMMENDATIONS

It is recommended that the Committee:

- a) Note progress on the development of Rail North;
- b) Authorise officers from Nexus and the Combined Authority/LEP Transport Team to continue to work proactively with Rail North, the Department for Transport, and other Local Transport Authorities on behalf of the North East Combined Authority to further develop proposals;
- c) Agree to participate in the Rail North Special Purpose Vehicle (subject to the Monitoring Officer, Head of Paid Service and Chief Finance Officer being satisfied in relation to any risks or costs arising which may affect the Combined Authority); and
- d) Agree that the Chair of the Transport North East Committee represent the North East Combined Authority on the Association of Local Transport Authorities and the Rail North Special Purpose Vehicle and to continue to develop the partnership structures with the DfT.

North East Combined Authority

Transport North East Committee

1 Background Information

1.1 Local passenger rail services in the North East are provided by two franchised rail operators, Northern Rail and TransPennine Express.

1.2 Northern Rail provide services across the whole of Northern England which include, for this region:

- a) passenger trains between Carlisle and Newcastle via Hexham;
- b) local northbound services to Morpeth and Chathill using the East Coast Main Line; and
- c) an important intra-regional link between Newcastle and Middlesbrough, via Sunderland and communities on the Durham coast.

(A map of the Northern Rail network is included as Appendix 1).

1.3 TransPennine Express offers one train per hour connecting Newcastle with Liverpool via Leeds and Manchester. The service also provides calls at Chester-le-Street (the only regular provision at the station) and Durham.

1.4 These franchises are due to expire in February 2016 and the Department for Transport (Jointly with Rail North) is presently consulting on the future specification for the franchises – this consultation ends on 18th August.

1.5 The North East Combined Authority, and Nexus, have been working with other Local Transport Authorities (LTAs), across the North of England on proposals to decentralise the specification, letting and management of rail franchises and how these proposals could be implemented for the Northern and TransPennine franchises.

1.6 Rail North was established as a ‘brand name’ and shadow organisation to represent the LTAs in the North of England and to take forward these proposals with central government.

1.7 The imminent re-franchising of the two franchises creates a unique opportunity for LTAs to take a positive role in shaping of the future pattern of local rail services across Northern England, in collaboration with the DfT. This will allow LTAs to influence the development of the franchises in a way that better reflects the evidenced economic needs of the North, and to secure stronger local democratic control of local rail services.

1.8. There are however risks that reductions to the subsidies available for these services could present difficult issues for the region, and it will be important to secure a strong level of influence within these arrangements to mitigate these risks as far as possible.

1.9 This report provides an update on the progress made so far with Rail North and highlights the next key steps to be taken to deliver greater control of these franchises to the North of England.

2 Rail Devolution and the Long Term Rail Strategy

2.1 The Rail Devolution proposition was developed and submitted to the Department of Transport in 2013. At its heart are three main objectives; supporting economic growth, improving the quality of the railway and making the railway more efficient.

2.2 To underpin the proposition, Rail North commissioned, for the first time, the development of a Long Term Rail Strategy for the North of England. Whilst devolution primarily focuses on the Northern and TransPennine passenger rail franchises, the long term strategy covers all operators and freight.

2.3 A copy of the draft strategy can be found at www.railnorth.org/strategy. The strategy places economic growth at its heart and has the following priorities for enhancing rail across the north:

- Connectivity
- Capacity
- Coherence
- Cost effectiveness

3 Rail Franchise Renewal

3.1 It was envisaged that the devolution proposals would commence at the start of the new Northern and TransPennine franchises in February 2016.

3.2 In November 2013, the Secretary of State for Transport responded to Rail North's proposal for full devolution, with the offer of a partnership arrangement with the DfT as way of phasing in full devolution. The partnership will apply to the new franchises and has two main elements:

- The specification and procurement of the new Northern and TransPennine franchises; and
- The development of a full Rail North/DfT partnership for managing the two franchises once let.

4 Franchise Specification

4.1 Both DfT and Rail North have a shared objective to support economic growth. However, the DfT is placing significant emphasis on the affordability of the relatively high levels of subsidy for Northern and TransPennine (across both franchises, public subsidy amounts to around 50% of the costs). They are of the view that significant efficiencies will be needed if the growth is to be affordable and have suggested that, where there are aspirations for improved quality and extra services, these would need to be offset by “trade-offs”, which might comprise increased fares, reduced frequencies at low-footfall stations and reductions in the hours of opening at station ticket offices (although no outright line or station closures are contemplated).

4.2 Following the consultation, an announcement will be made of a pre-qualified short list of bidders and then the publication of the Invitation to Tender at the end of the year. Whilst the procurement will be led by the DfT with ultimate responsibility resting with the Secretary of State, Rail North is working closely with DfT on the specification and procurement of the new franchises, key features of which include:

;

- Delivering a more customer facing service;
- Improving performance including a more consistent delivery of peak capacity;
- Supporting the delivery of new services;
- Improving the quality and quantity of rolling stock; and
- Improving station facilities.

4.3 Given the priority placed on improving the standards of rolling stock across the north, Rail North has commissioned a detailed package of work on alternative options for rolling stock financing and procurement. DfT have been supportive of this work as an alternative option for bidders to consider alongside the more traditional Rolling Stock Company model. Early indications are that the access to cheaper finance would considerably narrow the gap between the cost of older rolling stock and the cost of new or significantly refurbished stock.

4.4 There is, however, a risk to our aspirations for the new franchise. Building upon the previous McNulty Report (May 2011), which identified a 40% “efficiency gap” in the UK rail sector (benchmarked against European comparators) and sought a 30% reduction in unit costs by 2018-19, the Department for Transport is seeking efficiency savings in the cost of running the new franchises, especially with regard to Northern Rail, which has the highest subsidy per passenger mile of any franchise managed by the Rail Executive.

4.5 It is a significant possibility, therefore, that the DfT’s affordability objectives for the franchise and the North East’s aspirations do not align and that service enhancements may not be achieved – indeed, that even the current level of service, particularly for the Northern franchise, will not be maintained. It will be important to emphasise that both franchises play an important role in supporting economic growth throughout the NECA area (together with the rest of the north of England). Increasing fares would worsen social exclusion and damage aspirations for passenger growth (whilst adding more cars to our roads), whilst staffing levels at Northern Rail stations in this area are already low and we do not wish to see them reduced further as part of curtailment of station ticket office opening hours.

5 Development of a partnership with the Department for Transport

5.1 The shared objectives that will underpin the Partnership include;

- Growing the railway to maximise benefits of infrastructure investment and linking this to railway efficiencies
- Having a platform for determining investment priorities with the partnership;
- Risk and reward sharing between members of the partnership with potential for profit-sharing mechanisms allowing re-investment into rail services;
- A partnership structure that allows the balance of risk to change over time

5.2 The partnership principles document agreed by the Secretary of State and Rail North Leaders on 24th January provides for;

- Collaborative working on franchise design and procurement but

North East Combined Authority

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recognises that the Secretary of State will be responsible for final decisions and the letting of the franchises;

- Development of single integrated partnership structure with substantial decision-making authority to manage the franchises

5.3 Rail North officers are currently in discussion with DfT officials to, amongst other things, develop a governance structure for the partnership. The indicative timescale for Rail North Ltd to be legally constituted is possibly by the end of July, with members joining when the decision making process is completed.

5.4 The proposed partnership to be established between the DfT and Rail North is formed of three layers:

- An Association of Local Transport Authorities (LTAs) consisting of 30 LTAs in the North and governed by a Leaders' Committee;
- A Special Purpose Vehicle being a company limited by guarantee to be called Rail North Limited; and
- An incorporated Joint Venture or Partnership established with arrangements between the DfT and Rail North Limited.

5.5 The work of Rail North is currently overseen by the Leaders of the 30 LTAs involved. In order to progress the devolution partnership, it is necessary to move to a formal governance structure for Rail North. This will provide confidence and certainty to both the DfT and potential bidders for the new franchises.

5.6 Along with the other former PTE areas, Nexus has provided a financial contribution towards the work of Rail North to date. This contribution has been weighted by the rail geography in each area. It is likely that there will be a small cost, approximately £36,000 pa, involved with establishing and running the association and Rail North Ltd. It is envisaged that this cost will be split between members proportionate to the weighted voting share.

6 North East Business Unit

6.1 The TPE and Northern Rail public consultation document states that bidders may be required to set out plans to establish a North East Business Unit within the Northern franchise. Discussions are in progress in relation to the development of firm proposals for such a Business Unit, which would deliver real and meaningful influence over the delivery of local rail services in the North East. Officers are working closely with colleagues from the Tees

North East Combined Authority

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Valley to develop a proposition and a report will be brought to a future meeting of the Transport North East Committee.

6.2 It will be vital to ensure that any North East Business Unit arrangements are complementary to the partnership structure established between DfT and Rail North to manage the wider Northern franchise.

7 Future Engagement

7.1 To enable this region to play an active role in shaping the new franchises and ensure the new pattern of rail service provision contributes more fully to our transport objectives, it is proposed that officers from Nexus and the Combined Authority/LEP Transport Team continue to work proactively with Rail North, the Department for Transport, and other Local Transport Authorities on behalf of the North East Combined Authority to further develop proposals.

7.2 Following agreement by the North East Leadership Board that the NECA will join the Association of Local Transport Authorities. The next step is to consider participation in the Rail North Special Purpose Vehicle.

8 Next steps on Rail Devolution

8.1 The next steps and planned timescales are as follows:

Rail North Governance proposals finalised	July 2014
Long Term Rail Strategy agreed by Leaders	Summer 2014
Detailed franchise specification developed	June/September 2014
Shortlist of bidders announced	August 2014
Rail North Ltd and DfT partnership established	Autumn 2014
Full Invitation to Tender issued	End 2014
New franchises commence	February 2016

9 Potential Impact on Objectives

9.1 Successful participation in Rail North and securing of an improved service through the new franchises will assist the Combined Authority in delivering its objective to maximise the area's opportunities and potential.

10 Finance and Other Resources

10.1 It is likely that there will be a small cost, approximately £36,000 pa, involved with establishing and running the association and Rail North Ltd. It is envisaged that this cost will be split between members proportionate to the weighted voting share.

11 Legal

11.1 There are no specific legal implications arising directly from this report but this is subject to the need to review the detail of the proposals as they develop.

12 Other Considerations

12.1 Consultation/Community Engagement

There are no specific Consultation/Community Engagement implications arising from this report.

12.2 Human Rights

There are no specific Human Rights implications arising from this report.

12.3 Equalities and Diversity

There are no specific Equalities and Diversity implications arising from this report.

12.4 Risk Management

There are no specific Risk Management implications arising from this report.

12.5 Crime and Disorder

There are no specific Crime and Disorder implications arising from this report
Environment and Sustainability

12 Background Documents

12.1 Draft Long Term Rail Strategy: <http://www.railnorth.org/strategy/>

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13 Links to Plans in the Policy Framework

13.1 This report links to the North East's Strategic Economic Plan (SEP) where better rail services are identified as a key priority for the wider area.

14 Appendices

14.1 Appendix 1 – map of Northern Rail network.

15 Contact Officers

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Sign Off

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

Transport North East Committee

Legend

- Selected stations
- Northern Rail Network

PTE

- Greater Manchester
- Merseyside
- South Yorkshire
- Tyne and Wear
- West Yorkshire

North East Combined Authority

Transport North East Committee

DATE: 29 July 2014

SUBJECT: Capital Programme 2014/15 – Monitoring Report

REPORT OF: Chief Finance Officer

EXECUTIVE SUMMARY

This report provides the Transport North East Committee with a progress update in relation to delivery of the transport related capital programme for 2014/15. This is a requirement of the NECA constitution and is a function delegated to TNEC.

RECOMMENDATIONS

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

North East Combined Authority

Transport North East Committee

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 capital programme for 2014/15. This is a requirement of the NECA constitution and is a function delegated to TNEC.

1.2 The capital programme for the year totals £73m taking into account any slippage from the previous year. The projected outturn is just over £71m, although these estimates will be revised further during the 2014/15 year. Details of the various elements making up the capital programme are presented in the narrative below.

2 Background Information

2.1 At its meeting held on 29 April 2014, the Combined Authority received a report from the Chief Finance Officer setting out the Authority's proposed base net budget of £89.73m for 2014/15 as well as a base Capital Programme for 2014/15 of up to £66m.

2.2 In this report, the Leadership Board acknowledged that the bulk of the capital programme for 2014/15 relates to transport.

3 Transport Capital Programme 2014/15

3.1 The table below summarises the Transport Capital Programme for 2014/15 with expenditure to date and projected outturn. Each element is set out in more detail in the following paragraphs and the appendices.

North East Combined Authority

Transport North East Committee

	Original Approved Budget	Latest Approved Budget	Projected Outturn 2014/15	Q1 Spend 2014/15
	£m	£m	£m	£m
Metro Asset Renewal Plan	38.685	43.289	41.918	3.084
Tyne Tunnels	3.500	4.500	4.000	0.543
Transport Grants	23.859	25.278	25.278	4.823
Total	66.044	73.067	71.196	8.450

3.2 Metro Asset Renewal Plan (ARP)

This reflects the fifth 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.

The ITA approved the Metro Asset Renewal Programme for 2014/15 in January 2014 totalling £38.685m to DfT. Following finalisation of the outturn and further changes to the programme, the Metro ARP capital programme was revised to a new level of £43.335m, with the increase relating largely to slippage from 2013/14 together with the potential acceleration of projects into 2014/15 to ensure spending targets for 2014/15 are achieved.

Expenditure as at the end of the second four week period of 2014/15 is £3.084m, as detailed in Appendix A. This represents almost 10% of the target DfT spend for the year of £33.628m.

The forecast for the year is £41.918m which, although slightly lower than the revised budget (when overprogramming is taken into account), is comfortably in excess of the minimum expenditure target for grant purposes for 2014/15 of £30.184m and the target spend of £33.628m in relation to the grant offer from DfT for 2014/15 (prior to any virement adjustment which are allowable under the terms and conditions of Metro Rail Grant). This Key Performance Indicator (KPI) is monitored on a four weekly basis and reported to both the Nexus Board and DfT. Experience of delivery during the previous four year shows that over-programming levels reduce during the course of the year as efficiencies are delivered and/or projects are re-phased in order that

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expenditure levels are contained within the agreed DfT funding envelope. 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).

In managing over-programming, Nexus plans to achieve an out-turn spending at the year end within the grant funding parameters set by DfT whilst maximising cost effectiveness and benefits realised by the programme.

A range of outputs are proposed for delivery during the course of the fifth year of the Metro Asset Renewal Plan. To the end of the second four week period the following key projects have been delivered: -

- Further progress with the Metro car refurbishment project (with 53 cars now completely refurbished);
- Further progress towards the implementation of the Ducting, Cable and Fibre replacement projects;
- Progress towards implementation of various ICT projects, including the tender award relating to the safety critical radio project;
- Commencement of the installation of a new fire alarm system for the Metro system;
- Progress towards refurbishment works at stations, including completion of Walkergate station.

By the end of 2014/15, delivery will have translated into:-

- An anticipated 80 metro cars completely refurbished;
- Completion of Ducting, Cable and Fibre replacement projects;
- Completion of earthworks and outstanding track replacement works in the Central Corridor from South Gosforth to Jesmond;
- Completion of on-going Station refurbishment including works at Walkergate, Hebburn, Jarrow and Bede stations;
- Completion of various lift and escalator works including new escalators at Gateshead and Heworth and new lifts at Manors and Jesmond;
- Acquisition of specialist vehicles to allow the Overhead Line System to start to be replaced from 2015/16;
- Progress towards the implementation of the Radio project.

Quarter 2

Over the next quarter – to Period 6 of the Nexus 4 weekly review and reporting cycle – the ARP Cost-Loaded Programme show the following

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expenditure profile:

Expenditure	YTD	Period 3 Forecast	Period 4 Forecast	Period 5 Forecast	Period 6 Forecast
	£m	£m	£m	£m	£m
In-Period Spend	-	1.894	2.756	2.417	3.025
Cumulative Spend	3.084	4.978	7.734	10.151	13.176

Key activities in Quarter 2:

- Detailed design work progressing for the replacement Radio System;
- Signalling and Communications cable duct route remedial work to finish in the Jesmond to South Gosforth corridor;
- Commencement of the procurement process for the replacement PTI system. This provides train route setting and associated functions;
- Fire alarm replacement work continuing – planned completion February 2015;
- Station improvement work continuing at Hebburn, Jarrow and Bede – planned for completion in October 2014;
- Lift replacement commencing at Manors and Jesmond Stations;
- Refurbishment of Marmion Terrace footbridge – Monkseaton. Bridge to be lifted out on 20 July;
- Continuation of the Metro Car refurbishment programme.

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3.3 Tyne Tunnels Capital Programme

There are two main elements to the Tyne Tunnels capital programme: the refurbishment works of the Pedestrian and Cycle Tunnels which commenced in 2013, and residual costs and works in relation to the major New Tyne Crossing project to construct the new vehicle tunnel.

	Original Approved Budget	Latest Approved Budget	Projected Outturn 2014/15	Q1 Spend 2014/15
	£m	£m	£m	£m
Pedestrian and Cycle Tunnels	3.000	4.000	3.500	0.495
New Tyne Crossing	0.500	0.500	0.500	0.048
Total	3.500	4.500	4.000	0.543

Tyne Pedestrian and Cycle Tunnels (TPCT)

The ITA approved the Tyne Pedestrian and Cycle Tunnels capital budget for 2014/15 in January 2014 totalling £3m. Following finalisation of the outturn and further changes to the programme, the TPCT capital budget was revised to a new level of £4m, with the increase relating largely to slippage of expenditure from 2013/14.

Expenditure during the first quarter mainly relates to the main contract for the refurbishment, with additional costs for the provision of a shuttle bus service to maintain the link for pedestrians and cyclists during the closure period.

New Tyne Crossing

The budget requirement for 2014/15 relates to remaining final elements of environmental works and monitoring, professional fees for work towards achieving final completion, costs associated with land transfer work, and provision made for land compensation claims and their assessment.

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Transport North East Committee

3.4 Transport Grants

NECA is the responsible body for a number of DfT grants, which are awarded to the Authority and which it pays to the constituent authorities and delivery agencies to deliver transport works and capital investment in the region.

	Original Approved Budget	Latest Approved Budget	Projected Outturn 2014/15	Q1 Spend 2014/15
	£m	£m	£m	£m
LTP – Tyne & Wear	14.786	15.172	15.172	2.993
LTP – Durham	4.475	4.475	4.475	1.119
LTP - Northumberland	2.719	2.719	2.719	0.680
Go Smarter	1.804	1.984	1.984	0.031
North East Smart Ticketing Initiative	0.075	0.928	0.928	-
Total	23.859	25.278	25.278	4.823

Local Transport Plan (LTP)

LTP Integrated Transport Block grant is a flexible source of capital grant funding awarded to the Authority by DfT. An element of the grant in Tyne and Wear is topsliced to meet local contribution requirements on the Metro Asset Renewal Plan (and is shown within the budget figures in the ARP section of this report) and to fund small public transport schemes, with the majority of the grant being passed to the constituent authorities to deliver capital investment in each district.

The revised budget takes account of slippage from 2013/14, where schemes will now be delivered and funding drawn down in 2014/15, which is permissible under the grant conditions.

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Go Smarter - Local Sustainable Transport Fund (LSTF)

LSTF Grant funds the Go Smarter programme in Tyne and Wear, which is a mixture of revenue and capital activity. Schools Go Smarter capital works include the School Links and Grants to Schools projects. School grants provides funding for bike sheds, to provide safe places for pupils to store their bicycles, and other works including new paths, pool bikes or tools. School links funds infrastructure works in the Districts making it easier to cycle or walk to school, such as upgrading cycle paths or installing new pedestrian crossings.

The Go Smarter to Work capital programme for 2014/15 includes works to deliver infrastructure improvements including enhancing cycle and pedestrian facilities at Team Valley to encourage more walk and cycle trips and bus priority investment at Team Valley to encourage modal shift to public transport. Improved information will also be delivered through use of open data sources and Real Time Passenger Information to enable the transport user to access more reliable and up to date details about transport services.

Expenditure to the end of Quarter 1 is £0.031m, with the majority of the capital works scheduled to take place later in the financial year, and the grant funding to be claimed by the Districts and Nexus at that point.

The revised budget takes account of slippage from 2013/14, where schemes will now be delivered and funding drawn down in 2014/15, which is permissible under the grant conditions. The capital elements of this programme are scheduled to be complete by the end of the 2014/15 financial year.

North East Smart Ticketing Initiative (NESTI)

£928k is included in the capital programme for 2014/15 in relation to NESTI. This revised budget reflects the delivery of Stored Travel Rights which had been scheduled for Feb 2014 but will now be delivered during the 2014/15 financial year. Other works will include:

- The implementation of the final aspect of the Regional Retail Infrastructure, namely procurement and installation of bus stop validation equipment.
- A provision for further and high education integration projects in all local authority areas throughout the region, similar to that previously agreed for Newcastle University where NESTI is working with University such that its own smart card can also be used in the public transport arena.

North East Combined Authority

Transport North East Committee

- Scope for the South East Northumberland Multi-modal Smartcard change request agreed at the partnership board meeting on the 14th December 2012.
- Slippage from implementation of the Retail Distribution Network project and Card Management System integration costs.

The works will be funded from the NESTI contributions which are held and managed centrally by NECA in line with the funding treatment agreed in March 2010 between the North East local authorities and the ITA.

4 Next Steps

- 4.1 The transport capital programme will be monitored and reported to the Transport North East Committee on a quarterly basis.

5 Potential Impact on Objectives

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

6. Finance and Other Resources

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

7 Legal

- 7.1 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.

8 Other Considerations

- 8.1 **Consultation/Community Engagement**

North East Combined Authority

Transport North East Committee

The Authority's capital programme for 2014/15 comprises previously approved budgets which were subject to consultation as part of the approval process.

8.2 Human Rights

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

8.3 Equalities and Diversity

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

8.4 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.

8.5 Crime and Disorder

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

8.6 Environment and Sustainability

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

9 Background Documents

- 9.1 Report on the 2014/15 Budget for the Combined Authority – 29 May
TWITA Capital Programme 2014/15 - 23 January 2014

10 Links to Plans in the Policy Framework

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

11 Appendices

- 11.1 Metro Asset Renewal Plan

12 Contact Officers

- 12.1 Paul Woods, paul.woods@neca.gov.uk

North East Combined Authority

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13 Sign off

- Head of Paid Service ✓
- Monitoring Officer ✓
- Section 151 Officer ✓

North East Combined Authority

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Appendix A – Metro Asset Renewal Plan

Asset Category	Original Approved Budget £m	Latest Approved Budget £m	Projected Outturn 2014/15 £m	Quarter 1 Spend 2014/15 £m
Civils	7.129	7.457	6.876	0.666
Communications	5.301	8.662	8.722	0.251
Depot Equipment	-	-	0.001	-
Level Crossings	0.153	0.265	0.316	0.002
Mechanical and Electrical	3.829	4.641	4.433	0.252
Metro Cars	6.562	8.445	8.551	1.042
Miscellaneous	2.741	0.801	0.827	-
Overhead Line	2.155	2.159	2.311	0.015
Permanent Way /Track	4.807	5.212	4.665	0.270
Plant	0.251	0.251	0.562	0.005
Power	0.682	0.982	0.733	0.199
Signalling	2.322	1.950	1.730	0.172
Stations	2.753	2.464	2.191	0.210
Total Approved 2014/15 Capital Programme	38.685	43.289	41.918	3.084

North East Combined Authority

Transport North East Committee

DATE: 29 July 2014

SUBJECT: Revenue Budget 2014/15 – Monitoring Report

REPORT OF: Chief Finance Officer

EXECUTIVE SUMMARY

This report provides the Transport North East Committee with a progress update in relation to how the transport related budgets for the delivery agencies for 2014/15 are being managed. This is a requirement of the NECA constitution and is a function delegated to TNEC.

RECOMMENDATIONS

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

North East Combined Authority

Transport North East Committee

1 Executive Summary

- 1.1 This report provides the Transport North East Committee with a progress update in relation to how the transport related budgets for the delivery agencies for 2014/15 are being managed. This is a requirement of the NECA constitution and is a function delegated to TNEC.
- 1.2 The current overall budget position is generally positive, with overall expenditure forecast to be in line with or slightly below budget at the year end, although there are variations, with some additional pressure on concessionary fare costs.

2 Background Information

- 2.1 At its meeting held on 29 April 2014, the Combined Authority received a report from the Chief Finance Officer setting out the Authority's proposed base net budget of £89.73m for 2014/15 as well as a base Capital Programme for 2014/15 of up to £66m.
- 2.2 In this report, the Leadership Board acknowledged that the bulk of the net revenue and capital budgets for 2014/15 relate to transport.

3 Transport Revenue Budgets 2014/15

- 3.1 In 2014/15, revenue expenditure will be accounted for within a range of existing transport budgets as follows:-

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Summary of Gross and Net Revenue Expenditure Budget 2014/15

	Total Gross Revenue Expenditure	External Income / Direct Grants / Reserves	Net Revenue Expenditure
	£	£	£
<u>Transport</u>			
Tyne & Wear (Grant to Nexus)	171,922,000	-107,002,000	64,920,000
Tyne & Wear (non-Nexus)	3,287,130	0	3,287,130
Tyne & Wear (Tyne Tunnels)	25,146,000	-25,146,000	0
Northumberland	6,521,560	-978,490	5,543,070
Durham	17,076,503	-1,486,476	15,590,027
Total	223,953,193	-134,612,966	89,340,227

- 3.2 Budget monitoring statements are detailed at appendices A to E for the five elements of the budget as detailed in the table at paragraph 4.1 above.
- 3.3 The following commentary should be read in conjunction with the attached appendices:-

Appendix A – Tyne and Wear (Grant to Nexus)

The Grant to Nexus for the Year from the Combined Authority is expected to be in line with the budget. The latest forecast by Nexus indicates that there will be a deficit on their budget before taxation for the year, after a release of £0.657m from reserves to cover expenditure on the Bus Strategy Delivery Project, of £3.856m, compared with the budgeted deficit of £4.770m, a positive change of £0.914m, which means a reduced call on their use of reserves in year

The reason for the major reported variances (forecast outturn against the original budget) is as follows:-

- The inflation indices governing the **Metro Operating Concession payment to DB Regio** and **Metro Rail Grant** funding from DfT are slightly different to that assumed when the budget was originally compiled and this has had an adverse impact on the payment due to DB Regio, although additional grant funding from DfT will flow to Nexus as a consequence
- The **rates** demand on parts of the Metro network for 2014/15 is greater than originally anticipated

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- iii. Savings have been made in relation to a number of **secured bus services** contracts that have been renewed, either because of different configurations in service design or because of greater competition leading to keener prices in operator tenders. In addition, the level of **Bus Services Operator Grant (BSOG)** being devolved by DfT is in excess of that estimated at the time the original budget was prepared
- iv. The renewal of the **bus shelter cleaning and maintenance** contract has provided savings against the previous price and that which was estimated at the time the budget was established
- v. A re-assessment of the level of resource required to deliver the **smart ticketing programme** has led to a reduction in the level of recharges made to the Metro Ticketing and Gating project
- vi. **Interest payable on loans** is currently estimated to be lower than that which was notified when the original budget was being compiled

Metro commercial revenue was £7.030m during the first 2 periods of the year against a budget of £6.910m, a positive variance of £0.120m. As a comparison, the equivalent income for the first 2 periods of 2013/14 was £6.810m with a phased budget of £6.520m. Work is currently ongoing to review the likely forecast for the year and as part of that review, the phasing of revenues over the year will be examined and reflected in future budget monitoring reports. Pending the outcome of that exercise, no adjustment has yet been made to the Metro revenue forecast, although indications are that Metro's commercial revenues continue to perform strongly after a difficult period during 2012/13.

Whilst still running a budget deficit, at this stage of the year, Nexus' financial position looks more favourable than when the original budget was presented to the ITA for approval in January 2014. Further updates will be considered later in year and taken into account by members and the Leadership Board in settling the budget and levy for 2015/16 in January 2015.

Appendix B – Tyne and Wear (non-Nexus)

The majority of this budget (£2.352m of £3.286m total) relates to the historic financing costs of the former Tyne and Wear ITA, where the debt was held by TWITA but the grant support in connection with the debt was paid to the five Tyne and Wear local authorities. It also includes an element of the corporate costs relating to the Combined Authority which can be attributed to Transport, such as support services costs, and audit fees where the majority of the work is in connection with Transport related activity.

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The original budget is that agreed by the ITA in January 2014. Budget elements which are no longer applicable to the Combined Authority (such as the majority of the members' allowances allocation) have been added to a 'contingency' line. As support arrangements for the Combined Authority are reviewed and embedded during 2014/15, the most appropriate use of this contingency will be considered.

An amount of £240k is shown as 'repayment to Tyne Tunnels Reserves'. This relates to the lump sum payment to the Tyne and Wear Pension Fund made in December 2013, when the ITA temporarily borrowed funds from the Tyne Tunnels reserves to meet its share of the deficit. The repayment is significantly below the c.£500k per annum cost of pensions that would have been required had this payment not been made, so represents a significant saving on the annual revenue budget.

At the present time, expenditure is forecast to be within budget at the year end. Any savings generated at the year-end can be added to the general reserve and carried forward to fund transport expenditure in future years or used to reduce the levy.

Appendix C – Tyne and Wear (Tyne Tunnels)

The Tyne Tunnels are operated as ring-fenced trading account, meaning the costs are fully funded from tolls and earmarked Tyne Tunnels reserves, with no call on the levy or other local authority funding.

At the present time, the original budget is still considered to reflect an accurate forecast of the position at the year end. There have been no unexpected cost pressures or significant anticipated savings. The projection for the year end shows a small deficit of £426k. This is in line with the long-term financing model for the Tyne Tunnels, which shows a deficit in the early years of the contract following final completion.

Any year-end deficit will be met from the earmarked Tyne Tunnels reserves, which currently stand at £32.392m.

Appendix D – Durham

The latest forecast indicates that there may be a budget overspend of £264k for the year (1.7% on a budget of £15.59m). This will be monitored and updated at future meetings. **Page 65**

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The main reason for the reported variances (forecast outturn against original budget) is shown below:

- i. **Concessionary Fares £294k overspend** – this results from the final agreements with the bus companies being higher than originally anticipated when the budget was set.
- ii. **Subsidised Services £24k underspend** – this results from increased fares income

The projected overspend at the year-end will be funded by Durham County Council and taken into account in settling the levy for 2015/16.

Appendix E – Northumberland

The latest forecast indicates that expenditure will remain within the overall budget. 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 is currently reviewing all contracts that do not offer value for money and these services could be terminated due to poor performance.
- 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 first quarter. Misuse of bus passes (which results in higher costs) is being tackled through an anti-fraud initiative which incentivises bus companies' detection of fraud.

4 Next Steps

- 4.1 The revenue budget of the Delivery Agencies will be monitored and reported to the Transport North East Committee on a quarterly basis.

5 Potential Impact on Objectives

- 5.1 The report sets out the transport finance and resourcing of the Combined

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Authority to support the meeting of its objectives.

6. Finance and Other Resources

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

7 Legal

- 7.1 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.

8 Other Considerations

8.1 Consultation/Community Engagement

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

8.2 Human Rights

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

8.3 Equalities and Diversity

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

8.4 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.

8.5 Crime and Disorder

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

8.6 Environment and Sustainability

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

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9 Background Documents

- 9.1 Report on the 2014/15 Budget for the Combined Authority – 29 May
TWITA Budget and Levy 2014/15 report - 23 January 2014

10 Links to Plans in the Policy Framework

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

11 Appendices


- 11.1 Appendix A – Nexus 2014/15 budget monitoring statement
Appendix B – Tyne and Wear non-Nexus budget monitoring statement
Appendix C – Tyne Tunnels 2014/15 budget monitoring statement
Appendix D – Durham 2014/15 budget monitoring statement
Appendix E – Northumberland 2014/15 budget monitoring statement

12 Contact Officers

- 12.1 Paul Woods, paul.woods@northtyneside.gov.uk

13 Sign off

- Head of Paid Service ✓
- Monitoring Officer ✓
- Section 151 Officer ✓

<div> <div>Nexus Revenue Budget Report</div> <div>For the period covering 1st April 2014 to 24th May 2014</div> <div>  </div> </div>				
	Original Budget	Spend to Date	Forecast to Year End	Variance (Budget vs Forecast)
	£m	£m	£m	£m
EXPENDITURE				
Metro				
DB Regio Concession Payment	37.047	5.476	36.951	(0.096)
Asset Costs	18.651	2.753	18.651	0.000
Nexus Rail	12.077	2.564	12.061	(0.016)
HV Power, Rates and Insurances	8.960	0.470	9.032	0.072
Concessionary Travel				
ENCTS	38.758	6.411	38.758	0.000
Metro/Other	5.627	0.975	5.627	0.000
Under 16s	4.748	0.787	4.748	0.000
Bus				
Secured Bus Services	17.498	2.528	16.819	(0.679)
Bus Infrastructure	3.188	0.412	2.980	(0.208)
Other				
Northern Rail	3.939	0.567	3.939	0.000
Ferry	1.173	0.167	1.173	0.000
Customer Services	4.834	1.006	4.834	0.000
Support Services	5.851	0.782	5.929	0.078
Pensions & Provisions	7.460	1.176	7.460	0.000
Loan Interest	2.111	0.311	2.008	(0.103)
	171.922	26.385	170.970	(0.952)
INCOME				
Grant Income				
Local Authority Grant	(64.920)	(9.783)	(64.920)	0.000
Metro Rail Grant	(24.620)	(3.710)	(24.582)	0.038
Heavy Rail Grant	(3.958)	(0.598)	(3.958)	0.000
Commercial Income				
Metro	(46.347)	(7.028)	(46.347)	0.000
Bus	(6.946)	(1.002)	(6.946)	0.000
Ferry	(0.534)	(0.077)	(0.534)	0.000
Concessionary Travel	(1.798)	(1.147)	(1.798)	0.000
Other	(1.636)	(0.298)	(1.636)	0.000
Other				
Asset Financing	(15.943)	(2.434)	(15.943)	0.000
Investment Income	(0.450)	(0.055)	(0.450)	0.000
	(167.152)	(26.132)	(167.114)	0.038
(Surplus) / Deficit	4.770	0.252	3.856	(0.914)

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Appendix B – Tyne and Wear (non-Nexus)

	Original Budget	Spend to Date	Forecast to Year end	Variance (Budget vs Forecast)
	£000	£000	£000	£000
Support Services	286	67	280	(6)
External Audit Costs attributable to Transport	20	-	20	-
Members' Expenses	6	1	6	-
Travel and Subsistence	4	-	4	-
Supplies and Services	39	3	30	(9)
Repayment to Tyne Tunnels reserves	240	60	240	-
Financing Charges	2,352	489	2,352	-
Interest Income	(3)	-	(3)	-
Contingency	342	-	357	15
Net Expenditure	3,286	620	3,286	-
Contribution from Transport Levy	(3,286)		(3,286)	-

Please note the total figures shown above include the period from 1 April 2014 to 14 April 2014 when the budget was the responsibility of the Tyne and Wear Integrated Transport Authority, before the establishment of NECA on 15 April.

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Appendix C – Tyne Tunnels

	Original Budget	Spend to Date	Forecast to Year end	Variance (Budget vs Forecast)
	£000	£000	£000	£000
Tolls Income	(24,720)	(6,204)	(24,720)	-
Contract Payments to TT2	18,400	1,475	18,400	-
Employees	35	9	35	-
Pensions	50	15	50	-
Support Services	130	33	130	-
Supplies & Services	50	5	50	-
Community Fund	10	-	10	-
Financing Costs	6,861	1,348	6,861	-
Interest Income	(150)	-	(150)	-
TWITA reserves repayment	(240)	(60)	(240)	-
				-
Deficit on Trading Account	426	(3,379)	426	-
				-
Contribution from Tyne Tunnels Reserves	(426)		(426)	-

Please note the total figures shown above include the period from 1 April 2014 to 14 April 2014 when the budget was the responsibility of the Tyne and Wear Integrated Transport Authority, before the establishment of NECA on 15 April.

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Appendix D – Durham County Council

	Original Budget	Spend to Date	Forecast to Year end	Variance (Budget vs Forecast)
	£000	£000	£000	£000
Concessionary Fares	11,383	3,467	11,677	294
Subsidised Services	3,373	435	3,349	(24)
Bus Stations	66	(9)	63	(3)
Passenger Transport Information	115	8	115	0
Staffing	653	164	650	(3)
Net Expenditure	15,590	4,065	15,854	264

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Appendix E – Northumberland County Council

	Original Budget	Spend to Date	Forecast to Year end	Variance (Budget vs Forecast)
	£000	£000	£000	£000
Concessionary Fares	4,277	1,098	4,277	-
Subsidised Services	1,027	15	1,027	-
Passenger Transport Information	40	2	40	-
Staffing	199	5	199	-
Net Expenditure				

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