



Transport North East Committee

Thursday 29th May, 2014

Informal Session for Members at 1.00 pm
Formal Meeting at 2.00 pm

Committee Room, Civic Centre, Newcastle upon Tyne, NE1 8QH

AGENDA

Page No

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. **Appointment of Vice-Chair**

1 - 4

4. **Transport Policy Update**

5 - 22

5. **Budget 2014/15 - Update Report**

23 - 36

6. **Date and Time of Next Meeting**

To be confirmed.

To All Members

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North East Combined Authority

Transport North East Committee

DATE: 29 May 2014
SUBJECT: Appointment of Vice-Chair
REPORT OF: Vivienne Geary, Monitoring Officer

EXECUTIVE SUMMARY

The purpose of this report is to invite the TNEC to appoint its third Vice-Chair for the Municipal Year 2014/15, from the Tyne and Wear Authorities.

RECOMMENDATIONS

It is recommended that the TNEC appoints its third Vice-Chair for the Municipal Year 2014/15, from the Tyne and Wear Authorities.

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1 Background Information

1.1 On 29 April 2014 the North East Leadership Board of the North East Combined Authority adopted its Constitution and thereby appointed its committees, including the Transport North East Committee (TNEC). At the same meeting, following the adoption of the Constitution, the Leadership Board appointed members to the TNEC and agreed that:

- (a) the Thematic Lead for Transport, Councillor Nick Forbes, be appointed as Chair of the TNEC for the Municipal Year 2014/15;
- (b) the Members of TNEC and portfolio holders with responsibilities for Transport from Durham and Northumberland County Councils, Councillors Neil Foster and Ian Swithenbank, be appointed as Vice-Chairs of the TNEC for the Municipal Year 2014/15; and
- (c) the appointment of the third Vice-Chair for the Municipal Year 2014/15, from the Tyne and Wear Authorities, be delegated to the TNEC.

It should be noted that the Leadership Board has previously expressed the view that the Vice-Chair of TNEC from the Tyne and Wear Authorities should also undertake the role of Chair of TWSC.

2 Proposals

2.1 TNEC is invited to appoint its third Vice-Chair for the Municipal Year 2014/15, from the Tyne and Wear Authorities. Those eligible for appointment as Vice-Chair are the Members with portfolio responsibility for Transport within the Tyne and Wear Authorities.

3 Next Steps

3.1 Information on the appointment of the third Vice-Chair will be made available to all interested parties and published on the North East Combined Authority's website.

4 Potential Impact on Objectives

4.1 This appointment will help TNEC to properly discharge its functions.

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5 Finance and Other Resources

- 5.1 There are no direct financial or resource implications for the NECA in relation to the appointment of the third Vice-Chair to the TNEC.

6 Legal

- 6.1 The appointment of a Vice Chair of the Committee from the Tyne and Wear Authorities complies with the requirements under the Constitution of NECA.

7 Other Considerations

7.1 Consultation/Community Engagement

The proposal set out in this report is the result of the decision of the Leadership Board which includes representatives of the seven constituent Councils.

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.

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 The Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Constitution April 2014;

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The report to the 29 April 2014 meeting of the North East Leadership Board titled "Appointment of Committee Membership (including Appointment of Co-opted Independent Members of the Governance Committee and Appointment of Independent Person), Appointment of Chairs and Vice-Chairs and Appointment of External Auditors"; and

The draft minutes of the 29 April 2014 meeting of the North East Leadership Board.

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 There are no appendices to this report.

11 Contact Officers

11.1 Vivienne Geary, Monitoring Officer
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12 Sign off

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

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Transport North East Committee

DATE: 29 May 2014

SUBJECT: Transport Policy Update

REPORT OF: Lead Chief Executive – Transport

EXECUTIVE SUMMARY

The North East Combined Authority (NECA) provides an opportunity for the north east to radically improve its transport system and enhance the opportunities for communities, the environment and the economy. NECA brings together transport functions across an area of nearly 2 million people, influences our connectivity to the rest of the UK and the world, brings new investment, and can ensure that transport make a strong contribution to sustainable and inclusive economic growth.

To realise this vision we need a clear “manifesto” for transport, which is both ambitious and deliverable. Acting as an advisor to the Leadership Board, and with substantial transport functions to be delivered through the Combined Authority, the Transport North East Committee will play a critical role. This paper describes the elements of that role in more detail.

RECOMMENDATIONS

It is recommended that the Committee:

- Notes the opportunities provided by the new Combined Authority, and considers the transport issues that arise;
- Considers the opportunities for further integration of transport services within the Combined Authority area, including for the delivery of bus services;
- Note 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.

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1 Background Information

1.1 The Combined Authority provides a mechanism for the North East to have a much stronger voice to influence investment in national transport infrastructure, and over time to move to more integrated arrangements for transport across the Combined Authority area.

1.4 This paper summarises these key issues for discussion and review by the Transport North East Committee. Whilst the content includes information which may be of interest to TNEC members and covers various transport sectors, including road, rail and aviation, it is not intended to be an exhaustive list of every aspect of policy of relevance to transport.

1.5 There are immediate opportunities for the Combined Authority to establish its position within the Rail North partnership, to advocate improvements to the East Coast Main Line, to lobby for regional benefit from HS2 and to secure investment in the A1 and A19 as key inter-regional road routes. The LEP and Combined Authority have already identified a clear strategy for transport within the Strategic Economic Plan, including investment to unlock development sites, reduce congestion, open new rail routes, continue reinvigoration of the Metro system and improve connectivity, whilst also seeking to de-carbonise our transport system.

1.6 The Combined Authority itself will have a substantial budget for public transport services, with the prospect of further devolved funding from the Department for Transport, for which the Combined Authority would be the accountable body. It will also inherit from the Tyne and Wear Integrated Transport Authority the responsibility for bus strategies, (including a decision on a Quality Contract Scheme/ Voluntary Partnership arrangement for bus services within Tyne & Wear and on certain cross-boundary routes), the 3 Local Transport Plans, the Tyne and Wear Metro strategy and the 'Assurance Framework' that underpins its new responsibility as a Local Transport Body for the area.

2 The Vision for Integrated Transport

2.1 The North East Combined Authority will seek to build on the work already started by its constituent members in developing an integrated transport system for the region.

2.2 An integrated transport system improves services to the public and maximises the contribution that an effective transport system makes to economic prosperity and quality of life. There are several forms of integration which together make up an integrated transport system:

- Cross-boundary integration: ensuring that services within the "functional economic area" are delivered effectively, and aren't disrupted by administrative boundaries;

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- Multi-modal integration: ensuring that citizens are able to plan and experience good quality connections as they move between buses, cars, rail, Metro, Ferry, taxis, air, cycling and walking, and that transport services are planned effectively across different modes (with similar considerations for freight transport);
- Integration between transport and other economic interventions: ensuring that our transport system works alongside other economic investments to maximise impact; for example for new development sites, and that transport interventions are considered and prioritised alongside other forms of economic intervention;
- Integration of transport and environmental objectives; to ensure that our transport system contributes to the region's climate change objectives by the promotion of sustainable transport;
- Inter-regional and inter-national integration: ensuring that our local and regional transport system links effectively to national and international places and markets.

2.3 The Combined Authority will help advance each of these forms of transport integration: by joining up transport services across the Tyne & Wear/Durham/Northumberland boundaries; bringing together powers and responsibilities on a multi-modal basis; embedding transport within a wider economic strategy; joint promotion of sustainable modes; and securing devolved decision-making and greater influence on central government decisions in respect of transport issues that affect the north.

2.4 Specifically, transport integration should benefit passengers through:

- Delivery of new technology, including smart ticketing, real time journey information and transport management systems, to support greater passenger service;
- Greater multi-modal integration of services, including between the rail network, buses and the Metro;
- More cohesive operation and promotion of cross-boundary transport links and services;
- More efficiency in the management of transport services, to generate savings or enhance services

2.5 It will, however, take time to deliver this vision. Some features of current transport governance and funding mean that aspects of the current arrangements will need to continue beyond a transitional phase. There are also differences between urban and rural transport provision that necessitate different arrangements and levels of funding, even into the longer term. As the first Combined Authority to

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take in both significant urban and significant rural areas, we have had to develop unique and innovative arrangements to reflect this reality.

2.6 Appendix 1 sets out potential milestones on the way to the implementation of an integrated approach, a series of actions which represent a major programme of work. It is recommended that the Combined Authority also establish a framework to take stock of progress, and encourage further development of an integrated approach to its transport functions over time; for example by committing to a review by 2016, to consider proposals for deeper integration based on early experience with the combined arrangements.

3 Staffing, Resources and Delivery Arrangements

3.1 Various transport functions have been carried out on behalf of the LEP, LA7, the former Tyne & Wear ITA and the LA7 Local Transport Body, in addition to the provision of advice on national developments (including those relating to the Highways Agency, Rail North and to influence the East Coast Main Line re-franchising). These functions are now accountable to the new Combined Authority, with the Chief Executive of Newcastle City Council acting as lead officer on behalf of the partnership. A range of other support services have also been provided under a Service Level Agreement with the ITA, and these are being reviewed to ensure they align with new governance and support arrangements. Expertise and support is also available from Nexus. In order to ensure the best possible strategic plan for transport, it will be important to ensure that officer support arrangements embed appropriate local knowledge from Durham, Tyne and Wear and Northumberland respectively and that any new arrangements are fully integrated with other policy areas such as economic development and the skills agenda.

3.2 Most joint transport services and projects are currently funded by the Tyne and Wear authorities. Although some will remain focused on the five councils, in order to derive maximum benefit it will be necessary to ensure that services are re-aligned to cover the wider LA7 footprint, where possible. The current Local Transport Plan arrangements are at a Tyne & Wear, Northumberland and Durham level, and specific projects developed under these plans are resourced to continue until March 2015.

3.3 From April 2015 a combined Local Transport Plan will need to apply across the LA7, and work on that will need to begin now. The resource implications of this transition will need to be considered in the light of the wider work on Combined Authority funding being taken forward by the Treasurers' Group. This will take into account current funding commitments, for example the local contribution to Metro reinvigoration.

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Delivery arrangements

3.5 During the transitional phase, we will have separate delivery arrangements for Tyne & Wear, Durham and Northumberland. Nexus is the Passenger Transport Executive for Tyne & Wear and, under the new arrangements, it will remain an accountable public corporation acting as an executive body and Officer of the Combined Authority (albeit operating within a Tyne & Wear footprint). The Metro renewal plan is funded via an agreement between Nexus and DfT, which a similar funding model used to support day to day operations. Similarly, Durham and Northumberland will continue to deliver transport functions within their own areas. There are already many examples of joint working between the authorities, and these will be stepped up and made significantly easier under the new arrangements.

Local Transport Body

3.6 The Combined Authority will also fulfil the role of a Local Transport Body, responsible for oversight of the funding devolved by the Department for Transport for local major transport schemes. The seven councils have agreed an assurance framework associated with the creation of the Local Transport Body, and DfT have been assured that this robust approach will be maintained under the new Combined Authority arrangements. This means that investments approved by the Leadership Board, in its role as a Local Transport Body, can be delivered under the new Combined Authority arrangements. Formal adoption of this role will take place at the next meeting of the Leadership Board of the Combined Authority.

Existing Strategies

3.7 The Combined Authority will be responsible for the 3 Local Transport Plans in the area. Other strategies that have been adopted by the former Integrated Transport Authority will become the responsibility of the Combined Authority, and can be amended through the new arrangements.

4 Strategic Economic Plan

4.1 The LEP's Strategic Economic Plan ('More and Better Jobs') was submitted to the government on 31st March 2014. Transport and digital connectivity forms one of the six key themes in the Plan, which outlines an agenda to create 100,000 new jobs in the next decade, equivalent to an 11% increase in employment.

4.2 To help further this agenda, the Plan seeks government backing through the Local Growth Fund for a programme of transport schemes that will enhance connectivity and interchange between modes, link communities to jobs, open up regeneration sites, tackle bottlenecks on our transport network, and help deliver our low carbon commitments.

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Aviation

4.3 The Strategic Economic Plan also aims to improve the North East's national and international connections. The Combined Authority and LEP will support the continued growth of Newcastle International Airport as set out in the Airport's recently approved third Masterplan, and its aspirations for a new transatlantic link to a North American air hub. There are also ambitious plans for a Newcastle International Airport Business Park to enhance economic impact still further. The seven local authorities are shareholders in the airport, and will continue to manage this shareholding through separate arrangements advised by South Tyneside Council.

5 Integrated Ticketing

5.1 The NESTI programme is funded by the 12 Local Authorities in the North East (with the Combined Authority additionally as a partner in its own right), and Nexus. It works in partnership with the major public transport operators, who have also contributed to the development of smart ticketing using the ITSO national standard.

5.2 The NESTI programme has two distinct phases: the first is the smart enablement of public transport across the area (bus, Metro and Ferry – with an aspiration for Northern Rail to become a partner too) to allow a range of smartcards to be used for travel, including the national Concessionary Travel pass. This includes the introduction of a shared Card Management System for ENCTS (Concessionary Travel) cards that will be used by all authorities who issue concessionary passes across the region. The second phase sees the introduction of a common 'Pay As You Go' smartcard that allows passengers to pay for travel with a single card across all operators, topping up the credit on their card through a network of smart systems and agents.

5.3 Over the longer term the programme enables integration between transport ticketing and wider uses, for example a card to access public facilities such as leisure centres and libraries, or payment cards for school meals. Some pilot schemes have already been conducted with Newcastle University and a school in Gateshead, and partners have an open invitation to nominate further opportunities.

5.4 Nexus has been investing significantly in smart technology on Metro and the Shields Ferry, both as part of modernising its ticketing system and as a partner in the NESTI programme. Smart-enabled ticket gates are currently being phased in at the busiest Metro stations, all ticket machines are now smart, and a new website and a network of retail agents through the Payzone system are being introduced. Metro season ticket holders all now travel using smartcards (over 75,000 'Pop' cards have been issued so far) and most passengers already choose to renew their season ticket at machines, leading to a review of retailing channels.

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6 Bus Strategy Delivery Project

6.1 In accordance with the Tyne and Wear Bus Strategy, Nexus is currently developing and evaluating alternative mechanisms for delivery with the twin objectives of maintaining or improving bus accessibility whilst improving value for money for public funds currently invested. Without achieving better value for money there will be a necessity for severe cuts to secured bus services and discretionary concessions.

6.2 The two options being considered are a Voluntary Partnership Agreement or a Quality Contracts Scheme and the outcome of the Combined Authority's decision will affect the future management and delivery of bus services within Tyne and Wear and on certain cross-boundary routes. Fuller details of the proposed options can be found in a separate briefing paper for the Transport North East (Tyne and Wear) Sub-Committee. Evaluation of the final fully developed schemes for both options will take place over the summer with a decision programmed for the September meeting of the NELB.

7 Rail Investment

7.1 An unprecedented programme of railway modernisation and investment is being implemented across the UK and the inception of the Combined Authority offers an enhanced opportunity for the region to influence the development of future rail services, to deliver much-needed improvements to the North-East rail network and far better regional and national rail connectivity. Specific areas where the Combined Authority will seek to apply this influence include:

- Influencing the franchise process for the East Coast Main Line via engagement with bidders;
- Involvement in the East Coast Main Line authorities group, advocating major investment in the line to deliver substantial economic benefits;
- Coordinated work with other Combined Authorities across the North, to promote investment in stronger inter-city and inter-regional connections, including through the 'Connected Cities' campaign, and making common-cause on inter-city links within the north;
- Advocacy of the rail investments proposed in the Strategic Economic Plan, including the opening of new lines or services to add capacity on the East Coast Main Line between Newcastle and Northallerton, improvements to the Durham Coast line and the restoration of passenger trains to the Ashington, Blyth and Tyne route;

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- A common position on rail investment with the Tees Valley, being considered through a North East Rail Study by ARUP, and a proposal for a common statement on rail by ANEC leaders;
- Influencing the development of the eastern Y route of HS2, in the light of recent reviews by David Higgins and Lord Deighton, including an increase in capacity on the ECML to accommodate HS2 services

Rail North

7.2 In parallel with these developments, northern local authorities have agreed in principle to create a 'Rail North' partnership, to work more closely with DfT in the delivery of new franchises for Northern Rail and Trans-Pennine Express services. This proposition has evolved, as DfT have concluded against the full devolution of funding responsibility for services at this stage.

7.3 Nevertheless, the Rail North partnership provides an opportunity to influence the development of the franchises, and to secure stronger local democratic control. 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.

Metro Strategy

7.4 The Metro Strategy 2030 sets out ambitions for the development of the Tyne and Wear Metro system through to 2030 and beyond. The analysis to date gives highest priority within the strategy to the replacement of the Metro fleet beyond 2020. Fuller details of the Strategy can be found in a separate briefing paper for the Transport North East (Tyne and Wear) Sub-Committee.

HS2

7.5 HS2 will have profound consequences for rail travel and the economy across the country, and it is vital that the north east secures maximum benefit. The Combined Authority will want to secure a high level of influence as plans are developed. As well as influencing the routes and delivery timescales for HS2 trains, it is important to link this opportunity to wider economic and business benefits; from business supply-chains, skills developments and economic regeneration around stations and linked routes. It is also vital that investment in HS2 is complemented by other investments on existing lines, particularly the East Coast Main Line and services between other major cities in the north and midlands.

7.6 A key concern for the Combined Authority area is to ensure there is sufficient capacity on the two-track section of the East Coast Main Line between Northallerton and Newcastle, without which there could be insufficient capacity for HS2 trains north of York. The North East Local Enterprise Partnership has commissioned a study to examine the options and outputs that would arise from investment to relieve

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this bottle neck. Local businesses and skills providers, including our local universities and colleges, are also involved in demonstrating the role that the north east could play in delivering HS2; given the north east's history and expertise in the rail sector.

8 Roads

8.1 In summer 2013 the Government published *Investing in Britain's Future and Action for Roads*, outlining their intention to transform the way they invest in and manage the strategic road network. The documents revealed the government's intention to reform the Highways Agency (HA) from an executive agency of the Department for Transport (DfT) to a government-owned company.

8.2 The main aims of the changes are to:

- Give the HA the freedom to manage the day-to-day operation of the roads while remaining fully accountable for the state of the network;
- Provide greater certainty and flexibility of funding, and stability over delivery requirements, to allow the operator and the supply chain to plan ahead and deliver more efficiently; and
- Improve accountability and transparency for road users and the wider public about what the HA are delivering and how they are performing.

8.3 Under the new arrangements the HA will be required to develop a Roads Investment Strategy (RIS). The document, which will be published late in 2014, will set out a five-year investment programme and performance standards that the new government-owned company will have to achieve.

8.4 On 30th April 2014 the government published their response to the public consultation, which ran from 29th October 2013 until 20th December 2013. The document sets out the decisions government have made following the public consultation and summarises the intentions for the new company, one of which is the requirement for the new company to co-operate with local authorities and other stakeholders. This provides the North East Combined Authority with an important opportunity to input into the RIS.

8.5 Further details about the governance framework documentation and the RIS are expected to be made available in summer 2014 and it is intended that the new company will come into operation in spring 2015.

8.6 As part of the publication *Investing in Britain's Future and Action for Roads*, DfT and the HA made a commitment to identifying and funding solutions to tackle several known road issues by undertaking a set of feasibility studies targeted at key locations and problems. The studies are targeted at key locations and problems.

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A1 Proposals

8.7 Six feasibility studies are being carried out, two of which are in the North East; A1 North of Newcastle and A1 Western Bypass. The Department for Transport presented their proposals for the scope of the A1 North of Newcastle and A1 Western Bypass studies at an initial engagement event in Newcastle on 28th January 2014. Proposals for the timing and management of the studies were also set out at the event.

8.8 The views expressed at the event have been considered. The scope of the two study documents have now been finalised and they are available on the Department for Transport's website.

A19 Proposals

8.9 The Highways Agency proposes to improve the A19/A1058 Coast Road junction by upgrading the existing grade separated roundabout to a three level interchange. The works are expected to alleviate congestion, enhance capacity and improve safety. The scheme is currently progressing through the development phase. However, a decision on whether or not to construct the scheme will not be taken until the next spending review post 2015.

8.10 The Highways Agency's proposal to improve the A19 by constructing a flyover to take the A19 over the Testo's junction is also being accelerated through the development phase. The scheme aims to improve road safety and alleviate congestion.

9 Potential Impact on Objectives

9.1 Successful delivery of the various transport schemes and programmes outlined in this document will assist the Combined Authority in delivering its objective to maximise the area's opportunities and potential.

10 Finance and Other Resources

10.1 There are no direct implications arising from this report.

11 Legal

11.1 There are no specific legal implications arising from this report.

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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 equality 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.

12.6 Environment and Sustainability

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

13 Background Documents

- 13.1 The Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Constitution April 2014.

14 Links to Plans in the Policy Framework

- 14.1 This report has no direct links to plans in the Policy Framework.

15 Appendices

- 15.1 Appendix 1 – Potential milestones on the way to the implementation of an integrated approach
- 15.2 Appendix 2 – Extract from the Combined Authority Constitution – Transport North East Committee – Responsibility for Functions

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15.3 Appendix 3 – Extract from the Combined Authority Constitution – Transport North East (Tyne and Wear) Sub-committee (TWSC) – Responsibility for Functions

16 Contact Officers

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17 Sign off

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

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Appendix 1 –

Potential milestones on the way to the implementation of an integrated approach

Transition year, 2014-15

- LA7 transport governance arrangements established
- Prioritisation and programme management of local major schemes and successful transport related Strategic Economic Plan (SEP) schemes integrated into new governance arrangements
- Development of a draft Combined Authority Local Transport Plan
- Establish arrangements for participation in Rail North
- Review of existing Tyne and Wear and Northumberland/Durham officer working arrangements to drive efficiency
- Review of joint budgets/SLAs
- New website, and transition towards new marketing/branding
- Progress on application of new technology, including smart ticketing
- Decision on the future of bus services within the proposed Quality Contract/Voluntary Partnership area

2015/16 to 2016/17

- Integrated Capital Programme in place and delivery under way
- Development of a Joint Network Management Plan
- Development of a joint Public Transport strategy
- Combined working arrangements firmly established at all levels

Post 2016/17

- Unified traffic control centre for the north east to monitor and inform traffic management on the local road network
- Explore the feasibility of greater collaborative working around concessionary travel with the potential for joint products
- Study the scope for more collaborative working around home to school travel with the potential for joint procurement and efficiency

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Appendix 2 -

Part 3.2 Transport North East Committee (TNEC)

Membership – 14 (two Members from each Constituent Authority)

Quorum –10

A Transport functions delegated by the NECA to the TNEC

The TNEC shall be able to exercise these functions provided that it does not cause the NECA to incur any expenditure other than that which the NELB has authorised for such purposes.

1. Monitoring the NECA's transport budget.
2. Approval of releases from the NECA's transport funding for capital schemes within the agreed capital programme and the agreed budget (as defined by the NELB) for the scheme concerned.
3. Formulation, development and monitoring of procedures for public consultation on, and lobbying for, the NECA's transport policies including taking responsibility for the active promotion of the Combined Area's transport interests.
4. Monitoring and overseeing the activities and performance of the County Council of Durham and Northumberland County Council in the discharge of the transport functions delegated to them by the NELB.

Note: the functions delegated to the TNEC also include those functions set out in Part 3.3. Such functions have been delegated to TNEC on the strict understanding that they will be exercised in practice by the TWSC, as a subcommittee of the TNEC.

B Transport functions referred to the TNEC

The NELB shall seek the advice and recommendations of the TNEC on such transport matters as the NELB considers appropriate which shall include (but are not limited to):

1. The NECA's revenue budget for transport and the setting of any transport levy.
2. The borrowing limits of the NECA in relation to transport matters pursuant to section 3 of the Local Government Act 2003.
3. The capital programme of NECA and the Delivery Agencies.

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4. The development of policies for the promotion and encouragement of safe, efficient and economic transport facilities and services and the production of any Local Transport Plan pursuant to sections 108-112 of the Transport Act 2000.
5. Formulation of general policies with respect to the availability and convenience of public passenger services pursuant to section 9A (5)-(7) of the Transport Act 1968.
6. Determination of issues arising from the rail franchising process.
7. The development of policies, setting of budgets and operational arrangements in connection with the NECA's Transport Studies Function.

Information:

1. The Chair of the TNEC will be selected annually by the NELB. The Chair of the TNEC will be the Thematic Lead for Transport appointed by the NELB.
2. There will be three Vice Chairs of the TNEC selected annually by the NELB who will be drawn from the members of the Constituent Authorities appointed to the TNEC with portfolio responsibility for Transport in their respective Constituent Authority area. One Vice Chair will be selected from the members of the Tyne and Wear Authorities. One Vice Chair will be the Executive member with portfolio responsibility for Transport for the County Council of Durham and one Vice Chair will be the Executive member with portfolio responsibility for Transport for Northumberland County Council.

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Appendix 3 -

Part 3.3 Transport North East (Tyne and Wear) Sub-committee (TWSC)

Membership – 5 (one Member from each Tyne and Wear Authority)

Quorum – 4

The following transport functions have been delegated by the NELB to TNEC and then to the TWSC in respect of the area of the Tyne and Wear Authorities. The TWSC shall be able to exercise these functions provided that it does not cause the NECA to incur any expenditure other than that which the NELB has authorised for such purposes:

1. Considering and recommending to NELB the creation and development of:-
 - i) Quality Partnership Schemes pursuant to sections 114-123 of the Transport Act 2000; and
 - ii) Quality Contracts Schemes pursuant to sections 124-134 of the Transport Act 2000.
2. Implementing Concessionary Travel Schemes pursuant to sections 93 -105 of the Transport Act 1985.
3. Implementing Ticketing schemes pursuant to sections 135-138 of the Transport Act 2000.
4. Determining the local bus information to be made available, and the way in which it should be made available, pursuant to sections 139-143 of the Transport Act 2000.
5. Determining the operation, performance and development accessible transport provision (including the provision of grants) pursuant to section 106 of the Transport Act 1985.
6. Monitoring and overseeing the activities and performance of Nexus (including but not limited to the power pursuant to section 15(6) of the Transport Act 1968 to give to Nexus such directions as appear appropriate to secure the observance of the rights of the NECA).
7. Ensuring that Nexus secures the provision of appropriate public passenger transport services pursuant to section 9A(3) of the Transport Act 1968.
8. Ensuring that Nexus implements those actions given to it for promoting the economic, social and environmental well-being of the Combined Area and its residents pursuant to section 99 of the Local Transport Act 2008.

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9. Determining variations in charges for transport services or facilities provided by Nexus, pursuant to section 15(2) of the Transport Act 1968.
10. Authorising:-
 - i) The disposal of any land by Nexus pursuant to section 10(1)(xxiii) of the Transport Act 1968
 - ii) The acquisition of any land by Nexus pursuant to section 10(1)(xx) of the Transport Act 1968; and
 - iii) The development of any land of Nexus pursuant to section 10(1)(xxii) of the Transport Act 1968.
11. Determining the operation, performance and development of tendered bus services, bus stations/stops, and passenger transport services pursuant to section 10(1)(1)(via) of the Transport Act 1968.
12. Monitoring the performance of the Metro service and recommending appropriate action.
13. Monitoring the operation and performance of bus, ferry and local rail services and influencing accordingly.
14. Any other matter which has been transferred from the former Tyne and Wear ITA to the NECA under Article 6 of the Order unless the matter has been explicitly reserved to the NELB in the foregoing provisions.

Further transport functions may be delegated to the TWSC by the NELB as considered appropriate.

Information:

1. The Chair of the TWSC will be selected annually by the NELB. The Chair of the TWSC will be the Vice Chair of the TNEC representing the Tyne and Wear Authority areas.
2. The Vice Chair of the TWSC will be selected annually by the NELB and will be selected from the remaining members of the Tyne and Wear Constituent Authorities appointed to the TWSC having portfolio responsibility for Transport in their Constituent Authority area.

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North East Combined Authority

Transport North East Committee

DATE; **29 May 2014**

SUBJECT: **Budget 2014/15 – Update Report**

REPORT OF: **Chief Finance Officer**

1. EXECUTIVE SUMMARY

- 1.1 This report provides the Transport North East Committee with the transport related budgets for the delivery agencies for 2014/15 and also sets out proposed monitoring arrangements.
- 1.2 Committee is asked to note that the Budget figures represent the transport budget for the full year, rather than the slightly shorter period that the Combined Authority will formally operate in 2014/15. For accounting purposes it is intended that this full year budget and expenditure is scaled down slightly to reflect the number of days that the Combined Authority will operate.
- 1.3 The outturn for the ITA for 2013/14 will be reported to the Committee and the Combined Authority once it is finalised as part of the formal process of closing the 2013/14 Accounts for the Tyne and Wear ITA. At this stage expenditure is expected to be within budget and there are no issues to report.

2. RECOMMENDATIONS

- 2.1 It is recommended that the Committee notes the budgets for 2014/15 and agrees to receive quarterly monitoring reports during the course of the year.

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3. Background Information

- 3.1 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 revenue budget of £89.73m for 2014/15 as well as a base Capital Programme for 2014/15 of up to £66m.
- 3.2 In this report, the Leadership Board acknowledged that the bulk of the net revenue and capital budgets for 2014/15 relate to transport.

4. Transport Revenue Budgets

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

Summary of Gross and Net Revenue Expenditure Budget 2014/15

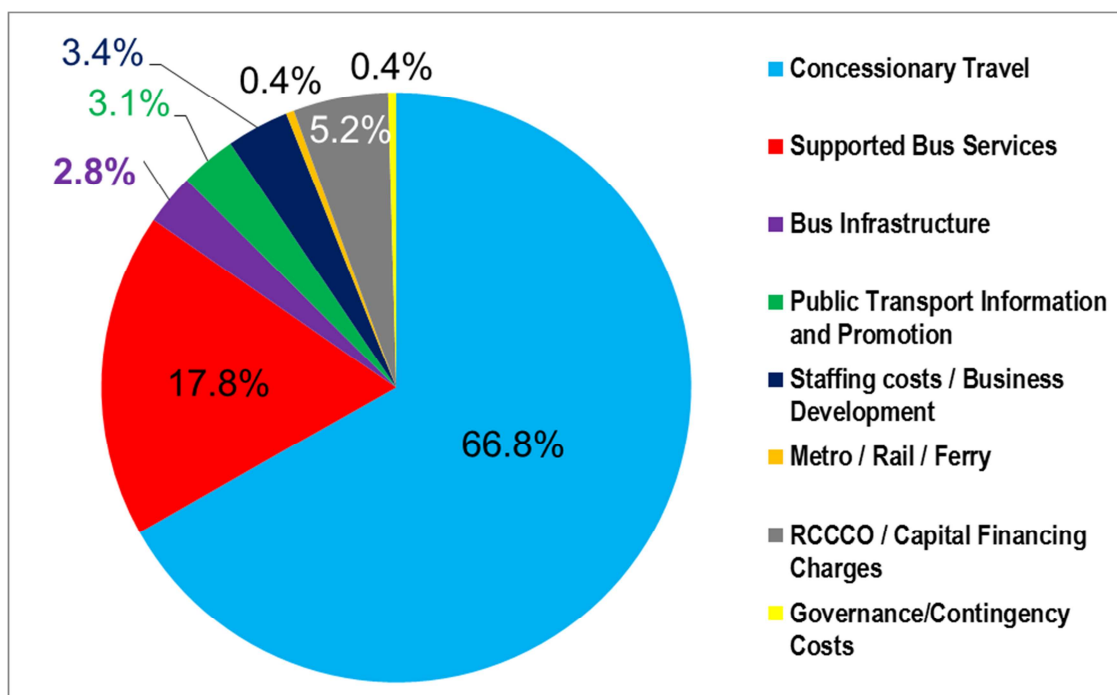
	Total Gross Revenue Expenditure	External Income / Direct Grants / Reserves	Net Revenue Expenditure
	£	£	£
<u>Transport</u>			
Tyne & Wear (Grant to Nexus)	171,922,000	-107,002,000	64,920,000
Tyne & Wear (non-Nexus)	3,287,130	0	3,287,130
Tyne & Wear (Tyne Tunnels)	25,146,000	-25,146,000	0
Northumberland	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

- 4.2 An analysis of the different categories of transport net revenue expenditure is shown in the chart below:-

Analysis Net Revenue Expenditure Budget for Transport for 2014/15 (based on current information).

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4.3 The revenue budgets for 2014/15 relating to the delivery agencies are set out in Appendices 1A to 1E to this report.

5. Transport Capital Investment Plans

5.1 In addition, the Combined Authority also has responsibility for the following transport capital investment plans:

- **Transport – TWITA Capital Programme**

The Tyne and Wear ITA approved transport capital programme for 2014/15 amounts to £58.850m.

- **Transport – Local Major Transport Schemes**

Allocating of grants for Local Major Transport Schemes to LA's in the region governed by Transport North East Committee.

- **Transport – Integrated Transport Block Grant (ITB)**

Allocation of the ITB grants to LA's – total allocation for 2014/15 of £24.620m, of which £17.426m is already included in the TWITA capital programme noted above, with an allocation of £4.475m for Durham County Council and £2.719m for Northumberland County Council, as summarised in Table 2 below:

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Local Transport Plan: Integrated Transport Block Capital Funding – 2014/15

	Allocation £m
Gateshead	2.496
Newcastle	2.999
North Tyneside	1.928
South Tyneside	1.532
Sunderland	3.011
Nexus / Public Transport Allocation	5.460
Tyne and Wear ITA Total	17.426
Durham County Council	4.475
Northumberland County Council	2.719
TOTAL COMBINED AUTHORITY AREA	24.620

- **NELEP – Growing Places Fund £25m**

This jointly funds the LEP's NE Investment Fund which provides capital loan funding to drive local economic growth. The £25m is currently being allocated against projects, with loan repayments to continue in 2014/15 and beyond. To date £20.6m has been approved towards schemes.

- **NELEP – Regional Growth Fund £30m**

As part of the government's RGF Round 3, the LEP secured funding of £30m, which jointly funds the NE Investment Fund with the Growing Places Fund. £15.4m has been approved towards schemes to date.

5.2 The capital budgets for 2014/15 relating to Tyne and Wear are set out in Appendices 2A and 2B to this report.

6. Budget Monitoring Arrangements

6.1 The Committee has been delegated the responsibility for monitoring the budgets of the delivery agencies as well as providing advice and recommendations to the Combined Authority regarding the development of the revenue budget for transport including the setting of transport levies as well as the capital programme for the Combined Authority and the delivery agencies.

6.2 In accordance with the programme of scheduled meetings, the Committee will receive the following reports in order to carry out these functions:-

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- 4 July 2014 – first quarter revenue and capital monitoring reports for 2014/15 and indicative outturn reports for 2013/14;
- 23 October 2014 – second quarter revenue and capital monitoring reports for 2014/15 and indicative budget report for 2015/16 to 2017/18;
- 26 February 2015 – third quarter revenue and capital monitoring reports for 2014/15.

6.3 In regard to the formulation of the three year forward financial plan, it may be necessary to convene a special meeting of the Committee in November/December 2014.

7. **Next Steps**

7.1 The budget and capital programme of the Delivery Agencies will be monitored and reported to the Transport North East Committee on a quarterly basis.

8. **Potential Impact on Objectives**

8.1 The report sets out the transport finance and resourcing of the Combined Authority to support the meeting of its objectives.

9. **Finance and Other Resources**

9.1 The report sets out transport finance and other resource considerations in detail.

10. **Legal**

10.1 From 2015/16 the costs associated with the transport functions will be met by three separate levies, one for Tyne and Wear and one for each of the County Councils. In the interim the levy for the Tyne and Wear Authorities is effective as if it were applied by the Authority. Pro rata contributions from the County Councils reflecting the balance of their transport budgets are also provided for in the Order creating the Combined Authority, however these budgets will be applied to fulfil the County Councils' delegated transport responsibilities.

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11. Other Considerations

11.1 Consultation/Community Engagement

The Combined Authority transport related budgets comprises previously approved budgets which were subject to consultation as a part of the approval process.

11.2 Human Rights

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

11.3 Equalities and Diversity

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

11.4 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.

11.5 Crime and Disorder

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

11.6 Environment and Sustainability

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

12. Background Documents

12.1 TWITA Budget and Levy 2014/15 report - 23 January 2014

13. Links to Plans in the Policy Framework

13.1 This report has no direct link to Plans in the Policy Framework.

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14. Appendices

14.1 Appendix 1A – Nexus 2014/15 Base Budget

Appendix 1B – Tyne and Wear non-Nexus 2014/15 Base Budget

Appendix 1C – Tyne Tunnels 2014/15 Base Budget

Appendix 1D – Northumberland 2014/15 Base Budget

Appendix 1E – Durham 2014/15 Base Budget

Appendix 2A – Tyne and Wear Non-Metro Capital Programme 2014/15

Appendix 2B – Tyne and Wear Metro Capital Programme 2014/15

15. Contact Officers

15.1 Jane Robinson, Head of Paid Services, Gateshead Council Tel.0191 4332050

Vivienne Geary, Monitoring Officer, North Tyneside Council Tel. 0191 6435339

Sonia Tognarelli, Chief Finance Officer, Sunderland Council Tel.0191 5611852

16. Sign Off

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

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APPENDIX 1.A

Nexus 2014/15 Base Budget

	Costs	Income	Net Costs	Grants	Net	Capital Adjust	Net
	£m	£m	£m	£m	£m	£m	£m
Concessionary Travel	49.446	(1.802)	47.644	0.000	47.644	0.000	47.644
Metro*	86.236	(46.414)	39.822	(24.620)	15.202	(15.583)	(0.381)
Ferry*	1.510	(0.536)	0.974	0.000	0.974	(0.178)	0.796
Rail	3.958	0.000	3.958	(3.958)	0.000	0.000	0.000
Bus Services*	18.850	(6.300)	12.550	0.000	12.550	(0.056)	12.494
Bus Infrastructure	3.648	(0.706)	2.942	0.000	2.942	(0.355)	2.587
Information and Promotion	3.707	(0.788)	2.919	0.000	2.919	(0.167)	2.752
Business Development	2.218	(0.715)	1.503	0.000	1.503	(0.053)	1.450
TOTAL OPERATIONS	169.573	(57.261)	112.312	(28.578)	83.734	(16.392)	67.342
Revenue Contributions to Capital	2.349	0.000	2.349	0.000	2.349		2.349
Net Movement in Capital Reserve	0.000	0.000	0.000	(16.392)	(16.392)	16.392	0.000
TOTAL NEXUS REQUIREMENT	171.922	(57.261)	114.661	(44.970)	69.691	(0.000)	69.691
LEVY							(64.920)
DEFICIT before Bus Strategy Delivery Project							4.771
Bus Strategy Delivery Project							0.657
DEFICIT							5.428

* includes income for the carriage of concessionary pass holders

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APPENDIX 1.B

Tyne and Wear non-Nexus 2014/15 Base Budget

Interest Charges	1,225,220
Minimum Revenue Provision	1,126,480
Interest Income	-3,000
Repayment to Tyne Tunnels for temporary use of reserves	240,000
Total Capital Financing Charges	2,588,700
Officer Support	280,000
Printing, Postage, Stationary	15,000
Members expenses	6,300
Staff Travel and Subsistence	4,000
External Audit	30,000
Website	20,000
Scrutiny	4,700
Accommodation	6,400
Contingency	332,030
Total Administration and Governance	418,430
Total Expenditure	3,287,130
Contribution from Transport Levy	-3,287,130

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APPENDIX 1.C

Tyne Tunnels 2014/15 Base Budget

Expenditure

Contract Payments to TT2	18,400,000
Employees	35,000
Pensions	50,000
Support Services	130,000
Supplies & Services	50,000
Community Fund	10,000
Net Financing Charges	6,471,000
	25,146,000

Income

Tolls Income	-24,720,000
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Net Deficit on Tyne Tunnels Account	426,000
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Contribution from Earmarked Tyne Tunnels Reserves	-426,000
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APPENDIX 1.D

Northumberland 2014/15 Base Budget

	Gross Expenditure	Gross Income	Net Expenditure
Concessionary Fares	4,288,600	-11,770	4,276,830
Secured Bus Services	1,993,370	-966,720	1,026,650
Bus Stations	0	0	0
Public Transport Information	39,700	0	39,700
Staffing	199,890	0	199,890
	6,521,560	-978,490	5,543,070

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APPENDIX 1.E

Durham 2014/15 Base Budget

	Gross Expenditure	Gross Income	Net Expenditure
Concessionary Fares	11,394,929	-12,300	11,382,629
Secured Bus Services	4,427,599	-1,055,061	3,372,538
Bus Stations	336,790	-270,637	66,153
Public Transport Information	244,946	-129,148	115,798
Staffing	672,239	-19,330	652,909
	17,076,503	-1,486,476	15,590,027

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APPENDIX 2.A

Tyne and Wear Non-Metro Capital Programme 2014/15

CAPITAL SCHEME	2014/15 BUDGET REQUIREMENT (£000)
New Tyne Crossing:	500
Tyne Pedestrian and Cycle Tunnel:	3,000
LTP:	
Integrated Transport Block Grant to Districts	11,966
Public Transport Element (excluding Metro ARP contribution)	2,820
LSTF:	
Schools Go Smarter	584
Go Smarter to Work	1,220
NESTI	75
TOTAL CAPITAL EXPENDITURE	20,165
FINANCING	
To be funded from:	
Prudential Borrowing	(1,500)
Capital Grant from Central Government	(16,590)
Earmarked Reserves	(2,000)
Other Grants and Contributions	(75)
TOTAL CAPITAL FINANCING	(20,165)

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