



## **Transport North East Committee**

Thursday 9th February, 2017 at 2.00 pm

Meeting to be held at Committee Room, Civic Centre, Barras Bridge, Newcastle upon Tyne, NE1 8QH

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## **AGENDA**

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	<b>Page No</b>
10. <b>Overview and Scrutiny Committee Policy Review: Transport Related Barriers to Education</b>	<b>1 - 26</b>
11. <b>Capital Programme 2016/17 Update</b>	<b>27 - 40</b>
12. <b>Revenue Budget 2016/17 Update</b>	<b>41 - 52</b>
13. <b>Date and Time of Next Meeting</b>	
20 April 2017 at 2.00pm at County Hall, Morpeth, Northumberland	

Contact Officer: Lynn Camsell Tel: 0191 211 6146 E-mail: [lynn.camsell@newcastle.gov.uk](mailto:lynn.camsell@newcastle.gov.uk)

**To All Members**

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## North East Combined Authority Transport North East Committee

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### **EXECUTIVE SUMMARY**

**DATE:** 9<sup>th</sup> February 2017

**SUBJECT:** Overview and Scrutiny Committee Policy Review :  
Transport related barriers to education, employment  
and training

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

This report summarises and comments on the recent Policy Review undertaken by the NECA Overview and Scrutiny Committee into transport-related barriers to education, employment and training.

### **RECOMMENDATIONS**

It is recommended that the Committee welcomes the Policy Review and its findings, including the comments and recommendations made by the Overview and Scrutiny Committee, which can be incorporated into the Transport Plan.

# North East Combined Authority

## Transport North East Committee

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### 1. Background Information

- 1.1 The Policy Review originated from an Overview and Scrutiny Committee work programme planning meeting in September 2014, at which Committee Members raised a number of issues emerging from their wards. These issues included the availability and affordability of transport to work and education. It was intended that the results of the Policy Review would feed into the Transport Plan for the North East which is currently in preparation.
- 1.2 An inquiry was therefore begun, with the following terms of reference:
- a) An assessment of current transport projects to help people get to interviews, jobs, training etc.
  - b) The potential impact of future spending cuts and how to maintain accessibility of public transport
  - c) An assessment of the different problems across the NECA area, e.g. the particular needs of rural areas.
- 1.3 A Call for Evidence was issued, inviting individuals and organisations to submit written evidence to the Committee. General comments were invited and, additionally, specific questions were posed as follows:
- a) The accessibility of public transport (i.e. whether people can travel at reasonable cost, in reasonable time and with reasonable ease)
  - b) The availability of public transport and the extent to which it is adequate to access employment sites
  - c) What alternative transport approaches could be considered to support people being actively engaged in work?
- 1.4 Written and oral evidence was gathered between June 2015 and September 2016. A total of 40 responses were received from a range of training providers/educational establishments, members of the public, travel advisors, voluntary groups and transport providers within the NECA area. Some of those who submitted evidence were invited to address the Committee.

### 2. Call for evidence findings

- 2.1 Appendices 1 – 3 to this Report comprise the report to December 2016 Overview and Scrutiny Committee, and the two Appendices that accompanied that report. Section 3.2 of that report states that five problems in particular were apparent from the responses to the Call for Evidence:
- a) The cost of public transport can be a disincentive to take up employment and widen horizons for employment opportunities
  - b) Accessibility of transport, for example, people in rural areas without access to a car face particular difficulties and reductions in weekend and evening services makes it difficult for those working outside of the core working week.
  - c) Changing working patterns beyond the traditional core working hours.
  - d) The location of out of town employment sites can cause difficulties for those using public transport

# North East Combined Authority

## Transport North East Committee

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- e) The lack of an integrated transport network and coordination across services leads to complex and uncoordinated services for commuters.

### 3. Overview and Scrutiny Committee recommendations and comments thereon

3.1 Four recommendations were made by the Overview and Scrutiny Committee in their report. These are listed below, with comments in italics.

- 3.2 a) The Scrutiny Committee fully supports young people's concessionary travel to reduce the cost of travel for 16-19 year olds, and welcomes the opportunity to contribute to the NECA Task & Finish Group Review.

*Comment:*

*The support for the TNEC Task & Finish group, that has been established to investigate transport cost issues faced by young people, is welcomed, including the nomination of Councillor Eagle to be part of the group. The Transport Manifesto states that transport should be Affordable and this theme is continued in the draft Transport Plan.*

- b) The Committee welcomes improvements to the ticketing system and urges further action to ensure: i) the system does not penalise passengers who need to change between buses or from buses to other types of transport; ii) access to work places and timetables should meet the needs of workers and the need for onward connections.

*Comment:*

*(i) The North East Smart Travel Initiative (NESTI) has been progressing this issue successfully. As a result, Pop Pay As You Go can now be used as payment on the majority of services provided by the three major bus operators (Arriva, Go North East and Stagecoach); on Metro (with a daily price cap); the Shields Ferry; and a range of small operators, including the Park and Ride service in Durham. This means that passengers with Pop Cards can use the same card for each leg of their public transport journey without having to pay cash each time, although it should be noted that bus operators have not yet agreed to offer a price cap in the way that Metro does. Uptake of Pop Cards has increased sharply since Pop Pay As You Go Cards became available on-line. Again, the Transport Manifesto (in response to consultation replies) includes a theme that transport should be integrated and this too is expanded upon in the draft Transport Plan.*

*(ii) The comments from the Call for Evidence about the difficulty of accessing employment locations which are away from the public transport network, and of getting to work at shift times, are noted. This point is also already reflected in the Transport Manifesto; one of its themes is that transport should be Accessible in terms of running*

# North East Combined Authority

## Transport North East Committee

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*as near as possible to where people live and want to travel to. The draft Transport Plan deals with this in more detail.*

- c) The Committee urges continued efforts to deliver improvements to the walking and cycling network whenever the opportunity arises, and to promote the use of cycle paths as an alternative form of transportation focusing on accessing Metro stations, bus stations and bus stops and the walking routes to employment sites. This needs to include lighting, signage and pavements, providing an environment around transport facilities that feels safe and secure.

*Comment:*

*The Transport Manifesto has a specific section devoted to Walking and another one on Cycling. These two topics are extensively covered in the draft Transport Plan.*

*The North East Combined Authority and all seven Councils are fully committed to promoting walking and cycling, including investing in walking and cycling infrastructure wherever possible. For example, North Tyneside Council's "Preston Grange (A191 Rake Lane) cycling and walking improvements" project sought to provide a convenient cycling and walking route which would support active travel to local schools, encourage cycling to work and improve links in North Tyneside's cycling and walking network. The project was funded from various sources including the Government's Linking Places Fund, regional Go Smarter School Links funding, and developer funding from a neighbouring sports pavilion development.*

*Disappointingly, however, the region's "Access Fund" bid, intended to help maintain the NECA-wide Go Smarter programme, has been declined for funding by the Department for Transport. This will hamper our plans to promote sustainable travel alternatives for journeys to schools and workplaces and means that a number of existing successful initiatives may have to be ended due to lack of further funding.*

*The implications of this announcement are currently being evaluated by officers and a subsequent detailed report will be produced advising Members of the consequences for activities that have been delivered through the Go Smarter programme and the staff involved.*

- d) The Committee recognises the prospect of some people being disadvantaged and cut off from prosperity and opportunities that most people take for granted, due to transportation issues. Policy should seek to create a vision that no one in the area is seriously disadvantaged by where they live.

*Comment:*

*Public transport's role in enabling access to essential facilities, including*

# North East Combined Authority

## Transport North East Committee

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*education, training and employment, without the need to use a car, is noted. The particular needs of isolated communities, especially rural areas, in this regard are also noted. As stated above, the Transport Manifesto includes a theme on the Accessibility of transport, and the section on bus services sets out the intention to have “good network coverage reflecting local needs including in rural areas”. Again, the question of how to ensure an effective public transport network is covered extensively in the draft Transport Plan, which includes sections on the needs of rural areas.*

#### **4. Conclusions**

- 4.1 As shown in Appendix 1, the Overview and Scrutiny Committee report states that “the evidence and conclusions from the policy review will be submitted to the Transport North East Committee for advice and comment, and then to the Leadership Board as part of the development of the Transport Plan for the North East.”
- 4.2 The Overview and Scrutiny Committee report is therefore to be welcomed, as it highlights some of the issues that were identified in the Transport Manifesto and will be expanded upon in the draft Transport Plan. The evidence and conclusions from the policy review can accordingly be incorporated in a future draft of the Transport Plan to be submitted to this Committee.

#### **5. Impact on objectives**

- 5.1 Reducing transport-related barriers to employment will assist the North East Combined Authority in delivering its objective to maximise the area’s opportunities and potential.

#### **6. Finance and Other Resources**

- 6.1 There are no direct finance implications arising from this report

#### **7. Legal**

- 7.1 There are no direct legal implications arising from this report

#### **8. Other Considerations**

- 8.1 Consultation/Community Engagement

A call for evidence was carried out as part of the policy review described in this report

- 8.2 Human Rights

# North East Combined Authority

## Transport North East Committee

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

### 8.3 Equalities and Diversity

Measures to overcome transport-related barriers to employment would, if implemented, assist the Combined Authority in promoting greater equalities and diversity in the region's transport system.

### 8.4 Risk Management

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

### 8.5 Crime and Disorder

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

### 8.6 Environment and Sustainability

Measures to overcome transport-related barriers to employment would, if implemented, assist the Combined Authority in achieving a more sustainable transport system for the region.

## 9. Background Documents

9.1 None

## 10. Links to Plans in the Policy Framework

10.1 This report has a direct link to the forthcoming Transport Plan for the North East

## 11. Appendices

11.1 Appendix 1 : North East Combined Authority Overview and Scrutiny Committee Report, 14<sup>th</sup> December 2016 : Policy Review - Transport related barriers to education, employment and training

Appendix 2 : Written Evidence Submissions

Appendix 3 : List of witnesses

## 12. Contact Officers:

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

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# North East Combined Authority

## Transport North East Committee

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### 13. Sign off

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

# **North East Combined Authority Transport North East Committee**

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## **Appendix 1**

**Date:** 14<sup>th</sup> December 2016

**Subject:** Policy Review: Transport related barriers to education, employment and training

**Report of:** Monitoring Officer

## **Executive Summary**

The purpose of this report is to consider the conclusions of a policy review on transport related barriers to education, employment and training. This review will be submitted to the Transport North East Committee, and the Leadership Board to assist in the development of the Transport Plan for the North East.

## **Recommendations**

It is recommended that the Committee receives and considers this report.

# North East Combined Authority

## Transport North East Committee

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### 1. Introduction

- 1.1 This review focussed on one central aspect: transport and the provision of access to employment, training and education. The more efficient this access, the greater the economic benefits.
- 1.2 The conclusions are intended to contribute to the Transport Plan for the North East and to focus on how to support delivery of key transport-related priorities for the NECA area.
- 1.3 Barriers in transport provision can prevent people from accessing key local services or activities, such as jobs, learning, healthcare, shopping or leisure. This report is primarily concerned with options for removing the barriers to accessing employment, training and education facilities, including whether transport is available at a reasonable cost, in reasonable time and with reasonable ease.
- 1.4 This report reflects how different barriers impact directly on service users and how this may impact on their ability to take up employment and training.

### 2. Background

- 2.1 The Scrutiny Committee took written and oral evidence over an 18 month period. To ensure that a wide range of interested parties could submit evidence to the review, a Call for Evidence was issued inviting stakeholders to submit written evidence to the Scrutiny Committee.
- 2.2 General comments were invited and, additionally, specific questions were posed as follows:
  - (a) The accessibility of public transport (i.e. whether people can travel at reasonable cost, in reasonable time and with reasonable ease)?
  - (b) The availability of public transport and the extent to which it is adequate to access employment sites?
  - (c) What alternative transport approaches could be considered to support people being actively engaged in work?
- 2.3 Access to health services had not been part of the original remit, however, it became clear that access to healthcare was a significant concern for residents and comments were submitted in relation to accessing health services. It is anticipated that this may become more of an issue for patients as health services are re-located, centralised and travel to health providers increasingly requires the crossing of local authority boundaries.

### 3. Findings

# North East Combined Authority

## Transport North East Committee

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- 3.1 Evidence submitted to the review indicates that transport barriers are most acute for young people, those who live in more isolated areas, and those on low incomes who are particularly reliant on local public transport services yet often find that the cost of fares constitutes a disproportionately high percentage of their expenditure unless they are entitled to some form of concession.
- 3.2 From the evidence, five problems in particular are apparent:
- a) The cost of public transport can be a disincentive to take up employment and widen horizons for employment opportunities
  - b) Accessibility of transport, for example, people in rural areas without access to a car face particular difficulties and reductions in weekend and evening services makes it difficult for those working outside of the core working week.
  - c) Changing working patterns beyond the traditional core working hours.
  - d) The location of out of town employment sites can cause difficulties for those using public transport.
  - e) The lack of an integrated transport network and coordination across services leads to complex and uncoordinated services for commuters.

### 3.3 Cost of Transport

Bus fares have consistently risen faster than inflation for many years. This has a significant effect on those on lower incomes and without access to a car. This restricts where people look for jobs and can impact the level of wages they accept and subsequently any prospective job opportunity. This is particularly the case for jobseekers who may (initially at least) only be able to secure relatively low-paid work so that public transport fares account for a disproportionately high percentage of their expenditure – perhaps to the point where accepting a job ceases to be worthwhile.

Fares setting is still a matter for the individual operators to agree between themselves and that can give rise to anti-competitive behaviours. All of the companies we spoke to described the range of discounts and concessions on offer but these are often only available on their own services.

For young people, a rise in fares has been exacerbated by the removal of the Education Maintenance Allowance (EMA) which provided a financial resource to 16-18 year olds accessing education or training. A survey of Association of Colleges members in 2011 showed that the impact of ending EMA would be particularly felt in terms of transport.

Many of the discounts and concessions on offer are targeted at young people and this is to be welcomed. Nevertheless, we were informed that in some cases the cost of this travel exceeds £1000 per learner and it is necessary to pay two or even three different transport providers.

# North East Combined Authority

## Transport North East Committee

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It was noted that these matters may be examined in more detail through other work streams. In 2105, the Department for Business Innovation and Skills (BIS) announced that as part of its review of post-16 education and training institutions, it will carry out a series of area-based reviews (ABR). Area-based reviews will take stock of the skills landscape in local areas and ascertain whether the skills provision on offer meets the Government's objectives, which include access to appropriate good quality provision within reasonable travel distances, particularly for 16-19 year olds and students with special educational needs and disabilities. It is expected that all ABR's will be completed by March 2017.

It was further noted that a recent report to the 3<sup>rd</sup> November meeting of Transport North East Committee (TNEC) ("NECA Concessionary Travel") included a section covering the issues faced by young people, highlighting similar concerns to those raised above. It has been agreed that a TNEC 'Task and Finish' group will be established to investigate this and the TNEC report states that: "The work that Overview and Scrutiny Committee has undertaken will be cross-referenced with what is proposed here, and will feed into the proposed 'Task and Finish' group."

Where cost is a barrier, the Committee considered the alternative transport modes that may be available, including an assessment of the impact of the various regional Local Sustainable Transport Fund programmes delivered since 2011-12 (now branded as Go Smarter). Additional funding was awarded in 2015 although it was noted that funding was due to end in 2016. NECA has bid for follow-on funding through the Department for Transport's Access Fund and a decision on this is expected shortly.

The Go Smarter programme includes two schemes specially aimed at helping people access employment or training – a 'Jobseekers Ticketing' scheme that helps jobseekers with the cost of public transport fares and a 'Scooters to Work' scheme that provides low-cost scooter loans for people without access to a car and no available public transport option.

Although there is clear evidence that sustainable transport projects of the kind delivered through the Go Smarter programme are good value for money and deliver benefits for public health, accessibility and the local economy, pressures on revenue budgets mean that it is becoming more challenging for local councils to fund schemes of this kind without assistance from external funding sources.

We also heard that Nexus had done much to integrate cycling with Metro travel. More needs to be done to build on this and focus on accessing Metro stations, bus stations and bus stops and the walking routes to employment sites. This needs to include lighting, signage and pavements, providing an environment around transport facilities that feels safe and secure.

# North East Combined Authority

## Transport North East Committee

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### 3.4 Accessibility and network coverage

Evidence to the Committee showed that those in rural areas were more likely to report less frequent and limited access to transport services. Replies from residents of rural communities complained of discontinuation of services, infrequency of service, and residents feeling like they're 'forgotten'.

The Passenger Transport User Group notes in their evidence to Committee *"We've seen a number of marginal changes to bus services over the past years that have all made it more difficult for some people to get to work. The changes have included lessening frequencies or removal of services in some areas covered by the Combined Authority."*

Rural residents complained of some villages having no bus service or only a weekday service, or of services not fitting in with working patterns (for instance the earliest bus for the nearest town leaving at 9.30 am).

*"It is not possible to travel to work anywhere as the first service is at 9.32 am and there are no public services after 2.30 pm so return from work is impossible".*

*"In order to be in Newcastle at 9am, I must leave Rothbury at 6.39 am. The bus that leaves after that is the 7.39 am, which gets into Newcastle at 9.06am, which is too late for many people who need to be in their offices by 9am."*

*"Even when we had a service it started too late for people to get to work and it stopped before 6 pm so you could not get home."*

There was a strong view amongst people submitting evidence that, while some routes do not make a profit, they serve a valuable community role, either covering isolated areas or reaching people who could otherwise not travel or extending the options for working people.

The Committee notes that policy should include efforts to overcome the prospect of some people being disadvantaged and cut off from prosperity and opportunities that most people take for granted, due to transportation issues. Policy should seek to create a vision that no one in the area is seriously disadvantaged by where they live.

We also know from the evidence submitted that accessibility to health services continues to be a barrier for people relying on public transport. During the course of the review there were announcements by health providers through Sustainability and Transformation Plans (STP) of an intention to change where and how services are delivered, moving further towards a concentration of health services and this will require an appropriate response from transport providers. The Scrutiny Committee notes that there is

# North East Combined Authority

## Transport North East Committee

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an opportunity following the recently published Health and Wealth – Closing the Gap in the North East to align with the STP process and an opportunity to achieve better travel options with some travel impact work already having started in some areas through the STP process.

### 3.5 Patterns of work

In identifying the barriers people face to good accessibility it was noted in evidence that sometimes, when complaints are made that there are no buses, it is likely there are bus services but that the service does not actually get them to where they need to go on time.

*“Work experience at Nissan starts at 7.00 am for a 12 hour shift. The first bus arrives at 7.08”*

Patterns of working are varied with the traditional working day from 9-5 Monday to Friday no longer being applicable for many workers. A combination of out of town business locations, changes in working hours and limited public transport provision outside of peak hours creates a significant barrier for some people when they don't have access to a car.

From a Training Provider *“The trek to the site leading onto Nissan Way is extremely long and there are isolated open areas where there is no protection from the elements. We would request that the bus companies extend the route and at times that service the supply chain and ourselves who are trying to close the skills shortage gap.”*

*I should start work at 8 am but the bus does not get to Newcastle until after 8 am. I have had to ask my employer to adjust my start and finish times to accommodate bus times.*

*“The first bus on a Saturday gets into Newcastle at 8.41 which is no good unless you start at 9 am.”*

*“It is impossible to get work to start at 8 am Saturday or 10 am Sunday.”*

Whilst the Transport Plan will include policies aimed at increasing public transport use, the Committee notes that significant changes to the bus network which would overcome problems of the kind described above would in most cases require additional revenue funding. This would have to be found at local level, since it is unlikely that such funding will be forthcoming from central government against a background of continuing austerity.

### 3.6 Location of Employment Sites

# North East Combined Authority

## Transport North East Committee

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Changes in the locations of employment and training sites have meant that they are often in more dispersed locations and on the outskirts of towns and cities, where public transport availability is more limited.

Nexus and bus operators described the efforts they take to provide services to new industrial and office sites. For example Stagecoach has extended some services to Silverlink and Cobalt Business Parks and Go North East has worked with some major employers to stagger start and finish times, helping to spread the effect of peak hour congestion at some known pinch points on the road network. However, it was noted from evidence that at peak times, the roads in these areas are clogged with cars and as a result bus connections are likely to be slow thereby reducing the effectiveness of services. The Committee felt that more should be done to give public transport priority in these areas, particularly at peak time.

Within the Tyne & Wear area the Metro system provides a flexible, convenient option for many commuters and students. A frequent comment from passengers was that it should be a priority to look at extending the Metro system to cover all of the main employment locations.

The Transport Plan is expected to note that new developments in out of town locations, whether residential or business, will increase usage of private cars and carbon emissions, unless the developments concerned can be supported by public transport or planned around the existing public transport network and also linked to good quality cycling and walking routes.

The Committee is concerned that how people will reach key employment sites without a car is often little more than an afterthought in the land-use planning process. Involvement in land-use planning decisions should take place at the earliest stages to look at:

- Locating developments so that they connect to existing public transport networks
- Developing and improving walking and cycling routes to proposed developments

Through better integrating transport infrastructure within the planning of developments, these measures could pre-empt situations that are very difficult (and costly) to remedy retrospectively.

### 3.7 Co-ordination of transport services

People submitting evidence to the review complained about a lack of coordination and the complication of using public transport to travel to work even in core working hours. The current arrangement often leaves people having to take more than one bus, run by different operators, in order to get to work, quite often incurring high costs as a result. This acts as a disincentive to

# North East Combined Authority

## Transport North East Committee

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work, increases poverty, and discourages people from using public transport networks.

We took evidence about improvements to the ticketing system but more needs to be done to make sure this does not penalise passengers who need to change between buses or from buses to other types of transport. The Pop Pay As You Go Card overcomes the need to pay separately for different stages of a public transport journey. It can be used as follows:

- a) Pop Cards can be purchased on line, at Nexus Travel Shops or from selected Payzone shops
- b) They can be topped up i.e. money put on the card on-line, in a range of ways
- c) They can be used in Durham, Northumberland and Tyne and Wear on most buses, the Metro and the Shields Ferry.

Although a number of specific barriers have been identified in this report and, where possible, some action is being taken to address them, in the longer term it appears likely that additional funding will be needed to fully address the issues that this report has identified.

The Committee notes that much can be achieved within the existing partnership arrangements, but there are clearly situations where the local market is not working as well as it could. We were informed that lobbying had taken place on the Bus Services Bill to widen the existing quality partnership legislation. The amendment, which comes after lobbying to widen the franchising powers, would allow local transport authorities to access the powers under the Bill without going through an onerous permission process. Previously only mayoral combined authorities could automatically opt for a franchise scheme.

It is clear that there are a number of constraints and challenges to utilising the full range of the legislative provisions, and the Committee welcomes the opportunity the Bus Services Bill provides to clarify and improve the options for the north east.

#### **4. Extracts from Written Evidence**

- 4.1 Appendix 1 to this report includes a table summarising the written evidence submitted by stakeholders which has been used in compiling the conclusions.

#### **5. Conclusions & Recommendations**

- 5.1 The barriers described in this report can undermine policies to increase use of sustainable transport, achieve growth in employment, to increase participation in education, to access healthcare and participate in social activities.

# North East Combined Authority

## Transport North East Committee

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- 5.2 The Committee welcomes the measures being taken to achieve the greater co-ordination of transport policies across the NECA area and the potential benefits that will follow. However, the Committee also notes the need for additional revenue funding to solve the kind of transport problems highlighted in this report and Appendix 1, and also the need for better co-ordination between planning and transport, to ensure that facilities are located and decisions taken with regard to the need, firstly to cater for people who do not have access to a car and secondly to encourage those who can access a car to switch to more sustainable means of transport.
- 5.3 All agencies whose policies or decisions have a transport impact should show that the transport dimension has been taken into account. For example, benefits policy needs to take account of people's transport difficulties. Where public services are being reorganised and relocated, access plans to show how those without cars will access these services should be required and relocation/reorganisation should not go ahead unless the access plans have been implemented.
- 5.4 The Scrutiny Committee makes the following recommendations :
- (a) The Scrutiny Committee fully supports young people's concessionary travel to reduce the cost of travel for 16-19 year olds, and welcomes the opportunity to contribute to the NECA Task & Finish Group Review.
  - (b) The Committee welcomes improvements to the ticketing system and urges further action to ensure: i) the system does not penalise passengers who need to change between buses or from buses to other types of transport; ii) access to work places and timetables should meet the needs of workers and the need for onward connections.
  - (c) The Committee urges continued efforts to deliver improvements to the walking and cycling network whenever the opportunity arises, and to promote the use of cycle paths as an alternative form of transportation focusing on accessing Metro stations, bus stations and bus stops and the walking routes to employment sites. This needs to include lighting, signage and pavements, providing an environment around transport facilities that feels safe and secure.
  - (d) The Committee recognises the prospect of some people being disadvantaged and cut off from prosperity and opportunities that most people take for granted, due to transportation issues. Policy should seek to create a vision that no one in the area is seriously disadvantaged by where they live.

## 6. Next Steps

# North East Combined Authority

## Transport North East Committee

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6.1 The evidence and conclusions from the policy review will be submitted to the Transport North East Committee for advice and comment, and then to the Leadership Board as part of the development of the Transport Plan North East. In relation to young people, the work that Overview and Scrutiny Committee has undertaken will feed into the TNEC 'Task and Finish' group that is exploring the ticketing issues faced by young people.

### **7. Potential Impact on Objectives**

7.1 Reducing transport-related barriers to employment will assist the North East Combined Authority in delivering its objective to maximise the area's opportunities and potential.

### **8. Finance and Other Resources**

There are no direct finance implications arising from this report.

### **9. Legal**

There are no direct legal implications arising from this report.

### **10. Other Considerations**

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

Consultation with a range of stakeholders has been carried out as part of this policy review.

#### **10.2 Human Rights**

There are no human rights implications identified at this stage.

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

Measures to overcome transport-related barriers to employment would, if implemented, assist the Combined Authority in promoting greater equalities and diversity in the region's transport system.

#### **10.4 Risk Management**

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

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

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

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

# North East Combined Authority

## Transport North East Committee

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Measures to improve public transport, walking and cycling provision would, if implemented, assist the Combined Authority in achieving a more sustainable transport system for the region.

### 11. Background Documents

- 11.1 Health and Wealth - Closing the Gap in the North East: Report of the North East Commission for Health and Social Care Integration (2016)

### 12. Links to the Local Transport Plans

- 12.1 This report links to the forthcoming Transport Plan for the North East that is covered in a separate report for this meeting.

### 13. Appendices

- Written Evidence Submissions Appendix 1
- List of witnesses Appendix 2

### 14. Contact Officers

- 14.1 Karen Brown, Scrutiny Officer  
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Mark Wilson, Head of Transport Policy  
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### 15. Sign off

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

### 16. Glossary

LSTF – The Local Sustainable Transport Fund (the ‘Fund’) was launched in 2010 with two objectives: to grow the economy, and to cut our carbon emissions.

DfT – Department for Transport

EMA – Education Maintenance Allowance

STP – NHS Sustainability and Transformation Plans

ABR – Area Based Reviews of 16-19 Education

# North East Combined Authority

## Transport North East Committee

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### Appendix 2

### NECA Overview and Scrutiny Committee – Summary of Written Evidence

A Call for Evidence was intended to provide members of the community the opportunity to submit their views, opinions and experiences. General comments were invited and, additionally, specific questions were posed as follows:

- (a) The accessibility of public transport (i.e. whether people can travel at reasonable cost, in reasonable time and with reasonable ease)?
- (b) The availability of public transport and the extent to which it is adequate to access employment sites?
- (c) What alternative transport approaches could be considered to support people being actively engaged in work?

A summary of the key points is set out below:

Barrier identified by service users	Problems caused for service users	Solution suggested by service users
Cost of Public Transport	<p>Fares have increased at above the rate of inflation for a number of years.</p> <p>Can be £5 per day for learners Barrier to part time work / those on benefits</p> <p>Can be cheaper annually to run a car</p> <p>Travelling across zones adds to cost</p> <p>Exacerbated by the end of the Educational Maintenance Allowance for young people &amp; lower minimum wages for those on apprenticeships</p> <p>Approaches which focus on</p>	<p>Clients registered to access concessionary rates on public transport for the days when they are actively involved in the training or placement?</p> <p>Specific deals are available to college students, apprentices and trainees, and to the lower paid.</p> <p>Need to replicate Transport for London in NE.</p> <p>A shared taxi/bus scheme whereby JC+ clients could access empty seats on school buses or taxis at a reasonable rate</p> <p>Car clubs / cycle hire</p> <p>Better cycle and walking links</p>

# North East Combined Authority

## Transport North East Committee

	<p>financial support only, can jeopardise retention of participants in training, education or employment once the subsidy ends.</p>	<p>from residential to employment areas</p>
<p>Coordination of services / integration</p>	<p>Bus services are not designed to connect on time to allow a direct transfer</p> <p>Bus companies are ‘rivals’</p> <p>Travelling across boundaries very expensive and limits employment opportunities</p> <p>It can be necessary to pay two or even three different transport providers.</p> <p>Metro only services a very small part of the NECA area - multi-modal ticketing has to be an objective for the entire region.</p> <p>Times of metros arriving and buses leaving sites (and vice versa) that don’t tally up resulting in longer waits for employees coming into and leaving work.</p> <p>Bus timetables that don’t reflect normal working patterns.</p>	<p>One system run by the public sector</p> <p>Transport for London which offers all students under 18 free travel across all London Borough’s with a single public transport provider.</p> <p>Smart ticketing for integrated ease of travel, PAYG travel</p> <p>Demand responsive services</p>
<p>Ticketing system</p>	<p>A complex system operates across the NECA area.</p> <p>Free market prevents collaboration between bus companies. Area needs to</p>	<p>A consistent bus network with a simple ticketing structure</p> <p>Oyster cards are a good example but reliant on control</p>

# North East Combined Authority

## Transport North East Committee

	<p>have the powers that London has.</p> <p>Smart ticketing helps but Nexus can't control the price.</p>	<p>of the whole network.</p>
	<p>Employment sites are often located close to the strategic road network due to the transportation of goods. As a consequence of this, the staff travel patterns are heavily reliant on the private car. Due to this, Public Transport services are often reduced / limited, as the patronage figures are not viable.</p> <p>Bus stops often located some distance from the workplace or require crossing busy roads.</p> <p>Over one third of Cobalt's workforce live within a 5 mile radius but infrastructure doesn't support cycling option.</p>	<p>Re-locate bus stops</p> <p>Extending bus routes to employment venues</p> <p>Investment in Park and Ride schemes, with free parking is a more sustainable option than temporary alternative travel modes.</p> <p>Demand-led mini bus service that would cover the areas badly served by public buses and could be booked by anyone accessing training or work placements from a range of registered providers.</p> <p>Alternative schemes – cycle, bike etc. but lack of future funding and therefore the sustainability of the schemes developed.</p>
<p>Geographic coverage including rural communities</p>	<p>The crossing of local authority boundaries requires different ticketing, adds to cost and leads to missed connections.</p> <p>Need to look at getting 'one service for all'.</p> <p>Travel from and within rural areas can rule out job opportunities in city centre locations</p>	<p>Re-opening closed lines</p> <p>Community transport</p> <p>Tyne &amp; Wear Metro to be extended via the Leamside Line to Washington to provide better connections with Tyneside to give job opportunities to people in inner city areas</p> <p>Businesses promoting community transport to their</p>

# North East Combined Authority

## Transport North East Committee

	<p>There are gaps in coverage, even in populated areas.</p> <p>Low travel horizons among those who are out of work or training</p> <p>Removal of bus services leaves rural areas even more isolated</p> <p>Poor transport links between deprived inner city wards of Newcastle and new areas of employment opportunity in North Tyneside at Cobalt and Silverlink.</p> <p>Poor transport links between West Gateshead areas of Blaydon, Ryton, Chopwell to employment opportunities on Team Valley.</p> <p>Problem of reduced bus services from Wideopen and Seaton Burn to Newcastle because most services now operate limited stop via the A1 by-pass.</p>	<p>employees.</p> <p>The Blyth &amp; Tyne rail Line should be reopened to provide faster, easier journeys for job opportunities between Ashington, Blyth and Bedlington with Newcastle</p>
<p>Quality of journey (ease of use, packed carriages, cleanliness, noise, accessibility, safety)</p>	<p>Annual pass - not able to use the barriers as they are not programmed for this type of ticket.</p> <p>Less able-bodied people unable to travel peak times due to crowding</p> <p>Trains are too full during the peak times. People are</p>	<p>Consultation on carriages currently being carried out</p>

# North East Combined Authority

## Transport North East Committee

	<p>standing all of the time. People with any physical disability are at a total disadvantage and possibly could not actually get on the train.</p>	
<p>Reliability (punctuality, rolling stock, weather, fire alarms, fault with lines, track problems)</p>	<p>If trains don't run to time table this impacts on my travelling time as I change trains en route. If one train is late or early in leaving or arriving at a station I often miss my connection.</p> <p>Daily problems with Metro reduces confidence levels</p> <p>Announcements on the system are slow and limited. other operators will not accept the tickets already bought for the metro therefore people have to pay twice</p> <p>Less frequent service during holiday periods and different service on weekends but people still have to travel to work</p> <p>No account of peak commuting times in timetabling</p> <p>Infrastructure cannot cope with high demand at peak times</p> <p>If running late, buses miss certain bus stops to catch up</p> <p>Missed connections</p>	<p>Infrastructure improvements and investment Incorporating other transport modes such a car clubs, cycle hire etc.</p> <p>Better cycle and walking links from residential to employment areas can be cost effective</p>

# North East Combined Authority

## Transport North East Committee

<p>Communication (informing passengers of delays etc.)</p>	<p>When the system fails in peak hour the links to the other operators are diabolical and the other operators will not accept the tickets already bought for the metro system therefore people have to pay twice.</p> <p>Refunds difficult to receive and complicated</p> <p>Lack of knowledge about public transport services leading to adverse perceptions of journey length and connectivity</p> <p>The general lack of detailed information about the connections that need to be made</p>	<p>Need real-time information</p> <p>Public Transport Information via Smart Phones and other technology streams</p> <p>Social Media Outlets being utilised and harnessed to provide update.</p>
<p>Potential impact of future spending cuts</p>	<p>Will accessibility of public transport worsen?</p> <p>Concessionary Travel and the rising population age – is concessionary travel becoming unaffordable</p>	

# North East Combined Authority

## Transport North East Committee

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### Appendix 3

#### Evidence Schedule

#### Witnesses providing evidence at Scrutiny Committee

22nd June 2015 (Durham)	John Bourn, Senior Specialist Transport Planner, Regional Transport Team, <a href="mailto:John.Bourn@newcastle.gov.uk">John.Bourn@newcastle.gov.uk</a> Tel 0191 2778972	Background, Context and current service provision
21st July 2015 (Sunderland)	Liz Prudhoe, ADAPT Sarah Rowell, Northumberland Ian Jopling, Durham	LSTF Projects
8th September 2015 (Gateshead)	Huw Lewis, Corporate Manager for Customer Services and Communications	Nexus
20th October 2015 (Newcastle)	Robin Knight, Commercial Director	Stagecoach
1 <sup>st</sup> December 2015	Tom Dodds, Stakeholder Manager	Go North East
9th February 2016 (South Tyneside)	David Shaw	Passenger Transport User Group
27 <sup>th</sup> September 2016 (Sunderland)	Paul de Santis, Regional Head of Commercial	Arriva

#### Written Evidence Submissions

The call for written evidence ran from 27<sup>th</sup> August to end October 2015. 40 responses were received and have been sub-divided as follows:

Training providers / educational establishments – 4  
 Members of the Public – 11  
 Commuters – 16  
 Travel Advisors – 2  
 Voluntary Groups – 6  
 Providers – 1

Oral evidence was taken at sessions throughout 2015/16 as shown above.

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## North East Combined Authority

### Transport North East Committee

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**DATE:** 9 February 2017

**SUBJECT:** Capital Programme 2016/17 Update

**REPORT OF:** Chief Finance Officer

#### **EXECUTIVE SUMMARY**

This report provides the Transport North East Committee with a monitoring update on delivery of the 2016/17 Transport capital programme.

#### **RECOMMENDATIONS**

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

# North East Combined Authority

## Transport North East Committee

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### 1 Executive Summary

- 1.1 This report provides the Transport North East Committee with the third monitoring update on the 2016/17 Transport capital programme. This is a requirement of the NECA constitution and is a function delegated to TNEC.
- 1.2 Details of the various elements making up the capital programme are presented in the narrative below with further detail in the appendices.

### 2 Background Information

- 2.1 At its meeting on 20 January 2016, the Leadership Board agreed a total capital programme for 2016/17 of which around £96m related to investment in Transport schemes.

### 3 Transport Capital Programme 2016/17

- 3.1 A summary of the Transport Capital Programme for 2016/17 is shown in the table below. The latest approved budget takes into account the outturn position for 2015/16 and any additional approvals during the year. To the end of the third quarter (December), expenditure is around £42.324m, or 45% of the latest approved programme, but is anticipated to be around £84.446m at the year end.

	Original Approved Budget 2016/17 £m	Latest Approved Budget 2016/17 £m	Quarter 3 2016/17 £m	Forecast 2016/17 £m
Local Growth Deal (Transport Schemes)	41.980	36.678	6.125	29.037
Metro Asset Renewal Programme	41.192	41.869	26.727	40.133
Nexus Non-Metro	0.650	0.842	0.091	0.895
Tyne Tunnels Capital Programme	0.000	1.743	1.312	1.743
Other Transport Grants*	12.362	12.638	8.069	12.638
<b>Total</b>	<b>96.184</b>	<b>93.770</b>	<b>42.324</b>	<b>84.446</b>

\*Less grant funding shown in other programme lines

# North East Combined Authority

## Transport North East Committee

### 3.2 Local Growth Fund Capital Schemes 2016/17

3.2.1 The total latest approved LGF programme for transport projects in 2016/17 totals £36.678m of Transport schemes. Forecast expenditure to the year end is £29.037 as set out in the table below:

<b>Scheme</b>	<b>Approval Status</b>	<b>LGF 2016/17 Forecast (£m)</b>
Lindisfarne Roundabout	Approved	3.800
Northern Access Corridor Ph 3 Stage 2	Business Case	1.654
Northern Access Corridor Ph 3 Stage 1	Approved	0.346
Local Sustainable Transport Fund Package	Approved	3.822
A19 employment corridor access improvements (North Tyne)	Approved	1.750
A191 junctions including Coach Lane and Tyne View Park	Approved	1.333
Newcastle Central Station to Stephenson Quarter – Stage 1	Approved	0.190
A1056-A189 Weetslade roundabout improvements and A1-A19 link (A1058)	Approved	3.031
Scotswood Bridgehead – Stage 2	Business Case	0.611
Scotswood Bridgehead – Stage 1	Approved	0.139
South Shields Transport Hub – Stage 2	Business Case	0.897
South Shields Transport Hub – Stage 1	Approved	0.873
Sunderland Low Carbon Zone	Approved	4.583
A1058 Coast Road	Approved	3.730
Northern Access Corridor – Ph 2 Stage 2	Business Case	0.410
Northern Access Corridor – Ph 2 Stage 1	Approved	0.068
Horden Rail Station	Pipeline	0.300
A185/A194/A19 (The Arches)	Pipeline	0.720
A19 North Bank Tyne (Swans)	Pipeline	0.180

# North East Combined Authority

## Transport North East Committee

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Blyth Cowpen Road	Approved	0.600
<b>Total</b>		<b>29.037</b>

3.2.3 At the end of the third quarter, a total of £6.125m had been drawn down by transport projects. This is clearly low against the current programme although some Q3 claims from projects had not been assessed for payment at the time of writing this report. Officers are exploring all options to maximise expenditure in the current year, including funding swaps with Enterprise Zone works, and temporarily funding works on the Tyne Pedestrian and Cyclist Tunnels. All options will be subject to approval by the Leadership Board and the LEP Board and will take into account the forecast against latest approved budget for the overall 2016/17 LGF funded programme.

# North East Combined Authority

## Transport North East Committee

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### 3 Metro Asset Renewal Plan (ARP)

3.3.1 The Leadership Board approved the Metro Asset Renewal Plan (ARP) capital programme for 2016/17 in January 2016 totalling £41.192m. This is the seventh year of Nexus' ambitious eleven year programme to renew the Metro network where investment is directed towards those assets where there is greatest need, according to both asset condition and a risk based approach that ensures future operational requirements are fully considered.

3.3.2 It is important that the approved budget for any particular year is seen in the context of the long term funding commitment from government where the following factors are a key feature of how Nexus delivers its renewal programme:-

- i. The approved budget is set with regard to the requirement from DfT that Nexus achieves at least a minimum level of expenditure and no more than a maximum level of expenditure in any one financial year (which for 2016/17 was set at £31.913m and £38.802m respectively). This requires the budget to be set at a level which is in excess of the maximum spending target given logistical and other planning processes associated with the delivery of around 100 individual projects (all of which are delivered, even if elements of them need to be carried forward into subsequent years);
- ii. The flexible way in which grant funding can be vired between financial years with up to 10% being carried forward into the following year or 10% being brought forward from the following year; and
- iii. The need for each individual projects comprising the overall programme to deliver value for money.

3.3.3 The 2016/17 capital budget therefore included an over programming level of approximately 20%. As highlighted in the paragraph above, experience has shown that over-programming levels reduce during the course of the year as efficiencies are delivered and/or specific projects are re-phased in order that expenditure levels are contained within the agreed DfT funding envelope. A key benefit of this approach is that it gives Nexus 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 obtaining procurement savings through consolidating packages of work to increase market interest and competitiveness, and ensuring that the necessary disruption to the Metro service is minimised (by avoiding key events and making best use of school holidays and lower patronage windows).

3.3.4 At the end of the ninth of 13 periods (ending 10 December 2016), the Metro capital budget for the current year, has been revised to £41.869m.

The increase in the budget for this year is due to the re-profiling of individual projects, some of which were brought into the current year when the 2015/16 year was closed down, some of which have been moved into future years and some of which have been accelerated i.e. delivered earlier than previously planned. All of these movements in budget are within the context of the agreed three year programme. Examples of budget

# North East Combined Authority

## Transport North East Committee

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- i. Rail Traffic Management projects, reflecting the need to re-schedule elements of the programme into future years in order to successfully deliver this complex project in conjunction with the radio project;
- ii. Radio, where the overall delivery programme is now revised following delays in finalising some detailed designs and completing works on site;
- iii. Track works carried out at Easter 2016 which were delivered in 2015/16 to a greater extent than originally forecast;
- iv. Central Station works re-profiled from 2015/16 to 2016/17 to reflect the contractor's timescales and additional works required; and
- v. Other station works re-profiled from 2015/16 to 2016/17 following DfT funding reductions.

3.3.5 These examples reflect the dynamic nature of the programme and also helps ensure spending targets are achieved.

The £0.7m movement between the original budget for 2016/17 and the latest budget for 2016/17 can be summarised as follows, with Appendix A showing the three year programme, 2016/17 to 2018/19:-

	<b>£m</b>
Re-phasing from 2015/16, increasing 2016/17 budget	8.2
Accelerated projects (from 2016/17 to 2015/16), reducing 2016/17 budget	(1.9)
Re-phasing from 2016/17 to future years, reducing 2016/17 budget	(10.9)
Accelerated projects (from 2017/18 to 2016/17), increasing 2016/17 budget	1.4
Other changes (largely proposed changes to financing of projects)	3.9
<b>TOTAL</b>	<b>0.7</b>

Table 1: movement between original budget and latest budget, 2016/17

3.3.6 Expenditure as at the end of Period 9 is £26.727m. This represents 84% of the £31.913m minimum expenditure level required by DfT for this financial year.

The latest forecast to the year end is now £40.133m; lower than budgeted largely because of reduced expenditure forecasts in the phasing of works relating to a number of projects and anticipated efficiencies in the need to use risk contingency budgets at individual project level.

An evaluation of the risks to delivery in this year's programme together with several options to undertake managed re-profiling of expenditure if required will ensure that

# North East Combined Authority

## Transport North East Committee

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the final outturn falls within the DfT's prescribed funding tolerance (which as previously indicated, is required to be between £31.913m and £38.802m).

At this stage any variation in expenditure against the revised budget that is not forecast to be incurred in the current year will be carried forward into the 2017/18 programme, unless projects are sufficiently advanced to allow efficiency savings to be handed back to the overall programme.

3.3.7 To the end of the ninth four week period of 2016/17, the following key projects have been progressed:

- The Newcastle Central Metro Station refurbishment is now largely complete with only 'special' roof and wall panels and artwork remaining. Final completion is planned for February 2017.
- The major track renewal scheme from Tynemouth to Northumberland Park is complete with the exception of a short section of drainage renewal scheduled for 29th January.
- Preliminary work is now underway for track renewal and refurbishment from Northumberland Park to South Gosforth. The main works will be completed, together with the replacement of Killingworth Road Bridge between South Gosforth and Longbenton stations, in summer 2017 in order to deliver efficiencies and minimise disruption by maximising the work being carried out during this significant line closure
- Track re-railing within the North / South central area tunnels completed to plan in November 2016 – the work was undertaken overnight by the Nexus Capital Delivery team to avoid disrupting the Metro service.
- A further track renewal work package is now underway to renew track between St James and Chillingham Road Stations – partly in tunnel. Preparatory work commenced in December with work largely planned in 4 consecutive weekends starting on 11<sup>th</sup> February.
- The Railway Traffic Management System (RTMS) project is now temporarily paused in order to accommodate dependencies with Radio infrastructure. Design work is complete together with substantial site installation of equipment.
- Design work is continuing on Cullercoats, West Monkseaton and Monkseaton Stations with refurbishment work planned for next financial year.
- Design work is at an advanced stage for Four Lane Ends, Regent Centre and Chichester Stations. Whilst not currently planned to be delivered within the current ARP funding envelope, the completion of the design works will assist in advancing these particular projects to the 'start line' should external funding be made available.
- Installation of the new radio equipment infrastructure is continuing and is planned for completion by January 2017. Planning for Metrocar radio equipment installation and

# North East Combined Authority

## Transport North East Committee

staff training continues and is expected to be underway from April 2017.

- Nexus continues to work together with South Tyneside Council and its developer, Muse in relation to the South Shields Transport Interchange where detailed design is nearing completion.
- Preparation for the system wide renewal of the overhead line continues with the construction of a training environment at South Shields. All specialist plant and materials have been procured and survey work is progressing in advance of renewal work commencing in March 2017.

3.3.8 Over the next 4 four week periods of 2016/17, the Metro ARP cost loaded programme shows the following expenditure profile:

	<b>Year to Date</b>	<b>Period 10 Forecast</b>	<b>Period 11 Forecast</b>	<b>Period 12 Forecast</b>	<b>Period 13 Forecast</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
In Period Spend		1.9	3.6	3.1	4.8
Cumulative Spend	26.7	28.6	32.2	35.3	40.1

3.3.9 The forecast expenditure for 2016/17 is financed as follows:-

	<b>Latest Approved Funding 2016/17 £000</b>	<b>Projected Funding 2016/17 £000</b>
<b>ARP</b>		
Metro Rail Grant (MRP)	31,821	31,821
Local Contribution 10%		
• Local Transport Plan (LTP)	2,640	2,640
• Reserves	896	896
Over-programming	4,788	3,335
<b>Total - ARP</b>	<b>40,145</b>	<b>38,692</b>
<b>Other Schemes<sup>1</sup></b>		
• Reserves/Other funding	1,724	1,441

<sup>1</sup> Other schemes include Killingworth Road Bridge, South Shields Station and Metro Maintenance and Renewals Skills Centre

# North East Combined Authority

## Transport North East Committee

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<b>Total – Other Schemes</b>	<b>1,724</b>	<b>1,441</b>
<b>Total</b>	<b>41,869</b>	<b>40,133</b>

### 3.4 Nexus Non-Metro

3.4.1 The latest revised budget for 2016/17m is £0.842m, with forecast expenditure at £0.895, as set out below:-

<b>Nexus Non Metro Programme</b>	<b>Latest Approved Budget 2016/17</b>	<b>Projected Outturn 2016/17</b>	<b>Period 9 Spend 2016/17</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cycling	166	211	9
Real Time Gateway Project	261	253	19
Wi-Fi	61	22	8
Ferry works	354	409	55
<b>Total Nexus Non Metro</b>	<b>842</b>	<b>895</b>	<b>91</b>

3.4.2 The Cycling project will be completed in 2016/17 and it is planned to procure a concession for the utilisation of Nexus communications infrastructure with the procurement of Wi-Fi facilities underway in January 2017.

Nexus has now received the approval of its business case submission for the Real Time Gateway Project where expenditure forecast at £0.253m will be expected to be incurred in 2016/17.

### 3.4.3 Non-Metro Capital Programme Financing

The following table sets out how the Nexus Non Metro capital programme for 2016/17 will be financed:-

	<b>Latest Approved Funding 2016/17</b>	<b>Projected Funding 2016/17</b>
	<b>£000</b>	<b>£000</b>
<b>Grant</b>		
Local Transport Plan (LTP)	77	77
Local Sustainable Transport Fund (LSTF)	261	261
<b>Nexus Contribution</b>		

# North East Combined Authority

## Transport North East Committee

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Reserves	438	491
Other	66	66
<b>Total</b>	<b>842</b>	<b>895</b>

### 3.5 Tyne Tunnels Capital Programme 2016/17

	Original Approved Budget 2016/17 £m	Revised Budget 2016/17 £m	Q3 Expenditure 2016/17 £m	Projected Outturn 2016/17 £m
Tyne Pedestrian and Cyclist Tunnels	-	1.491	1.123	1.491
New Tyne Crossing	-	0.252	0.190	0.252
<b>Total Tyne Tunnels</b>	-	<b>1.743</b>	<b>1.313</b>	<b>1.743</b>

#### 3.5.1 Tyne Pedestrian and Cyclist Tunnels

At the time of setting the capital programme in January 2016, no programme was set for the Tyne Tunnels. The revised budget for the year is based on the need to re-schedule delivery from the 2015/16 approved programme into 2016/17.

In September 2016, the Tyne and Wear Sub Committee recommended to the Leadership Board that the project budget be increased owing to difficulties encountered in relation to asbestos removal works and the main contractor entering Administration, with the total budget assessed at £11.92m, , with a proposed increase to the risk contingency for the project of a further £0.3m, bringing the total revised budget to £12.22m, an overall increase of £2.89m. The revised budget has been included in the revised capital programme for 2016/17 and the 2017/18 and 2018/19 capital programme agreed by the Leadership Board on 17 January 2017.

The costs of the refurbishment works of the Tunnels will be met from the Tyne Tunnels Reserve, which currently stands at £27.1m. It is important to note that this reserve is ring-fenced for use on the tunnels only, so the additional budget approval was not to the detriment of any other transport projects or services in Tyne and Wear.

The completion of the project is currently scheduled for Spring 2018.

#### 3.5.2 New Tyne Crossing

Approvals were given at the May 2016 meeting of the Leadership Board for the progression of easements with the Port of Tyne Authority and Virgin Media, and the contribution to the Tyne Falls Trust for the Hexham Fish Pass. The

# North East Combined Authority

## Transport North East Committee

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associated costs which amount to £271k are expected to be paid during the next few months of this financial year and the first few months of 2017/18, along with some professional fees and expenses associated with finalising legal agreements in relation to Bilton Hall Bridge, water ingress and land transactions.

### 3.6 Other Transport Grants 2016/17

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

3.6.2 NECA acts as accountable body for the North East Smart Ticketing Initiative (NESTI) which is a programme of investment in smart ticketing infrastructure across the wider North East. The programme is delivered by Nexus and the works are funded by NESTI contributions held and managed centrally by NECA. This will be drawn down towards the year end.

	Original Approved Budget 2016/17 £m	Revised Budget 2016/17* £m	Q3 Expenditure 2016/17 £m	Projected Outturn 2016/17 £m
Local Transport Plan (less Metro ARP Local Contribution shown above)	11.309	11.685	7.640	11.685
North East Smart Ticketing Initiative	1.053	0.953	0.429	0.953
<b>Total</b>	<b>12.362</b>	<b>12.638</b>	<b>8.069</b>	<b>12.638</b>

\* The revision to the budget was to update the figures to include carried forward grant from 2015/16 which is permitted under the grant conditions.

## 4 Next Steps

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

4.2 Projects that have commenced this financial year but which might require re-scheduling into next financial year will still be delivered.

# North East Combined Authority

## Transport North East Committee

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### **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**

The Authority's capital programme for 2015/16 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**

# North East Combined Authority

## Transport North East Committee

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- 9.1 Capital Programme 2016/17 – Leadership Board 19 January 2016
- Capital Programme Monitoring Update 2016/17 – TNEC 7 July 2016
- Capital Programme Monitoring Update 2016/17 Q2 – TNEC 3 November 2016

### **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 – Metro Asset Renewal Plan

### **12 Contact Officers**

- 13.1 Eleanor Goodman, Principal Accountant,  
[eleanor.goodman@northeastca.gov.uk](mailto:eleanor.goodman@northeastca.gov.uk)

John Fenwick, Director of Finance and Resources, Nexus  
[john.fenwick@nexus.or.uk](mailto:john.fenwick@nexus.or.uk)  
0191 203 3248

### **14 Sign off**

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

# North East Combined Authority

## Transport North East Committee

### Appendix A – Metro Asset Renewal Plan

Asset Category	Budgets					Forecasts			
	Original Approved Budget (DfT submission) 2016/17	Approved Programme 2016/17	Approved Programme 2017/18	Approved Programme 2018/19	Total Budget 2016/17-2018/19	Period 9 Forecast 2016/17	Period 9 Forecast 2017/18	Period 9 Forecast 2018/19	Total Forecast 2016/17-2018/19
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Civils	1,715	2,011	1,658	382	4,051	1,698	2,007	3,299	7,004
Communications	3,650	3,656	2,745	2,018	8,420	3,363	3,097	2,251	8,711
Level Crossings	0	5	0	0	5	16	0	0	16
Mechanical & Electrical	335	344	480	80	904	265	305	280	850
Metro Cars	1,365	1,380	1,650	1,663	4,693	1,348	1,250	1,163	3,761
Miscellaneous	715	527	520	440	1,487	318	831	690	1,839
Project Management Costs	0	30	150	1,993	2,173	0	0	1,993	1,993
Inflation allowance	0	0	0	0	0	0	0	0	0
Overhead Line	3,650	3,398	3,700	3,411	10,509	3,393	3,502	3,366	10,261
Permanent Way	19,470	20,573	22,102	13,597	56,272	20,555	21,381	13,597	55,534
Plant	0	12	0	0	12	13	0	0	13
Power	0	305	0	100	405	374	11	0	385
Signalling	6,685	3,998	5,561	965	10,524	3,727	5,120	1,231	10,078
Stations	2,505	3,906	3,281	4,010	11,197	3,621	4,013	5,927	13,561
<b>Total ARP Programme</b>	<b>40,090</b>	<b>40,145</b>	<b>41,848</b>	<b>28,659</b>	<b>110,652</b>	<b>38,692</b>	<b>41,517</b>	<b>33,797</b>	<b>114,006</b>
Major Projects	1,102	1,515	4,310	1,796	7,620	1,441	4,348	1,796	7,585
<b>TOTAL</b>	<b>41,192</b>	<b>41,660</b>	<b>46,157</b>	<b>30,455</b>	<b>118,272</b>	<b>40,133</b>	<b>45,865</b>	<b>35,593</b>	<b>121,591</b>

#### Note 1

Stations' projections include full cost of works. Other funding opportunities are currently being explored and the forecast spend currently provides for the full project costs

## North East Combined Authority

### Transport North East Committee

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**DATE:** 9 February 2017

**SUBJECT:** Revenue Budget 2016/17 Update

**REPORT OF:** Chief Finance Officer

#### **EXECUTIVE SUMMARY**

This report provides the Transport North East Committee with an update in relation to the 2016/17 revenue budget, as at the end of the third quarter of the year. 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

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### 1 Executive Summary

- 1.1 This report provides the Transport North East Committee with a progress update in relation to the 2016/17 revenue budget. This is a requirement of the NECA constitution and is a function delegated to TNEC.
- 1.2 Whilst in overall terms net expenditure reported in the NECA accounts is forecast to be £166k over budget, this doesn't take into account the fact that the three transport delivery organisations, Nexus, Durham County Council and Northumberland County Council are each forecasting expenditure which cumulatively, is £899k lower than their combined revenue grant funding from NECA for the year, with any surplus achieved being retained by the respective body at the year end.

### 2 Background Information

- 2.1 At its meeting held on 21 January 2016, the Combined Authority received a report from the Chief Finance Officer setting out the Authority's proposed base net budget for 2016/17 for Transport activity of £87,000k and total levies of £86,894k. This report provides an update to the Committee on expenditure to the end of the third quarter (December 2016) and the forecast to the year end.
- 2.2 Significant savings on transport delivery budgets in year are forecast, with the three delivery agencies, Durham County Council, Northumberland County Council and Nexus all forecasting expenditure less than budget. Details are set out in sections 3.3, 3.4 and 3.5 below.

A smaller deficit than budgeted is forecast on the Tyne Tunnels revenue account as a result of savings delivered on financing charges.

Within the NECA retained levy budget, forecast expenditure to the year end is estimated to be £166k, slightly higher than the budget originally set for the year due to additional devolution costs relating to Transport. This is outlined in section 3.2.2 along with an explanation as to how these additional costs will be accommodated.

# North East Combined Authority

## Transport North East Committee

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### 3. Revenue Budget Update – Quarter 3, 2016/17

3.1 At the end of the third quarter, expenditure for transport delivery by the three delivery agencies is forecast to be within budget. Durham and Northumberland County Councils are both forecasting small underspends, details of which are set out in sections 3.3 and 3.4. Nexus will achieve significant savings as a result of its base budget review, details of which are set out in section 3.5. This reduces the forecast deficit to be met from reserves, but does not affect the grant to Nexus which is set for the year as outlined in table 3.2 below.

Within the Tyne Tunnels account (where all costs are met from tolls income and ringfenced reserves) savings have been made against the budget for financing charges which has reduced the deficit to be met from reserves.

### 3.2 NECA Retained Levy Budget

3.2.1 This budget relates primarily to activity inherited from the former Tyne and Wear ITA, as well as some costs such as external audit and the cost of servicing Transport Committees which relate to the whole NECA area. The majority of the budget (82%) relates to financing charges on historic supported borrowing debt. Additionally, there is budget provision to pay for support services, other supplies and services and a repayment to the Tyne Tunnels for use of its reserves in 2013/14 to pay off the former Tyne and Wear ITA's pension deficit.

3.2.2 Expenditure for the year is forecast to be slightly higher (£166k) than the original budget due to additional costs of Devolution activity relating to Transport. As set out in the Financial Update report to the Leadership Board in November 2016, Devolution costs are to be funded by a combination of savings in Durham and Northumberland County Council transport budgets, release of transport reserves held in Tyne and Wear and release of an amount of contingency from the North East Smart Ticketing Initiative (which was agreed by ANEC in December 2016). Forecasts are set out in the table below.

	2016/17 original	2016/17 Forecast	Actual to Q3
Page	49		

# North East Combined Authority

## Transport North East Committee

	<b>Budget</b>		
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Service Level Agreement	245	230	137
External Audit	13	13	7
Members Allowances and Expenses	5	5	2
Conferences, Travel and Subsistence	3	2	1
Supplies & Services	22	20	3
Repayment to Tyne Tunnels	240	240	180
Financing Charges	2,098	2,062	1,547
Contribution to Transport Devolution Activity	110	387	387
Grant to Durham	15,435	15,414	11,576
Grant to Northumberland	6,329	6,293	4,747
Grant to Nexus	62,500	62,500	46,875
<b>Total Expenditure</b>	<b>87,000</b>	<b>87,166</b>	<b>65,462</b>
Durham Levy	(15,440)	(15,440)	(11,580)
Northumberland Levy	(6,334)	(6,334)	(4,751)
Tyne and Wear Levy	(65,120)	(65,120)	(48,840)
Misc Income	(3)	-	-
<b>Total Income</b>	<b>(86,897)</b>	<b>(86,894)</b>	<b>(65,171)</b>
<b>Net Expenditure</b>	<b>103</b>	<b>272</b>	<b>291</b>

# North East Combined Authority

## Transport North East Committee

3.3.1 The latest forecast indicates that there will be a budget underspend of £36k for the year. The main reason for the reported variances (forecast outturn against original budget) is shown below:

- a) Subsidised Bus Services £51k under budget – this results from underspends on anticipated extra costs due to road works.
- b) Bus Shelters £36k over budget – this results from lower than anticipated advertising income.
- c) Passenger Transport Information £30k under budget – this results from underspends on computer budgets.

	<b>Original Budget</b>	<b>Spend to Date (December 2016)</b>	<b>Forecast to Year end</b>	<b>Variance (Budget vs Forecast)</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Concessionary Fares	11,765	8,584	11,769	4
Subsidised Bus Services	2,822	1,728	2,771	(51)
Bus Stations	142	316	162	20
Bus Shelters	(13)	29	23	36
Passenger Transport Information	88	27	58	(30)
Staffing	631	441	616	(15)
Share of NECA Transport Costs	5	-	5	-
<b>Net Expenditure</b>	<b>15,440</b>	<b>11,124</b>	<b>15,404</b>	<b>(36)</b>

### 3.4 Northumberland

3.4.1 The latest forecast indicates that the year-end outturn will underspend by £196k. Northumberland County Council's two main areas of revenue expenditure are as follows:

- a) Subsidised Bus Services – As with Durham county council and Nexus, the County Council supports a range of socially necessary bus services, mainly in the rural North and West but some in the more urban South East. The Council reviewed all contracts that did not offer value for money during 2015/16 and retendered some routes with alternative delivery models. A slight pressure remained within the budget but the unit worked with a major operator to reduce the subsidy on a major route.
- b) 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. The budget is forecast to underspend by £203k as at 31 March 2017. An

# North East Combined Authority

## Transport North East Committee

analysis of the passenger numbers for the current financial year has been undertaken and this indicates a decrease in usage based on the same period for 2015/16. Using this data and previous years' trends this results in the forecast underspend of £203k at the year end.

	<b>Original Budget 2016/17</b>	<b>Spend to date (December 2016)</b>	<b>Forecast to Year end</b>	<b>Variance (Budget vs Forecast)</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Concessionary Fares	4,833	3,498	4,630	(203)
Subsidised Bus Services	1,303	850	1,310	7
PT Information	3	-	3	-
Staffing	190	143	190	-
Share of NECA Transport Costs	5	-	5	-
<b>Net Expenditure</b>	<b>6,334</b>	<b>4,491</b>	<b>6,138</b>	<b>(196)</b>

### 3.5 Tyne and Wear – Nexus

#### 3.5.1 Base Budget 2016/17 Update

When approving Nexus' revenue budget for 2016/17, the Leadership Board approved use of £3,659k of reserves in order that Nexus could set a balanced budget. In doing so, the Leadership Board acknowledged the need for a review of Nexus' services so that savings could be made in the medium term, thereby negating the use of reserves in the future.

As reported to TNEC on the 3<sup>rd</sup> November 2016, Nexus has critically examined its base budget requirement and identified several permanent reductions in its base position. The revised base position was therefore adjusted to £76k, a positive variation of £3,583k against the original base.

Since then, additional one-off budget increases totalling £298k have been approved by Nexus' Corporate Management Team. These costs are mainly in respect of emergency repairs to the ferry landing at South Shields and legal fees incurred with respect to Devolution (NB – these costs are outwith those referred to in paragraphs 2.1 and 3.2.2). The revised 2016/17 budget deficit is therefore £374k as detailed below:-

# North East Combined Authority

## Transport North East Committee

<b>Approved Budget</b>		3,659
Bus Secured Services	(1,800)	
ENCTS	(552)	
Employees	(583)	
High Voltage Power	(500)	
Business Change and Technology	(148)	(3,583)
<b>Base 2016/17 Budget Deficit</b>		<b>76</b>
Additional one-off pressures		298
<b>Revised 2016/17 Budget Deficit</b>		<b>374</b>

- **Bus Secured Services** – The net cost of the Secured Bus network has reduced following the renewal of various contracts. This is in part due to low inflation levels and fuel cost savings, although the majority is through a re-profiling of services and the commercialisation of some previously secured services. Following a review the budget was permanently reduced by £1,800k.
- **ENCTS Review** – the base payment will reduce by £552k as a result of passenger boardings in 2016/17 being less than the target agreed with bus operators.
- **Employees** – Further, permanent savings of £532k will be possible following a review of vacancies, recharges to capital projects and the amount of employers national insurance contributions payable.
- **High Voltage Power** – Due to delays in the implementation of the Electricity Market Reform (EMR) by government the budget has been reduced by £500k.
- **Business Change and Technology** – Permanent savings through reductions in software licencing costs have been identified totalling £148k.
- **Additional one-off Pressures** – as described above (£298k)

### 3.5.2 Forecast 2016/17 Update

The forecast outturn for 2016/17 for Nexus as at the end of reporting period 9 (10 December 2016) is a surplus on its revised budget before taxation of £667k, a positive variation of £1,041k.

Service Area	Revised Page 47 Net	Net Forecast	Variation
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# North East Combined Authority

## Transport North East Committee

	<b>Budget</b>		
	<b>£000</b>	<b>£000</b>	<b>£000</b>
ENCTS	36,433	35,892	(541)
Discretionary CT	4,062	4,199	137
Metro	2,856	2,456	(400)
Ferry	1,516	1,529	13
Local Rail	204	159	(45)
Bus Services	12,448	12,344	(104)
Bus Infrastructure	2,372	2,271	(101)
Public Transport Information	1,653	1,651	(2)
Major Projects	1,331	1,331	0
<b>TOTAL NET REQUIREMENT</b>	<b>62,874</b>	<b>61,833</b>	<b>(1,041)</b>
<b>NECA GRANT (LEVY)</b>	(62,500)	(62,500)	0
<b>DEFICIT / (SURPLUS)</b>	<b>374</b>	<b>(667)</b>	<b>(1,041)</b>

The variations in the table above are due to the following:-

- **ENCTS** – In addition to the savings identified as part of the base review, it is now considered that further savings will be achieved during the financial year as a result of passenger boardings in 2016/17 being less than the target agreed with the bus operators.
- **Discretionary Concessionary Travel** – Income from the renewal of Under 16 passes is forecast to be significantly lower than budget at the year-end due to a reduction in the numbers of passes being replaced.
- **Metro** – It is now expected that the level of performance penalties levied on the Metro Operator (DBTW) will be £200k in excess of the budget. In addition, salary savings will be achieved during the year as a result of proactive vacancy management.
- **Ferry** – Additional repairs and maintenance costs within the financial year are expected to exceed the budget.
- **Local Rail** – The level of Direct Rail grant income received is higher than budgeted as a result of inflation rate variations since the budget setting process.
- **Bus Services** – Some previously secured services have been subsumed into commercial services within the year and therefore the net cost of these services is no longer incurred by Nexus.
- **Bus Infrastructure** – The forecast adjustment reflects savings in the reactive maintenance and cleaning contracts.

# North East Combined Authority

## Transport North East Committee

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### 3.5.3 Known Pressures for 2016/17 (not included in the above forecast)

Nexus' 2017/18 budget proposal requires £800k of savings in the employee budget. A minor reorganisation is expected to deliver savings slightly in excess of this target but in order to accommodate this, an anticipated £300k will be incurred in relation to voluntary redundancies. This estimate will be firmed up before the year end and will need to be accommodated from within Nexus' revenue budget.

In addition, because of the favourable budget position being forecast to the year end, expenditure being incurred on Metro Futures i.e. the development of business cases for future investment in Metro, in excess of the base budget provision, which was previously intended to be funded from reserves, will be able to be accommodated from within Nexus' revenue budget. The precise amount will be firmed up at the year end and will be dependent on both the final outturn for Metro Futures in 2016/17 as well as the final outturn in respect of Nexus' budget for 2016/17.

### 3.6 Tyne Tunnels

3.6.1 The Tyne Tunnels are accounted for as a ring fenced account within the NECA budget, meaning that all costs relating to the tunnels are wholly funded from the tolls and Tyne Tunnels reserves, with no call on the levy or government funding at all. The budget for 2016/17 has been revised to reflect a decrease in traffic levels in recent months compared to the forecast position, which has coincided with ongoing works being carried out by the Highways Agency at the Coast Road and A19 Junction, and the completion of works on the A1.

3.6.2 Lower tolls income as a result of reduced traffic flows is largely offset by lower contract payments to the Tunnels operator, TT2 Ltd. Further savings have been made on financing charges for borrowing related to the Tunnels and, as a result, the forecast deficit for 2016/17 is expected to be around £160k, compared with the original budget of £289k. This deficit will be met from Tyne Tunnels reserves.

	<b>2016/17 Original Budget</b>	<b>2016/17 Forecast</b>	<b>Actual to Q3</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Income</b>			
Tolls	(29,243)	(28,775)	(21,550)
Interest / Other Income	(200)	(100)	(87)
Repayment from TW Transport reserve	(240)	(240)	(180)
<b>Page 49</b>			

# North East Combined Authority

## Transport North East Committee

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<b>Expenditure</b>			
Contract Payments	22,277	22,049	16,364
Employees	37	37	27
Pensions	58	52	38
Support Services	90	90	5
Supplies & Services	35	35	17
Community Fund	10	10	-
Financing Charges	7,465	7,002	5,252
<b>Net (Surplus)/Deficit</b>	<b>289</b>	<b>160</b>	<b>(114)</b>
<b>Contribution to/(from) Tunnels reserve</b>	<b>(289)</b>	<b>(160)</b>	<b>114</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### **4 Next Steps**

- 4.1 The transport revenue budget will be monitored for the remainder of the financial year with the next update reported to the committee at its scheduled meeting in April 2017.

#### **5 Potential Impact on Objectives**

- 5.1 The report sets out the transport revenue budget 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**

The Authority's revenue budget for 2016/17 comprises previously approved budgets which were subject to consultation as part of the approval process.

# North East Combined Authority

## Transport North East Committee

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### 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 Revenue Budget 2016/17 – Leadership Board 19 January 2016

## 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 n/a

## 12 Contact Officers

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## 13 Sign off

# North East Combined Authority

## Transport North East Committee

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