



## **Transport North East (Tyne and Wear) Sub-Committee**

Thursday 29th January, 2015 at 2.00 pm

Members' pre-meeting at 1.30 pm

Meeting to be held: Civic Centre, Regent Street, Gateshead, NE8 1HH

[www.northeastca.gov.uk](http://www.northeastca.gov.uk)

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# **AGENDA**

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**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. Minutes of the Previous Meeting** **1 - 4**

**4. Tyne Tunnel - response to the House of Commons Transport Committee Inquiry into Strategic River Crossings** **5 - 20**

**5. Monitoring Nexus' Performance**

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

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

26 February 2015 at 2pm.

This meeting will be followed by the meeting of the Transport North East Committee.

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

**To All Members**

## North East Combined Authority

### Transport North East (Tyne and Wear) Sub-Committee

13 November 2014

Meeting held: Sunderland Civic Centre, Sunderland.

#### **Present:**

Councillor: Lott (Chair)

Councillors: McCarty, McElroy and West

#### **26 APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor Watson.

#### **27 DECLARATIONS OF INTEREST**

There were no declarations of interest.

#### **28 MINUTES OF THE PREVIOUS MEETING**

The minutes of the previous meeting held on 9 October 2014 subject to the amendment of the second bullet point in Minute 18 to read “the importance of structured scrutiny of Nexus’ performance and the need for clarity around this process;” and the amendment of the third bullet point in Minute 18 to read “the provision of retrospective information to the Sub-Committee on the delegated decision made by Nexus in respect of land disposals; and” were approved as a correct record and signed by the Chair.

#### **29 REVISION TO METRO AND FERRY FARES 2015**

Submitted: A joint report of the Chief Finance Officer of the Combined Authority and the Director General of Nexus (previously circulated and copy attached to Official Minutes).

Members considered the report which sought their approval for changes to the Metro and Ferry fares for 2015.

The ensuing discussion included matters such as:

- the importance of communicating the changes to users;

- the preparation of a communication campaign that would follow should members agree the proposals;
- the performance of the usage of the Ferry;
- the performance of the Gold Card;
- the need to promote “Pop Pay as you Go” more;
- the commendation of the pricing policy in relation to children and young people under the age of 18;
- the reduction in the cable theft from the Metro system and the reasons for this reduction;
- the reasons for the proposed increases in fares; and
- the need to explore opportunities for fairer pricing policies that might be enabled in future by smart technology.

**RESOLVED – That:**

- I. the proposed Metro and Ferry fares as set out in Appendices A, B, C and D to the report, to be effective from 2 January 2015, be agreed; and
- II. a freeze in the price of the Gold Card be agreed.

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**GO SMARTER COMMUNICATIONS UPDATE**

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

Members considered the report which provided an update on the Go Smarter Programme, focusing specifically on the Communications work stream of the programme.

The ensuing discussion included matters such as:

- the commendation of the Go Smarter work;
- the commendation of the work on parking at schools and the importance of continuing this work;
- the engagement with schools and school governors;
- the work to ensure a sustainable brand that could be continued by partners should the funding for the programme from the Department for Transport’s Local Sustainable Transport Fund (LSTF) be discontinued;
- the popularity of the salary sacrifice scheme for renting or purchasing alternative modes of travel;
- Public Relations (PR);
- the need for a long-term sustainable funding for the programme; and
- the work with partners to achieve sustainable continuance of the programme and the exploration of and linking to other initiatives.

**RESOLVED – That the report be noted.**

31 **TYNE TUNNEL UPDATE**

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

Members considered the report which provided an update on proposed tolling levels for 2015 and current vehicle numbers using the Tunnel. It was noted that an update on the Tyne Pedestrian and Cyclist Tunnels would be provided for a future meeting.

**RESOLVED** – That the intention to freeze tolls for 2015 be noted.

32 **DATE AND TIME OF NEXT MEETING**

Thursday, 29 January 2015 at 2pm at Gateshead Civic Centre.

33 **EXCLUSION OF PRESS AND PUBLIC**

**RESOLVED** – That by virtue of section 100A and of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 press and public be excluded from the remainder of the meeting during the consideration of agenda item 9 – Confidential Minutes of the Previous Meeting, because exempt information was likely to be disclosed and the public interest test was satisfied.

34 **CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING**

The confidential minutes of the previous meeting held on 9 October 2014 were approved as a correct record and signed by the Chair.

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## North East Combined Authority

### Transport North East (Tyne and Wear) Sub-Committee

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**DATE:** 29th January 2015

**SUBJECT:** Tyne Tunnel – response to the House of Commons  
Transport Committee Inquiry into Strategic River  
Crossings

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

#### **EXECUTIVE SUMMARY**

This report provides Members with a copy of the North East Combined Authority's response to the current House of Commons Transport Committee Inquiry into Strategic River Crossings.

#### **RECOMMENDATIONS**

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

# North East Combined Authority

## Transport North East (Tyne and Wear) Sub-Committee

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### 1 Background Information

The House of Commons Transport Committee is currently carrying out an inquiry into Strategic River Crossings and has called for written evidence as well as holding a number of oral evidence sessions. The North East Combined Authority is providing both written and oral evidence in respect of the Tyne Tunnels.

### 2 Written Evidence

On 19<sup>th</sup> January 2015, Councillor Frank Lott, the Chair of the Sub-Committee, submitted written evidence on behalf of the North East Combined Authority. A copy of the response submitted is attached.

### 3 Oral Evidence

On 26<sup>th</sup> January 2015, Paul Woods, NECA's Chief Finance Officer and Rachel Turnbull, the CEO of TT2 Limited, provided oral evidence to the Transport Committee.

### 4 Next Steps

- 4.1 Further updates on the Tyne Tunnel will be presented to future meetings of the Sub-Committee.

### 5 Potential Impact on Objectives

- 5.1 The successful operation of the Tyne Tunnels assists the Combined Authority in delivering its objective to maximise the area's opportunities and potential.

### 6 Finance and Other Resources

- 6.1 This report is for information and there are no direct financial or resource implications for the Combined Authority arising from these recommendations.

### 7 Legal

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

### 8 Other Considerations

- 8.1 Consultation/Community Engagement



# North East Combined Authority

## Transport North East (Tyne and Wear) Sub-Committee

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

### 8.2 Human Rights

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

### 8.3 Equalities and Diversity

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

### 8.4 Risk Management

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

### 8.5 Crime and Disorder

There are no direct implications for crime and disorder arising from the report.

### 8.6 Environment and Sustainability

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

## 9 Background Documents

### 9.1 None.

## 10 Links to Plans in the Policy Framework

### 10.1 The current Local Transport Plan for Tyne and Wear identifies the Tyne Tunnel (and the pedestrian and cycle tunnels) as an important link in our strategic transport network.

## 11 Appendices

### 11.1 Attached – copy of response submitted to the House of Commons Transport Committee.

## 12 Contact Officer

### 12.1 Paul Woods, Chief Finance Officer to the NECA. [Paul.Woods@northtyneside.gov.uk](mailto:Paul.Woods@northtyneside.gov.uk) , Tel: 07446936840

# North East Combined Authority

## Transport North East (Tyne and Wear) Sub-Committee

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### 13 Sign Off

Head of Paid Service ✓

Monitoring Officer ✓

Chief Finance Officer ✓

Frank Lott  
Vice-Chair, Transport North East Committee  
North East Combined Authority  
North Tyneside, The Quadrant  
The Silverlink North  
Cobalt Business Park  
North Tyneside, NE27 0BY

**Phone:** 0191 643 5319

**Email:** frank.lott@northtyneside.gov.uk

Transport Select Committee  
House of Commons

19<sup>th</sup> January 2015

Dear Transport Select Committee Members

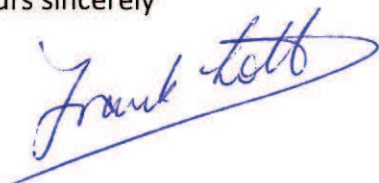
On behalf of the North East Combined Authority, I am pleased to submit our written evidence to support your enquiry on river crossings.

The North East is immensely proud of the Tyne Tunnel. It provides a vital element of our transport and economic infrastructure. And it was delivered through local initiative and partnerships with the private sector, without central government funding, and in an environment in which funding for transport in the north east falls woefully short of the funding available to more prosperous regions.

At a time when government is challenging local government to strengthen its capacity to receive devolved funding for infrastructure, I believe the Tyne Tunnel stands as a case study in effective local leadership, innovation in finance, and effective partnership delivery.

I am therefore sure that the Committee will find this evidence useful to your enquiry. The Combined Authority's Finance Officer, Paul Woods, who has overseen the financial arrangements of the Tunnel for 30 years, is available to provide oral evidence to assist the Select Committee in its enquiries.

Yours sincerely



**Frank Lott**  
Vice-Chair, Transport North East Committee  
North East Combined Authority

## **House of Commons Transport Committee inquiry into strategic river crossings**



## **Response on behalf of the North East Combined Authority - The Tyne Tunnels**

**DATE:** 19<sup>th</sup> January 2015

## **1 Introduction**

- 1.1 The North East Combined Authority was created in April 2014 and brings together the seven councils which serve County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland. This response has been submitted on behalf of the Combined Authority, which took over responsibilities previously exercised by the Tyne & Wear Integrated Transport Authority.
- 1.2 As successor body to the former Tyne and Wear Integrated Transport Authority, the Combined Authority owns the Tyne Tunnels, which are operated by TT2 Limited. Specific governance arrangements are set out in the Combined Authority constitution to reflect the fact that the Tyne Tunnel is an asset of the five Tyne & Wear authorities, rather than the wider group of seven members of the Combined Authority. This transition has been made smoothly, and allows the Tyne Tunnel to be considered alongside the wider transport and economic development of the north east.
- 1.3 This response begins by outlining some background information about the Tunnels and then addresses the various questions raised by the Committee.

## **2 The Tyne Tunnels**

### **2.1 Project background and justification**

From the early 1800s, it was widely recognised that there was a need for a river crossing east of Newcastle. Although designs for bridges that would link North and South Shields were initially discussed, this was quickly discounted due to the large ships heading for the Tyneside shipyards requiring considerable clearing above the river level; furthermore, the proposals were extremely expensive.

The Tyne Tunnels, which were completed in 1967 and 2011 respectively, as well as the Pedestrian and Cyclist Tunnel which opened in 1951, connect the town of Jarrow on the south bank of the river with Wallsend on the north side.

Although the Tyne Tunnel Act was passed in 1946, it was not until the Autumn of 1961 that plans, approvals and consents were in place to commence the construction of the Tunnel. Works associated with the building of the Tunnel included the construction of three railway bridges, three road bridges, a diversion and a viaduct for the Jarrow light railway.

The original Tunnel was well used and congestion, especially in peak times, became an increasing problem. The Tunnel was designed to provide a combined two-way capacity of 25,000 vehicles per day but this rose to 34,000 vehicles per day, far above



the original design capacity. It was felt that this congestion was limiting economic development by reducing the attractiveness of the A19 corridor as a new business location. The existing tunnel crossing represented the only single lane, two-way section of the A19 between Northumberland and Teesside, with the remainder being a dual carriageway trunk road.

The proposal of a second Tyne Tunnel therefore had the potential to relieve bottlenecks as well as enhancing the region's economic prospects. The second Tunnel comprises a two lane road tunnel which carries southbound traffic, whilst the original Tunnel has been refurbished to be brought up to present-day standards and is utilised for vehicles travelling north. The project itself was initiated in 1998 and became fully operational on 21st November 2011.

The historic Grade II-listed Tyne Pedestrian and Cyclist Tunnels are currently closed for refurbishment and are expected to re-open in June 2015. The refurbishment will include replacement of the escalators, new lighting and enhanced safety features as well as improving the surface for both pedestrians and cyclists.

## **2.2 Financial arrangements and tolling**

The Tyne Pedestrian and Cycle Tunnels cost £900,000 to complete in 1951, 75% of which was met by a grant from the Ministry of Transport with the remaining 25% raised by the County Councils of Northumberland and Durham. In 2010, £6 million was allocated to the Tyne Pedestrian and Cycle Tunnel in order for refurbishment to take place.

The construction of the Tyne Tunnel cost £8.5 million and on-surface highway and other works cost £4 million of which the Ministry of Transport granted £3 million and the two County Councils each contributed £0.5 million, with a balance funded by loans from DfT.

The Tyne Vehicle Tunnel has always been tolled. In February of 1957 the Government Transport Minister of the day announced that any new project of this type must partly pay for itself and that, if it were to proceed, the road tunnel must therefore be tolled. In 1967 the original toll for cars was 2s 6d (12.5p), equivalent to £1.86 at today's prices if increased by the retail price index. Currently the actual toll charge for cars is £1.60 and £3.20 for Vans and HGVs. The current £1.60 toll for cars is less than the estimate at the time of the public enquiry (£1.70 to £2.30 at current prices). Motorcycles travel free of charge and the Pedestrian and Cyclist Tunnel is free to use.

While the original tunnel was operationally successful, it ran into financial difficulties, with a lower than expected traffic flow, due to problems on the A19, and tolls that were not increased to keep pace with inflation. As a result toll income was

insufficient to cover interest costs, which were capitalised each year and by 1985 the debt on the tunnel had increased to over £20m. In 1986 when the Tyne and Wear Passenger Transport Authority took responsibility for the tunnel a 20 year financial plan was put in place to repay the debt. This involved an increase in tolls for inflation, rescheduling of debt and cost savings. The plan succeeded and additional toll income was also raised to fund the costs of developing the new tunnel and the creation of a revenue reserve to help fund the new tunnel.

The new Tyne Crossing cost £267 million and was delivered via a Private Public Partnership (PPP). The client was the Tyne & Wear Integrated Transport Authority (TWITA)<sup>1</sup>. The Concessionaire, TT2 Ltd (a special-purpose company) and their construction company Bouygues Travaux Publics S.A., was responsible for the part-financing, design and construction of the new tunnel and for the operation and maintenance of all the tunnels, including the Pedestrian and Cyclist Tunnels. TWITA funded £123m of the capital cost of the project, which was financed by prudential borrowing with the balance funded by private sector finance by TT2's shareholders. The innovative nature of the approach to funding this project (which saved £25m of financing costs) helped keep the toll level low and was recognised nationally, with the project winning the 2008 Public:Private Partnership award for "Best Deal to Sign" and being highly commended in the innovative finance category.

Projected toll income in 2014/15 is estimated to be £25m, with £19m paid to the concessionaire for the operation of the tunnels, including the servicing of private sector finance. The balance funds public sector financing cost and contract management costs, with a small annual deficit of £0.4m being funded from the Tyne Tunnels Reserve that was established from toll income and is used to fund the annual operation deficit that was projected in the early years of the project or help repay the debt.

### **2.3 Current operating arrangements and traffic levels**

TT2 operate and maintain all three Tunnels. TT2 Limited was established as a single purpose, UK-based company on 1st November 2007, becoming the Concessionaire for the New Tyne Crossing project in November 2007. On 1st February 2008 the original Tyne Tunnels, their service delivery and the entire workforce were transferred to TT2. TT2 held responsibility for the design, build, and majority finance of the new vehicle tunnel, and the full refurbishment of the original vehicle tunnel. All the Tunnels are operated and maintained by TT2, and will remain under TT2's management until 2037.

The North East Combined Authority own the Tyne Tunnels, and are responsible for

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<sup>1</sup> Since April 2014, the North East Combined Authority (NECA) owns the Tyne Tunnels.

major maintenance and refurbishment of the Pedestrian and Cyclist Tunnels.

Annual traffic levels since 2007 are shown below and illustrate the strong vehicle growth since the second Tunnel was opened in 2011.

	Total Traffic
2007	12,144,861
2008	11,899,016
2009	11,714,713
2010	11,617,448
2011	11,996,079
2012	14,315,069
2013	15,056,791
2014	16,419,059

### **3 Questions raised by the Committee**

#### **3.1 How well does local and national government work together to plan and deliver river crossing projects?**

In the case of the New Tyne Crossing, the project was initiated; planned; delivered and funded locally from toll income, to meet the needs of the region. National Government refused to provide financial support, given the public acceptance of the toll arrangements, although assisted in legislative changes to put a new River (Tyne) Tunnels Order 2005 in place, which was essential to deliver the new crossing. The Department for Transport has continued to work to support the authority in response to our requests for minor variations to the Order to ensure that the tunnels operate efficiently and effectively.

The interface between the vehicle tunnels and the A19 and the surrounding highway network involves liaison between DfT, NECA, local authorities; the Highway's Agency and TT2 as the concessionaire. A close operational liaison is critical to help manage traffic flow, reduce congestion and is critical to the success of the tunnel.

Major road improvements to the A19 junctions both north and south of the tunnels were identified by the North East as essential to the efficient operation of the tunnel, and these were prioritised as part of the former Regional Funding Allocation (RFA) process. However these improvements were delayed and not well co-ordinated with the opening of the new crossing. The importance of these junction improvements was raised with the Department, and the projects continued to be prioritised regionally.

As an interim measure the Highways Agency delivered some funding for traffic flow



improvements to the A1059/A19 Silverlink junction in order to avoid the risk of serious congestion in the short term. The Highways Agency listened to the expert advice from colleagues at TT2 about the best ways of minimising traffic flow problems during the construction of these works.

Key to the continued success of the tunnels is the delivery of the major junction improvements both North and South of the tunnels previously identified by the region. Close co-operation will be particularly important to help manage traffic flow over the next few years as the required major junction improvements (2016-19) announced as part of the recent Road Investment Strategy are delivered and it is essential that the expert advice from TT2 about the management of traffic flow is fully taken on board by the Department.

### **3.2 What knowledge, resources and experience does the public sector need to deliver large, strategically significant river crossing projects?**

Tyne and Wear ITA and the local authorities north and south of the river had excellent local knowledge and information about the traffic flow and congestion pressures of the area, the needs and impact on local communities as well as understanding the need for the project to help boost economic growth.

A critical issue was the access to funding to secure an excellent local team to lead on the consultation, planning, procurement, delivery of advance works as well as the management of the contractual partnership arrangement with the concessionaire - TT2. In our case we had access to the use of existing toll income, once the legislation was changed to allow the income to be used for this purpose.

Tyne and Wear ITA was supported by its Lead Local Authority (Newcastle City Council) in being able to draw on an experienced group of professional officers who had successfully carried out other major projects, this included officers with Engineering, Legal, Finance, Project Management, Procurement and Communications skills. We also drew on good relationships with private sector advisers.

It was extremely important to have the support and involvement of local politicians, particularly those from North Tyneside and South Tyneside, who played and still play an important and active role in the project and in the engagement with local communities, who were affected by the project.

The approach of appointing a private sector consortium to carry out the detailed design, construct, part finance and then maintain and operate the tunnel over a 30 year period was very important. The performance of the hugely experienced construction company Bouygues Travaux Publics S.A. and TT2 that was formed for this project has been excellent and has contributed to the major design and

construction awards that the project has won. The communication and engagement with the local community was and continues to be excellent.

**3.3 What other government priorities, such as new house building, urban regeneration and new business opportunities, can be delivered through additional strategic river crossings?**

River crossings can provide significantly improved access to sites that could be used for all these purposes. A significant benefit on Tyneside is the improved access to employment sites both north and south of the river and on the A19 corridor.

The economic impact of the improvement to the tunnel crossing was the subject of a study by The Centre for Urban and Regional Development Studies (CURDS) at Newcastle University. This highlighted benefits to most businesses, although the scale of benefits reflected the fact that the impact was through improved travel times on an existing crossing; as opposed to a completely new crossing.

The tunnel opened to huge public acclaim, because the benefits of reduced congestion were seen and valued immediately. This is reflected in several of the high profile engineering and architecture awards that the tunnel has won, which referred to the ‘fan mail’ that the project received. The Newcastle Journal front page spread at the time the tunnel opened – ‘The Tunnel of Love’ – highlighted the benefits of a couples/families having an extra 30 – 60 minutes together instead of being stuck in traffic. The benefit to the public in terms of reduced travel times, etc is potentially significant but was not evaluated in the CURDS Report.

The public have certainly been using the tunnel more frequently as can be seen from the significant increase in traffic flow.

**3.4 Do existing cost-benefit analysis methods adequately capture any potential transformative effects of new river crossings?**

The benefits of the proposed project were assessed locally, with the key aim of reducing congestion; reducing travel to work times; improved access to economic development sites and consideration of the affordability of potential toll levels. On the basis that the project was estimated to be fully-fundable from toll income, and a net subsidy not therefore justified, the traditional cost benefit analysis associated with national publicly-funded projects was not in this case deemed appropriate or necessary.

Critical to the project was the environmental impact assessment and actions to prevent adverse impact on the river and fish stocks – as the Tyne is the best salmon river in England and Wales.

The net benefit to the users of the tunnel who pay for it is evidenced by their continued and increasing use of the tunnel.

Where a new crossing is to be financed by toll income a key issue is the risk assessment of the sufficiency of the income likely to be generated from tolls and how any revenue deficit (short or long term) would be funded. The evaluated social and economic benefits of the project could be set against the cost risks involved in delivering the project.

The choice of a Public:Private Partnership meant that construction and traffic flow risks have been taken by the private sector, whilst a significant element of local public finance has provided cheaper more flexible funding solution enabling the tolls to be set at a lower level, delivering better value to money for the tunnel users. The private sector have had to absorb extra costs and reduced income as a result of the impact of the economic downturn. The partnership approach enabled small changes to be made in the operation of the project agreement, which produced some savings to help TT2 manage these extra financial pressures.

### **3.5 What are the best methods for financing additional river crossings?**

While tolls have been a successful funding mechanism for this project, there has been concern over the year about the equity of treatment, particularly when there are only a few tolled crossings and they are part of the trunk road network. A question raised in the past is why should the public have to pay a toll to cross a river whereas an equally expensive piece of motorway across difficult terrain on land is funded from the public purse?

The public is clearly prepared to pay extra for the benefit of a significantly shortened journey and given the strain on the public purse and pressure to reduce national debt, tolling may be considered a more acceptable funding solution.

Where there are clear and significant economic benefits there is an option to see to what extent any increase in other income e.g. increased business rates, council tax income or whether part of an increase in land values can be captured to help pay for the infrastructure improvement.

In the case of an improvement to what will be part of the trunk road network, which has wider national benefit, the option of some grant finance to keep the toll at a reasonable level could be considered as part of a mixed funding package.

The blend of public finance and private finance that we used for this project produced a cheaper and more flexible funding outcome, which could be used for

other projects.

**3.6 How can the public sector attract greater investment from the private sector for the delivery and maintenance of river crossings?**

The private sector users of a tolled tunnel already pay for their usage. Recently the toll for Heavy Good Vehicles was increase so that it was twice the level of the toll for cars, which was the cause of some complaints. This was a requirement of DfT. Where no crossing exists and where there is pressure from the private sector for a crossing, there could be an opportunity to negotiate a contribution from those that are promoting the project, particularly where they could secure financial benefits from a crossing.

**3.7 Should strategic river crossings be tolled? How should tolling be implemented? How can technology be used to improve strategic river crossings for road users (e.g. better management of traffic flows)?**

Tolled roads and bridges have been in existence for centuries, often with time limited tolls to pay for their construction, although over time turnpike charges were replaced with general local taxation through county councils.

There are different points of view as to whether strategic river crossings should be tolled. In the spirit of devolution, and particularly for tolls which are regional rather than national in their impact, there is a strong case for allowing these decisions to be determined locally. Local people, through local democratic institutions, can therefore balance the impact of tolls on local communities and business, against the benefits of providing additional funding for a regional asset. .

Once tolls are in place and accepted there is the opportunity to use any additional toll income to support wider improvements to the local transport infrastructure.

As a proven source of income in these difficult times of austerity, the justification for tolls to fund a new or significantly improved crossing has probably been strengthened, particularly where there is a demand that cannot be fulfilled by other funding sources.

As previously mentioned, there is a question as to why river crossings should be singled out for tolling as opposed to major highway schemes on land, particularly if it is part of the trunk road network?

Tolling existing strategic crossings in order to raise income is another question completely and a matter that should depend upon local consultation and choice.

## Appendix 1

### NECA Tyne Tunnels Account Estimates - 2014/15 and 2015/16

	2014/15 Original Budget £000	2014/15 Revised Budget £000	2015/16 Original Budget £000
Tolls Income	-24,720	-25,315	-27,100
Contract Payments to TT2	18,400	19,040	21,907
Employees	35	35	36
Pensions	50	50	50
Support Services	130	130	120
Supplies & Services	50	50	50
NTC Community Fund	10	10	10
Financing Charges	6,861	6,812	6,793
Interest Income	-150	-150	-200
Repayment from ITA for use of reserves	-240	-240	-240
Planned Deficit on Tyne Tunnels Account to be funded from the Tyne Tunnels Reserve	426	422	1,426
Tyne Tunnels Reserves b/f	-28,171	-28,171	-27,749
Tyne Tunnels Reserves c/f	-27,745	-27,749	-26,324

#### Note

1. A revenue reserve of toll income (currently £28m) was established to help cover anticipated operation deficits in the early years of the concession, until traffic volumes grow and income exceeds expenditure on financing charges, which will falling over the life of the concession.
2. The outturn position for 2014/15 is likely to involve a smaller deficit than that shown above rather than increasing.
3. The deficit in 2015/16 is higher than in 2014/15 because the shadow tolls payments to the concessionaire increase in 2015, whereas the actual toll level will not increase until 2016. The Chief Finance Officer is exploring further debt management savings to minimise the operational deficit.

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