



## **Transport North East Committee**

Thursday 19th April, 2018 at 2.00 pm

Meeting to be held at Sunderland City Council, Burdon Rd, Sunderland SR2 7DN

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

---

# AGENDA

---

Page No

1. **Apologies for Absence**
2. **Declarations of Interest**  
  
Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer).  
Please also remember to leave the meeting where any personal interest requires this.
3. **Minutes of the Previous Meeting held on 8 February 2018** 1 - 6
4. **2.05pm Transforming Cities Fund** 7 - 30
5. **2.20pm. Improving Air Quality in the NECA Region** 31 - 38
6. **2.35pm Smarter Travel, Smarter Cities' (Sustainable Urban Development Fund Expression of Interest)** 39 - 46
7. **2.45pm Transport for the North Update** 47 - 68
8. **2.50pm DfT Major Road Network Consultation** 69 - 94
9. **2.55pm Rail Strategy Update** 95 - 120
10. **3.00pm Metro New Fleet Procurement Update** 121 - 128

- |     |   |                  |
|-----|---|------------------|
| 11. | <b>3.05pm Discharge of Transport Functions by Northumberland County Council</b> | <b>129 - 138</b> |
| 12. | <b>3.10pm Discharge of Transport Functions by Durham County Council</b>         | <b>139 - 150</b> |
| 13. | <b>3.15pm Capital Programme Monitoring Update</b>                               | <b>151 - 166</b> |
| 14. | <b>3.20pm Revenue Programme Monitoring Update</b>                               | <b>167 - 178</b> |
| 15. | <b>Date and Time of Next Meeting</b>  |                  |
- 12 July 2018 at 2.00pm, North Tyneside (tbc)

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

**To All Members**

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

8 February 2018

Meeting held at the Crown Plaza, Hawthorn Square, Forth Street, Newcastle Upon Tyne, NE1 3SA.

### **Present:**

Councillor : N Forbes(Chair)

Councillors: J McCarty, J Harrison, M Green, S Green, J McElroy, G Hobson, A West, M Mordey, M Speding, J Riddle, C Marshall and K Shaw

### **36 APOLOGIES FOR ABSENCE**

Apologies were received from Cllr G Sanderson (Northumberland)

### **37 DECLARATIONS OF INTEREST**

None

### **38 MINUTES OF THE PREVIOUS MEETING HELD ON 30 NOVEMBER 2017**

The minutes of the meeting held on 30 November 2017 were agreed as a correct record and signed by the Chair.

### **39 EAST COAST MAINLINE UPDATE**

Submitted: Report of the Managing Director (Transport Operations) previously circulated and a copy attached to the Official Minutes.

Consideration was given to the report the purpose of which was to inform the Committee of the consultation in respect of Network Rail's East Coast Route Study to which NECA will respond. Work continues on making the case for East Coast Main Line (ECML) investment including by the East Coast Main Line consortium, the High Speed 2 East Group and also the formation of a new All Party Parliamentary Group.

Members received a presentation from J Bell and R Fairy on behalf of Network Rail and updated Members on some of the proposals for various stations on the North East section of the line. The 90 day consultation process was due to end on 16 March 2018.

During discussion members comments/queries included:-

- The improvements to Sunderland Station, an update was requested
- Referring to the scope of the study a concern was raised regarding the lack of proposals north of Newcastle even though there were issues such as car parking associated with stations.
- An update was requested with regards to any progress with the Leamside Line
- The usefulness of the report and its connections to TfN.
- The East Coast Mainline has an important role in the economy of the North East and is essential in the transporting of freight and as a means of public transport.
- The fragmented approach of the East Coast Main Line franchise and the collapse of the current Virgin/Stagecoach franchise.

In relation to Sunderland Station it was further noted that funding is in place but discussions with Network Rail were still in progress. Regarding the Leamside Line Members were informed that in order to reopen the line discussions were needed among all partners on the development of a suitable business case that will attract the necessary funding.

**RESOLVED** that the North East Transport Committee –

- Noted the importance of the ECML to the North East and the work that is ongoing to make the case for investment in it.
- Noted that a response will be prepared to Network Rail's East Coast Route Study Consultation. As the closing date for the consultation of 16 March 2018 is in advance of the next meeting a draft response will be circulated to Committee Members by email for comment prior to sign-off by the Chair and Vice Chairs.
- Endorsed the work of collective interest groups in the ECML described in paragraphs 2.9 – 2.14 to lobby for much needed investment in the North East as part of a larger push for capacity and journey time improvements along the route.

## 40 **DEVELOPING A SHARED VISION FOR RAIL IN THE NORTH EAST OF ENGLAND**

Submitted: Report of the Managing Director (Transport Operations) previously circulated and a copy attached to the Official Minutes)

The purpose of the report was to seek Members' views over the creation of a 'shared narrative' describing future aspirations for rail in the North East of England, to be created jointly with Network Rail and the Tees Valley Combined Authority (TVCA).

The NECA already worked closely with the Tees Valley Combined Authority on rail matters through the North East Rail Management Unit. If a shared narrative can be achieved and agreement reached with Network Rail to create a working partnership, a shared vision will be achievable which will allow everyone, including the public, to have a clear understanding of what is needed to improve railways in the North East of England, making them fit for the future.

It was noted that significant investment will be needed and, an invitation be extended to Network Rail and the Tees Valley Combined Authority to form a working partnership.

At this point the Chair suggested that Cllr Marshall (Durham County Council) be the lead spokesperson for the Committee and liaise with Officers and the Tees Valley Combined Authority.

**RESOLVED** that –

- i) The Transport North East Committee agreed to support the development of a 'shared narrative' for rail in the North East of England along with Network Rail and Tees Valley Combined Authority.
- ii) Cllr Marshall be the lead spokesperson for the Committee and liaise with Officers and the Tees Valley Combined Authority.

#### 41 **DFT ROADS CONSULTATION**

Submitted: Report of the Managing Director (Transport Operations) previously circulated and a copy attached to the Official Minutes).

Consideration was given to the report which updated Members regarding the following points pertaining to two consultations from the Department of Transport:-

- The current Department for Transport consultation on the initial report surrounding the Strategic Road Network (SRN). This supports the future Roads Investment Strategy known as RIS2.
- The current Department for Transport consultation on the proposed Major Road Network (MRN).

Members were given a brief explanation of both the SRN Initial Report and the MRN. In relation to the SRN officers gave a clear description of the purpose of the initial report; this set out the current operation, key challenges and opportunities on the SRN so that investment can be targeted at these priorities. The initial report does not mention schemes at this stage, this will come in the Roads investment Strategy 2 which will be consulted on later in 2018. The proposed NECA draft response was set out in Appendix 1 attached to the report.

In respect of the establishment of a MRN, this was launched in December 2017 as part of the Government's Transport Investment Strategy. The NECA draft response was set out in Appendix 2 (attached to the report) with proposed additions; these

are broadly in line with the TfN MRN. It was noted that in the proposed network Sunderland is not connected via the A1231 or A690 as well as Northern Spire. There are no connections into South Tyneside east of the A19, including no Port of Tyne connection. The A167 through Gateshead is missing (this should be included in the TfN's Investment priorities) and the A697 through Northumberland is not defined.

**RESOLVED** that the Transport North East Committee –

- i) Noted the contents of the Roads Investment Strategy 2 report.
- ii) Agreed that a draft response will be prepared to the Major Road Network Consultation and circulated to Committee Members by email for comment prior to sign off by the Chair and Vice Chairs.
- iii) Noted that officers are hosting a policy workshop to draft responses.

## 42 **TRANSPORT FOR THE NORTH STRATEGIC TRANSPORT PLAN**

Submitted: Report of the Managing Director (Transport Operations) previously circulated and a copy attached to the Official Minutes.

The report provided an update on the Transport for the North (TfN) Strategic Transport Plan and noted that a draft response will be circulated to Committee Members by email for comment prior to submission on 17 April.

It was noted that the Strategic Transport Plan and the Long Term Rail Strategy was launched on 16 January 2018 via six simultaneous launches, including one at Newcastle International Airport.

At this point members received a presentation from the Chair of TfN (J Cridland), and the Chief Executive of TfN (B White) in respect of the work of TfN.

During discussion members commented on the impact of Brexit on the North East, the importance of transport links and supporting infrastructure, the significant economic importance of the Port of Blyth and the lack of any reference to sustainability in the Strategic Plan.

**RESOLVED** that the Transport North East Committee –

- i) Noted the Strategic Transport Plan
- ii) Noted that a response will be prepared to the Strategic Transport Plan and the Long Term Rail Strategy. As the deadline for responses of the 17 April 2018 is before the next meeting of the Committee a draft response will be circulated to Committee Members and Heads of Transport by email for comment prior to sign-off by Chair and Vice Chairs.

## 43 **CAPITAL PROGRAMME MONITORING REPORT**

Submitted: Report of the Chief Finance Officer (Previously circulated and a copy attached to the Official Minutes).

Consideration was given to the report the purpose of which was to provide Members with an update on the 2017/18 Transport Capital programme at the end of the third quarter of the year.

**RESOLVED** – that the Transport North East Committee noted the report.

#### 44 **REVENUE BUDGET MONITORING REPORT**

Submitted: Report of the Chief Finance Officer (Previously circulated and a copy attached to the Official Minutes).

Members considered the report the purpose of which was to provide an update on the 2017/18 budget. It was noted that in respect of Durham County Council's transport levy budget 2017/18 update that the forecast demonstrated a slight overspend of £0.063m. The latest forecast in relation to Northumberland County Council's transport levy budget 2017/18 update demonstrated an underspend against its original budget of £0.229m. Nexus was forecasting a surplus of £1.950m as compared with the original budgeted deficit of £1.610m.

**RESOLVED** – that the Transport North East Committee noted the report.

#### 45 **DATE AND TIME OF NEXT MEETING**

19 April 2018, 2.00pm at Sunderland Civic Centre

**This page is intentionally left blank**



## Transport North East Committee

**Date:** 19 April 2018

**Subject:** Transforming Cities Fund

**Report of:** Managing Director (Transport Operations)

### **Executive Summary**

The purpose of this report is to inform Transport North East Committee of the Transforming Cities Fund guidance and the north east's intention to bid for funding.

Guidance for the Transforming Cities Fund, which is worth £1.7 billion, was published March 2018.

Half of the fund has been awarded to Mayoral Combined Authorities. The remaining £840 million is to be allocated via a competitive process.

The funding is to be used to improve intra-city transport in the largest urban areas in England, outside of London.

There are two stages to the application process for the fund:

Phase 1: Shortlisting city regions- up to 10 city regions will be shortlisted.

Phase 2: Co-development and assessment of business cases. Shortlisted city regions and the Department for Transport will work together to develop packages of proposals.

The deadline for phase 1 submissions is Friday 8<sup>th</sup> June 2018.

### **Recommendations**

The Transport North East Committee is invited to comment on the Transforming Cities Fund and its potential for the north east area.

## Transport North East Committee

### 1. Background Information

- 1.1 In the 2017 Autumn Budget Government announced a Transforming Cities Fund worth £1.7 billion. Half of the fund has been awarded to Mayoral Combined Authorities on a devolved, per capita basis. It should be noted that the emerging North of Tyne Mayoral Combined Authority does not qualify as it does not have an existing, directly-elected Mayor. The remaining £840 million is to be allocated by a competitive process which is aimed at identifying the city regions with the strongest case for investment – be they by size, levels of congestion, strategic vision for change and local support.
- 1.2 The aim of the fund is to boost productivity. This will be achieved through investment in new local transport infrastructure which will improve public and sustainable transport connectivity.
- 1.3 The Fund is looking for coherent programmes of interlinking interventions which will transform connectivity along key commuter routes in major city regions. Applicants are discouraged from developing packages that deliver large numbers of smaller interventions.
- 1.4 With the exception of Combined Authorities, the Government will not define city regions, however city regions with workday populations above 200,000 will score more strongly.
- 1.5 There is a two stage process to the Fund:
  - Phase 1: Call for proposals. A maximum of 10 schemes will be shortlisted based on the information provided in the application form. The deadline for phase 1 submissions is Friday 8<sup>th</sup> June 2018.
  - Phase 2: Co-development. The DfT will work with shortlisted areas to develop a package of schemes. These schemes will then be assessed. It is anticipated this process will take around 9 - 12 months
- 1.6 Phase 1 of the competition will not seek proposals for specific schemes. Instead, the application form focuses on three key themes:
  - Definition and challenges
  - Who and where
  - Ambition for change
- 1.7 Up to ten city regions will be shortlisted based on the information provided in the phase 1 application form. In Phase 2 Government will work with the shortlisted city regions to co-develop packages of schemes. Programme business cases will be produced and they will then be assessed via a competitive 'challenge' process.

## Transport North East Committee

As part of the process the packages will be scrutinised according to WebTAG appraisal methodologies, areas may be invited to present their proposals

- 1.8 Schemes proposed in phase 2 will be competitively assessed and funding will be awarded to proposals which demonstrate the greatest improvements to productivity and offer the best value for money.
- 1.9 The funding will be entirely capital and will be available from 2018/19 to 2021/22. There is no set cap on the size of packages. However, it should be noted that allocations to Mayoral Combined Authorities were in the range of £59-£250m. Clear guidance has not yet been received on how 2018-19 allocation will be managed, however consideration should be given to schemes which can be delivered quickly.
- 1.10 The amount of funding to be awarded to the shortlisted city regions will be determined by the Secretary of State once the proposals have been scrutinised.
- 1.11 Applicants are expected to obtain support from stakeholders, including Local Enterprise Partnership(s), employers and transport providers. Proposals will be strengthened if applicants can raise additional funding through local contributions or private investment.
- 1.12 The guidance states that, should a North of Tyne Combined Authority be established, transport functions will be exercised by a statutory Joint Committee in line with its Devolution Deal. Any proposal should come from the North East Combined Authority or the statutory Joint Committee, depending on which is in existence at the time of the bid.

## 2. Proposals

- 2.1 It is proposed that the north east submits a bid for funding to the Transforming Cities Fund. It is intended that the bid will focus on movements into and out of major areas of population and employment. A map of the areas covered by the bid will be produced and included with the phase 1 application form.

## 3. Reasons for the proposals

- 3.1 Combined, major areas of population and employment have a workday population in excess of 200,000 people which meets the criteria for the scheme. Transformational proposals will be identified for the key corridors.
- 3.2 Award of funding will enable schemes to be delivered that will improve access to employment sites and boost productivity, benefitting the economy.

## **Transport North East Committee**

### **4. Alternative options available**

- 4.1 The north east could decide not to bid for funding. However, this option is not recommended as the fund provides the opportunity for the north east to obtain funding to deliver schemes that will improve intra-city connectivity, increase access to jobs and enhance economic growth.

### **5. Next steps and timetable for implementation**

- 5.1 A bid will be developed by key officer groups and discussed with Leaders prior to submission.
- 5.2 The application form for phase 1 is attached.
- 5.3 The deadline for phase 1 submissions is Friday 8<sup>th</sup> June 2018.

### **6. Potential impact on objectives**

- 6.1 The Transforming Cities Fund compliments the objectives of the Strategic Economic Plan and the Transport Manifesto. Proposals delivered by the funding will contribute to economic growth and improve access to jobs.

### **7. Financial and other resources implications**

- 7.1 There are no financial implications at this stage.

### **8. Legal implications**

- 8.1 There are no legal implications at this stage.

### **9. Key risks**

- 9.1 The north east will miss out on potential funding if they do not submit an application to the Transforming Cities Fund.

## **Transport North East Committee**

### **10. Equality and Diversity**

- 10.1 There are no equality and diversity implications.

### **11. Crime and Disorder**

- 11.1 There are no crime and disorder implications.

### **12. Consultation / Engagement**

- 12.1 Statutory Officers have been consulted.

### **13. Other impact of the proposals**

- 13.1 If the north east is invited to submit a phase 2 application, proposals will improve access to key employment sites, enabling economic growth. It is possible that proposals may also benefit the environment.

### **14. Appendices**

- 14.1 The Transforming Cities Fund guidance and application form are appended to this report.

### **15. Background papers**

- 15.1 The Transforming Cities Fund guidance and phase 1 application form are appended to this report. They can be found here:  
<https://www.gov.uk/government/publications/apply-for-the-transforming-cities-fund>

### **16. Contact Officers**

Rachelle Forsyth-Ward  
Senior Specialist Transport Planner  
0191 211 6445

## Transport North East Committee

rachelle.forsyth-ward@northeastca.gov.uk

### 17. Sign off

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

### 18. Glossary

Not applicable





Department  
for Transport

# Transforming Cities Fund Call for Proposals

**Moving Britain Ahead**



The Department for Transport has actively considered the needs of blind and partially sighted people in accessing this document. The text will be made available in full on the Department's website. The text may be freely downloaded and translated by individuals or organisations for conversion into other accessible formats. If you have other needs in this regard please contact the Department.

Department for Transport  
Great Minster House  
33 Horseferry Road  
London SW1P 4DR  
Telephone 0300 330 3000  
Website [www.gov.uk/dft](http://www.gov.uk/dft)  
General enquiries: <https://forms.dft.gov.uk>



© Crown copyright 2018

Copyright in the typographical arrangement rests with the Crown.

You may re-use this information (not including logos or third-party material) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/> or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or e-mail: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk)

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.



# Contents

1. Introduction	4
2. Scope of the Fund	6
3. Assessment Criteria	10
4. Application Process	13

# 1. Introduction

## Delivering on the Industrial Strategy

- 1.1 The Government has announced, as part of the Autumn Budget 2017, the creation of the £1.7bn Transforming Cities Fund ('the Fund'), with the aim of driving up productivity and spread prosperity through investment in public and sustainable transport in some of the largest English city regions. The Fund will be focused on intra-city connectivity, making it quicker and easier for people to get around – and access jobs in – some of England's biggest cities.
- 1.2 As part of the National Productivity Investment Fund, the Transforming Cities Fund will provide additional capital investment for productivity enhancing programmes. It also supports the Industrial Strategy, taking a place-centric approach to delivering investment in English city regions.
- 1.3 For Mayoral Combined Authorities with an existing, directly-elected Mayor, half of the Fund has been allocated on a devolved, per capita basis with the freedom to invest on strategic transport priorities, whether they be for light rail, bus rapid transit, cycling, or other public and sustainable transport improvements.
- 1.4 The remainder of the Fund will be allocated by a competitive process aimed at identifying the city regions with the strongest case for investment – be they by size, levels of congestion, strategic vision for change and local support. The government will then select up to ten city regions with whom we will co-develop packages of schemes. These will then be competitively assessed against each other with funding awarded to the proposals which demonstrate the greatest improvements to productivity and offer the best value for money. The level of funding to be awarded to shortlisted city regions will be agreed by the Secretary of State after these proposals have been fully scrutinised.
- 1.5 The Fund will also support the Future of Mobility Grand Challenge, one of four Grand Challenges established in the Industrial Strategy to improve people's lives and the country's productivity and put the UK at the forefront of the industries of the future.<sup>1</sup> It will help city regions harness the opportunities presented by extraordinary innovation in engineering, technology and business models to tackle their connectivity challenges.
- 1.6 The government will make £840 million available over the four year period to 2021-22. The funding will be entirely capital.

### Eligibility

---

<sup>1</sup> <https://www.gov.uk/government/publications/industrial-strategy-the-grand-challenges/industrial-strategy-the-grand-challenges>

- 1.7 The Fund aims to improve intra-city transport in the largest urban areas. Proposals will be accepted from English local transport authorities outside London – County Councils, Combined Authorities, and Unitary Authorities. As the Fund is seeking to support the largest city regions, the application form will look for evidence of high workday as opposed to residential populations. City regions with workday populations above 200,000 people will therefore score more strongly in the first section.
- 1.8 In recognition that functional city geographies do not always reflect local authority boundaries, **with the exception of combined authorities, the Government will not define these city regions**. Local authorities may wish to bid jointly where a clear 'city region' can be defined. This may be where a city has substantial suburban hinterland in a neighbouring authority. However, proposals which are largely rural in character will not be accepted.

### **Combined Authorities**

- 1.9 As they have received automatic allocations, the six Mayoral Combined Authorities (Liverpool City Region, Tees Valley, Greater Manchester, West of England, Cambridgeshire and Peterborough and the West Midlands) are ineligible to bid for additional funding.
- 1.10 The three extant Combined Authorities without a sitting elected Mayor at the Autumn Budget – West Yorkshire, Sheffield City Region and the North East Combined Authority, will not receive an automatic allocation and are required to submit a proposal for funding like other non-mayoral city regions. As Combined Authorities are the transport authorities for their area, and responsible for strategic planning across a city region, they should make one bid each covering their whole geography on behalf of their constituent authorities when applying for the Fund.
- 1.11 Should a North of Tyne Combined Authority be established, transport functions will be exercised by a statutory Joint Committee in line with its Devolution Deal. Any proposal should come from the North East Combined Authority or the statutory Joint Committee, depending on which is in existence at the time of the bid.
- 1.12 As there are separate transport funding arrangements covering London and the devolved administrations, local authorities in London, Scotland and Wales are not eligible for funding.

### **Stakeholder participation and private sector support**

- 1.13 The Department is taking a new approach to supporting local transport infrastructure. It therefore expects bidding city regions to consider local stakeholder and private funding to maximise the value of the investment in the area. Whilst the initial sift will look at evidence of support from organisations such as local employers, research institutions, transport providers and housebuilders, shortlisted city regions will be able to strengthen their proposals if additional funding can be raised through local contributions or private investment.
- 1.14 This guidance covers the scope of Transforming Cities and the criteria against which applications will be assessed. It also sets out the application process, including the expected timetable for receiving proposals and announcing decisions.

## 2. Scope of the Fund

- 2.1 The Government is committed to creating an economy that works for everyone, to increasing productivity, and providing better access to good jobs.
- 2.2 Many city centres have seen significant redevelopment and regeneration in recent years, however this has not always spread to outlying areas, held back through poor transport links. The Transforming Cities Fund seeks to rectify this, delivering significant investment in packages of projects to improve key intra-urban corridors, improving access to jobs.
- 2.3 As congestion on local A-roads has increased in recent years, there has also been a reduction in bus patronage. While on average, people in England can reach around 9 large employment centres within 1 hour by car, this falls to around 5 for those who must use public transport.<sup>2</sup> For those without a car, such as the increasing number of young people without or delaying acquiring a driving licence, this can limit options, including their ability to secure jobs which will help them progress as well as fully develop their well-being.
- 2.4 At the same time, UK national productivity continues to lag behind other countries, with significant differences in GVA per hour worked between cities. Few cities outside of London have a higher productivity than the national average. As part of the Industrial Strategy, the Government is committed to doing more to improve productivity across the country, and with this Fund will seek to do this through improved public transport connectivity.
- 2.5 Transforming Cities will tackle this challenge in two ways:
- **For the six Mayoral Combined Authorities with a Devolution Deal and directly-elected mayor at the time of Autumn Budget 2017**, the Government will devolve their share of the Transforming Cities Fund on a per-capita basis to give mayors and their combined authorities the freedom to invest in their strategic transport priorities. The Department will take no part in investment decisions, which will be subject to local assurance frameworks agreed as part of the Single Pot.  
  
The Department will, however, have regard to proposals which impact the Strategic Road or National Rail networks with Combined Authorities required to seek approval before progressing with their schemes. The Government expects metro mayors to develop plans which will fit with local transport networks and deliver improved public and sustainable transport connectivity in their city region.
  - **For non-mayoral city regions**, the Government is seeking to make a small number of large investments to drive up connectivity to centres of employment. The first stage of the competition will therefore seek evidence of the case for investment, wider fit with other stakeholders and investment pots,

---

<sup>2</sup> Department for Transport, Journey Time Statistics, 2015

and the ambition of a city to improve certain routes. Whilst packages may include a number of smaller investments, the aim is for successful city regions to demonstrate clear prioritisation and recognition that a significant investment on a smaller number of corridors can have a big impact.

- 2.6 Alongside the aim of driving up public transport connectivity, the Department aims to tackle a number of key policy priorities, including improving skills and use of apprenticeships, unlocking housing and responding to issues around air quality.
- 2.7 These objectives are aligned to the Department's Transport Investment Strategy and as part of the Industrial Strategy, the Fund also aims to address the Future of Mobility Grand Challenge. To achieve this, the Fund will look to city regions for innovative proposals that harness the potential of new technology and business models.
- 2.8 The Department will work with shortlisted city regions to develop packages which incorporate responses to these challenges, and promoters should have regard to local businesses, research institutions and others in developing bids as potential partners for tackling these challenges.

### **What the Transforming Cities Fund could deliver**

- 2.9 Whilst the initial competition will not seek proposals for specific schemes, the aim of the Fund is to invest in new local transport infrastructure to boost productivity by improving public and sustainable transport connectivity.
- 2.10 Government recognises that local authorities are best-placed to identify the types of projects to deliver, and seeks to partner with city regions to develop packages of proposals which will deliver transformative improvements in connectivity.
- 2.11 Packages could invest in interlinked schemes such as light rail, new bus corridors, cycling and walking infrastructure or smart technology to improve flow or integrate ticketing and live journey information. Successful city regions will be expected to make use of relevant legislation, such as the Bus Services Act 2017 and work with local transport providers to create improved user experiences for passengers and drive growth on these improved services.
- 2.12 The Department will also work with research institutions and industry and seek to implement new technology where possible.
- 2.13 The Transforming Cities Fund is designed to deliver improved local public transport. Whilst it may complement, it is not intended to replace funding for work on the National Rail or Strategic Road Networks, which have other funding streams available for enhancements. However, packages which include, for example, improvements to national rail stations and connectivity into multi-modal hubs will be encouraged.

## Case Study – Leeds public transport package

When the Transport and Works Act order for the “New Generation Transport” trolleybus scheme was not approved in 2016, the Department pledged to invest its planned contribution of £173.5m in the city as a package of measures to improve connectivity and improve public transport.

Working with their stakeholders, local leaders raised an additional £100m, including a £71m investment from bus company First West Yorkshire and additional funding from the West Yorkshire Combined Authority to create a £270m programme of improvements.

Measures funded include:

- **Bus Corridor improvements**– physical priority measures (£49m) and park & ride sites (£40m), Real Time Passenger Information (£7m) and transport hubs (£8m);
- **New rail stations** in some corridors – three are proposed (£30m) plus accessibility improvements to some existing stations;
- A **City Centre package** to improve transport hubs, public realm and end of journey connections (£39m).

The package aims to double bus patronage in 10 years, reduce congestion and improve access to stations. The measures are likely to support Leeds’ ambitions for housing growth, air quality improvement, and future HS2 connectivity. Leeds estimate the present value of benefits of the package to be in the region of £430m, with wider economic benefits in the order of £200m GVA per annum from creation of 2000 new jobs.

## Funding available to non-Mayoral city regions:

2.14 The Fund will take the form of a two stage process. Phase 1, the ‘Call for Proposals’ will sift up to ten cities based on the application form. Phase 2, ‘co-development’ will see shortlisted city regions requested to develop a package of schemes with the Department, which will be assessed.

2.15 Final decisions on the amount of funding for a shortlisted city region will be made in light of the quality of the proposals put forward. However, Government has set aside the following funding over the next 4 financial years:

Competitive Fund	2018/19	2019/20	2020/21	2021/22	Total
Capital (£m)	60	110	160	510	840

2.16 Whilst there is no set cap on the size of packages to be agreed, allocations to Mayoral Combined Authorities were in the range of £59-£250m. There will be no guarantee of funding to shortlisted city regions if packages are not sufficiently developed or fail to demonstrate adequate value for money. City regions should therefore consider how schemes could be flexed up- or down-ward to reflect the

options available, and consider the best portfolio of interventions to make the most difference within their areas.

- 2.17 The Fund is not aimed at packages that simply deliver large numbers of smaller interventions across the board; it is seeking coherent programmes of interlinking interventions which will transform connectivity in key commuter routes in major city regions. Government will support innovative approaches to deliver this, including new technology, engineering solutions and business models, as part of the Grand Challenge on the Future of Mobility.
- 2.18 The size of agreed funding packages, once approved, will be fixed. Should cost increases occur the Department will not provide additional funding and this will need to be accounted for within local budgets.

### **Evaluation of investments in non-Mayoral city regions**

- 2.19 The Department and city regions have a shared interest in evaluating over time the effectiveness of the Fund and measuring post implementation the impact on productivity growth and levels of congestion and other benefits secured from different types of measures taken forward. For the Department, it will inform future funding decisions; for local authorities it will add to the evidence of which combination of measures are the most effective in specific circumstances and help them design better interventions in the future.
- 2.20 The Department will be carrying out this evaluation towards the end of the Fund period, but will require the support of local authorities from the outset in providing baseline and monitoring data relating to the specific transport challenges in their area; for example current measures of congestion problems, levels of air quality, volume and proportion of journeys by different modes and road accident data. This data should form part of the evidence base already available to local authorities and used to drive the development and delivery of their Local Transport Plans.
- 2.21 The Department will consult successful authorities in due course about the design of an evaluation framework to ensure it meets both Government and local needs.

## 3. Assessment Criteria

### A two stage process to shortlist city regions followed by co-design of bespoke packages of investment

- 3.1 The Department has listened to concerns raised in the past about significant nugatory bidding by Local Authorities for local transport funding. To mitigate against this, The Fund will take the form of a two-stage competition. Phase one, based on a light-touch proposal will lead to a shortlist of up to ten city regions to be announced later this year.
- 3.2 In Phase two, the Department will work closely with these city regions to develop their plans into packages of proposals which will be assessed on a more detailed level, including the relative value for money of each package.

#### Phase 1 – Shortlisting city regions

- 3.3 Eligible city regions wishing to bid for the Fund are required to complete the application form which forms an Annex to this document. This is based around three key themes against which city regions will be selected. City regions may wish to have regard to the Department's Strategic Case guidance and the Rebalancing Toolkit when completing the application form.<sup>3</sup>

Definition and challenges	Who & Where	Ambition for change
<ul style="list-style-type: none"><li>•City definition - make up, population, extent</li><li>•Identification of key transport challenges and productivity issues</li><li>•Supporting evidence - e.g. congestion, mode share, journey times</li></ul>	<ul style="list-style-type: none"><li>•Who will benefit from this investment</li><li>•Identification of key corridors</li><li>•Alignment with business clusters</li></ul>	<ul style="list-style-type: none"><li>•Vision for improved connectivity following investment</li><li>•Supporting evidence from key stakeholders and potential for private investment</li><li>•Link to city region's strategic plans</li><li>•Evidence of collaboration, delivery and vision</li></ul>

- 3.4 **Definition and challenges:** This section will seek a definition of the bidding city. City regions should:
- Explain the city geography, with a clear city region identified
  - Indicate workday population (the Fund seeks to target the larger city regions in England)
  - Describe the key transport challenges across the city region at a high level. This could include a discussion of productivity, or how transport connectivity is affecting this.

<sup>3</sup> <https://www.gov.uk/government/publications/transport-business-case>



- Further evidence to support this argument – such as congestion, air quality or journey time impacts.
- 3.5 **Who & Where:** This section will seek detail on the city's key priority areas to invest in, and motivations. City regions should:
- Identify and prioritise the main corridors or places for investment, and why. This could include highlighting where opportunities for growth, productivity or business are within these areas of the city region.
  - Identify who would be affected by this investment and how user needs are recognised.
  - Include maps detailing these locations.
- 3.6 **Ambition for change:** This section will seek evidence of how investment will tackle these challenges, and wider fit with existing plans. City regions should:
- Articulate their vision for improved connectivity from the Fund and how this links to the assessment of need outlined in the previous sections.
  - Demonstrate support from stakeholders for investment in the identified areas, such as from the relevant Local Enterprise Partnership(s), employers and transport providers. This could also include commitments of further local and private funding.
  - Highlight ambition to align with existing funding streams and to utilise new approaches and powers available to improve public transport.
  - Demonstrate how the Fund would link to wider long term plans and spatial strategies around housing, local growth, productivity and air quality.
- 3.7 The Department will then decide on the relative merits of each bid, shortlisting up to ten city regions for the next stage of the competition. **As the first stage concerns identifying city regions, the Department will not have regard to specific schemes included in submitted proposals when assessing bids.**
- 3.8 The use of statistics, from both government bodies and well-respected independent sources, is encouraged. The suitability and validity of these will be scrutinised as part of the bid.

## Phase 2 – Co-development and assessment of business cases

- 3.9 Shortlisted city regions will be invited to work collaboratively with the Department to develop packages of proposals seeking, where appropriate, additional private and local investment.
- 3.10 These programme business cases will then be assessed via a competitive 'Challenge' process, where packages will be scrutinised according to WebTAG appraisal methodologies across the five cases as outlined in HM Treasury Green Book guidance.<sup>4</sup> City region representatives may be invited to 'pitch' their proposals to a panel who will ultimately make recommendations as to the final settlement awarded to each city.
- 3.11 The Department will then take a final funding decision for each city region who will then deliver the projects funded.

<sup>4</sup> <https://www.gov.uk/guidance/transport-analysis-guidance-webtag>

- 3.12 It is expected that evaluation processes will be developed in tandem with the co-development of business cases. All funded city regions will be expected to complete an evaluation of interventions after the completion of the Fund.

## 4. Application Process

### **Application form**

- 4.1 City regions will be expected to apply via the application form attached as an Annex to this document.
- 4.2 All applications to the Fund will be assessed against the criteria set out in section 3. A panel will moderate the final score of each bid to ensure consistency before a decision is taken to shortlist bidders.
- 4.3 Local authorities are expected to work jointly to cover a particular geography – one bid will be eligible for each city region concerned; in the case of separate competing bids being submitted for the same geography, the Department will reserve the right to decide which will be taken forward for the sift.

### **Submission of Bids**

- 4.4 All bids should be submitted electronically to [TCFproposals@dft.gsi.gov.uk](mailto:TCFproposals@dft.gsi.gov.uk) no later than 2359 on Friday 8 June 2018.
- 4.5 When authorities submit a bid for funding to the Department, as part of the Government's commitment to greater openness in the public sector under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004, they must also publish a version excluding any commercially sensitive information on their own website within two working days of submitting the final bid to the Department. The Department reserves the right to deem the business case as non-compliant if this is not adhered to.

### **Enquiries**

- 4.6 Enquiries about the Fund may be directed to [TCFenquiries@dft.gsi.gov.uk](mailto:TCFenquiries@dft.gsi.gov.uk).

# Transforming Cities Fund *Call for Proposals*



## Application Form

### Applicant Information

**Bidding City Region:**

**Bid Manager Name and position:**

*Name and position of officer with day to day responsibility for delivering the proposed interventions.*

**Contact telephone number:**

**Email address:**

**Postal address:**

**Additional evidence, such as letters of support, maps or plans should be included in an annex.**

The use of statistics, from both government bodies and well-respected independent sources, is encouraged. The suitability and validity of these will be scrutinised as part of the bid.

## **SECTION A – Definition and challenges**

This section will seek a definition of the bidding city. City regions should:

- Explain the city geography, with a clear city region identified
- Indicate workday population (the Fund seeks to target the larger city regions in England)
- Describe the key transport challenges across the city region at a high level. This could include a discussion of productivity, or how transport connectivity is affecting this.
- Further evidence to support this argument – such as congestion, air quality or journey time impacts.

### **A1. Constituent Local Authorities:**

### **A2. Geographical area:**

Please provide a short description of area covered by the bid (in no more than 100 words)

Please append a map(s) showing the location of the city region and its boundaries.

### **A3. Population**

Please include the **workday** population of the city region and relevant references.

### **A4. Discussion of key transport challenges:**

Please limit responses in section A4 to 500 words.

## **SECTION B: Who & Where**

This section will seek detail on the city's key priority areas to invest in, and motivations. City regions should:

- Identify and prioritise **the main corridors or places for investment**, and why. This could include highlighting where opportunities for growth, productivity or business are within these areas of the city region.
- Identify **who would be affected** by this investment and how user needs are recognised.

Maps identifying the priority areas can be appended as an annex to this section.

Please limit responses to 500 words.

## **SECTION C: Ambition for change**

This section will seek evidence of how investment will tackle these challenges, and wider fit with existing plans. City regions should:

- **Articulate their vision for improved connectivity** from the Fund and how this links to the assessment of need outlined in the previous sections.
- **Demonstrate support from stakeholders** for investment in the identified areas, such as from the relevant Local Enterprise Partnership(s), employers and transport providers. This could also include **commitments of further local and private funding**.
- Highlight ambition to align with existing funding streams and to **utilise new approaches and powers available** to improve public transport.
- Demonstrate how the Fund would link to **wider long term plans** and spatial strategies around housing, local growth, productivity and air quality.

Supporting letters may be attached as an annex.

Please limit responses to 500 words.

When authorities submit a bid for funding to the Department, as part of the Government's commitment to greater openness in the public sector under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004, they must also publish a version excluding any commercially sensitive information on their own website within two working days of submitting the final bid to the Department. The Department reserves the right to deem the business case as non-compliant if this is not adhered to.

**Please specify the weblink where this bid will be published:**

### **Submission of proposals:**

Proposals must be received no later than 2359 on **Friday, 8 June 2018**.

An electronic copy only of the bid including any supporting material should be submitted to:  
[TCFproposals@dft.gsi.gov.uk](mailto:TCFproposals@dft.gsi.gov.uk)

Enquiries about the Fund may be directed to [TCFenquiries@dft.gsi.gov.uk](mailto:TCFenquiries@dft.gsi.gov.uk)

**This page is intentionally left blank**



## **Transport North East Committee**

**Date:** 19<sup>th</sup> April 2018

**Subject:** Improving air quality in the NECA region

**Report of:** Managing Director (Transport Operations)

### **Executive Summary**

The purpose of this report is to provide an update on the air quality challenges facing authorities in this region, the targets set by government and the action being taken to address these.

### **Recommendations**

The Committee is recommended to note the content of this report.

## Transport North East Committee

### 1. Background Information

- 1.1 Air quality, and the effects of air pollution on health, has become a major concern over recent years. In most urban areas of the UK, the main pollutants of concern are Nitrogen Dioxide (NO<sub>2</sub>), the primary source of which is road vehicle exhausts, and particulate matter (PM<sub>10</sub>/PM<sub>2.5</sub>), which has a number of sources, including road vehicles and domestic consumption.
- 1.2 Public Health England (PHE) published a report in 2014 'Estimating Local Mortality Burdens Associated with Particulate Air Pollution'. The report states that:
- 'Current levels of particulate air pollution have a significant impact on health. Measures to reduce levels of particulate air pollution, or reduce exposure of the population to such pollution, are regarded as an important public health initiative.'*
- 1.3 In addition to the above, the World Health Organisation has classified diesel exhaust specifically as a Group 1 carcinogen.
- 1.4 The Committee on the Medical Effects of Air Pollutants is clear that there is no safe level for exposure to particulates and that they are significantly harmful to human health. They have estimated that removing all PM<sub>2.5</sub> could save the UK population approximately 36.5 million life years over the next hundred years.

### 2. The legal position

- 2.1 The necessity for action to manage and improve air quality is established by European legislation. The 2008 ambient air quality directive (2008/50/EC) sets legally binding limits for concentrations in outdoor air of major air pollutants that impact public health such as particulate matter (PM<sub>10</sub> and PM<sub>2.5</sub>) and nitrogen dioxide (NO<sub>2</sub>). In addition, the UK and the EU are bound by international law, namely the Gothenburg Protocol to the UNECE Convention on Long-range Transboundary Air Pollution which also sets national emission limits for a range of pollutants.
- 2.2 This was transposed into EU law by the Air Quality Standards Regulations 2010. In England the responsibility for meeting air quality limit values rests with the Secretary of State for Environment, Food and Rural Affairs, and the Department for Environment, Food and Rural Affairs (Defra) also co-ordinates assessment and air quality plans for the UK as a whole.
- 2.3 In recent years, the government has faced a series of legal challenges from non-governmental organisations such as Client Earth concerned that the UK is showing insufficient urgency in meeting its legal obligations to improve air quality. Judicial rulings led the government to produce a plan for tackling roadside nitrogen dioxide concentrations in July 2017. Six authorities with the most severe problems (none in this region) were assumed to require a Clean Air Zone by the end of 2019, whilst a

## Transport North East Committee

further 29 local authorities were required to produce Action Plans outlining how they would reduce exceedances in order to deliver compliance with legal limits for NO<sub>2</sub> in the shortest possible time. A further legal challenge, in February 2018, has resulted in another 45 authorities, including Sunderland and South Tyneside, being required to address localised air quality concerns.

### 3. Consequences for NECA authorities

- 3.1 The first wave of 29 authorities referred to above included Newcastle, Gateshead and North Tyneside who are estimated to have roads with concentrations of NO<sub>2</sub> forecast above annual mean limit values by 2021, although the same modelling shows it is below these values after 2022. These routes comprise the Central Motorway East, the Tyne Bridge (and its approaches from Gateshead), sections of the A1 Western Bypass in Newcastle and Gateshead and part of the Coast Road in North Tyneside. The map below identifies these routes.



- 3.2 Newcastle, Gateshead and North Tyneside are therefore required to take action to reduce NO<sub>2</sub> levels, beginning with an initial Feasibility Study to identify options to deliver compliance with legal limits for NO<sub>2</sub> in the shortest possible time. This initial Study must be submitted to government as soon as possible and by 31 March 2018 at the latest. This must then be followed by a final Feasibility Study by December 2018

## Transport North East Committee

at the latest. To assist this process, the government has set up a £255m Implementation Fund, which includes funding set aside for 'Early Measures' - 'quick win' schemes that involve immediate action to make air quality improvements and prevent exceedances as soon as possible.

- 3.3 There are also existing Air Quality Management Areas in four NECA authorities. These are listed below and are subject to monitoring and the production of Local Air Quality Action Plans to address levels of air pollution.

Authority	Location(s)
Durham	1) Durham City 2) Chester Le Street
Gateshead	1) Town Centre
Newcastle City Council	1) City Centre 2) Gosforth
South Tyneside Council	1) Boldon Lane / Stanhope Road 2) Leam Lane / Lindisfarne Roundabout

- 3.4 The most recent development is that, on 23<sup>rd</sup> March, the government announced a £220m Clean Air Fund to help improve air quality in some of the most polluted areas. The announcement by DEFRA gives examples of measures that could be funded through this source, including new park and ride services, freight consolidation centres, concessionary travel schemes and improvements to bus fleets.

- 3.5 There will also be a further £1.65m provided to support the 33 local authorities that have been asked to conduct targeted feasibility studies to identify measures that could bring forward compliance dates within the shortest possible time. This number has been reduced from the original 45 local authorities specified, as 12 authorities are now expected to achieve compliance this year. From this region's point of view, however, Sunderland and South Tyneside are still included in the 33.

## 4. Action under way

- 4.1 A number of measures have commenced, or are planned, to address the air quality issues raised above.
- 4.2 In January 2018, Newcastle, Gateshead and North Tyneside submitted a Feasibility Study to central government outlining the monitoring, modelling and research requirements necessary to deliver a comprehensive strategy that will reduce exceedances in their areas to legal levels. This will then be followed by a final Feasibility Study due by December 2018 at the latest. Areas to be addressed in the Feasibility Study include the following:

## Transport North East Committee

Transport and air quality modelling  
 Behaviour change measures (such as Go Smarter)  
 Public transport  
 Park and Ride / parking policy  
 Freight, including delivery re-timing, consolidation and measures to improve operating standards  
 Taxis  
 Clean Air Zones  
 Technology and traffic management improvements  
 Cycling / Active Travel  
 Planning Policy  
 Low-emission vehicles and scope for retro-fitting

- 4.3 To enable a rapid start on measures that can help to improve air quality, while the more detailed study is under way, the three authorities jointly submitted a £3m bid for 'Early Measures' funding. The key element in this bid was a package of measures under the "Go Smarter" brand, encouraging people to explore and use sustainable modes of transport – including walking, cycling, public transport and car sharing – when making every day journeys to school or work, helping to make those journeys greener, cheaper and healthier.
- 4.4 Also included were initiatives to improve traffic management, to install a new electric vehicle charging point in Gateshead and to improve cycle infrastructure, with particular emphasis on links to key employment sites (such as Cobalt) and Metro stations / interchanges. All these measures were capable of being delivered quickly, had proven benefit and would begin to improve air quality while longer-term proposals are developed.
- 4.5 On 23<sup>rd</sup> March, it was announced that DEFRA would provide £1.7m of funding to enable the cycle infrastructure and traffic management improvements to go ahead. Most disappointingly, however, no funding was approved for the 'Go Smarter' elements of the bid, despite the proven effects of past behaviour change initiatives both in this region and elsewhere. Whilst funding for new cycle infrastructure is welcome, it would be much more effective if combined with marketing and behaviour change measures to encourage schools and workplaces to make use of the new provision.
- 4.6 In parallel with the above, the region also submitted a European Regional Development Fund (ERDF) Sustainable Urban Development Fund 'Expression of Interest' (preceding a full bid) in January 2018. This includes a package of complementary measures, including improved walk / cycle access to Metro stations, Park and Ride improvements at Callerton Parkway, engagement with SMEs, further rapid charging points and an urban consolidation centre being developed by Newcastle University. A separate report on the agenda gives more background to this submission.

## Transport North East Committee

- 4.7 Also at a regional level, a NECA Air Quality Strategy is well under way, which will set out the air quality challenges facing the region and the various measures being delivered, or considered, to address these. It will consider the effects on health, the legal position, monitoring data and the various options for addressing sources of transport and non-transport related emissions. The strategy will form a 'daughter document' to the NECA Transport Plan that is in development.
- 4.8 Officers are working closely with those areas facing specific legal deadlines to improve air quality and the Regional Transport Team are to take an overall co-ordinating role, especially in the key areas of communication and marketing, to ensure that measures are aligned across the region and form a coherent and attractive offer for the travelling public.
- 4.9 Finally, we can report a successful outcome for the region's Clean Bus Technology Fund bid, with £3.8m of government funding secured in January 2018, enabling more than 200 buses in the region to be fitted with new technology to improve air quality and cut harmful engine emissions.
- 4.10 Buses operating on routes in Newcastle, Gateshead, and North and South Tyneside will all be upgraded – moreover some routes also stretch into Northumberland, Sunderland and Durham extending the benefits even further.

### **5. Reasons for the Proposals**

- 5.1 The reason for this proposal is to update TNEC on progress in addressing air quality concerns within the region.

### **6. Alternative Options Available**

- 6.1 As NECA authorities are under a legal obligation to address air quality concerns, it is not felt that an alternative option is available.

### **7. Next Steps and Timetable for Implementation**

- 7.1 Newcastle, Gateshead and North Tyneside are required to submit a final Feasibility Study by December 2018 at the latest.

Sunderland and South Tyneside must undertake feasibility studies to identify measures that could bring forward compliance dates within the shortest possible time.

Work will continue to finalise the NECA air quality strategy.

## Transport North East Committee

### **8. Potential Impact on Objectives**

- 8.1 Improved air quality will assist the NECA region in its objective of delivering a better quality of life for its residents.

### **9. Financial and Other Resources Implications**

- 9.1 Feasibility study work is being funded using resources provided by DEFRA through its Air Quality Implementation Fund.

£30,000 has been allocated in the 2018-19 Regional Transport Team budget to assist in the finalization of the Air Quality strategy.

### **10. Legal Implications**

- 10.1 If Local Authorities with air quality exceedances do not take action to reduce exposure to air pollution below limit values, there is a potential for infraction fines to be passed to the local authority by the Government utilising the Localism Act.

### **11. Key Risks**

- 11.1 Failure to take effective action to reduce air quality exceedances carries financial risks for those authorities affected, as set out above (under “Legal Implications”). More widely, poor air quality is a danger to the health of residents in the region.

### **12. Equality and Diversity**

- 12.1 Researchers have found large differences in air pollution across communities in England, with deprived and ethnic minority areas the worst affected. Measures to improve air quality are therefore likely to be of particular benefit in the poorest communities within the region. <sup>1</sup>

### **13. Crime and Disorder**

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

### **14. Consultation/Engagement**

- 14.1 Those authorities with specific legal obligations to address air quality exceedances are proposing to carry out widespread public consultation following the election ‘purdah’ period.

---

<sup>1</sup> Research by Imperial College London and the National Institute for Public Health and the Environment in the Netherlands, January 2015

## Transport North East Committee

### **15. Other Impact of the Proposals**

15.1 Not Applicable.

### **16. Appendices**

16.1 None.

### **17. Background Papers**

17.1 None

### **18. Contact Officers**

18.1 Tobyn Hughes, Managing Director (Transport Operations) 0191 203 3246  
[tobyn.hughes@nexus.org.uk](mailto:tobyn.hughes@nexus.org.uk)

### **19. Sign off**

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



## Transport North East Committee

**Date:** 19<sup>th</sup> April 2018

**Subject:** 'Smarter Travel, Smarter Cities' (Sustainable Urban Development Fund Expression of Interest)

**Report of:** Managing Director (Transport Operations)

### Executive Summary

The purpose of this report is to provide an update on the Sustainable Urban Development (SUD) Fund Expression of Interest, branded as 'Smarter Travel, Smarter Cities', that was submitted to the Ministry for Housing, Communities and Local Government (MHCLG) on 31<sup>st</sup> January, and to outline proposed governance arrangements for the programme.

### Recommendations

The Committee is recommended to note the content of this report and approve the proposed governance arrangements.

## Transport North East Committee

### 1. Background Information

- 1.1 The Sustainable Urban Development fund is a European fund, of which the North-East Region has been allocated £18.6m. The objectives of the bid are focused around reduction in carbon and therefore a package of sustainable transport interventions links closely to this goal, as well as aligning with our work to improve air quality (covered by a separate agenda item). The total cost of our proposed programme is £11,883,765.
- 1.2 50% 'match' funding across the total programme is required and the geographic area eligible for funding is Tyne and Wear, plus South-East Northumberland and the Tyne Valley. It does not cover rural North and West Northumberland or County Durham (who have their own funding allocation).
- 1.3 Working with partners, we have developed a package of measures to encourage car drivers to switch to sustainable public transport and to promote walking and cycling. We are also proposing to introduce enhancements to the region's UTMC centre to improve bus service reliability, extend rapid charging clusters across the region and introduce a freight consolidation centre in partnership with Newcastle University.
- 1.4 Finally, we will seek to make our transport network greener by implementing a network of solar panels across the Metro infrastructure to generate more green electricity at source.
- 1.5 The programme will be supported by a programme manager, based in the Regional Transport Team, who will implement targeted promotion and marketing campaigns to ensure maximum benefit from the interventions and ensure their delivery as an integrated package (aligned with air quality 'Early Measures' activities), whilst also overseeing a programme of engagement with SMEs to be carried out by Urban Foresight, a local strategy and innovation consultancy.
- 1.6 The role will also oversee co-ordination of the various bid elements, ensuring compliance with the ERDF rules, management of claims and management of reporting to Heads of Transport and through the wider proposed governance process. Central programme co-ordination of this project will be vital to ensure that ERDF grant conditions can be met and value for money and efficiency can be demonstrated through coordinated procurement and consistency of messages. An approvals process will also be required to ensure that Heads of Transport are satisfied that proposed projects are delivering on their objectives and are providing value for money.

Appendix 1 attached lists the various programme elements.

## Transport North East Committee

### 2. Submission of proposals

- 2.1 Following submission of the Expression of Interest on 31<sup>st</sup> January, we are now awaiting feedback from MHCLG outlining their initial views on the proposals. This is likely to indicate which elements of the programme they favour, which ones they are less keen on, and which ones require further work. Depending on the feedback, we would then proceed to submission of a full bid with a decision anticipated by the end of the year. In the event of feedback being received after the publication date of this report, a verbal update will be provided to the Committee.
- 2.2 However, assuming we are asked to progress to full bid stage, we intend to commence the programme 'at risk' in May, making use initially of the match funding allocated whilst a final decision is awaited on the ERDF funding. This is necessary to ensure that the region can maximise opportunities presented by projects already agreed by partners to attract the most grant funding.

### 3. Governance proposals

- 3.1 Given the intention to commence the programme in May, it is essential to agree governance arrangements as soon as possible. Guidance from the European Officer confirms that the ERDF expect all elements of the programme (including those covered by match funding) to be fully compliant with the exacting reporting requirements that apply to any European project. For a programme of this size and complexity, we therefore need to ensure that all partners, and especially the assigned project managers, understand these requirements.
- 3.2 In particular, as a substantial part of the match funding derives from the DEFRA air quality 'Early Measures' fund (covered in the air quality report elsewhere on the agenda), it is crucial that the SUD funding and 'Early Measures' funding is fully integrated and measures delivered in a joined-up way.
- 3.3 We have identified a proposed governance structure and have arranged an inception meeting in April with all the project managers, regional European Programme Managers and the NECA's Head of Transport, to outline these governance arrangements and to ensure everyone involved in the programme and delivery of specific elements understands the finance and reporting requirements.
- 3.4 Under this process, project managers would complete light touch business case proformas for each project, setting out clearly the scope of works, costs, risks and the programme. These would be quality assured and then approved by the NECA Heads of Transport Group, who would then receive monthly updates on progress of each work stream against what scheme promoters had set out in their business cases. Grant would be paid on defrayed expenditure on evidence of delivery.

## Transport North East Committee

- 3.5 Reporting would also apply to those elements of the project identified as match to assure Heads of Transport on delivery to timescales and objective originally set out and compliance with ERDF conditions.
- 3.6 The Heads of Transport group will provide programme board oversight of the work, receiving regular assurance reports from the Regional Transport Team on the progress of the projects and will be responsible for ensuring projects meet their objectives and are within the conditions of the funding.
- 3.7 Progress will be reported to Economic Directors and Chief Executives meetings and updates brought to future meetings of TNEC. The reporting structure can be seen in appendix 2

### **4. Reasons for the Proposals**

- 4.1 The reason for this proposal is to update TNEC on progress with the SUD Expression of Interest and proposed governance arrangements.

### **5. Alternative Options Available**

- 5.1 The region could choose not to proceed with a full SUD bid but this would result in losing the opportunity to secure additional funding which could be used to improve our transport network.

Alternative governance arrangements could be considered but it is felt that the arrangement set out is most likely to ensure efficient project delivery.

### **6. Next Steps and Timetable for Implementation**

- 6.1 We will continue to make preparations for delivery of the programme, including an inception meeting with all project managers, whilst feedback is awaited from MHCLG. Further updates will be provided to future meetings of this Committee.

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

- 7.1 The various transport and renewable energy improvements included in the SUD proposals will deliver benefits for our transport network, improved air quality and reduced carbon emissions, assisting the NECA region in its objectives of delivering a strong economy and a better quality of life for its residents.

### **8. Financial and Other Resources Implications**

- 8.1 The total cost of the programme is £11,883,765. All match funding comes from

## Transport North East Committee

existing identified budgets or external sources.

### **9. Legal Implications**

- 9.1 There are no specific legal implications at this stage. In the event of ERDF funding being secured, any legal agreements needed will be reviewed and approved by appropriate NECA legal officers.

### **10. Key Risks**

- 10.1 The key risk involved in all European projects is failing to comply fully with project conditions, and thus not being able to draw down allocated funding. This risk will be minimised by an effective governance structure and close liaison with European programme officers.

### **11. Equality and Diversity**

- 11.1 Researchers have found large differences in air pollution across communities in England, with deprived and ethnic minority areas the worst affected. The measures set out in the SUD proposal will help to improve air quality and are therefore likely to be of particular benefit in the poorest communities within the region. <sup>1</sup> In addition, measures to improve public transport, cycling and walking provision will benefit residents who do not have access to cars.

### **12. Crime and Disorder**

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

### **13. Consultation/Engagement**

- 13.1 Consultation will take place with all partners involved in project delivery as we progress with these proposals.

### **14. Other Impact of the Proposals**

- 14.1 Not Applicable.

### **15. Appendices**

- 15.1 Appendix 1 – list of programme elements  
Appendix 2 – proposed governance structure

---

<sup>1</sup> Research by Imperial College London and the National Institute for Public Health and the Environment in the Netherlands, January 2015

## Transport North East Committee

### 16. Background Papers

16.1 None

### 17. Contact Officers

17.1 Tobyn Hughes, Managing Director (Transport Operations) 0191 203 3246  
[tobyn.hughes@nexus.org.uk](mailto:tobyn.hughes@nexus.org.uk)

### 18. Sign off

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

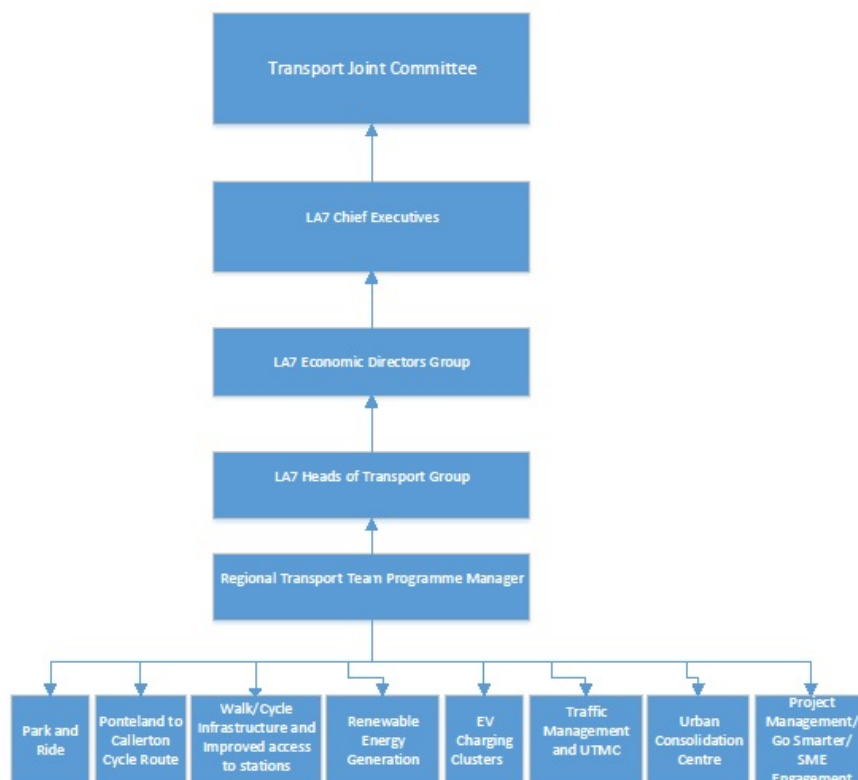
## Transport North East Committee

### Appendix 1 – ERDF Sustainable Urban Development ‘Expression of Interest’ - summary of programme elements

Project
Park and Ride improvements - Callerton Parkway
New Ponteland to Callerton cycle route
Walk / cycle infrastructure and improved access to Metro stations
Renewable energy generation on Nexus infrastructure
EV charging clusters and filling stations at up to 5 sites
Traffic management and UTMC
Tyneside freight consolidation centre
Programme management and delivery of Go Smarter activities
Urban Foresight SME engagement

## Transport North East Committee

### Appendix 2 – Proposed Governance Structure





## Transport North East Committee

**Date:** 19<sup>th</sup> April 2018

**Subject:** Transport for the North (TfN) update

**Report of:** Thematic Lead for Transport and Digital Connectivity

### Executive Summary

The purpose of this report is to update TNEC members on progress being made in four areas of TfN activity, namely; Governance, the Strategic Transport Plan, the Strategic Development Corridors and Northern Powerhouse Rail.

On the 1<sup>st</sup> April 2018, Transport for the North became a Sub-National Transport Body. Following the shadow board in Newcastle before the last TNEC meeting arrangements have been put in place with the development of a committee structure including a scrutiny committee.

TfN has the powers to adopt a Strategic Transport Plan (STP). At the beginning of January, the consultation into the STP launched with events in the North East. Officers and Members prepared a response to the STP which was issued on the 19<sup>th</sup> March. The consultation closed on the 17<sup>th</sup> April 2018. The next step is the production of a consultation report and the onward submission of the plan to Government for approval.

Underpinning the STP is a series of Strategic Development Corridor (SDCs) studies. In the North East, these are Connecting the Energy Coasts (a multi-modal East-West corridor), Yorkshire to Scotland (road study), East Coast to Scotland (rail study). Work is underway on the first two studies with the latter two due to commence imminently, building on the East Coast Route Study published by Network Rail and the forthcoming Roads Investment Strategy 2 by Highways England. The studies are expected to conclude in the Autumn ahead of expected announcements by Government on future investment.

The report also gives a brief update on the Northern Powerhouse Rail (NPR) project in respect to progress with the interconnection of the NPR network with the HS2 infrastructure.

## **Transport North East Committee**

### **Recommendations**

The Transport North East Committee is recommended to note the progress being made on:

- i. TfN governance.
- ii. The development of the TfN Strategic Transport Plan (STP).
- iii. The development of the Strategic Development Corridors (SDC's)
- iv. The progress being made on Northern Powerhouse Rail (NPR).

## **Transport North East Committee**

### **1. Background Information**

- 1.1 The purpose of this report is to update Members on the governance of TfN as well as progress being made on both the Strategic Transport Plan, Strategic Development Corridor studies and the Northern Powerhouse Rail project.

### **2. Proposals**

#### **Governance**

- 2.1 TfN became a statutory Sub-National Transport Body (STB) for the North of England on the 1<sup>st</sup> April.
- 2.2 Alongside this statutory status. TfN is obliged to establish governance arrangements

Nominations for the Board and Scrutiny Committee have been sought in addition to requests to the supporting Officer Executive Board. In the North East the arrangement is currently,

- Partnership Board member, Cllr Nick Forbes, Nominated Substitute, Cllr Carl Marshall
- North East LEP member, David Land, Nominated Substitute, Mark Thompson
- Scrutiny Committee members, TBC
- Executive Board – Tobyn Hughes.

- 2.3 Developments have been made to the TfN website in relation to publishing papers, and the TfN publication scheme, ahead of Board meetings.
- 2.4 TfN's first meeting as a statutory body was held on the 5 Apr '18. Officers will continue to circulate a summary of the papers to all TNEC members and senior officers in accordance with the previously agreed protocols.
- 2.5 As noted within the Leadership board papers in August last year, the Secretary of State has established, TfN on a statutory footing based on the area identified in the statutory proposal (see s102F of LTA 2008).
- 2.6 As there is a proposal to create a North of Tyne Combined Authority, the membership and representation of TfN at a member and officer level will need to be agreed between both combined authorities.

#### **Strategic Transport Plan (STP)**

- 2.7 Regular updates have been provided to members regarding the work to develop the STP, including the recent April TNEC presentation from John Cridland (TfN Chairman) and Barry White (TfN Chief Executive).

## **Transport North East Committee**

- 2.8 The STP sets out the strategic priorities for transport investment in the North between now and 2050. Becoming a statutory STB will enable TfN and its Partners (including NECA and a potential future North of Tyne Combined Authority) to use the STP to make a unified case to Government for the investment that is much needed in the North.
- 2.9 Following a successful launch in the North East (as part of a coordinated series) three consultation events were held in the locally in early February. Common questions arising from the discussion included, the powers TfN will have to secure investment and how strategic investment will be coordinated with local improvements.
- 2.10 The North East's formal consultation response to the STP and the Long-Term Rail Strategy was issued on the 19<sup>th</sup> March 2018. The main points were included in drafts presented to TNEC members on the 8<sup>th</sup> February and were discussed with transport officers from the 7 authorities, chief executives and TNEC members. The main points issued,
- Need to undertake the remaining two corridor studies to the same level of detail as Energy Coasts,
  - Commitment to maintain the NPR core network to Newcastle, as well as the opportunity to deliver services to other economic centres such as Sunderland,
  - Change to the Major Road Network, as a result of DfT's consultation and the designation of our own Key Route Network,
  - Integration of the plan with local plans and transport plans,
  - Need for investment in our rail routes, looking at these holistically.

### **Strategic Development Corridors (SDCs)**

- 2.11 TfN's Draft STP identifies seven SDCs, where future investment across the North's transport network should be prioritised to achieve transformational economic growth. Work on the first three SDCs – Connecting the Energy Coasts, Central Pennines and West and Wales – commenced in September 2017. The current delivery programme shows the Strategic Outline Case (SOC) and Strategic Outline Programme (SOP) being completed late Summer 2018, in time to support the production of TfN's (Transport for the North's) Final Strategic Transport Plan (STP) and Long-Term Investment Programme in Autumn 2018.
- 2.12 The evidence gathering phase is now complete, and has resulted in an Options Assessment Report (OAR) including a sifted list of potential interventions which will go forward to the next phase. There has been significant input from officers. The OAR was shared with TfN's Strategic Transport Plan Programme Board (STPPB) on 14 March 2018 and approved.
- 2.13 The projects put forward by the NE have all progressed through the sifting and will now be modelled. This includes but is not limited to, A69 upgrades (targeted

## **Transport North East Committee**

junction improvements and climbing lanes), Northumberland and Newcastle line, Tyne Valley line route improvements, Sunderland Strategic Development corridor and Newcastle Airport road and rail improvements.

- 2.14 The next phase of work involves the modelling and appraisal of the potential interventions across each corridor using TfN's Analytical Framework.
- 2.15 The TfN Business Plan for 2018/19, commits to undertake further work on the next two Strategic Development Corridors (SDCs) – Southern Pennines, and Yorkshire to Scotland – during 2018/19. The latter is a North to South Road corridor through the North East.
- 2.16 A single commission is being undertaken, with similar officer input to the Connecting the Energy Coasts study. At the time of writing we are awaiting tender responses before the work is commissioned in mid April.
- 2.17 Officers are pressing for timescales regarding the commencement of the East Coast to Scotland rail study, which will complete all three studies in the North East.

### **Northern Powerhouse Rail (NPR)**

- 2.18 NPR is a major strategic rail programme, designed to transform the northern economy and meet the needs of people and business. It will transform connectivity between the key economic centres of the North. The programme promises radical changes in service capacity, frequency service and target journey times.
- 2.19 The Chancellor has recently announced an additional £300 million to be added to the HS2 overall budget to specifically allow work to be undertaken to develop the touch points between the proposed HS2 network and the emerging NPR network. For the North East this could lead to trains taking advantage of sections of high speed line when travelling to Leeds and Manchester, in addition to the proposed HS2 services to Birmingham and London.
- 2.20 By the end of 2018 it is expected that the Strategic Outline Business Case for NPR (including the NE leg) will be completed. The NE corridor is expected to focus on the significant upgrading of the East Coast Mainline corridor and potentially adjacent routes to create a four-track railway and enable an uplift from 6 trains an hour to 9 trains per hour.
- 2.21 In addition to developing the SOBC, the NPR team have also continued to develop the required input into the HS2 Phase 2b Bill. This relates to HS2/NPR touchpoints to enable NPR services to operate on HS2 infrastructure.

### **3. Reasons for the Proposals**

- 3.1 The reasons for bringing the information to the TNEC members is to ensure regular updates are provided on the progress of TfN and its work programme, in accordance with the local TfN / NECA protocols.

## **Transport North East Committee**

### **4. Next Steps and Timetable for Implementation**

#### **4.1 The next steps are expected to be as follows:**

- Development of TfN Corridor Studies and commission the remaining two. Including developing robust outline business programmes and cases for schemes.
- Reflect on the North's East's comments to the STP and embed these changes in the subsequent drafts through our input at programme board level.
- Continue to share information from Partnership Board with members and officers.
- Continue to develop the Strategic outline business case for the NPR network.

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

As a member of the TfN, The North East will have access to additional resources to develop strategic infrastructure projects with the purpose of facilitating economic growth in line with the Strategic Economic Plan and the Local Transport Plan. As a Statutory Partner in the Department's investment processes, TfN will be able to provide advice on the North's priorities and influence the investment plans of Highways England and Network Rail.

### **6. Financial and Other Resources Implications**

There are no direct financial implications at this stage in relation to this report. As programmes of work progress and schemes become more developed there may be a need / desire to secure local contributions to assist with business case development and resulting funding bids as well as scheme delivery costs.

### **7. Legal Implications**

There are no direct legal implications from this report. As workstreams develop into programmes of work and eventually schemes, the legal requirements of these will be considered as and when appropriate.

### **8. Key Risks**

In a national context, the less populated areas often receive less investment than more populated (congested) areas. One of the risks of working as part of TfN is that this situation is repeated but in a northern context, with Manchester, the M62 corridor and the North-West rail network benefitting the most. That said, the Partnership Board voting metrics do give some mitigation against the concentration of funding as does the corridor and network approach being taken through the development of the Strategic Transport Plan.

## Transport North East Committee

### 9. Equality and Diversity

The development and delivery of the emerging schemes aim to improve road and rail connectivity for all and as such do not negatively impact on Equality and Diversity.

### 10. Crime and Disorder

Safety and Security are fundamental consideration in the design of new services and facilities and thus impacts will be assessed for individual projects at the appropriate stage of development.

### 12. Consultation/Engagement

The STP response has been drafted with input from North East officers and members. The TfN Partnership Board has been kept apprised of progress. TfN's Statutory status provided the North East with a formal opportunity to comment on the details within the STP and request, if necessary, the inclusion of any priorities that may not have been picked up in the draft.

### 13. Other Impact of the Proposals

As each of the projects and plans of TfN become more defined, environmental and economic impacts and analysis will form key considerations when options are being considered.

### 14. Appendices

Appendix 1: Final North East Response

### 15. Background Papers

None

### 16. Contact Officers

Tobyn Hughes, Managing Director (Transport Operations),  
[Tobyn.hughes@nexus.org.uk](mailto:Tobyn.hughes@nexus.org.uk)  
Tel: 0191 203 3203

### 17. Sign off

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

### 18. Glossary

## **Transport North East Committee**

TfN – Transport for the North,

STB – Sub-National Transport Body,

NECA – North East Combined Authority,

DfT – Department for Transport,

NPR – Northern Powerhouse Rail,

STP – TfN's Strategic Transport Plan.

SDC - Strategic Development Corridors



## Transport North East Committee

### Appendix 1: North East Response to TfN Strategic Transport Plan and Long-Term Rail Strategy.



John Cridland,  
Transport for the North,  
2<sup>nd</sup> Floor, 4 Piccadilly Place,  
Manchester,  
M1 3BN

**Councillor Nick Forbes**  
**Thematic Lead for Transport**  
Leader's Office, Civic Centre  
Newcastle upon Tyne, NE1 8QH  
Phone: 0191 211 5151  
Fax: 0191 211 4815  
[nick.forbes@newcastle.gov.uk](mailto:nick.forbes@newcastle.gov.uk)  
[www.nickforbes.org.uk](http://www.nickforbes.org.uk)

19<sup>th</sup> March 2018,

Dear John,

### **Response to Transport for the North, Strategic Transport Plan and Long-Term Rail Strategy Consultation 2018**

Many thanks for the opportunity to comment on the Strategic Transport Plan and thanks for your attendance and participation at the recent Transport North East Committee.

The plan and the activities of Transport for the North are welcomed by partners here in the North East. We recognise the opportunity this presents to work together to have a collective voice to government to secure much needed investment in the North to deliver the objectives set out in the Independent Economic Review.

There has been a historic lack of investment in transport infrastructure in the north of England. This has resulted in lengthy, infrequent and unreliable journey times for city to city travel, which is a constraint to productivity, jobs, and housing growth. In economic terms, cities in the north of England are performing well individually but they are not realising their full potential partly due to poor connectivity to other cities in the north and elsewhere<sup>1 2 3</sup>. This plan provides the opportunity to address this matter.

The detailed corridor studies build on the plan to identify the interventions to achieve our collective goals. We welcome that work is due to commence imminently on the remaining two corridor studies in the North East. Officers will work with you on the development and conclusion of the studies for the North East.

It is critical that we have robust business cases to support identified improvements and understand how this will translate through to a deliverable project working with the Government and its partners in Highways England and Network Rail.

---

<sup>1</sup> *Cities Growth Commission* Unleashing Metro Growth (2014)

<sup>2</sup> *IPPR North* Rhetoric to reality: a business agenda for the northern powerhouse, (2015)

<sup>3</sup> *Transport for the North* Northern Transport Strategy, Spring Report (2016)

## Transport North East Committee

At our consultation events the interface with the local transport network was a regular point raised. Officers will work further with you to suitably address this matter, particularly through the development of the North East's own plans and strategies.


On roads we have made separate representations to Government's consultation into the development of a Major Road Network for the North, this builds on TfN's response. We recognise the importance of these roads to unlock growth and this is a mechanism in which to secure powers and funding to do that. We have taken the opportunity to review the MRN for the North with our local partners in light of our recent identification of a Key Route Network in the North East and have below suggested a few amendments to the scope of the TfN identified network in the North East.

On rail, we are very supportive of Northern Powerhouse Rail programme and see this as an essential part of improved connectivity for the North East. The East Coast Mainline is a key artery for the North East and is in urgent need of investment to improve its reliability, capacity and frequency of service to meet the demand predicted through both TfN and Network Rail's forecasts. We have also provided input into the Long-Term Rail Strategy and support the key themes. We are particularly keen to work with TfN and Network Rail to develop improvements for the important Durham Coast, Tyne Valley and Bishop Lines.

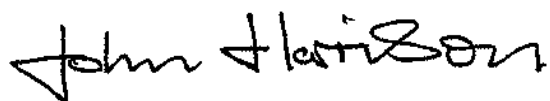
Our comments below relate to details included within the STP, Long Term Rail Strategy, Major Roads Report and Sustainability Appraisal and are not matters of substance.

It is without doubt that the North East remains a committed partner of TfN and we look forward to continuing to develop these plans for submission and adoption by Government.

Yours sincerely



**Councillor Nick Forbes**  
**Chair, Transport for the North East Committee**  
**North East Combined Authority**



## **Transport North East Committee**

**Councillor John Harrison**  
**Vice-Chair, Transport for the North East Committee**  
**North East Combined Authority**



**Councillor Carl Marshall**  
**Vice-Chair, Transport for the North-East Committee**  
**North East Combined Authority**



**Councillor Glen Sanderson**  
**Vice-Chair, Transport for the North East Committee**  
**North East Combined Authority**

**North East Combined Authority response to**

**Transport for the North,  
Strategic Transport Plan, Independent Integrated Sustainability  
Appraisal and Long-Term Rail Strategy  
January 2018**

**Contact for any queries/comments regarding this response:**

**Andrew Dorrian**

**Specialist Transport Planner**

**North East Combined Authority**

**C/o Newcastle City Council**

**Civic Centre**

**Barras Bridge**

**Newcastle upon Tyne NE1 8QH**

**[Andrew.Dorrian@northeastca.gov.uk](mailto:Andrew.Dorrian@northeastca.gov.uk)**

**0191 277 1193**

## Transport North East Committee

### Background to the NECA and this response

This response represents the views of the seven local authorities across the North East from a strategic transport perspective. The authorities comprise County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland, who since 2014 have constituted the North East Combined Authority (NECA). There is a proposal currently being discussed which would see the formation of a separate North of Tyne Combined Authority consisting of Newcastle, North Tyneside and Northumberland. A single Transport Joint Committee would oversee strategic transport matters for both NECA and North of Tyne.

This response covers the Strategic Transport Plan, Independent Integrated Sustainability Appraisal and Long-Term Rail Strategy and where possible page numbers are referred to.

### General Comments

The North East is home to just under two million people and produced goods and services valued at £38.7 billion in 2016. The North East Local Enterprise Partnership (LEP) led the development of the North East Strategic Economic Plan (SEP) which sets out the ambition to increase the number of jobs by 100,000 by 2024, with 70% of these being 'better jobs' (defined as the manager, directors and senior officials; professional occupations; and associate professional and technical occupations). Underpinning the success of the region's Strategic Economic Plan and the achievement of the objectives of the Northern Powerhouse Independent Economic Review (NPIER) is the delivery of a high-quality integrated and sustainable transport network. This ensures journeys can be made quickly and easily within the North East and to the wider north, rest of the country and internationally. For that reason, the North East is a committed partner to Transport for the North and looks forward the establishment of the organisation on a statutory footing and the effective implementation of the plan.

Where investments have been recommended through the plan and subsequent detailed studies we are keen that such investments are brought forward within the recommended timescales. This is reliant on close cooperation with the Department for Transport, Network Rail, Highways England and partners into subsequent investment cycles to make this happen.

Significant Economic Centres and Other Significant Economic Centres (OSEC's) are used interchangeably with Key Economic Centres between workstreams. Ideally a single definition should be adopted.

## Transport North East Committee

### Strategic Transport Plan

#### ***The North's Role in Powering the UK Economy***

Recent changes to the capabilities mapping have been agreed with TfN. The enabling capabilities should be added to the map on page 19 or a separate map should be added. This shows the relationship between prime and enabling capabilities as well as the overall distribution in the delivery of transformational economic growth.

#### ***Building the Long-Term Investment Plan***

The corridor studies are a major part of the evidence to develop the investment proposals. Work is underway on the Energy Coasts study which identifies transport projects that can deliver improvements to east west connections and to the port. It is important as part of this study not to forget about that last mile to the ports and this should be replicated in maps that support the corridor study.

We understand the two North / South studies, East Coast to Scotland and Yorkshire to Scotland are shortly to be commissioned. As road and rail corridors, it is expected analysis will already exist from Highways England and Network Rail. It must be ensured that the analysis covers all identified links. As an example, some of the identified road improvements lie away from the Strategic Road Network and could provide significant benefits to improve access to Important Economic Centres. In addition, other rail routes as well as the East Coast mainline must be studied to develop the right investments solutions.

It is also important that links between these two studies are developed given the substantial shared geography. For example previous work suggested reopening of the Leamside rail line, with park and ride, could be effective in reducing pressure on strategic roads into Tyne & Wear.

East Coast to Scotland, A key part of this analysis will involve bolstering capacity on the East Coast Mainline in order to facilitate high speed services by HS2 and Northern Powerhouse Rail. It is likely that together with a study of the East Coast Mainline, it will need to investigate the form and function of both the Leamside line and Durham Coast line. Solutions must be found which balance local connectivity needs with freight movements and the faster pan Northern and wider national services.

## **Transport North East Committee**

Officers look forward to working with TfN on the development of these studies.

### ***Northern Powerhouse Rail (NPR)***

Northern Powerhouse Rail has the ability to deliver significantly enhanced services to the North East. All enhancements must be viewed together with HS2, existing and projected improvements to local, regional freight and mainline services to deliver the optimum solution for the North East. This includes calling patterns for NPR, the extent of the core network is recognised and should always be viewed in the context of Newcastle to Manchester, Manchester Airport, Liverpool and Sheffield. We expect that the extent to which NPR services can call at other stations should be recognised and we would wish to see a least partial NPR coverage to Sunderland which serves a significant economic centre.

### ***Major Road Network (MRN)***

A resilient and efficient road network is critical to the economic growth of the region. The North East is strongly supportive of the concept of a Major Road Network. Such a network provides consistency in quality and a mechanism in which to secure funding to make investments that will make a significant impact locally.

We believe that the Major Road Network (MRN) should be viewed as a network of roads, encompassing both the SRN and economically important locally managed roads. In the North East this is the Key Route Network (KRN). Although they will be separately managed, evidence gathering, network planning, the provision of customer journey information, traffic and performance management decisions can be developed collaboratively taking a holistic view of the whole MRN.

The TfN Major Roads Report agreed by TfN's Partnership Board forms a key part of the evidence base for TfN's Strategic Transport Plan. Developed collaboratively with TfN's Partners the Major Roads Report identifies a MRN for the North.

Since the Rees Jeffrey's report was released and the Major Roads Report finalised, we have been working on a Key Route Network (KRN). This KRN was recently adopted by the Authority. This has been applied including using criteria around traffic flows, public transport services and major centres. As a result of the establishment of the KRN, there are several roads that should be added to the MRN to deliver a coherent network and in the spirit of connecting our largest economic centres. We have noted these in Appendix 1 as the suggested MRN for the North-East region and have included a plan in Appendix 2 (attached separately). We can send a higher

## **Transport North East Committee**

quality version under a separate cover. It is requested that these changes are made to the TfN MRN and discussed with officers.

### ***Delivering TfN's Investment Plan – Stronger Partnerships***

The achievement of the STP's objective of the promotion and support of the built environment is to some extent reliant on the strong and sustained integration of this plan with local / 'regional' planning policy and decision making. It is this relationship and the roles and interdependencies that the STP should be clear on.

The plan will likely provide evidence to support planning activities, whether this be for the local plan, infrastructure development plans and charge setting. The linkages are not clearly expressed. The local plan will ultimately be the statutory document guiding development in that area. The evidential function of the STP and capturing added value from projects that the STP is promoting needs investigation.

We consider that the text on page 80 is useful, however details of how this will be achieved should be added and how plans and this strategy can work together. A suggestion is that local plans are encouraged to include where relevant the strategic transport projects identified in the corridor studies through their infrastructure planning work where they support development identified in the plan. In addition, plans are encouraged to recognise cross border strategic transport schemes where it would deliver development identified in the plan, again through infrastructure planning and general text in the plan.

In respect of land use policies, ideally plans should recognise that where strategic sites are reliant on infrastructure, there are appropriate arrangements for the funding and delivery of that infrastructure linked to the development. Plans should also refer to strategic transport projects and link to the wider objectives of local Strategic Economy Plans (SEP's) and the Independent economic review. This could be by encouraging growth around stations that are going to see capacity increases through site allocations.

This should be referred to in the plan and encouragement of a land value capture mechanism whether Community Infrastructure Levy or another model where development viability allows this to help fund the infrastructure.

This is around creating a set of collaborative strategies that all work together to address the productivity challenge faced by the North and drive forward economic growth.



## Transport North East Committee

It is recommended that this is incorporated in the section on page 80. More widely the work on the Great North Plan could start to inform spatial planning across the North to guide the Northern Powerhouse agenda.

### ***Delivering TfN's Investment Plan – Stronger Partnerships – Local Transport Systems***

Regarding the relationship with local transport systems, the role of the plan and the delivery of complementary local initiatives to strategic interventions is important. The plan should reference this and that TfN will work with local partners in the development of schemes to ensure that local initiatives are recognised and coordinated as far as possible.

Furthermore, Partners may be creating their own Transport Plans and strategies, there is a need for these plans to recognise the strategic context. On a statutory footing, further guidance on how this relationship should work should be developed. Officers are keen to develop this wording with Transport for the North.

### ***Funding and Financing***

The work developed has used the core principles of funding being a mix of existing and new funding. The process for translating projects from a TfN identified scheme with a positive business case into projects that can be taken forward by delivery partners needs to be fully understood.

The process on business cases needs to be as smooth and efficient as possible as to reduce any duplication of work and to avoid any further delays. Embedding the constituent delivery authorities on TfN's various project and governance boards provides for the ability to better align strategic priorities both inter and intra-regionally. When aligned to long-term planning and appraisal this presents the most effective governance to deliver transformative infrastructure.

Contemporary cost-benefit techniques are frequently critiqued within<sup>4 5 6 7</sup> and outside the transport industry<sup>8</sup>. We welcome the DfT, and government more widely, being open to the review of their analysis and methodologies and has been supportive of the Understanding and Valuing Impacts of Transport Investment (UVITI) programme at the DfT. This has included partnership working with the Urban Transport group on a

---

<sup>4</sup> Prof. David Metz, The Myth of Travel Time Saving, Transport Reviews Vol 28. No.3, p321-336 (2008)

<sup>5</sup> Dr Rachel Aldred, British Cycling, Benefits of Investing in Cycling (2014)

<sup>6</sup> Passenger Transport Executive Group/Urban Transport Group [Response to Department for Transport WebTAG consultation](#) (2010),

<sup>7</sup> Sintropher/University College London [The Problematic application of CBA in transport appraisal](#) (2015)

<sup>8</sup> As summarised in Steer Davies Gleave, [Is there a crisis in transport appraisal?](#) (2011), What Works Centre [Evidence Reviews: Transport](#) (2015)

## Transport North East Committee

joint response to the recent DfT consultation on changes to wider economic impact assessment and on values of time.<sup>9</sup> Transport for the North should be a champion to delivering appraisal techniques that meet the North's needs.

It is without doubt that the North requires a credible and sustainable funding framework to make these plans a reality. This is a chance to develop a robust case to present to government to fund schemes that have a real economic and societal benefit to redress the productivity gap and that of the economy. As below, this should be balanced against environmental considerations. It is a role of TfN to work with government to bring schemes forward for delivery and to deliver an agreed funding and financing framework.

### Integrated Sustainability Appraisal

***Objective 1, Reduce greenhouse gas emissions from transport overall, with particular emphasis on road transport. Objective 11 Enhancing lower carbon, affordable transport choice***

A critical part of the delivery of an effective transport plan is the ability to balance interventions to deliver a system which recognises the need for road investment but equally encourages modal shift to sustainable transport.

The policy scenarios identified on page 26 of the STP illustrate the potential role of local policy in managing travel demands, thereby enabling available investment to be used to greatest effect. This should be considered to ensure investment is balanced.

The scenario testing is considered reasonable and appropriate. Technology has a strong role to play in the delivery of a more efficient network. Objective 11 around enhancing lower carbon travel talks heavily around the need to integrate bus and rail services as well developing sustainable modes of travel. It is important therefore that these points are fully reflected in the Strategic Transport Plan as a guide to how this will be achieved.

***Objective 13: Coordinate land use and strategic transport planning across the region***

This follows from comments above around the relationship between this plan and spatial planning. The suggestion here is only that interventions require adherence to the planning context for approval. Whilst the geographic size is recognised, the transformation scenario that is selected is largely dependent on policy positions

---

<sup>9</sup> Urban Transport Group [Response to Value of Time Consultation](#) (2016)

## Transport North East Committee

adopted by local planning authorities to make that happen. As such guidance should be developed to effectively deliver the vision set out in the STP. We have suggested comments in the above text.

### Long Term Rail Strategy

We strongly support the Long-Term Rail Strategy as an evolution of the original Rail North document which helped to secure improvements to the current Northern and Trans Pennine franchises. The key points we would like to emphasise are listed below:

- Any East Coast Mainline (ECML) studies need to look at enhanced capacity and tie into the NPR /HS2 timelines as well as Chester le Street calling patterns;
- Seek to progress line of route improvement plans for Durham Coast Line including capacity / line speed upgrades;
- Improving line speeds on the Tyne Valley line and increased calling patterns for stations in Northumberland and potential new stations;
- Delivering a network which supports freight movements to and from our ports and airports, working to address pinch points including the ECML around Northallerton;
- We also consider that the minimum standards for average speeds for the various type of service are low, indeed most of the current services in the North East would meet these and thus we would seek to see these increased, perhaps as part of the local delivery plan process.

### Conclusion

The North East is a committed partner of TfN. This is a significant opportunity to deliver a robust vision underpinned by evidence to secure vital funding for the North.

The details suggested above will ensure the effective implementation of the plan and seek to address how projects will move from concept through to delivery in an efficient and effective way.

## Transport North East Committee

### Appendix 1

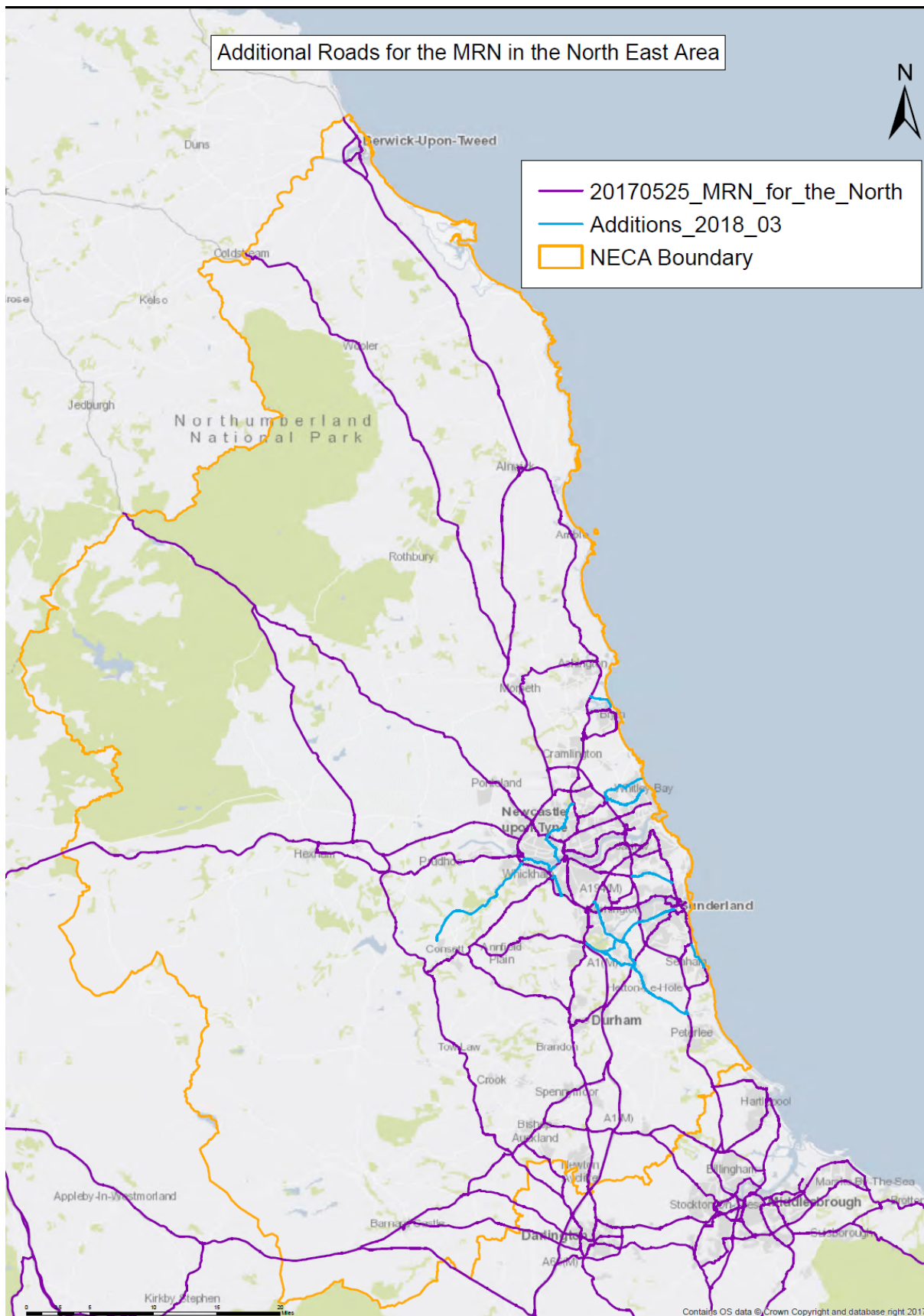
*Roads to be added to the TfN Major Road Network for the North.*

	Road	Authority	Location	Reason
A	182	Sunderland	A182 West of A19 to the A194	Connects the A19 with conurbations of Hetton and Easington Lane, including the Rainton Bridge Business Park, Houghton Le Spring, through to Washington and the A194. Acts as an alternative to the A1 and A19 and is the main North/South spine through Washington.
A	183	Sunderland	Sunderland to the A1M	Connection from Sunderland to the A19 and A1(M) at Chester le Street. Acts as a resilience route in the event of closure of other routes.
A	1052	Sunderland	A690 Junction at Houghton Le Spring	City Boundary with Durham In the West (Fence Houses)
A	184	South Tyneside - Sunderland	Boldons – Sunderland, junction with the A1018	Connects the A19 to North Sunderland, includes Boldon Business park, with manufacturing businesses around Boldon
A	694	Durham-Gateshead	Consett to A1/Gateshead/Newcastle via Rowlands Gill.	This is an important link and public transport corridor between Consett, Tyne Valley, Gateshead and Newcastle.
C	324	Gateshead	Kingsway Team Valley	This is the main link through the Team Valley one of the UK's largest industrial estates and acts as an alternative to the A1.
A	114	Gateshead	Handy Drive/ Riverside Way	Connects major employment and retail centres around Swalwell , Dunston and the Metrocentre and connects the A184 with the A695, Blaydon Bridge and the A1.

## Transport North East Committee

N/A	N/A	Northumberland	Brock Lane East of the A189. Blyth Port Connection and A189	Addition as it serves the Enterprise Zone at East Sleekburn and Port.
A	189	Newcastle / Gateshead	A189 Redheugh Bridge and St James Boulevard / Barrack Road. Grandstand Road, Jesmond Deene Road, Matthew bank, Haddricks Mill and Salters Road	This is the main connecting route to the west of Newcastle City Centre forming part of the city's inner ring road and connects business parks at Gosforth with the A19
A	191	North Tyneside	A191 from the A19 east to Whitley Bay (junction with the A192 Seatonville Road).	Connects to Whitley Bay unlocking growth at Murton Gap.
A	186/192/1148	North Tyneside	From A19 to Whitley Bay	Northern connection into Whitley Bay a major settlement and supports housing growth on identified sites.

## Transport North East Committee



## Transport North East Committee

**Date:** 19<sup>th</sup> April 2018

**Subject:** DfT Major Road Network Consultation

**Report of:** Managing Director (Transport Operations)

### **Executive Summary**

The purpose of this report is to update Members regarding the issue of the Major Road Network consultation response to the Department for Transport. It notes the response issued (Appendix 1) and the proposed Major Road Network submitted to DfT (Appendix 2) as well as the next steps.

### **Recommendations**

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



## Transport North East Committee

### 1. **Proposals for the Creation of a Major Road Network,**

- 1.1 Launched by Government on the 23<sup>rd</sup> December this consultation regarded the establishment of a Major Road Network (MRN) across England.
- 1.2 The Major Road Network is defined by a set of criteria and would be a tier down of roads that are managed by Highways England. MRN roads would be eligible for funding for certain schemes through the National Roads Fund. No highway control responsibilities would transfer as a result of the designation of the MRN.
- 1.3 At the February committee, a report was presented to members on the proposed response and the proposed approval route for this response. This approval route was through Heads of Transport, Chief Executives and TNEC members for comment, before being signed and issued by the Chair and Vice Chairs of TNEC.
- 1.4 As a reminder, Transport for the North (TfN) through their Initial Major Roads Report have suggested a MRN within the North. This looks at the connections of all major economic centres, prime and enabling capabilities as well as future growth areas. The TfN MRN is more substantial than the DfT version.
- 1.5 The extent of the network differs between the DfT and TfN versions, with the DfT focused on existing traffic flow. There are also differences between the focus of the network and what funding should be able to be used for.

The DfT consultation noted that MRN funding will be for the development and delivery of schemes, not for evidence base development. Schemes likely to be awarded funding will be circa £20m and over and include bypasses missing links, widening, major renewals and junction improvements.

- 1.6 TfN see the network as one which can support future economic growth (hence a larger network scope), maintenance funding, as well as having a network where it closely links into local roads and eligibility for public transport and cycling and walking schemes to receive funding.

We agree with TfN's position, however following the development of the Key Route Network (KRN) we have requested the addition of a number of roads into the MRN and have submitted these as part of the DfT consultation and the TfN consultation into its Strategic Transport Plan.



## Transport North East Committee

- 1.7 The North East's response was developed and includes the following points,
- Need for a greater network scope, with additions to the MRN suggested in specific locations,
  - The role of the network needs to be focused on unlocking economic growth,
  - The need for the MRN to interact carefully with locally managed roads and the Strategic Road Network,
  - Eligibility criteria for schemes needs to be broadened to properly reflect the multi-modal nature of the MRN.
  - Minimum funding to be reduced to £10m to enable the funding of maintenance schemes.
  - Reflect the demands of creating and maintaining a robust evidence base through funding, to deliver the evidence and to maintain the future MRN.
  - A stronger role for the LEP in evidence gathering and maintenance of the evidence base.
- 1.8 The proposed MRN for the North East is included in the response in Appendix 3. This incorporates the TfN MRN.
- 1.9 Where Sub-National Transport bodies exist, they are best placed to plan for the strategic investment in the MRN. Therefore, the North East's response is aligned with that of TfN.
- 1.10 The next step is to work with TfN and DfT in defining the network. We expect that DfT will release a response to the consultation and we can report back to TNEC on progress.
- 2. Reasons for the Proposals**
- 2.1 The reason for the proposals set out above is to achieve greater investment in the highway network.
- 3. Alternative Options Available**
- 3.1 There are no alternative options.
- 4. Next Steps and Timetable for Implementation**
- 4.1 The next steps for the North East are as follows:
1. Follow up changes to the DfT defined network with the department
  2. Follow up changes to the TfN defined network with TfN,
  3. Engage with TfN working with the LEP in defining the evidence base to underpin the MRN.

## **Transport North East Committee**

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

- 5.1 Improved connectivity of the North East to other economic centres is a key objective of the emerging Local Transport Plan. Investment in the road network will improve capacity, frequency and journey times to better connect the whole of the North East to the rest of Britain.

### **6. Financial and Other Resources Implications**

- 6.1 There are currently no direct financial implications arising from this report, although staff resources are being used to respond to consultations.

### **7. Legal Implications**

- 7.1 There are currently no legal implications for NECA at this stage.

### **8. Key Risks**

- 8.1 There are risks that if the region does not respond the MRN could be ill-defined in the region and the region will lose out on funding.

### **9. Equality and Diversity**

- 9.1 The development and delivery of the emerging schemes aim to improve road connectivity for all and as such do not negatively impact on Equality and Diversity.

### **10. Crime and Disorder**

- 10.1 There no crime and disorder implications to consider in this report.

### **11. Consultation/Engagement**

- 11.1 The response including input from officers and members across the North East.

### **12. Other Impact of the Proposals**

- 12.1 Not applicable.

### **13. Appendices**

- 13.1 Appendix 1: Final Response  
Appendix 2: Proposed MRN in the North East

### **14. Background Papers**

- 14.1 Proposals for the creation of a Major Road Network  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/670527/major-road-network-consultation.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/670527/major-road-network-consultation.pdf)

### **15. Contact Officers**

## Transport North East Committee

- 15.1 Tobyn Hughes, Managing Director (Transport Operations),  
[Tobyn.hughes@nexus.org.uk](mailto:Tobyn.hughes@nexus.org.uk)  
Tel: 0191 203 3203

### 16. Sign off

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

### 17. Glossary

**Strategic Road Network (SRN)** – nationally significant roads used for the distribution of goods and services, and a network for the travelling public. In legal terms, it can be defined as those roads which are the responsibility of the Secretary of State for Transport. The SRN is managed by Highways England.

**Trunk road** - Any road on the SRN is known as a trunk road.

**Major Road Network (MRN)** – on a national basis, the SRN plus a further network of strategic local authority-controlled “A” Roads identified in the report “A Major Road Network for England”. On a North of England basis, a network of roads of pan-Northern significance identified by Transport for the North.

**National Roads Fund** – originally announced by the Chancellor of the Exchequer in the 2015 Budget to pay for the upkeep of “strategic highways” in England. According to “Transport Investment Strategy - Moving Britain Ahead” (see 15.1 above) “from 2020/21 the Government has guaranteed that all revenue raised from Vehicle Excise Duty (VED) in England will be allocated to a new National Roads Fund and invested directly back into the road network, providing stable funding that will allow us to maintain levels of investment.” As described in 1.4 above, the government will consult on proposals to allocate a proportion of the National Roads Fund to the MRN.

**TfN: Transport for the North (TfN)** is a partnership of public and private sector representatives working with central government and national transport bodies to develop and deliver strategic transport infrastructure across the North of England including the North East area. Through the Cities and Local Government Devolution Act 2016, TfN is now the UK’s first statutory sub-regional transport body. It is a Statutory Partner to the Department for Transport, Highways England, and Network Rail to ensure that the North’s pan-Northern strategic transport priorities are delivered.

## **Transport North East Committee**

## Transport North East Committee

### Appendix 1: Final Response



MRN Consultation,  
Department for Transport,  
2/15 Great Minster House,  
33 Horseferry Road  
London,  
SW1P 4DR

**Councillor Nick Forbes**  
**Thematic Lead for Transport**  
Leader's Office, Civic Centre  
Newcastle upon Tyne, NE1 8QH  
Phone: 0191 211 5151  
Fax: 0191 211 4815  
nick.forbes@newcastle.gov.uk  
www.nickforbes.org.uk

19<sup>th</sup> March 2018

Dear Sir / Madam,

### **Response to the Major Road Network (MRN) Consultation 2018**

Many thanks for the opportunity to comment on the Major Road Network consultation.

We recognise the importance of identifying a network of roads to unlock growth and this is a mechanism in which to secure powers and funding to do that.

We have taken the opportunity to review the MRN for the North with our local partners in light of our recent identification of a Key Route Network in the North East and have below suggested a few amendments.

This builds on the Transport for the North work which has sought to identify a network that will unlock economic growth across the North. Roads have a significant part in increasing productivity by supporting industries to connect to communities and port and airport locations.

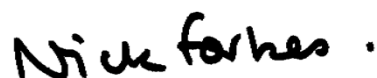
To deliver a holistic focus on planning and managing the entirety of an MRN route, it is crucial that local highway authorities secure balanced funding, capital and revenue, to be able to live up to the raised expectations that MRN status will bring. We would appreciate clarification on whether the whole of the MRN, once designated, will be classed alongside the SRN

Public transport and non-motorised users remain road users and the consultation should recognise this. The National Roads fund should be able to be applied to improve the network based on the demand presented in that locality. This is a challenge given the diversity of the MRN network, some sections could be linear urban connections and in this scenario the ability to be able to apply for funding for a public transport scheme or walking / cycling as the primary driver is necessary.

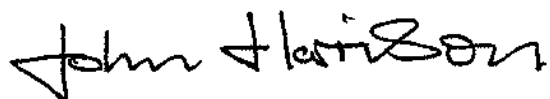
## Transport North East Committee

We welcome the chance to comment on the proposals and look forward to working with the department on the development and delivery of the MRN.

Yours sincerely



**Councillor Nick Forbes**  
**Chair, Transport for the North East Committee**  
**North East Combined Authority**



**Councillor John Harrison**  
**Vice-Chair, Transport for the North East Committee**  
**North East Combined Authority**



**Councillor Carl Marshall**  
**Vice-Chair, Transport for the North East Committee**  
**North East Combined Authority**



**Councillor Glen Sanderson**  
**Vice-Chair, Transport for the North East Committee**  
**North East Combined Authority**

**North East Combined Authority response to**

**Department for Transport,  
Proposals for the Creation of a Major Road Network  
December 2017**

**Contact for any queries/comments regarding this response:**

**Andrew Dorrian  
Specialist Transport Planner  
North East Combined Authority  
C/o Newcastle City Council  
Civic Centre  
Barras Bridge  
Newcastle upon Tyne NE1 8QH  
[Andrew.Dorrian@northeastca.gov.uk](mailto:Andrew.Dorrian@northeastca.gov.uk)  
0191 277 1193**

**Principal Office:** Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY

*Seven Councils Working Together*

Durham County Council • Gateshead Council • Newcastle City Council • North Tyneside Council  
Northumberland County Council • South Tyneside Council • Sunderland City Council

## Transport North East Committee

### Background to the NECA and this response

This response represents the views of the seven local authorities across the North East from a strategic transport perspective. The authorities comprise County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland, who since 2014 have constituted the North East Combined Authority (NECA). There is a proposal currently being discussed which would see the formation of a separate North of Tyne Combined Authority consisting of Newcastle, North Tyneside and Northumberland. A single Transport Joint Committee would oversee strategic transport matters for both NECA and North of Tyne.

In 2016, we consulted on our Transport Manifesto, the precursor to the full Strategic Transport Plan (which we intend to publish as a draft for public consultation in 2018). There were over 1,700 responses to the Transport Manifesto consultation from a wide range of individuals and organisations across the North East.

The NECA is a partner of Transport for the North as the North's emerging Sub-National Transport Body (STB) and is engaged in its activities, these comments are consistent with theirs.

### General Comments

The North East is home to just under two million people and produced goods and services valued at £38.7 billion in 2016. The North East Local Enterprise Partnership (LEP) led the development of the North East Strategic Economic Plan (SEP) which sets out the ambition to increase the number of jobs by 100,000 by 2024, with 70% of these being 'better jobs' (defined as the manager, directors and senior officials; professional occupations; and associate professional and technical occupations). The SEP outlines 6 programmes of delivery including transport and digital connectivity. Underpinning the success of the region's Strategic Economic Plan and the achievement of the objectives of the Northern Powerhouse Independent Economic Review (NPIER) is the delivery of a high-quality integrated and sustainable transport network. This ensures journeys can be made quickly and easily within the North East, to the wider north, rest of the country and international markets. Improving connections to the ports and airports are important to supporting the growth and development of these international links opening up new international markets.

A resilient and efficient road network is critical to the economic growth of the region and as such the North East is strongly supportive of the concept of a Major Road Network. This provides consistency in the quality of the network and mechanism in which to secure funding to make investments that will make a significant impact locally.

Transport for the North (TfN) has developed its Strategic Transport Plan which sets out some of the investments which are needed. We are keen that investments are brought forward within the recommended timescales and looks forward to working



## Transport North East Committee

with the Department for Transport, Highways England and partners to appropriately define the Major Road Network (MRN).

It is welcomed that such schemes will be able to apply for funding through the National Roads Fund, to drive up standards on the major roads across England. The detail of this response is around the scope of the network and the criteria used. It is critical that HE continues to work collaboratively with the relevant highway authority / sub-national transport body in the development and delivery of highway schemes.

The TfN Major Roads Report agreed by TfN's Partnership Board forms a key part of the evidence base for TfN's Strategic Transport Plan. Developed collaboratively with TfN's Partners the Major Roads Report identifies a MRN for the North

TfN has defined the MRN for the North, as the network which links the North's Important Economic Centres, including the 'first and last miles' from the Strategic Road Network. Central to this, is the delivery of a resilient network and reliable journey times to connect Independent Economic Centres to deliver transformational economic growth. The MRN also provides an opportunity for the testing and rollout of new technologies to support the digital and energy sectors, such as 5G.

We believe that the Major Road Network (MRN) should be viewed as a network of roads, encompassing both the SRN and economically important locally managed roads. In the North East this is the Key Route Network (KRN). The KRN is a network of main road traffic routes for people and freight across the North East area.

Although they will be separately managed evidence gathering, network planning, the provision of customer journey information, traffic and performance management decisions can be developed collaboratively taking a holistic view of the whole MRN.

This response to the DfT's proposals for the creation of a Major Road Network is therefore within the context of the MRN for the North, agreed by TfN's Partnership Board in 2017, and which is published within TfN's Draft Strategic Transport Plan.

### Response to the Consultation

#### ***1. Do you agree with the proposed core principles for the MRN outlined in this document?***

The core principles of an MRN are considered appropriate and it is welcomed that these principles are consistent across the current consultations being run by the department. There should be specific acknowledgement of the importance of supporting freight movements on the network including to international gateways, and of achieving improved multimodal opportunities for passengers and freight.

## Transport North East Committee

We firmly welcome objectives around supporting economic growth and rebalancing the economy and to this extent note that the MRN must recognise the work by Transport for the North through the Strategic Transport Plan and the identification of a Major Road Network for the North. There must be synergy between the two and discussions should occur to find this.

To support the objective around supporting and rebalancing the economy, the role of Local Enterprise Partnerships should be clarified in the proposals. LEPs provide leadership in relation to local economic development and driving jobs growth and have responsibilities in relation to the development of Strategic Economic Plans and Local Industrial Strategies. As such, they have important insights into the needs of their areas and the transport connections that are required to support this activity. It is also important to recognise that economic activity is diverse and the Major Roads Network should support a broad range of economic activity. It may sometimes include smaller packages of work to the highway network around resilience and reliability measures and options to include public transport access to sites.

Viewing the MRN, SRN and KRN as one network, improves the management of these roads and making coordinated decisions. STB's are best placed to develop and define the MRN at this level working with stakeholders.

### ***2. To what extent do you agree or disagree with the quantitative criteria outlined and their proposed application?***

The Department should publish as evidence, its own analysis and quality assurance of the Rees Jeffrey's report. Currently the proposals note that they have built on the Rees Jeffrey's report and have used largely the same network. There is limited coverage of how the network has been selected and how it meets the objectives set out within the document. This would be helpful to include within the proposals.

Traffic Flow is used as a proxy to define an initial set of roads that are classified as major. This 50,000 vehicles per annum does not capture all roads in the North East and does not capture roads which connect to Important Economic Centres. It also doesn't take account of the differing economic geographies across the North. The MRN should be focused on supporting economic outcomes through supporting good road connectivity to important economic assets across the North.

Use of current traffic flows will fail to account for the impact of poor connectivity constraining the movement of people and goods. The use of an ADDF metric could give rise to an incentive to increase traffic flows on certain routes close to the threshold value, rather than focus on the important outcomes including safety, journey quality, efficiency, reliability and resilience of the MRN.

The 50,000-population threshold applied in an urban context (see page 24) will result in a dense network. The recent TfN MRN identified key economic centres, which are not simply large towns but also include major industrial and trading areas and

## Transport North East Committee

enterprise zones. This is more suited to ensure economic centres are connected. In addition, rather than a town population a more appropriate definition is built up area population. This could be a collection of smaller towns along a certain strategic route.

It is suggested that the criteria is broadened to capture public transport corridors. This could be noted as roads which carry a defined number of public transport services. In this sense the quantitative criteria should then be applied in a scenario where one or more of the criteria could be met.

The MRN can lead into town and cities centres and how this interface is managed should be discussed with the relevant combined and local authorities. These roads around urban areas can have multiple functions and it's important to define this network correctly so it can deliver effective urban traffic management.

Regarding the proposal not to use projected traffic levels, we consider that there should remain a mechanism in which to redefine the MRN based on changes to the highway network. An example could be the future delivery of a relief road scheme, there must be an opportunity to add this once the scheme is committed. As such the MRN should remain fluid.

### ***3. To what extent do you agree or disagree with the qualitative criteria outlined and their application?***

There is certainly a need to have a two-stage process to recognise local and regional characteristics and deliver a coherent network.

In the spirit of rebalancing our economies we must ensure all of our economic centres are connected to the MRN and in turn to the Strategic Road Network (SRN). It should be clarified how these criteria will apply, i.e. will a road need to meet all criteria or can it meet a certain number.

The resilience functionality for the KRN is equally applicable and this should be added. This assists with planned / unplanned events on the network to manage these at a local level. Despite the hierarchical stance being understood, the urban highway network is often a complex one and roads which are KRN may have more of a distribution effect but may not meet the threshold for MRN status. Including an aim of the MRN providing total network resilience will allow urban traffic management functions the ability to effectively plan for their urban road network.

Based on the above criteria, we have a number of comments on the proposed MRN scope within the region which are addressed as part of question 4 below.

Whilst a significant task once identified the department are encouraged to create a single plan of the Key Route Network, MRN and SRN across England. This should

## Transport North East Committee

be kept up to date and should be searchable. We are content to work further with the department on this item.

Overall the quantitative principles are not unreasonable. However, this definition would appear to punish authorities with lower levels of car ownership and usage or who have achieved or are seeking to achieve significant modal shift away from the car. This is explored further in the eligibility criteria below.

Further to this, DfT should be aware that through the Joint Air Quality Unit Direction to Local Authorities in 2017, many authorities will be considering solutions which significantly change traffic patterns in their area. DfT should consult individually with these authorities to understand how any potential solutions would impact any MRN classification.

#### ***4. Have both the quantitative and qualitative criteria proposed in the consultation document identified all sections of road you feel should be included in the MRN?***

The MRN proposals are consistent with what we have seen previously. As noted in the preamble since the Rees Jeffrey's report was released, we have been working on a Key Route Network (KRN). This KRN was recently adopted by the Authority. This has been applied including using criteria around traffic flows, public transport services. As a result of the establishment of the KRN, there are several roads that should be added to the MRN to deliver a coherent network and in the spirit of connecting our largest economic centres. These are noted below and included on the accompanying map (Appendix 1). We can send a higher quality version under a separate cover.

Road Number	Location	Reason for Inclusion
A68 to the A697	South of Newton Aycliffe to Corbridge and Scotland via Crook and Tow Law	The A68 connects North-West and South Durham to Northumberland and Scotland and to the A1. It's a key 'inland' route from the North of England into Scotland and also has tourist value. It acts as a resilience for the SRN.
A690	West of Durham to Sunderland	This is a major link west of Durham City that connects the rural west of the County to Durham City and links to key employment

## Transport North East Committee

		hubs at Doxford Park and onwards to Sunderland.
A691	Consett to Durham City	Major A road connecting Consett and rural communities with a combined population over 50,000 to west of Durham to Durham City
A692	Consett to A1/Gateshead/Newcastle via Burnopfield	This is a link and public transport corridor between Consett, Tyne Valley, Gateshead and Newcastle. Linking economic centres and major conurbations.
A693	Stanley to Chester-le-Street	This is the main lateral corridor in the north of Durham, linking Consett, Stanley and Chester-le-Street as important economic centres,
A694	Consett to A1/Gateshead/Newcastle via Rowlands Gill.	This is an important link and public transport corridor between Consett, Tyne Valley, Gateshead and Newcastle.
C324	Kingsway Team Valley	This is the main link through the Team Valley one of the UK's largest industrial estates and acts as an alternative to the A1.
A114	Handy Drive/ Riverside Way	Connects major employment and retail centres around Swalwell , Dunston and the Metrocentre and connects the A184 with the A695, Blaydon Bridge and the A1.
A688	Barnard Castle/Bishop Auckland/Spennymoor/Bowburn	It is the main corridor linking the A1(M) with Mid Durham, South

## Transport North East Committee

		Durham and rural Teesdale whilst providing access to the A66, A68 and A167.
A182 East of A19	Seaham to Sunderland	Connects Seaham Harbour to the A19 and north to Sunderland.
A182 West of A19	A19 to A194(M)	Connects the A19 with conurbations of Hetton and Easington Lane, including the Rainton Bridge Business Park, Houghton Le Spring, through to Washington and the A194(M). Acts as an alternative to the A1 and A19 and is the main North/South spine through Washington.
A1231, A183 and A1018	East of A19 Sunderland Strategic Development Corridor and radial routes into Sunderland.	Provides the main connection to the Port of Sunderland and Sunderland City Centre the A19. Should include Northern Spire, the new road crossing. All Roads connect with the A19 west and south of Sunderland and should all be included.
A183	Sunderland to the A1(M)	Connection from Sunderland to the A19 and A1(M) at Chester le Street. Acts as a resilience route in the event of closure of other routes.
A1290	West of the A19 to junction with the A195 at Vermont	Major connection for the International Advanced Manufacturing Park as well as connections to major industrial uses in Washington.
A194 east of the A19	East of the A19	Forms a core link to the Port of Tyne (South

## Transport North East Committee

		side operations) and to Jarrow and South Shields, major towns in the Tyne and Wear conurbation.
A185	A194 to A184	Connects to one of the largest car terminals in the country and to South Shields and through Jarrow and Hebburn
A184 (east of the A19)	Boldons – Sunderland, junction with the A1018	Connects the A19 to North Sunderland, includes Boldon Business park, with manufacturing businesses around Boldon
A1018	Sunderland to South Shields	Connects two major conurbations.
A1300	South Shields	The main arterial route into South Shields, connecting the A194 with the A1018 and the coast
A1061 / A193	Blyth Port connections	Critical connection for Blyth Port and in the longer term the emerging Blyth Relief Road should be added to the plan,
Brock Lane East of the A1089	Blyth Port Connection and A189	Addition as it serves the Enterprise Zone at East Sleekburn and Port.
A167, A1-A1	Gateshead and Newcastle	To include the section through Gateshead (Durham Road) which provides an alternative to the A1 and connects to Gateshead and Newcastle.
A187 and A186	Newcastle to North Shields via Walker Road.	Important connection to the Port of Tyne (North side operations) including the



## Transport North East Committee

		International Ferry Terminal and Advanced Manufacturing Enterprise Zone sites in Wallsend.
A697	Northumberland, A1 to Scottish Border	Provides an important alternative link to Scotland adding resilience to the A1.
A189 Redheugh Bridge and St James Boulevard / Barrack Road. Grandstand Road, Jesmond Deene Road, Matthew bank, Haddricks Mill and Salters Road	Gateshead and Newcastle, A184 to A167 A167 to A19 via Haddricks Mill and Salters Road	This is the main connecting route to the west of Newcastle City Centre forming part of the city's inner ring road.
A1058 Coast Road	North Shields and Tynemouth	Extend to the coast to connect Tynemouth as an important economic centre.
A188 Benton Road	Newcastle, A1058 to the A19	Supports key employment sites at Quorum Business Park.
A189 and A1068 Ashington to Alnwick	Northumberland via Amble	Connecting enterprise industries at Amble and energy industries to the A1 and is an alternative N/S route to the A1
A191 Four Lane Ends to Whitley Bay (junction with the A192)	Newcastle and North Tyneside	Connects the A19 to a pharmaceuticals facility and links to Whitley Bay unlocking growth at Murton.
A186-A192-A1148	Newcastle and North Tyneside (From A19 to Whitley Bay)	Northern connection into Whitley Bay a major settlement and supports housing growth on identified sites.
A695	Gateshead and Northumberland A1 to Hexham	Alternative to the A69 and supports industries in a collection of towns along the way
A1167 and A698	Berwick to A1	Connects Berwick including the port to the



## Transport North East Committee

	A1.
--	-----

The above approach would ensure a consistent network with the MRN as defined by TfN, through connecting prime and enabling capabilities in the North.

The final decision on inclusion for national networks may rest with the Secretary of State, but this should not be to override local and regional authorities with detailed understanding of the local network. One way to deliver consistency would be to have subsidiarity as a point of principle, including locally-defined Key Route Networks.

We have identified the proposed MRN network in the North East on the accompanying plan.

**5. *Have the quantitative or qualitative criteria proposed in the consultation identified sections of road you feel should not be included in the MRN?***

No we consider all roads should be included within the future MRN and indeed feel that the MRN should better reflect that set out by TfN as part of the Strategic Transport Plan. As shown in Appendix 1, there are a number of roads identified which have not been translated into the DfT proposed network which we seek to be implemented.

**6. *Do you agree with the proposal for how the MRN should be reviewed in future years?***

The proposal is to review the MRN every 5 years. This appears sensible to link it to the refresh of the RIS. Ideally there should be a consultation mechanism set out and timescales for making a decision on any changes. It is important to review the criteria at this stage, there may be other criteria that would be more appropriate to use.

**7. *To what extent do you agree or disagree with the roles outlined for local, regional and national bodies?***

It is significantly important that we have a regional evidence base to underpin the MRN. That is why we consider it is sensible that TfN carries out the strategic role in the studies working with its partners into the current condition, priority investments and potential solutions.

We agree that local authorities should retain highway authority status for these roads.

As noted in question 1, the role of the Local Enterprise Partnership should be clarified. The consultation notes that the aspiration is for LEPs and Local Authorities to work together, this is recognised. LEP's can provide important insights into the economic priorities and plans of localities and the infrastructure required to support these.

## Transport North East Committee

Strategic Economic Plans and Local Industrial Strategies (LIS's) as defined by the Industrial Strategy should form a part of the evidence base for the Major Roads Network and how infrastructure decisions are made to ensure these growth areas have the infrastructure they need to support their development. The linkages between the Major Road Network planning process and Strategic Economic Plans and Local Industrial Strategies should be clarified by the Department. This goes further that the evidence base should be built on Strategic Economic Plans (SEP's) which set the blueprint for economic development in the region.

The development of a strong evidence base is reliant on partnership working between TfN, the Combined Authority, the North East LEP and the individual local authorities. We agree with this approach and look forward to the guidance on the creation of evidence bases.

**8. *What additional responsibilities, if any, should be included? Please state at which level these roles should be allocated.***

Whilst the Subnational Transport Bodies (STB) can develop robust analysis into the current network trends, priority investments and potential solutions, the way those solutions are translated into the investment plan is unclear. If a positive business case is proved for an intervention, the mechanism by which to include this on the investment plan should be set out by the department.

Whilst STB's are not set up currently as delivery agents, having certainty over how a scheme progresses from Strategic Outline Business Case (SOBC) to detailed business case and the actors involved would be useful. This is particularly relevant in the context of TfN's highways planning role where they can develop schemes in conjunction with a local authority.

This to some extent is defined as national prioritisation within the text and it would be helpful to have a little more clarity on this process. We welcome the proposed flexibility for regions to design and manage the process of submitting schemes for consideration by the DfT.

Gathering of a robust evidence base will entail additional work for STBs and local partners and we anticipate that the DfT will provide appropriate levels of funding support to the preparation and ongoing operation of a regional evidence base.

Where STBs are multi-regional (i.e. TfN), consideration should be given to how regional balance can be achieved in any investment programme or prioritisation (as noted earlier in the consultation document relating to regional rebalancing). The prioritisation of regional evidence bases should be clarified in the context of TfN's statutory powers. If evidence is meant to be collected in a way which is as consistent and uniform as possible, then DfT may not even need to take an active

## Transport North East Committee

role in prioritisation as schemes, they would do this through the auspices of their role on TfN's project boards etc.

A stated aim of the MRN regards providing funding surety over a multi-year period. What it appears to mean in practice is that the Department will decide which schemes are prioritised and which receive funding surety over a 5 year period. This appears to be a similar approach to previous rounds of Large Local Majors or Regional Funding Allocations, just with a set of criteria. As a result the devolution role should certainly be clarified.

**9. *Do you agree with our proposals to agree regional groupings to support the investment planning of the MRN in areas where no sub-national transport bodies (STBs) exist?***

N/A

**10. *Are there any other factors, or evidence, that should be included within the scope of the Regional Evidence Bases?***

Ideally there should be a recognition within the assessment of the importance of roads across borders. There are a few sections of highway in the North East that are capable of being defined as MRN that cross routes into Scotland. When looking at investment this national context should be recognised.

The recognition that developing an evidence base will require significant resources is welcomed. We look forward to working with the department to understand the requirements in greater detail and to agree a mechanism for this work to take place.

The link to SEPs and LIS's has been mentioned earlier. Further consideration should be given to the function of sector deals in the development of evidence bases and decision making on planning. Our suggestions for the network in the North East, include a road network that could unlock identified growth sites. This should be kept under review.

An element of match funding is proposed for any interventions. This is accepted, although clarity would be useful as to how this would work in the context of TfN, would the match come from the subnational level or the local highway authority.

The DfT should set evidence bases on best practice in the TfN Major Roads Report in terms of data and analysis. The DfT should be aware of, and willing to account for, the fact that differing modelling tools are available for different schemes in different regions. While it may have an ambition of receiving schemes at an OBC level (and the candour relating to over-programming on p30 is appreciated), the likelihood is that LAs will be unwilling to spend significant sums on modelling if there is no guarantee that any scheme will either be prioritised by DfT.

## Transport North East Committee

The Department should thus consider whether use of existing modelling tools such as the Highways England RTMs would be appropriate to ensure parity between schemes. Guidance on this matter will give authorities the incentive to work up schemes that have a stronger possibility of funding.

A long-term programme should be adopted and we agree that a degree of over programming of schemes is appropriate. We recommend that schemes are sequenced over at least a 15-year rolling programme, providing a pipeline of schemes and greater certainty.

### ***11. Do you agree with the role that has been outlined for Highways England?***

Highways England (HE) are a significant investment partner in the MRN process, given the interface with the SRN. It is only right therefore that they have a remit in the definition and delivery of schemes.

Analytical support is an area where HE could be extremely useful, to ensure that the modelling undertaken for schemes on the MRN is consistent. This could involve developing the existing transport models so they can apply to the MRN. It is recognised that the characteristics of an MRN will differ more significantly than that of the SRN, but is necessary to have a consistent base.

Delivery support, where schemes interact with the SRN would also be useful, provided that HE have the resource. In other circumstances, local authorities may be best placed to deliver schemes and there should be a mechanism for which a decision on which delivery route is chosen is made.

Access to HE's own design panel to critique schemes may be a useful addition to look at the provision of improvements for non-motorised users.

### ***12. Do you agree with the cost thresholds outlined?***

When setting any threshold, the DfT should be cognisant of any thresholds that will be applied to the local priorities fund through RIS2. These should ideally broadly align as there could be circumstances where a junction scheme is located on both the SRN and MRN, the decision would then need to be taken around the funding package for this improvement.

In this case the lower bound threshold should be reduced to £10m, this would allow a greater number of schemes to be considered, including major structural repair on the MRN, which would otherwise not be possible to fund. With a higher lower bound, LAs may have to bundle additional, less-crucial elements into packages to simply meet this threshold.

The consultation does not fully consider the asset management of the network. If the network is to be maintained to a differing standard to current Local Authority (LA)

## Transport North East Committee

practices any residual cost should not impact on the funding available to maintain other LA roads. In essence major renewals and asset management should be available through the National Roads Fund.

Overall the National Roads Fund is a welcome principle, clarification is sought on the amount of funding that will be available.

### ***13. Do you agree with the eligibility criteria outlined?***

The eligibility criteria appear consistent with the objectives set out around the form and function and MRN. Notwithstanding this, it is disappointing that standalone public transport / walking and cycling improvement schemes would not be eligible for funding.

Public transport and non-motorised users remain road users and the fund should be able to be applied to improve the network based on the demand presented in that locality. This is a challenge given the diversity of the MRN network, some sections could be linear urban connections and in this scenario the ability to be able to apply for funding for a public transport scheme or walking / cycling as the primary driver is necessary. This would meet the objective of supporting all road users.

We want to support the transformation of local areas through our ambition of tackling congestion. The only reference to cycling in this document is potential improvements in a town centre after a bypass has been built. This is not seeking to deliver modal shift to more sustainable forms of transport.

The UK Plan for tackling roadside nitrogen dioxide concentrations (published 2017), notes that bus services can be part of the solution to our air quality problems. Good local bus services encourage people to leave the car at home and use public transport to get to work, school, and to access local services. This document specifically excludes public transport enhancements unless delivered as part of a wider package. The solution to congestion outlined in the eligibility criteria is focused on capacity building. This is counter to many plans to encourage a switch away from single occupancy car use.

An additional eligibility criteria should be added: 'Scheme delivered in an area with air quality issues as identified by the 2017 UK Plan for tackling roadside nitrogen dioxide concentrations and will lead to a demonstrable improvement in roadside air quality'. This would demonstrate joined up thinking within Government. Air Quality is identified as an investment assessment criterion but should also be an eligibility criterion.

Without this, there is a risk that all investment in the MRN becomes overly focused on vehicular traffic which does not neatly sit in an urban context.

### ***14. Do you agree with the investment assessment criteria outlined?***

## Transport North East Committee

The assessment criteria contained on page 35, appear reasonable. It would be helpful through future guidance to understand how these criteria will be applied / scored when assessing a business case. Decision making criteria must not disadvantage areas with (a) lower population density, (b) lower levels of economic activity (e.g. measured by GVA) or (c) lower land values.

We make the following suggestions for the other criteria: -

- Environmental and community impacts, should be a separate objective and in addition to the three impacts listed should include: reduce the severance of local communities and improve the efficiency of the MRN, contributing to a reduction in Greenhouse Gas Emissions.
- The Reduce Congestion objective, should include a criterion on improving the efficiency of movement of passengers and freight. For example, this could be through enabling multi-modal opportunities, through improving conditions for public transport and cycling, enhanced traffic management and improved communications with drivers.
- The Support Economic Growth & Rebalancing objective should make specific mention of supporting the movement of freight, Local Industrial Strategies and Strategic Economic Plans.
- The Support All Road Users objective should make reference to improving journey quality (e.g. Comfort and coherence on the MRN) and to supporting modal shift, multi-modal and intermodal freight journeys.

We would welcome the opportunity to work with the DfT on further developing these criteria

***15. In addition to the eligibility and investment assessment criteria described what, if any, additional criteria should be included in the proposal? Please be as detailed as possible.***

Regarding supporting economic growth, criteria could be added to stipulate that any scheme must meet the objectives of the locally / regionally defined transport plans that exist as well as the SEP's and LIS's mentioned earlier. Criteria must include the ability to effectively encourage sustainable modes of travel.

In the North-East context this would be related to the emerging Transport for the North Strategic Transport Plan and a future North East transport plan.

***16. Is there anything further you would like added to the MRN proposals?***

We welcome the opportunity to comment on the MRN proposals and considers the development of a network is a positive step forward in enabling the more effective planning of major roads across the North East.

## **Transport North East Committee**

To deliver a holistic focus on performance on the entirety of an MRN route, it is crucial that local highway authorities secure balanced funding, capital and revenue, to be able to live up to the raised expectations that MRN status will bring.

We would appreciate clarification on whether the whole of the MRN, once designated, will be classed alongside the SRN such that larger developments on the MRN automatically come within scope of the planning requirements for nationally significant infrastructure projects?

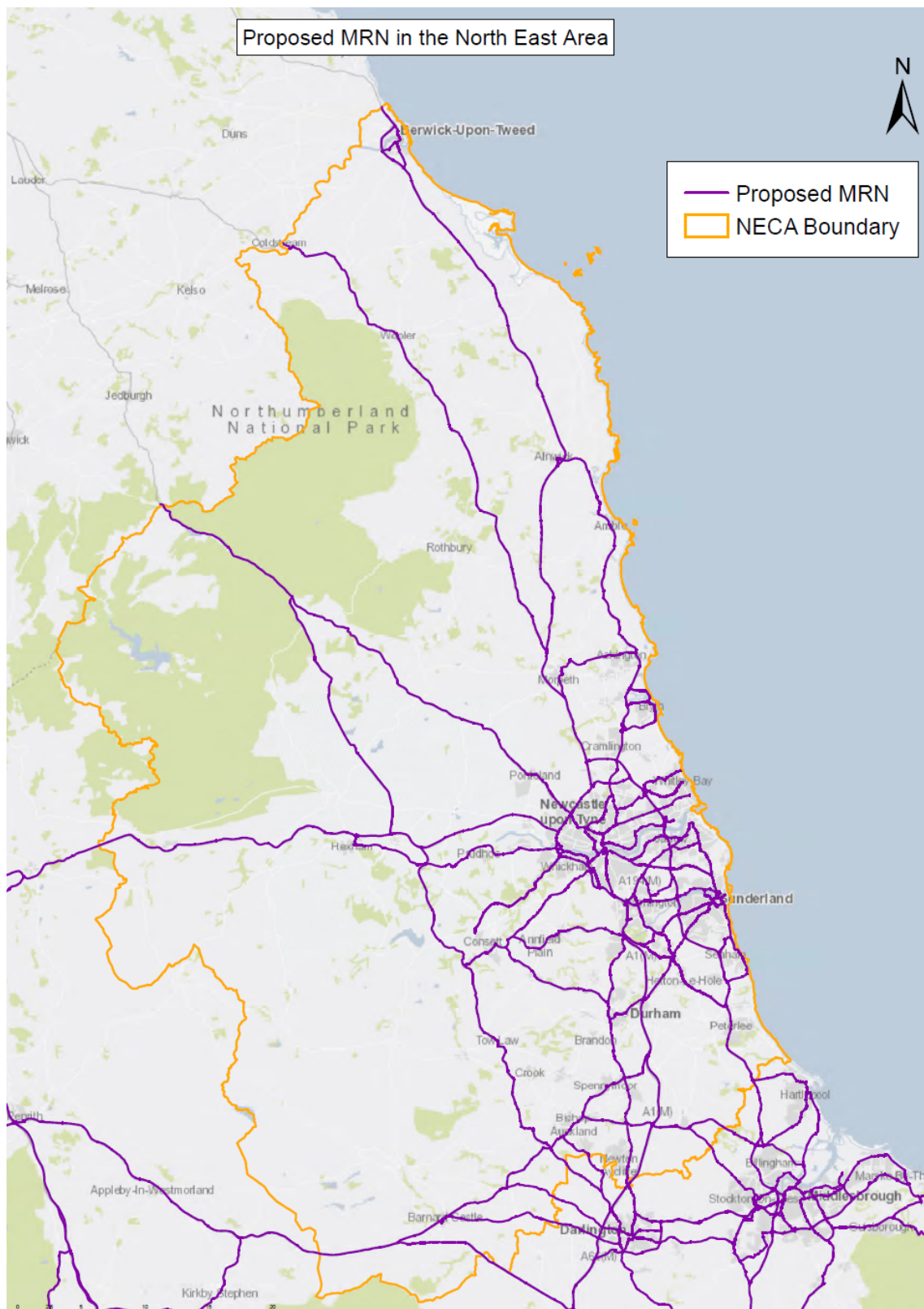
The network should support economic growth and productivity growth alongside fostering innovation, connecting communities and delivering resilience to the existing road network.

We look forward to Government's review on the scope of the MRN, clarification of the role of TfN, investigation of the eligibility criteria and review mechanism for the MRN.



## Transport North East Committee

### Appendix 2: Proposed MRN for the North East







## Transport North East Committee

---

**Date:** 19 April 2018

**Subject:** Rail Strategy Update

**Report of:** Managing Director (Transport Operations)

### Executive Summary

The purpose of this report is to keep members of the Committee periodically informed on wider rail strategy matters.

### Recommendations

The Transport North East Committee is recommended to:

1. Note the wider rail industry issues covered in the report.

## Transport North East Committee

---

### 1 Background Information

- 1.1 This report covers some of the wider rail industry issues worthy of note including the VTEC East Coast Mainline Franchise situation, the May 2018 timetable changes for Northern and TransPennine, new services proposed by Grand Central and the final TNEC response to the East Coast Route Study.

### 2 Proposals

#### East Coast Mainline Franchise update

- 2.1 On the 10 January the Secretary of State for Transport informed the House of Commons that the DfT was preparing contingency plans for running train services on the East Coast in the event of the existing franchise failing. Despite delivering significant returns to the taxpayer and having some of the highest passenger satisfaction scores in the country, the lead operator of the franchise, Stagecoach, has been incurring significant losses.
- 2.2 On the 5<sup>th</sup> February the SoS gave a further update which stated that ‘ the franchise will in due course run out of money and will not last until 2020. But it has now been confirmed the situation is much more urgent. It is now clear that this franchise will only be able to continue in its current form for a matter of a very small number of months and no more.’ Thus ‘ it does mean I will need to – in the very near future – end the contract and put in place a successor arrangement to operate this railway.’
- 2.3 Although the day to day running of the services will continue doubts arose around the franchise commitments for new planned services, e.g. Sunderland. Cllr Forbes wrote to the SoS expressing concerns over the franchise management and the need to honour commitments. A copy of the letter is included at appendix A. At the time of writing the report there appears to have been no response. Only anecdotal evidence suggests that the franchise commitments will be honoured, but as yet it is still not clear how the existing franchise will be managed until it is replaced in 2020 by a new form of franchise model the ‘ East Coast Partnership’.

#### East Coast Route Study Response

- 2.4 At the previous TNEC meeting of the 8<sup>th</sup> February 2018 a report was presented on the draft East Coast Route Study produced by Network Rail for consultation. As the draft had just been released at the time of writing the report and the closing date was originally the 16<sup>th</sup> March there was insufficient time to provide a detailed draft response for the committee. Thus the report outlined the key points and a subsequent draft response was circulated around Heads of Transport, Economic Directors, Chief Executives and TNEC

## Transport North East Committee

---

members their comments incorporated prior to sign off by the Chair and Vice Chairs of this committee. A copy of the final response is attached (Appendix B) to this report for information.

- 2.5 Members views into a Transport for the North response which supports the North East position.
- 2.6 We expect in the coming months to work with Network Rail to develop a programme of work to take the 'investment choices' from the Study through the business case development stages, to build the case to government to fund the much needed interventions.

### **Consortium of East Coast Main Line Authorities (ECMA)**

- 2.7 As explained to the February meeting of this Committee, ECMA works to secure investment, improve the passenger experience, improve capacity and reliability and shorten journey times on the East Coast Main Line. ECMA's members represent local authorities, combined authorities and Scottish Regional Transport Partnerships along the East Coast Main Line (ECML). Given the recent and likely future developments on the ECML, it will be increasingly important for ECMA to play a prominent role in campaigning for investment in the line. An opportunity has arisen for NECA to offer to provide secretariat to ECMA, possibly in conjunction with secretariat to the all Party Parliamentary Group; an update will be provided to a future meeting of this Committee.

### **All Party Parliamentary Group (APPG)**

- 2.8 As also reported to the February meeting of this Committee, ECMA's lobbying of MPs along and near the ECML has led to Catherine McKinnell, MP for Newcastle North, setting up an APPG for the ECML. Following an inaugural meeting on 30th January at Westminster, Ms McKinnell convened an official launch meeting on 20th March at which NECA was represented. A verbal update will be provided at the meeting

### **High Speed to Scotland**

- 2.9 The DfT and Transport Scotland commissioned HS2 Ltd to undertake a study with the remit to investigate the feasibility of delivering journey times of 3 hours or less between London and Scotland, by either:
  - upgrade of the WCML or ECML within existing Network Rail boundaries;
  - bypass of some congested/slow parts of the WCML or ECML out-with existing Network Rail boundaries;

## Transport North East Committee

---

- continuous high speed route extending from the northern extent of HS2 Phase Two (either Manchester or Leeds).

### 2.10 The HS2 Ltd study concluded:

Upgrades to existing route (within existing Network Rail Boundaries) would:

- Deliver limited journey time savings of less than 15 min
- Would be disruptive to implement
- Would reduce network capacity by increasing speed differentials
- Would cost circa £15 bn

### High Speed Bypasses

WCML could achieve 3hr Journey time to both Glasgow and Edinburgh  
ECML could achieve 3hr Journey time to Edinburgh but not Glasgow

### Continuous High Speed routes

4 options considered (1 west and 3 east) journey time spread 2hr 30mins to 3hr 5 mins and estimated cost spread £27bn - £43bn

- 2.11 On 6 November 2017, the First Minister announced that the commission of a Feasibility Study into two of the better performing options, one on the east and one on the west. The commission is due to be concluded by late 2018 and an update will be brought back to TNEC at that time.

### Network Rail Enhancements Pipeline

- 2.12 The Government has launched a policy paper around the proposed approach to future rail investment in the UK. Named the Rail Network Enhancements pipeline, the proposal seeks to deliver benefited oriented outcomes for passengers, freight users and the economy. It crucially moves enhancements away from the 5 year Control Period structure. Enhancements are defined as 'new or improved infrastructure that enable service changes and other benefits'.
- 2.13 Government will continue to invest in enhancements (although the amount in this paper is not stated). They also want to open up opportunities for more enhancements to be funded and or financed by a wider range of people. This includes Transforming Cities Fund, Local Enterprise Partnerships, Sub-national Transport Bodies, Local Authorities, Metropolitan Mayors, and the private sector. A range of outcomes that all investments must meet have been set out in the policy paper together with principles for investment.

## Transport North East Committee

---

- 2.14 The new pipeline process will see schemes developed through 5 stages with decision points to progress taken at the end of each stage, These stages are described as Determine, Develop, Design, Deliver, Deploy.
- 2.15 Alongside this policy paper, Government has announced an invitation for those to propose schemes around the country that could enhance and expand the rail network. Promoters and investors have two months to come up with ideas that are financially credible without government support. Guidance has been published on the Government's website.

### May 2018 Timetable changes

- 2.16 As part of the Franchise agreements for both Northern and TransPennine a series of service improvement were included through timetable changes up to December 2019.
- 2.17 The latest of these timetable changes is due to commence from May 2018 and contained some much needed benefits for North East rail passengers. Significant re-casting of the Northern timetable was dependant on the delivery of electrification schemes in the North West which would enable the deployment of electric trains, which in turn would release diesel trains to cover additional services, including in the North East. Unfortunately there have been some significant delays in delivering the electrification work resulting in a less radical change for May 2018 with some planned service enhancements deferred until the electrification works are completed, hopefully to be introduced as part of the December 18 timetable changes.
- 2.18. In the North East, Northern proposes to continue the commitment (introduced in December 2017) of an hourly Bishop Auckland - Darlington service. This provides an hourly stopping service between Saltburn and Bishop Auckland throughout the day, Monday to Saturday, including an early morning service to Heighington to cater for the Hitachi 07:00 shift start.
- 2.19 Northern also proposed an extension of the current Hexham terminating services to/from Carlisle to provide two trains each hour between Newcastle, Metro Centre and Carlisle from May 2018. This was originally planned for December 2017, Unfortunately this has been further delayed as the release of cascaded rolling stock will not take place due to delays in infrastructure works in the North West.
- 2.20 An additional weekday evening service provision is proposed on both the, Morpeth – Newcastle – Metro centre service and the Durham Coast service.
- 2.21 As part of the proposed changes improved Sunday services were also to be introduced but again due to the lack of available diesel trains these have

## Transport North East Committee

---

been deferred until December 2108, with the exception of the Bishop Auckland to Darlington service:

2.22 For the TransPennine services to the North East the timetable developments in May 2018 include:

- All Manchester Airport to York services extended to Newcastle calling at Darlington, Durham and Newcastle providing two trains per hour. At the time of writing this report, the calling pattern at Durham and Darlington is not as yet known, due to capacity constraints on the East Coast main line.
- The first departure from Liverpool Lime Street to Newcastle will be at 0526 Monday to Saturday and 0825 on Sundays (compared to 0612 Monday to Saturday and 0912 on Sundays in December 2017 timetable)
- The last departure from Liverpool Lime Street to Newcastle will be at 2124 arriving Newcastle at 0049 Monday to Saturday and 0043 on Sundays (compared with 2022 departure and 0008 arrival in December 2017 timetable)
- The first departure from Newcastle will be at 0448 Monday to Friday (compared with 0533 Monday to Friday in the December 2017 timetable)

### **Grand Central additional services proposal**

2.23 Grand Central are currently going through the industry processes to seek some additional services for the North East from December 2018. The proposal covers:

- A new Sunderland to London train service at around 10:00 in the current gap between 08:55 and 12:45
- A new London to Sunderland train service at 14:27 in the current gap between 12:57 and 16:50
- New direct journey opportunities for passengers between Sunderland, Hartlepool, Eaglescliffe, Thirsk and Peterborough.

2.24 A North East response in support of the proposal has been sent through the North East Rail Management Unit.

## Transport North East Committee

---

- 2.25 Grand Central indicate that these extra services can be accommodated without the need for any physical infrastructure work.

### **3 Reasons for the Proposals**

- 3.1 To keep members informed of rail industry developments,

### **4 Alternative Options available**

- 4.1 Information only

### **5 Next Steps and Timetable for implementation**

- 5.1 An overall network development approach is being overseen through the North East Rail Management Unit working with NECA and Tees Valley colleagues, Transport for the North, Rail North, Network Rail and the various train operating companies.
- 5.2 Members will be provided with regular update reports on each of the schemes as they progress to fruition.
- 5.3 To develop the East Coast Route Study interventions and the complementary Northern Powerhouse Rail corridor study, work will continue with Network Rail and Transport for the North through the shared narrative and joint work programme to develop the required business cases to secure the funding to deliver the much needed improvements.

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

- 6.1 The delivery of all of the enhanced services and stations are being pursued to increase rail capacity and connectivity with the twin objectives of assisting with economic growth and improving public transport services.

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

- 7.1 Each of the schemes developed are subject to their promoting organisation financial controls.
- 7.2 Through the development of NERMU, the working partnership of local authorities is strengthening its key relationships with Network Rail, Rail North Ltd, Transport for the North and the train operators to use the scarce rail officer resources within the North East to maximum effect. Individual projects

## Transport North East Committee

---

will need at times to call on external expertise as part of the development costs of projects.

### **8 Legal Implications**

- 8.1 Any scheme developed will be subject to their promoting authorities legal controls

### **9 Key Risks**

- 9.1 Each of the projects outlined in this report are subject to their own risk management approach.

### **10 Equality and Diversity**

- 10.1 The development and delivery of schemes enhance connectivity to local rail services for all and as such do not negatively impact on Equality and Diversity.

### **11 Crime and Disorder**

- 11.1 Safety and Security are fundamental consideration in the design of new services and facilities and thus impacts will be assessed for individual projects at the appropriate stage of development.

### **12 Consultation / Engagement**

- 12.1 As each scheme progresses through the project development and delivery stages, the promoting authority undertakes consultation and engagement as appropriate.

### **13 Other impacts of the Proposals**

- 13.1 By improving connectivity and capacity to rail travel overall benefits will be accrued with regards the environmental impacts of sustainable rail travel. However each of the projects will undertake an appropriate impact assessment as part of the scheme development and delivery considerations.

### **14 Appendices**

- 14.1 Appendix A: East Coast Mainline Franchise letter
- 14.2 Appendix B: East Coast Route Study response



## **Transport North East Committee**

---

### **15 Background Papers**

15.1 None

### **16 Contact Officers**

16.1 Tobyn Hughes, Managing Director (Transport Operations)  
[Tobyn.hughes@nexus.org.uk](mailto:Tobyn.hughes@nexus.org.uk)  
0191 203 3203

### **17 Sign off**

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

**Please use ✓**

### **18 Glossary**

**This page is intentionally left blank**



Rt Hon Chris Grayling MP  
Secretary of State for Transport  
Great Minster House  
33 Horseferry Road  
London  
SW1P 4DR

26 February 2018

Dear Secretary of State

Following the decision to end the Virgin Trains East Coast franchise early I am writing to seek your assurance that the promised improvements to this vital service will be delivered.

I am sure you know how important the East Coast Main Line is to the communities it serves in North East England, as well as throughout England and Scotland. You will also be aware of the urgent need for large-scale investment to meet the demands placed upon the line in the here and now, let alone to prepare it for high speed trains and major capacity growth in the future. When the Virgin Trains East Coast franchise was announced in November 2014, replacing the popular publicly-owned East Coast, the following important commitments were made by your predecessor at the Department for Transport:

- 23 new services from London to key destinations, with 75 more station calls a day
- plans for new direct links to Huddersfield, Sunderland, Middlesbrough, Dewsbury and Thornaby
- proposals for more trains to London from Bradford, Edinburgh, Harrogate, Leeds, Lincoln, Newcastle, Shipley, Stirling, and York
- 3,100 extra seats for the morning peak time by 2020
- across the entire train fleet there will be 12,200 additional seats – a 50% increase
- 65 state of the art Intercity Express trains brought into passenger service from 2018, totalling 500 new carriages
- journey times from London to Leeds reduced by 14 minutes, and from London to Edinburgh by 13 minutes
- a £140 million investment package to improve trains and stations

This was in addition to a promised £3.3 billion in payments to the government by the operator over the duration of the franchise, a reduction in all long-distance standard anytime fares by 10%, and a completion of the full roll-out of new trains by 2020.

Could you please confirm that these improvements will all still be delivered as promised, despite the franchise ending early? Also that any enhancements already delivered, such as new routes, will be maintained?

I am concerned that ending the franchise early may see some improvements deferred, others not delivered at all, and some improvements undone. Given the importance of the route to this area we cannot afford to see relatively straightforward improvements put back or cancelled because of a flawed franchise agreement.

I would also appreciate an explanation of how the proposed replacement 'East Coast Partnership' from 2020 will provide better outcomes for our areas; in particular how it will address the critical need to upgrade the East Coast Main Line to accommodate faster running speeds for the new 'Azuma' trains and HS2 services, and growth in capacity.

Yours sincerely

*Nick Forbes .*

**Cllr Nick Forbes**  
**Leader of the Council**

LNE & EM Route:  
ECML Route Study Consultation  
Senior Strategic Planner (ECML)  
Network Rail  
George Stephenson House  
Toft Green  
York YO1 6JT  
[ECMLRouteStudy@networkrail.co.uk](mailto:ECMLRouteStudy@networkrail.co.uk)  
(by e-mail)

**Councillor Nick Forbes**  
**Thematic Lead for Transport**  
Leader's Office, Civic Centre  
Newcastle upon Tyne NE1 8QH  
Phone: 0191 211 5151  
Fax: 0191 211 4815  
[nick.forbes@newcastle.gov.uk](mailto:nick.forbes@newcastle.gov.uk)  
[www.nickforbes.org.uk](http://www.nickforbes.org.uk)  
29th March 2018

Dear Sir / Madam,

**Network Rail East Coast Main Line Route Study - Railway Investment Choices:  
December 2017**

Thank you for the opportunity to comment on the East Coast Main Line Route Study (ECRS).

The East Coast Main Line (ECML) is a vital artery for the North East, as it carries all of our long-distance rail services and many local ones. It is therefore essential that it is resilient, reliable and able to meet present and future demands.

The ECML suffers from limited capacity between York and the North East: the route's available train paths are already taken for most of the day. It is also in need of investment in what is an increasingly aging and unreliable asset.

Unless these problems are addressed early in CP6 there will be insufficient train paths for all of the services that are currently planned to operate from 2021 and unreliability will only increase. This is likely to lead to some unpalatable trade-offs between services, all of which are likely to constrain economic growth and connectivity opportunities in one form or another.

This is without taking into account the effect of HS2 whose services will also use the ECML between York and Newcastle from 2033, further increasing the importance of the line but placing yet further pressure on it.

We are therefore disappointed that although this Route Study identifies investment choices, the draft CP6 Strategic Business Plan for the LNE & EM route, (being consulted on in parallel) does not identify funding or firm plans for any aspect of the investment needed to deal with this problem. This is exacerbated by the fact that schemes that were planned for CP5, that could at least have provided short-term relief, were not delivered and are now presented as 'choices'.

Our overall response is therefore as follows:

1. We agree on the urgent need for investment in the ECML in order to improve resilience, grow capacity and increase line speed, over both the short and longer term.
2. We broadly support the options that are identified in the Route Study to grow capacity and increase line speed on the ECML corridor between York and Newcastle, in particular ‘four-tracking’ through better use of the Durham Coast Line and potential reopening of the Leamside Line. Network Rail, the Government and local partners need to urgently work to identify funding to deliver these improvements.
3. We would seek further detail on the “supplementary renewals programme” and other less well-defined projects and wish to explore complementary enhancements that may be possible to deliver as an extension of those programmes.
4. We would also like to continue to explore the reopening of the ‘Northumberland to Newcastle’ line, secure the redevelopment of Sunderland station, and make a number of other improvements to the rail network in the area.
5. We seek to work with Network Rail, Transport for the North and High Speed 2 to develop a series of interventions to make the route to the North East HS2/NPR ready, including a Newcastle Station masterplan.
6. Finally, and equally importantly, we would seek a ‘shared narrative’ and the establishment of formal working arrangements building on NERMU (North East Rail Management Unit) with yourselves, Tees Valley Combined Authority and Department for Transport to take forward our key aspirations including how funding can be secured

We would draw attention to the independent research commissioned in 2016 by the East Coast Mainline Authorities (ECMA) consortium that analysed how important the East Coast Main Line is to UK PLC. This found that:

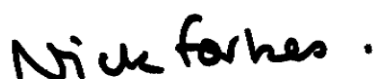
1. The local and regional economies served by the ECML corridor rail services are of great value to the UK economy, contributing over £300 billion p.a. GVA, even excluding London.
2. There is tremendous potential for growth along the ECML corridor - the gross domestic product (GDP) benefits to be gained from investment in it could be £9 billion
3. Unlocking this economic potential needs investment in the ECML
4. Investment in the ECML and in all its services is beneficial and complementary to the case for HS2

The research is available at [http://www.investineastcoast.co.uk/wp-content/uploads/2016/10/15255-ECMA\\_report\\_screen.pdf](http://www.investineastcoast.co.uk/wp-content/uploads/2016/10/15255-ECMA_report_screen.pdf)

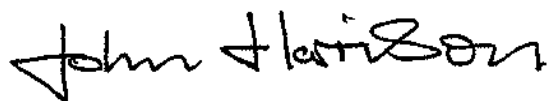
We believe that it is essential that Network Rail continues to work proactively with local partners on the ECML to unlock opportunities in the North East. Undoubtedly many of the aims of the ECRS are only possible with proper resources and funding and we call on Government to ensure that this occurs to address investment disparity between the North and the South.

We trust that the comments set out in this response are of use. Please do not hesitate to let us know if you have any queries.

Yours sincerely



**Councillor Nick Forbes**  
**Chair, Transport for the North East Committee**  
**North East Combined Authority**



**Councillor John Harrison**  
**Vice-Chair, Transport for the North East Committee**  
**North East Combined Authority**



**Councillor Carl Marshall**  
**Vice-Chair, Transport for the North East Committee**  
**North East Combined Authority**



**Councillor Glen Sanderson**  
**Vice-Chair, Transport for the North East Committee**  
**North East Combined Authority**



**North East Combined Authority response to**

**Network Rail East Coast Main Line Route Study  
Railway Investment Choices:  
December 2017**

**Contact for any queries/comments regarding this response:**

**Ian Coe**

**Principal Transport Planner**

**North East Combined Authority**

**C/o Newcastle City Council**

**Civic Centre**

**Barras Bridge**

**Newcastle upon Tyne NE1 8QH**

**[ian.coe@northeastca.gov.uk](mailto:ian.coe@northeastca.gov.uk)**

**0191 211 6024**



## Background to the NECA and this response

This response represents the views of the seven local authorities across the North East from a strategic transport perspective. The authorities comprise County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland, who since 2014 have constituted the North East Combined Authority (NECA). There is a proposal currently being discussed which would see the formation of a separate North of Tyne Combined Authority consisting of Newcastle, North Tyneside and Northumberland. A single Transport Joint Committee would oversee strategic transport matters for both NECA and North of Tyne.

Nexus is the Tyne and Wear Passenger Transport Executive and provides, plans and promotes public transport in Tyne and Wear. Transport operations are administered in Northumberland and County Durham by the respective local authorities.

The NECA is a partner of Transport for the North (TfN) and is engaged in its Northern Powerhouse Rail programme. The NECA is also a member of the East Coast Main Line Authorities (ECMA) Consortium who will respond separately to this consultation; NECA's comments align with theirs.

## General Comments

The North East is home to two million people and the economy generates over £37bn per year. The North East LEP and the local authorities in the North East have ambitious growth plans to deliver 100,000 new jobs to the economy by 2024, increase the number of better or skilled roles to 70% and focus on six key areas of activity from innovation, skills to transport and connectivity. Underpinning the success of the region's Strategic Economic Plan and the achievement of the objectives of the Northern Powerhouse Independent Economic Review (NPIER) is a high-quality integrated and sustainable transport network. This ensures journeys can be made quickly and easily within the area and to the wider north, rest of the country and beyond.

A high-quality rail network that enables economic growth is crucially important.

The NECA has developed with Transport for the North (TfN) the Strategic Transport Plan which sets out some of the investments which are needed. The NECA is keen that such investments are brought forward within the recommended timescales and looks forward to working with the Department for Transport, Network Rail and partners to make this happen.

## Response to the Consultation

We note that the ECRS has no consultation questions but instead responses are invited to the ideas and interventions set out therein. We have therefore set out these responses below and raised our wider concerns regarding the ECML.

### Context of our response

The East Coast Main Line (ECML) is a vital artery for the North East, as it carries all our long-distance rail services and many local ones, either throughout or in part:

- Long distance passenger services to London, the Midlands, Yorkshire, the North West and Scotland
- Local passenger services within our area serving Chester le Street and stations between Newcastle and Berwick.
- Almost all freight services through the area

In the immediate term, the ECML suffers from poor resilience and also capacity constraints. Most of the stretch between Northallerton and Newcastle only has two tracks which restricts the ability to expand services and provide appropriate resilience in times of disruption. The condition of the track, signalling and power supply is also a concern due to the age of the infrastructure and the increasing demands placed upon it. The dependency of the area on the ECML is demonstrated when trouble occurs to any part of the line; it can mean that all of the area's rail links to the key economic centres of the UK are either severely disrupted or even severed altogether for several hours. The same applies to the section between Newcastle to Berwick, which is also almost exclusively two tracks; this limited capacity does not easily allow for additional local services to Berwick or indeed Edinburgh.

In terms of capacity, there are insufficient train paths for all of the services that aspire to use the ECML within the NECA area (taking into account long distance and local passenger services, open access operators and freight). There are currently five passenger and two freight train paths per hour in each direction with two more passenger train services per hour in each direction planned by 2021. These comprise the complete hourly TransPennine Express service and also an open access Edinburgh to London service. However, Northern Powerhouse Rail (NPR) development work led by Transport for the North (TfN) assumes that nine passenger train paths per hour will be needed to meet future capacity and frequency conditional outputs. Early work suggests that there will have to be significant investment to accommodate this increase in capacity; including the reopening of the Leamside/Stillington lines (see below) to make an effective four track railway.

The power supply is a significant issue. Problems with overhead line equipment, and resultant service disruption, are often attributed to the lightweight nature of the original electrification scheme which will not be able to cope with the additional demands of the increased services described above.

HS2 will present a number of challenges for the ECML. There are no plans for new HS2 infrastructure to be extended to the North East. Instead, the new link from HS2 south of Leeds to the present ECML south of York is intended to be open by 2033. HS2 services will therefore operate on the existing ECML from south of York to the North East, alongside other long distance and regional passenger services and freight. The speed difference between HS2 trains (expected to run at 140mph on parts of the ECML) and others (particularly freight trains which may only run at around 75mph) constrains the number of trains which can be run and thus presents a need for significant investment in the ECML to provide separate tracks for higher speed and lower speed services. The East Coast Route study recognises this.

In addition, TfN is developing proposals to establish new NPR services which would use the ECML, providing increased frequencies and transformative journey times for

passengers; for example, the potential saving of an hour on a journey from Newcastle to Manchester. As described above, the NPR proposal aspires to establish four trains per hour from the North East to provide improved services to Leeds, Manchester, Manchester Airport, Liverpool and Sheffield. You will be aware that early stages of planning carried out jointly by TfN and Network Rail, with significant input from NECA officers, considered a range of options to achieve NPR aspirations, including a wholly new high speed line. It was clear that a new high-speed line would be extremely costly and subsequent work has therefore focussed on upgrading the ECML. These upgrades could be achieved via interventions such as 'cut offs' to make the line straighter and faster and ensuring the corridor is served by four lines.

The above means that, if the issues of capacity and resilience on the ECML between York and the North East are not addressed, the reliability of services in the short term, and expansion of services in the long term, will both be affected. This is likely to damage the long-term economic growth plans of the area. We are therefore seeking urgent and robust investment in the ECML.

### **Overall points**

We agree that the main issues set out in the ECRS, are:

1. The two principal challenges facing the ECML are firstly the growth in passenger numbers and secondly the advent of HS2 from the 2030s, with the link between HS2 and the ECML currently planned to be in place by 2033.
2. The ECML infrastructure is ageing, unreliable and much of it is at capacity
3. Investment is therefore needed, in the words of the ECRS "to create a resilient ECML that can grow in line with the demands of its customers"

We would also point out that the ECML has had significantly less investment than the West Coast Main Line.

We note with considerable concern that the funding available to Network Rail for the East Coast mainline for Control Period 6 (2019-2024) is only for basic maintenance, renewals and power upgrades. Whilst these are welcomed to make the existing network more resilient, they do very little if anything for the planned future growth. As yet we are unaware of the funding available for any enhancement works. We would at least call on Network Rail to develop the ideas raised in the consultation so that business cases can be developed sufficiently to take advantage of any funding opportunities that may arise. Although many of the ideas and interventions listed in the ECRS have been discussed for some time and would be warmly welcomed by the region, it is extremely disappointing that none will be covered by the CP6 funding. Therefore, in order for any of them to be progressed in the short term, additional funding will need to be identified by the government or third-party funders.

### **Additional items**

There are a number of items which the elected members who sit on the Transport for the North East Committee would like to see recognised:

1. Sunderland Station: we believe that, as Sunderland station is served by ECML trains, it should be included in the ECRS and the plans for its renewal should be described in a separate section.

2. A new station for Gateshead Quays: this is one of NECA's aspirations and we therefore would like it to be included.
3. Station car parks: the need for extra/improved parking at existing stations in Northumberland should be noted especially Morpeth, Alnmouth and Berwick, together with the need for support from Network Rail regarding the possible use of their adjoining land for this purpose. We would like this to be acknowledged and a solution proposed
4. Strategic Freight Network fund: we would like details of this possible source of funding to be described
5. The Durham Coast line is used by a number of long distance high speed trains at the start and end of longer east coast journeys and as such we feel this final leg should have also been considered within the study.

### **Page 10: Funding environment**

The initial pages of the ECRS appear to us to be a fair summary of the ECML, its context and challenges.

However, we are very concerned with the "Funding Environment" section on page 10. Paragraph 2 is correct regarding firstly the reclassification of Network Rail as a publicly-funded body without the ability to finance enhancements through financial markets and secondly the move to devolving decisions and spending on transport infrastructure to a more local level, which has seen the creation of Combined Authorities and Sub-National Transport Bodies, as well other organisations with a wider brief such as Local Enterprise Partnerships (LEPs). These groups are indeed able to define the railway needs in their area, and apply for government funding – or attract or provide third party investment – to meet those needs. However, we believe that the sums required to undertake the "Ideas and Interventions" are beyond the funding capacity of the organisations mentioned in this section and therefore we look to central Government either to provide the required funding or to devolve sufficient sums to pay for them.

### **Page 11: New Ways of attracting funding and generating revenue**

This section is again about trying to attract investment in rail enhancements from other sources, including existing and possible future train operators, local businesses, property developers, landowners and planning authorities. However, while some of these may be viable sources of investment funds in areas such as London and the South East which have a buoyant economy and property markets, this is unlikely to be the case in the North East. This is reflected in the document itself, which refers on pages 23 and 33 to revenue generation opportunities along other sections of the line but correctly does not identify any for the York-Newcastle or Newcastle-Berwick sections. We therefore refer to our comment above about the need for central Government funding or devolution of additional sums.

### **Pages 12-14: Defining a strategy for growth**

We have no issues with this section, except that it is simply an iteration of a previously-repeated strategy with which all stakeholders will be very familiar.

### **Pages 15-50**

Our comments on the Investment choices, Upgrades and Investment Package for each section of the ECML are set out below. Clearly any improvements outside the North and Borders sections will benefit the NECA area, so we therefore support each these in principle. However, we understandably wish to give our strongest support to those interventions within the North and Borders sections. In particular, we believe that creating additional capacity between York and Newcastle should be the top priority intervention and we note that presentations and other communications from Network Rail emphasise how important this is, to ensure the ECML can accommodate the demands of passenger and freight growth and also HS2 and NPR. In our view, the importance of tackling this issue as a matter of urgent priority cannot be over-emphasised.

### **Pages 15-23: ECML South – London to Peterborough**

We agree with the overall direction of this section. We are however concerned with the comment on page 18 which repeats the suggestion made in previous documents that outer-suburban capacity issues can be solved by changing the stopping pattern of some long distance services. We do not believe this is in anyone's interests. It will add to journey times and possibly result in long distance passengers being crowded off trains by suburban ones.

Our views on the Investment choices, Upgrades and Investment package on pages 20-22 are:

<b>Page no and item</b>	<b>Comment</b>
P20: Stevenage turn back platform	Supported in principle as it will reduce delay.
P20: Huntingdon-Woodwalton fourtracking	Supported in principle as it will improve journey times, capacity and resilience.  Disappointed that it will not have been delivered in NwR's current delivery plan (this comment also applies to items marked + below)
P20: Peterborough down slow speed improvement	Supported in principle as it will improve journey times +
P20: King's Cross station remodelling	Supported in principle as it will improve journey times and resilience +
P20: Power supply upgrade	Disappointed this only refers to Moorgate and Hertford loop trains +
P20: Supplementary renewals programme	What exactly are the renewals and why are they not covered in the existing CP6 funding?
P21: Moorgate Capacity.	Supported in principle as it will improve journey times and capacity

P21: Digital Signalling for the ECML.	Supported in principle as it will improve journey times, capacity and resilience
P22: ECML South: journey time and reliability improvements.	<p>Improved resilience should be given more emphasis in the “Benefits” column.</p> <p>The current prominence given to small journey time savings is misguided. It may be more helpful to refer to the agglomerated time savings between Kings Cross and Berwick of up to 10 minutes (although even this seems very small given the scale of the investment).</p> <p>More detail of the improvement is needed.</p>

### **Page 23 Revenue generation opportunities**

See comment above under page 11.

### **Pages 24-33: ECML Central – Peterborough to Doncaster and Leeds**

We suggest this section should include Doncaster to York. We agree with the overall direction of this section.

Our views on the Investment choices, Upgrades and Investment package on pages 30-32 are:

<b>Page no and item</b>	<b>Comment</b>
P30: Provide reliable power supply sufficient for planned additional services to run.	Supported in principle, but should say that it will support 140mph running to deliver reduced journey times and allow full benefits from Azuma trains +
P30: Werrington Grade Separation	Supported in principle as it will improve journey times, capacity and resilience
P30: Supplementary renewals programme	What exactly are the renewals and why are they not covered in the existing CP6 funding?
P31: Doncaster Leeds operational changes	No comment
P31: Alternative option: Doncaster to Leeds additional tracks.	No comment

P32: Reduce journey time and improve reliability	<p>Improved resilience should be given more emphasis in the “Benefits” column.</p> <p>The current prominence given to small journey time savings is misguided. It may be more helpful to refer to the agglomerated time savings between Kings Cross and Berwick of up to 10 minutes (although even this seems very small given the scale of the investment).</p> <p>More detail of the improvement is needed.</p>
P32: Doncaster west side linespeed improvements and platforms.	Supported in principle as it will improve journey times and resilience
P32: Additional platform at Lincoln	No comment
P32: Additional platform and junction lead at Grantham	Supported in principle as it will improve journey times, capacity and resilience

#### **Pages 34-44: ECML North – York to Newcastle**

We agree with the overall direction of this section. Please see above for our comments on the importance of increased capacity, improved resilience and faster journey times between York and Newcastle.

Our views on the Investment choices, Upgrades and Investment package on pages 41-44 are:

<b>Page no and item</b>	<b>Comment</b>
P41: Provide reliable power supply sufficient for planned additional services to run.	Supported, but should say that it will support 140mph running to deliver reduced journey times and allow full benefits from Azuma trains +
P41: Passing loops between Northallerton and Newcastle.	Supported as it will improve capacity and resilience. This was a CP5 scheme. We are disappointed that this has not yet been delivered and the recent letter from Rob McIntosh to the House of Commons Transport Committee implies it may be deferred until CP7 (2014-29). With the development work on NPR we feel this intervention should be reviewed at an early opportunity as part of the wider package of improvements required on the corridor. This may well be retained as part of an incremental set of

	changes but it's appropriateness in the overall plan should be established.
P41: Supplementary renewals programme	What exactly are the renewals and why are they not covered in the existing CP6 funding?
P42: Newcastle platform capacity. Reduce crowding on inter-regional services by enabling longer trains to terminate at Newcastle station.	Supported as it will improve capacity and resilience, but they should be incorporated as a wider package of measures to improve access to Newcastle Central Station and make it HS2-ready, including improved southern access. We feel a separate more detailed section on Newcastle Station is merited as it is a key constraint on the network.
P43: Reduce journey time and improve reliability	<p>Improved resilience should be given more emphasis in the "Benefits" column.</p> <p>The current prominence given to small journey time savings of 1.5 minutes is misguided. It may be more helpful to refer to the agglomerated time savings between Kings Cross and Berwick of up to 10 minutes (although even this seems very small given the scale of the investment).</p> <p>More detail of the improvement is needed.</p> <p>It would also be useful to link to the TfN NPR work looking to significantly improve journey times to York and beyond to Leeds and the other Northern Cities.</p>
P43: York. Optimise York station for HS2 services and allow an extra hourly service along the Harrogate line.	Supported as it will improve capacity and resilience.
P43: Increase line capacity through York station to Northallerton.	Supported as it will improve journey time, capacity and resilience.
P44: Increase line capacity through York station to Northallerton	Is this a duplicate of the above? Should there be something else here instead?
P44: Darlington. Make Tees Valley services independent of the ECML	Supported as it will improve journey time, capacity and resilience.



P44: Create an additional rail route parallel to the ECML, utilising the Leamside branch, a disused rail alignment.	Strongly supported as it will improve journey time, capacity and resilience. This is one of two projects (the other being the Ashington, Blyth and Tyne line (see comment on page 50 below) that NECA regard as crucial to the ECML being able to deliver economic growth for the region. Northern Powerhouse Rail (NPR) development work led by Transport for the North (TfN) is based on the assumption that nine passenger train paths per hour will be needed to meet future capacity and frequency conditional outputs (i.e. subject to a positive business case). Early work suggests that there will have to be significant investment to accommodate this increase in capacity including the reopening of the Leamside line and upgrades to the Stillington branch to make an effective four track railway between Northallerton and Newcastle.
---	---

### **Pages 46-50: ECML Borders – Newcastle to Berwick**

We agree with the overall direction of this section.

We would however also like to explore with Network Rail and the train operating companies improved local stopping services north of Newcastle, serving destinations in Northumberland including Berwick and then across the border to Edinburgh. As stated earlier, the section between Newcastle to Berwick is almost exclusively two tracks so at present this limited capacity does not easily allow for such additional local services.

We support additional stops at Northumberland stations for longer distance trains and we note the comment on page 47 that the ability of long distance trains to serve peak commuter markets is constrained by platform lengths on stations north of Newcastle except for Morpeth (although we contend that Alnmouth and Berwick platforms are of adequate length). Our aspiration still remains for additional stopping services for which appropriate infrastructure giving extra capacity is required.

Our views on the Investment choices, Upgrades and Investment package set out on pages 49 and 50 are as follows:

<b>Page no and item</b>	<b>Comment</b>
P49: Provide reliable power supply sufficient for planned additional services to run.	Supported, but should say that it will support 140mph running to deliver reduced journey times and allow full benefits from Azuma trains +
P49: Supplementary renewals programme	What exactly are the renewals and why are they not covered in the existing CP6 funding?
P50: Link more people to jobs by reinstating passenger	Supported as a regional priority. Now referred to as the Northumberland Line. Reopening of this line for passenger services could create a three/four track section of the

services on the Ashington Blyth and Tyne railway.	ECML if improvements were made to the Bedlington to Morpeth line or/and the extension of the (private) Butterwell line with a new north facing connection to the ECML. This could also support increased capacity to Blyth Port and Lynemouth as well as opening up extensions to passenger services and/or providing an emergency diversionary route.
P50: Allow current infrastructure to use industry standard 775m freight trains, enabling operational efficiencies.	Supported as it will improve capacity
P50: Reduce journey time and improve reliability	<p>Improved resilience should be given more emphasis in the “Benefits” column.</p> <p>The current prominence given to small journey time savings is misguided. It may be more helpful to refer to the agglomerated time savings between Kings Cross and Berwick of up to 10 minutes (although even this seems very small given the scale of the investment).</p> <p>More detail of the improvement is needed.</p>

### **Next Steps**

Following the full publication of the ECRS we are keen to work with Network Rail and TfN to develop the business case for the investment required for the ECML to meet the economic growth requirements of the North East within the wider North.

We wish to develop a strong working relationship through a shared narrative approach under an enhanced accountable governance structure, building on the current NERMU arrangements.

We would also welcome input into the new requirements for imminent franchise changes and also the longer-term East Coast Route Partnership to ensure previous commitments on the ECML are met and the ECRS/NPR/HS2 requirements are also given due consideration.

## Transport North East Committee

**Date:** 19 April 2018

**Subject:** Metro Futures New Fleet Procurement Update

**Report of:** Lead Chief Executive for Transport

### Executive Summary

The purpose of this report is to provide an update on the Metro Futures programme including progress with the Department for Transport (DfT) funding approval process.

In November 2017 the government confirmed £362m is available for a new fleet of Metrocars and maintenance facility. £337m of this will be directly contributed by the government as capital grant, and the remaining £25m is from Nexus' resources. In order for DfT to release the government funding Nexus are required to submit a full business case to the Department for approval following the procurement exercise.

A single procurement exercise is proposed covering contracts for the provision of new Metrocars, a new maintenance facility and a long-term maintenance contract. Contracts are expected to be awarded in January 2020 and the first train delivered in late 2021.

Nexus has established a multi-disciplinary team consisting of 19 FTE's, led by the Metro Development Director to deliver the Fleet Replacement Programme and the programme will be governed using Nexus' stage gate approvals process which has been independently assessed and validated by the DfT in respect of the Metro Asset Renewal Programme.

As part of the procurement process Nexus will adopt the principles of Social Value within the evaluation where applicable and appropriate to ensure that the procurement brings about wider benefits to the local economy. In addition a Local Partnership Event will be held between the tenderers and local suppliers and manufacturers.

### Recommendations

The Transport North East Committee is recommended to:

- i. Note the current position in regard to funding arrangements for the new fleet;
- ii. Note the current position in regard to progression of the procurement process.

## Transport North East Committee

### 1. Background Information

- 1.1 The Metro and Local Rail Strategy, approved by the Leadership Board in July 2016, sets out plans to secure investment for the future of Metro operations. This includes procuring a new fleet of Metrocars to replace the current fleet, a continuation of essential renewals to 2030 and exploring the case(s) for future extensions to the Metro network, and integration with local rail. Metro Futures is the brand that brings these elements together.
- 1.2 In regard to the fleet replacement, Nexus intends to procure a new fleet of 42 trains. The fleet specification calls for enhancements to the fleet such as 'off wire' running capability, regenerative braking and passive provision for dual voltage. It also incorporates features taking account of passenger feedback including more space, Wi-Fi, charging points and a modern-feeling internal décor, and a linear style-seating layout.
- 1.3 Construction of a new maintenance facility will be required to maintain the new fleet and this will involve the redevelopment of the existing Gosforth depot site. Nexus fully owns the site and has permitted development rights. Building a new maintenance facility whilst maintaining the fleet and introducing the new fleet on the same site will be challenging and a critical part of the strategy is to procure a separate satellite depot capable of stabling 20 Metrocars (10 trains) to facilitate the redevelopment in Gosforth. The satellite depot will also serve as the access point to the network for new trains and the exit point for the existing Metrocars..

### DfT approvals progress

- 1.4 The need to invest in the replacement of the current Metrocars has been accepted by DfT, which with a Benefit-to-Cost Ratio of 3.55 represents high value for money for the investment.
- 1.5 Confirmation was received in November 2017 from the government that £362m is available for a new fleet of Metrocars and maintenance facility. £337m of this will be directly contributed by the government as capital grant, and the remaining £25m is from Nexus' resources. Subsequently, in February 2018 DfT set out further details of the funding offer including the high-level indicative funding profile as demonstrated below.

2019/20 £m	2020/21 £m	2021 - 24 £m	Total £m
21.6	29.8	285.4	336.8

## **Transport North East Committee**

- 1.6 Under the terms and Conditions of Funding DfT have stated that no further funding will be provided if expenditure is over and above their £336.8m contribution however, alternatively they have included a clause to incentivise good practice stating that any underspend from delivering the project within budget shall be split equally between Nexus and HMG.
- 1.7 DfT will have a locus on how the procurement is progressing and in particular use of government grant. A joint DfT/Nexus Programme Board was established in December 2016 and it is at this forum that civil servants from the Department will be kept apprised and given an opportunity to offer advice and guidance. It should be emphasised that decisions in connection with the procurement of the new fleet will however be made locally.
- 1.8 However, in order for DfT to release the funding to Nexus approval a Full Business Case will need to be submitted and approved by DfT in accordance with the Departments Transport Business Case guidance and Transport Appraisal Guidance - WebTAG. The Full Business Case will be prepared and submitted following the procurement process.

## **2. Proposals**

### **Contract Structure and Procurement Approach**

- 2.1 A single procurement exercise is proposed covering industry recognisable contract forms as follows:
- MSA – Manufacture and Supply Agreement - an agreement for the supply of rolling stock including maintenance and repair work directly linked to supply (e.g. Warranty repairs);
  - TSA – Train Services Agreement – a long term agreement for maintenance of the new fleet with break options (there will also be a maintenance contract for the maintenance of the existing fleet until such time they are replaced with the new trains);
  - DCC– Depot Construction Contract - an agreement for the construction of the redeveloped depot at the Gosforth site.
- 2.2 Nexus is the procuring body for these Contracts under the Utilities Contracts Regulations 2016 and will be responsible for the award, and financial consequences of, the contract for new trains, train maintenance and depot reconstruction. However Leaders and Chief Executives will be consulted throughout the process. Nexus will be procuring the contracts through an Invitation to Negotiate (ITN).

## Transport North East Committee

- 2.3 On the 31<sup>st</sup> January 2018, the procurement was advertised via the Official Journal of the European Union (OJEU) with a Periodic Indicative Notice (PIN) providing advanced notice of the forthcoming tender. A formal market awareness exercise has been incorporated into this release in the form of a questionnaire, feedback from which is currently being reviewed.
- 2.4 Following this, at the end of May 2018 a Selection Questionnaire (SQ) will be issued through OJEU, which will invite all potential suppliers to respond. Approximately five days after the issue of the SQ, a Market Industry Day will be held. The SQ responses will be evaluated and the bidders down selected to a maximum of five who will then be invited to tender via an Invitation to Negotiate (ITN).
- 2.5 Following the issuance of the ITN, a 'Local Partnership Event' will be held between the tenderers and local suppliers and manufacturers. This is intended to incentivise the formation and use of local supply chains. Discussions have taken place with the NELEP and Invest North East England and agreement reached for them to submit their proposals to develop a wider communication campaign using the investment in Metro as the catalyst to raise awareness and attract suppliers to the Fleet Replacement Programme. Together, the NELEP and Invest North East England will communicate within their networks to ensure the greatest number of potential suppliers attend the Local Partnership Event
- 2.6 Bids will be evaluated on a Price/Quality split. The ratio to be adopted is still being determined but will necessarily take into account the whole life cost of the new fleet. Discussions have taken place with Durham County Council who represent the North East on the Local Government National Advisory Group for Local Government Procurement (LGA NAG) and via this have been working with various other Councils with the 'Social Value Portal' as a task force since 2016 to develop the National Themes and Outcomes and Measures (TOMS) tool to support the delivery and measurement of social value in procurement exercises. Notwithstanding the Public Services (Social Value) Act 2012 does not apply to the procurement of the Metrocar fleet, the TOMS tool will be used in helping develop the evaluation criteria. Ultimately, the tenderer with the 'Most Economically Advantageous Tender' will be awarded the contracts.
- 2.7 The programme will be governed using Nexus' stage gate approvals process which has been independently assessed and validated by the DfT in respect of the Metro Asset Renewal Programme. Nexus has established a multi-disciplinary team consisting of 19 FTE's, led by the Metro Development Director. The team comprises a number of individuals drawn from across the organisation with skills in project management, engineering, train operations, legal, finance health and safety, and procurement. The team is augmented by external consultants who provide technical, commercial, financial and legal

## Transport North East Committee

advice. The external consultants have all worked on recent fleet procurements including the new Merseyrail fleet and depot project. In terms of quality assurance, by way of example, the fleet specification has been assessed by another technical consultant, independent of the wider project team.

### 3. Reasons for the Proposals

3.1 For information only.

### 4. Alternative Options Available

4.1 The report is for information so no alternative options are available.

### 5. Next Steps and Timetable for Implementation

5.1 Nexus are in the process of compiling relevant information for bidders including relevant specifications, tender documentation, contracts etc. The high-level programme milestones which align with the approvals schedule of procurement documentation are listed below.

Activity	Target Date
Issue PIN	23 Jan 2018 (Actual)
Issue SQ	May 2018
Evaluate SQ	Jun – Aug 2018
Issue ITN	Aug 2018
1st Stage Evaluation	Feb – May 2019
BAFO	May – Jun 2019
BAFO Evaluation	Jun – Jul 2019
Approvals	Jul – Nov 2019
Contract Award	Jan 2020
First Train Delivered	Dec 2021

### 6. Potential Impact on Objectives

6.1 The proposal for Metro's future is important in meeting objectives set out in the Metro and Local Rail Strategy, 2016, particularly in terms of:

- providing Metro and local rail services that are reliable, accessible and comfortable with high levels of customer satisfaction, within available resources; and
- to grow the Metro and local rail network and their modal share as

## Transport North East Committee

part of an integrated public transport network

### 7. Financial and Other Resources Implications

- 7.1 As previously reported to the Leadership Board, Nexus has secured £337m government grant which combined with a £25m local contribution amounts to a total funding envelope of £362m for a new fleet of Metrocars and maintenance facilities.
- 7.2 The local contribution will be made up of £15m previously earmarked from Nexus' reserves plus an additional £10m which will arise from pensions savings of £3.3m per annum across 2017/18, 2018/19 and 201/20 resulting from Nexus fully eradicating its pensions deficit at the 2016 triennial valuation. At its meeting of 20<sup>th</sup> March 2018, the Leadership Board agreed to retain the first tranche of this pensions saving in its reserves, specifically earmarked for investment in the new fleet.
- 7.3 Whilst the total funding requirement for the new fleet and maintenance facilities has been secured, and the grant funding profile for 2019/20 and 2020/21 is as set out in the main body of this report, Nexus is still in discussion with DfT regarding the grant funding profile for future years, which will be linked to the cash flow requirements associated with the procurement.
- 7.4 In terms of Nexus' intention to secure a long term maintenance agreement for the new fleet, it does not have surety of funding beyond 31 March 2020 (having recently secured a CPI uplift on its 2018/19 revenue grant for financial year 2019/20). This means that although negotiations for future years' revenue grant from DfT continue, in the interim, Nexus will need to place reliance on its ability to fund Metro operations from fare revenue and funding raised from the Tyne and Wear transport levy

### 8. Legal Implications

- 8.1 There are no legal requirements or implications within this report.

### 9. Key Risks

- 9.1 In order to ensure the project for fleet delivery is successful, Nexus has developed a fully monetised comprehensive risk register which is in place for the Metro Futures Project and is updated periodically.

### 10. Equality and Diversity

- 10.1 The design of the new Metrocars will be fully compliant with the latest accessibility guidelines from Government.



## **Transport North East Committee**

### **11. Crime and Disorder**

- 11.1 There are no crime and disorder implications in this report.

### **12. Consultation/Engagement**

- 12.1 Market Research and Consultation has been undertaken for the future design of new Metrocars. Nexus has developed a Communications Plan in conjunction with the Department for Transport, which is a robust process to capture all stakeholder interaction and engagement. It also facilitates tracking of activity and forward planning and co-ordination of activity across the project team and its support functions.

The plan contains a programme of external-facing outputs to keep stakeholders updated and inspired by progress towards new fleet introduction, underlining the importance of the project to the future prosperity of North East England. The plan has led to Nexus gaining support for its proposal from stakeholders such as the North East Local Enterprise Partnership (NELEP), North East England Chambers of Commerce, Federation of Small Businesses and the Confederation of British Industry along with over one hundred local businesses through a series of showcase events around the North East.

### **13. Other Impact of the Proposals**

- 13.1 The NECA Transport Manifesto, the Strategic Economic Plan and Local Transport Plans all set out the importance of investing in a new fleet of Metrocars, for continued operation of the Metro system.

### **14. Appendices**

- 14.1 None

### **15. Background Papers**

- 15.1 NELB - 16<sup>th</sup> January 2018 Metro Futures and New Fleet Procurement Update
- 15.2 NELB – 30<sup>th</sup> November 2017 Metro Future Fleet Procurement Update
- 15.3 TNEC - 13<sup>th</sup> July 2017, Metro Futures update and Fleet Procurement Strategy – detailing the Fleet Specification and Depot strategy
- 15.4 TNEC - 20<sup>th</sup> April 2017, Metro Fleet specification update (included the summary document of market research as annex).
- 15.5 TNEC - 9<sup>th</sup> February 2017, Summary of market research and consultation for

## Transport North East Committee

new fleet of Metrocar design.

### 16. Contact Officers

16.1	Tobyn Hughes	Managing Director, Nexus
	E-mail	tobyn.hughes@nexus.org.uk
	Tel:	0191 203 3246.

### 17. Sign off

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

### 18. Glossary

18.1	BICC	Board Investment and Commercial Committee (DfT)
	DfT	Department for Transport
	MSA	Manufacture and Supply Agreement
	TSA	Train Services Agreement
	TMA	Train Maintenance Agreement
	DCC	Depot Construction Contract

## Transport North East Committee

**Date:** 19 April 2018

**Subject:** Discharge of Transport Functions by Northumberland County Council

**Report of:** Interim Executive Director: Place, Northumberland County Council

### Executive Summary

Under the Constitution of the Combined Authority, and in accordance with an Operating Agreement between the Constituent Authorities, certain functions have been delegated to the Executive of the two Constituent County Councils, being Durham and Northumberland. This report provides an update on the discharge of delegated functions at Northumberland County Council for the financial year 2017/18.

### Recommendations

It is recommended that the Committee note the transport responsibilities of Northumberland County Council and the activities undertaken in 2017/18.

## **Transport North East Committee**

### **1. Background Information**

- 1.1 The Combined Authority Order transfers to the Combined Authority transport functions previously carried out by Northumberland County Council under parts 4 and 5 of the Transport Act 1985 and functions under part 2 of the Transport Act 2000.
- 1.2 Under the Constitution of the Combined Authority, and in accordance with an Operating Agreement between the Constituent Authorities, transport functions have been delegated to the Executive of the two Constituent County Councils, being Durham and Northumberland.

### **2. Proposals**

- 2.1 Members are requested to note the contents of the report.

### **3. Reasons for the Proposals**

- 3.1 Under protocols agreed between the Constituent Authorities, it was planned for Northumberland County Council to report to the Combined Authority on the manner in which the transport functions have been discharged including how they have been discharged in accordance with any performance management criteria set by the Combined Authority

### **4. Alternative Options Available**

- 4.1 Option 1 – The Committee may accept the recommendation set out in paragraph 2.1 above.

Option 2 – The Committee may not accept the recommendations set out in paragraph 2.1 above.

Option 1 is the recommended option.

### **5. Next Steps and Timetable for Implementation**

- 5.1 Under protocols agreed between the Constituent Authorities, Northumberland County Council will provide an update report to TNEC on an annual basis.

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

- 6.1 The tasks reported in this document support the objectives of the Combined Authority of creating the best possible conditions for growth in jobs, investment and living standards, to make the North East an excellent location for business, to prioritise and deliver high quality infrastructure and to enable residents to

## Transport North East Committee

raise their skill levels and to benefit from economic growth long into the future.

### **7. Financial and Other Resources Implications**

- 7.1 For 2017/18, the funding for Transport functions in Northumberland County Council was transferred into the Combined Authority, and the Combined Authority in turn delegated the funding to the Council to cover the discharge of its transport functions.

### **8. Legal Implications**

- 8.1 In order to enable the Transport functions to be carried out lawfully by the employees who carry them out currently, authorisation has been obtained from the Cabinet of Northumberland County Council.

### **9. Key Risks**

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

### **10. Equality and Diversity**

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

### **11. Crime and Disorder**

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

### **12. Consultation/Engagement**

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

### **13. Other Impact of the Proposals**

- 13.1 There are no other impacts arising from this report.

### **14. Appendices**

- 14.1 Appendix 1  
North East Combined Authority (NECA)  
Northumberland County Council Transport Activity Report 2017/18.

## Transport North East Committee

### 15. Background Papers

- 15.1 The North East Combined Authority Constitution.  
North East Combined Authority Deed of Operation dated the 29th April 2014.

### 16. Contact Officers

- 16.1 Stuart McNaughton  
Strategic Transport Policy Officer  
Northumberland County Council  
stuart.mcnaughton@northumberland.gov.uk  
01670 624104

### 17. Sign off

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

### 18. Glossary

## Transport North East Committee

### Appendix 1

#### North East Combined Authority (NECA)

#### Northumberland County Council Transport Activity Report 2017/18

##### **The Supported Bus Service Network**

1 The vast majority of bus routes operating in Northumberland are run commercially without any input, subsidy or support from Northumberland County Council. This commercial network which covers approximately 80% of all services covers those routes that are profitable. The remaining 20% of services are either fully or partially subsidised by Northumberland County Council, these services would not operate without the ongoing support of the council.

2 The supported services comprise approximately 45 routes or parts of routes that cover mainly rural but also some urban areas of Northumberland. These supported services include instances of services running commercially at popular/peak times, but where support is given to maintain journeys at other times (early morning and late evening for example). They also include support the County Council gives to key tourist services that help boost the local economy and safeguard the environment by ensuring that people can visit notable locations without needing a car. All supported routes are shown on Map 1 overleaf.

3 Historically, criteria for subsidising bus services has been based on maximum subsidy per passenger and where these figures are exceeded the service concerned should not be provided i.e. it will be withdrawn. A more considered approach has now been implemented that looks at accessibility, integration and procurement to ensure services deliver the maximum accessibility from the given budget. This approach has allowed us to realise substantial savings with minimal disruption to the supported bus network.

				Supported Services Budget
Supported Bus Services Gross Expenditure 2017/2018				£1.2m*
Funding available as of the 1 <sup>st</sup> April 2018				£1.2m

\* In addition to the stated expenditure additional funding is provided by partner organisation to support specific services and a significant recharge from home to school transport for those elements of the supported bus network that are used to carry scholars.

Map 1: Bus services that are fully or partly subsidised by Northumberland County Council

## Transport North East Committee

### Management of the Public Transport Network

4 Northumberland supports the emerging vision from the current work on a Bus Strategy for the NECA area. The vision is to deliver buses to people living, visiting and working in the NECA area that are accessible, affordable and reliable and support the growth of the NECA area economy. Therefore we will aim for an inclusive, stable and sustainable network of bus routes and services which will provide access to education, employment, health, leisure and social destinations.

5 In order to achieve this vision Northumberland in partnership with Nexus and Durham County Council must:

- Arrest the decline in bus patronage;
- Maintain and strive to improve accessibility;
- Improve benefits to current and future bus passengers; and
- Ensure affordability

6 A number of options will be evaluated, all of which have the potential to deliver the desired outcomes they include:

- Voluntary partnership agreement(s)
- Enhanced partnership scheme or advanced quality partnership
- A bus franchising scheme

7 Bus Partnership - There are many different partnership options that should be considered as they also have the potential to deliver many benefits. The success of any bus partnership arrangement depends on good working relationships between the local authority and bus operators, with consensus on what needs to be done and a commitment from all partners to deliver 'their part of the agreement'.

8 Bus Franchising - Bus franchising gives the authority the ability to take control of, and responsibility for local bus services in the area. The authority determines and specifies all aspects of the bus services to be provided in an area, and bus operators bid to provide the services. It has the potential to deliver a range of benefits and can include all aspects of providing bus services and levying fares for travel. However this approach is some years away from being a possible intervention.

9 Officers and Elected members from Northumberland County Council will take an active role in both leading on aspects of this work and supporting the work of other NECA members to identify and progress towards an option or combination of options that delivers the maximum benefit for both passengers and the NECA.

10 In the first instance we see the involvement of operators in agreeing the aims and objectives of the Bus Strategy as being essential and the further development of good working relationships between operators and local authorities as a priority.

### Home to School Transport

11 Northumberland County Council provides free home to school transport for over



## Transport North East Committee

8000 eligible children attending mainstream schools at an annual cost of £8M. Home to school transport policy is largely restricted to statutory criteria but free provision is made for children to enable them to attend a particular school on grounds of religion or belief. The school transport network covers all of Northumberland and substantial use is made of “feeder” transport (operated mainly by taxis) connecting into “trunk” services (operated by buses) at village hubs etc. A rolling programme of “clean sheet” area route review activity is undertaken on an annual basis which effectively involves a complete re-design of the school transport network before a re-tendering exercise is undertaken. The order in which routes reviews are being undertaken at present is largely being dictated by school reorganisations. Historically, the County had a three-tier system of education in place but this is changing and a substantial number of schools have or are in the process of transitioning to a two-tier system of primary & secondary schools. This has a major impact on the school transport network.

12 The Council discharges its legal obligation to facilitate transport for students attending high school sixth forms and further education colleges by means of public transport, the cost of which is paid by families or (in its absence), by means of contracted school transport services where an annual charge of £600 applies. However, a public consultation is currently being undertaken with a proposal to make Post-16 transport free again on the basis that a student is attending their local high school or FE college. Free travel continues to be available for Post 16 students with special needs.

13 Transport to special schools is provided free for eligible pupils at a cost of just over £4.5M. A significant number of students attend out of county establishments such as Percy Hedley & Northern Counties, though the vast majority attend in-county provision. Most special schools in Northumberland are based in the south east of the County.

### **Concessionary Travel Scheme**

14 Northumberland County Council participates in the government’s English National Concessionary Travel Scheme (ENCTS). The national scheme entitles pass holders who are resident in England to free off-peak travel (after 09:30) on local bus services throughout England. This scheme covers both disabled people and eligible older people.

15 In addition to the national scheme entitlements Northumberland County Council also provides a number of local enhancements to the scheme, pass holders can travel from 09:00 onwards on journeys beginning in Northumberland. Northumberland is also one of a few Councils to provide companion passes to eligible disabled persons, companion passes allow an additional person to travel for free when accompanying a companion pass holder.

16 The costs of providing this scheme will exceed £4.7m for 2017/18. This represents a slight increase on the previous year’s outturn. Passenger numbers have declined slightly partly due to a contracting supported bus network, but the budget has

## Transport North East Committee

continued to increase due to fare increases which are expected to continue to exert an upward pressure on this budget going forward.

### **NESTI Smart Ticketing**

17 The main aims of the North East Smart Ticketing Initiative Project are the introduction of a Region wide smart ticketing infrastructure on all public transport and the introduction of a single smart payment method accepted on all forms of public transport across the region.

18 Pop PAYG: Is now accepted on all public transport modes and operators across Northumberland. All Payzone merchants across the Northumberland are able to undertake PAYG top up transactions and Purple Pop cards are available for sale at selected Payzone merchants.

### **Community Transport**

19 Community transport has a key role to play in the mix of transport solutions for Northumberland. Community transport is about providing flexible and responsive solutions to unmet local transport needs and often represents the only way in which particular user groups can access a range of essential services. Because community transport is regulated under different rules from 'conventional' bus services, it is particularly well placed to offer innovative solutions where commercial services are not available. As a result it can provide the connectivity needed to get to a range of destinations for otherwise isolated or excluded groups of people, helping to develop sustainable communities and contributing to social inclusion.

20 There are a range of Community Transport operators in Northumberland, some offering services without subsidy and support from the Council and others contracted by Northumberland County Council to deliver specific activities. As the commercial bus network continues to diminish in rural parts of Northumberland more emphasis will be given towards Community Transport solutions. Users of community transport include people of all ages, disabled people, unemployed people, people in communities that don't have access to public transport, children and young people as well as older people. Because community transport is embedded in the communities in which it operates, it is well placed to focus on very local needs and on one-to-one help, providing both choice and quality services.

21 Northumberland County Council is two years into a three year contract to provide a Northumberland wide Get-about Car Scheme. The car schemes are delivered by volunteers who drive their own cars in return for mileage expenses. It is a demand responsive, flexible and accessible transport service for individuals and groups who cannot access public transport, due to mobility, illness, infirmity or restricted access. Adapt (North East) Ltd operate the volunteer car scheme across Northumberland. The volunteer car drivers are subject to an Enhanced CRB disclosure. Service users contact Adapt (North East) Ltd to book a journey with the scheme co-ordinators organising the door to door journeys.

## Transport North East Committee

### Passenger Information Services

22 Since April 2016 Northumberland County Council has been in partnership with Nexus for the provision of passenger information services. As part of this agreement Nexus have delivered printed timetable information at over 850 stops in Northumberland, alongside a fully managed digital information offering. This digital offering includes:

- LiveTravel Map in Northumberland to deliver Real time via smart devices and a direct link through from the QR / NFC tags installed in Northumberland.
- Journey Planner and NaPTAN stop information will also be fully managed by Nexus on behalf of NCC.
- This partnership also allows NCC to benefit from any enhancements to Nexus systems in future months and years.

23 By entering into partnership with Nexus we will deliver accuracy and consistency of information, especially on cross boundary trips between Northumberland and Tyne & Wear, whilst also delivering a vast improvement on the previous NCC offering. In particular the inclusion of the Live Travel Map web-app where passengers can benefit from RTi at their fingertips is a step-change in passenger information delivery. This two year contract which expires in May 2018 has been extended by a further twelve months.

### Passenger Focus

24 In Autumn 2017 Northumberland County Council commissioned Passenger Focus to undertake a Bus Passenger Survey on our behalf. The results of the survey were encouraging with significant increases in most key metrics

Key Performance Measures	Northumberland County Council		
	2014	2016	2017
Overall experience: journey satisfaction	89%	92%	<b>94%</b>
Punctuality	80%	80%	<b>83%</b>

## Transport North East Committee

Journey Time	87%	<b>88%</b>	85%
Value for Money	56%	56%	<b>65%</b>

25 Northumberland County Council overall journey satisfaction outturn compares favourably against past performance, and is evidence of the investment and improvements to the bus network made by both the operators and Northumberland County Council in what is a very challenging marketplace.

## **Transport North East Committee**

**Date:** 19 April 2018

**Subject:** Discharge of Transport Functions by Durham County Council

**Report of:** Vice Chairman with Portfolio Responsibility for Transport for  
Durham County Council

### **Executive Summary**

The purpose of this report is to advise the Committee of how Durham County Council has discharged the transport functions delegated to it by NECA for the 2017-18 year.

### **Recommendations**

The Transport North East Committee is recommended to note the report.

## **Transport North East Committee**

### **1. Background Information**

- 1.1 When NECA approved its constitution, it delegated to the two constituent County Councils transport functions set out in part 3.4 of the Constitution. Durham's Cabinet subsequently authorised the Corporate Director of Regeneration and Local Services to discharge these functions in consultation with the Cabinet Portfolio Holder, Economic Regeneration.
- 1.2 The NECA operating agreement requires that the relevant Portfolio holder provides reports when required to the Transport North East Committee advising on how the delegated functions have been exercised. Attached at appendix 1 is an account of the discharge of transport functions for 2017 agreed by the Corporate Director for Regeneration and Local Services and Transport Portfolio Holder, Economic Regeneration. Appendix 1 is also scheduled to be reported for information to the County Council's Cabinet meeting in May 2018.

### **2. Proposals**

- 2.1 Members are requested to note the report.

### **3. Reasons for the Proposals**

- 3.1 The NECA Operating Agreement includes a requirement that the Portfolio Holder will provide reports when required to the Transport North East Committee of NECA, advising on how the delegated functions have been exercised.

### **4. Alternative Options Available**

- 4.1 This report is for information only.

### **5. Next Steps and Timetable for Implementation**

- 5.1 This report is for information only.

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

- 6.1 The report describes how Durham County Council is discharging transport functions delegated by NECA.

### **7. Financial and Other Resources Implications**

- 7.1 The core passenger transport functions are funded by the levy issued by NECA to Durham County Council.

### **8. Legal Implications**

## Transport North East Committee

- 8.1 This report is submitted in accordance with obligations contained in the Deed of Operation entered into by the constituent authorities on formation of the Combined Authority.

### 9. Key Risks

- 9.1 There are no specific risks associated with this report.

### 10. Equality and Diversity

- 10.1 There are no Equality and Diversity implications arising from this report.

### 11. Crime and Disorder

- 11.1 There are no Crime and Disorder implications arising from this report.

### 12. Consultation/Engagement

- 12.1 None specific in this report.

### 13. Other Impact of the Proposals

- 13.1 There are no other impacts arising from this report, which is for information.

### 14. Appendices

- 14.1 Appendix 1

North East Combined Authority (NECA)  
Durham County Council Transport Activity Report 2017-18

### 15. Background Papers

- 15.1 None.

### 16. Contact Officers

- 16.1 Adrian J White, Head of Transport and Contract Services, Durham County Council, [adrian.white@durham.gov.uk](mailto:adrian.white@durham.gov.uk), Tel: 03000 267455

### 17. Sign off

- Head of Paid Service: ✓
- Monitoring Officer: ✓

## Transport North East Committee

- Chief Finance Officer: ✓

### 18. Glossary

None specific in this report.



## **Transport North East Committee**

### **North East Combined Authority (NECA) Durham County Council Transport Activity Report 2017/18**

#### **Introduction**

1. The County Council operates an 'Integrated Passenger Transport Group' (IPTG) in line with Government's best practice guidance. The IPTG delivers public transport, home to school transport, Special Education Needs (SEN) transport and adult social care transport. It also has close links with health, clinical commissioning groups and the North East Ambulance Service.
2. Integrating transport in this way is especially important in more rural areas, enabling the authority to create packages of work across sectors to maximise the use of vehicles and staff, ensure full use is made of existing local bus services for education and social work purposes and deliver consistency of standards across different modes. The opportunities to integrate commissioning and delivery of local authority transport with non-emergency healthcare transport have also helped to deliver a simpler and more understandable service for the user.
3. The Council also values the benefits of the harmonisation of policy and delivery across the economic development, planning, housing and transport functions. This approach ensures that we can maximise transport's contribution to economic growth in the County.

#### **Bus Service Network**

##### *Current State of Commercial and Subsidised Networks*

4. Bus operators' own commercial services provide a high proportion of the network in most of County Durham. Go North East and Arriva provide the majority of the services, with approximately equal market share. The increased head to head competition between Arriva and Go North East in east Durham that commenced in late 2016 has continued, without provoking instability in the network. Four other firms also run locally significant bus services without subsidy. Among them, Scarlet Band introduced a new service in Durham improving access to the University from the east side of the city, with support from commercial interests involved in student housing. Almost all the main towns of County Durham have a least two operators providing significant services without subsidy.
5. Total bus boardings have fallen in 2017, by about 1.8%, continuing a trend that set in in mid-2014. A similar trend is seen in national statistics and in other parts of the region. A prime cause is falling numbers of concessionary bus journeys due to the impact of the increasing age of entitlement to concessionary travel.

## Transport North East Committee

6. The majority of the bus network in County Durham has been essentially stable since October 2012 in terms of level of service and the service routes, although there have been periodic adjustments to details of timings reflecting better data now available from new tracking systems. There has been considerable further investment in new and cascaded buses in the period and further investment continues into 2018.

### *Secured Service Retendering Activity*

7. The council's general practice is that contracts for bus service are arranged on 4-year cycles, holding a right to extend to 5 years. Almost all of the Council's contracts expired in October 2017 (having started in 2012 or 2013) and were replaced by new contracts on largely unchanged specifications running to 2021. All the main contracts are on "cost-based" terms where fares revenue is credited to the Council, in line with most of the expiring contracts. This has contributed to an essentially stable net cost being achieved from the procurement.

### *NECA Bus strategy*

8. Durham County Council supports the emerging vision from the current work on a Bus Strategy for the NECA area. The vision is to deliver buses to people living, visiting and working in the NECA area that are accessible, affordable and reliable and support the growth of the NECA area economy. Therefore, we will aim for an inclusive, stable and sustainable network of bus routes and services which will provide access to education and training, employment, health, leisure and social destinations.
9. In order to achieve this vision Durham County Council, in partnership with Nexus and Northumberland County Council must:
  - Arrest the decline in bus patronage;
  - Maintain and strive to improve accessibility;
  - Improve benefits to current and future bus passengers; and
  - Ensure affordability

### **Concessionary Fares**

10. Reimbursement payments under Durham's concessionary fare scheme for older and disabled people form the major element of the County Council's spending on public transport. Largely fixed price arrangements have been negotiated with the two major operators, with "cap and collar" provisions to handle deviations from expected volumes. Total concessionary boardings in 17/18 are set to fall by some 4.4% compared with the previous year, reflecting national trends. It is anticipated this trend will continue in 18/19.

## **Transport North East Committee**

### **Young People's Fares**

11. DCC members and officers contributed to the NECA Task and Finish Group which considered arrangements for Young People's Fares, with a particular aim to respond to research showing complications and inconsistencies were a barrier to young people. The outcome of the discussions which took place with major bus operators was a region-wide standardisation of the age groups covered by the reduced bus fares offered by the operators on a commercial basis. All operators in County Durham and elsewhere in the region now consider young people under 16 as child fares. Reduced tickets are also now generally available for people under 19, which in some cases previously were only available to students. There is also mutual recognition of proof of age.

### **North East Smart Ticketing Initiative (NESTI)**

12. Durham has continued to actively participate in the NESTI initiative. The Pop PAYG card was successfully rolled out on Durham Park and Ride in summer 2016. Usage has grown considerably since 2016 and it is now the method of payment used by most regular users on Park and Ride. However, Pop PAYG has yet to achieve material levels of use across the wider bus network. The roll out of contactless payment on all Arriva and Go North East services during 2017 has provide an easier alternative method of cash-less payment for many people.

### **Multi-Operator Ticketing Scheme**

13. The Council is continuing to work with bus operators in County Durham to implement a scheme of multi-operator bus fares reflecting the bus market of County Durham. While the work has not progressed as fast as hoped, we continue to work with operators to deliver a scheme.

### **Transport Focus Bus Passenger Satisfaction Survey Autumn 2017**

14. Transport Focus undertake an independent survey of passengers' satisfaction with their bus journeys each autumn in a range of areas across England and Scotland. Durham was again included in the 2017 survey, following funding provided by DCC jointly with Arriva and Go North East. Key results are summarised below (2016 results in brackets).

## Transport North East Committee

% satisfied (2016 %)	All County Durham (inc other operators)	Arriva in County Durham	GoNE in County Durham
Journey time (all passengers)	88% (86%)	86% (81%)	88% (87%)
Punctuality (all passengers)	74% (79%)	66% (70%)	77% (82%)
Value for money (fare payers only)	73% (58%)	73% (54%)	72% (56%)
OVERALL (all passengers)	91% (89%)	88% (85%)	91% (91%)

15. The results show some progress since 2016, with a distinct improvement in the satisfaction with Arriva services, which in 2016 had been affected a series of major roadworks and utility schemes. The County Durham results for satisfaction with Value for money found by Passenger Focus are the highest in the survey, probably reflecting the pricing of zonal tickets where several zones have been extended and prices held unchanged.
16. Satisfaction with punctuality has declined; a similar trend is apparent in other parts of the north east and across other regions, and is thought to reflect some impact from increased congestion. Adjustments to timetables to improve punctuality by adding running time at peaks or adding extra buses into the operation are the main cause of service changes seen in County Durham in 2017.

### Park and Ride

17. The Durham Park and Ride has continued to perform very satisfactorily.

### Community Transport (CT)

18. The CT sector predominantly concentrates on group hire, although Weardale Community Transport again operated its summer-only Sunday bus service in the dale in 2017. The council's programme of offering capital grants from Local Transport Plan funding to assist Community Transport continues.
19. We are also continuing our use of Rural Sustainable Community Transport funding to support the CT sector to develop its capacity, with a particular focus on the recruitment of volunteers.
20. The Department for Transport's announcement of revised interpretation of regulations regarding community minibuses permits and community bus services has caused understandable concern to the sector. The limitations in the new guidance on operation of contracts has little impact in County Durham as our contracts have always required full Public Service or Taxi Operator licences. However, if the guidance

## **Transport North East Committee**

remains unchanged after the current consultation, there appear considerable difficulties for the organisations that primarily exist in order to provide community transport, which may no longer qualify for the current exemptions from normal licence requirements.

### **Home to School/Social Care Transport**

21. Home to school and social care transport forms the major part of Durham's operations, with a total spend of approximately £13 million pa and over 1000 contracts in operation. This includes school transport buses that are paid for by parents and or schools, supplementing the statutory free travel provided by the Council. In the 17/18 school year, about 4,200 pupils receive free travel to school from Durham County Council, with a further 3,200 pupils travelling under the non-statutory concessionary schemes.
22. Our general practice is that contracts for Home to School Contract Hire services are awarded for a 4-year period, with the Council holding a right to extend to 5 years. Tendering is carried out over a rolling programme, with new contracts starting in September each year. Tender prices have remained very competitive, despite increased fuel prices and some impact from the National Living Wage.

### **Travel Response Centre**

23. Durham has continued to operate the Travel Response Centre (TRC) for the booking of non-emergency patient transport to health appointments as well as the council's 'Link2' demand responsive transport service and Access Bus. The TRC handles over 80,000 calls on an annual basis. Referrals from social workers and other care staff for client travel to day care are also processed.
24. The Health Booking Service is delivered on behalf of the NHS Clinical Commissioning Groups in Durham. Following an eligibility assessment, patients are booked on to North East Ambulance Patient Transport Services. Patients and visitors who are ineligible for NHS patient transport are, where possible, booked on alternative services providing access to hospitals or advised on how to make their journey by public transport.

### **Public Transport Information**

25. Durham County Council has continued to provide data management and system development for the North East Traveline journey planning service. This includes processing and collation of bus service data from Tyne & Wear, Northumberland and the Tees Valley on a continuous basis. Procurement for a new contract for the provision of software for the journey planning engine and associated data processing tools is currently being progressed.

## **Transport North East Committee**

26. Durham County Council has continued to provide a comprehensive range of passenger information on all local bus services operating within the County. This includes maintaining current timetable displays at over 2,800 bus stops, providing over 100 electronic displays at bus stations and on-street stops, printed county public transport map, printed timetable leaflets and a web based interactive bus map. The interactive bus map shows bus routes and individual timetables for all registered services in downloadable format.
27. Interactive display kiosks have been installed at Durham Railway Station and Bus Station to improve the provision of local and wider travel information. The council has developed interactive touch-screen software to provide a range of travel and local information on the displays. The displays show departures, routes, journey planning, local information on nearby local facilities. Additional display kiosks will be installed at key interchanges across the county as funding is made available.

### **Real Time Passenger Information**

28. Durham County Council has continued to provide the data management role for the North East Real Time Passenger Information (RTPI) project in partnership with Nexus, Northumberland County Council and Tees Valley Unlimited.

### **DfT Access Fund 2017-2020**

29. Durham has continued to be part of the successful Living Streets bid to the Department for Transport Access Fund. This project, entitled 'Walk To', was awarded £7.5m for the period 2017-2020 and is being delivered by Living Streets in partnership with 10 local authorities. The project supports economic, health and environmental development in targeted areas through active travel to schools and workplaces. This externally funded project has continued the Council's successful work with Living Streets since 2012.

### **Wheels to Work County Durham**

30. The successful County Durham Wheels to Work (W2W) scheme has continued to develop and expand. This scheme, established in 2016, now operates in seven Area Action Partnership areas across the county with 35 scooters available for hire. This scheme is providing people who are experiencing difficulties in accessing employment or training with the loan of a scooter until a longer-term transport solution can be found. The scheme is managed by Wheels to Work County Durham Charitable Incorporated Organisation (CIO). Funding for the scheme has been provided by a package of funding secured from the NELEP LSTF Local Growth Fund, NECA STTYF Go Smarter and Durham County Council Local Transport Plan and Area Action Partnerships. Additional funding opportunities will continue to be explored to expand across the county.

## **Transport North East Committee**

### **New Horden Rail Station**

31. In July 2017, Durham County Council was awarded £4.4 million in funding from the Department for Transport New Stations Fund as contribution towards a new rail station at Horden. The remainder of the scheme's £10.5 million cost being provided Durham County Council and the North East Combined Authority.
32. The design is progressing through Network Rail's GRIP process and is due to be completed and operational by 2020. The station will have two platforms with waiting shelters, seating, lighting, help points and CCTV. The platforms will be linked by a covered footbridge and the station will have a car park with space for up to 100 cars as well as facilities for drop-off, taxis and bus services.

**This page is intentionally left blank**





## Transport North East Committee

---

**DATE:** 19 April 2018

**SUBJECT:** Capital Programme 2017/18 Update

**REPORT OF:** Chief Finance Officer

### EXECUTIVE SUMMARY

This report provides the Transport North East Committee with a monitoring update on delivery of the 2017/18 Transport capital programme.

### RECOMMENDATIONS

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

## Transport North East Committee

---

### 1 Executive Summary

- 1.1 This report provides the Transport North East Committee with the fourth monitoring update on the 2017/18 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.
- 1.3 At the time of developing this report, figures to the year-end were not available. This report therefore presents the position at February 2018, and verbal updates can be provided on any significant changes at the meeting.

### 2 Background Information

- 2.1 At its meeting on 17 January 2017, the Leadership Board agreed a total capital programme for 2017/18 of £128.052m of which £85.148m related to investment in Transport schemes. The programme was reviewed in light of the 2016/17 outturn and developments during the financial year with a report to Transport North East Committee reporting a revised budget of £72.368m.

### 3 Transport Capital Programme 2017/18

- 3.1.1 A summary of the Transport Capital Programme for 2017/18 is shown in the table below. The latest approved budget takes into account the outturn position for 2016/17 and any additional approvals during the year. As at February, expenditure is around £52.787m, or 73% of the latest approved programme, but is anticipated to be around £62.234m (or 86%) at the year end.
- 3.1.2 No funding will be lost as a result of any underspend against the approved budget. While it is important to maximise the outturn against the Local Growth Fund grant, there is no clawback of underspent grant and the resources will be available to fund expenditure in the next financial year. Nexus are also forecasting to be well within their targets in relation to Metro Rail Grant from DfT, so no grant funding will be lost in that regard either.

	Original Approved Budget 2017/18	Latest Approved Budget 2017/18	Expenditure end Feb 2018	Forecast 2017/18
--	---	---	--------------------------------	---------------------

## Transport North East Committee

	£m	£m	£m	£m
Local Growth Deal (Transport Schemes)	29.728	16.705	10.291	13.721
Metro Asset Renewal Programme	41.686	41.169	28.820	33.076
Nexus Non-Metro	0.000	0.409	0.296	0.298
Tyne Tunnels Capital Programme	2.425	2.425	2.700	3.500
Other Transport Grants*	11.309	11.660	10.680	11.639
<b>Total</b>	<b>85.148</b>	<b>72.368</b>	<b>52.787</b>	<b>62.234</b>

\*Less grant funding shown in other programme lines

### 3.2 Local Growth Fund Capital Schemes 2017/18

- 3.2.1 The total latest approved LGF programme for transport projects in 2017/18 totals £14.928m of Transport schemes. Forecast expenditure to the year end is £13.721m as set out in the table below:

Scheme	Approval Status	2017/18 Approved Budget (£m)	2017/18 Forecast (£m)
Lindisfarne Roundabout	Approved	2.797	1.989
Northern Access Corridor Ph 2 & 3 Stage 2	Approved	1.025	0.531
Northern Access Corridor Ph 3 Stage 1	Approved	0	0.308
Local Sustainable Transport Fund Package	Approved	0.465	0.465
A19 employment corridor access improvements (North Tyne)	Approved	2.762	2.652
A191 junctions including Coach Lane and Tyne View Park	Approved	0	0.010
A1056-A189 Weetslade roundabout improvements and A1- A19 link (A1058)	Approved	0	0.893

## Transport North East Committee

Scotswood Bridgehead – Stage 1	Approved	0	-0.045
Sunderland Low Carbon Zone	Approved	0	0.296
A1058 Coast Road	Approved	2.395	2.458
Horden Rail Station	Approved	0.560	0.343
A185/A194/A19 (The Arches) – Stage 1	Approved	0.138	0.142
A185/A194/A19 (The Arches) – Stage 2	Approved	1.289	1.289
A19 North Bank Tyne (Swans) – Stage 2	Approved	2.322	1.000
Blyth Cowpen Road	Approved	0	0.215
South Shields Metro Training and Maintenance Centre	Approved	1.000	1.000
Jade Business Park (A19/A189 Seaham/Murton interchange)	Approved	0.075	0.075
Newcastle Central Station Gateway	Approved	0.100	0.100
<b>Total</b>		<b>14.928</b>	<b>13.721</b>

- 3.2.3 At the end of February, a total of £10.921m had been drawn down by transport projects. The final quarter claims are currently being received and processed.

## Transport North East Committee

---

### 3 Metro Asset Renewal Plan (ARP)

- 3.3.1 The Leadership Board approved the Metro Asset Renewal Plan (ARP) capital programme for 2017/18 in January 2017 totalling £41.686m. This is the eighth year of the eleven-year ARP programme.
- 3.3.2 The requirement from DfT is 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 2017/18 was initially set at £29.710m and £36.377m respectively). The 2017/18 capital budget therefore included an over programming level of over 25%.
- 3.3.3 Since the capital programme was approved in January 2017, the Committee approved an increase in the value of the programme to £45.011m in July 2017, largely to reflect expenditure in respect of projects carried forward from the prior year together with the inclusion of non-ARP funded works, particularly the replacement of Killingworth Road Bridge which is being funded mainly from Highways Challenge Funding.
- 3.3.4 Since the July 2017 meeting, there has been an overall reduction in the value of works being executed in the current year to £33.881m, despite the recent approval by the Leadership Board of Local Growth Funding for the Metro Maintenance and Renewals Skills Centre which is being built in South Shields town centre. This reduction concerns changes to the delivery of a small number of large projects, in particular:
- The replacement Radio and Rail Traffic Management System (RTMS) projects (£2.3m), where delays in obtaining Network Rail product approval for the new Radio system have pushed delivery of both into 2018/19;
  - Track renewals between Gateshead Stadium and South Shields (£6.7m), where a different configuration of the works being undertaken in order to minimise passenger disruption and achieve efficiencies is now being progressed. This involves packaging the renewals work separately to the refurbishment work with delivery now scheduled to commence in 2018/19 and continuing into 2019/20
  - Track renewals between Gateshead Stadium and South Shields (£6.7m), where a different configuration of the works being undertaken in order to minimise passenger disruption and achieve efficiencies is now being progressed. This involves packaging the renewals work separately to the refurbishment work with delivery now scheduled to commence in 2018/19 and continuing into 2019/20

## Transport North East Committee

- Rail Vehicle Accessibility Regulations works (£0.7m), where an application to DfT has been made to establish whether these works are required in view of the plan to replace the Metro fleet
- Replacement Point Motors (£1.1m), where the lead time for securing components and the access to the network has partly delayed the project to next year
- Overhead Line replacement, which has been re-profiled to future years to allow for delivery timescales of materials (£1.7m).
- The re-phasing of halt station works into 2018/19 to maximise value for money in implementing the works (£1.5m).

3.3.5 Whilst a number of options have been considered to bring forward and accelerate delivery of some projects from later years in the programme discussion with DfT established that their preference, as well of that of Nexus was to re-profile grant funding so as not to jeopardise efficiency of delivery. As a result, DfT has authorised a re-profiling of the remaining grant through to 2021 as follows:

Year	2017/18	2018/19	2019/20	2021/21	Total
Current DfT grant profile	£29.7m	£23m	£18m	£18m	£88.7m
Agreed re-profiled grant profile	£24.7m	£23m	£21m	£20m	£88.7m
<b>Change</b>	<b>-£5m</b>	<b>-</b>	<b>+£3m</b>	<b>+£2m</b>	<b>-</b>

3.3.6 In addition, the DfT has also agreed to increase the level of grant which can be vired between financial years from the previous limit of 10% to 20% to provide greater flexibility in the remaining years of the programme.

3.3.7 As a result, the new spending target for 2017/18 is now £27.488m (with a minimum and maximum of £21.932m and £33.043m respectively). This has provided Nexus with the flexibility it needs to ensure it continues its efficient and successful delivery of the Metro ARP up until the end of Year 11 (31 March 2021). Post 31 March 2021 investment is dependent on DfT approval of Nexus' essential renewals business case, which was approved by the Leadership Board in June 2016.

3.3.8 At the end of the twelfth of 13 periods (ending 3 March 2018), the Metro capital programme has been revised to £33.881m. In addition to expenditure being carried forward to future years the budget now also includes the Killingworth Road Bridge replacement and the Metro Maintenance and Renewals Skills Centre (£6.5m).

## Transport North East Committee

---

3.3.9 The movement between the original budget for 2017/18 and the latest budget for 2017/18 can be summarised as follows:

	£m
Re-phasing from 2016/17, increasing 2017/18 budget	4.6
Accelerated projects (from 2017/18 to 2016/17), reducing 2017/18 budget	(0.1)
Re-phasing from 2017/18 to future years, reducing 2017/18 budget	(19.0)
Accelerated projects (from 2018/19 to 2017/18), increasing 2017/18 budget	1.4
Other changes (largely inclusion of Killingworth Road bridge funded by Highways Challenge funding and Metro Maintenance and Renewals Skills Centre funded by LGF)	5.3
<b>TOTAL</b>	<b>(7.8)</b>

3.4 Expenditure as at the end of Period 12 is £28.824m. The latest forecast to the year end is now £33.076m, only slightly below the latest budget of £33.881m.

3.4.1 The final outturn will fall within the DfT's prescribed funding tolerance (which as previously indicated, is required to be at least £21.932m and no more than £33.043m before including other funding streams). The minimum spend level has already been achieved. 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 2018/19 programme.

3.4.2 To 3 March 2018, the following key projects have been progressed:

- Design documentation for the renewal and refurbishment of track from Gateshead Stadium to South Shields station is being evaluated. Work on site is planned to commence in September 2018.
- The contract has been awarded for the South Shields Training and Maintenance Facility – design is progressing for a single building.
- Installation of Radio equipment in Network Rails' Tyneside Control Centre, covering operation between Pelaw and South Hylton has been completed. This will be followed by the installation of on-train

equipment – currently programmed to complete in May 2018.

- Training, testing and monitoring continues for the Railway Traffic Management System (RTMS). A revised programme with the supplier is in place to align with the Radio delivery programme.
- Refurbishment of five stations on the Airport line (Callerton, Bankfoot, Kingston Park, Fawdon and Wansbeck Road) is progressing with all painting completed and station furniture installed. Lighting improvements are advanced with platform tactile installation and other weather dependent items to follow.
- Commissioning of multifunctional relays in the Metro power supply progresses - now rescheduled to reduce the risk of operational impact. The work will now continue into 2018/19.
- The Overhead Line Equipment renewal programme continues with a focus on learning from the recent site works to ensure the delivery programme and possession strategy is optimised. Further contact and catenary wire renewal was completed on 7th January.
- The full scale programme to address cable degradation in location cases has commenced following the successful pilot scheme. This will continue for the next 3 years.
- Tyne Dock station refurbishment is close to completion with VE panel replacement and platform surfacing planned for early 2018.
- Refurbishment of Monkseaton, West Monkseaton and Cullercoats station is underway by the Nexus Capital Delivery team commencing with damp remediation at Cullercoats station.
- Detailed design is complete for Shiremoor, Palmersville, Benton and Longbenton station refurbishments. It is planned to undertake this work in mid-2018 using the Nexus Capital Delivery team.
- Derogation is being sought regarding compliance with Rail Vehicle Accessibility Regulations pending replacement of the Metrocar Fleet – the specification of which will address this issue. A response is anticipated following the end of the consultation phase in January 2018.

3.4.3 Over the quarter, the Metro ARP cost loaded programme shows the following expenditure profile:

	<b>Year to Date</b>	<b>Period 13 Forecast</b>
	<b>£m</b>	<b>£m</b>
In Period	<b>Page 158</b>	



## Transport North East Committee

Spend		<b>4.26</b>
Cumulative Spend	<b>28.82</b>	<b>33.08</b>

The forecast expenditure for 2017/18 is financed as follows: -

	<b>Latest Approved Funding 2017/18 £000</b>	<b>Projected Funding 2017/18 £000</b>
<b>ARP</b>		
Metro Rail Grant (MRP)	24,739	24,739
Local Contribution 10%		
• Local Transport Plan (LTP)	2,640	2,640
• Reserves	109	109
Over-programming	896	21
<b>Total - ARP</b>	<b>28,384</b>	<b>27,509</b>
<b>Other Schemes</b>		
• Highways Challenge Fund	4,496	4,496
• Local Growth Fund	1,000	1,070
<b>Total – Other Schemes</b>	<b>5,496</b>	<b>5,566</b>
<b>Total</b>	<b>33,881</b>	<b>33,076</b>

### 3.5 Non-Metro Capital Programme 2017/18

3.5.1 The latest revised budget for 2017/18 is £0.409m, with forecast expenditure at £0.296m, as set out below:

## Transport North East Committee

<b>Nexus Non-Metro Programme</b>	<b>Latest Budget 2017/18</b>	<b>Projected Outturn 2017/18</b>	<b>Period 12 Spend 2017/18</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cycling	69	71	71
Real Time	16	17	16
Wi-Fi	45	8	11
Ferry works	279	200	200
<b>Total Nexus Non-Metro</b>	<b>409</b>	<b>296</b>	<b>298</b>

- 3.5.2 It had previously been planned to procure a concession for the utilisation of Nexus communications infrastructure with the provision of Wi-Fi facilities during 2017/18. The recent tendering exercise recently ended with no bids forthcoming.

### 3.6 Non-Metro Capital Programme 2017/18

- 3.6.1 The following table sets out how the Nexus Non-Metro capital programme for 2017/18 will be financed:

	<b>Latest Approved Funding 2017/18 £000</b>	<b>Projected Funding 2017/18 £000</b>
<b>Grant</b>		
Local Transport Plan (LTP)	77	77
<b>Nexus Contribution</b>		
Reserves	332	219
<b>Total</b>	<b>409</b>	<b>296</b>

### 3.7 Tyne Tunnels Capital Programme – 2017/18 Update

- 3.7.1 The vast majority of the Tyne Tunnels capital programme relates to the refurbishment of the Tyne Pedestrian and Cycle Tunnels (Phase 3 Improvement Works). Works are funded from Tyne Tunnels ringfenced

## Transport North East Committee

reserves and are forecast to total £3.5m at the year- end, with £2.7m spend to the end of February.

- 3.7.2 The refurbishment works on the Tyne Pedestrian and Cyclist Tunnels is continuing with civil, mechanical and electrical engineering contractors working on site. As reported to February 2018 Transport Sub-Committee, following the removal of the steelwork contractor from the project due to poor performance, delays in the commencement of the installation of the glass elevator by the Italian Contractor have been encountered. Delays in the construction works are still continuing resulting in reduced forecast spend for 2017/18 to £3.54m from £4m reported to February TNEC. This will have an impact on the final completions of the project and a further increase in the overall cost of the project. A detailed review of the project budget is being carried out, which will include options to reduce costs for consideration by members and options for funding the project this is being taken to TWSC. The completion of the project is currently scheduled for Autumn 2018.

### 3.8 Other Transport Grants 2017/18

- 3.8.1 Local Transport Plan (LTP) Integrated Transport Block grant is a flexible source of capital funding which is awarded to NECA by the DfT. This grant is paid out 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. To the end of Q3, a total of £7.436m had been paid out to the NECA constituent authorities, and the forecast to the year-end remains £11.460m.
- 3.8.2 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. The grant is drawn down at the year end, so expenditure by NECA is currently shown as nil.

	Original Approved Budget 2017/18 £m	Latest approved £m	Feb 2018 £m	Projected Outturn 2017/18 £m
Local Transport Plan (less Metro ARP Local Contribution shown above)	11.309	11.460	10.680	11.460
Page 161				

## Transport North East Committee

---

North East Smart Ticketing Initiative	0.000	0.295	0.000	0.169
<b>Total</b>	<b>11.309</b>	<b>11.775</b>	<b>10.680</b>	<b>11.629</b>

#### **4 Next Steps and Timetable for Implementation**

- 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.

#### **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. Financial and Other Resources Implications**

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

#### **7. Legal Implications**

- 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. Key Risks**

- 8.1 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. Detailed operational risk registers are maintained by the delivery bodies responsible for the individual projects and programmes set out in this report.

#### **9. Equalities and Diversity**

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

## Transport North East Committee

---

### **10. Crime and Disorder**

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

### **11. Consultation/Engagement**

- 11.1 The Authority's capital programme for 2017/18 comprises previously approved budgets which were subject to consultation as part of the approval process.

### **12. Other Impact of the Proposals**

- 12.1 There are no other impacts arising from this report which is for information.

### **13. Appendices**

- 13.1 Appendix A – Metro Asset Renewal Plan

### **14. Background Papers**

Capital Programme 2017/18 – Leadership Board 17 January 2017

Capital Programme Monitoring Update 2017/18 – TNEC 17 July 2017

Capital Programme Monitoring Update 2017/18 – TNEC 17 November 2017

Capital Programme Monitoring Update 2017/18 – TNEC 8 February 2018

### **15. Contact Officers**

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

Katherine Laing, Principal Accountant, [katherine.laing@northeastca.gov.uk](mailto:katherine.laing@northeastca.gov.uk),  
0191 3387428

### **16 Sign off**

- Head of Paid Service ✓
- Monitoring Officer ✓

- Chief Finance Officer ✓

## Transport North East Committee

### Appendix A – Metro Asset Renewal Plan

Asset Category	Budgets					Forecasts			
	Original Approved Budget (DfT submission) 2017/18	Amended Programme 2017/18	Approved Programme 2018/19	Approved Programme 2019/2020	Total Budget 2017/18-2019/20	Period 12 Forecast 2017/18	Period 12 Forecast 2018/19	Period 12 Forecast 2019/20	Total Forecast 2017/18-2019/20
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Civils	1,213	1,018	2,300	817	4,135	715	2,438	1,109	4,262
Communications	2,745	1,993	3,716	221	5,930	1,928	3,805	149	5,882
Level Crossings	0	0	0	0	0	-3	1	0	-1
Mechanical & Electrical	480	199	260	80	539	94	314	80	488
Metro Cars	1,650	2,869	3,410	3,410	9,689	2,869	3,223	3,410	9,502
Miscellaneous	520	716	2,498	341	3,555	638	1,941	893	3,472
Project Management Costs	150	0	0	1,700	1,700	0	0	1,700	1,700
Overhead Line	3,655	2,333	4,162	3,531	10,026	2,386	4,175	3,241	9,802
Permanent Way	21,990	14,905	8,692	7,711	31,307	14,867	6,966	9,032	30,865
Plant	0	6	0	0	6	15	0	0	15
Power	0	148	0	69	217	94	59	0	153
Signalling	6,001	2,051	5,168	991	8,210	1,923	4,259	1,158	7,341
Stations	3,281	2,147	7,016	2,757	11,920	1,984	6,371	2,966	11,321
<b>Total ARP Programme</b>	<b>41,686</b>	<b>28,384</b>	<b>37,221</b>	<b>21,629</b>	<b>87,235</b>	<b>27,509</b>	<b>33,553</b>	<b>23,738</b>	<b>84,800</b>
Other Projects	0	5,496	6,000	0	11,496	5,566	5,930	0	11,496
<b>TOTAL</b>	<b>41,686</b>	<b>33,881</b>	<b>43,221</b>	<b>21,629</b>	<b>98,731</b>	<b>33,076</b>	<b>39,483</b>	<b>23,738</b>	<b>96,296</b>

**This page is intentionally left blank**



## Transport North East Committee

**Date:** 19 April, 2018

**Subject:** Revenue Budget Monitoring Report

**Report of:** Chief Finance Officer

### Executive Summary

The purpose of this report is to provide the Transport North East Committee with an update on the 2017/18 revenue budget, at the end of the third quarter of 2017/18. This is a requirement of the NECA constitution and is a function delegated to TNEC.

As the Transport levies and revenue grants are fixed for the year there is minimal change in the NECA revenue budget itself. In overall terms, net expenditure reported against the NECA element of the Tyne and Wear Transport budget is now forecast at a break-even position.

In terms of the three transport delivery bodies that NECA funds by transport Grants: Durham County Council is forecasting a slight underspend (£0.138m) against the original budget. Northumberland County Council is forecasting an underspend against the original budget (£0.229m) and Nexus is now forecasting a surplus of (£2.591m) including exceptional items as compared with the original budgeted deficit of £1.610m. These latest estimates represent an improvement on the overall position previously reported. These surpluses or deficits against the revenue grant funding from NECA will be retained or funded by the respective body at the year end and have and will be taken into account in funding decisions for future years.

### Recommendations

The Transport North East Committee is recommended to note the position at the end of the third quarter and the forecast for the 2017/18 financial year.

## Transport North East Committee

### 1. Background Information

- 1.1 At its meeting held on 17 January 2017, the Leadership Board approved a Transport net revenue budget for 2017/18 of £84.7m.

### 2. Proposals

#### 2.1 Transport Revenue Budget 2017/18 Update

- 2.1.1 At the end of the third quarter, total expenditure for transport delivery by the three delivery agencies is detailed in the respective sections below. Whether this expenditure is out with or within budget does not affect the transport levy and revenue grants for the year, because these are fixed, with surpluses or deficits being retained or funded by the respective transport bodies at the year end.

2.1.2

	2017/18 Original Budget	2017/18 Forecast	Spend to Date Feb 18
	£000	£000	£000
Transport Levy	(84,744)	(84,750)	(77,688)
Grant to Durham	15,477	15,344	13,384
Grant to Northumberland	6,217	5,988	5,400
Grant to Nexus	60,890	57,557	56,326
Retained Transport Levy Budget	2,152	2,160	1,567
<b>Contribution (to)/from NECA Reserves</b>	<b>(8)</b>	<b>(3,700)</b>	<b>(1,01)</b>

#### 2.2 NECA Retained Transport Levy Budget 2017/18 Update

- 2.2.1 This budget relates primarily to activity inherited from the former Tyne and Wear ITA (TWITA), 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 relates to financing charges on historic supported borrowing debt. Additionally, there is budget provision for Support Services, independent members' allowances and a repayment to the Tyne Tunnels for use of its reserves in 2013/14 to pay off the former TWITA pension deficit.
- 2.2.2 A saving in the contingency budget during the year is proposed to be used to make an additional principle debt repayment contribution in addition to the minimum repayment required. This will result in overall spending in line with the budget for the year.
- 2.2.3 The table below shows expenditure to the end of the third quarter compared to the original budget for the year and the latest forecast for 2017/18. A slight reduction in

## Transport North East Committee

forecast costs for Support Services and the saving in the use of the contingency budget are available to make an additional debt principle repayment, while delivering a balanced budget for the year.

	<b>2017/18 Original Budget</b>	<b>2017/18 Forecast</b>	<b>Spend to Date Feb 18</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Support Services	243	223	213
Training, Travel and Subsistence	3	2	-
Independent Members Allowances	5	5	2
Supplies and Services	22	22	20
Contingency	110	-	-
Financing Charges	1,529	1,668	1,525
Repayment to Tyne Tunnels Reserves	240	240	220
Contribution from Levy	(2,160)	(2,160)	(1,980)
<b>Contribution (to)/from Reserves</b>	<b>(8)</b>	<b>(0)</b>	<b>(0)</b>

### 2.3 Durham County Council Transport Levy Budget 2017/18 Update

2.3.1 The forecast for 2017/18 at the end of February 2018 shows that there will be a small budget underspend for the year against the NECA transport grant. This is due to the following:

- **Subsidised Services (£0.114m under budget)** – this results from savings following the annual price review of contracts
- **Bus Stations (£0.016m over budget)** – this results from increased Repairs and Maintenance activity and vandalism.
- **Bus Shelters (£0.020m over budget)** – this results from increased repairs and maintenance activity.
- **Staffing (£0.033m under budget)** – this results from vacancy savings.

## Transport North East Committee

2.3.2

	Original Budget	2017/18 Forecast	Spend to Date Feb 2018	Variation (Budget v Forecast)
	£000	£000	£000	£000
Concessionary Fares	11,738	11,738	10,218	0
Subsidised Services	2,850	2,709	2,019	(141)
Bus Stations	144	160	484	16
Bus Shelters	19	39	43	20
Passenger Transport Information	89	89	66	0
Staffing	637	604	554	(33)
Share of NECA Transport Costs	5	5	0	0
<b>Net Expenditure</b>	<b>15,482</b>	<b>15,344</b>	<b>13,384</b>	<b>(138)</b>

## 2.4 Northumberland County Council Transport Levy Budget 2017/18 Update

2.4.1

There have been only very minor changes to the forecast position since the previous report to this committee. The latest forecast indicates that the year-end outturn will underspend by £229k. Northumberland County Council's two main areas of revenue expenditure are as follows:

- i) Subsidised Bus Services – As with Durham County Council and Nexus, Northumberland County Council supports a range of socially necessary bus services, mainly in the rural North and West of the County but some in the more urban South East. It is forecast that the Council will underspend by £158k at the end of the financial year due to contracts switching to tendered values rather than being supported with Bus Service Operators Grant (BSOG). No new routes are currently being proposed to be added to the network to utilise this underspend as current BSOG arrangements cease on 31st March 2018. The Council is currently awaiting an announcement on its replacement and the level of grant that will be received from 1st April 2018.
- ii) Concessionary Fares – Although claims from operators are received monthly all adjustments to reimbursement rates are made quarterly to ensure that operators are being reimbursed with an accurate overall rate. Based on data received to the end of December 2017 and trends from previous financial years it is forecast that Concessionary Fares will

## Transport North East Committee

underspend by £75k. A fixed price deal for the period 2017-18 to 2019-20 has been agreed with a major operator, accounting for 75% of concessionary journeys in Northumberland, to allow budget certainty for the authority. An analysis of passenger numbers for the current financial year has been undertaken and this is indicating an estimated 1.5% decrease in usage based on the same period for 2016-17.

2.4.2

	Original Budget	2017/18 Forecast	Spend to Date Feb 2018	Variation (Budget v Forecast)
	£000	£000	£000	£000
Concessionary Fares	4,722	4,647	4,187	(75)
Subsidised Bus Services	1,304	1,146	1,035	(158)
PT Information	28	32	29	4
Staffing	163	163	149	0
<b>Net Expenditure</b>	<b>6,217</b>	<b>5,988</b>	<b>5,400</b>	<b>(229)</b>

## 2.5 Nexus Budget 2017/18 Update

### 2.5.1 Base Budget 2017/18 Update

2.5.2 When approving Nexus' revenue budget for 2017/18, the Leadership Board approved use of £1.610m of reserves in order that Nexus could set a balanced budget. This allowed Nexus to maintain frontline services despite a £1.610m reduction in the grant it receives from NECA. This is possible because of a combination of permanent savings that were achieved in the previous financial year and further efficiencies within 2017/18.

## Transport North East Committee

- 2.5.3 The latest estimate includes ongoing changes to the revenue budget, which have reduced the Original Budget Deficit from £1.610m to a small Deficit of £0.106m. The movement in the budget is a combination of permanent changes and 'one-off' in year changes, as detailed below:

	£m	£m
<b>Base Budget As approved By NELB January 2017</b>		1.610
Permanent Variations to Base Budget		
Secured Service Savings	(0.750)	
Concessionary travel	(0.600)	
HV power	(0.500)	
Establishment Savings	(0.069)	(1.919)
<b>Revised Base Budget Deficit / (Surplus)</b>		<b>(0.309)</b>
One off Budget Variations 2017/18		
Ferry landing repairs	0.288	
Tax advice (VAT and Corporation Tax)	0.055	
Transport for the North - Consultancy	0.045	
North Shields Station fencing (approved p8)	0.010	
Cash Handling costs	0.017	0.415
<b>Revised 2017/18 Budget Deficit / (Surplus)</b>		<b>0.106</b>

### 2.5.4 2017/18 Forecast Update

- 2.5.5 In February, Committee were advised that a combination of base budget savings and other 'one-off' savings meant that the revenue budget position had improved with an estimated surplus of £1.950m being forecast at period 9.

- 2.5.6 The forecast outturn for 2017/18 for Nexus as at the end of reporting period 12 (to 02 March 2018) is now a surplus on the budget before taxation of £1.231m before exceptional items (Fleet Transition reserve). This represents a positive variation of £1.337m against the revised 2017/18 budget deficit.

	2017/18	2017/18	2017/18	Variation
--	---------	---------	---------	-----------

## Transport North East Committee

	Revised Budget	Forecast at Period 9	Forecast at Period 12	(P12 to Revised Budget)
	£m	£m	£m	£m
ENCTS	35.176	34.157	34.100	(1.076)
Discretionary CT	4.628	4.753	4.422	(0.206)
Metro	4.259	3.213	1.603	(2.656)
Ferry	1.471	1.445	1.290	(0.180)
Local Rail	0.181	0.169	0.165	(0.016)
Bus Services	11.662	11.637	11.398	(0.264)
Bus Infrastructure	1.826	1.739	1.692	(0.134)
Public Transport Information	1.793	1.827	1.655	(0.138)
<b>TOTAL REQUIREMENT</b>	<b>60.996</b>	<b>58.940</b>	<b>56.326</b>	<b>(4.670)</b>
NECA GRANT (LEVY)	(60.890)	(60.890)	(57.557)	3.333
<b>(SURPLUS) / DEFICIT</b>	<b>0.106</b>	<b>(1.950)</b>	<b>(1.231)</b>	<b>(1.337)</b>
<b>Exceptional Items</b>				
Fleet Transition Reserve	-	-	(1.360)	(1.360)
<b>NET (SURPLUS) / DEFICIT</b>	<b>0.106</b>	<b>(1.950)</b>	<b>(2.591)</b>	<b>(2.697)</b>

The positive variation of £1.337m between the revised 2017/18 budget and the period 12 forecast is due to the following:

- **Metro Fare Revenue (£1.200m)**

This shortfall has been caused by a reduction in passenger numbers on the network and a reduction in Nexus' share of revenue generated by Network Ticketing Limited. This permanent reduction in fare revenue has been reflected in the 2018/19 base budget agreed by the Leadership Board.

- **Concessionary Travel Clawback (-£0.880m)**

Passenger boardings for 2016/17 were lower than target meaning that Nexus has invoked clawback provisions in its CT agreements totalling £0.880m. This is a one-off item and will not affect the base budget.

- **Metro Fleet and Metro Futures Projects (-£0.581m)**

The latest indications are that maximum expenditure this financial year on the

## Transport North East Committee

'Fleet' and 'Futures' workstreams will be £0.581m less than initially envisaged. This is a multi-year project and a profiled budget has been developed as part of the 2018/19 budget setting process. The main cause of the underspend has been the delay in receiving the outcome of the funding bid for the new fleet.

- **Other (-£1.076)**

Other savings totalling £1.076m have been identified across a range of budget headings. The majority are explained by the following:

- o Employee costs in various departments are lower than budgeted, mainly as a result of proactive vacancy management which has resulted in an estimated saving of £0.643m as at the end of period 12.
- o Nexus has increased the value of provisions within the period by £0.542m.
- o Income received from car parking and from the sale of 'Scholars' travel passes to LEAs has performed better than expected and is likely to exceed the budget within the year by a combined total of £0.280m.
- o Other pension savings amounting to £0.234m will be made this financial year.
- o A rebate of £0.180m has been received from Npower in respect of over payments made during the 2016/17 financial year. The rebate is a result of a reduction in the unit cost of high voltage electricity achieved during the prior year, influenced by the flexible purchasing solution now being offered by NEPO.
- o Nexus is forecasting a saving of £0.173m in respect of the claims handling budget within the financial year as a result of the settlement of several high value claims with no payment.

### 2.5.7 **Exceptional Item – Fleet Transition Reserve (-£1.360m)**

A review of how expenditure in relation to fleet engineering is classified has identified that £1.360m of renewals activity should be charged to the capital programme, thereby creating an exceptional saving within the Metro Services revenue budget. It is proposed that this saving be held in a specifically earmarked 'Fleet Transition Reserve' in order to provide the necessary headroom to accommodate an expected increase in costs during the period in which the old fleet transitions to the new fleet..

### 2.5.8 **NECA Grant/(Levy)**

At its meeting of 20 March 2018, the Leadership board agreed that the revenue Grant to Nexus for 2017/18 will be reduced by £3.333m to £57.557m, with the £3.333m saving being earmarked as part of the match funding requirement for the DfT capital grant for the Metro fleet replacement in future years. This has no financial effect on



## Transport North East Committee

the Nexus forecast as both income and expenditure forecasts have been reduced by an equal amount.

### 2.6 Tyne Tunnels Revenue Budget 2017/18 Update

- 2.6.1 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. The forecast position for 2017/18 against the Tyne Tunnels account shows a surplus position, with a contribution to the ringfenced Tunnels reserve.
- 2.6.2 The forecast for tolls income and contract payments has been further revised downwards as traffic levels through the Tunnels continue to be lower than previously experienced, which has been the case since commencement of the Silverlink works in August 2016. Toll income is expected to rise again in 2019/20 post works at the Silverlink and further works at Testos Roundabout.
- 2.6.3 The forecast for Employee Costs has reduced significantly as the Tyne Tunnels Monitoring Officer moved to a new position earlier this year. There has been a corresponding increase in the Support Services budget, as the responsibilities associated with this role will be covered through a service level agreement for the remainder of the financial year.
- 2.6.4 The forecast for financing charges has increased compared to the original budget, as it is proposed to set aside an additional voluntary amount for debt repayment, in addition to the required minimum revenue provision. All other forecasts are largely in line with the original estimates.
- 2.6.5 The operational management of the Tyne Tunnels is currently carried out by Newcastle City Council on behalf of NECA. For 2018/19 this operational responsibility will transfer to NEXUS using support from Newcastle where necessary, with costs being met from within the Tyne Tunnels budget.
- 2.6.6 The table below sets out expenditure to the end of February 2018 against the budget set in January 2017, with a surplus of £0.076m against the account forecast at the year end, which would result in a contribution to the Tyne Tunnels reserve.

	2017/18 Original Budget	2017/18 Forecast	Spend to Date Feb 18

## Transport North East Committee

	£000	£000	£000
Tolls Income	(28,000)	(26,296)	(24,104)
Contract Payments	21,400	19,288	17,680
Employee Costs	32	2	2
Pensions	53	54	50
Support Services	90	120	110
Supplies and Services	35	35	33
Community Fund	10	10	-
Financing Charges	6,778	6,996	6,413
Interest/Other Income	(75)	(50)	(40)
Repayment from TWITA	(240)	(240)	(220)
<b>Total contribution (to)/from reserves</b>	<b>83</b>	<b>(80)</b>	<b>(76)</b>

### 3. Reasons for the Proposals

- 3.1 The information contained within this report is provided to the Committee to enable it to fulfil its function of monitoring NECA's transport budget, as delegated by the Leadership Board.

### 4. Alternative Options Available

- 4.1 The report is presented for information, and the Committee are recommended to note its contents.

### 5. Next Steps and Timetable for Implementation

- 5.1 The transport revenue budget will be monitored for the remainder of the financial year and reported to the Committee at regular intervals, and the outturn position reported following the year end.

### 6. Potential Impact on Objectives

- 6.1 This report is for information, concerning the transport revenue budget of the Authority which supports the meeting of its objectives.

### 7. Financial and Other Resources Implications

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

### 8. Legal Implications

- 8.1 The Authority has a duty to ensure it can deliver a balanced budget. The Local

## **Transport North East Committee**

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.

There are no legal implications arising from this report, which is for information.

### **9. Key Risks**

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

### **10. Equality and Diversity**

- 10.1 There are no Equality and Diversity implications arising from this report.

### **11. Crime and Disorder**

- 11.1 There are no Crime and Disorder implications arising from this report.

### **12. Consultation/Engagement**

- 12.1 The Authority's revenue budget for 2017/18 comprises previously approved budgets which were subject to consultation as part of the approval process.

### **13. Other Impact of the Proposals**

- 13.1 There are no other impacts arising from this report, which is for information.

### **14. Appendices**

- 14.1 None

### **15. Background Papers**

- 15.1 Budget 2017/18 and Transport Levies – 17 January 2017 Leadership Board.

### **16. Contact Officers**

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

Katherine Laing, Principal Accountant, NECA, [katherine.laing@northeastca.gov.uk](mailto:katherine.laing@northeastca.gov.uk),

## Transport North East Committee

0191 3387428

### 17. Sign off

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