



# Tyne and Wear Integrated Transport Authority



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**Meeting to be held on Thursday 24 January 2013 at 10.00 am in a Committee Room, Civic Centre, Newcastle upon Tyne, NE99 2BN**

**(Labour Group pre-meeting at 9:00am) (Opposition Group pre-meeting at 9:30am)**

**Membership: Blackburn, Curran, Green, Hobson, Hodson, Lawson, Lott, Maughan, McElroy, Murison, O'Shea, Smith, Stokel-Walker, Stone, D Wood (Chair) and P Wood**

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

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## AGENDA

Page

- 1. Apologies for absence**
- 2. Declarations of Interest of Members or Officers in any matter to be discussed at the meeting**

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.

If a member is unsure about the correct course of action in relation to their interest, they should contact the Democratic Services Officer prior to the meeting.

- 3. Minutes of the Previous Meeting** 1 - 10
- 4. ITA Budget 2013/14 and Medium Term Financial Strategy**

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

<b>5.</b>	<b>Treasury Management Strategy and Prudential Indicators 2013/14</b>	<b>11 - 26</b>
<b>6.</b>	<b>2013/14 ITA Capital Programme</b>	<b>27 - 44</b>
<b>7.</b>	<b>Bus Strategy Delivery Project Update</b>	<b>45 - 50</b>
<b>8.</b>	<b>Department for Transport Integrated Transport Block Consultation</b>	<b>51 - 60</b>
<b>9.</b>	<b>Local Pinch Point Fund</b>	<b>61 - 66</b>
<b>10.</b>	<b>Petition to reinstate the Sunday Service 13 bus route via Doxford Park Way and status of bus terminus at Hall Farm Road in Doxford Park</b>	<b>67 - 70</b>
<b>11.</b>	<b>Petition to oppose the withdrawal of Service 1 from Buddle Road during July and August</b>	<b>71 - 74</b>
<b>12.</b>	<b>Date and Time of the Next Meeting</b>	
	Thursday, 28 March 2013 at 10am.	
<b>13.</b>	<b>Exclusion of Press and Public</b>	
	Exclusion of Press and Public under section 100A and Schedule 12A Local Government Act 1972 because exempt information is likely to be disclosed and the public interest test against disclosure is satisfied.	
<b>14.</b>	<b>Confidential Minutes of the Previous Meeting</b>	<b>75 - 76</b>
<b>15.</b>	<b>North East Smart Ticketing Infrastructure (NESTI) update report to ANEC</b>	<b>77 - 84</b>



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## Tyne and Wear Integrated Transport Authority

22 November 2012  
(10.00 - 11.45 am)

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### **Present:**

Councillor: D Wood (Chair)

Councillors: Blackburn, Green, Hobson, Hodson, Lawson, Lott, Maughan, McElroy, Murison, O'Shea, Smith, Stokel-Walker, Stone and P Wood

### **In attendance:**

#### **Newcastle City Council:**

P Woods - Deputy Clerk and Treasurer (ITA)  
J Softly - Legal Advisor and Monitoring Officer (ITA)  
H Emms - Transport Policy Advisor to the ITA  
G Grant - Senior Transport Policy Officer (ITA)  
E Goodman - Senior Accountant (ITA)  
N Whitefield - Press Officer  
V Miller - Democratic Services  
R Forsyth - 7 North East Local Authorities

#### **Sunderland City Council:**

B Donaldson - Transport Strategy Manager

#### **Nexus:**

B Garner - Director General  
T Hughes - Director of Customer Services  
J Fenwick - Director of Finance and Resources  
K Mackay - Director of Rail and Infrastructure  
L Robinson - Public Affairs Manager

### **67. APOLOGIES FOR ABSENCE**

Councillor Curran.

### **68. DECLARATIONS OF INTEREST OF MEMBERS OR OFFICERS IN ANY MATTER TO BE DISCUSSED AT THE MEETING**

**(a) Declarations of interest in relation to all agenda items**

Councillors Blackburn, Green, Hobson, Lott, McElroy, O'Shea, Smith and D Wood declared a personal interest due to holding a concessionary travel pass.

Councillors Hobson, Lott, McElroy, O'Shea and Smith declared a personal interest due to holding the Metro Gold Card.

Councillors Blackburn, Hobson and O'Shea declared a personal interest due to holding a permit for the Tyne Tunnels.

Councillor Lott declared a personal interest due to holding the Pop Card.

**(b) Declarations of interest in relation to agenda item 16**

Councillor Lawson declared a personal interest in Agenda item 16 "Supporting Community Transport Fund (DfT)" due to her family member being a member of the Management Board of the Compass Community Transport charity, and did not participate in the discussion of this item.

**69. FORMER COUNCILLOR T. HANSON**

The Chair, on behalf of the Authority, expressed sadness due to the recent death of former Councillor Hanson. Members paid tribute to his work for the Authority, particularly to his involvement in the New Tyne Crossing project. The Authority stood in silence in his memory.

The Chairman informed the meeting that a legacy book to commemorate the development of the Tyne Tunnels was currently being finalised and was expected to be released in December. The book would include references to Councillor Hanson's work, including as the Chairman of the Tyne Tunnels Working Group.

**70. MINUTES OF THE PREVIOUS MEETING**

The minutes of the previous meeting held on 27 September 2012 subject to the inclusion of Councillors McElroy, D Wood and P Wood in the list of members who had declared a personal interest due to holding a concessionary travel pass, were approved as a correct record and signed by the Chair.

**Matters Arising**

**(a) Minutes of the Previous Meeting – Minutes of the Previous Meeting – Amendments – Declarations of interest of members or officers in any matter to be discussed at the meeting.**

(Minute 46 refers)

Councillor P Wood announced that he was no longer a member or a member of the Management Board of the Compass Community Transport charity.

**(b) Bus Strategy Delivery Project Update**

(Minute 56 refers)

B Garner explained that, initially, Nexus had intended to finalise the evaluation report on the options to deliver the Bus Strategy in time for a special meeting of the Authority previously proposed to be held in December. However, the task had been time consuming, and it was now expected that the report would be finalised in January 2013. He invited members to agree a date of a special meeting in January 2013 to consider the report.

He also advised that this matter would be discussed further at a future Policy Seminar. A member requested that adequate notice be given to members of the date and time of the Policy Seminar.

#### 71. **APPOINTMENT OF LEAD MEMBERS' PORTFOLIOS**

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

Members noted the report which invited them to endorse the allocation of the Freight Industry and Taxi Trade portfolio to Councillor Lott, a Vice-Chairman who, as yet, had not been allocated a portfolio for the Municipal Year 2012/13.

A member recommended that where the role of a portfolio holder was defined, an annual report should be produced for the Authority.

**RESOLVED** – That:

- (i) Councillor Lott be appointed as Portfolio Holder for the Freight Industry and Taxi Trade portfolio for the Municipal Year 2012/13; and
- (ii) As arising from this role, Councillor Lott be appointed to represent the Authority and provide links to the freight industry and taxi trade for the Municipal Year 2012/13.

#### 72. **ANNUAL AUDIT LETTER 2011/12**

Submitted: A report of the Acting Clerk and Treasurer (previously circulated and copy attached to Official Minutes).

P Woods introduced the report which presented the Annual Audit Letter for 2011/12, as in Appendix 1.

Members noted that the External Auditor had not identified any significant weaknesses in the Authority's financial reporting systems.

In response to a member's question about whether the progress had been achieved in response to the External Auditor's recommendation to review the levels for authorisation and conduct an independent review of internal journals, E Goodman confirmed that the reviews were underway. She clarified that these recommendations related to internal payments only,

and the process was to be clarified so that all journals would be reviewed by a finance officer involved with the ITA.

**RESOLVED** – That the report and the Annual Audit Letter be received and noted.

**73. TREASURY MANAGEMENT AND INVESTMENT STRATEGIES UPDATE**

Submitted: A report of the Acting Clerk and Treasurer (previously circulated and copy attached to Official Minutes).

P Woods introduced the report which provided a mid-year update on the Treasury Management operations. It was highlighted that relevant mechanisms were in place to closely monitor the ITA's borrowing and lending to enable a change in these activities if and when necessary.

In response to a member's question about the plans to place some of the ITA's cash balances with external institutions, it was confirmed that in order to minimise risks, consideration would be given only to short term investments of reasonable amounts with highly rated institutions, whilst at the same time monitoring this activity and reviewing the position on a regular basis, including in consultation with the external advisors.

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

**74. REVENUE BUDGET MONITORING REPORT TO OCTOBER 2012**

Submitted: A report of the Acting Clerk and Treasurer (previously circulated and copy attached to Official Minutes).

P Woods introduced the report which updated members on the revenue budget monitoring position for the period 1 April to 31 October 2012.

A member complemented officers on the budgetary position. P Woods confirmed that the work would continue on making savings where possible, whilst at the same time maximising income from investments.

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

**75. 2012/13 CAPITAL PROGRAMME - SECOND QUARTERLY REVIEW**

Submitted: A joint report of the Acting Clerk and Treasurer and Nexus' Director of Finance and Resources (previously circulated and copy attached to Official Minutes).

P Woods and J Fenwick presented the report which advised members of the overall performance of the 2012/13 Capital Programme, including its delivery to the end of the second quarter.

**Questions/comments**

**(a) Delivery of the Metro Asset Renewal Plan - the ¾ life Metro car refurbishment programme**

In response to a member's question about whether there had been any feedback received from the public on the refurbished Metro cars, B Garner confirmed that the feedback had been received and it was positive.

A member commented on the lack of information provided to members on the issues arising as part of the programme, and on the importance of ensuring that members were kept fully informed.

In response to members' questions and comments, B Garner briefly outlined the progress made on the ¾ life Metro car refurbishment programme. He confirmed that 4 out of 90 cars would not be refurbished for reasons of cost, but that this would not affect operations. B Garner confirmed that members would be kept informed about further progress.

**RESOLVED** – That the position with regard to the 2012/13 Capital Programme at the end of the second quarter, as outlined in Section 2 of the report, be noted.

**76. GENERAL POLICY UPDATE**

Submitted: A report of the Acting Clerk and Treasurer (previously circulated and copy attached to Official Minutes).

H Emms introduced the report which provided members with a brief overview of the current national transport policies and outlined some of those wider national policies that had a direct link to transport and the Authority's ability to meet its objectives. Members welcomed the report and thanked its authors.

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

**77. ITA BUS STRATEGY 2012**

Submitted: A report of the Director General of Nexus (previously circulated and copy attached to Official Minutes).

B Garner introduced the report which presented the final ITA Bus Strategy 2012 for members' approval. The Strategy set out the aspiration for bus services in Tyne and Wear for the next 10 years. It was noted that the Strategy had undergone a revision following the consultation process.

**Questions/comments**

- A member commented that the response to the consultation seemed to have been gathered predominantly from the existing users and asked how the potential users had been engaged. In response, B Garner briefly explained that Nexus used various mechanisms to ensure that the consultation process focused on both the existing and potential passengers.

- In response to a member's question in relation to one of the objectives of the Strategy, namely "to deliver better value for money", it was confirmed that the delivery of better value for money was in relation to passengers, the ITA and tax payers generally.
- A member commented that the design of the graphs within the document should ensure that they were legible when printed in black and white. It was confirmed that the on-line document was in full colour.
- A member commented on the ambitious projections for the next 10 years in relation to bus patronage and asked whether there was sufficient confidence that this could be achieved given the existing trend. In response, B Garner referred to the work undertaken to analyse the national research on patronage and the deliverables set out in Section 6.0.1, which had been developed to support the aspiration to arrest the decline in patronage.

**RESOLVED** – That the Authority adopts the Bus Strategy 2012.

## 78. **CYCLING IN TYNE AND WEAR**

Submitted: A joint report of the Acting Clerk and Treasurer and the Director General of Nexus (previously circulated and copy attached to Official Minutes).

H Emms introduced the report which informed members of the work undertaken by partners across Tyne and Wear to support and promote cycling.

### **Questions/comments**

- Members commented on the need for the five local authorities to work jointly. In response, it was confirmed that the mechanism for this was the Cycling Group which consisted of officers from Tyne and Wear and met quarterly.
- A member welcomed the report and commented on the importance for the Authority to display leadership in promoting and supporting cycling. A member pointed out that cycling was part of the Authority's Capital Programme. A member recommended that whilst the current pressures on the Authority to prioritise other areas of work were understandable, it should nevertheless spend more time on the work on the integration of cycling and walking.
- A member referred to the health benefits of cycling and suggested that the Authority should consider working in partnership with the public health authorities to help to ensure value for money in public spending.
- A request was made that information explaining the supporting tables be circulated to all members for information.
- A request was also made that clarification should be provided to all members in writing, possibly as part of a future report, on the information outlined in bullet points 2 and 17



in Section 4.2.3 of the report. The response would include the definition of nearest neighbour estimate (NNE) as well as outlining the barriers to access for children who wish to cycle.

**RESOLVED** – That:

- (i) the actions and initiatives undertaken on behalf of the Authority be noted;
- (ii) the requests from members for clarification, as outlined above, be addressed as appropriate.

**79. NEXUS ANNUAL EXPENDITURE AND ACTIVITY ANALYSIS REPORT 2011/12**

Submitted: A report of the Director General of Nexus (previously circulated and copy attached to Official Minutes).

J Fenwick presented the report which provided members with financial and statistical information on Nexus' services, as part of Nexus' annual reporting process.

It was noted that the first sentence in section 9 should read "...journeys on *Metro* in Tyne and Wear..."

**Questions/comments**

- In response to a member's question relating to the use and promotion of the taxi card service, it was agreed that the annual report and the specific subject of the taxi card service would be discussed at a future Policy Seminar in order to give members a fuller briefing.
- A member suggested that within the context of the declining public transport patronage and the statistics provided in the report, Metro should be considered as a priority when looking at strategies to increase the use of public transport.
- In response to a member's question in relation to the use and marketing of the Metro Gold Card, officers explained that the decline in the Gold Card market was due to a number of reasons, including the general trend, economic pressures and interruptions to services during the possessions held for the improvement works. Officers confirmed that various marketing activities were undertaken to make the Metro products more appealing.

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

**80. ANNUAL FARES REVIEW**

Submitted: A report of the Director General of Nexus (previously circulated and copy attached to Official Minutes).

B Garner presented the report which outlined the proposed changes to fares for Metro and Ferry from 6 January 2013, and sought members' approval of the proposals.

**RESOLVED** – That:

- (i) the fare proposals for both Metro and Ferry as presented in paragraphs 1.1 and 1.5 of the report be approved;
- (ii) the Authority would made representations to Ministers in respect of the inequity between financial support for Metro with that of the heavy rail sector and Transport for London;
- (iii) the efficiency savings planned to offset the loss of income from restricting fares increases be noted.

**81. CHRISTMAS AND NEW YEAR SERVICES 2012/13**

Submitted: A report of the Director General of Nexus (previously circulated and copy attached to Official Minutes).

The report advised members of the proposed Metro, Ferry, Secured Bus and Northern Rail operations over the Christmas and New Year period.

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

**82. METRO PARK & RIDE CAR PARKING CHARGES EFFECTIVE FROM DECEMBER 2012**

Submitted: A report of the Director General of Nexus (previously circulated and copy attached to Official Minutes).

B Garner presented the report which proposed and sought members' approval of the changes to the charges at the six Metro Park and Ride sites from 1 December 2012.

A member welcomed the report and supported the proposals within it, specifically the reduction in charges and a simple pricing system. A member indicated that car parking charges directly impacted on the use of car parks. A member commented that as far as possible the Park and Ride sites should be free of charge until the demand outweighed the capacity.

**RESOLVED** – That the proposals for parking charges, as presented in the report, be approved.

**83. SUPPORTING COMMUNITY TRANSPORT FUND (DFT)**

Submitted: A report of the Director General of Nexus (previously circulated and copy attached to Official Minutes).

The report sought members' approval of the award of grants to a number of local providers of community transport. The grants were funded by the "Supporting Community Transport Funding" received from the Government.

**RESOLVED** – That the grant funding be awarded as per the table shown in paragraph 4.1 of the report.

**84. NEWBURN WARD PETITION**

Submitted: A report of the Director General of Nexus (previously circulated and copy attached to Official Minutes).

The report informed members of the petition received from the residents of Newburn Ward of Newcastle, who had requested improvements to the provision of bus services in the area. The report also informed members about Nexus' response to the petition.

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

**85. BUS SERVICE PETITIONS**

Submitted: A report of the Director General of Nexus (previously circulated and copy attached to Official Minutes).

The report informed members about two petitions received in relation to the changes to the Stagecoach service No.13 on Sunday on Doxford Park Way, Sunderland and the withdrawal of the Stagecoach service No. 1 during July and August from Buddle Road, Newcastle.

**RESOLVED** – That:

- (i) the receipt of the petitions be noted;
- (ii) the Director General of Nexus be instructed to liaise with the commercial operator and bring a response to the January 2013 meeting.

**86. DATE AND TIME OF THE NEXT MEETING**

Thursday, 24 January 2013 at 10am.

In addition, there will be a special meeting of the Authority in January 2013 to consider the evaluation report on the options to deliver the Bus Strategy. The date of this meeting would be confirmed in due course.

**87. EXCLUSION OF PRESS AND PUBLIC**

**RESOLVED** – That by virtue of section 100A and paragraphs 1, 2 and 3 of Part 1 of Schedule 12A of the Local Government Act 1972 the press and public be excluded from the remainder of the meeting because exempt information was likely to be disclosed and the public interest test against the disclosure had been satisfied.

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REPORT FOR DECISION

**DATE:** 24 January 2013

**SUBJECT:** Treasury Management Strategy and Prudential Indicators 2013/14

**REPORT OF:** Acting Clerk and Treasurer, ITA

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## PURPOSE OF REPORT

The purpose of this report is for the Authority to approve the Treasury Management Strategy and Indicators for 2013/14.

## RECOMMENDATIONS

The Authority is recommended to:

1. Adopt the revised Treasury Management Policy Statement
2. Approve the Treasury Management Strategy for 2013/14
3. Approve the Treasury Management Indicators for 2013/14, including the Operational Boundary and Authorised Limit for borrowing
4. Approve the Prudential Indicators for 2013/14 included at Appendix 1

## BACKGROUND DOCUMENTS

Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice 2011

## CONTACT OFFICERS

<i>name</i>	<i>email</i>	<i>phone</i>
Eleanor Goodman	<a href="mailto:eleanor.goodman@newcastle.gov.uk">eleanor.goodman@newcastle.gov.uk</a>	0191 277 7518
Iain Duncan	<a href="mailto:iain.duncan@newcastle.gov.uk">iain.duncan@newcastle.gov.uk</a>	0191 211 6684

## IMPACT ON OBJECTIVES



REPORT FOR DECISION

To support economic development and regeneration	Neutral
To address climate change	Neutral
To support safe and sustainable communities	Neutral

<b>1</b>	<b>Executive Summary</b>																		
1.1	<p>The purpose of this report is for the Authority to approve the Treasury Management Strategy and Indicators for 2013/14.</p> <p>The report also contains background information about the required legislation and guidance and the Authority's current and expected Treasury portfolio.</p>																		
<b>2</b>	<b>Introduction and Background</b>																		
2.1	In March 2010 the Authority adopted the Chartered Institute and Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice Fully Revised Second Edition 2009 (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year.																		
2.2	The Institute published a revised version of the CIPFA Code in November 2011 in light of the additional financial freedoms available to local authorities in the Localism Act 2011. The 2011 edition was formally adopted by the ITA in January 2012.																		
2.3	In addition, the Department for Communities and Local Government (CLG) issued revised guidance on Local Authority investments in March 2010 that requires the Authority to approve an investment strategy before the start of each financial year.																		
2.4	This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the CLG Guidance.																		
<b>3</b>	<b>Current and Expected Treasury Portfolios</b>																		
3.1	<p><b>Current portfolio</b></p> <p>The Authority's treasury portfolio as at 31 December 2012 was as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Principal Amount £m</th> <th>Average Rate %</th> </tr> </thead> <tbody> <tr> <td>Short-term loans</td> <td>0</td> <td>0</td> </tr> <tr> <td>Long-term PWLB loans</td> <td>116.56</td> <td>4.18</td> </tr> <tr> <td>Long-term market loans (excl. LOBOs)</td> <td>0</td> <td>0</td> </tr> <tr> <td>Long-term market loans (LOBOs)</td> <td>89.00</td> <td>4.39</td> </tr> <tr> <td>Total Borrowing</td> <td>205.56</td> <td>4.26</td> </tr> </tbody> </table>		Principal Amount £m	Average Rate %	Short-term loans	0	0	Long-term PWLB loans	116.56	4.18	Long-term market loans (excl. LOBOs)	0	0	Long-term market loans (LOBOs)	89.00	4.39	Total Borrowing	205.56	4.26
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Total Borrowing	205.56	4.26																	



3.2 **Budget implications**

The budget for debt interest paid in 2013/14 is £9.2m, based on an average debt portfolio of £215m at an average interest rate of 4.26%. If actual levels of borrowing and investments, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

4 **Investment Strategy**

4.1 The Authority may at times hold surplus funds representing income received in advance of expenditure plus balances and reserves held. Both the CIPFA Code and the CLG Guidance require the Authority to invest its funds prudently, and to have regard to the **security** and **liquidity** of its investments before seeking the highest rate of return, or **yield**.

4.2 **Investment criteria and limits**

		Cash limit	Time limit
Banks and other organisations whose lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's is:	AAA	£50m each (highest limit) of which no more than £25m over 1 year	10 years
	AA+		5 years
	AA		4 years
	AA-		3 years
	A+		2 years
	A	£30m each (lower limit)	1 year
	A-		6 months
UK building societies whose lowest published long-term credit rating is A+		£30m each	3 months
Money market funds <sup>1</sup> and similar pooled vehicles whose lowest published credit rating is AAA		£20m each (highest limit)	1 year
UK Central Government (irrespective of credit rating)		unlimited	10 years
UK Local Authorities <sup>2</sup> without credit ratings		£30m each (highest limit)	5 years





REPORT FOR DECISION

	<p><sup>1</sup> as defined in the Local Authorities (Capital Finance and Accounting) Regulations 2003</p> <p><sup>2</sup> as defined in the Local Government Act 2003, and similar authorities in Scotland</p>
4.1	<p>There is no intention to restrict investments to banks and building society deposits, and investments may be made with any public or private sector organisation providing that it meets the credit rating criteria above. This reflects a lower likelihood that central government will support failing banks following the Independent Commission on banking report, as well as the removal of restrictions on local authority purchases of corporate bonds.</p>
4.2	<p>In order that no more than 10% of any available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £50m. A group of banks under the same ownership will be treated as a single organisation for limit purposes.</p>
4.3	<p><u>Building societies</u></p> <p>No investments will be made with building societies that hold a long-term credit rating lower than A+ or equivalent, due to the increased likelihood of default implied by this rating.</p>
4.4	<p><u>Money market funds</u></p> <p>Money market funds are pooled investment vehicles consisting of instruments similar to those used by the Authority. They have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager. Fees of between 0.10% and 0.20% per annum are deducted from the interest paid to the Authority.</p> <p>Funds that offer same-day liquidity and a constant net asset value will be used as an alternative to instant access call accounts, while funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.</p>
4.5	<p><u>Foreign countries</u></p> <p>No investments in foreign countries will be made. Organisations with substantial ties to more than one country (e.g. banking subsidiaries that are domiciled in one country but are owned in another) will be judged on the lower of the ratings held in the countries involved.</p>
4.6	<p><u>Risk assessment and credit ratings</u></p> <p>The Authority uses long-term credit ratings from the three main rating agencies Fitch Ratings Ltd., Moody's Investors Service Inc. and Standard &amp; Poor's Financial Services LLC to assess the risk of investment default. The lowest available credit rating will be used to determine credit quality.</p> <p>Long-term ratings are expressed on a scale from AAA (the highest quality) through to D (indicating default). Ratings of BBB- and above are described as investment grade, while ratings of BB+ and below are described as speculative grade. The Authority's credit rating</p>



REPORT FOR DECISION

	<p>criteria are set to ensure that it is unlikely that the Authority will hold speculative grade investments, despite the possibility of repeated downgrades.</p> <p>Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:</p> <ul style="list-style-type: none"><li>• No new investments will be made;</li><li>• Any existing investments that can be recalled or sold at no cost will be;</li><li>• Full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.</li></ul>
4.7	<p>Where a credit rating agency announces that a rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it is likely to fall below the above criteria, then no further investments will be made in that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks.</p>
4.8	<p><u>Other information on the security of investments</u></p> <p>The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the above criteria.</p>
4.9	<p>When deteriorating financial market conditions affect the creditworthiness of all organisations, as in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions.</p>
4.10	<p>If these restrictions mean that insufficient commercial organisations of "high credit quality" are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.</p>
4.11	<p><u>Non-specified investments</u></p> <p>The CLG Guidance defines specified investments as those:</p> <ul style="list-style-type: none"><li>• Denominated in pound sterling</li></ul>



- Due to be repaid within 12 months of arrangement
- Not defined as capital expenditure by legislation
- Invested with one of
- The UK Government
- A UK Local Authority, Parish Authority or Community Authority
- A body or investment scheme of “high credit quality”

Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies, nor any with low credit quality bodies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement.

The total limit on long-term investments and the total limit on non-specified investments is £50m.

4.12 **Liquidity Management**

The Authority uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a pessimistic basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments.

Limits on long-term investments are set by reference to the Authority’s medium term financial plan and cash flow forecast.

4.13 **Investment Strategy for 2013/14**

Surplus funds cover three categories:

- Short-term – cash required to meet known cash outflows in the next month, plus a contingency to cover unexpected cash flows over the same period.
- Medium-term – cash required to manage the annual seasonal cash flow cycle, including amounts to cover forecast shortages, planned use of reserves, and a longer-term contingency.
- Long-term – cash not required to meet cash flows, and used primarily to generate investment income.

Short-term funds are required to meet cash flows occurring in the next month or so, and the preservation of capital and liquidity is therefore of paramount importance. Generating investment returns is of limited concern here, although it should not be ignored. Instant access AAA-rated money market funds and bank deposit accounts will be the main methods



used to manage short-term cash.

Medium-term funds which may be required in the next one to twelve months will be managed concentrating on security, with less importance attached to liquidity but a slightly higher emphasis on yield. The majority of investments in this period will be in the form of fixed term deposits with banks and building societies. A wide spread of counterparties and maturity dates will be maintained to maximise the diversification of credit and interest rate risks; this may be achieved by the use of suitable medium-term money market funds.

Deposits with lower credit quality names will be made for shorter periods only, while deposits with higher quality names can be made for longer durations.

Cash that is not required to meet any liquidity need can be invested for the longer term with a greater emphasis on achieving returns that will support spending on Local Authority services. Security remains important, as any losses from defaults will impact on the total return, but this can be managed over the long term within a diversified portfolio. Liquidity is of lesser concern, although it should still be possible to sell investments, with due notice, if large spending commitments arise unexpectedly. A wider range of instruments, including structured deposits, certificates of deposit, gilts and corporate bonds may be used to diversify the portfolio. The Authority may consider employing external fund managers that have the skills and resources to manage the risks inherent in a portfolio of long-term investments.

With short-term interest rates currently much lower than long-term rates, due consideration will also be given to using surplus funds to make early repayments of long-term borrowing. In addition to the savings on the interest rate differential, this strategy will also reduce the Authority's exposure to credit risk and interest rate risk.

**5 Borrowing Strategy**

5.1 The Authority currently holds £205.56m of long-term loans. The balance at 31 March 2013 is forecast to be £215m after new borrowing and maturing loans. The Authority's capital financing requirement (CFR, or underlying need to borrow to finance capital expenditure) as at 31 March 2013 is expected to be £215m, and is forecast to increase to £216m by March 2014. The level of external borrowing is forecast to reflect that position. The following table shows the potential movements in external debt from 2012/13 to 2014/15:

Capital Borrowing	2012/13 £m	2013/14 £m	2014/15 £m
Opening Balance	215	216	212
New Loans	4	0	2
Repaid Loans	3	4	6
Closing Balance	216	212	208



5.2	<p><b>Sources of borrowing</b></p> <p>The approved sources of long-term and short-term borrowing will be:</p> <ul style="list-style-type: none"><li>• Public Works Loan Board</li><li>• Any institution approved for investments above</li><li>• Any other bank or building society approved by the Financial Services Authority</li><li>• Capital market bond investors</li><li>• Pension funds and other corporate investors</li><li>• Special purpose companies created to enable joint Local Authority bond issues</li></ul>
5.3	<p><b>Planned borrowing strategy for 2013/14</b></p> <p>With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either borrow short-term loans or variable-rate loans. However, with long-term rates forecast to rise in the coming years, any such short-term savings will need to be balanced against the potential longer-term costs.</p>
5.4	<p>The Authority has previously raised a significant proportion of its long-term borrowing from the Public Works Loan Board but other sources of finance, such as bond issues and bank loans, may be considered.</p>
5.5	<p>Loans that present additional risk to the Authority, such as lender's option borrower's option (LOBO) loans will be considered but the risk associated with such instruments will be fully assessed before any decision to borrow is made. Variable rate loans will be subject to the limit on the net exposure to variable interest rates in the treasury management indicators below.</p>
5.6	<p>The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. The Authority may take advantage of this and replace some higher rate loans with new loans at lower interest rates, or repay loans without replacement, where this is expected to lead to an overall saving or reduction in risk.</p>
5.7	<p><b>Policy on Use of Financial Derivatives</b></p> <p>Local Authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans).</p> <p>The Localism Bill 2011 includes a general power competence that removes the uncertain legal position over Local Authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). The latest CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy.</p>



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The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Derivative counterparties

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

**6 Treasury Management Indicators**

6.1 The Authority measures and manages its exposures to treasury management risks using the following indicators. The Authority is asked to approve the following indicators:

Security: average credit rating

The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the weighted average credit rating of its investment portfolio.

	Target
Portfolio average credit rating	A-

For the purpose of this indicator, unrated local authorities are assumed to hold an AA+ rating.

6.2 Liquidity: cash available within 3 months

The Authority has adopted a voluntary measure its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period.

	Target (£m)
Total potential cash available without borrowing	20

6.3 Interest rate exposures

This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as an amount of net principal borrowed will be:



REPORT FOR DECISION

	2013/14	2014/15	2015/16
Upper limit on fixed interest rate exposures	100%	100%	100%
Upper limit on variable interest rate exposures	100%	100%	100%

6.4 Maturity structure of borrowing

This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper	Lower
Under 12 months	25%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	100%	0%
Five years and within 10 years	100%	0%
10 years and above	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

6.5 Principal sums invested for periods longer than 364 days

The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period will be:

	2013/14	2014/15	2015/16
Limit on principal invested beyond year end	£50m	£50m	£50m

6.6 Gross and net debt

The upper limit on net debt indicator was introduced in 2011 and is intended to highlight where the Authority is borrowing in advance of need.

	2013/14	2014/15	2015/16
Upper limit on net debt	100%	100%	100%



6.7

Borrowing limits

The Authority is asked to approve the following borrowing limits:

	2013/14	2014/15	2015/16
Operational boundary	£235m	£235m	£230m
Authorised limit	£240m	£240m	£235m

7

**Other Matters**

The CLG Investment Guidance requires the Authority to note the following three matters each year as part of the investment strategy:

7.1

Treasury management advisers

The Lead Authority contracts with Sterling Consultancy Services to provide advice and information relating to its investment and borrowing activities, which Treasury Management officers may draw on for ITA matters. However, responsibility for final decision making remains with the Authority and its officers.

The services received include:

- Advice and guidance on relevant policies, strategies and reports
- Advice on investment decisions
- Notification of credit ratings and changes
- Other information on credit quality
- Advice on debt management decisions
- Accounting advice
- Reports on treasury performance
- Forecasts of interest rates

7.2

Investment training

The needs of the Authority’s treasury management staff for training in investment management are assessed every year as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.

Staff regularly attend training courses, seminars and conferences provided by Sterling Consultancy Services and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.





7.2 Investment of money borrowed in advance of need

The Authority may, from time to time, borrow in advance of spending need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority’s overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £240m. The maximum period between borrowing and expenditure is expected to be two years, although the Authority does not link particular loans with particular items of expenditure.

**8 Other Options Considered**

8.1 The CLG Investment Guidance and the CIPFA Code of Practice do not prescribe any particular treasury management strategy for local authorities to adopt. The Acting Clerk and Treasurer believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

<b>Alternative</b>	<b>Impact on income and expenditure</b>	<b>Impact on risk management</b>
Adopt a narrower definition of “high credit quality” and/or shorter time limits	Interest income will be lower	Reduced risk of losses from credit related defaults
Adopt a wider definition of “high credit quality” and/or longer time limits	Interest income will be higher	Increased risk of losses from credit related defaults
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs will be more certain
Borrow short-term or variable loans instead of	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly



long-term fixed rates		offset by rising investment income in the medium term, but long term costs will be less certain
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**9 Treasury Management Policy Statement**

9.1 The Authority’s financial regulations require it to create and maintain a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury activities, as a cornerstone for effective treasury management.

*Definition*

The Authority defines its treasury management activities as: the management of the Authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

*Value for Money*

The Authority greatly values revenue budget stability and will therefore borrow the majority of its long-term funding needs at long-term fixed rates of interest. Short-term and variable rate loans will only be borrowed to the extent that they either offset short-term and variable rate investments or can be shown to produce revenue savings.

The Authority will set an affordable borrowing limit each year in compliance with the *Local Government Act 2003*, and will have regard to the *CIPFA Prudential Code for Capital Finance in Local Authorities* when setting that limit. It will also set limits on its exposure to changes in interest rates and limits on the maturity structure of its borrowing in the treasury management strategy report each year.

*Investment Policy*

The Authority’s primary objectives for the investment of its surplus funds are to protect the principal sums invested from loss, and to ensure adequate liquidity so that funds are available for expenditure when needed. The generation of investment income to support the provision of local authority services is an important, but secondary, objective.

The Authority will have regard to the *Communities and Local Government Guidance on Local Government Investments* and will approve an investment strategy each year



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as part of the treasury management strategy. The strategy will set criteria to determine suitable organisations with which cash may be invested, limits on the maximum duration of such investments and limits on the amount of cash that may be invested with any one organisation.

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**10**      **Potential impact on objectives**

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10.1      This report has a neutral impact on the Authority's objectives.



REPORT FOR DECISION

APPENDIX 1 – PRUDENTIAL INDICATORS 2013/14

	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
<b>Capital Expenditure (£000)</b>				
New Tyne Crossing and TPCT	1,620	4,835	600	500
Nexus: Metro	47,210	49,269	40,384	40,384
Capital Grants (LTP, LSTF, BBA, NESTI)	17,200	14,577	18,371	17,426
<b>Total</b>	<b>66,030</b>	<b>68,681</b>	<b>59,355</b>	<b>58,310</b>
<b>Ratio of Financing Costs to Net Revenue Stream (%)</b>				
ITA	3.7	3.5	3.4	3.2
Nexus	6.2	5.9	5.7	5.4
Total from Levy	9.9	9.4	9.1	8.6
Tunnels from Tolls	33.7	28.7	27.0	25.4
<b>Net Borrowing Requirement (£000)</b>				
Start of Year	215,000	216,000	212,000	208,000
Change	(4,000)	1,000	(4,000)	(4,000)
<b>End of Year</b>	<b>211,000</b>	<b>212,000</b>	<b>208,000</b>	<b>204,000</b>
<b>Capital Financing Requirement at 31 March (£000)</b>				
ITA and New Tyne Crossing	162,739	165,295	163,545	161,853
Nexus	48,787	46,657	44,613	42,651
<b>Total</b>	<b>211,526</b>	<b>211,952</b>	<b>208,158</b>	<b>204,504</b>
<b>Incremental Impact of Capital Investment Decisions (£000)</b>				
Impact on ITA Levy	(154)	(106)	(104)	(98)



**DATE:** 24 January 2013

**SUBJECT:** 2013/14 ITA Capital Programme

**REPORT OF:** Acting Clerk and Treasurer, ITA and Director of Finance and Resources,  
Nexus

## PURPOSE OF REPORT

To seek approval of the ITA Capital Programme for 2013/14, including both Metro and non-Metro elements.

## RECOMMENDATIONS

The ITA is recommended to:

1. Approve the Non-Metro Capital Programme for 2013/14 as set out in Appendix A and the Metro Capital Programme set out in Appendix B.
2. Agree the distribution of the LTP Integrated Transport Block grant to the Tyne and Wear Districts and Nexus on the basis set out in paragraph 5.2.
3. Agree to receive a further report following delivery of the 2012/13 programme, ensuring that any variations during the remainder of the current financial year are accommodated.

## BACKGROUND DOCUMENTS

Held by the contact officer.

## CONTACT OFFICERS

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**IMPACT ON OBJECTIVES**

To support economic development and regeneration	Positive
To address climate change	Positive
To support safe and sustainable communities	Positive

## 1 Executive Summary

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- 1.1 This report outlines the proposed overall ITA capital programme for 2013/14 for approval.
- 1.2 This includes both Metro and non-Metro elements of the capital programme.

## 2 Introduction and Background

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- 2.1 This report outlines to the ITA the proposals for the Capital Programme during 2013/14 and the funding sources identified to deliver the programme, which covers a wide range of transport improvements and initiatives.
- 2.2 Funding shown as available for the programme is based on reasonable assumptions and existing approvals. However, the programme will continue to be subject to continuous review to ensure commitments do not exceed available resources.

2.3

	<b>2013/14 (£000)</b>
Metro Capital Programme (including overprogramming)	49,269
New Tyne Crossing	585
Tyne Pedestrian and Cycle Tunnel	4,250
Local Transport Plan Integrated Transport Block	12,392
Local Sustainable Transport Fund	1,130
Better Bus Area Fund	551
North East Smart Ticketing Initiative	424
Other Schemes	80
<b>Total</b>	<b>68,681</b>

## 3 Metro Capital Programme (£49,269k)

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- 3.1 Since April 2010 Nexus has been delivering the first three years of its eleven year Asset Renewal Plan (Metro ARP).



As part of the terms of the funding agreement with DfT, Nexus is required to submit a detailed work plan for each financial year no later than 28 February in the preceding year.

### 3.2 Metro Asset Renewal Plan

3.2.1 The current prediction of £39.2m capital expenditure in 2012/13, as at Period 9, is based upon the master programme which is managed by the Nexus Programme Management Office. It is currently estimated that over £14m will be spent in the remaining four periods of the financial year.

The outturn for 2012/13 will influence the resources available in 2013/14 and it is therefore proposed that a further report be presented to the Authority later in the year to:

- Update the programme to reflect the final 2012/13 outturn; and
- Outline the progress in reducing over programming levels to a more acceptable level.

DfT has now confirmed 100% funding for 2013/14 to 2015/16 following positive feedback received from DfT civil servants. The general approach towards Year 4 of the Metro All Change Asset Renewal Plan is therefore as follows:-

- £31m of Metro Rail Grant will be receivable;
- Consolidation of the processes and procedures that have been successfully introduced during Years 1 to 3;
- Maintain delivery of the Asset Renewal Plan within funding limits;
- Bring projects that are currently underway to a successful conclusion;
- Continue to identify projects required over the eleven year period resulting from increased asset knowledge and prioritise accordingly to maximise value for money for the programme;
- Flatten the spend profile throughout the year; and
- Give consideration to projects with long lead items e.g. new radio system.

In this regard, the major elements of the investment programme for 2013/14 are as follows:

- Civils: Budget £8.202m  
Including Earthworks, Drainage and Bridge works of £5.541m and Duct





Route repairs and renewals of £2.497m.

- Communications: Budget £6.752m

Including fibre installation and replacement of £3.052m and continuing work on Station Network Connections of £1.65m to replace the open transmission network (OTN) with an internet protocol (IP) network. In addition work on the new radio system will continue (£2.049m).

- Mechanical and Electrical: Budget £2.716m

This provides for the continuation of Lift and Escalator replacement including Gateshead escalators at £1.524m. It also provides for the replacement of the Fire Alarm system at £1.119m.

- Metro Cars ¾ Life Refurbishment: Budget £5.372m

Continuation of the refurbishment programme that commenced in 2010/11.

- Permanent Way: Budget £12.552m

Including further Plain Line Renewal between South Gosforth and Jesmond at £8.1m and the renewal of Switches and Crossing units at Regent Centre totalling £2.220m.

- Rail Track Tamping Machine: Budget £2.069m

Completion of the replacement tamper project totalling £2.069m.

- Signalling: Budget of £4.672m

Continued programme of cable testing and replacement (£2.562m), together with further development of the Positive Train Indicator (PTI) equipment replacement at £2.11m.

- Stations: Budget of £3.615m

Completion of on-going Station refurbishment together with works at Walkergate, South Gosforth, Ilford Road and West Jesmond totalling £3.615m.

### 3.3 Overprogramming and Station Investment

- 3.3.1 The proposed draft programme detailed at Appendix A totals £49.3m. At this level, the programme is currently 34% over programmed which is in excess of what has historically been generally accepted. However, when the programme was compiled there were two significant areas where further detailed programming discussions were still required.



The main areas currently under consideration to reduce the level of over programming relate to:

- Earthworks – South Gosforth to Jesmond (£2.143m) – where the programme currently provides for earthworks, drainage and track renewal to the Central Corridor in the next financial year. More detailed programming work and discussions with stakeholders indicate that these improvements may be better delayed beyond March 2014.
- Switches & Crossings – Benton (£1.004m) – where every effort is being made to progress the project during the current financial year.

Should there still be a need to reduce the level of over-programming to a more manageable level when the outturn for 2012/13 is available, then there a number of projects within the proposed 2013/14 programme which can be straddled over the 2013/14 financial year end, in particular, Switches & Crossings at Regent Centre (£2m).

As far as the Station Investment Programme is concerned, feedback from stakeholders has highlighted the need for consideration of additional works to be carried out at key stations across the network in order to enhance what is currently programmed and financed to occur.

These additional locations include Newcastle Central Station where the City Council has also secured investment for the mainline railway station and improvements to the metro station are seen as complementary, Sunderland Station where the Council is committed to developing the station above ground, South Shields station where the Council is currently developing plans to regenerate its town centre and Gateshead where sizeable investment in the town centre is currently underway.

At this point in time, other than in Sunderland where Nexus has committed resources outside of the Asset Renewal Plan in a joint venture with the City Council and Network Rail, the resource necessary to deliver these station enhancements has not been secured and the Asset Renewal Plan only provides for a basic refurbishment at each location at this time. However, bids for external funding e.g. local major scheme funding have been put forward and discussions with DfT to explore whether any additional investment could be made available are well advanced.

### **3.4 Metro Capital Programme Financing**

- 3.4.1** The anticipated DfT Metro Rail Grant funding for 2013/14 is £31m. The funding available, including the local contribution and anticipated carry forward of funding from 2012/13 is set out below (NB. – over programming in this respect is a management tool used to ensure that delivery against the funding target actually happens):-



	<b>Proposed 2013/14 Budget</b>
	<b>£000</b>
Metro Rail Grant	31,000
Virement between years (proposed at this stage)	2,399
Local contribution (10%)	3,444
Total ARP Funding	36,843
Over-programming	12,426
Over-programming (%)	33.7%
<b>Total</b>	<b>49,269</b>

#### **4 Tyne Tunnels Capital Programme (£4,835k)**

##### **4.1 New Tyne Crossing (£585k)**

The construction works on the New Tyne Crossing are now complete and the capital programme in relation to this major ITA scheme is therefore significantly smaller than it has been in recent years. The budget requirement for 2013/14 relates to remaining final elements of environmental works and monitoring, professional fees for work towards achieving final completion, costs associated with land transfer work, and provision made for land compensation claims and their assessment.

##### **4.2 Tyne Pedestrian and Cycle Tunnel (TPCT) (£4,250k)**

In July 2010, the ITA considered the future for the TPCT given failures to the lifts and escalators and, in reaffirming the importance of the tunnels as a sustainable and important piece of transport infrastructure, set a budget of £6m for the Phase 3 Improvement Works. These works primarily entail the removal of 2 escalators and the installation of 2 inclined lifts and the complete replacement of all M&E systems.

The TPCT is a Grade II Listed Building and works to the fabric of the TPCT requires Listed Building Consent. The application was lodged with the Local Planning



Authorities in April 2011 and the relevant conditions discharged in February 2012. In October 2012 ITA Delegated Committee received a report outlining tender submissions for the Phase 3 works and authorised the Project Director to award the contract.

Closure of the TPCT for the Phase 3 Improvement Works is now likely to be from March 2013 to March 2014. Once firm dates have been established these will be fully communicated to Members and to Tunnel users. A shuttle bus service will be in operation during the time of full closure of the tunnels between 06:00 and 20:00. A night service is also being negotiated for users who can demonstrate a case for hardship in relation to commuting to work.

At the Delegated Committee on 12 October 2012, a £0.5m additional contingency was agreed for the TPCT project, to be funded from Tyne Tunnels reserves and profiled into the 2014/15 programme. This has been added to the approved budget for the works, which now totals £6.5m (including costs already expended in previous years in developing the programme of works and discharging planning conditions).

The budget requirement for 2013/14 is estimated to be £4.250m, the majority of which relates to the cost of the actual refurbishment works and will be funded through Prudential Borrowing. The revenue costs associated with the repayment of this borrowing are already built into the overall financial model for the New Tyne Crossing Project.

## **5 Local Transport Plan (LTP) Integrated Transport Block (£12,392k)**

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- 5.1 The LTP Integrated Transport Block is a flexible source of capital funding awarded by DfT. The grant is awarded to the ITA, who distribute the funds between the Districts and Nexus.
- 5.2 For 2013/14, the ITA is recommended to approve the distribution of the LTP Integrated Transport Block grant on the same proportionate basis as used in previous years, as set out in the table overleaf.



District	2013/14 Allocation (£000)
Gateshead	1,775
Newcastle	2,133
North Tyneside	1,371
South Tyneside	1,089
Sunderland	2,141
Nexus	3,882
<b>Total</b>	<b>12,392</b>

An element of the grant is top-sliced to meet the local contribution requirements of the Metro Asset Renewal Programme and to fund small public transport schemes, with the distribution as set out below. The remainder is paid directly to Districts on a quarterly basis.

District	2013/14 Allocation (£000)
Nexus Metro ARP Contribution	2,640
Less Core Team top-slice	155
<b>Public Transport schemes:</b>	
Gateshead	156
Newcastle	187
North Tyneside	120
South Tyneside	96
Sunderland	187
Nexus	341
<b>Total</b>	<b>3,882</b>

## 6 Local Sustainable Transport Fund (LSTF) (£1,130k)

### 6.1 Schools Go Smarter (£425k)

2013/14 will be the second full year of the Schools Go Smarter programme which is funded through a mixture of revenue and capital LSTF grant and local contributions. The capital works in the programme for 2013/14 are mainly comprised of the School Links and Grants to Schools workstreams. School grants provides funding for bike sheds, to provide safe places for pupils to store their bicycles, and other works including new paths, pool bikes or tools. School links funds infrastructure works in the Districts making it easier to cycle or walk to school, such as upgrading cycle paths or installing new pedestrian crossings.



6.2 Go Smarter to Work (£705k)

In September 2012, the ITA was notified that it had been successful in its revised bid for a further £5m LSTF funding. The Go Smarter to Work package launched towards the end of 2012 and is designed to ease congestion on the A1 Western Bypass and improve access to the employment areas it serves.

A total of £4.995m grant was received by the ITA in December 2012. This is a mix of revenue and capital funding to be released over the 2012/13 to 2014/15 period (£1.671m capital and £3.328m revenue).

Capital works included within the programme for 2013/14 are designed to deliver infrastructure improvements including enhancing cycle and pedestrian facilities at Team Valley to encourage more walk and cycle trips and bus priority investment at Team Valley to encourage modal shift to public transport. Improved information will also be delivered through use of open data sources and Real Time Passenger Information to enable the transport user to access more reliable and up to date details about transport services.

6.3 A detailed report on delivery of both the revenue and capital aspects of the Schools Go Smarter and Go Smarter to Work programmes will be reported to the ITA following the end of the financial year.

**7 Better Bus Area Fund (BBAF) (£551k)**

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7.1 The ITA received notice in April 2012 that it had been successful in its application for DfT Better Bus Area funding, for a package of measures that aim to improve reliability on key bus corridors and at junctions that cater for 22,000 buses per day, supplemented by a number of supporting measures that target areas which will more generally improve confidence in bus services. A capital allocation totalling £3.889m was awarded (in addition to £1.083m revenue grant), the majority of which was included within the 2012/13 capital programme. The remaining

The budget requirement for 2013/14 is in relation mainly to the completion of the installation of equipment for the Intelligent Transport Solutions element of the programme (which includes CCTV and Automatic Number Plate Recognition), and to improvements at bus interchanges to be delivered by Nexus.

7.2 Any slippage against BBAF capital works planned for 2012/13 can be carried forward to 2013/14 without loss of funding. The project must be complete by the



end of the 2013/14 financial year.

- 7.3 A full report on both the revenue and capital aspects of the Better Bus Area Fund package of works will be reported to the ITA following the end of the financial year.

## **8 North East Smart Ticketing Initiative (NESTI) (£424k)**

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- 8.1 £424k is included in the capital programme for 2013/14 in relation to NESTI. The works will include:

- The implementation of the final aspect of the Regional Retail Infrastructure, namely procurement and installation of bus stop validation equipment.
- A provision for further and high education integration projects similar to that previously agreed for Newcastle University where NESTI is working with University such that its own smart card can also be used in the public transport arena.
- Scope for the South East Northumberland Multi-modal Smartcard change request agreed at the partnership board meeting on the 14<sup>th</sup> December 2012.
- Slippage from implementation of the Retail Distribution Network project and Card Management System integration costs.

- 8.2 The works will be funded from the NESTI contributions which are held and managed centrally by the ITA in line with the funding treatment agreed in March 2010.

## **9 Other Schemes (£80k)**

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- 9.1 Nexus has £80k committed capital spend from reserves for the replacement of bus stop flags. The project commenced in 2012/13 and will be completed in the first half of the 2013/14 financial year.



## **10 Potential impact on objectives**

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10.1 The capital programme set out includes works designed to have a positive impact on the ITA's objectives:

- To support economic development and regeneration through addressing transport-related barriers to employment and business growth;
- To address climate change through encouraging use of public transport and sustainable travel modes;
- To support safe and sustainable communities through improving public transport links to communities.

## **11 Next Steps**

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11.1 Progress on the 2013/14 Capital Programme will be reported to the ITA on a quarterly basis.





**ITA Non-Metro Capital Programme and Financing 2013/14**

<b>CAPITAL SCHEME</b>	<b>2013/14 BUDGET REQUIREMENT (£000)</b>
<b>New Tyne Crossing:</b>	
Environmental Monitoring	165
Land / Property	320
Professional Advice	100
<b>Tyne Pedestrian and Cycle Tunnel:</b>	
Contract works	4,250
<b>LTP:</b>	
Integrated Transport Block Grant to Districts	8,509
Public Transport Element (including Metro ARP contribution)	3,882
<b>LSTF:</b>	
Schools Go Smarter	425
Go Smarter to Work	706
<b>BBAF</b>	551
<b>NESTI</b>	424
<b>OTHER SCHEMES:</b>	
Nexus bus stop flag replacements	80
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>19,412</b>
<b>FINANCING</b>	
To be funded from:	
Prudential Borrowing	(4,835)
Capital Grant from Central Government	(14,073)
Other Grants and Contributions	(424)
Revenue funding of Capital Expenditure	(80)
<b>TOTAL CAPITAL FINANCING</b>	<b>(19,412)</b>



## Metro Capital Programme 2013/14

Capital code	Capital Scheme	2013/14 Budget Requirement £000
<b>Civils</b>		
BC204	Earthworks - South Gosforth to Jesmond	2,143
BC971	Earthworks - TYN - NPK, NPK - SGF	323
BC209	Bridges - Tynemouth to Meadow Well (1157 1156 1168 1171)	22
BC211	Bridges - Hadrian Road to Walkergate (1197 1198 1200)	12
BC212	Bridges - Wallsend to Walkergate (1201 1203 1204 1206)	352
BC213	Retaining Walls	50
BC214	Bridges - Monkseaton, Cullercoats (1124 1137 1144)	343
BC215	Bridges - Benton (1114 1115B)	36
BC216	Bridges - Gateshead (1059 1962)	59
BC217	Bridges - Bede, Shiremoor (1024 1024A)	116
BC972	Bridges GST-SSS	340
BC219	Drainage - South Gosforth to Jesmond	1,492
BC974	Drainage - TYN-NPK	303
BC222	Duct Route - Wallsend to Manors	3
BC224	Duct Route - North Shields to Howdon	3
BC225	Duct Route - Tynemouth to North Shields	3
BC226	Duct Route - South Gosforth to Jesmond	297
BC227	Duct Route - South Gosforth to Airport	477
BC228	Duct Route - Jesmond to Gateshead Stadium and Manors to St. James (tunnels)	45
BC229	Duct Route - Gateshead Stadium to South Shields	356
BC230	Duct Route - South Gosforth to Tynemouth	1,313
BC290	Ground Investigation - Rest of System	100
BC799	Monkseaton Station Ramp	9
BC811	Benton Station Footbridge	5
BC891	Control Room	2
	<b>Total Civils</b>	<b>8,202</b>
<b>Communications</b>		
BC250	Cable Pulling - Tynemouth to Manors	589
BC252	Cable Pulling - South Gosforth to Airport	528
BC253	Cable Pulling - Jesmond to Gateshead Stadium and Manors	70



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BC254	Cable Pulling - Gateshead Stadium to South Shields	1,153
BC255	Fibre Cable Replacement - South Gosforth Junction to Tynemouth	712
BC256	Radio	2,049
BC259	IP Network	1,650
	PA	0
	<b>Total Communications</b>	<b>6,752</b>

**Depot Equipment**

BC278	Train Wash	2
BC279	Wheel Lathe	3
	<b>Total Depot Equipment</b>	<b>5</b>

**Level Crossings**

BC277	Bank Foot Callerton Parkway	264
	<b>Total Level Crossings</b>	<b>264</b>

**Mechanical and Electrical**

BC281	Escalator - Central	4
BC282	Escalator - Monument	6
BC992	Escalator - Heworth	12
BC993	Escalator - Gateshead 1-2 (previously 1-3)	12
BC994	Escalator - Regent Centre (previously Manors)	89
BC995	Escalator - Gateshead 3-6 (previously 4-6)	894
BC284	Lift - Four Lane Ends	4
BC285	Lift - Heworth	4
BC973	Lift - St James	252
BC996	Lift - Regent Centre (previously St James)	247
BC997	DC Feeder Cable	34
BC286	Fire Alarm	1,119
BC805	Otn-ups Support Power Supply	40
	<b>Total Mechanical and Electrical</b>	<b>2,716</b>

**Metro Cars**

BC288	3/4 Life Refurbishment	5,372
	<b>Total Metro Cars</b>	<b>5,372</b>

**Capital Maintenance**

BC550	Rail Grinding	100
BC558	Security Fencing	100
BC587	Vehicle Replacement Programme	175
BC617	Lifts Refurbishment/Major Items	50



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BC703	Plain Line Renewal	0
BC929	OHL Network	529
BC954	Capital Maintenance Concession	788
BC532	Stations Refurb - Esc Imps/Major Items	40
BC964	S&C Steelwork Renewal	100
	<b>Total Capital Maintenance</b>	<b>1,882</b>

**Miscellaneous**

BC894	Security Review	2
BC960	Asset Knowledge	50
	Metro Service	500
	Bus costs	0
	Dayworks	0
	Blockade Resources	0
	<b>Total Miscellaneous</b>	<b>552</b>

**PM Costs**

	PM Costs	0
	<b>Total PM Costs</b>	<b>0</b>

**Overhead Line**

BC240	OLE - System Development	400
	<b>Total Overhead Line</b>	<b>400</b>

**Permanent Way**

BC231	Plain Line - Tynemouth to Chillingham Road	112
BC232	Plain Line - South Gosforth to Jesmond	8,054
BC233	Plain Line - Jesmond to Gateshead Stadium	120
BC976	Plain Line - TYN-NPK	396
BC235	Switches & Crossings - North Shields	8
BC236	Switches & Crossings - South Gosforth	6
BC237	Switches & Crossings - Benton	1,004
BC238	Switches & Crossings - St James	590
BC239	Switches & Crossings - Prudhoe Street	41
BC967	Switches & Crossings - Regent Centre	2,220
	<b>Total Permanent Way</b>	<b>12,552</b>

**Plant**

BC280	Tamper	2,069
	<b>Total Plant</b>	<b>2,069</b>

**Power**



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BC287	Power - Depot Stray Currents	218
	<b>Total Power</b>	<b>218</b>

**Signalling**

BC260	Signalling - Bankfoot Interlocking Area	276
BC261	Signalling - South Gosforth Interlocking Area	246
BC262	Signalling - Benton Interlocking Area	59
BC264	Signalling - North Shields Interlocking Area	289
BC265	Signalling - Wallsend Interlocking Area	3
BC266	Signalling - Jesmond Interlocking Area	52
BC267	Signalling - Manors Interlocking Area	56
BC268	Signalling - Heworth Interlocking Area	274
BC269	Signalling - Pelaw Interlocking Area	373
BC270	Signalling - Jarrow Interlocking Area	2
BC271	Signalling - South Shields Interlocking Area	2
BC273	Signalling - PTI	2,110
BC970	Signalling - Replacement point motors (critical locations)	929
	<b>Total Signalling</b>	<b>4,672</b>

**Stations**

BC242	Station - North Shields	237
BC243	Station - Meadow Well, Percy Main and Howdon	44
BC244	Station - Hadrian Road and Wallsend	6
BC245	Station - Walkergate and Chillingham Road	926
BC246	Station - South Gosforth	698
BC247	Station - Ilford Road	409
BC248	Station - West Jesmond	681
BC249	Station - Central Station	247
BC968	Halt Station Package (Hebburn, Jarrow, Bede) Design	5
BC981	Station - SSS	348
BC983	Station - Heworth Interchange	14
	<b>Total Stations</b>	<b>3,615</b>

**Major Projects**

BB006	Ticketing and Gating Enabling Works	0
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**49,269**

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**DATE:** 24 January 2013  
**SUBJECT:** Bus Strategy Delivery Project Update  
**REPORT OF:** Director General, Nexus and the Acting Clerk to the Authority

## PURPOSE OF REPORT

To update Members on progress made in the Bus Strategy Delivery Project.

## RECOMMENDATIONS

Members are recommended to :

- a) Note the position regarding development of the draft Quality Contracts Scheme (QCS); and
- b) Note the developing discussions regarding a potential Voluntary Partnership Agreement (VPA);

## BACKGROUND DOCUMENTS

The ITA's Bus Strategy for Tyne and Wear 2012

<http://www.nexus.org.uk/sites/nexus.org.uk/files/documents/page/Bus%20Strategy.pdf>

## CONTACT OFFICERS

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*0191 203 3246*

## IMPACT ON OBJECTIVES

To support economic development and regeneration	Positive
To address climate change	Positive
To support safe and sustainable communities	Positive

## **1 Executive Summary**

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- 1.1 Development of the QCS proposal continues, and further engagement is recommended with adjacent Local Authorities and bus employees before the proposals are finalised.
- 1.2 Discussions with local bus operators regarding the development of an alternative VPA proposal have been positive, although the proposal to date falls short of expectations in a number of areas. It is hoped that this can be improved upon.
- 1.3 It is proposed that a further report be brought to the ITA in late Spring/early Summer 2013, containing a comparison between the options available and a recommendation over a way forward.

## **2 Background**

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- 2.1 At its meeting in November 2011, the ITA instructed Nexus to:
  - a) prepare a draft QCS proposal for Tyne and Wear; and
  - b) explore with bus operators and District councils the scope for developing meaningful quality bus partnerships as a possible alternative delivery route for better buses.

The parallel workstreams are being taken forward by Nexus through a project known as the 'Bus Strategy Delivery Project' (BSDP).

- 2.2 The three Bus Strategy objectives that the project seeks to achieve are:
  - Arrest the decline in bus patronage
  - Maintain (and preferably grow) network accessibility
  - Deliver better value for public money
- 2.3 At its meeting in September 2012 the ITA received a progress update from the Acting Clerk and the Director General, regarding the development of both the QCS proposal and the VPA. At that time it was envisaged the development of both options would be sufficiently advanced in order to allow them to be presented to the ITA at the January meeting.
- 2.4 Members are reminded that the ITA has not determined any course of action with regards to the implementation of any aspects of the BSDP; at this point in time no recommendation has been made, nor decision taken by the ITA, to implement a QCS or an Operator Partnership.





### **3 Draft Quality Contracts Scheme Proposal**

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- 3.1 Nexus has continued to develop the QCS proposal after a period of informal consultation with key affected parties. The feedback received was very helpful in identifying areas where consultees felt that the proposals contained in the working draft could be improved, were based on incomplete assumptions, or where risks were not fully taken into account. The continued development of the proposal has taken all relevant feedback into account.
- 3.2 The proposal is now largely complete, and presents a range of initiatives designed achieve the ITA's Bus Strategy Objectives including growing bus patronage.
- 3.3 Key features of the QCS proposal are:
- A stable bus network based on the existing network but with locally-determined enhancements
  - Network stability through a transparent process, with changes limited by pre-set conditions established by the ITA
  - A simple fare structure that is common to all forms of public transport, with a slight overall reduction in the average fare paid, and future fare increases capped at 0.5% above the RPI
  - New fares for 16-18 year olds that are equivalent to fares for under 16s
  - Oyster-style smart ticketing using the Pop Card
  - Gold Card extended to cover peak hour travel on bus and Metro
  - Real-time information from all buses
  - Measures to maintain and improve bus punctuality
  - Improvements for disabled customers
  - Euro IV fleet standard from the start of the QCS, with Euro V required for all new vehicles thereafter
  - A permanent reduction in public subsidy consistent with the previous reductions in the ITA levy.
- 3.4 Whilst clearly implementing these features within the public transport network would offer significant benefits to users and improvements to value for money for public expenditure, their implementation would potentially incur risks related to: the transition from an unregulated system to a regulated one; the potential



transfer of current bus staff to new employers; and the transfer of bus revenue risk from the private sector to the ITA in return for the ability to control fares and service specification. Detailed work is being carried out to mitigate against the risks to the greatest extent possible.

- 3.5 The informal consultation process and subsequent further consultation with key stakeholders highlighted a need to carry out more detailed engagement with adjacent Local Authorities who may be affected by the proposals in order to further mitigate these risks. It is proposed that this should take place over coming months, before pre-consultation draft proposals are presented to the ITA. Whilst the proposals remain in working draft form, it is not intended to release them publicly.
- 3.6 If the ITA should determine in future to take forward the development of any QCS proposal, the next step would be to commence formal public consultation over the draft scheme. This would entail a wide-ranging engagement exercise to allow all affected parties including bus customers, bus company employees, local businesses and local councils, to have an opportunity to comment on the proposals.

#### **4 Operator Partnership Discussions**

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- 4.1 The North East Bus Operators Association (NEBOA) submitted a proposed Voluntary Partnership Agreement (called 'Better By Far') to Nexus on 30<sup>th</sup> October 2012. NEBOA representatives then presented the proposals to ITA members at a meeting on 9<sup>th</sup> November 2012.
- 4.2 The VPA proposal contains the following:
- A new range of bus-to-bus tickets and fares for 16-18 year olds
  - A commitment to no network changes for the first year of the agreement
  - When a bus breaks down, an ability to transfer to the next available bus regardless of operator, at no additional cost
  - A commitment to consult passengers over route changes
  - A common Customer Charter setting out what customers can expect from bus services
  - A saving of £0.25 million in the first year by converting some secured services to commercial
  - An ongoing dialogue regarding service development through a series of



partnership boards

4.3 Whilst engagement with NEBOA has been very constructive and its efforts to develop a multi-operator partnership agreement are appreciated, the proposal on offer at present regrettably falls short of the ITA's expectations in terms of the Bus Strategy:

- it is unclear how the proposition would arrest bus patronage declines or grow patronage over the longer term;
- the governance arrangements proposed offer very few reassurances over the future stability of the bus network;
- the £0.25m annual savings in secured services proposed are relatively modest in the context of the circa £62m of public funding currently made available to bus operators in Tyne and Wear, and do not indicate acceptance of a shared responsibility to manage the significant reductions in public funding whilst protecting front-line services; and
- Members have raised a number of other concerns, including whether the proposed capital investment by operators is higher under the partnership proposal than it would otherwise be, whether the partnership would have an influence over future fare increases, and the minimum standard of vehicles to be used in a partnership.

4.4 The Director General has explained these concerns to NEBOA, and it is hoped that NEBOA will present an improved offer. It is therefore recommended that detailed discussions continue over coming months, in order to achieve the best possible partnership proposals for all parties.

4.5 If the ITA should determine in future to take forward the development of any VPA, it is expected that the agreement could be in place within six months of such a decision.

## **5 Next Steps**

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5.1 Further engagement will take place with adjacent local authorities, to ensure that any Quality Contracts Scheme proposals provide benefit to their areas. Engagement will also continue with trade unions representing bus employees, to ensure that employees are fully aware of the impact of emerging proposals on them.



- 5.2 Further discussions will take place with NEBOA in order to develop the best possible partnership proposal. The ITA may wish to meet NEBOA informally to discuss emerging proposals.
- 5.3 It is expected that the ITA will now receive a comparison of both proposals in late Spring/early Summer 2013. This comparison will be carried out by Nexus with the assistance of independent advisers.
- 5.4 As advised to the ITA in November 2011 the expected costs of the Bus Strategy Delivery Project to this stage are £600<sup>k</sup>. Of this amount, £314<sup>k</sup> of expenditure has actually been incurred to the end of December 2012 (£268<sup>k</sup> on external consultants, and £46<sup>k</sup> on internal costs) in the development of both the draft QCS and the VPA proposal. The costs of any formal public consultation are expected to be contained within the original estimate.

## **6 Potential impact on objectives**

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- 6.1 Successful delivery of the Bus Strategy is intended to:
- support economic development and regeneration and safe and sustainable communities by maintaining or growing access to key facilities, services and employment sites by public transport;
  - address climate change by increasing the use of public transport and thus reducing harmful emissions generated by use of the private car, and by promoting the use of fuel-efficient vehicles.



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REPORT FOR INFORMATION AND DECISION

**DATE:** 24 January 2013

**SUBJECT:** Department for Transport Integrated Transport Block Consultation

**REPORT OF:** Acting Clerk and Director General

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## PURPOSE OF REPORT

To inform ITA Members of the consultation into proposed changes for the Integrated Transport Block (ITB) formula from 2015, to highlight the key issues for Tyne and Wear and to set out the principles of proposed responses to the questions.

## RECOMMENDATIONS

ITA Members are asked to:

- Note the overview of the consultation and the potential impact for Tyne and Wear as set out in the draft response
- Delegate the development of a detailed response to the consultation questions to the Acting Clerk, in conjunction with the ITA LTP Working Group, indicating the ITA's preference for Option 1 from the consultation

## BACKGROUND DOCUMENTS

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/35588/consultation-integrated-transport-block-funding.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/35588/consultation-integrated-transport-block-funding.pdf)

## CONTACT OFFICERS

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**IMPACT ON OBJECTIVES**

To support economic development and regeneration	Neutral
To address climate change	Neutral
To support safe and sustainable communities	Neutral

## **1 Executive Summary**

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- 1.1 This report summarises the Department for Transport's consultation into proposed changes to the formula for the Integrated Transport Block (ITB) Funding. There are 4 options that the DfT put forward –i) maintaining the status quo; ii) introduction of a performance based approach to the current formula; iii) introduction of 2 new elements to formula, carbon and economic growth but 100% needs based and iv) introduction of carbon and economic growth to the formula: part performance based, part needs based. The consultation was discussed at the North East LEP Senior Officer Transport Advisory Group at its meeting held on 19 December 2012 where it was agreed that Tyne and Wear would develop its own response to the consultation, separate from Durham and Northumberland because of the way in which each area was advantaged and/or disadvantaged by the various options outlined by DfT in this consultation.
- 1.2 Having reviewed the consultation and the options, an initial view is that Option 1 seems a sensible proposition, as it introduces an element of reward based on performance, which helps eliminate the perverse incentives.

## **2 Introduction and Background**

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- 2.1 The Integrated Transport Block (ITB) is the main source of capital grant funding from central government to Integrated Transport Authority's (ITAs) and Local Authorities. Although nominally aimed at schemes with a value of up to £5m, it is a highly flexible source of capital funding. ITB is used to fund small transport improvements such as bus priority, walking and cycling schemes etc. The funding is not ring-fenced and Local Authorities (LAs) can spend on their priorities.
- 2.2 DfT are consulting on the future distribution of the ITB fund. They are not amending the national total. The DfT does not intend to make any changes to the data or formula before 2015.
- 2.3 DfT established a working group in 2011, which has informed the detail of this consultation. The Nexus Director of Finance and Resources was part of this working group, representing Passenger Transport Executive Group (PTEG). A series of changes to the formula were tested by the working group, all of which turned out to be unfavourable to metropolitan areas. As a result of this, the Chair of the PTEG Special Interest Group wrote to the Parliamentary Under Secretary of State for Transport, Norman Baker MP, pointing out flaws in the approach which essentially transferred resources from north to south and from metropolitan to rural areas, requesting that any formal consultation on the formula for ITB, should consider the



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status quo as an option (i.e. 100% needs based).

- 2.4 The funding is currently allocated via a needs formula based on road safety (19.9%), deprivation (Objective 1 areas) (0.6%), air quality (4.9%), accessibility (19.9%), public transport (29.8%) and congestion (24.8%).
- 2.5 DfT believe that the case for change to the formula is required, to respond to changing transport priorities and to take into account current priorities around economic growth and carbon reduction. The consultation document suggests that there is nothing unfair with the current formula and that continuing the status quo, is an option.
- 2.6 Inevitably, changes to the formula mean some Metropolitan areas and Local Authorities will receive more than others would have done without the changes, and others will receive less.
- 2.7 Potential changes to the formula are set out in 4 groups in the consultation:
  - a. Changes to eliminate perverse incentives
  - b. Addition of new elements
  - c. Changes to the data sets for the formula
  - d. Changes to the weighting of the formula

### **3 Option 1 – Changes to eliminate perverse incentives**

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- 3.1 The current formula is needs based with each element calculated to perceived need (e.g. LAs with higher levels of road casualties receive higher levels of funding). Option 1 is different from the status quo, whilst retaining the same variables, it introduces a split. So rather than 100% needs based, as is the case now. Option 1 introduces a 75% needs based and 25% performance based approach. Air Quality, Road Safety and Congestion will be the elements of the formula that will be based on performance in Option 1. However the formula created perverse incentives in that some LAs are rewarded for failure to improve, and penalised for improving. The Government is keen to drive out these perverse incentives and are 'minded to move towards a funding formula that will remove penalties that come with improvement'.
- 3.2 The Government are proposing an alternative formula. The existing needs formula





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relating to Public Transport, Accessibility and Objective 1 areas remains (as do the weightings). Congestion, Road Safety and Air Quality are split with 75% needs based and then 25% using trend data. For example in 2014/15, of the total of £450m ITB funding, £89m was allocated to road safety using the needs data. In this new proposal, the £89m would be split so that £67m is allocated using the existing needs and £22m allocated using the trend data.

3.3 DfT have highlighted that it has only been possible to calculate trend data for road safety, congestion and air quality. Public Transport, accessibility and Objective 1 areas have been excluded. Public Transport already has a built in incentive in that as patronage grows, funding is adjusted to meet the increased needs.

3.4 Existing datasets have been used to calculate the current needs element. Other data sources could be used in the future.

#### **4 Options 2 and 3 New Elements to be added to the formula**

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4.1 DfT are also considering whether new elements should be added to the formula to recognise current priorities; carbon and economic growth. Option 2 sees carbon and economic growth added to the six existing elements of the formula and is 100% needs based. The weightings readjusted (Public Transport 20%, Accessibility 15%, Congestion 25%, Road Safety 15%, Air Quality 5%, Objective 1 areas < 1%, Carbon 10%, Economic growth 10%). Carbon would be measured by Department of Energy & Climate Change CO<sub>2</sub> emissions estimates for LA for 2010. Economic Growth would be measured by employee earnings for 2010.

4.2 Option 3 sees the formula based on needs and improvement based. Carbon would be both needs and improvement based. Economic data will not be added to improvement based. So as with option 1 (Public Transport, Accessibility, Objective 1 + Economic data) will be 100% needs based. Congestion, road safety, air quality + carbon will be split 75% needs based and 25% on trend based improvements).

#### **5 Changes to Datasets**

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5.1 DfT have no plans to change the datasets for Objective 1 areas, public transport, accessibility and air quality.



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- 5.2 There are 2 alternatives for the road safety element of the formula, rate of Killed Seriously Injured/Slight casualties per billion vehicle miles (2005-09) which is needs based and the change in number of road casualties on local authority roads – allocating money according to the size of the decrease in road casualties.
- 5.3 There is an alternative dataset for congestion, which is the average vehicle journey times during the weekday morning peak on locally managed A roads. LAs with lower speeds would receive a larger allocation of funding.

## **6 Other Issues for Consideration**

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- 6.1 In an Appendix accompanying the consultation, there are some estimated allocations per Local Authority under each of the formulae options. It lists the allocation for 2014/15 as per the current formula by LA area. Tyne and Wear ITA in 2014/15 under the existing formula gets £17.426m. TWITA would gain £1.4m under Option 1 (£18.873m) but would lose almost £2m under option 2, and £400k under option 3.
- 6.2 When looking at the regions of England, the South West, South East and East England authorities do better under options 2 and 3 from their current allocation. E.g. South East gain £5m under option 2. North West lose under all 3 options, Yorkshire gain 300k through option 1 and lose under 2 and 3. The North East gains £2m under option 1 and loses £2m under 2 and lose £400k under option 3.

## **7 Specific Issues to note**

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- 7.1 The principle of updating the formula to reflect current transport priorities is noted, but we have to question if there has been enough thought given to whether an update is necessary i.e. properly examining whether or not the current formula remains fit for purpose. The DfT state in its consultation document that “there is no suggestion that anything in the current formula is inherently unfair and the status quo is always considered as an option. However, as transport priorities change, it may be necessary to amend the formula to amend this”. It is worth raising the question of whether transport priorities have really changed that much in 10 years? For example the objectives set out in Tyne and Wear Local Transport Plans 2 and 3, refer to the need for transport to support the economy, whilst cutting carbon



emissions. The objection would be to introducing change simply for the sake of change which could in turn introduce the risk of unintended consequences. Therefore, our preference is one that retains the existing formula, for example, congestion can be used as a barometer for economic performance, introducing an element of reward funding, based on performance.

- 7.2 There is a real risk that the data sets that may be used, may exaggerate problems that already exist, for example including economic growth as a variable in the formula and using “average employee earnings” as a measure will automatically dis-incentivise northern Local Authorities due differences in average wage between the North and South.
- 7.3 The consultation states that changes in the formula are required to reflect transport priorities. To simply focus on the government’s national priorities for transport could lead to local needs being overlooked in favour of pursuing a national priority. This could cause potential conflict, inconsistencies and weakens the devolution debate.
- 7.4 We recognise that continuation of the status quo is an option, following earlier lobbying by PTEG. . We also recognise that an element of improvement could be incorporated into the formula to eliminate ‘the perverse incentives’ which sees some LAs being rewarded for poor performance. As such, Option 1 is recommended as the favoured approach.
- 7.5 The consultation questions are attached as an appendix. These need to be developed over the coming weeks in more detail. Key points for clarification include:
- Is using 2010 as a base year for some data correct? Given that the year was roundly seen as the bottom of the recession, and as such economic data may be negatively skewed. The Census was undertaken in 2011, which will may a more accurate and representative view.
  - Clarification is sought on the precise definitions of the new formulae being proposed, which are far from clear
  - Using economic growth in used in the formula, simply exacerbates the North South divide, which is unfair and inequitable
  - Trend based data for performance should look at longer term trajectories (past and present)
  - In terms of the split in reward funding for performance, we would seek



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clarity on why 75%:25% was chosen, were other ratios considered and dismissed?

- Further information in relation to why the Metropolitan authorities receive significantly less funding in Options 2 and 3 than they do already.
- There should be some consideration of the type of small local schemes that the ITB is for, when it comes to the weighting of the factors in the formula. There needs to be some acknowledgement for local priorities and the LTP processes
- In options 2 and 3 the weighting for public transport is reduced from 30% to 20%. We would advocate that public transport is the crucial element in any integrated transport formula.

7.6 PTEG will be providing further analysis to try to ascertain some of the anomalies that the different options present. These will be developed into our response in the next few weeks.

## **8 Next Steps**

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8.1 The consultation closes on 6 March, 2013. Using the information contained in this report and annex, it is proposed that the responses are further developed with officers across Tyne and Wear, which take account of comments from Members during the meeting and then taken to the ITA LTP Working Group.

8.2 PTEG will be developing a response on behalf of all the PTEs, which Nexus will be feeding into. In addition, individual Tyne and Wear Authorities may wish to submit their own response to the consultation.



### **Annex 1 – List of Consultation Questions**

- 1 Do you have any objections to the principle of updating the formula to reflect current transport priorities?
- 2 Do you think IT Block funding should continue to be based solely on need?
- 3 Do you have any comments on the proposed new formula to eliminate perverse incentives?
- 4 Do you have any suggestions for trend data for any of the elements of the current formula?
- 5 Do you have any views on the proposed balance (75%:25%) between 'need' and 'improvement'?
- 6 Do you have any further comments on Option 1?
- 7 Should carbon be part of the IT Block formula?
- 8 Do you have any comments on the suggested data set for adding a carbon element to the formula? Are there further alternatives you would like to suggest?
- 9 Should economic growth be part of the IT Block formula?
- 10 Do you have any comments on the use of employee earnings for measuring economic growth? Are there further alternatives you would like to suggest?
- 11 Do you have any further comments on Option 2?
- 12 Do you have any comments on Option 3?
- 13 Do you have any suggestions for how walking and cycling data might be included in the funding formula?
- 14 Do you think the Department should base weightings on current transport priorities, rather than historic spend patterns?
- 15 Which elements in the formula should be given the heaviest weighting?
- 16 The Department is not considering changes to the data sets used for four elements of the existing formula: Objective One Areas, public transport, accessibility and air quality. Do you agree with this approach?



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17 Do you have any comments on the two alternatives for the road safety element of the formula? Are there further alternatives you would like to suggest?

18 Do you see any problems with the current measure for congestion? Do you have any comments on the suggested alternative? Are there further alternatives you would like to suggest?

19 The Government is keen for local authorities to provide more transparency around spending on small transport projects. Do you have any views on how this might be achieved?

20 Do you have any other issues that you would like to raise about the calculation or distribution of the IT Block Funding?



REPORT FOR INFORMATION

**DATE:** 24 JANUARY 2013  
**SUBJECT:** LOCAL PINCH POINT FUND  
**REPORT OF:** ACTING CLERK

## PURPOSE OF REPORT

This report will brief Members on the Local Pinch Points Fund and accompanying guidance and criteria for scheme submission. It will also outline the co-ordination process for the bids across the North East Local Enterprise Partnership geographical area.

## RECOMMENDATIONS

Members are asked to note the report, in particular section 9.2 relating to letters of support for authorities promoting schemes within Tyne and Wear.

## BACKGROUND DOCUMENTS

<https://www.gov.uk/government/publications/local-pinch-point-fund-application-pack>

## CONTACT OFFICERS

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## IMPACT ON OBJECTIVES

To support economic development and regeneration	Positive
To address climate change	Positive
To support safe and sustainable communities	Neutral

## **1 Executive Summary**

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The report outlines the guidance and criteria associated with the recently announced 'Local Pinch Point' fund. This fund is worth a potential £170m to the English Regions (including up to £10m for London) to relieve congested highways 'pinch points' that have an impact on addressing congestion or improving access to key economic sites. Schemes can be submitted by highways authorities and should be between £1m and £5m or, by exception of >£5m but no more than £20m.

## **2 Introduction and Background**

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- 2.1 The creation of a Local Pinch Point Fund worth £170m was announced as part of the 2012 Autumn Statement. The fund aims to encourage economic growth through the rapid deployment of schemes that remove transport barriers or prevent new transport barriers from emerging.
- 2.2 Individual local authorities will bid for funding, though the process will be co-ordinated by the Senior Officers' Transport Advisory Group (SOTAG) – an officer group with Director / Head of Service level representatives from the 7 north eastern local authorities in addition to representation from Nexus, the North East Local Enterprise Partnership and TWITA.
- 2.3 The deadline for submission of bids is 5pm 21 February 2013. A hard copy, CD version and electronic version of the bid must be submitted. The rest of this report outlines the guidance and criteria bids must address.
- 2.4 The Department for Transport (DfT) published Pinch Point Fund Guidance on the 3<sup>rd</sup> January 2013. The key points of the guidance are summarised in section 3 of this report.

## **3 Local Pinch Point guidance**

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- 3.1 Any English Local Transport Authority or Highway Authority, outside of London, can apply for Pinch Points funding and applications can cover areas that cut over local authority boundaries.

Where a bid covers more than one authority, a lead authority must be identified.

Transport for London can bid for up to £10m of the £170m fund, on behalf of London.





- 3.2 Promoters must provide at least 30% of total scheme costs.
- 3.3 The funding available is 100% capital and can be used for land acquisition and construction costs.
- Funding will be allocated over two financial years. £70m will be available in 2013/2014 and £100m will be available in 2014/2015.
- 3.4 There will be no facility to slip funding arrangements beyond March 2015 and the scheme promoter is responsible for any additional costs over the DfT's agreed maximum contribution. Bids should include a Section 151 Officer letter which confirms that the promoter is liable for overspend.
- 3.5 The DfT is not setting a cap on the number of bids from an individual promoting authority. However it is stressed that local authorities should focus on quality not quantity.
- DfT reserves the right to restrict the number of awards to two per promoting authority.
- 3.6 LEP/LTB involvement in the submission is beneficial, although not essential. Bids which have LEP/LTB endorsement of schemes will be strengthened.
- Where there is more than one bid from a LEP area, DfT states that it would be helpful for the LTB/LEP to rank the bids in order of growth significance. However, this is not an essential requirement.
- 3.7 There are two categories for Pinch Points schemes:
- Small schemes – these require DfT funding of between £1m and £5m
  - Larger schemes – these require DfT funding over £5m and no more than £20m
- Full WebTAG compliance and business cases should be completed for larger schemes and such schemes should only be submitted as an exception.
- In the guidance the DfT state “there will be a presumption against bids over £10m unless they are of truly exceptional value”.
- It is anticipated that the majority of schemes will fall into the first category.
- 3.8 The DfT states that schemes should address congestion or improve access to key economic sites. Particularly where they:
- Improve access to a development site that has the potential to create jobs



and housing;

- Improve access to urban employment centres;
- Improve access to Enterprise Zones; and
- Address conditions of structures which if not resolved could cause congestion, restrict access or lead to lengthy diversions.

3.9 Bids will be assessed against a set of criteria. The essential criteria are as follows:

- Strategic and economic cases;
- Value for money;
- Financial requirements; and
- Deliverability.

Further details of the essential criteria and a description of desirable criteria are found in sections 4-8 of this report.

#### **4 Strategic and economic cases**

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- 4.1 Bids need to address strategic and economic cases and must demonstrate a clear link to growth, such as jobs created or housing development secured by the scheme. An estimate of the scheme's impact on Gross Value Added (GVA) should also be provided.
- 4.2 Bids which provide new or improved access to employment sites will be required to provide evidence of the link between the proposed scheme and specific employment sites, Enterprise Zones, development sites, housing sites or an urban centre which has growth and employment opportunities.
- 4.3 Bids relating to congestion relief must demonstrate the impact the scheme will have on journey times, reliability and traffic conditions.
- 4.4 Bids concerned with bridges and structures must provide information on the importance of the structure to the local economy and the adverse effects failure to upgrade will have on the local economy and growth.



## **5 Value for money**

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- 5.1 Bids must strive to identify all positive and negative impacts of the scheme.
- Small schemes (those requiring contribution of less than £5m) are required to complete a Scheme Impacts Pro Forma. DfT will use the information in the Pro Forma to estimate the scheme's Benefit Cost Ratio (BCR).
- 5.2 Promoters are also required to describe the impacts and key risks of the scheme and modelling approach. An appraisal summary table must also be completed for each bid.

## **6 Financial requirements**

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- 6.1 A local contribution of 30% is required. This can be made up of local authority and third party funding. The promoter's Section 151 Officer should provide a letter confirming that the local authority can provide the 30% local contribution.
- 6.2 Local contribution can include land in-kind. A letter from an independent valuer, verifying the true market value of the land, must be provided.
- 6.3 Funding and support from the private sector will strengthen bids, as will a greater local contribution.

## **7 Deliverability**

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- 7.1 Deliverability is of paramount importance and schemes which are able to demonstrate the potential for early delivery may be prioritised.
- If statutory powers are required, these should be in place or sufficiently advanced.
- Proposals which involve lengthy procurement processes may not be able to meet the Fund's delivery timeframes.

## **8 Desirable criteria**

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- 8.1 Desirable criteria include benefits to road safety, bus services, sustainable modes and accessibility.



- 8.2 Promoters are expected to commit to monitor/evaluate the impact of their scheme once implemented and, as part of their bid, they are required to provide details of how likely benefits will be measured and reported.

## **9 Next Steps**

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- 9.1 SOTAG will contact the LEP and ask for letters of support for the schemes promoted within the area.
- 9.2 Members are asked to agree that a letter of support be provided by TWITA for the promoted schemes within Tyne and Wear. It would be appropriate for this to be signed by Cllr David Wood in his role as the Chair and also as the Portfolio Holder for Economic Development and Regeneration.



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REPORT FOR INFORMATION

**DATE:** 24<sup>th</sup> January 2013

**SUBJECT:** Petition to reinstate the Sunday Service 13 bus route via Doxford Park Way and status of bus terminus at Hall Farm Road in Doxford Park

**REPORT OF:** Director General

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## PURPOSE OF REPORT

To acknowledge receipt of a petition from the residents of Hall Farm at Doxford Park Sunderland requesting the re-instatement of the Service 13 bus route along Doxford Park Way on a Sunday daytime and to remove the status of a bus terminus at Hall Farm Road.

## RECOMMENDATIONS

Members of the Authority are recommended to note the contents of this report.

## BACKGROUND DOCUMENTS

ITA Report 22<sup>nd</sup> November 2012 "Bus Service Petitions"

Letter 15<sup>th</sup> October 2012 from Sunderland City Council to ITA Acting Clerk & Treasurer (with petition attached)

## CONTACT OFFICERS

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## IMPACT ON OBJECTIVES

To support economic development and regeneration	Neutral
To address climate change	Neutral
To support safe and sustainable communities	Neutral

<b>1</b>	<b>Executive Summary</b>
1.1	A petition from residents of Hall Farm at Doxford Park has been submitted to the ITA via Sunderland City Council. The petitioners request the reinstatement of Stagecoach Service 13 along Doxford Park Way on a Sunday daytime and a revision to the terminal arrangements of Service 13 at Hall Farm.
1.2	Service 13 is a commercial service operated by Stagecoach. As notified to the ITA at the previous meeting in November Nexus have contacted Stagecoach for comments on the petition to enable a response to be submitted to this meeting.
1.3	Stagecoach have responded stating that to deliver from April 2012 improved Sunday daytime 20-minute timetables for cross-City bus services 4 and 13 they needed to operationally link together the buses that operate these routes. This linking of operations could only be achieved by operating Service 4 and 13 journeys via a common routing around Hall Farm Road and Mill Hill Road in Doxford Park. As a consequence of this revised routing during Sunday daytimes two bus stops located along the central section of Doxford Park Way are not served by Service 13. Stagecoach acknowledge it is unfortunate that the benefits of an increased frequency of service over the full route lengths of Services 4 and 13 across the City have had a negative impact on users on Doxford Park Way but this was the only way of delivering the overall improvement in frequency.
1.4	With regard to the terminal arrangements at Hall Farm Stagecoach response is that sufficient recovery time on Service 13 at this point is required to ensure the service adheres to co-ordinated headway with Service 4 from Doxford Park to the City Centre (and for return journeys) and that it also dovetails with other bus services along common section of route. Variations in journey times due to road conditions also require the need to put recovery time into the service.
<b>2</b>	<b>Introduction and Background</b>
2.1	A petition signed by a total of 110 persons was submitted to the ITA in October 2012 from Sunderland City Council. The petition was originally submitted to the Council at its meeting on 26 <sup>th</sup> September 2012.
2.2	The petition requests: <ul style="list-style-type: none"> <li>a) The reinstatement of the Sunday 13 bus route along Doxford Park Way as prior to the recent changes which took place on April 29<sup>th</sup> 2012 so as to provide easy access like every other day and not everyone is able to walk to the outskirts of the estate;</li> </ul>



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	<p>b) To remove the status of the bus “terminus” at Hall Farm Road, opposite Blackney Woods as the bus service should serve the whole of estate and not terminate at Blackney Wood, after travelling 25 minutes from the City Centre passengers do not want to be sitting an extra 10-13 minutes to reach their destination, the other terminus should be on Doxford Park Way where it was originally.</p>
<b>3</b>	<b>Information</b>
3.1	<p>As the requests made in the petition relate to commercial services provided by Stagecoach they were asked to comment on the petition. Their response is produced below.</p>
3.2	<p><u>Service 13 Daytime Sunday Route</u></p> <p>Stagecoach commented they received two complaints regarding the change to this service on the first day of operation but since that time they have received none.</p> <p>Their explanation for the change is that so they could successfully deliver improved Sunday daytime 20-minute timetables for Service 4 and 13 for customers living in Doxford Park and many other parts of the city, they needed to operationally link the vehicles that operate these routes together as they operated around the Doxford Park area. Regrettably, this revised method of operations could only be achieved by running Sunday daytime Service 4 and 13 trips via a common routing around Hall Farm Road and Mill Hill Road, so that buses could interlink with each other at a common point. As a result of these changes, during Sunday daytimes a common 10-minute frequency is now provided to the majority of customers living in both Hall Farm and Mill Hill.</p> <p>However Stagecoach fully appreciate that this change may have had an impact on those customers who may have previously been accessing the service during Sunday daytimes via the two bus stops located along the central section of Doxford Park Way, and for this they apologise.</p> <p>Stagecoach wish to highlight that Services 4 and 13 continue to operate along Doxford Park Way all day throughout Monday to Saturdays, and during Sunday evenings after approximately 1800. It is only during Sunday daytimes that trips on Service 4 and 13 do not serve this set of stops on Doxford Park Way.</p>



3.3 Terminal Arrangements Service 13

Stagecoach commented that Service 13 is timed in such a way as to "dovetail" with other services along common sections of its route. For instance Service 13 is scheduled to offer a 5-minute coordinated daytime frequency with Service 4 from the Doxford Park Morrisons bus stop when heading towards the city centre, and a similar headway is also present on the return trips of both services from John Street and Holmeside.

Journey times are dictated by the road conditions that their services face coupled with the nature of one-way systems etc. Road conditions vary significantly throughout the day. It is a combination of all of these factors which creates the current situation at Hall Farm.

Stagecoach further comment however they have been working for some time with officers of City of Sunderland on ways in which journey time variability and journey time as a whole can be reduced. There are several road network projects currently at either design, consultation, or construction stage; it is our intention to review the impact of these schemes once they are implemented and it is possible that a combination of all of the schemes may allow a review of journey times and therefore the amount of recovery time currently scheduled at Hall Farm.

**4 Next Steps**

The petition relates to commercial decisions taken by Stagecoach for which they have given explanations and the intention to keep under review terminal arrangements at Hall Farm. Therefore at this stage it is not possible to give a positive response to the petition.

**5 Potential impact on objectives**

Not applicable.





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REPORT FOR INFORMATION

**DATE:** 24<sup>th</sup> January 2013

**SUBJECT:** Petition to oppose the withdrawal of Service 1 from Buddle Road during July and August

**REPORT OF:** Director General

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## PURPOSE OF REPORT

To acknowledge receipt of a petition from the residents in the vicinity of Buddle Road, Newcastle, opposing the withdrawal of Service 1 by Stagecoach from Buddle Road during July and August.

## RECOMMENDATIONS

Members of the Authority are recommended to note the contents of this report.

## BACKGROUND DOCUMENTS

ITA Report 22<sup>nd</sup> November 2012 "Bus Service Petitions"

Letter 8<sup>th</sup> November 2012 from Newcastle City Council to Nexus(with petition attached)

## CONTACT OFFICERS

<i>name</i>	<i>email</i>	<i>phone</i>
<i>Peter Lawson</i>	<i>peter.lawson@nexus.org.uk</i>	<i>0191 203 3288</i>

## IMPACT ON OBJECTIVES

To support economic development and regeneration	Negative
To address climate change	Neutral
To support safe and sustainable communities	Negative

<b>1</b>	<b>Executive Summary</b>
1.1	A petition from residents in the vicinity of Buddle Road in Newcastle has been submitted to Nexus. The petitioners are expressing their opposition to the withdrawal of Service 1 by Stagecoach from the Buddle Road section during July and August.
1.2	Service 1 is a commercial service operated by Stagecoach. As notified to the ITA at the previous meeting in November Nexus have contacted Stagecoach for comments on the petition to enable a response to be submitted to this meeting.
1.3	Stagecoach have responded stating that during July and August there is less demand to travel on Service 1. A significant part of the demand for this service is generated by the Universities and Colleges on line of route, with the service also linking these to sites and areas of student accommodation. During the period of less demand to travel in the summer break the frequency of the service is reduced in July and August by withdrawing the short journeys on the route that terminate in Benwell via Buddle Road.
1.4	Throughout the year Buddle Road is additionally served by bus services 32/32A (every 30 minutes Monday to Saturday daytime) which provide access to Newcastle City Centre, the RVI and other local key facilities, albeit by a less direct route.
<b>2</b>	<b>Introduction and Background</b>
2.1	<p>A petition signed by a total of 58 persons was submitted to Nexus on the 8<sup>th</sup> November 2012.</p> <p>The petition states:</p> <p>We the undersigned would like to express our opposition to the withdrawal of Service 1 by Stagecoach from the Buddle Road section during July and August. This discriminates against both elderly and disabled residents with mobility problems who struggle to access public transport in other parts of the Benwell area. Public transport should not be based purely on profitability but also meeting social needs in the communities that it serves. We, therefore call on Stagecoach to fully reinstate the Buddle Road loop during July and August in order to serve the needs of passengers resident in the South Benwell area.</p>
<b>3</b>	<b>Information</b>
3.1	As the requests made in the petition relate to a commercial service provided by Stagecoach they were asked to comment on the petition. Their response is



	produced below.
3.2	<p>The normal Monday to Saturday daytime timetable on Service 1 has additional buses to provide a higher frequency of a bus every 7/8 minutes Monday to Saturday daytime on the busier section of the route between Benwell and the City Centre (continuing via Heaton to Four Lane Ends). Alternative buses are extended to provide a 15 minute between Benwell and Slatyford. The buses that terminate in Benwell use Buddle Road every 15 minutes as part of the terminal turning manoeuvre. During the summer there is lower demand for travel on Service 1 (mainly as a result of closure of further education and University campuses on the line of route) and no requirement for the additional bus resource that terminates in Benwell, and therefore a revised temporary timetable is implemented operating a lower frequency with all buses operating full standard route Slatyford – Benwell (Armstrong Road) – City Centre – Heaton – Four Lane Ends every 15 minutes Monday to Saturday daytime.</p> <p>Throughout the year Buddle Road is additionally served by bus services 32/32A (every 30 minutes Monday to Saturday daytime) which provide access to Newcastle City Centre, the RVI and other local key facilities, albeit by a less direct route.</p>
<b>4</b>	<b>Next Steps</b>
4.1	The petition relates to a commercial decision taken by Stagecoach for which they have given an explanation. Therefore it is not possible to give a positive response to the petition.
<b>5</b>	<b>Potential impact on objectives</b>
5.1	Not applicable.

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