



Tyne and Wear Integrated Transport Authority

Meeting to be held:
on Thursday 25 November 2010 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)

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

The agenda and minutes are also available on the ITA website at www.twita.gov.uk

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1.	Apologies for absence	
2.	Declarations of Interest of Members or Officers in any matter to be discussed at the meeting	
	(If any Member has a personal/prejudicial interest please complete the appropriate form and hand this to the Democratic Services Officer before leaving the meeting. A blank form can be obtained from the DSO at the meeting).	
	Members are reminded to verbally declare their interest and the nature of it and, if prejudicial, leave where appropriate at the point of the meeting when the item is to be discussed.	
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Special Meeting: Wednesday, 8 December 2010 at 2pm

Next Ordinary Meeting: Thursday, 27 January 2011 at 10am

NOTE: Under the Local Government (Access to Information) Act 1985 members of the public have a right to inspect any non-confidential background papers used in the production of a non-confidential report to the Authority. Requests for information should be made to the Department originating the report.



Tyne and Wear Integrated Transport Authority

23 September 2010
(10.00 am - 12.00 pm)

Present:

Councillor: D Wood (Chair)

Councillors: Keating, Taylor, Blackburn, Green, Hanson, Hodson and Maughan

In Attendance:

B Rowland	Clerk, Newcastle City Council
P Woods	Deputy Clerk and Treasurer, Newcastle City Council
M France	Finance and Resources, Newcastle City Council
H Emms	Director of Strategic Housing, Planning and Transportation, Newcastle City Council
S Vincent	ITA Policy Team, Newcastle City Council
J Anderson	LTP Team, Newcastle City Council
G MacDonald	LTP Team, Newcastle City Council
H Wilson	Legal Services, Newcastle City Council
P Fenwick	New Tyne Crossing Project Director, Newcastle City Council
P Staines	Scrutiny Team, Newcastle City Council
N Whitefield	Press Office, Newcastle City Council
V Miller	Democratic Services, Newcastle City Council

Also:

S Nicklin	Audit Commission
J Dafter	Audit Commission

Representing Nexus:

B Garner	Director General
J Fenwick	Director of Finance and Resources
T Hughes	Director of Strategy
L Robinson	Public Affairs Manager

50. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors McMillan, Scott, Lott and Stone.

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

Councillors P Wood, Green, Blackburn, Hanson and D Wood declared a personal interest in agenda item 7 in relation to concessionary travel.

52. **MINUTES OF THE PREVIOUS MEETING HELD ON 22 JULY 2010**

The minutes of the meeting held on 22 July 2010 were approved as a correct record subject to the inclusion of Councillor P Wood in the list of members who had declared a personal interest in relation to concessionary travel, and signed by the Chair.

Matters Arising

(a) Minutes of the previous meeting

Appointment to Committees/Working Groups 2010/2011

Local Government Association

(Minutes 27 and 35(a) refer)

It was further indicated that information on the Local Government Association was still awaited.

(b) Ferneyhough Hall Residents' Petition

(Minute 28 refers)

It was noted that the first meeting of the South Tyneside Better Bus Partnership Board would be held in the next week.

(c) Public Transport Trends 2009/10

(Minute 33 refer)

In respect of the take up rates of the Concessionary bus pass in Newcastle, B Garner confirmed that Nexus were working to address the issue.

(d) NESTI progress update

Smart Card

(Minute 45 refers)

It was confirmed that the Department for Transport fully supported the introduction of smart cards using the ITSO standard; and this was the strategy that Nexus followed.

53. **MINUTES OF THE MEETING HELD ON 28 JUNE 2010**

The minutes of the meeting held on 28 June 2010 were approved as a correct record and signed by the Chair.

54. **DRAFT MINUTES OF THE 8 SEPTEMBER 2010 MEETING OF THE METRO SUB-COMMITTEE (FOR INFORMATION)**

Submitted: The Draft Minutes of the Metro Sub-Committee held on 8 September 2010 – for information (previously circulated and attached to Official Minutes).

B Garner and J Fenwick made the following observations:

- In relation to the Quarterly Performance Data report (Minute 3), B Garner emphasised the constraints on reporting performance data to the Metro Sub-Committee in such a way as to strike a balance between providing enough data to enable the Committee to fulfil its role as a monitoring body and protecting the commercially sensitive data of the operators. He indicated that this matter had been discussed in detail and should be fully outlined in the minutes.
- In relation to the Metro Operating Concession report (Minute 3), J Fenwick indicated that the minute should outline the discussion around the increase in car parking charges.
- In relation to the Nexus Rail report (Minute 3), the minute should include an explanation that, if the industrial action was initiated by the DBTW staff, Nexus would not be liable to make payments to DBTW under the terms of the Concession Agreement unless force majeure could be argued, in which case other provisions existed to safeguard Nexus' interests.

A member advised that Councillor Scott's apologies should be added to the list of apologies.

RESOLVED – That the draft minutes of the 8 September meeting of the Metro Sub-Committee and the additional comments made at this meeting be noted.

55. **REVENUE BUDGET MONITORING REPORT (APRIL 2010 - AUGUST 2010)**

Submitted: Report of the Deputy Clerk and Treasurer (previously circulated and attached to Official Minutes).

P Woods presented the report which provided current financial information relating to the administration of the ITA and financing of the Tyne Tunnels. He also provided explanation to a member's query in relation to the levels of levy and how these were affected by the interest rates.

RESOLVED – That the financial position as at 31 August 2010 be noted.

56. PREPARATION OF THE FINANCIAL STRATEGY 2011/12 - 2013/14

Submitted: Report of the Deputy Clerk and Treasurer (previously circulated and attached to Official Minutes).

P Woods presented the report which advised members about the initial stages of the preparation of the financial strategy for the period 2011/12 to 2013/14 within the context of the changing financial environment.

It was expected that the guidance from the Tyne and Wear Leadership Group would be provided following their meeting on 7 October 2010, but the initial indication was that the ITA would need to illustrate the impact of different levels of reduction in the levy, such as -0%, -3%, -5% and -10% and carry out a fundamental review of the ITA budget and services. It was proposed that this preliminary information would be discussed with the ITA members at the Policy Seminar on 28 October 2010 and an update would be provided to members after the ordinary meeting of the ITA on 25 November 2010. The ITA would need to set the ITA budget and levy at its meeting in January 2011.

P Woods further explained that officers were currently discussing ways to reduce the cost of services as part of a 4-themed review: members and governance, support cost, pensions and financing charges.

J Fenwick explained that Nexus was embarking on a plan to ensure a number of efficiencies would be achieved, including the restructuring of the Nexus business, maximising income and reducing the expenditure. The illustration of the impact of reductions in the levy on Nexus would be presented to members at the Policy Seminar at the end of October 2010.

RESOLVED – That:

- (i) the report be noted and
- (ii) the agreement be given to receiving a further update at the Policy Seminar on 28 October 2010.

57. AUDIT COMMISSION - ANNUAL GOVERNANCE REPORT 2009/10

Submitted: Report by the Deputy Clerk and Treasurer (previously circulated and attached to Official Minutes).

S Nicklin and J Dafter presented the Audit Commission's Annual Governance Report on the ITA Annual Report and Accounts and corporate governance and value for money arrangements during 2009/10. Reference was made to the only key change in the Accounts in respect of the assumptions issued by the Actuary in respect of FRS17 financial estimates on request by the ITA Deputy Clerk and Treasurer.

Officers were thanked for their work on the ITA Annual Report and Accounts.

It was noted that Deloitte had been appointed to provide future external audit services to the ITA.

The Chair on behalf of the ITA thanked the Audit Commission officers for their work and wished them well for the future.

RESOLVED – That the contents of the Audit Commission’s Annual Governance Report for 2009/10 be noted.

58. **ANNUAL REPORT AND ACCOUNTS 2009/10 AND ANNUAL GOVERNANCE STATEMENT 2009/10**

Submitted: Report by the Deputy Clerk and Treasurer (previously circulated and attached to Official Minutes).

P Woods presented the audited Annual Report and Accounts and the final Annual Governance Statement to members for approval.

He pointed out the importance of the amendment made to the FRS17 figure, which, although still remaining at a relatively high level, was now more realistic and resulted in a £1.190m reduction in pension liability.

It was also reported that the ITA Standards and Audit Committee had considered the Accounts on 17 September 2010 and suggested that the wording around the work of scrutiny should be improved to ensure a better reflection of the role and impact of scrutiny.

P Woods explained the arrangements with regard to the publishing of the Accounts, including its full availability on the Internet. The Chair commented that the document should be available in a range of formats to ensure an improved accessibility.

A member referred to the Chairman’s Foreword and Introduction on page 8 of the Annual Report and queried the non-inclusion of taxis, which he said were the only 24-hour passenger transportation service, serving a significant number of passengers. The Chair indicated that this matter would be addressed in the future and emphasised that taxis were an important part of the transport network. The Chair further explained that the ITA and partners currently worked on addressing issues raised by the taxi trade. Reference was also made to the lack of data provided by the taxi operators across Tyne and Wear, which made it difficult to fully include them into policy development. The member suggested using the previously reported to the ITA data, which had been set out in the 2008 study into the Tyne and Wear hackney carriage and private hire trade.

RESOLVED – That:

- (i) the report and members’ comments be noted;

- (ii) the letter of representation (Appendix 1) be noted and approved;
- (iii) the amended Annual Report and Accounts 2009/10 and Annual Governance Statement 2009/10 be noted and approved;
- (iv) the future Annual Report and Accounts should include:
 - (a) a reference to taxis in the Chairman's Foreword and
 - (b) the improved wording around Scrutiny to better reflect its role and impact;
- (v) the Chair be authorised to sign the amended Annual Report and Accounts 2009/10;
- (vi) the approval be given to the inclusion of the Annual Governance Statement in the Final Accounts 2009/10.

59. **CONSULTATION OF CONCESSIONARY TRAVEL FUNDING FORMULA RESPONSE**

Submitted:

- (i) Report by the Deputy Clerk and Treasurer, including an extract from the Department for Communities and Local Government's consultation paper on Local Government Finance Formula Grant Distribution (previously circulated and attached to Official Minutes);
- (ii) Impact Options Before and After Damping (circulated at the meeting and attached to Official Minutes);
- (iii) Concessionary Travel Options (circulated at the meeting and attached to Official Minutes).

Paul Woods presented the subject and explained the proposals to change the funding arrangements for concessionary fares from 2011/12, as set out in the extract from the Department for Communities and Local Government's (CLG) consultation paper on Local Government Finance Formula Grant Distribution and in the main report to the Authority.

He also outlined the reasoning behind the preferred option CONCF4, or possibly CONF3, which referred to the exemplified difference between spend and the transfer before damping, and option CONCF8 or CONCF7, or possibly CONCF14, amongst the options for adding funding into the county level formula, and explained the associated financial technicalities. It was clarified that damping was a set of adjustments to limit the overall effect on individual councils.

It was noted that at this point in time there was a level of uncertainty due to CLG frequently adding further exemplifications.

As part of the Comprehensive Spending Review the concessionary fares figure would be agreed for the next four years and it may be reduced. It was noted that in these circumstances it was crucial to get the allocation for the base of the concessionary formula right to improve the ability to cope with the possible reduction in grant.

P Woods explained the importance of recognising that the removal of special grant payable direct to the ITA would impact on the levy payable by the five Districts.

It was important to respond to the consultation by its closing date 6 October 2010. P Woods also explained that it was crucial to disagree with the unacceptable option of status quo.

Questions/Comments

- A member queried option CONCF32, which indicated the same figure before and after damping. P Woods explained that this could be possibly due to the position of adjustments, indicating that longer floor damping might potentially result in advantages. He would check and report back.
- A member referred to the deficit in concessionary travel grant since 2006 and subsequent negotiations and lobbying, and queried if there was a strategy for pursuing this matter in light of the changing arrangements. P Woods confirmed that there was a strong strategy with a number of options for lobbying on a county level.
- It was noted that, as a result of the proposals to change the concessionary travel funding formula, shire districts would suffer the biggest loss.
- It was confirmed that the early November 2010 regional meeting of the Chairs of the ITAs, as re-arranged from July 2010, would provide a suitable opportunity for further commenting on the proposals. It was expected that although the initial response to the consultation would have to be submitted by 6 October 2010, there would be a follow up process, which would enable authorities to feed in.

RESOLVED – That:

- (i) the report and the content of the consultation paper be noted;
- (ii) the draft response as outlined in the report be agreed;
- (iii) the completion of the response be delegated to the Treasurer in consultation with the Chair of the ITA.

60. DEPARTMENT FOR TRANSPORT CONSULTATION ON LOCAL TRANSPORT FUNDING

Submitted: Report by the ITA Treasurer and the Nexus Director of Finance and Resources (previously circulated and attached to Official Minutes).

J Fenwick presented the report which provided members with information on the current consultation by the Department for Transport on local transport funding, and invited members to consider the draft joint response by the ITA and Nexus.

P Woods referred to the latest announcement by the Government, which had been received in the last 24 hours, about the intention to simplify funding for Transport. Nexus confirmed that no details had as yet been received. A further report would be issued as soon as the new guidance was known.

District Authorities were invited to provide individual responses alongside the joint response of the ITA.

RESOLVED – That:

- (i) the report be noted;
- (ii) the ITA Treasurer and the Nexus Director of Finance and Resources would work jointly to finalise the draft submissions as appropriate;
- (iii) the draft response be agreed as a basis for the response to the Department for Transport consultation on local transport funding.

61. 2010/11 NON-METRO CAPITAL PROGRAMME - FIRST QUARTERLY REVIEW

Submitted: Report by the Clerk and Director General of Nexus (previously circulated and attached to Official Minutes).

J Fenwick introduced the report, which advised members on the overall performance of the 2010/11 Capital Programme in relation to Nexus' non-Metro schemes but including major schemes and the delivery to the end of the first quarter. It was noted that this report included major schemes because they were funded differently to the Metro Asset Renewal plan. He listed key causes of variations to the Capital Programme, as outlined in the report.

RESOLVED – That:

- (i) the report be noted;
- (ii) the position with regard to the 2010/11 Capital Programme, as in Appendix A to the report, be noted;
- (iii) the changes to the Capital Programme, as detailed in Appendix B to the report, be agreed.

62. DINNINGTON BUS SERVICES PETITION

Submitted: Report by the Director General of Nexus (previously circulated and attached to Official Minutes).

B Garner presented the report which informed members about the petition received by Newcastle City Council in relation to bus services in Dinnington, Brunswick and the surrounding area. He highlighted that the analysis of this matter had indicated that there was only a small number of passengers that were affected by the withdrawal of bus service No.45. For this reason, Nexus did not recommend any specific actions apart from seeking a response from the Commercial Manager of Arriva North East.

RESOLVED – That:

- (i) the report be noted;
- (ii) the petition be referred to the Commercial Manager of Arriva North East for further consideration.

63. **HIGH SPEED RAIL - REMIT FROM SCRUTINY COMMITTEE**

Submitted: Report by the Director General of Nexus (previously circulated and also attached to Official Minutes).

B Garner introduced the report which provided members with information on the situation in relation to the possible extension of High Speed Rail to the North East, which was not currently considered by the central government, and advised members on the preferred option for lobbying the government through the All Party Parliamentary Rail in the North Group.

Questions/Comments

- A member suggested that the ITA should support all lobbying activities of the All Party Parliamentary Rail in the North Group as they were aimed at rail improvements in the North.
- A member referred to a recent announcement by the government about their commitment to extend High Speed Rail from London to Birmingham, and recommended that the Authority should seek the expansion of this particular infrastructure to Tyne and Wear.
- It was noted that Newcastle upon Tyne was a partner of a national lobbying group for rail improvements.
- Although it was noted that the extension of High Speed Rail was a highly expensive and lengthy process, members were in agreement that it was important to lobby the government for the long-term improvements to the rail, including the extension of High Speed Rail to Tyne and Wear.

RESOLVED – That:

- (i) the report be noted;
- (ii) the agreement be given to provide, through the Director General of Nexus, regular briefings to Ian Mearns MP on rail issues in Tyne and Wear.

64. **ITA MEMBERS' VISIT**

Submitted: Report by the Director General of Nexus (previously circulated and also attached to Official Minutes).

B Garner introduced the report and welcomed members to share their views on the recent visit to Wabtec in Doncaster and Nottingham City Council. Members made the following observations:

- The need for the regular timely maintenance of Metro for sustaining good long-term provision;
- An opportunity for a full discussion about the Workplace Parking Levy scheme, which had been illustrated by Nottingham, at a policy seminar. A wider discussion would be required on financial aspects.

RESOLVED – That:

- (i) the report and the comment made by the members be noted;
- (ii) the itinerary for the visit be noted;
- (iii) members would discuss the Workplace Parking Levy scheme at a policy seminar, in conjunction with a wider discussion on financial aspects.

65. **NEW TYNE CROSSING - PROGRESS REPORT**

Submitted:

- (i) Report by the New Tyne Crossing Project Director (previously circulated and also attached to Official Minutes);
- (ii) The New Tyne Crossing Construction Progress September 2010 brochure.

P Fenwick gave an overview of the progress made on the construction of the New Tyne Crossing and preparation for the related events, indicating that the project was still on target for the delivery of key dates. The Chair on behalf of the ITA welcomed the progress.

RESOLVED – That the report be noted.

66. **STRATEGIC RISK UPDATE**

Submitted: Report by the Clerk (previously circulated and also attached to Official Minutes).

S Vincent presented the report which provided an annual update on strategic risks and opportunities in line with the ITA Strategic Risk Strategy. Members noted changes in the Risk Register, which related to greater financial uncertainties and the subsequently increased risks. These changes are summarised in the table below:

Description	Priority	Direction of Travel
Joint Service Budget priorities may not fully support current ITA activities, leading to additional and unexpected financial demands on the ITA and the five Councils.	Red 12	Deteriorating
Insufficient funding for Concessionary Fares resulting in restricted ITA ability to fund other transport services, reduction in some services and adverse publicity.	Red 12	Deteriorating
Future spending restrictions, impacting on key ITA projects and ability to deliver policy objectives.	Red 12	Deteriorating

Members and officers discussed the situation. During the discussion, it was recommended that “the future of the ITA” should be added to the Risk Register, as it could depend on the situation with the local enterprise partnerships. A member pointed out the importance of maintaining the ITA as a vehicle for ensuring a fully integrated multi-modal transport system in Tyne and Wear. Members recommended that the Clerk and the Director General of Nexus should consider developing an appropriate description of this risk entry and add it to the Register.

In responding to a member’s query, the Treasurer explained that the focus on efficiency and the application of challenging approaches and pressure should stimulate ideas for achieving savings and increase productivity. However, the efficiency needed to be realistic. At this stage, the levels of efficiency required upon the Authority were unclear.

RESOLVED – That:

- (i) the report and updates be noted;
- (ii) the Clerk and the Director General of Nexus consider developing an appropriate description of the risk entry in relation to the future of the ITA and add it to the ITA Risk Register.

67. LTP3 DEVELOPMENT

Submitted:

- (i) Report by the Joint Transport Steering Group (previously circulated and also attached to Official Minutes);

- (ii) LTP 3 strategy, version 2 pre-consultation draft (with the permission of the Chair, due to timetables involved circulated at the meeting and copy attached to Official Minutes).

H Emms introduced the report which updated members about progress of the LTP 3 developments since the last report to the Authority in July 2010. He thanked all councillors and officers for their input.

Best wishes and thanks were said to S Vincent who was leaving the Authority later in the month.

RESOLVED – That the report be noted.

68. **PRIORITY LANES IN TYNE AND WEAR**

Submitted: Report by the Joint Transport Steering Group (previously circulated and also attached to Official Minutes).

H Emms presented the report which set out a recommended approach in relation to priority lanes across Tyne and Wear.

During the discussion of this subject, members expressed a number of views. Amongst them were the following:

- Some members welcomed progress and recommendations, which they noted were the result of complex long-term discussions. They emphasised that it was important to go ahead and implement the recommended approach, which could then be worked on to make further improvements.
- Some members thought that the suggested default option with all the permitted variants required more clarity (paragraph 4.5 refers). H Emms responded that the clarity of the description would be improved. Additionally, the question of preferred types of priority lanes would be incorporated in the LTP3 consultation process. The partner stakeholders would be approached to collect their views.
- A member thought that the suggested types of priority lanes could result in different approaches across Tyne and Wear. He suggested that the default option, that would provide a better use of the road, should be “No Car” lanes; importantly, these would be used by taxis.
- A member thought that there should be no exemptions in relation to Bus Lanes.
- A member referred to the enforcement of priority lanes, indicating that this was still an outstanding issue.
- A member emphasised the importance of co-operation between partner district authorities to enable the approach to be implemented and as far as possible, given the different demands in different areas, address the issue of inconsistency across Tyne and Wear.

- The Chair recommended that each authority should be requested to look at the existing priority measures to see if they can be adapted or amended to fit in with the new criteria.
- The Chair also recommended that the possibility of a change in legislation to allow local authorities to use civil enforcement powers to assist with the criteria should be investigated. A member indicated that it was important to allocate the monitoring responsibility to the ITA.
- The Chair welcomed progress and indicated that the Authority were one step forward in improving the priority lanes approach across Tyne and Wear.

RESOLVED – That:

- (i) the set out in the report recommendations be approved subject to further clarification of the recommended permitted use of bus lanes; the updated report be submitted to the next meeting;
- (ii) the question of preference in relation to priority lanes be incorporated into the LTP3 consultation process and the partner stakeholders approached directly;
- (iii) each authority be requested to look at the existing priority measures to see if they can be adapted or amended to fit in with the new criteria.
- (iv) the possibility of a change in legislation to allow local authorities to use civil enforcement powers to assist with the criteria be investigated.

69. DATE AND TIME OF THE NEXT MEETING

Thursday, 25 November 2010 at 10am.

It was noted that this meeting would be followed by an informal briefing for members by the Deputy Clerk and Treasurer.

70. EXCLUSION OF PRESS AND PUBLIC

RESOLVED – That the press and public be excluded from the consideration of agenda items 22, 23 and 24 on the following grounds:-

Business

**Paragraph of Part 1 of
Schedule 12A to the Local
Government Act 1972**

Nexus Board Membership

2, 3 and 4

Confidential Minutes of the previous
meeting held on 22 July 2010

3

Draft Confidential Minutes of the 8 September meeting of the Metro Sub-Committee (for information)

3



Tyne and Wear Integrated Transport Authority

Treasury Management and Investment Strategies Update

Report by: Deputy Clerk and Treasurer (ITA)

District Implications: All Districts

For decision

1. Purpose of the report

- 1.1 To meet the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA), Treasury Management in the Public Services: Code of Practice and Guidance Notes for Local Authorities, a mid year report on Treasury Management operations should be made to relevant members. This report sets out the current position with regard to the Integrated Transport Authority's borrowing and lending activities and outlines anticipated changes over the course of the rest of the financial year.

2. Recommendations

- 2.1 The Authority is recommended to: -
1. receive this update report for information and comment;
 2. consider and review the revised Authorised Limit and Operational Boundary; and
 3. consider and review changes to the Authority's Counter-Party List.

3. The CIPFA Treasury Management Code

- 3.1 To meet the requirements of the above code the Authority must show evidence that the following actions are taken: -

1. Scrutiny

There is a formal process to scrutinise the Treasury Management Strategy and policies and report on this to the Executive.

2. Approval Process

The annual strategy will be approved by the Authority.

3. Training of Authority Members

Relevant members of the Authority will receive appropriate training to enable

them to function in the role.

4. Reporting

A mid year report will be made as well as an annual report.

4. **Update Report**

4.1 The current Treasury Management prudential indicators were set out in the Annual Treasury Management Strategy Report 2010/11. That report was considered and approved by the ITA on the 28th March 2010. A revised set of indicators is given in this report including a table of investment limits with financial institutions.

4.2 **Prudential Indicators**

Borrowing Requirement

4.2.1 The borrowing requirement comprises the expected movement in the Capital Financing Requirement and any maturing debt which will need to be re-financed. The table below shows the estimated effect on the borrowing requirement of the Authority over the next three years updated for changes that have occurred since the Annual Treasury Management Strategy Report 2010/11 was reported in March of this year.

	2010/11 £,000	2011/12 £,000	2012/13 £,000
Debt at 1 April 2010	145,560	177,620	218,704
Expected change in debt	32,060	41,084	(10,454)
Debt at 31 March 2011	177,620	218,704	208,250

4.2.2 During the first half of 2010/11 advantage has been taken of low levels of interest rates to borrow the following amounts for periods of 1 year.

Lender	Principal	Type	Interest Rate	Maturity
PWLB	£10m	Fixed interest rate	0.70%	1 year
PWLB	£10m	Fixed interest rate	0.62%	1 year

4.2.3 The Government's Comprehensive Spending Review Report included an announcement that PWLB interest rates would increase immediately by an average of 1% above the Government's cost of borrowing. The current interest rate on 1 year loans is, at 5 November 2010, 1.55%. This compares to 0.62% that was obtained on borrowing carried out earlier in the year as shown in paragraph 4.2.2 above. The PWLB is showing a continuing upward movement in its rates.

4.2.4 The above announcement has made borrowing through Government more expensive than the market, but the expectation is that market interest rates will rise to come broadly in line with Government rates.

4.2.5 Paragraph 4.2.1 shows that expected levels of debt for the ITA will be £177.6m whilst current borrowing is £165.6m. An additional £12m of borrowing is required in the remaining months of 2010-2011.

Whilst there is little that can be done about the increases in interest rates brought in as part of the Comprehensive Spending Review, Treasury Officers must look at meeting the Authority's future borrowing needs that minimise the impact on the budgetary position of the Authority. There are several options that can be utilised to do this as follows: -

1. Given the increase in the above rates it is thought prudent to look at meeting additional borrowing requirements through short-term temporary borrowing which at present is as low as 0.30%.
2. Look at using PWLB annuity and equal instalments of principle (EIP) instead of the more common maturity type of loan. The above loan types usually provide a lower rate of interest as Government encourage borrowers to repay principal during the course of the loan rather than at the end. Typically, for example, a loan taken on the 5th November 2010 for a period of 9 and a half to 10 years would pay interest of 2.87% on EIP; 2.92% annuity and 4.10% maturity loans; and
3. Using flexibility to borrow funds in advance. Given the changes identified in paragraph 4.2.3 above the Treasurer and Deputy Clerk may look to do this under delegated power so borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints. Whilst the Treasurer and Deputy Clerk will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt requirements. Borrowing in advance will be made within the constraints that
 - It will be limited to no more than 100% of the expected increase in borrowing need (CFR) over the three year planning period; and
 - Would not be more than 12 months in advance of need.

4.3 **The Authorised Limit for External Debt**

4.3.1 A key prudential indicator provides a control on the overall level of borrowing with the Authority setting and revising a limit beyond which external debt is prohibited. This reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all authorities' plans, or those of a specific authority, although no control has yet been exercised. The limits are detailed below.

Authorised limit £000	2010/11 Estimate	2011/12 Estimate	2012/13 Estimate
Borrowing	231,000	243,000	238,000
Other long term liabilities	213,000	223,000	235,000
Authorised Limit	444,000	466,000	473,000

4.4 Investment Activity April to October 2010.

4.4.1 Key Objectives - The Authority's investment strategy primary objectives are safeguarding the repayment of the principal and interest of its investments on time first and ensuring adequate liquidity second – the investment return being a third objective. Following the economic background above, the over-riding risk consideration of the current investment climate is ensuring that return is maximised without reducing the level of counterparty security risk and maintaining liquidity to meet the Authority's obligations. However, should the Treasurer and Deputy Clerk utilise borrowing in advance to take advantage of lower interest rates then there may be short term surpluses that can be invested. To obtain the best return on such surpluses it is proposed to amend the counter party list by increasing the Co-operative Bank investment limit.

4.4.2 Risk Benchmarking – A development in the revised Codes and the Communities and Local Government Committee consultation paper is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance. Discrete security and liquidity benchmarks are new requirements to Member reporting, although the application of these is more subjective in nature.

These benchmarks are simple targets (not limits) and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy depending on any changes. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report.

Security - The Authority's security risk is monitored continuously. Three ratings agencies provide detail relating to the financial strength of the institutions in which the Authority invests surpluses. This information is provided with regular updates by the Authority's treasury advisors, Sector. Outstanding investments are 100% with institutions classified as being of Very High Credit Quality

Liquidity – In respect of this area the Authority seeks to maintain:

- Liquid short term deposits of at least £1 million available with a week's notice.

Weighted Average Life benchmark is expected to be 0.30 years, with a maximum of 3 years, currently outstanding investments have an average period to maturity of 0.25 years.

Yield - Local measures of yield benchmarks are:

Investments – The returns of interest on investments are measured against money market indices. These indices are subject to fluctuations and so are

monitored daily. This allows comparison of actual and forecast returns to market averages.

The index against which our investment portfolio return, currently 1.02%, is measured is the LIBOR 7 day notice rate, currently 0.55%.

- 4.4.3 In view of the relatively low rates of interest that can be earned on investments the Treasurer & Deputy Clerk is following a strategy to reduce the level of external investments. This is being achieved by not replacing existing debt as it matures and by delaying decisions to take out new borrowing to fund capital expenditure. Capital expenditure and cash flow may thus be funded on a short term basis by use of internal funds and temporary borrowing. At this time it is estimated that the net effect of this approach will reduce external investments from the current level of £20 million to nil million by the end of November 2010.

5 **Corporate Implications**

5.1 **Financial**

The financial implications for the programme are set out in the earlier sections of this report.

5.2 **Legal**

There are no legal or human rights implications

5.3 **Environmental and Sustainability**

There are no environmental and sustainability implications

5.4 **Risk**

Debt and investment management involves the risk of interest rate volatility and security of cash investments. The revised Treasury Management in the Public Services: Code of Practice and Guidance Notes for Local Authorities recognises the priority to manage and control risk effectively. Treasury Management staff will manage these risks in accordance with it.

5.5 **Equalities**

There are no specific issues arising directly from this report.

5.6 **Scrutiny**

The Authority is responsible for scrutiny.

5.7 **Partnership**

The report has no direct partnership implications.

5.8 **Community Safety Implications**

The report has no community safety implications.

6 **What happens next.**

- 6.1 An ongoing process of member training is available if required.

7. **Background papers**

Held by Capital Investments Projects Team, Chief Executive's

8. **Contact officers**

Ian Richardson, Senior Loans & Investments Officer, Capital Investments Projects Team, ext 26524. Email i.richardson@newcastle.gov.uk

Iain Duncan, Senior Accountant, Capital Investments Projects Team, ext 26684. Email iain.duncan@newcastle.gov.uk



Tyne and Wear Integrated Transport Authority

25 November 2010

TITLE: REVENUE BUDGET MONITORING REPORT (April 2010 - October 2010)

REPORT OF: Deputy Clerk and Treasurer to the ITA

Not confidential

District Implications - all

1. Summary / Purpose of Report

- 1.1 The purpose of this report is to provide members with a revenue budget monitor report for the period April 2010 to October 2010
- 1.2 The monitor includes current financial information relating to ITA administration and financing and the Tyne Tunnels.
- 1.3 The report sets out expenditure to date and compares this with the original estimate presented to the Integrated Transport Authority at its meeting of the 28 January 2010. It shows that the likely outturn position is anticipated to be within budget.
- 1.4 The report also provides an update on the level of the ITA's borrowing and lending for information.

2. Recommendations

- 2.1 The ITA is recommended to note the financial position as at 31 October 2010 set out in this report and attached appendices 1 and 2.

3. Introduction / Background

- 3.1 The budget monitor has been prepared by comparing the actual income and expenditure (analysed into ITA and Tyne Tunnels) from April 2010 to October 2010 with the budget for 2010/11. Appendices 1 and 2 summarise the recorded spending position as at 31 October 2010.

3.2 For the ITA, expenditure at £42.25m is 58% of the annual budget for the year, with no unexpected costs incurred to date. There is some variation in the percentage spend on individual budget items, but this is broadly in line with expectation apart from the following -

- Support Services – The majority of the costs of officer support activity of the ITA are charged into the revenue account in the second half of the year. Overall costs are expected to be in line with the budget.

It is anticipated that the likely outturn position will be within budget, based on the expenditure to date and the known commitments at this time

3.3 2010/11 is the second full year of the contract with TT2 for the operation of the Tyne Tunnels. Payment to TT2 is linked to the tolls income. For the first seven months of 2010/11 the position is summarised in Appendix 2, with key bullet points shown below -

- Toll income is collected by TT2 and paid to the ITA within 4 working days of being actually received. The monthly payment to TT2 is paid within 30 working days after the end of the relevant month.
- Net tolls income (tolls income received less payment to TT2) is within 5% of the budgeted net income for the first seven months of 2010/11.
- Actual traffic is broadly similar to the first seven months of last year after taking account of tunnel closures in 2009 and timings of holiday periods.

Treasury Management Update – Borrowing and Lending

Borrowing

3.4 The ITA's approved Authorised borrowing limit for the 2010/11 year is £231 million and its Operational borrowing limit is £226 million. The level of external borrowing as at 31 October 2010 is £165.6 million which includes new borrowing of £20 million this year to meet capital payment requirements in 2010/11. This is within the limits agreed by ITA and has been throughout the year to date. This includes the money that the ITA needs to borrow to fund its share of the new Tyne tunnel contract. The average interest rate payable on the ITA's loans this year is estimated at 4.30%.

Lending

3.5 The ITA has been lending in line with the limits agreed for individual institutions agreed by the ITA. Our lending at 31 October 2010 was £20m. This was lent to 2 UK Banks and Building societies (with deposits ranging from £2m to £12m). The ITA had not lent money to any Icelandic Banks and had not lent money to other foreign institutions. Normal loan periods range from overnight to 364 days. The

average interest rate on investments is estimated at 1.14% so far this year.

4. **Next Steps**

4.1 The budget and the ITA's treasury management position will continue to be monitored carefully by the Treasurer

5. **Further comments by the:**

- **Clerk** none
- **Treasurer** see main report
- **Legal Advisor**
- **Director General**

6 **Background Papers**

6.1 Revenue Monitoring reports to October 2010

7 **Contact Officer (s)**

7.1 Eleanor Goodman 0191 277 7518

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Appendix 1: ITA Revenue Budget Monitor for the Period April to October

Spend to 31 October 2010 (2010/11)

<u>ITA</u>	<u>Spend to</u> <u>31.10.10</u>	<u>Budget</u>	<u>Spend</u> <u>against</u> <u>Budget</u>	<u>Traffic</u> <u>Light</u>	<u>Notes</u>
	£'000	£'000	%		
<u>Revenue Expenditure</u>					
Travel Costs	1	4	30%	G	
Supplies & Services	79	106	75%	A	
Support Services	3	403	1%	G	Primarily year-end expenditure
ITA Website Charges	20	34	58%	G	
Pension Costs	298	510	58%	G	
Grant to Nexus	39,990	68,555	58%	G	Annual subscription payment
GA Subscription	36	36	100%	G	Expenditure flow uneven throughout the year
Financing Charges	1,826	2,874	64%	G	
	<u>42,253</u>	<u>72,522</u>	58%	G	Overall revenue expenditure is in line with budget
<u>Income</u>					
Levy Income	(41,828)	(71,706)	58%	G	
Interest on Balances	0	(35)	0%	G	Income will be allocated to ITA at year-end
Contribution from Reserves	425	(71,741)	58%		
		781			

For further information or detail, please contact Eleanor Goodman on 0191 277 7518

Appendix 2: Tunnels Revenue Budget Monitor for the Period April to October

Spend to 31st October 2010 (2010/11)						
	<u>Spend to</u> <u>31.10.10</u> £'000	<u>Original Budget for</u> <u>Year</u> £'000	<u>Spend as a %</u> <u>of Original</u> <u>Budget</u> %	<u>Traffic Light</u>	<u>Notes</u>	
Tyne Tunnels						
TT2 Contract						
Toll Income	(7,920)	(13,150)		G		
Payments to TT2	1,475	2,962		A		
Total	(6,445)	(10,188)	63%		At the date of preparation of this report, the October payment to TT2 was outstanding See paragraph 3.3	
Other						
Employee Costs	19	33	56%	G	Expenditure on target	
Other Expenses	26	43	60%	G	Expenditure is slightly higher than profiled, but this includes an insurance premium paid annually	
Community Fund	5	10	50%	G		
Pension Costs	341	588	58%	G	Year-end expenditure	
New Tyne Crossing support services	-	171	0%	G	Year-end expenditure	
Financing Charges	-	3,595	0%	G	Year-end expenditure	
Interest on Balances	-	(483)	0%	G	Year-end expenditure	
Total	390	3,957	10%			
Net Surplus on Existing Tunnels	(6,054)	(6,231)	97%	G		

For further information or detail, please contact Eleanor Goodman on 0191 277 7518



Tyne and Wear Integrated Transport Authority

Date: 25 November 2010

TITLE: Annual Audit and Inspection Letter 2009/10

REPORT OF Deputy Clerk and Treasurer to the ITA

Not confidential

District Implications - all

1. Summary / Purpose of Report

- 1.1 The purpose of this report is to consider the Annual Audit and Inspection letter for 2009/10, attached to this report as Appendix 1. The letter is very positive, giving an unqualified audit opinion and contains a small number of relatively minor recommendations.

2. Recommendations

- 2.1 The ITA is asked to approve this report and raise any comments.

3. Introduction / Background

- 3.1 The Annual Audit and Inspection letter provides an overall summary of the Audit Commission's assessment of the Authority. It draws on the findings and conclusions from the audit of the Authority and from any inspections undertaken during the year.

The District Auditor gave an unqualified opinion on the Authority's amended financial statements on 23 September 2010. He recommended that the ITA continue to build on the quality assurance approach already in place.

He gave an unqualified conclusion on 23 September 2010 for Value for Money, stating that the Authority had satisfactory arrangements in place to secure economy, efficiency and effectiveness in its use of resources. He recommended that the ITA should work with key partners to ensure that the Authority continues to reduce its use of natural resources and environmental impact.

4. Next Steps

4.1 This report will be considered by Standards and Audit Committee at their meeting of 17 December.

5. Further comments by the:

- **Clerk** (if any);
- **Treasurer** (if any);
- **Legal Advisor** (if any);
- **Director General** (if any).

6. Background Papers

6.1 Annual Audit Letter

7. Contact Officer (s)

7.1 Marilyn France - 0191 2777517

Annual Audit Letter

Tyne and Wear Integrated Transport Authority
Audit 2009/10

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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Key messages

This report summarises my findings from the 2009/10 audit. My audit comprises two elements:

- **the audit of your financial statements (page 3); and**
- **my assessment of your arrangements to achieve value for money in your use of resources (pages 4 to 5).**

I have included only significant recommendations in this report. The Authority has accepted these recommendations.

Audit opinion and financial statements

1 I gave an unqualified opinion on the financial statements on 23 September 2010.

Value for money

2 I gave an unqualified conclusion on 23 September 2010 stating that the Authority had satisfactory arrangements to secure economy, efficiency and effectiveness in its use of resources.

Current and future challenges

3 The Authority is reasonably well placed to meet the challenges it faces. However, the pressures on public spending are so great that Members will inevitably be faced with difficult choices about future services

Financial statements and annual governance statement

The Authority's financial statements and annual governance statement are an important means by which the Authority accounts for its stewardship of public funds.

I gave an unqualified opinion on the Authority's 2009/10 financial statements on 23 September 2010.

Overall conclusion from the audit

4 I gave an unqualified opinion on the financial statements on 23 September 2010, well within the statutory deadline.

5 The draft statements presented for audit contained a number of minor errors and inconsistencies. All those identified have been corrected by management.

6 When the 2009/10 draft accounts were prepared, officers expressed concern regarding the accuracy of some of the assumptions used by the Actuary in compiling their FRS17 financial estimates. The Deputy Clerk and Treasurer requested the Actuary to revise their figures based on more reasonable assumptions. These figures were supplied and the accounts adjusted, resulting in a decrease in the Pensions Liability and Pensions Reserve of £1.19 million. Various other disclosures were also affected as a result of this adjustment.

Significant weaknesses in internal control

1 I did not identify any significant weaknesses in your internal control arrangements.

Recommendation

R1 Continue to build on the quality assurance approach already in place.

Value for money

I considered whether the Authority is managing and using its money, time and people to deliver value for money.

I assessed your performance against the criteria specified by the Audit Commission and have reported the outcome as the value for money (VFM) conclusion.

VFM conclusion

2 I assessed your arrangements to achieve economy, efficiency and effectiveness in your use of money, time and people against criteria specified by the Audit Commission. The Audit Commission specifies each year, which Key Lines of Enquiry (KLOE) are the relevant criteria for the VFM conclusion at each type of audited body.

3 This is a summary of my findings.

Criteria	Adequate arrangements?
Managing finances	
Planning for financial health	Yes
Understanding costs and achieving efficiencies	Yes
Financial Reporting	Yes
Governing the business	
Risk management and internal control	Yes
Managing resources	
Natural Resources	Yes

4 I issued an unqualified conclusion on 23 September 2010 stating that the Authority had satisfactory arrangements to secure economy, efficiency and effectiveness in its use of resources.

- 5** A Medium Term Financial Strategy (MTFS) was in place which was clearly linked to the Authority's objectives. In addition the MTFS identified how resources were directed towards achieving objectives.
- 6** As part of the budget monitoring process, officers identified areas of high spend. These areas were then subject to review and scrutiny, and action taken to address them. The Authority identified and pursued opportunities to reduce costs or improve quality within existing costs wherever possible.
- 7** The 2009/10 accounts complied with statutory requirements and an unqualified audit report was issued.
- 8** Robust financial plans were in place to support the delivery of the New Tyne Crossing.
- 9** An effective and appropriately challenging Standards and Audit Committee, with a detailed work programme, was in place. This Committee carried out the role and function of an Audit Committee.
- 10** An up to date Risk Management Framework was in place. Risk Management is included within the terms of reference of the Standards and Audit Committee, which received regular reports on this matter.
- 11** The Authority had a Fraud and Corruption Policy Statement which is available from the website.
- 12** The Authority signed up to the Nottingham declaration on Climate Change in September 2009.

Recommendation

- R2** Work with key partners to ensure that the Authority continues to reduce its use of natural resources and environmental impact.
-

Current and future challenges

13 The Authority is reasonably well placed to meet the future challenges. However, the pressures on public spending are so great that the Authority will inevitably be faced with difficult choices in relation to future services. Audit work may likely focus on financial resilience and the way in which the Authority balances the delivery of any reductions in its spending with the maintenance of effective service provision.

Future developments

14 International Financial Reporting Standards (IFRS) were introduced from 1 April 2010. This means that the Authority is required to prepare full IFRS-compliant financial statements under the new Code of Practice on Local Authority Accounting for 2010/11 by 30 June 2011. Officers are making progress in this area; however, there is a need to build on this in order to ensure the Authority meets the requirement by the statutory financial reporting deadline.

Recommendation

R3 Ensure that IFRS-compliant accounts for 2010/11 are prepared by the 30 June 2011.

Closing remarks

15 I have discussed and agreed this letter with the Deputy Clerk and Treasurer. I will present this letter at the Authority meeting on 25 November 2010 and will provide copies to all Authority members.

16 Full detailed findings, conclusions and recommendations in the areas covered by our audit were included in the reports I issued to the Authority during the year.

Report	Date issued
Audit Plan	June 2009
Audit Progress Report	June 2009, September 2009, January 2010, April 2010, June 2010.
Opinion Audit Plan	April 2010
Annual Governance Report	September 2010

17 This is my final annual letter to the Authority. From 2010/11 the Authority's audit will be undertaken by Deloitte. The Authority has taken a positive and constructive approach to our audit. I wish to thank Authority staff for their support and co-operation during the 2009/10 audit and in previous years.

Steve Nicklin
District Auditor

October 2010

Appendix 1 – Audit fees

	Actual	Proposed	Variance
Financial statements and annual governance statement	37,600	37,600	Nil
Value for money	9,000	9,000	Nil
Total audit fees	46,600	46,600	Nil
Non-audit work	Nil	Nil	Nil
Total	46,600	46,600	Nil

Appendix 2 – Glossary

Annual governance statement

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities.

The annual governance statement is a public report by the Authority on the extent to which it complies with its own local governance code, including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

Audit opinion

On completion of the audit of the accounts, auditors must give their opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question;
- whether they have been prepared properly, following the relevant accounting rules; and
- for local probation boards and trusts, on the regularity of their spending and income.

Financial statements

The annual accounts and accompanying notes.

Qualified

The auditor has some reservations or concerns.

Unqualified

The auditor does not have any reservations.

Value for money conclusion

The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of money, people and time.

Appendix 3 - Action Plan

Recommendations

Recommendation 1

Continue to build on the quality assurance approach already in place.

Responsibility

Priority 2

Date

Comments

Recommendation 2

Work with key partners to ensure that the Authority continues to reduce its use of natural resources and environmental impact.

Responsibility

Priority 2

Date

Comments

Recommendation 3

Ensure that IFRS-compliant accounts for 2010/11 are prepared by the 30 June 2011.

Responsibility

Priority 2

Date

Comments

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Audit Commission

1st Floor
Millbank Tower
Millbank
London
SW1P 4HQ

Telephone: 0844 798 3131

Fax: 0844 798 2945

Textphone (minicom): 0844 798 2946

www.audit-commission.gov.uk

November 2010

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Tyne and Wear Integrated Transport Authority

Date: 25 November 2010

TITLE: GENERAL TRANSPORT UPDATE

REPORT OF CLERK TO THE ITA

Reasons for confidentiality: Not confidential

District Implications: All

1. Summary / Purpose of Report

1.1 To set out an update to Members on recent announcements regarding Transport Policy.

2. Recommendation

2.1 ITA Members are asked to note the report.

3. Background

3.1 A number of announcements and developments have been set out by Government recently in relation to transport policy. These are set out in the following paragraphs.

3.2 The DfT has recently published its Business Plan for 2011-15. The priorities have been defined as:

- Deliver the Coalition's commitments on high speed rail
- Secure our railways for the future
- Encourage sustainable local travel
- Tackle carbon and congestion on our roads
- Promote sustainable aviation

The Business Plan sets out a number of actions and key dates and provides information around the opportunities coming from the emerging localism agenda. This is available at the following address:

<http://www.dft.gov.uk/about/publications/business/plan2011-15/>

3.3 The Department for Transport has announced changes in the Major Scheme Funding. The Spending Review settlement means that over £1.5 billion will be available for local authority major schemes in the period up to 2014/15. Around £600 million of this is for schemes already in construction or with Conditional Approval and over £900 million for new schemes. Schemes are now classified under three

headings:

- Supported pool – These are schemes which previously had Programme Entry. The DfT have identified ten of the best value schemes (on the basis of value for money or size of local contributions) that they would be prepared to support. These schemes would account for around £300m of DfT funding in the Spending Review period.
- Development pool - 22 schemes will form a Development Pool, for which over £600m should be available. These schemes offer good value for money but the DfT will not be able to fund them all. Further analysis will be conducted on these with the promoters and the DfT will invite improved best and final funding bids before deciding which of these schemes they will support. Final decisions will be made by the end of 2011. The Sunderland Strategic Transport Corridor is in this pool.
- Pre-Qualification Pool – these are schemes that had achieved Programme Entry, but have changed considerably since their last approval, and those which were submitted for consideration for Programme Entry to DfT prior to the 10 June suspension of major scheme guidance, but not yet approved by the DfT will form a Pre-Qualification Pool. The DfT will conduct a preliminary assessment of these schemes and make decisions by January on which of these will join the Development Pool. Expressions of interest to join the development pool by end of December. After January this pool ceases to exist and schemes not selected for the development pool will not be funded in this spending review period. The A1056 Northern Gateway, Sunderland Central Route and the Bus Corridor Improvement Schemes – Phase 1 are in this pool.

There will be no new bids accepted for programme entry to Major Schemes pot prior to 2014/15. There will be new major schemes funding framework from 2014/15 in the light of “localism” which could lead to new schemes entering the programme.

Trunk roads – Investment in Trunk Roads has been halved. £4bn has been allocated for Major Projects, capital maintenance and enhancements. Of this £1.4bn is available for new scheme starts in the spending review period. Many of these are “Managed Motorways” type projects. The Highways Agency will also be reformed to enable more effective and efficient management of the highways network.

Work on the A19 junctions at Testos and A19/A1058 Coast Road junctions have been put back to after 2015, proposed schemes at A19 Moor Farm and A19 Seaton Burn have been cancelled. The A1 Leeming to Barton upgrade in North Yorkshire has also been cancelled.

3.4 The DfT has reduced the number of funding streams for local transport from 26 to 4, these are:

- Block Funding for Highways Maintenance - £3bn for Local authorities over the next 4 years (Capital) (£871m in 2010/11, - £806m in 2011/12, - 707m by 2014/15)
- Block Funding for Small Transport Improvement Schemes – Local Authorities - ITB cut by a third (Capital) (£450m in 2010/11 - £300m in 2011/12 – 2013/14)

then 2014/15 - £450m

- Regional Growth Fund – LEPS and Business led. (£500m year 1 £500m year 2, £400m year 3) – DfT's contribution is circa £400m
- Local Sustainable Transport fund
 - *Revenue (£350m) and Capital (£210m)*
 - *To “fund packages that support economic growth and reduce carbon dioxide emissions as well as improving air quality, enhancing safety and reducing congestion”*
 - An increase in funding available for Sustainable Travel
 - Large Revenue element to the fund

The Local Sustainable Transport Fund is a 4 year fund that will be a competitive bidding process which is accessible by local authorities. Further details will be announced in December. It could provide a way to build upon the Sustainable Travel City proposals from 2009.

- 3.5 **Green Bus Fund** - Stagecoach North East received the second largest funding allocation in the recent £30 million Department for Transport Green Bus Fund challenge. The award funds the difference in cost between conventionally-powered diesel buses and their hybrid counterparts. With these vehicles, electric motors supply traction power, with a small diesel engine used to keep batteries powered. Around £2.25 million of funding has been awarded to allow the purchase of 26 hybrid vehicles, for use on Newcastle services 39 and 40 between Walker, Byker, Blakett Street, West Road and Lemington Road Ends.
- 3.6 **High Speed Rail** - In a recent announcement co-ordinated with the government's comprehensive spending review, the Secretary of State for Transport confirmed support for the so-called 'Y' alignment, with two lines branching out from a core route between London and the West Midlands, one route heading for Manchester, the other for the East Midlands and Yorkshire. The choice of this option offers greater capacity and faster journey times between the North East and the capital than would have been possible on journeys via Manchester.
- 3.7 **East Coast Main Line Timetable Changes and Capacity Review** - The new 'regular interval' timetable along the ECML is being finalised by Network Rail and train operating companies, and will take effect from the May 2011 timetable change. Its main feature is a recurring pattern of regular services throughout the day, providing more predictable schedules and making the most of limited route capacity. Alongside this process, a capacity review of the route is being undertaken by the DfT, Network Rail and train operating companies, with the aim of establishing the optimum configuration of passenger and freight services over the route, particularly south of Doncaster, and identifying any constraining features which could be relieved by targeted investment to provide additional capacity.
- 3.8 **Northern Route Utilisation Strategy** - Nexus has been involved in the development of a route utilisation strategy (RUS) for the railway in the North of England – basically from Crewe and Doncaster northwards to the Scottish border. A consultation draft has been issued by Network Rail, which is responsible for the co-

ordination and preparation of the RUS. The draft has few implications for Tyne and Wear; all of the major 'capacity gaps' identified are located to the south and west of York, where the most urgent problems to be addressed have been identified. The ECML was covered by its own RUS published in 2008; its recommendations for the North East, including the provision of limited additional rolling stock, remain valid. Nexus will be responding to the consultation document.

3.9 **Strategic National Corridor Consultation** – The Department for Transport has recently published a consultation document outlining proposals to change the criteria defining infrastructure that is included in the Strategic National Corridors. The changes suggested in the consultation document include the A1 north of Newcastle being included in the Strategic National Corridors. The proposed change could result in the A1 between its junction with the A19 north of Newcastle and the Scottish Border, being identified as having national significance, providing a defined link to Edinburgh. We have provided information for a regional response via ANEC and have asked that the A19 from the Tees Valley up to the junction with the A1 at Seaton Burn is considered for inclusion within the Strategic National Corridor Network as it provides a vital strategic link between the Tees Valley and Tyne and Wear City Regions. The A19 has been identified by partners in Tyne and Wear as an important corridor which will help attract investment for our regeneration proposals. The opening of the New Tyne Crossing in 2011 will provide dual carriageway standard all the way from North Yorkshire to the A1 North of Newcastle, providing relief from current congestion problems.

3.10 **LTP 3 Update** - The draft LTP3 was published on 18 October 2010. Public consultation is due to end on Friday 10 December 2010 but this could be extended if required. A report on consultation will be drafted before the end of the year. Following the end of consultation and announcement of local government settlement (expected in December 2010), LTP3 will be revised with a draft final being taken to ITA in January 2011. Final approval is required before the end of March 2011.

The draft LTP3 has been published in three separate documents:

- Strategy 2011-2021
- Delivery Plan 2011-2014
- Consultation Summary & Questions

The draft LTP3 is available on-line and copies of the full document are available in libraries. Consultation summary documents have been placed in libraries and have been sent to stakeholders by email and post. Statutory Assessments of the LTP3 (Strategic Environmental Assessment, Health Impact Assessment, Equalities Impact Assessment) are also available for public consultation through the website.

3.11 **Tyne and Wear City Region Transport Update** – The Tyne and Wear City Region Transport Strategy is underway and progressing well. Consultants have undertaken a review of evidence and are developing the strategy which looks at how the transport network can support economic growth and development. It will focus on our international gateways of the airports and ports, the A1/East Coast Mainline, A19/Durham Coast Rail line and A69/Tyne Valley Line corridors together with the Metro system. The strategy will need to identify new investment avenues from private and public sector.

Evidence collated through the development of the DfT's Access to Tyne and Wear City Region Study, together with technical evidence collected from the City Region Economic Review and local strategies and master-plans has been made available to the consultants. Work is also progressing on a communications and stakeholder plan for the Strategy. A new officer group, chaired by Barry Rowland, has been established to provide policy and technical advice to the City Region Transport Sub-Group, and to ensure consistency between the development of the Transport Strategy and the preparation of the Local Transport Plans for Tyne and Wear, Durham and Northumberland. The Strategy will be completed by March 2011.

4. Background Papers

4.1 None

5. Contact Officer (s)

5.1 Roger Gill, ITA Policy Manager 0191 211 4805

Gordon Harrison, Senior Policy Officer, Nexus, 0191 203 3333

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Tyne and Wear Integrated Transport Authority

TITLE: **Date: 25th November 2010**
REVISION TO FARES 2011

REPORT OF **THE DIRECTOR GENERAL OF NEXUS**

Not confidential

District Implications

1. Purpose of Report

1.1 To outline recommended product and fare changes to become effective from 2nd January 2011.

2. Recommendations

2.1 The ITA is recommended to approve the proposals outlined in this report in regard to Metro products.

3. Background

3.1 An annual review of fare levels on Metro is required in order to ensure that the fares offered to passengers support ITA objectives and offset the costs incurred in operating this service.

3.2 The funding agreement for Metro operating costs agreed with DfT in February 2010 transferred additional risk to Nexus in managing the overall budget than had previously been the case. To the extent that DfT identified fare increases as one of the ways in which Nexus could mitigate against being required to accept such financial risk, Nexus is no longer regulated by a fare cap of RPI +1%. However, despite potential funding difficulties and in an attempt to continue to deliver value to its customers, Nexus has not sought to depart from this policy when reviewing proposed changes to its fares, to be introduced in January 2011. At the time that the review of fares commenced, RPI was 4.7% (August 2010).

3.3 The changes to certain products proposed in this report are in response to new ticketing arrangements being introduced during 2011 as a result of the £23m investment programme in new ticket machines, barriers and smart technology. In

overall terms, these changes are intended to streamline and simplify the product range on offer and are not being proposed as a means of generating additional income.

- 3.4 Fares increases are necessary in order to offset increased costs associated with running the Metro system. To the extent that the average increase is 5.5% Nexus is able to deliver its fare proposals for 2011 in line with the previous guideline of RPI + 1%. This follows a fares freeze in 2010 and is also against a backdrop of uncertainty surrounding Nexus' resource base for next financial year, which at this point in time, has yet to be confirmed.
- 3.5 The Metro Centre single, Metro Centre return, Evening DaySaver, WednesdaySaver and SundaySaver niche products, which combined represent less than 4% of total sales, will all be removed in January 2011. Furthermore all return tickets will be removed and replaced by the standard DaySaver product range allowing unlimited daily travel. A 2 zone DaySaver product will be introduced to complete the standard DaySaver range given that 1 zone and 3 zone options already exist.
- 3.6 The price of single tickets will rise by 10 pence and day tickets by up to 20 pence. It is proposed to freeze Child tickets on Metro for the second year running, although any future revisions to concessionary fares for children may require this proposal to be reviewed at a future point.
- 3.7 MetroSaver prices will rise by an average of 5.3% with online MetroSaver renewal prices frozen in order to encourage take up via this sales channel, something that Nexus is keen to exploit further given its investment in new ticketing technology and in an attempt to generate efficiencies in its cost of sale.
- 3.8 The timing for student and teen price changes will move permanently from September to January of each year to coincide with price changes of the MetroSaver parent product and ensure more appropriate discounts between the two product ranges. Student tickets will rise by an average of 4.9% in January 2011 with online renewal prices frozen.
- 3.9 The price of rail add on tickets, Great North Run weekend tickets, Class Passes, Business Passes and Conference Passes will all increase in line with RPI +1%. The price of the University of Sunderland Metro Card is frozen. This specific product is in addition to the main student product range which serves all universities and colleges in Tyne and Wear.

4. **Information**

- 4.1 The objectives of this year's fare proposals are:-
- (i) to deliver value to customers;
 - (ii) to offer a simpler and more streamlined product range;
 - (iii) to remain competitive when compared to other modes; and

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(iv) to encourage travel by children.

- 4.2 In order to meet the overall budget requirements both for the current financial year and the next financial year, annual fare rises on the majority of Metro products are required in 2011. This is following a full fares freeze throughout 2010. The proposals set out in this report will generate an extra £1.49m for the 2011/12 budget in respect of Nexus controlled fares excluding the multi-modal, multi-operator NTL tickets. The additional yield is attributable to both fares increases and anticipated sales growth.
- 4.3 Taking cognisance of the desire to cap increases at RPI +1%, means that the maximum increase on the fares basket as a whole is 5.7% with RPI currently at 4.7% (August 2010). To the extent that the average increase is 5.5%, this has been achieved.
- 4.4 The removal of the Evening DaySaver, WednesdaySaver, SundaySaver and all return products is proposed and results in a streamlined product offering. The introduction of the 2 zone DaySaver completes the DaySaver range and allows unlimited daily travel at no more than 20 pence greater than the current equivalent return ticket product (excluding the Evening DaySaver, WednesdaySaver, SundaySaver and Metro Centre tickets). The table below shows alternative product options for each product being removed:-

Current Product	Alternative Product	
Metro Centre Single/Return	Transfare or DaySaver	
Evening DaySaver	1, 2 or 3 zone off-peak DaySaver/ 3 zone single	
WednesdaySaver	1, 2 or 3 zone off-peak DaySaver/3 zone single	
SundaySaver	1, 2 or 3 zone off-peak DaySaver	
1, 2 or 3 zone (off) peak return	1, 2 or 3 zone (off) peak DaySaver	

4.5 **Ticket Machine Products**

- 4.5.1 Proposed ticket machine price increases for 2011 are detailed in Appendix A and show a 10 pence increase on single ticket prices and up to a 20 pence increase on all other ticket machine product prices excluding Metro child fares which are frozen for the second year in a row and hence remain at 2009 prices. The price changes result in increases ranging from 0.0% to 10.5% on individual products with average increases across the whole ticket machine product range of 5.7%.

4.6 **MetroSaver and Corporate MetroSaver**

- 4.6.1 Proposed MetroSaver and Corporate MetroSaver prices are outlined in Appendix B. Online renewal prices for MetroSavers are frozen to allow further growth of this sales channel following the launch of the new Epay ticket renewal facility. Convenience is the key benefit of renewing online, with renewal taking place at a time to suit the customer from their own PC. It is also advantageous to Nexus given that it will drive down the cost of sale and allow efficiencies within

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the organisation to accrue. Online ticket renewal numbers are growing and the introduction of the new Epay facility is an ideal time to raise awareness with our existing customers. The price changes proposed for MetroSavers range from 0.0% to 8.2%, averaging at 5.3%

The Corporate MetroSaver ticket price will follow the Annual MetroSaver price but the discount applied will alter. The discounts will be offered as follows:-

- Sales of between 1-19 tickets - £25 discount per ticket
- Sales of between 20-39 tickets – an additional discount of £5 (£30 total) per ticket
- Sales of more than 40 tickets - an additional discount of £5 (£35 total) per ticket

The price changes proposed for the Corporate MetroSaver range from 2.3% to 4.8%, averaging at 3.5%.

4.7 **Metro Student and 16-18 Cards**

4.7.1 The timing of Student and 16-18 student fare changes is proposed to move to January of each year to ensure temporary discounts don't need to be applied to some of this product range due to the price being out of sync with the MetroSaver parent product.

Online renewal prices will be frozen on all relevant student and 16-18 student products to promote online sales growth amongst the student population which is typically internet literate.

Increases ranging from 0.0% to 6.2% will be applied to the student and 16-18 student products, with an average increase of 4.9% for this market. Proposals are detailed in Appendix C.

4.8 **Gold Card**

4.8.1 The pricing of Gold Cards is being reviewed separately and any recommendations will be presented to members of the ITA in January.

4.9 **Miscellaneous Ticket Products**

4.9.1 The following ticket products will all increase, on average by RPI +1% as detailed in Appendix D:-

- Class Pass
- Business Pass
- Conference Pass
- Great North Run Adult and Child Weekend tickets
- Metro Rail Add on fares

The University of Sunderland Metro Card is subject to a commercial arrangement with the University of Sunderland, an arrangement which does not

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allow for any increase in January 2011, aimed at encouraging further growth of this product. Whilst this product does offer excellent value for money for students and staff living in the surrounding area to the University of Sunderland, allowing them unlimited travel between Brockley Whins and South Hylton with the card being valid for a full year, the price freeze, together with additional marketing is necessary in an attempt to grow the market since take up remains disappointing and this particular product will be kept under review.

5. **Next Steps**

- 5.1 A further report will be submitted in January 2011 in which the ITA will consider the 2011/12 budget. The budget proposal will take account of the Metro product and fare changes contained in this report.
- 5.2 A marketing campaign advising customers of the benefits of purchasing day tickets and providing comprehensive information on all fares and product changes from January 2011 will be developed.

6. **Further comments by the:**

- **Clerk** (if any);
- **Treasurer** (if any);
- **Legal Advisor** (if any);
- **Director General** (if any).

7. **Background Papers**

- 7.1 Nic Cheetham, Business Account & Revenue Manager, Nexus (Tel: 0191 2033479).

8. **Contact Officer (s)**

- 8.1 John Fenwick, Director of Finance & Resources, Nexus (Tel: 0191 2033248).

APPENDIX A

Ticket Machine Products				
Product	2010	2011	£ Inc on 2010 Fare	% Inc on 2010 Fare
1 Z Single	£1.40	£1.50	£0.10	7.1%
2 Z Single	£2.20	£2.30	£0.10	4.5%
3 Z Single	£2.90	£3.00	£0.10	3.4%
1 Z Off-Pk Rtn	£1.90	Product withdrawn from Jan 2011		
2 Z Off-Pk Rtn	£2.90	Product withdrawn from Jan 2011		
3 Z Off-Pk Rtn	£3.80	Product withdrawn from Jan 2011		
1 Z Peak Rtn	£2.30	Product withdrawn from Jan 2011		
2 Z Peak Rtn	£3.50	Product withdrawn from Jan 2011		
3 Z Peak Rtn	£4.60	Product withdrawn from Jan 2011		
1 Z off-Pk DaySaver	£1.90	£2.10	£0.20	10.5%
2 Z off-Pk DaySaver		£3.10	New product as of Jan 2011	
3 Z off-Pk DaySaver	£3.90	£4.00	£0.10	2.6%
1 Z Pk DaySaver	£2.30	£2.50	£0.20	8.7%
2 Z Pk DaySaver		£3.70	New product as of Jan 2011	
3 Z Pk DaySaver	£4.80	£4.80	£0.00	0.0%
Evening DaySaver	£2.30	Product withdrawn from Jan 2011		
WednesDaySaver	£2.70	Product withdrawn from Jan 2011		
SunDaySaver	£3.90	Product withdrawn from Jan 2011		
Transfare 1 Zone	£2.10	£2.30	£0.20	9.5%
Transfare 2 Zone	£2.90	£3.10	£0.20	6.9%
Transfare 3 Zone	£3.60	£3.80	£0.20	5.6%
Metro Centre Return	£4.60	Product withdrawn from Jan 2011		
Metro Centre Single	£3.60	Product withdrawn from Jan 2011		
Child Full Fare Single	£0.60	£0.60	£0.00	0.0%
Child Full Fare Transfare	£0.70	£0.70	£0.00	0.0%
Child Day Saver	£1.10	£1.10	£0.00	0.0%

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APPENDIX B

MetroSavers				
Product	2010	2011	£ Inc on 2010 Fare	% Inc on 2010 Fare
Weekly 1 Zone	£8.50	£9.00	£0.50	5.9%
Weekly 2 Zone	£12.50	£13.00	£0.50	4.0%
Weekly 3 Zone	£17.00	£18.00	£1.00	5.9%
4 Weekly 1 Zone	£30.50	£33.00	£2.50	8.2%
4 Weekly 1 Zone online	£30.50	£30.50	£0.00	0.0%
4 Weekly 2 Zone	£44.00	£46.50	£2.50	5.7%
4 Weekly 2 Zone online	£44.00	£44.00	£0.00	0.0%
4 Weekly 3 Zone	£58.00	£61.00	£3.00	5.2%
4 Weekly 3 Zone online	£58.00	£58.00	£0.00	0.0%
Annual All zone	£450.00	£475.00	£25.00	5.6%
Annual All zone online	£450.00	£450.00	£0.00	0.0%

Corporate MetroSavers				
Product	2010	2011	£ Inc on 2010 Fare	% Inc on 2010 Fare
1-19 tickets	£440.00	£450.00	£10.00	2.3%
20-39 tickets	£430.00	£445.00	£15.00	3.5%
40+ tickets	£420.00	£440.00	£20.00	4.8%

APPENDIX C

Student and 16-18 Metro Student Card				
Product	2010	2011	£ Inc on 2010 Fare	% Inc on 2010 Fare
Student Annual all zone	£386.00	£410.00	£24.00	6.2%
Student Annual all zone online	£386.00	£386.00	£0.00	0.0%
Student Inner Ncle	£275.50	£290.00	£14.50	5.3%
Student Inner Ncle online	£275.50	£275.50	£0.00	0.0%
Student Inner Sunderland	£275.50	£290.00	£14.50	5.3%
Student Inner Sunderland online	£275.50	£275.50	£0.00	0.0%
Student 4 weekly all zone	£46.20	£48.50	£2.30	5.0%
Student 4 weekly all zone online	£46.20	£46.20	£0.00	0.0%
Student Inner Ncle all zone	£30.00	£31.00	£1.00	3.3%
Student Inner Ncle all zone online	£30.00	£30.00	£0.00	0.0%
Student Inner Sunderland all zone	£30.00	£31.00	£1.00	3.3%
Student Inner Sunderland all zone online	£30.00	£30.00	£0.00	0.0%
16-18 4 weekly all zone	£32.50	£34.50	£2.00	6.2%
16-18 4 weekly all zone online	£32.50	£32.50	£0.00	0.0%
16-18 weekly all zone	£9.00	£9.50	£0.50	5.6%

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APPENDIX D

Miscellaneous Ticket Products				
Product	2010	2011	£ Inc on 2010 Fare	% Inc on 2010 Fare
University of Sunderland Metro Card	£75.00	£75.00	£0.00	0.0%
Business Pass	£125.00	£135.00	£10.00	8.0%
Conference Pass	£2.00	£2.10	£0.10	5.0%
Class Pass - 1 Pass 1 Day	£25.00	£26.50	£1.50	6.0%
Class Pass - 2 Passes 1 Day	£40.00	£42.00	£2.00	5.0%
Class Pass - 1 Pass 1 Term	£75.00	£80.00	£5.00	6.7%
Class Pass - 2 Passes 1 Term	£125.00	£132.00	£7.00	5.6%
Class Pass - 1 Pass Annual	£195.00	£206.00	£9.00	5.6%
Class Pass - 2 Passes Annual	£345.00	£365.00	£20.00	5.8%
Great North Run Adult Weekend	£7.00	£7.40	£0.40	5.7%
Great North Run Child Weekend	£2.00	£2.10	£0.10	5.0%
Single Inner Zone Rail Add On	£1.10	£1.20	£0.10	9.1%
Peak Return Inner Zone Rail Add On	£2.20	£2.30	£0.10	4.5%
Off Peak Return Inner Zone Rail Add On	£1.70	£1.80	£0.10	5.7%
7 Day Inner Zone Rail Add On	£7.00	£7.40	£0.40	5.7%
Single Outer Zone Rail Add On	£2.10	£2.20	£0.10	4.8%
Peak Return Outer Zone Rail Add On	£4.20	£4.40	£0.20	4.8%
Off Peak Return Outer Zone Rail Add On	£3.30	£3.50	£0.20	6.1%
7 Day Outer Zone Rail Add On	£13.00	£13.70	£0.70	5.4%

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Tyne and Wear Integrated Transport Authority

TITLE: **Date: 25/11/2010**

CHRISTMAS AND NEW YEAR SERVICES 2010/2011

REPORT OF **DIRECTOR GENERAL OF NEXUS**

1. Summary / Purpose of Report

1.1 To advise on the proposed Metro, Ferry, Secured Bus and Northern Rail operations for the Christmas and New Year period.

2. Recommendations

2.1 Members are requested to note Christmas and New Year Transport.

3. Introduction / Background

3.1 As in previous years, discussion has taken place with traders, promoters of major events and public transport operators to determine major transport requirements in Tyne and Wear over the holiday period and the commercial intentions of bus operators.

3.2 No public transport services will operate on Christmas Day and New Years Day and at other times timetables will reflect the different patterns of travel prevailing at this season.

4. Information

4.1 On Christmas Eve, the bus network will generally operate a normal weekday service, however, Stagecoach North East have elected to operate a Saturday service. All services will run down between 1800hrs and 2000hrs. All commercial operators will run a Saturday service on New Years Eve, again with services running down between 1800hrs and 2000hrs. Some commercial bus operation will be provided on Boxing Day by Go North East and Nexus will secure buses to operate a reduced network on other key routes between approximately 0930 and 1900hrs. On the Bank Holiday days of 27th & 28th December and also on the 29th and 30th December, generally a Saturday service will operate. A normal service will operate on Sunday 2nd January and on the Bank Holiday Monday, 3rd

January, Stagecoach will operate a Saturday service with Go North East and Arriva a Sunday service.

- 4.2 On Christmas and New Years Eve's Metro will operate a normal timetable with additional journeys until 1800hrs when services will run down until 2000hrs. An hourly service will operate thereafter until approximately 2315hrs for departing services from Monument. On Boxing Day, Metro will operate a Sunday service from approximately 1000 until 1930 hrs with additional trains to accommodate the NUFC football fixture. A Saturday service will operate on 27th & 28th December with additional trains on the 28th to accommodate the SAFC football fixture. On 29th & 30th December, a normal weekday service will operate with 6 additional trains after 0930 reducing to a 6 minute headway between 1900hrs and 2030hrs. On Bank Holiday Monday, 3rd January, Metro will operate a Saturday service.
- 4.3 On Christmas and New Years Eve's, the ferry will operate a normal service with the last journeys being 1915 from South Shields and 1930 from North Shields. There will be no ferry service on Christmas Day and New Years Day. A Sunday service will operate on Boxing Day. The ferry will operate a normal service on all other days over the period.
- 4.4 On the Newcastle to Sunderland rail line, Northern Rail will operate a Saturday service on Christmas and New Years Eve's with services running down after 2000 hrs. There will be no local services on Christmas Day, Boxing Day or New Years Day. A Saturday service will operate on 28th, 29th & 30th December with a normal service operating on 3rd January.
- 4.5 Travelshops will close early at 1300hrs on Christmas Eve and New Years Eve and are closed Christmas Day, New Years Day and the three Bank Holidays. They will be open normally on the 29th and 30th December.
- 4.6 Traveline will be closed on Christmas Day and New Years Day. On Christmas Eve and New Years Eve, the opening hours will be between 0700hrs and 1800hrs and on Boxing Day between 0800hrs and 1700hrs. Normal hours will be in place between 27th and 30th December and on 3rd January.

5. **Next Steps**

5.1 Nil

6. **Further comments by the:**

- **Clerk** (if any);
- **Treasurer** (if any);
- **Legal Advisor** (if any);
- **Director General** (if any).

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7 Background Papers

7.1 A summary of services to be operated is attached.

8 Contact Officer (s)

8.1 David Spoons, Assistant Operations Manager (Tel: 0191 2033256)

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CHRISTMAS OPERATION/SERVICES 2010/2011

Day	Date	Bus Services	Metro	Ferry	Northern Rail N/castle-S/land	Travelcentres	Traveline
Friday	24 December 2010	Generally, bus services will operate a normal weekday service, however, Stagecoach have elected to operate a Saturday service. All buses will finish between 1800 and 2000.	Normal service plus additional services until 1800. Run down of services between 1800 - 2000, then hourly service until 2315 for departing services from Monument	Normal Service - last ferry 1930 x NSh & 1915 x So Sh	Saturday service with run down from 2000	Close at 1300	Opening Hours 0700 - 1800
Saturday	25 December 2010	No Service	No Service	No Service	No Service	Closed	Closed
Sunday	26 December 2010	Reduced network between circa 0930 and 1900 secured by Nexus with some commercial operation by Go North East	Sunday service - 1000 until 1930 with additional trains operated to accommodate the NUFC football fixture	Normal Sunday Service	No Service	Closed	Opening Hours 0800 - 1700
Monday	27 December 2010	Generally, a Saturday Service will operate	Saturday service	Normal Service	Saturday service with the withdrawal of a small number of early journeys	Closed	Normal Hours
Tuesday	28 December 2010	Generally, a Saturday Service will operate	Saturday service with additional trains to accommodate the SAFC football fixture	Normal Service	Saturday service	Closed	Normal Hours
Wednesday	29 December 2010	Generally, a Saturday Service will operate	Normal weekday service plus 6 additional trains after 0930 reducing to a 6 minute headway between 1900 and 2030	Normal Service	Saturday service	Normal Opening Hours	Normal Hours
Thursday	30 December 2010	Generally, a Saturday Service will operate	Normal weekday service plus 6 additional trains after 0930 reducing to a 6 minute headway between 1900 and 2030	Normal Service	Saturday service	Normal Opening Hours	Normal Hours
Friday	31 December 2010	Generally, a Saturday Service will operate with run down between 1800 and 2000	Normal service plus additional services until 1800. Run down of services between 1800 - 2000 then hourly service until 2315 for departing services from Monument	Normal Service; last ferry 1930 x NSh & 1915 x So Sh	Saturday service with run down from 2000	Close at 1300hrs	Opening Hours 0700 - 1800
Saturday	01 January 2011	No service	No Service	No Service	No Service	Closed	Closed
Sunday	02 January 2011	Sunday Service	Normal Service	Normal Service	Normal service	Closed	Normal Hours
Monday	03 January 2011	Generally, bus services will operate a Sunday service, however, Stagecoach have elected to operate a Saturday service.	Saturday Service	Normal Service	Normal service	Closed	Normal Hours

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Tyne and Wear Integrated Transport Authority

TITLE: NON-METRO CAPITAL PROGRAMME – SECOND QUARTERLY REVIEW
Date: 25TH NOVEMBER 2010

REPORT OF THE CLERK OF THE AUTHORITY / DIRECTOR GENERAL OF NEXUS

Reasons for confidentiality (if confidential)

District Implications

1. **Summary / Purpose of Report**

1.1 The purpose of this report is to advise members of the overall performance of the 2010/11 Capital Programme including delivery to the end of the second quarter (ending 16th October 2010) and the implications on future years programme. This report includes Nexus major schemes but does not include Metro schemes, which are being reported through the ITA Metro Sub Committee separately.

2. **Recommendations**

2.1 The ITA is recommended to;

- Note the position with regard to the 2010/11 capital Programme, as per Appendix A
- Approve the scheme changes as detailed in Appendix B
- Note that all of the uncommitted Nexus capital programme for 2011/12 – 2012/13 has been suspended pending the announcement by government to confirm future years funding.

3. **Introduction / Background**

3.1 The ITA approved a capital programme for 2010/11 in September 2010 totalling £58,799k. A review of the capital programme has been undertaken at the end of the second quarter, resulting in a revised capital programme of £59,229k.

- 3.2 As at the end of the second quarter actual spend is £17,154k (28.96%). Commitments are estimated to be £45,842k (77.40%).
- 3.3 The variations reported in this second quarterly monitoring report are mainly due to the increase of £758k in the Ticketing and Gating scheme which has been re-profiled to reflect the current delivery position and the funding available, and the re-profiling of £383k for the Transport Management System scheme from 2010/11 into 2011/12.
4. **Information**
- 4.1 The ITA approved a Capital Programme for 2010/11 of £58,799k in September 2010. This includes Nexus major schemes but excludes metro schemes which are being reported separately to the ITA via the ITA Metro Sub-Committee.
- 4.2 It should be noted that Nexus have adopted a periodic basis of reporting and as such the information pertaining to Nexus schemes relates to the period up to the 16th October 2010, which is the end of Period 7, whereas the Tyne Tunnel scheme is reporting up to 30th September 2010.
- 4.3 The information contained in this report is based on information received from Project Managers responsible for the schemes, and the Tyne Tunnel Project Director.
- 4.4 Following the second quarterly review of the capital programme a number of changes have been identified. These can be seen in Appendix B and in summary below:-

Revised 2010/11 Capital Programme as reported July 2010		£58,799k
New Schemes	£40k	
Variations to Major Schemes	£773k	
Other Variations	(£383k)	
Revised 2010/11 Capital Programme		£59,229K

4.5 **New Schemes**

The only new scheme approved during quarter 2 relates to:-

- £40k for Ferry landing Environmental Works approved by Nexus Management Committee on 31st August 2010.

4.6 **Variations – Major Schemes**

- Major scheme variations reported in this quarter total an increase in the 2010/11 capital programme of £773k. This consists of £758k Ticketing and Gating which has been re-profiled to reflect the current delivery position and the funding available, and the remaining £15k relates to the increased cost requirement of the Haymarket scheme.

4.7 **Other Variations**

- The Transport Management System project has reported a budget re-profiling requirement of £383k from the 2010/11 capital programme into the 2011/12 capital programme due to major software quality issues with the initial release from the supplier. A delay in delivery from June to October 2010 has a consequence of moving the bulk of the payment milestones into the next financial year.

4.8 The reduced 2010/11 LTP funding allocations, as announced by Government in June, were reported to ITA in July 2010, together with proposals as to how Nexus were managing the in year reduction in resources, including a significant reduction in the non-Metro capital programme. A report detailing the local authority reduced allocations by capital scheme for 2010/11 will be presented to ITA as a separate report to this meeting.

4.9 Although the funding for 2011/12 and 2012/13 has not yet been announced the expectation is that the reduction in funding will be in excess of the reductions that have been seen in 2010/11. Therefore it is proposed that the uncommitted future years programme for Nexus is suspended pending the outcome of the announcement from the DfT. As it stands, the current programme for 2011/12 and 2012/13 will be oversubscribed in the region of 30% to 55%, depending on the extent of the anticipated LTP reduction. Even at the optimistic end of the scale, this warrants a full re-prioritisation of the previously agreed schemes in order for the programme to remain affordable. The impact of the reduced funding on the new three year programme for 2011/12 – 2013/14 will be reported to the ITA January when funding is confirmed. This will require a re-prioritisation of year 2 and 3 of the current programme.

- 4.10 The revised ITA capital programme for 2010/11, excluding metro schemes, is summarised below and detailed in Appendices A and B:-

	Approved Programme 2010/2011	Revised Programme 2010/2011	Change During Second Quarter
	£000	£000	£000
Bus Infrastructure	1,211	1,211	0
Business Improvements	1,717	1,334	(383)
Ferry	92	132	40
Major Projects	14,042	14,815	773
Passenger Improvements/Info.	112	112	0
Nexus Capital Programme	17,174	17,604	430
New Tyne Crossing	41,625	41,625	0
Total Capital Programme	58,799	59,229	430

- 4.11 At the end of the second quarter the actual spend was £17,154k (28.96%). Commitments are estimated to be £45,842k (77.40%). The actual expenditure has increased during quarter 2 as a result of payments being made for capital construction contributions on the New Tyne Crossing scheme of £13,800k.
- 4.12 This total revised Capital Programme for 2010/2011 is £59,229k. The funding of this is from a number of different sources. The funding available in 2010/11 is as follows:-

	2010/11 Approved Funding	2010/11 Revised Funding	Variance
	£000	£000	£000
LTP Minor Schemes	789	789	0
Over-programming	364	341	(23)
Grants and Contributions	12,452	12,964	512
Prudential Borrowing	1,178	1,178	0
Reserves	2,391	2,333	(58)
Total Nexus Funding	17,174	17,604	430
New Tyne Crossing	41,625	41,625	0
Total Capital Funding	58,799	59,299	430

NOTE: Under the Local Government (Access to Information) Act 1985 members of the public have a right to inspect any non-confidential background papers used in the production of a non-confidential report to the Authority. Requests for information should be made to the Department originating the report.

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4.13 The major changes to the funding above are as follows:-

- The decrease in the capital reserve funding requirement is due to the following issues.
 - Firstly the Transport Management system has re-profiled £344k of reserve funding into the next financial year.
 - Secondly the Ticketing and Gating project spending profile has been updated to reflect the anticipated expenditure which results in an increase in the funding requirement from reserves of £246k in 2010/11.
 - Finally the new scheme approved for the Environmental Works at the Ferry Landing was approved at Management Committee with £39.5k of capital reserve funding allocated.

- The Grants and Contributions have increased by £512k in 2010/11 due to the re-profiling of the Ticketing and Gating spend. Additional funding of £709k has been secured in 2010/11 from the DfT for Smart Ticketing and S31 grant of £197k has been re-profiled from the 2010/11 capital programme into the 2011/12 programme. The overall Ticketing and Gating S31 grant allocation has not changed.

- The non metro over-programming is currently 13.7% which is within the authorised level.

5. **Next Steps**

6. **Further comments by the:**

- **Clerk** (if any);
- **Treasurer** (if any);
- **Legal Advisor** (if any);
- **Director General** (if any).

7 **Background Papers**

8 **Contact Officer (s)**

8.1 Carol Bainbridge, Head of Capital and Project Finance (0191) 2033244
Diane Scott, Capital Accountant (0191) 2033410

NOTE: Under the Local Government (Access to Information) Act 1985 members of the public have a right to inspect any non-confidential background papers used in the production of a non-confidential report to the Authority. Requests for information should be made to the Department originating the report.

APPENDIX A

Asset Category	Scheme Title	Revised Budgets at end of Quarter 1 £	Actual Expenditure at end of Quarter 2 £	Committed Budget at end of Quarter 2 £	Uncommitted Budget at end of Quarter 2 £	Revised Budget at end of Quarter 2 £
<u>Bus Infrastructure</u>						
BA004	Bus Shelter Departure Boards	50,000	85	28,960	21,040	50,000
BA007	Bus Shelter Lighting Power Supply	111,500	17,770	19,605	91,895	111,500
BA001	Bus Shelters New Build	58,500	8,874	10,520	47,980	58,500
BA008	Bus Station Refurbishment	319,000	97,047	295,038	23,962	319,000
BA017	Bus Station Signing	30,000	-	-	30,000	30,000
BA009	Cctv At Bus Stops	100,000	7,059	11,810	88,190	100,000
BA010	East Boldon P & R	-	-	-	-	-
BA018	Information Delivery Improvements	25,000	6,010	6,010	18,990	25,000
BA014	Bus Corridor Major Scheme	7,000	1,166	1,166	5,834	7,000
BA005	Replacement Bus Shelters	160,000	53,604	105,467	54,533	160,000
BA006	Shelter Refurbishment Programme	320,000	191,111	280,388	39,612	320,000
BA002	Super Route Shelters	30,000	-	14,464	15,536	30,000
BA012	Travel Plans	-	-	-	-	-
		1,211,000	382,726	773,428	437,572	1,211,000
<u>Business Improvements</u>						
BA721	CRM Consultation Portal	15,000	-	-	15,000	15,000
BA704	Customer Relationship Management	60,000	6,121	6,121	53,879	60,000
BA719	Data Collection System For Con Mon	81,000	15,725	34,164	46,836	81,000
BA702	Further Enabling Technologies	200,000	88,264	99,659	100,341	200,000
BA701	It Hardware Replacement	200,000	83,119	103,002	96,998	200,000
BA717	MS Licencing	50,000	50,161	50,161	161	50,000
BA720	Nexus Website Enhancements	57,000	29,029	34,070	22,930	57,000
BA718	Sharepoint (Moss)	-	-	-	-	-
BA803	Smart Ticketing	550,000	-	-	550,000	550,000
BA302	Transport Management System	504,000	46,082	209,628	88,628	121,000
		1,717,000	318,501	536,805	797,195	1,334,000

APPENDIX B

	2010/11 £ 000	2011/12 £ 000	2012/13 £ 000
Capital Programme Agreed by ITA September 2010	58,799	61,810	2,490
New Schemes Identified			
Ferry Landing Environmental Works – Approved at Nexus Management committee on 31 st August 2010	40	40	
Variations to Major Schemes			
Ticketing and Gating – Additional funding of £709k has been secured in 2010-11 specifically for the SMART Ticketing, and has been re-profiled into 2011-12..	758	12	
Variations to Other Schemes			
Transport Management System – Software quality issues has delayed the scheme with the consequence of moving payment milestones into next year.	(383)	383	
Minor Changes – Additional changes less than £30k.	15		
TOTAL CHANGE TO PROGRAMME	430	435	0
REVISED CAPITAL PROGRAMME	59,229	62,245	2,490



Tyne and Wear Integrated Transport Authority

TITLE: **Date: 25 November 2010**
Transport Strategies Update

REPORT OF **Director General of Nexus**

Not Confidential

District Implications: All Districts

1. **Purpose of Report**

1.1 To inform the ITA of the contents of three Nexus strategies dealing with Ferry, Park and Ride, and Safety and Security issues, which will be used to help deliver the ITA's policies in these areas.

2. **Recommendations**

2.1 Members are recommended to note the key principles and recommendations of each strategy, which are described in summary form in the appendix attached to this report.

3. **Summary of Key Issues**

3.1 Ferry: the need to maintain and improve the performance of the Shields Ferry in the face of the increased capacity of the Tyne Tunnel from 2012, and to contain costs by seeking operational efficiencies and diversification of activities.

3.2 Park and Ride: ensuring that urban congestion is relieved through the provision of a comprehensive network of park and ride sites at optimum locations enabling interchange between car and all modes of public transport, investigating creative and innovative funding streams, allied to effective parking demand management

policies in town and city centres.

- 3.3 Safety and Security: maximising the benefits of effective partnership working between those responsible for passenger safety and security, and adopting a passenger-centred approach to new and existing initiatives across the whole journey from door-to-door.

4. **Information**

- 4.1 All aspects of the activities of Nexus are being critically analysed through the development of a suite of strategies which will help to guide and inform the future direction of the organisation. In each case, the views of the ITA are sought before the strategy is finalised and becomes Nexus policy.
- 4.2 The three strategies presented for consideration comprise a varied range of topics, all of which are important elements of the integrated transport offer. The Ferry Strategy is essentially an operational template for Nexus as owners and operators of the cross-Tyne service, whilst the other strategies are in areas where Nexus delivers an important element of service provision, but also relies upon the activities of a range of partner organisations.
- 4.3 Consultation has been undertaken with officers of district councils, with the major bus operators and Nexus Rail in respect of Park and Ride and Safety and Security, and with the Ferry unit in relation to the Ferry Strategy. Drafts have been modified in the light of comments received.
- 4.4 The recommendations for Ferry and Safety and Security are anticipated to have no material or immediate financial implications, as they advocate the more effective and efficient use of existing resources and working practices. The comprehensive implementation of the Park and Ride strategy may involve the construction of new sites, or the extension of existing ones. The investment case for these would be evaluated at the appropriate time; large sites of strategic importance would be potentially eligible for developer contributions and / or major schemes funding via the Department for Transport.
- 4.5 The strategies have been developed in tandem with the iteration of Local Transport Plan 3. The key themes of the Ferry and Park and Ride strategies in particular have been carried across to LTP3, where their potential to contribute towards the plan's key objectives have also been aligned.
- 4.6 The views of ITA members are welcomed on any aspect of the strategies. Full versions of strategies will be available at the meeting, and are available to view on the Nexus website.

5. **Next Steps**

NOTE: Under the Local Government (Access to Information) Act 1985 members of the public have a right to inspect any non-confidential background papers used in the production of a non-confidential report to the Authority. Requests for information should be made to the Department originating the report.

5.1 Following receipt of Members' comments and any further views from partner organisations, the strategies will be finalised and will form the basis of Nexus policy going forward. Each strategy will be revised and updated annually, taking account of changing circumstances as appropriate.

6. **Further comments by the:**

- **Clerk** (if any);
- **Treasurer** (if any);
- **Legal Advisor** (if any);
- **Director General** (if any).

7 **Background Papers**

7.1 Nexus Ferry Strategy, Nexus Park and Ride Strategy, Nexus Safety and Security Strategy, available at www.nexus.org.uk

8 **Contact Officer (s)**

8.1 Tobaugh Hughes, Director of Strategy, Nexus

APPENDIX 1

Strategy Summaries**Nexus Ferry Strategy**

This strategy identifies proposals for the future of the Shields Ferry service, and examines proposals for other waterborne public transport along the rivers Tyne and Wear.

Benchmarking shows that the Shields Ferry is an efficient and effective operation when compared to similar services in the UK. There may be potential to further improve efficiency, and to maximise the use of the vessels.

The services provided by the Shields Ferry are the daily passenger service, private hire of the vessels and river trips. Market research has shown that public awareness of services other than daily crossings is low. Ferry patronage was in decline up until 2005/06, when year-on-year growth was experienced. Ridership fell again in 2008/09. However, in 2009/10 patronage increased by 1.3% from 470,224 to 476,395.

Research suggests that 29% of journeys are made for work purposes. The extent of integration with other modes of public transport varies, with the ferry being better connected with the bus network on the north side.

Several elected members of Sunderland Council have requested that the feasibility of a ferry service across the River Wear, operating in the University or St Peter's areas of Sunderland, be investigated. This proposal has been evaluated and although such a service is unlikely to be affordable as a public transport operation, it may be worthwhile for other interested parties to pursue as a tourism or culture-based service. In similar vein, there may be opportunities for other organisations to pursue the concept of a riverbus service along the Tyne. The potential for riverbus services to form part of the public transport offer has been evaluated, however the strategy concludes that a combination of estuarial speed limits, extensive mudflats at low tide and the existence of parallel Metro and bus services would be likely to conspire against the success of the proposal.

There are a variety of opportunities for Nexus to build upon the current operation of the Shields Ferry and to contribute towards achieving the strategy vision of:

'Maintaining patronage and providing a reliable, efficient ferry service for our customers whilst making best use of subsidy'.

The strategy objectives are to:

- Maintain patronage levels and work to ensure that the ferry service is financially efficient
- Deliver better use of resources in order to maximise the use of assets and allow for more diverse use of vessels

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- Seek opportunities for the ferry service to become an exemplar of good environmental practice

This strategy describes the current operation of the Shields Ferry, illustrating the various services on offer and benchmarking with the operation of Gosport Ferries and Mersey Ferries. The strategy options range from a 'do nothing' approach to the more radical option of transforming the Shields Ferry into a more tourist orientated operation, similar to that of Mersey Ferries. The strategy options are examined individually and their potential in helping to achieve strategy objectives is evaluated. It concludes that Nexus should focus upon increasing patronage on daily river crossings and improving uptake of river trips and private hire.

The key recommendations are to:

- Adjust the ferry timetable to better meet demand
- Consider the potential impact upon the Shields Ferry of the opening of the second Tyne Tunnel in December 2011
- Examine the existing pricing strategy for the Shields Ferry
- Improve links and liaison with businesses
- Explore the potential for greater use of the ferry away from the core North Shields – South Shields operation
- Investigate improved connections with other forms of public transport
- Investigate potential for improved car parking facilities at North Shields and South Shields ferry landings
- Explore opportunities for Shields Ferry to be more environmentally friendly
- Investigate value for money options for the Shields Ferry operation

The strategy targets are to:

- Ensure that current ferry patronage levels are maintained
- Increase the number of private hire bookings from an average of 38 per year to 50 by 2015
- Increase revenue obtained from all services in real terms by 3% by 2015
- Maintain per passenger subsidy at acceptable levels until 2015
- Introduce environmental enhancements with the aim of reducing CO2 emissions from the ferry operation by 20% by 2020
- Maintain levels of customer satisfaction with the cost of travel on the ferry

Nexus Park and Ride Strategy

Park and Ride (P&R) schemes have become an accepted part of the overall urban transport offer in the Western world over the past fifty years and their development is often seen as a solution to urban congestion.

Nexus has been involved in the provision of P&R in Tyne and Wear since the development of the Metro system thirty years ago. There have also been small scale initiatives offering bus-

based P&R associated with special events (Sunderland Air Show, Tall Ships Race etc) or weekend shopping.

Most of this existing provision or previous initiatives have been carried out in an ad-hoc fashion with no real analysis of the contribution that P&R was or was not making to policy objectives, and little understanding of what the customers want.

Research nationally suggests that P&R may have a role in very specific circumstances in reducing highway congestion but that it is more likely to be a parking provision and management tool. There is also a significant difference in the role of bus-based and rail-based P&R, and any development of P&R must acknowledge these differences.

There is a role for P&R within the overall transport and parking offer in Tyne and Wear and there needs to be a very clear demonstration of the financial, social and regeneration reasons justifying the investment on a case-by-case basis.

The objectives of the strategy are therefore:

- To maximise use of sustainable travel options within Tyne and Wear
- To improve the utilisation of the existing P&R facilities on the Metro system
- To establish a best practice model for P&R schemes

These objectives will be achieved by:

Studying and understanding the operation of P&R schemes elsewhere in the country -in particular the motives of promoters and the financial implications (in particular revenue) of the schemes.

Making an impartial assessment of the potential for further Park and Ride development in Tyne and Wear.

Investigating the potential for smartcard-based solutions to pay for the costs of parking and public transport trips using one card.

Developing guidelines on the relationship that is required with the five Tyne and Wear local authorities for the incorporation of Park and Ride into district parking policies.

Providing best practice guidance on the requirements for the introduction of successful P&R based on experience elsewhere in the UK.

Specific actions proposed in the strategy include the intention to promote bus-based park and ride sites in the Lobley Hill and Follingsby areas of Gateshead, to increase use of the Newcastle Great Park facility in partnership with the city council, and to improve the capacity of Metro park and ride sites – including cycle parking provision – where feasible.

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Nexus Safety and Security Strategy

Public transport in Tyne and Wear is normally very safe to use. Whilst this strategy aims to tackle problems of crime and anti-social behaviour on public transport, the vast majority of the 185 million journeys made every year on the public transport system pass off without incident.

There are however a number of areas where Nexus can improve actual and perceived levels of personal safety and security on public transport by engaging further with our partners. The purpose of this strategy is to develop partnerships and initiatives that will make a positive contribution towards improving the perception of personal safety and security on public transport.

Personal safety and security during any journey on public transport is currently supported by transport operators and by Nexus in a number of ways. This complements the work of the police and Local Safety Partnerships within the districts who meet regularly to coordinate events and initiatives.

Nexus research suggests that people have mixed views of safety on board public transport, with 99% feeling safe at bus stations during the day, falling to 76% at night times. The same research finds that 99% of users feel safe travelling on buses during the day, reducing to 89% at night, indicating a greater degree of anxiety whilst waiting for rather than travelling on public transport.

Less than 1% of passengers actually report witnessing any sort of anti-social incident when surveyed. While this figure appears low, many incidents go unreported, making it difficult to establish the full extent to which crime and anti-social behaviour is a problem on public transport.

Feedback from passengers suggests that the behaviour of other passengers is an issue on public transport, with this indicator rated 9th out of 11 in terms of passenger satisfaction. This suggests a degree of low-level disorder on public transport in the form of bad language, racist, sexist and homophobic abuse and general anti-social behaviour that goes unreported, and is consequently not adequately dealt with within current mechanisms.

This strategy outlines the measures and aspirations that will tackle these immediate threats by removing the barriers to use, and improving the image of public transport services to people in general. The main outcomes that we want to achieve through the implementation of this strategy are these:

- Increase actual and perceived passenger safety on the public transport network
- Reduce the incidence of crime committed on the transport network
- Reduce passengers' fears and perceptions of crime
- Reduce passengers' tolerance of low-level disorder and increase the reporting of such incidents

Specific actions recommended in the strategy include enhanced partnership working with police, transport operators and local authorities to promote passenger safety, and further safety and security audits of existing transport infrastructure.

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Tyne and Wear Integrated Transport Authority

Date: 25th November 2010

TITLE: Tyne and Wear Local Transport Plan – Non Metro Public Transport Capital Programme 2010/11

REPORT OF Director General of Nexus

Not confidential

District Implications - All

1. Purpose of Report

1.1 The purpose of this report is to seek approval of the revised LTP Public Transport Capital Programme (Non Metro) for 2010/11 following the decision by the government to reduce LTP Integrated Transport Block funding by 25%.

2. Recommendations

2.1 To approve the revised LTP Public Transport Capital Programme for 2010/11 as detailed in Appendix A.

3. Information

3.1 The ITA at the meeting on 22nd July received a report advising members of the impact on the three year Capital Programme of the decision by the Government to reduce LTP capital funding in 2010/11 and asking members to agree a revised capital programme for 2010/11..

3.2 Members were advised that a future report would be submitted giving more detail on the actual schemes promoted by LTP partners within the funding available for the non Metro 2010/11 LTP Capital Programme.

3.3 Members are reminded that the Department for Transport announced a funding reduction of 25% in the LTP Integrated Transport block for 2010/11 in June 2010. This reduced funding available for the LTP Public Transport Programme. The original allocation was £6.426m. This has been reduced to £4.819m, a reduction of £1.607m

3.4 The LTP Public Transport Programme is used to support Metro capital investment and to fund non Metro public transport improvement schemes

delivered by the five Tyne and Wear Local Authorities and Nexus.

- 3.5 Metro does not receive its own maintenance allocation from the LTP therefore the funding for Metro Capital Maintenance is taken from the Public Transport Programme. In 2010/11 the Public Transport Programme allocation as agreed for Metro is £2.655m.
- 3.6 The Metro LTP allocation provides a significant proportion of the required annual 10% local contribution for Metro Reinvigoration (Asset Renewal Programme) LTP Partners have agreed to maintain Metro LTP funding from the LTP at the original allocation of £2.655m..
- 3.7 With a 25% cut in the overall LTP Block funding and the protecting of Metro funding (to support the ARP) from the LTP this has a significant financial impact on the funds available for the Non Metro LTP Public Transport Programme. To lessen the impact Nexus has agreed to return £0.78m of funding for Smart Ticketing back into the Non Metro Public Transport Programme.
- 3.8 The table below shows how the LTP Public Transport funding is to be allocated in 2010/11 to LTP partners, as agreed at the ITA on 22nd July 2010.

Local Authority	Original	Proposed	Difference
	£	£	£
North Tyneside	323,916	233,370	90,546
South Tyneside	293,067	211,144	81,923
Gateshead	339,341	244,483	94,858
Sunderland	456,567	328,941	127,626
Newcastle	576,879	415,621	161,258
Nexus – Non Metro	1,095,145	789,013	306,132
Sub Total – Non Metro	3,084,915	2,222,572	862,343
Metro	2,655,018	2,655,018	-
Administrative Costs	308,448	231,312	77,136
Smart Ticketing Contribution	780,000	-	780,000
Total Programme	6,828,381	5,108,902	1,719,479
Less over programming	-402,381	-289,902	-112,343
Total Public Transport Block	6,426,000	4,819,000	1,607,000

Note – The Original and Revised programme contains a level of circa 15% over programming.

- 3.9 Appendix A of this report details the revised programme of non Metro public transport schemes for delivery by each LTP partner in 2010/11 using the funding allocations shown in the above table.

4 Background Papers

Capital Programme report to ITA 22nd July 2010

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5 **Contact Officer (s)** Tobyn Hughes, Director of Customer Services, 0191 203 3246

APPENDIX A LTP Non Metro Public Transport Programme 2010/11 By Partner	
North Tyneside	
A19 Corridor/Balliol	£215870
Coach Lane MOVA	£17500
TOTAL	£233,370
South Tyneside	
Bus Stop Improvements	£15000
Bus Stop Clearway Improvements	£6144
McAnany Avenue Access Improvements	£30000
Bents Park Road Public Transport Improvements	£12000
Bamburgh Avenue Public Transport Improvements	£32000
Gainsborough Ave & Nevinson Av PT Improvements	£18000
Biddick Hall Public Transport Improvements	£19000
Primrose Tce Springwell Rd Hill Park Est PT Imps	£34000
South Shields to Whitburn Route Improvements	£20000
Boldon Lane/Stanhope Road Junction Improvements	£20000
Lukes Lane Estate Public Transport Accessibility	£5000
TOTAL	£211,144
Gateshead	
Superroute Infrastructure/Clearways	£30000
Taxi Facilities	£14483
A694 (Swalwell - Rowlands Gill)	£150000
Wrekenton Centre	£50000
TOTAL	£244,483
Sunderland	
Durham Road/Premier Road Junction	£98941
Bus Stop Clearways	£50000
Londonderry Triangle	£100000
Bus Stop Improvements	£80,000
TOTAL	£328,941
Newcastle	
Haymarket Bus Station	£100000
Bus Stop Clearways	£25000
Shields Road, Byker Bridge Bus Corridor Improvements	£20000
Bus Corridor Improvements	£260621
Corner House Signal Improvement MOVA	£10000
TOTAL	£415,621
Nexus	
Bus Shelter New Build	£58500
Core Route Shelters	£30000
Replacement Bus Shelters	£73874
Shelter Refurbishment Programme	£320000
Bus Shelter Lighting Supply	£102639
Bus Station Refurbishment	£200000
Bus Station Signing	£4000
TOTAL	£789,013

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Tyne and Wear Integrated Transport Authority

Date: 25th November 2010

TITLE: Major Scheme Funding Update

REPORT OF Director General of Nexus

Not confidential

District Implications - All

1. Purpose of Report

- 1.1 To update members on the current funding status of local major public transport schemes following publication of guidance by Government on how existing major schemes are to proceed in the short term, and from specific correspondence from DfT on the bus corridor major schemes.

2. Recommendations

- 2.1 Members are asked to note the content of this report.

3. Background

- 3.1 Members will be aware that the Government in June 2010 suspended both the current major scheme process and the making of any decisions on the progress of major schemes. The suspension was to apply until the outcomes of the Government Spending Review are known.
- 3.2 The Government announced the outcome of the Spending Review on 20th October 2010. Following this announcement the DfT have issued the document "Investment in Local Major Transport Schemes" which sets out the process for taking forward major schemes during the Spending Review Period.
- 3.3 The Spending Review settlement has identified that nationally schemes previously prioritised for transport investment in the RFA process are nearly double the value of the funding now available to the DfT for major schemes
- 3.4 Given this funding gap the DfT have set out a new process to prioritise and rationalise schemes identified in the RFA programme. All schemes have been categorised in a hierarchy of either having Full Approval, in a Supported Pool, in

a Development Pool, or in the Pre-Qualification Pool

4 **New Major Scheme Guidance – Impact on Metro Major Schemes**

- 4.1 The Government in issuing new major scheme guidance to prioritise schemes and future spend has confirmed that for schemes that have received Full Approval by the DfT they will proceed on their original terms and funding.
- 4.2 As a Fully Approved scheme funding for the Metro Ticketing & Gating Project is confirmed, and the project continues unchanged on the terms and funding level previously granted by the DfT.
- 4.3 Specifically the new guidance from Government states “We are also committing to the complete the upgrade of the Tyne & Wear Metro, which will see investment of up to £350m over 11 years, in line with the terms of the original approval in February 2010.”

5 **New Major Scheme Guidance – Impact on Bus Corridor Major Schemes**

- 5.1 The Major Scheme Business Case for Phase 1 Bus Corridor Improvements was submitted to the DfT in December 2008.
- 5.2 £14.9m was allocated in the Regional Funding Allocation for Phase 2 Bus Corridor Improvement MSBC, and schemes have been progressed for potential inclusion in a Phase 2 bid.
- 5.3 As the Phase 1 Bus Corridor Improvement Programme major scheme bid did not achieve Programme Entry prior to the suspension of the previous major scheme process in June 2010 it has now been categorised by DfT in the Pre-Qualification Pool (the lowest level category). Correspondence from DfT on 1st November confirmed this.
- 5.4 The next step is to submit an expression of interest to the DfT by the end of December 2010 stating that Nexus still wish the Phase 1 bid to be considered by the DfT. DfT are to issue further advice on what they require to be included in this expression of interest. Once Nexus receive this advice then discussions will be held with Sunderland City and Gateshead Councils, as promoters of schemes in Phase 1, to agree a way forward.
- 5.5 Following receipt of expressions of interest the DfT will conduct a preliminary assessment on all schemes in the Pre-Qualification pool with the intention to make a decision by January 2011 as to which should join the Development Pool (the next step in the new process) and therefore those to be taken forward for further analysis.
- 5.6 If the Phase 1 submission is successful in moving forward to the Development Pool then a detailed revised and updated bid is required to be submitted to the DfT by Autumn 2011.
- 5.7 The new major scheme guidance from Government re-enforces the advice

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issued in June 2010 that for schemes prioritised in the RFA, but that had not been submitted prior to the election of the Coalition Government, promoters should not spend any more time and money progressing such schemes give the uncertainty of future funding. Schemes in the Bus Corridor Improvement Programme Phase 2 fall into this category. Further advice on the status of these schemes will be issued by the DfT by the end of 2011. Correspondence from DfT on 1st November advises that we wait for this new guidance before undertaking any further work on Phase 2 schemes, and with future funding uncertainties it is prudent not to do any more work.

6 **New Major Scheme Guidance – Impact on Smart Ticketing**

6.1 As funding to develop and deliver regional smart ticketing (through the NESTI programme) is locally sourced and has been committed by the NESTI partners, the outcome of the CSR and the issue of new guidance on major schemes have no impact.

7 **New Major Scheme Guidance – General Comments**

7.1 In addition to guidance on the categorising of existing major schemes in the short term the publication of “Investment in Local Major Transport Schemes” by the Government sets out some specific statements on the process and decision making of major schemes in the longer term.

7.2 The basis of decision making on transport spend is under review and DfT will be publishing proposals in the future on this. However the recent statement suggests for LA promoted major schemes key issues are likely to be:

- Proving Value For Money from any scheme.
- The proportion of overall funding coming from non DfT sources.
- Proving the scheme is deliverable by the scheme promoter.
- Strategic Importance of the scheme (support from LEP and other stakeholders).
- In decision making consideration of modal and regional balance of spend by the DfT.

7.3 With the ending of RFA process so has the funding of new schemes below £5m – the Local Sustainable Transport Fund and Regional Growth Fund is now the way forward for major-minor schemes.

7.4 Consistent with the Localism agenda the Government is seeking to move to a bottom up approach with more local decision making encouraged on investment decisions and how major transport schemes could and should be funded, especially for LA promoted major schemes.

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- 7.5 The Spending Review outcome has identified that the previous system of Regional Funding Allocations is not affordable so in appraising future schemes the DfT will be placing a strong emphasis on value for money. This is likely to question more the design and scope of schemes (e.g. could most of the scheme benefits be achieved with a smaller less expensive scheme), the level of local funding (basically the less funding required from the DfT to make a scheme happen the more favourable will be the appraisal of the scheme) and smart procurement to drive down delivery costs.
- 7.6 It is the intention of Government in the future to speed up the current 3 step process with the Conditional Approval (2nd step) down played with schemes moving quicker from Programme Entry to Full Approval and less checks and assessments in the process. But in return for a quicker process the DfT is now putting all the cost risk on the promoter (no longer any agreed shared cost risk at Conditional Approval). In future any funding will be fixed on the best and final funding bid from promoting Authorities and schemes will proceed on this basis with the promoter meeting the cost if actual delivery costs are in excess of bid costs. Plus scheme promoters can continue to include in their bid a contribution to preparation costs but the point is being made in that this adds to costs and keeping costs low critical to bid being viewed as good by DfT.
8. **Further comments by the:**
- **Clerk** (if any);
 - **Treasurer** (if any);
 - **Legal Advisor** (if any);
 - **Director General** (if any).
- 9 **Background Papers**
- 9.1 Previous reports:
- Tyne & Wear Bus Corridor Improvement Programme Major Scheme Update in July 2010
- 10 **Contact Officer (s)** Tobyn Hughes, Director of Customer Services, 203 3657



Tyne and Wear Integrated Transport Authority

25 November 2010

New Tyne Crossing - Progress Report

REPORT OF NTC PROJECT DIRECTOR

District Implications : North Tyneside, South Tyneside

1. Summary

- 1.1 This report provides an overview of progress made on the construction and the preparation for certain key events to come since the last meeting of the TWITA. Progress photographs will be available at the meeting.

2. Recommendations

- 2.1 The Authority is recommended to note progress made.

3. Background

- 3.1 Construction of the NTC began on 22 April 2008. Key dates as set out in the Project Agreement signed on 23 November 2007 are as follows:-

PTU1	15 December 2010 (Revised to 4 February 2011)
PTU2	3 December 2011
Completion	3 December 2011

4. Progress – Since September 2010

4.1 Programme

The construction programme issued on 2 April 2009, following the special Project Board Meeting on 10 March 2009, was revised to account for significant re-planning and programming of the works. This revised the original date for PTU 1 to 4 February 2011. Another revised programme was issued on 13 October 2009 but this did not affect the key dates. Since then work on SCL2 was deferred by the contractor to January 2010 and was completed on 4 May 2010. A further revision to the programme was made to accommodate the cautious progress on SCL2. A revised programme was issued on 9 November 2010. This programme takes into account the actual progress made on the M&E works including testing and commissioning. This programme incorporates a revised date for the full scale

emergency exercise of 23 January 2011. However, this programme does not change the key dates indicated in para 3.1.

Overall, progress on the project is on target to meet the revised programme and the key dates set out in para 3.1.

4.2 North Approach Works

Works to fitting out the tunnel continues with the installation of the fixed fire suppression system, the fire hydrant main and valve systems, the control and signage systems, the ventilation system, the electrical distribution boards and the lighting. The laying of the base courses for the carriageway, kerb-laying and drainage installation are nearing completion. Emergency escape doors have been delivered to site and installation is ongoing.. Work on the construction of the toll plaza, canopy including the tolling equipment and transactions equipment and Howdon Plaza offices including fit out is complete. Earthworks are complete on the formation of the mound on the North Tyneside Council land immediately to the north of the toll plaza and construction of the swale drainage pond to the south of the portal is nearing completion. The earthworks to the eastern boundary of the site adjacent to the Howdon By-pass are nearing completion and the grass seeding to the landscape areas has commenced. The permanent reinstatement of Tyne View Terrace is complete. The A19 northbound continues to operate on one lane to allow the ongoing construction of the toll plaza, road surfacing, high mast lighting, crossovers and earthworks adjacent to the north portal. Work on the refurbishment of the existing Tyne Tunnel offices is complete with the exception of the installation and commissioning of the new control equipment which is expected to arrive in the near future. The old control room on the 3rd floor is still functioning. The existing workshops are also being refurbished.

Overall these works are currently on target to achieve the key dates set out in para 3.1.

4.3 Immersed Tube Works

The internal concrete works to the immersed tube sections are now substantially complete. However, some concrete remedial works are ongoing. The roadworks are well advanced with the base course for the carriageway installed together with kerbs and concrete verge. Fitting out of the M&E services is ongoing . Work on the infilling of Howdon Basin is complete. Emergency escape doors to the escape cell have been delivered to site and are being fitted. The installation of the mid-River equipment is complete.

Overall these works are currently on target to achieve the key dates set out in para 3.1.

4.5 **South Approach Works**

Internal finishing works to the tunnel are continuing between the south transition structure and High Street. Roadworks including the laying of base course to the carriageway, installation of kerbs and concrete verge are nearing completion. Fitting out of the M&E services is advanced with the installation of containment systems within the service gallery and escape passage, drainage, mist system and fire hydrant pipework all nearing completion. Emergency escape doors to the escape cell have been delivered to site and are being fitted.

Backfilling of the tunnel between Salem Street and Tyne Street is complete, topsoil has been placed and seeding of the landscaped areas has commenced. Construction of the new Friar Way link road and the reinstatement of Stanley Street are nearing completion. The construction of the linear footpath/cycleway is ongoing.

Salem Street remains closed - High Street is open to traffic.

Overall these works are currently on target to achieve the key dates set out in para 3.1.

4.7 **South Junction Works**

Construction of the new South Extract Building including the service gallery linking to the south portal is substantially complete including the fit out of the M&E systems. The installation of lightweight fill within the old roundabout is complete and the formation of the new A19 approach carriageways has started. The construction of the retaining wall between the loop-bridge and Howard Street bridge is complete and construction of the noise barrier is nearing completion. Earthworks to the south of the junction for the installation of the drainage pond are ongoing. The construction of the new structures and widening of the existing structures to the east of the roundabout is ongoing. The piling is complete and the reinforced concrete work is ongoing. The polystyrene fill is being extended eastwards under the 'Shell' bridge following demolition of the existing structure. The refurbishment of the existing structure which supports the A185 is ongoing.

The public footpath linking Straker Street with the River Don footpath is temporarily closed to allow construction of retaining structures to the east of the new Straker Street roundabout. Pedestrians are being diverted through the site adjacent to the new A19 carriageway. Temporary traffic management arrangements – including the diversion of A185 traffic via Church Bank - remain in place. These arrangements continue to perform well and are maintaining hourly traffic throughput at levels comparable to and even slightly better at times to those achieved prior to the start of construction of the new tunnel.

Overall these works are currently on target to achieve the key dates set out in para 3.1.

4.8 Existing Tunnel Refurbishment

Works are being undertaken during the night (9 PM until 5 AM) in connection with the refurbishment and modernisation of the existing tunnel. The current works include the removal of the existing cladding panels to allow detailed inspection of the existing tunnel structure and enable asbestos surveys to take place. These works are being undertaken whilst traffic through the tunnel is operating in convoy. The use of over night convoys was well trailed and communicated to the tunnel users and there have been no complaints from the tunnel users in connection with this operation.

5. Master-planning

- 5.1 The final landscape master-plan drawings are now expected to be fully approved mid-December 2010.

6. Land

- 6.1 Arrangements relating to hand-back of land continue to be discussed in detail between the relevant parties on the basis of the landscape master-plans submitted for approval.

7. Communication

The web-sites (NTC & TT2) continue to be updated almost daily. Drop-in-sessions continue to be held weekly on both sides of the river and Ward Councillors are given regular 'activity' schedules so that they are briefed on forthcoming events/developments. The Helpline is maintained and staffed 24/7.

- 7.1 School visits are continuing to remind/advise schoolchildren of the dangers of construction sites and to facilitate school projects related to the new tunnel works.
- 7.2 The construction activity and progress continues to stimulate considerable demand for visits from a wide variety of organisations. TWITA/BYTP (UK)/TT2 share the load on this issue to accommodate requests as much as possible.

Contact Officer: P Fenwick, phone: (0191) 211 6058

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By virtue of paragraph(s) 2, 3, 4 of Part 1 of Schedule 12A of the Local Government Act 1972.

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