



Transport North East (Tyne and Wear) Sub-Committee

Thursday 29th May, 2014 at 3.00 pm or following the conclusion of the Transport North East Committee

Meeting to be held in a Committee Room, Civic Centre, Newcastle upon Tyne, NE1 8QH

AGENDA

Page No

1. **Apologies for Absence**

2. **Declarations of Interest**

Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer).

Please also remember to leave the meeting where any personal interest requires this.

3. **Appointment of Chair and Vice-Chair**

1 - 4

4. **Transport Policy Update**

5 - 18

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

To be confirmed.

To All Members

Contact Officer: Victoria Miller Tel: 0191 211 5118 E-mail: victoria.miller@newcastle.gov.uk

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North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

DATE: 29 May 2014

SUBJECT: Appointment of Chair and Vice-Chair

REPORT OF: Vivienne Geary, Monitoring Officer

EXECUTIVE SUMMARY

The purpose of this report is to invite the Transport North East (Tyne and Wear) Sub-Committee (TWSC) to appoint its Chair and Vice-Chair for the Municipal Year 2014/15.

RECOMMENDATIONS

It is recommended that the TWSC appoints its Chair and Vice-Chair for the Municipal Year 2014/15.

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

1 Background Information

- 1.1 On 29 April 2014 the North East Leadership Board of the North East Combined Authority adopted its Constitution and thereby appointed its committees, including the Transport North East Committee (TNEC) and the Transport North East (Tyne and Wear) Sub-Committee (TWSC). At the same meeting, following the adoption of the Constitution, the Leadership Board appointed members to the TNEC and also to the TWSC and delegated the appointment of Chair and Vice-Chair of TWSC for the Municipal Year 2014/15 to TWSC. The Leadership Board has acknowledged that the Vice-Chair of TNEC from the Tyne and Wear Authorities would undertake the role of Chair of TWSC.

2 Proposals

- 2.1 TWSC is invited to appoint its Chair and Vice-Chair for the Municipal Year 2014/15. It has been previously acknowledged that the Vice-Chair of TNEC from the Tyne and Wear Authorities would undertake the role of Chair of TWSC.

3 Next Steps

- 3.1 Information on the appointment of Chair and Vice-Chair will be made available to all interested parties and published on the North East Combined Authority's website.

4 Potential Impact on Objectives

- 4.1 This appointment will help TWSC to properly discharge its functions.

5 Finance and Other Resources

- 5.1 There are no direct financial or resource implications for the NECA in the appointment of the Chair and Vice Chair of the TWSC.

6 Legal

- 6.1 The proposal set out in this report complies with the requirements under the Constitution of NECA.

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

7 Other Considerations

7.1 Consultation/Community Engagement

The proposal set out in this report is the result of the decision of the Leadership Board which includes representatives of all constituent Authorities.

7.2 Human Rights

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

7.3 Equalities and Diversity

There are no specific equality and diversity implications arising from this report.

7.4 Risk Management

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

7.5 Crime and Disorder

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

7.6 Environment and Sustainability

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

8 Background Documents

8.1 The Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Constitution April 2014;

The report to the 29 April 2014 meeting of the North East Leadership Board titled "Appointment of Committee Membership (including Appointment of Co-opted Independent Members of the Governance Committee and Appointment of Independent Person), Appointment of Chairs and Vice-Chairs and Appointment of External Auditors"; and

The draft minutes of the 29 April 2014 meeting of the North East Leadership Board.

9 Links to Plans in the Policy Framework

9.1 This report has no direct links to plans in the Policy Framework.

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

10 Appendices

10.1 There are no appendices to this report.

11 Contact Officers

11.1 Vivienne Geary, Monitoring Officer
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12 Sign off

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

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

DATE: 29 May 2014

SUBJECT: Transport Policy Update

REPORT OF: Lead Chief Executive for Transport

EXECUTIVE SUMMARY

The purpose of this report is to outline some of the key transport issues and opportunities currently applicable to Tyne and Wear which this Committee may wish to consider in exercising the functions delegated to it by the Transport North East Committee (TNEC).

RECOMMENDATIONS

It is recommended that the Committee:

- Note the current issues relevant to the transport agenda for Tyne and Wear under the Combined Authority;
- Note that the TNEC has delegated a number of transport functions to the TWSC;
- Note the process being pursued to determine the relative merits of a Quality Contract or Voluntary Partnership approach to bus services

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

1. Background Information

- 1.1 This paper complements the Transport Policy update paper taken to the Transport North East Committee (TNEC) which summarised key issues and opportunities applicable to the entire Combined Authority area for discussion and review.
- 1.2 The paper recognises that transitional arrangements are currently in place, and reflects that the Combined Authority has inherited very different institutional arrangements between the two counties and the Tyne & Wear districts.
- 1.3 The purpose of this paper is to provide an update on issues relevant to those functions that have been delegated to the Transport North East (Tyne and Wear) Sub-committee and on relevant transport assets in Tyne and Wear.

2. Transport Update

Bus Strategy Delivery Project

- 2.1 Nexus is looking at alternative options for delivering the Bus Strategy for Tyne and Wear, in order to deliver the objectives of arresting the decline in bus patronage, maintaining (and preferably growing) network accessibility and achieving better value for public money.

The two options being considered are:

- 2.2 **A Voluntary Partnership Agreement (VPA)**, in which the Combined Authority and existing local bus operators would co-operate to achieve service improvements for passengers, and the impact of public spending reductions would be to an extent absorbed by bus operators.
- 2.3 The proposal as it stands will achieve £0.4m per annum of guaranteed savings by converting some subsidised services to commercial operation. A further £1.6m in savings could be achieved by changing the bus network, although this could see some service reductions or losses locally. It also requires a guarantee that any savings operators make by implementing these changes will be passed on to Nexus; wording has been proposed covering this and other aspects, and a response is awaited.
- 2.4 To progress the VPA option, the Chief Executive of Newcastle has requested that the bus operators through their local association, NEBOA, provide a best and final partnership offer by 16th May.

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

Following receipt of the best and final offer it is anticipated that a short period would be needed to allow time for clarification to take place before the final VPA option could be arrived at for comparison with the QCS proposal.

- 2.4 **A Quality Contracts Scheme** (QCS) where the Combined Authority would introduce a franchising system to set fare levels and timetables and customer service standards, and operators would compete for contracts.
- 2.5 Nexus, under direction from the ITA, has carried out formal statutory public consultation on a QCS Proposal. After reviewing all consultation responses, Nexus believes that relatively few amendments will be needed to finalise the QCS Proposal, which remains affordable within current resources.
- 2.6 Supplemental consultation with statutory consultees is currently being carried out on some potential modifications that would, if adopted, have a minor impact on the Proposal. All the information is currently available on Nexus' website: the 8 week consultation closes on 4th June 2014. In respect of communications from statutory consultees, 3 extensive requests for information and clarification have been received from the legal representatives of the bus operators.
- 2.7 County Durham and Northumberland have contributed a substantial amount of officer time working with Nexus to develop a 'Collaboration Agreement'. This sets out the protocols governing future network and fare changes, and establishes a process whereby new costs arising as a result of the introduction of the QCS would be covered by Nexus.
- 2.8 It is intended that, following a comparison process to provide the basis for a decision report, both options should be considered by the Combined Authority in September, and a clear direction set by the Leadership Board for moving forward.
- 2.9 If a VPA is favoured then the implementation process should be relatively straightforward, subject to sustaining committed agreement and participation of all parties to the Agreement.
- 2.10 If the QCS is the preferred option the main risks remain:
 - a. the process involved in 'making' the Scheme which is highly likely to involve a legal challenge from the current bus operators in the form of an appeal and/or a judicial review which could add delay and cost; and
 - b. the process of transition, from a deregulated environment to the QC services coming into operation, which can be expected to be difficult given the stance currently being taken by the local bus operators.
- 2.11 Should the Combined Authority wish to proceed with a QCS the next stage is to refer the proposed scheme together with the consultation responses to the

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

QCS Board (an independent expert panel established by the Senior Traffic Commissioner). The QCS Board's remit is to provide an opinion as to whether public interest criteria and procedural requirements have been met and, if the Board considers they have not, to recommend actions that the Authority may take to remedy the situation.

- 2.12 Before it can make the Scheme the Authority must publish a formal response to the Board's opinion and any recommendations: this could potentially require the Authority to make modifications to the proposed scheme and carry out further consultation.
- 2.13 Once the Authority makes the scheme it can then proceed with the procurement of providers to deliver services under the quality contracts (N.B the decision to make the scheme is subject to a right of appeal to the Transport Tribunal).

Aprovisional timetable for the QCS process is as follows:

Combined Authority decision as to whether to progress with the proposal and submit it to the QCS Board	September 2014
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If the Authority decides to continue with the QCS (with or without modifications):

Engagement with the QCS Board	Sept – Oct 2014
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Combined Authority decision as to whether to make the QCS	Oct - Nov 2014
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Procurement of operators	Nov 2014 – July 2015
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Transition to new arrangements	Aug 2015 – Feb 2016
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Scheme becomes operational	March 2016
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3.0 Metro Asset Renewal Programme

- 3.1 In 2010 Nexus negotiated a comprehensive agreement with the Department for Transport to secure the future of Metro for the long-term. A funding package totalling in excess of £600 million of government grant will provide much needed capital investment until 2021 as well as the resource necessary to support the operational costs of Metro, a significant element of which relates to the concession agreement with DB Regio Tyne and Wear Limited who provide train operating services to Nexus under contract until 2019.

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

The grant conditions require an element of local funding to be made available as well as fare revenues that are generated from customers using the system.

- 3.2 The Metro Asset Renewal Plan (ARP) is based on an assumed capital grant of £350 million, supplemented by a local contribution of £39 million and is in place for the period 2010/11 to 2021/22 to ensure that all aspects of Metro's own infrastructure are renewed, replaced or maintained as appropriate. This is the programme that is delivering refurbished stations and trains, and extensive renewals of track, bridges, overhead line and many other elements (such as an updated radio system) that will deliver a safe and reliable network for generations to come.
- 3.3 Station refurbishment schemes are among the most visible elements of the programme, delivering a step change in the level of customer facilities and ensuring that Metro retains a high profile within the communities it serves. Because of the investment need across the full range of Metro assets, it will be necessary to attract additional funding in order to enhance the level of station investment beyond the level provided for by ARP funding. This is being achieved by aligning with wider local projects; major scheme funding has been indicatively approved for both Central and South Shields, a package of funding is being co-ordinated with the City Council and Network Rail for improvements at Sunderland station with other opportunities elsewhere being evaluated.
- 3.4 It should be noted that government funding for the ARP is performance-related, and is currently guaranteed to Year 6 of the 11-year programme, Nexus having successfully negotiated the release of funding for years 4 to 6 during 2012/13. Nexus is now making the case to the DfT to ensure that funding for Years 7 to 11 is secured; in doing so it can demonstrate a good track record of delivering major infrastructure projects and programmes on time and on budget. This is particularly important as £50 million of the £350 million grant funding for years 7 to 11 (2016/17 to 2020/21) remains unconfirmed and award is dependent on continuing to meet DfT's stringent performance requirements.
- 3.5 The first four years of the ARP have successfully achieved their objectives (endorsed by DfT's commitment to fund years 4 to 6 in full), and have also provided an opportunity for Nexus to greatly improve its asset knowledge, programme management capability, and understanding of delivery mechanisms. As a result Nexus is increasingly confident of its ability to estimate, plan and programme works, and has an effective approach to forecasting expenditure. In addition Nexus has been able to redirect some major activities, originally intended to be delivered by external contractors, to its recently established Capital Delivery team, a new internal department which is demonstrably achieving better value for money as well as creating longer-term local employment opportunities.

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

3.6 The final six years of this programme will feature further line blockades which, whilst disruptive in the short-term, deliver lasting benefits and offer better value for money and less on-going customer disruption than the alternative of a succession of shorter weekend closures.

3.7 By the end of the programme, expenditure across major categories is expected to be incurred as follows:

	£000
Structures	63
Track	94
Stations	57
Signalling and Telecoms	61
Mechanical and Electrical	16
Metro car refurbishment	30
Other items (incl capital mtce)	68
TOTAL	389

4.0 Long Term Metro Strategy

4.1 The ARP programme will ensure that the core infrastructure assets of the existing Metro system will remain fit for purpose for decades to come, although a new agreement will need to be reached with government to ensure sufficient capital funding is available to adequately maintain the system after the 11-year programme has come to an end.

4.2 A vitally important and urgent issue needing consideration, however is the current fleet of trains which is more than 30 years old. Although the fleet is receiving a refurbishment to prolong its life for an additional 15 years, from 2025 onwards it cannot be reasonably expected to maintain its current performance. It will be one of the oldest Metro fleets in the world, and will increasingly suffer from component failures and reliability issues from that time onwards.

4.3 The current renewals programme also has no provisions for any extensions to the present network. To address these key issues and develop a long-term strategy for decades to come, the ITA approved a draft Metro Strategy at its final meeting in March 2014. Consultation is currently taking place, and having regard to feedback received, a final version will be brought to the Combined Authority for consideration with publication anticipated for later in the calendar year.

4.4 Fleet replacement is the strategy's top priority. Apart from being a necessity due to the age and likely condition by 2025 of the existing stock, new trains also represent an opportunity to deliver enhanced standards of comfort, performance and accessibility to customers, as well as substantial

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

improvements in environmental and energy efficiency (traction energy represents around 7% of the gross revenue budget for Metro in 2014/15).

- 4.5 At this point in time, the funding that is required for both 'steady state' capital maintenance and a replacement fleet has not been secured although the Department for Transport have indicated a willingness to engage in discussions surrounding their future funding commitments.
- 4.6 There may be also be opportunities to expand the Metro network, either as physical extensions to the current system, or as stand-alone street-running extensions, which would represent a method of operation new to the region. In terms of network extensions, much will depend on the prospects for land-use and demographic change that can be demonstrated along the following corridors which have been initially identified:
- Cobalt, North Tyneside
 - Doxford Park – Sunderland – South Shields
 - Metrocentre
 - Seaham
 - Team Valley
 - Washington
 - West Newcastle
- 4.7 In addition to these, depending upon the direction of future strategy in relation to the use of the Leamside and Blyth & Tyne rail corridors for passenger rail services, there may be scope to consider extending the sphere of Metro operations into adjacent areas of County Durham and Northumberland.
- 4.8 Work is starting soon on the delivery elements of the Strategy, as there is much to be done in the next few years to ensure that future operating models (the current concession with DB Regio Tyne and Wear Limited is expected to run until 2019) and fleet replacement specifications are the right ones that are both ambitious and affordable, to deliver the overall vision of the strategy which is:

“Delivering a world-class Metro system for the region that is modern, green, inclusive and influential”

Implementation of the Metro Strategy is expected to be a key opportunity for the Combined Authority.

5.0 Local Sustainable Transport Fund (LSTF) Extension Funding

- 5.1 In September 2013, the Department for Transport advised that there may be a possible underspend nationally on the current LSTF programme, running to

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

March 2015. It was suggested that ministers may wish to re-allocate funds to existing projects should this underspend be realised, and DfT invited proposals from current programmes in anticipation of this. Tyne and Wear submitted a bid for these extension monies in October 2013, but in December 2013 we were informed that no underspend in the current programme had been identified.

- 5.2 However, in March 2014, DfT contacted Tyne and Wear and announced that £2 million underspend had been identified across the LSTF programmes nationally. This funding was shared amongst nine areas, with Tyne and Wear receiving £904,000. Tyne and Wear received almost 50% of the available funding, reflecting the positive reputation we have established for successful delivery of the LSTF programme.
- 5.3 The extension money comprises entirely revenue funding and is split across the 'Schools Go Smarter' and 'Go Smarter to Work' programmes. All measures must be delivered by the end of the current programme, March 2015.
- 5.4 It should also be noted that Tyne and Wear have submitted a further LSTF revenue bid to DfT for measures to be delivered in 2015/16. Announcements on successful bidders are expected in July 2014.

Schools Go Smarter (SGS)

- 5.5 £609,000 has been awarded to SGS to continue and enhance the current programme as well as implementing some new projects.

Current projects to be enhanced will be:

Child Pedestrian Training;
Parking at Schools; and
Theatre Education.

New projects will be:

A transitions project aimed specifically at those children moving between primary and secondary school;
An inclusive campaign, aimed at our SEN schools; and
Development of Active Travel Hubs across Tyne and Wear.

Some additional funds are also allocated for more Communications and Marketing work as well as Programme Support and Monitoring,

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

Go Smarter to Work (GSW)

- 5.6 £295,000 has been awarded to GSW to enhance the current programme of delivery. This includes the following measures:

Real Time Passenger Information work, in particular 'on street' displays;

Further funding for the Jobseekers Ticketing project; and

Funds set aside to begin preparatory work for replicating the current business engagement programme covering the A1 corridor, onto A19 employment sites.

6.0 Tyne Tunnel

- 6.1 Officer arrangements put in place via the Integrated Transport Authority will continue, and as part of its business TWSC will receive bi-annual updates on the Tyne Tunnel from an officer group chaired by the Engineer for the Tyne Tunnel Michael Murphy.

7.0 Regular Updates of the Tyne and Wear LTP

- 7.1 Papers will be produced periodically to update Members on the delivery of measures forming part of LTP3: The Third Local Transport Plan for Tyne and Wear, covering areas such as network management, active travel, public transport and freight.

8.0 Potential Impact on Objectives

- 8.1 Successful delivery of the various transport schemes and programmes outlined in this document will assist the Combined Authority in delivering its objective to maximise the area's opportunities and potential.

9.0 Finance and Other Resources

- 9.1 There are no direct implications arising from this report.

10.0 Legal

- 10.1 The legal implications in respect of the Bus Strategy Delivery Project are outlined in the report and there are no other specific implications arising from this report.

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

12.0 Other Considerations

12.1 Consultation/Community Engagement

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

12.2 Human Rights

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

12.3 Equalities and Diversity

There are no specific equalities and diversity considerations arising from this report.

12.4 Risk Management

There are no specific Risk Management considerations arising from this report.

12.5 Crime and Disorder

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

12.6 Environment and Sustainability

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

13.0 Background Documents

- 13.1 The Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Constitution April 2014;

14.0 Appendices

- 14.1 Appendix 1 – Extract from the Combined Authority Constitution – Transport North East (Tyne and Wear) Sub-committee (TWSC) – Responsibility for Functions

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

15.0 Contact Officers

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16 Sign off

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

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

Appendix 1 -

Part 3.3 Transport North East (Tyne and Wear) Sub-committee (TWSC)

Membership – 5 (one Member from each Tyne and Wear Authority)

Quorum – 4

The following transport functions have been delegated by the NELB to TNEC and then to the TWSC in respect of the area of the Tyne and Wear Authorities. The TWSC shall be able to exercise these functions provided that it does not cause the NECA to incur any expenditure other than that which the NELB has authorised for such purposes:

1. Considering and recommending to NELB the creation and development of:-
 - i) Quality Partnership Schemes pursuant to sections 114-123 of the Transport Act 2000; and
 - ii) Quality Contracts Schemes pursuant to sections 124-134 of the Transport Act 2000.
2. Implementing Concessionary Travel Schemes pursuant to sections 93 -105 of the Transport Act 1985.
3. Implementing Ticketing schemes pursuant to sections 135-138 of the Transport Act 2000.
4. Determining the local bus information to be made available, and the way in which it should be made available, pursuant to sections 139-143 of the Transport Act 2000.
5. Determining the operation, performance and development accessible transport provision (including the provision of grants) pursuant to section 106 of the Transport Act 1985.
6. Monitoring and overseeing the activities and performance of Nexus (including but not limited to the power pursuant to section 15(6) of the Transport Act 1968 to give to Nexus such directions as appear appropriate to secure the observance of the rights of the NECA).
7. Ensuring that Nexus secures the provision of appropriate public passenger transport services pursuant to section 9A(3) of the Transport Act 1968.
8. Ensuring that Nexus implements those actions given to it for promoting the economic, social and environmental well-being of the Combined Area and its residents pursuant to section 99 of the Local Transport Act 2008.

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

9. Determining variations in charges for transport services or facilities provided by Nexus, pursuant to section 15(2) of the Transport Act 1968.
10. Authorising:-
 - i) The disposal of any land by Nexus pursuant to section 10(1)(xxiii) of the Transport Act 1968
 - ii) The acquisition of any land by Nexus pursuant to section 10(1)(xx) of the Transport Act 1968; and
 - iii) The development of any land of Nexus pursuant to section 10(1)(xxii) of the Transport Act 1968.
11. Determining the operation, performance and development of tendered bus services, bus stations/stops, and passenger transport services pursuant to section 10(1)(1)(via) of the Transport Act 1968.
12. Monitoring the performance of the Metro service and recommending appropriate action.
13. Monitoring the operation and performance of bus, ferry and local rail services and influencing accordingly.
14. Any other matter which has been transferred from the former Tyne and Wear ITA to the NECA under Article 6 of the Order unless the matter has been explicitly reserved to the NELB in the foregoing provisions.

Further transport functions may be delegated to the TWSC by the NELB as considered appropriate.

Information:

1. The Chair of the TWSC will be selected annually by the NELB. The Chair of the TWSC will be the Vice Chair of the TNEC representing the Tyne and Wear Authority areas.
2. The Vice Chair of the TWSC will be selected annually by the NELB and will be selected from the remaining members of the Tyne and Wear Constituent Authorities appointed to the TWSC having portfolio responsibility for Transport in their Constituent Authority area.

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