



Leadership Board

Tuesday, 16th January 2018 at 2.00 pm

Meeting to be held in a Committee Room, Civic Centre, Regent Street, Gateshead, NE8 1HH

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SUPPLEMENTAL AGENDA

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To All Members

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Leadership Board

Date: 16 January 2018

Subject: Transport (and Digital Connectivity) Thematic Lead Update Report

Report of: Thematic Lead for Transport and Digital Connectivity

Executive Summary

The business case and campaign by Nexus, local authorities, businesses and other key stakeholders across the region for a replacement Metro fleet has persuaded the Government to provide £337 million of capital grant. The announcement, made by the Chancellor of the Exchequer in his budget speech, has been warmly welcomed across the region and will be an important step in the journey to create a better transport network for the region.

The new fleet, expected to be introduced from late 2021, will transform performance levels and bring a range of other benefits to improve the customer experience and enable further expansion of the system.

Nexus will introduce a new fare for young people from January 2018 in the form of a 'Pop Blue' card, which will allow all those aged under 19 years of age to access a single journey ticket on Metro for only £1 with a whole day's travel capped at £2.

Further opportunities to bid for investment in transport were announced in the 2017 Autumn Budget, including the Transforming Cities Fund and additional money for electric vehicles.

Key legislation has been passed in Parliament, paving the way for TfN to become a Sub-National Transport Body in due course, an action which will benefit the region's transport infrastructure in the future. Our Transport Plan for the region continues to be developed and following endorsement from TNEC the creation of a Key Road Network will help support future funding bids for our more significant highways.

Electric Vehicles will play a key role in the region's effort to improve air quality and progress continues to be made with a project to introduce more charging infrastructure and making plans for future maintenance of the infrastructure.

Recommendations

It is recommended that the Leadership Board notes the contents of this report.

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1. Background Information

- 1.1 The 20-year Transport Manifesto for the North East emphasised the importance of providing attractive and reliable transport choices for businesses, residents and visitors.
- 1.2 A key milestone in the region's ability to realise that vision has now been met with the news that we have been granted £337 million towards the cost of a new fleet of Metrocars. This is great news for the area, and has been widely welcomed by businesses and residents alike. It is a key step on our journey towards our vision for transport in the region and we should retain momentum for further developments, using our advantageous position within Transport for the North to seek greater funding for strategic infrastructure and preparing the region for a digital revolution.
- 1.3 This paper provides an update to the Leadership Board regarding the latest updates on Transport and Digital Connectivity.

2. Metro: £337 million funding award

- 2.1 The bid for funding saw the region pull together with a single, united voice, loudly and constructively making the case for a new Metro fleet. The campaign saw strong engagement from business leaders in the region, as well as local political forces, all using their influence and strength of feeling to lobby Government and support the strong business case that Nexus had put together.
- 2.2 The £337 million capital grant from Government will be complemented by a further £25 million from the NECA, £15 million of which has been identified from Nexus' capital reserves and a further £10 million generated by net savings over the next three financial years as a result of Nexus eradicating its pension deficit. The total amount of funding for a new Metro fleet (including a new maintenance facility) is therefore £362 million.
- 2.3 Now that the funding has been confirmed, Nexus will commence the procurement of a new fleet of Metrocars, and preparing for their introduction onto the system in the early 2020s. A more detailed report titled "Metro Futures New Fleet Procurement Update" is featured later on this agenda.

3 Further announcements in the budget

- 3.1 A new 'Transforming Cities Fund' worth £1.7 billion was launched with the aim to help improve transport links and promote local growth. Half of this fund has been allocated on a per capita basis to the 6 combined authorities with elected Metro mayors. The other half will be allocated via competition for transport projects and officers are already considering opportunities to bid in order to fund projects which will benefit our communities.

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- 3.2 The roll out of electric vehicle charging infrastructure will be targeted with additional investment by the Government over the coming years, to increase the take up of environmentally friendly vehicles. We have already commenced a project to install electric vehicle rapid charge filling stations and clusters, and this announcement may prove a further opportunity for us to bid into and further expand provision for electric vehicles.

4. Transport for the North (TfN) and Rail North

- 4.1 The NECA provided its consent for Transport for the North (TfN) to become a Sub National Transport Body (STB) in August 2017.
- 4.2 The legislation required to formalise Transport for the North (TfN) as a statutory sub-national transport body was laid before Parliament in November 2017. By the time of the publication of this update, it is anticipated that TfN will have received formal approval to adopt the powers and duties associated with statutory status.
- 4.3 Provided TfN becomes constituted, TfN will be able to begin formal consultation on the Strategic Transport Plan (STP) in early 2018. The intention is for TfN to launch the STP at five locations across the North, including Newcastle International Airport, on the 16th January 2018.
- 4.4 The STP aims to set the picture from now until 2050 in terms of transport investment in the North. This plan will include a two sub strategies for road and rail, both of which are also in development. Consultation on these sub strategies is expected to be carried out as part of the wider STP consultation. This work has been conducted with input from NECA officers.

5 Metro Performance and Fares

- 5.1 For the eight week period leading up to September 2017, Metro punctuality exceeded the target of 87.2% and fleet availability was met on 87% of weekday morning peaks. Performance has improved following clearance of maintenance issues that had previously been identified. Nevertheless, the general trend of Metro fleet reliability continues to decline, which will be arrested by the arrival of the new fleet which is planned for roll out in 2021. A major network failure on Sunday 29th October 2017 led to a challenging day for passengers and a full report, following an investigation, will be provided to TWSC.
- 5.2 Good progress on delivering the Metro Asset Renewal Plan continues to be made with expenditure falling within targets set by the Department for Transport (DfT). Survey work for the renewal and refurbishment of the track between Gateshead Stadium and South Shields has commenced to allow for initial design works. Work is also underway to improve Metro radio systems and power supply resilience.

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- 5.3 The Tyne and Wear Sub-committee has approved a proposal to introduce new Metro fares for young people supporting the 16 to 19-year-old age group as they use metro to access education, skills training or even enter the world of work. The new under 19 fares offered are a £1 single or a daily ticket capped at £2 and will be available from January 2018. These new tickets will help to ingrain metro travel into the lifestyle of a new generation of travellers and the delivery of these fares through a new Pop Card 'Blue' will promote habitual use smartcards for years to come.
- 6. Key Route Network (KRN)**
- 6.1 TNEC endorsed the creation of a Key Route Network (KRN) for the Region at its meeting in November 2017. The KRN will identify the main road traffic routes for people and freight across our area and has been put together in consultation with each of the 7 highway authorities.
- 6.2 The establishment of this KRN will support TfN in determining their Major Road Network and will allow us to better define our road network in future funding bids and plans, including the Transport Plan, which is currently under development.
- 7. Electric Vehicles**
- 7.1 In order to improve the quality of public realm and environment, improving air quality is key. The adoption of Electric Vehicles will help towards this vision. We remain on track to see filling stations and new rapid charging clusters operational by Summer 2018.
- 7.2 The procurement for the two EV Filling stations; including one in Newcastle that will be owned by the University of Newcastle and one in Sunderland which will be owned by NECA, closed in the middle of December. The tender evaluation will commence after the Christmas period in order to appoint a contractor early in 2018.
- 7.3 Six locations across the NECA have identified for the EV rapid cluster sites which will complement the two Filling Stations. Tender documentation is currently being finalised with the intention of going to procurement early 2018 in order to award a contract for the design, construct, operate and maintain the EV Rapid Cluster sites.
- 7.4 Work continues to progress with the local authorities to construct a model for the management, operation and enhancement of the existing portfolio of charging posts to improve the offer customers and compliment the upcoming rapid charging installations. It is anticipated that a procurement exercise will be undertaken in early 2018 in order to contract for the operation and maintenance for this network on a NECA level.

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8. Transport Revenue and Capital Budgets 2018/19

8.1 Elsewhere on today's agenda the Leadership Board will consider the revenue and capital budgets for 2018/19 with indicative estimates for 2019/20 and 2020/21.

8.2 In terms of transport, the revenue budgets for 2018/19 will allow for the maintenance of services despite an overall reduction in the aggregate transport levies across the NECA area. Capital investment in transport infrastructure during 2018/19 will amount to circa £140 million and in addition, Nexus will begin the process of procuring its new fleet of Metrocars as well as pursuing the development of potential route extensions.

9. Digital Connectivity Update

9.1 Our work to assemble a consortium to take forward the region's aspirations to develop a 5G Test Bed have continued with a number of business and academic partners becoming involved in the 5GNE project. It was not possible for a bid to be made in time for DCMS's first round of funding for 5G Test Beds and Trials, as the ambitious timelines set out by DCMS for the competition created difficulties in securing sign off from prospective private sector partners. We explained to DCMS why a bid was not submitted and they welcomed the feedback as they make preparations for the next call. 5G North East expects to make a submission into the second round of the competition, expected to be launched in January.

10. Proposals

10.1 This report is for information purposes only. Therefore, no proposals are contained in this report.

11. Reasons for the Proposals

11.1 This report is for information purposes only.

12. Alternative Options Available

12.1 Not applicable to this report.

13. Next Steps and Timetable for Implementation

13.1 We will continue the work stream to invest in electric vehicle infrastructure across the area. Nexus are seeking approval in a separate paper on the Leadership Board agenda to proceed with procuring a new Metro fleet following successful acquisition of funding.

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14. Potential Impact on Objectives

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

15. Financial and Other Resources Implications

- 15.1 The report includes information on funding and financial opportunities. There are no specific additional financial implications for NECA arising from this report.
- 15.2 There are no Human Resource or ICT implications.

16. Legal Implications

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

17. Key Risks

- 17.1 Risk of work streams not progressing in a timely manner may impact upon the region's ability to achieve its aspirations for improving transport.

18. Equality and Diversity

- 18.1 There are no specific equalities and diversity implications arising from this report.

19. Crime and Disorder

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

20. Consultation/Engagement

- 20.1 Many of the transport programmes outlined in this report have been the subject of consultation, at either a regional or national level.

21. Other Impact of the Proposals

- 21.1 No specific impacts

22. Appendices

- 22.1 None

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23. Background Papers

23.1 Not applicable

24. Contact Officers

24.1 Tobyn Hughes, Managing Director (Transport Operations)
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Stephen Bellamy, Business Development Officer (Policy)
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25. Sign off

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

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Leadership Board

Date: 16th January 2018

Subject: Budget 2018/19 and Transport Levies Supplementary Report

Report of: Chief Finance Officer and Head of Paid Service

Executive Summary

This supplementary report appends the draft NECA response to the North East England Chamber of Commerce letter received as part of the 2018/19 NECA Budget consultation and referred to in Appendix I of the Budget report on the main agenda.

Recommendations

The Leadership Board are recommended to:

- i. Consider and comment on the draft response to the North East Chamber of Commerce in order to prepare a final response.
- ii. Delegate authority to the Head of Paid Service in consultation with the Vice Chairs of the Leadership Board, the Chief Finance Officer and the Monitoring Officer to finalise the response from NECA to the North East England Chamber of Commerce.

Leadership Board

1. Background Information

- 1.1 The 2018/19 budget proposals were reported to the Leadership Board on 21st November, as part of a consultation process which started on 15th November and included consideration by the Overview and Scrutiny Committee, Governance Committee and the North East Chamber of Commerce.
- 1.2 The main report also reflects comments received from individual constituent councils and the discussions at TNEC and the Tyne and Wear Transport Sub Committee. The comments received have been taken into account in the preparation of the main report and specific comments are set out in Appendix I of the main report. The North East LEP Board will be considering its budget and is due to agree its budget on 25 January 2018.

2. Proposals

- 2.1 The proposal is for the Leadership Board to consider the draft response and provide comments for a final response to be prepared.

3. Reasons for the Proposals

- 3.1 As detailed in the main report, The NECA constitution requires that consultation on its budget proposals be undertaken prior to the budget being agreed and the letter from the North East England Chamber of Commerce was received as part of this consultation.

4. Alternative Options Available

- 4.1 Option 1 – The Leadership Board may choose to consider and comment on the draft response to the North East England Chamber of Commerce in order to prepare a final response.

Option 2 – The Leadership Board may choose not to respond to the North East England Chamber of Commerce.

Option 1 is the recommended option.

5. Next Steps and Timetable for Implementation

- 5.1 The Leadership Board are asked to consider the draft response and delegate authority to the Head of Paid service to finalise a response.

6. Potential Impact on Objectives

- 6.1 See main report

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7. Financial and Other Resources Implications

7.1 See main report

8. Legal Implications

8.1 See main report

9. Key Risks

9.1 See main report

10. Equality and Diversity

10.1 See main report

11. Crime and Disorder

11.1 See main report

12. Consultation/Engagement

12.1 See main report

13. Other Impact of the Proposals

13.1 See main report

14. Appendices

14.1 Appendix 1 – Draft NECA response to the North East England Chamber of Commerce

15. Background Papers

Held by the Contact Officer

16. Contact Officers

16.1 Paul Woods, Chief Finance Officer, paul.woods@northeastca.gov.uk, 07446936840

17. Sign off

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

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16 January 2018

Contact: Councillor Simon Henig
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Email:

Ross Smith
Director of Policy
North East England Chamber of Commerce (NEECC)
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Aykley Heads
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DH1 5TS

Dear Ross,

Thank you for your letter on the 21st December 2017 regarding the North East Combined Authority's (NECA) Budget proposal for 2018/19.

Your letter was circulated as part of the agenda papers in relation to the Budget report to the Leadership Board's meeting on 16th January 2018 and was taken into account in setting the budget for 2018/19 alongside other comments received as part of the budget consultation.

All seven North East Local Authorities support the ambition of a stronger regional economy with improved opportunities for residents and businesses and as members of the North East LEP Board are committed to delivering the North East Strategic Economic Plan (SEP).

The North of Tyne devolution deal proposes to create two combined authorities with a Joint Transport Committee providing transport services across the whole of the LEP area. These organisations will deploy resources to support the delivery of the North East Strategic Economic Plan. The four local authorities that will remain constituent members of the North East Combined Authority will continue to strategically lead and deliver programmes south of the river Tyne that support economic growth. Both proposed combined authorities will continue to work closely with the North East LEP on the delivery of the priorities for economic growth across the North East, as detailed in the SEP and will continue to secure transport and other funding in order to develop budget and investment plans for 2019/20 and future years. There are well-established relationships in the region, including enterprise zones and access to finance for business, which are firmly focused on ensuring more and better jobs for the whole area.

We recognise the importance of the support of the Chamber of Commerce in helping to secure the investment in the new Metro fleet, and welcome the continued support of NEECC to help secure future funding for the Metro asset renewal programme; Metro

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extensions; and a fairer revenue funding outcome for transport services in future years. NECA and Nexus have once again been able to protect Transport services for 2018/19, despite continuing cuts in national revenue funding. We will continue to make the case for a fair funding outcome for transport services from 2020/21, in order to avoid the potential cuts in services that may be needed to close the gap between costs and funding, which are currently temporarily being funded by one off Nexus reserves.

We agree that Inward Investment is very important and seven councils and the North East LEP have unanimously agreed to continue the contributions that will see the improvements made last year continue next year.

I hope this letter has clarified that NECA and the North East LEP are committed to delivering the aims of the Strategic Economic Plan. We are looking forward to working with the Chamber to help secure further funding and investment for future years.

Yours sincerely,

Councillor Simon Henig and Mayor Redfearn
Vice Chairs of the North East Combined Authority