North East Combined Authority

A meeting of the: **Overview and Scrutiny Committee**

will be held on: **Tuesday 8 October 2024**

at: **10.00am**

in: **The Lamesley Room, Civic Centre, Regent Terrace, Gateshead, NE8 1HH**

to consider the following

AGENDA

9.   **Next Meeting**
     To note that the next scheduled meeting will be held on Tuesday 10 December
     2024 at 10.00am in Newcastle Civic Centre. (Members may wish to arrange an
     additional meeting in November. See Item 8.)

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Overview and Scrutiny Committee

16 July 2024
(10.00am)

Meeting held in: Committee Room 2, Durham County Hall

Minutes

Present: Councillor Colin Ferguson (Chair)
                        Councillor Rob Crute
                        Councillor Chris Lines
                        Councillor John Eagle
                        Councillor Dawn Welsh
                        Councillor Linda Wright
                        Councillor Richard Dodd
                        Councillor Les Bowman
                        Councillor Shane Smith
                        Councillor Andrew Guy
                        Councillor Claire Rowntree
                        Councillor Dominic McDonough

OSC1/7/24   Apologies for Absence and Substitutes

Apologies for absence were received from:
Councillor Brian Gallacher. Councillor Les Bowman attended the meeting as his substitute.
Councillor John McCabe. Councillor Shane Smith attended the meeting as his substitute.
Councillor Antony Mullen. Councillor Dominic McDonough attended the meeting as his substitute.

OSC2/7/24   Declarations of Interest

The Chair welcomed members to the first meeting of the Overview and Scrutiny Committee.

Councillor Dawn Welsh declared a personal interest around Electric Vehicle Charging and explained that she worked for an EVC infrastructure company.

Councillor John Eagle declared a personal interest as he was employed by Nexus.

OSC3/7/24   Appointment of Vice Chair

The Chair asked for nominations for the position of Vice Chair.

Councillor John Eagle, seconded by Councillor Rob Crute, proposed Councillor Claire Rowntree for the role of Vice Chair.

Resolved that Councillor Claire Rowntree be appointed to the role of Vice Chair of the Overview and Scrutiny Committee for the 2024/25 municipal year.

OSC4/7/24   Work Programme 2024/25

The Committee considered a report from the Policy and Scrutiny Officer which set out the process to establish a provisional work programme for the 2024/25 municipal year.

It was noted that the Committee's remit was different from that of the local authority in that it was required to take a more strategic regional view. The key purpose of the Committee was outlined as; providing review and challenge of decisions made by the Cabinet and Mayor, helping to understand policy development and facilitating information flow between the Committee and local Committees.

Following discussions at the induction workshop it was confirmed that a draft work programme outline had been developed.

Questions and views were then invited and in discussion, it was noted that:
- Four meetings per year would not cover the full range of business and therefore options needed to be considered in terms of additional formal meetings, informal briefings, Task and Finish Groups. It was felt there was too much of a gap until the next meeting.
- There needed to be a system in place for the Committee to receive Cabinet reports.
- Updates from individual portfolio holders should be brought to Committee on regional issues, in particular regarding housing which was a regional and local issue.
- Bus reform options should be built into the work programme before the issue was considered by Cabinet.
- There should be a focus on child poverty as a regional issue.
- There needed to be more on plans for regional businesses to gain inward investment as well as green business plans for the future. It was also suggested that there should be a focus on how those plans affected rural areas as there was a risk of the rural economy being missed.
- The Committee had a role in having an overview on general policy from government in order to consider how this could impact the region.
- Portfolio delivery plans were due to be reported to Cabinet at the end of July, it was agreed that this would provide a useful starting point to engage with prior to the next meeting.
- Sub Committees would provide more focus on specific areas with a deep dive report back to Committee.

Resolved that:
(1) the provisional work programme for the year ahead be agreed subject to any changes throughout the year to respond to matters as they arose;
(2) the Chair, Vice Chair and relevant officers consider the feedback set out above with a view to further developing the work programme and reporting back to the next meeting of the Committee in October 2024; and
(3) a series of briefings be arranged throughout the summer period to provide members of the Committee with an overview of the Authority's strategic portfolio plans and to inform the development of the work programme.

OSC5/7/24   Initial Transport Programme and City Region Sustainable Transport Settlement

The Committee considered a report from the Director of Transport which provided an overview of the initial transport programme. The report provided an overview of the existing delivery structures, the funding from Tyne and Wear authorities and also grant funding. It was confirmed that the

Transport Programme followed the key drivers of the devolution deal and was supplemented by the manifesto commitments made by the Mayor which would be further developed.

A summary of the funded activities was provided. It was also noted that a report was due to Cabinet on 30 July 2024 around bus reform options, including an option for bus franchising. It was acknowledged that the Local Transport Plan (LTP) would be refreshed in line with national policy change, local priorities and funding availability and that the Committee would want input into that process.

An update was provided on the City Region Sustainable Transport Settlement (CRSTS). It was noted that £563m of capital funding was accessed for the North East for the period up to March 2027, £147m of which was new funding. The increase in the settlement consolidated a number of funding streams. It was also noted that initial CRSTS funding would not include delivery of CRSTS projects in County Durham, but that an additional £72.844m of capital funding would be available from 2025 to support local transport improvements in the county.

It was acknowledged that there were delivery challenges in terms of using the funding by the deadline in 2027, as the Authority was behind other authorities who had been granted earlier access to CRSTS. It was noted that the government was keen for a decarbonised transport network and reduced emissions. A business case would therefore be reported to Cabinet before submission to government, with capital delivery as soon as funding was released.

It was reported that the proposed CRSTS programme had assembled 40 schemes, totalling £181m. The Committee was advised that this was substantially overprogrammed, however this was based on a best practice approach as schemes would change in scope and scale as they progressed. It was also confirmed that the next round of CRSTS funding could provide for any schemes that did not go through the first round.

The Committee was advised that the programme was based on the initial pipeline schemes set out through the previous North East Transport Plan, an overview of the programme plans was provided.

Questions and views were then invited and in discussion, it was noted that:
- Getting bus reform right was important for the whole region and therefore there needed to be the ability for the Committee to undertake pre-scrutiny work so that its views could be shared with Cabinet during decision making.
- The Authority only had a certain amount of decision making powers in terms of transport and therefore it was suggested that transport organisations be invited to attend future meetings. It was acknowledged that relationships had been developed with those organisations and it was anticipated that they would welcome the opportunity to speak to the Committee.
- More needed to be included within the Authority's plans around linking isolated communities, in terms of long-term plans and what difference could be made on the ground in the short-term.
- Officers undertook to provide members of the Committee with supplementary information on the amount that had been spent on consultants in progressing transport projects.
- The Committee wanted to understand how the £1 spend equating to a £2 benefit was calculated. It was confirmed that this was evaluated through various aspects, including modal shift, journey time savings, health and active travel benefits and carbon emissions. There was a differentiation between primary benefits and additional savings in terms of the wider economy. It was questioned whether this linked to inward investment and an uplift to the regional economy and whether this was a catalyst to improving lives for residents. It was confirmed that this was monitored over time in terms of policy development and helped form what was next for CRSTS.
- There needed to be more connectivity, bus services were not currently linked with rail services and more needed to be done to link the two to ensure no communities were isolated. Particularly in areas where new housing was being planned.

- Future green rail needed to be a consideration in future plans as well as tourist buses to the Northumberland coast.
- A number of major roads through the region were undergoing works causing congestion which had an impact on emissions. It was suggested work on linking up the timing of the works would be helpful.
- The LTP was an opportunity for suggestions to be made as it developed and to look at what was a priority and what structures were needed in order to get the best results.
- Many of the common points raised by the Committee were acknowledged in the LTP and the Mayor's manifesto and there had been a commitment to make changes in the first term of office, it was acknowledged therefore that this would test the strength of the devolution deal.
- Further clarity was needed about how the Scrutiny Committee and the Transport Advisory Board fitted together.
- In terms of value for money, the Authority had an assurance framework which every decision had to pass through, also the Finance and Investment Board had the opportunity to review decisions prior to approval.
- Some short-term solutions could be delivered by local authorities, therefore it was important for members to engage with their own authorities to understand short-term actions while the long-term plans were being made. It was also noted that the Committee needed to have an awareness of what was being discussed at a local level.
- Opportunities for the combined authority to fund some of the grass roots community transport organisations should be considered as many of them could benefit from more sustainable funding.
- There needed to be resilience in terms of planning, in the event that government announced policy changes. It was confirmed that there was a lot of policy still to emerge, however government had said it wanted regional growth plans developed which should align with the LTP.

Resolved that the overview of Authority's initial transport programme and emerging City Region Sustainable Transport Settlement (CRSTS) programme be noted.

Overview and Scrutiny Committee

8 October 2024

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Title: Improving and Reforming North East Buses
Report of: Tobyn Hughes, Director of Transport

Report Summary

The purpose of this report is to introduce the Overview and Scrutiny Committee to the Bus Reform Project and inform the committee about the Franchising Scheme Assessment (FSA) which Cabinet has decided to undertake.

The Bus Reform Project and FSA respond to the Mayor's manifesto commitment to bring buses into public control by analysing the affordability and feasibility of proposals to change how bus services are delivered in the North East.

Recommendations

The Overview and Scrutiny Committee is invited to consider the Cabinet's decision to undertake a Franchising Scheme Assessment.

A. Context

1. Background

1.1   Buses are the most commonly used form of public transport in the North East. Residents rely on buses to travel to work, school, shops, medical appointments and see their friends and family. Each return bus trip generates an estimated £8.17 in social value by enabling these important journeys.

1.2   Buses are particularly important in the North East with 106 million journeys taken across the region in 2022/23 – the highest per head for any English region outside of London. Lower than average car ownership rates mean buses are the only travel option for many people, but residents often do not see buses as an attractive travel choice – telling us that they cannot be relied on, do not take them where they want to go and are not integrated with other modes of transport.

1.3   There has been a steep and long-term decline in both patronage and mileage. Our bus network covers 31% fewer miles and carries 36% fewer passengers than it did in 2010. This is a worrying trend. Most bus services are operated on a for-profit basis by commercial operators; declining patronage means fewer routes are profitable, which leads operators to reduce services, therefore leading to further decreases in patronage.

1.4   Our network is shrinking despite significant public sector investment. Public funding for the bus network comes from a variety of sources, including local authorities subsidising some commercially unviable services, reimbursement to operators for concessionary travel schemes and various central government grants. The North East CA estimates that £103.8 million of public funding was spent on our bus network in 2022/23, representing approximately 43% of bus operator income.

1.5   Despite this significant investment, the public sector has limited influence over the bus network. Operators determine the fares, frequencies, routes and service standards for most services. Improvements have been introduced through the Enhanced Partnership (EP) and bus operators, the North East CA, Local Authorities and Nexus all work in partnership to deliver the Bus Service

Improvement Plan (BSIP). Significant improvements have been introduced such as the £1 single fare and £3 day fare for young people under 21 as well as simplified multi-modal ticketing. However, these improvements are dependent on operator agreement.

1.6   The Bus Reform Project was initiated to consider how we can respond to these challenges and deliver improved bus services for our residents. A comprehensive Options Report was produced, which considered socio-economic challenges and the role for bus, as well as the region's diverse geography. A compelling case for change was put forward and the different reform options were set out to inform the Mayor and Cabinet. The Options Report recommended the North East undertake an FSA – a detailed analysis of bus franchising, an alternative delivery model.

1.7   The Mayor and Cabinet unanimously agreed to commence an FSA (Appendix A). A statutory notice of intent was issued on 8 August 2024 confirming that the North East intends to complete an FSA (Appendix B).

2. Options Report

2.1   The Options Report explores the different options available for future bus services in our region. The Options Report is available as Appendix C.

2.2   Franchising or an EP were shortlisted as potential future delivery options following a feasibility study conducted by independent consultants. This reflects the National Bus Strategy and Department for Transport guidance presenting these as the primary options available. An abridged analysis of public ownership was also incorporated.

2.3   The North East entered into an EP with operators in March 2023, agreeing to a shared vision for the bus network and enabling improvements such as cheaper and simplified ticketing. Pursuing this option could involve negotiating more expansive commitments with operators without changing the fundamental structure of the delivery model. Operators would remain responsible for determining the fares, routes, frequencies and service standards for most services and continue to accept the short-term revenue risk.

2.4   Franchising would significantly change how buses operate in the region, bringing them under public control, as appose to the current de-regulated model. Under franchising the authority would not take on public ownership, but would become responsible for determining routes, fares, frequencies and service standards. Operators compete for contracts giving them the right to run services to the authority's specification. Franchising gives the authority significant influence on the network, but it would likely transfer revenue risk from operators to the authority.

2.5   The Options Report found that more expansive bus reform could build on the achievements of the current EP and is necessary to deliver our aspirations for the region. A reliable, integrated and attractive bus network would support the delivery of our Local Transport Plan (LTP) and Bus Service Improvement Plan (BSIP) as well as enabling progress towards other North East CA objectives.

2.6   Conversely, not acting could mean continued patronage and network decline. This would result in a significant increase in local authority spending or a contraction of the network, leaving communities unserved by public transport. Not changing therefore presents a significant risk to the region.

2.7   The Options Report concluded that both options show potential to improve bus services and that bus franchising has the potential to transform the network. Recognising the need for a more exhaustive piece of work to comprehensively analyse and evaluate solutions, it recommended that the Mayor and Cabinet proceed to an FSA.

3. Franchising Scheme Assessment

3.1   On 30 July 2024, Cabinet agreed to publish a notice of intent to prepare an FSA as required by the legislation and proceed to preparation of an FSA covering the area of the North East CA. The Bus Reform project is mobilising to start the FSA in early 2025.

3.2   The Transport Act 2000 requires authorities to complete an FSA before taking a decision on whether to introduce a bus franchising scheme. Similar to a business case, the FSA assesses the strategic, economic, financial, commercial and management implications to provide the authority with the information required to make an informed final decision.

3.3   Undertaking this rigorous process will ensure that the full impacts, risks and benefits will be assessed before a final decision is made.

3.4   The purpose of each case is outlined in the table below:

Case	Purpose
Strategic	The Strategic Case considers how the options would contribute to implementing our LTP, BSIP and other relevant policies.
Economic	The Economic Case tests whether the options represent value for money, informed by sophisticated demand and economic modelling.
Financial	The Financial Case calculates the cost of the options to the authority and determines whether the options are affordable.
Commercial	The Commercial Case demonstrates whether the authority has a commercially viable approach to franchising and will be able to secure the franchised services in an affordable and cost-effective manner.
Management	The Management Case considers how the authority would successfully deliver franchising and manage and mitigate risk.

3.5   Legislation also requires that the FSA is subject to an Independent Audit and consultation. The audit provides assurance that the FSA meets the requirements in the legislation and statutory guidance as well as confirming that the economic and financial cases are of sufficient quality to inform the final decision. The proposed franchising scheme and assessment will then be consulted on.

3.6   Completing an FSA is a complex and lengthy legal process. Informed by the experience of other combined authorities and preliminary programme planning, we estimate it will take approximately 32 months (2 years 8 months) to complete the FSA process, inclusive of audit and consultation. If the decision is then taken to introduce a franchising scheme, implementation timescales are heavily dependent on the operational model and will be developed through the FSA, but indicative estimates based on other combined authorities suggest it would take around 30 months (2 years 6 months) after the completion of the FSA for the first franchised buses to enter service.

3.7   These timescales are based on current legislation and statutory guidance and account for the diverse geography of the region with densely populated urban conurbations as well as many rural and coastal communities. Central government is consulting on the guidance and the Buses Bill may provide opportunities to shorten the envisaged timescales. National developments will be carefully monitored and acceleration opportunities will be sought when possible.

3.8   Cabinet approved a budget allocation of £8.5 million across financial years 2024/25, 2025/26 and 2026/27, drawn from a combination of existing transport budgets, reserves previously earmarked for transport and interest which will be earned on transport balances. This figure reflects the complexity of the FSA process and is consistent with the financial commitment required in other combined authorities. It is equivalent to one month's worth of public sector investment in the bus network.

3.9   This budget covers elements such as staffing, expert consultancy support, legal support, audit and consultation as well as contingency. Up to five new permanent staff will be recruited into key project roles to support delivery of the FSA. Procurement exercises will also be undertaken to secure specialist support, with contracts awarded in line with the combined authority's governance procedures. It is envisaged that this proposed combination of staff and consultants will establish a strong core team to progress the FSA. Consultant support will provide the specialist skills needed while utilising permanent staff builds and retains knowledge and skills in the combined authority.

3.10   Following the completion of the FSA document, independent audit and statutory consultation, a decision whether to formally introduce a bus franchising scheme in the North East can be made.

4. Potential Impact on Objectives

4.1   Cabinet agreed Strategic Portfolio Plans for the North East CA in July, setting out the ambition, evidence and next steps in each area. Bus reform is an immediate priority in the transport portfolio and will support our longer-term aspirations for an integrated transport network with joined-up information, ticketing and customer experience standards.

4.2   Buses are also a key enabler of our wider objectives. Improved bus services will ensure our towns, cities and villages are well connected to key employment sectors and training opportunities; improve social mobility and make transport more accessible; including meeting the needs of rural communities and improve the accessibility of regional cultural assets and visitor attractions.

5. Equalities Implications

5.1   Everyone would benefit from cheaper, more reliable and more attractive bus services. Women, older people, ethnic minority groups and disabled people have higher rates of bus use than the average; bus reform would therefore have a larger beneficial impact on these groups.

5.2   The North East CA has adopted equality objectives to reflect its different roles as an employer, a commissioner, deliverer of services and a civic leader. Equalities implications will be carefully considered during the FSA process with a full Equality Impact Assessment published alongside the FSA.

6. Consultation and Engagement

6.1   Extensive formal and informal consultation and engagement with bus operators, key stakeholders and partners, such as Nexus, Durham County Council and Northumberland County Council will be an integral part of the FSA process.

6.2   As detailed above, a formal consultation will be undertaken following completion of the FSA and independent audit. The consultation responses will determine whether amendments need to be made to the FSA and inform the decision on whether to implement a franchising scheme.

7. Appendices

Appendix A – Improving and reforming North East buses, July 2024 Cabinet paper
Appendix B – Notice of Intention to Prepare an Assessment of Proposed Franchising Scheme
Appendix C – Bus Reform Options Report

8. Background Papers

The National Bus Strategy: Bus Back Better (2021)
Setting up a Bus Franchising Scheme – DfT Guidance (2024)

9. Contact Officers

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10. Glossary

BSIP – Bus Service Improvement Plan
DfT – Department for Transport
EP – Enhanced Partnership
FSA – Franchising Scheme Assessment
LTP – Local Transport Plan

Cabinet
30 July 2024

North East Combined Authority

Title:	**Improving and Reforming North East Buses**
Report of:	**Tobyn Hughes, Director of Transport**
Portfolio:	**Transport**

Report Summary

One hundred and six million bus journeys were taken in the North East in 2022/23, making buses by far the most commonly used form of public transport. Without the bus network many residents would be deprived of access to basic services, streets would be clogged with congestion and the economy and environment would suffer. Twenty-Eight percent of North East households do not own a car.

The bus system in the North East was deregulated in the 1980s. Under this system bus operators compete for passengers and are responsible for setting commercial bus routes, timetables, fares and overall standards.

Passengers often feel let down by the current bus network, saying that it often cannot be relied on, does not take them where they want to go, is not integrated with other modes of transport or simply is not attractive when compared to their car.

This is reflected in the long-term decline of the bus network. The number of passengers has reduced by 36% since 2010 and the bus network is 31% smaller than 2010 (measured in mileage operated). Despite this, the amount of public sector funding used to support the North East's bus network is growing - £103.8 million in 2022/23, representing 43% of all bus operator income.

The Mayor has been elected on a strong mandate to bring buses back into public control. Both the Mayor and Cabinet have set out previously the vision of the region to be recognised as an outstanding place to live, work, visit and invest. For this to happen, more people will use buses, not fewer. An improved, more integrated bus network will help in addressing the wider objectives of the North East CA.

For this reason, a Bus Reform Options Report has been developed. It looks at the current situation, the case for change and begins to explore options as to how bus operations can be reformed, as well as offering high level commentary on the potential cost and implications of doing so.

The Options Report recommends that the Mayor and Cabinet proceed to preparing a Franchising Scheme Assessment (FSA). Franchising holds the potential to deliver far reaching benefits for the region and should be explored more closely. It is also a model that many other combined authorities are pursuing or have introduced, such as Greater Manchester, Liverpool City Region and West Yorkshire.

If Cabinet agrees with the recommendation, the FSA will set out and consider the merits of franchising and consider them alongside the further development of alternative deliverable options, explain how far these will deliver our regional needs and allow for detailed financial modelling to confirm whether franchising is affordable and deliverable. The FSA will carefully examine issues in the context of our region including the need to protect and improve the connectivity of rural communities, the task of tackling congestion and air pollution in urban areas and improving integration with other forms of transport.

It is also an essential step if a franchising scheme is to be introduced at a later stage. However, it should be noted that the development of an FSA is <u>not</u> a binding commitment to introduce franchising.

While bus reform is a long-term project, the region's existing Enhanced Partnership (EP) is the mechanism currently in place that seeks to deliver the aims of our Bus Service Improvement Plan (BSIP). The BSIP sets out ambitious improvement plans and targets for buses in the region, including simpler and cheaper fares, an enhanced network and infrastructure improvements to speed up buses. The region was allocated £163.5m in BSIP funding for a 3-year period to support in achieving those aims.

The Department for Transport (DfT) requires an annual review and update of the BSIP to reflect progress made to date and to set out plans beyond March 2025. Submission of the 2024 BSIP refresh is a condition to the release of BSIP funding within the financial year of 2024/25 and the refreshed BSIP is presented as Appendix 3 to this report.

Recommendations

Cabinet is recommended to:

1. Note the Options Report as set out in Appendix 1.
2. Agree to publish a notice of intent to prepare a Franchising Scheme Assessment as required by the legislation and proceed to preparation of a Franchising Scheme Assessment covering the area of the North East CA.
3. Approve a total budget allocation of £8.5 million for a Franchising Scheme Assessment across financial years 2024/25, 2025/26 and 2026/27 to be funded by a combination of existing transport budgets, reserves previously earmarked for transport, and interest which will be earned on transport balances held during the current financial year, as set out in section D below.
4. Approve for publication the updated version of the Bus Service Improvement Plan attached at Appendix 3.

A.   Context

1.   Background Information

1.1   Buses can be a key enabler of equitable growth by increasing economic mobility, reducing congestion and providing sustainable transport options. Residents in the North East use buses more than in other English regions and, due to lower car ownership, some people have a high reliance on buses. Consequently, an attractive, integrated and reliable North East bus network could tackle regional challenges far beyond transport.

1.2   The bus network has seen long term decline however with the number of miles operated in the region reducing by 31% since 2010 and patronage by 36% in the same period. This is a worrying trend and can be seen alongside negative feedback received from residents, discussed earlier in this document, who often do not see the bus as an attractive choice. Fragmentation is also a common feature of our transport network which can impact the user experience. Our mix of bus operators and other transport providers, such as the Tyne and Wear Metro, means it can be challenging to align route planning, ticketing and customer information.

1.3   This is despite an increasing amount of public funding spent on supporting the bus network. The Options Report (Appendix 1) estimates that £103.8 million of public funding was expended on the North East bus network in 2022/23, representing approximately 43% of bus operator income. Public funding for the bus network is paid across in a number of different ways, including local authority funding of commercially unviable services, concessionary travel reimbursement and central government grants. The deregulated system can mean there is a mismatch between the extent of taxpayer investment and the level of influence public authorities have to determine outcomes in the bus network.

1.4   The bus reform project has been initiated to consider how we can address these problems and deliver the truly integrated transport network set out in our Transport Plan. This network must meet the needs of customers and enable buses to support the delivery of the North East Combined Authority (North East CA)'s wider commitments and ambitions.

1.5   A comprehensive Options Report has been developed to inform the Mayor and Cabinet on the possibilities for Bus Reform. It outlines the successes and challenges of the current operating model and details the benefits, potential costs and implications of the different reform options available to the North East CA.

1.6   The Bus Service Improvement Plan (BSIP) and associated funding allow the North East CA, working in partnership with bus operators, to make improvements to the bus network in the more immediate term whilst longer-term options for reform are developed.

2. Bus Reform Options Report

2.1 In anticipation of the formation of the North East CA, the North East Joint Transport Committee (the JTC) commenced a project to explore at a high level the different options available for bus operations in our region. This project has produced the Options Report.

2.2 Pulling together insights from stakeholder engagement, previous public surveys and market research as well as building on the current Local Transport Plan and BSIP, the Options Report illustrates how the current provision is not meeting the ambitions for the region. It establishes a strong case for change, outlining how reform would support addressing the region's economic, environmental and health challenges. Buses also cut across portfolio boundaries; reform could aid the delivery of other North East CA portfolio objectives in areas such as education, housing and economy. Similarly, if change is not achieved the future of our bus network cannot be guaranteed, choices may have to be made between allowing bus services to disappear from communities or supporting them using increasingly stretched local authority budgets.

2.3 The Options Report includes detailed analysis of two potential reform options – expanding our current Enhanced Partnership (EP) or a franchising scheme. This was informed by a feasibility study conducted by independent consultants and aligns to the National Bus Strategy and subsequent DfT guidance that present an EP and franchising scheme as the primary options available. An abridged analysis of public ownership has also been incorporated in response to stakeholder engagement.

2.4 The North East CA could continue with the current EP and possibly evolve it to an 'EP+' or 'EP Max', which seeks to deliver expansive benefits for passengers. This would push the boundaries of the current legislative framework, subsidy regulations and competition law while retaining the current operator-led delivery model. Any improvements would be subject to agreement with operators following negotiations, but the North East CA could seek greater ticketing integration, reduced service duplication and better interchange opportunities with Tyne and Wear Metro services. Negotiations would also determine the exact scope, timescales and funding required, though expanding the EP avoids the lengthy legal process required for franchising and could therefore likely be delivered sooner.

2.5 The North East CA could alternatively pursue a franchising scheme that would significantly change how buses operate in the region. Franchising sees buses brought under public control, meaning the authority determines the routes, fares, timetables and vehicle standards in the franchised area. This would create opportunities for greater integration with other transport modes, centralised network planning as well as alignment with other North East CA priorities such as education, economy and housing. Associated with this increase of control of the network, it is likely that bus revenue risk would also be transferred from the operators to the authority. This would mean the authority would be required to cover any shortfall if revenues are below expectations, but equally would benefit from any profits that could be reinvested into the network. It is also possible that greater control could bring improved outcomes from the estimated £103.8m of public funding already invested in the North East bus network annually. Due to the scale of the change to the local bus market and of the financial implications to the public sector, any decision to proceed with implementing a franchising scheme must only be taken if an FSA determines that franchising is the best option. An independent audit and consultation must also be taken into account before any final informed decision is taken.

2.6 Legislation requires that any decision to implement a franchising scheme is preceded by an FSA. An FSA is effectively a business case which will set out the franchising proposal and needs to meet the requirements of the legislation including by setting out in respect of the proposed franchising scheme: its likely effects; whether it would contribute to implementation of the local transport plan and other policies affecting bus in the North East CA and neighbouring authorities; how it would be made and operated by the North East CA and whether the North East CA could afford to do this; whether it represented value for money and if the North East CA is likely to be able to secure the operation of franchised services under franchise contracts. Under the legislation, the proposed franchising scheme must be compared to one or more other courses of action and DfT guidance requires that the FSA compares franchising with the "best EP alternative". Together with preparing

the FSA, the North East CA would also need to develop the proposed franchising scheme itself - the statutory document which implements franchising and the legislation sets out what this must specify, including the franchising scheme area or sub-areas, the services which will be franchised and the date that franchise contracts can first be entered into.

2.7   Informed by the experience of other combined authorities and preliminary programme planning, developing an FSA covering the North East would likely require approximately £8.5 million in funding and take approximately 32 months to complete (2 years and 8 months). Implementation timescales for a franchising scheme (following an FSA) are heavily dependent on the preferred operational model and implementation strategy and these will be produced through the FSA. Indicative estimates based on experience from other combined authorities show it would take in the region of 30 months (2 years and 6 months) from completion of an FSA for the first busses to enter service under a franchising scheme. The duration and costs for implementing the entire preferred franchising model can only be fully established through an FSA, but this is expected to require significant time, resource and financial investment. This is in line with costs and timelines seen in other combined authorities, as well as reflecting the need to consider the size of the region and its unique urban, rural and costal geography.

2.8   It is possible that some of these timescales may be accelerated as a result of future legislative or regulatory change, and if that is the case then the programme to conduct an FSA will be updated accordingly. However, the programme is currently based on the experiences of other combined authorities who have completed, or are in the processes of completing, an FSA.

2.9   The Options Report recommends that the Mayor and Cabinet proceed to preparation of an FSA. Developing an FSA involves a substantial financial commitment of approximately £8.5 million, but the justification for this is it represents approximately 8% of public funding spent in a single year on supporting bus services and the FSA will help the North East CA to establish the best outcomes for public transport in return for this recurring annual expenditure. Bus franchising would also provide opportunities to better deliver BSIP objectives, as well as the Local Transport Plan and wider North East CA goals.

3.   Bus Service Improvement Plan annual update

3.1   While the bus reform project explores possible future delivery models for the North East bus network, the North East CA, local authorities and Nexus continue to work in partnership with operators under the EP to deliver improvements to bus services. The BSIP was first published in October 2021 and provides the region's strategic plan for buses, setting out the vision for improving bus services and growing bus patronage in our local areas, in line with the National Bus Strategy. The plan was developed jointly with input from bus operators and highways authorities to deliver a strategy which improves services for all passengers within the region. Through BSIP funding, the government awarded the North East £163.5m to start investment in the projects set out in the BSIP over the period April 2022 to March 2025. An EP is a statutory scheme made by the Local Transport Authority (LTA) which, as a condition of their registration within the EP area, places binding commitments on bus operators, as well as highways authorities.

3.2   BSIP funding has enabled the delivery of initiatives, which include discounted ticketing (such as 21 and under and multi-modal adult day tickets), the introduction of new and improved services which would otherwise have been cut and bus priority measures to speed up buses and give priority to buses that are running late.

3.3   It is a DfT requirement for the BSIP to be updated annually. For 2024, submission of the refreshed document is a condition to the release of BSIP funding within the financial year of 2024/2025. To align with DfT guidance the refresh should update baseline data to 2023/2024, while also reflecting the progress made to date and proposing plans for the improvement of buses looking beyond March 2025.

4. Key changes made to the 2024 BSIP

4.1 The updated BSIP captures the vision set out for integrated travel across our network, while also providing an update on the delivery of current and proposed (post 2025) schemes.

4.2 The initiatives for the improvements programme for 2024/25 include the following:
- Continuation of the multi-modal tickets (such as 21 and under and day saver tickets).
- Deployment of turnaround cleaners at bus stations.
- Continuation of the highways and infrastructure programme.
- In the absence of the DfT £2 fare cap being continued, we aspire to utilise BSIP funding to continue this until at least March 2025.

4.3 To ensure the region continues to work towards the vision beyond 2025 further initiatives have been proposed. These include:
- Continuation of care experienced passes until 2026, with an aspiration to continue funding until 2029.
- Additional highways and infrastructure schemes including Pocket Park and Ride sites.
- The launch of Pop 2.0 for Spring/Summer 2025, which is an account-based ticketing system, with further intention to deliver "tap off" readers on buses with future funding.
- Ensuring audio-visual next steps announcements on every bus by 2026 in line with accessibility regulations.
- Service enhancements including increased frequencies and new services until March 2026 where there is demand and capacity.

4.4 To achieve a long-term vision of delivering a truly integrated public transport network which works for the region long-term funding and support will be required and opportunities for improvements arising from bus reform must be taken into account.

5. Proposals

5.1 It is proposed that the Mayor and Cabinet note the Options Report, accept its recommendation to develop an FSA, and allocate the necessary budget for this activity. This would start with the publication of a statutory notice of intent to prepare an FSA.

5.2 It is proposed that the Mayor and Cabinet also approve the refreshed BSIP for publication as a regional policy document for bus, attached at Appendix 3. The document is a sub-strategy of the Local Transport Plan (LTP). If adopted this will supersede the existing BSIP document and BSIP funding will be released for the financial year of 2024/2025.

6. Reasons for proposals

6.1 Buses are crucial to the region with 106 million bus journeys taken in 2022/23. However, the bus network is in long term decline with fewer bus journeys and fewer services available. Regional leaders recognise the economic, social and environmental benefits that can be achieved through an attractive bus network.

6.2 The Options Report investigates whether reform of the bus service delivery model could bring improvements to the North East's bus network. The Options Report concludes that, given the importance to the region, there was value in proceeding to an FSA. Conducting an FSA would build on the Options Report and allow the North East CA to test the affordability, deliverability and desirability of reform options. Completing an FSA is a legal requirement, which must be satisfied to enable a decision to be made on whether the North East CA should proceed with making a franchising scheme.

6.3 At present, existing and ongoing plans for the buses are delivered through the BSIP and EP, this BSIP update provides the opportunity to renew our immediate ambitions for bus through monitoring our customers' needs. Furthermore, national guidance states that the BSIP should be reviewed and

updated annually and an annual review of our BSIP document is a condition to the release of £45.6 million of government BSIP funding.

7.   Next Steps and Timetable for Implementation

7.1   If the Cabinet approves this report, the formal notice of intent to prepare an FSA (Appendix 2) will be issued by publishing it on the North East CA website as soon as practicable.

7.2   This would enable officers to begin work to prepare for the FSA, including recruitment and procurement exercises. It is estimated that it would take approximately 32 months (2 years and 8 months) to complete the FSA, including the required independent audit and consultation; any opportunities to accelerate this timescale would be considered.

7.3   Subject to approval by the Mayor and Cabinet the refreshed version of the BSIP will be published on the North East CA's website no later than 8 August 2024.

B.   Impact on North East Combined Authority Objectives

1.   The proposals set out within the BSIP and Options Report impact positively on overarching North East CA objectives by:

- Making sustainable transport methods, including bus services, accessible and appealing to those living, working and learning in the North East, helping to close the health and life expectancy gap within the region.
- The provisions set out for buses will enable those living, working and learning in the North East to have the best possible access to opportunity to build the social, economic and digital infrastructure of the region. Having a more seamless and integrated bus network works to reduce social polarisation across the region, including transport social exclusion, through improved access to social and economic opportunities, such as employment, education and leisure. This will enable people to thrive with new skills and aspirational jobs to improve quality of life. Promoting a sustainable transport network utilising emerging technologies, such as zero emission buses alongside attractive opportunities to create multi-modal trips incorporating active travel will also facilitate the regional ambition to lead the green industrial revolution. Improved bus provisions will contribute to an increased modal share of sustainable options, which in turn will reduce car dependency creating a greener North East.
- Intelligent Transport Systems (ITS) and other bus priority measures will continue to provide efficient, safe and sustainable travel options at key events across the North East. Providing access to culture, sports and art champions our heritage and attracts investment.

C.   Key risks

1.   Completing an FSA is a complex project. Areas such as procurement, recruitment, governance, stakeholder management and scope creep can all present risks leading to potential time and cost implications.

2.   A key risk of the process of making a franchising scheme is the risk of judicial review of decisions or actions made during the process. This could relate to challenging whether the final decision had been improperly made, failures to consult or other deficiencies in the process. However, the FSA process mitigates this, by ensuring that a detailed assessment of the options is made, that an independent audit of the assessment and materials is carried out and that a consultation is held with relevant stakeholders to provide their input before any decision is made.

3.   An FSA is held to robust standards and must comply with legislation. The information relied on by the authority in producing the economic and financial cases must be of sufficient quality, the analysis of that information in the FSA must be of sufficient quality and due regard must be made to DfT's guidance in preparing the FSA. Any failures in this regard could leave the North East CA with financial shortfalls, unforeseen liabilities and reputational consequences. This would also severely

limit the potential benefits bus reform may deliver. However, the independent audit which is an essential part of the FSA process represents a strong mitigation against such potential shortcomings. The auditor's report together with the FSA should be sufficiently robust to enable an informed decision, and reduce the risks of challenge to decisions made by the Mayor and the North East CA.

D. Financial and other resource implications

1. Approximately £8.5 million would be required to conduct a North East FSA. This estimate has been derived from the experience of other combined authorities who have already completed or are in the process of completing an FSA and local experience of BSIP development. It is proposed that the budget for this work is funded through a combination of remaining previously approved budgets for Bus Reform work (up to £1.0 million), reserves transferred to the North East CA from the JTC (up to £2.6 million) and the remainder from interest income which will be earned on cash balances already held associated with Transport funding, during the current financial year, which will be transferred to reserves and applied as required.

2. The proposed FSA budget covers elements such as staffing, expert consultancy support, legal support, audit and consultation as well as contingency. It assumes recruitment into key project roles of up to five new permanent staff to support. Procurement exercises would also be undertaken to secure specialist support and contracts will be awarded subject to the combined authority's governance procedures. It is envisaged that this proposed combination of staff and consultants will establish a strong core team to progress an FSA for the region whilst accessing specialist support when needed.

3. If implementation of a franchising scheme is pursued at the end of an FSA, the financial demands on the Authority may be considerable and may include transition costs, initial capital costs (depending on operational model) and ongoing operational costs. An FSA will assess financial requirements for the options under consideration and the authority will need to explore future funding sources for any North East franchising scheme. Lessons learned from other combined authorities suggest funding may come from a variety of sources, which will be explored fully in the Financial Case of the FSA.

4. Should the updated BSIP not receive approval, funding for the financial year of 2024/25, £45.6 million, may be withheld by DfT. Any interventions where funding has not already been released by the DfT would require funding secured from other sources.

E. Legal implications

5. The comments of the Monitoring Officer have been included in this report. The Transport Act 2000 (as amended by the Bus Services Act 2017) sets out the process that a mayoral combined authority must follow before it is able to introduce bus franchising in its area. As set out in this report, this requires the authority to undertake a franchising scheme assessment to allow an informed decision to be made as to whether or not the franchising scheme is the best way to proceed. The authority will be supported by specialist external legal advisers in this process.

F. Equalities Implications

1. While everyone would benefit from increased availability of cheaper, reliable and more attractive bus services we know that this will have a larger beneficial impact on certain groups. This includes older people, women, ethnic minority groups and disabled people, all of which have higher rates of bus use than the national average. BSIP initiatives, such as cheaper fares with more reliable and frequent services will give greater freedom to many people to access jobs, education, healthcare and social support. The DfT guidance states that *"Any decision to change the model of bus service delivery is significant and will impact the authority proposing the scheme, neighbouring local authorities, bus operators (both incumbent and aspiring to enter the market) and, most importantly, new and existing passengers"*. The guidance notes that authorities must be mindful of their duties under the Equality Act 2010 in revising and implementing their BSIP and franchising proposals, and

that authorities should *"ensure the impacts and opportunities of different options are explored early in their development in order that equality impact consideration can inform and not simply reflect the final approach selected"*, which the FSA and the decision making process in respect of the FSA will need to consider and reflect. Full Equality Impact Assessments (EIA) will also be carried out for individual schemes when required.

G.   Consultation and engagement

1.   The Options Report has been informed by research with key stakeholders which was commissioned as part of the project, as well as previous public engagement exercises. If the decision is taken to proceed to an FSA, extensive formal and informal engagement and consultation will be essential to the process. It will be vital that the views of the public, bus users and stakeholders, such as local authorities, bus operators and passenger groups are understood. These consultation responses will inform any post-FSA decision on whether to proceed with franchising.

2.   The publication of the BSIP does not require formal public consultation, however a public engagement campaign (Moving Buses Forward) was undertaken during spring 2024. The campaign included an online survey as well as drop in events in each of the local authority areas, with locations selected by the local authorities' communications teams. Engagement was also undertaken with vulnerable user groups, such as Becoming Visible and Learning Disability North East.

3.   Workshops were held with local authorities, partners and Nexus, as well as bus operator partners in the development of the BSIP update.

H.   Appendices

Appendix 1 – Bus Reform Options Report
Appendix 2 – Draft notice of intent to prepare an assessment of a proposed franchising scheme
Appendix 3 – BSIP update for 2024

I.   Background papers

Bus Back Better – The National Bus Strategy: Bus Back Better Bus Back Better (publishing.service.gov.uk)

The Bus Services Act 2017 – Enhanced Partnerships Guidance The bus services act 2017: enhanced partnerships (publishing.service.gov.uk)

Setting up a Bus Franchising Scheme- Guidance (2024) Setting up a bus franchising scheme - GOV.UK (www.gov.uk)

Establishment of the Enhanced Partnerships JTC report (https://www.northeast-ca.gov.uk/downloads/640/tne-jtcagenda-21mar23.pdf)

North East Bus Service Improvement Plan (2023) https://www.northeast-ca.gov.uk/how-we-work/transport/bus-service-improvement-plan

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K.   Glossary

BSIP   Bus Service Improvement Plan
BSOG   Bus Service Operators Grant
DfT   Department for Transport

EP   Enhanced Partnership
FSA   Franchising Scheme Assessment
JTC   Joint Transport Committee
LA   Local Authority
LTA   Local Transport Authority

North East Combined Authority

Notice of Intention to Prepare an Assessment of a Proposed Franchising Scheme

8 August 2024

The Bus Services Act 2017 amended the Transport Act 2000 (the "Act") to provide the North East Combined Authority (the "Authority") with powers to reform the bus market and these provisions provide for new types of partnership schemes and the option to franchise bus services.

In accordance with section 123B and section 123C(4) of the Act, the Authority has authorised the publication of this notice at its meeting on 30 July 2024, stating its intention to prepare an assessment of a proposed bus franchising scheme ("Proposed Scheme").

Pursuant to section 123C(2)(a) of the Act, the Secretary of State's permission to carry out the assessment of the Proposed Scheme is not required because the scheme relates to the area of a Mayoral Combined Authority.

The Authority will, as the franchising authority for the North East Region, prepare an assessment of the Proposed Scheme.

You can find out more on the North East Combined Authority's website. For further information, please contact enquiries@northeast-ca.gov.uk

Bus Reform Options Report

July 2024

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North East
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1. Executive Summary

1.1.   In the North East[1] 106 million bus journeys were taken in 2022/23[2], making buses by far the most popular form of public transport. Buses connect students to education, workers to employment, shoppers to high streets and friends and family to one another. Without a bus network residents would be deprived of their basic freedom to travel, streets would be clogged with congestion and the economy and environment would suffer.

1.2.   Too often passengers have felt let down by the current bus network, which sometimes cannot be relied on, does not take them where they want to go, is not integrated with other modes of transport or simply is not attractive when compared to their car. "Unreliable", "late", "expensive", "slow" and "infrequent" were the five most common words used when residents were asked about local buses.

1.3.   The North East Devolution Deal gives the Mayor access to bus franchising powers under the Transport Act 2000 which along with other devolved powers and funding streams available to the North East Combined Authority (North East CA), offers the potential to radically change the operating environment for buses in the region. This Options Report begins to analyse the potential of franchising and other reform options, including further developing our existing Enhanced Partnership (EP).

1.4.   This report seeks to advise the North East CA Mayor and Cabinet on this complex and crucial issue. It presents objective information drawn from available data sources and expert advice. Views of key stakeholders and the general public also inform the report.

1.5.   It first considers the context of the North East and the role for bus, considering economic, environmental, health and social factors. The North East lags behind other regions with lower wages, productivity and worse health outcomes. In 2022, 24.9% of children in the North East were in relative poverty, above the average for England outside of London[3]. Buses can be a key enabler of equitable growth by increasing economic mobility, reducing congestion and providing sustainable transport options. Bus use in the North East is significantly above average and residents rely on buses more than in other regions[4], meaning an attractive, integrated and reliable North East bus network could tackle regional challenges far beyond transport. Buses are therefore a central concern of the North East Local

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[1] *Throughout this document 'the North East' is used to refer to the North East CA area covering Northumberland County Council, Newcastle City Council, North Tyneside Council, Gateshead Council, South Tyneside Council, Sunderland City Council and Durham County Council. Where the term North East is used to describe an alternative geography (such as inclusive of the Tees Valley) this is marked in the text.*
[2] Department for Transport, 2023
[3] North East CA Evidence Hub, 2022
[4] Department for Transport, 2023

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Transport Plan (LTP) which aims to strengthen public transport to achieve regional objectives.

1.6.   An exploration of the current situation follows, presenting a description of the bus offer and assessing the performance of the current delivery model and EP against regional objectives. At present, a huge amount of public money is invested in the network to provide concessionary travel, secure services which are commercially unviable and to support bus operator fuel costs. The Bus Reform Project estimates that approximately 43% of all North East bus operator income in 2022/23 came from public funding sources[5]. Despite this high level of investment, the bus network has seen long term decline. The number of miles operated in the North East has shrunk 31% since 2010 and patronage has reduced by 36% in the same period[6].

1.7.   Public authorities also have limited influence on outcomes in the bus network. British bus services outside of London, Northern Ireland and parts of Greater Manchester are unusual compared to services in other countries as bus operators have the final say on commercial routes and fares.

1.8.   Recently, however, the role of public authorities has grown with a new partnership between local authorities and bus operators within the North East EP. The EP has introduced concrete improvements for passengers, noticeably through the introduction of cheaper and simpler fares and £35 million of investment in bus services. Investing in buses is considered to be high value for money[7], with significant improvements made using relatively small amounts of funding. It is estimated that every return bus trip generates as much as £8.17 in monetised social value[8].

1.9.   The report then considers the regional ambition as well as a customer and objective focused vision of where the region wants to be; this does not specify exact solutions but instead focuses on the desired outcomes. Within this, a consensus has emerged between stakeholders, bus users and the public that buses must be integrated with other modes of transport, be more reliable and be more responsive to the needs of communities.

1.10.   The need to deliver further important improvements and the challenging backdrop of bus services present a strong argument for change. More and more journeys in the region are being made by car and fewer by buses. If this continues, public funding streams, which currently help to support vital services, will also become increasingly stretched.

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[5] *Calculation found in Appendix A*
[6] Department for Transport, 2023
[7] Department for Transport, 2016
[8] Department for Transport, 2013

1.11. Residents across the region currently rely on buses to provide connections to education, employment and to lessen road emissions. If current trends of decline continue residents will be impacted by disappearing bus routes with the potential for social exclusion to grow and the economy and the environment to suffer.

1.12. Without a stable bus network, the LTP's vision of a fully integrated and attractive transport network would not be able to be delivered. Wider objectives of the North East CA such as those in education, culture and housing are also dependent on a strong bus network which can be relied upon by residents. If these objectives are not met, customers may experience longer and less reliable journeys, less frequent buses and more expensive tickets. The region's current bus network depends on a range of short and medium-term funding mechanisms for stability, without which the network would likely shrink and become less stable.

1.13. The report then details a series of operational models to inform the North East CA Mayor and Cabinet. These consider the regional ambitions set out previously. Deliverability is analysed alongside risk, finance and timescales. The same operational model need not apply to the whole region. The report does not include highly detailed and conclusive analysis. This would only be carried out if a Franchising Scheme Assessment (FSA) is initiated by the North East CA Mayor and Cabinet. While an FSA is an in-depth statutory process this report is intended to inform and aid early decision making.

1.14. One potential reform option is expanding the current EP, and evolving it to an 'EP Max/EP+'. This retains the current delivery model while seeking to push the boundaries of the legislative framework, subsidy regulations and competition law to deliver expansive benefits for passengers. Negotiations with operators would determine the improvements, but this may include greater ticketing integration, reduced service duplication and better interchange opportunities with Tyne and Wear Metro services. Expanding the EP is not subject to the lengthy legal process necessary to proceed with franchising, however the exact scope, timescales and funding levels are yet to be defined.

1.15. Another option for reform is pursuing a franchised bus network. Franchising significantly changes the operational structure. Buses are brought into public control meaning the authority can determine routes, timetables, fares and vehicle standards within the franchised area. This creates opportunities for integration with other modes of transport, centralised network planning as well as potential alignment with North East CA priorities in areas such as housing, skills, regeneration and education. This would be a highly demanding process in terms of costs, increased risk and timescales. An FSA would compare franchising to other operational models and more comprehensively analyse the implications of franchising for the region. Conducting an FSA would require around £8.5 million in funding and take approximately 32 months (2 years and 8 months) to complete. If a

decision to proceed with franchising followed an FSA, it is estimated that it would take a further 30 months (2 years 6 months) to transition to and implement a franchised network – though any opportunities to accelerate this process would be pursued.

1.16. This report concludes that there is a compelling case for change for the region's bus service because of the instability in our bus network and the need to progress towards our regional objectives. Due to the importance of buses and the potential to drive change for our communities, this report recommends that the Mayor and Cabinet proceed to an FSA.

2. Context

2.1. About our region and the role for buses.

This section will...
- Set out the context of our region including our geography, economy, environment, and health.
- Describe the role of buses as an important determining factor of regional outcomes.
- Introduce challenges the bus network currently faces.

2.1.1. An overview of the region is shown in Figure 1.

North East
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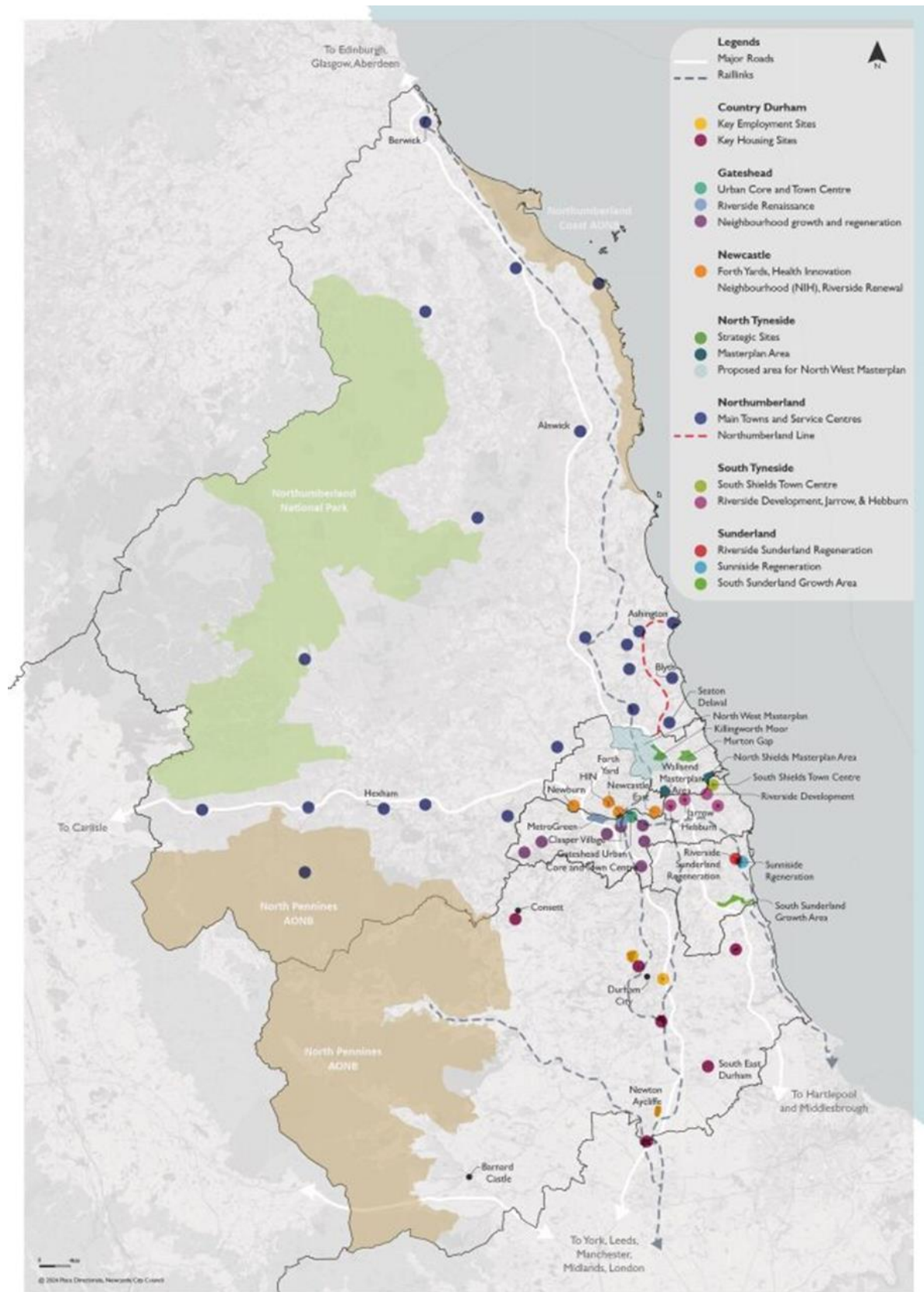
Figure 1: The North East Combined Authority area

North East
Combined
Authority

Our geography

2.1.2.   The area covered in this report consists of seven local authority areas: County Durham, Gateshead, Newcastle upon Tyne, Northumberland, North Tyneside, South Tyneside and Sunderland. All seven areas were recently brought together under the new North East Combined Authority (North East CA). The North East CA is the second largest combined authority by geographic size in England.

2.1.3.   The area covered in this report consists of seven local authority areas: County Durham, Gateshead, Newcastle upon Tyne, Northumberland, North Tyneside, South Tyneside and Sunderland. All seven areas were recently brought together under the new North East Combined Authority (North East CA). The North East CA is the Local Transport Authority (LTA) for the North East which means it has statutory powers to set local transport policy and a duty to ensure the delivery of local transport services across its whole area.

2.1.4.   The North East CA is the second largest combined authority by geographic size in England and transport delivery arrangements are currently different between Tyne and Wear (the predominantly urban area encompassing the Local Authorities of Gateshead, Newcastle, North Tyneside, South Tyneside and Sunderland), and the largely rural counties of Northumberland County Council and Durham County Council.

2.1.5.   The differences relate to the delivery of transport services to residents, for bus services these include: Concessionary Travel schemes (statutory and discretionary), secured bus services and home-to-school (H2S) transport.

2.1.6.   In practice, this means that for the large part Nexus, the Passenger Transport Executive (PTE) for Tyne and Wear, Durham and Northumberland operate independently of each other. There are different approaches to service provision, separate teams carrying out the work, and separate governance structures and budgeting approaches.

2.1.7.   The large geographical scale of our region, combined with its diverse urban, rural and coastal communities creates a variety of transport needs and challenges for our residents. These challenges range from areas at risk of isolation, to areas that face significant deprivation. Our region also faces several economic and health related challen0ges, including widening inequalities, which have been further exaggerated by the COVID-19 pandemic and the rise in the cost of living.

2.1.8.   The North East is home to around two million people[9]. Figure 2 shows the population density across the North East by Lower Layer Super Output Areas (LSOAs). The North East has a slightly larger proportion of residents living in rural areas (19%) than the rest of England (16%). The areas with the highest percentage of people living in rural areas are Northumberland (44%) and County Durham (41%). The North East also has a particularly high percentage of people living in rural towns and fringe areas (13% compared to 9%)[10].
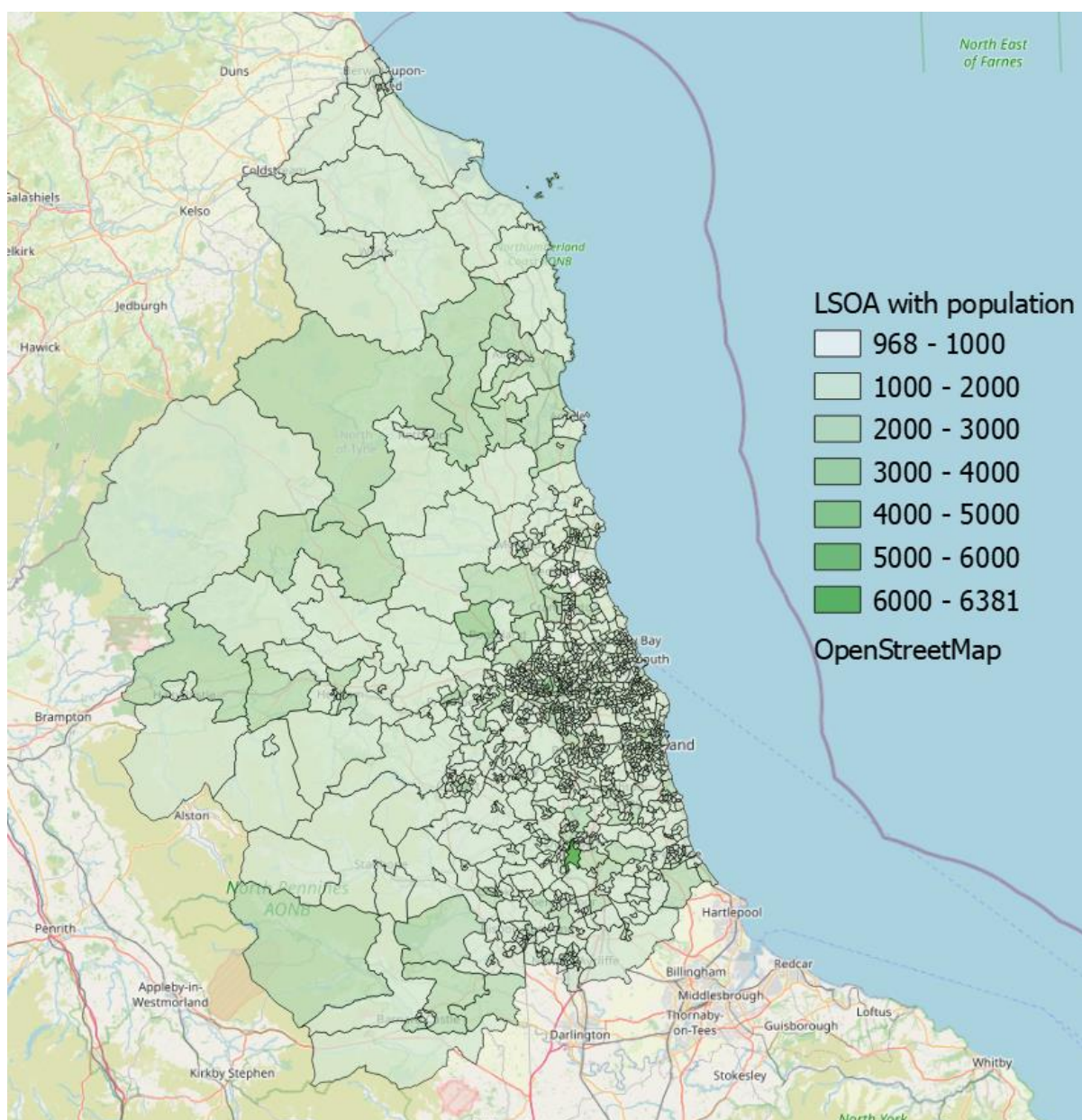
Figure 2: North East population density

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[9] Office for National Statistics, 2021
[10] Office for National Statistics, 2021

2.1.9. However, it is important to note there is not one type of rural area, there are many different types of rural towns and villages across our region with diverse communities, geographies, and economies with different challenges and needs.

2.1.10. Our seven constituent local authority Local Plans shows that over 100,000 new homes are planned in our region by 2039[11]. It is crucial that the region is able to plan new housing development and transport effectively in a more cooperative way over the coming years.

2.1.11. Table 1 shows how the population in the region is distributed between the seven local authorities in addition to the rural urban split.

Local Authority	Population	% Rural	% Urban
County Durham	552,100	44	56
Gateshead	196,100	7	93
Newcastle	300,200	3	97
Northumberland	320,600	45	55
North Tyneside	209,000	5	95
South Tyneside	147,800	0	100
Sunderland	274,200	1	99
NE total	**1,970,000**	**21**	**79**

Table 1: Where people live, rural and urban split (2021)

Role of Buses – Our Geography

Buses are the most used form of public transport in the region and bus ridership per person is significantly higher in the North East than all other regions in England outside of London[12]. Buses provide a vital form of connection for the North East population located across the region.

As demonstrated, a large proportion of the region's population are classified as living in rural areas. People living in rural areas who do not have access to a car have fewer alternative travel options than people in urban areas. Distances are longer which make walking or cycling an implausible alternative in many cases. Therefore, there are instances where rural populations have greater reliance on public transport and if it is poor, or entirely absent, the risk of social and economic exclusion is higher.

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[11] This number was calculated using the Local Plans for all seven local authorities in the North East CA area.
[12] Department for Transport, 2023

In rural areas, the long distances between settlements paired with lower population densities (and therefore less passenger demand) makes bus operations more costly and less profitable. Prior to the £2 fare cap, rural fares were frequently higher than in urban areas. Passengers therefore burdened much of the cost of running rural services.

From a passenger perspective, the longer journey times and lower frequencies makes opting for buses even more unattractive to people who have access to a car.

Age Profile

2.1.12.   It is important to consider the age profile of our region and how it is predicted to change over the coming decades. The North East has an ageing population which will have an impact on both economic outputs and future transport requirements.

2.1.13.   As the graphs below show, by 2043, one in four people in the North East will be retirement age (age 67 and above). As a result, the working age population is set to fall over the next two decades. This will have a direct impact on future transport requirements. *Note 2020 numbers do not sum to 100 due to rounding*.

Figure 3: Age profile in the North East - 2020s v 2040s

July 2024

North East Combined Authority

Role of Buses – Age Profile

Buses can play a key role in enabling mobility. In particular, buses can help to provide an accessible form of transport for older people whose changing lifestyle factors (e.g. health and declining driving licence ownership)[13] can increase dependency on public transport.

The National Travel Survey (NTS) states in 2022 that 71% of eligible pensioners held concessionary passes in the North East (including the Tees Valley)[14].

Buses enable an ageing population to maintain social contact with friends and family who may live some distance away, can provide access to healthcare facilities and may help to avoid loneliness and isolation which can all affect wellbeing[15]. An additional benefit is that concessionary travel schemes return significant social value, with an independent evaluation of Nexus' offering finding they returned £5.75 per generated trip[16].

Aside from walking and cycling, children and young people also rely more on public transport as a way to independently access education. According to the most recently published NTS data (2022), 14% of children aged between 5 and 16 use buses (both local and private) for trips to and from school[17]. Public transport offers a financially viable gateway to gain a sense of independence as young people are more likely to have lower paying jobs or are financially supported by their families or educational loans.

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[13] Social Exclusion Unit, 2003
[14] Department for Transport, 2023
[15] Greener Journeys, 2014
[16] Systra, 2024
[17] Department for Transport, 2023

Our Economy

2.1.14.   Transport plays a key role in how people access job opportunities and employment sites. Over recent decades, our region's economy has diversified. This has led to a strong service sector including education, digital, energy, transport, and construction. We are also home to a world leading clinical research sector in health and life sciences.

2.1.15.   Improving the connectivity between workers and employment hubs is an enabler which can improve both productivity and inclusivity in the North East.

Productivity

2.1.16.   Our transport network has a direct impact on the productivity levels in the North East. Poor infrastructure, including weak transport links, are some of the factors that contribute to lower levels of productivity. Other factors include the region having higher rates of ill health than the national average.

2.1.17.   The North East economy, measured by GVA levels (total and per head), is performing below the national average, with a significant productivity gap.

For labour productivity, output per hour worked in the North East was 17.4% below the UK average in 2021[18].

2.1.18.   Most of the GVA in the North East is produced in urban areas. In 2021, these accounted for 70% of total output, with 13% being produced in rural areas and 17% in coastal towns[19].

Wages and Employment

2.1.19.   Average pay in the North East area is lower than any of the UK's other regions.

Median gross weekly earnings (£) in 2023[20]:
North East = £608.40
England = £683.50

2.1.20.   In the 12-month period from October 2022 to September 2023, the North East unemployment rate was 4.1%, a higher rate than England excluding London rate of 3.5%[21].

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[18] Office for National Statistics, 2021
[19] North East CA Evidence Hub, 2023
[20] Office for National Statistics, 2023
[21] North East CA Evidence Hub, 2023

2.1.21.   There are also significant economic inequalities present within our region. This can be demonstrated through the employment statistics. For example, in 2022/ 23, South Tyneside had the lowest level of employment[22], whereas North Tyneside had the highest[23].

> In 2022 60% of families in the North East received at least some form of state support, compared to 53% for the UK as a whole[24].

Education and Skills

2.1.22.   The North East has a smaller proportion of professional roles than England (excluding London)[25]. North East employers have reported a range of technical and soft skills gaps, with the largest gap being specialist skills or knowledge[26]. Our region also has a lower qualifications profile than the rest of England.

Key Employment Sectors

2.1.23.   The North East has a diverse employment sector, including health, education, and manufacturing industries. In 2023, around 29.9% of North East workers stated that they were public sector workers, a much higher percentage than the rest of England at 22.8%[27]. Retail and hospitality are also big employers in our region providing many 'entry level' job opportunities.

2.1.24.   We have seen a big rise in 'knowledge-intensive private services' (which include ICT, financial services, and many creative industries)[28], with the sector accounting for more than a third of employment growth in past ten years.

> In 2023, we welcomed 69 million visitors that brought £6.1 billion into our regional economy[29]

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[22] Office for National Statistics, 2023
[23] Office for National Statistics, 2023
[24] Statista, 2023
[25] North East CA Evidence Hub, 2021
[26] North East CA Evidence Hub, 2021
[27] North East CA Evidence Hub, 2023
[28] North East CA Evidence Hub, 2023
[29] Destination North East England, 2024

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North East Combined Authority

Role of Buses – Our Economy

Investments in buses are considered to be high value for money[30], with huge improvements possible using relatively small amounts of funding.

Buses enable people to access economic and educational opportunities such as higher skilled and better paid jobs. Nationally, bus users create more than £64 billion worth of goods and services[31]. On a local level, there are many examples of communities which are highly dependent on bus services. For example, 18.9% of residents in Walker (Newcastle) commute to work by bus[32] compared to 5.4% of all North East residents[33]. 54% of bus users in the North East do not have an alternative means of travel, further emphasising the reliance of many people on bus services to fulfil their basic needs[34].

Additionally, buses are important for many in our region given the fact that more journeys are taken by buses by those on lower incomes compared to journeys taken by car. 6% of all trips by those on the lowest incomes are by local buses, compared to 2% for those on the highest incomes[35]. Access to bus services is therefore essential to provide mobility and reduce both social and economic inequalities.

Buses provide an accessible option for people wanting to access jobs which in turn can help to boost productivity in the region.

Buses also provide freedom for students and adult learners to travel independently. 27% of bus journeys in the region are for educational purposes compared to 10% for private vehicle journeys[36]. By allowing learners to travel independently, buses enable workers to upskill and increase their earning potential, and they allow younger people to access a wide range of high-quality education venues across the region to help them pursue their desired qualifications.

Buses help connect people who live in areas with a low density of employment opportunities to employment. This is especially important in areas with high deprivation levels and rural areas which in turn helps to promote productivity in these areas.

The bus network is able to provide a sustainable form of transport for visitors in the region which in turn will help the North East achieve its regional objectives to grow our visitor economy.

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[30] Department for Transport, 2016
[31] Greener Journeys, 2016
[32] Office for National Statistics, 2021
[33] North East CA Evidence Hub, 2021
[34] Transport Focus, 2023
[35] Department for Transport, 2023
[36] Department for Transport, 2023

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Our Environment
Climate Change and Greenhouses gasses

2.1.25.   Figure 4 shows greenhouse gases emissions (GHG) in the North East region by transport sub-sector and type of gas.

2.1.26.   Transport that burns fossil fuels emit greenhouse gases (GHG) such as carbon dioxide, trapping thermal energy and directly contributing to the warming of our planet. This warming is causing our climate to change which includes both increased temperatures and an increase in extreme weather events such as storms, droughts, and flooding. Our changing climate also impacts our physical and mental health.

2.1.27.   Transport is the largest GHG emitting sector in the UK. The graph below shows GHG emissions in the North East region by transport sub-sector and type of gas.
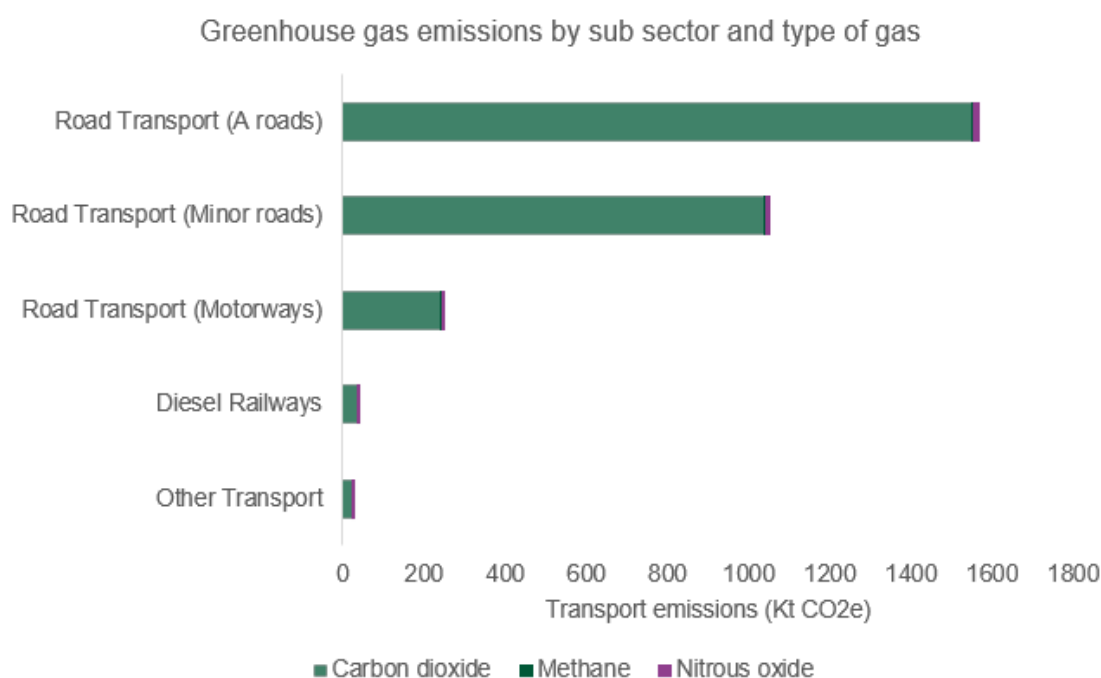
Figure 4: Transport emissions (greenhouse gases) North East by sub-sector and type of gas (2021)
NOTE: These local estimates do not include emissions from aviation, shipping, and military transport. These types of transport are outside the scope of the Local Transport Plan and datasets are not available to estimate these emissions at a regional or local level.

2.1.28.   Approximately 98% of transport generated GHG emissions in our region are from roads, with 'A' roads being the greatest contributor at 54%[37].

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[37] North East CA Evidence Hub, n.d.

2.1.29.   Between 2005 and 2020, net CO2 emissions in the North East decreased by 56%. The largest percentage decreases were in industry (down 79%) and the commercial sector (down 67%), while, in contrast, transport CO2 emissions decreased by just 28%[38]. There is still clearly more that can be done.

2.1.30.   Taking the resident populations into account, the North East had the fourth lowest transport emissions per head among equivalent regions[39]. The rate was lower than the national equivalent and, within the North East, was highest in Gateshead and Northumberland.

2.1.31.   Buses are less carbon intensive than private vehicle journeys when considered on a per journey basis. On average, taking a journey by bus emits one-third fewer emissions as making the same journey by car[40]. The difference can be made even greater by increasing the passenger load on buses.

Climate change and health

2.1.32.   Our warming planet and changing climate are directly linked to human health and wellbeing. Rising temperatures and increases in extreme weather events impact on human physical and mental health, lead to changes in our planet's life systems such as food and water availability, and change patterns of infectious disease spread. All these changes impact our social systems, affect our livelihoods, and place increased pressure on health and social care services.

2.1.33.   Therefore, actions taken to reduce GHG emissions, protect our planet, and reduce the impacts of climate change can also contribute to protecting our health and wellbeing.

2.1.34.   Our warming planet and changing climate are directly linked to human health and wellbeing. Rising temperatures and increases in extreme weather events impact on human physical and mental health, lead to changes in our planet's life systems such as food and water availability, and change patterns of infectious disease spread. All these changes impact our social systems, affect our livelihoods, and place increased pressure on health and social care services.

2.1.35.   Therefore, actions taken to reduce GHG emissions, protect our planet, and reduce the impacts of climate change can also contribute to protecting our health and wellbeing.

[38] North East CA Evidence Hub, 2022
[39] North East CA Evidence Hub, 2021
[40] Marsden et al, 2020

Air Quality

2.1.36.   Air pollution is a mixture of particles and gases suspended in the air that are harmful to our health. Both road and non-road transport are sources of air pollution. The North East has some of the lowest levels of one of the most harmful air pollutants, particulate matter 2.5 ($PM_{2.5}$), in the country. However, we do have high levels of nitrogen dioxide (NO_2) in some of our cities, particularly during peak travel hours[41].

2.1.37.   Private small vehicle use remains the most common mode of travel in the North East with 59% of trips in the region being made by car or van driver and passenger[42]. This high level of car and van use results in congestion on some parts of our road network, particularly during peak travel hours.

2.1.38.   As of 2023, there are seven Air Quality Management Areas (AQMAs) in the North East. These are located in County Durham, Newcastle, South Tyneside and Gateshead. These include areas where the national air quality objectives are unlikely to be met. In January 2023, a Clean Air Zone (CAZ) was also introduced covering some of Newcastle and Gateshead[43].

Air quality and health
Although poor air quality affects us all, certain groups are more vulnerable to harm such as babies, children, pregnant women, the elderly and those with pre-existing medical conditions. Poor air quality also disproportionally affects people living in the most deprived areas.
Evidence shows that long term exposure to air pollution is associated with an estimated 28,000-36,000 deaths each year in the UK[44].

2.1.39.   Transport is a contributor to noise pollution. In our region 6% of the population live in close proximity to major road routes and are exposed to more than 55dB of noise at night (see graph below). This level of noise can result in disturbed sleep patterns and increased stress.

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[41] Keast, Bramwell, Maji, Rankin & Namdeo, 2022
[42] Department for Transport, 2022
[43] Department for Environment, Food and Rural Affairs, 2023
[44] Public Health England, 2018

% affected by noise pollution
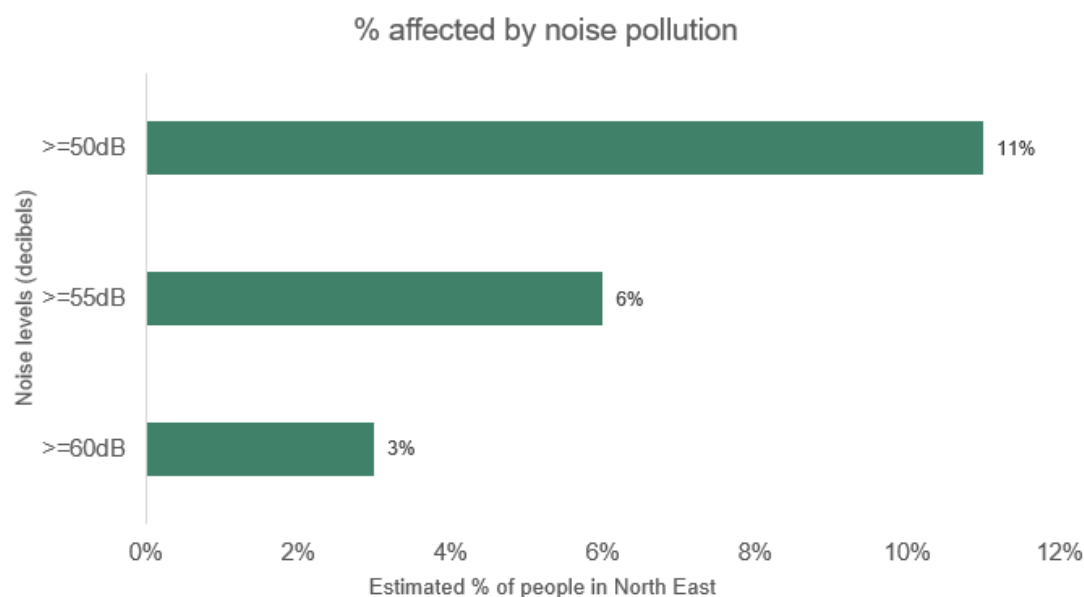
Figure 5: Estimated % of people affected by road noise pollution levels at night in the North East- DEFRA, 2019

Role of Buses – Our Environment

Buses play an essential part in reducing the environmental impact of transport in the region. Our bus network makes us less car dependent and enables people to make sustainable choices. On average, taking a journey by bus emits one-third fewer emissions as making the same journey by car, making buses one of the least carbon intensive forms of road vehicle transport per passenger, per mile[45].

Shifting journeys to bus, in conjunction with the introduction of Zero Emission Buses (ZEBs), has a powerful impact to help reduce noise pollution, and to improve air quality, protecting the health of the entire population.

On a national level, bus emissions have decreased by 42% from 1990-2019 as fuel efficiency has improved and ZEBs have started to enter service[46]. The expansion of our region's fleet of ZEBs has contributed to the decrease of transport related emissions even further.

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[45] Marsden et al, 2020
[46] Department for Transport, 2022

Our Health

2.1.40.   Transport is essential for health and wellbeing as it enables access to services, opportunities, and social networks. It can also be a powerful lever in tackling poor health outcomes and inequalities.

2.1.41.   Our health and wellbeing are determined by individual factors, the healthcare we receive and the wider determinants of health. The wider determinants of health are a range of social, economic and environmental factors (see Figure 6).

Figure 6: The wider determinants of health – Dahlgren and Whitehead, 1991

Deprivation, inequality and child poverty

2.1.42.   Deprivation describes a range of factors in our lives that impact our health and wellbeing. Across the region, the most deprived areas are found in urban communities and along the coast. This is reflected in Figure 7. Data shows that deprivation is becoming more concentrated in the North East[47].

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[47] North East CA Evidence Hub, 2022

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North East Combined Authority

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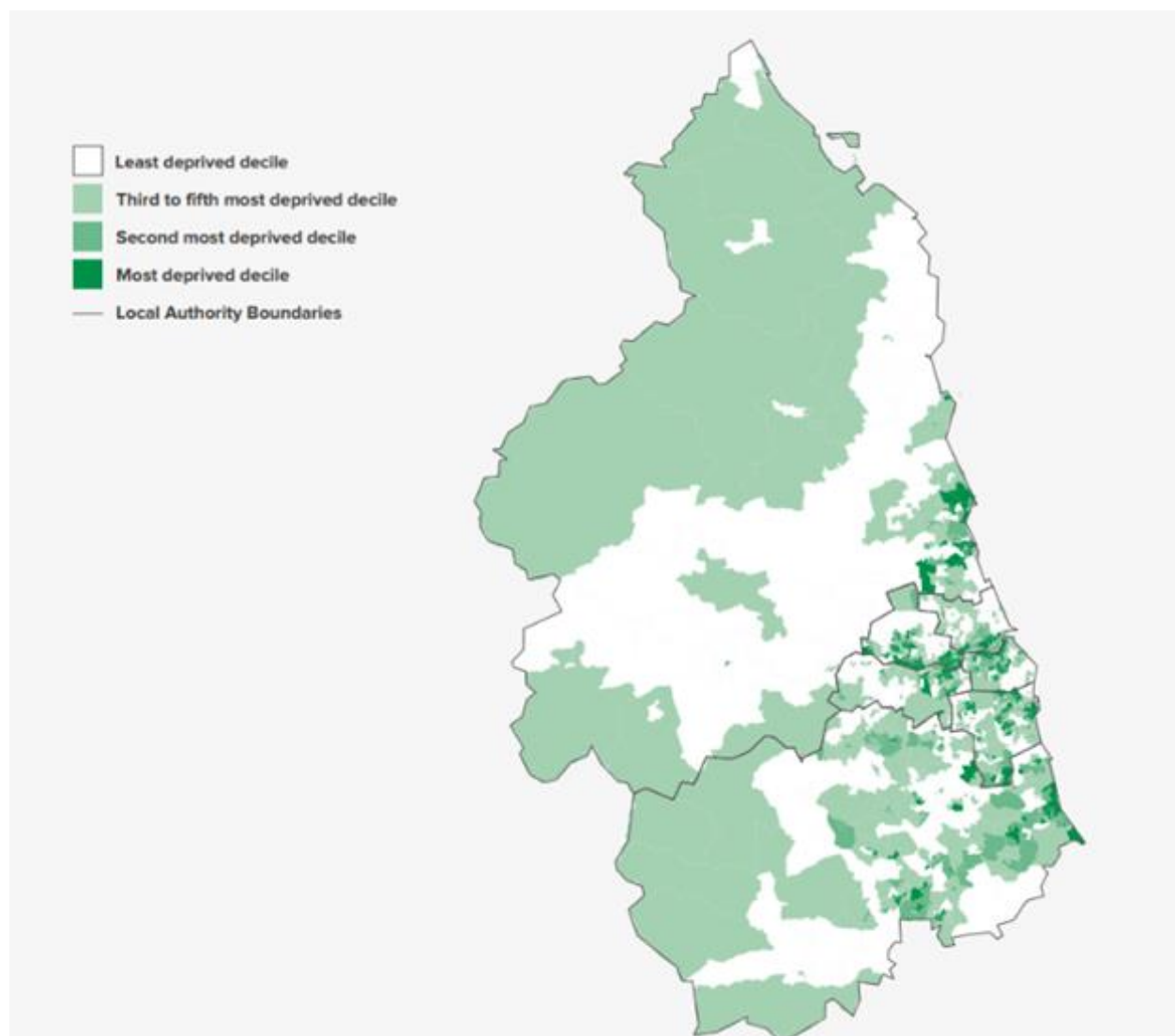
Figure 7: Index of Multiple Deprivation (IMD) deciles – North East LSOAs (2019)

2.1.43. Socioeconomic inequalities are differences in socioeconomic factors that influence our health and wellbeing such as income, education, employment, and housing. Health inequalities are closely linked to socioeconomic inequalities and deprivation. The North East, with Tees Valley included, experiences greater health inequalities than the rest of England and these inequalities are widening both within the region, and between the North East and other regions in England[48].

2.1.44. 1 in 4 (24.9%) babies, children, and young people aged 0-15 years old in the North East region are growing up in relative poverty (in households with an income that is less than 60% of the middle income for all households), which equates to 84,000 children[49].Poverty has harmful impacts on children's health, their social and emotional wellbeing, and their education, both in the

[48] Corris et al, 2020
[49] North East CA Evidence Hub, n.d.

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Life expectancy and healthy life expectancy

2.1.45. A person living in the North East has a lower life expectancy than the average person in England, and males have a lower life expectancy than females (Figure 8).

Average life expectancy at birth
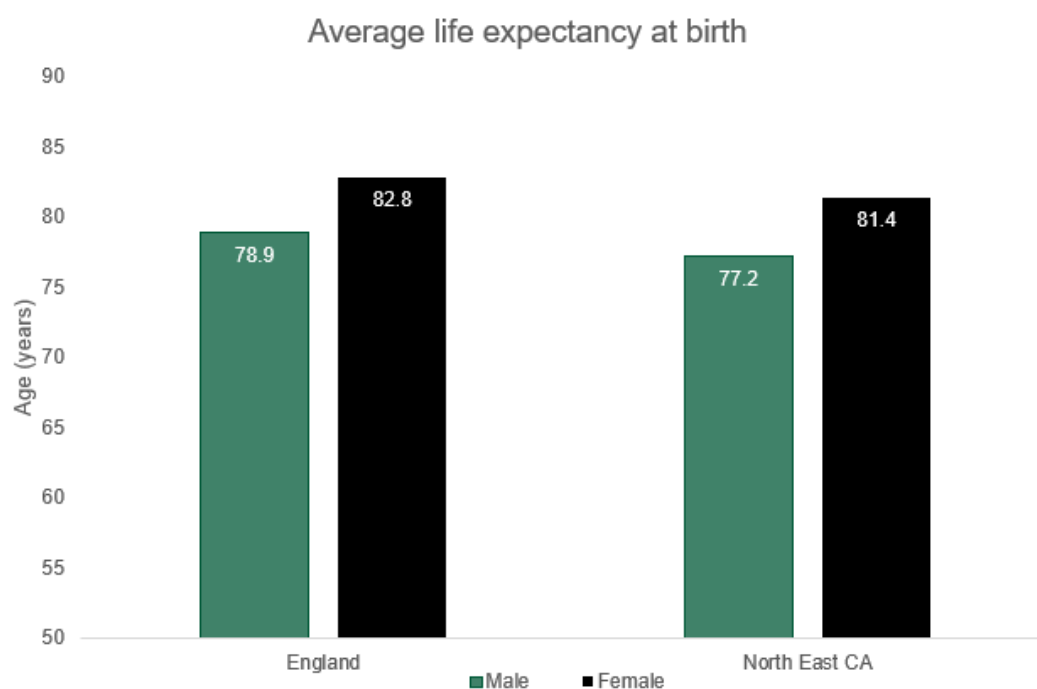
Figure 8: Life expectancy at birth for males and females in England and the North East Combined Authority (North East CA) area

2.1.46. Inequalities in life expectancy are the gap in life expectancy between the most and least deprived areas. Males in the North East have an average gap in life expectancy of 11.2 years with the biggest gap being in Newcastle at 12 years. Females have an average gap of 8.9 years with the biggest gap being in Northumberland at 10.1 years. Healthy life expectancy is the number of years someone is expected to live in good health. Both males and females living in the North East have lower healthy life expectancies than the England average, and the lowest of all regions in England (Figure 8).
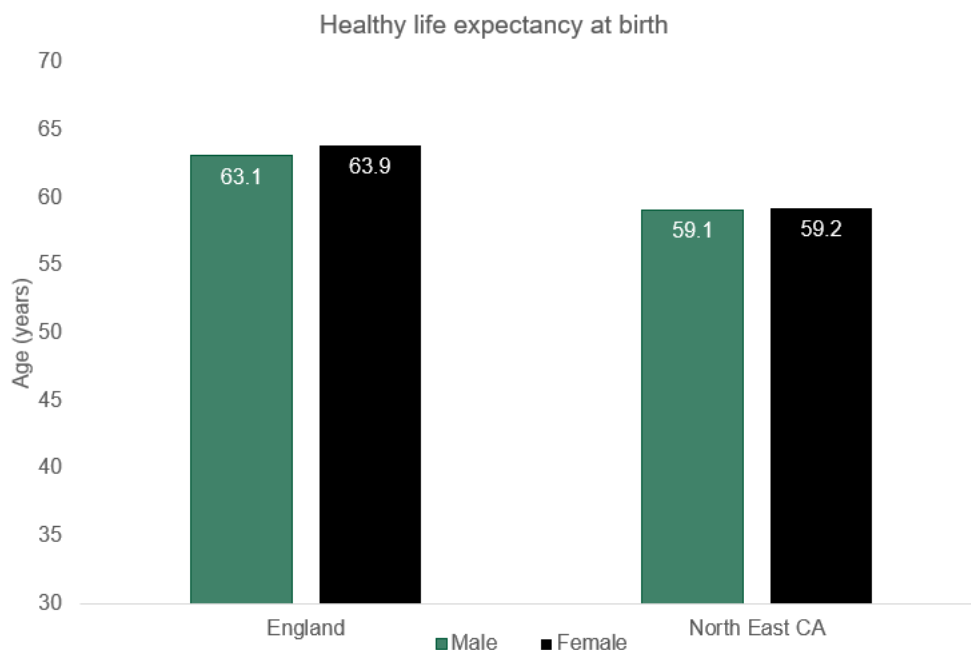
Figure 9: Healthy life expectancy at birth for males and females in England and the North East area

Disability

2.1.47. 21.3% of people living in the North East are disabled[50]. Disabled adults take an average of 28% fewer journeys per year than non-disabled adults[51]. For further breakdown please see DfT's annual Disability and Accessibility Statistical Release.

2.1.48. We know that the proportion of the population who are disabled increases with age, therefore we must consider that as the population of the North East ages faster than other regions, the proportion of people living with a disability in our region may also increase at a faster rate.

Transport-related social exclusion

2.1.49. Transport related social exclusion (TRSE) occurs when people are unable to access key services, opportunities, and community life when they need to[52], and face significant knock-on consequences from travelling. Areas with a high risk of TRSE are concentrated in:
- manufacturing and mining legacy areas;
- rural-urban fringes;
- smaller cities and towns; and
- coastal communities; all areas that exist in the North East region.

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[50] Office for National Statistics, 2023
[51] Department for Transport, 2021
[52] Transport for the North, 2022

2.1.50. 31.5% of residents in the North East (622,000 residents) are at risk of transport related social exclusion, compared to 21% of northern England, and 18% of England[53]. The map below shows how the risk of TRSE varies across the North East. Each area is compared to the average for the region.
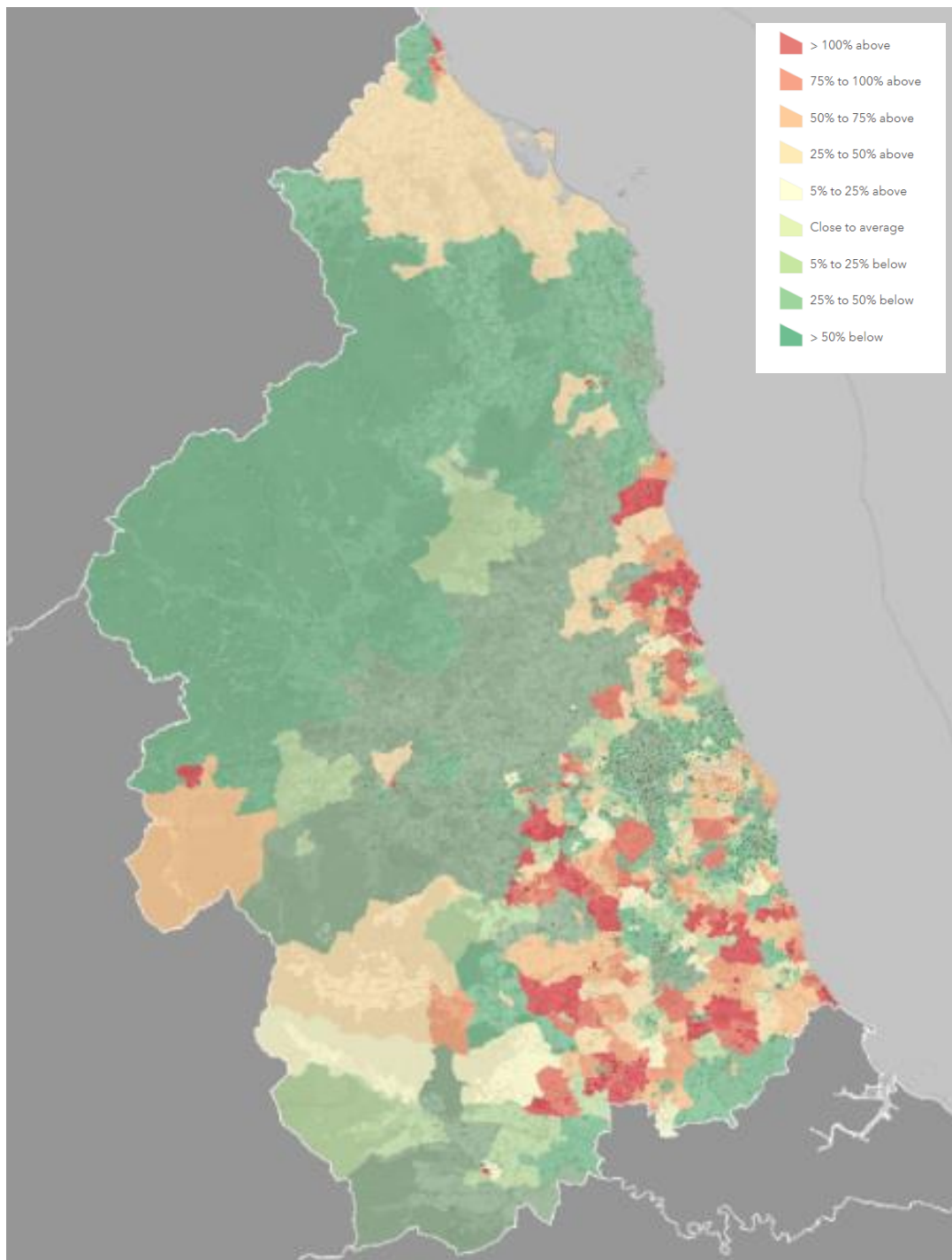
Figure 10: Transport-related social exclusion - North East (2022), Transport for the North

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[53] Transport for the North, 2022

Physical inactivity and childhood obesity

2.1.51. 1 in 4 adults (25.1%) in the North East are physically inactive (undertaking less than 30 minutes of physical activity per week)[54]. Furthermore, levels of overweight and obesity in Reception and Year 6 aged children in the region are higher than the England average, and some of the highest in the country[55].

Role of Buses – Our Health

People who travel by bus are more likely to have increased physical activity levels which are important for good health and wellbeing. For example, evidence suggests that travelling by bus leads to an extra 0.5 days of walking per month with an average of 1.5km walked per day, representing a substantial public health benefit[56].

Despite buses not having a direct role in increasing life expectancy, both increased physical activity and improved air quality bring health benefits, contributing to longer, healthier lives.

Bus services help to mitigate transport related social exclusion (TRSE)[57] by providing access to services, education, employment, and social opportunities to people for whom travelling by car is not an option. For the same reason, bus services are an important tool in helping to lift individuals and communities out of deprivation and reduce inequalities by providing them the opportunity to travel to employment and education venues in an affordable and reliable way.

Buses provide disabled residents of the North East more mobility than would otherwise be possible, particularly considering that many are eligible for free bus travel through the English National Concessionary Travel Scheme (ENCTS). This allows greater freedom to access services and activities than would be possible if the only option available to them was travelling by car.

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[54] Office for Health Improvement & Disparities, 2024
[55] Office for Health Improvement and Disparities, 2023
[56] Department for Transport, 2016
[57] Transport for the North, 2022

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2.2. Key facts and information regarding current funding of buses and the assumption of future challenges.

2.2.1.　Since bus deregulation in the 1980s, the majority of bus services in the North East have been operated on a commercial basis by bus companies. Income is generated from passenger ticket sales and various public funding streams.

2.2.2.　Public sector funding for bus services includes:

Public funding	Definition
Secured services	Bus services that are contracted and funded by a local authority or Nexus. These are services which would not be operated commercially (either entirely or not to the required standard or specification) and include some evening or Sunday services, works or college routes or other essential services which have insufficient demand for commercial provision.
Bus Service Operator Grant (BSOG)	A grant paid by central government to operators of eligible bus services, community transport organisations and LTAs to help off-set some of their fuel costs.
Bus Service Operator Grant Plus (BSOG+)	BSOG+ provided by central government separately and in addition to BSOG, providing enhanced payment rates for fuel costs. It is currently due to expire on 31 March 2025.
Concessionary Travel Schemes	The English National Concessionary Travel Scheme (ENCTS) provides mandatory free travel for people over state pension age and people with an eligible disability on all eligible local bus services anywhere in England from 0930 until 2300 on weekdays, and all day at weekends and on Bank Holidays. This is administered locally by local authorities/Nexus according to a reimbursement calculator guided by a principle that bus operators should be 'no better or worse off' due to the scheme. Funding is also provided for some discretionary concession schemes within our region. For example, eligible residents can apply for an Under 16 Pop Card which

	entitles the holder to discounted multi-modal travel throughout the Tyne and Wear area. There are also concessions within the region for disabled people in work and training, and for those unable to make journeys without a companion.

Table 2: Public sector funding for bus services

2.2.3.   We estimate that approximately 43% of bus operator income during 2022/23 is directly attributable to public sector funding streams. This funding includes secured service payments (14% of total), concessionary travel reimbursement (17% of total), some coronavirus recovery support (5% of total), [58] as well as BSOG and reimbursement for the £2 fare cap. This figure is consistent with pre-pandemic levels – public sector support in the North East was 40% in 2018/19[59] - as well as similar analysis conducted in other regions[60].

2.2.4.   The financial standing of bus services has undergone significant changes during the pandemic and in the period after, with dramatic falls in commercial revenue and above inflation cost increases. Public sector funding has been increased in this period both through temporary relief funding to protect vital bus services and due to increased investment through the nationally funded £2 fare and Bus Service Improvement Plan (BSIP) initiatives.

2.2.5.   This is reflected by a decline in profits for bus operators: in 2018/2019 our region's three largest bus operators collectively reported profits of a 8% margin (£22 million) compared to 1% in 2021/22 (£2.2 million) and -3% in 2022/23 (loss of £3.8 million)[61]. Table 13 presents this data at an individual operator level.

2.2.6.   Despite an increase in public subsidy, bus patronage and therefore farebox revenue has struggled to recover to 2019 levels. National projections also indicate that although there is substantial uncertainty, public transport use may fail to recover in the medium to long term[62].

2.2.7.   There is against an ongoing backdrop of long-term declining bus patronage and shrinking mileage. Local authorities have faced considerable financial pressure to secure services which have mitigated – but not prevented – significant decreases to the network. Authorities are likely to face future

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[58] *Calculations for this figure can be found in Appendix A.*
[59] *Calculations for this figure can be found in Appendix A.*
[60] Transport for West Midlands, 2024
[61] *Calculated from publicly available accounts of Arriva Durham, Arriva Northumbria, Go North East and Stagecoach Busways*
[62] National Infrastructure commission, 2021

pressures between allowing the network to shrink or accommodating further increased pressure on secured services budgets.

2.3. Key Definitions

Table 3 provides some of the key definitions associated with bus reform.

Model	Definition	Example
Deregulation	In a deregulated system bus operators compete for passengers. They are also responsible for setting commercial bus routes, timetables, fares and overall standards. Bus operators are largely free to operate services where they deem it will be commercially viable for them to do so. The only requirement is that bus operators must obtain an operators licence and then formally register their routes/timetables with a regulatory body – the Traffic Commissioners (TC).	All UK bus markets outside of London, parts of Greater Manchester, and Northern Ireland.
Enhanced Partnership	EPs are delivered in the existing deregulated (competition in the market) model. Bus operators and one or more authorities make a legally binding agreement. Each partner makes commitments to improve bus services. Bus operators in West Yorkshire proposed an 'EP+' as an explicit alternative to franchising, framing it as pushing the boundaries of what is possible within an EP. The EP+ term (also known as an EP Max) does not alter the legal framework. It would have been pursued through the same legal processes as other EPs.	North East, Tees Valley and other English regions outside of London and Greater Manchester.
Public ownership (under deregulation or regulation)	Notwithstanding the current prohibition on the establishment of new municipal operators, public ownership of bus operators could theoretically happen within a deregulated or a franchised system. This could be through 'in house' or arm's length operation.	Blackpool, Cardiff, Edinburgh, Ipswich, Newport, Northern Ireland, Nottingham, Reading, Warrington.

Franchising	Franchising regulates the bus market and removes 'on road' competition (changing to competition for the market, as opposed to competition in the market). Franchising gives an authority the ability to specify bus routes, timetables, fares and overall standards. Bus operators are contracted to run bus services following competitive tendering processes. Only contracted routes, routes exempt from the scheme, or routes granted service permits by the franchising authority can operate within the specified franchise area. Various different franchising models exist – revenue risk tends to sit with the franchising authority where that authority fully controls routes and ticketing but some franchising models keep revenue risk with commercial operators.	Parts of Greater Manchester, and the London contracting model.

Table 3: Bus reform key definitions

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Key insights from this section:

- Buses provide one of the most affordable and effective means to address challenges currently faced by the region. A high-quality bus service provides the opportunity for more equitable growth by benefiting those on lower incomes and providing all residents with environmental and efficient travel options.
- This role is vital in the North East due to the scale of challenges in our region which include an underperforming economy, widening inequalities and poor health outcomes.
- Improving of bus services is therefore a top priority for the region. Despite this, funding challenges mean that the long-term sustainability of the current network is under pressure.

3. Current Situation

This section will...
- Provide a description of the current delivery model and set out who has responsibility for what.
- Describe what the current situation is delivering for passengers.
- Explore the performance of the current situation against regional objectives and stakeholder and public engagement.
- Highlight key operational factors of the EP and current network.

3.1. Explain what the current delivery model is and the engagement of the region in the Enhanced Partnership (EP).

3.1.1. Bus services across Great Britain outside of London were 'deregulated' by the Transport Act 1985. Most of the municipal bus companies that were previously responsible for providing bus services were privatised, though some municipal operators remain in other parts of the country. Operators were intended to compete with each other for passengers under the deregulated model – passengers would then choose the service that offered the best mix of quality and affordability for any given journey.

3.1.2. Bus companies following deregulation assumed financial, commercial and legal responsibility for independently setting their own routes, fares, timetables, and service standards as well as producing their own marketing and publicity. Local authorities continued to provide bus waiting facilities, passenger information such as timetables at bus stops and the road networks (including bus lanes and other bus priority infrastructure) that buses operate on.

3.1.3. Deregulation enabled more companies to operate local bus services and reduced many barriers to entering the market – theoretically allowing new companies to be set up to operate services or existing operators to expand into the region. Prospective operators currently need to acquire a Public Service Vehicle (PSV) license and comply with minimum notification periods for new, varied or cancelled services.

3.1.4. The Traffic Commissioner (TC) oversees the network at large with set standards for safety, accessibility and performance[63]. In practice, however, TCs only have limited resources available to monitor and enforce performance. The TC is assisted in enforcement by the Driver and Vehicle Standards Agency (DVSA), which is responsible for bus drivers' theory and

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[63] Office of the Traffic Commissioner, 2018

practical driving tests, monitoring vehicle safety standards and the PSV Accessibility Regulations[64].

3.1.5.   Despite initial on-street competition between bus services, predominantly in urban areas, the deregulated market has evolved to a position where many parts of the North East are served by a single large operator – competition is generally limited to key corridors into and out of urban areas. Our three large operators – Go North East, Stagecoach, and Arriva – now have a market share of around 85%[65] (measured by bus fleet)[66].

3.1.6.   Deregulation is now a well-established delivery model in Great Britain (outside of London), but we are an international outlier among developed economies in having fully deregulated local bus networks[67]. Franchising (sometimes known locally as contracting or tendering)[68] and municipal ownership are the two most well-established practices in Europe, though there is substantial country-by-country and region-by-region variation in the specific operational detail.[69]

3.1.7.   Secured services are contracted by local authorities (in Durham and Northumberland) or Nexus (in Tyne and Wear) to provide bus services that are not provided by operators on a commercial basis. These can include unprofitable evening or weekend services on existing commercial routes as well as routes that would be wholly unprofitable for a commercial operator. Local authorities and Nexus tender these services to operators.

3.1.8.   Secured services account for approximately 14% of the total bus mileage in our region[70].

3.1.9.   Local authorities also have a role in the successful operation of bus services in their areas through their roles as Highways Authorities. This includes maintenance of the general road network, limiting and communicating disruptions, and introducing interventions – such as bus lanes or bus gates – to prioritise buses. Local authorities are also responsible for parking prices in local authority-owned car parks.

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[64] Driver & Vehicle Standards Agency, 2023
[65] Operator supplied data
[66] *Market share is most commonly measured by patronage or turnover, but this data has not been available to The Bus Reform Project. We use bus fleet as a proxy measure.*
[67] Rye, Hrelja, Monios & McTigue, 2021
[68] *Some areas use contracting or tendering to refer to substantively similar systems to franchising, but these terms can also describe separate practices that occur in a deregulated market in the UK – such as secured services. This paragraph refers to alternate local names for franchised networks.*
[69] European Commission, 2008
[70] Department for Transport, 2023

3.1.10.   As detailed in section 2, the public sector also has other significant roles in the current delivery model. This includes funding concessionary travel and determining the criteria, school services, passenger information, some direct operation of bus services (such as Link2 in Durham), capital investment in stops and shelters, grants towards operators' fuel costs, subsidising the purchase of ZEBs and associated infrastructure as well as funding various promotional ticketing schemes, such as the £2 fare cap. These roles are split between local and central government.

3.1.11.   The Bus Services Act 2017[71] offered further public sector involvement in the bus network in England by offering local and combined authorities a toolkit for bus reform, including introducing EPs. The National Bus Strategy specified that areas should enter into an EP to access DfT funding, unless already in the franchising process. An EP is a statutory partnership between one or more Local Transport Authorities (LTAs) and local bus operators that sets out how they will work together to deliver improvements – set out in a Bus Service Improvement Plan (BSIP) – in the defined geographical area(s) set out in the EP.

3.1.12.   The North East's local authorities made an EP Plan and EP Scheme[72] in March 2023 following negotiation and consultation with bus operators. Most local bus services[73] are required to comply with the standards in the EP Scheme. Facilities and measures which are provided by local authorities and bus operators are also included within the EP Scheme.

3.1.13.   The EP Plan and EP Scheme provide a regulatory framework within which the public sector and operators procure and provide bus services and related activities, and therefore while functions such as securing necessary bus services are exercised by relevant authorities as they were before the creation of the EP, and a range of powers and functions beyond those directly relating to the EP, the overall model is described as an EP, as it is the EP Scheme which provides an additional regulatory layer to enforce provision of certain service standards by operators. The context of this delivery model is explored in detail within this section including setting out the different roles for local authorities and bus operators.

3.1.14.   EPs present local authorities with an opportunity to achieve desired outcomes quickly but rely on the willingness of authorities and bus operators to take concrete action to improve local bus services.

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[71] *The National Bus Strategy (NBS) 2021 required an EP to be made between bus operators and local authorities (unless an authority was pursuing bus franchising). Funding was also provided for Bus Service Improvement Plans.*
[72] ***EP Plan** - a clear vision of the improvements to bus services that the EP is aiming to deliver, mirroring a BSIP.*
***EP Scheme** – one or more statutory documents produced alongside or following the EP that sets out how the EP Plan will be delivered, including specific commitments by the authority and bus operators.*
[73] *Services which are exempt from the EP include private hire and secured services.*

3.1.15.   EPs are designed by local authorities in partnership with the local bus operators. To proceed with an EP, it is first necessary to secure support for the plans from the majority of bus operators – with mechanisms in place for bus operators to halt the process if there is not sufficient consensus about ability to meet the requirements proposed. Commitments within an EP are therefore introduced through negotiation with operators and are often contingent on operator cooperation. Commitments from the relevant local transport authorities – such as funding or infrastructure improvements – are also important in shaping an EP.

3.1.16.   Once a facility or measure has successfully been introduced to an EP scheme, compliance is a condition of service registration for bus operators. If bus operators fail to comply with the requirements imposed on them under the EP Scheme, the Traffic Commissioner (TC) can take enforcement action, including the cancellation of local bus service registrations. Relevant authorities are also obliged to introduce the facilities[74] and measures[75] in accordance with the EP Scheme.

3.1.17.   The North East EP has established new governance arrangements, including the North East Partnership Board and local bus boards. The Partnership Board is comprised of bus operators, Nexus, Local Authorities, North East CA and representatives of bus passengers, such as Bus Users UK and Transport Focus. Local bus boards in each local authority area are a forum for discussion between elected members, officers, bus operators, and other stakeholders on the local network and any proposed changes to services.

3.1.18.   The Partnership Board is the forum overseeing delivery of performance against the BSIP Key Performance Indicators (KPIs), which focus on boosting bus patronage, modal share, performance and customer satisfaction.

3.1.19.   The BSIP was created through joint working and was informed by public and stakeholder engagement. The government awarded the region £163.5 million of funding with which to deliver the BSIP through the EP. With this funding many interventions have been delivered or are planned, including cheaper and simpler fares, bus priority infrastructure and service investments.

3.1.20.   Our BSIP sought £804 million in government funding to deliver our full ambition for the region. Though the £163.5 million awarded is substantial and allows us to deliver many improvements, it is not sufficient to fully realise the

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[74] *Facilities include assets that are provided at specific locations along particular routes (or parts of routes) within the Combined Authority area or new and improved bus priority measures with are made within the Combined Authority area.*
[75] *Measures include improvements which have the aim of increasing the use of Local Services serving the routes to which the measures relate or ending or reducing a decline in their use; or improving the quality of Local Services.*

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BSIP aspirations and is not guaranteed in the long term. Many BSIP improvements may have to be reviewed if a longer-term funding source is not found.

3.1.21.   EPs can enable greater partnership working between the authorities and bus operators, but it does not remove competition; EPs operate within, and do not replace, the wider deregulated model.

3.1.22.   Local authorities cannot require operators to provide any commercial bus routes or make changes to timetables, however large or small these changes may be. Equally a bus operator may make a change to a route – including cancelling it altogether – without the local authority having any ability to prevent that change from happening (although prior notice and consultation is required, with our EP agreeing to go beyond the national norm on this). This frequently occurs where a route, or part of a route or timetable, ceases to be commercially viable. Declining patronage means that more and more routes are not commercially viable – with increases in secured services in recent years. These cuts would have been more substantial without public funding such as BSIP funding.

3.1.23.   Bus operators are bound by competition law which limits anti-competitive practices and, though some exemptions exist, limit cooperation on ticketing and networks[76]. As a result, deregulation in the North East led to a fragmented public transport system with bus operators duplicating some routes to compete for passengers, but mainly offering tickets valid only on their own services. Legal instruments, such as Capped Fares Schemes and Qualifying Agreements, have been introduced to improve integration in the network. These have been strengthened as part of the BSIP. Many proponents for bus reform see addressing fragmentation and further improving integration as a key rationale for change.

3.1.24.   Despite public investment in bus services, the provision of secured services and bus infrastructure by public authorities, and cooperation through the EP, bus operators continue to hold most short-term financial risk in our region's bus network. Operators own or lease depots and vehicles as well as employing staff such as bus drivers, engineers and supervisors. Public authorities are insulated from immediate losses but hold longer-term risk due to their role providing and funding secured services – replacing unprofitable commercial services if and when these are withdrawn by private operators.

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[76] *In Tyne and Wear there has been a long-standing Multi-modal Ticketing Scheme delivered through Network Ticketing Ltd trading as "Network One".*

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3.2. What is the current bus service and the Enhanced Partnership delivering for the customer?

3.2.1. As described in sections 2.2 and 3.1, responsibilities and funding for the North East bus service is split between private bus operators and public authorities (local authorities, Nexus, North East CA and central government). Table 4 describes what bus services look like for customers and highlights the body that provides the provision.

3.2.2. Specific achievements of the EP (facilities and measures which have been introduced since the making of the EP, often using BSIP funding) are also highlighted, as well as future plans of the partnership. It should be noted that while our current EP is well funded, there is no long-term funding source and improvements may not be guaranteed in the long term.

| Connections between different transport types | Rail | The Tyne and Wear Metro system was introduced prior to bus deregulation in the early 1980s. The system was designed to be fully integrated with the bus network, with interchange facilities provided at strategic locations (including Central Station, Chichester, Four Lane Ends, Gateshead, Haymarket, Heworth, Jarrow, Monument, Northumberland Park, Park Lane, Regent Centre, South Shields and Wallsend) facilitating connections between bus, Metro and local rail.

Deregulation ended the fully integrated system and buses now compete with Metro services for passengers on similar routes, such as the 27 service from Newcastle to South Shields which largely replicates the Metro route from Newcastle to Pelaw - involving significant overlap. At the same time, local suburban bus routes do not commonly flow into Metro interchanges, reducing the convenience of multi-modal travel into town and city centres. Modal competition rather than collaboration means there is also limited ability to join-up bus and heavy rail services – affecting the Northumberland line and a potential reopening of the Leamside line.

BSIP funding has been used to deliver cheaper multi-modal ticketing products. For example, a one -day travel card providing unlimited travel on all buses throughout the region and the Tyne and Wear Metro is |

		currently priced at £6.80. This makes travel which involves services provided by multiple operators/modes more cost effective than was previously the case.
		Multi-modal multi-operator BSIP-funded tickets also include some integration with local heavy rail. Integration is currently limited to Northern services between Sunderland and Blaydon as well as the Northumberland line once it reopens. Other common journeys are not integrated, such as East Coast mainline services between Durham, Newcastle, Morpeth and Berwick and Northern services between Hexham and Newcastle.
	Walking and wheeling	The EP commits to developing a strategic plan which will identify 'hub' shelters that can serve as a community focus for interchange opportunities, between bus routes, with walking and cycling.
		One of the region's bus operators, GNE, now provide bike racks on some of its longer distance and express route services (X10, X30/X31, X45, X71 & X72 – linking Newcastle to Middlesbrough, Stanley and Consett) permitting up to two bikes to be carried securely on board.
	Bus	Many passengers use multiple bus routes, often operated by different operators. BSIP funding has been used to provided multi- operator ticketing which reduces 'interchange penalty' when travelling with multiple bus operators. Integration between bus operators will be discussed further in this section with regards to timetabling, marketing, branding, and information.
	Car	A successful Park and Ride (P&R) service is provided for Durham City with services contracted by Durham County Council. There are three sites (Belmont, Howlands and Sniperley) located at key intersections on the arterial roads around the city. Buses operate up to every 15 minutes Monday – Saturday between 7am – 7pm. From April 2024, the sites at Belmont and Sniperley have also been served on a Sunday, following the removal of free city centre parking on Sundays. Fares are charged on buses (parking is free) per passenger with concessions for children and the elderly.
		Bus based P&R throughout the rest of the region is limited with significant room for improvement; Metro P&R is more common in Tyne and Wear. There is a dedicated P&R site provided within Great Park on the

		outskirts of Newcastle, but demand is very low. There are also car parks provided at some of the main Bus/Metro interchange hubs which primarily serve Metro based P&R. A temporary P&R route has also been established between the Metrocentre and Newcastle/Gateshead to relieve congestion during the Tyne Bridge works, but this is time limited.
Planning journeys/informing users/supporting customers	Journey planning	The big three commercial operators each have a website and app which provides journey planning information, including timetables for their respective services. Nexus, Durham County Council (DCC) and Northumberland County Council (NCC) also provide web-based journey planning information - in some cases signposting to the commercial operator pages. There are plans within the EP to introduce a dedicated website and accompanying app to provide network wide ticketing, integrated journey planning information and real time information. Nexus provides on-street timetable information at all bus stops throughout Tyne and Wear (and key bus stops throughout Northumberland). DCC also provide on-street timetable information. Real-time information is provided by each of the big three operators via their respective apps. This is complemented by real-time on-street signs at a small number of bus stops and major transport hubs, mostly provided by local authorities/Nexus. The quality of RTI provided on these existing screens is due to be enhanced as part of a new commitment in Intelligent Transport Systems, with funding provided by central government through the Transforming Cities Fund and BSIP. However, current real-time information provision was criticised in Parliament by local MPs for being unreliable and uncoordinated across operators – with issues around 'disappearing buses' and poor integration with popular tools such as Google Maps[77].
	Disruption information	Current disruption information is poor and often non-existent or hard to access. This can apply to planned as well as unplanned disruption. Social media is used to communicate updates to varying degrees by the big three operators, but often this can struggle to reach customers as social media is not typically used for journey planning and algorithms do not necessarily promote the most recent content posted.

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[77] HC Deb, 2024

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	Branding	Buses are currently painted in a complex array of different colours. The big three and the small independent operators each have their own corporate identity. Route based branding is also heavily used by Go North East (GNE) on their core routes. Nexus has their modal "B" branding for Buses which is applied to all infrastructure and on-street information throughout Tyne and Wear, with similar branding used for timetables displayed in Northumberland. DCC branding is applied to all of their infrastructure, on-street information and a small in-house fleet of directly operated buses. Network One branding is applied to multi-operator tickets and the recent BSIP funded multi-operator tickets have previously been promoted under the Transport North East banner.
	Marketing	Each operator currently promotes their own services and fares. There has been some integrated promotion for Network One and BSIP ticketing. There is no cohesive whole network marketing effort, although introducing this has been considered by the partnership. The EP has also committed to work together to raise awareness of ENCTS eligibility.
	Customer Charter	The big three operators each have their own customer charter with broad alignment on common themes, but different specifics and complaints teams when customers feel the charter has not been upheld. The EP has introduced a network wide customer charter with additional measures, such as a 'wheelchair guarantee' which provides a taxi for wheelchair uses where they cannot be accommodated on a bus service (providing waiting for the next bus would not be quicker than waiting for a taxi). The EP charter is supplementary to the individual operator's charters.
Fares and Ticketing	Children & young people	All operators provide under 5's free tickets with a fare paying adult on a commercial basis. Bus operators also each offer their own commercial child fares, but different age thresholds or barriers to purchase can confuse passengers. Young people aged 5 - 15 pay £0.60 single/£1.10 day-ticket with valid POP card within Tyne and Wear under a discretionary concession scheme operated and funded by Nexus. As part of the EP, BSIP funding is currently being used to offer a £1 single/£3 multi-modal day-ticket for those aged 21 and under. There is no long term BSIP funding guarantee meaning these products may have to be removed or the price increased to commercial levels in the future.

		A 'Kids go Free' offer, where kids under 11 travel free with a fare paying adult has been introduced by the Metro and some bus operators during school holidays. Negotiations on including this in the EP were unsuccessful – the scheme is thought to be revenue neutral by many partners, but one operator was unwilling to proceed due to concerns of a commercial loss. The reduced BSIP fares for young people now reduce the need for such a scheme. The EP has also introduced free travel for young people (18-25) who have left local authority care. This is funded through BSIP funding.
	Adult fare paying	Bus operators are legally required to set prices for their own fares/tickets independent of other operators, (except in specific circumstances such as a multi-operator ticketing or fare capping scheme). This can mean that different fares apply for the same journey when multiple operators serve the same route. All bus operators in the region are currently participating within the national £2 fare cap scheme. This intervention is designed to assist with the cost-of-living crisis and has significantly reduced the cost of some bus trips within our region, however, it does require substantial funding from central government. This scheme is currently funded until December 2024 and the future of this initiative beyond that is uncertain. Network One offer a range of 1-day/weekly/monthly/annual travel tickets which can be purchased for a selected number of zones or the full T&W area. These tickets cover all operators and modes but have a price premium when compared to commercial operator own-brand products. As part of the EP, BSIP funding has been used to introduce adult multi-modal, multi- operator capped one-day tickets: Durham (£4), Northumberland (£5), Tyne and Wear (£6), or NE region (£6.80). This intervention has significantly reduced the cost of interchange throughout the region. There are, however, currently no regionwide multi-modal period tickets available for regular travellers. Bus operators have committed to co-operate with the authority to develop reimbursement schemes for these products through the EP.

		Both the £2 fare cap and BSIP fares do not have guaranteed funding source in the long-term meaning they may be removed or the price increased to commercial levels. Bus operators have committed that customers can use a single common Pay-As-You-Go multi modal, multi operator smart card when paying for any journey by bus. This will automatically cap a day's travel, greatly improving and simplifying the customer experience.
	Concessionary travel	Concessionary travel passes under ENCTS are available to residents aged over the state pension age (currently 66) and some disabled people (with the criteria set in national legislation). Reimbursement is provided to bus operators using a calculation set by central government according to a 'no better no worse' principle. It is possible to enhance these concessions beyond the national minimum standard set in legislation. For example, Nexus offers Tyne & Wear passholders free travel to hospital appointments before 9:30am, free travel before 9:30am for eligible disabled people in some work and training, companion travel for some disabled passholders, and reduced-price travel for resident children under 16. Jobcentres also have access to pre-loaded Popcards to enable people to attend interviews or the first weeks of work. Concessionary Travel Passes allow holders to travel on buses throughout the region for free between 09:30 and 23:00 on weekdays and all-day on weekends and public holidays. Nexus and our local authorities have added local enhancements which apply in different parts of the region – these include half-price travel on some local rail services for DCC residents, NCC residents being able to travel from 09:00 rather than 09:30. Our EP includes a commitment to a study that will "examine the costs and benefits of standardisation of the local additions to the ENCTS throughout the region", possibly allowing a region-wide concessionary travel offer in the future as recommended in an independent evaluation of Nexus' existing supported travel products.

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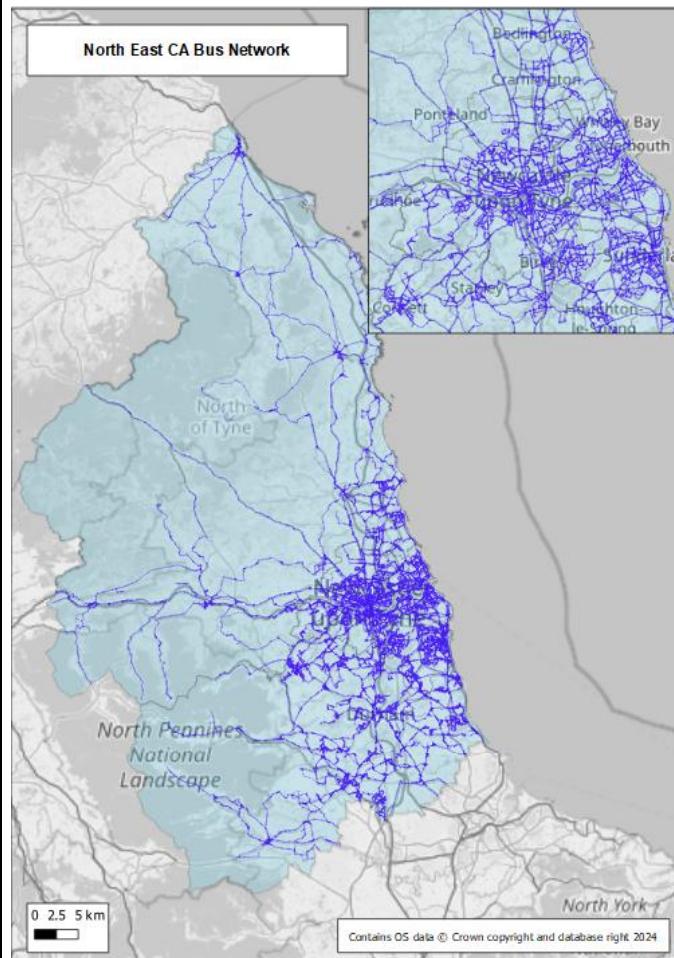
Network	
Figure 11: The North East Bus Network, North East CA | Service levels for commercial services in the North East are chiefly dictated by demand. Secured services 'fill in the gaps' where there is not sufficient demand to attract a commercial service. This results in variable levels of provision throughout our region.

As can be seen in Figure 11, urban areas generally enjoy very high levels of demand, and therefore provision. As an extreme example there are many options for frequent services in areas such as Low Fell or the West End of Newcastle. In stark contrast, the village of Otterburn in rural north west Northumberland, where demand is low, is linked to Newcastle city centre by just three trips per day. These frequencies will largely reflect commercial demand and no delivery model would equalise services between these areas (and nor would that necessarily be desirable), but such wide differences in provision results from the current delivery model.

Our bus network is configured with three tiers of service provision:

• Core routes operate at high frequency (up to every 10 minutes Monday to Saturday daytime) along radial routes serving our urban city centres of Newcastle, Sunderland, and Durham. These routes operate between outer urban areas into city and town centres and require intensive levels of resource but cater for high levels of demand. They are generally profitable for the operators providing them.
• Secondary routes operate with a good frequency (typically every 12-, 15-, 20- or 30-minutes during Monday to Saturday daytime hours) through suburban parts of our region. While these routes are generally not as profitable as the core network, they typically are provided on a commercial |
| | basis and only require low levels of subsidy. |

- The final tier is known as the tertiary network. These routes operate at low frequency (typically every 60 minutes or less Monday to Saturday daytime) complementing the core and secondary routes by filling in gaps in the network. While serving an important purpose, demand for these routes is generally lower and some of them require financial assistance. There are also a small number of night buses operating within Tyne and Wear and County Durham. County Durham is the only part of the region with a Demand Responsive Transport (DRT) service (branded as Link2), providing service to areas without an accessible bus service.

Each operator plans their own routes/network. As plans are developed in isolation from one another there can be some duplication on certain corridors. In areas with high demand, duplication may be planned as operators compete for market share. Head-to-head on-street competition in the region is largely limited to a small number of key corridors, particularly on roads into and out of town and city centres, many areas within the North East are served by one dominant operator (e.g. GNE in Gateshead, Arriva in Ashington and Stagecoach in inner-west Newcastle).

Authorities plan and fund socially necessary services to fill gaps in the network where demand is sufficient to warrant bus services, but too low to sustain commercial operation. Socially necessary services are operated under contract to authorities by the three large operators and also a number of smaller independent operators - most of whom exclusively operate tendered services. It is estimated that 14% of the current network by mileage is secured by Nexus and the Local Authorities.

Public funding is typically allocated to provide provision in rural, coastal or suburban areas or to extend provision in urban areas later into the evening and weekend. Authorities have limited scope to provide subsidies on a 'de minimis' basis, such as supporting evening services – this is often the easiest way to support services, but is limited to 25% of total costs. Other intervention by the Authorities can often be reactive rather than strategic following service cuts by operators. In some parts of our region, there is limited competition for contracted services. This can lead to higher prices, potentially limiting the value for money of investments in secured services.

There are particular challenges around evening and weekend services under the current model. It is not uncommon for commercial services to operate at an hourly (or less frequent) service from around 7pm, significantly reducing the convenience and attractiveness of buses for those who are working late or rely on buses.

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| | | Improvements to buses that respond to changes in land use or travel patterns are subject to operators' appetite to take commercial risk. Public or external private sector funding has been used to enable changed services where operators are not prepared to take the commercial risk – with the Q3 service linking Great Park to Newcastle City Centre subsided by developer contributions and Nexus funding a number of routes to Cobalt Business Park.

BSIP funding is also being used to support and enhanced the network, with new services or improved frequencies where there is demand (such as the night services recently introduced to Newcastle Airport). Most of this funding is however focused on maintaining the existing network, however, as challenges such as declining patronage and a shortage of bus services make it difficult to sustain new services.

Where multiple operators run services along the same corridor, it is possible for authorities broker a Qualifying Agreement. This is where two or more bus operators co-ordinate times which is then certified by authorities as passing a legal test (the restrictions imposed are in the interests of persons using local services). For example, an agreement was brokered between Arriva North East and GNE in February 2023, so that their Coast Road services in Newcastle/North Tyneside are now fully co-ordinated. Mutual ticket acceptance has also been put in place so that returning customers can board the first bus to arrive.

The EP requires bus operators to provide advance notice of planned service changes (over and above the statutory minimum (28 days) notification period) as part of an agreed Code of Conduct, intended to allow greater collaboration on network changes and improve communication to customers. The EP governance process then describes how these changes should be discussed/consulted with LAs, however, there is no right of veto over the planned changes to commercial services. Service changes are linked to small number of Fixed Change Dates which are generally adhered, although there are clauses which permit changes to take place outside of agreed dates for certain situations. |
| Reach and resilience of infrastructure | Fleet and Zero Emission Vehicles (ZEVs) | Most buses used on the commercial network are purchased by the private bus operators. The higher total cost of ownership for ZEBs means that private operators currently favour the purchase of Euro VI conventional diesel buses when funding them independently. Bus operators have been willing to invest in ZEBs when public subsidy/grants have been available to bridge the funding gap, with £7.4 million recently secured through Zero Emission Bus Regional Areas (ZEBRA) 2 government funding for 43 new ZEBs that will |

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		enter service by 2025. Around 10% of our fleet will be ZEBs in the near future, with 113 total ZEBs planned or currently operational in the region. Some of the big groups in our region (Go Ahead and Stagecoach) have made national commitments to have a fully zero-emission fleet by 2035. It is currently not clear what level of public funding will be required to support these goals. While it is possible for authorities to mandate the use of ZEBs on their tendered services, to date there are no examples of this within the region. However, it is difficult for authorities to justify the higher cost of ZEB deployment on their tendered services when resource is limited and already stretched as a result declining levels of commercial provision.
	Bus Priority Infrastructure	Public funding has been used to introduce extensive bus priority infrastructure throughout the region, largely in our cities, large towns, and key roads. These are effective at speeding up buses and insulating them from the impacts of congestion. BSIP funding has been allocated £50 million to deliver extensive bus priority infrastructure, which promises to be game changing. Bus operators have committed to reinvest resource saved from EP highway interventions - with reinvestment priorities directed by the partnership. This reporting of savings has not yet been tested.
	Bus stops, stations and interchanges	There are approximately 13,000 bus stops throughout the region. Bus shelters, funded and maintained by the respective local authority or parish council are typically provided at busier stops as well as those where passengers may be impacted by poor weather. In some parts of the region bus shelters are provided and maintained by third party advertising companies, such as Clear Channel UK in Newcastle. Real-time passenger information is available at just under 500 stops across the North East (including Tees Valley), though this includes screens in interchanges and many of these displays are replicating scheduled timetables. Funding is available to improve the data quality, though this will not increase the number. Our current EP commits to use BSIP funds to replace 1,350 shelters with modern facilities which will include lighting, CCTV and high-quality pedestrian access to increase safety and 240 shelters and stops with high demand will be upgraded to a higher specification.

		Bus stations are provided within our cities and towns. These facilities are often owned and managed by the respective local authority (or Nexus for station facilities within Tyne and Wear). A small number of bus stations are privately owned and managed, for example at Washington Galleries and Metrocentre. Interchanges with enhanced passenger waiting facilities are provided throughout the region to provide improved connectivity between bus and Metro/Rail.
Service Quality	Punctuality, reliability, speeds	Bus operators are commercially motivated to improve bus speeds as this reduces cost and improves revenue by making services more attractive. All bus services are also currently registered with the Traffic Commissioner (TC). The TC has set a target for 95% of buses to depart on-time (defined as up to one minute early or up to five minutes late). Fines can be imposed on operators failing to meet this standard with the scale of fine graduated depending on severity of non-compliance. For frequent services (a service frequency of 10 minutes or less) the target is that six or more buses will depart within any 60 minutes and that the interval between trips should not exceed 15 minutes (with a 95% compliance threshold). A financial penalty (up to £550 per vehicle operated) can be imposed for non-compliance 'without a reasonable excuse'. In reality, the Office of The Traffic Commissioner (OTC) has limited resources to monitor compliance and therefore there is scope for local services to perform below the required standards without fines being imposed. The three large bus operators all have staff monitoring Automatic Vehicle Location (AVL) data who are then able to intervene and regulate late running services. There is also the publicly funded Urban Traffic Management Control centre (UTMC), which can control traffic signals at key junctions to adapt timings based on demand. Joint co-ordination with the bus operators is currently limited to major sporting and cultural events.
	Bus specification	On board investment is provided by bus operators with no contribution from public funds. All buses are wheel-chair accessible and many of those operating higher profile routes offer charge-points, Wi-Fi and audio-visual next-stop information. Bus operators independently source their ticket machines, meaning

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| | | that there is no common standard or specifications, affecting interoperability – our all-day multi-modal tickets mostly use QR codes, but some operators' machines cannot read and/or produce these codes.

Under the EP operators have committed that all newly manufactured buses will meet Euro VI engine emission standards (as a minimum) and these buses will also be fitted with audio-visual next-stop information. It was announced after the EP was made that audio-visual announcements will be a DfT requirement for new buses from October 2024, with almost all buses required to comply from October 2026. |
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Table 4: What the current bus service and the Enhanced Partnership is delivering for the customer

Current Situation Case Study: Planning the network for education

Serving schools along a bus route tends to be commercially unattractive due to the low fares gathered. However, enabling sustainable education travel is a high priority for the region and local authorities/Nexus invest each year to support this. As our network is not currently holistically planned, there are many missed opportunities in the region to tailor the network for education.

Example: The high school in the village of Prudhoe has a large catchment in the villages of Mickley and Stocksfield to the west. NCC currently provides a dedicated coach which enters the school grounds, however there is a commercial service (10) which runs through the villages but does not go up the hill to the school. A five-minute deviation to this route at relevant times would serve the school and reduce both car traffic and the need for a coach, reducing cost to the local authority and emissions.

Current Situation Case Study: Ticketing integration
The North East has a long-standing integrated ticketing offer through the Network One partnership between bus operators, covering travel on buses, the Tyne & Wear Metro and Northern rail services on the Blaydon to Sunderland line. New all-day multi-modal tickets covering travel in Northumberland, Tyne and Wear, County Durham or the region as a whole have been introduced using BSIP funding. They offer an easily accessible, affordable, and understandable way to travel and support modal integration. Significantly discounted versions are available for under 21s. Network One season tickets have not been reduced in price as a result of the new day-tickets, meaning these remain at a significant premium.

These tickets were a key achievement from lengthy EP negotiations and have seen significant uptake across the region, with the adult tickets bought 340,000 times and used on over 1,200,000 journeys (between launch in November 2023 and mid-April 2024), but they depend on continued BSIP funding to remain viable. These fares, and the benefits they bring, are time-limited and would lapse or need to be increased in price if funding ceased.

However, some issues remain with the current situation such as a lack of a daily/weekly automatic price cap, and technical challenges with ticket gates that limit their convenience. Pop cards will be upgraded in late 2024 to allow daily capping across bus, Metro and Ferry. Also, there is limited integration with heavy rail.

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Current Situation Case Study: Children and young people's tickets
Some operators in the region do not offer commercial young people's fares, before the BSIP young person fare was introduced, many young people would be charged the full adult price for the journey. Fares could therefore be prohibitively expensive for young people, particularly on rural routes and those in deprived communities. Young people were effectively subject to a 'postcode lottery' on bus travel, based on the main operator(s) in their area.

Young people aged 21 and under now have access to significantly reduced fares through the £1 single and £3 all-day tickets agreed in our EP and funded with DfT BSIP funding. 10 million discounted singles have been sold between their introduction in May 2023 and the end of February 2024, with nearly one million journeys using the £3 all-day ticket.

Operators receive reimbursement for these tickets and, if funding expired, the discounted fare could be removed or made more expensive – making bus travel unaffordable for some young people again if the relevant operators did not introduce their own affordable tickets for children and young people.

Some operators also run a 'kids go free' promotion in the school holidays, but this is not universal. Negotiations with bus operators were unsuccessful when seeking to include this within our EP.

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Current Situation Case Study: Investment in ZEBs

Go North East has committed to a 'net zero bus fleet' by 2035, investing £3.7m (partly supported by government funding) into 18 new ZEBs serving the Newcastle-Gateshead area.

These buses run on the 53 and 54 routes connecting Newcastle, central Gateshead, Bensham, and Saltwell Park as well as the Q3 route from Great Park to Wallsend via Newcastle City Centre. 18 buses were procured in total, which are currently the only ZEBs in the region (though more are expected to operate in the near future). GNE also invested in a new, all-electric, depot in Gateshead with capacity for up to 30 buses.

Passengers on these buses also benefit from air conditioning, phone charging facilities and next stop audio-visual displays, significantly enhancing the comfort and making these buses an attractive travel choice. GNE also funded upgrades to some bus stops along the route, including improved real-time information displays.

3.3. Is the current bus service and EP delivering our Regional Transport Objectives?

3.3.1. Figure 12 provides an overview of the transport policies in the region.
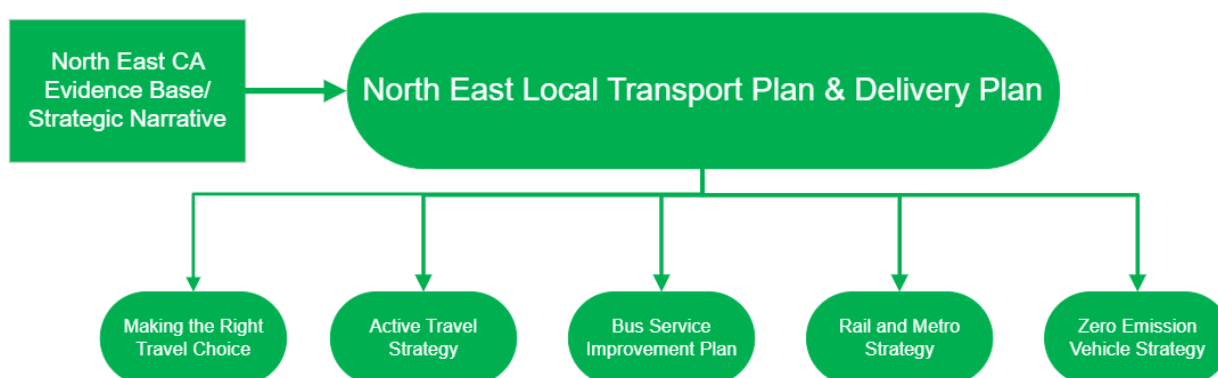
Figure 12: Overview of North East transport policies

3.3.2. The Local Transport Plan (LTP), adopted in March 2021, has the overarching vision of 'moving to a green, healthy, dynamic and thriving North East'. Its five objectives aim to create a carbon neutral North East, overcome inequality and grow our economy, create a healthier North East, provide appealing sustainable choices and a safe, secure transport network. The LTP is currently being refreshed with a renewed focus of integration.

3.3.3. 'Making the Right Travel Choice' (MTRTC) is the lead policy of the LTP and encourages residents to switch one journey a week to sustainable means, such as taking a bus journey or cycling instead of driving.

3.3.4. The region's first BSIP was published in October 2021 and sets out what we require of buses to deliver against our LTP.

3.3.5. The BSIP is guided by 11 KPIs to help measure progress towards the BSIP objectives which feed into the overarching transport objectives. The KPIs are centred around growing bus patronage and modal share, improving customer satisfaction, performance and environmental standards. The full KPIs can be found in Appendix B.

3.3.6. This section will explore the performance of the current network and the EP towards our regional objectives. Comparisons with other areas in the UK will be key to this analysis as some areas have performed better than others despite common challenges, such as increasing car ownership.

3.3.7.   For many of these areas, such as bus performance (punctuality, reliability and speeds), data made available to authorities can lack the detail or accuracy than the equivalent data held at operator level. This can present challenges in assessing performance which can impact the business intelligence of the EP. It means that limited information is available to elected members on bus performance.

3.3.8.   KPI 1 to 5 – Growing Bus Patronage and Modal Share

3.3.8.1.   BSIP bus patronage KPIs are monitored using statistics collected by the DfT using operator supplied data. They are provided on a local authority / Tyne and Wear basis and so do not show route-based data. The three large operators share more detailed patronage data to inform the Enhanced Partnership but this data is not currently accessible to the Bus Reform Project or to wider stakeholders.

3.3.8.2.   Figure 12 shows the trend of total bus journeys in the North East (including Tees Valley) compared to England outside of London. Figure 13 shows North East annual bus journeys per head broken down by Northumberland, Durham and Tyne and Wear and compared to areas of high bus patronage and England[78]. Figure 14 shows the trends of bus use in these high bus use areas.

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[78] *Data is available for local authority/ Integrated Transport Areas (ITAs) meaning comparisons are not like for like. Data is also by depot meaning some cross boundary services will not be represented.*

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Passenger journeys on local bus services indexed data
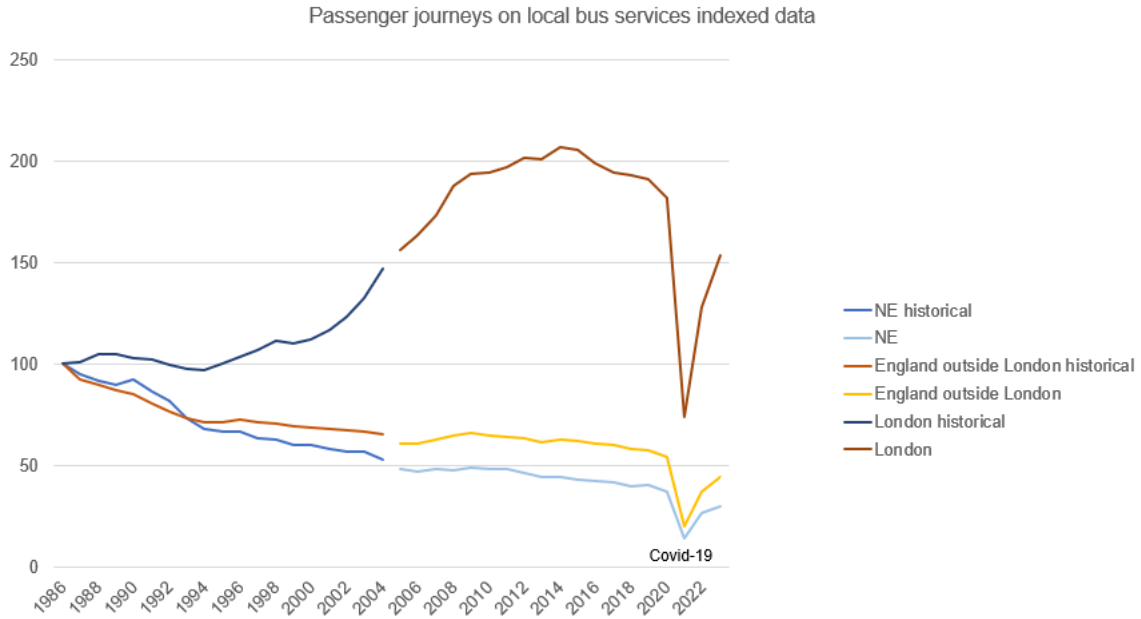
There was a change in data collection methodology between the histrorical and current datasets

North East refers to the DfT's definition, which includes Tees Valley

Figure 13: DfT, Passenger journeys on local bus services

Passenger journeys on local bus services per head by local authority
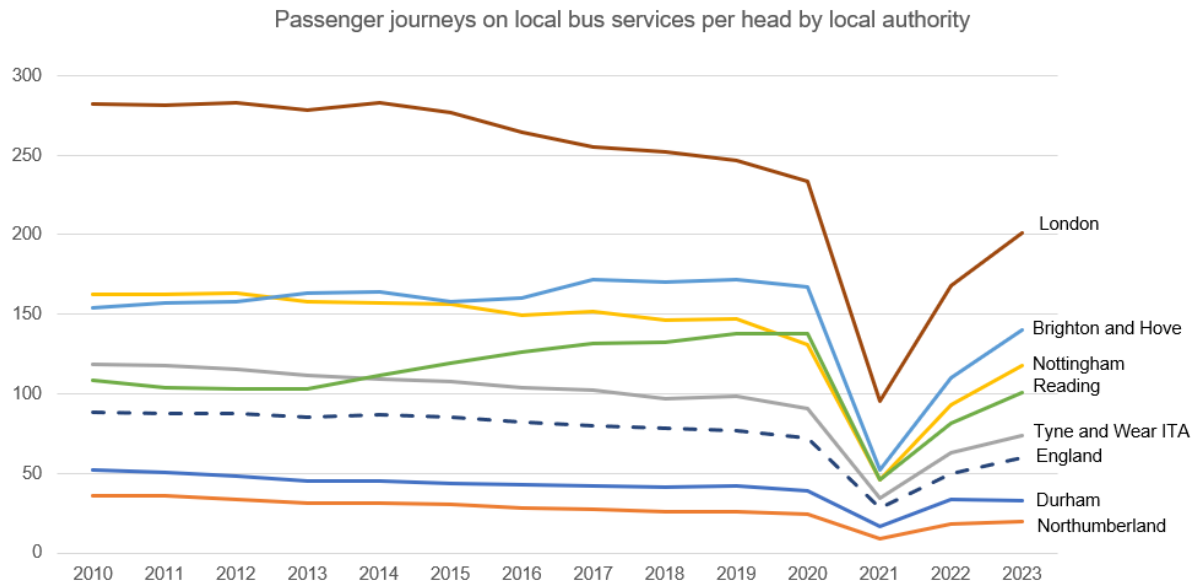
Figure 14: DfT, Passenger journeys on local bus services per head by local authority

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Passenger journeys on local bus services by local authority indexed
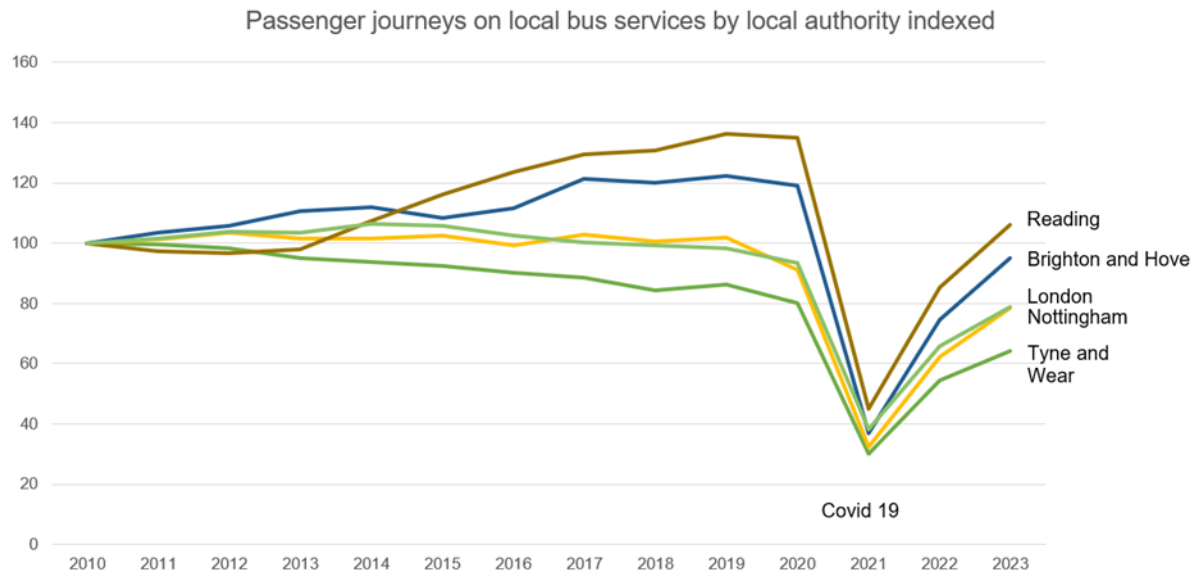
Figure 15: DfT, Trends in passenger journeys on local bus services by in areas with the highest bus use

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3.3.8.3.   The following assumptions can be drawn from these statistics:

3.3.8.4.   Bus use has fallen rapidly throughout England since 1985, with increasing car ownership the most commonly citied factor to explain this reduction. As can be seen in Figure 12, bus use in the North East has fallen more rapidly compared to England outside of London however. London has also gone against this trend and bus use is much higher since the 1980s.

3.3.8.5.   Figure 13 shows bus use per head since 2010. During this period Northumberland has declined 43%, Durham and Tyne and Wear have both declined 36%. All of these areas show notably higher decline than England's at 27%.

3.3.8.6.   Despite this decline Tyne and Wear continues to see extremely high bus ridership compared to other parts of England. Only London, Brighton and Hove, Nottingham and Reading have higher bus ridership per person. Durham has slightly below the average nationally and Northumberland is substantially behind. This reflects the largely urban nature of Tyne and Wear with low car ownership, and the more rural nature of Northumberland and Durham.

3.3.8.7.   Figure 14 explores this further and shows the trend of Tyne and Wear[79] total journeys alongside the other highest bus use areas. When compared to peer regions bus use in Tyne and Wear has performed poorly in the long term.

3.3.8.8.   Of these highest bus use areas, London buses operate under a contracting model[80] and Nottingham and Reading's bus markets are dominated by municipal operators. Nottingham and Reading also are relatively small cities with large student populations and bus friendly policies such as Nottingham's Work Place Parking Levy. Reading Buses explicitly commit to deliver a 'social dividend', reinvesting profits into bus services. The delivery model in Brighton and Hove is similar to the North East's, with its high bus use often explained by the introduction of simple fares[81], parking policies, extensive bus priority infrastructure[82] as well as its built environment and young population.

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[79] *Due to data limitations, we have chosen to focus on Tyne and Wear here as there are easily available comparable areas which are unfortunately not available for Durham, Northumberland, or the North East as a whole.*
[80] *London's 'contracting' model reflects that buses were never deregulated in the capital. It is substantively very similar to the 'franchising' model being pursued in some previously deregulated areas.*
[81] Urban Transport Group, 2019
[82] Urban Transport Group, 2013

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3.3.8.9.   In the last few decades, London has enjoyed high growth in bus patronage compared to the rest of the UK, though also saw a significant fall in patronage during the pandemic. The reasons for this and the extent to which London bus use can be used as a relevant comparison with the North East is explored further in Appendix C.

3.3.8.10.   As well as patronage, mileage operated has also declined over the same timeframe. In 2023, there were 52.1 million miles operated in the North East – a 30% reduction compared to 2010. There was a 12% reduction in mileage between 2022 and 2023 as operators and local authorities sought to reset service levels to a more sustainable level in view of post-COVID-19 reduced levels of demand.

3.3.8.11.   Increasing car ownership and use is by far the largest single cause for decreased demand for bus services, but bus patronage is determined by a range of factors. KPMG research looked at different influences on Scottish bus patronage between 2011 and 2016, decreasing by 27 million journeys over this period. Increased car ownership was responsible for 12 million lost journeys while 'online services' (such as online shopping and delivery) reduced demand by another seven million journeys[83]. These factors are largely outside the direct influence of bus operations under any delivery model, but increases to bus fares and journey times also lost four million and 5.9 million journeys respectively. More positively, increases to bus quality were estimated to generate an extra two million journeys.[84]

3.3.8.12.   These statistics show a long-term decline in North East bus patronage, outpacing English declines which have also been significant. Some stakeholders see bus reform – at least in part – as a response to shrinking bus patronage and milage.

3.3.9.   BSIP KPI 6- Bus Customer Satisfaction

3.3.9.1.   Bus Passenger Satisfaction BSIP KPIs is monitored using surveys undertaken by Transport Focus. From 2022 the survey changed methodology with more online participation, this means caution must be applied when comparing years.

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[83] *Some factors increased demand for bus services, meaning figures listed here do not sum. Most significantly is 'demographic changes' – a growing and increasingly older population – that would have increased demand by 8.9 million journeys absent other influences.*
[84] KPMG, 2017

3.3.9.2.   Bus satisfaction has been historically high in the North East and stood at 91% pre-pandemic in 2019[85]. As can be seen in Figure 16, this is in line with previous results in the North East.

3.3.9.3.   However, the figure also shows that there has been a substantial reduction in bus satisfaction with 81% of passengers reporting satisfaction with the bus service in 2022.
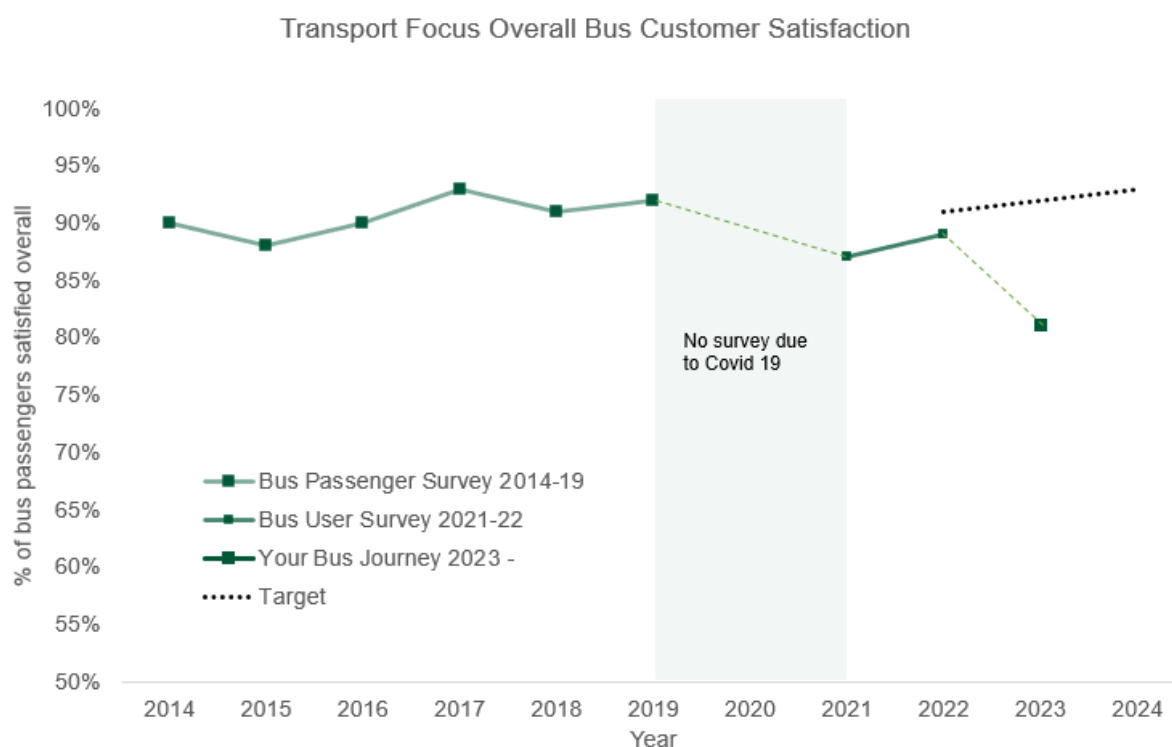
Figure 16: North East bus satisfaction

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[85] Transport Focus, 2019

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3.3.9.4. There is also substantial regional variation in reported satisfaction levels throughout the region (highlighted in bold) as can be seen in Table 5.

Rank	Area	Satisfied	Area Type
1	East Riding of Yorkshire	90%	Rural
2	Bournemouth, Christchurch and Poole	90%	Urban other
3	Greater Nottingham	87%	Urban other
4	Stoke-on-Trent	85%	Urban other
5	Nottinghamshire	85%	Semi-rural
6	Suffolk	85%	Rural
7	Cornwall	85%	Rural
8	Thurrock	84%	Urban other
9	City of York	84%	Urban other
10	Derbyshire	83%	Semi-rural
11	**Northumberland**	**83%**	**Rural**
12	Portsmouth	83%	Urban other
13	**Tyne and Wear**	**83%**	**Urban metropolitan**
14	Cheshire East	83%	Semi-rural
15	Liverpool City Region	83%	Urban metropolitan
16	North East Lincolnshire	83%	Urban other
17	Surrey	83%	Urban other
18	Leicester City	82%	Urban other
19	Brighton and Hove	82%	Urban other
20	Cheshire West and Chester	81%	Semi-rural
21	Norfolk	81%	Rural
22	West Sussex	81%	Urban other
23	South Yorkshire	81%	Urban metropolitan
24	Lancashire and Blackburn with Darwen	80%	Urban other
25	Luton	80%	Urban other
26	East Sussex	79%	Semi-rural
27	Greater Manchester	79%	Urban metropolitan
28	Oxfordshire	78%	Rural

29	West of England and North Somerset	77%	Urban other
30	Warrington	76%	Urban other
31	Tees Valley	76%	Urban other
32	West Midlands	76%	Urban metropolitan
33	**Durham**	**75%**	**Rural**
34	West Yorkshire	73%	Urban metropolitan

Table 5: Overall journey satisfaction– England counties (Transport Focus survey in 2023)

3.3.9.5.   The Partnership has managed to implement measures to specifically target this. These include:

- a bus operator Code of Conduct, which sets out a process for making network changes and aims to improve levels of passenger consultation; and
- a Bus Passenger Charter (BPC), which aims to set out a consistent standard bus passengers can come to expect when travelling in the region.

3.3.10.   BSIP KPI 7-10- Bus Performance

3.3.10.1.   Bus performance tends to be measured according to three metrics:

- punctuality (the proportion of buses which are no more than five minutes late or one minute early);
- reliability (the proportion of scheduled bus mileage which operate, with cancelled or cut short services impacting reliability); and
- bus speeds.

3.3.10.2.   BSIP KPIs which monitor bus performance are currently largely drawn from operator supplied DfT data. This is reported on an annual basis at a local authority level. Recently the EP has acquired a data analysis platform which uses open data (Bus Open Data Source) to report more detailed bus performance. DfT data is used within this report.

3.3.10.3.   As can be seen in Figure 17, buses in the North East tend to be more punctual than the average for England. However, they still fall short of Traffic Commissioner targets (and BSIP KPIs) which aim for buses to be 'on time' at least 95% of the time at all timing points and for a minimum of 99.5% of scheduled mileage to be operated.
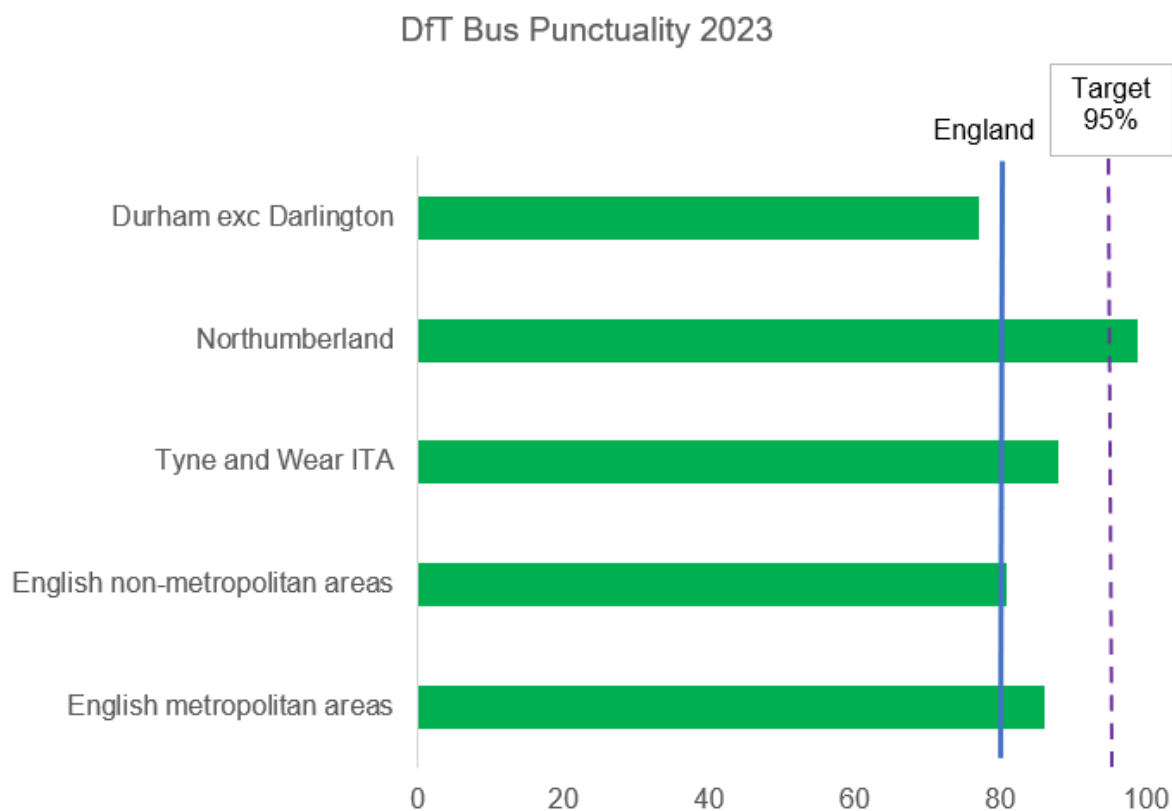
Figure 17: North East bus punctuality 2022/23, as published by DfT
Note, Northumberland appears unusually high in comparison to other data sources available and past performance. Northumberland punctuality was 86% in 2021 and 90% in 2022, with comparable results in earlier years. The 2023 result of 99% therefore significantly exceeds all previous performance without a clearly attributable factor for this, this suggests a potential data inaccuracy.

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North East Combined Authority
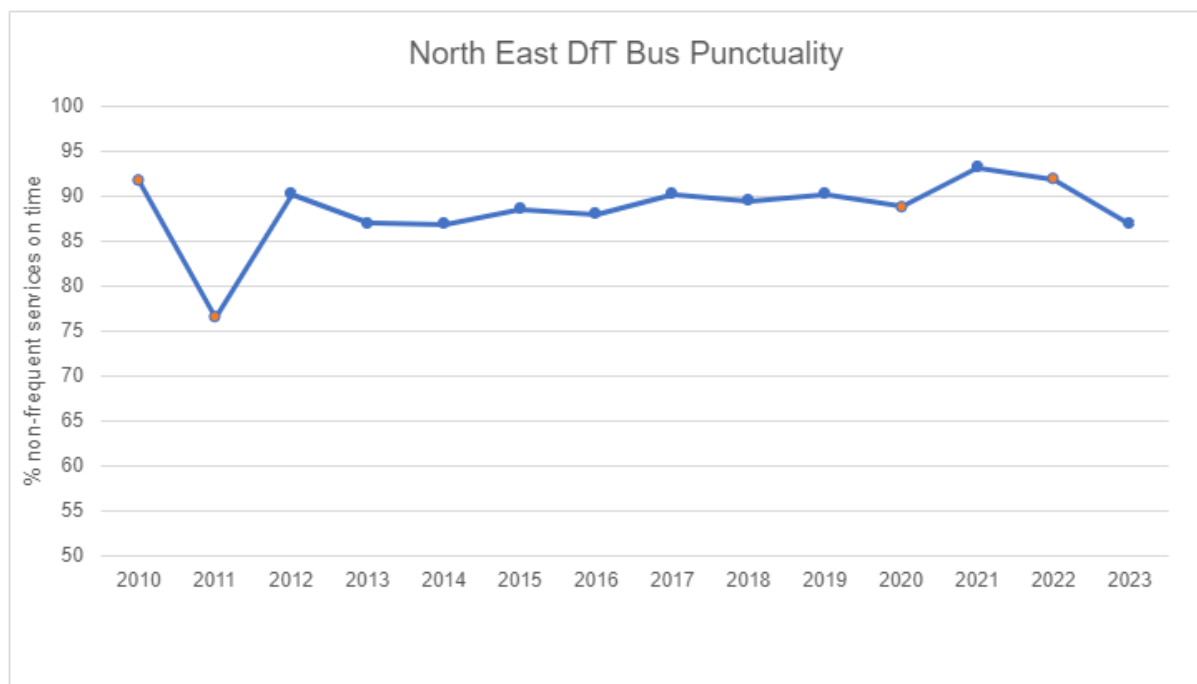
Figure 18: DfT, North East historic bus punctuality

3.3.10.4.   As can be seen in Figure 17, the trend has been reasonably consistent with limited progress since 2010.

3.3.10.5.   Congestion is a leading cause of poor bus performance and is a challenge for all bus networks. TomTom data shows that of the 25 of the UK's largest urban conurbations measures, 'Newcastle- Sunderland' (a 5km radium from the city centres) was the 24th least congested with average rush hour speeds of 38km/h. Comparable areas suffer with substantially worse congestion such as Leeds- Bradford (29km/h) or Liverpool (28 km/h). Despite this the North East has only slightly better performance than English metropolitan areas, as seen in Figure 16.

3.3.10.6.   It is difficult to draw conclusions without modelling, however this may suggest that the North East bus network is underperforming when these relatively favourable road conditions are considered. More challenging road conditions, such as those relating to the temporary capacity reduction on the Tyne Bridge, could worsen underperformance in future statistics.

3.3.11.   BSIP KPI 11- Environmental Standards
3.3.11.1.   BSIP KPIs on vehicle environmental standards are reported using operator supplied data.

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3.3.11.2.   There are 1,150 buses in the North East CA area. The average age of our bus fleet is 8.8 years. This is lower than the average for England outside of London (10.6), but higher than the average in the regulated London market (7.82).

3.3.11.3.   Most of our bus fleet is fuelled by diesel, but there are currently 18 ZEBs (2%). This is higher than the average for England outside of London (1.6%), but lower than the average for English Metropolitan areas (2.7%) and the regulated London market (11.2%). Funding has recently been secured from central government for a further 95 ZEBs. Once delivered, 10% of our fleet will be operated by ZEBs.   There are 140 Euro VI diesel buses (12% of the fleet) which are not due to be replaced until after our 2035 target.

3.3.12.   Conclusion

3.3.12.1.   Our BSIP KPIs are highly ambitious and focus on the most important metrics for a bus service: patronage, performance, passenger satisfaction and environmental standards.

3.3.12.2.   For many of these metrics, such as passenger satisfaction and performance the North East outperforms comparable regions and the English average. However, there is still huge room for improvement and the bus network is not currently meeting our KPIs. Trends are also worrying; customer satisfaction in particular seems to be declining.

3.3.12.3.   Bus patronage and modal share is relatively high in the region, particularly in urban areas. We have failed to recover to 2019 levels in the recent years however and historical trends show a disproportionate decline in the North East compared to the rest of England.

3.3.12.4.   In delivery of ZEBs the North East also lags behind England although progress has been made in recent years.

3.3.12.5.   Our current bus service is therefore unfortunately failing to meet our BSIP KPIs and Regional Transport Objectives on the whole. There are areas to be proud of – such as relatively high bus patronage and progress delivering ZEBs – but the evidence shows us falling short of our metrics. Change of some form is required to deliver a network that can meet these aspirations.

3.4. Commentary on how effectively our current bus service and EP is positioned to support the success of other North East CA portfolios.

3.4.1.   An effective bus network intersects across policy areas and helps to deliver on regional aspiration in other portfolios. Our interim Corporate Plan sets out ambitions for each portfolio area, linked to our aspirations for the region and our devolution deal. Buses play an important role in many of these areas.

3.4.2.   Table 6 evaluates how the current bus service and EP are delivering on the aspirations. It highlights areas where progress has been made and notes areas where it is insufficient to meet our aspirations.

3.4.3.   Overall, our EP and current bus services are partly supporting the success of other North East CA portfolios, but change is needed to fully align buses with our wider objectives. BSIP-funded improvements, such as better links to some skills bootcamps are important steps forward and should be recognised, but these remain relatively small parts of the puzzle. Reform offers wider opportunities for North East CA-wide alignment to deliver on our devolution deal and portfolio aspirations.

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North East Combined Authority

Portfolio and vision	How effectively is the current bus service and EP supporting North East CA portfolios?
Finance and investment *Ensure that investment decisions are underpinned by a clear investment strategy that maximises leverage of the investment fund, set within a plan for generating positive jobs, skills and inclusive growth outcomes.*	Buses provide access to jobs for people across the North East, with 5.4% of workers in the region choosing to commute via bus. There are commercial routes between major employment hubs and population centres as these are profitable. However, these services may not be able to be in place from day one of a new employment centre – limiting opportunities until an operator felt that the route would be profitable. It is possible through section 106 developer contributions, which can be used to pump-prime bus services to new sites from day one while that route cannot justify commercially operated services. Once the developer contributions run out, the service will likely be withdrawn unless it can sustain itself commercially, or funding can be found to secure it. The current model therefore cannot guarantee long term bus services to new developments. The North East competes against other regions in the UK and overseas for inward investment. Decisions involve several considerations – such as supply chains, skills and labour market considerations – but transport connections are also important. Regions that have a visibly more dynamic, strategic, and cohesive network are likely to hold greater appeal, giving a comparative advantage to regions such as London, Greater Manchester, and several European regions with wholly integrated transport systems and disadvantaging the North East. As a result of these factors, the current bus service is not sufficiently supporting this portfolio.
Environment, coastal and rural *Place the environment, the coast, and the growth of our rural*	Buses can be a vital link for rural and coastal residents, particularly those without a car. Unfortunately, these routes are often unprofitable – leading to frequencies being reduced or services cancelled. Local authorities spend significant sums on secured services to connect these areas.

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areas at the core of the economic strategy for the North East.	Our EP commits that buses will serve 'rural corridors' once every two hours in daytime, Monday to Saturday. The current mix of commercial and secured services provide more rural services than can be found in other rural areas, such as North Yorkshire. The market research we commissioned found that buses are very important to rural residents, but they are not satisfied with the current provision. Buses in the region also have an important role reducing carbon emission and air pollution by reducing the number of car journeys taken. If current trends continue however, and bus use continues to decline, this impactful benefit of our bus network will be reduced. As a result of these factors, the current bus service is not sufficiently supporting this portfolio.
Culture, creative, tourism and sport *Seek to deliver a vibrant and inclusive regional economy with culture, creativity, the visitor economy, leisure and sport at its heart.*	The North East is increasingly a centre for culture and tourism, hosting events such as Lumiere biennially, the Tour of Britain cycle race and football matches at Euro 2028. Bus services have supported these events, often being tailored to the needs of the event, such as P&R services for Lumiere. Nexus coordinated services around Sam Fender and Pink concerts in June 2023 in Newcastle and Sunderland. Similar provision would be beneficial when hosting other mass events. We also currently struggle to promote a cohesive tourist bus offering, limiting its benefit to our visitor economy.
Economy *A bold overall economic*	Buses are very important to the local economy, with significant potential to further support our objectives. Improved bus services can help to ensure equitable growth and access to job opportunities by mitigating

strategy that guides investment in the region, boosts growth and productivity and proactively guides our economic transition while reducing inequality.	congestion. Transport for the West Midlands found that 216,000 fewer people were within 45 minutes of Birmingham city centre compared to 2008 because of congestion[86].
	Between 2020 and 2022, people in the North East spent a larger proportion (14%) of their income on transport compared to the English average (13%), and this has increased by 10% since 2010[87]. Improving bus provision and making fares as affordable as possible will help people in the North East save money which can then be spent locally, stimulating our regional economy.
	Over 40% of bus journeys in our region taken by adults aged 26-65 are work commutes. Our bus services ensure these adults can stay in work and take private cars off the road, lightening the impact on those who need to drive. Operators recognise the commercial benefits of serving some employment hubs, with extended services running to Nissan and Follingsby Amazon.
	Buses are unfortunately currently limited for those working early morning or late-night shifts – particularly those who live or work outside of our cities. Services are orientated towards peak commuting hours, meaning people working other hours may not be able to travel by bus – limiting their employment prospects or forcing them to bear the cost of running a car, often on a low income. To help address this inequality, BSIP funding has been allocated to provide a night bus between Newcastle and the airport, helping staff commute to and from the airport and opening up job opportunities for people who cannot afford to commute by car[88].
	The current network is not well positioned to provide services for people who work outside of traditional working hours, limiting the region's ability to develop a thriving 24-hour economy. It is possible, but only through publicly

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[86] Transport for the West Midlands, 2018
[87] North East CA Evidence Hub, 2023
[88] Nexus, 2024

	funded interventions, such as the night bus to Newcastle Airport. As a result, the current network is not delivering sufficiently to support a "bold overall economic strategy".
Housing and land *Set out bold and ambitious plans for the North East: to improve the range, quality and affordability of housing; drive economic growth and productivity; and support the most vulnerable.*	Connections to local bus services can determine how reliant residents are on private vehicles. Durham and Northumberland county councils are the planning authorities for their areas, responsible for reviewing and approving proposed developments. Nexus and local bus operators are usually consulted on applications. Funding can be sought from housing developers to provide bus services, such as those running to the Great Park developments in the north of Newcastle, though planning authorities also seek developer contributions for other amenities – particularly in the context of strained local government finances. This can mean securing funding for bus services is deprioritised when developers have a limited funding put for contributions. More integration between buses and housing policy is needed. New developments are often – by their nature and local 'green belts' – on the outskirts of existing settlements, requiring motorised transport to access shops and services. Need for developer contributions, bus unfriendly road layouts and distance from existing transport links mean some developments are highly geared towards car ownership with limited bus options.
Education, skills and inclusion *Build an inclusive and sustainable economy that everyone can contribute to and benefit from, equipping residents with the skills*	Buses connect learners with educational sites across the region, enabling people to gain new skills and qualifications, ultimately aiding them to boost their income. Adult education courses are primarily held in the evening. Reduced bus frequencies at these times add barriers to uptake. Discounts for young people subsidise those travelling for school education, but no similar provision is available for those travelling to adult courses. Insufficient bus provision is likely to disproportionately affect adults on very low incomes – key beneficiaries of devolved skills programmes – who cannot afford to run a private car. A current example of an effort to address

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and support needed for our economy to thrive.	this issue is a new partnership between Nissan, NA College Trust and South Tyneside Council to provide additional night time and early morning journeys to help local people take part in a skills bootcamp in Electric Vehicle Manufacturing[89]. Post-16 educational institutions are often served by existing commercial routes, though services may not be sufficient in some cases for institutions in small towns and more rural locations – particularly when adults seek to attend courses in off-peak hours when frequencies are considerably reduced. The current network does not provide for this type of niche provision, and the fact that it is necessary for educational bodies to support these services indicate that the current network is not sufficiently supporting the education, skills, and inclusion portfolio.

Table 6: How the current bus network and EP are delivering on the portfolio aspirations

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[89] Nexus, 2024

North East
Combined
Authority

3.5. Commentary on how effectively the current network and EP are delivering against the results of wider public engagement and stakeholder insights.

3.5.1. Insight from the wider public engagement

3.5.1.1.   The Big Bus Conversation forms part of our efforts to gather insight from the public as to how they use, and what they think of, the bus services in our region. This allows us to refresh our BSIP to include the change in people's perceptions of bus provision. The first Big Bus Conversation took place in 2021 and was used to inform our first BSIP.

3.5.1.2.   The most recent Big Bus Conversation was conducted in summer 2023 and consisted of an online survey, which ran from 26 June 2023 to 12 September 2023; a total of 1,672 responses were received. There were also seven in-person events held across each of the seven local authorities, and feedback was collected on 543 comment cards.

3.5.1.3.   Respondents were asked to give a numeric ranking for bus services. Of the 1,384 ratings, the most common given rating was five out of ten (ten being the best and zero the worst). Ratings did not vary much dependent on whether respondents were current bus users, with responses by those who answered yes to the question "are you a current bus user?" having the same rating average as those who did not.

3.5.1.4.   Respondents were asked how their perception of buses has changed over the last few years. A strong theme for this question was a decline in the perception of the bus services, with around 360 uses of phrases that indicate a lower perception. "Got worse" "Less frequent" "less reliable" "less buses" "Services cut". "Worse" occurs 195 times, "better" 65 times and "Much better" only eight times.

3.5.1.5.   The most positive finding of the most recent Big Bus Conversation is the positive impact that lower fares have had on the perceived value of buses for the passenger. When asked what came to mind when they thought of buses, there was a 61% decrease in respondents describing buses as "expensive". This trend is reflected in the North East Travel Survey where there was a 40% fall in the number of people identifying "cost" as the worst aspect of the bus service between 2022 and 2023. This finding indicates the public are responsive to improvements to the bus network, strengthening the impact of other improvements unlocked through bus reform.

3.5.1.6.   However, this is not to say that people do not still find bus services unaffordable. "Expensive" was the third most common word people used when asked what three words spring to mind when they thought about buses in 2023, as can be seen in Figure 19. Additionally, when asked what would help them use buses more, cost was the third most common theme after frequency and reliability.

"What three words spring to mind when you think about buses?"
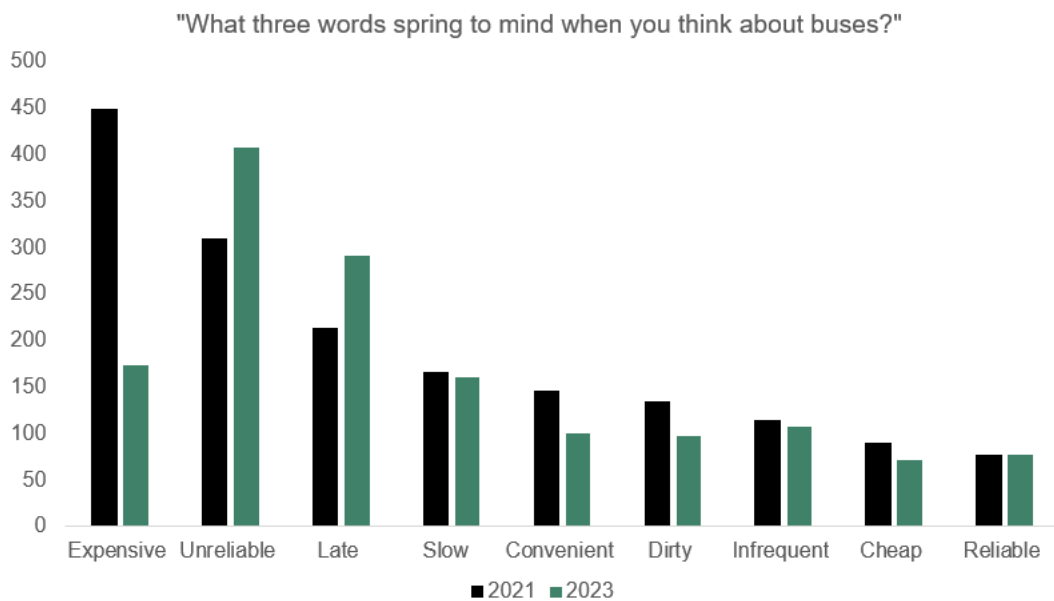
Figure 19: Results from the Big Bus Conversation showing what three words respondents used when thinking about buses

3.5.1.7.   To summarise, Big Bus Conversation participants do not rate bus services in the North East highly, scoring them a five out of ten on average. The perception of bus services being poor quality has only worsened over the years, with the survey finding a strong theme of perceived decline. However, there was a consistent fall in the number of people who thought of bus travel as expensive following the new single fare caps.

3.5.1.8.   Different methodologies of assessing perceptions of buses tend to yield different results. Residents generally have a more positive view of bus services when asked how their previous bus journey was, as opposed to being asked how they view bus services overall. Transport Focus take the former approach and found that, in 2022, 81% of North East residents had a positive view of bus services. This is a 10% decrease from 2019

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when 91% of residents felt positively. These results are discussed further in section 3.3.9.

> *"The £2 cap and the £1 under 21 ticket have been a massive step in the right direction."*
>
> *Big Bus Conversation 2023*

3.5.2. Insight from stakeholder interviews

3.5.2.1.   An independent research agency carried out interviews with key stakeholders between November 2023 and January 2024 on behalf of the Bus Reform Project. These interviews sought to understand stakeholder views of current provision and what changes and improvements they would want to see as part of any future reform to bus services.

3.5.2.2.   Interviewees were intended to represent a wide range of stakeholders and positions. These included Leaders and senior officers from our seven local authorities, the region's existing elected Mayors and Police and Crime Commissioners, trade unions and bus operators.

3.5.2.3.   Stakeholders commonly felt that current bus services in the North East did not meet the needs of our population, particularly those in work. Services were seen as too unreliable and infrequent for people to use them to travel to their workplace.

3.5.2.4.   Current provision was also seen to be a barrier to achieving decarbonisation goals, particularly due to a failure to induce a modal shift to buses from cars. Better bus provision was seen to be a way to encourage a shift to more environmentally friendly travel.

3.5.2.5.   Some interviewees also highlighted how post-pandemic shifts, most notably the much higher prevalence of home working, will reduce demand for services and require some form of reform as a result.

3.5.2.6.   Interviews coincided with the GNE drivers' strike and some stakeholders argued the strike had further weakened confidence in the network – pushing some users to purchase cars and leading more people to view buses as unreliable; perceptions that could take significant time to reverse, even following the strike's conclusion.

3.5.2.7.   Local authority stakeholders were often positive about the relationships they had with bus operators – with many of these deepened during the pandemic, but interviewees from the sector also highlighted how they

were "paying more subsidies than we've ever paid" to operators to sustain important, but commercially unviable, services.

3.5.2.8. To summarise, stakeholders felt that the bus services did not meet the standards they expect due to being infrequent and unreliable. Stakeholders were concerned about the ability of the current network to meet decarbonisation goals and felt that the drivers' strike had weakened confidence in the network- leading to more people travelling by car. Interviewees also noted that they were paying more in subsidy to operators than they ever had before to sustain important services. Reform was seen as a desirable response to these issues.

3.6. Wider situational analysis, facts and insights of the current status of the bus market and operations in our region.

Table 7 outlines a wider situational analysis, facts and insights of the current status of the bus market and operations in our region.

Staff	Our major operators are significant employers in the region including drivers, engineers and managers. Go North East employs 2,100 drivers, Stagecoach employs 1,300 drivers and Arriva employs 450 drivers. Industrial relations are managed by operators with limited scope for intervention by elected members in instances of industrial action. Staff are also employed by authorities and are responsible for design/procurement/management of the socially necessary secured services, provision of on-street journey planning information, maintenance of on-street highway infrastructure and maintenance/management of local bus stations. Local authority staff are responsible for highway infrastructure and parking policy/enforcement. Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) and pension protection are available for employees where service provision is cancelled by the Traffic Commissioner due to non-compliance with an EP and subsequently replaced by tendered provision.
Fleet	Within the North East there are approximately 1,150 buses, operating just over 550 registered local bus routes. Most buses in the North East fleet are owned by the respective operator. This reflects the traditional approach throughout England, except for London where leasing is more prevalent. The current commercial delivery model also results in investment being focused on the routes with highest levels of demand. High frequency core routes will typically see investment in new buses every five years with older buses then cascaded to secondary and tertiary routes.

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Market share	There are three major operators within the North East bus market: Arriva (16% market share (fleet)), GNE (44% of market share(fleet)) and Stagecoach North East (25% market share (fleet)). Collectively, these three operators control 85% of the fleet; the remaining 15% of buses are operated by 11 SMEs.[90] 14% of mileage across the North East is contracted by local authorities (17% in Durham, 15% in Northumberland and 12% in Tyne and Wear). Private operators run these services, but taken collectively they represent significant public sector market share.
Depots	Most buses and depots in our region are owned or leased by private bus operators. Buses are stored and maintained at over 25 different depot locations (the smallest site has x2 buses and the largest site has c.160 buses). Some parts of our region are served by buses which are operationally based outside of our region. For example, some parts of County Durham are served by Arriva buses operationally based at depot sites in Darlington and Stockton.
Cross boundary services	The North East area borders North Yorkshire and Tees Valley to the south, Cumbria to the west and the Scottish borders to the north. There are a number of cross boundary services that operate between these areas both on a commercial and secured basis. Most cross-boundary services are relatively short distance services between towns in the south of County Durham and the Tees Valley, such as the Arriva 1 service between Tow Law and Darlington (via Bishop Auckland), though there are some longer distance services between Newcastle and Middlesbrough / Newcastle and Carlisle.

Table 7: Wider situational analysis, facts and insights of the current status of the region's bus market

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[90] *Market share is typically measured by either patronage for each operator or the mileage its network covers. This would be the ideal approach but neither of these figures are publicly available. Fleet sizes are a reasonable proxy for market share – an operator that runs more services and carries more passengers would logically have more buses to run these services.*

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3.6.1. Financial information

3.6.1.1. Using publicly available accounts data, it is possible to estimate the cost of running bus services in our region, as well as income sources. For example, analysis of bus operator accounts for 2022/23 suggests that the cost of operating our regions bus network was over £234m.

3.6.1.2. This analysis would greatly benefit from more transparent data as inconsistencies between operators can arise in publicly available accounts, data limitations are discussed in Appendix D.

3.6.1.3. Providing bus services in the North East is a substantial undertaking and bus operators currently take on huge revenue risk. Table 8 shows an estimated cost of running bus services in the region. Accounts have been used to estimate three largest operators, who hold around 85% of the market share (based on fleet). An estimation for costs incurred by SME operators is also included. As Arriva Durham also operates outside of the North East, costs have been scaled accordingly. Methodology and data limitations are discussed in Appendix D.

Operator	Cost of Sales (£m)	% North East CA area	Estimated Cost North East CA area (£m)	Year Ending
Arriva Durham County	48.341	40%	19.336	31 Dec 2022
Arriva Northumbria	31.686	100%	31.686	31 Dec 2022
Busways Travel Services (Stagecoach)	63.108	100%	63.108	29 Apr 2023
Go North East	89.745	100%	89.745	02 July 2022
SME operators (estimation)	30.59	100%	30.59	n/a
TOTAL	263.49	N/A	234.5	N/A

Table 8: Cost estimate of running bus services in region.
* 2021/22 data used for GNE pending publication of 22/23 accounts expected late 2024

3.6.1.4. As discussed previously, local authorities / Nexus and central government invest heavily in the bus network.

3.6.1.5. Table 9 shows ENCTS and discretionary concession outturn in 2022/23 in our region totalled £50.87m in 2021/22.

Authority	Concessionary Outturn 2022/23 (£m)
Durham County Council	10.078

Nexus	30.559
Northumberland County Council	4.227
North East Total	**44.864**

Table 9: North East ENCTS payments to bus operators 2022/23

3.6.1.6.   Table 10 shows BSOG and COVID-19 related grant income totalled £32.76 million in 2021/22

Operator	Grant income 2021/22 (£m)
Arriva Durham County	*5.138
Arriva Northumbria	8.603
Busways Travel Services (Stagecoach)	8.640
Go North East	10.386
North East Total	**32.767**

Table 10: Grant income to bus operators as indicated within 2021/22 bus operator accounts
*Total (£12.845 million) adjusted to reflect 40% applicable within the North East CA area

3.6.1.7.   Public investment in secured services has also increased in recent years, As can be seen in Table 11, the combined secured services outturn for the region has increased by over 60% between financial year 2018/19 and 2023/24.

Secured Services	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24 (forecast)
Durham	2.249	2.410	2.479	2.636	3.601	6.801
Northumberland	1.041	1.117	1.170	1.246	1.273	1.48
Tyne & Wear	10.799	10.863	12.348	11.206	12.602	14.344
Total	**14.089**	**14.390**	**15.997**	**15.088**	**17.476**	**22.625**

Table 11: Secured services Outturn for the region (last five years)

3.6.1.8.   Operating profits (before taxation) by the large bus operators over the last five years are illustrated in Table 12. Operators each use different reporting years and the results for Arriva Durham County relate, in part, to operations outside of our region. However, at a high level the data illustrates the profitable nature of running bus services in our region prior to the pandemic (Table 13) – and the scale of losses incurred since[91].

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[91] *The recent losses incurred by operators in the North East may be explained by changes in accounting and/or inter-company transfers at their respective parent-group level.*

3.6.1.9.   Some also see these losses – and the likelihood of further losses in future years – as an argument for change and way to stabilise provision. Operators cannot sustain without profits indefinitely and will need to increase revenue (through higher commercial fares) or cut costs (through reduced routes and frequencies) at some point to counter these losses.

Operator	2018-19	2019-20	2020-21	2021-22	2022-23
Arriva Durham County	£4,369,000	£1,784,000	£117,000	£1,208,000	£346,000
Arriva Northumbria	£1,510,000	£2,098,000	-£165,000	-£584,000	-£2,272,000
Go North East	£4,466,000	£1,423,000	£45,000	-£1,908,000	N/A[92]
Stagecoach Busways	£6,842,000	£7,477,000	£1,071,000	£3,485,000	-£1,857,000
Total	**£17,187,000**	**£12,782,000**	**£1,068,000**	**£2,201,000**	**-£3,783,000**

Table 12: Operating profit (before taxation) publicly reported by main bus operators

Operator	2018-19	2019-20	2020-21	2021-22	2022-23
Arriva Durham County	10%	4%	0%	3%	1%
Arriva Northumbria	6%	7%	-1%	-2%	-8%
Go North East	4%	2%	0%	-2%	N/A
Stagecoach Busways	12%	13%	2%	6%	-3%
Total	**8%**	**6%**	**1%**	**1%**	**-3%**

Table 13: Operating margin (before taxation) publicly reported by main bus operators

3.7.   Operational challenges associated with the management and function of the EP.

3.7.1.   The following challenges have been identified through stakeholder and expert advice. They relate to the management and function of the EP and are not focused on wider challenges towards regional objectives such as traffic congestion and declining patronage.

3.7.2.   A central operational challenge within an EP is the need to secure broad agreement from operators. This limits the cohesion of the partnership, often requires public funding to protect against commercial risk to deliver improvements, and limits EP commitments to what the least ambitious operators are willing to accept. Examples of this in practice include the protracted negotiations to agree the new multi-operator and multi-modal fares and the failure to realise our BSIP 'kids go free' commitment in the current EP.

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[92] *Go North East accounts for 2022/23 have not been published as of June 2024.*

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3.7.3. Although BSIP KPIs are intended to provide an overall goal for the partnership each operator also has separate objectives and business plans. This creates the potential for objective misalignment. Full integration, partnership working or regional objectives can sometimes be in conflict with competition and commercial interest.

3.7.4. As mentioned in section 3.3.7, full data and business intelligence does not have to be shared with the partnership, for example revenue and in-depth performance data is not shared. This can cause issues setting and monitoring KPIs.

3.7.5. While the partnership has attracted substantial investment from central government, including the BSIP, Levelling Up Fund, and Transforming Cities Fund (TCF), all of these are short-term funding pots and there is no long-term funding guarantee. This limits the scope of our EP and means that improvements are less likely to be committed to as they may not be viable in the long term. Any bus reform option is likely to require long-term funding certainty to be fully effective.

3.7.6. Our BSIP and resulting EP reflect ambitions for the region and the funding available, but operational challenges, resource constraints and bureaucracy hamper the deliverability of some commitments. Many of these challenges will exist irrespective of future reform options. For example, capacity pressures in authorities and lengthy procurement processes can limit the speed of delivery; while shortages in bus drivers and recruitment difficulties prevent additional uplifts to service frequencies. Delivering BSIP schemes which are funded has run into significant obstacles, due to legal requirements for provisions such as Grant Funding Agreements.

3.7.7. Individual relationships can be crucial to agreeing an EP. Politicians, officers, and bus company senior managers all have important roles in the process. A change in key personnel – whether due to an election or career decisions – can mean new key individuals enter without existing relationships and potentially different perspectives and risk tolerance, possibly setting the EP negotiations back. For example, an incoming bus operator executive may be unwilling to pursue an option that was previously close to agreement or a new senior authority officer may view a previously agreed compromise as unsatisfactory. It is also a risk that is difficult to predict and mitigate against as it depends on the career decisions of individuals in the process, rather than organisations as a whole.

Key insights from this section:
- Our current delivery model (EP) is characterised by the shared roles between local authorities and bus operators in the region.
- This has resulted in a variation in the current bus network as explored in section 3.2.
- In terms of baselining the North East bus network against other regions, bus use remains relatively high in the North East but it has been declining in line with other regions in the UK (excluding London).
- Despite this, bus customer satisfaction tends to be positive among current bus users.
- In other areas, bus performance remains a problem for passengers and there is limited strategic alignment in wider policy areas, such as housing and rural affairs. Stakeholder and public engagement also found negative views were common.
- Operator accounts reveal the scale of bus operations in the region with huge costs incurred each year. A large portion of the costs of providing a bus service are currently funded using public finances.
- This raises questions about the sustainability of bus services if demands on public funding continues to grow.
- The next section will begin to examine possible solutions to these issues.

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4. Where do we want to be?

> This section will...
> - Start to look ahead to where we want our region's bus network to be, framed through the lens of North East transport policies.
> - This will primarily be done through the regional transport objectives, North East CA portfolio headlines and insights from key stakeholders.
> - This will respond to the ambition of the region's bus policies and objectives. The bus network also needs to fit the different geographies and therefore different needs of residents across the North East.
> - The criteria for where we want to be will be used to inform our analysis of reform options. This criteria will remain indicative however and is focused on the end bus product that passengers will experience rather than specific solutions. This is to prevent against predetermining that a specific delivery path would be necessary to achieve our goals for the network.

4.1. What we require of our bus network to deliver our regional transport objectives?

4.1.1. The scale of the challenge towards reaching our regional objectives is not to be underestimated. Bus patronage has been declining for many decades and finances are under pressure, as explored in section 3.

4.1.2. As discussed in section 3.3, if current trends continue, we will not reach our regional objectives. In fact, we are likely to become more car dependent with worse bus services as road traffic is projected to grow by 22% by 2060 or 54% if a shift to electric vehicles is achieved[93].

4.1.3. The Local Transport Plan sets out our collective ambitions and transport initiatives to help achieve our regional objectives, the new incarnation of which has integration at its heart, with bus playing an important role in that. Integration has three key elements:

- Efficiently designed - different parts of the transport system are planned collectively so that connectivity is maximised, but waste, duplication, and fragmentation are minimised.

- Simple and easy to use - operations are delivered in such a way that users experience a consistency of service that makes it easy to travel end-to-end, regardless of transport type.

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[93] Department for Transport, 2022

- Part of everyday life - transport is considered a fundamental part of "place-making", with transport services, facilities, information, and infrastructure built into the design of housing, employment, and leisure facilities.

4.1.4. To deliver our regional transport objectives, we have identified key areas which will need to be improved. These are focused on the bus product and bus passenger as the end user.

4.1.5. These criteria begin to look at steps which must be taken to achieve regional objectives without specifying delivery models or plans. The evidence base for these improvements is drawn from the Big Bus Conversation, market research and public consultation undertaken as part of the Local Transport Plan, BSIP and MTRTC strategy.

4.1.6. These criteria are also indicative and do not constitute a formal assessment criteria. Deliverability under the reform options will be discussed in section 6.

4.1.7. Areas covered include supporting customers to be able to effectively plan journeys, making ticketing and fares simpler, having resilient infrastructure across the network, and ensuring services are held to a high standard. Each of these matters are explained in further detail in Table 14 below.

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Connections between different transport types	Rail and Metro	Ticketing can be an enabler of integration by removing interchange penalties and speeding up interchange. Timetables can also be coordinated for added efficiency. Metro services already operate with a minimum of four/five trains an hour, providing an excellent platform for greater integration with buses at pre-existing interchanges across the network – timetable, ticketing and route coordination can build on this and encourage interchange / multi-modal journeys. We would need to avoid excessive overlap between rail services and bus as this can lead to duplication. Particularly important with any future rail developments such as the Leamside Line. Further integration between bus and local rail (in terms of both timetabling and ticketing) is a regional aspiration and could deliver significant benefits for passengers.
	Bus	Many passengers use multiple bus routes on a single journey, often operated by different operators. Ensuring a seamless transition between buses will help the bus network to achieve our transport objectives. This includes integrated ticketing, timetabling, marketing, consistent information across operators. From the user perspective, they should encounter no difference in experience between operators. The bus network should ensure that there is no duplication of service, helping to make better use of regional resources and balancing service provision across the North East.
	Walking and wheeling	Promotion of active travel in the region is arguably the most important step, as the majority of bus journeys begin with a walk to the bus stop. Ensuring walking or wheeling to bus stops is as pleasant and accessible as possible can have a huge impact on the passenger experience and help to drive patronage.

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	Car	P&R can encourage more people to choose buses for part of their journey. Building on successful P&R sites in the region, such as those in Durham, will facilitate more people to travel by bus.
Planning journeys/informing users/supporting customers	Journey planning	At a high-level, the bus network needs to be made simple and easy to access and use. Market research that we have conducted indicates that there are North East residents who do not know how the bus system works, and so steps need to be taken to educate the population. This research will be further discussed in section 4.3. Journey information must be accurate and widely available. This must apply to 'pre' and 'on' journey information, such as journey planning and real time information.
	Disruption information	Effective communication is especially important at times of disruption to build a reliable network. When there are issues with performance it is essential that accurate information is provided, customer expectations are managed, and alternatives are provided.
	Branding	Passenger must be able to use buses without prior knowledge of the network, this can be through initiatives such as coordinated route numbering and common branding for logos and vehicle colours.
	Marketing	Residents must also be made aware of the advantages of bus use as part of an integrated network, and negative perceptions of buses can be challenged. A high-quality marketing campaign could be effective in influencing behaviour change, helping residents to 'Make The Right Travel Choice.'
	Customer Charter	Trust must always be maintained with users. This is likely to include having an effective complaints procedure when things go wrong, ensuring high accessibility standards and allowing users to input into issues such as services changes. Day to day communication with passengers must also be undertaken to high standards. This includes the customer service on board, at station and central communications for issues such as lost property.
Fares and Ticketing	Children & young people	We require fares which are affordable and attractive for as many residents as possible. While there will always be funding constraints, we know removing financial barriers to bus use has huge social benefits.
	Adult fare paying	

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	Concessionary travel	This can help us to achieve a wide range of regional objectives in areas such as employment, economic development and child poverty. Making ticketing integrated, simple to understand and use can also be a huge driver towards increased bus use and our regional objectives. Bus fares need to be seen as competitive to other modes, if not cheaper than alternative offers such as city centre car parking to encourage more people to make use of buses. The below case study examines how Nottingham has made this a priority.
Network		The quality of many bus services has suffered by a reduction in operating hours and frequencies. Many services have also been cut entirely leaving communities without a service. Funding additional services will support rural communities and can help to reverse a decline in mileage to drastically improve the bus offering and increase patronage. Often prioritising reach of network must be balanced with providing a high-quality frequent service in the busiest core network. These decisions must be responsive to the needs of communities to find appropriate solutions. Community transport will also always have a role to play in rural transport provision and this could be integrated into any future delivery model. While are some changes are inevitable or even describable, the network must also be reasonably stable so communities can come to rely on the provision of a bus offering in the long term.
Reach and resilience of infrastructure	Fleet and ZEVs	To attract more customers and meet our environmental objectives, our fleet will need to be continually upgraded. This will require significant commitment, investment and require collaboration with neighbouring authorities.
	Bus Priority Infrastructure	Our road infrastructure must enable safe bus journeys which minimise the impact of congestion and disruption on bus performance. Bus priority infrastructure will therefore be required if we are to meet our regional transport objectives. Well-designed bus priority schemes can insulate bus journeys from

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		traffic, making buses an attractive option. This can also improve bus speeds, making bus journeys appealing when compared to private vehicles. Traffic management, such as UTMCs and moving traffic regulation and enforcement, can also be used to improve bus performance. Buses can also be prioritised when considering the impact of planned disruption.
	Bus stops, stations and interchanges	Infrastructure such as our bus stops, stations and interchanges must also be attractive and accessible to remove barriers to bus travel and encourage more residents to take buses.
Service Quality	**Punctuality, reliability, speeds**	Buses must be reliable – services should be on time and should not be cancelled outside of exceptional circumstances. Market research and surveys, discussed in sections 3.5 and 4.3, have shown us that reliability is the biggest problem stopping residents choosing buses for journeys and any reform would need to focus on improving this. Improvements can be achieved by introducing bus priority infrastructure and effective of traffic management. Other factors are also important such as effective management of depots, quick boarding, maintenance of staffing levels and rationalising stops.
	Buses	Stops and stations can determine the quality of the journey experience, on board factors such as cleanliness and comfort can also have a big impact. Investing in and maintaining the bus fleet is vital and facilities such as modern seating, Wi-Fi for longer journeys, easy payment and device charging can increase the attractiveness of the bus service. Other investments such as audio-visual announcements, hearing detection loops and CCTV can also increase the safety and accessibility of the network.

Table 14: Criteria for what the region requires of its bus network to deliver regional transport objectives

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Case study – Nottingham City Council's Parking Policy

In 2020, Nottingham City Council introduced an Advanced Quality Partnership, which ensures that day rates within the City Council's parking estate always exceed the cost of the Robin Hood Multi-Operator Day Bus and Tram Ticket. In 2012, a Work Place Parking Levy was also introduced to reduce congestion and to provide revenue to be re-invested in the sustainable transport infrastructure of the city. While it should be caveated these decisions came with a number of legal and other contentious issues, the bold decision to implement such a radical change did result in an increase in economic growth as well as overall improvements to the bus and tram network.

Case study - Strategic integration with planning policy in London

The London Plan is the city's Spatial Development Strategy, setting out a long-term vision for London's development and informing planning decisions across the city. It exemplifies how transit-friendly policies can support, and be supported by, decisions made in other portfolios. The current London Plan, approved in 2021, requires developers to prioritise sites that are or will be well-connected to its public transport network and safeguards land and buildings used for public transport from development. It treats car free development as the "starting point" for housing developments with good public transport connections, linking this to active travel and wider health and environmental benefits.

Case study - Bus priority infrastructure in Brighton

Brighton saw a significant fall in bus punctuality in the mid-2010s, decreasing from 89% to 80%. Bus operators attributed this fall to congestion, though the City Council also highlighted buses were seeing increased dwell time at stops. Bus priority measures and fleet upgrades were identified to mitigate this fall, with the council's analysis highlighting a 12% fall in traffic volumes along a key arterial route following the installation of a bus lane. Road network upgrades to enable bus priority are an ongoing process, with the city's BSIP requesting funding for eight further measures.

Case study - Journey information on Lothian Buses

Riders on Edinburgh's buses have access to excellent journey information. Real-time travel information is available on phone apps, including the city's highly rated Transport for Edinburgh app. The app integrates bus and tram journey planning, suggesting a bus and tram journey if that is the fastest route. Upgrades to bus stops are underway to display real-time bus and tram information for all operators, as well as rail and air travel in some locations. Most buses also feature on-board audio-visual 'next stop' announcements, aiding customer understanding and accessibility. These measures contribute to Edinburgh's buses being held in high regard by residents and support the city's thriving visitor economy.

4.2. **What we require of our bus network to deliver the wider North East CA portfolio plans?**

4.2.1.   Section 3.4 set out how the current bus network and our EP is supporting our objectives across the North East CA portfolio areas. Its analysis showed that buses play an important role in many portfolio areas, but our current network is not best positioned to support our objectives.

4.2.2.   Table 15 below sets out how an excellent, and reasonably achievable, bus network could contribute across our portfolios and the wider impact of this for the region.

Portfolio and vision	What we require of buses in portfolio
Finance and investment *Ensure that investment decisions are underpinned by a clear investment strategy that maximises leverage of the investment fund, set within a plan for generating positive jobs, skills and inclusive growth outcomes.*	Investment in our region and the associated job creation and inclusive growth benefits can be supported by an excellent network. Investors will have increased confidence in their investment if they know that our public transport network can reliably carry prospective employees to new employment sites – including in their early days of operation.
Environment, coastal and rural *Place the environment, the coast, and the growth of our rural areas at the core of the economic strategy for the North East.*	21% of our residents live in rural areas. Residents in these areas would benefit from access to a useful and reliable network to connect them to cities and towns in the region. Although high frequencies are not feasible, buses should be regular enough to be a viable transport choice. Community transport will likely be part of the solution for residents in rural areas. Rural residents also need affordable fares given their journeys typically have a higher mileage. This is particularly important if BSIP funding is stopped or the £2 fare cap is not extended. Buses are a key enabler of our wider environmental goals. In order to meet net zero targets, we require a high-quality bus service which can attract car users to make the switch to bus. To achieve decarbonisation, we also require progress in bus fleets such as more ZEBs.
Culture, creative, tourism, and sport	Fulfilling our ambitions to be a centre for culture and tourism requires a bus network that can reliably handle large influxes of visitors and transport them to and from event venues. This could be achieved

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Seek to deliver a vibrant and inclusive regional economy with culture, creativity, the visitor economy, leisure and sport at its heart.	using methods similar to those employed by Nexus in their successful coordination of transport around Sam Fender and Pink concerts in June 2023 in Newcastle and Sunderland. This example also helps to reinforce the notion that planning, marketing, and ticketing centrally and across modes allows for a large number of people to be catered for in a short period of time. Tourist use could also be promoted by regular services from key transport hubs to tourist attractions, potentially including tailored branding. Coordination with local tourism boards could further aid design and promotion of suitable tourist services.
Economy *A bold overall economic strategy that guides investment in the region, boosts growth and productivity and proactively guides our economic transition while reducing inequality.*	Residents across our region should be able to rely on punctual, reliable and frequent services to get them to their workplace. Integration of our transport network can also make public transport more attractive for workers. Shift workers would benefit from services that extent beyond peak hours into the evening. Workers get the greatest benefit from services that connect major economic hubs (such as city centres, warehouses or factories) with population centres, as well as coordinated and affordable connecting services to allow those in smaller towns and villages to access opportunities.
Housing and land *Set out bold and ambitious plans for the North East: to improve the range, quality and affordability of housing; drive economic growth and productivity; and support the most vulnerable.*	Buses will have to continue to operate within the current planning environment and development trends, but there remain opportunities to better coordinate housing and travel. In the future, the bus network should serve more new developments, similarly, ensuring accessibility to existing or new local bus services could take on a larger role in the development process. Life events (such as moving house) can encourage behavioural change, including shifting to public transport. Promotions for people living in new homes could encourage them to think about using public transport before becoming accustomed to using the car to get around their new area.

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Education, skills and inclusion *Build an inclusive and sustainable economy that everyone can contribute to and benefit from, equipping residents with the skills and support needed for our economy to thrive.*	People would have greater access to adult education courses with a reliable evening bus service that travels to education centres. This could be more attractive if return journeys departed shortly after courses finished. Adult learners could also be attracted by bespoke ticketing policies that reduce the cost of bus travel, similar to the effective subsidy for young learners travelling to school via discounts for under 18s. Present ticketing offers to adult learners vary by company – Metro and some bus companies offer discounted all-age student products while others do not.

Table 15: What the region requires of its bus network to deliver the wider North East CA portfolio plans.

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4.3. Wider stakeholder needs:

4.3.1.   Insight from market research and wider public engagement (beyond what is in the BSIP).

4.3.1.1.   Independent market research was commissioned as part of the knowledge base that supports our BSIP, which among other outputs, is designed to offer insight into the perceptions and attitudes toward buses in our region.

4.3.1.2.   The project methodology was quantitative, with a survey conducted online and in person with panels of respondents who were resident in the North East as well as a number of tourists. The work was undertaken between August and September 2023, with a survey of 1,220 interviews, spanning the whole region, and an online research panel used to source independent and reliable samples. Quotas and weighting were used to deliver a representative sample of the North East in terms of age, gender, ethnicity, and geography.

4.3.1.3.   The market research found that reliability was the biggest issue for people with 21% of people in the region having a negative perception. This was even higher in County Durham where 24% had a negative perception about reliability compared to 26% feeling positive. The age demographic that felt the most negatively about reliability were women aged 55-64.

4.3.1.4.   The rural population feel twice as negatively about reliability, range of routes and interconnectivity as their urban counterparts. In general, one in four urban residents feel that "bus services are excellent" compared to just one in 20 rural residents. Figure 20 shows how positive different categories of the population feel about the reliability of services, with urban residents clearly feeling more positively than their rural neighbours. Year on year comparisons found negative shifts of perception in frequency of service and reliability, as well as a decrease in positivity concerning connections with other modes of transport.

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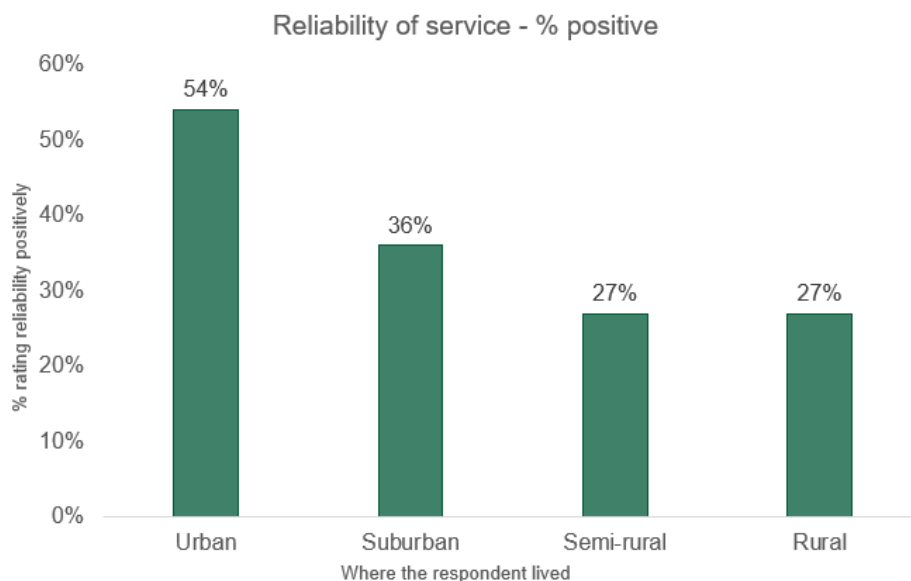
Figure 20: Market research (2023)

Figure 21: Big Bus Conversation (2023)

4.3.1.5.   The findings of the independent market research are supported by the results of the North East Travel Survey and the Big Bus Conversation. Figure 21 shows a series of solutions proposed by the BSIP, and which could follow bus reform, all of which were rated likely or highly likely to encourage users to use buses more by the majority of respondents. Improved reliability scored the highest, with 92% saying it would make them 'very likely' or 'likely' to use the bus network more.

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How likely are the following solutions to help you use the bus more?

Faster and more reliable journey times	4.39% / 3.50%		92.10%
Clear and consistent information that is easy to access	5.41% / 9.23%		85.37%
Simple and flexible fares system	8.09% 10.68%		81.23%
A first class customer experience	7.04% 12.78%		80.18%
Better integration between modes	8.17% 13.23%		78.61%
Enhanced network that is simple and easy to understand	7.47% 14.19%		78.34%
Improved safety and security	8.50% 14.11%		77.39%
More early morning and evening solutions	10.98% 12.18%		76.84%
Improved connectivity beyond our boundaries	9.82% 14.27%		75.91%
Cleaner and greener vehicles	12.31% 16.69%		70.99%

0%   20%   40%   60%   80%   100%

■ Very unlikely and unlikely   ■ Unsure   ■ Likely and very likely

4.3.1.6.   The North East Travel Survey asked respondents what they thought was the worst aspect of bus services and 34% chose reliability, the most of any other option, as can be seen in Figure 22.

What is the worst aspect of local bus services?

Aspect	Number of responses
Unreliable/delays	~1520
Cost	~550
Punctuality	~380
Frequency	~340
Journey time	~270
Other passengers	~260
No opinion	~210
Traffic	~190
Other (please specify)	~160
None	~140
Distance to bus stop	~120
Convenience	~90
Personal security	~80

0   200   400   600   800   1000   1200   1400   1600

Number of responses
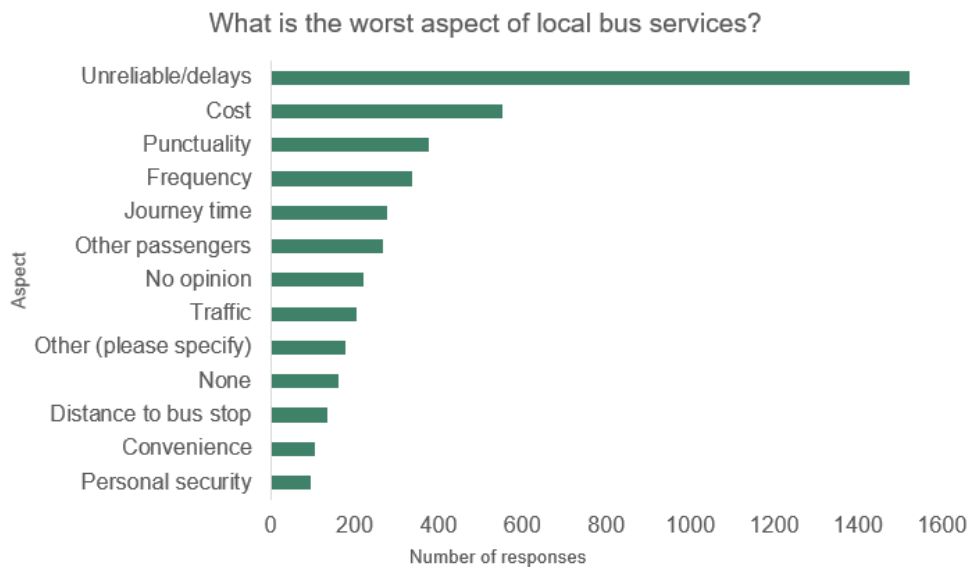
Figure 22: North East Travel Survey (2023)

4.3.1.7.   The Big Bus Conversation also included a free text box for secondary results which found that the most urgent priority for bus users is

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frequency with nearly 20% of responses referring to frequency either directly, or making comments that implied frequency was a priority for them. Other key priorities for respondents were reliability (around 10%), cost (around 5%) and journey times (around 5%). "Unreliable", "late", and "slow" are a few of the words most commonly used by respondents, which is consistent from the first Big Bus Conversation in 2021.

4.3.1.8.   These figures and feedback on bus reliability in both our market research and Big Bus Conversation illustrate the importance of supporting a network that passengers can rely on for journeys to work, education, and hospital in order to boost patronage, encourage healthy travel choices, and access the benefits of change detailed later in this document.

4.3.1.9.   It was also found that there was a substantial fall of 61% in people describing buses as "expensive", since 2021. This trend is reflected in the North East Travel Survey where there was a 40% fall in the number of people identifying "cost" as the worst aspect of bus services between 2022 and 2023. The market research also found a positive change in how people perceived the value for money of bus services with positive perceptions increasing 10% and negative perceptions falling by 8%. These findings are summarised in Figure 23. However, as outlined in section 3.5, many people still find bus services to be too expensive. The independent market research found that fewer than half (47%) of North East residents believe that bus services represent "value for money".
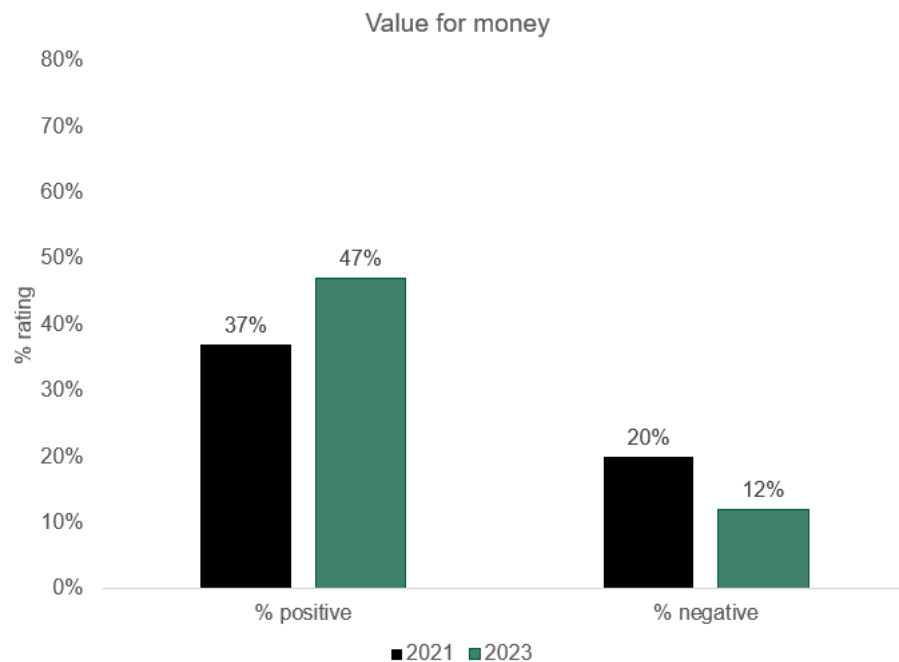
Figure 23: Market research (2023)

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4.3.1.10.   Respondents to the Big Bus Conversation did not have a positive view of bus services in the region. On average, bus users and non-bus users alike rated bus services five out of 10. When asked how their perceptions of buses had changed over the preceding few years the prevailing theme was that the service had gotten worse. Similarly, the market research found that public perceptions of bus services had declined over the last few years. This was particularly noticeable in County Durham and North Tyneside where the percentage of people rating bus services positively fell by 19% and 20% respectively.

4.3.1.11.   Figure 24 shows an extract from the market research regarding opinions on local bus services.
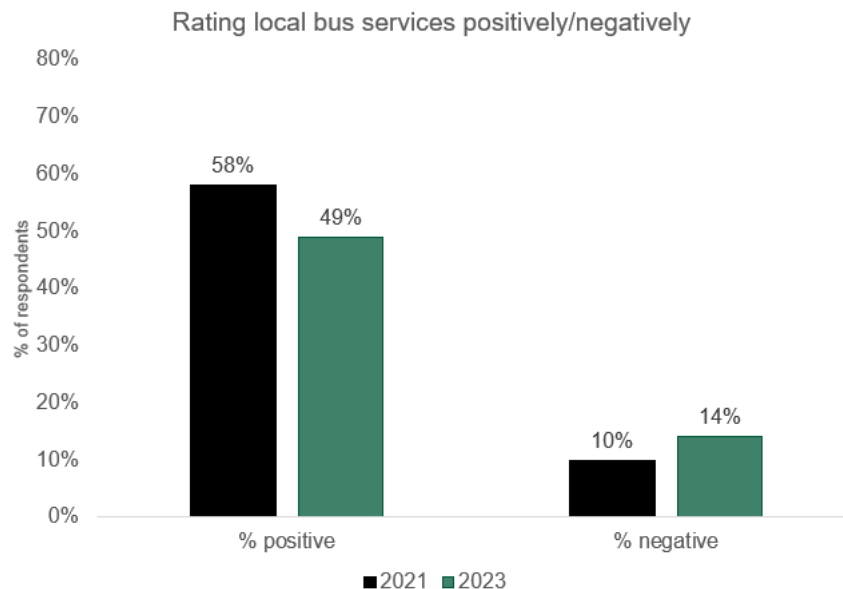
Figure 24: Market research – Opinions on local bus services (2023)

4.3.1.12.   It is clear from the responses to the Big Bus Conversation, market research and the North East Transport Survey that the public has a real appetite and need for change. Despite the improvements made to affordability that respondents recognised and appreciated, those improvements have not translated into improved satisfaction with the service they receive, and residents still believe that buses are too expensive. Perceptions of bus services have deteriorated over the past few years and reform is necessary to fulfil the ambitions outlined in our BSIP and improve passenger outcomes.

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> *"The buses have gotten way worse over the past few years, it's a big struggle to get to and from work now"*
>
> *Big Bus Conversation 2023*

4.3.2.   Insight from interviews with key stakeholders.

4.3.2.1.   As outlined in section 3.5.2, the Bus Reform Project commissioned research with a range of stakeholders to understand their priorities for our bus network, including what they would like to see from reform. Interviewees included local and regional political leaders, senior council officers, bus operators and trade union representatives.

4.3.2.2.   Several stakeholders indicated they were open-minded about the best reform option and were more concerned with the benefits that reform could bring. Stakeholders were also encouraged not to be constrained by what they thought would necessarily be realistic or pragmatic.

4.3.2.3.   Integrated transport was a key desire expressed by stakeholders. Many believed that the system would be more effective and people would have greater freedom to travel if buses, trains, and the Metro were an integrated system. Stakeholders felt this could support modal shift to public transport.

4.3.2.4.   Improving the reliability and attractiveness of public transport generally was also important to stakeholders, particularly relative to private cars. As one stakeholder put it, "make public transport attractive enough and reliable enough and affordable enough that people will use public transport in preference to using private cars".

4.3.2.5.   Stakeholders thought it was important that any transport plan considered a diverse range of local needs, taking into account different needs in different areas to ensure services were adequate.

4.3.2.6.   Those with a view on the best delivery model outlined how their preferred model helped to achieve these goals – such as the speed of an EP or the control franchising gives to the authority. Supporters of different delivery models did not express fundamentally different objectives for the network.

4.3.2.7.   The need for transparency and continued partnership between the North East CA and all stakeholders was an "overwhelming takeaway from the research". Partners felt decisions should be transparent, evidence-based and impartial.

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> *"I don't think passengers care what the structure is, what the system is. They just want a bus to take them where they want to go, to be accessible from where they live, to be affordable, and for them to be able to get on, to get a seat, and all that kind of stuff." (Explain interview with stakeholder)*

Key insights from this section:
- We have a strong evidence base for the identification of steps that must be taken to deliver our regional objectives.
- These are drawn from bus user, public and stakeholder engagement, as well as expert advice.
- This is also informed by wider policy objectives in economic development, health and environment.
- As described in section 4.1, substantial change is needed in our bus network if we are to deliver better outcomes for passengers and the region.
- There is also an emerging consensus between bus users, stakeholders and the general public that buses should be integrated with other modes of transport, have improved reliability and be more responsive to the needs of communities.

North East
Combined
Authority

5. The case for change

> This section will ...
> - Take a strategic look at the bus network and set out what the case for change is to achieve wider economic, health and environmental goals.
> - It will also consider factors in the operation of the bus network which create the opportunity to bring about this strategic change and risks to delivering this change.

5.1.   Economic arguments for the case for change.

5.1.1.   Section 2.1 highlights the North East's economic underperformance and challenges. Workers in our region earn around £3,400 less each year than the median UK worker, our productivity is the lowest of all UK regions, 105,000 of our residents are unemployed and want a job and one-third of neighbourhoods are in the most deprived quintile (20%) in England.

5.1.2.   We are falling further behind the rest of the UK; inaction would mean that the gap will continue to widen. Our residents would experience a lower quality of life and we would be less attractive for inward investment. Issues around low pay, poor productivity and deprivation would become more acute.

5.1.3.   Full delivery of our LTP has an important role in unlocking economic growth, with the 2023 update to the Northern Powerhouse Independent Economic Review stating that "improved connectivity is fundamental to transforming the North's economy"[94]. Buses are a key tool to connect communities and link people with opportunities, especially for disabled residents and people taking longer journeys that cannot be walked.

5.1.4.   Private vehicles are increasingly the default travel option for many North East residents. The DfT expects traffic to increase by around 22% by 2060, and one scenario (with a quick uptake of autonomous vehicles and electric vehicles) would see traffic grow by 54% in the same timeframe[95]. People without access to a car would likely face further social exclusion. Congestion would increase across our area, particularly in our urban centres, lowering productivity and limiting access to opportunities by reducing the area reachable within reasonable commuting time.

5.1.5.   An attractive bus network, delivered by the improvements in section 4, would vastly improve the mobility of residents across our region. Access to jobs and training would be enhanced, residents would have more choice in how they

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[94] Transport for the North, 2023
[95] Department for Transport, 2022

travel, and visitors could travel on the network to tourist sites across the region.

> **Case study – London's Night Bus network**
> A night bus network can boost the economy by giving shift workers access to travel options and transporting people home from clubs and pubs. London's expansive night-time network fulfils both roles. Alongside services from central London to residential areas, two services connect areas in West London to Heathrow Airport on a half-hourly basis all night. Staff working late night or early morning shifts can use these services to commute to the airport at unsociable hours, enabling access to employment and supporting the airport's extensive operations. As London's airports are far busier than the North East's an equivalent network could not be sustainable. A well-designed and targeted network – including the current BSIP-funded night buses between Newcastle and the airport – could, however, benefit our economy and lead to economic growth.

5.1.6.   Improving our bus network can also free up some of the 14% of household expenditure currently spent on transport[96]. More affordable fares would allow the poorest families to use the savings on other essentials, while increased reliability can enable middle-income families to forego the cost of running a second or third car – allowing money spent on financing, repairing, and fuelling a car to be spent in more economically productive ways and limiting the forecast rise in traffic.

5.1.7.   Indirect economic benefits would also result from a reformed bus network. Limiting the growth of congestion would allow those who need to drive to reach their destination faster than the counterfactual situation, boosting productivity (e.g. a tradesperson could complete more jobs a day due to faster road travel). People could spend more years working and in good health, enabled by a fall in premature mortality and medical retirement rates due to the environmental and health impacts identified in sections 5.2 and 5.3.

5.2.   Environmental arguments for the case for change.

5.2.1.   Protecting our environment and responding to climate change is a regional priority. All seven of our local authorities have declared a climate emergency and set ambitious targets to reach net zero before the government's 2050 target date.

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[96] Office for National Statistics, 2023

5.2.2.   The North East has made significant progress towards these aspirations – our CO_2 emissions have halved since 2005 and all seven of our local authorities emit less per capita than the UK average.

5.2.3.   Continued progress is needed to meet our net zero target and achieve our other environmental aspirations. Transport represented 26% of the UK's total emissions in 2021. Buses play an important role in reducing this figure; the DfT estimates that a bus journey in London generates 33% less greenhouse gas emissions per passenger than a comparable car journey[97]. Section 2.1 also highlights the significant challenge we face around air quality, especially in our city centres. Nitrogen dioxide emissions exceed legal maximums in some places, primarily during peak travel hours.

5.2.4.   Decarbonising the region's bus fleet would represent significant progress towards our environmental aspirations, reducing carbon emissions as well as air and noise pollution. We currently have 18 ZEBs in a total fleet of 1,150, with funding secured for 95 more. 38% of our fleet does not meet the latest emission standards (Euro VI). Although buses that do not meet the standard are not yet life expired, these vehicles pollute considerably more than comparable diesel buses which do meet the standard. Increasing the number of ZEBs on our roads, combined with withdrawing non-Euro VI compliant diesel vehicles, would significantly reduce our transport-related emissions as well as noise and air pollution. Journeys would be more pleasant for riders; residents would benefit from a cleaner local environment and our local authorities would make progress towards their net zero targets.

5.2.5.   ZEBs will allow us to reduce pollution and achieve our aspirations much faster than relying on a shift to electric cars and vans alone. Electric cars and vans will have an important role, but ZEBs are a more efficient tool. Replacing a single diesel bus with its zero-emission equivalent prevents around 46 tonnes of carbon emissions annually[98], which is a comparable saving to removing 32 petrol cars from the road for a year[99].

5.2.6.   Considerable indirect environment benefits would also follow an improved bus network that enabled modal shift and reduced societal car dependence. Each bus journey removes a car from the road, limiting damage to the road surface and cumulatively reducing the need for repairs. It also avoids particulate matter emissions from parts subject to wear and tear, such as tyres and brakes.

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[97] Department for Transport, 2023
[98] Department for Transport, 2022
[99] Data for car emissions per km sourced from Department for Energy Security & Net Zero, 2023; Data for average annual mileage sourced from Department for Transport, 2023

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5.2.7.   An efficient and reliable network that enables households to avoid the purchase of second or third cars would avoid the emissions and resource extraction necessary to produce new vehicles. It would also free up public realm space that would otherwise be used for car parking and storage, enabling the space to be used for other purposes. This may include outdoor seating at restaurants and cafes, new housing developments, or parks and play areas.

5.2.8.   Many of these benefits will continue once the sale of petrol and diesel cars ends in 2035 and these vehicles gradually disappear from roads at the end of their lifespans. However, some of the negative aspects of private vehicle ownership are enhanced – electric cars and vans are typically heavier than their petrol and diesel counterparts, wearing down road surfaces faster and releasing more particulate matter from brakes and tyres.

5.2.9.   Improving our bus network and offering residents a true alternative to private cars carries significant benefits, including those that stretch beyond the environment – such as the health benefits of cleaner air explored below.

5.3.   Health arguments for the case for change.

5.3.1.   Gaps in health outcomes exist between the North East region and the rest of England, with the North East generally experiencing worse health outcomes, as discussed in section 2.1. Delivering a better bus system means we will be in a better position to deliver the "Healthier North East" objective in our LTP and deliver the criteria outlined in section 4.1, which will both directly and indirectly improve the health and wellbeing of the people of the North East.

5.3.2.   Increasing modal shift and decarbonising the bus fleet will have a direct impact on air quality, and therefore improve public health. Air pollution is the principal environmental threat to health in the United Kingdom[100] and transport is a large contributing factor. Transport produces 32% of the UK's NO_2 emissions, and 14% of $PM_{2.5}$ emissions[101], the latter of which is attributable to 5% of total mortality in England[102].

5.3.3.   Three LAs in our region have already declared four separate Air Quality Management Areas (AQMAs), all of which are in response to NO_2 levels exceeding national objectives. There are two in Newcastle (city centre and Gosforth), and one each in Gateshead (town centre) and County Durham (Durham city centre). In 2021, research into air quality outside 12 schools in

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[100] Public Health England, 2018
[101] Department for Transport, 2023
[102] Environment Agency, 2023

Newcastle Upon Tyne found that morning and evening peaks of NO_2 levels occur on weekdays, around the times that children travel to and from school. It also found that PM levels exceed national guidance relatively frequently in some areas[103].

5.3.4.   Children are particularly vulnerable to harm from air pollution as, due to their lower height, they are exposed to air where particulate matter is more concentrated. Other factors that make them more susceptible to harm include higher breathing rate and developing lungs. The short-term health impacts of increased exposure to air pollution in children include wheezing, coughing, exacerbated asthma and other problematic respiratory symptoms. The long-term health impacts include suppression of normal lung function growth by up to 14%, new onset asthma, and may be linked with decreased concentration and alertness along with Attention Deficit Hyperactivity Disorder (ADHD)[104]. If nothing is done to increase modal shift and limit the increase in car use, air quality in the North East may worsen, harming the health of the people of the region.

5.3.5.   The potential to improve connectivity to healthcare settings is compelling argument for change. We know transport issues are a leading cause of missed appointments[105] and that those who do not have access to a private vehicle are more likely to be on a lower income and at greater risk of poor health due to the links that exist between socioeconomic status and the wider determinants of health.

> *"More direct services [to hospitals] would be better."*
> *Big Bus Conversation 2023*

Case study- Addenbrooke's Hospital in Cambridge
Addenbrooke's Hospital is a large teaching hospital and research centre in Cambridge. It represents a great example of how bus services can support the growth and connectivity of research and health settings.

It is directly accessible from three of Cambridge's five park and ride sites and is connected to the A and B lines of the Cambridgeshire Guided Busway network. It has services connecting it directly to Cambridge Rail Station, and five separate bus stops across the hospital site. Additionally, there is an on-site courtesy bus which goes around the campus and runs every 30 minutes, providing a more accessible way of moving around a large area for patients, staff, and those with disabilities.

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[103] Keast, Bramwell, Maji, Rankin & Namdeo, 2022
[104] Royal College of Physicians, 2016
[105] NHS England, 2023

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5.3.6.   An indirect benefit of modal shift is in improving the general health of the population. Improving the mobility of North East residents through public transport has positive implications on health wellbeing. On average, 16 minutes of physical activity is associated with a bus journey[106]. A 5% increase in bus usage in the North East could add 2.5 million minutes of walking per week in the region. This could lead to positive health impacts such as improved life expectancy.

5.3.7.   Physical inactivity costs the UK economy £7.4 billion annually and the NHS around £1 billion[107] directly. Through improving the populations health we can provide savings to the NHS, as fewer people will require medical intervention. Additionally, we can stimulate economic development in the region through increased productivity.

5.3.8.   Bus users are less likely to own a car and more likely to experience deprivation as we explored in section 2.1, so by improving bus services we have the ability to positively impact on the wider determinants of health and reduce inequalities. Due to the links with income and deprivation, bus users are one of the groups in our region who are at the highest risk of inequalities. Therefore, ensuring equitable access to opportunities in the region through improved bus services will help to combat this. Access to education and jobs has a huge health benefit; this must be a priority under a reform scenario.

5.3.9.   As the population ages[108] we can also expect to see more older people relying on bus services. Providing mobility options for older people will have a positive impact on not just their physical health through exercise, and better access to healthcare through improved bus services, but also on their wider health and wellbeing, for example through access to social networks.

5.3.10.   With road traffic set to increase[109], this will have negative implications for the health and wellbeing of the people of the North East through widened inequalities and poorer health outcomes as a result of decreased mobility for those who either cannot afford a car or are unable to drive.

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[106] Patterson, Webb, Millett & Laverty, 2019

[107] Office for Health Improvement & Disparities, 2022

[108] Office for National Statistics, 2018

[109] Department for Transport, 2022

5.4. Wider contextual arguments, including delivery of North East CA portfolios and stakeholder aspirations.

5.4.1. Current bus services are not meeting the important aspirations of our key stakeholders as outlined in sections 3.5 and 4.3. Integrated ticketing and increased reliability came across as two important areas for improvement in independent research, with many stakeholders unconcerned with the exact delivery model used to deliver these. Reforming the delivery model of bus services will not be a silver bullet or unlock improvements overnight, and some steps towards these aspirations have been achieved in our existing EP, but change is necessary to address stakeholders' expectations for their bus network.

5.4.2. Change also presents a wider opportunity for stronger alignment between bus services and wider strategic and policy objectives. Separation between the bus network and other areas of public policy was an unfortunate side-effect of deregulation, ultimately limiting how the bus network could enable wider strategic objectives. Strong initial steps towards greater alignment have already been taken, including drawing heavily on our Local Transport Plan in the drafting of our BSIP and negotiation of our EP; change opens further opportunities for better strategic alignment in all reform options.

5.4.3. The establishment of the North East CA strengthens the potential and rationale for strategic alignment, with the Combined Authority and Mayor joining-up region-wide strategy, objectives, and decision-making for the first time. Achieving the North East CA's aspirations for the region – such as tackling socioeconomic challenges – will require close-alignment across portfolios and policy areas. Bus reform cannot single-handedly achieve these aspirations, but they will be an important part of the puzzle.

5.5. Commentary on bus industry operational factors, including financial stability and longevity of current network.

5.5.1. As described in sections 5.1 to 5.3, change in the bus network can have far reaching impacts in terms of our wider economy, environment, and public health. The operational model of our bus network provides opportunities to effect this change.

5.5.2.   There are many opportunities for investment to deliver meaningful change to the bus network. While we already invest extensively, any reform option pursued should enable spending to be used more strategically and with higher value for money. As discussed in section 4, key areas to deliver this change

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include integration, accelerating the transition to ZEBs and encouraging modal shift.

5.5.3.   These opportunities to deliver change in our bus service include:

- Increasing integration could be a game changing opportunity to improve the bus offer and make buses easier to use. This could increase patronage which would help stabilise the bus network and lead to far reaching economic, social and environmental benefits. Integrated ticketing, network investment, information, branding and marketing could also mean that existing public investments see a higher value for money. For example, a secured service may see higher ridership if a central source of information could present high quality journey information.
- Bus network planning should be more strategic, and at the same time routed in the community with local people able to help shape how their services are delivered. Resources will always be limited, but a holistic transport network that considers buses, Metro, heavy rail, and community transport services jointly could ensure that education, employment and housing sites – including those in rural areas and those with high rates of TRSE – could be better joined-up, with decisions reflecting the priorities of local leaders.
- Alongside strategic network planning, developments could also be made more bus friendly. New housing, education and employment sites should ensure that travelling by bus will be a viable and attractive option for new users of the development.
- Increasing investment and improving performance will attract more residents to the bus network. This can be further encouraged by policies which target modal shift, such as those affecting parking. These are often only sustainable if objective alignment throughout the transport network is achieved. For example, higher parking charges in city centres will be more viable if matched with an improvement in buses, active travel and other public transport modes. Collaboration with highways authorities would be required to deliver this.
- A focus should be brought to inefficiencies that already exist in the current deregulated market such as potential 'over-bussing' along high-frequency routes such as the Coast Road (before the introduction of a Qualifying Agreement). Duplication of transport provision can also be found with Metro and heavy rail; resulting in excess capacity along existing routes. The resources used to provide these services could be redeployed to parts of the region that are currently underserved, keeping the cost base the same but improving wider accessibility to the network. An in-depth network review would be needed to assess the scale of duplication which current exists in the region.
- Greater transparency could be brought to the network through data sharing, ensuring that service performance is accountable to users and elected

officials. For example, Metro performance is publicly advertised on platforms to ensure transparency.

- While profits in the local bus market are currently understood to be low (with several operators reporting losses within their most recent accounts), it is reasonable to assume that operators will take action to restore their target profit levels through interventions such as fare increases and cost reductions. Reform options which generate increased profit that can be reinvested back into the network would be beneficial for passengers and regional objectives. This would also mean that public investments in the bus network, currently estimated to be £103.8 million in 2022/23, could see a higher value for money.

5.5.4.   As highlighted in sections 2.2 and 3.6 there is also risk associated with not changing. Demand on secured service budgets can be unpredictable and if bus patronage continues to decline local authorities will be forced to choose between increasing investment in secured services or allowing the network to contract. Operators would ultimately determine which services were no longer viable, it would be surprising if decisions did not focus on reducing services that had low patronage and high operating costs to yield the greatest financial results. Many of these services operate in rural areas, placing them at risk of being cut – though services in urban areas would also not be immune. Throughout the region frequencies, morning, evening and Sunday services could also be reduced to make savings. While this would leave a service in place it seriously limits the utility of the bus network for residents.

5.5.5.   Our local authorities and Nexus have different policies for secured service provision, reflecting different populations, local priorities, and transport needs. Continued bus patronage decline would not have equal impact throughout the region, with the response dependent on the policies in the relevant area. Nexus, for example, currently aims to provide a minimum hourly frequency for most secured services in Tyne and Wear and provide households with a bus or Metro service within 400 metres that connects them to local amenities. Northumberland – reflecting its different geography – outlines three priorities (supporting economic activity, supporting social activity, and enabling children to travel to the nearest school or college) and specifies a maximum subsidy of £7 per passenger.

5.5.6.   Differing levels of funding availability would determine how Nexus and local authorities would apply their secured service policies in future scenarios. Engagement with them highlights the risk of a 'cliff-edge' for secured services in a scenario where funding declines. Though there would be a desire to keep as many residents as possible connected (albeit with fewer, less frequent, or less convenient services), it is likely that this new secured service network would fail to meet customer expectations and could leave some communities

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disconnected from bus services. For example, one authority indicated that around two-thirds of its secured service network is dependent on BSIP funding and, while they would seek to redraw their secured network to provide a wide but thinner coverage if BSIP funding were withdrawn, this would risk leaving parts of its area with little or no public transport options.

5.5.7.   If the choice is taken to secure an increasing share of the bus network the balance of public to private investment in the bus network could tilt with operators only running the highly profitable routes. Operating the bus network on this basis could result in worse outcomes for passengers as profits in high use areas could not be directed into low use routes. Existing procurement processes could also result in inefficient spending if an increasing proportion of the bus network was to be secured.

5.5.8.   As local authority budgets are increasingly strained, with only 4% of senior local authority figures across England confident about the sustainability of overall council finances[110]. Increased demands in areas such as social care mean it is unlikely that spending on buses could be increased indefinitely. As bus investments have high value for money this would be a wasted opportunity for the region.

5.5.9.   Despite this, there are several features of the current operational model which are favourable and there are strategic risks in pursuing change in the operational model of the bus network.

5.5.10.   The most significant of these is the risk currently taken by private operators. Operators currently take revenue risk for most bus services meaning authorities are insulated from losses directly associated with patronage decline. Operators also bring commercial expertise to the running of the bus network and have a direct relationship with passengers. Regardless of operating model, maintaining a strong partnership between authorities and bus operators must be prioritised.

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[110] Local Government Information Unit, 2024

5.5.11.   Investigating change in the bus operational model carries financial costs and expends some of the North East CA's 'political capital' in the region, creating an opportunity cost – other priorities could be pursued with the finances and attention. Transitioning operating models could cause uncertainty and turbulence in the bus industry, having implications for operators, authorities and the public if not properly managed.

Key insights from this section:
- There is a strong case for changing bus services in the region. Current services are not meeting our aspirations and change could unlock significant benefits for the economy, our environment, and people's health. Change would be most effective if it addressed common complaints about reliability, a lack of integration and service levels to attract new passengers to the network.
- Improved bus services that encouraged people to travel by bus instead of car would reduce congestion, making our economy more dynamic and making driving easier for those who needed to drive. Reduced congestion allows people to travel further to access employment opportunities and get around the region faster, boosting productivity. Families could also avoid the costs involved with running second or third cars, freeing up income to be used in more economically productive ways.
- Decarbonising transport is essential to meet our net zero aspirations and buses are the most efficient way to decarbonise road transport – changing one diesel bus to a ZEB is the equivalent of removing 32 petrol cars from the road for a year.
- Air quality is an issue in our city centres and harms the health of our residents. Reduced congestion and more ZEBs are opportunities to reduce the emission of harmful pollution. Buses also involve an element of active travel in walking to/from stops, bringing wider health benefits.
- Not changing is a significant risk. Continued patronage and revenue decline could require local authorities to choose between ever higher secured service spend or allowing some routes to be cancelled/operate a bare minimum service. Regular services would only remain on the most profitable routes, significantly damaging the ability of people to move around the region and

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6. Reform Options

This section will ...
- Summarise a feasibility study into all options for bus reform, conducted by independent consultants to analyse the deliverability of 18 total potential reform options.
- Introduce the two primary reform options considered viable in the feasibility study and set out in the government's National Bus Strategy – expanding our EP and a franchising scheme.
- Analyse how both options could deliver on our ambitions for the bus network and set out key implications, including costs, timescales to implementation, and risks.
- Set out an abridged analysis of the implications of public ownership – the other main reform option considered.

6.1. Introduction

6.1.1. There are a range of potential bus delivery models that could be adopted, as well as several sub-options based on variations of different delivery models. Each model involves different timescales for implementation, different scopes for public authorities to design or influence the network, different cost and risk allocations, and differing degrees of feasibility. Potential funding sources are also a key consideration for each model.

6.1.2. To determine which delivery models are feasible and hold potential benefits, independent consultants were appointed to explore the feasibility of all options at an early stage of the Bus Reform Project. A summary of this study can be found in section 6.2. Following input from partners and assessment against a number of Critical Success Factors (CSFs) linked to our BSIP KPIs, it was found that options including the use of Enhanced Partnerships and those relating to different types of Franchising Schemes were very effective in satisfying the CSFs.

6.1.3. This outcome is aligned with governmental priorities as outlined in the National Bus Strategy and the franchising guidance updated by the Department for Transport in March 2024.

6.1.4. Maintaining the current Enhanced Partnership approach (or strengthening our EP into an 'EP+/EP max') is a broad option which encapsulates considerations such as funding, appropriate delivery bodies and geography. This option includes not only the use of EP plans and schemes, but related delivery mechanisms outside of franchising, including qualifying agreements, ticketing arrangements and public sector procurement of non-commercial secured services. Similarly, franchising can take many forms which would need to be considered in further detail as part of the legal process before a final decision could be taken.

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6.1.5. This report will analyse potential implications of these two main options by exploring their ability to deliver against the indicative criteria set out in section 4. Other crucial implications will also be explore such as costs, timescale to implementation, risks and equality impact implications. While this report draws on best available evidence, this assessment has not been informed by detailed modelling and cannot be considered conclusive. The exact scope of reform options is also yet to be determined, including geographical footprint. A full assessment would instead be required to inform any final decision, taken out under a Franchising Scheme Assessment.

6.1.6. Other options, such as the introduction of a publicly owned bus operator were found to be less beneficial and difficult to implement under current legalisation. The significant injection of funding option promoted by some stakeholders has also not been considered as a standalone option in this report as the implications of different levels of funding need to be considered under each delivery model. A significant injection of funding – or conversely, a significant reduction in the funding available – would shape the operational reality of each delivery model, and therefore needs to be considered in the context of how each of the options would use that funding, which may itself affect the way that option is delivered.

6.1.7. An abridged analysis of public ownership options has been included in this Options Report, with passive provision to allow for further investigation of any other option(s) if the Mayor and Cabinet choose to do so.

6.2. Summary of feasibility study taken into reform options

6.2.1. As discussed, the Bus Reform Project commissioned independent consultants to evaluate the feasibility of this wide range of options for bus reform at an early stage in the project. 18 potential options were initially considered as part of this feasibility study.

6.2.2. Commissioning independent consultants and asking them to review a range of options was intended to give visibility of all major options and ensure that no option was ruled out prematurely. Options that are not possible under current legislation or which would be complex to implement were intentionally included in the feasibility study in support of this objective. The full feasibility study can be found at Appendix E.

6.2.3. Four high-level categories of potential models emerged. There would be further variation within and between models depending on the strategic and operational decisions that would be taken when implementing any of these models. These categories were:

- Continuing with or expanding the current EP;
- Implementing a franchising scheme;
- Public ownership; and
- Other options (such as different models of voluntary authority-operator cooperation).

6.2.4. Independent consultants evaluated the options on their potential to deliver against the Local Transport Plan objectives and BSIP KPIs. An EP (including a scenario where there was a significant injection of further funding), a franchising scheme, and public ownership were seen as the most likely to deliver and analysed further.

6.2.5. Five 'Critical Success Factors' (CSFs) were mapped against the BSIP KPIs and used by the consultants to analyse these models. The CSFs were:

- Improved customer outcomes;
- Affordability;
- Deliverability;
- Risk allocation; and
- Region-wide applicability.

6.2.6. This analysis concluded that the most effective methods of meeting the CSFs were a franchising scheme or an expanded EP. Public ownership was considered "generally less effective, particularly from a deliverability and region-wide applicability perspective".

6.2.7. The feasibility study was informed by the National Bus Strategy and associated government guidance that makes Department for Transport funding conditional on areas either entering into an EP or pursuing a franchising scheme, as well as the Bus Services Act's prohibition on the establishment of new municipal operators. A government could theoretically specify a single preferred delivery model, make specific other delivery models eligible for DfT funding, or remove the conditionality of funding entirely. It could also change the law to remove restrictions on municipal ownership. These future scenarios could change the feasibility of different delivery options.

6.2.8. The Bus Reform Project commissioned the feasibility study to outline potential delivery models, understand the potential effectiveness of each model, and determine the barriers to pursuing and implementing the models. It concluded – in line with government guidance – that an expanded EP or a franchising scheme would be the most effective; these are accordingly analysed in the rest of this section. An abridged analysis of public ownership is also included.

6.2.9.　　While the feasibility study, National Bus Strategy, and government guidance have informed the focus on either an expanded EP or a franchising scheme, no option has been ruled out of consideration. The Mayor and Cabinet may instruct North East CA officers to analyse any models further and report back to them if they saw a benefit in exploring models beyond franchising or an EP in greater detail. It is also for the Mayor and Cabinet to determine which model they want to pursue once satisfied they have sufficient information to make that decision.

6.3. Introduction to the main options available

6.3.1. Retain and strengthen our current EP approach, evolving into an 'EP Max'

6.3.1.1.　　As described in section 3.1, North East bus services were deregulated in the 1980s and an EP was made in March 2023, coming into effect in April 2023. As discussed throughout this report, the current situation is not meeting regional objectives. Our BSIP is refreshed annually, however there is potential for our EP to be strengthened in future evolutions.

6.3.1.2.　　Other authorities have sought comparatively more expansive EPs and operators have also proposed these enhanced partnership arrangements as alternatives to franchising – sometimes referred to as an 'EP+' or 'EP Max'. This is an informal concept with no legal definition, and how the North East EP could be strengthened would have to be defined in the future, by reference to what operators and authorities could agree to either incorporate into an EP and/or deliver in parallel to an EP.

6.3.1.3.　　We can consider what enhancements could realistically be made to our EP and our key objectives, this is informed from experience of negotiating an EP within the North East and the experience of other authorities who have sought to develop an 'EP+/ EP Max.' and also what has publicly been offered by operators either in the North East or elsewhere under such a structure. It is not possible to determine what any future EP would include however until and unless it is negotiated with operators. There is also uncertainty around the level of funding which will be available in the future which is likely to affect what operators may commit to. This section considers what an EP approach could theoretically do in the future, but its exact scope remains undefinable. Note that as with any EP structure, this model is not limited to use of an Enhanced Partnership scheme, but also any other regulatory structures and contracts that could be used within an EP deliver model.

6.3.1.4. EPs can theoretically include wide-ranging commitments. In principle, authorities could agree to fund bus lanes, parking restrictions and other facilities and infrastructure improvements to support the bus network. Operators, in return, could agree to standards on the time and frequency of services. Many EPs are more limited in practice due to the need to secure the required threshold of operator agreement to implement the EP, as well as the need for additional funding for improvements.

6.3.1.5. EPs offer opportunities for better multi-modal transport integration than a fully deregulated model, though overall network control would remain split between the public and private sectors. Case studies in 3.2 outline how integrated ticketing has been partially achieved through our existing EP and a future EP could see further steps towards coordination of timetables, capped fares or common branding.

6.3.1.6. EPs' scope and scale therefore reflect what both sides are willing to agree in negotiations and the risk each is willing to take on. Inevitably there is some compromise between the ambition of the authorities and what operators feel able to deliver. Agreements by operators will reflect the consensus of the majority on the minimum standard they want to accept. For instance, requirements on fleet age and emission standards could be introduced, but these would reflect a realistic target for all operators covered by the EP area rather than the current, but not legally binding, decarbonisation targets announced by the operators leading in emission standards. Operators are also incentivised to be risk adverse in negotiations; it is better for them to agree lower standards they later exceed rather than accept ambitious targets that could result in serious enforcement action if they fail to deliver.

6.3.1.7. Similarly, dynamics within and between authorities can shape how ambitious they are able to be. Different units within the organisation may take different views on some proposed measures due to different motivations and interests. Significant expansions of bus priority infrastructure may be beneficial and unlock EP aims, concerns over road space reallocation will have to be considered however. Ambition may require internal compromise to ensure internal agreement prior to negotiations with bus operators. Similar issues may, however, occur around infrastructure improvements under any delivery model.

6.3.1.8. Currently, the delivery model benefits from extensive BSIP funding, as well as external investments, such as the national £2 fare. In recent years, local authorities have also managed to fund many services which

faced cuts[111]. It cannot be assumed that central government funding will continue meaning improvements may have to be removed and authorities may be in a weaker position to negotiate with operators. If an EP is chosen as the mechanism with which to deliver reform it is possible that additional funding would be available for services when compared to franchising as additional implementation costs would be avoided. It is also possible that operators would commit to further EP improvements if the alternative was seen as franchising.

6.3.2. Franchising scheme

6.3.2.1.   Franchising powers allow franchising authorities to grant operators exclusive rights to run services on a route or in an area. These exclusive rights can be applied to the whole of a local transport authority's area or parts of it. Authorities must also follow a complex statutory process to introduce franchising that requires an assessment to be produced, an independent audit undertaken and a consultation concluded. This process can be costly and lengthy and this is explored further in section 6.5.

6.3.2.2.   Franchising is where a franchising/contracting authority specifies the local services it wants – the routes, days and times of services, fares, vehicle standards etc - through contracts with operators. Operators compete through a tendering process for the right to operate specified services.

6.3.2.3.   Legislation allows franchising to cover all or part of the North East CA area, with a different delivery model used for the rest of the region. Other combined authorities that have recently proceeded with franchising have chosen a model that covers their whole geography. This report indicatively assumes it would be implemented across the whole CA area for simplicity; replicating the model in other Mayoral Combined Authorities (MCAs).

6.3.2.4.   Models based on authorities contracting private operators to run services are common in continental Europe and are increasingly being pursued and introduced across the UK. Several sub-models exist that determine how the network is designed, routes packaged and risks allocated.

6.3.2.5.   London and Greater Manchester's models give the authority extensive network control. The authorities receive passenger fares while paying operators to run specified services. For example, Transport for London's

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[111] Nexus, 2022 is an example of a newly secured service that reflects the increase in secured service spend since 2020

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(TfL's) wholly-owned subsidiary London Bus Services Limited sets the routes, times, fares and vehicle standards in London and takes fare revenue from passengers. Operators bid to run specific routes and are paid by London Bus Services Limited to do so, with the vast majority of London contracts incorporating performance payments and deductions, capped at 15% and 10% respectively[112].

6.3.2.6.   The model used in Jersey leaves most risk with the island's sole contracted operator and sees limited public control of the network. The Government of Jersey sets its criteria for the network and awards its contract accordingly, but the operator has operational control of the network – able to design routes and keep most fare revenue. Profits beyond a defined level are shared between the operator and the government, intended to incentivise the government to improve bus infrastructure and promote ridership[113].

6.3.2.7.   Some contracts in the Netherlands package buses and local rail services together, with a single operator running an integrated network. Most contracts allow the operator to design the network (within certain defined minimum service standards). Many also give the operators the network revenue, or a share of it, incentivising them to join up services and promote integrated transport[114].

6.3.2.8.   Franchising brings more of the transport network into public control, presenting significant opportunities to expand and deepen integration across the region. Franchised routes could be designed to complement, rather than compete with, relevant Metro and rail routes across the region, with coordinated timetabling and capped multi-modal ticketing. Integrating buses with local trams into the 'Bee Network', including a uniform brand for network, has been a key objective of franchising in Greater Manchester. This could mean that improvements could be delivered for passengers with the same cost base through using resources more efficiently.

6.3.2.9.   Control of the network also provides the opportunity for wider strategic alignment as bus routes could be catered towards areas such as areas of TRSE, key employment or housing sites. This would be subject to affordability and strategic agreement with and between authorities. 'Bus Friendly' schemes which would benefit the franchising authority would also require agreement within and between authorities.

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[112] Transport for London, 2015
[113] HCT Group, 2016
[114] Urban Transport Group, 2016

6.3.2.10.   While franchising would transfer control of the network to the franchising authority, intra-public sector dynamics would still shape the deliverability of some commitments. This issue is arguably more significant in an EP environment – as it shapes what operators feel willing to commit to as a quid pro quo – but disagreements between bus-focused politicians and officials and highways authorities could continue to limit infrastructure upgrades, negatively impacting the network. Transferring control to the public sector does not guarantee a joined-up and agreed approach – internal negotiation is still required.

6.3.2.11.   Franchising has very significant financial implications and – similarly to an EP – our ability to deliver many improvements within a franchised environment is contingent on funding. We benefit from extensive government funding – such as BSIP and the £2 fare cap – although this is not guaranteed in the future . Costs depend on the precise operating model adopted, but it is likely that additional funding would be required to support the transition and operation of a franchised network. Franchising could also increase the financial risk to the public sector, again depending on the model adopted.

6.4.   Ability of a future EP (EP Max) to deliver against the criteria set out in section four.

6.4.1.   EPs rely on partnership working between the authority and operators; both commit to agreed improvements that support a joint vision for the region's bus network.

6.4.2.   The North East's current EP – implemented in April 2023 – represents the best that was achievable in negotiations with operators at that point in time. It has had benefits for our region, but more expansive EP provisions have been proposed or introduced in other areas. Examples include Cornwall (introducing interoperable ticketing and significant marketing)[115], Leicester (focusing on network optimisation)[116] and Stoke-on-Trent (significantly reducing fares)[117]. These reflect what both authorities operators in those regions were willing to agree to and invest in. In West Yorkshire a more expansive EP+ was prepared by operators as an explicit alternative to franchising, going beyond the commitments agreed in its existing EP.

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[115] Transport for Cornwall, 2022
[116] Leicester City Council, 2022
[117] Stoke-on-Trent City Council, 2023

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6.4.3. Expansive EPs are sometimes dubbed as an 'EP+' or 'EP Max', but there is no clear delineation between an EP and an EP+/EP Max. All operate within the same EP legal framework and are subject to the same constraints.

6.4.4. It is possible that the North East EP could be expanded with new commitments by the authorities and operators. Both may be willing to go further than previously if they viewed the current EP as a successful start; additional funding was available; or if it arose as a direct alternative to franchising. Extensive negotiation with operators would be required to determine the scope and scale of any future EP improvements. It is therefore not possible to concretely define what a future EP Max would look like.

6.4.5. This section sets out what commitments could allow a future EP to deliver on our ambitions for our region. Achieving better for our residents would require large financial contributions from the authority and operators, although this could represent a saving when compared to the cost to implement franchising. It also highlights the limitations of the EP model and notes that some enhancements may be unachievable.

6.4.6. Negotiation with operators would be required to determine what expansions to our EP were agreeable. Negotiation would also be required with relevant teams within local authorities to determine what they would commit to. A significantly expanded EP is likely to require highways authorities to be bolder in committing to bus priority measures. This could involve acceleration of bus priority infrastructure plans, significant additional road space reallocation or disincentives to parking in town and city centres.

6.4.7. Delivery challenges and advantages associated with our EP (as explored in section 3) and examples of improvements delivered by other EPs have been used to formulate Table 16 below which examines potential improvements in a future expanded EP. As noted, operator agreement would be required.

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Area	Bus Network Improvement	Ability of a future EP to deliver improvement
Connections between different transport types	**Other buses**	EP commitments could facilitate improved connections to other buses. This could include multi-operator tickets that cover multiple buses – such as a ticket valid to a defined final destination that includes transfers (similar to rail tickets) or tickets allowing travel for a defined period of time (such as the London hopper fare). An EP could also specify defined times for services to arrive at key interchanges.
	Rail and Metro	There is scope within an EP to set Route Requirements that set the time that individual services arrive at an interchange, or to just generally request that bus service timetables are co-ordinated with other modes, such as the Metro, Ferry or Rail.
	Walking and wheeling	An EP could include requirements to promote active travel, improved wheelchair accessibility standards, or compel bicycle carriage on routes. Joint network marketing could also promote the benefit of walking to/from bus stops.
	Car	Improvements to the region's P&R offer could be part of an EP, including high profile sites at strategic locations on the Key Route Network[118] as well as smaller and more informal P&R sites such as 'pocket P&R'.
	Air	An EP could involve coordination of services to Newcastle Airport. Similar timing requirements could be introduced as those for interchanges require buses to arrive/depart within a set period of time before major flights take off/land. Improved bus services to Newcastle Airport could also be introduced such as those currently being piloted with BSIP funding.
Planning journeys/informing users/supporting customers	**Journey planning**	Bus operators could agree to promote a single website that included journey planning capability, timetables, and maps in addition to their own websites. There could also be a common brand for on-street timetable information. Local authorities/Nexus could commit to rolling out real-time information displays at key stops and interchanges across the region.

[118] *Key Route Networks are a network of some of the most important roads in a combined authority for which an MCA and its constituent authorities both hold powers*

	Disruption information	An EP could stipulate where and how disruption information is provided to customers as well as a common standard for the notification of planned and emergency works affecting bus routes. Bus company employees could theoretically be put into a central multi-agency control room with agreed protocols around consistent public messaging.
	Branding	Adoption of a common brand across all buses could be required in an EP. It could also require that this brand is adopted for all marketing materials and bus infrastructure. A common brand could be designed to link to other modes of transport.
	Marketing	Operators could be obligated to make a financial commitment, matching a public fund used for marketing to boost an overall pot. For example, to market the bus network as a whole.
	Customer Charter	All operators adopting a common Customer Charter could be facilitated by an EP.
Fares and Ticketing	**Children & young people**	Ticketing could be made more attractive to children and young people under an EP by providing further discounted or free travel for local services, a multi-modal youth fare cap, or new specially targeted ticket types.
	Adult fare paying	Competition law requires that operators set individual ticket prices independently, but the EP could introduce multi-operator tickets (such as a capped fares scheme or the existing BSIP all-day tickets). An agreement would need to be reached with operators around allocating revenue from these tickets or reimbursing them for lost revenues. These EP-enabled tickets could be designed and promoted to be the most convenient option for passengers and aim to supersede individual operators' tickets, though legally these would still need to be available.
	Concessionary travel	Bus operators would continue to participate in ENCTS and receive reimbursements linked to commercial fares, as required in legislation. Local enhancements could be agreed within an EP, such as reducing the age of eligibility or withdrawing some time restrictions on use (such as allowing passes to be used before 09:30 on weekdays, as is currently possible in some parts of the region).
Network	It is possible to introduce an authority-led bus network management group with decisions based on a clear framework of design objectives and principles. Less ambitious variants could allow for increased pre-change consultation to allow authorities and stakeholders to influence changes while keeping the final decision with operators.	

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| | | Scope to introduce Route Requirements. This could include requirements for buses on a particular corridor to operate with an even headway– spreading buses out so the time between buses is consistent.

Similar scope for more collaboration on the network by reallocating over-provision and duplication by specifying the maximum frequency on a corridor. Operators may also be willing to offer open book data sharing on route performance to give greater transparency.

Authorities would still be responsible for designing and procuring socially necessary (gap filling) secured services. Additional funding could also provide an enhanced network which could be tendered by local authorities/ Nexus. This would be achieved through existing procurement processes. |
|---|---|---|
| **Reach and resilience of infrastructure** | **Fleet and ZEBs** | Operators could agree to make a particular route or defined area served by ZEBs only, possibly including a phasing plan with a defined timeline. The OTC could cancel the registration of non-compliant services to allow the authority to tender replacement provision that complies with the ZEB requirement. |
| | **Bus Priority Infrastructure** | Local authorities and bus operators could collaborate under an EP to identify congestion hotspots, with the EP committing the authorities to make improvements. The EP could also specify that operators would reinvest saved resource following these improvements back into the local network. Further commitments to mitigating planned and unplanned disruption on the road network could be introduced. This could include investing in our UTMCs and ensuring buses are prioritised at times of disruption.

Increased data sharing could also be included in an EP to provide the authorities with a greater evidence base to use when seeking funding for improved bus priority measures. There could also be a multi-agency working group tasked with delivering targeted improvements to journey times and facilitating greater scrutiny on congestion hotspots. |
| | **Bus stops, stations and interchanges** | A future EP could see operators and local authorities work together to prioritise upgrades to bus stop and station infrastructure. Funding could be allocated by the partnership towards upgrading facilities at the busiest locations, or rolling out more real-time information displays at key stops/stations. Upgrades could also include new or refurbished interchanges, supporting connections between modes. |

Service Quality	Punctuality, reliability, speeds	There is scope for the North East CA to become the registration authority. This would enable the North East CA to refuse registration applications which do not meet the required standards set by the EP. It could also require operators to share more data on service performance to increase transparency. It would also allow the North East CA to cancel registrations due to breaching EP commitments.
	Buses	Requirements around vehicle age, design, emissions, accessibility, and onboard facilities (such as Wi-Fi for longer journeys, phone charging facilities, or seat type) could be included in the EP. Commitments could be bound to specific transition dates or specified routes.

Table 16: Ability of a future EP to deliver improvements

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6.4.8. Commentary on timetable for implementation

6.4.8.1. Our existing EP has a variation mechanism which could be used to introduce significant changes and enhancements. Using this mechanism truncates the process to implement an entirely new EP. Time would be required for the vision and proposals in the EP to be negotiated, the formal operator objection period, and time for any agreed improvements to be implemented.

6.4.8.2. Negotiation timelines are likely to scale based on the ambition of the EP. A less ambitious EP would likely require less intensive negotiation and could be implemented quicker, while a more expansive EP could require more complex issues to be agreed – potentially delaying agreement and implementation. It may be possible to implement an ambitious EP in stages – agreeing and implementing less controversial provisions first to enable some improvements while more complex issues are resolved. This approach depends on the scale of disagreements and the willingness of operators to pursue it.

6.4.8.3. Implementing an expanded EP is a legal process would require agreement from all partners on the best method, as well as agreement on the precise legal text of the EP Plan and Scheme(s). Our existing EP includes a variation mechanism that allows changes to be made provided no objections are received during a 28-day operator consultation period – this provides a relatively quick legal path to implementation, but timescales could be significantly elongated by all partners confirming agreement to the specific legal agreements. There may also be a need to run a public consultation, particularly if the expanded EP included extensive commitments, which could also elongate the process.

6.4.8.4. EP timelines are also very dependent on the accessibility of funding. Table 17 shows it took over two years between the EP process starting in the North East and one of the most visible achievements – all-day, multi-operator, and multi-modal tickets going live. A year-long wait for DfT funding was responsible for much of this delay, with the operator objection period and public consultation stages passing quickly once reached.

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Milestone	Month reached
National Bus Strategy published: LTAs told to enter an EP to access funding	March 2021
Joint Transport Committee (JTC) agrees to pursue an EP: formal notice of intent to prepare an EP published	June 2021
North East BSIP published: setting out vision for the North East network and services	October 2021
Negotiations about fares begin: Fares were one of the most difficult parts of the EP to agree	September 2022
North East BSIP refreshed: annual update approved by JTC	November 2022
Draft EP prepared: Operators notified of draft plan and scheme, objection period begins	December 2022
EP approved: no operator objections submitted and successful public consultation	February 2023
EP takes effect: operators and local authorities bound by commitments	April 2023
DfT funding announced: funding allocated to LTAs following year-long delay	May 2023
Negotiated fare products fully launch: all-day, multi-operator and multi-modal tickets negotiated in the EP launch. Under 21 fares were launched earlier due to faster negotiations	November 2023

Table 17: North East EP timeline

6.4.8.5.   West Yorkshire's (WYCA) proposed EP+ was developed as an alternative to franchising and built upon its prior EP to include several relatively ambitious operator commitments. Operators submitted their proposals to the authority in August 2023[119], five months after engagement sessions with WYCA started in March 2023[120]. Further work would have been required to translate this into a formal EP Plan and Scheme. This would have required further engagement between the operators and authority to finalise provisions and manage the risks involved. Objections would have been unlikely to object during the minimum 28 days that would follow the formal Plan and Scheme being proposed, enabling a relatively quick implementation in comparison to the franchising option the region ultimately adopted.

6.4.8.6.   Fully operationalising EP commitments to deliver the full range of benefits for passengers could take considerable time, particularly for

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[119] FirstBus, 2023
[120] West Yorkshire Combined Authority, 2023, p.135

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commitments requiring new bus priority infrastructure to be installed or new buses procured (for example, a commitment to rapidly expand ZEBs). WYCA's proposed EP+ included measures that operators claimed could be delivered in three or six months to provide some 'quick wins', though some of these were commitments to establish new forums/partnerships or agree other matters such as a 'standard interior bus specification for all new buses'. It could take longer to translate these 'quick win' commitments to real-world improvements to bus services.

6.4.9. Financial and other resource implications

6.4.9.1. Additional negotiation with bus operators would be required to deliver an expanded EP capable of delivering additional improvements. Significant resource will be required at this stage for the organisation to participate in intensive negotiations as well as business as usual needs. Working groups with bus operators and authority staff would need to meet frequently to develop initiatives with senior management on both sides involved regularly to determine what will be included or excluded from the agreement.

6.4.9.2. Additional staff resource would be required to deliver on the commitments once the expanded EP was in a 'steady state', with the precise number and functions dependent on the agreement reached with operators. Broad and solely indicative insights about the potential staffing implications can be drawn from other combined authorities, but each EP is different and their staffing assumptions depend on detailed assumptions about how they would manage their individual EPs. WYCA estimated it would need an additional 25.5 FTE staff to support the EP+, including 13 to staff the authority-run control room and four to facilitate the partnership and network planning, costing an estimated £1.1 million per annum[121]. LCRCA's analysis of a potential ambitious EP option concluded that it would need 15 new posts, resulting in a total headcount with resource costs of over £2.5 million[122] per annum[123]. Detailed analysis would be undertaken alongside negotiations to determine what staff resource would be required to deliver the commitments involved in any expanded EP.

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[121] West Yorkshire Combined Authority, 2023
[122] *This figure covers 150 posts which LCRCA have termed 'core teams'. 50 posts manage bus stations under all delivery options and LCRCA have not included their salary costs in the £2.5m figure. Support teams (largely 0.5 FTE across functions such as legal, IT, and communications) are estimated to have a further cost of £260k.*
[123] Liverpool City Region Combined Authority, 2023

6.4.9.3.   Further capital funding would be required to deliver any infrastructure improvements agreed in an EP. Our current EP depends on time limited DfT BSIP funding, meaning there is no long-term funding certainty for either the authority or operators. More ambitious and long-term infrastructure improvements (such as an accelerated rollout of ZEBs, new P&R stations, or many new bus lanes) and associated ambitious performance targets need a sustainable and reliable funding source – the lack of which is a barrier to the implementation of any enhanced EP. A significant injection of funding, such as increased transport levy contributions by local authorities, a mayoral precept on council tax, or the 30-year investment fund available to combined authorities, would provide the authority with the ability to invest for the medium-to-long-term. These are listed solely as indicative potential sources – any decision on funding would need to be taken at a later stage in the EP process. Operators would also be expected to contribute significant financial investment on a similar scale to the authority and are likely to prefer investment in the bus network, limiting the funding available for better integrating public transport into a single cohesive system.

6.4.9.4.   Realising an ambitious EP would require substantial funding, but this is likely to cost less than the franchising model. Financial contribution by the authority should be seen in comparison to franchising as the two headline reform options.

6.4.10.   Legal implications

6.4.10.1.   EPs allow the authority significantly more control of the network, but buses continue to operate in a complex legal environment limited by competition law, procurement regulations, and subsidy control. A more demanding and far-reaching EP would push the boundaries of what is legally permitted under the current legislative framework.

6.4.10.2.   Establishing and varying an EP requires the authority to operate inside a defined legal process. Much of the work can be done through informal negotiations, but the EP Plan and EP Scheme(s) ultimately need to have language and implementation details that all parties are willing to be legally bound by. Implementation also depends on no valid objections being raised during the 28-day operator objection period.

6.4.10.3.   Some proposals would not be possible under any EP as they would contradict a part of the legislative framework regardless of how they were implemented. Current funding could theoretically be used to pay the existing operators to boost frequencies on many key routes in the network, but this would be unlawful unless the relevant routes were put

out to tender. Tendering the routes then risks fragmentation and damaged relationships if a non-incumbent operator won the tender.

6.4.11. Key risks

6.4.11.1.   A central risk of the EP delivery model is the uncertainty over securing operator agreement and collaboration. EPs are shaped by what operators are willing to collectively agree to. Operator offers are likely to vary based on risk tolerance, working relationships between operators and the authority, and whether they need the EP to be a credible alternative to another option. For example, operators may prefer to avoid commercial risk and consequently limit their offer. Similarly, EP offers in other areas – such as in WYCA – have been the most expansive when presented as an alternative during the franchising assessment process, with operators attempting to illustrate a credible alternative.

6.4.11.2.   The availability of funding for a future EP is also a key risk. Additional long-term funding would likely be required to maximise the potential for improvements under the EP, but DfT funding is relatively limited and short-term. The North East CA has some revenue raising options, but these would be controversial to exercise. Operator investment could also be limited – they would have no obligation to invest at the level the authority may want and proposals requiring significant private sector investment could attract a valid operator objection.

6.4.11.3.   Nexus and local authorities remain responsible for providing and funding secured services under an EP. As highlighted in section 5.5, a continued decline in bus patronage could see commercially unviable services withdrawn by operators and risks requiring local authorities and Nexus to choose between increasing secured service spending or allowing a potentially significant contraction to the network. Operators would ultimately determine which services were unviable, but this risk is particularly pronounced for rural areas as they typically have higher costs to serve and lower patronage. Similarly, local authorities would ultimately determine their budget allocations – but funding available for bus services is not infinite and it is plausible that increases to secured service spending result in less funding being available for EP improvements.

6.4.11.4.   Although standards can be introduced and enforced through the EP it would not always be practical to negotiate and enforce all details of bus operations in the region. Objective misalignment may mean that the network is not designed in a cohesive manner and strategic outcomes are not delivered.

6.4.11.5.   Although integrated ticketing, journey information and branding, can be introduced these are likely to sit alongside operators' individual offerings meaning the network is further complicated and confusing for passengers.

6.4.11.6.   As discussed in section 3.7 here are numerous operational challenges associated with delivering the EP including local authority resource, procurement processes and legal barriers. This can endanger delivery or result in poor value for money.

6.4.11.7.   Delays delivering the improvements could result from unforeseen issues outside the control of the authority and operators. These delays would mean our ambitions remain unfulfilled for longer, potentially losing passengers and causing reputational damage. A significant change in circumstances that altered what the authority or operators were realistically able to deliver or the overall vision for the network could also require that negotiations be re-opened, causing further delays.

6.4.11.8.   There is a risk that operators do not comply with their obligations under the EP. EPs have relatively blunt enforcement measures – allowing the OTC to cancel a registration and enabling the relevant LTA to seek replacement services. Depending on the precise commitments in an EP, this may cover a single route, a group of routes, or the entirety of that operator's services in the region – our current EP would involve the latter. Enforcement in this instance becomes largely theoretical – it is unlikely the authority would ask the OTC to cancel an entire operator's service over breached EP commitments, meaning operators have relatively limited incentive to comply beyond retaining goodwill. This risk exists in addition to potential financial and reputational risks for any local authority that does not deliver their commitments under a more comprehensive EP.

6.4.11.9.   Within an EP change to or within operators can be highly significant. While political change can also be impactful, it can be accommodated more effectively (defined time periods between local and general elections) whereas operators could leave the market leading to service disruption. Individual personnel changes in operators can also disrupt working relationships and change what individual operators may be willing to agree to.

6.4.11.10. An expansive EP would likely seek high service standards. These would deliver benefits for the travelling public but could also act as a barrier to entry for new operators who may need to comply with these

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requirements but lack time to build operational expertise in the area. High barriers to entry limit how competition could boost quality and reduce prices, which is a key argument for the deregulated model.

6.4.12. Equality and diversity implications

6.4.12.1.   The Public Sector Equality Duty (PSED) means decisions by public sector bodies, such as the North East CA or LAs, must pay 'due regard' to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different groups.

6.4.12.2.   Any improvements to the bus network are likely to have significant positive equality and diversity implications. Bus use is more common among several groups protected by the Equality Act 2010 (the Equality Act). This includes older people, women, ethnic minority groups[124] and disabled people.[125]

6.4.12.3.   Analysis supporting the region's initial EP found that older residents, residents not in education, employment, or training and black and ethnic minority residents were more than twice as likely to be bus users as the general population. This concluded the EP initiatives had positive equality implications.

6.4.12.4.   General improvements to the network, such as increased reliability and reduced journey times, would have positive implications given the demographics of bus users. More specific interventions, such as going beyond the legal minimums on accessibility for disabled people, would theoretically be possible under an EP, but would require operator agreement and sufficient funding.

6.4.12.5.   The North East has one of the highest levels of digital exclusion. The proportion of people in the North East that are currently offline is approximately 8% whereas the England average is 5%[126]. Any improvements to the wider EP for passengers that revolved around expanding the use of digital solutions would have to consider that they are not accessible for everyone, and alternatives must be provided.

6.4.12.6.   Although bound by the Equality Act, it is possible for operators to take decisions with negative equality implications for commercial reasons. Hypothetical examples could include cancelling a route running through an area with a high concentration of ethnic minorities due to commercial

[124] Department for Transport, 2023
[125] Department for Transport, 2023
[126] Lloyds Bank, 2021

non-viability or reducing the frequency of midday services commonly used by retired people. Operators would not set out to discriminate, but commercial decisions can have disproportionately negative implications.

6.4.12.7.   Further equality and diversity analysis of the provisions agreed in a future EP would be undertaken as part of negotiations with bus operators and to inform the North East CA Mayor and Cabinet ahead of approval. At this stage, it is likely that any EP improvements would have significant positive implications, but the structure of the deregulated model includes a residual risk that commercial decisions could indirectly have negative implications.

6.4.13.   Any further impact of proposals

6.4.13.1.   EPs do not change the need or cost of secured services in our area. Our local authorities and Nexus support around 14% of services by mileage in the region, with this growing consistently since 2017 when it was 9% of overall mileage[127]. Declining bus patronage is likely to require further spending on secured services. This represents a significant financial burden on local authorities – many of which face constrained financial positions – as well as eating into resource capacity to manage and monitor contracts.

6.4.13.2.   There is significant geographic flexibility in EPs. Different requirements can apply to different areas, allowing measures to target different issues (e.g. a rural route may have measures that target low frequencies while an urban route may be subject to measures that will reduce dwell time at stops). Our current EP applies region-wide, but there would be scope to tailor a future iteration to defined geographies, such as local authority boundaries or travel to work areas. The desirability of this would be considered ahead of EP negotiations.

6.4.13.3.   EP standards apply to cross-boundary services unless those services are specifically exempt from the EP, but fare caps and similar measures do not apply across boundaries – possibly creating higher costs for passengers. For example, a passenger travelling from Newcastle to Sedgefield on Arriva's X12 service would be able to access EP fares, but a passenger continuing to the terminus in Middlesbrough would not. Scope exists to negotiate fare zone extensions as part of other authorities' EPs, but this would require coordination with the Tees Valley and the two local authorities in Cumbria. Difficulty could also arise

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[127] Bus Reform Project analysis of Department for Transport, 2023

regarding extending fares to the small number of cross-boundary services to the Scottish Borders as EPs do not exist in Scotland (though a similar model – Bus Service Improvement Partnerships – does operate).

6.4.13.4.   EPs do not affect local authorities' obligations to provide home to school transport or how this is delivered. Operators would still bid for contracts to run home to school services, though buses operating these routes could benefit from infrastructure improvements, such as bus lanes.

6.5.   Ability of franchising to deliver against the criteria set out in section four

6.5.1.   Franchising involves the authority controlling the network – setting routes, fares, and vehicle requirements, and service standards – and contracting operators to run specified routes.

6.5.2.   Various models exist with different allocations of risk, methods of route packaging, and whether the network is designed by the authority or contracted operators. A potential future FSA would be required to determine the most appropriate operating model in the North East.

6.5.3.   All examples in this section are included to indicate what is possible under franchising and are summarised in Table 18. The scope of a franchised network in the North East would be determined in a future FSA.

6.5.4.   Legislation does not require that a franchising system is adopted across the authority's whole area. It is legally possible to franchise some of the region and have an EP cover the rest, although this introduces additional complexities around cross-boundary services. All previous franchising decisions in other combined authorities have covered the authority's whole footprint. This section assumes the same approach would be taken in the North East for simplicity.

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Connections between different transport types	Bus	Fares could allow free transfers between different buses, enabling more complex journeys. This could work similarly to London's 'Hopper' fare allowing unlimited journeys for 60 minutes. Service planning could also align when buses arrive and depart from key interchanges to allow passengers time to connect where feasible.
	Rail and Metro	Franchising introduces a central mind for service planning and provides an opportunity to have greater density of local bus journeys feeding interchanges with the minimum possible premium on fast onward travel. This will increase frequency and reduce overall journey time in suburban areas without significantly increasing peak vehicle requirement (PVR). Multi-modal tickets could be permanently introduced and publicised, alongside potential multi-modal fare capping.
	Walking and wheeling	A requirement to promote active travel is likely to sit with the franchising authority. Franchising could also introduce requirements around wheelchair facilities on buses as well as bicycle storage on specified routes. Alignment could also be sought with cycle and scooter hire facilities, for example seeking to have these close to defined bus stops – though this is not franchising-specific.
	Car	The franchising authority would be responsible for all service planning and could work with the respective local authorities to introduce new P&R facilities. Operators providing local service contracts could be contractually obligated to serve and promote these sites.
	Air	Franchising moves the service planning function from the private sector bus operators to the local authority. This would enable services to be planned to meet wider public

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		sector objectives. This could include the development of improved connectivity to/from Newcastle Airport by bus.
Planning journeys/informing users/supporting customers	**Journey planning**	A franchising scheme covering the region could facilitate the introduction of a single website with journey planning capability and timetables/maps for all bus journeys, rather than these being spread across different operators' websites. On-street timetable information using a common brand could be rolled out to all bus stops and interchanges throughout the region.
	Disruption information	Within a franchise environment it would be possible to centrally control how disruption information is provided to customers, adopting a common standard for notification of planned and emergency works affecting local bus routes. There would be scope to put bus company employees into a central multi-agency control room with agreed protocols established around consistent public messaging. Passengers could be advised to route through any public transport service – such as Metro services – without issues around ticket acceptance.
	Branding	A franchise would allow all operators to adopt a common brand across all buses (with an opportunity to mandate branding on cross-boundary services via the Service Permit regime).
	Marketing	A franchising scheme could allow marketing activities to be centrally co-ordinated by the franchising authority, affording opportunities for a simple and consistent brand and message across all buses and infrastructure. Options to promote particular routes or service types on a wider regional level, for example GMCA marketing buses as part of its integrated 'Bee Network' alongside trams, cycle hire, and (in the future) local rail.
	Customer Charter	The authority could publish a common Customer Charter across all bus services. This could also cover the Tyne & Wear Metro to give commitments for the wider public transport network.

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Fares and Ticketing	Children & young people	Within a franchise it would be possible to increase the age threshold for free travel, define a multi-modal child/young person fare cap or see the introduction of new ticket types targeted specifically for children/young people. There would no longer be a requirement for operator specific tickets (except for excluded commercial services) - allowing simplification of product range. As with all possible fare and ticketing improvements, this would be enabled by franchising but funding would be required to implement it.
	Adult fare paying	Authorities would set the price of all tickets. This can be index linked or revised in line with other metrics, for example improved journey times. It could also be targeted at different audiences (for example, adult, child, apprentice etc.). Franchising powers could permit the extension of current single-leg price capping, discounted multi-operator ticketing (offering period versions of the current area based multi-modal/operator products) and/or provide a framework for a much-simplified range of agreed ticketing products.
	Concessionary travel	Passengers would continue to be able to access ENCTS and a franchise could enable local enhancements, for example, ability to reduce the age of eligibility and/or withdraw some of the current time restrictions in place in parts of our area (e.g. enable passes to be used before 0930 Monday – Friday across the whole region). Operator reimbursements, linked to commercial fares, would no longer be payable if the authority retained farebox revenue. While costs for the scheme would still be incurred, meaning the costs would be 'internalised' rather than removed, this could be advantageous in the long term. This is because increases to operator reimbursement can be unpredictable, requiring accurate assumptions about the level of commercial

		fares, future patronage, and uptake among the eligible groups. Some inefficiency in the reimbursement process could also be avoided. Removing the link to commercial fares could therefore give local authorities / Nexus savings compared to the status quo.
Network		The authority would assume responsibility for planning the routes/network, providing a single guiding mind that will be empowered to remove duplication on the network and to incorporate input from communities and users. The networks could also be revised and built upon to serve new housing developments. The authority can establish internal protocols for pre-change consultation. Timetables and routes could be re-configured to offer greater integration with other modes. Commercial bus operators still responsible for designing/operating excluded services - subject to Service Permit requirements.
Reach and resilience of infrastructure	Fleet and ZEBs	Franchise contracts could mandate the use of ZEBs on a particular route or within a defined area. This requirement could apply fully from an agreed date or be linked to a phasing plan with a defined timeline. Non-compliance would be dealt with through contractual mechanisms. There is potential for authorities to lease to private operators (potentially a useful mechanism to accelerate ZEB deployment).
	Bus Priority Infrastructure	A franchising scheme could allow contracts to be configured so that bus operators are required to share performance data on where congestion is adversely affecting journey times. Highway interventions can then be designed with implementation by the authority. As these are likely to lead to savings it may be that authorities in franchised bus networks are more motivated to introduce bus priority infrastructure. A franchising scheme could also set out what happens with any resource saved from those interventions - for example, a commitment by the authority to reinvest saved resource back into the network. Although any changes that reduce the road space

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		available for cars may face resistance, this could create a virtuous cycle where reducing congestion for buses leads to improvements further driving modal shift. TfGM's well-funded Urban Traffic Control team illustrates what is possible with control of the network, enabling traffic signal modelling to project the impact of different interventions[128]. A franchising scheme could see the creation of multi-agency working group - tasked with targeted improvements to bus journey times and facilitating greater scrutiny on congestion hot-spots. Franchising could also cover expanded mitigation for planned or unplanned disruption on the network – supporting routes to be rerouted due to roadworks or traffic incidents. TfGM's approach includes integration with police, allowing bus services to be rerouted once a threshold of disruption is reached.
	Bus stops, stations and interchanges	A franchising scheme could allow the authority to prioritise upgrades to stop/station infrastructure (linked with wider socio-economic investment). Funding could be allocated towards upgrading facilities at the busiest locations, including modal interchanges, or rolling out more real-time information displays at key stops/stations.
Service Quality	**Punctuality, reliability, speeds**	Operators sharing data on route-by-route performance with the authority would likely form part of the contractual mechanisms underpinning the franchising relationship, giving greater transparency and supporting the identification of areas for improvement. Failure to comply with punctuality/reliability targets would be enforced via the franchising contracts. There would also be an opportunity to incentivise good punctuality /reliability by using a performance regime which rewards operators

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[128] Transport for Greater Manchester, n.d

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		financially (and/or via extended contract terms). Similarly poor performance could be disincentivised, with similar performance provisions included in London's bus contracts.
	Buses	A franchise scheme could set requirements about vehicle age, design, emission standards, accessibility requirements and provision of other on-board features such as Wi-Fi for longer journeys, power charging facilities and/or seat type.

Table 18: Ability of franchising to deliver improvements

6.5.5. Commentary on timetable for implementation

6.5.5.1.   Developing and then implementing a franchising scheme in the North East would require significant time and financial investment. A clear statutory process would need to be followed including developing an assessment, undertaking an independent audit and a significant consultation before the North East CA Mayor could decide to implement the proposed franchising scheme. A transition and implementation period would then follow and depending on the preferred model it could include potential acquisition of assets (e.g. depots and/or buses), network review/development and procuring contracts before the first franchised bus enters service.

6.5.5.2.   Assuming there was a decision to franchise after the FSA, the franchising process would likely require just over 5 years for the first bus services to enter operation, but depending on various factors, it may take between 4 and 7 years. An FSA in the North East (inclusive of audit, consultation and approvals) is likely to take around 2 years 8 months but factoring in opportunities and risks it may range between 2 years and 3 years 9 months. Franchising transition and implementation timelines are hugely dependant on the preferred operational model and the implementation strategy defined in an FSA – for example, a tranche approach to procuring services (as pursued by other authorities) would mean the transition could take significantly longer. A robust programme for the implementation of a franchising scheme would be developed as part of an FSA, but indicative estimates based on experience of other combined authorities show that it may take in the region of 2 years and 6 months (post FSA) for the first North East buses to enter service under a franchising scheme. Factoring in opportunities and risk it may take anywhere between 2 years and 3 years 6 months for the first buses to enter service under a franchising scheme. The duration for the full network to be franchised is determined through the FSA and cannot be reliably estimated at this time.

6.5.5.3.   This indicative timeline is informed by lessons learnt from other combined authorities that have recently pursued franchising, informed by risks and opportunities, assumptions regarding potential franchising models and assumed streamlined North East CA approvals. A summary of estimated timelines from other CAs is presented in Table 19 below with the estimated North East CA programme for comparison purposes. To date, only TfGM have implemented franchising and durations for the Transition & Implementation for other MCAs are estimates (rather than actuals) provided by the authorities themselves and refer to the

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estimated duration for the first franchised buses to enter service rather than implementation of the entire franchising scheme.

Combined Authority	Activity	Estimated Duration	Total Estimated Duration
Manchester (GMCA)	Assessment	60 months[129]	6 years 11 months
	Transition & Implementation (first services)	23 months	
Liverpool (LCRCA)	Assessment	61 months[130]	8 years
	Transition & Implementation (first services)	35 months[131]	
South Yorkshire (SYMCA)	Assessment	33 months[132]	5 years 9 months
	Transition & Implementation (first services)	36 months	
West Yorkshire (WYCA)	Assessment	34 months	5 years 10 months
	Transition & Implementation (first services)	36 months	
North East CA (indicative timeline)	Assessment (inc. project mobilisation)	Likely 32 months (26 – 45 months)[133]	Likely 5 years 2 months

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[129] *Duration includes COVID-19 impact (second consultation) and legal challenge.*

[130] *Notice to proceed to franchising assessment issued in Sep 2018. No activity between mid-2020 and mid-2021 due to the COVID-19 pandemic.*

[131] *LCRCA decided to proceed with franchising in October 2023. Implementation is planned to be staggered across five lots, with the first franchised buses operating in September 2026. Implementation of the fifth lot is scheduled for December 2028.*

[132] *SYMCA issued notice in March 2022. Approval to proceed to audit in Mar 2024. Audit and consultation timescales assumed as 9 months.*

[133] *Acceleration opportunities may exist in running the audit in parallel with assessment, early procurement of consultant support and streamlined North East CA governance. Key constraint is development of a Financial Model to underpin the assessment.*

	Transition & Implementation (first services)[134]	30 months[135] (24 – 42 months)	(range of 4 years and 2 months – 7 years 3 months)

Table 19: Indicative timeline for franchising

6.5.5.4. The franchising implementation timeline will be heavily influenced by the franchising model that may be pursued. For example, gross cost versus net cost;[136] packaging strategy i.e. individual route contracts (London), area/depot-based packages (Manchester) or a single package contract (Lyon). For example, South Yorkshire have recently announced their intention to pursue a franchising option that commits them to acquire the legacy fleet and depots of the incumbent bus operator[137]. They estimate that their implementation phase will take three years, albeit that is a "compressed" timeline. For the purpose of estimating a scheme implementation duration for the North East, it is assumed that a model consistent with other UK schemes will be the likely preferred approach. Both duration and preferred franchising model would need to be determined as part of any future FSA. Timescales for delivery could also be affected if a decision is taken to deliver a franchising scheme in tranches, following the approach taken in Greater Manchester.

6.5.5.5. Some industry stakeholders have expressed a desire for government to accelerate and de-risk the franchising process. This could accelerate the programme and is Labour Party policy[138]. Legislative change would likely be required; an FSA could already be significantly progressed in the North East by the time new legislation was passed, so at the time of writing, the prospect of an accelerated process remains an emerging situation to observe, and possibly to seek to influence.

6.5.6. Financial and other resource implications

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[134] *Assumed a model that is consistent with other UK schemes, whereby the North East would be segmented into a number of packages (with the focus of creating sufficient competition in the market), be it how the networks in London (route based) and Manchester (depot based) have been segmented, or another approach. The preferred approach would need to be determined as part of any Franchising Scheme Assessment, and the Authority would have the ability to propose different models for different parts of the region, if it so wishes.*

[135] *Assumption based on estimates from other CAs, however this may differ significantly for a region with our characteristics and ultimate preferred model.* The duration refers to first buses in service not the full implementation of the franchising scheme.

[136] *'Gross cost' franchising refers to a contractual structure in which an operator is paid the whole cost of operating the route, including overheads and profit. Revenue risk sits with the public sector. 'Net cost' is a model where operators retain fare revenue and typically involves operators retaining some control over the network within government-defined specifications.*

[137] South Yorkshire Mayoral Combined Authority, 2024

[138] Labour Party, 2024

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6.5.6.1.   The financial demands on the Authority for implementing franchising may be considerable and include both one-off and ongoing costs. Costs can be split in four categories:

(1) costs to produce an FSA;
(2) transition costs, if a decision is made at the end of the assessment that franchising is desired;
(3) initial capital costs, depending on the operating model proposed; and
(4) ongoing operational costs

6.5.6.2.   Other CAs categorised these costs differently during their FSAs and there is no consistent definition for each category. LCRCA, for example, limit the transition phase to costs such as 'consultancy to manage transition' and 'early mobilisation of procurement resource' coming to a total of £27 million.[139] GMCA's much larger figure of £126 million for the same phase encompasses wider costs such as 'on bus equipment and branding' and 'electronic ticket machines'.[140] The figures later in this section use each authority's own definition and are therefore not directly comparable.

6.5.6.3.   FSAs are complex, lengthy and may be subject to legal challenge. Successfully conducting an FSA requires significant investment in human resource, consultancy support, expertise and risk management. A project team would need to be established to successfully deliver a project of this magnitude and this is reflected in the estimated costs for producing the FSA. Costs of other CAs' FSAs are varied. South Yorkshire estimated that conducting an FSA would cost £3 million, with an additional £2 million budgeted for the independent audit and public consultation[141], while West Yorkshire budgeted £7 million for its whole scheme assessment process[142].

6.5.6.4.   Early estimates suggest that conducting a North East FSA would likely cost in the region of £8.5 million[143], however when considering risks and opportunities a likely range of costs could be between £6.5 million and £10.7 million. This includes costs associated with specialist consultancy, audit, public consultation, legal support, staff and other costs, as well as a 20% contingency value. This likely figure is similar to the other FSAs conducted elsewhere and reflects the fact that our FSA would be the first outside of a city region and our desire for it to fully

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[139] Liverpool City Region Combined Authority, 2023
[140] Greater Manchester Combined Authority, 2023
[141] Barnsley Metropolitan Borough Council, 2022
[142] West Yorkshire Combined Authority, 2024
[143] *These figures are best estimates based on programme planning and remain subject to change.*

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consider the unique urban, rural and coastal geography of the North East CA and the implications of franchising across our region.

6.5.6.5.   Transition and implementation costs following an FSA and mayoral decision to proceed with franchising would depend heavily on the preferred model for the region. A comprehensive FSA would produce a robust, detailed estimate and show how costs are allocated. While this is not possible to produce at this stage, lessons learnt from other CAs suggest costs may be significant. For example, TfGM identified that they would require 93 posts during the peak transition period, reduced to 57 additional staff post-transition at an annual cost of £1.7 million[144]. If the risk of prolongation materialises, this will translate into further costs associated with the process.

6.5.6.6.   Significantly different headline estimates have been produced by other MCAs. South Yorkshire estimated transition and implementation would cost £25 million, Greater Manchester published that it would cost them £135 million, while West Yorkshire's headline estimate was a significantly more expensive £358 million. These variations largely reflect differences in how the MCAs propose to acquire depots and fleets and whether these costs are included in the headline figure. Headline estimates are therefore not directly comparable.

6.5.6.7.   West Yorkshire's headline estimate of £358 million includes £252 million to procure 868 new WYCA-owned ZEBs for its fleet and £86 million to fit out the new ZEBs and purchase depots from existing operators, giving a total for fleet and depots of £338 million[145]. Greater Manchester's FSA, however, excludes such costs from its headline £135 million estimate. GMCA did not propose to procure the fleets itself and only included the initial depot financing cost within their headline figure. The depots, including Stamp Duty Land Tax and proposed GMCA improvements are estimated to cost a further £86 million[146]. South Yorkshire's estimated £25 million also excludes fleet and depots – SYMCA have not published an estimate for these procurement costs.

6.5.6.8.   Excluding fleet and depot costs from the headline estimates enables a more accurate comparison between regions. 'Core' transition and implementation costs (excluding fleet and depots) are £20 million for West Yorkshire, £25 million for South Yorkshire and £126 million for Greater Manchester.

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[144] Greater Manchester Combined Authority, 2019
[145] West Yorkshire Combined Authority, 2023
[146] Greater Manchester Combined Authority, 2019

6.5.6.9. Greater Manchester's core £126 million figure includes £45.2 million of staff and consultancy costs to prepare, procure and manage the initial network as well as rebranding, upgrading, and standardising on-board ticket machines and facilities at a cost of £22.6 million. A further £12.5 million was allocated for increased costs of ENCTS and secured services during the transition, as well as a quantified risk allowance of £36 million[147].

6.5.6.10. A summary of estimated financial costs from other combined authorities is presented in Table 20 below. Differences in franchising models, the size of CAs and their existing bus networks, and different budgeting approaches may account for the wide cost ranges. Only an FSA could detail an accurate cost of franchising in the North East.

Combined Authority	Activity	Estimated Cost (£m)	Total Estimated Cost (£m)
Manchester (GMCA)	Assessment	20	232
	Mobilisation & Implementation	126[148]	
	Fleet & Depot (if applicable)	86	
Liverpool (LCRCA)	Assessment	5.5	347.5
	Mobilisation & Implementation	27[149]	
	Fleet & Depot (if applicable)	315[150]	
South Yorkshire (SYMCA)	Assessment	5	30 (excludes fleet & depot)
	Mobilisation & Implementation	25	
	Fleet & Depot (if applicable)	Not Known	
West Yorkshire (WYCA)	Assessment	7	365
	Mobilisation & Implementation	20	
	Fleet & Depot (if applicable)	338	

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[147] Greater Manchester Combined Authority, 2019

[148] *GMCA refer to transition costs of £135m but a small proportion of this relates to fleet and depot acquisition costs. Removing these, the 'core' mobilisation and implementation figure is £126 million.*

[149] Liverpool City Region Combined Authority, 2023, p.371

[150] *Comprises £253 million to acquire 70-80 ZEBs each year until 2039 and £62 million to acquire and fit out depots.*

North East CA (indicative costs)	Assessment (inc. project mobilisation)	8.5 (6.5 – 10.7)	Pending FSA
	Mobilisation & Implementation	Pending FSA	
	Fleet & Depot (if applicable)	Pending FSA	

Table 20: Estimated financial costs associated with franchising from combined authorities

6.5.6.11. Funding sources for any North East franchising scheme would be further explored within the FSA and require the consent of the Mayor and Cabinet as part of the North East CA budget setting process. It is not possible at this stage to detail the funding sources that would be used, but other combined authorities illustrate some of the options. GMCA set out that, between 2019/20 and 2024/25, revenue was expected to be raised to support the transition from a range of sources[151], including:

- £78 million would be provided from GMCA's 'earn back' funding agreed as part of its devolution deal, analogous to our 30 year investment fund.
- £34 million would come from the mayoral precept on council tax bills.
- Local authorities would make a total combined one-off contribution of £17.8 million.
- £5 million would come from pooling business rates receipts.

GMCA also proposed borrowing £86 million at Public Works Loan Board rates for 30 years to finance the acquisition of the depots, including purchase costs such as Stamp Duty Land Tax. Ongoing operations were assumed to be funded by farebox revenue, public sector funding currently used for concessionary travel and secured services, and continued BSOG funding (presumed to be held steady in cash-terms, falling in real-terms).

6.5.6.12. Ongoing operational costs would be incurred alongside the upfront costs of producing the FSA, transition costs, and procuring a fleet and depots if required. There is significant uncertainty around these costs as they depend on future patronage projections, decisions around the network and fares, and future external factors such as fuel or electricity costs. These would be considered further in a potential FSA, based on the specific operating model selected for the region, but could include contract payments to operators, maintenance and renewal costs for authority-owned fleet and depots, and resource costs to manage the network. The FSA would evaluate whether farebox revenue from a franchised network and other bus-related public funding (such as BSOG

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[151] Greater Manchester Combined Authority, 2019, p. 72

and current concessionary travel reimbursement) would be sufficient to meet this requirement.

6.5.6.13.   Ownership of assets such as the bus depots and fleet would be considered under an FSA, determining the costs of procuring these in the North East and whether or not the authority owning them represented value for money compared to the operators. It is worth noting that these assets would need to be acquired by either the authority or operators under any delivery model, which may include public sector involvement irrespective of whether a franchising scheme is adopted – for example, the authority could commit funding for more ZEBs under an EP Max arrangement (alongside potential ZEBRA funding).

6.5.6.14.   Franchising would further move financial risk towards the public sector. Short-term revenue risk is currently held by private operators who accept the risks of delivery in exchange for the opportunity to make a profit. The public sector is still exposed to some risk under the current model, with all three authorities managing greater revenue risk than before on enlarged secured service networks at public expense, and needing to increase this provision even further when private operators withdraw unprofitable services. Additionally, Nexus has 44 years' experience managing revenue risk on Metro. Specifics vary based on the delivery model adopted, but franchising models proposed in other combined authorities transfer further financial risk to the public sector. A transfer of farebox revenue to the franchising authority gives it income from bus customers and, if patronage were higher than forecast, this would be additional revenue for the network. Equally, the authority could need to fund losses if revenues were lower than expected.

6.5.6.15.   Under a franchising scheme, operators would be expected to provide a fee to run the service over the franchise term bid. This service fee is likely to be adjusted for inflation, however, should provide the Authority with cost certainty. Competitive tendering should promote a competitive price for the franchise with GMCA's experience of receiving franchising bids indicating that there is strong interest in the private sector in bidding for franchise contracts which may help lower contract payments further. Economies of scale may also be achieved by bringing all services under the ultimate control of one party.

6.5.6.16.   Further to the funding risk exposure, there may be one off costs associated with a transition to franchising, likely to include capital expenditure required to establish the operations, such as purchasing of depots, fleets and IT systems, organisational change/set up costs and

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risk pricing. The acquisition of assets would involve significant capital expenditure and ongoing capital and operating costs.

6.5.6.17.   Additional funding may be required to support the creation of a cohesive and integrated public transport network, including upgrades to Tyne & Wear Metro stations and interchanges to better promote onward bus journeys. This would not be an integral part of moving to a franchised network but could improve the customer experience and better fulfil our aspirations.

6.5.7.   Legal implications

6.5.7.1.   The authority would need to follow a statutory process to implement franchising as prescribed in the Transport Act 2000 and this process may be subject to legal challenge. A decision to develop an FSA is a function that needs to be taken by the North East CA Mayor and Cabinet and requires a Formal Notice to be issued. Following assessment, the decision to introduce a franchising scheme is a mayoral function although, if required, this would likely be carried out following consultation with the Cabinet. In exercising the power to introduce a franchising scheme, the Mayor would need to be satisfied that the process followed is:
- lawful;
- the consultation process was fair and responses appropriately considered;
- there is sufficient information to enable a decision to be made; and
- there is due regard to matters set out in section 149 of the Equality Act.

6.5.7.2.   Procurement law requires the authority to undertake a competitive tender process to award contracts to operate defined services. Acquisition of assets would also be subject to relevant procurement regulations.

6.5.7.3.   Under a franchised system operators would be contractually obliged to deliver services against a specification set by the Combined Authority. Contract mechanisms would typically exist to manage poor performance, including the right to terminate the contract and retender the service. Retendering services would provide the Authority the opportunity to make any necessary changes to contractual requirements that it sees fit. Change provisions in contracts will be included as part of detailed contract design following any decision to implement franchising.

6.5.7.4.   The franchise authority would need to consider cross-boundary services, such as those between the North East and Scotland, Cumbria, or the Tees Valley if the whole CA area was franchised. As part of the franchising process there is a statutory requirement to consult neighbouring authorities if the proposed franchising scheme would impact the implementation of their bus policies[152]. The authority must also consult local service providers in the area before publishing any notice specifying the conditions attached to a service permit.

6.5.7.5.   The scale of contracts offered to operators may have legal implications as large contracts may artificially restrict the pool of bidders to the largest operators who have the necessary capacity. Inversely, contracts that are too small may be unappealing to large portions of the market. There are specific requirements in franchising guidance to consider how small and medium operators would be involved in a franchised network.

6.5.7.6.   There may be legal implications to the CA assuming responsibility for ticketing systems and information, central marketing and customer service functions which must be considered.

6.5.7.7.   Other legal considerations include any potential issues around purchasing depots and fleet from existing operators alongside the land the depots currently occupy, and contractual issues with staff arising from a TUPE process, such as pension arrangements.

6.5.8.   Key risks

6.5.8.1.   Franchising involves a significant transfer of risk from private operators to the public sector as the trade-off for the increased levels of public control. Different operating models, such as whether the authority owns the fleet and depots, would be explored as part of a franchising scheme assessment – some of these can mitigate risks but would involve other trade-offs.

6.5.8.2.   There are three distinct stages to a move to franchising, each involving different risks. These are: 1. the FSA; 2. transitioning to a franchised model; and 3. the implementation and running of the franchised network.

Franchising Scheme Assessment

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[152] Bus Services Act, 2017

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6.5.8.3.   The authority would largely be accepting resourcing, relationship, cost and time risks during the process of developing an FSA. We would be able to learn from other authorities that have conducted similar assessments to mitigate risk, but each represents a unique process, tailored to the needs and geography of the region.

6.5.8.4.   Franchising requires an independent audit of the scheme assessment to ensure that the information and analysis supporting the assessment is "of sufficient quality". An unfavourable audit conclusion would mean the authority would need to take time correcting issues identified. An unfavourable conclusion could also lead to a fatal loss of faith in the process by key stakeholders. However, recent FSA guidance suggest early involvement of auditors in the process to mitigate risk and streamline the audit process.

6.5.8.5.   A decision to make a franchising scheme could face a legal challenge for judicial review which could add unforeseen costs to the authority and delay implementation. This could relate to perceived predetermination in our franchising scheme assessment, perceived failures to properly consult or other potential deficiencies in the decision. GMCA was subject to judicial review around its consultation process, though plans in the LCRCA and WYCA have not (to date) faced similar challenges. Lessons learnt from other areas can help minimise costs and risks as far as possible.

6.5.8.6.   Officers would prepare and work towards a realistic project plan based on likely capacity, but unforeseen resourcing issues could delay the preparation of the franchising scheme assessment. Failure to allocate sufficient resource or any staff absence due to resignation, long-term illness or difficulty recruiting could result in unexpected delays to completion. Similarly, FSAs have only been completed in city regions to date – our mixed geography could add unexpected difficulties during the process and delay the completion of the assessment.

6.5.8.7.   Relationships will need to be maintained with constituent councils and individual bus operators during the process. Declining relations during the FSA – whether directly related to franchising or damaged by another issue – could jeopardise working relationships and limit perceptions of the FSA as an impartial and objective document.

6.5.8.8.   The North East CA has a unique geography and would still be developing and maturing as an organisation during the FSA process. The risks associated with reaching consensus on outcomes or approach, addressing local authority interests and concerns, relationship

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management etc. should not be underestimated as these can delay the process at potentially significant financial or reputational costs to the Authority. Difficulty reaching consensus has caused problems for high-profile initiatives in other CA's, such as Stockport Council publicly vetoing GMCA's proposed Spatial Framework Plan and its proposal for 180,000 homes across the CA after four years of development and two redrafts due to planned development on 1.2% of Stockport's greenbelt[153].

Transition to franchising

6.5.8.9.   Risks during the transition period primarily relate to the attractiveness of franchised packages, procurement and contract management and the impact on small and medium operators. These are principally cost and reputation risks, though substantial difficulties at this stage could result in a failed transition with significant impacts on public transport delivery. Decisions taken on the model of franchising adopted shape barriers to entry and many of the risks in this category. Contract design would need to consider the risk appetite of the market as attempting to transfer risk inappropriately could deter bidders and limit the value for money of the scheme.

6.5.8.10.   If the authority's preferred model included owning the depots and/or the fleets (which would create the lowest barriers to entry), these would need to be procured and ready for the transition to franchising at the right time. Achieving a fair price and a timely purchase requires procurement skills in the authority's staff. Failure to do so may result in the authority paying more than required and not achieving value for money, delays to the operation of the network, and reputational risk. Effective procurement may require recruitment of additional staff, training existing staff or seconding procurement officers from constituent authorities. Depot ownership could also mitigate potential challenge risk from operators who may have stranded assets, something which is particularly significant given the geographic size of the North East CA.

6.5.8.11.   Similarly, the authority would need sufficient capacity and skills to manage the transition to franchising at its various stages. It would likely be difficult to recruit staff with bus franchising-specific experience as other franchised authorities are outside reasonable commuting

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[153] BBC News, 2020

distance, but it is possible to seek staff with transferable skills or train existing colleagues through insights from other authorities. Failure to build sufficient capacity increases the likelihood of other risks materialising and the impact if they do.

6.5.8.12.   Franchising relies on competition for the market to deliver value for money and quality services. Its benefits are diminished if that competition does not materialise. Franchised packages would need to be attractive to multiple operators to generate that competition. Low barriers to entry as a result of the authority owning fleets and/or depots would facilitate operators who do not currently operate in the North East, or whose operations are limited, to bid and stimulate competition. This risk occurs whenever contracts need to be retendered; it is not limited to the first transition phase.

6.5.8.13.   There is a risk that small and medium operators cease operating if not awarded contracts (effectively being forced out of the market). Small or medium sized enterprise (SME) operators in WYCA have been vocal about the potential negative implications of franchising for them, while some in GMCA reported concerns that the tendering process was too onerous or costly. SME operators fared poorly in the initial GMCA tender awards. Most lost all local bus and school service work and – where one did gain a local school bus contract – this came at the expense of other service work. Contracts will need to be awarded on merit based on bid quality and value for money, but both an FSA and eventual franchised network design would need to consider how to enable SME operators to participate. There are specific duties to consider the impact on SMEs in the franchising legislation; the implications of franchising on SME operators would be considered in greater detail as part of a future FSA.

6.5.8.14.   Initial bid quality could be inhibited as bus operators are not used to operating in a franchised environment. This is particularly acute for SMEs, as the larger operators have dedicated bid teams and significant experience of franchise operations in other areas. Developing clear guidance for bidding operators, as well as avoiding unnecessary complexity and providing appropriate packages, would mitigate this for the first tendering round. This risk is likely to decrease in importance as operators gain experience of the environment.

6.5.8.15.   Operators may withdraw services or reduce frequencies for commercial reasons at any point up to franchising going live. Incumbent operators would have no obligation to continue services up until the franchising handover date, with this risk particularly acute if the operator has not been successful in securing replacement tenders. Public funds would

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then need to be used for short-term stabilisation of the bus network. Greater Manchester incurred a £2.5 million cost to secure some services for approximately five months before transferring to the franchised network after two operators withdrew services[154]. Operators cited commercial reasons such as low post-pandemic patronage and these withdrawals may have occurred irrespective of tender allocations. Similar decisions in the North East – whether a direct response to franchising or purely commercial decisions by operators – would have a noticeable, though time-limited and short-term financial impact.

Implementation and running of franchising

6.5.8.16.　Revenue risk is the most significant risk accepted by the franchising authority. Fees paid to operators are (at least partially) recovered by revenue from bus fares, meaning the authority would be liable for costs if routes were less profitable than forecast at the start of the contract. Decreased demand for buses due to a continued increase in car ownership and use could be one source of lower farebox revenues. Fare evasion could also decrease expected takings. Sudden shocks to demand, such as seen in the COVID-19 pandemic, could also be extremely damaging and require additional unexpected financial support to sustain the network. Transport for London required substantial government support to sustain the capital's public transport network during the pandemic, though (less expansive) DfT subsidies were also used to prop up bus networks across the country during and after the pandemic.

6.5.8.17.　Reputational risk would also partly transfer to the public sector from the operators, another trade-off for increased control. Operators and the authority would share responsibility for the network and the press and public could justifiably blame the franchising authority if franchised services were poor, particularly if issues persisted across multiple routes or operators.

6.5.8.18.　Conflicts are likely to emerge between handling revenue risks and reputational risks, requiring difficult decisions. Poor ridership and lower than expected could lead the authority to reduce the frequency of a route when next tendered to limit revenue risk, but this would likely result in negative publicity. Similarly, there may be political pressure to introduce several new routes or cheap fares (particularly in the early days of franchising to promote the network or 'take advantage' of the

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[154] Greater Manchester Combined Authority, 2023

opportunity). This would generate a trade-off between positive publicity and revenue risk management.

6.5.8.19.   Franchising requires ongoing contract and relationship management between contracted operators and the authority, ensuring that operators are delivering on the required standards and addressing issues as they arise. Ongoing staff capacity would be required to fulfil this function, as well as appropriate systems and resources inside the authority (see earlier references to staff requirements in Manchester). Vague or imprecise contractual commitments could result in disputes with operators, harming our relationships and delivery as well as risking a potential operator withdrawal at the end of the contract term in severe cases.

6.5.8.20.   Operators could fail during their contract term, requiring the contract to be re-tendered (with the associated risks). A sudden failure and immediate withdrawal would require contingency action. The Bus Services Act 2017 would allow the CA (or its constituent authorities) to function akin to an operator of the last resort if needed, though this involves legal and practical challenges.

6.5.8.21.   None of these risks prevent the Combined Authority conducting an FSA if that is the preferred option of the North East CA Mayor and Cabinet. Relevant risks would be further identified and analysed as part of the franchising scheme assessment process. Appropriate risk management procedures would need to be developed during the transition and adopted – including cataloguing of risk, assessing its likelihood and impact, regular monitoring by officers and politicians, and contingency planning for severe risks.

6.5.9.   Equality and diversity implications

6.5.9.1.   The PSED would have an expanded influence under a franchising model. Strategic decisions, such as route design and frequency choices, would be subject to the authority's responsibility to pay it due regard.

6.5.9.2.   As noted in section 6.4.12, general improvements to the bus network would have positive equality implications due to the demographics of bus ridership. This applies to improvements achieved through franchising services as well as through an EP.

6.5.9.3.   Franchising would allow the authority to direct that various equality-led improvements were made, rather than requiring agreement with

operators. Specifics would vary by political priorities as well as financial and operational feasibility but could in principle include expansions of reduced fares and free travel; late night services targeted at low-income shift workers and improved accessibility at stops and on buses.

6.5.9.4.   The authority could possibly consider other characteristics in its franchise-related decision-making, beyond the nine set out in the Equality Act. For example, Newcastle City Council has voluntarily adopted the 'Socio-Economic Duty' to supplement the PSED and will consider the impact of proposals on those experiencing socio-economic disadvantage. Similar decisions could be applied to a future franchised network.

6.5.9.5.   The North East has one of the highest levels of digital exclusion. The proportion of people in the North East that are currently offline is approximately 8% whereas the England average is 5%[155]. Any franchising scheme which made use of digital solutions would have to consider that they are not accessible for everyone, and alternatives must be provided.

6.5.9.6.   Analysis by other mayoral combined authorities (MCAs) that have considered franchising has concluded that there are significant equality and diversity benefits to the decision. Examples include GMCA finding that increased reliability and consistent branding would make it easier for people with learning disabilities to use the network[156]; LCRCA's conclusion that improved services through franchising could boost women's participation in the workforce[157]; and WYCA's analysis that increased night-time services would benefit the 40% of night-time workers who are under the age of 24[158].

6.5.9.7.   The North East would undertake its own detailed equality impact assessment as part of the franchising process, including considering views expressed in the public consultation. This assessment would inform any recommendation on whether to proceed with the process, and as noted, could be more expansive than the nine statutory protected characteristics.

6.5.9.8.   At this stage, the equality impact of franchising is similar to the potential equality impact of an EP in principle. All improvements – whether through an EP or franchising – will positively impact groups with protected characteristics.

[155] Lloyds Bank, 2021
[156] Greater Manchester Combined Authority, 2019
[157] Liverpool City Region Combined Authority, 2023
[158] West Yorkshire Combined Authority, 2023

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6.5.9.9.   The extent to which an EP can replicate franchising's implications depends on the agreement reached with operators. Franchising would give the authority direct control and responsibility for improvements, as well as insulating services from some commercial decisions with negative equality implications that may occur under an EP.

6.5.10.   Any further impact of proposals

6.5.10.1.   There are further impacts of proposals to franchise which would significantly affect the nature of any franchise model that could be taken forward. They include transfers for staff who currently work for the operators under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE), school services operated by the local authorities and the impact of the geography of the region, such as the difference in service provision between urban and rural areas which will dictate the franchise environment. If we proceed to an FSA, then the implication of these factors will be investigated further.

6.5.10.2.   Cross-boundary services would need to be carefully considered as part of a franchising scheme. Only services within the boundaries of the scheme area can be franchised – cross-boundary services would either need to be exempted or subject to service permits. This would particularly impact people living close to the boundary with Tees Valley if franchising applied across the whole North East, though a different geography for the franchising scheme could make these challenges more pronounced. The full implications of this, and the best solution for our region, would be explored further as part of an FSA, but GMCA – for example – requires cross-boundary services to acquire service permits, which can be subject to meeting conditions such as vehicle emissions or ticket acceptance.

6.5.10.3.   Franchising would be a high-profile decision for the Combined Authority that would require significant energy and time from officers and politicians at all stages of the process. Considerable resource is required to produce an FSA and implement a franchising system. There are several significant decision points for Cabinet during the process and it is likely to attract considerable local and national media attention. Franchising would need to be a key priority in the authority to secure progress.

6.5.10.4.   Legislation specifies that the final decision to proceed with franchising is a mayoral decision. Preliminary stages, including conducting the required FSA would however be North East CA functions. In practical

terms, this means that the Cabinet would need to decide to progress to an FSA, including an affirmative vote by the Mayor. A final post-FSA report to Cabinet could seek its endorsement to implement franchising based on the FSA, though the final decision would legally be for the Mayor alone.

6.5.10.5. Franchising requires a lengthy process, but network benefits may not be seen until the end of that process. It could therefore take some time before passengers notice a significant improvement in the network. Some measures, such as bus priority infrastructure or fleet upgrades could be done earlier, but other significant changes (such as modification of routes) would likely come much later. For example, Transport for Greater Manchester (TfGM) are intending to undertake a full network review once their last tranche is contracted and sufficient data is available to understand demands and inform decisions. This is approximately nine years from when their franchising process started, albeit their process has been delayed by COVID-19, legal challenges and being the first authority outside London to pursue franchising. However, investment in the network can continue during the FSA.

6.5.10.6. It is also important to note that sufficient funding would be required to fully deliver the possible benefits outlined in this section. Some improvements – such as greater strategic coordination – would incur minimal financial cost, but many of the most significant improvements – such as fare rationalisation or network expansion – would be costly. An FSA would more closely define the costs of franchising and determine the extent to which it delivers value for money compared to the best 'realistically achievable' EP or other potential operational models.

6.6. Assessment of public ownership options ability to deliver against the criteria set out in section four

6.6.1. Several variations of a public ownership model exist, but it would typically involve the authority holding a bus company as an arms-length subsidiary. The authority would either need to establish a new company or acquire an existing operator from a willing seller.

6.6.2. The Bus Services Act 2017 explicitly prohibits local authorities establishing new municipal companies. Existing municipal companies in the UK are legacy arrangements that predate this provision. These municipal companies, such as those in Edinburgh, Reading and Nottingham, operate within the deregulated market but hold a dominant position in their local markets.

6.6.3.   Legislative change could enable the authority to establish a new public operator. The default position is that this new operator would need to compete against established private sector incumbents in the current deregulated market to gain market share. Most benefits of public ownership require the municipal operator to control a significant proportion of the network.

6.6.4.   An alternative would be to acquire an existing operator. There is no explicit prohibition on this, though it has never been legally tested. Acquiring an incumbent operator would require a willing seller; there are no known current potential sellers. Acquisition of an existing operator would mean the municipal operator inheriting a network shaped by that previous operator's provision which may exclude parts of the region. Purchasing all existing operators to gain control of the whole network would most likely be blocked by the Competition and Markets Authority (CMA), even in a very unlikely situation where all were willing to sell.

6.6.5.   It is theoretically possible for a publicly owned operator to compete for contracts under a franchised model, but the authority could not give preference to the operator solely because it was publicly owned. Moving to a franchised model would still involve the process detailed in section 6.5.

6.6.6.   The ability of public ownership to deliver improvements is summarised in Table 21.

Connections between different transport types	Other buses	EP: All operators, including municipal, could participate in a fares scheme to allow passengers to change between buses on a single journey without paying extra. Services could also be designed to arrive at interchanges at set times. Franchising: Authority could set requirements around ticketing to enable onward journeys across the network.
	Rail and Metro	EP: Municipal operator could be made to participate within ticketing scheme, or offer ticketing products, that integrate with local/national rail services. EP could also impose requirements for municipally operated services to co-ordinate with rail at specified interchange points. As part of an EP, the authority could commit to improving bus stations/interchanges served by the municipal. Franchising: franchising authority would act as a central planning authority and could therefore design ticketing, timetables and interchange facilities that better integrate with rail. A municipal operator (if successful in winning a franchise contract) would need to comply with terms of their local service contract.
	Walking and wheeling	EP: Requirements for municipal operator to promote active travel could be included within EP. Option to propose vehicle standards which facilitate carriage of bikes on municipal fleet (subject to operator agreement). Franchising: Requirement to promote active travel likely to sit with franchising authority. Scope for franchise to be awarded which includes requirement for operator (including municipals) to deliver complementary bike/scooter hire facilities within defined areas.

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	Car	EP: An EP could commit to and provide funding for an improved P&R offer throughout the region. New sites introduced at strategic locations around our cities in Newcastle and Sunderland could be delivered by local authority partners, with a commitment from local bus operators (including a municipal) to serve the new sites with high frequency, fast and direct links to/from city centre locations. Franchise: The franchising authority would be responsible for all service planning and could work with the respective local authorities to introduce new P&R facilities. Operators providing the local service contracts (potentially including a municipal) would be contractually obligated to serve and promote these sites.
	Air	EP: Municipal operator services could be required to arrive at airport at set times, such as linking to major flight departures. Franchising: Network would be designed by the franchising authority, which could specify the frequency of services to the network (including additional services during peak travel times such as school holidays).
Planning journeys/informing users/supporting customers	Journey planning	A publicly owned operator would need to operate within an EP or franchised market: EP: An EP could require a publicly owned bus operator to promote a single website with journey planning capability and timetables/maps. Franchise: The franchising authority could introduce single website with journey planning capability and timetables/maps. If successful, winning a local service contract, a publicly owned operator would need to comply with requirements on journey planning stipulated within the relevant contract specification.
	Disruption information	EP: A publicly owned operator could be required to adhere with standards that stipulate where and how disruption information is provided to customers, adopting a common standard for

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		notification of planned and emergency works affecting local bus routes. There would be scope to put publicly owned bus company employees into a central multi-agency control room with agreed protocols established around consistent public messaging. Franchise: Within a franchise environment it would be possible to centrally control how disruption information is provided to customers, adopting a common standard for notification of planned and emergency works affecting local bus routes. There would be scope to put publicly owned bus company employees into a central multi-agency control room with agreed protocols established around consistent public messaging.
	Branding	EP: A publicly owned bus operator would need to adhere to any branding specifications included within the agreement. Franchise: A publicly owned operator would need to adhere with branding specifications included within any local service contract.
	Marketing	EP: An EP could obligate a publicly owned operators to pursue joint marketing, for example to market the bus network as a whole. Marketing requirements would be subject to level of commitments negotiated with majority of bus operators in market. Franchise: A franchise could stipulate marketing requirements within a local service contract. Marketing requirements would be imposed contractually by the authority. .
	Customer Charter	EP: An EP could obligate a publicly owned operator to comply with a common Customer Charter. Commitments would be subject to level of commitment negotiated with majority of bus operators in market. Franchise: A franchise could require a publicly owned operator to comply with a common Customer Charter. Requirements would be imposed contractually by the authority.
Fares and Ticketing	Children & young people	EP: Publicly owned operator would need to establish operator specific tickets at a level deemed commercially viable by the arm's length company. Municipal operator would need to comply

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	Adult fare paying	with and offer ticketing products specified within EP. Appropriate levels of subsidy/reimbursement would need to be agreed with the authority.
	Concessionary travel	Franchise: Fares/ticketing specified by franchising authority (if they hold revenue risk). EP: Municipal operator would participate within ENCTS and any local discretionary concessions. Reimbursement levels determined by local scheme or would need to be agreed as part of commercial negotiation. Franchise: Municipal operator would contractually be required to adhere with concessions specified by franchising authority within local service contracts.
Network		EP: Municipal operator responsible for planning their own routes/network. May be bound by EP requirements to consult with users/stakeholders in advance of change. Ultimately, final decision on network changes sits with arm's length municipal. A municipal operator may have a lower threshold on what level of profit is required to make a service commercially viable. Municipal operator may need to comply with Route Requirements, for example requirements for buses on a particular corridor to operate with an even headway. Alternatively, there are powers available which would allow a maximum frequency to be specified on a given corridor. Authorities are responsible for designing/procuring socially necessary (gap filling) services. Municipal operators can bid for secured service work but would face competition from private sector operators and could not be given any preferential treatment. Franchising: franchising authority responsible for network planning. Municipal operator successful in winning local service contract(s) would operate network specified by franchising authority.
	Fleet and ZEBs	EP: An EP could mandate a municipal operator to use ZEBs on a particular route or within a defined area. This requirement could apply fully from an agreed date or be linked to a phasing

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| Reach and resilience of infrastructure | | plan with a defined timeline. Non-compliance would be dealt with through OTC enforcement (with scope for OTC to cancel registrations of non-compliant services, allowing the tendering of replacement provision with a ZEB specification).

Franchising: Municipal operator would be contractually required to operate a fleet compliant with specification set by franchising authority within local service contracts. |
| | Bus Priority Infrastructure | EP: Arm's length municipal would have commercial motivation to make journeys faster and more reliable (as this reduces cost and makes bus travel more attractive - thus increasing revenue). EP could require municipal operator shares performance data allowing delay points to be identified and prioritised. Requirements and responsibility for installing/managing bus priority infrastructure and mitigating the impact of disruption sits with the authority. If municipal operator generates profit there is scope for dividend payment to be paid to the authority which could help fund additional priority measures or traffic management.

Franchising: Revenue risk sits with franchising authority who will also have responsibility for bus priority infrastructure and traffic management. |
| | Bus stops, stations and interchanges | EP: A municipal operator and authority could work together within an EP to prioritise upgrades to stop/station infrastructure. Funding could be allocated by the partnership towards upgrading facilities at the busiest locations, or rolling out more real-time information displays at key stops/stations.

Franchise: A franchising scheme could allow the authority to prioritise upgrades to stop/station infrastructure (linked with wider socio-economic investment). Funding could be allocated by the authority towards upgrading facilities at the busiest locations or rolling out more real-time information displays at key stops/stations. |
| Service Quality | Punctuality, reliability, speeds | EP: Municipal operator would be bound by standards set within EP. Failure to meet the required standards could potentially see service registrations cancelled by the authority. Municipal |

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| | | operator would need to establish internal systems/processes to ensure compliance with OTC standards.

Franchising: Municipal operator could be mandated (through contractual mechanisms) to share more data on service performance (route-by-route) giving more transparency and identifying areas for improvement. The franchising authority may also establish a performance regime with opportunities for a municipal operator to secure additional income for performance that exceeds specified thresholds. |
| | **Buses** | EP: Municipal operator would be responsible for the specification and procurement of their buses. Buses operated would need to comply with EP standards – failure to do so could potentially result in cancellation of service registrations. Commercial motivation for municipal operator to exceed EP vehicle standards with option to provide enhanced on-board facilities where the arms-length company can make a business case to justify the additional investment.

Franchising: Specification for buses set by franchising authority. Buses procured by municipal operator or potentially franchising authority (and then leased to operator). Failure to comply with required vehicle standards enforced through contractual mechanisms. In likely scenario where franchising authority holds revenue risk then there is no commercial motivation for operators to exceed specified vehicle standards although there could be option to incentivise enhanced provision by awarding additional quality marks within tender evaluation, or by running a performance regime which rewards contractors (financial payments or via extensions to contract term) where vehicle standards exceed those specified. |

Table 21: Ability of public ownership to deliver improvements

6.6.7.   Commentary on timetable for implementation

6.6.7.1.   Municipal ownership is likely to involve a long process of legislative change, company establishment and growing market share. This process would likely take longer than negotiating an EP or moving to a franchising scheme.

6.6.7.2.   Timelines for legislative change can vary significantly, but as an example, the Bus Services Act was introduced to Parliament in May 2016 and became law in April 2017[159]. Additional time would be required prior to the Bill's introduction for detailed policy development by the civil service and drafting by parliamentary counsel.

6.6.7.3.   Legal challenges could add significant delay to the timeline. These are possible where an attempted acquisition of an existing operator was challenged in court, or where public investment in a municipal company presented subsidy control issues.

6.6.7.4.   A municipal bus company would need significant time to reach an influential scale in the local market. Acquisition of an existing operator may truncate this timeline but would leave an initial network shaped by that operator's previous provision. It would take a prolonged period before the municipal company had a network with enough coverage to achieve our aspirations.

6.6.8.   Financial and other resource implications

6.6.8.1.   Public ownership would involve the authority providing significant up-front financial investment to establish or acquire the municipal operator and acquire resources, such as fleets and depots. Ongoing investment, for example to support a rolling programme of fleet upgrades, could also be required.

6.6.8.2.   Public investment would need to be carefully structured to comply with subsidy control restrictions. Regulations on this are complex, but effectively any public subsidy would need to be on terms a private investor would find acceptable, constitute low-value support in the 'public economic interest', or comply with the government's seven principles for state subsidies. It appears that significant investment in a large municipal bus company would struggle to comply with the government's principles.

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[159] UK Parliament, 2017

6.6.8.3.   Our three largest incumbent operators are all part of wider groups, allowing them to share overheads and benefit from economies of scale during procurement exercises. A municipal company would therefore be operating at a comparative disadvantage; it would likely cost more to operate comparable services.

6.6.8.4.   Public ownership would, however, mean that all profits could be reinvested in the municipal company rather than paying dividends to shareholders. This could enable cross-subsidisation of more routes or finance upgrades to vehicles.

6.6.9.   Legal implications

6.6.9.1.   It is unlawful for LAs (including CAs) to form a local bus company under the Bus Services Act 2017[160].

6.6.9.2.   Restrictions on municipal ownership could be overturned by new primary legislation. Overturning the legislation would require a willing government, prioritisation of limited parliamentary time in that government's legislative agenda and Parliament's consent. The Labour Party committed to lifting the prohibition in its 'Plan to Power Up Britain'[161], but a possible timeline is still unclear.

6.6.9.3.   Changes in legislation to permit municipal ownership may not be unconditional. Restrictions could be placed on the circumstances where municipal ownership was permissible or require a detailed legal process before one can be established.

6.6.9.4.   Acquisition of an existing operator is not explicitly prohibited, but this has never been tested. Attempts to purchase an existing operator could require the authority to defend legal action given the legal ambiguity around such a decision.

6.6.9.5.   Public ownership could encounter subsidy control issues that would restrict investment in the municipal company. Some exemptions exist for low-value subsidisation of 'services of public economic interest', but any wide-scale investment would require rigorous assessment to ensure compliance with regulation. Specialised advice could be required to resolve any complex issues.

6.6.9.6.   Competition law could also intersect with public ownership, through both potential acquisition of existing operators and the ongoing

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[160] Bus Services Act, 2017
[161] Labour Party, 2024

operation of the network. It would not be permissible to establish a local monopoly by acquiring all incumbent operators. Interaction with other operators by the arm's length company could also risk issues around anti-competitive practices.

6.6.10. Key risks

6.6.10.1. Choosing to pursue public ownership at this time runs the risk of legislation not changing, potentially after an extended period of waiting. Legislative change is not imminent and, waiting any longer would mean the inadequacies in the current network persist, itself risking a worsening of public perceptions and reduced patronage.

6.6.10.2. Public ownership includes a very significant transfer of risk from the private sector to the public sector. This includes risks that revenues are not sufficient to support the network, procurement risks and reputational risk if perception of the operator was poor or routes had to be curtailed. These risks are similar to those accepted in a franchised network, but more expansive given the sole responsibility of the authority in a publicly owned company. Profitability risks are not limited to the initial setup period – the liquidation of Halton Transport in Merseyside shows how a previously profitable municipal company can become unprofitable, requiring increased public sector support and, potentially, a decision by the borough council to cease its operations.

6.6.10.3. There is a sizeable risk that a municipal bus operator would never grow to a sufficient size to influence outcomes in the region's network. Initial provision would need to be profitable enough to support expansion. If initial services failed to generate enough revenue for expansion – possibly due to being outcompeted by existing operators, continued patronage decline, or political and public pressure for very low fares – the municipal company would remain a small operator and fail to realise any wide-ranging benefits for the public.

6.6.10.4. If it did grow to being a leading local operator, there would be an ongoing risk that private operators would attempt to outcompete it in an area. This would be a legitimate business decision for a private operator. Similar happened in Edinburgh in the mid-2000s when FirstGroup offered much lower fares on some routes in an attempt to expand in the city and dislodge publicly owned Lothian Buses[162].

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[162] [BBC News, 2001](#)

6.6.11. Equality and diversity implications

6.6.11.1. Improvements to the bus network achieved by public ownership would yield positive equality and diversity implications. These would be similar to those identified in sections 6.4.12 and 6.5.9 for an EP and franchising. Bus use is more common than average among ethnic minorities, women, elderly people and disabled people. Improvements to the bus network would improve the experience of these groups.

6.6.11.2. More targeted positive equality and diversity implications could be achieved through the closer control public ownership would give the authority. It would be possible to influence the municipal company's strategic direction, which in turn could include a commitment to buses as a tool to boost social and economic inclusion. Provision also could be designed to better support the needs of minority groups, for example increased midday services to meet the needs of pensioners.

6.6.11.3. However, positive implications are not an inherent part of a municipal operator. Business decisions could still be taken that are positive for the network but carry negative equality implications. This is particularly pronounced in the early stages when it was attempting to build market share – there would likely be a choice between spending money on routes that support equality and diversity and those which generate the largest profits to reinvest in the network.

6.6.12. Any further impact of proposals

6.6.12.1. There are further impacts which would significantly affect the nature of any public ownership model that could be taken forward. They include cross-boundary services, transfers for staff who currently work for the operators under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE), school services operated by the local authorities and the impact of the geography of the region, such as the difference in service provision between urban and rural areas. If further study is given to public ownership then the implication of these factors will be investigated further.

6.6.12.2. This analysis assumes that the aim of a municipal bus company would be to gain a significant share of the market to deliver improvements to the widest number of passengers. Smaller-scale public ownership could provide improvements in some areas, though this would still require a choice between other delivery models for the wider network.

6.6.12.3. Strathclyde's analysis of different options concluded that, although municipal ownership "will not in itself deliver the change needed to achieve [our] aspirations", it could add value by competing for secured service contracts where competition among existing operators is limited[163]. The region's transport body is set to conduct further targeted analysis into this possibility. There is no prohibition on establishing a municipal bus company in Scotland, though it remains unclear how SPT will handle some of the other challenges around municipal operator establishment – such as subsidy control.

6.6.12.4. Existing municipal bus operators elsewhere in the UK are predominantly urban operations, there is uncertainty therefore that the model could deliver improvements throughout the region.

Key insights from this section:

- The DfT presents an EP or franchising as the main options for areas' bus networks. Different models can apply in different parts of the same authority; subsequent development of the options will consider the desirability of this approach.
- EPs can achieve a lot in theory, but their practical scope is determined by negotiations between the authority and operators. Some areas have gone further than our current EP and it is possible we could expand it relatively quickly, though doing so requires both bus operators and authorities to be open to a range of service standards and network improvements, beyond what was previously agreeable.
- Operators compete for contracts to run specified routes/services in a franchised system. Implementing franchising requires a long legal process, significant expense and transfers risk to the public sector, but also gives the authority control over the network – allowing it to set routes, fares and service standards.
- It is not currently legally possible to establish a new publicly owned bus operator and legislative change would likely be required to pursue this option. Public ownership would theoretically give the authority considerable control over a municipal operator but, unless further reforms were undertaken, this operator would still need to compete for market share in the deregulated market. There would be significant costs involved as well as legal issues around subsidy control in establishing a municipal operator.
- It is for the North East CA Mayor and Cabinet to determine which option has the greatest ability to deliver for our region. This may involve different solutions in different parts of the North East CA area. Proceeding with franchising would involve undertaking a franchise scheme assessment; proceeding with an EP would involve scoping and negotiating a more expansive agreement; while seeking another option would instruct officers to conduct a more detailed analysis of such options.

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[163] Strathclyde Partnership for Transport, 2024

7. Conclusion

7.1.   Buses are vital to the North East and connect residents to work, education, retail and leisure destinations every day. The North East is one of the highest bus use areas in the country, with 106 million journeys made on buses in 2022/23[164].

7.2.   Despite their importance for many residents, bus services have seen a sustained decline. The bus network in the North East sees 60 million fewer journeys each year and covers 23 million fewer miles than it did in 2010.[165] At the same time, more and more journeys have been made by private vehicle, a trend which is expected to continue.[166] If this is not addressed there will be increasing pressure on the bus network and road congestion will worsen. This will endanger the delivery of regional ambitions for the economy, the environment and health.

7.3.   Bus passengers and residents too often feel let down by current bus services. Public engagement in the North East has found a sense that buses cannot be relied on, do not take people where they want to go, are not integrated with other transport modes, such as the Tyne and Wear Metro, or simply are not an attractive option for most journeys compared to the car. The five most common words used when residents were asked about local buses were "unreliable", "late", "expensive", "slow" and "infrequent".

7.4.   As discussed throughout this report, large sums of public money are invested in the bus network with approximately 43% of North East bus operator income coming from public funding sources in 2022/23. Authorities have limited control of the bus network however and routes, fares and frequencies are largely commercial decisions.

7.5.   Collaboration between public authorities and bus operators has increased due to the North East Enhanced Partnership. Supported by £163.5 million of time-limited government funding, the region's EP has facilitated improvements such as new all-day multi-modal tickets, reduced fares for young people and a common customer charter. These have delivered real benefits for passengers, with the all-day multi-modal tickets used on over one million journeys in the six months following their introduction.

7.6.   More expansive bus reform could build on the accomplishments of the region's EP and is needed to deliver regional objectives. Change that delivers a reliable, integrated and attractive bus network would support the delivery of the Local Transport Plan and Bus Service Improvement Plan, as well as enabling progress towards the aims of other North East CA objectives. Improved bus services would also support region-wide efforts on the region's economic, environmental and

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[164] Department for Transport, 2023
[165] Department for Transport, 2023
[166] Department for Transport, 2022

health challenges, support more people to access work and training opportunities, address poor city centre air quality with a move towards zero-emission vehicles and enable more active journeys.

7.7.   A continued decline in patronage would see the number of profitable routes shrink further, ultimately requiring either a significant increase in secured service spending or a substantial decline in service coverage and frequency across the region. This report sets out that there is a compelling case for change and not changing poses significant risks to the region.

7.8.   The two primary bus reform options show potential to improve bus services and deliver on the case for change. This Options Report has set out what is presently known about the costs, timescales and implications of pursuing each option: expanding the EP and a franchising scheme.

7.9.   Drawing on experience from other combined authorities, the report has been able to make several significant estimations. This includes an estimated cost of £8.5 million to conduct an FSA which is likely to take around 2 years and 8 months (inclusive of audit and consultation). The FSA would assess the impact of franchising on a mixed rural, urban and coastal geography and how a franchising scheme compares to other operational models.

7.10.   This report also estimates that it would take a further 30 months (2 years 6 months) to transition to and implement a franchising model if this mayoral decision were to follow an FSA. Both costs and duration associated with transition and implementation are considered significant. They can only be established fully through the FSA and are dependent on the preferred operational model of franchising pursued and the geography covered by any franchising scheme. Any viable opportunity to accelerate this programme would however be pursued.

7.11.   Notable areas that have not been fully analysed in this report include detailed financial modelling, determining a criteria of bus reform aims and a clear definition of the precise reform options. Further work is therefore needed to fully understand the possibilities and implications of any option. Without these steps it is impossible to make accurate assumptions regarding risks, benefits, costs and timescales.

7.12.   Recognising the importance of the bus network and the opportunity to deliver significant change and improvements for communities in the region, this Options Report has demonstrated that bus reform is worthy of further detailed investigation. A more exhaustive piece of work will be required to comprehensively analyse and evaluate the range of solutions available to the North East CA. The Options Report therefore recommends that the Mayor and Cabinet proceed to a Franchising Scheme Assessment.

8. Glossary and Key Definitions

Glossary

- ADHD – attention deficit hyperactivity disorder
- AQMAs – Air Quality Management Areas
- AVL – Automatic Vehicle Location
- BPC – Bus Passenger Charter
- BSIP – Bus Service Improvement Plan
- BSOG – Bus Service Operator Grant
- CA(s) – Combined Authority/Authorities
- CAZ – Clean Air Zone
- CMA – Competition and Markets Authority
- CSFs – Critical Success Factors
- DCC – Durham County Council
- DfT – Department for Transport
- DRT – Demand Responsive Transport
- DVSA – Driver and Vehicle Standards Agency
- ENCTS - English National Concessionary Travel Scheme
- EP – Enhanced Partnership
- Equality Act – Equality Act 2010
- FSA(s) – Franchising Scheme Assessment(s)
- GHG – Greenhouse gas
- GMCA – Greater Manchester Combined Authority
- GNE – Go North East
- GVA – Gross Value Added
- H2S – Home-to-school
- IMD – Index of Multiple Deprivation
- ITA(s) – Integrated Transport Area(s)
- JTC – Joint Transport Committee
- KPIs – Key Performance Indicators
- LAs – Local Authorities
- LCRCA – Liverpool City Region Combined Authority
- LSOAs – Lower Layer Super Output Areas
- LTA– Local Transport Authority
- MCA(s) – Mayoral Combined Authorities
- MTRTC – Making the Right Travel Choice
- NBS – National Bus Strategy
- NCC – Northumberland County Council
- North East CA – North East Combined Authority
- NO_2 – Nitrogen dioxide
- NTS – National Travel Survey

- OTC – Office of the Traffic Commissioner
- P&R – Park and Ride
- Partnership Board – North East Regional Bus Partnership Board
- $PM_{2.5}$ – Particulate matter 2.5
- PSED – Public Sector Equality Duty
- PSV – Public Service Vehicle
- PTE – Passenger Transport Executive
- PVR- Peak Vehicle Requirement
- SME – Small or Medium sized Enterprise
- SYMCA – South Yorkshire Mayoral Combined Authority
- TC - Traffic Commissioner
- TCAs – Travel Concession Authorities
- TCF – Transforming Cities Fund
- TfGM - Transport for Greater Manchester
- TfL – Transport for London
- LTP – North East Local Transport Plan
- TRSE – Transport Related Social Exclusion
- TUPE – Transfer of Undertakings (protection of Employment) Regulations 2006
- UTMC – Urban Traffic Management Centre
- WYCA – West Yorkshire Combined Authority
- ZEB – Zero Emission Buses
- ZEV(s) – Zero Emission Vehicle(s)

Key Definitions

Bus Service Improvement Plan (BSIP) - the first North East BSIP was published in October 2021 and outlines our region-wide ambitions to make buses more attractive by making them an affordable and practical alternative to using private cars for more people and helping existing bus users to travel more frequently. Our BSIP was awarded £163.5 million by the Department for Transport (DfT).

Bus Service Operator Grant (BSOG) - The Bus Service Operators Grant (BSOG) is a grant paid to operators of eligible bus services and community transport organisations to help them recover some of their fuel costs.

English National Concessionary Travel Scheme (ENCTS) - Guaranteed free travel for people over state pension age and people with an eligible disability on all eligible local bus services anywhere in England from 0930 until 2300 on weekdays and all day at weekends and on Bank Holidays. This is administered locally by local authorities/ Nexus according to a reimbursement calculator guided by a principle that bus operators should be 'no better or worse off' due to the scheme.

Enhanced Partnership (EP) - an Enhanced Partnership is a statutory arrangement under the 2017 Bus Services Act which can specify, for example, timetables and multi-operator

ticketing, and allows the LTA to take over the role of registering bus services from the Traffic Commissioners. The main difference versus franchising is that operators in an Enhanced Partnership have a much greater role, working with LTAs to both develop and deliver improvements for passengers and having a real say on how bus services should be improved.

EP Plan - a clear vision of the improvements to bus services that the EP is aiming to deliver, mirroring a BSIP.

EP Scheme – one or more statutory documents produced alongside or following the EP that sets out how the EP Plan will be delivered, including specific commitments by the authority and bus operators.

Facilities - assets that are provided at specific locations along particular routes (or parts of routes) within the Combined Authority area or new and improved bus priority measures with are made within the Combined Authority area.

Key Route Network - Key Route Networks (KRNs) are a network of some of the most important roads in a combined authority for which an MCA and its constituent authorities both hold powers.

Measures - includes improvements which have the aim of increasing the use of Local Services serving the routes to which the measures relate or ending or reducing a decline in their use; or improving the quality of Local Services.

National Bus Strategy (NBS) - Published by the Department for Transport in 2019, the NBS set out a vision for better bus services in England outside of London. As part of the strategy all Local Transport Authorities were required to publish a Bus Service Improvement Plan (BSIP) and then either pursue an Enhanced Partnership or Franchising.

Nexus - Nexus is the Tyne and Wear Passenger Transport Executive (TWPTE) which delivers and administers services on behalf of the North East Combined Authority within Tyne and Wear.

North East Combined Authority (North East CA) - The North East Combined Authority is a Combined Authority in North East England. The North East CA has a directly-elected Mayor and seven member councils of which two are county unitary authorities (Durham and Northumberland) and five are metropolitan boroughs (Gateshead, Newcastle, North Tyneside, South Tyneside, Sunderland).

North East - Throughout this document the North East is used to refer to the 'North East CA area' covering Northumberland County Council, Newcastle City Council, North Tyneside Council, Gateshead Council, South Tyneside Council, Sunderland City Council and Durham County Council. Where the term 'North East' is used to describe an alternative geography (such as inclusive of the Tees Valley) this is marked in the text.

North East Local Transport Plan (LTP) – The North East LTP is a statutory plan which sets out the region's transport priorities up to 2040. It is supported by a delivery plan. The delivery plan takes the strategic vision set out in this LTP and identifies specific schemes

and interventions that could be delivered to achieve our overall policy vision and commitments.

Radial Routes - Core routes that operate at high frequency (up to every 10 minutes Monday to Saturday daytime), Serving our urban city centres of Newcastle, Sunderland, and Durham. Radial Routes require intensive levels of resource but cater for high levels of demand and are generally profitable.

Revenue risk – the risk to either make a profit or loss which is held by the body commercially responsible for the route/network.

Secured Service - A bus service that is contracted and funded by a local authority or Nexus, these can be evening or Sunday services, works or college routes, or services which operates at a loss and so require subsidy.

Transfer of Undertakings (protection of Employment) Regulations 2006 (TUPE) - 'TUPE' refers to the "Transfer of Undertakings (Protection of Employment) Regulations 2006" as amended by the "Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014. TUPE regulations protect employee's terms and conditions of employment when a business or service is transferred from one employer to another. The Franchising Schemes and Enhanced Partnership Schemes (Application of TUPE) (England) Regulations 2017 make specific provision for TUPE applies to EPs and franchising schemes.

Zero Emission Buses (ZEB) - A zero emission bus is a bus that is zero emission at the tailpipe, or possesses either of an Ultra Low Emission Bus Certificate or a Zero Emission Bus certificate.

Zero Emission Bus Regional Areas (ZEBRA) - ZEBRA is a central government funding pot to help local transport authorities (LTAs), outside London, to introduce zero-emission buses and the infrastructure needed to support them.

9. Background documents available for inspection

9.1.   The North East Local Transport Plan

9.2.   The North East Bus Service Improvement Plan

9.3.   Department for Transport -The National Bus Strategy

9.4.   Department for Transport- Franchising Guidance

9.5.   Greater Manchester Combined Authority- Franchising Scheme Assessment

9.6.   Liverpool City Region Combined Authority- Franchising Scheme Assessment

9.7.   West Yorkshire Combined Authority- Franchising Scheme Assessment

9.8.   The North East Strategic Economic Plan

Bus Reform Option Report- Appendix A

Appendix A
Estimating % of bus operator income from public sources

Introduction
1. The Options Report notes that 43% of bus operator income (within the NECA area) during 2022/23 was received from public sources.
2. The methodology used to identify this figure is summarised below.
3. There are various limitations on the data used (described below). We are in the process of seeking more accurate data direct from the bus operators, however, in the absence of this our analysis has been completed within the confines of the data publicly available.
4. It is acknowledged that there are costs incurred by the bus operators for all elements of public funding received. The objective of this exercise was to identify gross estimated income received from public funding sources relative to total gross estimated income received.

DFT BUS STATISTICS
5. Table BUS02d_km shows 2022/23 total distance (KM) for NECA region as 83.83m km.
6. Table BUS04ci_km shows 2022/23 operating revenue per KM for England outside of London as £2.85.
7. Combining above gives an estimated total income for the NECA region of £238.9m.
8. Table BUS05ai shows operating revenue for local bus services by revenue type.
9. The 2022/23 data for England (outside of London) is summarised within the table below.

Table 1 – Bus operator income sources in 2022/23 for England (outside of London)

Passenger fare receipts £m	LA gross support (i.e. tenders) £m	Concessionary Travel £m	BSOG £m	CBSSG / BRG £m	Fare Cap £m	Total £m
1,920	475	582	200	153	60	3,391
56.6%	14%	17.2%	5.9%	4.5%	1.8%	100%

10. We have then assumed the same % profile applies for the NECA area - which produces the breakdown of revenue illustrated in the table below.

Table 2 – Estimated operator income during 2022/23 for NECA area

Passenger fare receipts £m	Local Authority gross support (i.e. tenders) £m	Concessionary Travel £m	BSOG £m	CBSSG / BRG £m	Fare Cap £m	Total £m
135.2 (56.6%)	33.5 (14%)	41.091 (17.2%)	14.1 (5.9%)	10.8 (4.5%)	4.3 (1.8%)	238.9 (100%)

Summary (DfT Bus Statistics)
11. Based on data from DfT's annual Bus Statistics (2023) we can estimate that total operator income within the NECA area during 2022/23 was £238.9m.
12. Assuming the split of operator income for England (outside of London) applies equally to the NECA area, the income received from the public sector was as follows:
    a. Concessionary revenue £41.1m

b. BSOG/DfT covid-related grants £24.9m
c. Local authority secured service contract payments £33.5m
d. Fare Cap £4.3m

13. The estimated sum of public sector funding (£103.8m) therefore represents 43% of the total income (£238.9m) for 2022/23.

Data Limitations

14. The DfT data used for 'KM operated' and 'Operating Revenue per KM' is marked provisional and therefore potentially subject to change.

15. Operating Revenue per KM figures are only available for England outside of London and are also marked as provisional and therefore potentially subject to change. Figures for English Metropolitan and English Non-Metropolitan areas (which potentially would have been more accurate) have previously been produced but are currently not available post 2020.

16. A breakdown of income sources based on the figures provided for England outside of London has been used (as the best available data) but may not be representative of local circumstances.

Long-Term Trend

17. It is acknowledged that several of the revenue streams applicable during 2022/23 are time limited and not representative of the norm. For example, the grant income received by bus operators to help them recover from reduced levels of passenger revenue following the pandemic.

18. To mitigate this issue, we have analysed the results from BUS05ai over the last 10 years – see table 3 below.

Table 3 – Operating revenue % sources 2014 – 2023 for England outside of London

Year ending March	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Pax Receipts	57%	58%	58%	58%	60%	60%	58%	23%	44%	57%
Public funding	43%	42%	42%	42%	40%	40%	42%	77%	56%	43%

(derived from BUS04ci_km)

19. This analysis illustrates that figures presented for the year ending March 2023 are in line with trends observed prior to the pandemic, where public sector income typically accounted for c40-43% of gross bus operator income.

Conclusion

20. It is estimated that 43% of bus operator income (within the NECA area) during 2022/23 was received from public sources – a figure which is also considered representative of the pre-pandemic norm.

Bus Reform Option Report- Appendix B

BSIP KPIs

Modal Share and Patronage

- KPI 1: Modal share of buses to grow by 1 percentage point in 2023/24 and a further 1 percentage point in 2024/25.
- KPI 2: Modal share of bus use for journeys to work and education to grow by 1 percentage point in 2023/24, and a further 1 percentage point in 2024/25.
- KPI 3: Bus patronage to grow by 10% in 2024/25, and then by a further 10% in 2025/26.
- KPI 4: Bus patronage from people under the age of 22 to grow by 10% in 2023/24 and then by a further 10% in 2024/25.

Customer Satisfaction

- KPI 6: Overall bus passenger satisfaction to grow from a baseline of 91% to 92% in 2023/24 and to 93% in 2024/25
- KPI 5: Bus boarding at rural bus stops to grow by 10% in 2023/24 and then by a further 10% in 2024/25.

Bus Performance

- KPI 7: Average speed of buses to grow, relative to the average speed of general traffic, each year starting in 2024/25.
- KPI 8: Bus reliability to be 99.5% throughout the period of the BSIP.
- KPI 9: Bus punctuality at point of origin to be 95% in 2023/24, 96% in 2024/25 and 97% in 2025/26.
- KPI 10: Bus punctuality at all timing points to be 90% in 2023/24, 95% in 2024/25 and 95% in 2025/26.

Environmental Standards

- KPI 11: Bus fleet emission standard to Euro 6 or better to be 63.2% in 2022/23, 80.8% in 2023/24 and 91.1% in 2024/25 and to be 100% at the start of 2025/26.

Bus Reform Option Report- Appendix C

Changes in bus patronage in London compared to the rest of England

London's buses see much higher patronage than buses across the rest of England. Patronage in the rest of England has decreased from pre-deregulation highs but patronage in London has increased significantly over the same period. No single factor explains this, but London patronage has benefited from extensive bus priority infrastructure as well as the direct and indirect influence of the congestion charge. This builds on the pre-existing advantages available to London as a dense urban area.

Background

Bus patronage has diverged between London and the rest of England. Buses remain well used in London, with patronage per head increasing throughout the 1990s and 2000s until a slight fall in the 2010s[1]. Contrastingly, patronage has fallen across the North East[2].

The recent decline in bus patronage per head in London can also be attributed to an increase in mode share by active travel and rail rather than private vehicles[3].

Annual bus journeys per head of population, 2005-23
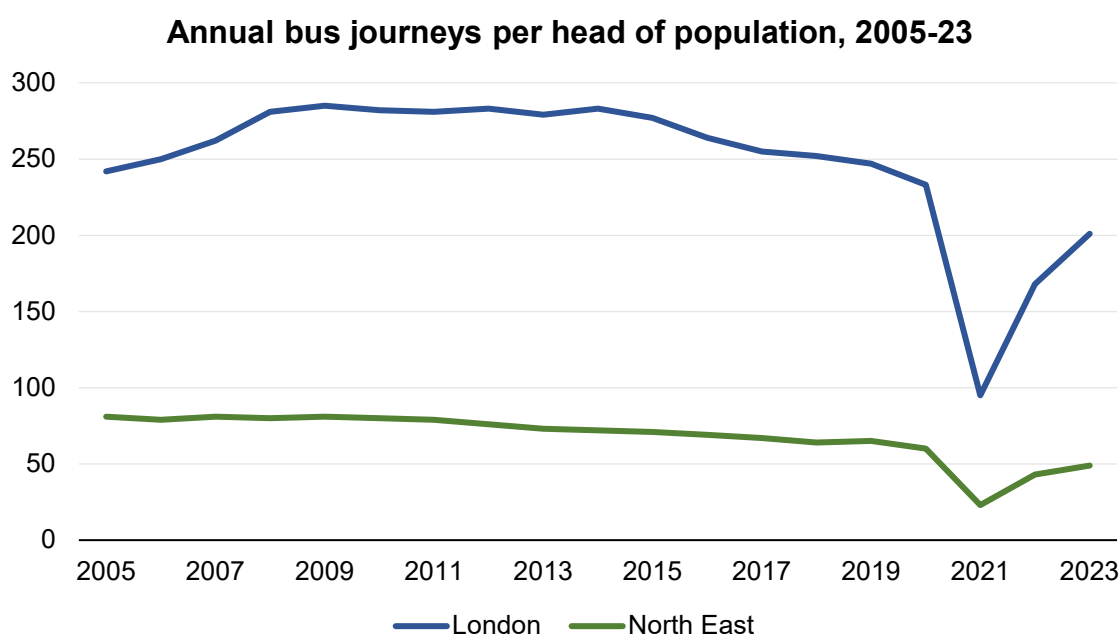
Patronage in London has also recovered faster since the pandemic than the North East and the rest of England. Total journeys in London in 2023 represented 80% of the total journeys made in 2019, compared to 74% in the North East.

London would be expected to have higher bus patronage than England overall – it is a dense urban area with a high population, creating higher demand for services. It is, however, notable that London has largely resisted post-deregulation trends in the

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[1] Analysis of Department for Transport, 2023
[2] *The definition of the North East used in the patronage figures includes the five local authorities in the Tees Valley CA as well as the seven that will comprise the post-May North East CA.*
[3] Transport for London, 2018

rest of England. This does not have a single explanation, and many involve 'chicken and egg' issues, but this document evaluates some key potential enablers for this divergence.

Population density

London is the most densely populated urban area in England and one of the most densely populated areas in Europe. London has around 5,600 people for each square kilometre; compared to 2,600 in Newcastle and 2,000 in Sunderland.

London is especially dense at in its urban core. One million people live within 5km of Trafalgar Square. Other major English cities – including Manchester, Birmingham, and Leeds – are less than half as dense[4]. Newcastle is one-third as dense and Sunderland just over a tenth as dense[5].

London's population distribution has largely not changed within the city – its inner and outer boroughs have grown at broadly the same rate[6]. Patronage has therefore not increased due to people choosing to live in the denser inner London boroughs where cars have less utility.

London's density has given its public transport network significant advantages when compared to those serving other English cities. Higher density means that there are more people to ride buses and – even ignoring parking restrictions imposed by councils – higher density makes it more difficult to own a private car. Space which may be used for parking in low density areas is typically allocated for housing in higher density areas.

London's dense population enables a successful public transport network. More people live closer to each bus stop and – all else being equal – demand for services will be higher in densely populated areas. London's population has grown at broadly the same rate in the dense inner boroughs and the more suburban outer boroughs, indicating that urbanisation does not explain long-term bus patronage increases.

Bus priority infrastructure

London benefits from established and well-developed bus priority infrastructure. This includes a network of no-stopping red routes along key arterial roads, expansive bus lanes, and junctions designed for bus priority.

Red routes were piloted in London in 1991 prior to being rolled out throughout the 1990s. The Department for Transport's evaluation of the pilot – which covered an eight mile stretch of road in North London – found that it had delivered significant benefits. These included:

- "Considerably quicker" bus journeys with a significant reduction in bus journey variability;

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[4] Analysis of city populations using Forth, n.d. *Manchester, Birmingham, and Leeds were measured with a 5km radius around Piccadilly Gardens, New Street Railway Station, and City Square respectively.*
[5] *Measured from Monument and Sunderland Railway Station respectively.*
[6] Analysis of Office for National Statistics, 2022

- Patronage on the 43 bus service – covering much of the pilot route – increasing by approximately 9%; and
- A 17% reduction in personal injury accidents across the route[7].

The 2000-03 London Bus Initiative built on the implementation of red routes. It used government funding to install a range of further bus priority measures. These included 100 extra bus lanes, 300 junctions equipped with bus priority, and other junction improvements across 27 high frequency bus routes.

The Department for Transport analysed three routes giving the highest levels of bus priority. Its conclusion was positive, finding that the measures improved bus speeds; increased bus patronage; and improved reliability. It described the London Bus Initiative as a "highly successful" project. A similar scheme in Edinburgh was also successful[8].

Infrastructure to support cycling and active travel has also been expanded across London, such as cycleways. This infrastructure appears to be supporting an increase in cycling in London, but could negatively impact motorised traffic – including buses.

Transport for London highlight that post-completion journey times along new cycle routes are "in many cases" similar to pre-completion journey times but note that construction can add delays – such as up to ten minutes compared to the pre-construction time along the short CS5 route, which crosses the Thames between Oval and Pimlico. TfL has mitigated this with various measures, including temporary bus timetables, enhanced bus priority, and implementing dynamic signal timing; balancing the need for buses to move quickly with the desire to improve active travel infrastructure[9].

Bus priority infrastructure could be characterised as a 'carrot' to increase bus patronage. Measures such as red routes and extended bus lanes can yield significant benefits for buses, enabling faster and more reliable journeys. London's experience shows that passengers recognise such improvements quickly, with increases to patronage as a result.

Congestion charging

The London Congestion Charge was first introduced in 2003 and briefly operated across a slightly expanded footprint from 2007 to 2011. The zone covers a small part of central London which has a relatively low population and high concentration of workplaces – including Whitehall and the City of London.

Drivers currently pay £15 a day to drive in the zone. Electric vehicles[10] and blue badge holders are entirely exempt, while residents of the zone area are eligible for a 90% discount.

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[7] House of Commons Library, 2010
[8] Department for Transport, 2004
[9] Transport for London, 2016
[10] *The 'Cleaner Vehicle Discount' – which makes electric vehicles exempt from the charge – is being abolished with effect from 25 December 2025.*

Motorised traffic has fallen significantly in central London since the zone was introduced, with around 70% as many vehicles crossing into central London[11] compared to in 2000 – despite the significant growth in the city's population[12].

Transport for London's research indicated that the congestion charge had resulted in a modal shift from cars to public transport for journeys to central London, with the bus network also benefiting from "the reduced congestion and ongoing investment of scheme revenues"[13].

Bus passengers entering the congestion charge zone increased by 37% during the scheme's charging hours after introduction, with Transport for London attributing half of this increase directly to previous car drivers switching modes and the rest reflecting general improvements in bus services that made them more attractive to ride. Services also became more reliable[14].

Congestion in central London crept back up to pre-zone levels following its introduction, although the number of cars and journeys remained lower. Transport for London attributes this to a reduction in road capacity due to roadworks and highlights there are long-term opportunities to reallocate the road space made available[15].

Some drivers decided that they would continue to pay the charge and drive in the congestion charging zone for various reasons. Transport for London's analysis on drivers who continued to drive in the briefly expanded area of the zone following its introduction reported various reasons for this decision – including driving for work needs; a feeling they had no other choice; or because they thought it was easier and would save time. Most reported that they had not considered any alternative for their most recent journey[16].

Intuitively, those who did not pay the full charge themselves – either because they received a substantial discount as a resident, were exempt, or because their employer reimbursed them – were much more likely to continue to drive in the zone, with eight in 10 of this group continuing to drive[17].

The London Congestion Charge yielded a significant increase in bus patronage in central London with both direct and indirect benefits. Most directly, the cost appears to have encouraged many drivers to switch to the bus (if bus priority measures are a carrot, the congestion charge is the stick). Indirectly, less congested roads enabled buses to be more reliable and faster which made the network more appealing.

Fare cost and ticketing

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[11] *The definition of central London used to derive this figure is wider than the congestion charge zone. It is likely that the true fall inside the zone is greater.*
[12] Transport for London, 2023
[13] Transport for London, 2007, p.3
[14] Transport for London, 2007, p.55
[15] Transport for London, 2007, p.2
[16] Transport for London, 2008, p.114
[17] Transport for London, 2008, p.114

Bus fares are generally lower and simpler in London than the rest of England. Bus travel zones were abolished in 2004 and a flat fare implemented across the city. It currently costs £1.75 for a single journey – below the national £2 cap.

Switching buses is facilitated by the 'hopper' fare, with subsequent journeys free for an hour after the first journey begins. This enables passengers to make more complex journeys that criss-cross bus routes and require connections. There is also a daily cap of £5.25.

Fare increases in London have generally been similar to the rest of England, with both outpacing CPI inflation while motoring costs have fallen[18]. Real incomes have, however, risen faster in London compared to the rest of England meaning that similar sized fare increases affect Londoners less than people in the rest of England[19].

Analysis from the Chartered Institute of Logistics and Transport, drawing on published economics research, suggests that fare costs do not significantly alter short-term ridership. A 10% rise in fares would result in a 4% reduction in ridership[20]. Changes are likely more pronounced in the long-term as residents are able to adjust factors such as their home, workplace, or acquire a private car in response to the cost.

The level of any extent is hard to quantify, but the Institute also highlights that "simpler [fare] structures may help to attract ridership". Simpler fare structures also have the indirect benefits – such as enabling quicker boarding and consequently reducing journey time and variability[21].

London's fares – both their actual level and simplicity – likely contribute to London's ridership being higher than the rest of England, but this is seemingly a small (albeit difficult to quantify) impact. Fares have risen at largely the same rate as the rest of England, meaning they are likely not the cause of London and the rest of England's divergent patronage trends.

[18] Department for Transport, 2023
[19] Analysis of Office for National Statistics, 2023
[20] Chartered Institute of Logistics and Transport, 2021, p.5
[21] Chartered Institute of Logistics and Transport, 2021, p.5

Bus Reform Option Report- Appendix D

Appendix D
Estimating cost, income, and profit for the NECA bus network

Introduction
1. To inform the Options Report it is necessary to estimate the cost, income, and profit/loss for the NECA bus network.
2. Analysis is drawn from the 2022/23 period (with 2021/22 data used on an interim basis where there are gaps in data available).
3. There are various limitations on the data used (described below). We are in the process of seeking more accurate data direct from the bus operators, however, in the absence of this our analysis has been completed within the confines of the data publicly available.
4. The primary use of our analysis will be to:
    a. Inform cost and revenue baselines used within the interim financial model; and
    b. To inform indicative levels of funding required to maintain a specified level of service.

Income
5. Annual accounts for three largest operators are available on-line from Companies House (accounts for Arriva are split over two operating companies).
6. The reporting period used by each company varies (noted as a limitation below), but the data available is considered sufficient to permit high-level analysis over a full financial year.
7. Based on analysis of current PVR[1], it is estimated that 40% of income/cost for Arriva Durham County is attributable to operations within the NECA region. The remaining 60% of income/cost is attributable to operations within Tees Valley and North Yorkshire.
8. 100% of cost is allocated for all other companies.
9. The table below shows the adjusted income recorded during 2022/23.

Table 1 – Estimated bus operator income for NECA region 2022/23

Operator	Income (£m)	% TNE area	Estimated Income TNE area (£m)	Year Ending
Arriva Durham County	48.687	40%	19.475	31 Dec 2022
Arriva Northumbria	29.414	100%	29.414	31 Dec 2022
Busways Travel Services (Stagecoach)	61.251	100%	61.251	29 Apr 2023
Go North East	87.837	100%	87.837	02 July 2022
TOTAL	**227.2**		**198.0**	

* 2021/22 data used for GNE pending publication of 22/23 accounts expected late 2024

10. Assuming income for the remaining SME operators (15% market share) is comparable, their total estimated income would be £34.935m. However, such an assumption would be flawed because:
    a. SMEs have a lower cost-base; and

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[1] See appendix A

b. Within our region the primary source of income for SMEs is from LA/Nexus contract payments which cover the cost of operating secured services and provide a profit margin estimated to be between 5-10%.

11. Adding a 7.5% (mid-range between 5-10%) profit margin to the 15% discounted cost (see cost section below) for SMEs (£30.59m) suggests total SME income for 2022/23 was £33.07m.

12. The estimated income for the three large incumbents (£198.0m) combined with the estimated SME income (£33.07m) gives a total estimated income for the region's bus network of £231.07m for 2022/23 - subject to the data limitations highlighted below.

Cost

13. The table below shows the adjusted cost of sales recorded during 2022/23.

Table 2 – Estimated bus operator costs in NECA region for 2022-23

Operator	Cost of Sales (£m)	% TNE area	Estimated Cost TNE area (£m)	Year Ending
Arriva Durham County	48.341	40%	19.336	31 Dec 2022
Arriva Northumbria	31.686	100%	31.686	31 Dec 2022
Busways Travel Services (Stagecoach)	63.108	100%	63.108	29 Apr 2023
Go North East	89.745	100%	89.745	02 July 2022
TOTAL	**232.9**		**203.9**	

* 2021/22 data used for GNE pending publication of 22/23 accounts expected late 2024

14. Assuming costs for the remaining SME operators (15% market share) are comparable, their estimated cost would be £35.99m. However, SMEs are likely to have a lower cost base due to lower overheads (e.g. smaller buses/depots and less staff). Application of a 15% discount to account for this reduces the estimated SME cost to £30.59m.

15. Estimated costs for the three large incumbents (£203.9m) combined with the estimated SMEs cost (£30.59m) gives a total estimated cost for the region's bus network of £234.5m for 2022/23 - subject to the data limitations highlighted below.

Profit/Loss

16. The table below shows the estimated profit/loss generated based on the above analysis.

Table 3 – Profit/loss

Operator	TNE area income (£)	TNE area Cost (£)	TNE area profit/loss (£)	Margin (%)
Arriva Durham County	19.475	19.336	0.139	0.7
Arriva Northumbria	29.414	31.686	(2.272)	(7.7)
Busways Travel Services (Stagecoach)	61.251	63.108	(1.857)	(3.0)
Go North East	87.837	89.745	(1.908)	(2.2)
SME operators (Estimated)	33.07	30.59	2.48	7.5
Total	**231.1**	**234.5**	**(3.4)**	**(1.5)**

Data Limitations

17. Limitations of the data used are summarised below:
    a. It is difficult to establish whether/how group overheads have been allocated (subject to the intended uses for this data, it may be necessary to make some adjustments to reflect some or all the overheads within calculations).
    b. Different operators use different accounting policies on depreciation and pensions.
    c. The accounting period used by each operator is different.
    d. PVR analysis used to apportion the % of Arriva Durham County costs applicable to the NECA area has been based on a high-level desk-top exercise. Caution should be taken in the application of this figure and efforts should be made to obtain more accurate data on this matter when the opportunity arises.
    e. The PVR method used to split the results for Arriva assumes an average income/cost across all PVR. There may be a different cost/income profile for the Arriva buses operating either side of the boundary which is not recognised by this method.
    f. 15% cost discount for SMEs based on feedback provided by Industry Expert Panel.
    g. 7.5% profit margin for SMEs based on mid-point of 5-10% expected average range.
    h. Significant inflation has occurred in period since the accounts used to inform baseline data were published and cost savings have also been achieved through recent depot closures (for example, Chester Le Street and Jesmond). More recent accounts, or surveys would help identify new post-covid norm.
    i. BSOG and covid support/recovery grants are treated different by each operator. Some show grant income as a net cost, whilst others show it as income.
    j. Income/cost has been calculated using publicly available data sources - which may have affected the accuracy of figures presented (access to bus operator data will help improve accuracy and validate assumptions made). Should it be necessary to use the figures quoted then we should highlight caution on the accuracy of data.
    k. The income/cost figures quoted above for GNE relate to the 2021/22 period. For various reasons this period should not be considered representative of the post-covid 'norm'. In particular, the pandemic led to a stark reduction in patronage which then led to some structural changes within the bus market not reflected within the 2021/22 data.
    l. The above analysis will be updated as and when more data becomes available.

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Appendix A – Arriva Durham County (Estimating cost/income within NECA network)

1. Revenue reported for Arriva Northumbria, Busways Travel Services and GNE relates to operations almost exclusively within the NECA boundary (there are a small number of routes operated by GNE and Stagecoach which also serve Tees Valley or Cumbria, but for the purpose of this exercise the scale of these is not considered significant).

2. Revenue reported for Arriva Durham County relates, in part, to significant operations outside of our region and therefore an adjustment to the figure presented is necessary.
    a. To inform this adjustment, some analysis of the network operated by Arriva Durham County was completed to identify the Peak Vehicle Requirement (PVR) for each route (PVR calculations were derived from dividing off-peak cycle times by the service frequency). The sum of PVR for routes serving County Durham and Tyne & Wear was then identified as a % of the total PVR operated by Arriva Durham County.
    b. As details for the bus network operated by Arriva Durham County during 2021/22 were not available the PVR analysis completed was based on their March 2024 network. Whilst this provides a broad indication of the split, it is recognised as a limitation on the validity of the data.
    c. Total PVR for Arriva Durham County was identified as 217, of which 88 related to services operating wholly, or partly within the NECA area (40%). A summary of the PVR analysis completed can be found below.
    d. Assumed revenue for Arriva Durham County (within the NECA area) is therefore estimated as £18.763m (40% of £46.909m).

Service	With	Route	Cycle	Frequency	PVR	TNE PVR	
1		Darlington - Tow Law	360	60	6	6	
2	2a	Red Hall - Branksome	90	15	6	0	Network as at 19 March 2024
3		Mowden - Skerne Park	30	15	2	0	
4		Darlington - Minors Cres	40	20	2	0	
5		Bishop Auckland - Darlington	160	30	5	5	
5		Middlesbrough - Easington	180	30	6	0	
5a		Middlesbrough - Lingdale	120	60	2	0	
6		Durham - Barnard Castle	480	60	8	8	
7		Darlington - Durham	165	15	11	11	
7		Stockton - Yarm	150	30	5	0	
8		Netherfields - Middlesbrough	70	10	7	0	
8		Darlington - Spennymoor	133	60	2.2	2.2	
8a		Spennymoor - Ferryhill	47	60	0.8	0.8	
9		Darlington - Springfield	32	20	1.6	0	
9		Middlesbrough - Overfields	60	20	3.0	0	
10		Darlington - Whinbush	32	20	1.6	0	
13a	13b	Darlington - Firth Moor	32	10	3.2	0	
15		North Tees Hospital - Ingleby Barwick	210	30	7.0	0	
16		Middlesbrough - Beckfields Ave	120	30	4.0	0	
17	17a/17b	Middlesbrough - Stockton/Yarm	100	20	5.0	0	
17		Mowden - Skerne Park	60	60	1.0	0	
18		Harrogate Farm - Skerne Park	60	60	1.0	0	
19		Darlington - West Park	60	60	1.0	0	
22		Durham - Sunderland	205	60	3.4	3.4	
22b		Durham - Sunderland	120	60	2.0	2	
23		Hartlepool - Sunderland	260	60	4.3	4.3	
24		Durham - Hartlepool	375	60	6.3	6.3	
28		Middlesbrough - Lingdale	120	60	2.0	0	
28a		Middlesbrough - Stokesley	120	60	2.0	0	

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29		Middlesbrough - Nunthorpe	90	30	3.0	0
43		Durham - Esh Winning	60	20	3.0	3
48		Durham - New Brancepath	45	20	2.3	2.3
49	49a	Durham - Brandon	40	20	2.0	2
56	56a	Durham - Bishop Auckland	180	60	3.0	3
58		Durham - Hartlepool	180	60	3.0	3
62		Middlesbrough - New Marske	120	30	4.0	0
63		Middlesbrough - Redcar	130	10	13.0	0
64		Arnison Centre - Sherburn	180	30	6.0	6
64		Ings Farm - Middlesbrough	180	30	6.0	0
64a		Grangetown - Middlesbrough	90	30	3.0	0
81		Stokesley - Marske Estate	120	60	2.0	0
95		Sainsbury's - Sleights	60	60	1.0	0
96		Whitby - Lealholmside	120	120	1.0	0
318s		Ugthorpe - Eskdale School	PEAK	PEAK	0.0	0
323s		Rail Station - Eskdale School	PEAK	PEAK	0.0	0
805		Brambles farm - Swans - Corner	PEAK	PEAK	0.0	0
865		St Johns School - Croxdale	PEAK	PEAK	0.0	0
ED1		Burnhopefield - EDC Houghall	PEAK	PEAK	0.0	0
ED2		Blackfell - EDC Peterlee	PEAK	PEAK	0.5	0.5
ED3		EDC Peterlee - EDC Houghhall	PEAK	PEAK	0.5	0.5
ED4		North Hylton - Bracken Hill	PEAK	PEAK	0.0	0
ED5		Tubwell Row - College	PEAK	PEAK	0.0	0
MC1		Ingleby Barwick - Middlesbrough	PEAK	PEAK	0.0	0
MC2		Easington - Middlesbrough College	PEAK	PEAK	0.0	0
MC3		Stokesley - Middlesbrough College	PEAK	PEAK	0.0	0
MC5		Guisborough - Middlesbrough College	PEAK	PEAK	1.0	0
P1		Whitby P&R	30	30	1.0	0
P2		Whitby P&R	30	30	1.0	0
X2		New Marske - Middlesbrough	120	60	2.0	0
X3	X3a	Skelton / Lingdale - Middlesbrough	180	60	3.0	0
X4	X4a	Whitby - Middlesbrough	240	30	8.0	0
X12		Newcastle - Middlesbrough	480	60	8.0	8
X22		Middlesbrough - Peterlee	240	60	4.0	4
X26	X27	Darlington - Colburn Estate / Catterick	240	60	4.0	0
X46		Stanhope - Durham	75	20	3.8	3.8
X66	X67	Darlington - Middlesbrough	210	30	7.0	0
X75	X76	Darlington - Barnard Castle	90	30	3.0	3
X93		Middlesbrough - Scarborough	274	60	4.6	0
X94		Whitby - Scarborough	130	60	2.2	0
					217	**88.1**

Spare	15.0%
Total fleet	250

40%

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Bus Reform Option Report- Appendix E

Bus Reform Delivery Model Feasibility Study

Transport North East

9 February 2024

EY
Building a better
working world

Lucy Keating
Head of Bus Reform
Transport North East
C/o Gateshead Civic Centre
Regent Street
Gateshead
NE8 1HH

9 February 2024

Dear Lucy,

Bus Reform Delivery Model Feasibility Study – Final report

In accordance with your instructions, we have performed the services as a subcontractor for Bloom Procurement Services Ltd ("**Bloom**") and set out in our engagement agreement with Bloom dated 24 January 2024 (the 'Engagement Agreement').

Purpose of our report and restrictions on its use

This report was prepared on the specific instructions of Transport North East solely for the purpose of the Bus Reform Delivery Model Feasibility Study and should not be used or relied upon for any other purpose.

This report and its contents may not be quoted, referred to or shown to any other parties except as provided in the Engagement Agreement. It does not include all our findings and conclusions and therefore it should be read in conjunction with Appendix A to the report for a full understanding of our findings.

We accept no responsibility or liability to any person other than Transport North East, or such party to whom we have agreed in writing to accept a duty of care in respect of this report and accordingly if such other persons choose to rely upon any of the contents of this report they do so at their own risk.

Nature and scope of the services

The nature and scope of the services undertaken, including the basis of preparation and limitations, are detailed in the Engagement Agreement.

Our work was completed on 5 February 2024. Therefore, our report does not take account of events or circumstances arising, or information made available, after 5 February 2024 and we have no responsibility to update the report for such events or circumstances or information.

Yours sincerely,

Richard Barnes
Partner
Ernst & Young LLP

Contents

Executive Summary

Introduction and purpose of this Report

Like many authorities across England, Transport North East (TNE) is exploring the potential for bus reform. As part of this work, TNE is preparing an options paper which will set out the case for change and the bus reform options likely to be available to the future North East Mayoral Combined Authority (NEMCA).

This report is intended to inform the TNE report and deliberately considers a broad range of potential delivery model options for Bus Reform in the North East. Continuing with the current Enhanced Partnership and the introduction of a Franchise Scheme are the primary options available under current legislation, however this report also considers a number of additional options that may be available, both at the current time, and in future, in the event that a change in legislation resulted in additional powers for NEMCA.

Delivery model options considered

The report has deliberately considered a wide range of options, including a number that are not possible under current legislation or that are likely to prove complex, and potentially impossible, to implement, particularly at a regional level. The inclusion of these options enables TNE to consider a wide range of models (including what legislative changes might need to be implemented and/or regulatory issues overcome to implement them), respond to questions that politicians and other interested stakeholders may have and, in turn, develop a robust set of options to consider in any future business case. This is particularly relevant in a region as large and diverse as that covered by the future NEMCA (referred to as the "North East" throughout this report). Given the uncertainty around the availability of future funding, each option has been considered and assessed assuming equal funding is provided, irrespective of the delivery model option adopted.

The options draw upon operating models used in other jurisdictions in the UK as well as internationally, and can be summarised into four broad categories, those relating to use of Enhanced Partnerships, different types of Franchising Scheme, options based on Public Ownership and Other options.

A number of delivery options were considered at the long list stage however ultimately, these options did not proceed to the short list stage. Many of the options in the "Other" options category were excluded as they would not deliver against the Transport Plan objectives and BSIP KPIs in their own right (as compared to an EP, franchising scheme or public ownership model). These options may however be used as tools or facilitators of improvement alongside other delivery models.

Each shortlisted option was then considered against the Critical Success Factors. The Franchising Scheme and Enhanced Partnership Max options were very effective in satisfying the CSFs and therefore scored very high overall scores. The Public Ownership Model delivery options were generally less effective, particularly from a deliverability and region wide applicability perspective.

Delivery model observations

The last few years have significantly changed the landscape in the bus market in England. The impact of Covid continues to be felt. Whilst levels of bus travel recovered sooner and to a fuller extent than other public transport modes, the commercial bus industry relied on significant levels of financial support from government to deliver services both during and then post Covid.

The introduction of a National Bus Strategy and the associated Bus Service Improvement Plans requiring the introduction of Enhanced Partnerships or Franchising in order to access ongoing central Government support has inevitability placed an even greater emphasis on the role of local transport authorities. The authorities in the North East have successfully negotiated an Enhanced Partnership with operators in the North East, and received BSIP funding from government, however to date operators have been unwilling to commit to private investment under the EP. This BSIP funding (of £163.5m) will be vital to maintaining the current network and helping deliver some of the improvements

set out in the BSIP although a number of improvements remain long term objectives dependent on future funding availability.

Within Combined Authorities in England, there is a growing interest in the possibility of re-regulation of bus services through franchising. A number of other combined authorities have elected to introduce franchising (Greater Manchester and Liverpool City Region) or are well advanced in the process to assess whether to introduce a Franchising Scheme (including South Yorkshire, West Midlands and West Yorkshire). There are also authorities with franchising powers that have not elected to use them (i.e. through undertaking a franchise assessment), for example Cornwall and West of England Combined Authority.

It is against this backdrop that the future NEMCA will have to assess whether to continue (and potentially develop) its Enhanced Partnership or consider other options that might have a greater chance of delivering its key objectives.

A number of key observations and issues should be considered to further inform the work the Authority does around Bus Reform:

1. The counterfactual for any future changes remains the current Enhanced Partnership. Further customer improvements could be delivered through improvements to this Enhanced Partnership. This would require all qualifying operators agreeing to the measures and/or commitments which may prove challenging to agree. Other partnership models could be used alongside the EP (qualifying agreements, voluntary partnership agreements (VPA) and/or an advanced quality partnership scheme (AQPS)) however this will add complexity in terms of delivery and oversight and may result in inappropriately inconsistent outcomes across the region.

2. Obtaining control over the bus network through regulation – bus franchising – would give the Authority the greatest ability to specify customer outcomes and ensure that they are delivered. Given that the Authority is setting the specifications, a Franchise Scheme also allows a consistent approach to bus services to be delivered across the region, even when split into a series of contracted packages of services. It should be noted however that under a Franchising scheme, the Authority takes primary responsibility for the bus network and, with it, a number of potentially significant risks. This includes financial risk, particularly if it retains the patronage and farebox risk. The complexity, cost and time to transition to a franchised model should not be underestimated. Additionally, achieving value for money depends on having a competitive market to bid for contracts.

3. A number of public ownership model options have been considered, including ones that would require new legislation to be enacted. Common to all the public ownership options considered is that, whilst on the face of it they might appear to provide a significant degree of public control, the reality is that on their own, they do not actually provide as much control as Franchising would as the model would still be operating in the deregulated market. They also expose the Authority, as shareholder, to market competition and may make delivery of different models in the future (particularly franchising) more challenging.

4. Although we consider that public ownership models do not offer the overarching region-wide opportunities to reform bus services compared to a well performing EP or Franchise Scheme, there might be specific future circumstances where such models could be adopted alongside an EP or Franchising Scheme. For example, there might be stronger rationale to acquire an operator looking to withdraw from a particular area where there are no other operators willing to provide commercial services or to bid to run tendered services.

5. The feasibility study represents an initial view of the potential delivery model options that could be available to the Authority. If a decision is made to prepare an Assessment of Franchising, the Bus Services Act requires that there is a detailed long and shortlisting exercise undertaken that can build upon the work in this report. In our view, the options shortlisted at that stage need to have a credible chance of delivering the Authority's primary objectives across the whole region. Options that might require a bundled approach involving a combination of delivery models are inevitably much more complex to assess and would need detailed definition, driven

by the specific circumstances that make such an approach relevant and credible. The Authority will therefore need to carefully consider whether there are circumstances that merit the inclusion of any such options in the shortlist to appraise. In addition, shortlisting options that require further legislation to be put in place could risk delaying the Assessment process.

1.   Background and context

Transport North East (TNE) provides strategy, planning and delivery services on behalf of the North East Joint Transport Committee (NEJTC). NEJTC brings together the region's two Combined Authorities which have transport powers for the region:

- North of Tyne Combined Authority covering Newcastle, North Tyneside and Northumberland; and

- North East Combined Authority covering Durham, Gateshead, Sunderland and South Tyneside.

Some responsibilities for passenger transport (including buses) are delegated by NEJTC to Nexus (in respect of Tyne and Wear), Durham County Council, and Northumberland County Council.

In May 2024, upon the election of a Mayor, a new North East Mayoral Combined Authority (NEMCA) will be formed, replacing the region's two existing Combined Authorities.

The future NEMCA will have the power to prepare an assessment of a proposed franchising scheme without obtaining the Secretary of State's consent and it is anticipated that the future Mayor and Cabinet may decide to undertake a Franchising Assessment. Whilst the North of Tyne Combined Authority is a mayoral combined authority, it does not have bus franchising powers.

Ahead of the formation of NEMCA, TNE is preparing a bus reform options paper, which will set out the case for change and the bus reform options likely to be available to NEMCA. Authorities in the North East have agreed an Enhanced Partnership (EP) with operators and this is currently in operation, however as part of this work, TNE wishes to understand the full range of potential alternative future delivery models for bus services. TNE has therefore engaged EY to undertake a feasibility study of potential delivery models in order to inform its thinking.

The future roles and responsibilities of NEMCA and the other relevant authorities are not yet known. For example, it is not known whether the status quo, where passenger transport responsibilities are delegated to Nexus, Durham County Council, and Northumberland County Council, will continue. For simplicity, throughout this document the term 'Authority' is used which refers to the future NEMCA or relevant local transport authority as applicable.

2.   Purpose

The purpose of this report is to consider potential delivery model options for Bus Reform in the North East. Whilst the future Authority will have the primary two options of a continuing, and potentially evolved, Enhanced Partnership and the introduction of a Franchise Scheme, at this stage it wishes to understand what other delivery options might exist. The future NEMCA will have powers to introduce Franchising (subject to a decision by the Mayor and Cabinet, following completion of a Bus Franchising Assessment), however, TNE would like to consider what other delivery model options may be available, both at the current time, and in future, in the event that a change in legislation resulted in additional powers.

This report therefore considers a broad range of options, including those that are not possible under current legislation. In order to assess the feasibility and potential merits of the options, each has been tested against the Transport Plan objectives and BSIP KPIs (see Appendix A) and for those that were shortlisted, assessed against a range of Critical Success Factors (CSF). The report then sets out the key considerations for Bus Reform in the context of the delivery model options.

Limitations

TNE should note the following limitations to the feasibility study:

- Each delivery model option has been considered independently and in insolation from other options in the assessment. A delivery option implemented in conjunction with another option (e.g. an EP along with a VPA) may be an optimal solution, however the analysis within this report has not sought to define this.

- Similarly, it is recognised that TNE and its stakeholders may wish to transition to and between different delivery model options over time. This report notes at a high level whether an option may or may not make the adoption of another delivery option easier or more challenging at a later point.

- This report represents an initial, high level feasibility study of potential delivery model options for Bus Reform. Once there is greater clarity on the strategy, roles and responsibilities of the relevant organisations following the formation of the future NEMCA, and election of a Mayor, further and more detailed analysis should be undertaken.

- The future NEMCA may undertake a Bus Franchising Assessment following the Mayoral election in May 2024. The purpose of this report is to inform the long list of potential delivery options and does not seek to duplicate or prejudice any of the analysis that will need to be undertaken as part of any future Assessment.

- This report considers a number of areas related to current and potential future regulation and legislation relating to the bus industry. However, it should be noted that this report represents a strategic and commercial perspective on such matters. The work has benefited from an appropriate level of legal input for this stage. However, TNE would need to obtain more detailed advice in pursuing any of the options set out, particularly those that that might require detailed consideration of the currently legal and regulatory frameworks and where there might be a need for further legislation.

- Given the uncertainty around the availability of future funding, each option has been considered and assessed assuming an equal level of funding is available, irrespective of the delivery model option adopted.

3. Delivery model options considered

The long list of potential delivery options was developed considering a broad range of options, including those used internationally. This approach was taken to ensure all potential avenues of bus reform were explored and was not restricted to options that are permissible under current legislation. We drew upon our understanding of operating models used in other jurisdictions in the UK and overseas, including using local knowledge from EY teams in relevant international offices.

The outcome of this work was the long list of potential delivery models outlined in the table below. A description of each of these delivery models and rationale for short listing is provided in subsequent sections of this Report.

Category	Option	Short listed?
Do Minimum	**Retain current Enhanced Partnership** *No change to existing operation of routes/services by the incumbent bus operators under the current Enhanced Partnership.*	✓
Improved Enhanced Partnership	**Enhanced Partnership Max** *Work with operators to maximise the potential for improvements (including private investment) under the Enhanced Partnership/BSIP. This may be delivered by supplementing the current EP with other models outlined in the Transport Act 2000.*	✓
Franchising Scheme	**Franchising Scheme** *Implement a Franchising Scheme with operators selected based on competitive bids against the Authority's specification. Franchises or operating contracts are commonly used to deliver bus services internationally.*	✓
	Service Permits *Implement a Franchising Scheme, but grant Service Permits for current commercial services to operate as today.*	✗
Public ownership models	**Acquisition of existing operators (either by CA or at the municipal level)** *The Authority acquires one or more of the larger incumbent operator(s) directly and holds them as a wholly owned subsidiary. This may involve targeting a specific geography/area or an operator that may be facing financial difficulty. In any case it would require an operator willing to sell. This option does not appear to be expressly prohibited by current legislation. Potential for minority employee ownership.*	✓
	Establish a new public operator (either by CA or at the municipal level) *Establish a new bus operating company to operate bus services, owned by the Authority (would require primary legislation to be changed). This could be focused on areas where incumbents have withdrawn or compete with them. Potential for minority employee ownership.*	✓
	Direct operation (either by CA or at the municipal level) *The Authority operates the services directly, without establishing a new separate entity. The decision to*	✓

Category	Option	Short listed?
	operate services directly could only be taken if services were not otherwise provided (section 9A Transport Act 1968/section 63 Transport Act 1985) and in those circumstances, there is a duty to tender services (section 89 Transport Act 1985). Therefore, this option would only be relevant for minimal services across the region. There are some examples internationally of this approach being used at scale (e.g. Boston, Dubai) however many examples of public ownership use arms-length subsidiaries.	
	Joint venture with incumbent operators (share purchase) *Form a joint venture with a willing incumbent operator(s) to operate the bus services through purchase of shares in the existing businesses. This does not appear to be expressly prohibited by current legislation.*	✓
	New joint venture with competitively selected operator *Form a new joint venture operator with a private sector partner(s) to operate the bus services in the deregulated market (would require primary legislation to be changed).*	✓
	Public Service Obligation (PSO) funding *A Public Service Obligation or similar model may allow a municipal operator to operate the services without competition, through a Public Service Agreement. This is only possible under current procurement rules if the Authority has control over the subsidiary, similar to an internal department (either under Teckal type exemptions in Public Contracts Regulations / Utilities Contracts Regulations or under PSO in Transport Regulations). This approach is used in Northern Ireland and in many European cities.*	✗
Other	Public ownership of assets *The Authority purchases the assets required to operate the services (fleet, depots etc.) in order control strategic transport assets. This would require willing counterparties. The private sector would be responsible for operating the bus network. This option may be an enabler for other options (e.g. franchising or public ownership).*	✓
	Significant injection of funding *The Authority obtains a significant amount of additional public funding to invest in the bus network.*	✓
	Advanced Quality Partnership Schemes *The Authority and operators agree to work together to improve services on a voluntary basis. The LTA(s) agree to introduce 'measures' to encourage bus use. This may include investing in improved facilities which are restricted to Operators who provide services of a particular standard (e.g. new buses, or driver training standards). May work alongside an EP or a VPA.*	✗

Category	Option	Short listed?
	Voluntary Partnership Agreement *Similar to an AQPS however it is an agreement (and not a scheme) and the Authority cannot prevent bus operators who are not party to a VPA from using the facilities provided under the agreement. A VPA could be used in conjunction with an EP but wouldn't be an effective model if used on its own.*	✖
	Co-operative/community ownership model *The services are owned and operated by members of a local community or group, such as a co-operative society or social enterprise, with the services designed to meet the specific needs of the community.*	✖
	Advanced Ticketing Schemes *Removal of the current Enhanced Partnership, but to make and implement arrangements to sell and accept multi operator tickets. We note that the authorities in the North East have implemented this and could introduce further schemes under the EP/BSIP.*	✖
	Long term concession *Let a long-term concession to operate the bus services (net/gross cost, length of concession subject to legal review). The Authority does not have the power to do this however it is possible to do so under a franchising scheme. A bus concession could not exceed 10 years in any case, unless there was significant investment from an operator (in which case it might increase to 15 years).*	✖
	Remove current Enhanced Partnership *Remove the current Enhanced Partnership and return to a fully deregulated model. The Authority would forego Government funding under this option.*	✖

Description of short-listed options

Following the assessment of the long list of delivery options against the Transport Plan objectives and BSIP KPIs (see Appendix A), the below delivery options were short-listed for assessment against the Critical Success Factors. The Critical Success Factors were informed by the Transport Plan objectives and BSIP KPIs, however were developed to differentiate between delivery model options as they are more relevant to structural and transition issues. The options that sat under the "Other" options category were largely excluded (see Delivery options not taken forward section for rationale for exclusion). In summary, it was considered that many of the options in this category would not in their own right deliver against the Transport Plan objectives and BSIP KPIs (as compared to an EP or franchising scheme) however might be used as tools or facilitators of improvement alongside other delivery models.

The table below provides a brief description of each of the short-listed delivery options.

Category	Option	Description
Do Minimum	1. Retain current Enhanced Partnership	No change to existing operation of routes/services by the incumbent bus operators under the current Enhanced Partnership.

Category	Option	Description
Improved Enhanced Partnership	2. Enhanced Partnership Max	Work with operators to maximise the potential for improvements (including private investment) deliverable under the deregulated model. This may include improvements to the Enhanced Partnership, a package of other specific improvements requiring additional partnership and other delivery model included in the Bus Service Act to deliver them (e.g. VPAs, AQPSs, Qualifying Agreements) and potentially further funding for services. Operators in Greater Manchester and West Yorkshire have proposed improved Enhanced Partnerships in response to Bus Franchising Assessments. In Leicester, an Enhanced Partnership has been coupled with Qualifying Agreements and significant investment to deliver improvements.
Franchising Scheme	3. Franchising Scheme	A franchising scheme involves the Authority specifying the requirements and then procuring a third party to undertake these under a contract. This structure allows for a range of models to be adopted that broadly focus on what responsibilities each party has and how the franchises are structured. There is a range of different types of franchise scheme (e.g. gross cost versus net cost; packaging strategy i.e. individual route contracts, area/depot-based packages or a single network), however the exact nature of the franchising scheme is of limited relevance to this exercise. For the purposes of this report we have assumed a model that is consistent with other UK schemes, whereby the North East would be segmented into a number of packages (with the focus of creating sufficient competition in the market), be it how the networks in London (route based) and Manchester (depot based) have been segmented, or another approach. The preferred approach would need to be determined as part of any Franchising Assessment, and the Authority would have the ability to propose different models for different parts of the region.
Public ownership models	4. Acquisition of existing operators (either by CA or at the municipal level)	The Authority acquires one or more of the larger incumbent operator(s) directly and holds them as a wholly owned arm's length subsidiary (as required by law). There are three large incumbent operators that the Authority could potentially target, and this could be driven by targeting a specific geography/ area the Authority would like greater influence over or an operator that may be facing financial difficulty. It would require an operator willing to sell. This option does not appear to be expressly prohibited by current legislation (however further legal review would be required). To date, there are no precedents of an Authority acquiring a private sector operator, although we understand that some authorities have considered it. Under this option, there is also potential for minority employee ownership.
	5. Establish a new public operator (either by CA or at the municipal level)	Establish a new bus operating company to operate bus services, owned by the Authority (would require primary legislation to be changed[1]). The company would be held at arm's length and governed by a board of directors. Under this option, there is also potential for minority employee ownership.

[1] Section 22 of the Bus Services Act 2017 does not allow for the establishment of new Municipal Bus Companies including joint ventures however we consider it worth exploring given the potential for a new Government to open up this option in the future.

Category	Option	Description
		There is some historic precedent of this approach, including TfL establishing East Thames Buses to take over contracts from a failed operator and Kent County Council establishing Kent Top Travel to compete for tendered services. However, the Bus Services Act 2017 expressly prohibits authorities establishing a new municipal without a change in legislation.
	6. Direct operation (either by CA or at the municipal level)	The Authority operates the services directly, without establishing a new separate entity. Under this model, the Authority has control and delivery responsibility over all elements of the service, including the determination of routes, schedules, fares, and vehicle types. This approach is currently permitted under the small bus undertaking exemption (section 71 Transport Act 1985) for a small number of services only and is still subject to compliance with other requirements (i.e., where there is market failure). The decision to operate services directly could only be taken if services were not otherwise provided (section 9A Transport Act 1968/section 63 Transport Act 1985) and in those circumstances, there is a duty to tender services (section 89 Transport Act 1985). Durham County Council (DCC) are currently operating a small number of such services. There are also some examples of large-scale direct operation internationally (e.g., buses in Dubai operated by the Public Transport Agency), however most public ownership models, for example, in Europe operate via arms-length subsidiaries.
	7. Joint venture with incumbent operators (share purchase)	Form a joint venture with an incumbent operator(s) to operate the bus services through purchase of shares in the existing businesses. This would likely be one of the three larger operators in the North East to ensure sufficient scale is acquired and would require a willing seller. This does not appear to be expressly prohibited by current legislation providing a new entity is not established.
	8. New joint venture with competitively selected operator	Form a new joint venture operator with a private sector partner(s) to operate the bus services in the deregulated market (would require primary legislation to be changed). This would include a competitive procurement process and may ultimately result in an incumbent operator being selected as a partner.
	9. Public ownership of assets	The Authority purchases the assets required to operate the services (fleet, depots etc.) in order to control strategic transport assets. This would require willing counterparties. The private sector would be responsible for operating the bus network. This option may be an enabler for other options (e.g. franchising or public ownership). This approach is generally seen in combination with tendering of operations.
Other	10. Significant injection of funding	The Authority obtains a significant amount of additional public funding to invest in the bus network.

Delivery options not taken forward

As noted above, a number of delivery options were considered at the long list stage however ultimately, these options did not proceed to the short list stage. As noted in Appendix A, for an option to proceed to the short list stage, it needs to be capable of addressing the Transport Plan objectives and BSIP KPIs. The delivery options included in the table below did not meet the objectives and KPIs and the rationale for this has been noted.

Category	Option	Description	Rationale for exclusion
Franchising Scheme	11. Service Permits	Issue Service Permits for specific services to allow operators to operate commercial services in the region despite a franchise scheme being implemented.	Issuing Service permits would only be suitable for specific routes and not the whole network, therefore does not facilitate the Transport Plan objective to overcome inequality. Furthermore, a Service Permit cannot be granted if it adversely affects franchise services and therefore this option could only work with franchise scheme that contains limited services.
Public ownership models	12. Public Service Obligation (PSO) funding	A Public Service Obligation or similar model may allow a municipal operator to operate the services without competition, through a Public Service Agreement.	Not suitable for the whole network, therefore, does not facilitate the Transport Plan objective to overcome inequality. A PSO does not work in a deregulated market other than on a small basis due to the application of section 89 of the Transport Act 1985 which requires tendering, with limited grounds for direct award under section 91.
Other	13. Advanced Quality Partnership Schemes	The Authority and operators agree to work together to improve services on a voluntary basis. The LTA(s) agree to introduce 'measures' to encourage bus use. This may include investing in improved facilities which are restricted to Operators who provide services of a particular standard (e.g. new buses, or driver training standards). May work alongside a VPA.	Would not deliver on the BSIP KPIs as an AQPS would result in less control and influence over the services than under the current EP. An AQPS would likely be a step backwards, although it could be used in combination with an EP. This has effectively been superseded as a standalone option by guidance in the National Bus Strategy.
	14. Voluntary Partnership Agreement	Similar to an AQPS however it is an agreement (and not a scheme), and the Authority cannot prevent bus operators who are not party to a VPA from using the facilities provided under the agreement. A VPA could be used in addition to an EP but wouldn't be used on its own.	Would not deliver on the BSIP KPIs as a VPA would result in less control and influence over the services than under the current EP. A VPA would likely be a step backward, although it could be used in combination with an EP. This has effectively been superseded as a standalone option by guidance in the National Bus Strategy.
	15. Co-operative/ community ownership model	The services are owned and operated by members of a local community or group, such as a co-operative society or social enterprise, with the services designed to meet the specific needs of the community.	Unlikely to facilitate improvement of operational performance BSIP KPIs as a community run operation is not likely to have the required scale or resilience to be commercially viable for a significant portion of the North East network. The model may therefore struggle to help

Category	Option	Description	Rationale for exclusion
			improve the operational performance BSIP KPIs. Legal challenges including the Authority lacking powers to deliver this approach. There does however remain a case for co-operative or community-owned operators within a transport network to serve particular areas of demand – e.g. weekly group travel/shopper services for those with limited mobility, or tendering for supported services – and therefore this model could exist in conjunction with another model or models which cater for a more material portion of the network.
	16. Advanced Ticketing Schemes	To make and implement arrangements to sell and accept multi operator tickets. We note that the EP has introduced these and could potentially introduce more under the EP/BSIP.	The current BSIP already includes plans to introduce multi-operator and multi-modal tickets. An Advanced Ticketing Schemes would be a step backward in isolation. This has effectively been superseded as a standalone option by guidance in the National Bus Strategy.
	17. Long term concession	Let a long-term concession to operate the bus services (net/gross cost, length of concession subject to legal review).	A long-term concession can limit the Authority's ability change/adapt services and other specifications, which would restrict the ability to meet the Transport Plan objectives and BSIP KPIs over time. The Authority does not have the power to do this however it is possible to do so under a franchising scheme.
	18. Remove current Enhanced Partnership	Remove the current Enhanced Partnership and return to a fully deregulated model. The Authority would forego Government funding under this option.	Would represent a significant decrement to the current position. Would not facilitate improvement of the operational performance and increase modal share of buses and patronage BSIP KPIs and the overcome inequality objective as a fully deregulated model would result in only commercially viable services being operated to the detriment of these KPIs and objectives.

Observations

This section sets out a number of observations and key issues for the Authority to take into account when considering potential delivery model options for bus reform. Given there are a number of similar themes across different options, these are set out in the following broad categories:

- Those relating to use of **Enhanced Partnerships (Option 2)**

- Different types of **Franchising Scheme (Option 3)**

- Options based on **Public Ownership (Options 4-9)**

- All **Other options (Option 10)**

Each category of option has been considered against the Critical Success Factors (see Appendix A for a description of each of the CSFs). Given the uncertainty around the availability of future funding, each option has been considered and assessed assuming equal funding is provided, irrespective of the delivery model option adopted.

Enhanced Partnership

An Enhanced Partnership is a plan and scheme (or schemes) that provides a framework for the Authority and operators to work together more closely and make certain commitments which would not otherwise be permitted in the deregulated market. Commitments to improvements must be agreed by operators, with any new operator commitments requiring a 28-day objection period (as required by 138L (2)I of the Transport Act 2000). Commitments to improvements can be vetoed by operators, subject to reaching certain thresholds.

The authorities in the North East have already agreed an Enhanced Partnership with operators. However, the option considered in this report is one involving further improvements that could be negotiated, either as part of an improved Enhanced Partnership, or by using, alongside the EP other legal pathways available under the deregulated market. For example, partnership options set out in the Bus Services Act 2017, such as Voluntary Partnership Agreements (VPA) and Advanced Quality Partnership Schemes (AQPS) may be used in combination with an Enhanced Partnership to drive further improvements.

In addition, qualifying agreements (as noted in the Transport Act 2000) could also be formed between operators to support an overall Enhanced Partnership if the qualifying agreement were to contribute to the achievement of bus improvement objectives. This may be an option where there is an opportunity to optimise bus corridors served by more than one operator (through timetable coordination and rationalisation) and would provide operators with an exemption to the Competition Act. This has approach has been utilised in Leicester and the West Midlands.

It should be noted that there is a degree of uncertainty as to the long-term potential of Enhanced Partnerships as delivery models. Unlike models such as Voluntary Partnership Agreement, Enhanced Partnership is a regulatory scheme therefore providing an opportunity for operators and Authority to agree more significant changes to the bus services in an area. As a regulatory scheme, an EPS applies to all services in an area. Both of these factors should provide protections to all parties that the commitments will remain in place Until the agreed end date of the scheme, compared, for example, to a VPA. Conversely the fact that an EPS embeds any commitments into a regulatory scheme might, in turn, make some operators reluctant to offer more than a baseline set of commitments.

However, it should be recognised that the model is relatively new, and any commitment could be reversed at the end of the agreed term.

CSF1: Improved Customer Outcomes

Under an Enhanced Partnership, the Authority and operators will work together to agree commitments for customer improvements, which can be formally embedded within the scheme to ensure operators comply. The Authority can make improvements for customer benefit (such as bus priority infrastructure or fare subsidies) however, any customer improvements requiring operator participation (such as integration of: timetables, products and payments across routes and modes and customer relations) remain largely in the hands of private sector operators, as the customer improvement commitments need to be agreed to and meet the required operator voting threshold to be included in the Enhanced Partnership. For example, a child fares proposal was previously not brought forward for formal inclusion in the EP scheme as following operator engagement it was judged that it may not be agreed to by all operators and there was a material risk that it would fail to exceed the objection threshold. This was despite trials of similar schemes showing little or no impact on revenue.

Therefore, the scope for improved customer outcomes to be delivered under an Enhanced Partnership is constrained by the need for support from operators. This may prove challenging in the North East given the presence of three large operators and a number of smaller operators, particularly in the event that a customer improvement resulted in a need for investment by the operator.

Incremental customer improvements could be delivered by individual operators through other means (e.g. VPA or QPS) in addition to the Enhanced Partnership, although these commitments would not apply consistently across the region.

CSF2: Affordability

Additional funding would likely be required to maximise the potential for improvements under the EP. Given there is no obligation for bus operators to provide additional contributions under the current EP, this funding could largely be reliant on obtaining additional public funding. The Authority currently receives BSIP funding in the short term however this doesn't provide longer term certainty. If additional funding was able to be secured, this would provide the Authority with increased cost certainty. This cost certainty would in turn allow the Authority to invest in the network, improving facilities and on-road infrastructure, which would also support the Improved Customer Outcomes CSF. Furthermore, this approach is potentially an efficient way of stabilising the network in a deregulated market.

With respect to secured services, the Authority would continue to be required to fund these, however additional funding would provide the Authority with greater cost certainty to fund these into the future. It will also provide greater ability for the Authority to fund additional secured services if they become uncommercial for operators and to reinstate deregistered services that the Authority may not have sufficient funding for currently. Local authorities already provide varying levels of funding and some of this has already been used to secure services that have become uncommercial.

CSF3: Deliverability

This option is highly deliverable as there is an EP currently in place and operators have agreed to it. This EP provides a good base from which to deliver improvements and as compared to other options, is easier to implement. It should be noted however that increasing what is embedded in the EP might be challenging as this would require the broad support of all operators (issues over funding etc). However, an EP could be viewed as offering a baseline set of commitments across the region. An alternative approach to building on these current EP commitments where consensus cannot be achieved would be making the use of other complimentary models (e.g. VPA) to enable willing operator(s) to provide more. This would, however, be more complex to manage and may lead to differing outcomes across the region (see Region-wide applicability).

Implementing changes to the current EP are unlikely to require a significant lead time, potentially achievable in 6 months. Negotiating and obtaining agreements from operators would be the most time intensive component of implementation. An EP "Plus" plan has been proposed by operators in West Yorkshire with a number of the interventions proposed deliverable within 3 months of selecting it as

the preferred bus reform model. Overall, the implementation timeframe of an EP Max option is shorter than alternative models (a Franchising Scheme or Public Ownership models).

Negotiations may be complicated by differing commercial views between the three main operators in the North East, as well as between operators' local and group management teams.

Furthermore, operators may be more likely to offer further benefits if they see franchising as a realistic alternative. For example, in Greater Manchester and West Yorkshire, operators worked together to propose partnership options as alternatives to a Franchising Scheme. In the case of West Yorkshire, the recent operator proposal offers incremental benefits to those agreed in the current EP.

CSF4: Risk allocation

The option is neutral in effectively allocating risks to the party best placed to manage them. Under the current Enhanced Partnership model in a deregulated market, operators take revenue/passenger demand risk however the risk of the service specification (timetable frequency, routes etc.) is unrestricted and therefore ultimately this risk falls to the Authority. Operators are currently responsible for a greater proportion of risks (as compared to the Authority) in a deregulated market. This includes greater financial risk from fluctuating operational costs or potential penalties from non-performance which could be shared with the Authority in a regulated market. Operational risks from disruptions in service due to maintenance issues, labour disputes, or other operational factors largely sit with operators however could be shared with the Authority in a regulated delivery model.

Initiatives delivering improvements to the EP are likely to have a small impact on risk allocation, depending on the initiative. For example, fares initiatives would increase the risk to operators by reducing their freedom to flex fares, whilst bus priority schemes would reduce operator performance risk but place capital project delivery risk on the Authority.

CSF5: Region-wide applicability

The option is effective in delivering strategic outcomes across the region, subject to the required operator voting thresholds being met for the improvement to be implemented. Additional funding as part of the Enhanced Partnership could allow for the reinstatement of deregistered services for example, which in turn is likely to support the increase in bus patronage and bus modal share in those areas of the North East that currently have fewer services. This has occurred previously under the current EP.

There is however, as set out earlier in this section complexity of obtaining agreement from operators to the incremental benefits to be pursued through the EP. Any measure needs to meet the required voting threshold to be implemented. If this is not achieved, it might be possible to implement through the use of VPAs with certain operators, however this may lead to inappropriately inconsistent outcomes across the region. Failure to meet any of the Authority's commitments would expose it to risk of breach.

Franchise scheme

Under a Franchising Scheme, services in the North East would be regulated, with the Authority running competitive tenders to deliver services against a set specification. They would be contractually obligated to meet these specifications and a performance regime would be implemented to incentivise delivery of outcomes by the operator, including penalties for poor performance. There is no single set model for franchising with a variety of differing models globally albeit all with a range of core components. In developing a franchise model that would be fit for purpose for the North East, it will be necessary to consider these components and develop a model that meets the commercial objectives and other factors such as market and geography. However, at this stage, it is worth drawing out three of the most important components that the Authority would need to consider when franchising:

- How revenue risk is allocated, and which party holds responsibility for the associated levers (e.g. control over fares and timetables): under a gross cost contract this sits with the Authority,

and the operator is paid a fee to cover its expected costs; under a net cost contract this sits with operators, with the operator paid a fee to cover the difference between expected costs and revenues. In general, a gross cost model is far more common globally.

- How to package services: this can range from route level contracts (London), to a number of packages each covering a number of services (Greater Manchester), to a single package contract (Lyon). Clearly this might also drive the number of operators providing services under franchising.

- How assets (e.g. fleet and depots) are managed. For example, in London depots are largely owned by operators, whilst in Greater Manchester they are owned/controlled by Authority. In many North American cities, fleet is owned by the Authority.

Many different franchise models exist, but for the purposes of this work we have assumed a gross cost model with an associated performance regime and, from a packaging perspective, a number of franchise packages across the region each covering a number of services. This assumption is based on the approach adopted in Greater Manchester. In respect of the gross cost contract, by taking revenue risk the Authority can better control areas such as fares and ticketing, customer relations etc. It also reflects the fact that in a post Covid environment, the bidding market is unlikely to accept taking full revenue risk, e.g. in relation to assets. It is likely that the Authority would need to control depots in order to lower barriers to entry and hence create a competitive bidding environment. Notwithstanding this, it is important to note that the broad considerations of a franchising set out below are likely to be relevant regardless of the packaging approach adopted.

CSF1: Improved Customer Outcomes

A franchising scheme would provide the Authority with additional control to specify services (routes, frequency, integration of the timetable between routes and modes etc.) as compared to under a deregulated market where this is largely at the discretion of operators. In the deregulated market, where a service isn't commercially viable however socially necessary, the Authority would need to tender that service otherwise operators would have no incentive to operate it. The franchising scheme adopted is more likely to be a gross cost contract (given current market appetite for revenue risk) and therefore the operator's focus shifts away from operating only profitable to operating the services specified as this is where they make their margin. The operator's focus becomes operational quality, and this will ultimately lead to improved customer outcomes.

Furthermore, a franchising scheme may allow the Authority to simplify and improve the integration of timetables and products and payments between both routes and modes, implement unified brand identity and information (e.g. such as in London and Greater Manchester) and establish a single point for customer relations and complaints.

Under a franchising scheme, the Authority can specify the level of performance it desires from operators and incentivise achievement of this through a performance regime. Performance regimes can include incentives for the operator to exceed a base level of performance whilst also including penalties for performances that fails to achieve a specified standard. The performance specifications can be linked to things that are of importance to customers, such as operational performance (punctuality, frequency etc.), customer relations and complaints handling as well overall performance of the service. In an optimal environment, commercial incentives should drive good performance however this may not always be the case, particularly when there is limited on competition. This is in contrast to an Enhanced Partnership which can only go so far given it requires operators to agree to the terms of the Enhanced Partnership (as opposed to specifying the terms in a Franchise Scheme).

CSF2: Affordability

With a franchising scheme and regulated delivery option comes a change in financial risk, away from the private sector and to the public sector. This consideration is noted further in the risk allocation section below however from a financial perspective, although revenue risk could sit with operators, it is most likely (as we have assumed for the purpose of this report) that the Authority takes on revenue

risk with the operator largely taking cost risk. This risk transfer will need to be funded, albeit the Authority will benefit from the farebox revenue.

Under a franchise scheme, the Authority will be fully responsible for the overall provision of bus services. By bringing all services under the ultimate control of one party may provide benefits such as economies of scale but these would be dependent on the packaging approach adopted and the number of contracts, and will be influenced by market appetite. Conversely the cost (and hence affordability) of running the network will also depend on the specification set by the Authority. Affordability will therefore be a key consideration when considering the commercial structure and specification of any franchised network.

Under a franchising scheme, operators would be expected to provide a fee to run the service over the franchise term bid (e.g. 5-7 years). This service fee is likely to be adjusted for inflation, however, should provide the Authority with cost certainty. The bid stage should (assuming sufficient market appetite) be in a competitive environment, therefore promoting a competitive price for the franchise (in balance with the quality of bidder's solution). Recent experience in Greater Manchester suggests current strong interest in the opportunities provided by franchising and this competition should drive efficient pricing.

On top of the funding risk exposure of taking on revenue risk, there will be one off costs associated with a transition to franchising. These are likely to include capital expenditure required to establish the operations, either directly by the Authority or which would be incurred via bid pricing. This may include the Authority needing to purchase depots or other larger capital expenditures such as fleet and IT systems. In addition, there will be significant revenue and capital costs associated with the transition to franchising including costs associated with the procurement activity needed, organisational change/set up costs and risk pricing.

WYCA published its Bus Reform Assessment on 10 October which noted that implementing a Franchising Scheme could cost WYCA £358m. This includes £252m (real) associated with procuring 868 zero-emission buses (ZEBs) to be owned by WYCA (spread over 14 years) and £85.5m associated with acquiring 10 depots and the fit-out out of the ZEBs (though recent reports have suggested the implementation costs may be as high as £100m). The cost of implementing the Franchising Scheme in Greater Manchester was estimated to cost £135m (in 2019).

Ultimately whether or not a franchising scheme is affordable would need to be considered when undertaking a formal assessment of delivery options and bearing in mind the considerations above.

CSF3: Deliverability

There would be significant work involved in the establishment of a franchising scheme of which the most visible aspect will be the procurement of contracts and then the associated mobilisation of operators. However equally significant will be the work required to prepare the Authority to be ready to manage a bus network and this will focus on changes to skills and human resource, processes and required systems. Activity associated with depot, technology and fleet procurement (if any of these are required) can also be complex and time consuming. On the operator side, significant time and effort is involved in bidding for franchise contracts.

However, the Authority would benefit from the experience and lessons learnt from other areas that choose to implement franchising. For example, Greater Manchester is now operating approximately a quarter of the network under franchising, is mobilising another quarter due to go live in March 2024 and is close to finalising the procurement of contracts for the remaining services. It has therefore demonstrated that, despite many challenges, it is possible to transition from a de-regulated to regulated environment. Experience from such authorities that have previously established franchises should provide both the Authority and bidders with proven strategies for implementing a franchising scheme and insights that could be adopted to improve implementation.

As noted earlier when considering the packaging strategy, deliverability will be one factor required to be considered. The scaling of the contracts is important as larger contracts are likely to restrict market

participants to only the largest operators whereas with contracts that are too small, there is the potential for these to be unappealing to large portion of the market. The packaging approach will therefore need to strike the right balance.

Implementing a Franchising Scheme is likely to take around five years from commencing a Franchising Assessment to the first franchise beginning operations (assuming 2.5 years for an Assessment, audit, consultation and response ahead of a decision followed by 1.5 - 2 years for procurement and mobilisation). Depending on the number of packages and phasing of the implementation (which will need to balance speed of transition with market capacity and customer impact), transitioning the entire network to franchised operation could take a number of years.

CSF4: Risk allocation

A franchising scheme would allow the Authority to structure the contracts in order to allocate risks to the party that is best placed to manage them. Risk allocation will need to consider the risk appetite of the market because trying to transfer risk inappropriately could lead to poor value for money or fewer bidders.

However as noted above, the Authority is likely to take on additional financial risk as compared to under the current Enhanced Partnership. The Authority would need to consider whether absorbing revenue risk and potentially some cost risk is within its risk appetite.

A further consideration that needs to be borne in mind when packaging is the risk of operator concentration risk. The packaging solution needs to manage the risk of operator side risks being concentrated to a small number of operators which may be problematic if an operator underperforms or gets into distress.

CSF5: Region-wide applicability

A franchising scheme is likely to be applicable across different parts of the region as a franchise could be tailored to the region and its characteristics. Tailoring key components of a franchise contract such as the risk allocation or performance regime will for better alignment to the strategic outcomes of a particular region. These outcomes may differ across the North East and therefore a tailored and regulated approach may better cater to regional differences.

Public Ownership

Five different public ownership models were considered (grouped into three options with the full and part ownership models together), including:

- **Acquisition of existing operators (both in full or in part) –** The Authority acquires (wholly) or forms a joint venture (through a share purchase) with one or more of the larger incumbent operator(s). The operator would then be either held directly as a wholly owned subsidiary or the Authority would have a proportionate interest in the operator (in the case of a JV). Any such approach would require an operator willing to sell. This option does not appear to be expressly prohibited by current legislation.

- **Establishment of a new municipal operator (both wholly or part owned) –** The Authority establishes a new bus operating company to operate the bus services, owned wholly or in part by the Authority. In the case of a new municipal operator partly owned by the Authority, the private sector interest in the municipal operator would be competitively tendered (and therefore may ultimately involve an incumbent operator). This delivery option could be focused on areas where incumbents have withdrawn or compete directly with them. Although there are municipal bus companies in operation in England, these pre-date de-regulation in the 1980s. The Bus Services Act 2017 expressly prohibits authorities from establishing a new municipal operator. Changes to the Bus Services Act would be required for this option to be feasible.

- **Direct operation either by the Authority or at the municipal level –** The Authority operates the services directly, without establishing a new separate entity. Similar to the above option, the operations could be focused on areas where incumbents have withdrawn or alternatively compete with them. Whilst this approach is permissible at small scale where there is market failure, it is prohibited where there is a commercial or competitive tendered market, and we would not anticipate any change of legislation to allow new municipals to permit direct operation at scale. DCC are currently operating a small number of services.

For the purposes of the feasibility study, it has been assumed that any publicly ownership options are delivered in the deregulated market, i.e. there is not a concurrent move to regulate the bus network in the North East.

CSF1: Improved Customer Outcomes

A public ownership model (any of the five options) will provide the Authority with a degree of control, allowing it to have greater influence over the strategic direction of the operation of the services that are provided by the publicly owned operator. This ability to set the strategic direction could include the goal of improving customer outcomes, and setting reasonable and sustainable profitability targets (i.e. lower than a commercial operator might). The Authority could also influence the simplification and integration of both timetables and products and payments between routes as well as modes (e.g. the Tyne and Wear Metro).

Except in the case of direct operation (which is considered unlikely to be deliverable at scale even in the event of a change of legislation to allow new municipals), the operator would be expected to be an arms-length company, and therefore the Authority would not be able to directly intervene in the day-to-day management or operation of the operator.

The company's directors (either councillors/officers where the Authority has full ownership or a combination of councillors/officers and private sector directors where there is part ownership) would have a fiduciary duty to ensure the financial sustainability of the company, and therefore there would still be a profit motive (potentially lower than a private operator). These profits could then be reinvested to improve customer outcomes (e.g. through purchasing new, or upgrading existing, vehicles). However, in the case where the Authority only has part ownership of the company, there is likely to be more tension over potential competing priorities between the Authority and the private sector partner where objectives may not always align (e.g. whether to reinvest profits versus distribute to shareholders).

Whilst a number of municipal operators (such as Nottingham City Transport and Blackpool Transport) appear to deliver good customer outcomes (evidenced by high customer satisfaction scores), this success has been built up over many years of work and investment, and therefore it may take significant time to transform any operation to achieve any intended outcomes following a move to public ownership. It is noted that the remaining municipal operators all operate focused urban networks where they tend to dominate the market, which may make it easier for those operators to focus on improving customer outcomes.

In summary, public ownership of operators would be expected to have a broadly positive impact on customer outcomes, however the lack of direct control means the Authority's priorities for bus may not always align with those of the operator. Without other reform, there is no guarantee that the Authority would be providing material services e.g. unless replacing an incumbent operator (e.g. through purchase).

CSF2: Affordability

Public ownership options are likely to require significant upfront expenditure from the Authority to acquire or establish an operator, or to acquire fleet and depots. In addition, as shareholder, there could be continued requirements for investment during ownership (e.g. funding for new vehicles). It should be noted that the Authority would need to balance the requirement for investment and injection of additional funding with compliance with the Market Economy Operator Principle (MEOP), ensuring

the funding does not breach subsidy control rules. Calls for further investment could be minimised by reinvesting any profits into the business, rather than paying dividends. Furthermore, a public ownership model may require higher expenditure to attract customers if the Authority is competing directly with incumbents (i.e. other incumbents that continue to operate independently of the Authority).

If the Authority were to establish a new municipal operator (either on its own or with a JV partner), it is likely that a new municipal operator entering the deregulated market would be of sub-optimal operating scale, resulting in cost inefficiencies. A new entrant may additionally require further investment in order to compete with incumbent operators, which could raise subsidy control issues unless done on a MEOP basis.

It is noted that the three large incumbent operators, as part of large operator groups, benefit from national (and international) economies of scale and the ability to share overheads. At an operator level, this value would be lost under public ownership, although it could be mitigated in part by sharing overheads with the Authority or other partner bodies, subject to an appropriate contract being in place.

In the case of direct operation, it may not be possible to ring-fence the budget (capital and revenue) for bus operations, therefore there is a risk that funding for buses is diverted to other priority areas of spending. It should be noted that DCC are currently operating a small number of services.

CSF3: Deliverability

Establishing a new municipal operator would require a change in legislation, albeit this appears to be Labour party policy, and hence may be possible if there were to be a change in government at the next General Election. In contrast, there does not appear to be an express prohibition on the Authority acquiring an interest in an existing operator through share purchase. In the case of direct operation, current legislation only permits the Authority to operate a small number of services (e.g. where there is market failure and on de minimis basis). These services cannot compete against commercial services as this would represent a duplication of services and would be a breach of legislation (Transport Act 1985). In practice this operating model may involve targeting a specific geography/area or an operator that may be facing financial difficulty. In all cases, there are potential legal and regulatory risks under current legislation. Furthermore, the legislation on direct award to internal operators for Combined Authorities is complex and would require legal review to ensure compliance.

There are likely to be significant implementation challenges under all public ownership models. In the first instance, the Authority is unlikely to have the capability and capacity required in order to either acquire or establish from scratch, and then integrate, a bus operator. An acquisition would require specialist M&A and due diligence advice as well as work to develop strategy, business plans, governance etc. Establishing a new entity from scratch would be much more complicated as it would involve establishing a workforce, processes and systems to run a bus operation; appropriate assets (depot, fleet, systems), as well as implementing management and governance structures; strategy and business plan etc.

It is likely to take significant time to align an incumbent operator's existing culture and objectives to that of the Authority's – in comparison to existing municipals in other areas that have developed over many years. If establishing a new municipal, it would also take significant time for the operator to grow to a scale that would enable it to have a meaningful impact on the bus network as a whole.

In joint venture options, governance arrangements and shareholder relations will likely provide additional complexity. If the Authority selects a partner to jointly establish a new municipal, then there is an opportunity to test strategic and cultural fit, which could help shareholder relations, however the relationship will still be untested, which presents a risk. This risk may be mitigated by partnering with an incumbent operator with whom the Authority has established relationships, and a mutual understanding of strategic direction and organisational culture. This option would be dependent on finding an operator that was willing to sell. If an operator was facing financial difficulty, this may provide the Authority with an operator willing to negotiate a sale.

The impact on other incumbent operators should be considered in the context of partnering with some operators and not others. For example, there may be a perception amongst commercial operators that an Authority-owned operator is competing against them, and this may reduce the willingness of other operators to agree to partnership working and improvements in an Enhanced Partnership (or another supporting model).

Acquiring an existing operator could be achieved relatively quickly, with a typical acquisition process taking c.3-6 months, providing that there was a willing seller at the time. Delivering a transformation of the operator and improvements may take several years. Establishing a new municipal operator, or direct operation against commercial services, would require a change in law, which itself would require a change in government. It may also create a subsidy control issue on the upfront investment that may be required. Therefore, it is likely to be several years before it could be possible to establish a new municipal. Reaching a meaningful scale is likely to take significantly longer, unless space in the market is created by an incumbent operator withdrawing.

In summary, even with a change of law, public ownership options are likely to be challenging to implement, with ongoing challenges around governance and partnerships with other operators. A joint venture partnership with another operator is likely to be even more challenging.

CSF4: Risk allocation

Through ownership the Authority will effectively take on significant commercial and cost risk – including competing against other commercial operators – that is currently held by the private sector. These additional risks are not always straight forward to manage and can place additional pressures on the Authority. Whilst ownership of subsidiary businesses by authorities is commonplace, there are examples of authorities taking on financial risks they are unable to manage through acquisitions.

Whilst the Authority will not be able to directly manage the operator's risks (if held at arms' length), it will have greater visibility and hence could have greater comfort over the operator's management of the risks. Unlike franchising, the Authority cannot pass on cost risk to a third party.

With the associated change in risk allocation under a public ownership model will come greater responsibility for reputational risk. The Authority will take on significant reputational risk as owner of the operator, without having the levers to directly manage the risk. For example, the operator would still need to operate on a financially sustainable commercial footing, and therefore may withdraw some routes or services, leading to negative customer perception.

CSF5: Region-wide applicability

All public ownership models have the potential to be applied in any part of the region, however for regulatory reasons, they will not be able to apply region wide. Under the deregulated market, the Competition and Markets Authority (CMA) would not accept the reduction in competition that would be caused by the Authority acquiring all incumbent operators (even in the very unlikely event that all operators would be willing to sell). In the case of establishing a new municipal, this is likely to start off on a small scale, for example to fill a gap in the market, but would be unlikely to be able to have a meaningful impact across the region, without acquiring all other incumbents, which would not be permitted.

Under joint venture options, acquiring stakes in multiple operators across the region is likely to be extremely challenging, with governance issues multiplied, and potential outcomes ineffective in driving any real change.

Furthermore, it may not be possible to implement a public ownership model for areas or services that are run by small operators or operators who are based outside of the region. It would likely need to be combined with another delivery model.

In summary, it does not appear that public ownership models are deliverable across the region, at least under a deregulated model. However, some models may be used in distinct

areas/circumstances, bundled with other options for other areas. For example, there might be stronger rationale to acquire an operator looking to withdraw from a particular area where there are no other operators willing to provide commercial services or to bid to run tendered services or a franchise. There may also be the potential to expand the small scale operation currently delivered by DCC, however this would still need to comply with the Transport Act 1985 and not be against commercial services.

Other – significant injection of funding

A significant injection of funding under the current delivery model (i.e. through the EP) would allow the reinstatement of deregistered services through tendering, as well maintain or improve the operation of current services. It would provide the Authority with additional flexibility to increase service frequency, extend hours of operation, and provide better amenities in vehicles or at stops without needing to increase fares. The Authority may also have greater ability to introduce further fare subsidies for vulnerable passenger groups (potentially contributing to greater demand).

Whilst it would technically be possible to inject further funding outside of the EP (subject to ensuring that the current EP does not include any provisions in relation to injection of further revenue funding), it would be necessary to consider whether this would be the most effective use of any funding. The EP (compared to other non-franchise options) has the strongest levers to link any further public funding into the bus service with commercial operators meeting agreed outcomes. This is presumably one of the reasons that central government has required authorities to establish an EP or a franchise as a condition of receiving discretionary government BSIP funding.

CSF1: Improved Customer Outcomes

Providing additional funding for operators to reinstate deregistered services and maintain or improve the operation of current services will lead to improved customer outcomes in the North East. Additional funding could also be used for new buses that offer better comfort, are environmentally friendly, more reliable and are equipped with better facilities.

CSF2: Affordability

Providing additional funding through supported services is likely to be relatively inefficient (and hence provide poorer value for money or less benefit overall) in comparison with other delivery models.

The additional funding would likely have to be raised locally, either at the local authority level or through a Mayoral precept.

CSF3: Deliverability

The option is effective in meeting the deliverability CSF as providing additional funding to support the reinstatement of deregistered services or enhancements to current services is deliverable under the current operating framework (the EP). It should be noted however that the larger funding envelope may necessitate additional roles at the Authority in order to effectively allocate funds/tender services and manage spend. This option would also require consideration of any subsidy control issues.

CSF4: Risk allocation

The risk allocation of this option is broadly as it is under the current EP (hence the score is the same). Whilst the majority of the risk will sit with operators under the deregulated model, some of the funding may support a transfer of risk to the Authority. The option is therefore less effective in allocating risk than other options as with an additional funding will come greater responsibility on the Authority to allocate the funds to initiatives that will have the greatest impact on customers. In addition, there will be more scrutiny on the Authority regarding which initiatives are funded (and potentially the initiatives that are not).

Significant new funding can introduce larger, higher impact initiatives that hold new operational uncertainties. The Authority may need to take on more responsibility and oversight for ensuring projects are delivered as planned, and decision-making around changes in project implementation may rest more with the funding authority.

With more funding often comes more scrutiny. Here, the Authority may need to take on more responsibility for ensuring that projects comply with applicable laws, guidelines, or conditions that come attached with the fund.

CSF5: Region wide applicability

The services will continue to be operated under the deregulated model with the addition of further tendered services. As today, this may result in differing outcomes across the region depending on the operator.

Additional funding could be utilised across the region and therefore this approach is applicable across the North East, however whilst the additional funding could be targeted to parts of the region to support reinstatement of services, the outcomes across the region are likely to be the same as under the current EP however with the exception of additional funding. As such, this option is neutral in effectively delivering strategic outcomes across the region.

Assessment/scoring

Considering the above observations, the following table below summarises the results of the delivery options assessment (see Step 4: Assessment in Appendix A for further detailed of approach taken). The Franchising Scheme and Enhanced Partnership Max options were very effective in satisfying the CSFs and therefore scored very high overall scores. The Public Ownership Model delivery options (Options 4-9) were generally less effective, particularly from a deliverability and region wide applicability perspective.

Delivery option	CSF1: Improved customer outcomes	CSF2: Affordability	CSF3: Deliverability		CSF4: Risk allocation	CSF5: Region wide applicability	Total (Pre change in law)	Total (Post change in law)
			Pre	Post				
3. Franchising scheme	✓✓	-	-		✓	✓✓	5	
2. Enhanced Partnership Max	✓	✓	✓		-	✓	4	
10. Significant injection of funding	✓	✗	✓		✗	-	0	
1. Retain current Enhanced Partnership	-	✗	✓✓		✗	-	0	
9. Public ownership of assets	-	-	✗		-	-	-1	
4. Acquisition of existing operators (either by CA or at the municipal level)	✓	-	✗		-	✗✗	-2	
5. Establish a new public operator (either by CA or at the municipal level)	✓	-	✗✗	✗	-	✗✗	-3	-2
7. Joint venture with incumbent operators (share purchase)	✓	-	✗✗	✗	-	✗✗	-3	-2
8. New joint venture with competitively selected operator	✓	-	✗✗	✗	-	✗✗	-3	-2
6. Direct operation (either by CA or at the municipal level)	✓	-	✗✗	✗✗	-	✗✗	-3	-3

Rating	Description	
Very high	Delivery option is very effective in satisfying the Critical Success Factor	
High	Delivery option is effective in satisfying the Critical Success Factor	
Neutral	Delivery option has no impact on the Critical Success Factor	
Low	Delivery option is less effective in satisfying the Critical Success Factor	
Very low	Delivery option is likely to be ineffective in satisfying the Critical Success Factor	

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4. Conclusions

The last few years have significantly changed the landscape in the bus market in England. The impact of Covid continues to be felt. Whilst levels of bus travel recovered sooner and to a fuller extent than other public transport modes, the commercial bus industry relied on significant levels of financial support from government to deliver services both during and then post Covid. Pressure on private sector operators to achieve acceptable levels of profit post Covid has led to limited investment and ongoing pressures on the commercial viability of some services. The issues have been felt within the North East, with a reduction in passenger journeys and commercial mileage operated.

In addition, the introduction of a National Bus Strategy and the associated Bus Service Improvement Plans requiring the introduction of Enhanced Partnerships or Franchising in order to access ongoing central Government support has inevitability placed an even greater emphasis on the role of local transport authorities in the running of bus services. The authorities in the North East have successfully negotiated an Enhanced Partnership with operators in the North East, and received BSIP funding from government, however to date operators have been unwilling to commit to private investment under the EP. This BSIP funding (of £163.5m) has been vital in maintaining the current network and helping to deliver some of the improvements set out in the BSIP although a number of improvements remain long term objectives dependent on future funding availability.

Within Combined Authorities in England there is a much greater interest in the possibility of re-regulation of bus services through franchising being a suitable model to deliver bus services. The Mayor of Greater Manchester took the decision to introduce a Franchise Scheme in early 2021, and despite a lengthy but ultimately unsuccessful legal challenge to this decision by two bus operators, franchise services will be operational across the whole region by January 2025 with approximately half of services franchised by March 2024. The Mayor of the Liverpool City Region Combined Authority made a similar decision in October 2023 and a number of other combined authorities are well advanced in the process to assess whether to introduce a Franchising Scheme, including South Yorkshire, West Midlands and West Yorkshire. It appears that commercial operators are more pragmatic now over the potential opportunities as well as risks of franchising being introduced. However, operators are likely to continue to promote the use of partnerships in the first instance and, more generally, the risk of future legal challenges is likely to remain to some degree.

It is against this backdrop that the future North East Mayoral Combined Authority will have to assess whether to continue (and potentially develop) its Enhanced Partnership or consider other options that might have a greater chance of delivering its key objectives.

Our report has deliberately considered a wide range of options including a number that are not possible under current legislation or that are likely to prove complex, and potentially impossible, to implement, particularly at a regional level. The inclusion of these options is deliberate in that it enables the Authority to consider a wide range of models (including what legislative changes might need to be implemented and/or regulatory issues overcome to implement them), respond to questions that politicians and other interested stakeholders may have and, in turn, develop a robust set of options to consider in any future business case. This is particularly relevant in a region as large and diverse as the North East.

In summarising our findings we make the following observations:

1. The counterfactual for any future changes remains the Enhanced Partnership that is currently in place. Further customer improvements could be delivered through improvements to this Enhanced Partnership. This would require all qualifying operators agreeing to the measures and/or commitments to achieve such improvements. This might be challenging to agree, particularly if some of these measures and commitments require further investment from operators. We understand that this has already been the case with at least one proposal intended to form part of the current EP that was blocked by one of the large operators. However, the EP can be considered a base line set of agreed measures and commitments across the whole region. It would be possible for the Authority to build upon these with willing

operators but, without agreement within the EP this would require additional structures to be put in place such as other partnership models alongside an EP. For example, qualifying agreements, voluntary partnership agreements (VPA) and/or an advanced quality partnership scheme (AQPS) could be put in place to formalise commitments from specific operators) in addition to the Enhanced Partnership in order to deliver maximum improvements in a deregulated environment. This will necessitate a more complex combination of delivery models inevitably adding to the level of complexity in terms of delivery and oversight. It is possible to establish more local EP Schemes which implement elements of the EP Plan, and which may therefore not apply to all operators due to geographic scope. As such, this approach is likely to result in inappropriately inconsistent outcomes across the region. Additional funding for better outcomes could also be delivered under an improved EP approach. However, where this has been assessed elsewhere it has been concluded that such an approach to channelling extra funding is likely to be less efficient and deliver poorer value for money than under other options where the Authority has greater control (e.g. franchising). Additionally, an EP does not necessarily drive more on road competition (indeed it may discourage further competition or new entrants). Notwithstanding these points however, authorities and operators have invested significant time and effort in developing the current EP, and it is therefore in the best interest of all parties to make this a success as it will lay a foundation for any future improvements regardless of approach taken.

2. Obtaining control over the bus network through regulation – bus franchising – would give the Authority the greatest ability to specify customer outcomes and ensure that they are delivered. Under this model, private sector operators would continue to provide the services to meet the service and performance specifications set by the Authority. These would be governed by contractual obligations and performance regimes specified in a contract. The performance regime would provide incentives to achieve performance targets and penalties if they do not. Given that the Authority is setting the specifications, a Franchise Scheme also allows a consistent approach to bus services to be delivered across the region, even when split into a series of contracted packages of services. Overall, it provides the Authority a more direct route to achieving its objectives. Indeed, at a global level it is a very common approach (in one form or another) to delivering bus services. The counterbalance to these benefits, however, is that under a franchising scheme the Authority takes primary responsibility for the bus network and, with it, a number of potentially significant risks. In particular it will take on a significant level of financial risk, especially if it retains the patronage and farebox risk (which is common where bus franchising exists and is the model adopted in both London and Greater Manchester). The complexity, cost and time to transition to a franchised model should not be underestimated including the scale of change needed at the Authority level to have the systems, processes and skills to manage the network. Additionally, achieving value for money depends on having a competitive market to bid for contracts, requiring effort to build market interest from incumbents and new entrants both in initial rounds of franchising and into the future.

3. We have explored a number of public ownership model options, including ones that would require new legislation to enable them to be pursued. There are a number of well performing municipal bus companies in the UK. These have remained in public ownership since bus de-regulation in the 1980s and are therefore well established, and typically operate in relatively small geographic areas (e.g. Warrington and associated cross border routes, Nottingham and associated cross border routes etc). Common to all the public ownership options considered is that, whilst on the face of it they might appear to provide a significant degree of public control, the reality is that on their own, they do not actually provide as much control as Franchising would as the model would still be operating in the deregulated market. They also expose the Authority, as shareholder, to market competition and may make delivery of different models in the future (particularly franchising) more challenging.

   a. One scenario considered is that of the Authority acquiring an existing operator, assuming a willing seller. Such an option appears to be legally permissible, albeit would be complex. The acquired entity would continue to operate in a de-regulated market and be subject to competition. In addition, governance constraints would

require the operator to be managed as an arm's length entity, i.e. limiting the degree of day to day control that the Authority could have as shareholder. This could limit the ability of such an option to meet the primary objectives of the Authority. Additionally, the ability to adopt such a model across the region is not considered feasible as anti-competition constraints mean the Authority would not be permitted to acquire all of the operators in the region, even if the current owners were willing to sell. If regulation were to be introduced in the future through franchising, the operator owned by the Authority would need to compete to win future contracts.

b. There are a number of variations on the acquisition model which primarily involve moving from a model where 100% of the shares of the acquired company are owned by the Authority to ones involving joint ventures with existing operators and/or shared ownership with employees. Whilst these models may provide some benefits compared to a wholly owned subsidiary model, such as expertise from a joint venture partner or incentives for employees, they also further complicate the governance arrangements and further reduce the Authority's ability to control the achievement of its own objectives.

c. Another scenario considered is the creation of a new municipal operator. This is not currently permissible and would require a change in legislation. This is almost certain to require a change of government and could take a significant amount of time, requiring both political will and sufficient parliamentary time to pass legislation. Starting a new operator from scratch is likely to be more challenging than acquiring one given the need to acquire and/or construct assets (fleet and depots), employ and train staff etc. Once established, the same challenges around governance and competition law apply as they would if an incumbent were to be acquired. Similarly, were franchising to be subsequently introduced, the operator would need to compete to win future contracts.

4. Although we consider that public ownership models do not offer the overarching region-wide opportunities to reform bus services compared to a well performing EP or Franchise Scheme, and would be complex to implement, there might be specific future circumstances where such models could be adopted alongside an EP or Franchising Scheme. For example, there might be stronger rationale to acquire an operator looking to withdraw from a particular area where there are no other operators willing to provide commercial services or to bid to run tendered services. Similarly, a franchise model may not be deliverable in certain areas if there is a lack of operators to bid. Planning for such eventualities is inevitably complex and likely to be more reactive. Therefore, it is helpful to understand what might be possible even if such models are not a core part of the main region wide models considered in the future.

5. The feasibility study represents an initial view of the potential delivery model options that could be available to the Authority for the purposes of its bus reform options report. If a decision is made to prepare an Assessment of Franchising, the Bus Services Act requires that there is a detailed long and shortlisting exercise undertaken that can build upon the work in this report. In our view the options shortlisted at that stage need to have a credible chance of delivering the Authority's primary objectives across the whole region. Options that might require a bundled approach involving a combination of delivery models are inevitably much more complex to assess and would need detailed definition, driven by the specific circumstances that make such an approach relevant and credible. Given the differences in geography, population density and socio-economic conditions (among others) across the North East however, different delivery models for different sub-regions or councils may be the most appropriate way forward. The Authority will therefore need to carefully consider whether there are circumstances that merit the inclusion of any such options in the shortlist to appraise. In addition, shortlisting options that require further legislation to be put in place could risk delaying the Assessment process. TNE will need to keep engaged with DfT and other stakeholders during any Assessment process to ensure that any legislative changes are understood.

Appendix A – Approach to the options assessment

We have undertaken the following approach to the feasibility study:

- Step 1: Identified TNE's objectives for bus and critical success factors for a delivery model for the bus network.

- Step 2: Identified a long-list of potential delivery models.

- Step 3: Short-listed potential delivery models that were considered capable of meeting TNE's objectives.

- Step 4: Assessed potential delivery models against critical success factors.

- Step 5: Prioritised potential delivery model options.

Step 1: Objectives and Critical Success Factors

The North East Transport Plan and Bus Service Improvement Plan (BSIP) set out key priorities for the broader transport system and bus network respectively, and ways to measure the achievement of these priorities.

The North East Transport Plan sets out the overall strategic vision for the North East. Any changes to the delivery model for the bus network would need to align to the vision and objectives. In addition, the future NEMCA is likely to have additional objectives which will need to be supported.

Specifically for the bus network, the North East has set out a vision for bus through its BSIP which includes a set of KPIs to align with this vision. Any intervention resulting in a change in delivery model would need to be capable of delivering against these.

As a starting point, we broadly mapped the objectives of the Transport Plan to an aggregated list of the BSIP KPIs. The ten C BSIP KPIs were grouped into four key theme areas. Not all Transport Plan objectives are fully addressed by the BSIP KPIs.

Transport Plan Objectives	BSIP KPIs (aggregated)
Carbon neutral North East	Improve environmental performance
Overcome inequality and grow our economy	Improve operational performance (punctuality, reliability and average speeds)
Healthier North East	Not explicitly addressed by the BSIP KPIs
Appealing sustainable transport choices	Increase modal share of buses and patronage
Safe, secure network	Increase bus passenger satisfaction

As noted above, all delivery models would need to be capable of delivering against the above objectives in order to be included in the short-list of potential delivery model options. As such, we developed an initial set of critical success factors that were informed by these objectives and KPIs, however were more relevant to structural and transition issues. These critical success factors were developed to differentiate between delivery model options.

We then tested and discussed these critical success factors with a stakeholder group comprising, Transport North East, Nexus, Durham County Council, Northumberland County Council, EY and DLA Piper (collectively the "Stakeholder Group") to identify and agree the set of Critical Success Factors

that each delivery model would be assessed against. This approach allowed for early engagement with key stakeholders to ensure relevant input throughout the process and that a broad and complete range of factors/priorities were considered.

These Critical Success Factors were mapped to the BSIP KPIs where relevant, to demonstrate alignment between the improvements targeted as part of the BSIP and the Critical Success Factors.

Critical Success Factor	Description	BSIP KPIs
CSF1: Improved customer outcomes	The extent to which the delivery model can deliver improved customer outcomes.	• Increase bus passenger satisfaction • Improve operational performance (punctuality, reliability and average speeds)
CSF2: Affordability	The extent to which the delivery model is affordable and/or provides the Authority with certainty regarding costs.	• Increase modal share of buses and patronage
CSF3: Deliverability	The extent to which the delivery model is deliverable given market capacity/capability, implementation, legal/regulatory and timing constraints.	• Improve operational performance (punctuality, reliability and average speeds)
CSF4: Risk allocation	The extent to which the delivery model effectively and realistically allocates risks to the parties best placed to manage them.	• Not explicitly covered by the BSIP KPIs
CSF5: Region wide applicability	The extent to which the delivery model is applicable across different parts of the region, and the extent to which the delivery model can deliver strategic outcomes across the region.	• Increase modal share of buses and patronage • Improve environmental performance

Step 2: Long list

A range of 18 delivery model options were identified, including those not currently possible under existing regulations or legislation, but that may be possible in future, for example following a change in government. International benchmarks were considered, to the extent that they aligned with existing or contemplated UK legislation.

Broadly, the options fell into the following categories:

- Those relating to use of **Enhanced Partnerships**

- Different types of **Franchising Scheme**

- Options based on **Public Ownership**

- **Other options**, including those available under the Bus Services Act 2017, although in effect superseded by guidance under the National Bus Strategy.

Step 3: Short list

The long list of options was tested against TNE's objectives to test whether the options would be capable of meeting them. Eight options were excluded at this stage.

In addition, at this stage for simplicity and to provide perspective against alternative options, a single Enhanced Partnership and single Franchise Scheme option were chosen. This removed a further five options from the long list.

Step 4: Assessment

A workshop was held and attended by the Stakeholder Group to assess each of the short-listed delivery options against the Critical Success Factors.

The objective of the workshop was to provide an indication of delivery options that may best meet the Critical Success Factors and was not intended to provide a binding recommendation on which delivery option the future NEMCA or relevant local transport authority should pursue.

The short-listed options were assessed against the five Critical Success Factors. Each option was be scored on a stand-alone basis (i.e. independent of other options with which it could be bundled), based on the following criteria:

Rating	Number	Description	Legend
Very high	2	Delivery option is very effective in satisfying the Critical Success Factor	✔✔
High	1	Delivery option is effective in satisfying the Critical Success Factor	✔
Neutral	0	Delivery option has no impact on the Critical Success Factor	-
Low	-1	Delivery option is less effective in satisfying the Critical Success Factor	✘
Very low	-2	Delivery option is likely to be ineffective in satisfying the Critical Success Factor	✘✘

Recognising that some of the options would require a change in legislation or regulation to be deliverable, those options were scored for CSF3 Deliverability both pre and post change in legislation or regulation. This ensured that the score for CSF3 was not skewed by this issue, and enabled options to be ranked under each legislative scenario.

Step 5: Prioritisation

The short-listed delivery model options were then prioritised based on the total score, with all Critical Success Factors weighted equally.

Title: **North East Local Transport Plan (LTP)**
Report of: **Tobyn Hughes, Director of Transport**

Report Summary

This report provides Overview and Scrutiny Committee with an update on the development of the draft North East Local Transport Plan (LTP) along with the accompanying delivery plan and summary document.

The draft LTP sets out the North East CA's transport priorities up until 2040, including plans to deliver the Mayor's manifesto commitments for transport, and sets out a list of proposals to create a fully integrated green transport network that works for all. Transport is one function working alongside other North East CA portfolios to deliver against the five North East CA policy commitments and overall vision.

The LTP will act as an enabler to delivering the North East CA's policy vision and meet all five policy commitments. The LTP and forthcoming North East Local Growth Plan will be aligned and will benefit the region's economy. In addition, delivery of this LTP will benefit our region's environment and health and support delivery of the Mayor's manifesto commitments including delivering the greenest transport system in the country, and improving safety for women and girls, and other vulnerable groups.

The LTP is a statutory document to be finalised by the Mayor, and written in consultation with local stakeholders and following Government guidance. The LTP project brings together a series of workstreams:

- Local Transport Plan (LTP) – a statutory document, setting out in strategic terms what the North East CA aspires to achieve through transport provision and why (appendix A).

- Delivery Plan – the list of what the North East CA and partners propose to build, introduce, change up to 2040 and what mechanisms will be used for delivery (appendix B).

- "Delivering green transport that works for all" – the less technical public facing summary document (appendix C).

- Integrated Sustainability Appraisal (ISA) – a mandatory document that allows interested parties to evaluate the impact of the draft LTP on factors such as environment, health and accessibility.

The Mayor has requested that public consultation be far reaching, connecting with anyone with an interest in improving transport. It will seek to achieve maximum engagement with, and representation from, all sections of society in the region. The approach will ensure that anyone who wants to contribute feedback on the draft LTP will have the opportunity to do so.

The ISA referred to above is currently being produced and, once a draft is complete, a mandatory pre-consultation step must take place with bodies named in Government guidance before public consultation can begin on the LTP itself. This is expected to be during the autumn. In the meantime, an engagement and communication campaign will begin to explain the purpose and high-level content of the LTP.

In line with the devolution deal, once consultation is complete and feedback has been incorporated, the Mayor will finalise the LTP and accompanying documents in consultation with the Portfolio Holder for Transport and will present them to Cabinet for review.

Recommendations

The Overview and Scrutiny Committee is recommended to consider the draft of the LTP (Appendix A), Delivery Plan (Appendix B), and summary document (Appendix C).

A.   Context

1.   Background information

1.1   The 2022 North East devolution deal commits the North East Combined Authority to produce a refreshed LTP for the region.

1.2   The LTP is made up of a series of inter-related documents:
- The LTP – a strategic document, setting out what we aspire to achieve and why.
- The delivery plan.
- A summary document entitled "Delivering green transport that works for all."
- A mandatory Integrated Sustainability Appraisal (ISA).

1.3   The draft LTP and the delivery plan have been developed in collaboration with the seven local authorities and Nexus. An LTP steering group was established in 2023 to ensure close working and engagement with key stakeholders at relevant points during the development of the plan.

2.   Local Transport Plan (LTP)

2.1   The LTP is a statutory plan which sets out the North East CA's transport priorities up to 2040, including plans to deliver the Mayor's manifesto commitments for transport, with the aim of creating a fully integrated green transport network that works for all. The consultation draft LTP can be found in appendix A.

2.2   Any other transport policy documents that are formally adopted by the North East CA in future will form an extended part of the LTP following a period of consultation.

2.3   The LTP holds the principle that making any form of journey in the North East is good, as the movement of goods and people stimulates the economy, and even a trip for leisure purposes can improve health. However, greener, more sustainable journeys are even better as they benefit the environment and public health.

2.4   The Mayor's manifesto sets out a vision for a green, integrated transport network that works for all. The Mayor has placed specific emphasis on delivering the greenest transport system in the country, and improving safety of women and girls, and other vulnerable groups. The LTP therefore sets out to ensure that sustainable travel is made more attractive, convenient and safer for both the movement of people and freight.

2.5   This will have a positive impact on communities in the North East, linking people to employment, education, health care provision, leisure opportunities and other essential services.

3.   Delivery Plan

3.1   The delivery plan outlines the actions that can be taken by the North East CA and partners to 2040 and sets out what is proposed will be built, introduced or changed, to deliver the LTP.

3.2   The function and purpose of the delivery plan is to:

- Highlight powers and other delivery mechanisms (such as bus reform) which are the tools needed to deliver the LTP.

- Set out a range of interventions that are costed and set against potential funding options, including specific mayoral manifesto commitments.

- Align interventions to schemes that can be delivered (subject to funding and powers) in the following time periods:
  - Up to 2027

- o 2028-2032
- o 2033-2040

3.3   The delivery plan will be maintained as a live programme which can evolve as interventions develop, new funding priorities are identified, and we progress through delivery.

4.   Summary Document – "Delivering green transport that works for all"

4.1   The summary document, which has the title of 'Delivering green transport that works for all,' will be the main public-facing document that outlines, in non-technical language, the key points made in the LTP and delivery plan.

5.   Integrated Sustainability Appraisal (ISA)

5.1   An independently produced draft ISA is currently being prepared covering the draft LTP. The production of the ISA is a mandatory requirement of Government guidance, to allow interested parties to evaluate the impact of the draft LTP on factors such as environment, health and accessibility.

5.2   Historic England, the Environment Agency and Natural England are named in Government guidance as bodies with whom "pre-consultation" must take place regarding the ISA scoping report, before formal public consultation on the LTP itself can begin. The draft ISA will then be subject to public consultation alongside the draft LTP.

6.   Consultation and engagement proposals

6.1   The Transport Act 2000 requires that a formal public consultation is carried out over any new or amended local transport plan.

6.2   The Mayor has requested that public consultation is far reaching, connecting with anyone with an interest in improving transport. A proposed budget has therefore been established at a sufficient level to enable a blend of traditional and innovative techniques to be used, to achieve maximum engagement with and representation from all sections of society in the region. The proposed approach will ensure that anyone who wants to contribute feedback on the draft LTP will have the opportunity to do so.

7.   Proposals

7.1   Members are requested to provide feedback on the proposed public consultation approach for the LTP project.

8.   Potential Impact on Objectives

8.1   The proposals set out within the draft LTP and delivery plan are intended to impact positively on overarching North East CA objectives by:
- Using the North East CA vision as the foundation of the approach set out in the draft LTP.
- Setting out how transport will act as an enabler to help meet the five North East CA commitments.
- Making it clear that improving transport is key to tackling inequality and deprivation by providing access to jobs, education, and healthcare and can also reduce social isolation, enhancing independence, opportunity and wellbeing.
- Ensuring that the draft LTP and the North East CA Investment Strategy, draft North East Growth Plan (LGP) and other key Combined Authority policy documents are aligned.

9.   Equalities Implications

9.1   The LTP is intended to positively address equality and diversity issues within the North East by enhancing transport provision for all users. In keeping with the Public Sector Equality Duty, due regard has been shown to the need to advance equal opportunities between people who have a protected characteristic and those who do not. The ISA document will seek to independently verify this.

9.2   The proposed approach to the consultation has been designed with inclusion in mind, to maximise involvement for all across the North East in the development of the LTP.

10.   Consultation and Engagement

10.1   The Mayor and Cabinet have been consulted on the development of the LTP, delivery plan and summary document. All local authorities across the North East CA area have been engaged with in the development of the LTP and delivery plan with further informal engagement with a number of key stakeholders.

11.   Appendices

Appendix A – North East Local Transport Plan

Appendix B – Delivery Plan

Appendix C – Summary document

Appendix D – Summary slide pack for members

12.   Background Papers

North East devolution deal (December 2022) North East devolution deal - GOV.UK (www.gov.uk)

North East deeper devolution deal (March 2024) North East deeper devolution deal - GOV.UK (www.gov.uk)

The North East Local Transport Plan (LTP), North East CA Cabinet, 17 September 2024 [Cabinet (northeast-ca.gov.uk)]

13.   Contact Officers

Tobyn Hughes, Director of Transport, North East Combined Authority

tobyn.hughes@northeast-ca.gov.uk

14.   Glossary

ISA – Integrated Sustainability Appraisal

LTP – Local Transport Plan

North East
Local Transport Plan

Kim McGuinness
North East
Mayor

North East
Combined
Authority

Contents

Foreword

The North East deserves a world class transport network and the plan I consult on here sets out my transport promises to the people of this region.

This plan outlines a joined up network - simple and affordable to use with wider reaching infrastructure that is fit for the future. It will be greener, more reliable, and safer. Wherever you are in the region, it will be accessible, both physically and financially.

From job creation to ending child poverty, the North East transport network has a vital role in my plans to create real opportunity across our region. It is a crucial growth lever, but when it goes wrong it is an insurmountable barrier.

That's why, over the next 15 years, I will work with people and organisations across the region to create that network, with real delivery target dates built into these plans as well as measures to track improvement.

For this plan to succeed it has to be a shared plan that reflects the many needs of our region, and I look forward to people across the North East having their say on our joint future.

Kim McGuinness
North East Mayor

1. Executive summary

Executive summary

This consultation draft of the North East Local Transport Plan (LTP) sets out the North East Combined Authority's (North East CA) transport priorities up until 2040 with a list of proposals to create a green, integrated transport network that works for all.

This draft document sets out a vision for what the network should look like, and how the new network will help us tackle our current transport and wider regional challenges. The accompanying delivery plan sets out how the region's priorities will be achieved.

North East CA vision

The **North East CA's vision** is "Our purpose is to champion the full potential of the region. Collaborating with our partners and local authorities, we'll create a better way of life by connecting communities, giving people the skills to succeed, and improving wellbeing for all, so that the North East is recognised as an outstanding place to live, work, visit, and invest."

North East CA commitments

The vision is also supported by five **commitments**:
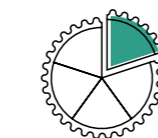
A fairer North East

A greener North East

A connected North East

An international North East

A successful North East

This LTP aims to **create a green, integrated transport network that works for all** and will support delivery of the North East CA's vision and commitments. It covers both the movement of people and freight in the region. Delivery of this LTP will benefit our region's economy, environment, and health.

This LTP holds the principle that making any form of journey in the North East is good, as the movement of goods and people stimulates the economy, and even a trip for leisure purposes can improve health. However greener, more sustainable journeys are even better as they also benefit the environment and public health.

By delivering a green, integrated transport network that works for all, sustainable travel will be made more attractive, convenient, and safer for both the movement of people and freight.

This will have a positive impact on communities in the North East, linking people to employment, education, health care provision, leisure opportunities and other essential services.

A green, integrated regional transport network

This LTP will act as the yardstick on which all other networks are judged. It sets out the approach to achieve a green, integrated transport network that works for all with a timeline and plan for delivery up to 2040.
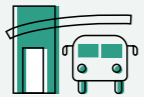
We have used the following five areas of focus to provide an assessment of the current state of transport provision in the region and outlines what an enhanced transport network should look like for the North East going forward:

Planning journeys/ informing users/ supporting customers.

Ticketing and fares.

Reach and resilience of infrastructure.

Safety, especially of women and girls, and other improvements in service quality.

Connections between different transport types.

Expected service standards are provided for each of these five focus areas which sets the framework for the interventions which follow in this LTP's delivery plan.

The North East is a unique region with a diverse range of urban, suburban, and rural communities with different transport challenges and needs. This LTP recognises these differences and will support inclusive economic growth across the whole of the region, helping to attract investment, boost job creation, and overcome inequality by enabling access to opportunity. It will help to protect our environment and tackle climate change as integrated, expanded, green transport will enable people and freight to travel easier across our region and beyond.

Delivery plan

The delivery plan sets out the steps the North East CA intends to take to create a green, integrated network that works for all.

Interventions are separated to show improvements that will be delivered by 2027, 2032, and 2040 and are accompanied by a costed package of funding measures to enable delivery. It is a live programme which will be continually monitored and updated to ensure the most appropriate and beneficial interventions are delivered. This will support progress against the measures of success and Key Performance Indicators (KPIs) highlighted in this LTP.

2. What is the North East Local Transport Plan?

This section will:

- Outline what this document is, its purpose, and what the plan proposes.
- This section also sets out how the North East Local Transport Plan (LTP) can contribute to improving the North East's economy, skills, health, and environment.
- Makes the case that 'travel is good' and helping people to make greener journeys has the potential to positively impact our local economy, the environment, and health of our people.

This North East Local Transport Plan is a statutory plan which sets out our region's transport priorities up to 2040. The plan is centred on creating a better transport network that acts as the yardstick on which all other networks are judged. This involves creating a green, integrated transport network that works for all. We believe this will make sustainable travel options more attractive, convenient, and safer, enabling more people and freight to make greener journeys.

If successfully delivered, the projects and policies will help to enable inclusive economic growth, give people the skills to succeed, achieve better health outcomes, protect our environment, and tackle climate change by providing attractive, seamless, safer, sustainable transport for people and freight across our region.

2.1 What does the North East Local Transport Plan propose?

This document sets out proposals to create **an enhanced and better integrated transport network**, built on five key areas of focus (see chapter 5). The network should have more joined up information, ticketing, and high customer experience standards. **The network should be efficiently designed, simple, and easy to use**.

An enhanced network, that encompasses all types of transport, will enable people to make more greener journeys depending on their personal and journey circumstances. It

will bring together active travel, bus, Metro, rail, the Shields Ferry, and roads under one cohesive identity, signalling that it is accessible and inclusive for all.

This document also supports our local authorities' plans, by promoting place making to ensure that a more joined up and reliable transport network links attractive areas to live with a broader range of good quality job opportunities. It will also support expansion of existing businesses and make relocation to our region a more attractive option through better infrastructure.

This LTP is also aligned with the emerging North East Local Growth Plan (LGP) which sets out how we create the infrastructure of opportunity needed to deliver on the North East CA vision.

We will use this document to highlight opportunities for investment in, and improvements to our transport network. This document will be our foundation for programme development, using existing devolved funding sources and requests for new transport investments to our region from central government and other sources such as Land Value Capture (LVC). It will look at any additional powers that are needed to achieve this programme of activity. **This is the long-term transport strategy for our forward-looking region**.

2.2 Why is a new Local Transport Plan being published?

Under the December 2022 and March 2024 North East devolution deals we have access to a new multi-year financial settlement for transport which is devolved to our region from central government, enabling us to plan and align our transport investments as our region sees fit.

Delivery will be enabled by the suite of transformational funding, powers, and partnerships available to us through the devolution deals including:

- A significant amount of funding devolved to our region.
- Bus reform powers.
- The establishment of a highways Key Route Network (KRN).
- Partnerships with National Highways (NH), Great British Railways (GBR), and Active Travel England (ATE).

Over the coming years, our region intends to build on this by securing further funding and powers to develop a fully integrated transport network. Using this LTP as a guide, the North East will seek:

- Accelerated delivery of existing projects.
- Further strategic powers (railways and highways).
- Surety of funding (revenue and maintenance grants).
- Funding and delivery of major projects (such as Leamside Line, which includes extension to Washington, and Metro signalling).

It is in this context that the North East LTP is being published.

2.3 Making journeys is good

Transport is a means to an end, a way of being able to do the things that make up our lives. We travel to education, to work, to shops, to care for others, and to socialise with friends and in 2022 the **average person in the North East made around 981 journeys a year – the most of any English region**. For businesses, transport enables the opportunity to acquire, move, and sell products and goods and to access a workforce. Making journeys stimulates the local economy and improves the physical and mental wellbeing of our people.

Transport is key to tackling inequality and deprivation by providing access to jobs, education, and healthcare and can also reduce social isolation, enhancing independence, opportunity, and wellbeing. High quality and integrated transport links (such as efficient connections between different types of transport and integrated ticketing) can help to promote and strengthen tourism, leisure, and regional development.

But how we choose to travel is important as it can leave an impact on our environment, health, and wellbeing. Through this LTP the North East CA aims to support the switch to more sustainable types of transport. Creating a fully integrated transport network will help achieve this.

> In 2022 **58%** of trips in our region were made by car or van as a driver or passenger, the most common of any transport type.

2.4 Sustainable travel is better

Making journeys is good but sustainable travel, whereby people move around in a way which has less impact on our health and environment is even better.

There are extensive benefits that our region could experience if more people decided to make more of their journeys greener.

Little changes have a big impact and even travelling sustainably for one journey a week could potentially have a significant impact.

As part of our region's Making the Right Travel Choice strategy, analysis found that if car users switched one journey a week to public transport, walking, or cycling and people who don't have access to a car continue to travel sustainably this could:

- Potentially save around 214,000 tonnes of CO_2 emissions a year.
- Potentially reduce poor health caused by road traffic emissions. It is estimated that poor air quality is responsible for around 360 deaths each year in central Tyneside alone.
- Result in more people becoming active, improving healthy life expectancy (HLE).
- Save petrol and diesel car drivers' money on fuel (approximately £170-£190 per year based on June 2022 fuel prices).

2.5 Helping people to make greener journeys

Supporting and enabling people to make more sustainable journeys around the North East will benefit our region's economy, environment, and public health.

Helping people to make greener journeys will also be one of the most significant ways of ensuring that transport can support the North East CA vision and commitments.

We have created the decision tree overleaf to help people consider the travel options available. The decision tree sets a hierarchy that prioritises active and sustainable travel, whilst also recognising that there is 'no one size fits all' approach and the reasons why people choose to travel are complex, personal, and can be influenced by several factors.

Crucially, the decision tree makes clear that sustainable travel will not be possible for all journeys and there will be times when a car or van will be the most appropriate solution depending on journey and personal circumstances.

The principles of the decision tree (Figure 1) also apply to the movement of freight and logistics. Successful delivery of the LTP could enable more freight to be transported by active travel or rail. More journeys being switched from car to sustainable transport, could also help reduce road congestion, resulting in improved and more reliable journey times for necessary journeys.

Creating a fully integrated transport network based around the five areas of focus could make active travel and public transport more attractive options, enabling more sustainable journeys to be made.

Figure 1 – Greener Journeys decision tree
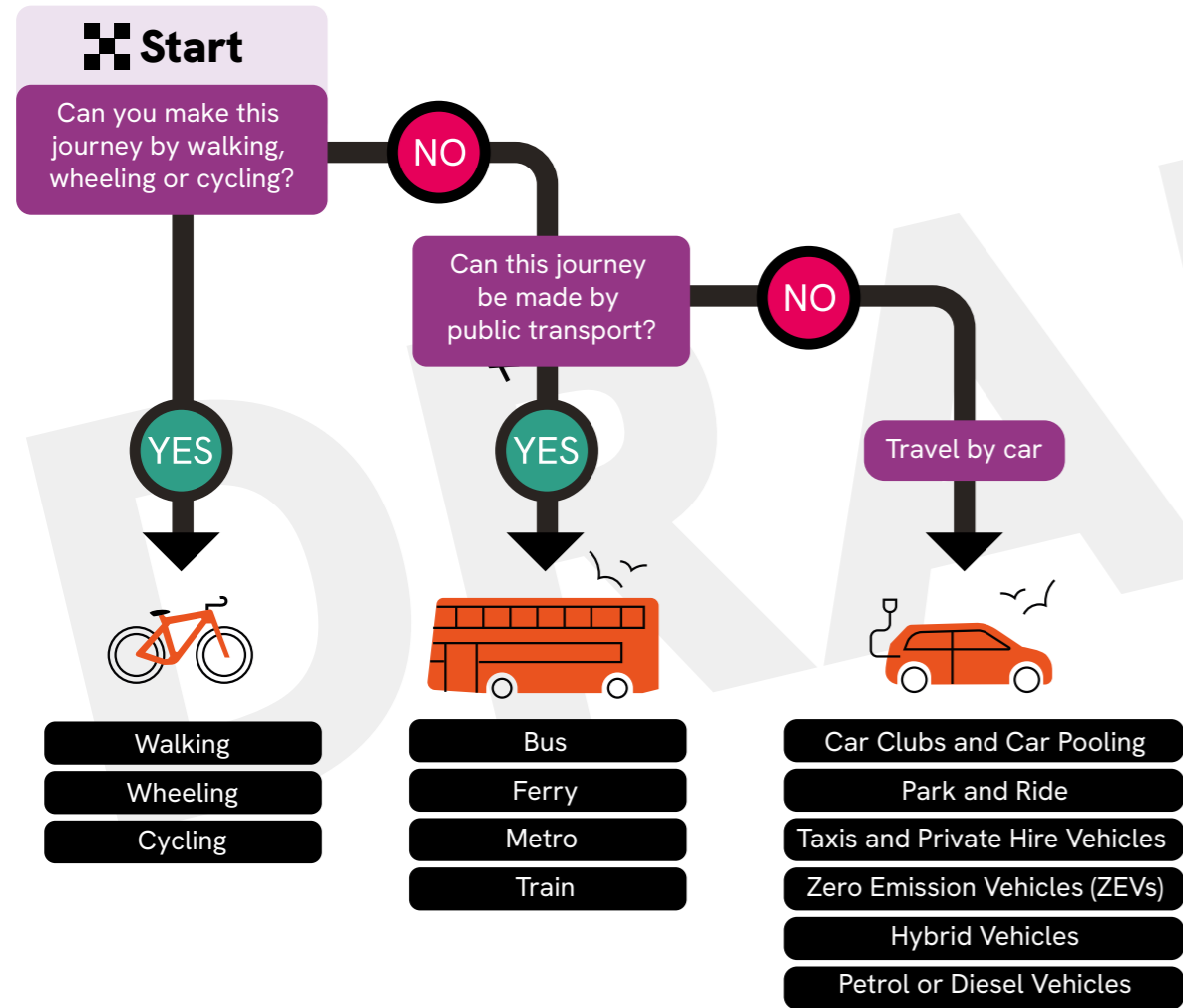
2.6 Why transport is important to our region

High quality, integrated transport is important for the North East as it enables people to get to work, training, education, health services, meet friends, and for other leisure opportunities.

A more integrated transport network could deliver affordable public transport fares, improves access to opportunities, including education, employment and healthcare and removes transport related social exclusion.

Delivering this LTP will result in our region having an excellent integrated transport network, supporting people to choose active travel and public transport for more journeys, also enabling the efficient movement of freight.

Creation of the integrated network will help to overcome the North East's long-term challenges including:

- Greater health inequalities than the rest of England.
- 1 in 4 adults are physically inactive, doing less than 30 minutes physical activity per week.
- Childhood obesity levels in reception and year 6 are significantly higher than the England average.

- More than one third (35%) of all babies, children, and young people in the wider North East are living in poverty.
- 31% of residents in the North East (622,000 people) are at risk of transport related social exclusion (TRSE).
- A range of transport issues has led to a contrast between rural isolation in our more remote areas and poor air quality and congestion in parts of our cities.
- A slightly larger proportion of residents living in rural areas (19%) than the rest of England (16%), excluding London.
- Many different types of rural and coastal towns and villages across our region with diverse communities, geographies, and economies with different transport challenges and needs.
- Commuting to workplaces is dominated by car travel, so congestion is a significant issue on our roads, which affects public transport access and attractiveness, reduces productivity, and increases inactivity and vehicle emissions.
- Public transport use is falling over the long-term. Since 2014, bus and Metro passenger journeys per head and vehicle miles have both decreased.

- Transport contributes a significant proportion of carbon emissions. Approximately 97% of transport generated greenhouse gas emissions in our region are from roads, with A-roads being the greatest contributor.
- Some areas have significant air quality problems to be tackled.
- Car and van journeys made up 58% of all journeys made in 2022 and car ownership in the North East is increasing, leading to more traffic congestion and vehicle emissions.
- Only 38% of journeys to school are made by active travel, the second lowest region in England.
- Our region receives the lowest number of domestic and international visitors and the lowest amount of spending of any region in England.
- The working age population is set to fall over the next two decades which will have an impact on both economic outputs and future transport requirements.

The provision of an integrated North East transport network can enable seamless transition between different forms of transport as part of the same journey, improving connectivity within our region, with other parts of the UK, and internationally. It can help to deliver a better performing, successful and prosperous regional economy which closes the gap with other parts of England.

2.7 What this plan covers

This LTP is centred on helping people to make greener journeys. We recommend the creation of a fully integrated transport network bringing roads, Metro, rail, buses, the Shields Ferry, and active travel (walking, wheeling, and cycling) under a cohesive identity. This will signal a truly integrated network that is efficiently designed, simple and easy to use, and part of people's everyday lives.

Whilst the integrated transport network will evolve over time, up to 2040, this LTP sets out the service standards upon which it will be built. They will collectively make up our improved transport network and set the framework for the schemes which follow in the Delivery Plan.

Following these standards will enable the North East to have an outstanding transport network where people are able to make greener journeys.

- The standards are designed around five key areas of focus:
- Planning journeys/informing users/ supporting customers
- Ticketing and fares
- Reach and resilience of infrastructure
- Safety, especially of women and girls, and other improvements in service quality
- Connections between different transport types

The LTP will enable the delivery of an improved, joined-up, co-ordinated, and integrated transport system across our region that works for our people.

This table sets out what information can be found elsewhere outside of this LTP.

Information that can be found elsewhere	Source
Details of, and decisions about specific bus, Metro, the Shields Ferry, and local rail services such as routes, times fares and ticketing.	www.nexus.org.uk www.gonortheast.co.uk www.arrivabus.co.uk/north-east www.stagecoachbus.com/about/north-east www.northernrailway.co.uk www.travelinenortheast.info www.durham.gov.uk/transport www.northumberland.gov.uk/Transport.aspx
Details of and decisions about airport operations, national rail services and seaports such as routes, timetables, and operations.	www.newcastleairport.com www.portofblyth.co.uk www.portofberwick.co.uk www.portoftyne.co.uk www.portofsunderland.org.uk www.crosscountrytrains.co.uk www.lner.co.uk www.lumo.co.uk www.tpexpress.co.uk www.gbrtt.co.uk www.nationalrail.co.uk
Local Cycling and Walking Infrastructure Plans (LCWIPs) and Rights of Way Improvement Plans (RoWIPs).	Walking and cycling improvements - Durham County Council Durham County Council Strategic Cycling and Walking Delivery Plan 2019-2029 Durham County Council ROWIP4 Gateshead Council Transport Strategy

Information that can be found elsewhere	Source
Local Cycling and Walking Infrastructure Plans (LCWIPs) and Rights of Way Improvement Plans (RoWIPs). Continued...	Newcastle City Council LCWIP North Tyneside Cycling Strategy, including LCWIP Northumberland County Council LCWIP South Tyneside Council LCWIP Sunderland City Council LCWIP
Local highway management and investment proposals. (Highway Asset Management Plans, Traffic Asset Management Plans, Highway Design Standards, Parking Standards and car park CCTV, Roadworks management).	How we look after our roads - Durham County Council Highways Asset Management Plan - Gateshead Council Roads and highways policies and plans	Newcastle City Council Highway asset management	North Tyneside Council Northumberland County Council - Roads and streets South Tyneside Council – Roads, streets and pavements Roads, highways and pavements - Sunderland City Council
Tyne Pedestrian and Cyclist Tunnels Tyne Tunnel toll information	www.tynepedestrianandcyclisttunnels.co.uk www.tt2.co.uk www.northeast-ca.gov.uk/how-we-work/transport/tyne-tunnels
More detailed information on specific transport types (active travel, bus, rail, Metro, the Shields Ferry, zero emission vehicle charging) in the North East.	www.northeast-ca.gov.uk/how-we-work/transport/ See **section 2.8** for a brief overview of our regional transport sub strategies.

2.8 Regional sub-strategies and policies

Since 2021, we have published our own series of strategies and policies which act as sub-strategies to this Local Transport Plan and are part of the North East CA and aim to improve transport provision across our region, delivery of which will benefit our economy, environment, and health.

These sub-strategies set out our strategic aims for each transport type and provide greater detail and evidence with clear recommendations. Details on these sub-strategies can be found in Appendix 1 and at: **www.northeast-ca.gov.uk/how-we-work/transport/**. This North East LTP will bring all transport types together as one integrated network and the following diagram shows the sub-strategies and how they link with the LTP.

Figure 2 – North East Local Transport Plan (LTP) linkages with current regional sub-strategies and policies
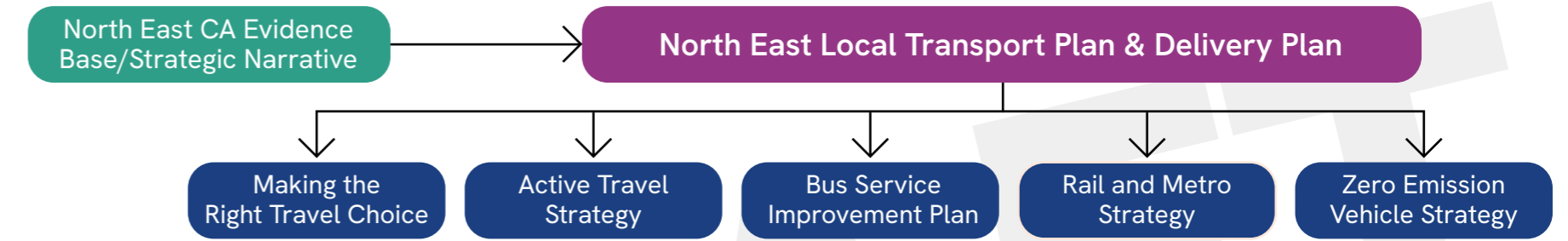

North East CA Evidence Base/Strategic Narrative → North East Local Transport Plan & Delivery Plan

- Making the Right Travel Choice
- Active Travel Strategy
- Bus Service Improvement Plan
- Rail and Metro Strategy
- Zero Emission Vehicle Strategy

Figure 3 – North East transport sub-strategies and policies summary 2024

Making the Right Travel Choice (2022)	Aims to make it easier for people to travel sustainably. Sets a target of encouraging car users to switch one journey a week to sustainable forms of transport such as walking, wheeling, cycling, or public transport and for people who don't have access to a car to continue to travel sustainably.
Active Travel Strategy (2023)	Aims to make walking, wheeling, and cycling the natural first choice for short everyday trips and to combine them with public transport for longer journeys. It sets a target for over half of all shorter journeys (under five miles) in the North East to be made using active travel by 2035.
Bus Service Improvement Plan (BSIP) (2021-24)	Outlines regional ambitions to make buses more attractive, such as by making them more affordable and a practical alternative to the car. It is refreshed annually and sets out a range of significant proposed improvements and interventions for all aspects of bus services, including timetables and fares.
Rail and Metro Strategy (2022)	Outlines the North East's ambition for its rail and Metro network. Sets key regional priorities including the full reopening of the Leamside Line, expanding our rail and Metro networks into more communities, and boosting capacity on the East Coast Main Line.
Zero Emission Vehicle (ZEV) Strategy (2023) /ZEV Policy (2022)	The strategy builds on the policy and is based on excellent infrastructure + well informed people = increase in ZEVs. It aims to deliver reliable public zero emission vehicle (ZEV) charging infrastructure across our region, wherever people need it. It doesn't aim to encourage people who are already walking, cycling, or using public transport to switch to a ZEV, but promotes the use of ZEVs for journeys which must be made by cars or vans.

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2.9 Proposed new and refreshed transport policies

Over the coming years, the North East CA will publish a series of detailed transport policies which will be aligned to the Local Transport Plan.

These will serve as either a refresh of existing documents or be new policies.

Policy	Refresh	New
Greener Journeys Strategy (formerly Making the Right Travel Choice Strategy)	↗	
Active Travel Strategy	↗	
Bus Service Improvement Plan (BSIP)	↗	
Rail and Metro Strategy	↗	
Zero Emission Vehicle (ZEV) Strategy	↗	
Roads Strategy		↗
Intelligent Transport Systems (ITS) Strategy		↗
Customer Experience Strategy		↗

This list isn't exhaustive, and we may choose to launch research pieces to develop our thinking and latest evidence ahead of policy documents.

2.10 Interaction with other policies and strategies

The plan is closely aligned with national, regional, and local policy and strategy. For example, policies, strategies, and Local Plans of our seven constituent local authorities in relation to environmental, economic, regeneration, housing and land, investment, and transport have been considered when developing this document.

The transport strategies, policies and reports of Nexus align to this LTP, with the LTP building on current operational delivery through Nexus, and our region's enhanced bus partnership.

An exhaustive list of strategies and plans can be found in **Appendix 1**.

Key insights from this section:

- Travel is good and helping people to make greener journeys has the potential to positively impact our local economy, the environment, and health of our people.
- We've developed a 'decision tree' to support people to consider the travel options available depending on personal and journey circumstances.
- The LTP proposes the creation of a fully integrated transport network for the people of the North East that is efficiently designed, simple, and easy to use.
- This will help the North East to enable inclusive economic growth, give people the skills to succeed, achieve better health outcomes, protect our environment, and tackle climate change.

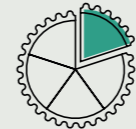# 3. North East CA vision and commitments

This section will:

- Outline the North East CA vision and five commitments.
- Outline our three strategic themes for transport that will ensure our transport activities will contribute to the North East CA role in improving our economy, skills, health, and environment.

3.1 North East CA vision

"Our purpose is to champion the full potential of our region. Collaborating with our partners and local authorities, we'll create a better way of life by connecting communities, giving people the skills to succeed, and improving wellbeing for all, so that the North East is recognised as an outstanding place to live, work, visit and invest."

This vision sets the foundation of our approach set out in this North East Local Transport Plan (LTP). It represents the scale of ambition that will drive all our transport activities.

3.2 North East CA commitments

Commitment		How transport will support
A fairer North East We'll help people thrive with aspirational jobs, new skills, and better homes, improving quality of life for everyone. We'll create confidence in the North East by reducing inequalities and improving health.		Our new integrated transport network will deliver affordable public transport fares, improve access to opportunities, including education, employment and healthcare and remove transport related social exclusion.
A greener North East We'll take inspiration from our industrial heritage and unique mix of urban areas, countryside, coastline, and rivers, to nurture our natural resources - creating green jobs, sustainable industry, and clean energy.		We will deliver an integrated transport network that connects all areas of the North East, including our remote rural and coastal communities and more deprived urban areas. Improved connectivity will also make the transportation of freight easier and more efficient, contributing to economic growth.
A connected North East We'll get behind businesses so they can improve productivity and connectivity. With better local transport networks and digital infrastructures, the North East will have a global reach, becoming the go-to place for innovative ideas and real-world results.		We will help people to make greener journeys by making sustainable travel easier, more affordable, and more attractive, benefitting the environment. We will encourage the switch away from petrol/diesel cars and vans to zero emission cars/vans which will improve air quality across our region.

Commitment	How transport will support
An international North East Building on our economic strength, and championing our heritage, culture, arts, and sports, we'll drive our region's ambition to continually attract visitors and investment.	We will improve access to/ from our international gateways making it easier to attract visitors and international investment. The movement of freight to/from our ports and airport will also become more efficient and sustainable.
A successful North East Together, we'll speak with one voice, and define our own future, cultivating the talent, skills, and innovation that will help grow our existing economy, becoming green industry leaders and a cultural destination - making the North East one of the best places to live, work, visit, and invest.	Our integrated transport network will encourage businesses to invest in our region, helping to stimulate the economy.

This North East LTP has been developed based on the above vision and five commitments of North East CA to reflect the cross-cutting approach that will be required.

3.3 Strategic themes for transport

Transport is an enabler to delivering the vision and meeting all five commitments.

We believe that there are three cross-cutting strategic themes for transport which underpin the delivery of the North East CA vision and commitments:

Commitment
A more inclusive economy The LTP will enable inclusive economic growth across the North East, helping to attract investment, boost job creation, and overcome inequality by enabling access to opportunity.
A better environment The LTP will help to protect our environment and tackle climate change by providing an attractive, seamless, and sustainable transport network for people and freight across our region.
A healthier North East The LTP will help achieve better health outcomes for people in our region by encouraging active and sustainable travel and facilitating better transport access to healthcare and social networks.

We are confident that using these three strategic themes will help us to deliver an integrated transport network which will ensure the North East CA vision and commitments are achieved.

Figure 5 – North East CA vision and commitments linkages with strategic themes for transport
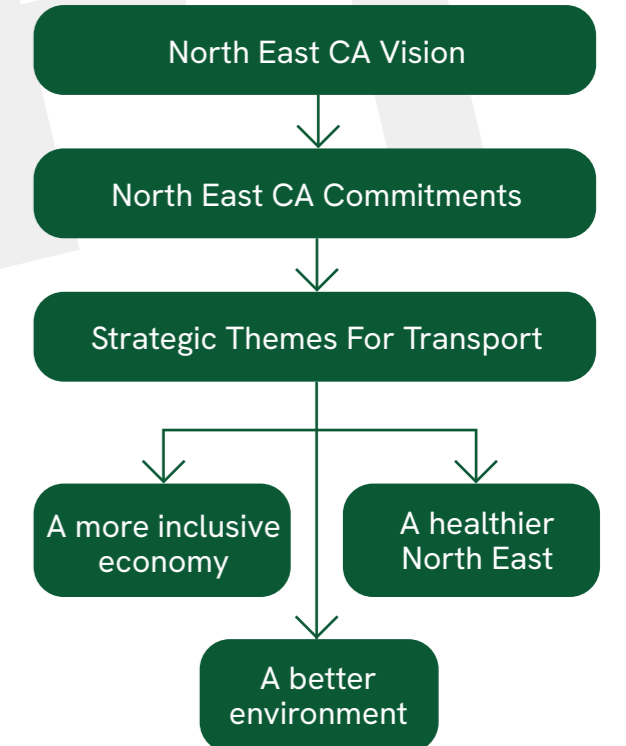
3.4 Link to portfolios

Transport is one function working alongside other North East CA portfolios to deliver against the five commitments and overall vision:

| Transport | Finance and investment | Environment, coastal and rural | Culture, creative, tourism and sport | Economy | Housing and land | Education, inclusion and skills |

Transport is a true crosscutter – there to enable the success of the others

Key insights from this section:

- This LTP has been developed based on the North East CA vision and five commitments of to reflect the approach that will be required.

- The North East CA vision and commitments have been used to develop three strategic themes for transport that will ensure our transport activities contribute to the North East CA role in improving our economy, skills, health, and environment.

4. Regional context

This section will:

- Set out the context of our region including our geography, economy, environment, and health.

- Introduce how this regional context interfaces with the North East CA vision, commitments, and our strategic themes for transport.

- Make clear that the large and diverse geography creates a variety of transport needs and challenges.

4.1 Regional context

The North East is a unique region with rich history, diverse geography, and beautiful landscapes. Our region is rooted in a strong industrial heritage that was dominated by coal mining and heavy industry until the 21st century.

With a dynamic £40 billion economy, the North East is well situated to build on its engineering, scientific, and creative prowess to thrive in today's innovation economy. Home to world-class businesses in critical sectors, the North East has an internationally-significant manufacturing and automotive cluster; is leading the UK transition to a greener economy; is increasingly becoming recognised as a vibrant cultural powerhouse; is in a prime location for tech and other knowledge-intensive professional services; enjoys a rapidly growing health and life science businesses; benefits from internationally competitive universities and excellence within the local further education system – and all are alongside a strong public sector, foundational economy and active Voluntary, Community and Social Enterprise (VCSE) organisations.

Our cities, towns, villages, and extensive rural and coastal communities are home to a wide range of leisure, cultural, and historical attractions. UNESCO World Heritage sites of Durham Cathedral and Hadrian's Wall, and the Glasshouse and BALTIC at Gateshead Quays speak to the area's significant cultural offer, and the opportunity to expand the visitor economy. The North East's number of cultural businesses is growing faster than almost any other UK region.

Our region also includes miles of unspoiled coastline and outstanding scenery including Northumberland National Park, the North Pennines Area of Outstanding Natural Beauty, and Durham Heritage Coast. Our passion and pride are highlighted during events like the Great North Run. Our history, geography, culture, and people make our region an attractive place to live, work, visit, and invest.

The large and diverse geography creates a variety of transport needs and challenges for our residents. These challenges range from areas at risk of isolation, to areas that face significant deprivation.

Whilst our region faces several economic and health related challenges, including widening inequalities, which have been further exaggerated by the COVID-19 pandemic and the rise in the cost of living, there are significant growth opportunities which could deliver new, good, jobs to benefit people across the whole region.

These opportunities will be unlocked by building on existing assets and through a clear focus on transformative and inclusive transport investment which will create opportunities for our people and communities.

Figure 6 – North East regional transport connectivity and assets

4.2 Our geography and people

The North East is home to approximately two million people. It is important to consider where people live and the diversity of our population as this will allow us to understand that different locations and different people have different needs. Connecting our communities is vital to ensure people living in our region can access key locations such as employment sites, access to health provision, public services, and education. It is also important to understand how the North East is predicted to change in the next couple of decades as this will help to inform future transport requirements.

The North East essentially comprises three distinct areas: urban, rural, and the surrounding areas. Each of these areas have different demands and challenges and will require different transport solutions.
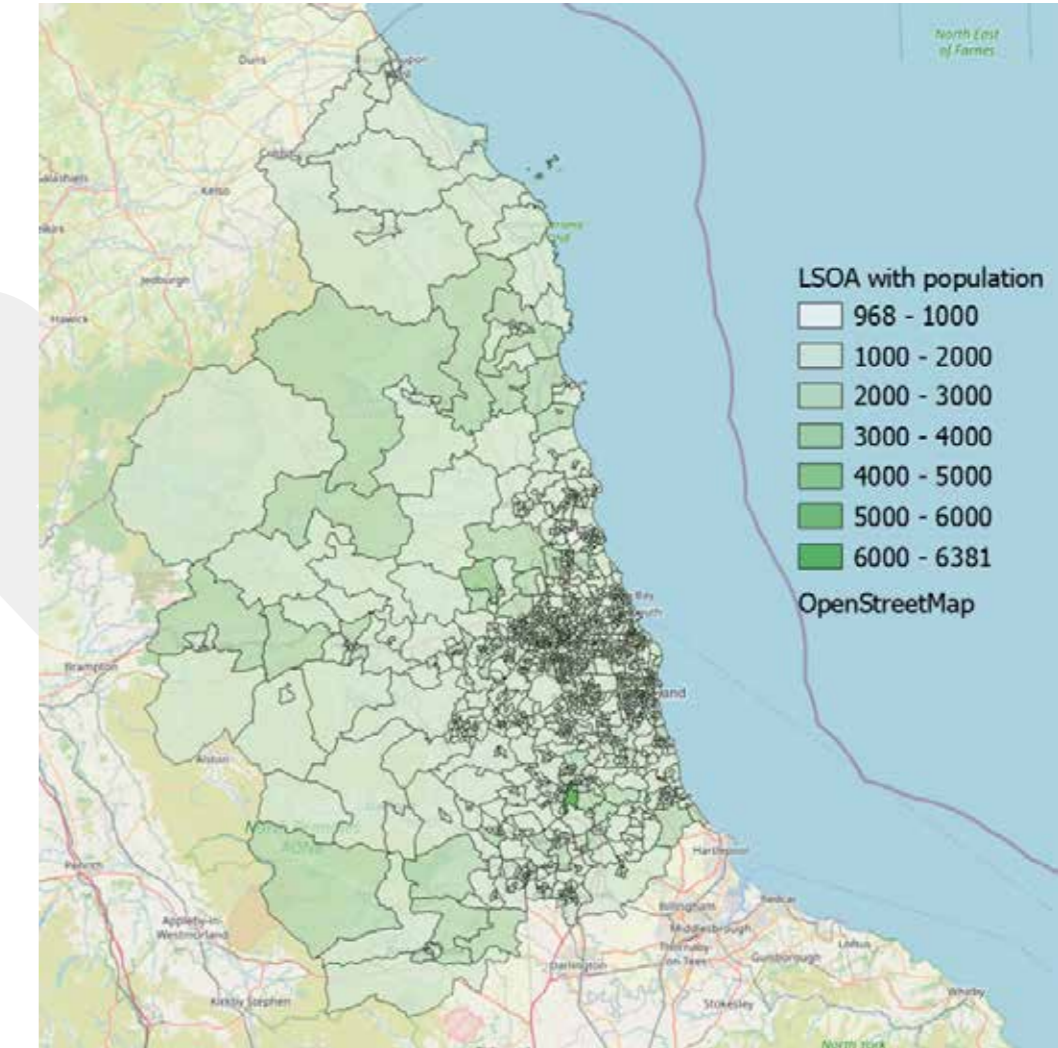
4.2.1 Where people live

- The North East has a slightly larger proportion of residents living in rural areas (19%) than the rest of England (16%), excluding London.

- The areas with the highest percentage of people living in rural areas are Northumberland and County Durham.

Poor transport provision and infrastructure in rural areas is a significant challenge, restricting both people and freight from accessing employment, services, facilities, and amenities.

Inadequate transport infrastructure affects the visitor economy, movement of freight, and compromises the resilience of the rural road network.

However, it is important to note there is not one type of rural area. There are many different types of rural towns and villages across our region with diverse communities, geographies, and economies with different challenges and needs.

Figure 7 – North East population density map

LSOA – Lower Super Output Area. LSOA provides a more detailed overview of the population in smaller areas.

Table 1 – Where people live, rural and urban split (2022)

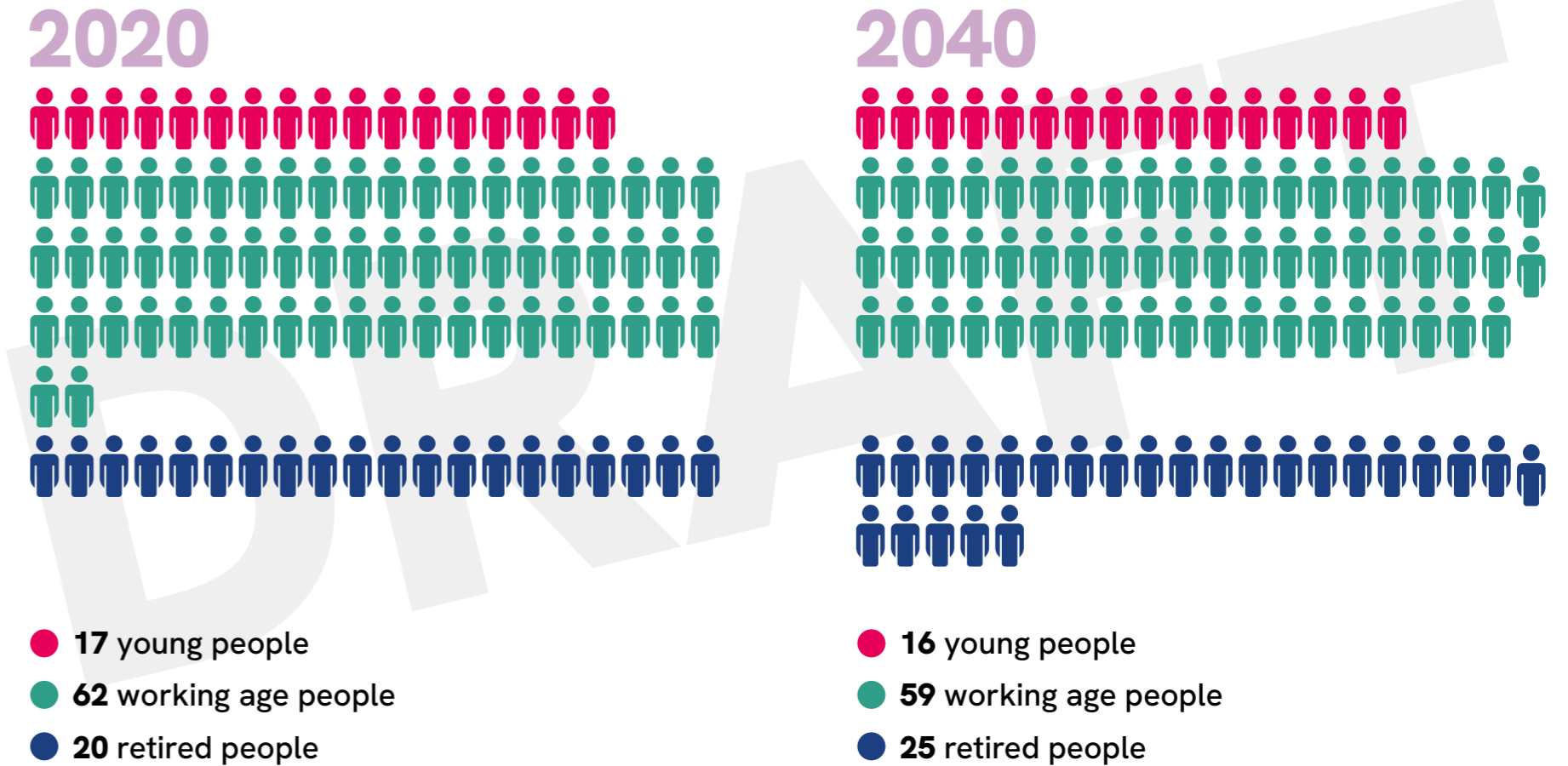| Local Authority	Population	% Rural	% Urban
County Durham	528,127	41	59
Gateshead	197,722	6	94
Newcastle	307,565	2	98
Northumberland	324,362	44	56
North Tyneside	210,487	4	96
South Tyneside	148,667	0	100
Sunderland	277,354	1	99
North East total	**1,994,284**	**19%**	**81%**

4.2.2 Housing developments

A significant number of new homes are planned in our region by 2040. It is crucial that our region can plan new housing development and transport effectively in a more cooperative way over the coming years.

Opportunities will be identified in the emerging North East Spatial Development Strategy (SDS) to make sure that transport plays a major role.

4.2.3 Age profile

It is important to consider the age profile of our region in this LTP and how it is predicted to change over the coming decades. The North East has an ageing population which will have an impact on both economic outputs and future transport requirements.

Figure 8 - North East age profile 2020s v 2040s

- 🔴 **17** young people
- 🟢 **62** working age people
- 🔵 **20** retired people

- 🔴 **16** young people
- 🟢 **59** working age people
- 🔵 **25** retired people

Note 2020 numbers do not sum to 100 due to rounding.

As the graphs show, by 2040, one in four people in the North East will be at retirement age (age 65 and above). As a result, the working age population is set to fall over the next two decades. This will have a direct impact on future transport requirements.

4.2.4 Digital connectivity and exclusion

There is not one single measure of digital connectivity/inclusion in the UK, but data indicates that the North East has one of the highest levels of digital exclusion. The proportion of people in our region that are currently offline is approximately 8%, whereas the England average is 5%. There are also low levels of digital engagement in our region, and it is estimated that 176,000 adults in the North East have never used the internet.

There are also significant disparities in connectivity across the region with 12% of Northumberland and 6% of County Durham with no mobile coverage at all.

Digital exclusion most likely impacts those from disadvantaged and socially excluded groups including:

- Older people
- Those without a job
- Lower income groups
- People with disabilities
- Low educational qualifications
- Living in rural areas
- Those who are homeless
- Those where English is not their first language

4.3 Our economy

4.3.1 Background

Transport plays a key role in how our economy functions – movement of people, skills, and goods services, to connect with job opportunities and employment sites.

Our region provides a thriving business environment, with 68,850 businesses providing 887,000 jobs.

Over recent decades, our region's economy has diversified. Section 4.3.4 outlines our key employment sectors.

Our region has four universities, which drive opportunity for people and make our region a net importer of students. They are also significant employers, and control considerable assets and are critical to the future of our region. Their international reputation and relationships with key regional businesses are critical to our future growth trajectory.

The North East is also home to an extensive network of catapult centres (a government initiative to spearhead economic growth opportunities), including the Offshore Renewable Energy Catapult, Digital Catapult NE&TV, NE Satellite Applications Centre of Excellence, the High Value Manufacturing Catapult [through CPI], and Compound Semiconductor Catapult. The National Innovation Centre for Ageing and the National

Innovation Centre for Data, both based at Newcastle Helix, provide further research capacity and expertise, whilst NETPark in County Durham is home to the National Formulations Centre, National Centre for Healthcare Photonics, and National Centre for Printable Electronics. Also, home to the National Innovation Centre for Rural Enterprise and nine FE colleges, the North East has a thriving ecosystem of knowledge and capacity for innovative delivery that underpin our regional economy.

Improving the connectivity between workers and employment sites is an enabler which can improve both productivity and inclusivity in the North East.

Figure 9 – Summary of our economic and cultural assets across the North East, 2024 [providing an overview by sector and geography, rather than a comprehensive mapping]
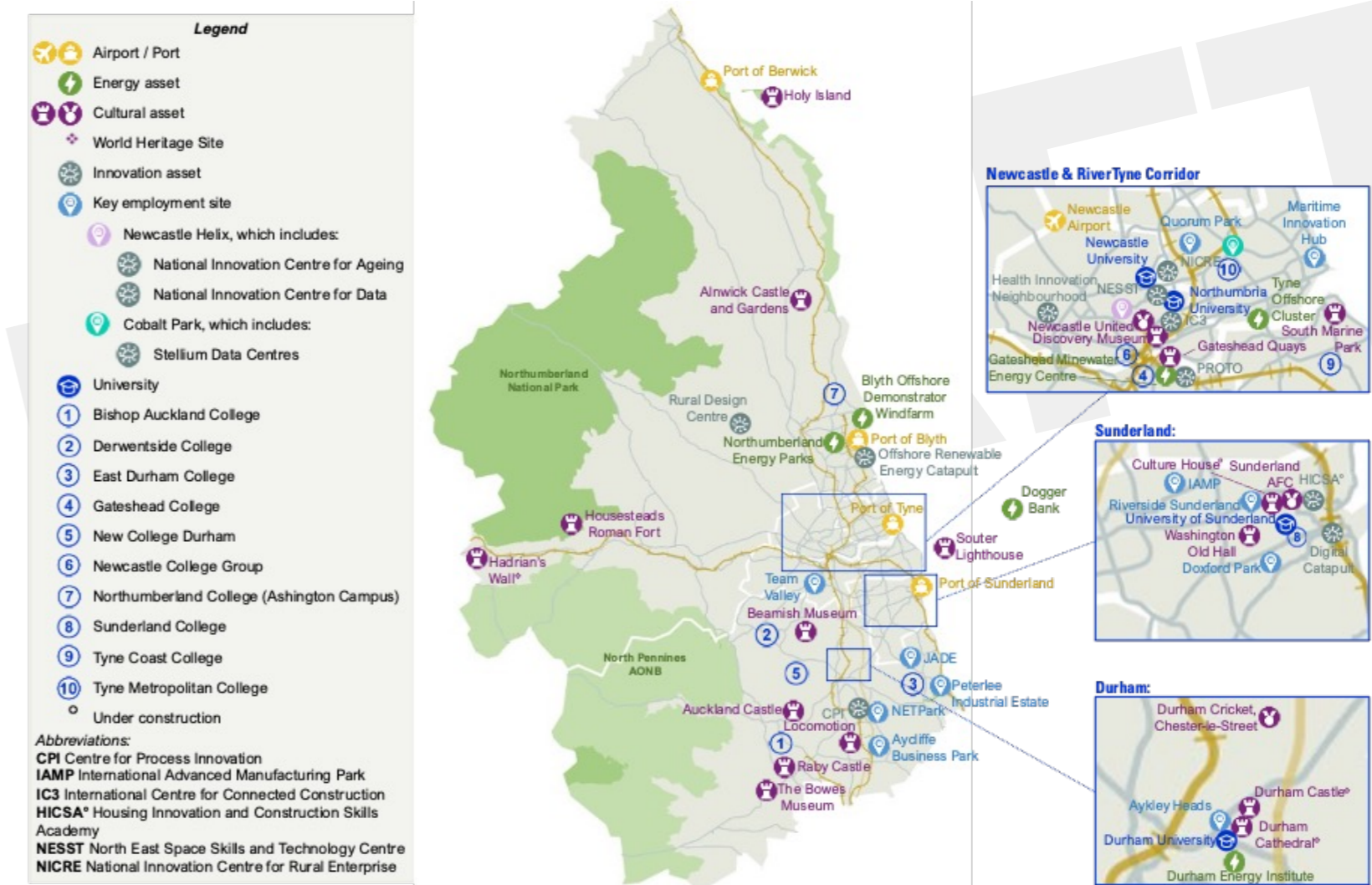
4.3.2 Productivity

In 2021, gross value added (GVA) per hour worked in the North East CA area was £32.02, 11% below the England excluding London equivalent.

Our region has low productivity compared to national averages in total and per head.

We have pockets of productivity though, including across rural and coastal areas. Most of the GVA in the North East is produced in urban areas. In 2021, these accounted for 85% of total output, with 15% being produced in rural areas and 21% in coastal towns.

Some of the issues that affect productivity include low business density, relatively low export value outside vehicle manufacturing and pharmaceuticals, and issues of inequality including distribution of skills and poor health.

Transport plays a key part of this productivity challenge, and poor or weak transport infrastructure limits growth.

4.3.3 Employment and wages

There are significant economic inequalities present within our region. Employment rate is lower than national averages, with higher levels of unemployment and economic inactivity.

Unemployment figures fluctuate month on month, however between May and July 2023, the North East had a higher percentage of people who were unemployed (all aged 16 years and over). In our region, 5.2% of people were unemployed compared to the England average at 4.3%.

For example, in September 2023, South Tyneside unemployment rate was 6.7% the highest across the North East, while North Tyneside had an unemployment rate of 3.5%, the lowest across the North East.

In 2022 60% of families in the North East received at least some form of state support, compared to **52%** for the UK as a whole.

The North East also has a high proportion of jobs earning below the living wage. In 2022 14.4% of jobs earned below the Living Wage Foundation rates, compared to 12.3% in England excluding London.

Transport enables people to access and sustain good quality, well-paid work, and is important in unlocking access to opportunity.

Average pay in the North East area is lower than any of the UK's other regions. Our inequalities exist with national averages and within our region.

Median gross weekly earnings (£) in 2023:

North East = **£608.40**

England = **£683.50**

4.3.4 Key employment sectors

The North East has a diverse employment sector, including health, education, and manufacturing industries. As of September 2023, the North East had a higher percentage of people (22%) working in the public sector compared to the England average (16.8%).

Retail and hospitality are also big employers in our region which support the Foundational Economy.

In 2022, the health sector was largest sector of employment in our region with approximately **172,000** workers.

We have seen a big rise in knowledge-intensive private services (which include ICT, financial services, and many creative industries), with the sector accounting for more than a third of employment growth in past ten years. Our current sector strengths and future opportunities are based around a number of key sectors and opportunities:

- Offshore wind and renewable energy
- Film and creative content
- Health and life sciences
- Knowledge intensive business services

- Visitor economy
- Battery technology and electric vehicles
- Space and defence

Although film is not a major employment sector currently, Sunderland is expected to have one of the largest filmmaking complexes in Europe, creating over 8,000 jobs in the next decade. It is estimated that this will generate **£336 million** a year in GVA.

4.3.5 Sector spotlight – the visitor economy

There is good geographic distribution of visitor and tourism activity across our urban, rural, and coastal communities. Worth £6.1 billion, the visitor economy in North East England supports more than 60,000 jobs.

Despite this, our region receives the lowest number of domestic and international visitors and the lowest amount of spending of any region in England.

There are significant growth opportunities with the North East making up a relatively small share of the UK's visitor economy:

- Only 1% of all international visitors to the UK.
- Low average visitor spend, partly due to composition of domestic and international visitors, partly due to a low cost of activities comparable to other areas.
- Low number of visitors in our region for business purposes.

These points can be built upon, and transport is an enabler to supporting growth of our region's visitor economy.

Destination North East England, born out of the first ever regional Destination Development Partnership (DDP) pilot in England, has set out ambitions to double the size of our visitor economy by 2034.This could support the provision of more than 25,000 new jobs in the sector.

In 2023, we welcomed **69 million** visitors who brought **£6.1 billion** into our regional economy.

4.3.6 Education and skills

Our region has a lower qualifications profile than the rest of England. The North East also has a higher proportion of residents with no formal qualifications than the national average, with the gap widening slightly in recent years.

This has implications for transport – we know residents with low and no qualifications are more likely to find it difficult to get a job, and also have a much smaller travel to work area.

The issue of skills availability is felt by employers who identify a number of gaps in what employees and prospective employees offer, and what their business needs. This includes a person's knowledge and occupational skills as well as soft skills, which are character traits and interpersonal skills that characterise a person's ability to interact effectively with others. Examples of soft skills are the ability to communicate with clients, mentor co-workers, lead a team, negotiate a contract, follow instructions, and finish a job on time. The largest gap is with specialist skills or knowledge.

4.4 Our environment

4.4.1 Climate change and greenhouse gases

Fossil fuel-burning transport emits greenhouse gases (GHG) such as carbon dioxide, trapping thermal energy and directly contributing to the warming of our planet. This warming is causing our climate to change which includes both increased temperatures and an increase

in extreme weather events such as storms, droughts, and flooding. Our changing climate also impacts our physical and mental health, as well as wildlife and ecosystems.
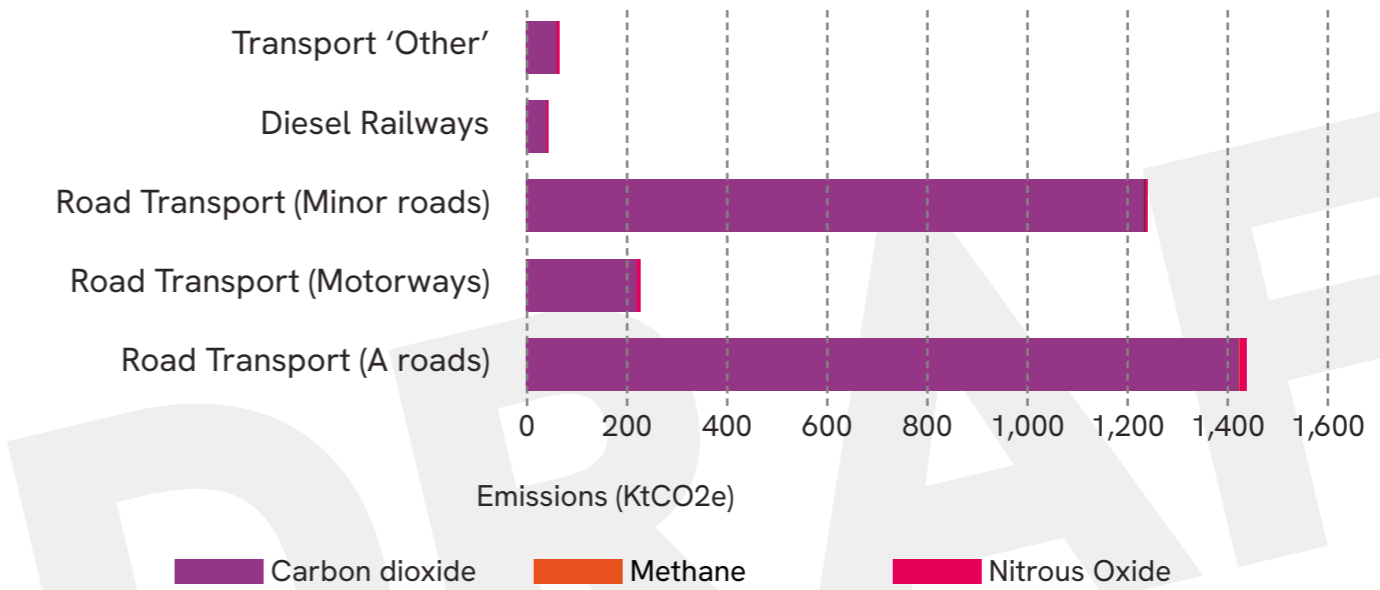
Transport is the largest GHG emitting sector in both the UK and North East. The graph below shows GHG emissions in the North East region by sector and type of gas.

Figure 10 – North East emissions by sector and gas (2022)
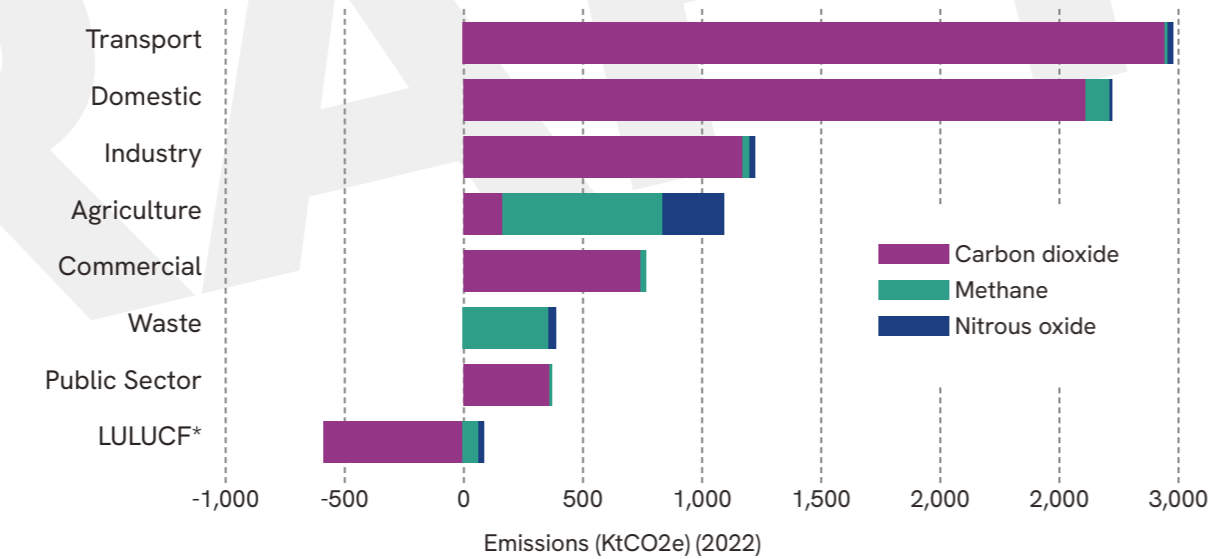
* LULUCF – Land use, land use change and forestry

Figure 11 – Transport emissions (greenhouse gases) North East by sub-sector and type of gas (2022)
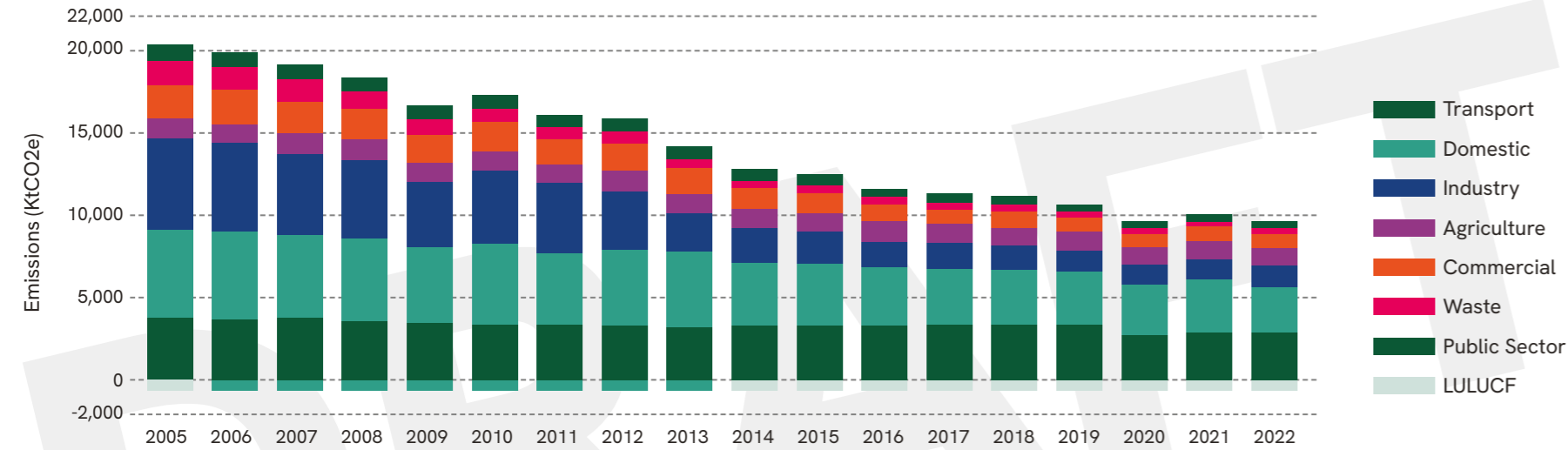

NOTE: These local estimates do not include emissions from aviation, shipping, and military transport. These types of transport are outside the scope of the Local Transport Plan and datasets are not available to estimate these emissions at a regional or local level.

Approximately 97% of transport generated GHG emissions in our region are from roads, with A-roads being the greatest contributor at 48%.

Despite transport being the largest emitting sector, our region has been at the forefront of decarbonisation and developing low-carbon solutions for our transport network, with success in offshore wind technologies and electric vehicles. Transport emissions in the North East in 2022 were about 22% lower than in 2005.

Figure 12 – North East emissions by sector, 2005-2022

Legend:
- Transport
- Domestic
- Industry
- Agriculture
- Commercial
- Waste
- Public Sector
- LULUCF

Net zero

The UK is committed to reaching net zero by 2050. Net zero means no longer adding to the total amount of GHG in the atmosphere. Not all emissions can be reduced to zero, so those that remain need to be matched by actively removing GHG from the atmosphere. This will require a transformation of the nation's economy, and region's like the North East can benefit as a driving force for that change.

4.4.2 Climate change and health

Our warming planet and changing climate are directly linked to human health and wellbeing. Rising temperatures and increases in extreme weather events impact on human physical and mental health, lead to changes in our planet's life systems such as food and water availability, and change patterns of infectious disease spread. All these changes impact our social systems, affect our livelihoods, and place increased pressure on health and social care services.

Therefore, actions taken to reduce GHG emissions, protect our planet, and reduce the impacts of climate change can also contribute to protecting our health and wellbeing.

4.4.3 Air quality

Air pollution is a mixture of particles and gases suspended in the air that are harmful to our health. Both road and non-road transport are sources of air pollution. The North East has some of the lowest levels of one of the most harmful air pollutants, particulate matter 2.5 (PM2.5), in the country. However, we do have high levels of nitrogen dioxide (NO2) in some of our cities, particularly during peak travel hours.

Private small vehicle use remains the most common type of travel in the North East with 58% of trips being made by car or van driver and passenger. This high level of car and van use results in congestion on some parts of our road network, particularly during peak travel hours.

Whilst the number of zero emission vehicles is growing in the North East, they made up just less than 1% of registered vehicles in our region in Q3 2022.

Our region has multiple Air Quality Management Areas (AQMAs). These include areas where the national air quality objectives are unlikely to be met. In January 2023, a Clean Air Zone (CAZ) was also introduced covering some of Newcastle and Gateshead.

Air quality and health

Although poor air quality affects us all, certain groups are more vulnerable to harm such as babies, children, pregnant women, the elderly, and those with pre-existing medical conditions. Poor air quality also disproportionally affects people living in the most deprived areas.

Evidence shows that long term exposure to air pollution is associated with an estimated 28,000-36,000 deaths each year in the UK.

4.4.4 Noise pollution

Transport is a contributor to noise pollution. The unit of measurement used for sound is decibels (dB), the higher the number, the higher the noise level. In our region, 6% of the population live near major road routes and are exposed to more than 55dB of noise at night (see graph below). This level of noise can result in disturbed sleep patterns and increased stress.

Figure 13 – Estimated % of people affected by road noise pollution levels at night in the North East (Department for Environment, Food and Rural Affairs – Noise Exposure data – Round 3 2019).
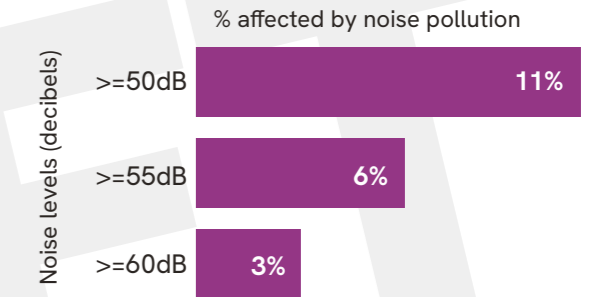
4.5 Our health

4.5.1 Background

Transport is essential for health and wellbeing as it enables access to healthcare services, employment opportunities, and social networks. It can also be a powerful lever in tackling poor health outcomes and inequalities. Transport plays an important indirect role by enabling people to live good quality lives, by providing accessible infrastructure and services.

The North East, with Tees Valley included*, experiences greater health inequalities than the rest of England and these inequalities are widening both within our region, and between the North East and other regions in England.

4.5.2 Setting the scene: the wider determinants of health

Our health and wellbeing are determined by individual factors, the healthcare we receive and the wider determinants of health. The wider determinants of health are a range of social, economic, and environmental factors.

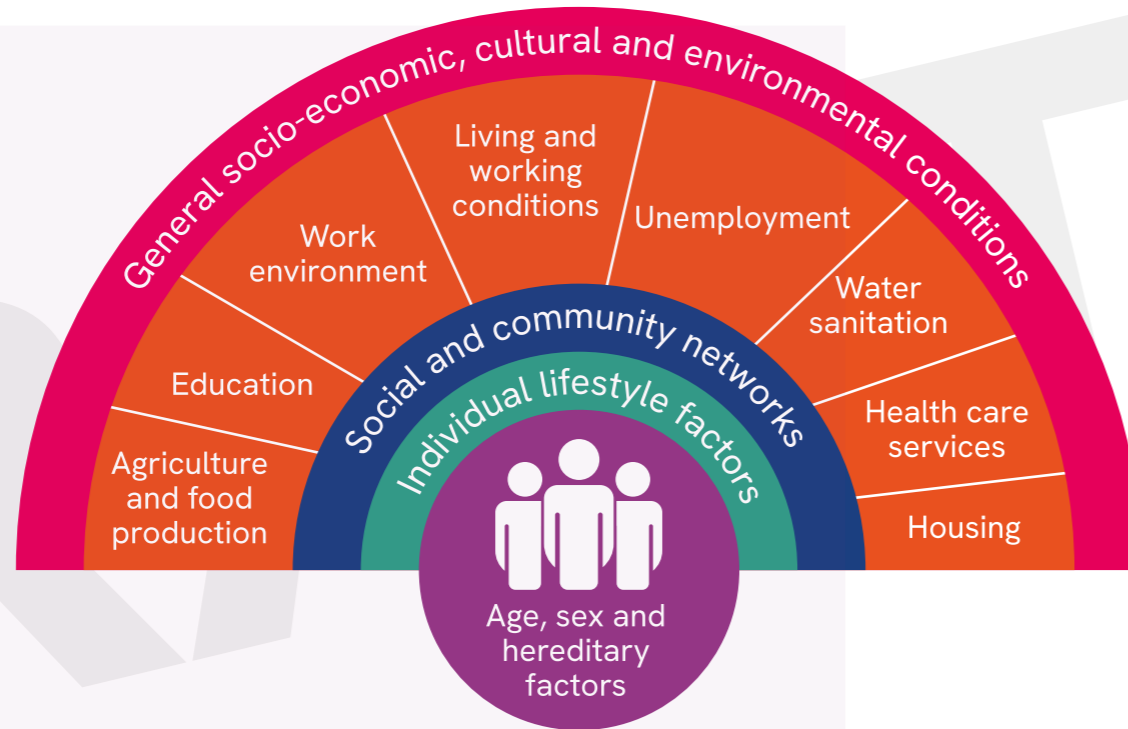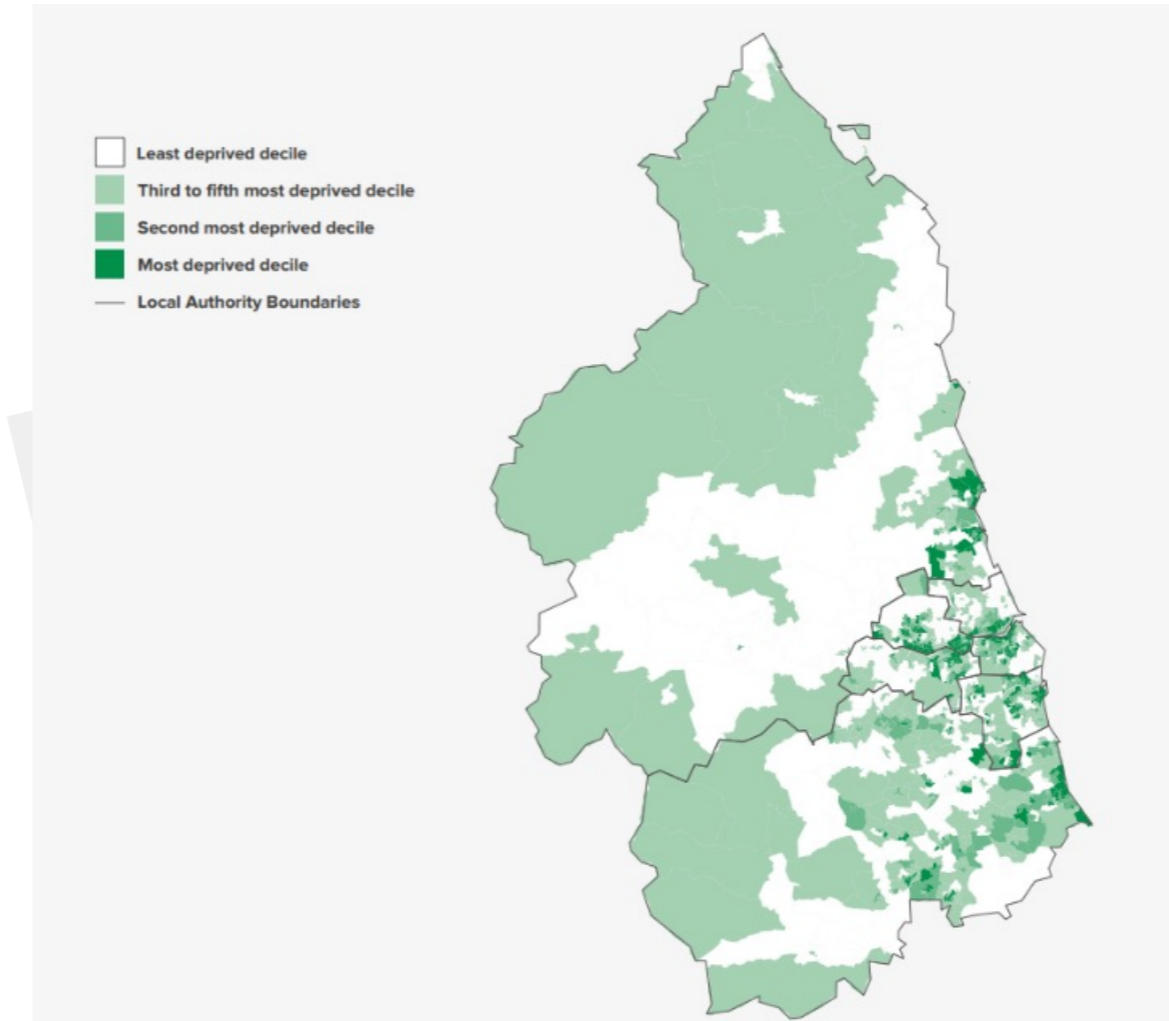**Figure 14 – The wider determinants of health – Dahlgren and Whitehead, 1991**

Figure 15 – Index of Multiple Deprivation deciles – North East LSOAs (2019)

4.5.3 Deprivation, inequality, and child poverty

Across the region there are inequalities that influence our health and wellbeing such as income, education, employment, and housing.

Deprivation describes a range of factors in our lives that impact our health and wellbeing. Across our region the most deprived areas are found in urban communities and along the coast, with data showing that when we consider England overall, deprivation is becoming more concentrated in the North East.

More than one third (35%) of all babies, children, and young people in the wider North East are living in poverty - with the region having experienced the country's steepest increases in child poverty over much of the last decade.

Poverty has harmful impacts on children's health, their social and emotional wellbeing, and their education, both in the short term and into their futures.

4.5.4 Life expectancy and healthy life expectancy

A person living in the North East has a lower life expectancy than the average person in England, and males have a lower life expectancy than females.

Figure 16 – Life expectancy at birth for males and females in England and the North East Combined Authority (North East CA) area

Inequalities in life expectancy are the gap in life expectancy between the most and least deprived areas. Males in the North East have an average gap in life expectancy of 11.2 years with the biggest gap being in Newcastle at 12 years. Females have an average gap of 8.9 years with the biggest gap being in Northumberland at 10.1 years. Healthy life expectancy is the number of years someone is expected to live in good health. Both males and females living in the North East have lower healthy life expectancies than the England average, and the lowest of all regions in England.

Figure 17 – Healthy life expectancy at birth for males and females in England and the North East Combined Authority area

4.5.5 Disability

21.2% of people living in the North East, inclusive of Tees Valley, are disabled. Disabled adults take an average of 28% fewer journeys per year than non-disabled adults. For further breakdown please see the Department for Transport's annual disability and accessibility statistical release.

We know that the proportion of the population who are disabled increases with age, therefore we must consider that as the population of the North East ages faster than other regions, the proportion of people living with a disability in our region may also increase at a faster rate.

4.5.6 Physical inactivity and childhood obesity

(Infographic) One in four adults (25.1%) in the North East is physically inactive (undertaking less than 30 minutes of physical activity per week). Furthermore, levels of overweight and obesity in Reception and Year 6 aged children in our region are higher than the England average, and some of the highest in the country.

4.6 Transport-related social exclusion

Transport-related social exclusion (TRSE) occurs when people are unable to access key services, opportunities, and community life when they need to, and face significant knock-on consequences from travelling. Areas with a high risk of TRSE are concentrated in:

- manufacturing and mining legacy areas
- rural-urban fringes
- smaller cities and towns
- coastal communities: all areas that exist in the North East region.

31% of residents in the North East (622,000 residents) are at risk of transport related social exclusion, compared to 21% of Northern England, and 18% of England.

The map shows how the risk of TRSE varies across the North East. Each area is compared to the average for our region.

Improving connectivity between employment and further education opportunities, as well as public services such as hospitals, libraries and leisure centres alongside improved public transport connectivity can be a factor to counter TRSE.

Figure 18 – Transport-related social exclusion – North East (2022) Transport for the North
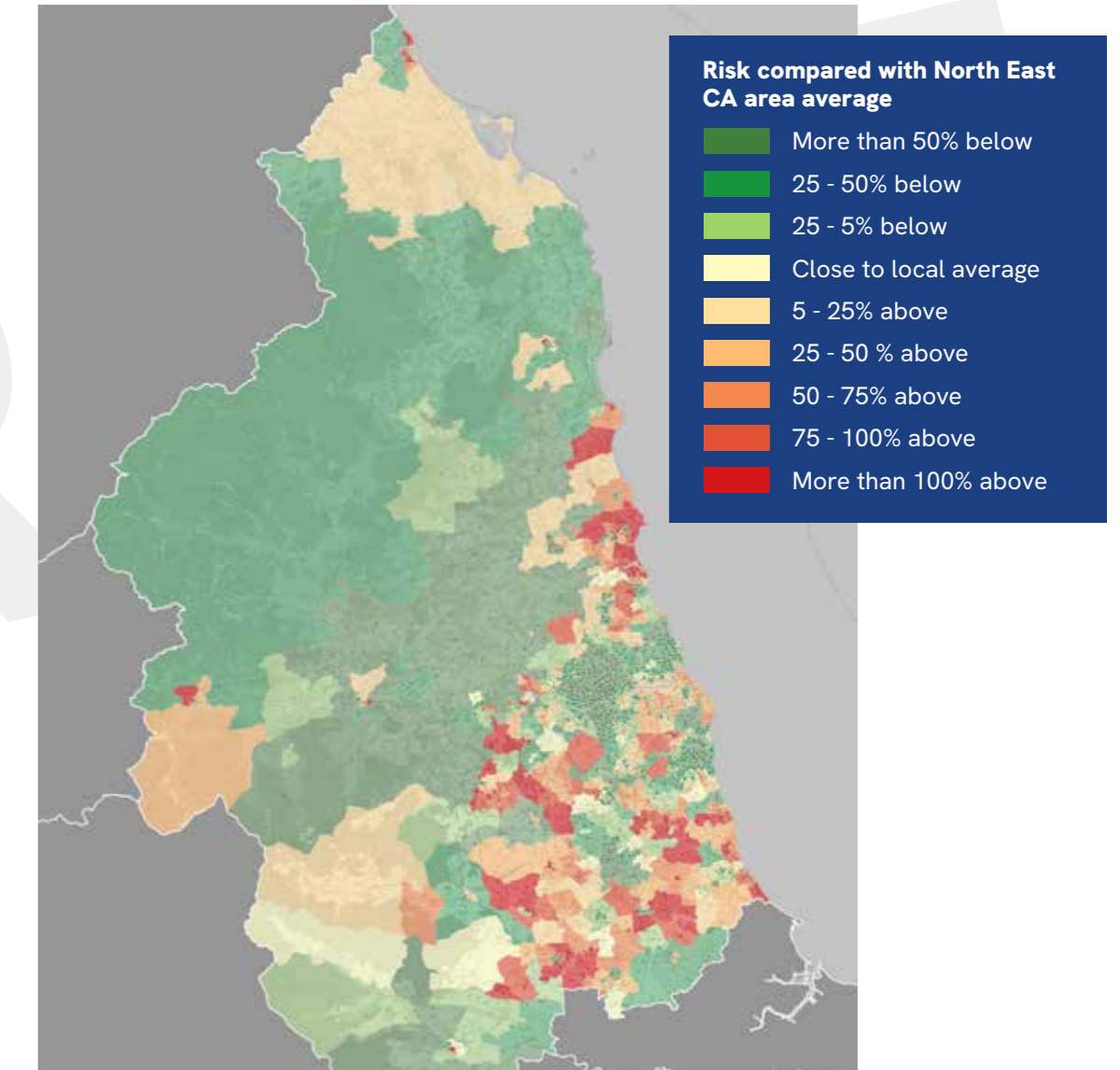
4.7 Section summary

Table 2 – Summary of the North East's challenges

Focus area	Key challenges which link to transport
Geography and people	- There is a rural, urban split in our population. These areas have different demands and challenges and will require different transport solutions. - A significant number of new homes are planned by 2040 which could put more demand on transport. - We have an aging population. By 2043, a higher percentage of people in our region will be retirement age. - The North East has one of the highest levels of digital exclusion and one of the lowest levels of digital engagement. The proportion of people in the North East that are currently 'offline' is approximately 8% whereas the England average is 5%. - There are significant disparities in digital connectivity across the region with 12% of Northumberland and 6% of County Durham with no mobile coverage at all.
Economy and skills	- The North East is performing below the national average with lower rates of GVA per capita. - Average pay is lower than any of the UK's other regions. - We have a lower employment rate than the national averages. - We have a higher percentage of people receiving state support. - Our region has a higher percentage of people working in the public sector compared to the England average. - We have lower numbers of domestic and international visitors with lower levels of tourism spending. - More than one third (35%) of all babies, children, and young people are growing up in poverty. - Our region has a lower qualification profile than the rest of England (excluding London). - There is a skills gap in a range of technical, specialist, and soft skills.
Focus area	Key challenges which link to transport
Environment	- Fossil fuel powered transport directly contributes to greenhouse gas emissions and planetary warming, leading to climate change. - Climate change presents risks to our livelihoods and health through increased temperatures and extreme weather events. - Transport contributes a significant proportion of carbon emissions. 97% of transport generated greenhouse emissions in our region are from roads, particularly our A-roads. - Air pollution is harmful to our health and some parts of our cities have high levels of air pollution, particularly during rush hours. Air pollution is also harmful to nature and biodiversity.
Health	- Our region has high levels of deprivation in some areas and when looking at England overall, deprivation is becoming more concentrated in the North East. - We have greater health inequalities (differences in health status and health outcomes) than the rest of England, and this trend is getting worse. - People living in our region have a lower overall life expectancy than the average person in England. - People living in our region have a lower healthy life expectancy than the average person in England and our region has the lowest healthy life expectancy of all regions in England. - Just over one in five people are disabled and will be negatively impacted by barriers to accessing transport. - Almost one in three people are at risk of transport related social exclusion, higher than both England and the North of England. - One in four adults are physically inactive. - Levels of overweight and obesity in Reception and Year 6 aged children are higher than the England average and are some of the highest in the country.

Key insights from this section:

- The North East is an extremely diverse region with a lot of positive characteristics including: a rich history, beautiful landscapes, and a proud industrial heritage.

- Our region faces several long-standing challenges in the form of productivity, wages and income, health outcomes, and deprivation.

- Challenges can also be seen as opportunities to grow and improve. Continuing to develop our transport network will enable us to do this.

Where we want to be – a green, integrated transport network that works for all

This section will:

- Set out the context of our region including our geography, economy, a
- Set out our ambitions for transport in the North East up to 2040 to create a single, cohesive network that is efficiently designed, simple and easy to use.

- Outline the concept of a fully integrated North East transport network against five areas of focus:
  - **Planning journeys/informing users/supporting customers.**
  - **Ticketing and fares.**
  - **Reach and resilience of infrastructure.**
  - **Safety, especially of women and girls, and other improvements in service quality.**
  - **Connections between different transport types.**

- Show how having an enhanced regional transport network encompassing all types of transport, will enable more greener journeys to be made.

- Provide standards for the five areas of focus, which collectively make up our improved transport network and set the framework for interventions which follow in the Delivery Plan.

This section sets out the vision for where we want our transport network to be by 2040. This involves creating a green, integrated transport network that works for all, and acts as the yardstick on which all other networks are judged.

A single, cohesive network that is efficiently designed, simple, and easy to use will enable people and goods to make greener journeys.

Developing this network will help our region meet its challenges head on, providing sustainable, integrated links between communities, services, and opportunities, paving the way for growth and further inward investment.

Creating a better transport network should also strengthen our regional economy, environment, and the health of our people, meeting the North East CA vision and five commitments.

Standards for what the network should consist of are provided for each of the commitments below, which collectively make up our improved transport network and set the framework for the interventions which follow in this LTP's delivery plan.

Planning journeys/informing users/supporting customers

1 Information, help, or assistance should be easily available and accessible to everyone before, during, and after a journey.

Information provided on our integrated transport network should be reliable, helpful, consistent, clear, accessible to all, and should be available for every stage of the door-to-door journey. It should also be able to be adapted to suit the individual needs, meeting the varied requirements of people and freight. This should ensure customers feel supported throughout their journey.

There should be more joined-up information informing users about station facilities, and how to access hubs and interchanges by different types of transport.

Enhanced levels of information should make it easier for residents and visitors to travel to and from stations, tourism assets, and employment centres by sustainable transport.

Technology should continuously evolve and improve the customer experience, remaining easy to use, intuitive, and engaging for everyone.

People should be able to easily contact the network to raise queries or feedback compliments, regardless of the transport type. Feedback from network users should be responded to promptly and clearly.

At the end of the journey, people should still be able to interface with the network if they need to do so and people should find it easy to offer feedback about their experience.

People should receive a considered and appropriate response to all queries, complaints, and comments.

Customer support for an integrated network should include everything users need to support them in making a journey, such as information, ticketing, the ability to make complaints, and to report and retrieve lost property.

2 Live journey information should be accurate and consistent wherever and however it is being accessed. It should be presented in a way which is understandable and trusted by people.

People should be informed about how their journey is progressing, and each step should be simple to navigate, improving the customer experience.

As people navigate the network signage should be easy to follow and technological prompts should be available, all of which will continue to evolve as technology develops over time.

Information provision should include comprehensive detail informing users of services and facilities which are available on the network. For example, there should be live information showing the number of available car park spaces, park and ride spaces, the number of available cycle hires docked, cycle storage spaces, as well as the number of available chargepoints for electric vehicles.

Live journey updates should include live information across all forms of transport, highlighting journey times, roadworks, disruption, delays, and congestion. If disruption does occur during a journey, people should be presented with alternative solutions. This should also help support the movement of freight.

The integrated network should provide a new app so that users can better plan journeys. As technology advances, the network should offer personalised journey updates and alert systems. People should be informed via live journey information if their usual bus is running late, there is disruption on their route or if a connecting service is running late, and the time it can be expected arrive. Journey updates should also include relevant information on onward journeys.

Data from our Urban Traffic Management and Control (UTMC) systems should be increasingly used to provide up-to-date and accurate information directly and instantaneously to vehicles, so people are aware of issues as they happen such as road accidents, roadworks, lane closures, diversions, traffic signal faults, and impacts of extreme weather. UTMC systems should also be used to enable bus services to run to timetable and be more punctual.

Our transport network should be actively managed with live journey data being centrally processed to enhance coordination and consistency, not only allowing information sharing, but also interactively changing the way our network performs through traffic signals on our highways, also improving the efficient flow of freight.

Open data should be used to improve journey planning and improve live journey information for people.

3 The integrated network should have a strong identity to give confidence in the network and encourage people to make greener journeys.

The integrated network should have a strong identity to give confidence in the network and encourage people to make greener journeys.

Ticketing and fares

4 Fares and tickets should be as simple and easy to use as possible

Better integrated ticketing and fares should mean easier journeys. Fare structures and pricing should be convenient and simple with unnecessary complexities being removed.

There should be simple fare bands which are affordable. This should include fare capping with a maximum daily, and weekly fare charge regardless of the number of journeys made. This should also include initiatives for children and young people to ensure fares are affordable, helping to reduce child poverty in the region.

There should be a specific focus on offering great value ticketing and fares products which help people reach education or new employment opportunities previously beyond their reach. In addition to this, there should be specific initiatives to support people getting back into work or training.

Ticketing products and payment methods should allow seamless travel across different types of transport, without the need to purchase separate tickets for each part of a journey, including park and ride, electric vehicle charging, public transport, and cycle hire.

The Pop Card should be expanded beyond bus and Metro so it can also be used on local rail services.

There should be a range of payment methods that can be used to support people who don't use a smart phone or have access to online banking.

People should be able to tap in and out at the start and end of a journey, simplifying payment, and further technological advancements should enhance this experience by making payment even more seamless. A fully integrated public transport system should mean making one payment.

Rewards and incentives should be considered within the network, whereby active travel and public transport use is rewarded.

Ticketing and fares initiatives should also support and promote the North East's tourism assets, making sustainable travel more convenient for tourists visiting our region.

Our ticketing and fare's structure should be perceived as fair, supporting the North East CA vision and commitments.

5 People should be able to travel across the whole region, between rural and urban areas, incorporating bus, Metro, rail, and the Shields Ferry without needing to buy multiple tickets and with payment methods that enable seamless travel.

Unified ticketing and fares should enable people to use a single ticket or payment across different types of transport, making the network simple to use. The ability to make seamless journeys through easy ticketing and payment should be a key feature of the integrated network.

Ticketing and payments should also integrate with wider transport services such as EV charging, Park and Ride, car clubs, and cycle and e-scooter hire, enabling network users to plan and pay for their entire door to door journey through a single offer and platform.

Integrated fares and ticketing should make it easier for people travelling to and from our region's national and international gateways, such as Newcastle International Airport, Port of Tyne's International Passenger Terminal, and mainline railway stations.

The Pop Card should be expanded beyond bus and Metro so it can also be used on local rail services, such as the Northumberland line.

Reach and resilience of infrastructure

6 The geographical reach of the integrated transport network should extend into every community of the North East, including our rural and coastal areas.

The reach of the integrated transport network should be expanded, connecting people to towns, cities, employment, education, housing growth, and essential services.

The coverage of our public transport network should increase throughout our region, regardless of the type of location, in terms of operation times and locations served.

Bus services should be improved to support region-wide efforts to address our region's economic, environmental and health challenges, enabling more people to access work and training opportunities.

In addition to this, the North East CA should also work with the area's local authorities to support and maximise existing bus routes.

Rail partnerships should be established to to meaningfully influence and shape local rail services and investment decisions that affect our communities, enhance the reach and resilience of the network and further integration with the Tyne and Wear Metro.

Expanding the reach of the network should also enable seamless access to our key gateways such as Newcastle International Airport, sea ports and national rail services.

There should be no "one size fits all" approach to the network, ensuring the needs of people living in rural areas are taken into account, helping to address transport related social exclusion (TRSE). For example, the network should have flexible, demand responsive transport, community transport, mobility hubs, and services feeding into stations and interchanges.

Examples of new services that could be made available across the region include bike hire (including electric bikes), car hire and sharing (car clubs), 'Mobility as a service' (MAAS) where digital transport service platforms enable users to access, pay, and get live journey information on a range of public and private transport options and sharing opportunities for freight and other transport. In addition to this, our current cycle network should be expanded so it covers more of the region, including our rural communities.

Our integrated transport network should include 'mobility hubs': visible, safe, and accessible spaces where public transport and active travel are co-located alongside improvements to the public realm, along with community facilities.

There should be a clear 'look and feel' of the network highlighting its comprehensive reach across the North East. Park and ride provision should be comprehensive.

There should be more park and ride provision in our rural areas and remote coastal communities to help link our residents and visitors to the public transport elements of the network.

The North East CA should seek to continue to develop the future Metro and local rail network for more stations and future expansion plans.
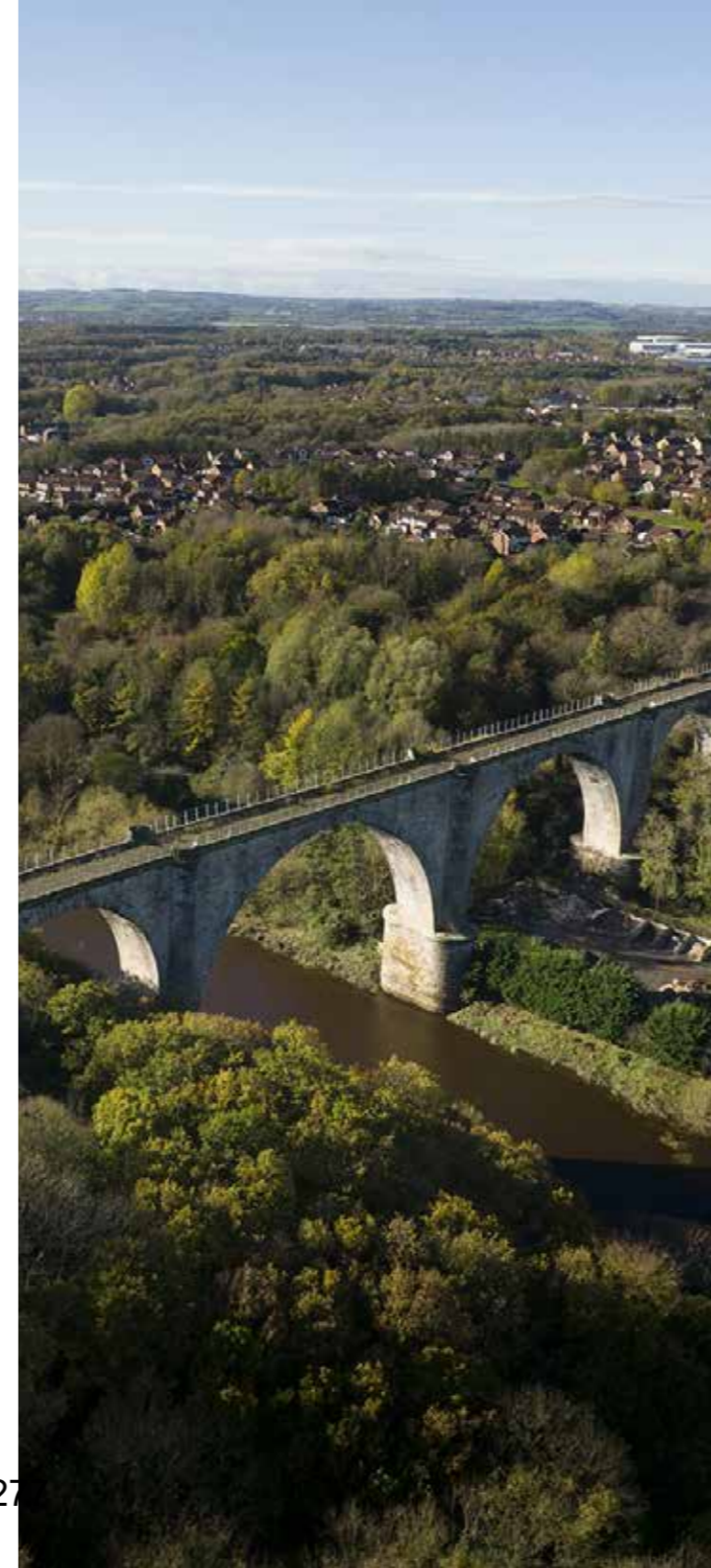
How do we get there?

The Leamside Line

Proposals to reopen the Leamside Line and expand the reach and resilience of our Metro network are included as part of the LTP delivery plan.

The full reopening of the Leamside Line in the North East is an integral part of any national programme to upgrade capacity on the East Coast Main Line (ECML). By diverting slow-moving freight traffic, it would enable up to nine passenger trains per hour to run on the congested section of the ECML between Newcastle and Northallerton. This provides the ECML with much-needed capacity, allowing for the expansion of long-distance rail connections between London and Edinburgh via the North East.

Local Connectivity Benefits

The Leamside Line would also provide direct access to the region's rail and Metro network for communities in Washington, Penshaw, West Rainton, Ferryhill, Fencehouses, and a new connection between Sunderland and the East Coast Main Line. Some of these areas suffer from high levels of deprivation, and new connections into Newcastle, central Sunderland and beyond would help foster economic growth and social inclusion.

To date, the North East CA has utilised a combination of its own funding and government grants to develop a business case for the full Leamside Line. In partnership with Nexus, we have also progressed the extension of the Tyne and Wear Metro to Washington using the northern section of the Leamside alignment.

However, a project of this scale and transformational impact will ultimately require access to central Government funding streams. We are therefore calling on the Government to take the full restoration of the Leamside Line forward as a national project, with input from the North East CA as a local partner, as part of a long-term programme to future-proof the ECML.

7 **To support the development of the integrated network, there should be a joined-up approach to transport infrastructure investment and spatial planning.**

New employment sites and housing should have strong sustainable travel links, such as public transport and active travel. New development such as housing or businesses should also be served by a range of high-quality walking, wheeling and cycling links. Sustainable transport provision should be an integral part of any new development.

There should be enhanced infrastructure to improve freight connectivity and delivery services. For example, improving road freight movements into and out of Newcastle International Airport and our five seaports.

Routes, services, and infrastructure should also directly connect communities to large employment sites, urban centres, out of town business parks, rural coastal communities, and village centres.

Expanding the reach of the integrated network into every community should be developed through engaging with communities to ensure that elements of the network properly meet local needs and circumstances.

There should be a full review of public transport accessibility as early as possible which will inform where there are gaps and where improvements need to be made. The results from the accessibility review should be used to set out how to make sure all bus and Metro stops are accessible to disabled people, for example, and that transport staff are provided with Disability Equality training.

8 **Transport services should meet the demands of people, accommodating shift patterns for work and late evening social activities, enhancing the reach of the network.**

More people should be able to access sustainable transport, reducing reliance on cars. People of all ages, especially those without access to a car should benefit from enhanced reach and connectivity of the network. Public transport services should start earlier and end later.

9 **There should be strong transport connectivity beyond our boundaries for both people and freight.**
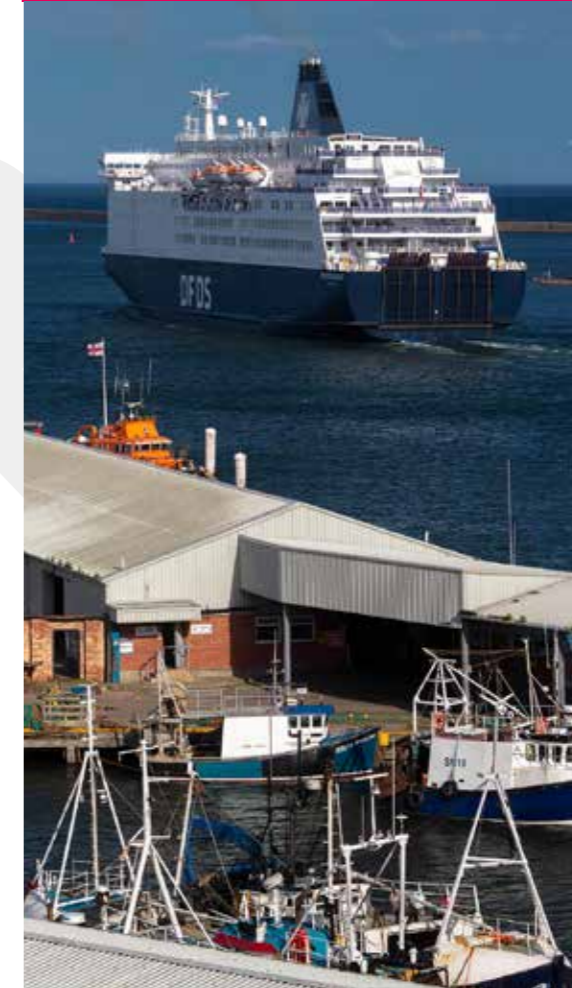
More freight should travel sustainably by rail. Our region should have a Strategic Rail Freight Interchange (SRFI) to enable intermodal rail freight services to and from our region. There should be a fair allocation of rail network capacity for both passenger and freight services.

Our region should have a defined Key Route Network (KRN) to support the movement of people and goods, provide direct connections to major transport interchanges and to proposed new development sites. It will also consider which roads in the region are most important for regional road-based freight movements.

Given regional investment priorities for the Major Road network (MRN) are set by Transport for The North (TfN), the North East CA should work with TfN to make the case for investment in the North East and ensure there is a clear route to mitigation of the carbon impacts of its programme.

10 **Infrastructure that enables people to walk, wheel, or cycle should be central to the transport network and should link to public transport for longer journeys.**

11 **The network should be able to deal with disruptions, accidents, and extreme weather more effectively.**

Cycle and walking routes should be joined-up and link together public transport stations, interchanges, and other locations such as key tourist attractions, employment sites, education, essential services, new housing developments, and access to green spaces.

There should be wide, segregated, and well-maintained pedestrian infrastructure with reduced street clutter, dropped kerbs, ramp access provision where needed, and other inclusive infrastructure such as well-designed crossing points. Where possible, in rural areas active travel links between neighbouring areas, services and public transport interchanges should be improved and these routes should have high levels of infrastructure maintenance.

The region should have an affordable and accessible regional cycle hire scheme, also offering electric bikes. This could support first and last mile journeys and help expand the reach of the network.

Investment should be made in existing and new services and infrastructure to ensure it is resilient and capable of providing a punctual and reliable service.

Our highways should be managed in a way that provides the best possible improvements for all users within the resources that are available. Prioritising safety enhancements, regular maintenance for all users, including people and freight, should help to improve the resilience of roads.

Resilience should also be a key factor for further improvements to our region's public transport offer and for enhancing the current public transport facilities, including through regular maintenance.

Potholes and surface imperfections on our roads should be addressed and drainage should be regularly maintained to mitigate flooding.

Public transport in our region should be more reliable and able to cope better

with different types of weather and where there is a fault or issue on part of the system.

Our region should be able to effectively secure maintenance funding for different types of infrastructure which make up the transport network.

Our region should have a clear strategy to maintain and improve our transport assets, such as a Transport Asset Management Plan (TAMP), which should deliver strategic investment in our network focusing on long term asset performance and reduced liability for future generations.

Community engagement should take place to ensure that the network quality meets the needs of all its people.

How do we get there?

Metro Signalling

The signalling system used by the Metro to control the safe movement of trains across the network is in urgent need of replacement.

Failure to invest in this project will result in increased failures of the signals which would impact reliability, increase delays, and reduce the attractiveness of Metro as a public transport option. In the long-term would result in sections of track being removed from use for a passenger service.

To overcome these issues, there is a pressing need for a new signalling system from 2030. A main priority will be to develop the business case to replace the signalling system for the Metro network to ensure work can commence on replacing this critical asset by 2025 which will enable plans to expand the Metro network and to deliver a more resilient and efficient Metro network.

A new signalling system to replace the current, outdated system to allow Metro to continue to operate safely, linking with capacity enhancements and expansion of the Metro network is included as part of the delivery plan.

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How do we get there?

A19 junctions north of Newcastle

The A19 is a vital route connecting the North East with our border regions, the wider UK, as well as to our international links. It is also a key link for many of the North East's important employment and economic growth sites. Lack of capacity is a significant issue at the junctions north of Newcastle: Moor Farm and Seaton Burn. These pitch points generate congestion, worsen air quality, result in unreliable journey times, and hold back our region's economic growth.

National Highways (NH) is the government-owned company that operates, maintains, and improves the strategic road network (SRN). The North East has been calling on NH to address these issues urgently.

A1 Morpeth to Ellingham

A1 in Northumberland between Morpeth and Ellingham is currently suffering with congestion and safety problems. The planned project of dualling this section of road has been stalled many times at significant costs before it was finally confirmed in May 2024.

National Highways need to deliver on this project at pace and without the delays and postponements that have held up delivery of this important scheme for the North East in recent years.

For the resilience of our strategic road network to meet the needs of its users it is vital that the existing single lane sections of the A1 between Ellingham and Morpeth in Northumberland are dualled and that junction improvements on the A19 north of Newcastle take place. This will help address congestion, improve journey time reliability, and unlock growth opportunities.

Both of these regional interventions are included as part of the LTP delivery plan. We should continue the fight to secure the backing needed to dual the A1 to Scotland.

12 **Our highway network should provide essential access to all areas of the region, with particular emphasis on rural and coastal communities, who often bear the brunt of disruptive weather patterns.**

Our Strategic and Key Route Network (KRN) should have a built-in resilience. For example, there should be high standards of drainage, lighting, highway surface materials and road conditions. This should allow our region's road network to serve the needs of our region to 2040.

Our UTMC centres should be used to make the integrated transport network more resilient. For example, using Intelligent Transport Systems (ITS) to improve the flow of traffic.

13 **Charging infrastructure for Zero Emission Vehicles (ZEVs) should be present across the whole network, including at key stations and interchanges and rapid charging hubs.**

People should be able to conveniently and reliably charge their electric vehicles using a public chargepoint wherever they need to regardless of whether they live in urban, sub-urban, or rural locations.

Public chargepoint infrastructure should cover remote rural communities with lower levels of utilisation and urban areas with high deprivation and low car ownership to ensure comprehensive provision.

There should be more publicly available EV charging infrastructure throughout our region, including comprehensive coverage at hubs on major routes and at visitor destinations. The provision of rapid EV charging hubs should be supported on major routes and visitor destinations.

Electric vehicle charging should become part of everyday life, just like refuelling a petrol or diesel car or van.

ZEV infrastructure should not be only limited to electric vehicle charging, the development of hydrogen as an alternative zero emission fuel for heavy transport (large vans, heavy goods vehicles, buses, and trains), should have advanced further and form part of the integrated network.

14

Capacity should be boosted on the East Coast Main Line and the Durham Coast Line to meet our need for more long-distance rail passenger and freight services, supporting strong connectivity beyond our boundaries.
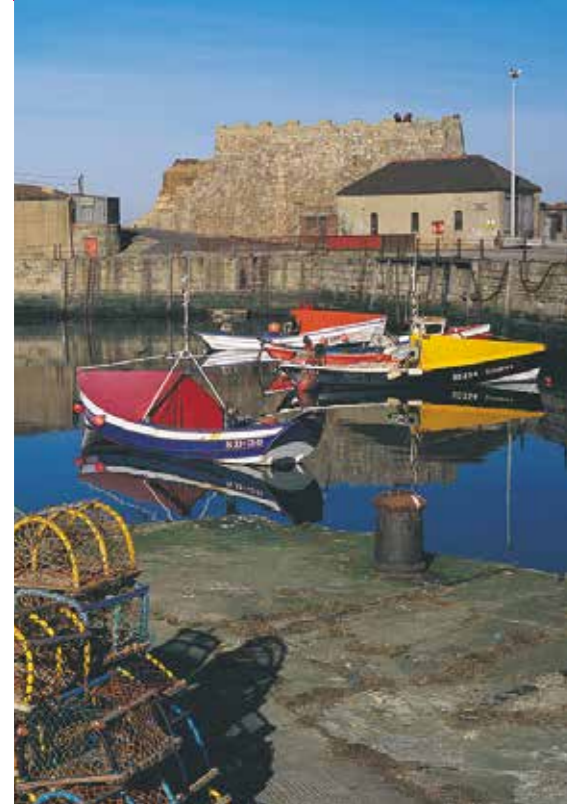
Investing in long distance transport infrastructure increasing the capacity and resilience of the East Coast Main Line and Durham Coast Line should improve our region's connectivity. There should also be improved local rail connectivity on the ECML north of Newcastle.

Improved national rail links should also enable the North East to welcome new businesses and organisations to be based here. More people should be able to travel sustainably to and from our region's international gateways from right across the North East, benefitting residents, businesses, and tourists.

There should be strategic investment in our transport links (surface access) to and from all areas of the North East to our five seaports and the airport to support the sustainable movement of both passengers and freight.

New technologies should be trialled and introduced, unlocking investment opportunities, enabling freight to be delivered in new ways.

There should be reduced journey times for the movement of people, and goods between freight centres in our region, those across the UK, and international gateways.

How do we get there?

Improving East Coast Main Line (ECML) capacity and resilience

The East Coast Main Line (ECML) capacity has been a consistent area of focus in the North East's engagement with Government, Network Rail and Transport for the North.

The single most significant barrier to improving the external rail connectivity of the North East is the ECML reducing from four tracks to two between Northallerton and Newcastle which means that only 6 trains per hour can run from and to the North East on this section. Also, on the ECML corridor to Edinburgh having few locations where long-distance services can overtake slow-moving freight, limits growth in potential rail connections.

Without major upgrades in the North East and elsewhere, the ECML will be unable to meet these future demands.

The LTP delivery plan identifies the need to fast-track capacity upgrades to the ECML in the North East, including an intervention to release capacity for more trains to/from London without disrupting existing passenger and freight flows.

Safety, especially of women and girls, and other improvements in service quality

Whilst anyone can have safety concerns when travelling, this issue is far more pronounced for the one million women and girls in our region who have the right to feel safe when they travel. By looking at the root causes of why women and girls can feel unsafe on our network, and taking targeted action to fix them, we can ensure that all people feel safe whilst travelling around the North East.

15

There should be clear and effective channels through which to report harassment and violence against women and girls on the network.

Awareness should be raised of the channels available for women and girls to report any concerns they may have when travelling on the transport network; these channels should be accessible to all. This should include support for those who feel vulnerable before, during, or after journeys and should outline the short and long-term support available.

Detailed guidance should be provided on what to do, and who to contact if anyone feels unsafe, concerned, or if they are a victim of an incident when using the network. This guidance should be developed in collaboration with women and girls to ensure it addresses the relevant issues and helps to build trust that reporting of incidents will lead to an effective outcome. Women and girls should be confident that the channels through which they report problems ensure that they are heard, provide confidence that action will be taken, and inform them of any outcomes that come from reporting.

There should also be active encouragement for other passengers witnessing a situation to report it to network operators so that action can be taken.

Improved reporting of incidents and concerns should help to identify the types of issues and the scale of the problem, helping to ensure that targeted action can be taken, and resources can be appropriately allocated.

16 Targeted action should be taken and resources should be assigned to prevent violence against women and girls on the region's transport network. This should cover preventing offences from happening but should also look to tackle the root causes of violence and prevent it from developing.

There should be a zero-tolerance policy towards hate crime, anti-social behaviour of any kind or harassment on public transport towards passengers and staff.

Resources should be targeted to ensuring the prevention of offences against women and girls, improving both safety but also people's perceptions of safety and security.

This should include measures directly on the transport network but should also look to target the root causes of issues and educate people.

Additional CCTV, enhanced security on the network and body worn cameras should be widespread to prevent issues before they occur and play a role in catching perpetrators and bringing them to justice. Beyond this however, they should provide reassurance to passengers. Resources should be targeted on areas identified by women and girls in the region as feeling unsafe. This should include days of action to offer a presence in response to identified higher rates of incidents, or circumstances that may lead to the possibility of a higher rate of incidents across the transport network.

Enhanced training should be provided to staff across the network to help prevent and manage violence against women and girls and provide reassurance. Gaps in current training and safety practices should be identified and filled. There should be greater levels of professional and friendly staffing presence to improve safety, and perceptions of safety, on the public transport element of the integrated network. There should also be close partnership working with the police to maintain a safe network.

Additionally, there should be efforts taken to change behaviour and try to prevent the early causes of violence against women and girls on the transport network and improve safety. This should look to show people how to be active bystanders and provide awareness of inappropriate behaviour and attitudes to help prevent issues from occurring. Education should make people understand what makes women and girls uncomfortable and why, as well as informing about the consequences that could face offenders.

17 Women and girls should have increased trust, confidence, and perceptions of safety on the transport network.

It should be safer and easier to walk, wheel, and cycle to and from key local destinations, for everyday journeys such as for work, healthcare, education, and leisure purposes, and to access other public transport.

Direct action should be taken to create increased trust and confidence in the safety of the network and to improve perceptions of safety. To a degree, the standards outlined above will help to achieve this. Overt and covert days of actions should incorporate enforcement against offenders and improved reporting should help identify offenders exploiting the transport network.

However, there should be further actions taken to improve the perception of safety and allow women and girls to build confidence in using the transport network. Improvements to physical infrastructure should play a significant role in this, including:

- Improvements to public transport stops and stations to make them safer, such as better lighting, removing blind spots and clear safety information, including what to do in an emergency.
- The enhanced network should bring new, safe bus stops, a vital addition that is too often overlooked.
- Better lighting, routes segregated from traffic and improved CCTV should also be present across the active travel network.

Additionally, obstructions such as vegetation should be removed from routes, blind bends should be avoided, and routes should be planned around areas with higher footfall to ensure safe journeys.

- Active travel, taxi and car club infrastructure should be well integrated with public transport to ensure there are not long distances that need to be travelled at night between transport options, and these facilities should also be well-lit.
- Public electric vehicle charging infrastructure should be situated in well-lit locations with high passing footfall where possible.
- Additionally, investment should be directed into placemaking around transport hubs, making them pleasant places to be, increasing footfall and reducing the likelihood of people having to wait by themselves. Our streets should be welcoming and safe spaces for all people, enabling more journeys to be made by active travel and public transport.

Beyond physical interventions, awareness should continually be raised around the issues faced by women and girls on the transport network to ensure it remains a topic of discussion and improvements continue to be made to prevent violence and harassment.

18 Roads should be made safer, with a specific focus on the most vulnerable users.

All road users in our region should feel safe when using the network, including pedestrians, cyclists, wheelers, car drivers, and heavy goods vehicle drivers.

However, there should be a specific focus on making roads safer for the most vulnerable users (defined as pedestrians, cyclists, and motorcyclists).

Our region should aim to reduce the amount of road casualties and fatalities year on year and should aspire for zero road deaths and serious injuries.

With the support of the region's local highway authorities the region should draw up an action plan covering a holistic set of measures to reduce the number of North East road casualties, with the overall ambition for zero road fatalities and serious injuries by 2040, with an emphasis on working to achieve this sooner.

19 Integrated public transport services on the network must comply with legal and policy accessibility requirements, including ensuring services are accessible for all. Drivers and staff should ensure that everyone feels welcome and safe at stations and on services, strengthening confidence in the network.

There should be further accessibility improvements on public transport so it is a truly integrated service and people with additional needs should be supported by staff on the network.

Our communities should not be impacted negatively by vehicular traffic, with volumes, speeds, and any resultant air pollution being kept to a minimum. This includes ensuring heavy goods vehicles avoid residential areas where possible.

Stations and interchanges should have secure car parks and cycle storage, so people have confidence that their vehicle or cycle are safe until they return to it. Cycle storage should allow for a range of cycle types to be stored securely at transport hubs, stations, and interchanges.

20 The customer experience should be transformed setting the highest service standards, where users can expect the provision of safe, reliable, clean, and efficient transport infrastructure.

Our two Urban Traffic Management Control (UTMC) centres should be used to improve the functionality and performance of the integrated transport network. Public transport services should have timely arrivals and departures with minimal delays.

People should be able to easily find pre-journey information on punctuality, customer satisfaction, and safety, increasing confidence in using the network.

The strategic highway network should offer more reliable journey times for the movement of both people and goods. This should help lead to a greater share of journeys being made by sustainable travel, as well as freeing up capacity on road network for essential journeys.

Asset management plans should ensure that future weather patterns do not cause undue disruption.

The use of Intelligent Transport Systems (ITS) incorporating UTMC and live journey time control should be enhanced to improve journey time reliability, reduce congestion and assisting people on the network.

Cleanliness and maintenance

There should be comprehensive cleaning regimes at public transport stations, stops, and interchanges to create a positive first impression for people.

Cleanliness and hygiene standards should be maintained on public transport vehicles, with regular cleaning and maintenance schedules.

Stations and interchanges should have comfortable, secure, well-lit, and clean facilities so people have confidence in using them.

There should be high levels of cleanliness and maintenance of Park and Ride sites, mobility hubs and cycle storage facilities.

EV chargepoint infrastructure for cars, vans and light goods vehicles should be of a consistent standard and well maintained across our region, facilitating confidence for people. Chargepoint infrastructure should be accessible for all users.

Maintenance should be carried out promptly across the whole integrated transport network. Assets should be maintained in the best possible condition to ensure their continued efficiency of operation.

21 The network should have consistent and cohesive branding such as colour schemes, signage, design standards, and quality of service, so that there is a clear 'look and feel' of the network on routes, stops, and stations.

Signage and wayfinding should be consistent across the entire network, regardless of the type of location, including rural and coastal areas. Consistent and cohesive branding should also be applied online.

Existing brands and sub-brands should live harmoniously as part of the integrated network.

A prominent, unified transport network should lead to increased awareness of travel opportunities and help to increase the proportion of journeys made sustainably. This could strengthen our region's economy, environment, and the health of our people, meeting the North East CA vision and five commitments.

22 The North East should set the highest standards for a fleet of green public transport vehicles which must meet premier standards of service quality.

The integrated network must help enable significant reduction in greenhouse gas emissions from transport.

The North East should set the highest standards for a fleet of green, Zero Emission Buses operating as part of an integrated network.

There should also be high quality facilities for HGV drivers, with alternative fuel infrastructure in place to support the decarbonisation of road freight.

23 People should feel a sense of pride in the network and be keen to use it again.

People should be able to provide feedback on their experience, allowing for improved passenger satisfaction and continuous improvement in service quality.

Connections between different transport types

24 Our region should no longer consider different forms of transport as separate networks and move to one integrated and highly interconnected network where people can make seamless door to door journeys.

Seamless travel across different types of transport should help people to make greener journeys depending on their personal and journey circumstances.

25 The integrated network should be based around making it easier to switch between different types of transport including public transport, active travel, taxis, and other transport options such as Park and Ride, micromobility and community transport.

Railway stations, bus and coach stops and stations, Metro stations, taxi ranks, mobility hubs, car parks, and cycle storage should all be places on the integrated network where seamless interchange between different types of transport take place.

This is especially vital for services from rural areas where we need to ensure buses meet trains and vice versa for return journeys to reduce journey times and prevent lengthy wait times.

There should also be sufficient electric vehicle charging points and bike parking at key stations and interchanges. The design and use of this infrastructure should all be planned around seamless integration.

There should also be more infrastructure which supports journeys being made by different transport types. Physical links between different transport types should also be improved so that switching from one form of transport to another is as seamless as possible.

Technology should enable people to automatically pass through gates with no physical interaction, ensuring fare going customers can get to and from Metro and trains more easily and comfortably.

There should be a focus on ensuring there is strong integrated transport options for the beginning or end of an individual journey to or from a transport hub or service.

Transport hubs and interchanges should be more multi-functional spaces that improve the passenger experience and ease the transition from type of transport to another. This could also support greater footfall and use of greener travel.

26 There should be well co-ordinated public transport timetables and services which complement each other and enable seamless and smooth transfer from one type of transport to the next.

Integrated public transport should be provided by interlinking services and timetables provided to make it easier for customers to make journeys this way. More focus should be given to joining up services which should broaden their reach and enable people to get to places to they want to go to by public transport.

Active travel links should feed into key stations, mobility hubs, and interchanges with safe and secure cycle storage enabling transition onto other services.

Timetables for different transport types should join up, creating an improved, integrated, and smooth journey experience. This should include ensuring bus timetables link with rail timetables, especially in rural areas. The public transport network linked to our key gateways such as Newcastle International Airport, and national rail services should be timetabled to reduce wait times for those travelling into and out of the North East.

27 The Shields Ferry should continue to be a vital part of the integrated network, with even better linkages with other types of transport.

The relocation of the Shields Ferry to the North Shields Fish Quay will ensure a direct sustainable river-based transport link between North and South Shields can be maintained. It should enable the transport network in this area to be fully integrated, supporting easy access to active travel routes, Metro, and bus services as well as other key locations on both sides of the river Tyne.

28) Park and ride provision should be comprehensive, enabling people to seamlessly switch onto fast and frequent onward journeys.

There should be further development of park and ride services, better taxi ranks at railway stations, and adequate drop-off and pick up areas, recognising that the car or van may be the only option for certain journeys and personal circumstances.

There should be more park and ride provision in more rural areas to help link communities to the public transport elements of the network.

Summary

We will no longer view different types of transport as separate networks. Instead, we will develop a single, cohesive network which people can use effortlessly. It should seamlessly connect people and freight between different forms of transport. Affordable prices should be charged for transport services, with routes allowing people and freight move easily around the North East as well as in and out of our urban centres, rural, and coastal areas. The integrated transport network will be a system fit for a modern, forward looking North East and will meet the vision of the North East CA.

Having an integrated regional transport network will enable people to make greener journeys, travelling sustainably where possible. This will free up the road network for essential journeys that need to be made by car, van, lights goods vehicles, and HGVs.

Our robust regional delivery plan is a live document based on evidence to meet our aspirations and will be reviewed regularly so that it can be refreshed and updated going forward. It sets out a comprehensive list of deliverable interventions which aligns to the ambition set out in this section.

Types of interventions include:

- New infrastructure projects
- Service improvements (ticketing and fares, vehicles, stations)
- Regulation (land use, vehicle type, financial, planning policy)
- Creation of partnerships
- Promotion and sharing information (marketing, data sharing, workplace engagement)
- Innovation development (planning for the future, trialling ideas, working with organisations across the North East).

Interventions included in the delivery plan have gone through a thorough review and sifting process to ensure they are deliverable rather than just being aspirations, and together will enable us to achieve a truly integrated regional transport network, benefitting our region's economy, health, and environment.

The provision of a single, joined-up and cohesive integrated regional transport network will maximise connectivity, enabling the North East CA vision and commitments to be met.

Key insights from this section:

- We will no longer view different types of transport as separate networks. Instead, we will develop a green, integrated transport network that works for all.
- This section sets out the way forward to create a network that acts as the yardstick on which all other networks are judged.
- We believe this will make sustainable travel options more attractive and convenient, enabling more people and freight to make greener journeys.

6. Current situation and challenges

This section will:

- Show what transport challenges will be addressed by the standards we have set out in the where do we want to be chapter.
- Set out our transport challenges under the five areas of focus:
  - Planning journeys/informing users/ supporting customers
  - Ticketing and fares
  - Reach and resilience of infrastructure
  - Safety of women and girls and service quality (punctuality, cleanliness, and safety)
  - Connections between different transport types

The North East's current transport network in numbers

There were an estimated
602,820,000
walking and cycling trips across our region in 2022.

In 2022 there were
over 100 million
bus journeys across our region.

There were
over 370,000
journeys using the Shields Ferry in 2023.

Over 30.5 million
Metro journeys were taken in 2023/24.

There were
nearly 15 million
entries and exits at mainline rail stations in the financial year 2022/23.

Over 19 million
vehicles travelled through the Tyne Tunnels in 2023.

In 2023 there were
over 700,000
domestic passengers flying from Newcastle International Airport.

Over 9.1 billion
miles were travelled on our region's roads in 2022.

Over 1,200
vessels arrived at our region's ports in 2022.

The average person made just
under 1,000
journeys per year across all transport types in 2022.

There were
around 8,000
registered Electric Vehicles (EVs) in our region in 2022.

56 million
tonnes of goods transported by road in our region.

1.6 billion
miles covered by light goods vehicles.

The North East has made great strides in recent years to improve the region's transport network, ranging from the introduction of more integrated ticketing to major infrastructure developments.

To build on our recent success, we are focusing on addressing the five key areas of focus to create a green, integrated transport network that works for all.

The following sections will describe the current situation of our transport network and the challenges our region faces for each of the five focus areas.

6.1 Summary of the North East's transport challenges

- Car and van journeys made **up 58%** of all journeys made in 2022 and car ownership in the North East is increasing.
- Public transport use is falling over the long-term. Since 2014, Bus and Metro passenger journeys per head and vehicle miles have both decreased.
- **31%** of residents in the North East (**622,000** people) are at risk of transport related social exclusion (TRSE).
- A range of transport issues has led to a contrast between rural isolation in our more remote areas and poor air quality and congestion in parts of our towns and cities.

- Actual and perceptions of violence against women and girls can act as a barrier to use of active travel and public transport.
- Commuting to workplaces is dominated by car travel, so congestion is a significant issue on our roads, which affects public transport access and attractiveness, reduces productivity, and increases inactivity and vehicle emissions.
- Transport contributes a significant proportion of carbon emissions. Approximately **97%** of transport generated greenhouse gas emissions in our region are from roads, with A-roads being the greatest contributor.
- In 2022, only **38%** of journeys to school (5–16-year-olds) were made by active travel, the second lowest percentage of any region in England.
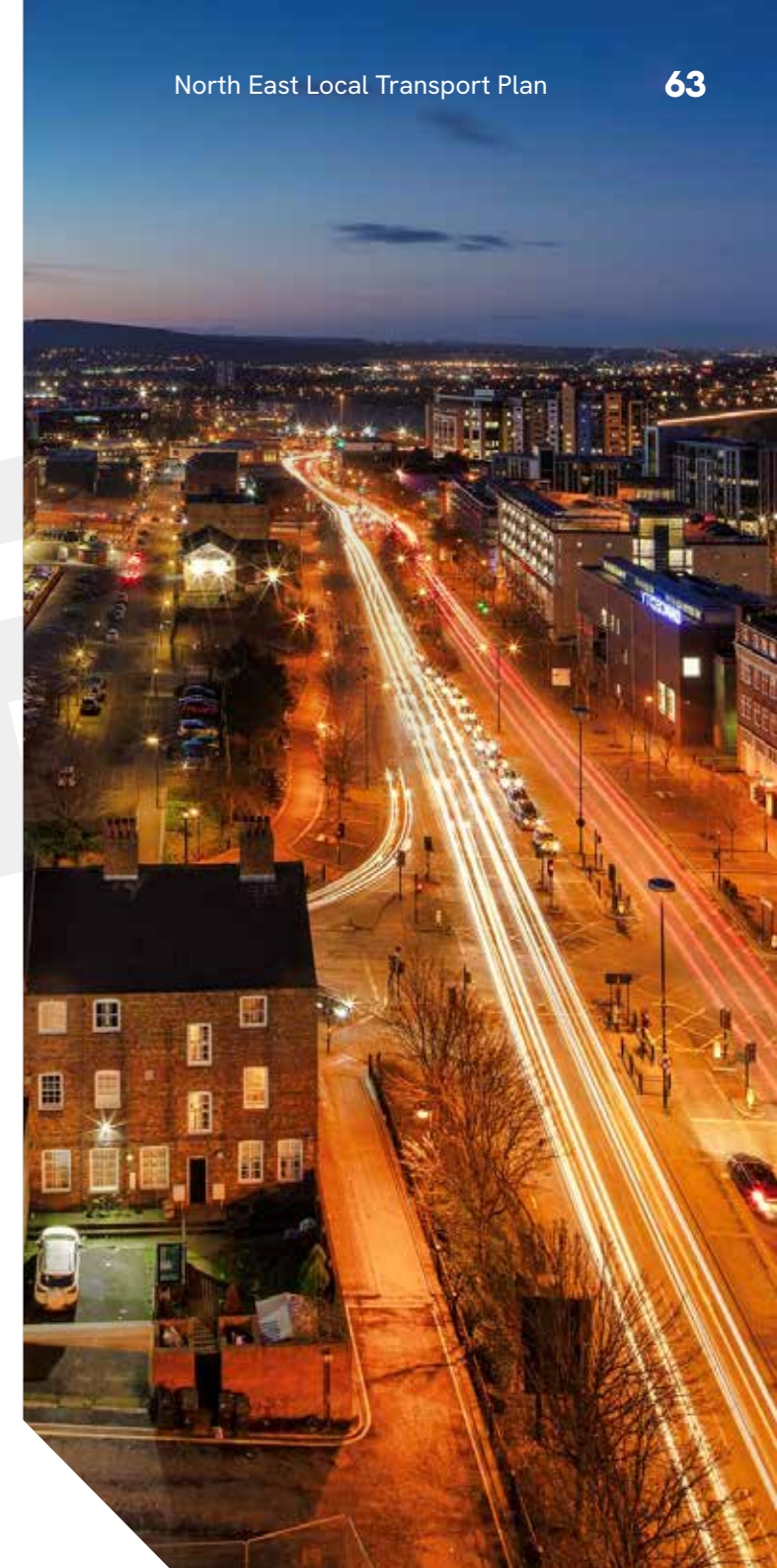
6.2 Planning journeys, informing users, and supporting customers

Public transport operators, Nexus, and Durham County Council all have their own journey planning tools which provide varying levels of information. They are either specific to one type of transport or don't cover the whole region. Apps and websites such as Google or CityMapper can provide journey planning for the whole region however they don't always contain real time information.

Planning journeys, informing users, and supporting customers - current situation

Our region has a variety of measures to support customers when they are planning a journey or looking for travel information.

All public transport stops in our cities, towns, and villages have printed information and/or QR codes which are updated when timetables change.

400 bus stops have digital information screens showing timetable information; however, the availability of real time information is limited. Updates in technology have created a mismatch between the data feed from transport operators and the region's back-office systems.

Bus stops with minimal use or in very rural areas of the region have limited information available, though their timetable can be downloaded from operator websites subject to appropriate connectivity.

Local rail and Metro stations are fitted with help points that allow passengers to get in contact with staff. Help points can be incredibly useful for customers due to the large number of unmanned stations on the rail network.

Most major interchanges and some larger bus stations, including Durham bus station, are staffed by customer service staff who already help thousands of passengers make journeys in the region. Smaller bus stations generally do not have a customer service staff presence.

Public transport passenger announcements serve as an important information stream for providing passengers with information on current or future network disruption. For example, announcements provided on Metro fall broadly into two categories; network wide pre-recorded message inform passengers of planned disruption or current faults, and personalised messages which can be delivered to selected stations when there is unplanned disruption.

Customers also currently have the choice to use multiple apps or the internet to view real time passenger information:

- Timetables are available on Nexus and Durham County Council public transport websites, as well as from local operators.

- Our regional bus operators each have their own separate websites, apps, and phone lines which provide passengers with bus information and updates. Our bus operators allow passengers to track the live location of their bus.

- Traveline North East, a partnership of councils and public transport operators, provides comprehensive timetable and fare information for all local bus, Metro, train, and ferry journeys.

- Comprehensive live journey planning, timetable, and accessibility information is available on the Nexus website.

- Nexus 'Pop' app for Metro allows passengers to track Metro departures in real time, buy Metro tickets, access journey updates, and see Park and Ride facilities near stations. In 2023, the Pop app was updated to allow both Android and Apple smartphone users to access the app.

- Nexus and local bus operators also have their own social media pages which provide live service updates.

- Durham County Council provides a web-based interactive public transport map with a journey planner as well as timetables and routes for all local bus services. However the current Real Time Passenger Information (RTPI) system is life expired.

Currently, there is also significant use of third-party technology such as Google Maps and Apple Maps to plan a journey and to assist people while travelling. Google Maps was identified in a 2019 Nexus insight panel as the number one stop for public transport information for 29% of respondents. Google Maps allows users to set a start and end location, specifying additional route options such as "Wheelchair accessible" and "Less walking".

A 2023 Nexus Insight Panel found that both the Go North East bus app and the Tyne and Wear Metro app were used by nearly half of respondents that use a public transport app.

Machines located at Metro stations provide ticket information to passengers. Banners above the screen provide a visual map of the fare zones and a list of stations and required tickets, helping passengers in ticket selection.

Current passenger experience standards across the North East's 32 railway stations vary significantly. For example, three local rail stations (Acklington, Chathill, and Pegswood) do not have any ticket machines.

Planning journeys, informing users, and supporting customers – challenges

There are current barriers which passengers face when trying to plan their journey.

For example, information provided to customers is often unreliable, leading to dissatisfaction with services.

Inconsistencies in information are particularly apparent when users need to use more than one type of transport or more than one operator. Whilst multiple online platforms and apps exists, there is no one larger platform that provides all of the real-time transport information for our region. This makes it difficult for passengers trying to plan a door-to-door journey. Users are required to use multiple online sources from different operators to find journey information, view

and purchase tickets and access real-time information. The quality of information provided also differs significantly between transport operators.

Currently, information for passengers relating to planned and unplanned disruption is mixed. There has been a significant rise in social media being used as the primary way to communicate updates. However, this may not necessarily reach all customers as social media is not typically used for journey planning and for customers who do not use social media or have internet access to view online information.

> " **A single website for users to be able to investigate and map journeys via multiple modes is key. A single quality source of transport information is important. The current situation seems fragmented.**"
>
> **Micro business, Newcastle 'Making the Right Travel Choice' Market Research, Primary Research with Employers April 2022**

The complaints procedures face similar issues; with no single place to do so. Customers that wish to make a complaint are required to use multiple online sources from different operators. For example, each of our region's operators have different complaints teams with their contact details readily available on the relevant operator services and websites.

> " **I would use sustainable transport more if we had an enhanced network that is simple and easy to understand.**"
>
> **Big Bus Conversation 2023**

Our bus operators, along with Nexus, the North East local authorities, Traveline, and Network One have strong individual brand identities. Although these brands are strong with good customer recognition, the lack of a unified identity potentially adds complexity from a user perspective. The quality of public transport signage also varies significantly across our region.

The lack of information and integration between active travel and public transport has also been highlighted as a challenge to planning journeys, informing users, and supporting customers.

Zero Emission Vehicle (ZEV) users face similar issues. The quality of maps showing available chargepoints in our region, whilst improving, is often poor. For example, a popular, chargepoint mapping tool only covers 84% of our region's chargepoints, and there is sometimes no distinction between slow, fast, and rapid chargers, or information on whether the charger is operational or is currently being used by another driver. This causes issues for current EV drivers when planning or making a journey relying on public chargepoints to reach their destination. It also acts as a potential barrier to further ZEV take up.

> " **62% of potential EV drivers were put off buying an EV for their next car due to poor chargepoint availability.**
>
> **North East Charging Behaviour Study (2020)**

> " **The charging points are always busy, which can again be a barrier.**" **– Large business, South Tyneside**
>
> **Making The Right Travel Choice Strategy – Employer research (2022)**

6.3 Ticketing and fares

Ticketing and fares - current situation

Transport operators across our region offer a wide variety of ticketing products valid on their services, from single and day tickets to weekly passes. The North East's ticketing offer includes some products that allow interchange between different operators and types of transport, which are summarised in Table 3.

The North East Bus Service Improvement Plan (BSIP) and Enhanced Bus Partnership (EP) has led to the introduction of multi-operator, capped tickets across different types of public transport which have increased customer flexibility to travel around the current network. Despite this strong progress, more needs to be done.

Ticket type	Details
Network One (multi-operator ticketing company in our region)	Network One offers a full range of multi-modal tickets within Tyne and Wear, but only a limited range for the wider region. Multi-modal tickets have historically been priced at a significant premium to single-operator equivalents and the uptake has been relatively low.
Bus Service Improvement Plan (BSIP) and Enhanced Bus Partnership (EP) Initiatives	Through BSIP funding, we have introduced a number of multi-operators. and multi-modal day ticketing options, these are: • £1 single tickets on buses and £3 day tickets for those aged 21 and under on buses, Metro, Shields Ferry, and the Northern Rail services between Blaydon and Sunderland. • All day, anywhere multi-operator daily bus tickets for travel within Durham, Northumberland, and Tyne and Wear. There is also a regionwide day ticket enabling adults aged 22 and over to travel across the entire North East CA region on any bus, the Metro, Shields Ferry, and the Northern Rail services between Blaydon and Sunderland. • A discount to the existing Network One Day Rover multi-modal ticket for Tyne and Wear. • Free multi-modal travel passes for young people aged 18-25 who grew up in local authority care, with 60% of holders using their pass to make journeys involving interchange. Without these interventions there would be discrepancies and variations between commercial bus fares in the product range across bus operators.

Ticket type	Details
Pop smart payment	Pop is a smart payment system on dedicated cards or android phones which allows customers to load a balance onto their card and pay for their journeys on the Metro, Shields Ferry, and certain bus services. Nexus manages the Pop system and fares are lower for passengers using Pop pay-as-you-go (PAYG) on the Metro and the Shields Ferry compared to purchasing a paper ticket. The system also includes a daily price cap on Metro. An upgraded system Pop 2.0 will launch in autumn 2025 allowing passengers to benefit from a multi-modal daily price cap when using Pop across different modes of transport by tapping on and off on each journey. This development will provide customers with greater flexibility and ease in how they pay for sustainable transport. Pop cards can also be used to carry season tickets for travel on Metro and multi-modal Network One journeys.
Northumberland Line	Passengers on the Northumberland Line will be able to use Pop to make journeys integrated with the Metro at a small premium to rail-only prices. Pop cards can also be used on Northern trains between Newcastle and Sunderland which use the same route as the Metro.
Take the kids for free	Fare paying adults can take up to three children aged 11 and under with them free on Metro and the Shields Ferry, all day, every day. There have also been limited offers from bus companies of a similar nature during school holidays.
Metro Gold Card	People eligible for the English National Concessionary Travel Scheme (ENCTS) can purchase a Metro Gold Card that can be loaded onto their ENCTS card. This extends the concession to include the Metro and Shields Ferry and is priced at £12 a year for Tyne and Wear residents, and £24 a year for non-residents. Around 164,000 Tyne and Wear residents have a Metro Gold Card.

In addition to the above another positive step forward has been made on the new Northumberland Line. Fares will have two options: passengers will have the choice of either purchasing an integrated ticket allowing travel on the Northumberland Line and Metro or be able to buy rail only tickets for travel on the Northumberland Line and the national rail network.

Ticketing and fares – challenges

The complex range of brands and fare offers can cause confusion and passengers might not be aware which ticket offers the best value for money. A 2019 Nexus Insight Panel survey found that 49% of bus users and 69% of non-users found it difficult to understand the different types of available tickets.

> "Tickets valid only on one company's buses does not encourage interchanges across city or region. All bus companies should be integrated into Nexus brand so that you can plan routes easier and only pay a single ticket to travel on multiple buses".
>
> **Big Bus Conversation 2023**

> "We need better multimodal ticketing, at the moment it's so complicated."
>
> **Making The Right Travel Choice Strategy – consultation response 2022**

A further potential hinderance to seamless integrated ticketing occurs at Park and Ride sites where separate public transport and parking tickets need to be purchased.

Contactless payment options are available on all public transport across our network, however 'tap on, tap off' payment and capping is only available on certain types of transport or is limited to a specific public transport operator, preventing passengers making seamless payments between different types of transport and across different geographical areas within our region. Some tickets are also limited by location. For example, not all tickets that offer multi transport type use in Tyne and Wear extend beyond these boundaries.

Some ZEV drivers have also highlighted confusion with current payment methods

at publicly available chargepoints across our region. For example, the need to have numerous cards, membership, and not being able to use contactless card payment at some of our region's public chargepoints have been cited as barriers to transitioning to a ZEV for those who need to use a car or van.

> "The speed of the roll-out of public charging points needs to double. A simple "one size fits all" payment system must be in place to provide access to all chargers regardless of the provider. I have enough Apps already, along with numerous RFID Cards."
>
> **North East Zero Emission Vehicle Strategy Consultation (October 2023)**
>
> **(RFID) – Radio Frequency Identification**

6.4 Reach and resilience of infrastructure

When reach is mentioned, we are referring to how far the network stretches across the entire region.

Resilience refers to the ability of our transport infrastructure to withstand and effectively deal with problems such as congestion, faults, and severe weather events.

There are several factors which mean the North East's current transport network fails to fully reach and properly connect all areas of our region. There are also elements of the current network which also have significant resilience concerns.

Reach – current situation

The Tyne and Wear Metro was designed to sit at the centre of an integrated transport network, serving much of the urban core of Tyne and Wear and connecting passengers with other services such as buses and the Shields Ferry. Metro connects our region to gateways such as Newcastle International Airport, and the central railway stations of Newcastle and Sunderland. There are currently five interchanges sited on key transport corridors to connect local bus services to fast train routes into the urban core of Tyne and Wear. Other stations are deliberately sited on bus corridors.

The North East's bus network has a much larger reach across the whole region than Metro. Services are mainly dictated by demand

which results in variable levels of provision throughout our region. Urban areas tend to have higher levels of demand and therefore more options for bus travel, whereas rural and coastal areas have less demand and as a result tend to have less options for bus travel. An example of this would be the West End of Newcastle where high levels of demand lead to frequent services. By contrast, the village of Otterburn in rural North West Northumberland, where demand is lower, is linked to Newcastle city centre by just three services per day.

Rail services and stations are another area where there is strong provision in certain areas but a total lack of options in others. There are 533km of rail lines across the North East that serve both local rail and national rail services. Local rail services include the Durham Coast Line which links Newcastle and Sunderland with destinations in the Tees Valley, and the Tyne Valley Line linking Newcastle, Gateshead and into Cumbria. National rail services provide vital passenger and freight connections beyond our region to Scotland, Manchester, London and more. However, there are several large areas in the North East not directly served by rail, such as Washington.

Our roads are inherently multi-use and the current network interfaces with every journey we make from door to door daily, whether that be by active travel, bus, motorcycle, car, or van. Our road infrastructure and public transport network provide key links

to our national and international gateways, which is vital for passenger transport, freight movements, and for the economic prosperity of our region.

The North East does have some park and ride provision linking to bus or Metro services which are mainly concentrated around the city centres of Durham, Newcastle, and Sunderland. There are also park and ride sites at a number of train stations including Horden, Durham, Prudhoe.

The Shields Ferry is fully accessible to customers and forms a fundamental connection in the current sustainable transport network in Tyneside. As the nearest River Tyne crossing to the coast, it is an integral part of Route 1 of the National Cycle Network, the England Coastal Path, and EuroVelo 12 (the North Sea Cycle Route). For the communities in the surrounding area, car and van access is relatively low, highlighting the importance of the Ferry for connecting people to onward journeys.

Active travel infrastructure is another area that serves large parts of our region and is fundamental for allowing journeys with multiple types of transport use. Our network includes 16 routes which are part of the National Cycling Network (NCN), a UK-wide network of active travel routes, connecting cities, towns, the countryside, and the coast.

High quality walking and cycling infrastructure are key to increasing uptake of active travel. The active travel network also enables freight transport, including cargo bike companies and bike deliveries for food companies.

The Tyne Tunnels are made up of two traffic tunnels and the pedestrian and cyclist tunnels which run under the River Tyne which provide a vital link between north and south Tyneside. The two road Tyne Tunnels handle large traffic volumes; in March 2024 alone, there were 1.6 million vehicle journeys made that otherwise would have to route through central Newcastle.

Infrastructure is also important for freight. Our five regional ports handle just under 6 million tonnes of cargo per year and Newcastle International Airport handled 2,449 tonnes of air freight in 2022.

Coach companies in our region play a vital role in helping to improve the reach of our current transport network. Coaches are vital for transporting people to, from and around our region every day. The coach industry provides corporate, and tourism travel as well as education trips for schools. There are also scheduled coach services which take passengers beyond our region to other parts of the UK. Current operators include Megabus, National Express and Flixbus. Coach journeys reduce the number of cars on the roads. One

vehicle has the potential to remove 50 cars off the road. Coaches also support sustainable travel, producing lower greenhouse gas emissions per passenger than any other type of transport.

Community transport provision also exists across the region, providing flexible and accessible community-led solutions in response to local transport needs. It often represents the only means of transportation for many vulnerable and isolated people, usually older people, or people with disabilities. Most community transport services are demand responsive, taking people from door to door, but a growing number are scheduled services along fixed routes where conventional bus services aren't available. In late 2022, there were 39 Community Transport Association (CTA) member organisations registered in the North East.

Powered two-wheel vehicles (power-assisted cycles, motorcycles, scooters, and mopeds) also play a role in the transport mix. Whilst these vehicles use less road space, users face many of the same issues as cyclists, particularly with safety, and accident rates are high.

Reach – challenges

There are some major gaps in the reach of our infrastructure. For example, smaller rural communities in the North East are often lacking in adequate public transport provision.

As mentioned previously, the bus market in the North East is largely dictated by customer demand, and where there are socially necessary services, supported by subsidy payments. This results in some areas, particularly isolated and rural communities, having little to no options for public transport.

The lack of reach of the current network isn't just limited to rural areas though and is also experienced in parts of Tyne and Wear. Although most of Tyne and Wear has access to the Metro, there are still areas that aren't directly served. For example, Washington is the fourth largest town in England without a dedicated heavy or light rail service, hindering opportunities for residents and businesses. This results in an over-reliance on the congested road network and economic isolation for people without a car.

At many locations passengers face physical barriers to integrated travel such as long walks from bus stops or between station platforms, a lack of car park spaces, a lack of onward connections, or inadequate bike storage facilities.

Public transport service times across our

region don't necessarily align with the demands of modern daily life, such as work shift patterns and late evening social activities. Service times also hinder sustainable transport access to our national and international gateways.

The freight market in the north of England is heavily dominated by road, with 87% of the tonne kilometres transported by road. The North East does not currently have a Strategic Rail Freight Interchange (SRFI), restricting opportunities for transferring freight onto the rail network. In 2022 it was estimated that HGV and light commercial vehicles travelled over 1.9 billion miles on our region's roads, representing almost 21% of traffic by all road users. This causes congestion, unreliable journey times for all road users, and disruption to communities due to heavy traffic, air pollution, and noise pollution.

There are limitations with our public EV charging infrastructure, which can vary widely based on the location with remote rural areas currently having far fewer chargepoints. This issue has been widely acknowledged in local research.

> "How are we expected to make the switch with a chronic lack of infrastructure and investment?"
> **North East EV Charging Behaviour Study (2020)**

> "The private sector isn't going to put them in some rural village in Northumberland, so someone has to fill the gaps."
> **North East EV Charging Behaviour Study (2020)**

Resilience – challenges

Significant work has been undertaken to try to make the region's current transport network more resilient. For example, in recent years there has been significant infrastructure upgrades across our region's transport network such as improving especially the flow of roads for freight, the renewal of rail tracks, overhead lines, public transport stops and stations. Despite ongoing progress, a significant number of challenges remain.

There are several resilience issues affecting our current transport network which hinder the efficient movement of people and goods. For example, our road network has some major pinch points, such as A19 junctions north of Newcastle, which generate congestion, contribute to air pollution, hold up buses, displace traffic onto unsuitable roads, and hold back economic and housing growth.

The A1 through Northumberland suffers significant reliability and resilience issues for both local and longer distance journeys, largely due to sections of single carriageway. These resilience issues result in unreliable journey times which can impact both people and freight.

The lack of consistency in existing active travel routes has been found to be an issue, with 45% of cyclists who participated in a 2022 Nexus Insight Panel survey stating that they were dissatisfied with the condition of cycling routes in the North East. Concerns about poorly maintained existing pavements and cycle paths was also raised as a concern during the North East Active Travel Strategy public consultation (2023).

With new weather patterns emerging, maintaining the current transport network against the impacts of climate change is becoming increasingly challenging. Impacts include flood risk, extreme heat, increased winds, and land instability. Maintenance needs in some rural and coastal locations can be different to other areas due to climate impacts and the remote and exposed nature of some of the network in these places. This can have a negative impact on the safety of the network and leave communities isolated. The effects are not limited to roads but equally impact on active travel infrastructure and the rail and Metro network. Climate change impacts place added pressure on the cost of day-to-day operations and improvements to the wider transport network, with resilient solutions often being significantly more expensive.

The region also has publicly funded Urban Traffic Management Centres (UTMC), which can control road traffic signals at key junctions to adapt timings based on demand. However, joint co-ordination with the transport operators is currently limited to major sporting and cultural events.

Significant resilience problems also affect the East Coast Main Line (ECML). The ECML is the primary rail route connecting the North East to London and Edinburgh, and carries a mix of commuters, tourists, business travellers, and freight. Rail infrastructure has had a lack of long-term investment, and, as a result, services often don't provide a suitable alternative to car travel. Infrastructure in our region will struggle to meet capacity needs for future growth. The ECML is constrained because of fragile infrastructure and a lack of capacity. The combination of its use for long distance, regional, local, and freight traffic is also a contributing factor. Issues on the ECML often have knock on impacts for the rest of the region's transport network, but also other parts of Britain.

The Metro system is over 40 years old and many of its components are beginning to fail, which reduces performance and restricts growth. Some of the network is built on 180-year-old infrastructure. Failing infrastructure is a particular issue for the Metro's signalling system, which needs to be upgraded and causes a large proportion of delays on the network. **Figure 19** right shows the number of faults on the Metro caused by the current signalling system. The dotted blue line shows forecasted faults up to 2029/30, demonstrating that the current situation is predicted to get steadily worse without intervention.

Figure 19 – Metro signalling disruption by faults over 9 years + forecast
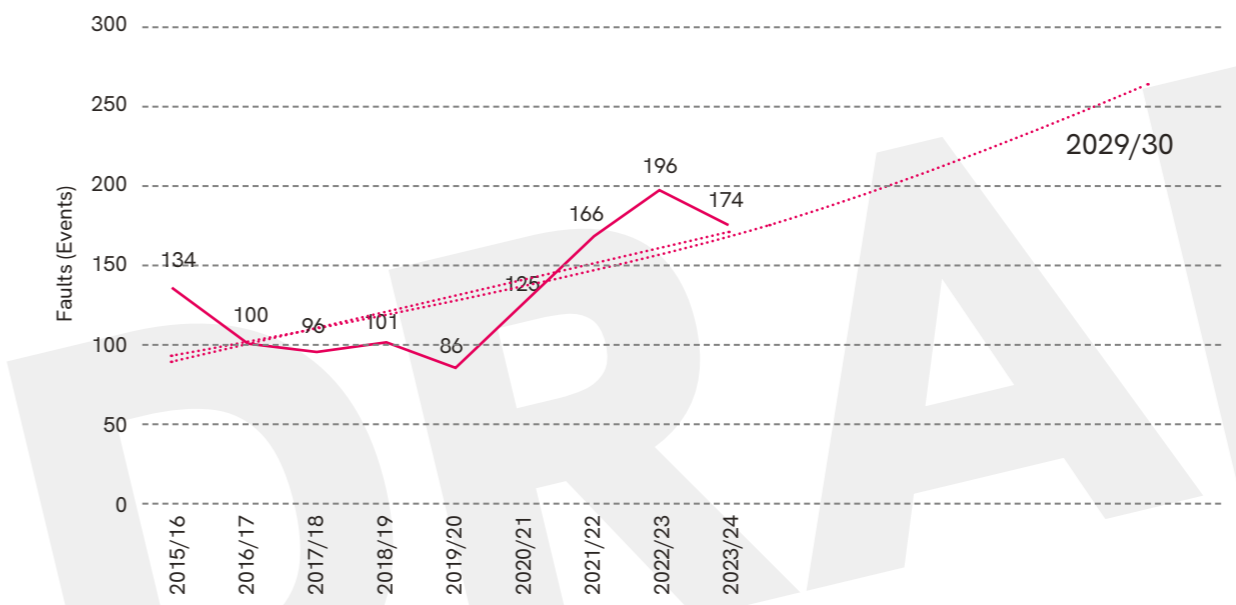
An asset resilience issue exists for the Shields Ferry, with the North Ferry Landing reaching the end of its functional lifespan and in need of replacement. Whilst these issues are specific to the Metro and the Shields Ferry, like the ECML, they affect the whole transport network and limit its ability to function in an integrated and efficient way, as if one type of transport has problems this can cause knock on impacts for the others.

The lack of revenue funding for the North East impacts on the resilience of infrastructure as it impacts the ability to design resilient schemes and limits the ability to maintain infrastructure once it has been installed.

6.5 Safety, especially of women and girls, and other improvements in service quality

Everyone, especially women and girls have the right to feel safe when they travel. Women and girls often face heightened risks of violence and harassment. Addressing both actual and perceived safety issues is essential to ensure that all transport, particularly, public transport, is accessible, reliable, and safe for all users.

Despite efforts to tackle these issues, such as the introduction of safety measures and campaigns, many women still report feeling unsafe when travelling and using public transport.

Perceptions of safety and its impact on travel behaviour

Research from the North East Travel Survey (2022) found that approximately 1,330 women said they feel unsafe or very unsafe from crime and disorder when walking in the dark, compared to 380 men (please see figure 20).

Figure 20 – 2022 North East Travel Survey Question 'how safe do you feel from crime and disorder when walking in our region in darkness by gender?'
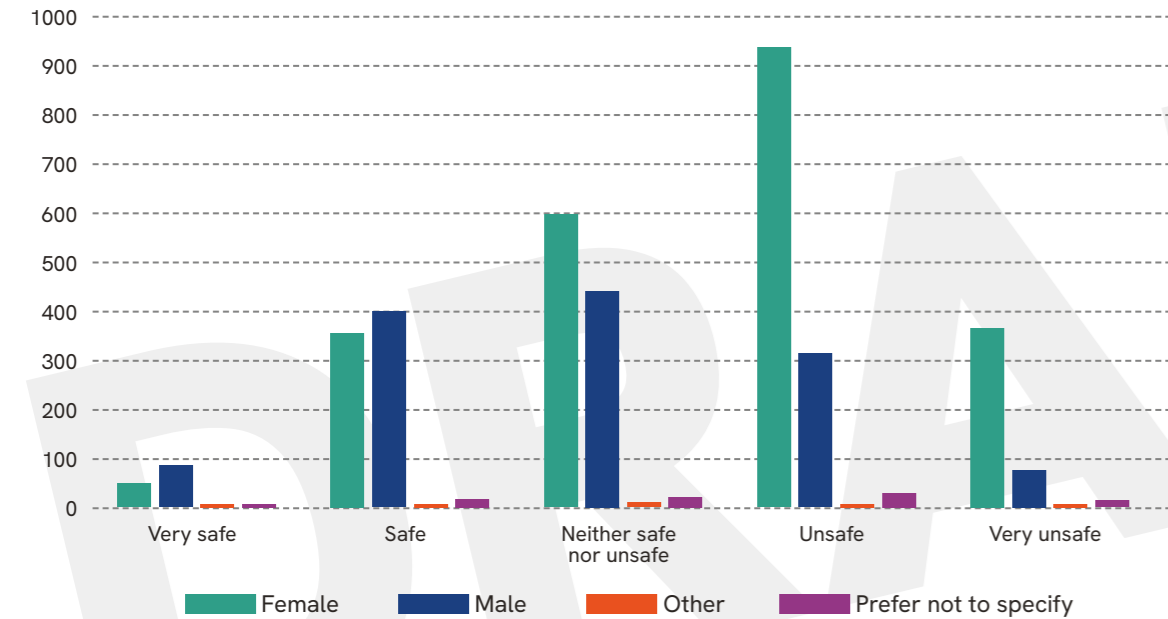
Whilst the evidence base is limited, these safety concerns may lead to women changing how and where they travel such as avoiding poorly lit or isolated routes or opting to drive instead of using active travel or public transport.

There are a number of factors that impact on the actual and perceived safety of people, especially women and girls while travelling, including:

- Walking and cycling routes to bus stops and stations.

- Low footfall at stations and interchanges.

- Location of a bus stop and facilities at the stop.

- Experience when travelling on public transport.

- Layout of park and ride facilities.

- Presence of staff at stations, interchanges, and onboard vehicles.

- Location of EV charging infrastructure.

- Behaviour of other passengers.

Recent measures that have been undertaken

Significant measures to improve actual and perceived safety, especially of women and girls, on our public transport network have been introduced in recent years with the aim of preventing unwanted behaviours such as harassment and antisocial behaviour.

Measures include:

- A Safer Transport Northumbria App for passengers to download on their smartphones, making it easier to raise concerns and for victims to report crimes.

- Improved CCTV on the Metro network.

- More staff on Metro trains and at stations day and night, with body-worn cameras.

- 'Not big, not clever, not here' public awareness campaign to discourage anti-social behaviour on Metro and encourage people to report concerns discreetly.

- A national ''See it. Say it. Sorted.' campaign to encourage train passengers and station visitors to report any unusual activity or items.

- CCTV fitted on nearly all buses across our region as well as two-way radio communication to allow drivers to easily request for assistance if needed.

- Northumbria Police working with Stagecoach to operate a 'Trojan' bus service in November 2023. The bus looked like a normal service with regular stops at bus stations however, plain clothed police officers were on board ready to pick up offenders of harassment and anti-social behaviour.

Despite these measures, safety concerns remain, highlighting that this is a problem that needs to be addressed.

Challenges

Research with underrepresented groups in cycling (2022) found that women had concerns over cycling in the dark stating that they feel vulnerable when cycling alone on remote paths because of the potential to fall off or be exposed to anti-social behaviour.

Safety concerns also included perceptions that in rural areas, there is a lack of pavement space, with narrow roads and high-speed limits (60 mph) along some non-residential roads often shared between motor vehicles, cyclists, and pedestrians.

Table 5 - Road types and concerns

Road type	Safety concerns
Main roads	Volume and speed of traffic; impatient drivers.
Residential roads	Parked cars, causing reduced visibility; drivers not expecting cyclists.
Rural roads	Narrow roads: drivers not expecting cyclists.
Rural roads	Vehicles driving too close and or passing at speed; an absence of dedicated cycle lanes; adverse road conditions, such as potholes.

Additional safety concerns raised from underrepresented groups in cycling in 2022 were:

- **Cycling in the dark:** due to visibility, as well as personal safety. A greater issue in winter months

- **Fumes:** the inhalation of - particularly if cycling in heavy traffic.

- **Vulnerability:** when cycling alone on more remote paths – in case of falling off or exposure to anti-social behaviour. A 2019 Nexus Insight Panel found 68% of respondents felt worried about their personal safety while on board Metro, 21% while waiting for a Metro and 11% when walking to/from stations and stops.

Additionally, 56% of female respondents reported feeling unsafe when using the Metro in the last three months before the panel. These findings reinforce the need for continued efforts to address both actual and perceived safety concerns for women and girls.

75% of women who took part in Transport Focus Bus survey (2023) thought personal safety while at a bus stop in the North East was good, with 84% considering personal safety on the bus to be good.

Rowdy behaviour was the biggest concern amongst females both on the bus (41%) and at the bus stop (53%). Abusive or threatening behaviour was also raised as an issue with 17% of female respondents stating that this is a problem on the bus and 15% stating that it is an issue at the bus stop.

Figure 21 – Transport Focus Bus Survey (2023) showing the female response to the questions on personal safety on the bus and while waiting at the bus stop

Personal safety at the bus stop

75% good

38% | 37% | 19%
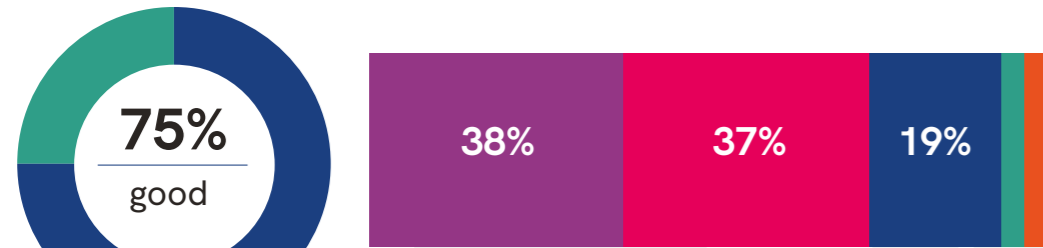
Personal security on the bus

84% good

47% | 36% | 14%

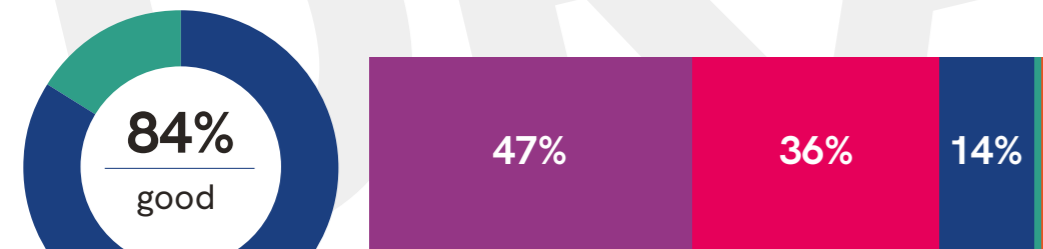■ Very good   ■ Fairly good   ■ Neither good nor poor   ■ Fairly poor   ■ Very poor

Year: 2023 North East CA area **Gender:** Female

* Caution - based on 75-99 responses   **result hidden as less than 75 responses

Passenger behaviour caused concern:

At the bus stop

6% yes

On the bus

6% yes
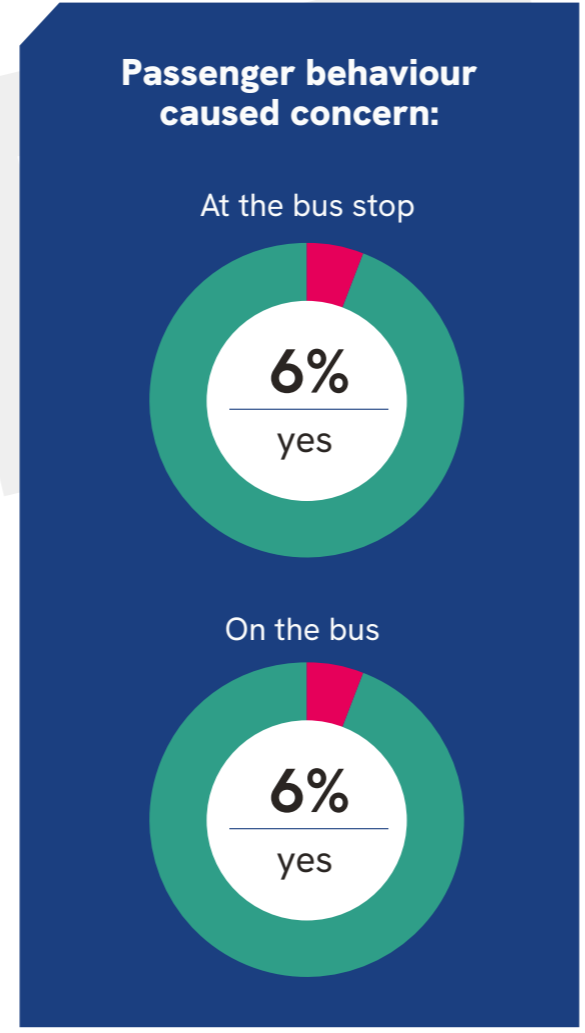
Cause for concern (among those with concerns)

On the bus

Rowdy behaviour	41%
Feet on seats	27%
Smoking/vaping	20%
Passengers dring/under the influence of alcohol	20%
Abusive or threatening behaviour	17%
Music being played loudly	15%
Passengers taking/under the influence of drugs	12%
Graffiti or vandalism	8%
Saw an act of vandalism/ violence taking place	6%
Other	23%

At the bus stop

Rowdy behaviour	53%
Smoking/vaping	29%
Passengers drinking/under the influence of alcohol	19%
Passengers taking/under the influence of drugs	18%
Abusive or threatening behaviour	15%
Feet on seats	11%
Saw an act of vandalism/ violence taking place	8%
Graffiti or vandalism	7%
Music being played loudly	7%
Other	20%

Out of the 32 railway stations in the North East CA area, 10 have only partial CCTV coverage and 4 rail stations have no coverage at all:

Table 6 – 14 of the 32 North East CA railway stations have no or only partial CCTV coverage

North East CA area railway station	22-23 Patronage	CCTV coverage
Newcastle	8,402,922	Partial
Durham	2,446,734	Partial
Cramlington	133,834	Partial
Seaham	110,570	Partial
Haltwhistle	77,010	Partial
Shildon	56,968	Partial
Stocksfield	38,864	Partial
Haydon Bridge	38,830	Partial
Riding Mill	24,162	Partial
Bardon Mill	8,270	Partial
Widdrington	2,492	None
Pegswood	1,612	None
Chathill	1,348	None
Acklington	434	None

Actual or perceived Inadequate lighting, especially on walking routes to and from stations has created additional safety concerns. Lighting on station access routes is generally good, but there are quite a few exceptions. For example, other stations and platforms such as the Eastbound platform at Blaydon are only accessible through long, unlit routes.

The combination of poor lighting on routes to and from rail stations along with no CCTV coverage are particular concerning at stations with low patronage, with services running late into the evening.

Poorly lit areas, blind corners and areas obscured by vegetation could create the perception that some routes are unsafe and needs to be addressed.

Street clutter is also a safety issue creating barriers to travel. Street clutter is defined as poorly placed or redundant objects on pavements that negatively affect pedestrians or other pavement users. Examples include advertising boards, unnecessary signage, maintenance work, inappropriate cycle and e-scooter hire parking and pavements blocked by cars. The growing issue of street clutter is particular safety issue for visually impaired people, those using mobility aids to move around and those with pushchairs.

Safety concerns also relate to connectivity issues such as no mobile phone coverage in parts of the region. This could potentially hinder peoples' ability to report incidents in real-time, further affecting people's sense of safety and security.

Whilst people benefit from 4G and 5G connectivity through their phone contracts on much of the region's transport network, there are 'no spot' areas where mobile signal is weaker, including tunnels, rural and coastal areas. Currently only EE mobile network customers have 4G coverage on the Metro at underground stations and tunnels.

12% of Northumberland and 6% of Durham have no mobile coverage at all. These connectivity issues and 'no spot' areas could also affect actual and perceived safety.

There are also gender differences in perceptions of active travel. The 2021 public attitudes to active travel study found that only 25% of females who cycle were willing to cycle on North East roads, compared to 40% of males who cycle. Women stated that safety concerns were the top barrier, particularly the lack of segregated cycle lanes and the perceived high volume and speed of other traffic on roads.

> "There'd have to be a direct bike lane from where I was going to my office for me to be able to feel confident to do it – without any parts where there wasn't a bike lane, as then I'd be uncomfortable." Female, 35-39
>
> **(North East Underrepresented Group in Cycling Market Research, 2022)**

Pedestrians, cyclists, and powered two-wheeler users are among the most vulnerable road users, with higher casualty rates per mile travelled. The 2022 Traffic Accident Data Unit (TADU) statistics showed an increase in injuries and fatalities among these groups, highlighting the need for further road safety measures.

Figure 22 – North East road safety 2022 – vulnerable road users

- **Pedestrians** – large increase in all severities of injury from 2021.
- **Pedal cyclists** – increase in fatalities from both 2021.
- **Motorcyclists** – double the number of fatalities in 2022 than 2021 and increase in killed or seriously injured (KSI) from both 2021.
- **Children** – 3 fatalities in 2022, up from zero in 2021, and increase in total injuries from 2021 and fatalities.
- **Young people** – more than double the number of fatalities in 2022 than 2021 and increase in the number of killed or seriously injured (KSI) from 2021.

Figure 23 outlines the number of active travel casualty figures between 2013 and 2022. Although there has been a steady decline in the figures over the years, any road death is not acceptable.

Figure 23 – North East Active Travel Casualty figures 2013 – 2022
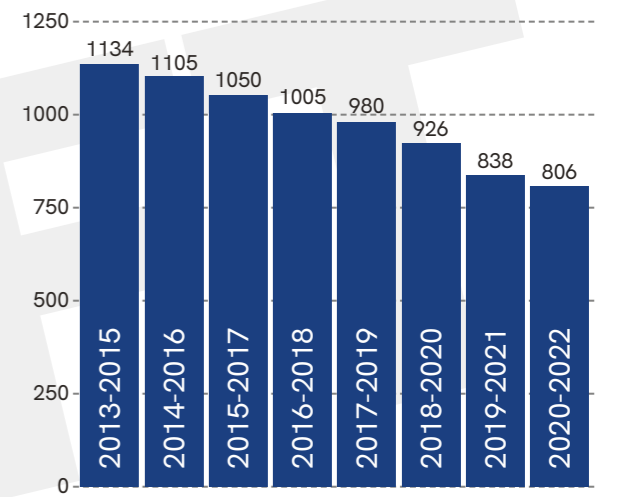
**Broader service quality challenges – punctuality and reliability of public transport**

Punctuality, cleanliness, and safety are fundamental hallmarks of a high-quality transport network. These factors influence passengers' perception of transport, particularly public transport.

Customer satisfaction levels of public transport have been declining in our region across the network. Based on data from Transport Focus, 80% of people using bus in the North East were satisfied with their journey in 2023. This was a substantial reduction from satisfaction levels in 2019 although different methodologies were used. The decrease may be explained by service issues such as unreliability and poor punctuality associated with a national bus driver shortage. It may also have been affected by a long-term reduction in bus routes across our region. In 2023, there were 52.1 million miles operated in the North East – a 30% reduction compared to 2010.

National research from Transport Focus has found that, for rail and bus users, punctuality and reliability are the most important factors contributing to passengers' overall satisfaction levels and can also act as a barrier to using public transport. Data from a 2019 Nexus Insight Panel survey found that the second biggest barrier to bus travel in Tyne and Wear, coming after 'buses take too long' (46%), was that 'buses are unreliable' (37%).

> "Better reliability. I use my car when I have to be somewhere by a particular time because I can never be sure that the bus will come on time, or at all."
>
> **Big Bus Conversation 2023**

Figure 24 – North East historic bus punctuality (Department for Transport)
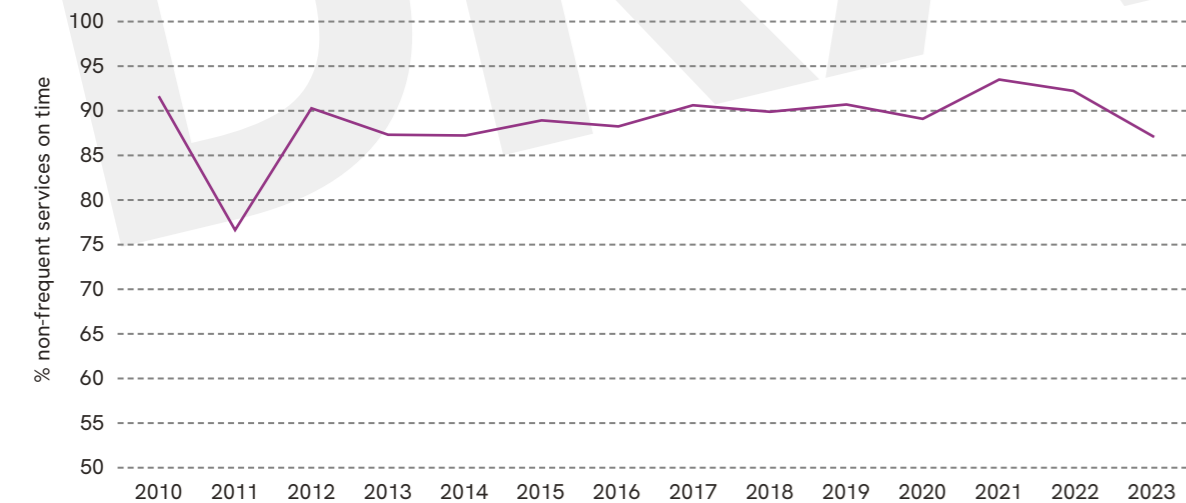
Metro is currently going through a highly challenging operational period in which service performance is being impacted by ageing trains, as well as the transition towards the new fleet. Just 61% of Metro services arrived on time in the four weeks to 9 December 2023, a record low although the situation has since improved with a figure of 79% reported from 7 January to 3 February 2024. This low punctuality of services can negatively impact onward journeys as it makes it more difficult for customers to arrive on time to connect to other public transport services. This may negatively impact customer confidence in using public transport.

The introduction of the new Tyne and Wear Metro fleet during 2024/25 will mark a new era for our region, improving the reliability of services and the level of comfort for customers.

Service quality challenges – perceptions of cleanliness

Perceptions of cleanliness was also an issue that has been raised relating to some elements of our transport network. When conducting engagement and research with members of the public during the development of the region's Bus Service Improvement Plan (BSIP), a word often associated with buses was "dirty".

For Metro, cleanliness often scores highly. This could be due to comprehensive cleaning regimes that are in place at stations and on trains.

The perceived or actual unreliability of some public electric vehicle chargepoints has been raised as a concern for many current EV drivers. Older charging infrastructure can suffer from maintenance issues and occasional technical glitches. This has led to instances where drivers encounter unavailable or malfunctioning chargepoints, hindering their journey plans and causing frustration.

> "The thing that is most frustrating about using an electric car is that hardly any rapid chargers in the region actually work. The network isn't reliable enough to drive somewhere without having at least enough battery left to get back home."
>
> **North East EV Charging Behaviour study (2020)**

Evidence outlined in this section (6.5) suggests that safety, especially of women and girls, and other improvements in service quality are needed relating to the region's transport network.

6.6 Connections between different transport types

Despite steps forward to improve connections between different transport types, a major barrier to enabling people and goods to travel more sustainably is a lack of integration across the transport network. This following section outlines the current situation, highlighting recent progress as well as setting out existing shortcomings and challenges.

Current situation

Active travel is one of the most common methods for passengers to get to and from public transport stops and interchanges. For example, every bus journey generally starts and ends with an element of active travel. As well as this, 31.5% of homes in Tyne and Wear are within walking distance (defined as 800 meters) of a Metro station.

Cycle storage at public transport stations and interchanges has also improved. There are approximately 900 cycle parking spaces across the Metro network. These are made up of around 800 spaces via cycle racks/stands

and over 100 secure, Pop card operated, cycle lockers. All stations apart from Airport have secure bike storage at or close to the station and/or are near bus stops allowing for onward journeys via other sustainable transport types.

There are also some active travel measures in place across our region which benefit bus users. For example, six Go North East routes currently have the capacity to carry two unfolded bikes. The same operator also now provides bike racks on some of its longer distance and express route services which connect our region beyond our boundaries, permitting up to two bikes to be carried securely on board.

The Tyne and Wear Metro system, which opened in 1980, was designed and constructed as the central feature of a fully integrated public transport system. The network includes the Shields Ferry which operates between North and South Shields.

The North Shields landing is currently a ten-minute walk from the Metro station and bus interchange. A bus service financially supported by Nexus connects people to the town centre, with free journeys with any valid Ferry ticket. In South Shields, the Ferry landing is a five-minute walk from the transport interchange and the Ferry also connects passengers with several active travel routes to allow customers to make onward journeys by walking, wheeling, or cycling.

Three major interchange locations with bus and national rail were built at the core of the Metro network to make transition from Metro trains to other types of transport simple. There are also 13 bus and Metro interchanges on the rest of the network, further simplifying the transition between different types of transport. These include new bus specific interchanges at South Shields and North Shields Interchange which were opened in 2019 and 2023 respectively.

The geographic size of our region means that key centres are linked by national rail, including 'intercity' long distance trains. These services coexist alongside well used bus services because buses serve more local places along the way, and more 'first and last mile' origins and destinations.

Our region has park and ride sites at 30 Metro stations, 4 bus sites and 19 regional railway stations, totalling 4,300 spaces. These sites enable drivers to make part of their journey

by public transport. However, these assets are currently underutilised and in 2022 between 07:00 and 19:00 the average occupancy at 11 of these sites was only 14%.

Taxis, including private hire vehicles (PHVs), currently play a vital role in supporting transport provision. They can fill in gaps in the transport network where other options aren't feasible, enabling people with restricted mobility or a disability a door-to-door service. We have just over 8,000 licensed Hackney Carriages and PHVs in our region, with each of our seven councils having its own taxi policies that suit local needs. The key role that taxis play within an integrated network is partly about the gaps that they plug that would not be covered by public transport, but also where they feed into the wider network. For example, in more rural and coastal locations, taxis can provide the connection that allows people to reach local rail or bus services.

Within our region, car clubs also play an active role in enabling people to make a journey by car without owning their own vehicle. Car club vehicles currently exist in a range of areas including some rural communities, inner city locations where parking is restricted, and near railway stations and public transport stations. This helps to connect people to public transport services and can reduce the need to own a car.

Demand responsive transport (DRT) is a form of shared transport for groups and individuals which alters its route based on demand rather than following a fixed route or timetable, these services are most often run via buses or other smaller vehicles. DRT services complement fixed route public transport services and improve mobility in low-density areas and at low demand times of day. Integrated on demand public transport can also be used to feed into the wider public transport network at "hub" points – major bus stops and stations, Metro, rail stations and interchanges.

There are a limited number of DRT solutions across our region. In County Durham there are Link2Work and Link2 DRT services. In West Northumberland there is Dial a Ride. Beyond these, DRT options are minimal, which is a further barrier to those in isolated rural and coastal communities and can contribute to transport related social exclusion.

Connections between different transport types – challenges

> Bus Deregulation in the 1980s ended the existing fully integrated system and some bus services now compete with Metro services for passengers on similar routes, involving significant overlap.

At the same time, many local suburban bus routes do not commonly flow into Metro interchanges, reducing the convenience of connections between different transport types when travelling into town and city centres.

Competition rather than collaboration means there is also limited ability to join-up bus and local rail services.

> "
> "It's not very good, the bus service, around here at all. It is reliable, but say I wanted to go further afield, you're talking 2 or 3 buses to get to your destination. That's where the car would come in."
> **Making the Right Travel Choice – Market Research, Primary Research with Residents April 2022**
>
> **(Rural North East Resident, Live in village/countryside)**

Integration between transport types is often made harder by a lack of complementary timetables. Often different transport timetables lack the coordination passengers require, with approximately two in five North East residents stating that they feel bus timetables do not currently fit with their personal needs and rising to one in two residents in rural areas.

> "
> "Connecting transport such as bus and Metro are unreliable and can cause me to miss my train".
> **North East Travel Survey 2023**

> "
> I would use the bus more if buses were on time and punctual, and integrated into the rail network, so changes between buses, or bus and train, doesn't mean hanging about for ages".
> **Moving Buses Forward, 2024**

78% of Respondents to the Big Bus Survey 2023 said better integration between different types of transport would help them use the bus more.

Public transport integration with local rail services is currently limited to Northern train services between Sunderland and Blaydon as well as the Northumberland line once it reopens. Other common journeys are not integrated, such as East Coast Main Line (ECML) services between Durham, Newcastle, Morpeth, and Berwick, as well as Northern services between Hexham and Newcastle.

Bus based Park and Ride throughout the rest of the region is limited with significant room for improvement. There is a dedicated Park and Ride site provided within Great Park on the outskirts of Newcastle, but demand is relatively low. There is also Park and Ride in Durham City Centre to help alleviate traffic congestion in the city centre.

There are also car parks provided at some of the main bus/Metro interchanges which primarily serve Metro based Park and Ride. A temporary Park and Ride route has also been established between the Metrocentre and Newcastle/Gateshead to relieve congestion during the Tyne Bridge works, but this is time limited.

> "Central planning and integration with other forms of public transport seems to be the way forward, with multimodal contactless ticketing for all types of transport."
> **Big Bus Conversation 2023**

Transport services are currently painted in a wide array of different colours. The three main bus operators (Go North East, Arriva, and Stagecoach) and the small independent operators each have their own corporate identity. Route based branding is also heavily used by Go North East (GNE) on their core routes. Rail operators also have strong corporate identities.

Our bus operators, along with Nexus, the North East local authorities, Traveline and Network One have strong individual brand identities. Although these brands are strong with good customer recognition, the lack of a unified identity potentially adds complexity from a user perspective.

Nexus has modal branding which is applied to all infrastructure and on-street information throughout Tyne and Wear, with similar branding used for timetables displayed in Northumberland. The Calvert font for Metro has become the iconic core of the modern Metro brand.

Durham County Council branding is applied to their infrastructure, on-street information, and a small in-house fleet of directly operated buses. Coach stations in the region are mostly owned by coach operators and have distinct branding.

Network One branding is applied to multi-operator tickets. Marketing and advertising for the recent BSIP funded multi-operator tickets has focused on specific ticketing products with the North East CA logo featuring for funding purposes.

Each transport operator currently promotes their own services and fares. There has been some integrated promotion for Network One and BSIP tickets. However, there is currently no cohesive whole network marketing effort, although introducing this has previously been considered by the Enhanced Partnership.

The following table provides a summary of the challenges our network faces for each of the five focus areas.

Table 7 – Summary of our key transport challenges specifically relating to integration.

Focus area	Key challenges
Planning journeys, informing users, and supporting customers.	• Lots of available information but no single source that brings all this together. • Variable quality and availability of wayfinding information across the network.
Ticketing and fares.	• Several types of tickets for different operators and types of transport. • Only a few integrated tickets are available. • Lack of widespread smart ticketing with fare capping.
Reach and resilience of infrastructure.	• Despite having areas with infrastructure to support integrated journeys there are still significant gaps. • Some types of sustainable transport don't reach all communities, particularly our remote rural areas. • There are several areas where resilience issues are creating limitations and hindering the current network.
Safety, especially of women and girls, and other improvements in service quality.	• Perceptions of public transport service quality tend to be quite low. • There are actual and perceived safety concerns that also need to be addressed to increase confidence. • Transport options don't always match up to people's lifestyles, for example the need to travel early morning, late evening, and weekends.
Connections between different transport types.	• In some areas there is a lack of supporting infrastructure to facilitate journeys using multiple types of transport. • Timetables and service patterns often don't match up which can make it difficult to use multiple types of transport for a journey. • Strong individual brand identities with good customer recognition, but the lack of a unified identity potentially adds complexity from a user perspective.

For more detailed information on the current challenges relating to each transport type can be found in the region's transport policy and strategy suite as set out in section 2.8.

Key insights from this section:

- We will no longer view different types of transport as separate networks. Instead, we will develop a green, integrated transport network that works for all.

- This section sets out the way forward to create a network that acts as the yardstick on which all other networks are judged.

- We believe this will make sustainable travel options more attractive and convenient, enabling more people and freight to make greener journeys.

7. Measures of success/key performance indicators

This section will:

- Set out our Key Performance Indicators (KPIs) where we can measure progress towards meeting the North East CA vision and commitments and our strategic themes for transport.

- Explain how we will monitor progress towards meeting these KPIs and identify how successful the interventions we set out in this LTP have been.

7.1 Measuring our success

To understand whether our proposals are successful in delivering the North East CA vision and commitments, there is a need to effectively measure progress.

To do this, several measures of performance, or Key Performance Indicators (KPIs), have been identified to capture progress.

Transport is an enabler to delivering the North East CA vision and meeting all five commitments.

This LTP has unpacked the North East CA vision and commitments and identified three cross-cutting strategic themes for transport:

- A healthier North East
- A better environment
- A more inclusive economy

Using these three strategic themes will help North East CA to deliver an integrated transport network which will ensure the North East CA vision and commitments are achieved.

Furthermore, the selected KPIs compliment the North East CA other transport policies. A table containing the Transport Plan KPIs can be found in section 7.2.
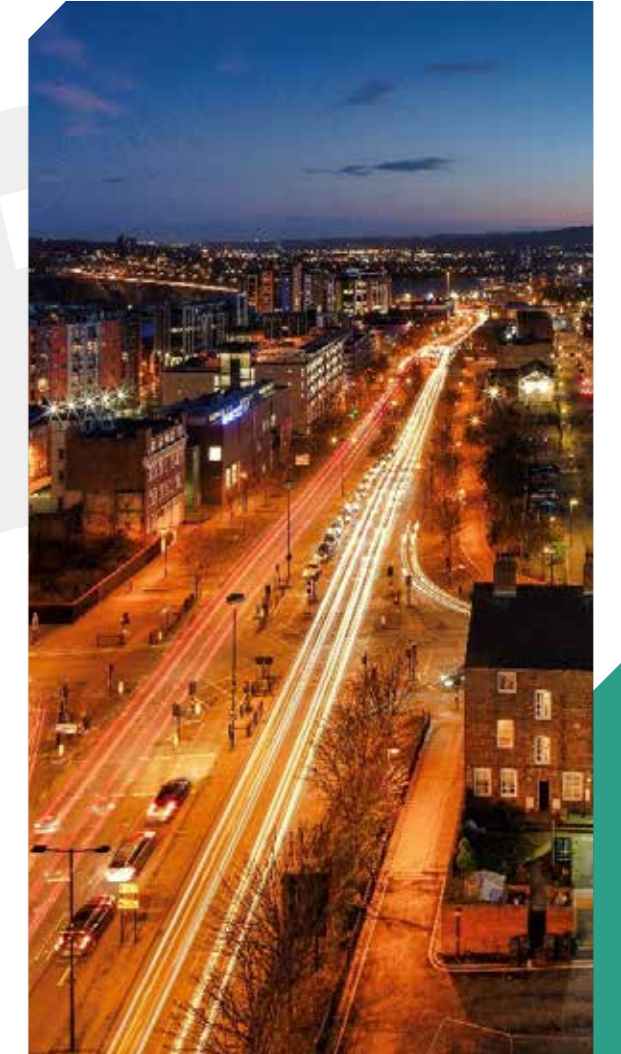
7.2 Key Performance Indicators (KPIs)

Table 8 – Key Performance Indicators

KPI	Strategic themes for transport aligned to	Baseline statistic (Source)	Insight	Aim (direction of travel)
Sustainable travel Percentage of journeys made by walking, wheeling, cycling, and public transport as a percentage of total journeys in our region.	More inclusive economy Healthier North East Better environment	In 2022 approximately 40% of journeys in the North East were made using sustainable travel. *(National Travel Survey)*	Through creating a user friendly, integrated transport network we will encourage more people to use sustainable modes of travel. This in turn will lead to a reduction in harmful emissions and the uptake in more sustainable travel, benefitting both the environment and the health of our people.	**Increase** the percentage of journeys made by walking, wheeling, cycling, and public transport as a percentage of total journeys in our region.
Public transport accessibility Percentage of households that have access to a hospital, GP, secondary education, a town centre and 10,000 jobs within 45 minutes using public transport.	More inclusive economy Healthier North East Better environment	Approximately 58% of people in the region have access to a hospital, GP, secondary education, a town centre and 10,000 jobs within 45 minutes using public transport.	Through the creation of an integrated network, we will improve public transport accessibility levels. This will increase access to employment and educational opportunities, enhancing the economic inclusivity of our region, whilst generally reducing transport related social exclusion. Furthermore, this will provide greater options for sustainable travel, increasing the associated health and environmental benefits this brings.	**Increase** the percentage of households that have access to a hospital, GP, secondary education, a town centre and 10,000 jobs within 45 minutes using public transport.
Climate action Annual Carbon Dioxide (CO2) emissions per capita created by transport	Healthier North East Better environment	In 2022 approximately 1.35 tonnes of CO2 emissions per person was produced from transport. *(Department for Business, Energy, and Industrial Strategy)*	Reducing our CO2 emissions per capita remains a key priority as we strive towards a carbon neutral North East, addressing the current climate emergency we find ourselves in.	**Decrease** the annual Co2 emissions per capita created by transport.
Air quality Annual mean level of Nitrogen Dioxide (NO2) and Particulate Matter 2.5 (PM2.5)	Healthier North East Better environment	In 2022 Nitrogen Dioxide (NO2) levels at selected sites across the region was approximately 26.8 micrograms per cubic metre. Particulate Matter 2.5 (PM2.5) at selected sites across the region was approximately 7.4 micrograms per cubic metre. *(Automatic Urban and Rural monitoring network and locally managed automatic monitoring sites)*	By making it easier to use sustainable forms of transport with an improved, integrated network, we will improve air quality in our region. This will lead to a better environment and improvements in our people's health, reducing demand on health services.	**Decrease** the annual mean levels of both PM2.5 and NO2

KPI	Strategic themes for transport aligned to	Baseline statistic (Source)	Insight	Aim (direction of travel)
Network performance Percentage of road vehicles using key route network (KRN) travelling above congestion speed.	More inclusive economy Healthier North East Better environment	In 2022 6% of all vehicles across the key route network were recorded travelling below 50% of the free flow speed. *(Inrix traffic data)*	By improving the performance of our network and peak speeds for those who have no other choice but to use roads, we will minimise congestion, reducing both traffic emissions and journey times. In turn, this will improve our regional economy, whilst also creating a healthier North East and better environment for our residents.	**Decrease** the percentage of vehicles using the KRN travelling at less than 50% of free flow speed.
Road safety Number of individuals killed or seriously injured amongst North East Road users reported to police	More inclusive economy Healthier North East Better environment	Between 2020 and 2022 there were on average 642 individuals killed or seriously injured annually amongst all North East road users. *(TADU killed or seriously injured 3 year rolling average)*	By significantly reducing the number of people killed or seriously injured on our roads we will encourage people to increasingly use more sustainable forms of travel, improving our environment and the health of our people, and consequently reducing the economic burden on our healthcare system.	**Significantly decrease** the number of people killed or seriously injured amongst North East road users.

KPI	Strategic themes for transport aligned to	Baseline statistic (Source)	Insight	Aim (direction of travel)
Road safety Number of slight casualties amongst all North East Road users reported to police.	More inclusive economy Healthier North East Better environment	Between 2020 and 2022 there were on average 2,288 slight injuries annually amongst all North East Road users. *(TADU slightly injured 3 year rolling average)*	Again, through significantly reducing those slightly injured and improving safety concerns we will encourage people to use more sustainable forms of transport, making the road network safer for those that need to use it.	**Significantly decrease** the number of slight casualties amongst North East road users.
Uptake in ZEVs Percentage of all licensed vehicles in our region (excluding HGVs) that are ZEV.	Healthier North East Better environment	At the end of 2022 approximately 0.9% of all licensed vehicles (excluding HGVs) were ZEV. *(Department for Transport & Driver, Vehicle and Licensing Agency)*	By increasing the proportion of the vehicle fleet in our region made up of ZEVs we will reduce harmful pollutants associated with traditional combustion engines for journeys that need to be made by car and other vehicles (excluding HGVs).	**Increase** the proportion of licensed vehicles (excluding HGVs) that are ZEVs.

7.3. Monitoring

Monitoring and evaluating our performance against our KPIs effectively will be crucial to understanding if we are on track to successfully delivering this Local Transport Plan. Critically, it will also help us to understand where things may not be going as well as planned. This monitoring and evaluation will take place on a yearly basis and be publicly accessible via our website. This provides a level of accountability, informs whether our strategies and policies are working, and highlights if our KPIs are moving in the desired direction.

By reporting on a yearly basis, it allows us to incorporate annually published datasets, whilst also mitigating against variables that could influence smaller intervals. We will monitor our KPIs by continuing to collaborate and effectively share data with both regional and national organisations.

These include but are not limited to:

- Nexus
- The Transport Accident and Data Unit (TADU)
- Our two Urban Traffic Management Control Centres (UTMCs)
- Transport for the North
- Central Government Sources:
- Department for Transport
- The Department of Business, Energy, and Industrial Strategy
- The Office of National Statistics
- Public Health England
- Government Office for Science
- Public Transport Operators

It is expected that there will be additional opportunities for primary data collection in relation to these KPIs in the future, enhancing our understanding of our progress.

Due to the infancy of the North East CA, any implementation of specific targets for KPIs is likely to become quickly outdated as our region realises its potential as a combined authority. Therefore, it has initially been decided to move forward with directional targets, with the intention to review and potentially introduce more specific targets in the future.

Key insights from this section:

- To understand how successful our proposals have been we have developed 10 Key Performance Indicators that interface with the North East CA vision, commitments, and strategic themes for transport.

- To understand how successful our proposals have been we have developed 10 Key Performance Indicators that interface with the North East CA vision, commitments, and strategic themes for transport.

- We will monitor and evaluate progress towards meeting these KPIs and report on this on a yearly basis.

Appendix (1) List of National, Regional and Local Policies and Strategie

The following sets out an exhaustive list of national, regional, and local policies, strategies and plans that have been taken into account in the development of the North East Local Transport Plan (LTP).

National

The following national transport policies and strategies were considered when developing the draft Local Transport Plan:

- Bus Back Better (DfT, 2021)
- Electric Vehicle (EV) Infrastructure Strategy (DfT, 2022)
- Future of Freight Plan (DfT, 2022)
- Future of Mobility: Urban Strategy (DfT, 2019)
- Future of Transport: Rural Strategy
- Gear Change (DfT, 2020)
- Levelling Up the United Kingdom (Department for Levelling Up, Housing and Communities, 2022)
- Manual for Streets 1 and 2 (DfT / CIHT, 2007 / 2010) (MfS) & forthcoming MfS3 2024
- National Infrastructure Strategy (HM Treasury, 2020)
- Network Management Duty
- Network North (2023)
- Noise Action Plans
- Plan for Drivers (DfT, 2023)
- School Travel Strategy
- Transport Asset Management Plan
- Transport Decarbonisation Plan (DfT, 2021)
- Williams-Shapps Plan for Rail (DfT, 2021)

The following wider national economic, environmental, social, and spatial plans, policies and strategies were also considered:

- Build Back Better (HM Treasury, 2021)
- Children and Young Peoples Plans (CYPP)
- Clean Air Strategy (Defra, 2019)
- Green Infrastructure Framework (Natural England)
- Levelling Up White Paper (Department for Levelling Up, Housing and Communities, 2022)
- National Park Management Plans and AONB Management Plans
- National Planning Policy Framework (NPPF) (Department for Levelling Up, Housing and Communities, 2012)
- UK's Digital Strategy (Department for Digital, Culture, Media & Sport, 2022)
- UK Hydrogen Strategy, (Department for Business, Energy, & Industrial Strategy, 2021)

Regional

The following regional plans, policies and strategies were considered when developing the draft Local Transport Plan:

Pan-regional (Northern England)

- Transport for the North (TfN) Draft Strategic Transport Plan 2 (2024)
- TfN Decarbonisation Strategy and subsequent action plan (2021)
- TfN Freight & Logistics Strategy and subsequent action plan (2022)
- TfN International Connectivity policy position statement (2023)
- TfN Rural Mobility policy position statement (2022)
- TfN Transport Related Social Exclusion in the North of England (2022)

The North East (North East CA Region)

- The 2021 North East Transport Plan and its sub strategies and policies.
- The North East Devolution Deal (28 December 2022).
- Relevant policies and plans from other organisations that have come together through the North East CA:
- Invest North East England (INEE)
- The North East Local Enterprise Partnership (LEP)
- North of Tyne Combined Authority (NTCA)

- The former North East Combined Authority (NECA)
- The North East Combined Authority (North East CA) portfolios and workstreams:
- Culture, Creative and Tourism (Durham County Council)
- Rural and Environment (Northumberland County Council)
- Economy (Newcastle City Council)
- Skills, Education and Inclusion (South Tyneside Council)
- Housing and Land (North Tyneside Council)
- Transport (Gateshead Council)
- Investment (Sunderland City Council)
- Rail policies and strategies from neighbouring authorities outside of the North East LA7 area but part of the North East Rail Management Unit (NERMU) geography (relevant to rail partnerships work).

North East Devolution-driven workstreams
The LTP will also act as an enabler to the following devolution driven workstreams:

- Agreement of a Key Route Network.
- Development of a City Region Sustainable Transport Settlement (CRSTS) Business Case including highways asset maintenance plan.
- Bus reform – the development of bus service delivery options available to the Mayor and Cabinet.

- Development and deliver smart integrated ticketing through CRSTS.
- Delivery of a capital programme using CRSTS.
- Partnerships with Great British Railways, National Highways, Active Travel England and Transport for the North (TfN).
- Development of a strategic infrastructure plan.
- Potential for Bus Service Operators Grant (BSOG) to be devolved to North East CA.
- Delivery of a programme of initiatives to help people to make the right travel choice.
- Active travel workstreams such as:
- The potential for the appointment of an active travel commissioner
- Creating a regional active travel network by binding Local Cycling and Walking Investment Plans (LCWIPs)
- Moving forward with a regional bike hire scheme.
- Creation of Institute of Future Mobility.

Local

The transport strategies and policies of Nexus as outlined below should also be aligned to this Local Transport Plan.

Nexus (Tyne and Wear Passenger Transport Executive) Strategy suite

- Customer Experience Strategy (2021)
- Customer Information Strategy (2020)
- Accessing the Public Transport Network Strategy (2020)
- Ferry Strategy (2023)
- Environment and Sustainability Strategy (2022)
- Shields Ferry Economic Value Final Report (2022)
- Market Research Strategy (2023)
- Economic value of the metro and local rail to the North East (2019)
- Social value of the Tyne and Wear Metro (2023)
- Personal safety and security (refresh underway)
- Tyne and Wear Metro strategy (refresh underway)
- Tyne and Wear Bus strategy (refresh underway)

The LTP also interfaces with Local Authority Rights of Way Improvement Plans (ROWIPs) and Local Cycling and Walking Infrastructure Plans (LCWIPs).

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Contents

Executive summary

The North East Local Transport Plan (LTP) sets out the vision for where we want our transport network to be by 2040. This involves creating a green, integrated transport network that works for all, and acts as the yardstick on which all other networks are judged. This Delivery Plan outlines the steps we plan to take to bring the vision of the LTP to life.

The Delivery Plan builds on strong foundations with substantial local investment delivered to date, the North East has a track record of delivering infrastructure to the highest standards including Metro Flow, the Northumberland Line, an ambitious programme of cycling and walking investment, and a raft of ticketing measures that have delivered widespread benefits to our region.

However, more must be done to realise our vision of making the North East a better place to live, work, visit, and invest. The interventions outlined in the Delivery Plan will help contribute to this vision and the North East Combined Authority's (North East CA) role in improving our economy, skills, health, and environment.

A full pipeline encompassing **327** separate interventions, outlining what we will build, introduce, and change by 2040 to deliver a green, integrated transport network that works for all, is included in Annex A.

However, key priorities that deliver on the commitments of the LTP, the Mayoral Manifesto and Devolution Deal and which will be delivered in timescales aligned to our capital funding settlements are highlighted below:

Delivery by 2027

Subject to funding and powers

Between 2025 and 2027 we will deliver:

- **Expanding and improving our network** - Infrastructure improvements including a new North Shields Ferry landing and a package of maintenance and renewals of the network.

- **Making transport safe for women and girls** - Safety and security improvements on public transport including more Metro gatelines, safer stops and shelters, and an accessibility review.

- **Starting the delivery of the largest electric vehicle charging network in the country** - Expansion of the electric vehicle charging network with home based and key destination and station charging.

- **A joined-up walking and cycling network** - including a new bike and e-bike hire network, active travel hubs, bike parking at key stations and interchanges, and the first phase of active travel network improvements.

- **Improving stations and connecting rail to public transport** - Stations will be upgraded and integrated with the wider public transport and active travel network. The Pop card will be brought to local rail services, and we will investigate bringing stations into public ownership.

- **Setting the standards for green buses** – with new zero emission buses rolled out.

- **Working towards a fully integrated public transport network** – including enhanced and supported fares, ticketing and information including account based and contactless ticketing.

Over this time period we will be actively developing:

- Business cases for taking the Metro to Washington and the Leamside Line

- Bus Reform

- Propositions for 2027 and beyond

Delivery by 2032

Subject to funding and powers

Between 2027 and 2032 we will deliver:

- **Bus reform**

- **Taking the Metro to Washington**

- **Free travel for all under-18s**

- **Expanding and improving our network** - the network will continue to be maintained including critical structures and renewals and re-signalling of the Metro.

- **A joined-up walking and cycling network** – the next phase of active travel investment filling gaps in the network to create a cohesive joined up network.

- **Improved rail and road arteries that we need to power our economy** - including continuing investment in network improvements to facilitate housing growth through local network schemes and working with National Highways to deliver upgrades to the A66, A1 dualling to Ellingham, and junction upgrades on the A19 at Moor Farm/Seaton Burn.

- **The delivery of a fully integrated public transport network** - a comprehensive customer experience approach to make it easy and safe to plan and make journeys, continuing to focus on safety for women and girls on public transport and a programme of public transport station improvements.

- **Setting the standards for green transport** – by decarbonising our public transport network.

Over this time period we will be actively developing:

- River crossing proposals

- Further Metro and rail extensions

- Propositions for 2032 and beyond

Delivery by 2040

Subject to funding and powers

Between 2032 and 2040 we will deliver:

- **Improved rail and road arteries we need to power our economy** - including rail, Metro and road enhancements, upgrades to the East Coast Main Line, working with Government to deliver Northern Powerhouse Rail in full, structural renewals and new river crossings.

- **The best connected and greenest network** – a decarbonised public transport network with network enhancements and new routes delivering patronage enhancements.

- **The delivery of a fully integrated public transport network** - transport and digital tools rolled out to improve service quality and new and improved rail and Metro stations.

Over this time period we will be actively developing:

- Propositions for 2040 and beyond including embracing new technology innovations and the way people utilise the transport network.

The sum total of the pipeline of interventions included within the Delivery Plan indicatively stands at **£8.66 billion**, in order to deliver on the scale of this ambition, the Delivery Plan is supported by a funding programme that includes substantial capital funding secured through our Devolution Deal and the opportunity to lever further investment from both the Government and crucially, the private sector.

We will also need to work closely with executive agencies and non-departmental Government bodies such as Network Rail (NR), National Highways (NH), and Active Travel England (ATE) to influence funding decisions within our region. We will be actively engaged in discussions to secure further integrated and devolved funding and we look forward to working in partnership with the Government on this.

Capital investment will allow us to deliver significant improvements to the network through physical interventions, but this alone will not be sufficient to deliver the scale of change that is needed. As a result, we will also be leveraging the strategic powers afforded to the region through Devolution. Making the case for brining buses back into public control is perhaps the standout example of this, but we will also look to reform our railways and work in deeper partnership with Government to expand the range of powers available to the region.

The North East has come a long way since we published our first LTP in 2021. Through Devolution we now have a viable funding programme and the right delivery mechanisms for bringing forward the pipeline of interventions included within the Delivery Plan, realising the ambition of delivering a green, integrated transport network that works for all.

Section 1:
About the Delivery Plan

The Delivery Plan sets out what we as a region and our partners will build, introduce, and change by 2040 to deliver a green, integrated transport network that works for all. It has been developed in collaboration with our seven constituent local authorities to ensure that transport investments are joined up and support wider development and growth ambitions, providing a coordinated approach towards transport investment.

The Delivery Plan reflects on the challenges and opportunities within the region highlighting the investments, powers, and further reforms that are needed to deliver our priorities in the short, medium, and long-term. It covers the breadth of activity that the North East CA and our partners can take, and therefore does not narrowly focus on capital interventions, but considers new methods of delivery, powers, and policies, including an exploration of the powers made available to the Mayor and North East CA through our Devolution Deal.

The Delivery Plan will be maintained as a live document, which will evolve over time as delivery is progressed, schemes develop, and new funding priorities are identified and explored. We are committed to reviewing and reporting on progress, as such we will publish regular reports tracking the progress of the development and delivery of interventions contained within the Delivery Plan.

A full pipeline of the interventions identified in the Delivery Plan is provided at Annex A. The Delivery Plan has been prepared alongside the North East Local Transport Plan. To read the North East Local Transport Plan please visit: *Transport (northeast-ca.gov.uk)*. A glossary of key terms is provided in Annex B. A full list of references is available in the region's evidence log.

Section 2:
Introduction

The North East Local Transport Plan (LTP) is the statutory transport plan for the seven local authorities in North East England: County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside, and Sunderland brought together under the North East Combined Authority (North East CA).

The LTP details the region's transport priorities up to the year 2040, outlining the ambition to deliver a green, integrated transport network that works for all. The Delivery Plan supports the LTP by identifying the specific interventions that could be delivered to achieve the strategic vision set out within the LTP.

The Delivery Plan also supports the plans of the seven local authorities in the North East from a place-making perspective by ensuring that a well-integrated and reliable transport network links pleasant places to live with a wide range of employment opportunities.

An increase in greener journeys, delivered and supported through the interventions included within the Delivery Plan, will help our region meet its challenges head on, providing sustainable, integrated links between communities, services, and opportunities, paving the way for growth and further inward investment. In this way the interventions included within the Delivery Plan are guided by and will contribute towards the North East CA's role in improving our health, environment, skills, and economy.

This section sets out, the policy drivers that have shaped the interventions contained within the Delivery Plan, in addition to highlighting the challenges and opportunities that the LTP and the interventions included within the Delivery Plan pipeline seek to meet.

Policy drivers

The Devolution Deal has provided access to a new multi-year financial settlement for transport which is devolved to our region. We have therefore structured the interventions in the Delivery Plan into time periods that are aligned with our capital funding settlements with interventions for delivery by 2027, between 2027 and 2032, and from 2032 through to 2040.

Delivery of the interventions contained within the Delivery Plan will be enabled by the suite of funding, powers, and partnerships available to the region following the signing of the Devolution Deal, including:

- Devolved funding
- Bus franchising powers
- The establishment of a highways Key Route Network (KRN)
- Partnerships with National Highways (NH), Great British Railways (GBR), and | Active Travel England (ATE)

Over the coming years, our region intends to build on this foundation by securing further funding and powers to develop a fully integrated transport network. Using the LTP as a guide, the North East will seek:

- Accelerated delivery of existing projects
- Further strategic powers (railways and highways)
- Surety of funding (Revenue and maintenance grants)
- Funding and delivery of major projects (such as Metro re-signalling, the Leamside Line and taking the Metro to Washington)

The creation of a fully integrated transport network bringing roads, Metro, rail, bus, the Shields Ferry, and active travel (walking, wheeling, and cycling) under a cohesive identity, is the focal policy objective of the LTP.

Delivery of an enhanced integrated network also includes consideration of access, availability, quality, safety especially for women and girls, and the affordability of transport. These are factors that the LTP establishes as critical to successfully supporting and enabling people to make more sustainable journeys. Helping people to make greener journeys will be one of the most significant ways of ensuring transport can support the North East CA vision and commitments.

North East CA vision and commitments

Transport has a significant role to play in helping the North East realise its potential, the LTP has been developed taking into account the role that transport plays in the delivery of the North East CA's vision and the cross-cutting approach that is required to do so. The North East CA vision and commitments are outlined below:

North East CA vision: Our purpose is to champion the full potential of our region.

Collaborating with our partners and local authorities, we'll create a better way of life by connecting communities, giving people the skills to succeed, and improving wellbeing for all, so that the North East is recognised as an outstanding place to live, work, visit, and invest.

North East CA commitments:

- A fairer North East - We'll help people thrive with aspirational jobs, new skills, and better homes, improving quality of life for everyone. We'll create confidence in the North East by reducing inequalities and improving health.
- A greener North East - We'll take inspiration from our industrial heritage and unique mix of urban areas, countryside, coastline, and rivers, to nurture our natural resources - creating green jobs, sustainable industry, and clean energy.
- A connected North East - We'll get behind businesses so they can improve productivity and connectivity. With better local transport networks and digital infrastructures, the North East will have a global reach, becoming the go-to place for innovative ideas and real-world results.
- An international North East - Building on our economic strength, and championing our heritage, culture, arts, and sports, we'll drive the region's ambition to continually attract visitors and investment.
- A successful North East - Together, we'll speak with one voice, and define our own future, cultivating the talent, skills and innovation that will help grow our existing economy, becoming green industry leaders and a cultural destination - making the North East one of the best places to live, work, and invest.

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Strategic themes for transport

The interventions included within the Delivery Plan will act as an enabler to delivering the North East CA vision and meet all five commitments. However, the LTP has identified three cross-cutting strategic themes for transport which underpin the delivery of the North East CA vision and commitments:

A more inclusive economy	The LTP will enable inclusive economic growth across the North East, helping to attract investment, boost job creation, and overcome inequality by enabling access to opportunity.
A better environment	The LTP will help to protect our environment and tackle climate change by providing an attractive, seamless, and sustainable transport network for people and freight across our region.
A healthier North East	The LTP will help achieve better health outcomes for people in our region by encouraging active and sustainable travel and facilitating better transport access to healthcare and social networks.

Table 1: Strategic themes for transport

The Delivery Plan supports the LTP by testing the commitments and the interventions contained within the LTP and Delivery Plan against the strategic themes for transport, to ensure we are pursuing the right interventions, and that transport investment contributes towards the North East CA's role in improving our economy, skills, health, and environment.

Areas of focus

The LTP acknowledges there are several challenges which face the North East, including:

- Car and van journeys made up 58% of all journeys made in 2022 and car ownership in the North East is increasing.
- Public transport use is falling over the long-term. Since 2014, bus and Metro passenger journeys per head and vehicle miles have both decreased.
- 31% of residents in the North East (622,000 people) are at risk of transport related social exclusion (TRSE).
- A range of transport issues has led to a contrast between rural isolation in our more remote areas and poor air quality and congestion in parts of our cities.
- Commuting to workplaces is dominated by car travel, so congestion is a significant issue on our roads, which affects public transport access and attractiveness, reduces productivity, and increases inactivity and vehicle emissions.

- Transport contributes a significant proportion of carbon emissions. Approximately 97% of transport generated greenhouse gas emissions in our region are from roads, with A-roads being the greatest contributor.
- Only 38% of journeys to school are made by active travel, the second lowest region in England.

The LTP explains that the means of overcoming these challenges is through the provision of an integrated network that enables seamless transition between different forms of transport as part of the same journey, improving connectivity within the region, with other parts of the UK, and internationally. Helping to deliver a better performing, successful, and prosperous regional economy and closing the gap with other parts of England.

Whilst we have the initial makings of an integrated network in the North East, having implemented various measures including integrated ticketing and infrastructure improvements, there are still several challenges that people face when travelling around the region. These challenges have been broken down into five key areas of focus within the LTP.

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1. Planning journeys, informing users, and supporting customers

- There is no single place that provides all transport information and customers have to use different websites or apps to find information.
- Wayfinding information on how customers can make joined up journeys and/or switch transport type can be poor.

3. Reach and resilience of infrastructure

- There are still significant gaps in our transport network.
- Some types of sustainable transport don't reach all places, particularly our remote rural areas.
- There are several areas where resilience issues have a knock-on impact on passengers including disruption, delays, and congestion. Resilience refers to the ability of our transport infrastructure to withstand and effectively deal with problems such as congestion, faults, and severe weather events.

5. Connections between different transport types

- In some areas there is a lack of supporting infrastructure, such as bike storage, to help people make journeys using multiple types of transport. From a freight perspective, there is a lack of facilities that allow freight to be shifted from one type of transport to another.
- Timetables and service patterns often do not match up which can make it difficult to use multiple types of transport for a journey.

2. Ticketing and fares

- There are several types of tickets available for different transport options and different operators. limited amounts of tickets are available that allow travel acrossmultiple types of transport ordifferent operators.
- Smart ticketing is not used all of the time.
- There are not many price caps in place that limit the amount customers spend on their daily travel.

4. Safety, especially of women and girls, and other improvements in service quality

- Perceptions of public transport service quality tend to be quite low, particularly regarding their punctuality and reliability.
- Actual and perceived safety concerns that need to be addressed to increase confidence and ensure that everyone is safe whilst travelling on the network.
- Transport options do not always match up to people's lifestyles, for example the need to travel in the early morning, late evening, and on weekends.

Figure 1: Local Transport Plan Key Commitments

The LTP strives to deliver against these five key areas of focus, as such the interventions included within the Delivery Plan pipeline have been shaped to meet the challenges outlined in the five areas of focus, forming a package of investment that will help realise a truly integrated network.

To ensure that there is strategic alignment between the LTP, the Delivery Plan, the five areas of focus and the North East CA commitments, a policy mapping exercise has been undertaken, and is provided at Annex C. This mapping exercise demonstrates a positive policy alignment between the LTP and the North East CA commitments. This exercise will be revisited in subsequent sections to further demonstrate that the interventions included within the Delivery Plan maintain policy alignment and deliver against the five areas of focus and the North East CA policy commitments

Summary

Overall, this section has set out the guiding policy drivers that have helped to shape the interventions included within the Delivery Plan. This includes, the North East CA vision and commitments, the strategic themes for transport, and the five key areas of focus.

The challenges facing the region which the LTP identifies have been highlighted, and have also informed the interventions included within the Delivery Plan. Subsequent sections of the Delivery Plan will establish an assessment framework to ensure that the strategic benefits of interventions contained within the Delivery Plan are consistent and appropriate, help the region meet its challenges, and contribute towards enabling the delivery of an integrated transport network.

Section 3: Translating policy and practice into action

Scope

The Delivery Plan covers the breadth of activity that the North East CA and our partners can take, and therefore does not narrowly focus on capital interventions, but considers new methods of delivery, powers, and policies. The Delivery Plan includes interventions that can be delivered by our constituent local authorities, Nexus, and national infrastructure providers such as Network Rail and National Highways, in the period through to 2040.

The Delivery Plan pipeline contains interventions that cover:

- **New physical interventions (infrastructure delivery)**
- **Service improvement (enhanced frequencies, integrating with maintenance)**
- **Regulation (land use, vehicle type, financial, planning policy)**
- **Promotion and sharing information (marketing, data sharing, workplace engagement)**
- **Innovation development (planning for the future, trialling ideas, working with new organisations across the North East).**

However, operational detail and decisions relating to public transport timetables, routes or specific services is excluded from the scope of the Delivery Plan. Further detail, relating to the scope of the LTP is provided at _Transport (northeast-ca.gov.uk)_

Overview and methodology

The Delivery Plan is supported by a pipeline of interventions which collectively realise the ambition set out in the LTP, this pipeline is provided at Annex A. Each intervention included within the pipeline is developed to a consistent minimum level of detail through completed proformas, hereafter referred to as forms. The forms cover the seven core sections listed below:

- **Section 1: Scheme details**
- **Section 2: Scheme rationale and options**
- **Section 3: Scheme and Local Transport Plan strategic themes**
- **Section 4: Risks and development**
- **Section 5: Funding and costs**
- **Section 6: Powers, consents, and stakeholder views**
- **Section 7: Milestones and monitoring.**

Forms are held centrally and are updated on a regular basis, taking account the progression of scheme development and to ensure the pipeline of interventions remains alive to opportunities including funding bids and programme assembly activities.

Forms were updated by scheme promoters in the preparation of the Delivery Plan in Spring 2024. It is anticipated that the pipeline of interventions contained within the Delivery Plan will grow and develop over time with iteration, as will the forms that underpin the pipeline.

The strategic themes for transport (a healthier North East, a more inclusive economy, and a better environment) are set out in Section 3 of the form and use a mixed qualitative and quantitative approach to demonstrate how schemes address the ambition of the LTP and support the North East CA commitments, as well as wider local authority objectives.

Section 5 of the form which covers funding and costs provides a cost base from Quarter 1 2024 and is reflective of the latest position of interventions, for example, including appropriate levels of risk and contingency.

The milestones and monitoring included in Section 7 of the form enables the intervention to be updated to ensure we reflect realistic delivery proposals.

The North East CA Single Assurance Framework available at _Governance (northeast-ca.gov. uk)_ governs the development, approval, and delivery of the pipeline of interventions.

Future proofing

Whilst the pipeline of interventions included within the Delivery Plan is intended to be delivered by 2040, the effects and benefits of interventions will endure into the future. Interventions within the pipeline have been conceived based on the current understanding of transport demands and challenges, including how these factors may develop over future years as the economy of the region grows and new developments are delivered.

With the absence of an analytical framework including a regional transport model, the Delivery Plan has utilised the travel scenarios set out in the Transport for the North (TfN) Strategic Transport Plan 2024, to test proposed interventions for inclusion within the Delivery Plan and the strategic objectives of the LTP including the five key areas of focus.

TfN's scenarios align to the _Office for Science Futures Toolkit_ and are provided in the _TFN Future Scenarios Report_. As emerging future scenarios work develops, the Delivery Plan will be updated to ensure local alignment. The scenarios are set out below:

Just about managing

This scenario sees a state of inertia, although this should not be taken as neutral. It sees a future where people do not alter their behaviours much from today, or give up certain luxuries, although there is a gradual continued trend towards virtual interaction. Economic growth continues at a moderate rate, but it is largely consumption-led and unequal, lacking agility and vulnerable to shocks. This scenario is led by markets, without much increase in political direction, with its biggest driver being economic.

Digitally distributed

This scenario sees a future where digital and technological advances accelerate, transforming how we work, travel, and live. In general, we embrace these technological changes and the move towards a distributed, service-based transport system. Long-term climate change targets are met, but there is slow progress in the short-term due to a general preference for individualised mobility over traditional public transport. This scenario is led by technology, with the biggest drivers being technical advances and a willingness to embrace mobility-as-a-service and shared mobility in the long-term.

Prioritised places

This scenario sees a significant shift in political and economic direction to ensure that no place is left behind. Every area, including cities, towns, rural, and coastal areas, has a bespoke local economic strategy, supported by investment in local assets, specialisms, and economic and social infrastructure. Community, localism and place-making across the North is applied to build a sense of local identity to improve local economies. There is a focus on work-life balance and social equity within and between places. This scenario is led by a change in priorities, with its biggest driver being the push for a fairer redistribution of economic prosperity.

Urban zero carbon

This scenario sees a significant shift in public attitudes towards action on climate change, and a strong national Government response to meet it. There is a boost to economic productivity to levels consistent with the Northern Powerhouse Independent Economic Review, primarily through a combination of urban agglomeration and place-making. Transport users demand and embrace publicly available transit and active travel options, as there is a blurring of the line between 'public' and 'private' with increasing shared mobility systems online. This scenario is led by attitudes to climate action and urban place-making, with the biggest drivers being strong Government policy and trends of urban densification.

Table 3: TfN future travel scenarios

These scenarios will also apply to the decarbonisation assessment that will be applied to the Delivery Plan through the Integrated Sustainability Appraisal (ISA).

It is important to question the need and rationale for investment in the interventions included within the Delivery Plan on an ongoing basis. In establishing a flexible pipeline, we can be responsive to change, recognise uncertainty, and respond to emerging trends. A qualitative matrix has been established to initially test the strategic objectives of the LTP within the five key areas of focus, against the future travel scenarios using a policy 'Stress Test' as defined the UK Government's Futures Toolkit. The results are included in Annex C.

The analysis shows a general alignment to all future scenarios with a limited number of suggested modifications under certain scenarios. As there is no preferred scenario, there is a general conclusion that the LTP can withstand a variety of future trend changes. As the policy foundation is considered to be sound, interventions included within the delivery plan that deliver against the objectives of the LTP are therefore also considered to be sound. However, throughout the development of propositions, we will test how an individual intervention or collection of interventions performs against future travel scenarios.

Rural and coastal proofing

The North East has a larger proportion of residents living in rural areas than the rest of England. The region also has a particularly high percentage of people living in rural towns and fringe areas. This often results in acute challenges such as a lack of connectivity, engagement, productivity, and poorer health outcomes. It is important to recognise and consider the differing demands spatially of both the LTP and the Delivery Plan acknowledging that in some communities the car will be the preferred option for making a journey.

The Delivery Plan has been built collaboratively with local authorities in rural and coastal areas to ensure those needs are properly articulated in the pipeline of interventions. The Delivery Plan therefore acknowledges that operating high frequency public transport operations is more restricted in rural areas, the relative distance between communities can result in implementation challenges, and the ability to make the case for investment using traditional cost benefit analysis can also be limited.

As such the Delivery Plan focuses on providing appropriate solutions to ensure rural and coastal communities are connected and integrated via the most sustainable means possible. We have assessed the interventions included within the Delivery Plan through the technical Integrated Sustainability Appraisal.

Summary

This section has outlined the scope of the Delivery Plan, outlined the methodology for how Delivery Plan pipeline interventions are captured and maintained over time, and considered future proofing and rural proofing to ensure that the Delivery Plan pipeline and interventions within remain robust.

Section 4: Identifying and testing initiatives

Long listing identification methodology

The North East has a long-standing transport pipeline, which is kept updated as a live document and details all transport interventions across the region. The pipeline underwent a full refresh in Spring 2024 in light of the production of the LTP, in line with emerging transport plan guidance, and with the inclusion of additional data, to allow for the assessment of interventions before inclusion within the Delivery Plan.

As noted in Section 3, each intervention included within the pipeline has its own form which captures high-level details including: proposed deliverables, costs, timescales for delivery, risks, an economic assessment, and a preferred do-minimum and do-maximum scheme option.

The template form was updated ahead of the targeted engagement which took place in Spring 2024, to reflect emerging guidance and incorporate new fields collecting additional information, such as whether a carbon assessment has been undertaken, in addition to outlining how the scheme positively contributes towards social value, health, and inequalities. Partially pre-populated forms were issued to scheme promoters across the region ahead of Spring 2024, to allow for any gaps to be completed and for any new interventions to be identified for inclusion in the Delivery Plan pipeline.

The information provided in the forms has been used to assess the suitability of interventions before their inclusion within the Delivery Plan. Acting as a first stage sift, to establish a long list of eligible interventions, the approach has provided us with the confidence that the initiatives included within the Delivery Plan are deliverable within the timeframe of the LTP.

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Options appraisal

Following the long-listing process outlined above, an options appraisal process was developed to assess interventions and whether they were appropriate for inclusion within the Delivery Plan. It is not proposed at this stage to filter any interventions out unless the proposals are:

- Undeliverable within the 2040 timeframe of the Delivery Plan.

- Do not contribute towards delivering the overall vision of the LTP.

- Do not meet the North East CA commitments.

Any interventions which are sifted out on this basis will remain in the wider pipeline until such a time that they become suitable for inclusion within a programme for delivery.

An appraisal matrix has been developed which incorporates both the objectives of the LTP, the deliverability and affordability of the intervention, and the wider requirements as set out in Government guidance, such as carbon reduction and contribution towards social value, health, and inequalities. This matrix is available in Annex D.

The matrix also considers key factors such as the overall deliverability of the intervention and any potential associated risks, including whether an intervention is particularly novel or contentious, to ensure that any intervention included within the Delivery Plan and pipeline is ultimately deliverable, the matrix is provided at

Annex A

In summary, the scoring matrix assess how an intervention performs against the strategic themes for transport, outlined in Section 2:

- A healthier North East

- A better Environment

- A more inclusive economy

With further assessment taking into account intervention specific criteria, including:

- Deliverability within the timeframe of the LTP (2040)

- Delivery risk

- Improving transport for the user

- Affordability

- Value for money

- Carbon reduction

Some criteria will involve a level of subjectivity, whereas others such as value for money will be based on assessments conducted to date. The test is that any element of subjectivity is reasonable in nature, which is validated through consultation with partners.

The scoring matrix is not used to prioritise the interventions contained within the Delivery Plan, instead the scoring has been utilised to ensure that each intervention has an overall positive impact when considering the criteria set out above.

As the pipeline is a live document it will be refreshed on a regular basis, the appraisal matrix will be applied to any new intervention that is brought forward for inclusion within the Delivery Plan, or where there are fundamental changes to an intervention already contained within the Delivery Plan, to ensure that it remains appropriate for inclusion.

Summary

This section has provided an overview of the methodology utilised to identify the longlist of interventions included within the Delivery Plan, including how new information is captured, and how the region's pipeline of interventions is refreshed and kept as a live document.

The section also introduced an appraisal matrix, scoring criteria, and described the process for assessing the interventions included within the Delivery Plan.

Section 5:
Summary of Delivery Plan pipeline

Packages of interventions

Interventions within the Delivery Plan are at various stages of development, which is reflective of the testing which has been applied to proposals. Led by the five key areas of focus identified in the LTP, packages of interventions have been devised and are set out in the following table.

Planning journeys / informing users / supporting customers	Representing information, navigation of the network, design, and operational project s.
Ticketing and fares	Targeting simplicity in the customer offer around fares and ticketing that represent the best value for money.
Reach and resilience of infrastructure	Delivering vital upgrades to maintain the integrity of the network and connections that bring people closer to opportunities.
Safety, especially of women and girls, and other improvements in service quality	Targeting transport operations and the way people interact with the network including the safety of it.
Connections between different transport types	Delivering focused approaches around connecting transport options together in a seamless way.

Table 4: Intervention packages

As demonstrated in Section 4, we have assessed the performance of each intervention against the objectives of the North East CA and the objectives of the LTP and determined that individually and collectively the interventions contained within the Delivery Plan elicit an overall positive impact.

In total, there are 327 separate interventions included within the Delivery Plan, which are all aligned to one of the packages identified above. Whilst most interventions fall into the reach and resilience of infrastructure category, this category provides the onward platform for a smaller number of highly impactful propositions around ticketing/fares, planning/information, safety, especially of women and girls and service quality and connectivity.
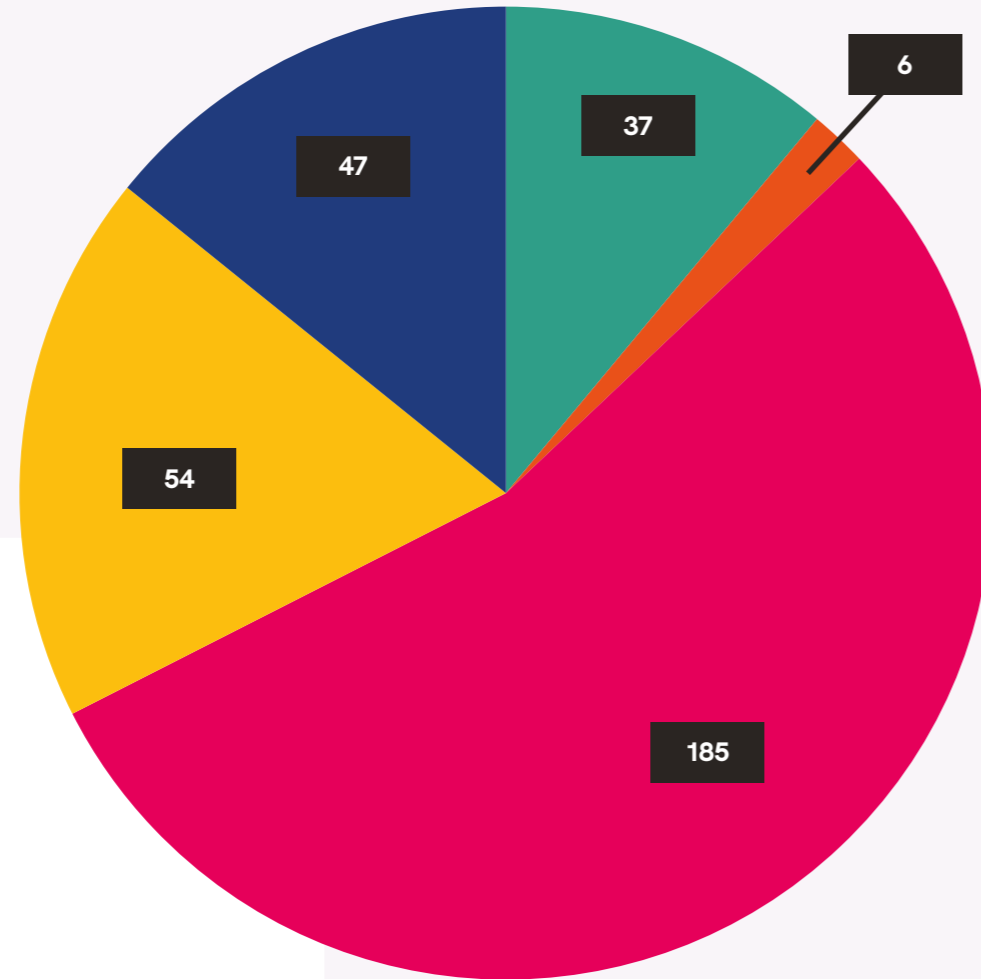
- Planning journeys / Informing users / Supporting customers
- Ticketing and fares
- Reach and resilience of infrastructure
- Safety, especially of women and girls, and other improvements in service quality
- Connections between different transport types

Figure 2: Projects per integration focus area

Delivery timeframe

Interventions will be delivered across the duration of the plan period to 2040, however, we have aligned interventions to delivery periods which reflect our capital funding settlement delivery periods.

- 2025-2027
- 2028-2032
- 2033-2040

Over the lifetime of the Delivery Plan, circa **£8.460 billion is required** to deliver the Plan in full, this covers revenue and capital propositions as well as interventions that do not require any immediate funding.

Summary of Delivery Plan

A summary of the interventions included within the Delivery Plan, including the strategic benefits that these interventions will deliver cast against the five areas of focus of the LTP are outlined in the following sections.
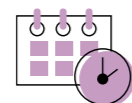
Planning journeys / informing users / supporting customers.

Within this area of focus the following will be delivered:

From 2027 people will be able to easily access journey planning tools and technologies which offer consistent and clear information about journey options, times, and prices. Online website content is being targeted first with real time passenger information feeds from the bus and metro network integrating, in order to provide consistent data flows.

People will be informed about how their journey is progressing, and each step will be simple to navigate, improving the customer experience. Our Urban Traffic Management and Control centre will use its feeds to deliver informed messaging to the public.

As people navigate the network, signage will be maintained and will be easy to follow and technological prompts will be available, and provision will continue to evolve and improve in the years up to 2040. The network will have consistent and cohesive branding such as colour schemes, signage, standards, and quality of service, so that there is a clear 'look and feel' of the network on routes, stops, and stations. Consistent and cohesive branding will also apply to any websites and associated apps.

Customer experience and engagement activities will ensure people can relate and interface with transport operations at times that are convenient.

We will invest in schemes that support the use of active travel and public transport networks with campaigns, training, and safety schemes, ensuring the information and skills are available to all.

Example interventions from the pipeline that will achieve this change include:

By 2027:

- Active Travel Champion
- Bus information and network identity
- Accessibility Forum
- EV Partnership Steering Group
- Workplace Sustainable Travel Programme

By 2032:

- Bus Reform
- Enhancing Public Transport passenger information
- Sustainable School travel projects including School Streets Programme

Ticketing and fares

Within this area of focus the following will be delivered:

Integrated ticketing and fares will be available across all modes of local public transport within the region, delivering seamless travel. Fare capping across contactless payment methods and the Pop card will encourage use, bringing together systems.

We will collaborate with national operators to ease integration at our regional, national, and international gateways.

We will have one eye on the future to deliver integration of payments with wider transport services such as zero emission vehicle charging, National Parking Platform, Park and Ride, car clubs, and cycle and e-scooter hire, enabling people to plan and pay for their entire door to door journey through a seamless platform, this is known as 'Mobility as a Service'.

Example interventions from the pipeline that will achieve this change include:

By 2027:

- Comprehensive ticketing and information package - including single smart transport payment system
- Realtime mapping and information package
- Integrated ticketing initiatives
- Subsidised fares
- New payment technologies for Metro and contactless on Metro

Reach and resilience of infrastructure.

Within this area of focus the following will be delivered:

Continued investment in physical infrastructure that connects communities and enables high quality safe and accessible transport means. As our focus is on integration our interventions are built around strong network planning principles ensuring cohesiveness in approaches and linking people to opportunities.

Investment in expanding Active Travel networks, this is exemplified in the emerging City Region Sustainable Transport Settlement and our work with Active Travel England in delivering high quality well designed inclusive infrastructure that encourages sustainable choices. This is for all journeys that are made through walking, wheeling, or cycling.

Ensuring that Metro, rail, and bus stations are connected into their local areas and that those services reach out into new areas, with plans to expand the Metro and rail network first starting with bringing the Metro to Washington and the Northumberland line and working with Government on areas of national importance including the Leamside line.

Our network needs to be well maintained, building on regional strategy documents including the Transport Asset Management Plan, and the Rail and Metro Strategy, we will target funding to maintain the network including renewing essential structures and planning proactively for the impacts of climate change to deliver a more resilient network.

Our highways will be managed in a way that provides the best possible improvements for all users within the resources that are available. Prioritising safety enhancements, regular maintenance for all users, including people and freight, improving the resilience of roads.

We will target and invest in our highway network to address critical issues around safety, network performance and economic opportunities. Through partnerships with Great British Railways and National Highways we will secure investment in vital national infrastructure improvements. Our network should be one that enables economic growth in a sustainable way.
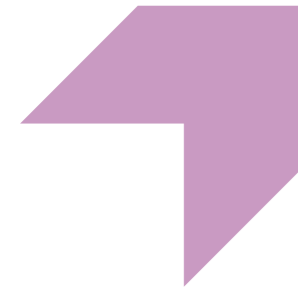
Example interventions from the pipeline that will achieve this change include:

By 2027:

- North Shields Ferry Landing
- Enhanced transport maintenance package
- Delivering on gaps in the EV network
- Residential EV charging
- North East active travel network phase 1
- Bringing the Metro to Washington Business Case
- The Leamside Line Business Case
- Decarbonising Public Transport including new green fleet phase 1

By 2032:

- Bus Reform
- Bringing the Metro to Washington
- Metro essential renewals
- Tyne and Wear Metro Re-Signalling
- Improved rail and road arteries that we need to power our economy
- Delivering improved all user connections to Blyth

- A194 White Mare Pool
- North East active travel network phase 2
- Film studio enabling infrastructure
- Reopening of Ferryhill Station and Stillington Line to passenger services to Teesside
- Working with National Highways to deliver upgrades to the A66, A1 dualling to Ellingham and junction upgrades on the A19 at Moor Farm / Seaton Burn
- Decarbonising public transport including new green fleet phase 2

By 2040:

- Metro and local rail enhancements phase 2
- Investigating a new strategic river crossing
- New Metro stations

Safety, especially of women and girls, and other improvements in service quality

within this area of focus the following will be delivered:

People's safety will be central to the network, with a particular focus on the safety of women and girls and other vulnerable groups. Drivers and other front-line staff will be trained / deployed to ensure that everyone feels welcome and safe at stations and on services, strengthening confidence in the network.

Everyone should feel safe when waiting at interchanges, stations, and bus stops, and when travelling on public transport. The specific safety needs of women and girls, and other vulnerable groups, will be taken into account when designing safety features on the network.

People will be able to report concerns and have the confidence that these will be dealt with promptly.

We will continue to improve service quality through charters and partnerships with providers. More staff will be available at stations, and stops will be upgraded to drive up standards of safety and accessibility with adequate lighting and natural surveillance. Opportunities to walk, wheel, and cycle will be built into our environment with access to secure parking and clear wayfinding.

Our interventions will allow us to improve punctuality through physical measures and influence timetabling and information to enable reliability at a time where people need it.

We will enable people access to zero emission technologies through a targeted approach to electric vehicle roll out and investigating other technologies.

Example interventions from the pipeline that will achieve this change include:

By 2027:

- Metro gatelines upgrades/ improvements
- Accessibility audits and training
- Safety and security for women and girls on public transport
- Bus infrastructure measures: stops and stations
- Safety and security on public transport

By 2032:

- Safety and security for women and girls on public transport
- Railway assets review and operating models
- Small Metro station upgrades systemwide

By 2040:

- Timetabling amendments introducing earlier and later local rail services systemwide
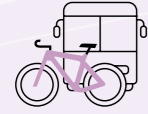
Connections between different transport types

Within this area of focus the following will be delivered:

Through integrated network planning our interventions will allow us to look at not just the operation and physical links of transport networks but also people's perceptions of the network.

We will use information to drive perceptions of the network and engage in the planning and design of interventions. We will work closely with planning departments to deliver high quality options to new developments. We will encourage park and ride use through expanding the offer in the region. We will support tourism with opportunities to arrive at the region's hotspots by sustainable means including the use of coaches and work to integrate taxi services into interchanges.

Mobility Hubs and mobility as a service will feature to ensure people have ready access to facilities and we have the opportunity to work on bike share and loan schemes to encourage further access and uptake.

Example interventions from the pipeline that will achieve this change include:

By 2027:

- Bike and e-bike hire
- Mobility hubs
- Connected stations including cycling parking and EV
- Customer experience strategy

By 2032:

- Cycle parking and hubs
- Demand responsive micromobility transport trials
- Connected stations – including digitally

By 2040:

- Regional autonomous vehicles testbed
- Ferry - Royal Quays Landing study

Summary of impacts, health, equality, rurality, habitats, and emissions

The integrated Sustainability Appraisal is being concluded in October 2024 its findings will be summarised here.

Summary

The Delivery Plan is focused on integrating transport modes and will be delivered in stages building on previous activity. This section has outlined, in summary, what the interventions included in the Delivery Plan will achieve set against the LTPs five key areas of focus, and highlighted at a high level the interventions that will help to achieve the objectives of the LTP. The full Delivery Plan pipeline is provided at **Annex A.**

Section 6: How will we fund investments.

Funding requirements

At present, the totality of investment required to realise the Delivery Plan in full stands at **£8.46 billion.**

The cost of interventions included within the Delivery Plan will vary with refinement and development over the lifetime of the Delivery Plan and LTP. This will be monitored and refreshed in line with Section 8 – Reporting and refreshing.

Delivery methodology

The Delivery Plan and LTP covers the breadth of activity that the North East CA and our partners can take, and therefore interventions included within the Delivery Plan do not narrowly focus on capital interventions, but also consider new methods of delivery, powers, and policies.

However, the funding requirements of the Delivery Plan span both capital and revenue funding on the basis that:

- Revenue support is required to: operate, maintain, subsidise, and incentivise the use of transport services, grow delivery capacity, and develop capital interventions.
- Capital support is required to: provide long term investment in new assets such as physical infrastructure to grow and improve our network.

Alongside direct funding, the Delivery Plan and LTP will be delivered by leveraging the strategic powers afforded to the region through Devolution and working in deeper partnership with Government to expand this range of powers.

Funding regime

Competitive funding

The North East CA has secured substantial funds via competitive bidding to deliver interventions included within the Delivery Plan. Approximately £344 million of funding has already been secured and is actively being utilised to deliver interventions, including:

- Active Travel Funding: Delivery of new active travel infrastructure across the region inclusive of capability funding to design schemes and undertake engagement and training activities.

- Bus Service Improvement Plan Funding: Funding to invest in the bus network, from new services, fares offers and measures to improve the punctuality and reliability of bus services.

- Zero Emission, Levelling up, and Local Electric Vehicle Funding: Funding to deliver electric vehicle charging and zero emissions buses as part of our commitment towards a greener North East.

- ■ Active Travel Fund Tranche 2
- ■ Active Travel Fund Tranche 3
- ■ Active Travel Fund Tranche 4
- ■ Active Travel Fund Tranche 4E
- ■ Bus Service Improvement Plan Capital
- ■ Bus Service Improvement Plan Revenue
- ■ Bus Service Improvement Plan Additional (2034-2025)
- ■ Zero Emission Bus Regional Areas 2
- ■ Levelling up Fund - Decarbonising Transport
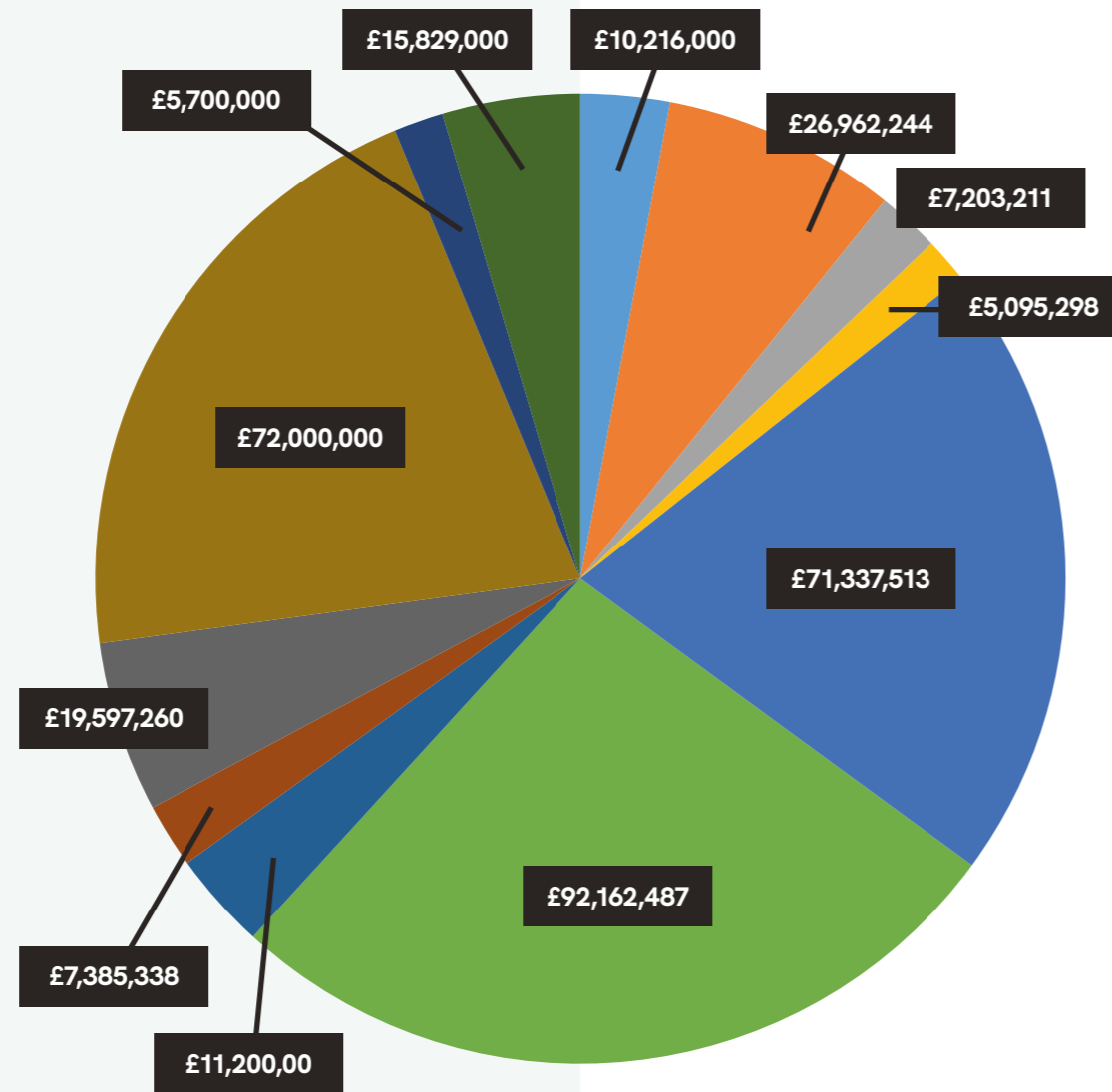
Figure 3: Competitive funds up to 2027

City Region Sustainable Transport Settlement

Further to secured funding via competitive means the North East CA has access to further substantial funding through the devolved funding central Government has made available for sustainable transport investment, in the form of the City Region Sustainable Transport Settlement (CRSTS). This includes:

- A first CRSTS settlement totalling **£563 million** of capital funds over 2024- 2027.

- Local Transport Funding for investment in County Durham totalling **£72.8 million** over 2025-2027.

- A CRSTS revenue grant of **£11.36 million** to support capital delivery.

- A second CRSTS settlement which indicatively stands at **£1.85 billion** over the period 2028 - 2032 inclusive of capital and revenue funds.

Further to the above funding provided by CRSTS, through the Deeper Devolution Deal, Government have committed to moving the region towards a single funding settlement for transport. At a minimum there is an expectation that the funding associated with a single settlement would exceed the second CRSTS settlement in scale. We believe this to be a proportional and affordable share of national transport funding which should be allocated to our region from Government in the period from 2032 to 2040.

Investment fund

Through the Devolution Deal, the North East CA have greater control over funding across the region, including more than £4.2 billion of additional investment over 30 years from 2024. This is provided for via the North East Investment Fund which could also act as a source of capital and revenue funding for investment in the interventions included in the Delivery Plan, subject to prioritisation, agreement, and approval of interventions through the Single Assurance Framework.

Additional funding

In addition to the grant funding immediately available and in the control of the North East CA there are further grant funding avenues available to both the region and its partners to fund Delivery Plan interventions including:

- Direct funding from the Government provided to Nexus specific to operating and maintaining the Metro System.

- Local authority capital funding, from council income or prudential borrowing.

- Competitive funding allocated from Central Government to its executive agencies such as Active Travel England and the Office for Zero Emission Vehicles.

- Leveraging further competitive funding from wider sources than traditional transport funding routes to deliver place-making and connectivity improvements.

- National budgets for Network Rail and National Highways.

Leverage and financial levers

Beyond the sources of grant funding outlined above there are various instruments available to the region and its partners to either fund or finance the interventions included within the Delivery Plan. The below provides a summary of the available levers to the North East CA, for the purposes of the Delivery Plan we have discounted user charges such as fare rises, tolling and levies as a means of generating contributions towards infrastructure investment.

Land Value Capture

Land Value Capture (LVC) provides a financing mechanism that generates funding from an increase in land value that results from public infrastructure investment. As a result of investment in new transport links, roads or public amenities surrounding land increases in value due to being more desirable for development. Typically, there are two ways interventions included within the Delivery Plan could utilise LVC:

- Developer contributions: Landowners or developers who stand to benefit from public infrastructure investment contribute to the cost of the infrastructure through direct payments, the provision of land, or the construction of infrastructure as part of their development.

- Tax Increment Financing: Increases in property tax revenue that results from rising property values is used to finance the infrastructure, in essence future income is utilised to pay for the cost of the project in the present, typically through prudential borrowing.

Advantages of utilising LVC as a means of funding infrastructure are centred on the notion that LVC ensures that those who benefit the most from public investment make a fair contribution, it provides a means of funding infrastructure that may be unaffordable in the immediate term, and by linking infrastructure funding to development it encourages development in areas that will benefit most from an uplift in public investment.

Property related charges

Property related charges can typically be used by local authorities as a means of generating funds for infrastructure projects, usually this income would provide a means of match funding an intervention to extend the reach of grant funding. Property related charges that will be utilised in the delivery of interventions within the Delivery Plan, include:

- Community Infrastructure Levy (CIL): CIL is a charge that local authorities can impose on new developments to raise funds for the infrastructure needed to support the growth that development brings. The levy is calculated based on the size and type of the development and could be utilised to part fund infrastructure such as highways improvements and active travel. Within the North East Newcastle City Council currently have a CIL.

- Section 106 Agreements (S106): S106 enables a local authority to negotiate with a developer, as part of the planning system to provide funding for infrastructure ss a condition of obtaining planning permission. Typically, this would be for named transport links, that are essential for connectivity, our CRSTS proposals are substantially match funded via S106 agreements.

Prudential borrowing

Prudential borrowing allows local authorities to fund infrastructure interventions by borrowing funds on the basis that the debt can be serviced without putting undue strain on finances. The North East CA like other combined authorities has specific borrowing powers that allow us to raise funds for infrastructure and other capital investments. The Public Works Loan Board provides loans to local authorities at lower than market interest rates and form an accessible source of borrowing for large scale infrastructure projects. Prudential borrowing remains a financial lever available to the North East CA and its constituent local authorities who frequently fund their own capital programmes via prudential borrowing.

Private sector investment

Private sector investment can play a crucial role in funding infrastructure interventions acting to complement public sources of funding. Public Private Partnerships (PPPs) are relatively commonplace in the UK, they are collaborative agreements between public bodies and the private sector to finance, build and occasionally operate infrastructure projects, an example of this within the North East is the Tyne Tunnels, which was built and is now operated in partnership with the private sector.

Institutional investors, pension funds and infrastructure funds like the UK Infrastructure Bank also present viable routes towards financing larger scale investments.

In addition, we also have the ability to leverage the region's purchasing power and procurement activity to lever additional private sector investment. A good example of this is in the installation of public EV charging infrastructure (EVCI), although this is predominantly delivered through competitive public funding, when we procure Charge Point Operators to undertake the delivery of EVCI, we do so through a framework established through the North East Procurement Office which has been designed to leverage private sector match investment which could be utilised to bring forward further investment in infrastructure.

Powers and partnerships

To realise the LTP and the Delivery Plan in full, the North East CA will be required to leverage the range of powers and responsibilities, which the region already benefits from, and make the case to Government for further powers. We must also be cognisant of the need to work in deeper partnership with executive agencies and non-departmental public bodies such as National Highways and Network Rail, as facilitated by our Devolution Deal, whilst seeking for the formalisation of these partnerships through further devolution.

Bus partnership and bus reform

The North East Enhanced Partnership (EP) works together to deliver the National Bus Strategy and the objectives of the Bus Service Improvement Plan (BSIP). So far, the partnership has introduced impactful initiatives using £163.5 million in funding. These include discounted ticketing, with 21 and under £1 single fares, multi-modal adult day tickets, investments in bus services, and new bus priority measures to speed up buses.

Following devolution, we now have access to bus franchising powers under the Transport Act 2000. A bus reform project has been initiated to consider the most effective delivery model for future bus services across our region, including, considering how we can deliver the truly integrated transport network we desire, which will in turn support the delivery of the North East CA commitments and the LTP objectives.

Rail partnerships

Achieving the region's ambitions for rail relies on deeper partnership working with a range of bodies. Currently The North East's Local rail services are operated by Northern Trains Limited and managed through the Rail North partnership (joint DfT/TfN). Some functions are devolved to the North East Rail Management Unit (NERMU), but these are limited. We are keen to explore further devolution of rail functions including the establishment of a formal North East Rail Board.

Our region has a self-contained local rail network covering the wider North East (including Tees Valley). Stations on the local rail network are currently owned by Network Rail and operated by Train Operating Companies (Northern or LNER) with interchanges available at some stations with the Tyne and Wear Metro (Sunderland, Heworth, Newcastle Central) with Northumberland Park due to be delivered in 2024. We are keen to explore the opportunity to bring rail stations under local public control.

As a region we are in a unique position in that we run our own local railway (the Tyne and Wear Metro) through Nexus. Nexus owns and operates 60 stations, 77.5km of track and 89 metro cars along with the associated control systems. Nexus also has functions to identify, plan and deliver rail enhancements. In partnership with Nexus, we will work with Government to deliver business cases that reflect our ambition to upgrade and extend the Metro and reopen lines including the Leamside Line.

We will continue to seek further devolved powers to achieve long-term funding streams for rail, so we have the freedom and flexibility to plan and deliver a more seamless, co-ordinated, and integrated rail service across the North East and are seeking a formal relationship with the Great British Railways (GBR) transition team to better integrate local rail services to operate as one network to better serve our people and businesses.

Highways

As the region's roads are split into differing responsibilities including the Strategic Road Network operated by National Highways and Transport for the North's role in defining the strategy for and improvements on the Major Road Network, the North East CA will work in partnership with our constituent local authorities, National Highways and Transport for the North to ensure that investment on the road network reflects regional priorities. This includes ensuring our road network is safe, accessible, resilient, and well maintained.

We will seek a deeper formal partnership between the North East CA and National Highways, to ensure a joined-up approach towards highways, including securing a greater local say in National Highways discretionary funding and on the investment and prioritisation of interventions on the Strategic Road Network, to ensure local priorities are heard, and growth and capacity improvements are suitably unlocked.

Funding options

Funding options are set out below against the intervention packages outlined in Section 5, demonstrating that there is a range of sources of funding the interventions included within the Delivery Plan pipeline:

Area of focus	Financial requirement	Potential source of investment
Planning journeys / informing users / supporting customers	£89.5 million	Competitive Funding, CRSTS, Other funding sources inc. investment fund, local authority and Nexus contributions, powers, and partnerships.
Ticketing and fares	£116.2 million	Competitive funding, other funding sources inc. investment fund, private sector investment, powers, and partnerships.
Reach and resilience of infrastructure	£7.79 billion	Competitive funding, CRSTS, other funding sources inc. investment fund, local authority and Nexus contributions, National Highways, Network Rail, Land Value Capture, property related charges inc. S106, prudential borrowing, private sector investment powers, and partnerships.
Safety, especially of women and girls, and other improvements in service quality	£394.5 million	Competitive funding, CRSTS, other funding sources inc. investment fund, local authority and Nexus contributions, National Highways, Network Rail, powers, and partnerships.
Connections between different transport types	£272.7 million	Competitive funding, CRSTS, other funding sources inc. investment fund, local authority and Nexus contributions, National Highways, Network Rail, Land Value Capture, property related charges inc. S106, prudential borrowing, private sector investment powers, and partnerships
TOTAL	**£8.66 billion**	-

Table 5: Funding options

DRAFT

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Summary

This section has shown that the Delivery Plan is supported by a funding programme that includes substantial capital funding provided through our Devolution Deal, that there are a range of powers and responsibilities that can be leveraged to deliver the ambition of the LTP and Delivery Plan and that there are notable opportunities to utilise the financial levers available to the region and secure private sector investment and contributions towards the interventions included in the Delivery Pan.

Over the lifetime of the LTP and Delivery Plan we will work closely with executive agencies and non-departmental Government bodies such as Network Rail, National Highways and Active Travel England to influence funding decisions within our region that are not in our direct control and we will actively work with Government to secure a greater local say on how national funding is spent and allocated within our region, including through discussions on further integrated and devolved funding.

In summary, this chapter demonstrates that delivery of the objectives of the LTP and the £8.46 billion required to realise the Delivery Plan pipeline in full is a viable proposition, given the availability of funding immediately available to the region, the potential to leverage further funding and the opportunity to work in deeper partnership through our Devolution Deal, as well as the opportunity to leverage private sector investment.

Section 7:
Managing risks, monitoring outcomes and assurance.

Risk management strategy

All interventions included within the Delivery Plan will be subject to potential risk. Risk management enhances strategic planning and prioritisation, assisting in achieving objectives and strengthening the ability to respond to challenges. A risk management strategy minimises the impact of risks and identifies opportunities for improvement.

A consolidated risk approach for all the interventions included within the Delivery Plan has been devised, as the earlier that a risk is identified, and a risk management process applied, the more opportunity there is to influence outcomes and ensure delivery mitigations are in place.

Different techniques have been used to identify risk, including reviewing common risks for similar projects and programmes of projects (for example the region's Transforming Cities Fund Tranche 2 and Bus Service Improvement Plan programmes), risk workshops and ongoing input and discussions with key stakeholders.

High level risk assessment and plan

The primary output of a risk management strategy is the risk register. A high-level risk register has been developed and sits behind the Delivery Plan. This risk register forms the basis of and supports the development of risk registers for individual interventions included within the Delivery Plan.

A summary of the key risks that have been identified is presented below:

Risk	Risk owner	Expected result (no action)	Mitigation
Cost pressures associated with the delivery of individual proposed schemes, and their own risks which accompany each of these	North East CA and regional scheme promoters	This could result in delays to individual intervention delivery, reduction in scope, or full intervention changes to be required. Value for Money may decrease.	Pipeline to be kept as a live document so that costs can regularly be reviewed and refreshed where required. An appropriate level of risks to be added to each intervention to try and mitigate the pressures of any cost increases.
An intervention does not have local political support	North East CA and regional scheme promoters	Delivery would be at risk if the intervention did not have required support.	Local consultation with Members has taken place on all interventions within the Pipeline ensuring support. This exercise will be repeated where there are any changes to members within local authorities.
Not enough resource to develop and deliver interventions resulting in delayed delivery.	North East CA and regional scheme promoters	Delivery of interventions is delayed. Potentially cost implications and delay in realising benefits.	North East CA will monitor the development and delivery of interventions within the Delivery Plan. Revenue funding to be made available where possible and necessary to assist with additional project management and design support. Ongoing discussions with Government on future capital and revenue settlements.

Table 6: Top risks

The risk register will remain a live document and will be fully reviewed and refreshed on a six-monthly basis, or as and when required should any new risks materialise or be dealt with in a way that means they can be removed from the register.

Monitoring and evaluation framework review

To ensure the successful implementation of our Delivery Plan, a Monitoring and Evaluation (M&E) Framework has been developed and is provided in full at Annex E. It is important to consider M&E from the offset, as the principles used for the Delivery Plan can then be carried into the delivery of each of the interventions included within the Delivery Plan. This will also ensure that the required data collection can be done coherently and consistently.

The M&E Framework will be used to monitor the delivery and outputs of the interventions within the Delivery Plan and evaluate their impact and performance against the objectives and Key Performance Indicators (KPIs) set out within the LTP.

Annex E explores the key principles by which the Delivery Plan will be monitored and evaluated and provides a basis under which M&E will operate for the interventions included within the Delivery Plan. As a summary, these key principles are:

- Accountability
- Reporting compliance
- Developing best practice

This approach ensures that as a region we have the capacity and tools required to fully establish the outputs, outcomes and impacts of the pipeline of interventions included within the Delivery Plan.

Approaches to monitoring the plan and interventions.

As examined in the M&E Framework in Annex E, there are a variety of data sets held at a regional and local level which can be used to assist in monitoring the delivery of the Delivery Plan, and the success of achieving the KPIs set out within the LTP. These data sets can then be further explored at an individual intervention level as proposals progress towards delivery.

The North East CA Performance, Insight and Risk Team will play a pivotal role in the success of this exercise, through the collation and analysis of data sets. Input from other key stakeholders within the region to provide the data and insights required to fully understand the impact of the delivery of the LTP and Delivery Plan will also be required. This includes our constituent local authorities, Nexus, bus operators, Traffic Accident and Data Unit and Urban Traffic Management Centre. We will use our long-established relationships with our regional stakeholders and where required liaise with other partners to ensure the success of M&E activities.

The tools needed for effective M&E will be tailored to the specific objectives and requirements of an intervention. We will use a variety of data collection and analysis tools that fit these requirements as necessary. At an LTP and Delivery Plan level, M&E will be the responsibility of the North East CA, whereas on an individual intervention level, this responsibility will lie with the scheme promoter.

Assurance and approval

Assurance will be undertaken in line with the North East CA Single Assurance Framework (SAF). The SAF sets out the robust decision-making and delivery arrangements in place within North East CA, detailing how potential investments will be appraised, and funding allocated. Section 8 of the SAF sets out the processes for transport interventions, with the Delivery Plan and prioritisation process covered in Section 8.3. It notes how the Delivery Plan forms part of the project initiation process for transport interventions, with the intervention forms, as introduced in Section 2 of the Delivery Plan, forming the basis for onward prioritisation and sifting exercises.

The full appraisal process detailed within Section 8 of the SAF, however, in summary:

- The appraisal process within the SAF is consistent with the HM Treasury's Green Book and Business Case Appraisal process. For transport interventions, this also includes supplementary and department guidance such as the Department for Transport's TAG appraisal guidance.
- We will ensure Value for Money (VfM) and transparency of transport interventions through the assessment of the Appraisal Summary Report (ASR), Outline Business Case (OBC), and Full Business Case (FBC), With the assessment proportionate to the scale of investment. Greater scrutiny and emphasis on VfM will be undertaken as interventions progress through the business case stages.

- The North East CA will be responsible for ensuring that modelling and appraisal is sufficiently robust and fit for purpose for the intervention under consideration, and that it meets the guidance set out in TAG.
- VfM will be independently scrutinised on behalf of North East CA as part of the appraisal process, either by expertise in house (but with responsibility sitting outside of the business area developing or promoting the business case), or via a commission to a specialist transport consultant, fully independent from the scheme promoters and with no involvement in the development of the scheme being appraised. There is a general expectation that all interventions must endeavour to achieve "high" VfM, where benefits are at least double the costs as set out in DfT guidance, at all stages of the approval process.

Business Case approvals will be taken in line with the Single Assurance Framework, including agreed delegations dependent on scale and level of capital draw down i.e., through our Head of Paid Service (Chief Executive) in consultation with either the Transport Advisory Board or Investment Programme Board.

Summary

This section provides an overview of the risk management strategy and the key risks that have emerged from the development of the Delivery Plan risk register. The Delivery Plan Monitoring and evaluation framework was also outlined, which sets out how the delivery of the interventions within the Delivery Plan will be monitored, and the outcomes evaluated. Finally, the assurance process which describes how an intervention from the pipeline advances towards delivery was summarised.
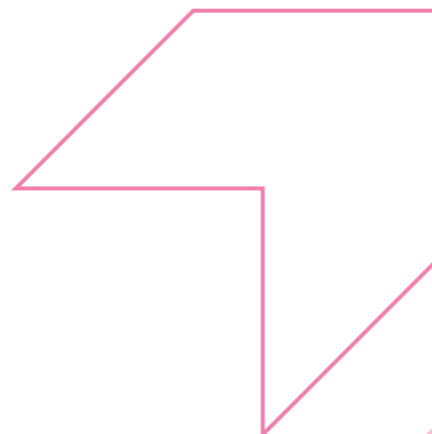
Section 8: Reporting and refreshing.

Methodology

This section sets out how we will ensure that our Mayor, Cabinet, and stakeholders are kept informed of the progress, development and delivery of the interventions included within the Delivery Plan and how new interventions will be captured and assessed.

Capturing new Interventions and testing

New Interventions will continually emerge over time as a response to the changing needs of the region and its transport network, therefore the Delivery Plan pipeline provided in Appendix X and summarised in Sections 5 and 6, will be maintained as a live programme, to ensure that developing propositions can be added at a later date, and interventions included within the pipeline can be amended as they develop over time.

Any intervention seeking entry into the pipeline will be assessed against the testing outlined in Section 3 and 4.

It is intended to host the Delivery Plan online, so that stakeholders can view real time updates on the progress of interventions, which will include schematics if applicable, key milestones, and any consultation opportunities. This will be investigated within the first year following the publication of the Plan.

Reporting progress

Progress on the Delivery Plan will be reported through North East CA Cabinet on a regular basis to ensure that Members are fully sighted of the advancement and delivery of interventions included within the Delivery Plan, regular progress reports will be published via the North East CA website.

All interventions included within the Delivery Plan will be governed by the regionally agreed Single Assurance Framework, including reporting and decision-making requirements the North East

The outputs and outcomes of interventions included within the Delivery Plan will be monitored in line with the Monitoring and Evaluation Framework provided at Annex E and fed into our business intelligence department, as part of the continued monitoring process.

Annex A: Intervention summary tables.

See separate document

Annex B: Glossary of Terms

Acronym	Definition
ATE	Active Travel England
ATF	Active Travel Funds
BSIP	Bus Service Improvement Plan
CIL	Community Infrastructure Levy
CRSTS	City Region Sustainable Transport Settlements
CRSTS1	The North East's CRSTS Programme for the first submission, covering 2024-2027 (other MCAs 2022-2027)
CRSTS2	The North East's CRSTS Programme for the second submission, covering 2027-2032
DfT	Department for Transport
EATF	Emergency Active Travel Fund
EP	North East Enhanced Partnership
EV	Electric Vehicle
EVCI	EV charging infrastructure
GBR	Great British Rail
GHG	Greenhouse Gas
ISA	Integrated Sustainability Appraisal
KRN	Key Route Network
LCWIP	Local Cycling and Walking Infrastructure Plan
LTF	Local Transport Fund
LUF	Levelling Up Fund
LVC	Land Value Capture
M&E	Monitoring and Evaluation
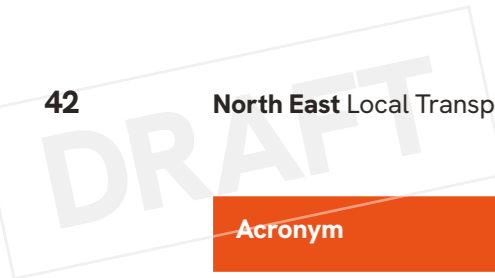
Acronym	Definition
MCA	Mayoral Combined Authority
Metro	Overground and underground light rail rapid transit system serving Tyne and Wear (Newcastle, Gateshead, North Tyneside, South Tyneside, and Sunderland)
MHCLG	Ministry of Housing Communities and Local Government
MRN	Major Road Network
NBS	National Bus Strategy
NH	National Highways
NR	Network Rail
North East CA	North East Combined Authority
NERMU	North East Rail Management Unit
Nexus	Body of NECA, which is responsible for aspects of public transport within Tyne and Wear including Metro and Ferry
SAF	Single Assurance Framework
s106	Section 106 agreements
SRN	Strategic Road Network, roads where National Highways are the highway authority.
TAG	Transport Analysis Guidance
TAMP	Transport Asset Management Plan
TCF	Transforming Cities Fund
TfN	Transport for the North
TRSE	Transport Related Social Exclusion
ULEV	Ultra Low Emission Vehicle
UTMC	Urban Traffic Management and Control
VfM	Value for Money
ZEBRA	Zero Emission Bus Regional Areas Fund
ZEV	Zero Emission Vehicle

Annex C: Policy mapping and future scenario testing

Policy mapping

Policy mapping - drivers					
Policy commitment	**A fairer North East**	**A greener North East**	**A connected North East**	**An international North East**	**A Successful North East**
Planning journeys/informing users/supporting customers					
1) Information, help or assistance should be easily available and accessible to everyone before, during, and after a journey.	1	0	1	0	1
2) Live journey information should be accurate and consistent wherever and however it is being accessed. It should be presented in a way which is understandable and trusted by people.	2	0	1	0	1
3) The integrated network should have a strong identity to give confidence in the network and encourage people to make greener journeys.	2	1	2	0	2

Key: -2 Significant Negative Effects   -1 Minor Negative Effects   0 Neutral   1 Minor Positive Impacts   2 Significant Positive

Policy mapping - drivers					
Policy commitment	A fairer North East	A greener North East	A connected North East	An international North East	A Successful North East
Ticketing and fares					
4) Fares and tickets should be as simple and easy to use as possible.	2	1	1	0	2
5) People should be able to make a journey across the whole region, travelling between County Durham, Tyne and Wear, and Northumberland, incorporating bus, Metro, rail, and the Shields Ferry with ticketing products and payment methods which enable seamless travel.	2	1	2	0	2
Reach and resilience					
6) The geographical reach of the integrated transport network should extend into every community of the North East, including our rural and coastal areas.	2	1	2	0	2
7) To support the development of the integrated network, there should be a joined-up approach to transport infrastructure investment and spatial planning.	2	1	2	1	1
8) Transport services should meet the demands of people, accommodating shift patterns for work and late evening social activities, enhancing the reach of the network.	2	1	2	0	2

Policy mapping - drivers					
Policy commitment	A fairer North East	A greener North East	A connected North East	An international North East	A Successful North East
Reach and resilience					
9) Infrastructure that enables people to walk, wheel, or cycle should be central to the transport network and should link to public transport for longer journeys.	1	2	2	0	1
10) The network should be able to deal with disruptions, accidents, and extreme weather more effectively.	0	1	1	0	2
11) Our highway network should provide essential access to all areas of the region, with particular emphasis on rural and coastal communities, who often bear the brunt of disruptive weather patterns.	1	1	2	0	1
12) Charging infrastructure for zero emission vehicles (ZEVs) should be present across the whole network, including at key stations and interchanges and rapid charging hubs.	2	1	2	0	2
13) Capacity should be boosted on the East Coast Main Line and the Durham Coast Line to meet our need for more long-distance rail passenger and freight services, supporting strong connectivity beyond our boundaries.	1	1	1	2	2
14) There should be strong transport connectivity beyond our boundaries for both people and freight.	1	0	1	2	2

Policy mapping - drivers					
Policy commitment	A fairer North East	A greener North East	A connected North East	An international North East	A Successful North East
Safety, especially of women and girls, and other improvements in service quality					
15) There should be clear and effective channels through which to report harassment and violence against women and girls on the network.	2	0	1	1	1
16) Targeted action should be taken, and resources should be assigned, to preventing violence against women and girls on the region's transport network. This should cover preventing offences from happening but should also look to tackle the root causes of violence and prevent it from developing.	2	0	1	1	1
17) Women and girls should have increased trust, confidence, and perceptions of safety on the transport network.	2	0	1	0	2
18) Roads should be made safer, with a specific focus on the most vulnerable users.	2	0	1	0	2
19) Integrated public transport services on the network must comply with legal and policy accessibility requirements, including ensuring services are accessible for all. Drivers and staff should ensure that everyone feels welcome and safe at stations and on services, strengthening confidence in the network.	0	1	1	0	2

Policy mapping - drivers					
Policy commitment	A fairer North East	A greener North East	A connected North East	An international North East	A Successful North East
Safety, especially of women and girls, and other improvements in service quality					
20) The customer experience should be transformed setting the highest service standards, where users can expect the provision of safe, reliable, clean, and efficient transport infrastructure.	2	1	2	0	1
21) The network should have consistent and cohesive branding such as colour schemes, signage, design standards, and quality of service, so that there is a clear 'look and feel' of the network on routes, stops, and stations.	1	0	2	0	1
22) The North East should set the highest standards for a fleet of green public transport vehicles.	0	2	0	1	1
23) People should feel a sense of pride in the network and be keen to use it again.	2	1	2	1	1

Policy mapping - drivers					
Policy commitment	**A fairer North East**	**A greener North East**	**A connected North East**	**An international North East**	**A Successful North East**
Connections between different transport types					
24) The region should no longer consider different forms of transport as separate networks and should move to one integrated and highly interconnected network which people can travel through seamlessly making door to door journeys.	2	1	2	0	2
25) The integrated network should be based around making it easier to switch between different types of transport including public transport, active travel, taxis, and other transport options such as Park and Ride, micromobility and community transport.	1	1	2	0	2
26) There should be well co-ordinated public transport timetables and services which complement each other to enable seamless transfer from one type of transport to the next.	0	1	2	0	1
27) The Shields Ferry should continue to be a vital part of the integrated network, with even better linkages with other types of transport.	1	0	2	0	1
28) Park and ride provision should be comprehensive, enabling people to seamlessly switch onto fast and frequent onward journeys	1	0	2	0	1

Future scenario testing

Policy mapping - drivers				
Policy commitment	**Just about managing**	**Digitally distributed**	**Prioritised places**	**Urban zero carbon**
Planning journeys/informing users/supporting customers				
1) Information, help or assistance should be easily available and accessible to everyone before, during, and after a journey	1	1	1	1
2) Live journey information should be accurate and consistent wherever and however it is being accessed. It should be presented in a way which is understandable and trusted by people	1	1	1	1
3) The integrated network should have a strong identity to give confidence in the network and encourage people to make greener journeys.	1	1	1	1

Key: 1 Means the objective is robust in the specified scenario
2 Means the objective needs modified in the specified scenario
3 Means the objective is redundant in the specified scenario

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Policy mapping - drivers				
Policy commitment	**Just about managing**	**Digitally distributed**	**Prioritised places**	**Urban zero carbon**
Ticketing and fares				
4) Fares and tickets should be as simple and easy to use as possible.	1	1	1	1
5) People should be able to make a journey across the whole region, travelling between County Durham, Tyne and Wear, and Northumberland, incorporating bus, Metro, rail, and the Shields Ferry with ticketing products and payment methods which enable seamless travel.	1	2	1	1
Reach and resilience				
6) The geographical reach of the integrated transport network should extend into every community of the North East, including our rural and coastal areas.	1	1	1	1
7) To support the development of the integrated network, there should be a joined-up approach to transport infrastructure investment and spatial planning.	1	1	1	1
8) Transport services should meet the demands of people, accommodating shift patterns for work and late evening social activities, enhancing the reach of the network	2	2	1	1

Policy mapping - drivers				
Policy commitment	**Just about managing**	**Digitally distributed**	**Prioritised places**	**Urban zero carbon**
Reach and resilience				
9) Infrastructure that enables people to walk, wheel, or cycle should be central to the transport network and should link to public transport for longer journeys.	2	1	1	1
10) The network should be able to deal with disruptions, accidents, and extreme weather more effectively.	2	2	1	1
11) Our highway network should provide essential access to all areas of the region, with particular emphasis on rural and coastal communities, who often bear the brunt of disruptive weather patterns.	1	2	1	2
12) Charging infrastructure for zero emission vehicles (ZEVs) should be present across the whole network, including at key stations and interchanges and rapid charging hubs.	2	2	2	1
13) Capacity should be boosted on the East Coast Main Line and the Durham Coast Line to meet our need for more long-distance rail passenger and freight services, supporting strong connectivity beyond our boundaries.	1	2	1	2
14) There should be strong transport connectivity beyond our boundaries for other people and freight.	1	2	2	1

Policy mapping - drivers				
Policy commitment	**Just about managing**	**Digitally distributed**	**Prioritised places**	**Urban zero carbon**
Safety, especially of women and girls, and other improvements in service quality				
15) There should be clear and effective channels through which to report harassment and violence against women and girls on the network	1	1	1	1
16) Targeted action should be taken, and resources should be assigned, to preventing violence against women and girls on the region's transport network. This should cover preventing offences from happening but should also look to tackle the root causes of violence and prevent it from developing.	1	1	1	1
17) Women and girls should have increased trust, confidence, and perceptions of safety on the transport network.	1	1	1	1
18) Roads should be made safer, with a specific focus on the most vulnerable users.	1	1	1	0
19) Integrated public transport services on the network must comply with legal and policy accessibility requirements, including ensuring services are accessible for all. Drivers and staff should ensure that everyone feels welcome and safe at stations and on services, strengthening confidence in the network.	2	1	1	1

Policy mapping - drivers				
Policy commitment	**Just about managing**	**Digitally distributed**	**Prioritised places**	**Urban zero carbon**
Safety, especially of women and girls, and other improvements in service quality				
20) The customer experience should be transformed setting the highest service standards, where users can expect the provision of safe, reliable, clean, and efficient transport infrastructure.	2	2	1	1
21) The network should have consistent and cohesive branding uch as colour schemes, signage, design standards, and quality of service, so that there is a clear 'look and feel' of the network on routes, stops, and stations.	1	1	1	1
22) The North East should set the highest standards for a fleet of green public transport vehicles.	1	1	1	1
23) People should feel a sense of pride in the network and be keen to use it again.	1	2	1	1
Connections between different transport types				
24) The region should no longer consider different forms of transport as separate networks and should move to one integrated and highly interconnected network which people can travel through seamlessly making door to door journeys.	1	1	1	1

Policy mapping - drivers				
Policy commitment	**Just about managing**	**Digitally distributed**	**Prioritised places**	**Urban zero carbon**
Connections between different transport types				
25) The integrated network should be based around making it easier to switch between different types of transport including public transport, active travel, taxis, and other transport options such as Park and Ride, micromobility and community transport.	1	1	1	1
26) There should be well co-ordinated public transport timetables and services which complement each other to enable seamless transfer from one type of transport to the next.	1	1	1	1
27) The Shields Ferry should continue to be a vital part of the integrated network, with even better linkages with other types of transport.	1	1	1	1
28) Park and ride provision should be comprehensive, enabling people to seamlessly switch onto fast and frequent onward journeys	1	1	1	1

Annex D: Options assessment matrix

Score					
	-2	**-1**	**0**	**1**	**2**
North East Local Transport Plan strategic theme					
A healthier North East	Significant Negative impacts in relation to health	Minor Negative Impacts in relation to health	Neutral impact on health	Minor Positive Impacts in relation to health	Significant Positive Impacts in relation to health
A better environment	Significant Negative impacts in relation to the environment	Minor Negative Impacts in relation to the environment	Neutral impact on the environment	Minor Positive Impacts in relation to the environment	Significant Positive Impacts in relation to the environmCriteria
A more inclusive economy	Significant Negative impacts in relation to the economy	Minor Negative Impacts in relation to the economy	Neutral impact on the economy	Minor Positive Impacts in relation to the economy	Significant Positive Impacts in relation to the economy
Criteria					
Deliverability within timeframe of the LTP (2040)		Not deliverable within the timeframe of the Transport Plan		Deliverable within the timeframe of the Transport Plan	

Score				
-2	**-1**	**0**	**1**	**2**
Criteria				
Delivery risk Potential major risks e.g., in terms of contention, land requirement, TRO requirement and consultation.	Potential minor risks e.g., in terms of contention, land requirement, TRO requirement and consultation.	No known major risks to delivery.		
Improving transport for the user Significant Negative Impacts in relation to improving transport users' experience, safety, reliability, and inclusivity.	Minor Negative Impacts in relation to improving transport users' experience, safety, reliability, and inclusivity.	Neutral Impact in relation to improving transport users' experience, safety, reliability, and inclusivity.	Minor Positive Impacts in relation to improving transport users' experience, safety, reliability, and inclusivity.	Significant Positive Impacts in relation to improving transport users' experience, safety, reliability, and inclusivity.
Affordability	No known source of funding available or upcoming within the timeframe of the Transport Plan	Currently no committed funding, but a source is or will be available within the timeframe of the Transport Plan	Funding source is in pwlace	
Value for money Value for Money which is Very Poor	Value for Money which is Poor	No Value for Money information available at present	Value for Money which is Low or Medium	Value for Money which is High or Very High
Carbon reduction	The intervention negatively impacts on carbon reduction	The intervention has no impact on carbon reduction	The intervention positively contributes to carbon reduction	The intervention positively contributes to carbon reduction and a Carbon Assessment has been undertaken

Note: In the "Delivery risk" row, the "Value for money" and "Improving transport for the user" rows, the leftmost cell under each header combines the criterion name with the -2 column text as shown above.

	Future scenarios		
	Score		
	1	**2**	**3**
Just about managing	The intervention is robust in the scenario of 'just about managing'	The intervention needs modified in the scenario of 'just about managing'	The intervention is redundant in the scenario of 'just about managing'
Digitally distributed	The intervention is robust in the scenario of 'digitally distributed'	The intervention needs modified in the scenario of 'digitally distributed'	The intervention is redundant in the scenario of 'digitally distributed'
Prioritised places	The intervention is robust in the scenario of 'prioritised places'	The intervention needs modified in the scenario of 'prioritised places'	The intervention is redundant in the scenario of 'prioritised places'
Urban zero carbon	The intervention is robust in the scenario of 'urban zero carbon'	The intervention needs modified in the scenario of 'urban zero carbon'	The intervention is redundant in the scenario of 'urban zero carbon'

The scoring matrix has three main sections: the LTP strategic themes, the set of criteria, and the future scenarios. The first three scores within the matrix are the LTP strategic themes, which were self-scored by the lead promoter within the intervention form. The Future scenarios are as shown in Annex C. The remaining criteria are expanded upon below and were developed alongside available guidance with our stakeholders to ensure that the Government and our wider objectives were also considered when scoring the interventions:

Deliverability within timeframe of the Local Transport Plan (2040)

- This assesses whether the initiative is deliverable by 2040 or not and has a score of either -1 or 1. Any initiative scoring -1 would be deemed inappropriate for inclusion within this Delivery Plan but would remain within the wider pipeline. This considers the delivery risk, as described below.

Delivery risk

- This assesses the potential level of delivery risk for each initiative, considering whether it is particularly contentious or novel. Particular risks considered include whether planning permission is required, if a considerable level of consultation is needed, and whether any third-party land is required. This is scored using the risks explicitly described by the promoters within the proforma, as well as our experience of potential delivery risks for certain scheme types.

Improving transport for the user

- This assesses whether the initiative will provide an improvement to transport for the user, considering the LTP theme of integration. For example, this may consider whether an intervention is resulting in a mode of transport being improved in terms of reliability, frequency or ease of access, or a route is changed to become more direct or safer to use. This will also consider whether the intervention allows for improved integration with other modes of transport and other services.

Affordability

- This assesses whether the initiative has a funding solution in place, does not have a funding solution but one is likely to be available within the timescales of the LTP (by 2040), or no funding source is available now or is likely to be available within the timescales. This considers a wider variety of funding sources, including known and upcoming competitive Government funding, devolution funding, and locally available sources.

Value for money

- This assesses whether the initiative has any Value for Money (VfM) information available, and scores based on the VfM category. If no information is currently available, a score of zero is given, so the initiative is not penalised for this.

Carbon reduction

- This assesses whether the initiative will contribute positively towards carbon reduction and scores the initiative higher if a carbon reduction assessment has also been completed.

Annex E: Monitoring and Evaluation (M&E) Framework

1. Overview

This document sets out a framework and the principles by which the Delivery Plan will be monitored and evaluated. It is vital to set out these principles from the offset to ensure that data collection can be aligned with the objectives and Key Performance Indicators (KPIs) within the Local Transport Plan and Delivery Plan. It also sets a baseline for the interventions within the Delivery Plan as they are further developed and implemented, ensuring a consistent and cohesive approach.

2. Key principles

The three key principles of the M&E framework are as follows:

- **Accountability** – this is critical for any public body to demonstrate value for money from public funds and for the accurate recording of benefits of the interventions delivered in our region.
- **Reporting compliance** – implementing high-quality monitoring and evaluation processes will allow us to offer more detailed reporting to our stakeholders, including to Government departments where required for grant funding awards. This will also help expand our evidence base for further developing our pipeline and when accessing competitive funds.
- **Developing best practice** – through monitoring and evaluation we can ascertain the types of interventions that work well in our region to meet the needs of the people in our region as well as reaching the KPIs set out within the Transport Plan, ensuring we achieve our objectives.

These principles should be considered at both the Delivery Plan level and on a scheme-by-scheme basis, to ensure that there is cohesion in the approaches used.

3. Data requirements

There are a variety of approaches that can be used for the monitoring and evaluation of the Delivery Plan and the subsequent programmes and initiatives within it. The region has a wealth of data sources that we can draw from to monitor the KPIs within the LTP (section X), alongside a few national datasets.

For individual interventions, there are a variety of local data sources and tools that can also be used to obtain location or intervention-specific outcomes, for example pedestrian and cycle counters, air quality monitoring sensors, and public opinion surveys.

The following table summarises these KPIs, and the data sources used to determine the baseline at a LTP level, which can also be monitored to determine whether these have been achieved. This is further supplemented where possible by the potential data sources on an intervention basis, which could be used to demonstrate how individual elements of the Delivery.

KPI (Direction of Travel)	Baseline Data Source (Transport Plan level)	Baseline Year	Data Sources (at an intervention level)
Sustainable travel (Increase the percentage of journeys made by walking, wheeling, cycling, and public transport as a percentage of total journeys in our region.)	National Travel Survey	2022	Potential for additional localised travel surveys if appropriate
Public Transport Accessibility (Increase the percentage of households that have access to a hospital, GP, secondary education, a town centre and 10,000 jobs within 45 minutes using public transport.)	Public Transport Accessibility Model	2024	
Climate Action (Decrease annual CO_2 emissions per Capita created by transport.)	Department for Business, Environment, Innovation and Skills	2021	Local air quality monitoring sensors to the intervention
Air Quality (Decrease mean hourly reading of NO_2 and PM2.5)	National Automatic Urban and Rural Network (AURN) sites and locally managed automatic monitoring sites	2022	Local air quality monitoring sensors to the intervention
Network Performance (Increase percentage of vehicles using the KRN and SRN travelling at least 85% of speed limit.)	Inrix traffic data	2022	
Road Safety (Significantly decrease the number of people killed or seriously injured amongst North East road users.)	TADU killed or seriously injured 3 year rolling average	2020-2022	
Road Safety (Significantly decrease number of slight casualties amongst North East road users.)	TADU slightly injured 3 year rolling average	2020-2022	
Uptake in ZEVs (Increase proportion of Percentage of all licensed vehicles in the region (excluding HGVs) that are ZEV.	Department for Transport & Driver, Vehicle and Licensing Agency	2022	Monitoring usage of EV chargers – existing and new in the vicinity of a new intervention

A mixture of quantitative and qualitative data will be important to develop a full picture of the impact of the implementation of the Delivery Plan. A variety of tools will be used to monitor and evaluate the KPIs and the performance of the individual interventions. These will be dependent on the KPI/intervention and the data source available.

4. Reporting progress

Progress on the Delivery Plan will be reported to North East CA's Cabinet on a regular basis to ensure that Members are kept up to date with the delivery of the initiatives set out within the Delivery Plan, and the progress on the KPIs within the Transport Plan.

Plan are contributing towards the wider KPIs and objectives.
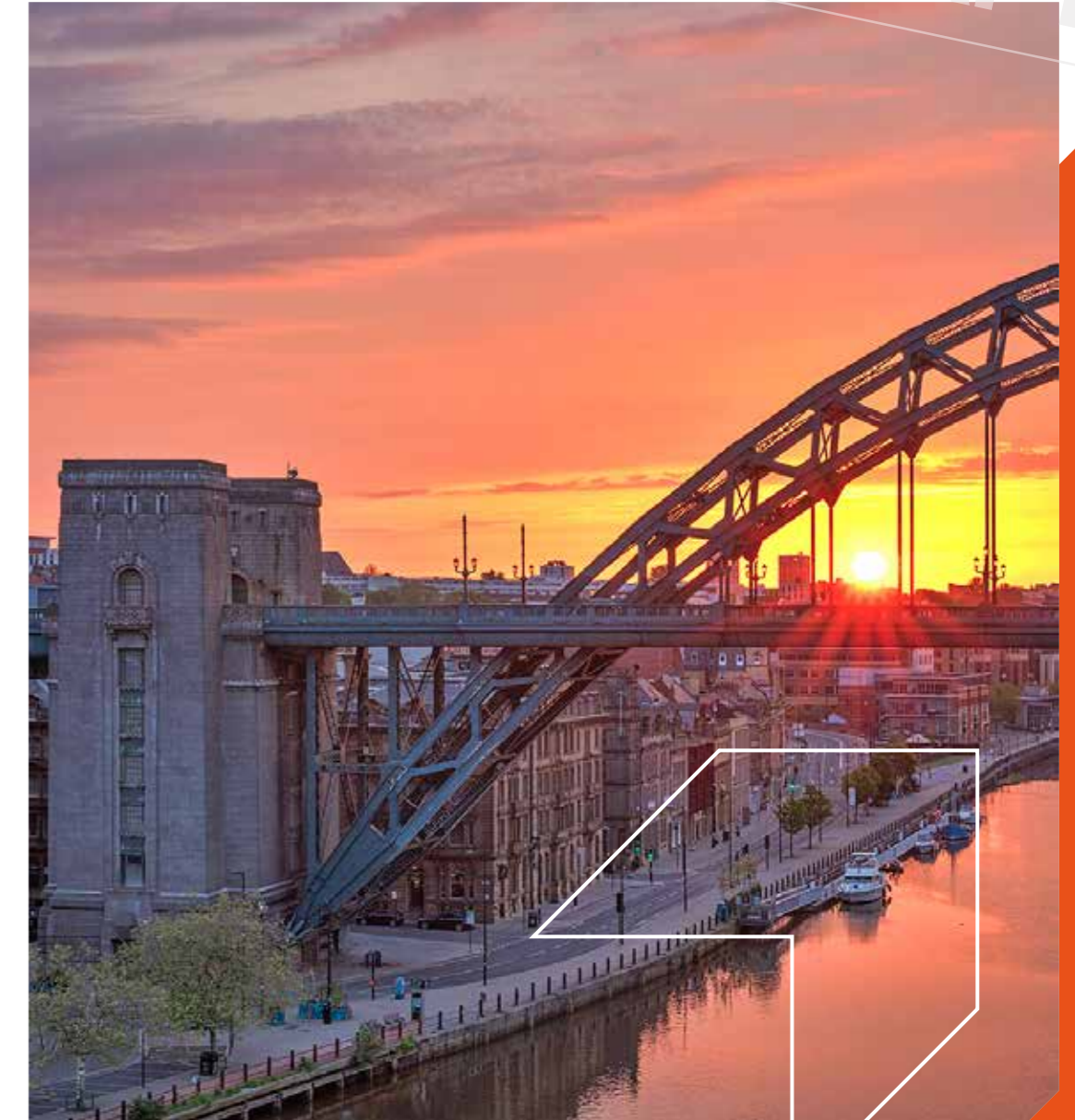
Delivering green transport that works for all

Kim McGuinness
North East
Mayor

NE North East Combined Authority

Foreword

The North East deserves a world class transport network and the plan I consult on here sets out my transport promises to the people of this region.

This plan outlines a joined up network - simple and affordable to use with wider reaching infrastructure that is fit for the future. It will be greener, more reliable, and safer. Wherever you are in the region, it will be accessible, both physically and financially.

From job creation to ending child poverty, the North East transport network has a vital role in my plans to create real opportunity across our region. It is a crucial growth lever, but when it goes wrong it is an insurmountable barrier.

That's why, over the next 15 years, I will work with people and organisations across the region to create that network, with real delivery target dates built into these plans as well as measures to track improvement.

For this plan to succeed it has to be a shared plan that reflects the many needs of our region, and I look forward to people across the North East having their say on our joint future.

Kim McGuinness
North East Mayor

North East Combined Authority vision

Our purpose is to champion the full potential of our region. Collaborating with our partners and local authorities, we'll create a better way of life by connecting communities, giving people the skills to succeed, and improving wellbeing for all, so that the North East is recognised as an outstanding place to live, work, visit, and invest.

This vision represents the scale of our ambition that will drive all our transport activities. Our vision is also supported by our five commitments:
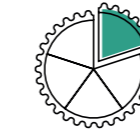
A fairer North East

A greener North East

A connected North East

An international North East

A successful North East

Our transport activities will contribute to the North East Combined Authority's role in improving our economy, skills, health, and environment.

Making journeys is good as it benefits our economy. However, greener journeys are even better as they also benefit our environment and health. We are confident that the above themes will help us to deliver a fully integrated green transport network for the North East and support people to make greener journeys. Achieving this aim will support the delivery of our vision and five commitments.
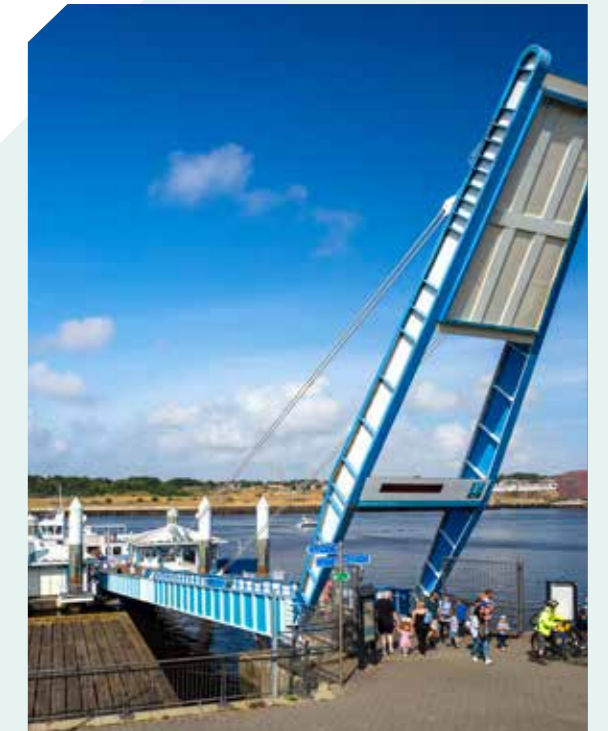
Where we want to be

To help achieve our vision we ultimately need to address the transport challenges currently being experienced in the region, ensuing better sustainable journeys and creating a network that acts as the yardstick on which all other networks are judged.

This involves creating a green, integrated transport network that works for all. We believe this will make sustainable travel options more attractive and convenient, enabling more people and freight to make greener journeys.

This will help our region meet its challenges head on, providing sustainable, integrated links between communities, services, and opportunities, paving the way for growth and further inward investment.

Below we have set out an ambitious set of service standards that we would expect to see in this improved network, to help tackle the transport challenges we're currently experiencing.

1 Planning journeys, informing users, and supporting customers:

- Information, help, or assistance should be easily available and accessible to everyone before, during, and after a journey.
- Live journey information should be accurate and consistent and should be presented in a way which is easily understandable and trusted by people.
- The integrated network should have a strong identity to give confidence in the network and encourage people to make greener journeys.

This will help us tackle our current transport challenges:

- No single place that provides all transport information and customers have to use different websites or apps to find information.
- Wayfinding information on how people can make joined up journeys and/or switch transport type can be poor.

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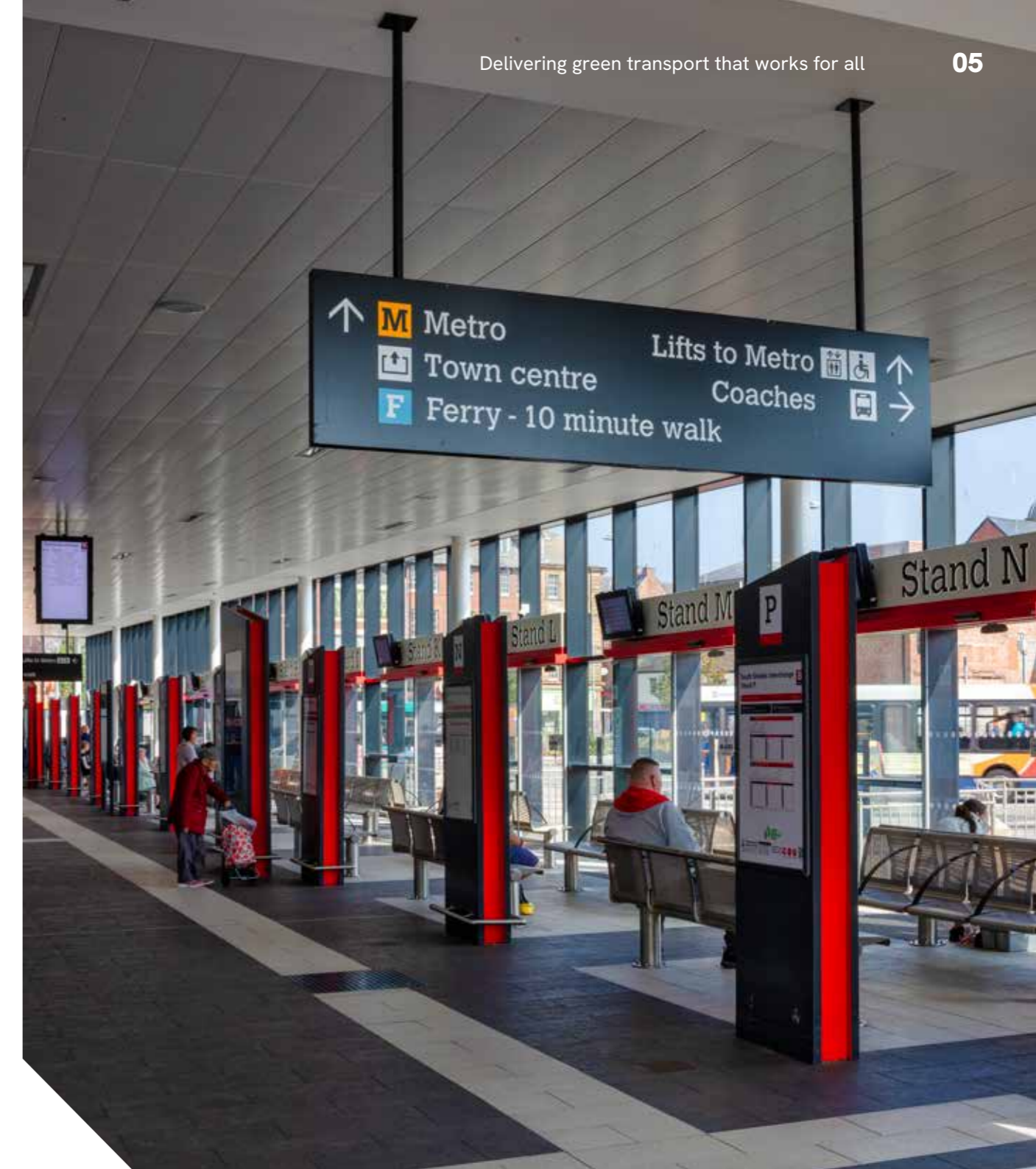
2 Ticketing and fares:

- Fares and tickets should be as simple, affordable, and as easy to use as possible.
- People should be able to travel across the region, and via different types of transport, without needing to buy multiple tickets.

This will help us tackle our current transport challenges:

- There are several types of tickets available for different transport options and different operators. A limited amounts of tickets are available that allow travel across multiple types of transport or different operators.
- Smart ticketing is not used all of the time.
- There are not many price caps in place that limit the amount customers spend on their daily travel.

3 Reach and resilience of infrastructure:

- The integrated network should extend to all areas of the region where it is needed, not just where is profitable, this is particularly important for our rural and coastal areas. There should also be strong transport connectivity beyond our boundaries for both people and freight.
- Transport services should meet the demands of people, accommodating shift patterns for work and late evening social activities.
- Resilience refers to the ability of our transport infrastructure to withstand and effectively deal with problems such as congestion, faults, and severe weather events and the network should be able to avoid disruption and mitigate against extreme weather and other events effectively.

This will help us tackle our current transport challenges:

- There are still significant gaps in our transport network.
- Some types of sustainable transport don't reach all places, particularly our remote rural areas.
- There are several areas where resilience issues have a knock-on impact on passengers including disruption, delays and congestion.

4 Safety, especially of women and girls, and other improvements in service quality:

- People's safety should be central to the network, with a particular focus on the safety of women and girls and other vulnerable groups. Drivers and other front-line staff should ensure that everyone feels welcome and safe at stations and on services, strengthening confidence in the network.
- Everyone should feel safe when waiting at interchanges, stations and bus stops, and when travelling on public transport. The specific safety needs of women and girls, and other vulnerable groups, will be taken into account when designing safety features on the network.
- People should be able to report concerns and have the confidence that these will be dealt with promptly.

- The customer experience should be transformed setting the highest service standards, where users can expect the provision of safe, reliable, clean, and efficient transport infrastructure. People should feel a sense of pride in the network and be keen to use it again.
- The North East should set the highest standards for a fleet of green public transport vehicles.
- Accessibility should be at the heart of the network and its services; it should be accessible for all people and ensure that those with disabilities are not excluded.
- The enhanced network should bring new, safer bus stops.

This will help us tackle our current transport challenges:

- Low perceptions of public transport service quality, particularly regarding their punctuality and reliability.
- Actual and perceived safety concerns that need to be addressed to increase confidence and ensure that everyone is safe whilst travelling on the network.
- Transport options do not always match up to people's lifestyles, for example the need to travel in the early morning, late evening, and on weekends.

5   Connections between different transport types:

- Our region should no longer consider different forms of transport as separate networks and move to one integrated and highly interconnected network where people can make seamless door to door journeys.
- The integrated network should be based around making it easier to switch between different types of transport.
- There should be well co-ordinated public transport timetables and services which allow for smoother journeys.

This will help us tackle our current transport challenges:

- In some areas there is a lack of supporting infrastructure, such as bike storage, to help people make journeys using multiple types of transport.
- From a freight perspective, there is a lack of facilities that allow freight to be shifted from one type of transport to another.
- Timetables and service patterns often do not match up which can make it difficult to use multiple types of transport for a journey.

Delivery plan

This section sets out a snapshot what we will build, introduce, and change by 2040 to deliver a green, integrated transport network that works for all.

The full list of schemes can be found in our Delivery Plan, along with details of what mechanisms we will use to deliver, fund, and finance these interventions.

The key commitments are outlined below, broken down into respective time periods:

Improvements we will deliver by 2027*

We will deliver:

- **Expanding and Improving our Network** - Infrastructure improvements including a new North Shields Ferry landing and a package of maintenance and renewals of the network;
- **Making Transport Safe for Women and Girls** - Safety and Security improvements on Public Transport including more Metro Gatelines, safer stops and shelters and an accessibility review;
- **Starting the delivery of the largest electric vehicle charging network in the country** - Expansion of the Electric Vehicle Charging Network with home based and key destination and station charging;
- **A joined-up walking and cycling network** - including a new bike and e-bike hire network, active travel hubs, bike parking at key stations and interchanges and the first phase of active travel network improvements;
- **Improving stations and connecting rail to public transport** - Stations will be upgraded and integrated with the wider public transport and active travel network. The Pop card will be brought to local rail services, and we will investigate bringing stations into public ownership;
- **Setting the standards for Green buses** – with new Zero Emission Buses rolled out; and
- **Working towards a fully integrated public transport network** – including enhanced and supported fares, ticketing and information including account based and contactless ticketing.

We will be actively developing:

- Business Cases for **Connecting Washington by Metro and the Leamside Line**;
- **Bus Reform**; and Propositions for 2027 and beyond.

* Subject to funding and powers

Improvements we will deliver by
2032*

We will deliver:

- **Bus Reform;**

- **Washington connected by Metro**;

- **Free travel for all under-18s;**

- **Expanding and Improving our Network** - the network will continue to be maintained including critical structures and the re-signalling and renewals of the Metro;

- **A joined-up walking and cycling network** – the next phase of active travel investment filling gaps in the network to create a cohesive joined up network;

- **Improved rail and road arteries we need to power our economy** - including continuing investment in network improvements to facilitate housing growth through local network schemes and working with National Highways to deliver upgrades to the A66, A1 dualling to Ellingham and Junction upgrades on the A19 at Moor Farm / Seaton Burn;

- **The delivery of a fully integrated public transport network** - a comprehensive customer experience approach to make it easy and safe to plan and make journeys, continuing to focus on safety for women and girls on public transport and a programme of public transport station improvements;

- **Setting the standards for green transport** - decarbonising our public transport network

We will be actively developing:

- **River crossing proposals**

- Further **Metro and Rail extensions including the Leamside Line**

- **Propositions for 2032 and beyond**

* Subject to funding and powers

Improvements we will deliver by
2040*

We will deliver:

- **Improved rail and road arteries we need to power our economy** Including Rail, Metro and Road enhancements, upgrades to the East Coast Mainline, working with Government to deliver Northern Powerhouse Rail in full, structural renewals and new river crossings;

- **The best connected and greenest network** – Decarbonised public transport network with network enhancements and new routes delivering patronage enhancements;

- **The delivery of a fully integrated public transport network** – Transport and digital tools rolled out to improve service quality and new and improved rail and Metro stations.

We will be actively developing:

- Propositions for 2040 and beyond including **embracing new technology innovations and the way people utilise the transport network**.

* Subject to funding and powers

Useful links

North East Local Transport Plan

Delivery Plan

Integrated Sustainability Appraisal

Kim McGuinness
North East
Mayor

North East Combined Authority

✉ enquiries@northeast-ca.gov.uk
🌐 northeast-ca.gov.uk

in the-north-east-combined-authority
𝕏 @NorthEast_CA
f NorthEastCA

Overview and Scrutiny Committee

Local Transport Plan

Appendix D – summary slides

8th October 2024

What is the Local Transport Plan (LTP)?

- The LTP is a statutory plan which sets out our region's transport priorities up to 2040.

- The LTP sets out proposals to create a fully integrated green transport network that works for all.

- The Delivery Plan sets out what we will build, introduce and change to deliver an integrated green transport network.

- The plan and delivery plan are being developed in collaboration with our local authorities.

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About the LTP project

The LTP is a statutory document, written in line with Government guidance. The wider project brings together a series of workstreams:

- **Local Transport Plan (LTP)** – a statutory document, setting out in strategic terms what we aspire to achieve through transport provision and why.

- **Delivery Plan** – the list of what we will build, introduce or change up to 2040 and what mechanisms we will use to deliver interventions.

- **"Delivering green transport that works for all"**–the public facing summary document.

- **Integrated Sustainability Appraisal (ISA)** – A technical assessment evaluating the impact of the draft LTP and Delivery Plan on factors such as environment, health and inclusion.

Structure of the main LTP document

Section title	What it covers
Foreword	Mayor's introduction
Exec summary	
What is the North East Local Transport Plan?	Why we need a new Local Transport Plan – we have funding, powers and partnerships to deliver and that making journeys is good.
North East CA vision and commitments	Introduces the link between our strategic objectives and transport
Regional context	Sets out information about our region (for audiences that don't know us)
Where we want to be	Proposes what needs to change, to create our enhanced, integrated network
Current situation and challenges	Describes what users currently experience in 5 focus areas
Measures of success and KPIs	Proposes how we will measure change and demonstrate delivery

The Delivery Plan – Function and Purpose

- Sets out the actions that can be taken by the North East CA and partners to 2040 for example, what we will build, introduce and change, to deliver the LTP.

- Highlights powers and other delivery mechanisms (e.g. Bus Reform) which are the tools to make this happen.

- Sets out a range of interventions (a snapshot is provided overleaf) that are costed and set against potential funding options.

- The interventions have been aligned to schemes that we can deliver (subject to funding and powers) in the following time periods: up to 2027, 2028-2032 and 2033-2040.

- Maintained as a live programme which can evolve as schemes develop, new funding priorities are identified, and we progress through delivery.

Improvements we will deliver by 2027*

We will deliver:

- **Expanding and Improving our Network** - Infrastructure improvements including a new North Shields Ferry landing and a package of maintenance and renewals of the network;

- **Making Transport Safe for Women and Girls** - Safety and Security improvements on Public Transport including more Metro Gatelines, safer stops and shelters and an accessibility review;

- **Starting the delivery of the largest electric vehicle charging network in the country** - Expansion of the Electric Vehicle Charging Network with home based and key destination and station charging;

- **A joined-up walking and cycling network -** including a new bike and e-bike hire network, active travel hubs, bike parking at key stations and interchanges and the first phase of active travel network improvements;

- **Improving stations and connecting rail to public transport-** Stations will be upgraded and integrated with the wider public transport and active travel network. The Pop card will be brought to local rail services, and we will investigate bringing stations into public ownership;

- **Setting the standards for Green buses –** with new Zero Emission Buses rolled out; and

- **Working towards a fully integrated public transport network –** including enhanced and supported fares, ticketing and information including account based and contactless ticketing.

We will be actively developing:
- Business Cases for **Connecting Washington by Metro** and the **Leamside Line;**

- **Bus Reform;** and propositions for 2027 and beyond

*Subject to funding and powers

Improvements we will deliver by 2032*

We will deliver:

- **Bus Reform;**

- **Washington connected by Metro;**

- **Free travel for all under-18s;**

- **Expanding and Improving our Network** - the network will continue to be maintained including critical structures and the re-signalling and renewals of the Metro;

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- **Improved rail and road arteries we need to power our economy** - including continuing investment in network improvements to facilitate housing growth through local network schemes and working with National Highways to deliver upgrades to the A66, A1 dualling to Ellingham and junction upgrades on the A19 at Moor Farm / Seaton Burn;

- **The delivery of a fully integrated public transport network** - a comprehensive customer experience approach to make it easy and safe to plan and make journeys, continuing to focus on safety for women and girls on public transport and a programme of public transport station improvements;

- **Setting the standards for green transport** - decarbonising our public transport network

We will be actively developing:

- **River crossing proposals**

- Further **Metro and Rail extensions including the Leamside Line**

- **Propositions for 2032 and beyond**

*Subject to funding and powers

Improvements we will deliver by 2040*

We will deliver:

- **Improved rail and road arteries we need to power our economy** – Including Rail, Metro and Road enhancements, upgrades to the East Coast Mainline, working with Government to deliver Northern Powerhouse Rail in full, structural renewals and new river crossings;

- **The best connected and greenest network** – Decarbonised public transport network with network enhancements and new routes delivering patronage enhancements;

- **The delivery of a fully integrated public transport network** – Transport and digital tools rolled out to improve service quality and new and improved rail and Metro stations.

We will be actively developing:

- Propositions for 2040 and beyond including **embracing new technology innovations and the way people utilise the transport network.**

Subject to funding and powers

Integrated Sustainability Appraisal (ISA)

- An independently produced draft ISA is currently being prepared covering the draft LTP. The production of the ISA is a mandatory requirement of Government guidance, to allow the evaluation of the impact of the draft LTP on factors such as environment, health and inclusion.

- Historic England, the Environment Agency and Natural England are named in Government guidance as bodies with whom "pre-consultation" must take place regarding the ISA scoping report, before formal public consultation on the LTP itself can begin. This scoping consultation has commenced with a wider range of stakeholders to ensure robustness of the process.

- The draft ISA will then be subject to public consultation alongside the draft LTP.

Consultation

- The Transport Act 2000 requires that a formal public consultation is carried out over any new or amended Local Transport Plan.

- The Mayor has requested that public consultation is far reaching, connecting with anyone with an interest in improving transport.

- The proposed approach will ensure that anyone who wants to contribute feedback on the draft LTP will have the opportunity to do so.

- A blend of traditional and innovative techniques will be used, to achieve maximum engagement with and representation from all sections of society in the region.

Timescales and next steps

- September-October 2024 –Finalise the consultation approach.

- Autumn 2024 –Public consultation on LTP (subject to completion of the draft ISA report).

- Early 2025 –Consultation feedback analysed. LTP and delivery plan updated as required.

- Early 2025 –Mayor to finalise the LTP and accompanying documents in consultation with the Portfolio Holder for Transport.

- *March 2025* –Post consultation version of LTP, delivery plan and summary document to Cabinet for review and approval.

Title: **Budget and Corporate Planning Process**
Report of: Janice Gillespie, Director of Finance and Investment

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Report Summary

The purpose of this report is to advise the Committee of the proposed approach and timetable for the preparation of the 2025/26 Budget and Corporate Plan for the North East Combined Authority (North East CA). The next report to Cabinet will be on 26 November 2024 which will outline the draft Corporate Plan and draft budget proposals, which will be brought to Overview and Scrutiny Committee on 10 December 2024, with a budget workshop to be held in January 2025 to consider in detail the Authority's draft budget proposals and recommendations to Cabinet.

The report also provides a summary of the opening reserves for the North East CA at 7 May 2024 which were reported to Cabinet on 17 September as part of the outturn report covering the two previous combined authorities, and which will help inform the 2025/26 budget and Medium Term Financial Strategy.

Recommendations

The Overview and Scrutiny Committee is recommended to note the report and consider any requirements in advance of its examination of proposals in relation to the North East CA Budget and Corporate Plan.

A.   Context

1.   Background

1.1   Prior to the establishment of the North East CA on 7 May 2024, the two previous combined authorities agreed an interim Corporate Plan and initial Budget and Medium Term Financial Strategy for the new Combined Authority for the period May 2024 through to March 2025. This provided a framework for the development of the initial budget and financial plans for the new authority.

1.2   The interim Corporate Plan and initial Budget and Medium-Term Financial Strategy were approved by the former North East and North of Tyne Combined Authorities on 23 January 2024 and 30 January 2024 respectively.

1.3   Following the formation of the new Combined Authority on 7 May 2024, there is a need to update the interim Corporate Plan and to update the initial MTFS, which will include detailed budget proposals for 2025/26 and indicative financial strategy for the period to March 2029.

2.   Corporate Plan

2.1   The Corporate Plan will set out the ambitions of the Mayor and Cabinet for the Authority, both immediately and in the future, with a roadmap for action. It captures the breadth of work undertaken and ensures activities are aligned allowing for clear collaborative working.

2.2   The draft Corporate Plan will be developed through a process of co-design with Mayor and Cabinet and officers. It plays an intrinsic role in ensuring that funding and resources are used efficiently and effectively, adding maximum value and delivering with impact. It will drive the work programme of the North East CA, which will inform both team plans and individual personal objectives, creating a 'golden thread' from the Mayor and Cabinet's vision to day-to-day delivery, and will be rooted in the values which underpin the way the Authority works and outlines our approach to managing wisely the resources, funding and investment available.

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3.   Developing a Medium-Term Financial Strategy

3.1   A Medium-Term Financial Strategy (MTFS) should be developed within the context of the strategic priorities and policy decisions made by the Mayor and Cabinet to ensure the Authority's strategic plans can be developed within the financial resources available. In addition, the MTFS ensures the authority has a clear financial vision and direction for the medium-term and that the Mayor and Cabinet understand the financial implications of decisions taken.

3.2   As part of the 2025/26 Financial Planning process, the updating of the MTFS will be important. The approach will include:
- Analysis of the current financial situation, including the main sources of income, the main financial commitments and the level of reserves currently held.
- The Authority will maintain its Strategic Reserve at a minimum level of £1 million at the end of each financial year, subject to a risk assessment as part of the annual budget setting process.
- The Authority will aim to balance its revenue budget over the period of the MTFS without reliance on the use of the Strategic Reserve.
- The Authority will plan for any changes to specific grants, interim funding, financial settlements and legislation.
- The Authority will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities. The use and level of earmarked reserves will be reviewed at least annually.
- The Authority will continue to develop its approach to efficiency, commissioning and procurement to ensure value for money.
- The Authority will continue to consider business risk in all decision-making processes and, alongside this, ensure that resources are aligned to reduce any material financial risk to the Authority.
- The Authority will continue to review its Treasury Management Strategy and the efficient management of debt on an annual basis, with an on-going focus on delivering safe stewardship of public funds.

3.3   The table below provides a summary of key milestones and dates for decisions associated with the Budget and Medium Term Financial Strategy process. In parallel with the formal member engagement process, there will be significant interaction with officer groups such as Chief Executives, Economic Directors and Finance Directors as well as informal cabinet.

Date	Event/Meeting	Action
8 October 2024	Overview and Scrutiny Committee	Update on the budget process and timetable for the North East CA Corporate Plan and Budge and MTFS
26 November 2024	Cabinet	Consider and agree the North East CA draft Corporate Plan and draft Budget Proposals
10 December 2024	Overview and Scrutiny Committee	Receive the North East CA draft Corporate Plan and draft Budget Proposals
14 January 2025	Overview and Scrutiny Budget Workshop	Workshop to consider in detail the North East CA's draft Corporate Plan and Budget Proposals and make recommendations to Cabinet.
28 January 2025	Cabinet	To consider outcomes of consultation and recommendations from Overview and Scrutiny Committee and agree final proposals for the Authority's

		Corporate Plan and Budget. This will include formal agreement of the Transport Levies on constituent local authorities, which must be issued by 15 February 2025.

North East CA Reserves

3.4   On 17 September 2024, Cabinet received a report setting out the 2023/24 Outturn position for the five organisations which came together to form the new North East CA from 7 May. Significantly, the closing reserves of these organisations form the opening reserves available to the North East CA in 2024/25, and will help inform the full picture of the resources available to the Authority for the 2025/26 budget and for future years.

3.5   Taking account of the outturn position on capital and revenue, the provisional reserves position for amounts brought forward to the North East CA from 7 May 2024 is summarised below. This includes all earmarked reserves and grants (revenue and capital) which have not yet been applied to fund expenditure and are required to do so in future years.

	Balance on 1 April 2023	**Movement in Year**	**Balance on 6 May 2024**
	£ million	**£ million**	**£ million**
Former NECA reserves	0.428	(0.428)	0.000
JTC reserves (includes grants unapplied)	259.637	(40.713)	218.924
NTCA reserves (includes grants unapplied)	91.317	59.352	150.669
North East LEP reserves (includes grants unapplied)	22.307	(9.767)	12.539
Total North East CA reserves	**373.689**	**8.444**	**382.133**

3.6   Whilst many of the reserves are earmarked for specific programmes and grant activity (i.e. ringfenced reserves) there are a number of "un-ringfenced" reserves. Set out below is a provision picture of those reserves, with their allocation in 2024/25. This has allowed early allocation to a future Election reserve, reducing the in-year budget requirement until the next Mayoral election. The Strategic Reserve was increased to £1 million whilst a full financial risk assessment of the North East CA is ongoing during 2024/25. Finally a Strategic Capacity reserve has been created. This will provide for on-going costs as the transition to the new Combined Authority continues, and created a financial resource available for development work in respect of the Local Growth Plan, Portfolio development plans and contingency provision for resources currently funded through grants where the continuation of those funding programmes is not confirmed beyond March 2025 but where there will be "tail end" activity to close those programmes – for example UK Shared Prosperity Fund.

3.7   A Reserves and Balances Policy will be included in the Cabinet report setting out draft budget proposals, this will describe the approach to managing these reserves and the associated risks.

	Balance 6 May 2024 £m
NTCA Strategic Reserve	0.200
NELEP General Reserve	1.446
NTCA Strategic Capacity Reserve	6.103
Total	**7.749**

Proposal	7 May 2024
Election Reserve	3.000
Strategic Reserve	1.000
Strategic Capacity Reserve	3.749
Total	**7.749**

4. Potential Impact on Objectives

4.1 The Corporate Plan will set out the North East CA's strategic objectives, and the budget will enable the combined authority to properly discharge its functions and assist in delivering the authority's vision, policies and priorities.

5 Equalities Implications

5.1 There are no direct equalities implications arising out of the recommendations in this report. However the Overview and Scrutiny Committee should be mindful of its Public Sector Equality Duty and consider whether what is before them eliminates discrimination, harassment and victimisation; advances equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and fosters good relations between persons who share a relevant protected characteristic and persons who do not share it. The Committee should also note that the North East CA has adopted equality objectives to reflect its different roles as an employer, a commissioner, deliverer of services and a civic leader.

5.2 The combined authority will continually monitor the impact of our Budget-setting process and decision making, utilising equality impact assessments and reflecting the authority's equalities objectives.

6 Consultation and Engagement

6.1 Draft proposals will be subject to wide consultation before the final budget proposals are taken to Cabinet for approval in January 2025, and will take into account comments arising from the Overview and Scrutiny Committee workshop.

7 Appendices

None

8 Background Papers

North East Mayoral Combined Authority 2025-2029 – Draft Corporate Plan, Draft Budget and Medium-Term Financial Plan Proposals, January 2024, https://www.northeast-ca.gov.uk/downloads/1783/ntca-cabinetsupplementalagenda-30jan24.pdf
2023/24 Outturn Position for the North of Tyne Combined Authority, North East Combined Authority, North East Local Enterprise Partnership, Invest North East England and the Joint Transport Committee, Cabinet, 17 September 2024, https://www.northeast-ca.gov.uk/downloads/2878/agenda-pack-north-east-ca-cabinet-17-09-24.pdf

9 Contact Officers

Janice Gillespie, Director of Finance and Investment, Janice.gillespie@northeast-ca.gov.uk
Eleanor Goodman, Interim Head of Finance, Eleanor.goodman@northeastca.gov.uk

10 Glossary

MTFS – Medium Term Financial Strategy
North East CA (North East Combined Authority)
NECA (former North East Combined Authority)
NTCA (former North of Tyne Combined Authority)

North East Combined Authority

www.northeast-ca.gov.uk

Overview and Scrutiny Committee

8 October 2024

Title: **Overview and Scrutiny Work Programme**
Report of: Gavin Armstrong, Scrutiny and Policy Officer

Report Summary

At its previous meeting the Committee agreed a provisional work programme but made a series of comments and suggestions to be considered by the Chair, Vice Chair and relevant officers with a view to its further development and reporting back to this meeting. This report presents the outcome of that work and invites the Committee to give further consideration to the development of its work programme for the remainder of the year.

Recommendations

The Overview and Scrutiny Committee is recommended to:
   a) note the outcomes of the Strategic Portfolio Plan briefings in terms of identifying topics for further scrutiny;
   b) agree that two additional committee meetings be arranged to be held on Tuesday 5 November 2024 and Tuesday 4 February 2025;
   c) consider and comment on its priorities for inclusion in the work programme; and
   d) authorise the Chair and Vice Chair to work with relevant officers to further develop the Committee's work programme for the remainder of the year.

A.   Context

At its previous meeting held on 16 July 2024 the Committee agreed a provisional work programme for 2024/25, attached as Appendix A. In doing so members discussed the operation of the Committee and made a series of suggestions both in terms of the topics to be scrutinised and its ways of working. This report provides a response to those suggestions and sets out options for the further development of the Committee and its work programme for the remainder of the year.

1   Strategic Portfolio Plan Briefings

1.1   The Committee noted that the Cabinet were due to approve Strategic Portfolio Plans at its meeting on 30 July 2024. It agreed that a series of briefings be arranged throughout the summer period to provide members of the Committee with an overview of the Authority's strategic portfolio plans and to inform the development of the work programme.

1.2   At the time of writing this report briefings have now been held with 6 of the 7 Cabinet Members with responsibility for a portfolio. A record of these meetings is attached as Appendix B. One further briefing in relation to the Economy Portfolio Plan is to be held on 4 October 2024. The notes highlight many different topics, programmes and themes identified by members and suggested by Cabinet Members for further, more detailed scrutiny.

2   Frequency of Meetings

2.1   Given the wide range of the Authority's functions and programmes, the Committee expressed concern that meeting formally four times per year would be insufficient to allow it to fulfil its role effectively. It was therefore suggested that consideration be given to arranging additional meetings.

2.2   Officers have discussed options with the Chair and Vice Chair. There are a range of methods which may be adopted in expanding the Committee's capacity including additional committee meetings, lengthening the duration of committee meetings, the appointment of sub-committees or task and finish groups, meetings with the Mayor and Cabinet members, informal briefings, budget workshops, all day inquiries, fact finding visits and community engagement. The selection of the most appropriate method will depend on the subject matter, the people involved and the objectives of the scrutiny exercise. Until these matters are determined it is difficult to select the most appropriate method. Further work and time is required to develop the work programme as set out in Section 3 of the report.

2.3   In the meantime and in order to create immediate additional capacity it is proposed that two additional committee meetings be arranged to be held on Tuesday 5 November 2024 and Tuesday 4 February 2025

2.4   These additional meetings would create a regular cycle of monthly meetings as follows:
8 October 2024 (Gateshead)
5 November 2024 (venue to be confirmed)
10 December 2024 (Newcastle)
14 January 2025 (Budget workshop) (North East CA Office & Teams)
4 February 2025 (venue to be confirmed)
4 March 2025 (North Tyneside)

3.   Work Programme 2024/25

3.1   The Committee agreed that it would give further consideration to the development of its work programme at this meeting.

3.2   Government Guidance states that the Committee should have a clear process by which it develops its work programme, who it will engage as part of its work programme and prioritises what it should undertake further inquiry on.

3.3   Members of the Committee identified and highlighted numerous issues during its previous meeting for further, more detailed consideration by the Committee. Many arose from the presentation of the transport programme. These are summarised in the minutes of the previous meeting included within this agenda as item 3. The Strategic Portfolio Plan Briefings have identified many areas where the Committee may wish to contribute to the work of the Authority. These are set out in Appendix B. These documents do not provide an exhaustive list of what the Committee may wish to examine. Further work could be undertaken to engage with Cabinet, the Audit and Standards Committee, officers, partners, and the public to identify other issues.

3.4   Whilst this report sets out proposals to increase scrutiny capacity, members are unlikely to have the time to examine all these areas. It may therefore be necessary to prioritise the list. Government Guidance states that "*Approaches to shortlisting topics should reflect scrutiny's overall role in the authority. This will require the development of bespoke, local solutions, however when considering whether an item should be included in the work programme, the kind of questions a scrutiny committee should consider might include:*
Do we understand the benefits scrutiny would bring to this issue?
How could we best carry out work on this subject?
What would be the best outcome of this work?
How would this work engage with the activity of the executive and other decision-makers, including partners?"

3.5   Members are invited to consider and comment on their priorities for inclusion in the work programme. In doing so Members may also wish to give consideration to the questions posed above or any other selection criteria it may wish to apply to ensure that the work programme will add value.

3.6   It is proposed that Member's feedback from today's meeting be considered by the Chair and Vice Chair with relevant officers and further work be undertaken to develop the work programme, so that it clearly sets out scrutiny's role within the authority, reflects Members' priorities in terms of the areas it wishes to scrutinise, identifies the proposed scrutiny methods and the desired outcomes of each exercise. It may be beneficial to plan the Committee's work over multiple years in recognition of the longer term, strategic nature of the ambitions set out in the North East Devolution Deal, the four year Mayoral term of office and the assessment processes required by Government. The work programme should remain robust and flexible enough so that the Committee can react to changes within the Authority and so scrutiny can be undertaken on policy development as it evolves.

B.   Potential Impact on Objectives

The Overview and Scrutiny Committee enables local councillors, on behalf of their communities, to scrutinise and challenge the Cabinet and the Mayor on delivery of the Authority's ambitions and objectives and to consider matters of strategic importance to residents within the Authority's area with a view to influencing their decisions.

C.   Equalities Implications

There are no direct equalities implications arising out of the recommendations in this report. However the Overview and Scrutiny should be mindful of its Public Sector Equality Duty and to consider whether its activities and the work it is scrutinising eliminates discrimination, harassment and victimisation; advances equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and fosters good relations between persons who share a relevant protected characteristic and persons who do not share it.

D.   Consultation and Engagement

Members of the Committee have met with Cabinet Members to receive details of the Strategic Portfolio Plans and to discuss possible areas for further scrutiny. The contents of this report has been shared with the Authority's Chief Officers.

E.   Appendices

Appendix A – Overview and Scrutiny Committee Work Programme 2024/25
Appendix B - Notes of the Strategic Portfolio Plan Briefings held in August and September 2024

F. Background Papers

Minutes of the Overview and Scrutiny Committee held on 16 July 2024
Overview and scrutiny: statutory guidance for councils, combined authorities and combined county authorities - GOV.UK (www.gov.uk)
Scrutiny Protocol for English institutions with devolved powers - GOV.UK (www.gov.uk)
Centre for Governance and Scrutiny - Overview and scrutiny in combined authorities: a plain English guide 2nd Edition

G. Contact Officers

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Michael Robson, Senior Governance Officer Michael.robson@northeast-ca.gov.uk 0191 277 7242

Overview and Scrutiny Committee
Work Programme 2024/25 (as at 16 July 2024)

8 October

- Mayoral Update – Mayor Kim McGuiness
- 2024/25 Budget and Budgeting setting process
- Strategic Portfolio Delivery Plans
- North East Local Transport Plan
- Bus Reform Options

10 December

- Medium Term Financial Plan/Budget Proposals
- Q2 Budget Monitoring
- Child Poverty Prevention

14 January 2025 - Budget Workshop

4 March

- Q3 Budget Monitor
- Scrutiny Annual Report
- AEB (Adult Education Budget) and Skills Update
- Strategic Portfolio Delivery Plans Update
- Changes to Metro and Ferry Fares; Revision of Tyne Tunnel Tolls

North East CA Overview and Scrutiny Committee

Portfolio Plan Briefings 2024

At its meeting in July 2024, the Overview and Scrutiny Committee had agreed to invite each Cabinet Member to meet informally with members and substitute members of the Committee to present their Strategic Portfolio Plans and answer questions. The Cabinet had agreed the portfolio plans at its meeting on 30 July 2024. These are available to view on the Authority's website as item 6 of the Public Agenda Pack - North East CA Cabinet 30.07.24 (7).pdf

The purpose of the briefings was to:
   a) enable members to gain a better understanding of the Authority's ambitions, priorities and programmes;
   b) identify opportunities for the Committee to contribute to the development of the Authority's future policies and strategies; and
   c) help shape formulation of the Committee's work programme.

Housing and Land
22 August 2024 at 1.00pm on Teams

Present: Councillor Colin Ferguson (Chair)
              Councillor Claire Rowntree
              Councillor Linda Wright
              Councillor Brian Gallacher
              Councillor Jim Montague
              Councillor Amanda Wintcher
              Councillor Chris Lines

              Dame Norma Redfearn DBE, Cabinet Member for Housing and Land
              Peter Mennell, Director of Housing, North Tyneside Council
              Andrew Nicholson, North East CA
              Michael Robson, North East CA

Dame Norma Redfearn DBE and Peter Mennell presented details of the plan, covering details of the governance arrangements, the Devolution Deal and mayoral manifesto commitments, the CA's key priorities and work programme and opportunities for the Committee to contribute.

During questioning the following points were discussed:
   a) Dame Norma urged members to play an active role within their own local authorities and to work with their housing directors to identify sites and opportunities for investment and development.
   b) Members asked what systems were in place to allow ward councillors to help shape the Authority's plans and priorities. It was suggested that members could be surveyed to identify local needs. The results were likely to highlight areas of commonality and differences across the region. The CA would be working closely with its constituent local authorities to engage with local ward councillors. Such engagement would help shape the development of a longer term strategy and a full needs assessment.
   c) Members highlighted the need for more quality and affordable social housing in the right locations and acknowledged the variety of delivery models including working with registered providers and trading companies.

The Chair drew the meeting to a close due to time constraints. He stated that he had further questions in relation to the adequacy of brownfield land funding, mandatory housing targets,

private sector investment and rural housebuilding but unfortunately there was insufficient time to cover all these topics today.

Education Inclusion and Skills
28 August 2024 at 9.00am on Teams

Present: Councillor Colin Ferguson (Chair)
                 Councillor Brian Gallacher
                 Councillor Jim Montague
                 Councillor Amanda Wintcher
                 Councillor Tracy Dodds
                 Councillor John Eagle

                 Councillor Tracey Dixon, Cabinet Member for Education, Inclusion and Skills
                 Jonathan Tew, Chief Executive, South Tyneside Council
                 Robin Fry, North East CA
                 Michael Robson, North East CA

Councillor Tracey Dixon, Cabinet Member for Education, Inclusion and Skills, presented details of the Devolution Deal and mayoral manifesto commitments, the CA's key priorities and work programme and operation of the Advisory Board.

During questioning the following points were discussed:
  a) Councillor Dixon referred to the imminent launch of a Child Poverty Prevention Programme which would complement national and local programmes and provide a unique, leading approach to tacking the issue across the region.
  b) Members acknowledged the need to co-ordinate the work of the North East CA's OSC with the work undertaken by OSCs in each constituent council.
  c) Building on the strong track record of delivery in the further and adult education sectors, the CA was collaborating with the Department for Education and school leaders in co-designing the scope of its Education Improvement Programme. Furthers details of the programme could be presented to the Committee as they emerged.
  d) Councillor Dixon offered to provide the Committee with more details of a proposed Community Infrastructure Fund when more details were available.
  e) In terms of whether the objectives contained within the plan were achievable, Jonathan Tew commented that a lot of core work had now been completed in engaging with regional providers to broker pathways to skills and employment. Wider social issues such as child poverty would require an alignment of local, regional and national approaches and contributions from across the Authority's portfolios. A milestone plan would be developed to provide an indication of the progress being made.

In closing the meeting, the Chair thanked Councillor Dixon and officers for meeting with members. The meeting had identified several areas that the Committee may wish to examine in more detail such as the Child Poverty Programme, the Mayor's Opportunity Fund and the School Improvement Programme and members would need to give further consideration as to how to include those topics within its work programme.

Finance and Investment
29 August 2024 at 10.00am on Teams

Present: Councillor Colin Ferguson (Chair)
                Councillor Claire Rowntree
                Councillor Brian Gallacher
                Councillor Chris Lines
                Councillor Andrew Guy
                Councillor Amanda Wintcher
                Councillor Tracy Dodds

                Councillor Michael Mordey, Cabinet Member for Finance and Investment
                Rob Hamilton, Janice Gillespie, Chrisi Page, Melissa Wells and Michael
                Robson, North East CA

Councillor Michael Mordey, Cabinet Member for Finance and Investment, presented details of the Devolution Deal and mayoral manifesto commitments, the CA's key priorities, selected socioeconomic comparators, the investment framework, the North East Investment Zone and the medium and longer term next steps.

Councillor Mordey welcomed the opportunity to work with the Committee. He was particularly keen to obtain members input into the management of the Authority's robust assurance framework and to seek the Committee's thoughts and suggestions in relation to a proposed programme to improve access to finance for North East Businesses. A report on access to finance was to be presented to Cabinet on 17 Sept 2024.

During questioning the following points were discussed:
   a) The plan included an investment fund of £48m per year and an ambition to create 4,000 jobs over the next 10 years. These were seen as ambitious but realistic starting points based on the Authority's current capacity as a new organisation. The plans could be reviewed and revised as necessary.
   b) Councillor Mordey explained that as Cabinet Member for Finance and Investment he had an overview of delivery of all the portfolio plans, as a range of interlinked projects and programmes were presented for investment.
   c) The assurance framework provided for political oversight of all business cases and assessment of need to ensure that investment was legitimate, adds value and was fair and equitable across the seven local authority areas.
   d) Application of the framework together with due regard to officer advice were likely to lead to Cabinet approving only those programmes that were affordable, deliverable and represented value for money.
   e) The membership of the Finance and Investment Advisory Board was made up of the Deputy Leaders and Chief Executives of each of the constitutent councils. The Cabinet made all investment decisions based on the recommendations of the Advisory Board.
   f) Councillor Mordey stated he was working closely with Councillor Kemp to ensure that the Investment Framework supported and complemented the emerging Economic Strategy.
   g) The Authority had agreed to support the establishment of a skills training and industrial innovation centre within the Investment Zone in Sunderland. The centre would have a particular focus on electric vehicle and battery manufacturing. This was an example of how the investment framework was supporting the Authority's ambition to create green jobs and to match this with ensuring local people had the necessary skills to take advantage of the new job opportunities.
   h) The location of the Investment Zones had been based on established clusters of activity.
   i) The Authority recognised that rural areas were a unique and important element of the area's economy and Councillor Glen Sanderson was leading on the development

and delivery of an Environment, Coast and Rural Portfolio Plan to support rural growth.

The Chair thanked Councillor Mordey for meeting with members of the Committee and Councillor Mordey reiterated his willingness to attend future meetings.

Culture Creative Tourism and Sport
30 August 2024 at 11.00am on Teams

Present: Councillor Colin Ferguson (Chair)
                  Councillor Brian Gallacher
                  Councillor Chris Lines
                  Councillor Andrew Guy
                  Councillor Tracy Dodds
                  Councillor Stuart Green

                  Councillor Amanda Hopgood, Cabinet Member for Culture Creative, Tourism and Sport
                  Alison Clark, Head of Culture, Sport and Tourism, Durham County Council
                  Michael Robson, North East CA

Councillor Amanda Hopgood, Cabinet Member for Culture Creative, Tourism and Sport, presented a narrative statement setting out the context to the plan, details of the Devolution Deal and mayoral manifesto commitments, the CA's key priorities, membership of the Advisory Board and details of the initial portfolio programme. She described the role of the Cultural Observatory in bringing together data and ensuring that the portfolio programme was evidence based.

Councillor Hopgood invited Committee members to:
   a) comment on whether anyone was missing from membership of the Advisory Board; and
   b) consider and make recommendations on options for delivery of a Tourism and Visitor Economy Strategy and whether there should be one organisation for the whole of the area or if they should remain separate.

During questioning the following points were discussed:
   a) Members recognised the impact of culture, tourism and sport on the economy, individual wellbeing and community pride and highlighted the importance of integrating the plan's objectives and programmes with other related portfolio plans.
   b) The portfolio programme needed to be flexible and adaptable to meet the different needs of communities across the area, for example transport connections in rural areas prohibited access to events and attractions.
   c) The CA sought to improve the lives and wellbeing of people in the North East and so the tourism and visitor strategy would include measures to improve access and knowledge of the regions assets among local people.
   d) Members discussed the need for improved ticketing and information on the transport network to improve access to cultural activities.
   e) The Destination Development Partnership was about to launch a Regenerative Tourism Strategy and transport connections would be key to delivering green tourism and sustainability.
   f) A member expressed support for a single organisation to oversee co-ordinated delivery of a regional tourism and visitor strategy.
   g) Members discussed how the increase in holiday lets had displaced local people from popular destinations such as Seahouses and how this impact might be mitigated by camping in historic churches (champing), allowing overnight stays by campervans in Park and Ride facilities (both piloted in Durham), increasing Council Tax liabilities on

2nd homes and further regulation through the planning system. It was noted that there was insufficient hotel capacity and range in the region.

h) Work was underway to develop place branding for the area which was likely to be based on its assets rather than place names and targeted at markets in the USA, Saudi, UAE and the Nordic states.

The Chair drew the meeting to a close. He stated that he had further questions in relation to the development of grassroots sport but unfortunately there was insufficient time to cover the topic today.

Transport
10 September 2024 at 3.45pm on Teams

Present: Councillor Colin Ferguson (Chair)
                 Councillor Claire Rowntree
                 Councillor Amanda Wintcher
                 Councillor John Eagle
                 Councillor Gordon Castle
                 Councillor Jim Montague
                 Councillor Richard Dodd
                 Councillor Chris Lines
                 Councillor Andrew Guy
                 Councillor Tracy Dodds

                 Councillor Martin Gannon, Cabinet Member for Transport
                 Tobyn Hughes, Director of Transport, North East CA
                 Michael Robson, North East CA

Councillor Martin Gannon, Cabinet Member for Transport, presented details of the Devolution Deal and mayoral manifesto commitments, the CA's key priorities, and its transport programme for the next 12 months and the longer term. Councillor Gannon indicated he was willing to meet with the Committee again to discuss any aspect of the transport programme in more detail.

During questioning the following points were discussed:
a) Councillor Gannon described how the Authority was in a learning process in terms of integrating the transport programme with other portfolio plans such as culture and tourism.
b) A member asked whether the transport programme should rank the Authority's priorities and members discussed the need for tangible targets and performance indicators.
c) Members considered the likely costs and benefits of re-opening the Leamside Line in the context of other immediate priorities such as connecting communities to local bus and metro networks. Councillor Gannon highlighted the national significance of re-opening the Leamside Line in terms of increasing capacity on the East Coast Main Line.
d) Councillor Gannon expressed his desire for greater devolution of transport powers and funding so that the region could improve access and integration.
e) The dualling of the A1 north of Morpeth was a priority for the Authority.
f) Members acknowledged the complexity and enormity of integrating transport policy with the proposed reforms to the National Planning Policy Framework to ensure that any new housing developments were supported with appropriate infrastructure.

Environment, Coast and Rural
25 September 2024 at 12.00noon on Teams

Present: Councillor Colin Ferguson (Chair)
             Councillor Claire Rowntree
             Councillor Gordon Castle
             Councillor Jim Yare
             Councillor Brian Gallacher
             Councillor Dominic McDonough
             Councillor Les Bowman

             Councillor Glen Sanderson, Cabinet Member for Environment, Coast and
             Rural
             Michael Robson, North East CA
             Gavin Armstrong, North East CA

Councillor Sanderson acknowledged the respect and support he had received from other Cabinet members to integrate environmental, coastal and rural considerations into the North East Devolution Deal and the Authority's Strategic Portfolio Plans.

The Cabinet were due to consider a North East Environmental Stewardship, Coast, and Rural Growth Investment Plan at its meeting in November to request funding in principle for phase 1 of a programme. Details of the plan had been discussed with the Environment, Coast and Rural Advisory Board, whose comments would be taken into account in finalising the proposal to be presented to Cabinet. A joint task force between the North East CA and DEFRA was to be established to generate ideas and secure funding to support delivery of the programme.

During questioning the following points were discussed:
   a) the extent to which environmental, coastal and rural considerations were linked and integrated with other related portfolio plans;
   b) the relationship between the Authority's ambitions for tourism, transport and job creation and their impact for rural communities and the environment;
   c) examples of how the former North of Tyne Combined Authority had supported business growth in rural areas;
   d) the impact of biodiversity loss in both rural and urban areas and the benefits of addressing climate change in environmental terms to encourage everyone to commit to protect the world around them;
   e) the need to adapt to climate change, for example adopting coastal erosion risk management processes;
   f) the learning gained from the creation of an Ecological Landscape Mitigation Area (ELMA) in Sunderland to offset the adverse ecological effects of development;
   g) it was envisaged that the investment plan would provide constituent authorities with the opportunity to work together to protect the environment and enhance biodiversity; and
   h) the membership of the Advisory Board and its role in developing a clear joint plan for rural growth, stewardship and net zero.

The Chair thanked Councillor Sanderson for presenting the Portfolio Plan and answering members questions. Councillor Sanderson indicated that he was willing to meet with the Committee at anytime.