

Title: Metro to Washington – Grant Fund Agreement
Report of: Head of Transport Programmes
Portfolio: Transport

Report Summary

The purpose of this report is to seek the enactment of the delegation provided to the Chief Executive at the 30 July 2024 meeting of the North East Combined Authority (North East CA) Cabinet, to enter into a Grant Funding Agreement with Nexus for the development of an Outline Business Case (OBC) for the Washington Metro Loop Project. The project is supported by £8m of North East CA transport reserves which were originally allocated to support the development of transport Business Cases by the Joint Transport Committee at its 19 March 2024 meeting, and re-confirmed at the 30 July 2024 North East CA Cabinet meeting. In addition to a further £200k from the City Region Sustainable Transport Settlement, that was also approved by the North East Combined Authority at its 30 July 2024 meeting.

This Delegated Decision, specifically, requests that the Chief Executive, enters into a Grant Funding Agreement with Nexus to develop an outline Business Case for the Washington Metro Loop scheme totalling £8.2m.

Recommendations

In line with the delegation provided at the July meeting of the North East CA Cabinet, the Chief Executive is recommended to:

- Enter into a Grant Funding Agreement with Nexus to develop and outline Business Case for the Washington Metro Loop scheme.

A. Context

The North East Combined Authority has identified the project to bring the Metro to Washington as a key strategic priority. The scheme acts as a first phase of the delivery of the Leamside Line, extending Metro services between Pelaw and South Hylton via Washington, enhancing connectivity, economic growth, and sustainability.

The production of the OBC for the scheme is included as an early priority within the Transport Portfolio Plan, the development of the OBC will establish the costs and benefits for the delivery of the scheme and is central to securing funding to extend the Metro.

At the March 2024 meeting of the JTC, £8.179 million of reserves were set aside for investment in Transport related schemes and activities in support of the Regional Transport Plan from 2024/25 onwards. At the 30 July 2024 meeting of the North East CA, Cabinet re-confirmed this commitment allocating £8m of to undertake the production of the OBC, with Nexus identified to take the development of the OBC forward through a Grant Funding Agreement. The 30 July 2024 North East CA Cabinet meeting also allocated £200k from the City Region Sustainable Transport Settlement for the development of the Washington Metro Loop business case. This allocation has been built into the Grant Fund Agreement subject to the receipt of City Region Sustainable Transport Settlement funds.

The Grant Funding Agreement for the scheme has been developed, prepared, and approved by Newcastle City Council Legal. Funding for the development of the OBC covers the following activities:

- Development of an Outline Business Case (OBC) in line with HM Treasury's Green Book guidance.
- Feasibility studies, technical assessments, and stakeholder engagement.
- Legal, planning, and regulatory compliance activities.
- Strategic development to support future investment in the Leamside Line project.

Clear roles and responsibilities have been established through the Grant Funding Agreement, subsidy Control advice has been provided by DWF Law LLP, determining that the funding for the production of the OBC is provided to Nexus on a no subsidy basis.

B. Impact on North East Combined Authority Objectives

The Washington Metro Loop project aligns with the strategic priorities of the North East CA as outlined in the North East Devolution Deal. The project is included within the emerging Local Transport Plan, and its accompanying Delivery Plan, with the ambition for capital delivery by 2032. The project will be essential for the delivery of the Leamside line in full and will act as a first phase of delivery. The project supports regional economic growth, improved public transport accessibility, and sustainability objectives. The delivery of the OBC is a critical step towards securing investment in the scheme which, if implemented, will contribute to reducing car dependency, improving air quality, and enhancing connectivity for residents and businesses in Washington and the wider region.

C. Key risks

Approval and agreement of the proposals outlined within this report will aid the production of a timely funding submission to Government, the main risk associated with this report relates to completion of the OBC within the required timescales, 31st March 2027.

D. Financial and other resources implications

The total amount of funding associated with this delegated decision report is £8.2m

The profile of expenditure is as follows:

Source	2024/25	2025/26	2026/27	Total
	£	£	£	£
Transport Reserves	-	4,000,000	4,000,000	8,000,000
CRSTS	-	200,000	-	200,000

E. Legal implications

The Grant Funding Agreement for the scheme has been developed, prepared, and approved by Newcastle City Council Legal. A representative of the Monitoring Officer has reviewed the GFA and confirmed its alignment with relevant legal and regulatory frameworks, including Subsidy Control Act 2022 provisions.

F. Equalities implications

The North East CA follows the Public Sector Equality duty and this report has due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. In June 2024 the North East CA adopted equality objectives to reflect the different roles of the Combined Authority as an employer, a commissioner and deliverer of services, and a civic leader. In relation to this activity buses are designed to be accessible in their design. In addition, additional social and added value

has been secured through the contract including the use of the local supply chain, apprenticeships and volunteer activity.

G. Consultation and engagement

The Washington Metro Loop proposal has been developed through the former Joint Transport Committee and has been subject to North East CA Cabinet agreement, The North East CA cabinet approved funding for the proposal at its July 2024 meeting. Further engagement will take place as part of the OBC development, including public consultation and technical workshops.

H. Background papers

North East Combined Authority Agenda pack July 2024: <https://www.northeast-ca.gov.uk/downloads/2709/neca-cabinetagenda-11-june-2024.pdf>

Joint Transport Committee agenda January 2024: <https://www.northeast-ca.gov.uk/downloads/635/tne-jtcagenda-19mar24.pdf>

I. Contact officers

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J. Glossary

OBC	Outline Business Case
North East CA	North East Combined Authority
JTC	Joint Transport Committee
DfT	Department for Transport
GFA	Grant Funding Agreement

K. Sign-off

1) Cabinet Member: Yes	2) Director/Head of Service: Yes	3) Director of Finance and Investment: Yes	4) Monitoring Officer: Yes
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