

Transport North East (Tyne and Wear) Sub-Committee

Friday 15th July 2016 at 3.00 pm or following the conclusion of the Transport North East Committee, whichever is later.

Meeting to be held in a Committee Room, Committee Room, Sunderland Civic Centre, Burdon Road, Sunderland, SR2 7SN

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AGENDA

Page No

1. **Apologies for Absence**
2. **Declarations of Interest**

Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.
3. **Minutes of the Previous Meeting** 1 - 4
4. **Monitoring Nexus' Performance: 2015/16** 5 - 12
5. **Monitoring Nexus' Performance: 1 April to 28 May 2016** 13 - 20
6. **Update on Nexus' Corporate Risks 2016/17** 21 - 46
7. **Preparations for Great North Run 2016** 47 - 52
8. **Date and Time of Next Meeting**

Thursday, 15 September 2016 at 2pm at Sunderland City Council.
9. **Exclusion of Press and Public**

Under section 100A and Schedule 12A Local Government Act 1972 because exempt information is likely to be disclosed and the public interest

test against disclosure is satisfied.

10.	Confidential Minutes of the Previous Meeting	53 - 54
11.	Metro Transition Project Update	55 - 62
12.	Tyne Tunnels - Update	63 - 72

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

To All Members

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

28 April 2016

Meeting held: Civic Centre, Barras Bridge, Newcastle upon Tyne, NE1 8QH

Present:

Councillor: J Harrison (Chair)

Councillors: G Hobson, J McCarty and J McElroy

72 **APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor M Mordey.

73 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

74 **MINUTES OF THE PREVIOUS MEETING**

The minutes of the previous meeting held on 26 February 2016 were approved as a correct record and signed by the Chair.

The Chair referred to a question he had recently received from a member of the public and confirmed that the Sub-Committee remained firm with regard to effective monitoring of the performance of Metro.

75 **MONITORING NEXUS' PERFORMANCE: 1 APRIL 2015 TO 27 FEBRUARY 2016**

Submitted: An update report of the Managing Director (Transport Operations) (previously circulated and copy attached to Official Minutes).

Members considered the report which provided an update on Nexus' performance against its Corporate Business Plan targets and objectives for 2015/16 for the period 1 April to 27 February 2016, with particular emphasis on the period from 6 December 2015 to 27 February 2016. The report was introduced by the Managing Director (Transport Operations) who drew Members' attention to the key matters arising.

It was noted that the Managing Director of DB Regio Tyne and Wear (DBTW) would soon be leaving DBTW to take another role within the Arriva group. The Chair thanked her for taking part in the work of the Sub-Committee.

During the ensuing discussion Members received clarification in respect of the following matters:

- the contractual target for Customer Satisfaction;
- the issues with Metro services that were experienced earlier in the day;
- the high level of priority that was given to the safety of Metro services and associated infrastructure;
- communication with passengers about disruptions to Metro services;
- the improvement in the performance of Metro services;
- the rolling out of smart ticketing across the region;
- the success of the region in introducing, processing and using smart data on boardings, particularly in respect of concessionary travel;
- the success of the region in being the only example in the country to introduce a smart discretionary concession product, on the England National Concessionary Travel Scheme (ENCTS) smart card;
- the work to make the public aware of the various fare options and smart ticketing;
- the ongoing commitment to continue the work to develop a better way of integrating smart ticketing across the region and across various modes of travel;
- the relatively positive financial position when compared to the start of the year, particularly in respect of the revenue budget; and
- the monitoring of the trial to allow cycles on Metro, the findings of which would be presented at a future meeting.

Arising from the ensuing discussion, Members requested the following actions to be undertaken:

- In the light of the forthcoming departure of the Managing Director of DBTW, Members asked for the continuity of the relationship between the Sub-Committee and DBTW with a dedicated representative(s) of the senior management team of DBTW attending meetings of the Sub-Committee to continue and support the regular reporting on the performance of Metro.
- The Chair asked for further evidence of improvement in performance, particularly in the light of the significant investment in Metro's infrastructure.
- Members asked that the work should continue to develop one integrated smart card that was capable of holding various products for different modes of travel and different areas across the region thereby improving accessibility, connectivity and ease of travel.
- A Member suggested that feedback from customers should be used to measure the success of interventions to improve the performance of services and communication of disruptions to services.
- A Member asked that a report should be submitted to the next meeting on the work to prepare for the Great North Run (GNR) 2016.

RESOLVED – That:

- i. The report be noted; and

- ii. The actions requested be followed up.

76 **METRO OPERATIONS 2017 TO 2019**

Submitted: An update report of the Managing Director (Transport Operations) (previously circulated and copy attached to Official Minutes).

Members considered the report which provided information on the work to prepare for the transition of the management of the operation of Metro from DBTW to Nexus from 1 April 2017. The report was introduced by the Managing Director (Transport Operations) and the Metro Transition Director, Nexus.

In welcoming the report, the Chair commented on the Sub-Committee's performance-oriented approach and asked for information on key milestones and associated performance with regard to the work to prepare for the transition.

Members commented on the following matters:

- the significant amount of work involved in preparing for the transition;
- the need for establishing the true financial costs and other implications involved;
- the importance of managing public expectation;
- the importance of assurances and information on key dates and progress;
- the importance of continuing to work jointly with DBTW;
- the importance that the staff understood the position and any relevant changes;
- the good progress achieved in utilising social media; and
- the importance of improving the performance of Metro irrespective of the owner of the management of its operation.

RESOLVED – That:

- i. The report and comments made be noted; and
- ii. A report be brought to a future meeting on the programme to prepare for the transition.

77 **NEXUS' STRATEGIC RISKS 2016/17**

Submitted: An update report of the Managing Director (Transport Operations) (previously circulated and copy attached to Official Minutes).

Members considered the report which provided information on Nexus' strategic risk register and invited their comments. The report was introduced by the Director of Finance and Resources, Nexus.

The ensuing discussion included the following matters:

- the composition of Nexus' Audit Committee which included the two independent members of the NECA Governance Committee; and

- the work to ensure the retention of skilled staff.

RESOLVED – That:

- i. The report be noted; and
- ii. A copy of the Risk Register that was being worked on by Nexus' Audit Committee be provided to a future meeting for information.

78 **DATE AND TIME OF NEXT MEETING**

July 2016, date and time would be confirmed in due course.

79 **EXCLUSION OF PRESS AND PUBLIC**

RESOLVED – That by virtue of paragraphs 3 and 5 of Part 1 of Schedule 12A of The Local Government Act 1972 press and public be excluded from the remainder of the meeting during the consideration of agenda items 9 and 10 (Confidential Minutes of the Previous Meeting and Tyne Tunnels Update) because exempt information was likely to be disclosed and the public interest test against the disclosure was satisfied.

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

Date: 15 July 2016

Subject: Monitoring Nexus' Performance: 2015/16

Report of: Chief Executive Officer for Transport
Managing Director (Transport Operations)

EXECUTIVE SUMMARY

This report provides a review of Nexus' performance against its Corporate Business Plan (CBP) targets and objectives for 2015/16.

RECOMMENDATIONS

It is recommended that the Committee considers the report and the attached appendix giving details of Nexus' performance in delivering its 2015/16 Corporate Business Plan.

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

1 Background Information

- 1.1 This report provides a review of Nexus' performance against its Corporate Business Plan (CBP) targets and objectives for 2015/16.
- 1.2 Nexus' CBP for 2015/16 had four main themes and sixteen workstreams which are identified in the annex to Appendix 1 (attached). Following publication of the QCS Board's opinion, which has been the subject of separate report to the Leadership Board, the two workstreams under Theme 3 'Deliver the Bus Strategy' were paused while options to deliver the Strategy were being investigated. A report on the options to deliver the Bus Strategy was considered by the Leadership Board at its meeting on 24 March.

Of the 14 active work streams:-

- 12 work streams are rated 'Green' in status, five in Theme 2 'Prepare Metro for the Future'; five in Theme 4 'Continuous Organisational Improvement', and two in Theme 1 'Leading the Delivery of Better Public Transport'.
- Notable achievements during the year were:-
 - The outline business cases for investment in a replacement fleet of Metrocars and associated infrastructure together with the continuation of the programme of essential renewals were satisfactorily progressed;
 - The revenue outturn showed an under spend before taxation and exceptional items of £1.789m;
 - The Metro Asset Renewal Plan was delivered to time and within budget and DfT expenditure targets were met;
 - Rail safety incidents on Metro were below target;
 - The Quality Contracts Scheme was subjected to rigorous examination in July 2015 and although the Scheme itself was judged (by the QCS Board) not to have passed all of the required Public Interest Tests, the Buses Bill includes provision for bus franchising
- There are two categorised as 'red' relating to 'Leading the Delivery of Better Public Transport' concerning Metro Customer Satisfaction and Metro Service Quality. Both work streams show a trend of improvement, with the Metro concessionaire DBTW being required to implement specified remedial plans particularly in the area of customer communications as well as being subjected to special monitoring measures including the application of contractually permitted interventions as a means of helping stimulate improvement. This is in addition to contractually imposed performance penalties which amounted to £0.891m at the end of the financial year.

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Transport North East (Tyne and Wear) Sub-Committee

The Committee is referred to Appendix 1 for a fuller review of Nexus performance in 2015/16.

2 Proposals

- 2.1 The Committee is invited to consider and comment upon the performance of Nexus during the relevant period.

3 Next Steps

- 3.1 The next performance update will be presented at the April meeting of the Committee.

4 Potential Impact on Objectives

- 4.1 Performance monitoring and review can help ensure the achievement of desired objectives.

5 Finance and Other Resources

- 5.1 There are no direct financial or resource considerations arising from this report.

6 Legal

- 6.1 There are no direct legal considerations arising from this report.

7 Other Considerations

7.1 Consultation/Community Engagement

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

7.2 Human Rights

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

7.3 Equalities and Diversity

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

7.4 Risk Management

There are no specific risk management considerations arising from this report as there are no issues requiring escalation at this time. Applying performance management can help mitigate and avoid the occurrence of risks.

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7.5 Crime and Disorder

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

7.6 Environment and Sustainability

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

8 Background Documents

8.1 None.

9 Links to the Local Transport Plans

9.1 This report has links to the delivery of policies and objectives set out in the Local Transport Plan for Tyne and Wear.

10 Appendices

10.1 Nexus' summary performance report on the delivery of services and projects against its business plan.

11 Contact Officers

11.1 Tobyn Hughes
Managing Director (Transport Operations)
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Tel: 0191 203 3246

12 Sign off

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

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Transport North East (Tyne and Wear) Sub-Committee

Theme 1: Leading the delivery of better public transport.		
Workstream:	Trend	Key Considerations:
Grow Public Transport Journeys (on services under Nexus control) (RAG status: Green)	↑	Metro patronage was 40.227m, a 5.9% increase on the 2015/16 target of 38.0m, and 5.6% up on the 38.079m recorded in 2014/15.
Improve Customer Satisfaction (RAG status: Red)	↑	The latest Metro Customer Satisfaction tracking survey score (Nov. 2015) was 7.6, which is below the contractual target of 8.3: penalties were applied as a consequence.
		DBTW were required to prepare and commence the implementation of a Remedial Plan to improve customer communication, information provided to Customer Service Assistants, the response to social media and presentation of stations/trains.
Improve Service Quality (RAG status: Red)	↑	As at 31 March the Metro punctuality figure was 81.1% (compared to 79.4% at the end of the previous period) 6.1 percentage points below the agreed target of 87.2%.
		The top five factors cumulatively contributing to delays in 2015/16 were: <ul style="list-style-type: none"> • DBTW: Driver – other • DBTW: Metrocar Saloon Door Faults • DBTW: Power, Power Circuit and Power Control Fault • DBTW: OHL Trip Caused by Metrocar • DBTW: Disorder - Antisocial
		In seeking to reduce delays and improve performance, Nexus is working closely with DBTW, through the Remedial Plan, to monitor fleet maintenance and operational activities.
Exploit Smart Ticketing Technology (RAG status: Green)	↑	Popcard.co.uk, the website that allows customers to buy smart tickets, has been live since 21 July 2015. During the year 10.531m smart journeys were made on Tyne and Wear Metro covering 119,862 individual active cards.
		All Arriva bus services operating 'North of the Tyne' and from 'East of Middlesbrough bus station' into Redcar and Cleveland accepted the Pop PAYG smartcard by the end of the year.
		By the end of the year, Stagecoach accepted the PAYG smartcard on the vast majority of their services operating in Middlesbrough, Stockton and Billingham areas, with plans to start accepting PAYG on their bus services in Hartlepool and South Shields from early April.

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Theme 2: Prepare Metro for the Future		
Workstream:	Trend	Key Considerations:
Plan for the Long-Term development of Metro (RAG status: Green)	←→	The long-term development plan for the Metro was included within proposals for the NECA's 20-Year Transport Manifesto which will lead to the development of the Transport Plan for the North East.
Develop fleet procurement options (RAG status: Green)	←→	The Outline Business Case for the replacement Metrocar fleet and associated infrastructure was progressed during the year such that it will be presented to the Leadership Board in July 2016 for endorsement.
Formulate arrangements for the next Metro contract (RAG status: Green)	←→	The draft scope for contractual arrangements for Metro was developed by the year end with the focus being in relation to the procurement of new rolling stock which also include options for the financing of the rolling stock and aspects of Metro operations.
		A review of all the current Metro Concession contractual documentation commenced during the year and is still in progress at the year end.
Seek confirmation on funding arrangements for Phase 3 (RAG status: Green)	←→	The Outline Business Case is seeking considerable investment from central government and the benefit-to-cost ratio indicates that the investment represents good value for money. Whilst the Leadership Board is yet to endorse the Outline Business Case it will receive it in July 2016.
Deliver the Metro Asset Renewal Plan (RAG status: Green)	←→	The programme for 2015/16 was delivered to time and within budget.
		Planning and preparation for delivery across the next three financial years was completed during the year.
		DfT expenditure targets were met during the year.
		The Strategic Outline Business Case for the continuation of the programme of essential renewals from 2021 was formulated during the year and finalised in draft shortly after the year-end. The Outline Business Case is seeking considerable investment from central government and the benefit-to-cost ratio indicates that the investment represents good value for money. Whilst the Leadership Board are yet to endorse the Outline Business Case it will receive it in July 2016.

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Theme 3: Deliver the Bus Strategy		
Workstream:	Trend	Key Considerations:
Fit for QCS (RAG status: Paused)	Paused	The Quality Contracts Scheme Board met in public during the last two weeks in July with both Nexus and bus operators providing evidence.
Progress with the QCS (RAG status: Paused)	Paused	The opinion of the QCS Board was published on 3 November 2015. The QCS Board considered that, whilst two of the five public interest criteria had been satisfied, three had not.
		A detailed analysis of the QCS Board's opinion was presented to Leadership Board on 24 March 2016, building on the initial report presented to the 17 November meeting. The Leadership Board concluded that the QCS would not be pursued further.
		The report considered by Leadership Board on 24 March 2016 also discussed alternatives to the QCS for delivering bus strategies across the NECA area. As a result Nexus was instructed to work in conjunction with Durham and Northumberland to undertake a scoping study that identifies refreshed objectives, explores delivery options and identifies resource and information requirements.
		This study will include an initial examination of the case for using the new powers emerging in the forthcoming Buses Bill. The key findings of this scoping study will be presented to Leadership Board for discussion and approval during the Summer.

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Theme 4: Continuous Organisational Improvement		
Workstream:	Trend	Key Considerations:
Employee Engagement (RAG status: Green)	↑	Following a safety culture survey and analysis of the results a suite of improvement actions was sanctioned and implemented including the 'Safety Stand-down Days' for Nexus Rail front-line staff. Discussions continue between management, staff and union representatives, to identify further improvement opportunities.
Effective budget management (RAG status: Green)	↑	Revenue: The revenue outturn showed an under spend before taxation and exceptional items of £1.789m.
		Capital: Actual Metro ARP expenditure was £36.224m during the year and comfortably in line with the DfT target for the year with delivery of the programme being to time and to budget.
Process Improvements (RAG status: Green)	↔	Nexus sought agreement to undertake a review of its services during the year. This will be supervised by the committee.
Focus on Health, Safety and Environment (RAG status: Green)	↔	Railway operations incidents were within target at the year end. At 31 March Nexus had recorded a continuous period of 73 RIDDOR (reportable event) free days, the last reportable accident having occurred on 18 January. During the year, there was a total of 3 reportable accidents recorded.
Supporting the NECA's interests in Rail (RAG status: Green)	↔	The Members' Agreement for Rail North was approved at the NECA Leadership Board meeting in January 2016.
		The Collaboration Agreement for the North East Rail Management Unit was also approved at the January 2016 meeting.

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

Date: 15 July 2016

Subject: Monitoring Nexus' Performance:
1 April to 28 May 2016

Report of: Chief Executive Officer for Transport
Managing Director (Transport Operations)

EXECUTIVE SUMMARY

This report provides an update on Nexus' performance against its Corporate Business Plan (CBP) targets and objectives for 2016/17 for the eight week period from 1 April to 28 May 2016.

RECOMMENDATIONS

It is recommended that the Committee receives and considers the report and the attached appendix giving details of Nexus' corporate performance in delivering services and projects for 2016/17.

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

1 Background Information

- 1.1 This report provides a review of Nexus' performance against its Corporate Business Plan (CBP) targets and objectives for 2016/17.
- 1.2 Nexus' CBP for 2016/17 has three main themes and fifteen workstreams which are identified in the annex to Appendix 1 (attached).

Of the 15 work streams:-

- Fourteen workstreams are rated 'Green' in status, three in Theme 1 'Improve public transport today'; eight in Theme 2 'Prepare for the future', and three in Theme 3 'Be an effective delivery agent for the NECA'.
- There is one workstream under 'Improve public transport today' categorised as 'red' relating to 'Reverse unsatisfactory Metro performance'. This workstream has remained static over the period, with the Metro concessionaire DBTW being required to implement specified remedial plans particularly in the area of customer communications as well as being subjected to special monitoring measures including the application of contractually permitted interventions as a means of helping stimulate improvement.

The Committee is referred to Appendix 1 for a fuller review of Nexus performance over the eight weeks from 1 April to 28 May 2016.

2 Proposals

- 2.1 The Committee is invited to consider and comment upon the performance of Nexus during the relevant period.

3 Next Steps

- 3.1 The next performance update will be presented at the September meeting of the Committee.

4 Potential Impact on Objectives

- 4.1 Performance monitoring and review can help ensure the achievement of desired objectives.

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9 Links to the Local Transport Plans

9.1 This report has links to the delivery of policies and objectives set out in the Local Transport Plan for Tyne and Wear.

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

10 Appendices

- 10.1 Nexus' summary performance report on the delivery of services and projects against its business plan.

11 Contact Officers

- 11.1 Tobyn Hughes
Managing Director (Transport Operations)
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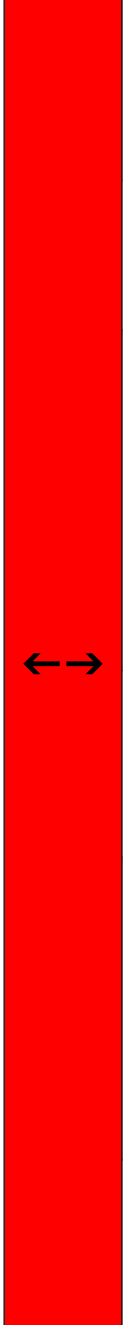
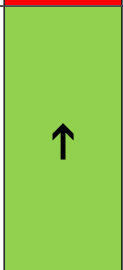
12 Sign off

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

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

Appendix 1

Theme 1: Improve Public Transport Services Today		
Workstream:	Trend	Key Considerations:
Reverse unsatisfactory Metro performance (RAG status: Red)		<p>As at 28 May the figure for total Metro boardings, at 5.830m, is 2.8% below the target of 5.999m, and 3.5% below the 6.047m for the same period in 2015/16. Reasons for this variance are being investigated.</p>
		<p>The latest Metro Customer Satisfaction tracking survey score (Nov. 2015) was 7.6, which is below the contractual target of 8.3: penalties are being applied.</p>
		<p>DBTW is implementing an agreed Remedial Plan to improve customer satisfaction encompassing:</p> <ul style="list-style-type: none"> • Improving customer information, including communications during disruptions (whether planned or otherwise) • Improving the station environment • Improving the train environment • Improving customer engagement and interaction, particularly at the gatelines
		<p>As at 28 May the Metro punctuality figure was 84.6%, and although an improvement of 3.5 percentage points compared to the 81.1% recorded at 31 March, this is still 2.8 percentage points below the agreed target of 87.2%.</p>
		<p>The top five factors cumulatively contributing to delays in the year to date were:</p> <p>DBTW: Saloon door & door control fault DBTW: Mechanical brake and brake control fault DBTW: OHL trip caused by Metrocar DBTW: Driver other DBTW: Power, power circuit and power control fault</p>
		<p>For most of the period being reported upon, fleet availability was significantly affected by a problem with the emergency door release mechanism and other Metrocar faults leading to the cancellation of some or all of the additional services normally run in the peak.</p>
Improve local rail services (RAG status: Green)		<p>The first North East Rail Management Unit Steering Group meeting has been set for 14 July. The majority of TOC's are sending a representative, the format for the meeting having been agreed through Rail North. In line with new franchise commitments this will start to embed local influence over service performance, investment in the local rail network and planning for other rail based improvements in the region.</p>

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<p>Innovate through technology (RAG status: Green)</p>	<p>↑</p>	<p>A joint submission made with Transport for Greater Manchester to lead activity related to the procurement of an Intelligent Back Office on behalf of Transport for the North (TfN) has been accepted in principle and is expected to be confirmed following the TfN Investment Committee on 24 June. Tyne and Wear Metro and Manchester Metrolink are expected to be the first beneficiaries.</p>
		<p>Usage of POP PAYG on Metro continues to rise steadily, with there now being circa 6,000 journeys per week. Usage of the web for purchase of period passes and PAYG also continues to grow steadily, with approaching 1,000 purchases per reporting period.</p>
		<p>Initial trials of the new Cycle Lockers have been completed, without any issues identified. The project will now move to the next phase, with further users being recruited to test the facility.</p>
<p>Deliver the Asset Renewal Plan (RAG status: Green)</p>	<p>↑</p>	<p>The Metro Asset Renewal Plan forecast for 2016/17 at 28 May was £41.015m and is within the expenditure targets set by DfT. Actual expenditure incurred during the period was 104% of the forecast. Overall the Programme remains stable with minimal changes in project forecasts and schedules.</p>

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Workstream:	Trend	Key Considerations:
Secure Metro's financial future (RAG status: Green)	↔	Negotiations continue with DfT to secure a long-term funding agreement that will sustain Metro's current operations, replace life-expired capital assets and allow future expansion.
Design a new Metro fleet (RAG status: Green)	↑	The draft Outline Business Case for the replacement of the Metrocar fleet has been discussed informally with DfT during the period. Formal endorsement of the Outline Business Case will be sought from the Leadership Board meeting in July 2016 as will the initial outline design specification.
Restructuring of Metro operations (RAG status: Green)	↑	Nexus has commenced the process of transition from DBTW operation to Nexus, effective from 1 April 2017. Workstreams have been established under the leadership of the Metro Transition Director and a programme is being developed.
Influence Network Rail's planning process (RAG status: Green)	↑	The East Coast Mainline study continues to examine infrastructure options to meet future demand linked to Northern Powerhouse Rail and a long-list of possible interventions is being developed for further study. The North East will be a pilot to test the proposed methodology for assessing corridor options.
Develop a new local rail strategy (RAG status: Green)	↑	In May, the Leadership Board endorsed the objectives proposed for a new Metro and Local Rail strategy and approved for the publication of a brochure in the matter. Work to develop the Metro and local rail strategy has involved meetings with all seven NECA local authorities to determine local priorities. The July meeting of Leadership Board will consider the proposed strategy.
Plan next step for buses (RAG status: Green)	↑	The scoping study requested by the Leadership Board at its meeting on 24 March 2016 is being finalised. A plan is being developed to complete a NECA wide customer research exercise and plan travel surveys to supplement data availability. A resource plan for developing a business case and selecting a preferred option to deliver bus strategies across the NECA is to be reported to TNEC in July 2016 for consideration and approval.
Review of Nexus' services (RAG status: Green)	↑	A public consultation document to inform the service review was considered at a TWSC policy seminar on 26 May 2016. The consultation exercise is to run from 6 th June to 1 st August. Each of Nexus' service areas are conducting a detailed examination of their activities to help inform the budget setting process.

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<p>Develop business cases to improve transport assets (RAG status: Green)</p>	<p>← →</p>	<p>Eleven scheme proposals were submitted into the Single Local Growth Fund (SLGF) pipeline for consideration. Four are to be progressed, and further information has been requested on these by the NELEP, the detail of which is being collated. The benefit-to-cost ratio for South Shields' Metro training and maintenance skills centre is in the process of being finalised.</p>
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Theme 3: Be an Effective Delivery Agent for the NECA		
Workstream:	Trend	Key Considerations:
<p>Develop training and succession planning (RAG status:)</p>	<p>← →</p>	<p>HR is working with managers to progress succession planning. The outcomes will feed into the arrangements for the planning and delivery of training which are being reviewed.</p>
<p>Focus on health, safety and the environment (RAG status: Green)</p>	<p>← →</p>	<p>A suite of programmed initiatives to promote a positive safety culture is being undertaken.</p>
<p>Exercise due diligence in managing capital and revenue resources (RAG status: Green)</p>	<p>↑</p>	<p>The draft statement of accounts for 2015/16 was agreed by Nexus' CMT during the period. The revenue outturn showed an under spend before taxation and exceptional items of £1.789m.</p> <p>In the current year, Nexus is forecasting a deficit on its budget, before taxation of £3.515m at the end of Period 2, which is an improvement of £0.144m. However, this does not include the outcome of Nexus' base budget review, which will be reported to the Sub-Committee in September 2016 and which at this stage, is expected to lead to a significant, permanent reduction in Nexus' base budget requirement, particularly in relation to secured bus services and concessionary fares reimbursement.</p> <p>In addition, Nexus expects to incur additional expenditure during 2016/17 in relation to devolution work streams relating to Metro and in responding to the buses bill. To the extent that this expenditure cannot be funded from bids for external resources, it will need to be accommodated from Nexus' capital reserves.</p>

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

Date: 15 July 2016
Subject: Update on Nexus' Corporate Risks 2016/17
Report of: Managing Director (Transport Operations)

Executive Summary

The purpose of this report is to inform and update the Committee on Nexus' Corporate Risk Register.

Recommendations

The Committee is asked to note and provide comment on Nexus' Corporate Risk Register.

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

1 Background Information

1.1 During consideration of a report setting out Nexus' strategic external risks for 2016/17 the Committee asked to receive a copy of Nexus' corporate risk register combining the significant external and internal risks, being prepared for Nexus' Audit Committee which includes the two Independent Members from the NECA Governance Committee.

1.2 In addition to the four external risks previously identified to the Committee Nexus' corporate risk register includes nine significant internal risks all of which have links to achievement of the Themes and Workstreams in Nexus' Corporate Business Plan for 2016/17 as approved by the Committee at its meeting on 28 January 2016

1.3 The thirteen risks contained in Nexus' corporate risk register for 2016/17 are as follows:

- **Metro performance targets not met.**
- **Rail North working arrangements.**
- **Payment and customer information systems do not meet customer expectations.**
- **Non-Metro capital programme fails to deliver intended outcomes.**
- **Long-term funding for Metro.**
- **Replacement Metrocar fleet and Essential Renewals Business Cases not delivered on time.**
- **Nexus is insufficiently prepared to undertake Metro operations with effect from 01 April 2017.**
- **Bus Strategy delivery arrangements.**
- **Nexus' service review fails to deliver the necessary savings.**
- **Business cases to secure additional funding for improvements to the asset base are not delivered to time.**
- **Future retention of key skills and abilities.**
- **The safety performance at Nexus deteriorates in regard to key measures.**
- **The Devolution agenda on transport matters is progressed without having due regard to Nexus' funding, functions and powers.**

1.14 The following table shows the current status of each of the risks and the links back to the workstreams in Nexus Corporate Business Plan for 2016/17. A detailed explanation of the nature of each risk, together with planned controls, is set out in Appendix 1 to the report. A copy of the scoring matrix that has been applied is also appended for information.

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Risk name CBP Workstream link:	Risk score	Direction of Travel
Metro performance targets not met Reverse unsatisfactory Metro performance	6	↔ (static)
Rail North working arrangements Improve local rail services: Influence Network Rail's planning process: Develop a new local rail strategy.	4	↔ (Static)
Payment and customer information systems do not meet customer expectations Innovate through technology	8	↔ (static)
Non-Metro capital programme fails to deliver intended outcomes Deliver the Asset Renewal Programme	4	↔ (static)
Long term funding for Metro Secure Metro's Financial Future	6	↔ (Static)
Replacement Metrocar fleet and essential renewals business cases not delivered on time Design a new Metrocar fleet	4	↑ (Improving)
Nexus is insufficiently prepared to undertake Metro operations with effect from 1 April 2017 Restructuring Metro operations	4	↑ (Improving)

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<p>Bus Strategy delivery arrangements Plan the next steps for buses.</p>	9	<p>↑ (Improving)</p>
<p>Nexus' service review fails to deliver the necessary savings Review of Nexus' services</p>	6	<p>↑ (Improving)</p>
<p>Business cases for improvements to the asset base are not delivered to time Develop business cases to secure funding for improved transport assets</p>	6	<p>↔ (static)</p>
<p>Future retention of key skills and abilities Develop training and succession planning.</p>	6	<p>↔ (Static)</p>
<p>Safety performance at Nexus deteriorates with regard to key measures Focus on health, safety and the environment</p>	4	<p>↔ (static)</p>
<p>The Devolution agenda on transport matters is progressed without having due regard to Nexus' funding, functions and powers Exercise due diligence in managing our capital and revenue resources</p>	4	<p>↔ (static)</p>

2 Proposals

- 2.1 Nexus will continue to manage its corporate risk register to record, monitor and report to the Tyne and Wear Sub Committee at quarterly intervals.

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3 Next Steps

- 3.1 A quarterly update on Nexus corporate risks will be reported to the Committee.

4 Potential Impact on Objectives

- 4.1 Nexus' corporate risk register will not impact directly on the objectives of the Authority's policies and priorities; however Nexus' approach to risk management will support delivery of aims and ambitions by acknowledging the biggest threats and putting plans in place to manage them.

5 Finance and Other Resources

- 5.1 There are no direct financial implications for the NECA regarding the management of Nexus' Corporate Risk Register.

6 Legal

- 6.1 There are no specific legal implications for the NECA arising directly from this report.

7 Other Considerations

7.1 Consultation/Community Engagement

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

7.2 Human Rights

There are no Human Rights implications directly arising from this report.

7.3 Equalities and Diversity

There are no equalities and diversity implications directly arising from this report.

7.4 Risk Management

There are no direct risk management implications for the NECA arising from this report which provides the assurance that Nexus is managing its corporate risks.

7.5 Crime and Disorder

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

7.6 Environment and Sustainability

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

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8 Background Documents

8.1 There are no background documents.

9 Links to the Local Transport Plans

9.1 Nexus' approach to corporate risk management will support delivery of the Strategic Economic Plan and the Tyne and Wear Local Transport Plan, by identifying and dealing with the biggest long-term threats to delivery.

10 Appendices

10.1 Each of Nexus' four strategic risks is appended for information.

11 Contact Officers

11.1 Tobyn Hughes, Managing Director (Transport Operations),
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0191 2033246

12 Sign off

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

13 Glossary

Risk - A probability or threat of damage, injury, liability, loss, or any other negative occurrence that is caused by external or internal vulnerabilities, and that may be avoided through pre-emptive action.

Risk Controls or control processes - are those pre-emptive actions which are specifically identified to be taken to lower the impact of the risk or reduce the likelihood of the risk materialising, or both of these.

Risk Matrix - a graphical representation of the Risk Severity and the extent to which the Controls mitigate it.

Risk Owner - has overall responsibility for the management and reporting of the risk.

Risk Impact - indicates the potential seriousness should the risk materialise.

Risk Likelihood - indicates the chance of a risk materialising in the time period under consideration.

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Risk Score - the product of the Impact score multiplied by the Likelihood score, which is calculated twice:

1. The Uncontrolled Risk Score represents the initial estimation of the severity of the risk: the uncontrolled score represents the initial estimation of the severity of the risk before controls are applied; and
2. The Controlled Risk Score is calculated by reassessing the risk taking into account consideration of the effect of having Controls on the Likelihood and Impact in place.

Strategic Risk - relates to those factors that might have a significant effect on the achievement of Nexus' long-term business objectives and therefore the successful delivery of the NECA's policies and priorities.

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Appendix 1

Nexus' Corporate Risk Register:

CBP Theme: Improve public transport services today		
CBP Workstream: Reverse unsatisfactory Metro performance		
Risk Type: Internal	Risk Score 3x2 (LxI) ¹	Direction of Travel
Risk Owner: Director of Rail and Infrastructure	6 Green	↔ (static)
Risk Area: Reputation		
<u>Risk</u>		
Metro performance targets not met.		
Impact/Consequence(s): That unsatisfactory Metro performance (including for special events such as the Great North Run) continues and/or worsens, leading to loss of confidence in Nexus as an effective delivery agent for the NECA.		
Control(s): <ul style="list-style-type: none">• Closer monitoring of DBTW activities• Increased auditing of key delivery outputs from DBTW• Increase 'micro-management' of critical Metro issues		
Next Steps/Key Milestones: <ul style="list-style-type: none">• Quarterly Concession Performance Management meetings		

¹ L = Likelihood; I = Impact

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CBP Theme: Improve public transport today CBP Workstream: Improve local rail services		
Risk Type: External Risk Owner: Director of Rail and Infrastructure Risk Area: Rail North working arrangements	Risk Score (2x2) 4 Green	Direction of Travel ↔ (static)
<u>Risk</u> Rail North working arrangements may fail to deliver the NECA's ambitions for improvements in rail services.		
Impact/Consequence(s): The NECA is seeking to achieve transformational improvements in rail services for the area. Failure to secure these improvements could leave the NECA area isolated in terms of rail connectivity and thereby limit delivery of the Strategic Economic Plan.		
Control(s): <ul style="list-style-type: none"> • Active participation in Rail North • Ensuring that the NECA Lead Member for Transport is fully briefed • Formation of the North East Rail Management Unit (NERMU) • Appointment of NERMU Manager • Close working relationships developed with Rail North Partnership Directors • Close working relationships developed with senior managers of newly appointed local rail franchise operators. • Close working relationships developed with senior managers of existing rail franchises that serve the North East 		
Next Steps/Key Milestones: <ul style="list-style-type: none"> • Actively develop good working relationships with senior managers at Northern and TransPennine TOCs • Establish liaison arrangements between TOC's, NECA and NERMU (summer 2016) • The first meeting of the new North East Rail Management Unit Steering Group has been set for 14 July, to which the majority of TOC's have agreed to send a representative, the format for the meeting having been agreed with Rail North. 		

CBP Theme: **Improve public transport services today**

CBP Workstream: **Innovate through technology**

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<p>Risk Type: Internal</p> <p>Risk Owner: Corporate Manager Business Change and Technology</p> <p>Risk Area: Payment and customer information systems</p>	<p>Risk Score 2x4 (LxI)</p>	<p>Direction of Travel</p>
	<p>8 Amber</p>	<p>↔ (static)</p>
<p><u>Risk</u></p> <p>Payment and customer information systems do not meet the rate of change in customer expectations.</p>		
<p>Impact/Consequence(s):</p> <p>Customer facing technologies being implemented by Nexus could be overtaken by technological developments and customer experience elsewhere leading to the offer being perceived as inadequate or outdated and unable to deliver the intended benefits for customers and stakeholders.</p>		
<p>Control(s):</p> <ul style="list-style-type: none"> Emerging technology roadmap covering a 10 year timeframe Embedding technology roadmap within NECA's Transport Plan for the North East Setting timescales and milestones and working to a plan Aligning with Transport for the North developments as committed through the Devolution Agreement 		
<p>Next Steps/Key Milestones:</p> <ul style="list-style-type: none"> Providing input to the Transport Plan for the North East Providing input to the plans being developed through Transport for the North Updating and refreshing the technology roadmap and related plans on a regular basis 		

<p>CBP Theme: Be an effective delivery agent for the NECA</p> <p>CBP Workstream: Exercise due diligence in managing our capital and revenue resources</p>		
<p>Risk Type: Internal</p> <p>Risk Owner: Corporate Manager Business Change and Technology</p>	<p>Risk Score 1x4 (LxI)</p>	<p>Direction of Travel</p>

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Risk Area: Non-Metro capital programme	4 Green	↔ (static)
<u>Risk</u> Non-Metro capital programme fails to deliver intended outcomes.		
Impact/Consequence(s): There is a risk that projects in the non-Metro capital programme are not delivered to time, cost and quality requirements.		
Control(s): <ul style="list-style-type: none"> The Programme Assurance provides independent oversight to ensure that projects comply with standard governance and controls - to help ensure all projects delivered by Nexus are clearly defined, delivered to time and budget and with engagement from stakeholders. The Business Change (BC) department helps other sections to understand what they are trying to achieve and, through drafting and getting an agreed detailed project specification, then working with Projects to deliver the benefits to the business. BC has the role of leading on and developing key business change projects to improve the operational efficiency of Nexus and/or the service for our customers. Ensuring that when requirements for a business change are identified the benefits are too, as well as confirming that the change is properly scoped and implemented. Working with internal clients to ensure they are prepared and ready to accept the changes that will be needed when the project is integrated back into the business. 		
Next Steps/Key Milestones: <ul style="list-style-type: none"> Determined by Nexus' Project Control Manual and the Stage Gate cycle. 		

CBP Theme: Prepare for the future		
CBP Workstream(s): Secure Metro's Financial Future		
Risk Type: Resources	Risk Score 6 (2x3)	Direction of Travel
Risk Owner: Director of Finance and Resources		
Risk Area: Long term funding for Metro	Green	↔ (static)
<u>Risk</u> There is no long-term funding agreement in place to sustain Metro's current operations, replace life expired capital assets and allow future expansion.		

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Impact/Consequence(s):

The next stage of Metro reinvigoration, commencing in 2021/22, includes replacement of the Metrocar fleet and the signalling system without either of which the continued safe and reliable operation of the railway will not be sustainable in the longer term.

Securing a long-term funding agreement involves the consideration of options concerning the future structure of Metro operations to facilitate procurement of the necessary elements. Commitment to long-term funding has to be established through influencing strategic partners.

Control(s):

- Effective liaison with DfT including 4-weekly progress reporting on the current Asset Renewal Plan and 1/4ly reviews.
- Procurement strategy & contractual arrangements that minimise risk and deliver VFM.
- Value engineering, technology choice, option analysis, specification and scope.
- Engaging members in prioritisation processes.
- Active stakeholder engagement/increasing public awareness.
- Engaging with national government, local councillors & MPs and building public support.
- Inclusion of Metro fleet renewal and route extensions in the devolution agreement.
- Ensuring that the long term plan Metro forms an integral part of the NECA's Transport Plan for the North East.
- Linking Metro to the long term development aspirations of the NECA, local Councils and the North East LEP's Strategic Economic Plan.
- Engaging with national government.
- Engaging with local councillors and MPs.
- Leading in development of the business case.
- Identifying and investigating potential funding streams.

Next Steps/Key Milestones:

- Regular quarterly reviews with DfT
- Liaison with DfT to ensure ambitions surrounding future development of Metro can be achieved.
- Input to NECA's Transport Manifesto.
- Input to NECA's Transport Plan for the North East.
- Outline Business Case for replacement Metrocars to be endorsed by the Leadership Board by end of July 2016.
- Outline Business Case for essential renewals beyond 2021 to be endorsed by the Leadership Board by end of July 2016.
- New Metro and local rail strategy to be endorsed by the Leadership Board by end of July 2016.
- Development of a business case for extensions will begin immediately following approval of the new Metro and local rail strategy.
- OJEU notice for next Metro operating contract commencing April 2019, to include fleet replacement, to be placed by June 2017. PIN Notice issued in June 2016.

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CBP Theme: Prepare for the Future		
CBP Workstream: Secure Metro's financial future		
Risk Type: Internal	Risk Score 1x4 (LxI)	Direction of Travel
Risk Owner: Director of Finance and Resources	4 Green	↑ (improving)
Risk Area: Delivery of business cases for new Metro rolling stock and essential renewals		
<u>Risk</u>		
That the final business cases for the new Metro rolling stock and for essential renewals are not delivered on time to feed into DfT's decision making processes.		
Impact/Consequence(s): The proposed replacement of the current fleet of Metrocars and the investment in essential renewals are key elements in the Metrofutures programme. Metrofutures is Nexus' overall vision to enhance and improve the Metro system into the future. Non-delivery of the business cases to the required DfT deadlines could compromise achievement of the Metrofutures programme.		

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Control(s):

- Metro Business Development team established in Corporate Planning section.
- Leading the project to scope and let the next Metro operating concession.
- This includes developing the business case to secure funding and to let the contract.
- The project also includes developing the business cases for a new fleet of Metrocars and for investment in essential renewals.
- Outline business cases are under development.
- Economic consultants have been appointed to determine the BCR.
- On-going liaison has been established with DfT and preliminary documents have been shared.

Next Steps/Key Milestones:

- Outline Business Cases drafted and submitted to DfT
- Using DfT feedback a full OBC will be prepared for submission to the July 2016 meeting of Leadership Board
- Subject to Leadership Board approval the OBC will be formally submitted to DfT in August 2016
- Decision letter expected from DfT in December 2016
- Subject to DfT's confirmation of funding procurement activity will commence

CBP Theme: **Prepare for the future**

CBP Workstream: **Restructuring of Metro operations**

Risk Type: Internal

Risk Owner: Metro Transition Director

Risk Area: Delivery of Metro operations following the end of the current concession

Risk Score
1x4 (LxI)

4
Green

Direction of
Travel

↑
(Improving)

Risk

There is a risk that the significant organisational change processes required to prepare for the reintegration of staff at the end of the current Concession (31st March 2017) may mean that not everything necessary is successfully put in place to ensure a smooth transition of Metro operations from DBTW to Nexus on 1 April 2017.

Impact/Consequence(s):

Failure to achieve a smooth transition could result in a disruption in the continuity of Metro services to passengers in that e.g. key staff may not transfer, regulatory consents may not have been granted, contracts may not have been novated, licences may not have been transferred etc.

Control(s):

- A Metro transition team is being established following the appointment of the Metro

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Transition Director

- Liaison is being established with the necessary authorities e.g. Office of Rail & Road, Local Pensions Authority
- Periodic cycle of Metro Futures CMT meetings established to monitor and review progress: 4-weekly reports
- Fortnightly Transition Planning team meetings will take place
- TUPE: Establishing a shadow Metro operations management team
- Regulatory Consents: Option to extend contract termination date being retained
- Novation: Identifying possible alternative suppliers
- ICT systems: Examine possibility of using Nexus own resources
- Structure: Assessing alternative organisational arrangements

Next Steps/Key Milestones:

- Completion of recruitment to the Metro Transition team
- Updates with interested authorities as and when required
- Assurance Committee established by end-of June to meet bi-monthly to supervise and review the project
- From mid-June onwards Meetings of the Metrofutures Programme Team will take place on a fortnightly basis
- Approval of the organisational structure to be used will be sought through CMT for approval at the TWSC meeting on 15 July
- Details required to prepare for TUPE will be provided by DBTW by the end of July 2016
- Provisional arrangements with regard to regulatory matters will be in place by end of January 2017
- Arrangements for required novation will be in place by end of January 2017

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CBP Theme: Prepare for the future		
CBP Workstream: Plan the next steps for buses		
Risk Type: Resources Risk Owner: Corporate Manager Bus Services Risk Area: Bus strategy delivery arrangements	Risk Score 3 x 3 (LxI)	Direction of Travel
	9 Amber	↑ Improving
<u>Risk</u>		
New legislation does not provide the necessary means to deliver the Bus Strategy.		
Impact/Consequence(s): <p>Parliamentary consideration of the Bus Services Bill is at its preliminary stages in the House of Lords before going on to be considered in the House of Commons. The Committee Stage in the House of Lords, where there is a line by line examination of the Bill, commences on 29 June.</p> <p>The Bill appears to make provisions in line with expectations regarding franchising arrangements. Further clarity is needed with regard to provisions with regard to strengthened partnership working.</p> <p>Timescales for delivering any of the options envisaged under the Bus Services Bill may be lengthy as a result of the novelty of the proposed legislation which would be unlikely to achieve Royal Assent before early 2017.</p> <p>Furthermore, the devolution deal envisages that options for implementing a bus franchising scheme across some or all of the entire NECA area, including Northumberland and Durham, might be considered. There are a number of political and practical risks associated with expanding the scope of bus franchising that will need to be managed and mitigated.</p>		

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Control(s):

- Undertake a full review of options to deliver the Bus Strategy, including options for bus franchising, through a scoping study. This study will lead to the development of a business case for a preferred option, for consideration by the NECA and a future elected mayor.
- Engage constructively with Northumberland and Durham at an early stage in order to: understand their priorities for buses; reflect those priorities in a series of objectives (which must also reflect the objectives in the Bus Strategy for Tyne and Wear); and ensure that they are fully engaged with a scoping study and business case development study that relate to establishing a preferred strategy delivery option.
- Mitigate legal, operational and procurement risks by seeking appropriate advice.
- Ensure local and national stakeholders are aware of the choices being made.
- Engage with DfT
- Engagement with local MP's to brief on legislative requirements
- Maintain constructive dialogue with local bus operators.
- Put in place background information and research projects in order to ensure that decision makers are fully informed about the benefits the Buses Bill can deliver.

Next Steps/Key Milestones:

- Joint working with Northumberland and Durham will continue in order to ensure full consideration of strategy delivery options across the NECA is undertaken in an inclusive manner
- Undertake a scoping study, leading to an outline business case, that considers options for delivering an agreed set of bus objectives
- Address deficiencies in the availability of bus use and bus revenue data for the full NECA area, preferably through bilateral data sharing agreements with bus operators
- Continue discussions with DfT on the detail of the Bill.
- Lobby via the Urban Transport Group and others for appropriate amendments to the Bill.

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CBP Theme: Prepare for the future		
CBP Workstream: Review of Nexus services		
Risk Type: Internal Risk Owner: Director of Finance and Resources Risk Area: Nexus spending review	Risk Score 2x3 (LxI)	Direction of Travel
	6 Green	↑ (improving)
<u>Risk</u>		
Nexus' service review fails to deliver the necessary savings.		
Impact/Consequence(s): There is a risk that Nexus' service review may not produce the savings necessary to meet the proposed reduction in funding available from the levy, together with the requirement to eliminate reliance on use of reserves by 2019/20.		
Control(s): <ul style="list-style-type: none">• Budget managers remitted to prepare service plans• Consultation with public and key stakeholders planned for June and July• Base budget review to be carried out• Balance sheet review to be undertaken•		
Next Steps/Key Milestones: <ul style="list-style-type: none">• Proposals for consideration by TWSC will be formulated on the basis of the consultation results• TWSC will then make informed choices regarding Nexus' prioritisation of services within the reduced resource base as remitted by the Leadership Board• Nexus will then prepare its forward plan commencing 2017/18 on the basis of the agreed prioritisation for consideration through the NECA budget formulation process		

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CBP Theme: Prepare for the future		
CBP Workstream: Develop business cases to secure funding to improve public transport assets		
Risk Type: Internal	Risk Score 2x3 (LxI)	Direction of Travel
Risk Owner: Director of Finance and Resources	6 Green	↔ (static)
Risk Area: Business cases for external funding		
<u>Risk</u>		
Business cases to secure additional funding for improvements to the asset base are not delivered to time.		
Impact/Consequence(s): Lack of public sector funding means Nexus is becoming more reliant on attracting external funding for which good quality business cases that show Value for Money are required. Nexus' capability and capacity to prepare business cases on time and to the required quality will impact on Nexus' success in attracting such funding.		
Control(s): <ul style="list-style-type: none">• Dedicated resources in Corporate Planning section• Programme that ensures tasks and responsibilities are carried out to time• Budgets established• Liaison with the Regional Team to co-ordinate activity• Close supervision of economic consultancy inputs, providing the required information to ensure timely advice		
Next Steps/Key Milestones: <ul style="list-style-type: none">• Develop business cases for Single Local Growth Fund (SLGF) 'pipeline' schemes as prioritised by the Regional Team• Establish resources to develop SLGF 'pipeline' schemes to Stagegate 3• Develop possible future schemes to Stagegate 3 and establish a Nexus' pipeline• Promote the Stagegate A/B process to capture ideas for possible longer-term future schemes		

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CBP Themes: Be an effective delivery agent for the NECA.		
CBP Workstream: Develop training and succession planning		
Risk Type: External	Risk Score 2x3 (LxI)	Direction of Travel
Risk Owner: Corporate Manager Legal and Human Resources; Director of Rail and Infrastructure.	6	↔ Static
Risk Area: Future retention of key skills and abilities.	Green	
<u>Risk</u>		
Nexus may be unable to recruit and retain key personnel because of public sector pay restraint and competition from more buoyant employers		
Impact/Consequence(s): This could adversely impact on Nexus' ability to deliver key projects on behalf of the NECA. Placing reliance on third party resources (e.g. external consultants) to provide the required skills and expertise could result in increased costs and/or delays.		
Control(s): <ul style="list-style-type: none">Review and revise the "person spec" for key posts to open up the potential size of the application base.Review the market supplements available to key posts.Review key aspects within Nexus recruitment process.Develop a wider internal graduate base from which to draw.Explore 'fast-track' options to secure a graduate base.Develop succession plans for key business areas.Develop training and succession planning to ensure we are fit to meet changing business requirements.Design and construct a new staff training centre.Structure a change programme around the opportunities that the new facilities will offer.		
Next Steps/Key Milestones: <ul style="list-style-type: none">Complete the review of market supplements for key posts.Implement changes to Nexus recruitment process.		

CBP Theme: **Be an effective delivery agent for the NECA**

CBP Workstream: **Focus on health, safety and the environment**

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<p>Risk Type: Internal Risk Owner: Director of Rail and Infrastructure Risk Area: Deterioration in safety performance</p>	<p>Risk Score 2x2 (LxI)</p>	<p>Direction of Travel</p>
	<p>4 Green</p>	<p>↔ (static)</p>
<p><u>Risk</u> That safety performance at Nexus deteriorates in regard to key measures.</p>		
<p>Impact/Consequence(s): Deterioration in key measures of safety performance would indicate an increase in the likelihood of accidents and incidents occurring.</p>		
<p>Control(s):</p> <ul style="list-style-type: none"> • 'Safe Supervisor' training aimed at continuing the culture change initiative started in 2015/16. • Conduct a full review of Risk Assessment, Safe Systems of Work and Procedures across the organisation and seek to eliminate duplication, standardise templates and develop a central safety risk repository on the HSQE SharePoint site. • Continue development of the Metro Rule Book. • Increase awareness around staff wellbeing issues e.g. muscular/skeletal problems from ballast walking, vibration white finger and fatigue. • Improve dissemination of critical changes to rules, standards and specifications. • Assurance programme to provide for transition as well as the HSTQE internal audits. • Further review of level crossings to be determined by the steering group. • Continue to engage with staff trades union representatives promoting a shared collaborative approach. 		
<p>Next Steps/Key Milestones:</p> <ul style="list-style-type: none"> • New system for controlling rule book changes to be established by August 2016 • Commence 'Safe Supervisor' training by November 2016 		

<p>CBP Theme: Prepare for the future CBP Workstream: Review of Nexus' services</p>		
<p>Risk Type: Internal Risk Owner: Managing Director Transport Operations Risk Area: Progressing the devolution agenda</p>	<p>Risk Score 1x4 (LxI)</p>	<p>Direction of Travel</p>
	<p>4 Green</p>	<p>↔ (static)</p>

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Risk

The devolution agenda on transport matters is progressed without due regard to Nexus' funding, functions and powers.

Impact/Consequence(s):

There is a risk that the devolution agenda is progressed without due regard to Nexus' funding, functions and powers potentially leading to sub-optimal decisions with regard to making future provision for public transport arrangements in the NECA area.

If devolution goes ahead without Gateshead there is the potential for increased complexity and cost: conversely if devolution does not go ahead then sufficient funding may not be available to deliver the NECA's aspirations.

There will also be uncertainty in the development of transport policies while the Mayoral Authority is established and a Mayor elected.

Control(s):

- Engagement with NECA statutory officers to identify legal and financial considerations
- Early engagement with Mayoral candidates to explain the role and responsibilities of Nexus
- Work with the Chief Executives' Group to identify issues and mitigations
- Liaison with Gateshead officers to identify working approaches in the event of the council no longer being a member of the NECA

Next Steps/Key Milestones:

- NECA governance review
- Order making process

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Strategic Risk Analysis Toolkit

Determine the risk priority:					
B: Impact					
		Insignificant	Minor	Significant	Critical
Likelihood Page 43	High	4	8	12	16
	Medium	3	6	9	12
	Low	2	4	6	8
	Negligible	1	2	3	4

A - Assess the likelihood of the risk occurring:	
High	More than a 75% chance of circumstances arising
Medium	40% to 75% chance of circumstances arising
Low	10% to 40% chance of circumstances arising
Negligible	Less than a 10% chance of circumstances arising

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B - Assess the impact should the risk occur:

	Legislative/contractual	Service Delivery	Financial	Reputational	Project delivery
Critical/Showstopper	<ul style="list-style-type: none"> Statutory duty or regulatory requirement not achieved 	<ul style="list-style-type: none"> Longer term disruption to major service element. 	<ul style="list-style-type: none"> Inability to secure or loss of significant funding opportunity (£5m) Significant financial loss in one or more partners (£2m) Significant adverse impact on budget 	<ul style="list-style-type: none"> Persistent adverse national media coverage 	<ul style="list-style-type: none"> Failure to deliver several high profile targets
Significant	<ul style="list-style-type: none"> Breach of significant contract; element of legislative requirement not achieved. 	<ul style="list-style-type: none"> Major element of service not provided for 1 week, longer term disruption to minor element 	<ul style="list-style-type: none"> Prosecution Change in notable funding or loss of major funding opportunity (£2m) Notable change in a Partners contribution Notable adverse impact on budget 	<ul style="list-style-type: none"> Persistent adverse local media coverage 	<ul style="list-style-type: none"> Failure to deliver a high profile target

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Minor	<ul style="list-style-type: none">Breach of minor contract; failure to meet significant contract terms	<ul style="list-style-type: none">Major element of service not provided for 1 day, minor element not provided for 1 week	<ul style="list-style-type: none">Minor financial loss in more than one business activitySome/loss of funding or funding opportunity threatened	<ul style="list-style-type: none">Adverse local publicity / local public opinion	<ul style="list-style-type: none">Significant delay to high profile project, or failure to deliver target
Significant	<ul style="list-style-type: none">Failure to meet minor terms of contract	<ul style="list-style-type: none">Short term disruption to restricted aspects of service delivery	<ul style="list-style-type: none">Isolated/minor financial impact	<ul style="list-style-type: none">Short term adverse local public opinion.	<ul style="list-style-type: none">Delay to project

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Transport North East (Tyne and Wear) Sub-Committee

Date: 15 July 2016

Subject: Preparations for Great North Run 2016

Report of: Managing Director (Transport Operations)

Executive Summary

This report provides an update on the actions aimed at delivering a successful Metro service for the 2016 Great North Run.

Recommendations

It is recommended that the Committee receives and notes the current status of the actions associated with delivering a successful Great North Run in 2016.

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1 Background Information

- 1.1 On Sunday 13 September 2015 the Great North Run was held and for the first time in the history of the race the Tyne and Wear Metro's ability to support this important event fell short of what was required.
- 1.2 This Sub-Committee, at its meeting held later that week, instructed Nexus to undertake an urgent and thorough review of the events leading up to the day of the race which contributed to the poor delivery of Metro services.
- 1.3 On 24 November 2015 this Sub-Committee received a report which described how on the day the Metro experienced significant disruption shortly after the start of service. The main cause of this was a reduction in the timetable in respect of planned kilometres. This reduction in the planned kilometres was aimed at avoiding driver shortages. On the day, and against this already weakened plan, further driver shortages were experienced.
- 1.4 With the early morning services now extremely overcrowded disruption continued throughout the day which caused further problems with train regulation (bunching) that resulted in the overhead line electrical protection tripping.
- 1.5 The report published in November 2015 contained a total of 9 recommendations aimed at preventing any recurrence of such a poor level of Metro service for the Great North Run and other major events. All recommendations have now been completed.

2 Update

- 2.1 Since the publication of the report into the failings around the Metro's delivery of 2015 a considerable amount of work has been undertaken. In addition to this, and specific to DBTW, there have been a number of key personnel changes. During the period of change the importance of and commitment to improve the Metro's delivery of the Great North Run has been of the highest priority.
- 2.2 With an almost entirely new management team now in place within DBTW the final plans for the 2016 Great North Run have been finalised and forwarded to the event organiser. This year's preparations have seen greater stakeholder engagement which should help deliver services successfully on the day of the race enabling around 85,000 passenger trips.
- 2.3 The main mitigation actions worthy of noting are:
 - a. The production of a specific and detailed operational plan;
 - b. An agreement between DBTW and the trades unions in respect to the working on the day of the Great North Run;

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- c. A substantial increase in the planned provision of services prior to 10:00 hours on the race day has been completed. This results in a 32% increase in kilometres this year (2016) compared to last year (2015);
- d. A substantial increase in the number of trains planned to be run prior to 10:00 hours on the race day. This results in over 50% more trains planned in 2016 when compared to the 68 that ran in this phase in 2015;
- e. Use of a joint DBTW and Nexus table top exercise which has been used to test the intended plan;
- f. An extra provision of Metro staff at key stations aimed at delivering minor first aid to train passengers; and
- g. The establishment of joint DBTW and Nexus senior level assurance forum.

2.4 In addition to the improvements outlined above a number of alterations to the way some stations operate will be put in place. These are:

- a. Haymarket – exit only from 08:00 hours until the start of the race (10:40 hours);
- b. Jesmond – closed from the start of the race until the crowds have cleared; and
- c. Chichester – closed from 15:00 hours until the crowds have cleared.

2.5 Running alongside the work undertaken by DBTW, Nexus has also been focusing on the mitigation of “on the day” catastrophic infrastructure problems. This work will continue up to and throughout the day of the 2016 Great North Run.

2.6 Insofar as risks that would prevent a successful delivery of services for the 2016 Great North Run, these remain well controlled. With passenger trip numbers in the region of 85,000, queuing in a controlled and planned manner is an integral part of catering for this event. On the day catastrophic risks will always be a feature of running any railway system and to that extent all reasonable mitigation actions are being undertaken.

2.7 In summary a considerable amount of work has been undertaken aimed at avoiding a repeat of the 2015 Metro’s delivery for the Great North Run. The work to date will control avoidable risks as far as can be. Work to mitigate catastrophic risks has started and will continue.

3 Next Steps

3.1 There are no further next steps for this Committee, albeit it should be noted this topic forms part of Nexus’ business and will be managed as a priority.

4 Potential Impact on Objectives

4.1 The contents of this paper have no direct link to any specific objectives.

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5 Finance and Other Resources

5.1 There are no direct financial considerations arising from this paper.

6 Legal

6.1 There are no direct legal considerations arising from this paper.

7 Other Considerations

7.1 Consultation/Community Engagement

There are no specific consultation or community engagement considerations arising from this paper.

7.2 Human Rights

There are no specific human rights considerations arising from this paper.

7.3 Equalities and Diversity

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

7.4 Risk Management

There are no specific risk management considerations arising from this paper.

7.5 Crime and Disorder

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

7.6 Environment and Sustainability

There are no specific environment and sustainability considerations arising from this paper.

8 Background Documents

8.1 24 November 2015 Transport North East (Tyne and Wear)Sub-Committee – Agenda item 4 “Metro Services for the 2015 Great North Run”.

9 Links to the Local Transport Plans

9.1 This report has no direct links to the Local Transport Plan.

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10 Appendices

10.1 None.

11 Contact Officers

11.1 Raymond Johnstone, Director of Rail and Infrastructure
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12 Sign off

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

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