

North East Joint Transport Committee, Tyne and Wear Sub-Committee

Thursday 31st January, 2019 at 2.00 pm

Meeting to be held in a Committee Room, Sunderland Civic Centre, Burdon Rd, Sunderland SR2 7DN

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 Previous Meetings	
(a) Minutes of the Inquorate Meeting held on 21 November 2018	1 - 4
(b) Minutes of the Meeting held on 30 November 2018	5 - 6
4. Monitoring Nexus' Performance and Metro Performance Update	7 - 24
5. Metro Performance Issues	25 - 38
6. Nexus Corporate Plan 2019/20	39 - 60
7. Nexus' Corporate Risks 2018/19	61 - 82
8. Concessionary Travel Reimbursement for 2019/20 and 2020/21	83 - 86
9. Government Funding for Concessionary Travel	87 - 96
10. Tyne Tunnels Update	97 - 122

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

Thursday 4 April 2019 at 2.00pm, at Gateshead Civic Centre.

12. **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.

13. **Confidential Minutes of Inquorate Meeting held on 21 November 2018** **123 - 124**

Contact Officer: Brenda Joyce Tel: 0191 211 6144 E-mail: brenda.joyce@newcastle.gov.uk

To All Members



North East Joint Transport Committee, Tyne and Wear Sub-Committee

DRAFT MINUTES OF INQUORATE MEETING TO BE APPROVED

21 November 2018

Meeting held Committee Room, Gateshead Civic Centre, Regent Street, Gateshead, NE8 1HH

Present:

Councillors: G Hobson, J McElroy and A Wilson

1 APOLOGIES FOR ABSENCE

Apologies were received from Cllr Joyce McCarty

2 DECLARATIONS OF INTEREST

None

3 REVISION TO METRO FARES AND FERRY FARES 2019

Submitted: Report of the Managing Director (Transport Operations) (previously circulated and a copy attached to the Official Minutes).

Consideration was given to the report which proposed to freeze the price of single and day fares for both adults and young people (aged 18 and under) when purchased using a Pop smartcard, as part of a package that seeks to minimise the impact of price rises whilst generating additional revenue to offset increases in the operating costs of both Metro and the Shields Ferry.

Comments/queries from Members

- The recommendations were moved.
- Promotion of Smartcards was welcomed however Members also felt that the various fare packages should be inclusive and appropriate advice given to all users on the best type of package to purchase.
- A comment was made that the 10p minimum increase would be unaffordable for some users.

- A question was raised concerning the eligibility for free concessions for women over 60 years of age but not yet in receipt of a free travel pass
- Members agreed that there was good news in the report including the freezing of the price of the gold card and the increase in the numbers of young people using a Pop card.

Additional Information

In respect of the eligibility age for concessions, this was a national issue which the chair of the former Transport North East Committee had raised with the Secretary of State for Transport. Nexus had investigated the feasibility of a local enhancement but concluded this would be unaffordable within available resources. In relation to the purchase of under 16 Pop cards Nexus had engaged with various bodies i.e. Job Centre Plus, employers to promote the use of Pop cards.

It was **recommended** that the proposals as set out in the report be accepted.

4 **TYNE AND WEAR BUDGET PREPARATION 2019/20 INCLUDING TYNE TUNNELS**

Submitted: Report by the Chief Finance Officer (previously circulated and a copy attached to the Official Minutes).

Members considered the report which set out a summary of proposed draft Tyne and Wear Transport revenue budget and levy proposals for 2019/20, which will be subject to a consultation period of 2 months before decisions are made in January 2019.

It was noted that following new governance arrangements the Transport Budget and Levies will now be considered and set by the new Joint Transport Committee, which is due to meet on 22nd January. The two Combined Authorities will then meet separately to formally issue the Levies that have been agreed by the Joint Transport Committee.

Other points noted included the Tyne and Wear Levy Budget – Nexus and non – Nexus; Tyne Tunnels; Transforming Cities Fund and Treasury Management - Borrowing and the current position in respect of pensions.

In discussion Members comments included welcoming the £0.700 levy reduction compared to 2018/19; however whilst Nexus were able to maintain frontline services there was no funding to deliver improvements to services.

It was **recommended** that the report be received for information.

5 **NEXUS CORPORATE PLAN AND BUDGET PREPARATION 2019/20**

Submitted: Report of the Director of Finance and Resources, Nexus (previously circulated and a copy attached to the Official Minutes).

The report complemented the budget report presented to the Joint Transport Committee on 20 November 2018 and proposed Nexus's approach to the development of its 2019/20 corporate plan and budget, an element of which is funded by the Tyne and Wear transport levy.

Points to note included the budget savings and budget pressures set out in table 1.2 of the report; balancing next year's budget will require the use of reserves; uncertainty in respect of the Metro Rail Grant expected from the Department for Transport (DfT) in 2020/21 and beyond is not yet known and is subject to the outcome of discussions with central government via the 2019 Spending Review.

During discussion members sought confirmation that the priorities listed in section 1.7 of the report were all of equal importance; briefly discussed the 2019 Spending Review; future maintenance of the new fleet and asset renewal.

Members also noted comments relating to a sustainable bus network and more devolved autonomy over local rail from Central Government.

It was **recommended** that the corporate planning and budget approach for Nexus as set out in the report be agreed.

6 TACKLING METRO PERFORMANCE ISSUES

Submitted: Report of the Managing Director (Transport Operations) (previously circulated and a copy attached to the Official Minutes).

The purpose of the report was to provide Members with an overview of recent issues affecting Metro performance and mitigating actions put in place by Nexus.

The Managing Director (Transport Operations) provided the Sub-Committee with a summary of issues/actions since the last meeting. The summary included the following: -

- Restructuring of the engineering team to provide a dedicated management focus in the heavy production workshops, with designated teams supervised by Team Leaders.
- An additional 14 new jobs created at the depot.
- The summer of 2018 was a very busy period for Nexus and operation of the Metro; none the less Metro delivered all services. It was noted that the significant programme of summer events did lead to difficulties in securing sufficient commitments from staff to work overtime however management were currently in discussion with the Driver Trades Union Representatives to improve rosters shift times and spare driver cover throughout the week.

- Close working with external stakeholders to mitigate anti-social behaviour and fare evaders, flooding the network on a regular basis providing a visible presence to the public and additional fare checks.
- Working with the North East Ambulance Service to develop a policy similar to the one in use on the London Underground to improve response times to an incident or where possible to move a train containing an ill passenger to a mutually agreed location where they can be assisted by staff, which would improve overall response times.
- Various issues related to the power supply which had been the cause of a number of significant delays through faulty trains causing power supply 'trips'.

Comments/questions from Members

Had the situation regarding driver recruitment/retention been resolved to everyone's satisfaction?

A query was made in relation to the additional jobs and the source of the funding required.

The Sub Committee expressed its thanks for the additional work involved to deliver extra services during an extremely busy summer.

Additional information noted:

Driver retention will remain a challenge due to other train franchises offering attractive packages to Nexus staff. To enable the successful delivery of Metro futures early planning will be necessary to increase the number of drivers that can be trained at any one time.

Recommended that the report be received.

7 **DATE AND TIME OF NEXT MEETING**

To be confirmed

8 **EXCLUSION OF PRESS AND PUBLIC**

RESOLVED that under section 100A and Schedule 12A Local Government Act 1972 the press and public be excluded because except information is likely to be disclosed and the public interest test against disclosure is satisfied.



North East Joint Transport Committee, Tyne and Wear Sub-Committee

DRAFT MINUTES TO BE APPROVED

30 November 2018

Meeting held Nexus House, 33 St James' Blvd, Newcastle upon Tyne NE1 4AX

Present:

Councillors: G Hobson, C Johnson, J McElroy and A Wilson

10 APOLOGIES FOR ABSENCE

In the absence of a formally appointed Chair for the Sub Committee members agreed that Cllr Gladys Hobson preside over the meeting.

Apologies were received from Councillor J McCarty.

11 DECLARATIONS OF INTEREST

None

12 REVISION TO METRO FARES AND FERRY FARES 2019

Submitted: Report of the Managing Director (Transport Operations) (previously circulated and a copy attached to the Official Minutes).

Consideration was given to the report which proposed to freeze the price of single and day fares for both adults and young people (aged 18 and under) when purchased using a Pop smartcard, as part of a package that seeks to minimise the impact of price rises whilst generating additional revenue to offset increases in the operating costs of both Metro and the Shields Ferry.

During discussion Members commented on the need to encourage more young people to use Pop cards; the cost of providing an electronic payment system (smart cards) balanced against cash fares and was there a policy setting out increased take up of smart cards.

RESOLVED – That: -

The proposed Metro and Ferry Fares as set out in the main body of the report be effective from 2 January 2019.

Nexus intention to Freeze the price of single and daily capped fares on both Metro and Ferry for young people aged 18 and under, bought with a Pop blue smartcard was approved.

Approved freezing the price of single and daily capped fares on both Metro and Ferry for young people aged 18 and under, bought with a Pop blue smartcard.

The retention of the 60% discount on Metro season tickets for young people aged 18 and under, compared to the equivalent adult Metro season ticket price.

The retention of a similar 30% discount on Metro student season tickets was approved.

The retention of the Corporate Metro Season ticket scheme, offering discounts for tickets purchased through an employer and easy monthly payments for customers was approved.

Reducing the price of Ferry season tickets to encourage take up amongst regular travellers was approved.

13 DATE AND TIME OF NEXT MEETING

31 January 2019, 2.00pm



North East Joint Transport Committee, Tyne and Wear Sub-Committee

Date: 31 January 2019

Subject: Monitoring Nexus' Performance and Metro Performance Update

Report of: Managing Director (Transport Operations)

Executive Summary

Appendix 1 attached to this report provides an update on Nexus' performance in delivering the key priorities of its approved Corporate Plan for 2018/19, including Metro service delivery information, for the year to 8th December 2018, with a particular focus on the sixteen weeks covering the four 4-weekly periods 6, 7, 8 and 9, the first five periods having been the subject of previous reports to meetings of the former Transport North East (Tyne and Wear) Sub Committee.

In the year to 8th December 2018, cumulative Metro patronage was just ahead of target and farebox revenue was close to budget. As at that date the Nexus Group forecast an outturn surplus of £0.720m.

The latest quarterly Metro Customer Satisfaction Survey, in November 2018, coincided with a period of disruptive incidents and autumn low rail adhesion (LRA) issues as well as difficulty with some customer information systems and this was reflected in the results shown in Appendix 2. The reasons for the recent disappointing levels of punctuality, and the actions being taken to tackle the underlying causes so as to improve Metro's performance, are the subject of separate report on the Sub-Committee's agenda.

Just under a third of delays are related to the ageing Metro car fleet and its maintenance. Nexus has prioritised an additional £1.3m to invest in the current fleet over the next 6 to 12 months. As part of the investment 14 new jobs have been created in the fleet team and recruitment is currently in progress. It will however, take several months to recruit and train these new roles in order to begin realising the benefits.

Issues with Nexus' infrastructure form another substantial category of delays. Many of the asset renewal projects that are currently taking place are very complex in nature and update not just the assets themselves but also the technological platforms on which they operate, from analogue to digital. This can be a cause of disruption as new, and sometimes unanticipated, working requirements arise from the way these systems are found to interface with each other during the implementation phase.

Recently the functioning of the newly installed Rail Traffic Management System (RTMS), commissioned in early August 2018, has been problematic leading to various service disruptions. The core system is functioning correctly but issues around the sub – systems which are supported by, and interface with, the RTMS are causing issues. Work has been prioritised with the supplier and for internal stakeholders to successfully resolve snagging issues, including interface issues with related and older systems.

A cross-functional overhead line (OHL) task and finish group is identifying reasons for OHL power trips and mitigations of the impact.

With regard to fleet availability and the provision of additional services in the weekday morning and evening peaks actions have been taken to protect delivery by utilising hot spare trains and providing additional train regulation guidance to Controllers to minimise disruption to busier services.

Recommendations

The Tyne and Wear Sub-Committee is recommended to note Nexus' corporate performance in realising its Corporate Plan, and the delivery of Metro services, as set out in the appendices to this report.

1. Background Information

- 1.1 Appendix 1 attached to this report provides information about Nexus' progress against its Corporate Plan (CP) targets and objectives for 2018/19 over the thirty-six weeks from 1st April 2018 to 8th December 2018, with a particular focus on 19th August to 8th December (periods 6, 7, 8 & 9), including key information about the delivery of Metro services. Appendix 2 shows the results of the latest Metro Customer Satisfaction Survey carried out in November 2018.
- 1.2 For 2018/19 the CP has three main themes and twelve key priority workstreams (four in each theme). These are used in Appendix 1 to set out key considerations used in assigning the progress being made, applying a RAG (Red/Amber/Green) status analysis.
- 1.3 Of the 12 key priority workstreams:-
- Ten are rated 'Green' in status, two from four in Theme 1 - 'Deliver public transport today'; all four in Theme 2 - 'Prepare for the future', and all four in Theme 3 - 'Focus on organisational effectiveness'.
 - One, in Theme 1, is 'Amber' - 'Deliver public transport today': 'Deliver technological improvements'.
 - One, in Theme 1, is Red - 'Deliver public transport today': 'Improve the Metro customer journey experience'
- 1.4 With regard to Metro's performance we continue to face fleet reliability problems that see trains being taken out of service: 31% of delays are related to the performance of the ageing Metrocar fleet and its maintenance. We have recently increased the amount to be spent on fleet maintenance by £1.3m within the overall Metro budget to be used over the next 6 to 12 months. As part of this we will create 14 new jobs increasing the throughput of work in the depot. It will however, take several months to recruit and train these new roles in order to begin realising the benefits. Otherwise the funding will be used to improve train driver cabs, power and braking systems and better breakdown equipment to complement the increase in resources available, enhanced training and an additional breakdown vehicle.
- 1.5 As to fleet availability, actions have been taken to protect the additional services provided in the weekday morning and evening peaks by utilising hot spare trains and providing additional train regulation guidance to Controllers to minimise disruption to busier services.
- 1.6 In respect of Nexus' infrastructure issues, also accounting for 31% of service delays, our top priority is to complete the successful introduction of the RTMS as soon as possible and we are working closely with the supplier to achieve this. A recent software upgrade appears to have resolved many of the interface issues with the the passenger information systems. We continue to work with the contractor for a further software update which will hopefully resolve other defects we are experiencing within the system as we merge a new asset operating with older assets.

1.7 There have been various issues relating to the power supply which have caused some significant disruption to customers. A Supplier has been procured to refurbish circuit breaker equipment in substations. In addition a cross functional working group of Engineers and Operators has been set up to investigate the interface issues between the overhead line equipment, the power supplies and the Metro cars.

1.8 As at 8th December, the end of Period 9, savings of £0.053m are forecast taking the expected 2018/19 surplus to £0.720m against a revised base budget of £0.975m.

2. Proposals

2.1 There are no specific proposals for decision arising from this periodic performance monitoring update report. The Tyne and Wear Sub Committee is recommended to note the report.

3. Reasons for the Proposals

3.1 There are no proposals for decision arising from this periodic performance monitoring update report.

4. Alternative Options Available

4.1 There are no proposals on which to base alternative options arising from this regular performance monitoring update report.

5. Next Steps and Timetable for Implementation

5.1 A report updating on Nexus' performance and Metro service delivery will be presented to each scheduled meeting of the Tyne and Wear Sub-Committee in order to enable the required monitoring considerations and assurance activity to take place in accordance with the North East Joint Transport Committee's Standing Orders and the role and functions that are thereby delegated to its Tyne and Wear Sub-Committee in Part 4.1 'Terms of Reference'

6. Potential Impact on Objectives

6.1 Monitoring Nexus' performance and Metro service delivery helps to provide assurance that the NECA's policies and objectives are being implemented efficiently and effectively in accordance with the approved plan.

7. Financial and Other Resources Implications

7.1 There are no direct financial or resource considerations arising from this performance monitoring update report.

8. Legal Implications

8.1 There are no direct legal considerations arising from this performance monitoring update report.

9. Key Risks

- 9.1 There are no direct risk considerations arising directly from this report, though monitoring and reviewing performance information plays an important role in risk management. A separate review of Nexus' corporate risk register is provided to each scheduled meeting of the Tyne and Wear Sub-Committee in parallel with this report.

10. Equality and Diversity

- 10.1 There are no specific equalities and diversity considerations arising from this performance monitoring update report.

11. Crime and Disorder

- 11.1 There are no specific crime and disorder considerations arising from this performance monitoring update report.

12. Consultation/Engagement

- 12.1 There are no specific consultation or engagement considerations arising from this performance monitoring update report.

13. Other Impact of the Proposals

- 13.1 There are no direct proposals arising from this performance monitoring update report, and therefore no consequential impacts.

14. Appendices

- 14.1 Appendix 1 - shows the Red/Amber/Green (RAG) analysis pertaining to progress against the three themes/twelve key priority workstreams contained in Nexus' Corporate Plan for 2018/19, as approved by the then Transport North East (Tyne and Wear) Sub-Committee meeting in January 2018, and identifies key considerations taken into account by Nexus' Senior Leadership Team in arriving at the ratings.
- 14.2 Appendix 2 – Results of the latest Metro Customer Satisfaction Survey undertaken in November 2018.

15. Background Papers

- 15.1 Nexus' Corporate Plan as considered and approved at the Transport North East (Tyne and Wear) Sub-Committee meeting held in January 2018.

16. Contact Officers

- 16.1 Tobaugh Hughes,
Managing Director (Transport Operations)
Email: tobaugh.hughes@nexus.org.uk

Tel: 0191 203 3236

17. Sign off

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

18. Glossary

EHM - Excess Headway Minutes, the method by which delays experienced by passengers are measured. The total EHM for any period is subject to an attribution process resulting to an agreed allocation across the Operator, Nexus Rail, Network Rail and Other/disputed depending on the identified causation.

LRA - Low Rail Adhesion - Leaves falling on tracks are compressed and become a slippery substance that is difficult to remove and creates greasy track conditions known as Low Rail Adhesion.

MAA – moving annual average - the average for the past 13 periods (i.e. 12 months) including the 4-week period being reported on.

Metrocar kilometres per 4+ Excess Headway Minute fault – is calculated as the total number of fleet failures affecting the Metro service by four minutes or more divided by the total fleet kilometres in the period being reviewed.

Metro Customer Satisfaction Score – the result of a tracking survey that is carried out in May and November each year.

Network Rail – the statutory infrastructure provider maintaining the railway and providing the power and signalling for the tracks and stations between Pelaw and South Hylton via Sunderland.

Nexus Rail – the division of Nexus responsible for providing and maintaining the Metro infrastructure including the track and stations owned by Nexus.

Patronage – the number of passenger boardings for a service, mode or area over a specified period normally arrived at by survey, the use of ticket machine data or some combination of both. Often used interchangeably with Ridership.

Period – 4-week periods (there are 13 in each financial year) used for financial, accounting and performance measurement purposes.

Punctuality – measurement of train punctuality as set out in the Metro Passenger Charter; measures the percentage of trains arriving within three minutes later or within 29 seconds earlier than scheduled.

RTMS - Rail Traffic Management System – the technology applied to control the movement of trains, forecast the likely future progress of trains, identify potential conflicts, and modify the planned schedule of trains to minimise the resulting disruption and accelerate recovery back to the planned service.

SQR – Service Quality Regime - the means by which quality standards on stations and trains is measured

Theme 1: Deliver public transport today

Workstream: **Improve the Metro customer journey experience**

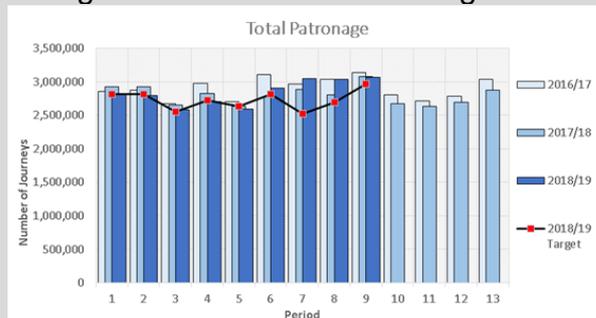
Status: **Red**

Key Considerations:

The latest quarterly Metro Customer Satisfaction Survey (November 2018) score was 7.2, worse than the 7.8 target. The survey coincided with a period of disruptive incidents and autumn low rail adhesion (LRA) issues as well as difficulty with some customer information systems. This has been reflected in the results (see Appendix 2). Action is being taken to increase operational performance (see next page), which should improve satisfaction with punctuality and reliability - the key drivers of overall satisfaction on Metro.



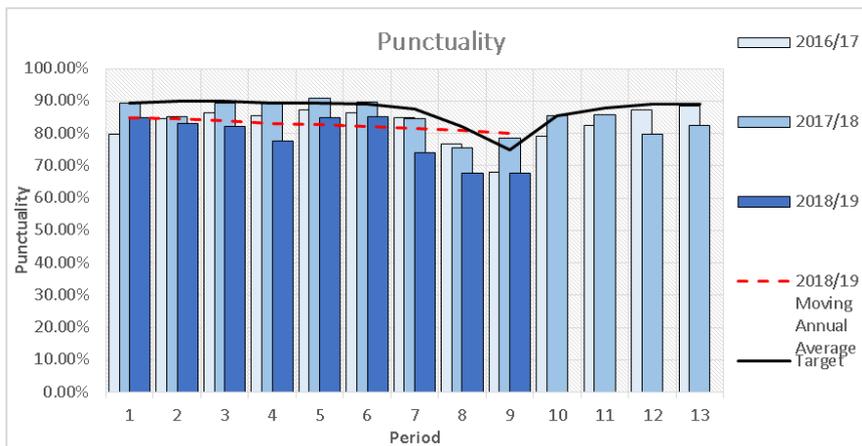
Over the sixteen weeks to 8th December Metro’s patronage totalled 12.051m, 9.5% better than the target of 10.999m. In the year to date cumulative ridership was 25.548m, 4.1% better than the target of 24.534m. The Moving Annual Total was 36.4m



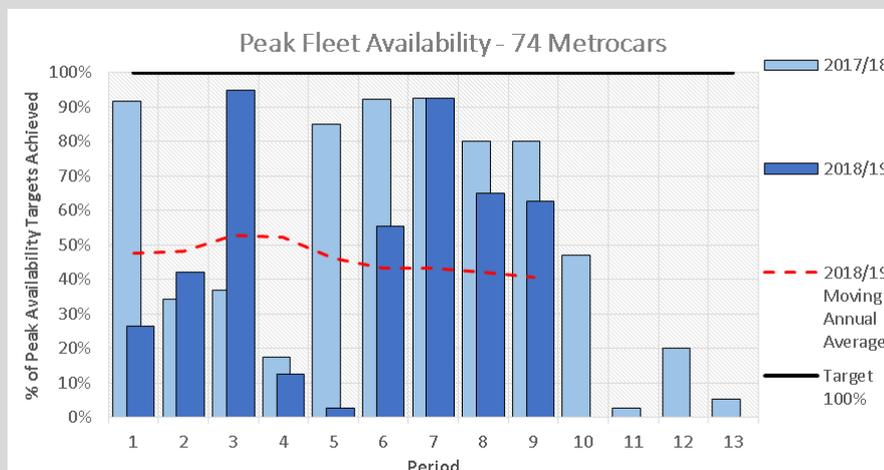
As at 8th December cumulative Metro revenue totalled £31.602m, close to the budget target of £32.101m. Revenue over P6, P7, P8 & P9 totalled £14.624m, 3.9% below the target of £15.226m. The Metro fare revenue forecast for 2018/19 is in line with budget at £46.099m.



Average punctuality in the year to the end of P9 was 78.35%, and across P6 to P9 was 73.67%. A performance awareness and improvement workstream is being implemented and actions have been taken to protect peak services by utilising hot spare trains and providing additional train regulation guidance to Controllers to minimise disruption to busier services. An overhead line (OHL) task and finish group is identifying reasons for OHL power trips and mitigations of the impact. Autumn conditions have led to delays due to LRA: the Rail Head Treatment Train operated twice daily and Operations Managers provided coaching to drivers. Following investigation, the cause of a network communications fault that gave rise to major disruption on the morning of Saturday 24 November has been identified and action taken to prevent a recurrence. After various service disruptions relating to the recently installed Rail Traffic Management System, work has been prioritised with the supplier and for internal stakeholders to successfully resolve snagging issues, including interface issues with related and older systems.



Peak fleet availability over Periods 6 to 9 saw 95 of the 158 peaks (60.10%) meeting the availability requirement of 74 Metrocars. There are several long-term stopped Metrocars where progress is limited, due to the focus on resolving day to day faults and limited pit space to carry out the work. Nexus has prioritised an additional £1.3m to invest in the current fleet over the next 6 to 12 months. As part of the investment 14 new jobs are being created in the depot, and recruitment is currently in progress following which there will be a training period. Otherwise the investment will be used to improve train driver cabs, power and braking systems and provide better breakdown equipment to complement the increase in resources available, enhanced training and an additional breakdown vehicle. Implementing an increase in heavy lifting shop capacity to improve fleet availability has commenced



Workstream:	Introduce a more affordable fares offer for the under 19s.
Status:	Green
Key Considerations:	
<p>Over the sixteen weeks of P6, P7, P8 & P9 there were 133,986 Pop Blue journeys on Metro, made by 4,856 individual card holders. In the year to 8th December there have been 197,856 Metro journeys made by 5,487 Pop Blue users. Because of its relatively recent introduction there are as yet no financial year on year comparisons for this product. Take-up and usage of Pop Blue has been positive and attention remains on further increasing this.</p>	
Workstream:	Protect levy funded frontline services
Status:	Green
Key Considerations:	
<p>As at 8th December 2018, the end of P9, additional savings of £0.053m are forecast taking the expected 18/19 surplus to £0.720m against a revised base budget of £0.975m. The reserves position, at £19.468m, represents the Nexus Group's usable revenue reserves, adjusted for the forecasted deficit or surplus as reported above. The Group taxation charge and the revised base budget have been factored into this figure.</p>	
<p>Based on Ticketer data and operator returns there were 1.775m boardings on secured bus services over P6 to P9, 3.4% below the target for 1.838m, and 8.0% below the 1.931m reported over the same time period in the prior year. In the year to 8th December there have been 4.171m passenger boardings on secured services against the cumulative target for 4.001m and the ridership of 4.203m reported at the same point in the prior year. 99.9% of contracted bus mileage has consistently been operated, better than the 99% target.</p>	
<p>The Shields Ferry carried 0.131m passengers over the four periods under review, 5.0% below the 0.139m target, but equal to the level of boardings over the same period last year. In the year to 8th December cumulative boardings totalled 0.340m against the target for 0.347m, and 0.334m to the same point in the prior year. Averaged over the four periods the 99% target for reliability was exceeded, and punctuality was just above the target, despite adverse weather conditions experienced in P7.</p>	

Workstream:	Deliver technological improvements
Status:	Amber
Key Considerations:	
<p>Nexus is supporting ITSO (the National Standards body for Smart Ticketing) in a Host Card Emulation (your phone becomes your Pop Card) trial on Tyne and Wear Metro. Following a competitive process a local developer has been appointed to create the 'app' based on this technology. Commercial and Legal arrangements with the relevant technical partners are now being finalised ahead of commencement of trials early in the New Year.</p>	
<p>Northumberland and Tees Valley authorities have now transitioned to a new Card Management System, which manages the creation, distribution and ongoing management of ENCTS (Concessionary Travel) cards. Nexus is in the process of migrating to the new system for both its ENCTS and Commercial ("POP") smartcard estates. Surplus funds from NESTI's balances have been approved by the Association of North East Councils to facilitate this. Migration of the databases for Tees Valley and Northumberland has been completed.</p>	
<p>A planned series of three upgrades to the Metro ticketing and gating software has commenced. Releases 1 and 2 were successfully downloaded in the period. Release 3 will follow an upgrade to the Bank Card Readers ("PEDs"), which will commence in the New Year.</p>	
<p>Working with Transport for the North (TfN) and partner authorities a specification for an Account Based Ticketing (ABT) Back Office is being developed. In the procurement process seven candidates have been invited to bid for the back-office function. This will allow customers to use bank cards and mobile devices to pay for their journey by touching in at the point of entry and on exit from the network. The intention is to have a partnership with the major bus operators, with each participating operator (including Nexus, for Tyne and Wear Metro) to sign "Heads of Terms", indicating support of the project. TfN have obtained approval from DfT's Business Investment and Commercial Committee to move to Full Business Case and have begun the procurement process. The Full Business Case, marking the completion of the procurement phase is expected to be submitted during Q3 2019/20. TfN is considering bringing forward investment in the Metro, and has agreed, in principle, to fund the upgrade of Nexus' gatelines and barriers. Nexus has recently received and is reviewing the draft contract for TfN to make this investment.</p>	

Theme 2: Prepare for the future

Workstream: Procure a new fleet of trains and their maintenance

Status: Green

Key Considerations:

The notice for the main contracts (fleet, depot, maintenance) went live in the Official Journal of the European Union (OJEU) on 7th June and, following evaluation of the Selection Questionnaires (SQs), 5 companies were invited to tender on 14th September following which Nexus' Data Site went live on the 18th September. A Pre-Qualified Tenderers Day was held with the five successful bidders on 28th September for an initial high-level discussion. Stage 1 Individual meetings with the successful bidders took place during the first two weeks of October and bi-weekly tenderer telecoms commenced on 16th October. These continued until the Stage 2 individual meetings, which started 26th November and concluded 6th December.

The Prior Information Notice for the Howdon Satellite Depot project was released on 16th July 2018, notifying the market of the upcoming procurement. The subsequent SQ, issued via the OJEU, generated significant interest and the Request for Information period commenced on 10th September. The necessary approvals to acquire the site have been granted by the Leadership Board, and North Tyneside's Planning Committee granted approval to the formal planning application on 27th November. The SQ evaluation for the Satellite Depot was completed on 12th October. The Invitation to Tender (ITT) was issued to 6 tenderers on 25th October. Following the Request for Information (RFI) process bids were returned in December for evaluation prior to contract award, expected to be in April 2019.

With regard to Nexus' proposals for development of the Gosforth Depot site the application for Prior Approval and a Certificate of Lawfulness of Proposed Use or Development (CLOPUD) was granted by Newcastle City Council in December 2018.

The North East Local Enterprise Partnership's Supply Chain Event took place at the Stadium of Light on 8th October. This allowed potential local suppliers to meet with the five bidders as well as Nexus, and gave the short-listed train manufacturers the opportunity to meet local companies they could possibly work with in the construction and maintenance of both trains and depot in the years ahead. Feedback from both manufacturers and local suppliers was positive.

Workstream: Develop devolution proposals for the Northern rail franchise

Status: Green

Key considerations:

An Invitation to Tender has been published for carrying out option assessment work for the future devolution of rail in the wider North East (including Tees Valley

Combined Authority). Following appointment of the successful consultant work is expected to start in January 2019.

As part of preparations for the North East Joint Transport Committee's (JTC's) Transport Plan, work has commenced on developing the Rail Strategy daughter document - based on Transport for the North's (TfN's) Long Term Rail Strategy and the draft shared narrative established with Network Rail. A workshop will take place in January 2019 involving the North East Rail Management Unit and the local authorities' Heads of Transport.

The Strategic Outline Business Case (SOBC) for Northern Powerhouse Rail is being reviewed by the TfN Board and, in the North East, includes investment options for the Leamside Line to achieve nine trains per hour. Overall the SOBC produces a positive Benefit Cost Ratio, as does the North East corridor section. The indicative phasing of delivery in the Management Case shows work starting in the area from 2024. It will be important to complete any works prior to the arrival of HS2 to the region in 2033.

Work has commenced on the December 2019 timetable changes. For the North East these should include the new Trans Pennine Express (TPE) Newcastle to Edinburgh service and for Northern the Northern Connect and the second hourly service on the Tyne Valley line. The Train Operating Companies must submit initial proposals by February 2019. The December 2018 timetables came into effect from 9th December, with the intention of improving performance.

Northumberland County Council is preparing to submit a Strategic Outline Business Case for the proposed Northumberland line to seek government approval to enter the Rail Enhancements pipeline and secure funding to develop the Outline Business Case.

Workstream	Develop plans to expand Metro and local rail services
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Status:	Green
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Key considerations:

Nexus is reviewing options to improve provision for public transport in the Follingsby area. Working with South Tyneside Council, a Transforming Cities Tranche 1 bid was submitted for the Follingsby Lane road upgrade. A meeting with Network Rail is scheduled to discuss delivery options for the rail link. The technical and demand study that is being commissioned will report back by April 2019, subject to approval. This will be followed later in the year by technical assessments of Leamside to Washington, the Sunderland Loop, the Pelaw flyover and a station at East Gateshead later in the year.

Using the findings from customer consultation proposals for drafting Nexus' station specifications, as the next step in the 'Stations of the Future' project, are being developed for consideration.

Nexus continues to liaise closely with North Tyneside Council regarding the Murton Gap scheme and the Killingworth Moor development.

With regard to strategic direction for development of the Metro Green site in Gateshead a transport focussed workshop was held in early December 2018, and will be followed by a more detailed options appraisal in January 2019.

Nexus is awaiting further information from N2N (the Northumberland to Newcastle line) on the 'interim' scheme, its interface with Metro and the assistance required from Nexus. Nexus has commissioned a further technical study on the viability of the interchange at Northumberland Park which will report May 2019.

The scheme to 'twin-track' the three remaining sections of single track on the Metro network is being progressed. A preferred option to meet the challenge of incorporating freight movements into Nexus' operations has been identified for consideration by Operations and Engineering disciplines. A value engineering workshop has been held, and costed options are to be developed to finalise the scope of the scheme. A date for the Network Rail divestment paper is yet to be established.

Workstream:	Develop plans to improve the local bus network
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Status:	Green
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Key considerations:

Nexus is working with local authorities and the commercial bus operators to develop a Bus Strategy for the area. It is intended that a final draft strategy will be available for consideration, prior to public consultation, at the same time as the JTC's Transport Plan for the North East.

A preliminary review has taken place to understand the potential impacts, positive and negative, of 'New Mobility Services'. Nexus has undertaken a market engagement exercise in order to raise awareness amongst potential suppliers across the globe. This has enhanced our understanding of how the global market is developing, and allow us to start planning the introduction of new services that can deliver on our 'New Mobility' objectives, benefiting public transport users and minimising risks to existing transport services. This work will now be integrated with the Transforming Cities Fund bid, within which there is an opportunity to source "Future Mobility Zone" funding.

Nexus is working with local bus operators in the area to explore the opportunities to source Government funding for Ultra Low Emission Buses (ULEBs). A bid for funding has been submitted by Go North East and Nexus, which if successful would see battery electric buses introduced on two high frequency services that serve areas of poor local air quality in Newcastle and Gateshead. A decision from DfT is anticipated.

Theme 3: Focus on organisational effectiveness																													
Workstream:	Implement change and pursue continuous improvement																												
Status:	Green																												
Key Considerations:																													
Nexus' new Corporate Vision together with its accompanying Values and Behaviours was launched to senior managers and these have been communicated throughout the organisation.																													
A new appraisal scheme, 'My Performance & Development Review', has been developed for both Nexus and NEMOL APT&C employees. The relevant Trades Union representatives have been consulted and the new scheme is being briefed to managers and staff for consistent application in individual performance reviews from April 2019.																													
Workstream:	Deliver the new Nexus' Learning Centre in South Shields																												
Status:	Green																												
Key Considerations:																													
Installation of reinforced concrete ground beams continues in advance of structural steelwork erection. Sheet piling is progressing in advance of drainage works.																													
Workstream:	Continue the planned Asset Renewal Programme																												
Status:	Green																												
Key Considerations:																													
The Metro Asset Renewal Plan (ARP) forecast for 2018/19 at 8th December was £25.694m. The forecast is considered to be manageable within the revised maximum/minimum spend targets set by the DfT as shown in the following chart. Extensive monitoring of the programme is continuing to ensure that the programme is delivered in accordance with terms set by the DfT when determining the grant.																													
<p style="text-align: center;">ARP 2018/19 Estimate at Completion</p> <table border="1"> <caption>ARP 2018/19 Estimate at Completion Data</caption> <thead> <tr> <th>Period</th> <th>Estimate at Completion (£m)</th> </tr> </thead> <tbody> <tr><td>P1</td><td>33.4</td></tr> <tr><td>P2</td><td>33.0</td></tr> <tr><td>P3</td><td>32.2</td></tr> <tr><td>P4</td><td>27.9</td></tr> <tr><td>P5</td><td>25.8</td></tr> <tr><td>P6</td><td>25.7</td></tr> <tr><td>P7</td><td>26.0</td></tr> <tr><td>P8</td><td>25.4</td></tr> <tr><td>P9</td><td>25.7</td></tr> <tr><td>P10</td><td></td></tr> <tr><td>P11</td><td></td></tr> <tr><td>P12</td><td></td></tr> <tr><td>P13</td><td></td></tr> </tbody> </table> <p> Maximum Spend: £31.3m Target Spend: £26.2m Minimum Spend: £21.0m </p>		Period	Estimate at Completion (£m)	P1	33.4	P2	33.0	P3	32.2	P4	27.9	P5	25.8	P6	25.7	P7	26.0	P8	25.4	P9	25.7	P10		P11		P12		P13	
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P10																													
P11																													
P12																													
P13																													

<p>The programme of halt station refurbishment continues at Monkseaton, West Monkseaton, Cullercoats, Shiremoor, Palmersville, Benton and Longbenton. The current focus is on electrical works, and roof repairs are progressing. Design work is progressing for Monkseaton Station canopy works prior to tendering for a 'build only' contract.</p>	
<p>Rail Vehicle Accessibility Regulations – final confirmation of exemption until delivery of the new fleet is still awaited from DfT – expected December.</p>	
<p>South Shields Interchange – The rail and signalling works were completed successfully over the 5 week closure and handback was on programme</p>	
<p>Detailed design is complete and off-site fabrication of the replacement Burnside and Beach Road bridges in North Tyneside is now underway. The bridges will be installed over the first two weekends in March 2019.</p>	
<p>The Tender for renewal of the highest priority track sections from Gateshead Stadium to South Shields has been received and is under evaluation. Award is planned for early February 2019. Delivery on site is planned for April / May 2019. Delivery of materials will commence in November 2018.</p>	
<p>Following commissioning of the Railway Traffic Management System (RTMS) on 4th/5th August, focus continues on resolution of post implementation issues, the highest priority relating to the upload of special timetables.</p>	
<p>The Overhead Line equipment renewal programme continues and componentry design issues resolved enabling installation to progress. Wire runs were successfully completed on the 17th/18th of November and 8th/9th December.</p>	
<p>Commissioning of new multifunctional relays in the power supply system continues – the work is planned to complete in February 2019.</p>	
<p>A contract has been award for the replacement of Nexus Core IT infrastructure: hardware will be delivered by early January followed by installation and migration from the existing systems.</p>	
<p>The programme to replace CCTV cameras at Metro Stations is expected to commence in March 2019.</p>	
<p>Rail delivery and preparatory welding is underway in advance of the rail renewal within the central tunnels from QEII Bridge to Gateshead Stadium.</p>	
<p>Workstream:</p>	<p>Facilitate change in local political governance</p>
<p>Status:</p>	<p>Green</p>
<p>Key Considerations:</p>	
<p>In November 2017 Newcastle upon Tyne, North Tyneside and Northumberland agreed to a “minded to” Devolution Deal with Government. Implementing this deal has involved establishing a new Mayoral Combined Authority (MCA), requiring these Councils to withdraw from the former North East Combined Authority (NECA). Although transport</p>	

was not part of the deal, it did include a requirement for local transport governance arrangements to change through creation of a Joint Transport Committee (JTC).

At the NECA Leadership Board meeting on 26 April 2018 consent was given in principle to the making of a statutory Order putting in place the arrangements needed to establish a separate MCA, provide for the JTC, transfer transport related assets, previously owned by the NECA, into the joint ownership of the two Combined Authorities, making Nexus an executive body of each of the Combined Authorities, and amending legislation to extend Nexus' duties and responsibilities to both Combined Authorities.

Following the required parliamentary processes The Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018 was made on 1st November and came into force the following day. The new Authority ("the North of Tyne Combined Authority" (NTCA)) had its first Cabinet meeting on 8th November, and the revised NECA Leadership Board met on 13th November.

The JTC had its inaugural meeting on 20th November, with members having been appointed through the abovementioned meetings. At its meeting the JTC appointed a Tyne and Wear Sub Committee consisting of 5 members (3 nominated by NECA to represent Gateshead, Sunderland and South Tyneside and 2 nominated by NTCA to represent Newcastle upon Tyne and North Tyneside) to focus on the transport functions pertaining to service delivery in the area as delegated in the Terms of Reference set out in Part 4.1 of the JTC's Standing Orders.

The Order requires the JTC to designate a Combined Authority officer as the 'Proper Officer for Transport' being the principal officer to assist the JTC in the exercise of its functions. The JTC has made arrangements to confirm appointment to this role at its meeting on 22nd January 2019.

Table showing Metro Customer Satisfaction Survey scores by category from Nov 2013 to Nov 2018.

Category	Nov 13	May 14	Nov 14	May 15	Nov 15	May 16	Nov 16	May 17	Nov 17	May 18	Aug 18	Nov 18
Station equipment	7.4	7.6	7.3	7.3	7.3	7.3	7.5	7.4	7.3	7.3	7.3	7.3
Information	7.5	7.8	7.2	7.1	7.2	7.2	7.3	7.4	7.3	7.3	7.2	7.1
Cleanliness	7.6	7.8	7.3	7.3	7.2	7.0	7.6	7.3	7.2	7.2	7.3	7.2
Security	7.3	7.4	7.1	7.1	7.1	7.0	7.2	7.2	7.1	7.1	7.1	7.1
Ticketing	6.9	7.0	6.3	6.5	5.8	6.1	6.1	6.6	6.8	6.0	6.2	6.2
Staff availability	5.1	5.5	5.4	5.6	5.7	5.3	5.9	6.1	5.8	5.9	5.6	5.5
Overall	7.7	8.0	7.6	7.8	7.6	7.4	7.7	7.8	7.7	7.7	7.8	7.2

Market research into our customers' satisfaction has historically been undertaken every six months (May and November). Starting with the May 2018 survey the research now takes place every three months (May, August, November and February), providing a more immediate measure.

The research covers 23 areas of the Metro service and the questionnaires are carried out in face to face interviews amongst a target sample of 500 (previously 1,000) passengers (maintaining the annual target sample size of 2,000).

23 areas of Metro service are split into the six categories shown in the table above. The results of the questionnaires are shown as a mean score out of ten for each of these categories. The level of overall customer satisfaction is also included in the survey.

This update covers the results from the Nov '18 survey which can be directly compared year-on-year with the Nov '17 survey results. The Nov '18 survey coincided with a period of system disruptions and this has been reflected in the results. Year-on-year the scores have fallen in three of the six categories (Information down 0.2, Ticketing down 0.6 and Staff Availability down 0.3) and in the overall satisfaction score (down 0.5). Satisfaction scores remained static in the other three categories (Station Equipment, Cleanliness and Security).

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North East Joint Transport Committee, Tyne and Wear Sub-Committee

Date: 31 January 2019

Subject: Metro Performance Issues

Report of: Managing Director (Transport Operations)

Executive Summary

Metro's recent punctuality performance has been disappointing, resulting in a correspondingly low customer satisfaction score.

This report explores the reasons for the recent levels of punctuality, including where major incidents have affected the service, and sets out what Nexus is doing to address them where it can.

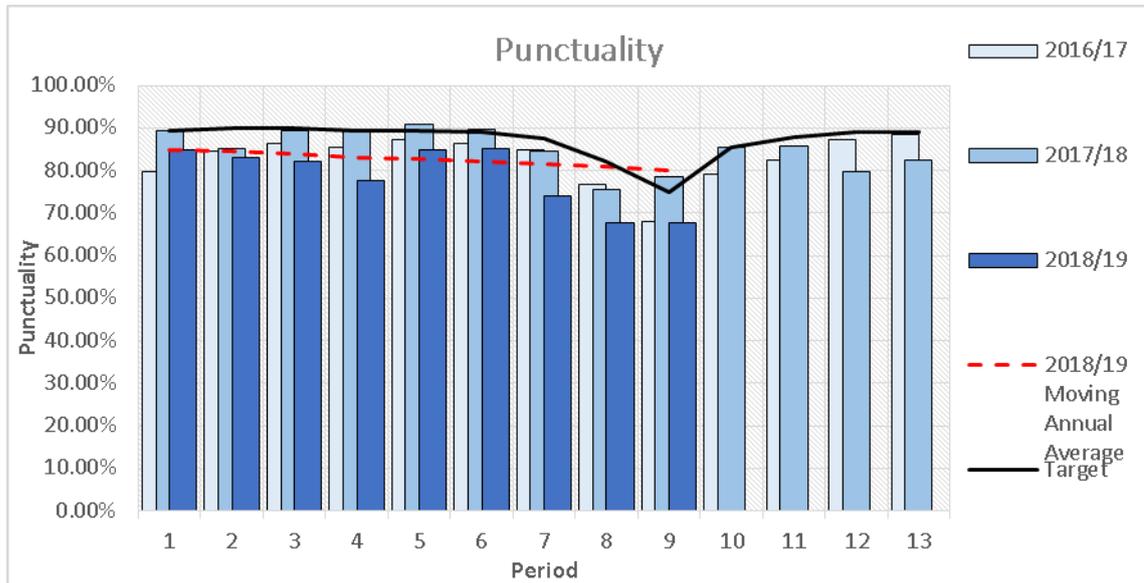
Recommendations

The Transport North East (Tyne and Wear) Sub-Committee is recommended to note this report.

1. Background Information

1.1 This paper expands on a report presented to Members on 21st November 2018 covering recent problems affecting the Metro's performance.

1.2 By the end of reporting period 9, Metro's average punctuality for the financial year to date was 78.58%, some way below the previous year. Periods 8 and 9 were particularly poor with average punctuality in both periods reaching 68%. The chart below compares this year's punctuality with the previous two years.



Asset Renewal

1.3 We recognise the role that Metro plays in Tyne and Wear and the importance of providing a reliable Metro service to our customers and stakeholders and the adverse impact on daily lives and businesses when we don't. We are concerned about the disappointing levels of punctuality and we are taking all possible steps to tackle its underlying causes as described in this report. However members are also requested to note the overall context, which is that the Metro system is now 39 years old. As a result the Metro's rolling stock and other critical parts of the railway are showing signs of age and suffer from increased failures as a result.

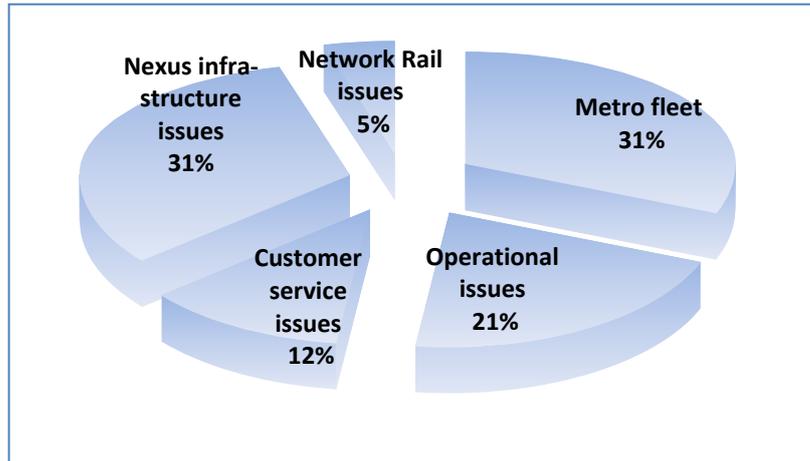
1.4 In recognition of this we embarked in 2010 on a major investment programme, which has renewed and upgraded infrastructure assets including stations, track, structures, power supply, ticketing systems, and IT and communications systems. This has seen £293m, 83% of total ARP funding, invested through this extensive programme by the end of this financial year, with a further £50 million planned investment over the next two years, with a funding application for additional, ongoing investment to be submitted to government through Spending Review 2019. Without this investment the infrastructure would have been more difficult to maintain adding further deterioration of the assets which would have resulted in more Temporary Speed Restrictions (TSR). This would have impacted on service provision to our customers. The vast majority of this renewal work is carried out

whilst the railway continues to operate, providing hundreds of thousands of essential journeys for the public each day.

- 1.5 Many renewal projects are very complex in nature and update not just the assets themselves but also the technological platforms on which they operate, with analogue technologies being replaced by digital technology e.g. key communications systems. This often leads to changes in long-standing working procedures, some of which may have been uninterrupted for four decades. The act of asset renewal can therefore, on occasion, be the cause of disruption to the operation of train services, as well as affecting information and ticketing, and we appreciate how frustrating this can be to passengers.
- 1.6 Where asset renewal is complete and renewal projects are fully closed out, there is no doubt that the performance of assets is significantly improved. For example, there have been zero incidents of broken rails in the last 5 years, compared to 7 incidents in the previous 7 years. However a number of significant projects are still in the implementation phase (for example, the Rail Traffic Management System, or RTMS), and as highlighted above, the programme of investment in asset renewal is set to continue over the medium term subject to the confirmation of ongoing funding by the government.
- 1.7 In addition, we are also replacing the Metro rolling stock with a budget of £362 million, and therefore passengers can expect major improvements in the long-term. However new trains will only start to arrive at the end of 2021, and it is likely that it will take three years for the entire new fleet to be commissioned and fully operational. Despite the short-term investment in the existing fleet outlined below, we are only likely to be able to at best maintain the current levels of fleet performance; significant improvements in this area are unfortunately unlikely. This was confirmed to us by external consultants when making the case for investment in a new fleet, at a time when one of the options being considered was a further refurbishment programme to extend the life of our existing fleet.

Punctuality analysis

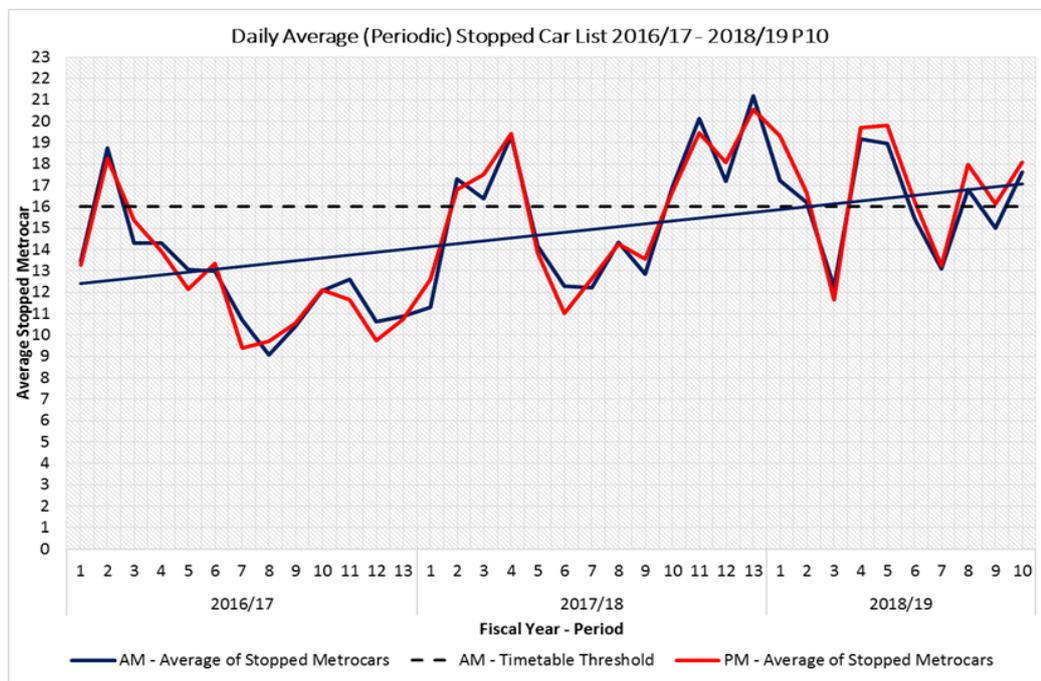
- 1.8 The main metric of Metro's train performance is punctuality which is measured at 15 monitoring points around the system. If a train passes any one of the monitoring points between 30 seconds before and 3 minutes after its scheduled time the train is deemed to be 'on time'. This is a more rigorous measurement compared to mainline rail, which measures punctuality based on the train's arrival time at its final scheduled destination at the end of each service at destination – trains are reclassified as 'on time' if they are within 5 minutes of their scheduled arrival time for regional services (such as Northern Rail) and within 10 minutes of their scheduled arrival time for long distance services (such as London North Eastern Railway).
- 1.9 The causes of all Metro delays, subject to internal refresh processes for the year to date are broken down as follows:



Metro fleet

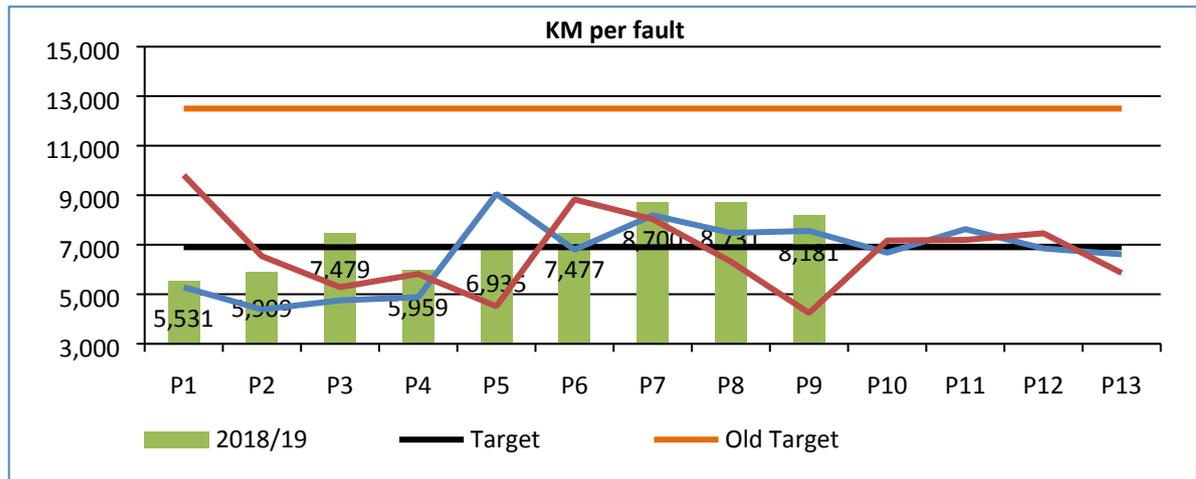
1.10 31% of all delays this year are related to the performance of the Metro car fleet and its maintenance.

The availability of the fleet has significantly deteriorated and the graphic shows the average stopped car numbers each period over the last three years which has meant that delivering a full peak service of 74 Metro cars has been difficult to deliver as consistently as we'd like.



Whilst the performance of the Metro car fleet is one of the poorest in the country and is only better than one other Metro that Nexus benchmarks its performance against worldwide, the graph below shows the current 'km per 4 minute excess headway fault' measure from the last 3 years. It shows that the average fleet performance has been around the 6,000km per fault mark for the last 3 years, with a reasonable improvement over the last 3 periods to over 8,000km per fault. In 2017/18 to date the fleet has managed to operate over 95% of the scheduled timetable. Members

should note that the new fleet is expected to deliver 60,000km per fault, 10 times better than current performance.



In an attempt to improve the performance of the fleet Nexus has created headroom in its revenue budget in order to redirect current expenditure to provide an additional £1.3m investment in the existing fleet and as part of this investment will be creating 14 new jobs. 8 of these roles will be permanent positions and utilised to operate the wheel lathe in the production shops on a 24/7 basis which will increase the throughput of work in the depot and improve availability of metro cars. It will however, take several months to recruit and train these new roles in order to begin realising the benefits.

The rest of the funding will be used to improve train driver cabs, power and braking systems and better breakdown equipment to complement the increase in resources available, enhanced training and an additional breakdown vehicle.

Several major disruptions have involved the power supply and train interface. A cross functional group of Engineers and Operational staff has been set up to examine an increased level of occurrence of power trips caused by metro cars and detected by new overhead line protection equipment.

Operational issues

- 1.11 21% of all delays this year are related to general operational issues, which relate to Driver and Control caused delays such as a lack of driver resource, driver and Controller error such as slow driver changeover times, driver technique and incorrect regulation of the service.

There has been a recent increase in 'small minute delays', which are delays generally of circa 4 minutes, the threshold at which delays are measured in the performance regime attributable to driver technique and new operational systems such as the new radio and RTMS. We are working with the suppliers of both systems to tackle this, and on the 15th December the first of several RTMS software updates was made which fixed 10 known defects with further software upgrades in development to address around 50 other issues. Work continues with the operations team to identify temporary and longer term permanent solutions to issues which have become apparent post commissioning and have impacted on train running and recording data, train planning processes and passenger information displays.

Throughout the autumn period the Operations team has been deploying additional spare drivers, and a 'hot spare' standby train has been positioned at St James so that gaps in service can be filled at short notice, for example where a faulty train has been withdrawn.

Over Christmas two further hot spare trains were located at Pelaw and South Gosforth, and it is the intention to continue this practice over the longer term where resources allow to increase resilience.

1.12 During the Summer and World Cup 2018 we reported that a quarter of all delays over a four week period were due to being unable to secure enough driver resource to meet demand. A number of drivers who were temporarily allocated to non-driving duties will be freed up over the next few months, and we are exploring ways to increase the number of new drivers we can train each year, currently limited to 24, in preparation for new fleet introduction and increased training requirements.

1.13 A re-organisation of the Control Centre is underway which is intended to provide increased resilience. This is expected to be largely complete by the end of the financial year.

New train regulating guidelines have been developed and issued to controllers with a view to protecting peak services to transport as many customers as possible, as well as limiting the number of services which are turned just short of destination. This is already a relatively rare practice that normally only occurs when there has been significant disruption elsewhere on the system, but we recognise the annoyance that it causes to passengers that are affected by it.

An external auditor has completed work to carry out a benchmark review and examine in detail current control policies to ensure that delivery remains aligned to industry best practice. The report is currently under review.

Customer service issues

1.14 12% of all delays this year are related to customer service issues, mainly caused by anti-social behaviour on the trains and stations, passengers being ill on trains and crowding on trains and platforms leading to passengers needing additional time to board and alight.

An increase in customer complaints has been experienced in 2018/19 with 8,121 complaints compared to 7,254 in 2017/18. The complaints relate mainly to the disruptions in service that customers have experienced. As outlined in paragraph 1.3, Nexus has listened to these concerns and fully understands the impact that poor reliability and punctuality has on the daily lives of our customers.

The additional investment in the existing fleet, including the creation of 14 new jobs is directly aimed at improving performance of the fleet. In addition, a number of other initiatives are being implemented to increase resilience on the network as outlined in paragraphs 1.11 to 1.13.

In order to deal with customer complaints in a more timely manner, a new role of Customer Relations Supervisor has been created along with increased resource time to deal with complaints in a timely and efficient manner.

It is hoped that these initiatives will go some way to improving the performance of Metro for our customers and subsequently reduce the level of complaints that have been experienced.

- 1.15 Planning of special events continues to be a big focus for Nexus and Summer 2018 was a recognised success. For Great North Run 2019, subject to the construction of the new Interchange being completed on time, we are planning to use the new facility in South Shields, and we have already commenced the planning process, involving South Tyneside Council and the Great Run Company.
- 1.16 The Customer Services team has been supporting the Operations team by deploying more Customer Service staff into Newcastle City centre stations to assist with platform management and train despatch as well as assisting Drivers at terminating stations such as Pelaw and South Gosforth for trains going empty into the sidings or depot. There are plans in place to increase the number of Customer Service Advisors from 98 to 104 in April 2019 and this additional resource will provide more flexibility to improve general performance issues.
- 1.17 A number of issues affected the stability of the new Public Address system, however after a software upgrade in November it is now fully operational. We have recently combined 2 separate roles in the Control centre and implemented a new Customer Information Controller roster so that we can offer extended communication with customers via social media and other electronic channels on a 24-hour basis Monday to Friday and from start of service to end of service on weekends.

Nexus infrastructure issues

- 1.18 31% of all delays this year are related to Nexus infrastructure issues.
The recent performance on the infrastructure has mainly been centred around the introduction and commissioning of the new Rail Traffic Management System (RTMS) system which was commissioned in early August 2018. A software upgrade has taken place which has fixed some of the issues with the Passenger Information Display screens. We continue to work with the contractor for a further software update which will hopefully resolve other defects we are experiencing within the system as we merge a new asset operating with older assets.
- 1.19 There have been various issues relating to the power supply which have caused some significant disruption to customers. A supplier has been procured to refurbish circuit breaker equipment in substations and a plan is in place to upskill maintenance resources. Additionally, across functional working group has been set up and is being led by the Nexus Head of Engineering to investigate the interface issues between the overhead line equipment and the Metro cars.
- 1.20 On Saturday 24th November 2018 a network communications issue meant that the controllers could not communicate with the drivers via the new radio system, and so trains could not enter into service from the depot. Metro implemented its customer disruption plans, which were partly based on lessons learned during a previous incident in October 2017, and involved a number of activities such as ticket

acceptance, rail replacement buses, enhanced messaging and additional resources being deployed. The disruption lasted for around 6 hours until the fault was rectified.

Some of the actions arising from this incident are: a review of the configuration of the radio network; a review of IT On Call arrangements; the creation a safe working method to enable trains to enter service in degraded radio conditions; and an assessment of all single points of failure.

Network Rail infrastructure issues

- 1.21 5% of delays are due to Network Rail infrastructure faults between Pelaw and South Hylton, or Metro trains being held for other trains on Network Rail infrastructure. The number of instances of Metro trains being held for other late-running trains has increased since the May 2018 timetable was introduced, and Nexus is working with Network Rail to identify any trends to inform future timetable changes. Another train operator has agreed to amend two of their train times which were impacting on Metro in Decembers 2018 timetable change.
- 1.22 A prolonged dip in national train punctuality over the last Control Period has led to the wider rail industry developing plans for a new approach to train performance management. Nexus is currently engaging with the Rail Delivery Group, and studying several industry reviews on train performance management to determine whether any improvements can be made to Metro's performance as a result.

2. Proposals

- 2.1 There are no specific proposals for decision arising from this report.

3. Reasons for the Proposals

- 3.1 There are no proposals for decision arising from this report.

4. Alternative Options Available

- 4.1 There are no alternative options available as this report is for information only.

5. Next Steps and Timetable for Implementation

- 5.1 A report updating on Nexus' performance, including Metro performance is submitted to each meeting of the North East Joint Transport (Tyne and Wear) Sub-Committee. This report allows Members to reflect on recent Metro performance and any issues which have affected the delivery of Metro services in Tyne and Wear.

6. Potential Impact on Objectives

- 6.1 Monitoring the performance of Metro helps to provide assurance to Members that desired outcomes are achieved.

7. Financial and Other Resources Implications

- 7.1 There are no direct financial or resource considerations arising from this report. All planned investment referred to throughout this report is either contained

within the capital programme for 2018/19 to 2020/21 or can be accommodated from within Nexus' revenue budget.

8. Legal Implications

8.1 There are no direct legal considerations arising from this report.

9. Key Risks

9.1 If the performance of the Metro service does not improve there will be a risk that Metro ridership will continue to fall, impacting on the fare box until the new fleet is implemented in sufficient numbers. A separate review of Nexus' corporate risk register, which includes a risk on Metro performance is submitted to each meeting of the North East Joint Transport Committee (Sub-Committee).

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

12.1 There are no specific consultation or engagement considerations arising from this report.

13. Other Impact of the Proposals

13.1 There are no direct proposals arising this report, and therefore no consequential impacts.

14. Appendices

14.1 Letter from Nexus Managing Director to Chair of the Tyne and Wear Sub-Committee is attached at Appendix A.

15. Background Papers

15.1 TWSC Report, 21st November 2018 – Tacking Metro Performance Issues.

16. Contact Officers

16.1 Tobyn Hughes
Managing Director (Transport Operations)
Email: tobyn.hughes@nexus.org.uk
Tel: 0191 203 3236

17. Sign off

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

18. Glossary



Councillor Gladys Hobson
Chair of the NECA Tyne and Wear
Transport Sub Committee

Our ref TH/EMW-Performance
Your ref

Direct Line 0191 203 3246
Facsimile 0191 203 3181
Email tobyn.hughes@nexus.org.uk

By email

22 October 2018

.....
Dear Cllr Hobson

I am writing to respond to your request for an explanation of the problems undermining Metro's performance in recent weeks and what Nexus is doing to rectify them.

Many of our customers have had a poor experience on Metro over the last two weeks, and I apologise unreservedly for this. Over an eight-day period, there were four occasions where major incidents led to delays or service suspensions in either the morning or evening peak in busy parts of the system. This has been made worse because our display boards and public address systems at stations have failed to provide the level of information passengers expect and deserve. I will deal with each major issue in turn:

Power failure

Metro suffered a major failure in the electrical substation that supplies power to the depot in Gosforth and the busiest section of the system just after 6am on Thursday, 11 October. As a result, there were no trains between Heworth, Airport and Regent Centre, through Gateshead and central Newcastle, until just after 9am, while a temporary repair was made. A full service was restored by around 10:30am.

The cause of the power loss was a failed circuit breaker, which was fully repaired overnight on 11-12 October. To allow time for this 12 trains were stabled around the network, which meant some early morning services between South Hylton, Pelaw and Airport were cancelled up to 6:50am on Friday, 12 October. The same evening there were further delays when trains were suspended for about 30 minutes at South Gosforth in both directions after a member of the public fell onto the track. This unfortunate accident had a severe impact on the evening peak service on what had already been a difficult day for passengers.

In a separate incident, there was a loss of overhead power and associated circuit breaker trip on the evening of Tuesday, 16 October. Although this was resolved quickly five peak-hour trains were delayed as a result.

What we are doing about it: We have seen a number of recent instances of power surges leading to circuit breakers tripping or failing where it has not always been possible to determine what created the fault – a problem with a passing train or within the power equipment itself. We have therefore commissioned analysis from an independent expert in the field who can recommend any improvements we could make.

Metro's train fleet

We continue to face reliability problems that see trains taken out of service throughout the day. This can mean a train being cancelled or passengers being asked to get off and catch a following train, causing delay and inconvenience for them. The trains currently experience a fault causing delay of more than four minutes every 6,500km on average, which equates to about three incidents each day.

While most of these are dealt with quickly, the most severe incidents can leave a train unable to move for several hours. These happen a few times each year with the most recent being on Tuesday, 16 October, at Fellgate. This led to services being suspended between Fellgate and the next station, Brockley Whins, for nearly three hours, and of course, this had an impact on anyone travelling between Sunderland and Newcastle.

Metro staff organised a taxi shuttle between the two stations and ticket acceptance on local buses for people making longer journeys, but passengers suffered major delays as a result, and the whole system's performance dipped.

What we are doing about it: We have recently increased the amount we spend on fleet maintenance by £906,000 within the overall Metro budget. This will be spent over the next 18 months, starting immediately to improve reliability and reduce the number of failures by focussing on the most common faults. We will be taking on additional staff at the depot to support this investment.

As you know, the fleet is ageing and maintaining and improving reliability will be constant challenge. That is why it is vital we push forward with the procurement of a £362 million new fleet. We expect to take delivery of Metro's first new train by the end of 2021 with the whole fleet phased in from then on.

South Shields Interchange

South Shields station and the line from Chichester is closed until 4 November to allow construction work for the new town centre interchange, including laying new track. This is a well-planned project proceeding to schedule, including the temporary arrangements for passengers.

Unfortunately, an error made on site on Tuesday, 16 October, led to a loss of power to signals up the line to Bede, with trains immediately being halted as a result; the first of these was just before 5:30pm, in the evening peak, and lasted 30 minutes.

What we are doing about it: We have investigated and found the cause of the error. Method statements used by the contractor at the interchange have now been updated and briefed to all staff. We are considering what works can be rescheduled outside of Metro's traffic hours to reduce the risk further, without harming the project timescale.

Rail Traffic Management System (RTMS)

We switched to a new Rail Traffic Management System in August, following a four-year by an industry-leading supplier, Resonate, to create software for Metro. The RTMS translates each day's timetable into a string of actions, automatically setting signals and points to move each train along its route, as well as interfacing with other systems to monitor performance and drive station information displays. Over all the RTMS is working well and provides major improvements compared to the previous system. The interface with other systems, however, is not fully functioning and this has led to inconsistent information on station screens since the summer.

There are, however, elements of the way RTMS translates the timetable that have caused difficulty. On Friday, 19 October, the coding for an additional maintenance train led to RTMS rejecting the entire timetable for the day. Metro's Control Centre staff used a manual fallback process instead but this was more time-consuming and meant some early trains, and the additional morning peak-hour services, did not run.

The delays passengers experienced were made worse by station screens not functioning correctly, and the PA system being unavailable system-wide that morning.

What we are doing about it: It is our top priority to complete the successful introduction of the new RTMS as soon as possible, and we are working closely with the supplier to achieve this. We have already agreed a number of actions following the disruption last Friday, including the supplier finding ways we can detect future coding errors before they become live and impact the service. I have arranged a call with the company's chief executive this week to ensure we have the appropriate level of commitment from them towards this goal.

Public Address (PA) system

We are completing a long project to replace the PA system at all 60 stations on Metro, as the previous system was life expired. This has been going on over recent weeks and, during installation and commissioning there have been occasions where PA facilities have been unavailable at some stations, and occasionally system-wide. This was the case on Friday and unfortunately coincided with the fault with RTMS, leaving our customer service staff unable to provide information to customers at stations.

What we are doing about it: While we have extended live updates to an app and social media, we recognise that most passengers will still rely on the PA system and screens as they travel. We are working hard with the supplier to complete the installation as soon as possible

while reducing faults during the commissioning phase. Our supplier is providing additional round-the-clock support and site visits to achieve this, and we expect capacity boosting planned for this week to reduce the number of commissioning faults.

In summary, I want to assure you that improving the performance of Metro is an overwhelming priority for Nexus right now. We understand and share the frustration of passengers when trains are delayed or information is hard to find, not least because like them we travel by Metro every day and experience these problems first hand. The problems we have seen in recent weeks have had a profound impact on people using Metro at its busiest times; some of these have been the unfortunate side effects of work to renew and modernise our technology, and will be resolved shortly. There are also on-going reliability issues with the ageing fleet, as well as the effects of low rail adhesion caused by autumn leaf-fall and other minor issues that cause delay. The overall effect has been to create a very poor experience, for which I can only apologise. We are well aware of the affect that an unreliable Metro system has on our passengers' lives and we are doing everything in our power to tackle the causes of each problem quickly.

I will continue to report to you and other councillors on the Combined Authority on the overall performance of Metro throughout the year. If you would like to explore any of the subjects in this letter in more depth at the next Transport North East (Tyne and Wear) Sub-Committee meeting, I will be pleased to provide more information and an updated position.

Yours sincerely



Toby Hughes
Managing Director

cc Councillor Carl Johnson
Councillor Joyce McCarty
Councillor John McElroy
Councillor Amy Wilson



North East Joint Transport Committee, Tyne and Wear Sub-Committee

Date: 31 January 2019

Subject: Nexus' Corporate Plan 2019/20

Report of: Managing Director (Transport Operations)

Executive Summary

Nexus' proposed Corporate Plan for 2019/20 (attached) provides a framework for the delivery of services and preparing for the future during what will be a significant year of organisational change and development.

Recommendations

The Tyne and Wear Sub-Committee is recommended to approve Nexus' Corporate Plan for 2019/20.

1. Background Information

1.1 Nexus' proposed Corporate Plan for 2019/20 (attached) will continuously be adjusted to align with the North East Joint Transport Committee's (JTC's) emerging Transport Plan as it develops to replace the three current Local Transport Plans in the area, including that for Tyne and Wear.

1.2 The Plan is built around three themes and ten key priorities as summarised below:-

Theme 1 - Deliver public transport today:

- Improve our customers' journey experience on Metro.
- Protect levy funded frontline services.
- Deliver technological improvements, which will benefit our customers and encourage wider use of public transport.

Theme 2 - Prepare for the future:

- Award contracts to design, build and maintain a new fleet of trains for the Tyne and Wear Metro and to design and build a new depot.
- Ensure the North East's priorities for transport are properly reflected in Transport for the North's (TfN's) investment plans.
- Develop plans to expand Metro and local rail services, connecting communities not currently served by either Metro or Northern Rail services.
- Develop plans to improve the local bus network and the use of new mobility services.

Theme 3 - Focus on organisational effectiveness:

- Implement organisational change to deliver efficiencies, ensuring we achieve value for money in everything we do.
- Open our new Learning Centre in South Shields, to provide a step change in how we develop our people and make Nexus an employer of choice.
- Continue the programme to modernise the Metro with track renewal, replacement of overhead power lines and the opening of a new Transport Interchange in South Shields.

The content of the Corporate Plan sets out in more detail how Nexus will achieve this.

1.3 Individual departments and sections within Nexus deliver projects and work programmes that are aligned to the themes and priorities of the proposed Corporate Plan.

1.4 Progress against achievement of the key priorities, together with information about service provision, forms the basis for the summary updates that are reported to each scheduled meeting of the Tyne and Wear Sub-Committee in order to review performance and monitor delivery against the Corporate Plan.

2. Proposals

- 2.1 It is proposed that the JTC Tyne and Wear Sub-Committee approves Nexus' Corporate Plan for 2019/20.

3. Reasons for the Proposals

- 3.1 To provide a reference point against which the Sub-Committee can carry out its functions of monitoring and overseeing the activities and performance of Nexus as delegated by the JTC.

4. Alternative Options Available

- 4.1 Alternative options are not being proposed as the activity set out in the Corporate Plan is aligned with the budgets approved by the JTC in consultation with the Combined Authorities.

5. Next Steps and Timetable for Implementation

- 5.1 The plan is updated on an annual basis to align with the revenue and capital budgets set for Nexus as part of the formal transport budget and levy setting process overseen by the JTC.
- 5.2 Progress on the implementation and delivery of Nexus' Corporate Plan is updated to each scheduled meeting of the Sub-Committee to help fulfil the delegation to monitor Nexus' performance as set out in Part 4.1 of the JTC's Standing Orders.

6. Potential Impact on Objectives

- 6.1 Business planning and performance monitoring helps to ensure the achievement of transport policy objectives and the delivery of desired service outcomes.

7. Financial and Other Resources Implications

- 7.1 There are no direct financial or other resource considerations arising from this report and confirmation is given that the financial implications of Nexus' Corporate Plan are reflected in the Joint Transport Committee's approved annual revenue Budget and Capital Programme and that any additional funding secured will be reported as part of the regular updating of the revenue budget and capital programme and the medium term financial plan.

8. Legal Implications

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

9. Key Risks

- 9.1 There are no specific risk management considerations arising from this report. Performance management and reporting supports good risk management practice. Upon approval of the Corporate Plan Nexus will review and revise its Corporate Risk Register to form the basis for future update reports in this matter.

10. Equality and Diversity

- 10.1 There are no specific equalities and diversity considerations arising from this report. Where equality and diversity considerations arise as part of the planning or delivery of Nexus services they will be duly considered in accordance with the requirements of the public sector equality duty.

11. Crime and Disorder

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

12. Consultation/Engagement

- 12.1 There are no specific consultation or engagement requirements arising from this report.

13. Other Impact of the Proposals

- 13.1 The majority of Nexus' activities are focused on developing and delivering sustainable transport networks and supporting achievement of the wider objectives set out in the Local Enterprise Partnership's Strategic Economic Plan.

14. Appendices

- 14.1 Nexus' Corporate Plan 2019/20

15. Background Papers

- 15.1 Nexus' Corporate Plan 2018/19 approved by the former NECA Transport North East (Tyne and Wear) Sub-Committee at its meeting on 25 January 2018.

16. Contact Officers

- 16.1 Tobyn Hughes
Managing Director (Transport Operations)
E-mail: tobyn.hughes@nexus.org.uk
Tel: 0191 203 3246

17. Sign off

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

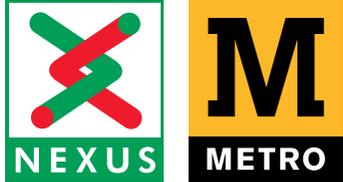
18. Glossary

Any abbreviations used are explained in the text of the report.

Nexus Corporate Plan

2019/20

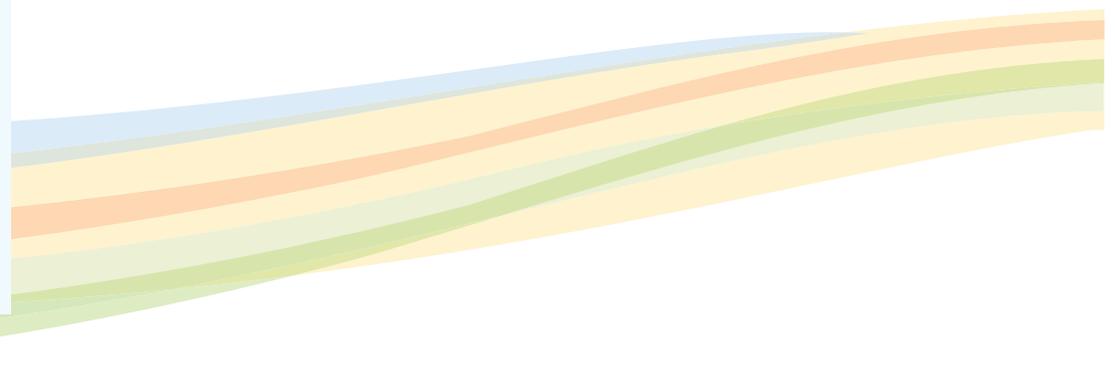
Page 43



Contents

	Page		Page
Executive Summary	3	2.3 Focus on organisational effectiveness	13
1. Nexus' business planning framework	4	2.3.1 Implement organisational change to deliver efficiencies, ensuring we achieve value for money in everything we do	13
1.1 Nexus' business mandate	4	2.3.2 Open our new Learning Centre in South Shields, to provide a step change in how we develop our people and make Nexus an employer of choice	13
1.2 Implications for Nexus' corporate planning processes	5	2.3.3 Continue the programme to modernise the Metro with track renewal, replacement of overhead power lines and the opening of a new Transport Interchange in South Shields	14
2. Corporate Plan	6	3. Expenditure, funding and concluding remarks	15
Chart showing high level outline of Nexus' structure	7	3.1 Nexus Capital Programme	15
2.1 Deliver public transport today	8	3.1 Nexus Revenue Budget	16
2.1.1 Improve our customers' journey experience on Metro	8	3.3 Concluding remarks	17
2.1.2 Protect levy funded frontline services	8		
2.1.3 Deliver technological improvements, which will benefit our customers and encourage wider use of public transport	9		
2.2 Prepare for the future	10		
2.2.1 Award contracts to design, build and maintain a new fleet of trains for the Tyne and Wear Metro and to design and build a new depot	10		
2.2.2 Ensure the North East's priorities for transport are properly reflected in Transport for the North's (TfN's) investment plans	10		
2.2.3 Develop plans to expand Metro and local rail services, connecting communities not currently served by either Metro or Northern Rail services	11		
2.2.4 Develop plans to improve the local public transport network and the use of new mobility services	12		

Page 41



Executive Summary

'Making public transport great for our environment, economy and communities'.

Nexus vision

Our Corporate Plan for 2019/20 provides the framework for Nexus to deliver services, prepare for the future and manage effectively.

To achieve our vision, our Corporate Plan is built around three central themes:

- **Deliver public transport today,**
- **Prepare for the future, and**
- **Focus on organisational effectiveness.**

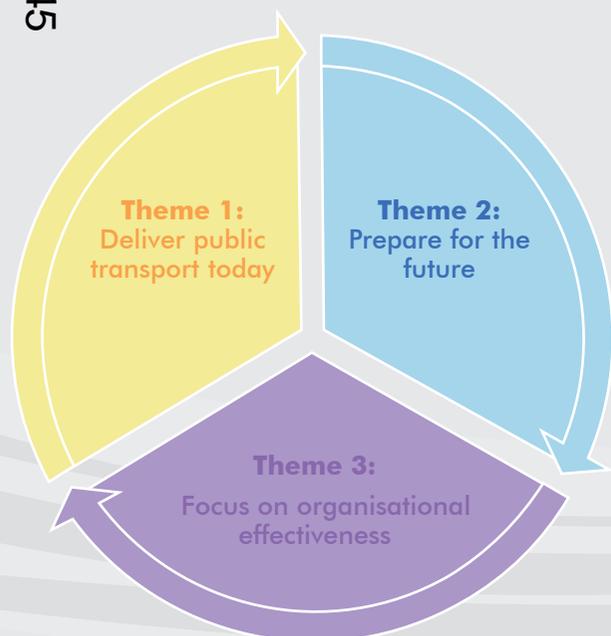
Our ten key priorities during the year ahead are to:

- 1** Award contracts to design, build and maintain a new fleet of trains for the Tyne and Wear Metro and to design and build a new depot.
- 2** Improve our customers' journey experience on Metro.
- 3** Continue the programme to modernise the Metro with track renewal, replacement of overhead power lines and the opening of a new Transport Interchange in South Shields.
- 4** Open our new Learning Centre in South Shields, to provide a step change in how we develop our people and make Nexus an employer of choice.
- 5** Ensure the North East's priorities for transport are properly reflected in Transport for the North's (TfN's) investment plans.

- 6** Develop plans to expand Metro and local rail services, connecting communities not currently served by either Metro or Northern rail services.
- 7** Implement organisational change to deliver efficiencies, ensuring we achieve value for money in everything we do.
- 8** Protect levy funded frontline services and discretionary concessionary travel schemes.
- 9** Develop plans to improve the local public transport network and the use of new mobility services.
- 10** Deliver technological improvements, which will benefit our customers and encourage wider use of public transport.

The content of our Corporate Plan sets out in more detail how we will achieve these priorities.

Page 45



1 Nexus' business planning framework

Nexus is the statutory Passenger Transport Executive for Tyne and Wear, a public body established under provisions made in the Transport Act 1968 (as amended). Originally formed under the Tyneside Passenger Transport Area (Designation) Order 1969 the geographic area was extended by the Tyneside Passenger Transport (Designation of Additional Area) Order 1973 to align with the formation of the then metropolitan county of Tyne and Wear.

In April 2014 the arrangements made to establish the North East Combined Authority under the Local Transport Act 2008 and the Local Democracy, Economic Development and Construction Act 2009 defined our coverage as consisting of the areas of the constituent councils Gateshead, Newcastle upon Tyne, North Tyneside, South Tyneside and Sunderland.

More recently arrangements made under the Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018 have introduced new political governance arrangements for local public transport in the area through the appointment of a Joint Transport Committee, supported by a Proper Officer for Transport.

Transport functions therefore continue to be dealt with on an integrated basis across the areas of the Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority and the Durham, Gateshead, South Tyneside and Sunderland Combined Authority (the Combined Authorities).

Our primary business remit is to deliver the policy aims and objectives set for us by the Joint Transport Committee and as guided by its Tyne and Wear Sub Committee. We own and operate the Tyne and Wear Metro light rail system and the Shields Ferry service as well as procuring socially necessary bus services across the five local authority areas in Tyne and Wear.

We also administer the English National Concessionary Travel Scheme for that area, provide information about local public transport, promote the use and convenience of local public transport services and facilities and we oversee various discretionary concessionary travel schemes, which are locally funded by the district councils through the transport levy for the authorities in Tyne and Wear, as set by the Joint Transport Committee in consultation with the Combined Authorities.

1.1 Nexus' business mandate

The Joint Transport Committee intends to develop a single Transport Plan for the North East (the Transport Plan), focussing on shared priorities agreed by the Combined Authorities, which are the Local Transport Authorities for their respective areas. This will be a comprehensive statutory document, setting out the policy aims and objectives for us to deliver. A Bus Strategy for the North East is being developed to complement the Transport Plan.

1.2 Implications for Nexus' corporate planning processes

Our Corporate Plan will be adjusted to align with the emerging policies, aims and objectives being set by the Joint Transport Committee as the Transport Plan develops.

These adjustments will be supported by our internal business planning processes which complement and support the financial and performance reporting duties and responsibilities of Nexus to the Joint Transport Committee.

In addition we will continue to develop a suite of strategies and policies, with supporting evidence, to guide and drive the services and facilities we deliver. These documents, such as the Metro and Local Rail Strategy or the Concessionary Travel Policy for Tyne and Wear are developed over time to reflect the emerging policy aims, objectives and priorities mentioned above.

Being a public body we develop our plans by listening to local people and businesses. When we intend to make changes or deliver projects which impact on people, we seek to ensure there is appropriate engagement and take account of the feedback we receive. In line with our vision (see next section) the proposals we develop will seek to obtain economic, environmental and community benefits. We strive to play an active part within the communities we serve at all times, and be a good neighbour to those who live close to the Metro line.



2 Corporate Plan

‘Making public transport great for our environment, economy and communities’.

Nexus vision

Our corporate values are central as we drive performance improvement and deliver economic, environmental and community benefits in accordance with our vision. These values are for the organisation, and its staff, to be:



Page 48

Our people bring our vision to life, and applying these values across the organisation will form an integral part of our achievements, enabled through our performance management framework.

To achieve our vision the Corporate Plan for 2019/20 is built around three central themes and ten key priorities:

1. Deliver public transport today:

- Improve our customers' journey experience on Metro.
- Protect levy funded frontline services and discretionary concessionary travel schemes.
- Deliver technological improvements, which will benefit our customers and encourage wider use of public transport.

2. Prepare for the future:

- Award contracts to design, build and maintain a new fleet of trains for the Tyne and Wear Metro and to design and build a new depot.
- Ensure the North East's priorities for transport are properly reflected in TfN's investment plans.
- Develop plans to expand Metro and local rail services, connecting communities not currently served by either Metro or Northern rail services.
- Develop plans to improve the local public transport network and the use of new mobility services.

3. Focus on organisational effectiveness:

- Implement organisational change to deliver efficiencies, ensuring we achieve value for money in everything we do.
- Open our new Learning Centre in South Shields, to provide a step change in how we develop our people and make Nexus an employer of choice.
- Continue the programme to modernise the Metro with track renewal, replacement of overhead power lines and the opening of a new Transport Interchange in South Shields.

Applying our corporate values throughout the organisation (see diagram on following page) we deliver projects and work programmes that are aligned to these priorities.

Nexus' performance management framework, which monitors progress in delivering milestones and targets, includes reporting every four weeks to Nexus' Senior Leadership Team. This ultimately fulfils the governance requirements set by the Joint Transport Committee for monitoring Nexus' performance through the Tyne and Wear Sub-Committee.

Chart showing high level outline of Nexus' structure:



2.1 Deliver public transport today

This theme is about improving public transport as currently provided. We cannot aim to do better tomorrow if we haven't first got right what we do today.

2.1.1 Improve our customers' journey experience on Metro.

Punctuality and reliability of services is a high priority for Metro customers. Nexus aims to achieve and exceed a moving annual average of 87.2% Charter Punctuality in 2019/20. A fleet investment programme for the current Metrocars is aimed at improving fleet availability to achieve this target.

Operational safety is a crucial consideration for Metro, keeping Signals Passed at Danger (SPaDs) to a minimum, reducing as far as reasonably practicable operational risks, improving the safety and security of passengers and staff and further reducing the overall level of incidents at the Platform Train Interface.

Customer satisfaction is of paramount importance and we will strive to achieve the target score of 7.8 when averaged over the quarterly Customer Satisfaction Surveys in May, August, November and February.

High quality infrastructure provision is essential to the smooth running of a railway. Nexus strives to ensure that the required infrastructure is available at a specified standard on which to run the Metro service including control of external third party works which interface with our infrastructure

2.1.2 Protect levy funded frontline services.

Having experienced cuts to the grant we receive through the local transport levy, we will do whatever is reasonably practicable to ensure delivery of frontline services dependent on such discretionary funding including:

- The cross-Tyne Ferry operation between North and South Shields.
- Socially necessary bus services secured under contract by Nexus.
- Online information, journey planning and ticketing facilities at www.nexus.org.uk
- Advice and customer support provided through various channels e.g. the One Stop Shop on 0191 2020747.
- Tailored bus service timetable information at around 6,000 bus stops throughout Tyne and Wear.
- Management of around 2,000 bus shelters in the area.
- Management of bus stations and public transport interchanges.
- Administration of various local discretionary concessionary travel Schemes including Metro Gold Card, Companion Card, TaxiCard and Under 16 travel.

2.1.3 Deliver technological improvements, which will benefit our customers and encourage wider use of public transport.

We will apply technology to make the use of public transport simple and attractive for customers for example:

- Improving digital connectivity whilst travelling on Metro
- Improving ticketing systems
- Exploiting real time bus passenger information

We will investigate options for providing information for customers in new and innovative ways. We will also examine and develop ways to incorporate pricing into the passenger information systems.

These developments complement the local aspiration for a fully multi-modal smart ticketing and transport information network across the North East, and align with the plans of TfN on the implementation of integrated smart ticketing across the North.

We are also exploring the potential for an integrated journey planning, journey ticketing and journey tracking app which uses online connectivity and smartphone technology to deliver a comprehensive service that can satisfy the total travel needs of the travelling public, not just individual journeys.



2.2 Prepare for the future

2.2.1 Award contracts to design, build and maintain a new fleet of trains for the Tyne and Wear Metro and to design and build a new depot.

Five bidders have been shortlisted to design, build and maintain a new fleet of trains for the Tyne and Wear Metro, and construct a new depot.

Detailed negotiations will narrow this down to a single preferred bidder by the end of 2019. The first new trains will be delivered two years after that.

The successful bidder will design, build and maintain a fleet and provide maintenance facilities that will serve Metro for 35 years, including a new depot at the existing site in Gosforth, Newcastle. Its modern design will offer an opportunity to improve the depot's environmental credentials.

We want to see trains which improve passenger flow and dwell times at stations through improved seating layouts, wider doors and stand-back areas, wide aisles, and a layout to encourage flow of passengers through the vehicle.

The new fleet will arrive in programmed tranches and the current fleet will progressively be withdrawn from operation over the two year period. The successful bidder will also be responsible for maintaining the current fleet of trains to ensure there is a smooth transition between the old and new fleet between late 2021 and 2024.

2.2.2 Ensure the North East's priorities for transport are properly reflected in Transport for the North's (TfN's) investment plans.

We will drive the local agenda across TfN's broad portfolio of work on behalf of the area.

TfN is seeking to bring about a transformational improvement to the economic prosperity of the North. Nexus will continue to lead on behalf of the area on the various work programmes to ensure the North East's transport priorities are incorporated in pan-northern scheme developments.

The main workstreams include:

- the Strategic Transport Plan and accompanying Long Term Investment Programme,
- the Northern Powerhouse Rail project,
- the Major Road Network,
- Integrated and Smart Travel,
- Strategic Development Corridor studies, and
- the Long Term Rail Strategy.

Additionally, building on the North East Rail Management Unit (NERMU), we will engage with regional partners, train operating companies, Network Rail and the Department for Transport (DfT) to maximise the benefits of investment in the Northern and TransPennine franchises, ensuring that local ambitions for heavy rail are achieved.



Through the NERMU, we will continue to work with colleagues from across the North East of England to monitor the Northern rail franchise operator and help it develop and promote services, in particular through the adoption of integrated ticketing and timetabling.

Further afield, we will continue to pursue the following:

- Invest and work with Network Rail, HS2 Limited and TfN, to grow capacity, resilience and reliability of services including for our main line to London and Scotland.
- Improvement in long-distance connections to and from economic centres in the region.
- Reducing journey times and increase the number of trains to core cities from the region, including Leeds, Manchester, Edinburgh and Birmingham.
- Lobbying to ensure the North East is part of the High Speed Rail network.
- Further devolution of the Northern rail franchise.
- Assist local authorities with their Rail Station development plans.

We will do this by representing the local interests in TfN (Rail) to Network Rail, HS2 Limited and the DfT.

2.2.3 Develop plans to expand Metro and local rail services, connecting communities not currently served by either Metro or Northern Rail services

We intend to develop the Metro network, the local rail network and the passenger trains that operate on both of them as a single local rail system when developing expansion plans for the future. The intention is to create a locally-managed network of passenger services that is integrated and provides a high quality journey experience to passengers.

To progress this journey we will develop and deliver a 'Blueprint' for the extensions programme, having assessed the feasibility of rail route extensions, leading ultimately to the development of business cases for initiatives to support the aspirations contained in the Metro and Local Rail Strategy.

Using the knowledge and information collated through this work we will identify schemes for inclusion in a 'bid ready' pipeline.

This pipeline of projects will help enable us to underpin the Strategy by using opportunities such as the Department for Transport's (DfT's) Transforming Cities Fund (TCF) which has been established with a view to funding capital infrastructure works that will deliver transformational benefits in sustainable and public transport networks.

We will keep stakeholders and local people informed through delivery of the first stages of a strategic communications plan for the extensions programme.

We will work with Northumberland County Council and Network Rail for the introduction of passenger services on the Northumberland line.

2.2.4 Develop plans to improve the local public transport network and the use of new mobility services.

We will include public transport network improvements (Metro, bus and rail) in the North East's next bid to the DfT's TCF. A draft bid will be prepared for mid-2019 with final submission anticipated in November 2019 and a decision on funding by DfT expected early in 2020. As part of the TCF process consideration will also be given to the case for bidding to obtain Future Mobility Zone status, which would allow access to additional DfT funding that would assist delivery of our aspirations for New Mobility Services (described below).

Such investment will assist in boosting our economy, expanding opportunities for work and training and contribute to environmental benefits.

We will work collaboratively with local authorities and bus companies to develop and implement a new Bus Strategy for the area. The strategy will set out ways in which the quality and attractiveness of buses can be improved and growth in bus usage can be achieved. It will also consider how buses can generally contribute to the improvement of the environment, particularly in respect of air quality, the economy and local communities.

Initial work on the strategy commenced during 2017/18 and continued through 2018/19. Bus operators formed a local association and have contributed to the development of the strategy alongside the seven local authorities in the Joint Transport Committee's area. Once the final bus strategy has been prepared and adopted, we will commence consideration of the options to deliver it.

We will also prepare a strategic outline business case that considers a long list of options for delivering the strategy. We will engage with the public and local businesses to help shape our thinking when putting recommendations to the Joint Transport Committee.

Together with local partners we are examining the circumstances that would make a New Mobility Services scheme succeed in the North East and understand the regulatory framework that may be needed to ensure the travelling public receive fair and accurate information when planning and paying for their travel. We will design and implement pilot tests to further examine the concept. Our approach is to take a lead in guiding the introduction of these new services so that the needs of passengers are paramount and the effect is to expand the reach of, not replace or undermine, our existing public transport network.



2.3 Focus on organisational effectiveness

Revenue spending in the public sector will continue to be constrained. Therefore we must focus on being an economic, effective and efficient organisation that delivers value for money to our customers and stakeholders.

2.3.1 Implement organisational change to deliver efficiencies, ensuring we achieve value for money in everything we do.

We will improve our organisational structure to further enhance efficiency and prepare for the necessary changes required to maintain our new Metrocar fleet.

We must also adapt our organisational structure in order to accommodate future reductions in our grant through the local transport levy.

An organisational aim is for the make-up of our workforce to reflect the diversity in the communities that we serve. We will actively work to increase the number of people working for us from under-represented groups through effective recruitment, appropriate reward and personal development. In particular we will develop and take forward a programme of activities to encourage women into our business, both attracting women to apply for jobs at Nexus and to support women as they progress in their careers

A key priority has been for us to negotiate local grant support from the transport levy throughout the medium term. Our financial objective in the medium term is to set a balanced budget without placing reliance on reserves.

All our capital projects, ARP and non-ARP, will be overseen by our Programme Management Office and delivered through our established and effective stage-gate control processes to ensure that time, cost and quality objectives are met.

We will progress the development of pipeline schemes to attract external funding by being in a position to respond immediately to any future competitive bidding opportunities. This will include working with others to identify external funding to meet local aspirations in regard to housing, regeneration, economic growth, environmental improvement and air quality initiatives.

We are 'greening' our ancillary vehicle fleet, specifying Euro 6 engines for replacements, working with the Energy Saving Trust to baseline carbon emissions and testing electric vehicles to determine options for future development.

We purchase many millions of pounds' worth of goods and services each year and will therefore ensure that we continue to obtain value for money through robust processes including adherence to public procurement regulations and our own standing orders, procurement processes & financial regulations.

2.3.2 Open our new Learning Centre in South Shields, to provide a step change in how we develop our people and make Nexus an employer of choice.

With construction scheduled to complete in autumn 2019, the new Learning Centre in South Shields will be opened during the year.

This will provide an opportunity to radically change our approach to training and organisational development, led by our new Head of Learning, to create a personal-development based learning culture at the heart of our business that will move us forward into the future.

The 33,500 sq. ft. training facility will boost skills, allowing for comprehensive competency based training, apprenticeships and learning opportunities for all Nexus staff with everything located on a single, dedicated and accessible site.

The centre will contain facilities for driver training, lecture and meeting rooms, offices, staff room, canteen and changing facilities, plus an enclosed light maintenance area including train inspection pits, a platform and mock station complete with lobby and barriers.

An external 70m stretch of dual track for rail infrastructure training will be built to the west of the building, including track, track points, signalling and overhead line.

2.3.3 Continue the programme to modernise the Metro with track renewal, replacement of overhead power lines and the opening of a new Transport Interchange in South Shields.

Financial year 2019/20 is Year 10 of the current 11 year Asset Renewal Programme (ARP) to upgrade and replace many of the assets across the Tyne and Wear Metro system. Expenditure on the ARP has been in accordance with the criteria set out in the DfT grant offer letter of February 2010.

Obtaining further funding for 2021/22 and later years is being discussed with the DfT and HM Treasury.

Our planned intention is for a total ARP expenditure, including over-programming, of just under £92m phased over the next three years as follows:

- 2019/20 - £34m
- 2020/21 - £22m
- 2021/22 - £36m*

* Subject to DfT & Treasury approval.

Projects during the year ahead include:-

Civils:

- We will be carrying out refurbishment works at Cross-gate viaduct including replacement of concrete fascia boards

Permanent Way:

- Major track works will continue, focusing on the lines in the Gateshead area.

Overhead Line:

- Works to replace the overhead line between Jesmond and Gateshead Stadium and Tynemouth to Northumberland Park will take place.

Stations:

- Construction of our new Transport Interchange in South Shields town centre will be completed and open.
- We will progress design work for a number of interchange and city centre stations.

- Working with Network Rail (the owner of the Sunderland station) and the City Council we will continue with plans to progress the redevelopment of the station.

Communications:

- We will replace all of our CCTV cameras across the Metro system.

Signalling:

- Key works include track circuit replacements, cable degradation works, relay replacement, rewiring of location cases and replacement of point motors.

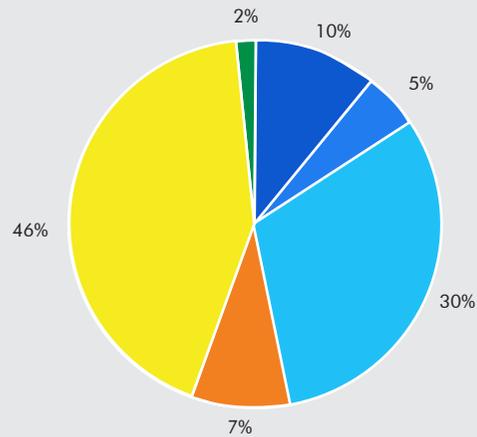
Fleet Investment:

- Ahead of introducing our new fleet, we will continue to invest in our aging fleet in order that it continues to provide required levels of performance.

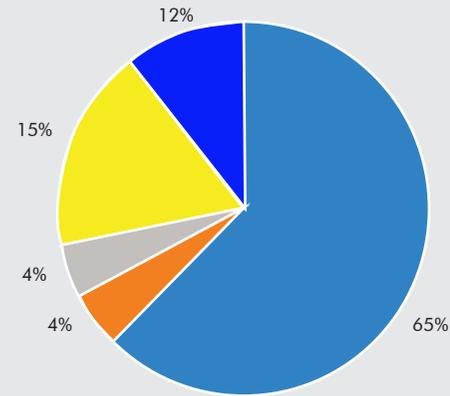
3 Expenditure, funding and concluding remarks

3.1 Nexus Capital Programme 2019/20 (£65.673m)

Split of Capital Programme Expenditure (%)



Split of Capital Programme Funding (%)

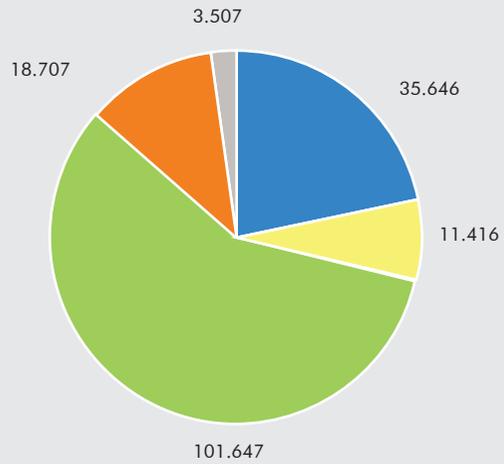


- Metro Track Replacement
- Metro Overhead Line Replacement
- Metro Other
- Learning Centre
- Fleet Replacement
- Digital Assets and Ferry

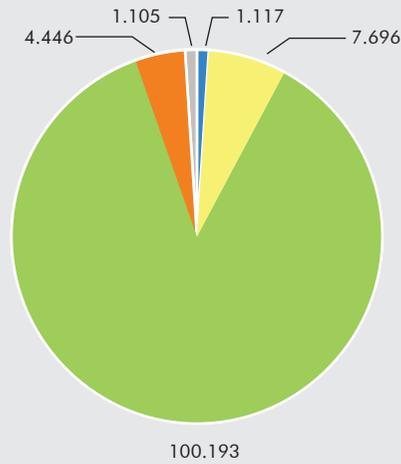
- DfT Grant
- LTP Grant
- LGF Grant
- Reserves
- Over-programming

3.2 Nexus Revenue Budget 2019/20 (£170.924m)

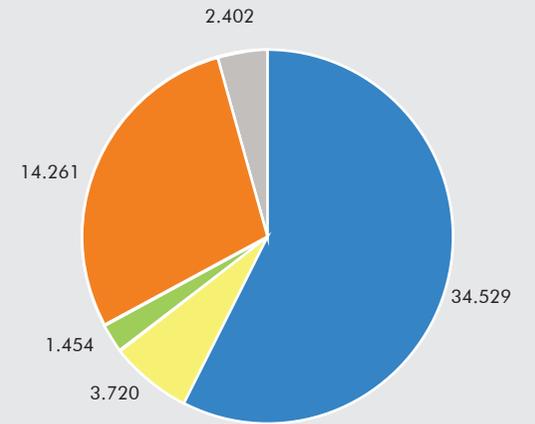
**Gross Expenditure
(£170.924m)**



**Gross Income
(£114.557m)**



**JTC Grant Funding including
£0.700m from Reserves (£56.367m)**



Page 58

- English National Concessionary Travel Scheme
- Bus Services & Infrastructure
- Discretionary Travel
- Other
- Metro

3.3 Concluding remarks

At Nexus we are at the heart of the communities we serve. We want the North East to be successful, thriving, growing; and for it to be fair, clean, safe and inclusive. The services that we provide help tens of thousands of people get around the area each day, helping them to get to jobs, education, healthcare, retail, entertainment and the numerous other activities that make up everyday life.

The Corporate Plan demonstrates that 2019/20 will be a challenging year for the Nexus Group across a range of developments.

To help prepare for and meet these challenges we have adopted a new vision statement that describes what Nexus wishes to do:

'Making public transport great for our environment, economy and communities'

This is supported by the organisation's new cultural values that we expect our people, who are key to its delivery, to demonstrate: We want all who work at Nexus to be Passionate, Positive and Professional in our jobs.

Opening the new Learning Centre during the year will ensure that we embed these values and increase organisational knowledge and expertise to achieve our objectives and strategies for the future.

New local political governance arrangements for transport through the North East Joint Transport Committee, and the development of a Transport Plan, will help to ensure that agreed aspirations for the local economy, as set out in the Local Enterprise Partnership's Strategic Economic Plan, are achieved and deliver a more sustainable transport system for the region – to the benefit of local communities.

Nexus is the delivery agent of the North East Joint Transport Committee, and the Combined Authorities, in respect of passenger transport functions for the area of Tyne and Wear, and will support achievement of the policy objectives set for those functions in an efficient, effective and economic manner.





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Nexus is the public body delivering local transport services for Tyne and Wear,
on behalf of the North East Joint Transport Committee.



North East Joint Transport Committee, Tyne and Wear Sub-Committee

Date: 31 January 2019

Subject: Nexus' Corporate Risks 2018/19

Report of: Managing Director (Transport Operations)

Executive Summary

The report provides an update on Nexus' Corporate Risk Register for 2018/19, based on the approved Corporate Plan, and demonstrates that the risks are being properly managed and controlled.

Recommendations

The Tyne and Wear Sub-Committee is recommended to receive and note this update on Nexus' Corporate Risk Register for 2018/19

1. Background Information

- 1.1 Nexus defines its corporate risks as those matters which, if the risk occurred, could have adverse consequences for the achievement of its Corporate Plan (CP). The Tyne and Wear Sub-Committee receives an update on Nexus' Corporate Risk Register (CRR) at each scheduled meeting.
- 1.2 Nexus' CRR for 2018/19 identifies thirteen Corporate Risks as follows:
- That a catastrophic safety or security related event may occur on the Metro,
 - That Metro performance deteriorates for an extended period,
 - That the opportunities presented by new fares offer for under-19s are not fully utilised due to a lack of awareness,
 - That technology based customer facing ticketing and passenger information improvements do not meet stakeholder expectations,
 - That the procurement of a new fleet of trains and their ongoing maintenance requirements is not affordable or is unduly delayed,
 - That there are no long term funding arrangements in place to sustain Metro's current operations, replace life expired assets and allow future expansion,
 - That aspirations for heavy rail improvements are not met,
 - That plans to expand Metro and local rail services do not progress,
 - That plans to improve the local bus network are compromised or unduly delayed,
 - That protecting frontline services whilst delivering a balanced budget is not achievable,
 - That the planned Asset Renewal Programme, to modernise the Metro, and other key capital projects, is not delivered efficiently to time/cost/quality requirements,
 - That changes in local political governance structures for transport do not provide Nexus with the ability to adequately exercise its functions, duties and powers, and
 - That cybersecurity threats materialise, leading to possible denial of service.
- 1.3 The following table identifies each of the risks in turn, showing links to the themes in Nexus' CP for 2018/19, the current RAG status and the direction of travel where applicable (comparing the current RAG status with the previous equivalent from the report in April). A detailed explanation of the nature of each risk, together with controls and milestones, is set out in Appendix 1 to the report. Appendix 2 shows the risk scoring matrix that has been applied.

Risk area CP Theme	RAG Status	Direction of travel
Catastrophic safety or security event on Metro Deliver public transport today	Amber	↔ (stable)
Metro performance Deliver public transport today	Amber	↔ (stable)
Pop Blue Deliver public transport today	Green	↔ (stable)
Payment and customer information systems Deliver public transport today	Green	↔ (stable)
Procurement of new fleet and its maintenance requirements Prepare for the future	Green	↔ (stable)
Long-term funding for Metro Prepare for the future	Amber	↔ (stable)
Heavy rail aspirations Prepare for the future	Green	↔ (stable)
Plans to expand the Metro and local rail network Prepare for the future	Amber	↔ (stable)
Plans to improve the bus network Prepare for the future	Amber	↔ (stable)
Protecting frontline services whilst balancing the budget Focus on organisational effectiveness	Green	↑ (improved)
Efficiency of delivery Focus on organisational effectiveness	Green	↔ (stable)
Changes to local political governance Focus on organisational effectiveness	Amber	↔ (stable)
Cybersecurity of Nexus ICT infrastructure Focus on organisational effectiveness	Amber	↔ (stable)

2. Proposals

- 2.1 It is proposed that the North East Joint Transport Committee's Tyne and Wear Sub-Committee receives and notes the update on Nexus' Corporate Risk Register for 2018/19.

3. Reasons for the Proposals

- 3.1 The update demonstrates that Nexus' CRR is being properly managed and controlled. Risk management is an important aspect of overall performance management, and reporting on the CRR complements the high-level summary of Nexus' performance that is also presented to each scheduled meeting of the Tyne and Wear Sub-Committee.

4. Alternative Options Available

- 4.1 The report is for information: no alternative options are presented.

5. Next Steps and Timetable for Implementation

- 5.1 Nexus will continue to manage and control its corporate risks, recording and monitoring any changes, and providing update reports to each subsequent meeting of the Sub-Committee and to meetings of Nexus' Audit Committee.

6. Potential Impact on Objectives

- 6.1 Nexus' CRR will not impact directly on the objectives of the North East Joint Transport Committee'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.

7. Financial and Other Resources Implications

- 7.1 There are no direct financial implications for the North East Joint Transport Committee or its Tyne and Wear Sub-Committee regarding the management of Nexus' CRR.

8. Legal Implications

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

9. Key Risks

- 9.1 The report identifies what are considered to be the key corporate risks to the achievement of Nexus' Corporate Plan for 2018/19 which was previously approved by the former NECA Transport North East (Tyne and Wear) Sub-Committee at its meeting on 25 January 2018.

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

12.1 All Nexus' risk owners and actionees have been consulted in the preparation of this report.

13. Other Impact of the Proposals

13.1 There are no other impacts anticipated to arise from the proposal as the report is for information only.

14. Appendices

14.1 Appendix 1 details each of Nexus' thirteen corporate risks.

14.2 Appendix 2 shows the risk matrix that has been applied for scoring purposes.

15. Background Papers

15.1 Nexus' Corporate Plan 2018/19 to 2020/21 as submitted to and approved by the former NECA Transport North East (Tyne and Wear) Sub-Committee's meeting on 25 January 2018.

15.2 Nexus' Corporate Risk Register 2018/19 to 2020/21 as submitted to the abovementioned Sub-Committee's meeting on 19 April 2018.

15.3 Nexus' subsequent updates on its CRR to each scheduled meeting of the Tyne and Wear Sub-Committee.

16. Contact Officers

16.1 Tobyng Hughes, Managing Director (Transport Operations),

Tobyng.hughes@nexus.org.uk

Tel: 0191 203 3246

17. Sign off

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

18. Glossary

Abbreviations:

CP – Corporate Plan

CRR – Corporate Risk Register

RAG – Red/Amber/Green (denoting an assigned performance status)

CP Theme: Deliver public transport today		
Risk Area: Catastrophic safety or security related event	RAG Status (Amber)	Direction of Travel
	8(2x4)	↔ (stable)
Risk: In running any operational railway there is an inherent risk that a catastrophic safety or security related event may occur.		
Impact/Consequence(s): The impact and consequences should a catastrophic safety or security related event occur on the Metro system could potentially be very significant, including the		

Corporate Risk - relates to those factors that might have a significant effect on the achievement of workstreams in Nexus' Corporate Business Plan and therefore the successful delivery of the NECA's policies and priorities.

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 appetite - the level of risk that an organisation is prepared to accept in pursuit of its objectives, and before action is deemed necessary to reduce the risk.

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 Actionee(s) – given delegated responsibility from the Risk Owner to take action and manage the risk through application of the appropriate risk controls and processes.

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.

Risk Score - the product of the Impact score multiplied by the Likelihood score

possibility for multiple loss of life, lengthy loss of service, protracted legal issues to resolve, fines to pay, impact on insurance, other cost increases and likely loss of business.

Control(s):

- A safety management system which is independently accredited by the Office of Rail and Road - a legal requirement to operate a railway.
- Robust arrangements for the selection and management of contractors working on Metro infrastructure.
- Maintaining a comprehensive suite of engineering standards in all relevant railway safety disciplines based on industry best practice
- Identification of the top 3 potentially catastrophic safety events we aim to avoid and strive to control: collision, derailment, and fire.
- Continuously monitoring & controlling the precursors of these events with 4-weekly safety reporting to Nexus' Senior Leadership Team.
- Undertaking in-house safety assurance activity as part of everyday safety management practice.
- Participating in joint emergency preparedness exercises with the blue-light services and other interested parties (April and June, 2018).
- Appointment of a Metro Security Manager.
- Application of DfT's best practice guidance for security arrangements on light rail systems.
- Receiving regular updates on the current threat from international terrorism.
- Continuing to engender an organisational safety and security culture.

Next Steps/Key Milestones:

- Providing individual security plans for each Metro station: Target – by April 2019
- Securing DfT approval to an overall security plan for the Metro: Target – by April 2019
- Developing an organisational security manual. Target: by April 2019.

CP Theme: Deliver public transport today		
Risk Area: Metro performance deterioration Risk Owners: Acting Director of Rail and Infrastructure & Metro Services Director	RAG Status (Amber)	Direction of Travel
	8(2x4)	↔ (stable)
Risk: That the ageing fleet, or an unexpected reduction in infrastructure asset condition, could result in a decline in performance.		
Impact/Consequence(s): <p>If Metro's operational performance were to decline for an extended period, with a fall in punctuality and reliability, this could have an adverse impact on customer satisfaction and ridership.</p>		
Control(s): <ul style="list-style-type: none"> • Metro Services embedded into Nexus' Group performance reporting arrangements with close monitoring of key business results. • Ensuring appropriate levels of communication and support between Nexus Rail and Metro Services. • Applying a set of established quality assurance arrangements. • Introduction of better performance management processes. • Investment of £1.3m in the Metrocar fleet of over the next twelve months. • Delivery of the Metro Asset Renewals Programme. • Heightening performance awareness across the organisation to promote improvement. • Reorganisation of the Metro Control Room. 		
Key Milestones/Next Steps: <ul style="list-style-type: none"> • Quarterly review of Asset Condition Reliability Improvement Plans where Nexus Rail's Principal Engineers and Maintenance Managers jointly review the performance of Metro assets. • 4-weekly meetings of Metro Services' Performance Leadership Group to review aspects critical to improving service delivery. • Periodic review by Metro Services of progress against its Performance Plans. • Reviewing the Critical Assets/Single Point of Failure Register. • Developing an optimised timetable for application in December 2019. • Resolving snagging issues with the Rail Traffic Management System. • Identifying reasons for Overhead Line Power trips and mitigations. • Recruiting to fill 14 new jobs in the fleet maintenance team. 		

CP Theme: Deliver public transport today		
Risk Area: Pop Blue Risk Owner: Customer Services Director Risk Actionee: Fares and Revenue Manager	RAG Status (Green)	Direction of Travel
	6 (2x3)	↔ (stable)
Risk: That young people are not sufficiently aware of the new ticketing product, Pop Blue, and its benefits.		
Impact/Consequence(s): Opportunities for participating in education, training and leisure activities may be either limited or lost to young people, aged 18 and under, through a lack of awareness or full appreciation of the benefits of the Pop Blue ticketing product.		
Control(s): <ul style="list-style-type: none"> • Systems established for close monitoring and review of the take-up and usage of Pop Blue on a periodic (4-weekly) basis. • Formal reviews have taken place at the end of the academic year and as part of the annual fares review process. • The opportunity to engage with under-16 Pop card holders whose cards were about to expire was identified, and a targeted marketing campaign implemented which saw the highest uptake of Pop Blue over the 4-weeks following the launch of the campaign. • As part of the fares-review, to maintain the clear message about the £1 and £2 Metro fares, it was decided to freeze Pop Blue fares in January 2019 to encourage further take-up. 		
Key Milestones/Next Steps: <ul style="list-style-type: none"> • Starting to use year-on-year comparisons as part of the monitoring and review process. • Examining the potential for inclusion of Pop Blue as part of Host Card Emulation (your smart phone becomes your Pop card) developments. 		

CP Theme: Deliver public transport today		
Risk Area: Customer facing payment and information systems Risk Owner: Director of Finance and Resources Risk Actionee: Head of Business Change and Technology	RAG Status (Green)	Direction of Travel
	6(3x2)	↔ (stable)
Risk: Payment and customer information systems do not meet the rate of change in customer expectations.		
Impact/Consequence(s): 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.		
Control(s): <ul style="list-style-type: none"> • Approval given by DfT to Transport for the North's (TfN) Outline Business Case for the delivery of multi-modal price capping across its area. • Heads of Terms agreed between TfN and the operators – including Nexus for Metro. • Utilise organisations that support innovation (e.g. Innovate UK and the Catapult organisations) to accelerate technology delivery timescales and provide leading edge solutions. • 5 year Contract awarded to local developer (Nebula) to provide a customer facing mobile app; contract includes 2 upgrades/improvements per annum. Initial offering will include a mobile ticketing solution using Host Card Emulation technology. 		
Next Steps/Key Milestones: <ul style="list-style-type: none"> • Nebula are currently carrying out minor amendments to the app following the evaluation process and liaising with ITSO (the national standards organisation) on moving from 'Staging to Production'. This is expected to be completed by mid-January 2019. Testing will then be carried out to ensure messages are being received and sent to the Host Operator / Processor System as expected. The initial pilot trial will commence mid-February 2019. • Providing input to the plans being developed by TfN, including the Full Business Case and any activity in the procurement process for the multi-modal price capping project. • Subject to funding being confirmed, carrying out local enabling works (replacing readers) to facilitate delivery of the wider TfN project. 		

CP Theme: Prepare for the Future		
Risk Area: Procurement of the new design, build, maintain and provide contract for the fleet/depot.	RAG Status (Green)	Direction of Travel
Risk Owner: Director of Finance and Resources Risk Actionee: Metro Development Director	6 (2x3)	↔ (stable)
Risk: The possibility of costs escalating, the potential for delays, the opportunity for challenge, and the prospect of protracted negotiations to obtain technical approvals could combine to adversely impact on affordability and deliverability of the project.		
Impact/Consequence(s): Delays to obtaining the new fleet or having to find additional funding could place reliance on extending operation of the old deteriorating fleet or else funding being diverted from other areas of need.		
Control(s): <ul style="list-style-type: none"> • Metro Business Development team established with external support commissioned. • Ministerial decision to provide £337m government funding obtained. • Contract strategy agreed. • Prior Information Notice issued in January 2018 • Ongoing dialogue with the Departments for Transport and Business, Energy and Industrial Strategy. • Keeping key stakeholders informed regarding progress of the procurement. • Selection Questionnaire issued on 6 June 2018. • 'Invitation to Negotiate' issued in September with 5 prospective tenderers formally invited to bid. • Planning permission for Howdon satellite depot was granted in November 2018. • Prior Approval and a Certificate of Lawfulness of Proposed Use or Development (CLOPUD) in respect of the Gosforth Depot site was granted by Newcastle City Council in December 2018. • Stage 1 individual meetings with the 5 bidders took place over the first two weeks in October. • Stage 2 individual meetings took place with the 5 bidders over end November / early December. 		
Key Milestones/Next Steps: <ul style="list-style-type: none"> • Regular 3-monthly meetings of DfT Programme Board. • Periodic progress reporting to Nexus' Senior Leadership Team. • Bids scheduled to be received in March 2019 and evaluated by June 2019, with 3 tenderers then invited to submit 'Best and Final Offers' (BaFOs). • BaFOs submitted in July 2019 for final evaluation and contract award by the start of 2020. 		

CP Theme: Prepare for the future		
Risk Area: Long term funding for Metro Risk Owner: Director of Finance and Resources	RAG Status (Amber)	Direction of Travel
	9 (3x3)	↔ (stable)
Risk: There is no long-term funding agreement in place to sustain Metro's current operations, replace life expired capital assets and allow future expansion.		
Impact/Consequence(s): Any reduction in Metro external funding will lead to a diminution in service and failing infrastructure.		
Control(s): <ul style="list-style-type: none"> • Effective liaison with DfT including 4-weekly progress reporting on the current Asset Renewal Plan and quarterly reviews. • Procurement strategy & contractual arrangements that minimise risk and deliver Value for Money. • Engaging with national government, local councillors & MPs and building public support. • DfT/Nexus Programme Board met in November 2017 to consider future grant funding for both essential renewals and operational subsidy. • Development of a business case for extensions has commenced, following confirmation of funding for the new fleet. • On 15th October the Chair of the Joint Transport Committee's Tyne and Wear Sub Committee (TWSC) wrote to the Secretary of State for Transport seeking an early decision in regards future funding: the response, dated 18th November, indicated that the mechanism for agreeing funding is the forthcoming cross-government Spending Review and the Secretary of State was confident of being able to present a strong case for ongoing revenue and capital support as part of the Transport Department's submission. 		
Key Milestones/Next Steps: <ul style="list-style-type: none"> • Reporting to the TWSC meeting in January 2019, setting out the impact of loss of funding from 2020. • Working with DfT under the guise of the joint DfT/Nexus programme board to develop proposals for DfT submission to HMT for Spending Review 2019. 		

CP Theme: Prepare for the future		
Risk Area: Aspirations for heavy rail Risk Owner: Transport Strategy Director Risk Actionee: Head of Heavy Rail	RAG Status (Green)	Direction of Travel
	6(2x3)	↔ (stable)
Risk: That local aspirations for heavy rail improvements are not met.		
Impact/Consequence(s): Transformational improvements in rail services for the area are being sought, including but not limited to further devolution of the Northern rail franchise. Failure to secure these improvements could reduce rail connectivity.		
Control(s): <ul style="list-style-type: none"> • Active participation in Transport for the North. • Ensuring the Joint Transport Committee's (JTC) Lead Member for Transport is fully briefed. • Retaining and developing the North East Rail Management Unit (NERMU). • Presence of the NERMU Manager. • Close working relationships with Rail Partnership Directors. • Close working relationships with senior managers of local rail franchise operators. • Close working relationships with senior managers at Network Rail. 		
Next Steps/Key Milestones: <ul style="list-style-type: none"> • Continue with the established framework for engaging and managing the current North East Rail Franchises. • Building a joint narrative and governance structure with Network Rail and Tees Valley: target date – July 2019. • Creation of a rail-map to take us through to devolution, including stakeholder management: target date – April 2019. • Developing a Rail Strategy for the North East as part of the JTC's new Transport Plan: target date – September 2019. 		

CP Theme: **Prepare for the future**

Risk Area: Metro and local rail strategy	RAG Status (Amber)	Direction of Travel
Risk Owner: Transport Strategy Director	9 (3x3)	↔ (stable)
Risk Actionee: Head of Network Extensions		

Risk: Expansion of the Metro and local rail services does not progress.

Impact/Consequence(s):

Should the project be unable to identify suitable options for expansion of the Metro and local rail systems this could have adverse implications for the local economy and the environment. The growth in housing and employment that is anticipated for the area may not materialise or would be more reliant on the car for accessing work, leisure and shopping activities leading to an increase in traffic congestion with the air quality implications involved. Overall, this may limit the potential for economic growth and prosperity across the NECA area.

Control(s):

- Delivery of a new Metro fleet.
- Embed expansion of the Metro and local rail network within the SEP and the NECA's Transport Plan for the North East.
- Establish strong contacts and working relationships with relevant stakeholders.
- Develop an appropriate communications strategy to ensure key decision makers are kept informed.
- Undertake an extensive market consultation to improve the understanding of the appetite for such schemes in the wider market.
- Establish effective programme management disciplines to identify and manage cost and risk.
- Identify and utilise suitable frameworks to develop and progress the project including Nexus Stage Gate project control process and the development of an Outline Business Case.
- Identify and adopt best practice in the delivery of extensions, establishing a peer review framework.

Key Milestones/Next Steps:

- Production of an OBC for the Network Capacity and Resilience project by spring 2019.

CP Theme: Prepare for the future		
Risk Area: Improving the bus network Risk Owner: Transport Strategy Director Risk Actionee: Head of Bus Services	RAG Status (Amber)	Direction of Travel
	9 (3x3)	↔ (stable)
Risk: That obstacles arise to pursuing delivery options for the north east area's Bus Strategy, including those options available under the Bus Services Act 2017, limiting the scope for improvement.		
Impact/Consequence(s): The full benefits being sought through the north east area's Bus Strategy are not obtained, or are unduly delayed.		
Control(s): <ul style="list-style-type: none"> Engaging with the industry to alleviate potential barriers. Reviewing our approach to bus services legislation in order to meet its requirements for each delivery option. Lobbying regional and national stakeholders to open up new ways of collaborating to deliver our objectives. Engaging with local people and local businesses to help inform development of the business case. 		
Next Steps/Key Milestones: <ul style="list-style-type: none"> Timescales for development and publication of the Transport Plan to be agreed through the governance processes of the North East Joint Transport Committee in consultation with the Combined Authorities as the respective Transport Authorities. Preparation of strategic outline business case with long list of options: end 2019. Secure local agreement to the option(s) to be pursued: target spring 2020 Implement chosen option(s): over 2020 to 2022, depending on choice of delivery option. 		

CP Theme: Focus on organisational effectiveness		
Risk Area: Protecting frontline services whilst achieving a balanced budget.	RAG Status (Green)	Direction of Travel
Risk Owner: Director of Finance and Resources	3 (1x3)	↑
Risk Actionee: Head of Finance	Green	(improved)
Risk: That Nexus is unable to deliver a balanced budget with no use of reserves by 2019/20 whilst protecting the delivery of discretionary front-line services in 2018/19.		
Impact/Consequence(s):		
Due to unforeseen budget pressures that could arise, Nexus may need to consider implementing some frontline service reductions during 2018/19.		
Control(s):		
<ul style="list-style-type: none"> • The former North East Combined Authority's approval of the 2018/19 transport levy in January 2018. • The former Transport North East (Tyne and Wear) Sub-Committee's approval of Nexus' Corporate Plan for 2018/19 to 2020/21 in January 2018. • Base budget and balance sheet review completed in August 2018. • Discussions with Chief Executives and Treasurers in August 2018 in order to obtain strategic financial guidance for 2019/20. • The achievement of a range of efficiency savings in 2018/19 has placed Nexus in a good position. • Moving into 2019/20, Nexus would be able to set a balanced budget, save for the proposed £0.700m cut to its grant from the North East Joint Transport Committee (JTC), which will be funded from the revenue reserve. • This means Nexus will be able to maintain frontline services in 2019/20. • However, without any improvements to its funding over the medium term Nexus will need to work with the JTC, through its Tyne and Wear Sub-Committee, regarding possible service reductions during 2020/21 and beyond. 		
Next Steps/Key Milestones:		
<ul style="list-style-type: none"> • 4-weekly periodic financial monitoring by Nexus' Senior Leadership Team. • Nexus' input to the quarterly monitoring of the Revenue Budget and Capital Programme expenditure reports submitted to the JTC. • Consideration of Nexus' revenue budget for 2019/20 by the JTC in January 2019 		

CP Theme: Focus on organisational effectiveness		
Risk Area: Efficiency of delivery Risk Owner: Director of Finance and Resources Risk Actionee: Head of Programme Assurance	RAG Status (Green)	Direction of Travel
	6 (2x3)	↔ (stable)
Risk: That the outcomes being sought from capital investment are compromised.		
Impact/Consequence(s): <p>Increased pressure on the funding for and affordability of the final years of this phase of the ARP, and other significant capital projects, could mean a further scaling back of the work programme through to 2020/21 and potentially compromise delivery of key elements.</p>		
Control(s): <ul style="list-style-type: none"> • Bidding for additional funding e.g. through the Single Local Growth Fund (SLGF) in relation to the station investment programme. • Effective programme management, project prioritisation, delivery and budget control processes. • Value engineering, technology choice, option analysis, specification and scope. • Active stakeholder engagement to obtain involvement and co-operation of third/interested parties e.g. Metro Services, Network Rail, highway authorities, utility companies etc. • Providing sufficient programme/project management resource. • Close and proficient management of all contracts relating to ARP and other works in the capital programme. • Re-phasing of capital grant funding 2017/18 to 2020/21 agreed by DfT. 		
Next Steps/Key Milestones: <ul style="list-style-type: none"> • Periodic project reviews, analysis and reporting – presentation to Nexus' Capital Steering Group & Senior Leadership Team. • Continued engagement with DfT and HMT regarding future Metro funding arrangements, both capital and revenue, in preparation for the Spending Review 2019. • ARP 2019/20-2020/21 Capital Programme approval by Joint Transport Committee in January 2019, as part of the budget formulation process. 		
Periodic Affordability Review meetings: <ul style="list-style-type: none"> • January 2019 • April 2019 • July 2019 • October 2019 		

CP Theme: Focus on organisational effectiveness		
Risk Area: Progressing the devolution agenda and North East Transport Governance Changes	RAG Status (Amber)	Direction of Travel
Risk Owner: Managing Director Transport Operations	8 (2x4)	↔ (stable)
<p>Risk: A ‘minded to’ devolution deal was announced between the government and Newcastle, Northumberland and North Tyneside Councils (known as the ‘North of Tyne Authorities’). The Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018 (the Order) was passed on 1 November 2018. The Order prompted the creation of a North East Joint Transport Committee to exercise certain transport functions of the North East Combined Authority and the new North of Tyne Combined Authority. These new arrangements must provide Nexus with an appropriate structure for it to be able to exercise its duties, functions and powers so as to deliver effective public transport in the area it is responsible for within an effective governance framework.</p>		
<p>Impact/Consequence(s):</p> <p>New governance arrangements for North East transport provision needs to provide for both effective political decision-making, and scrutiny of delivery and performance. Slow or ineffective decision-making, ineffective or inadequate governance arrangements or lack of clarity about roles and responsibilities, could limit Nexus’ ability to make transport improvements, and limit access to the necessary resources to deliver effective transport. This could also give rise to the potential for increased complexity and cost, and poorer outcomes for public transport users.</p> <p>Ineffective scrutiny and governance arrangements could lead to reduced public assurance over value for money, and loss of accountability for project delivery and operational performance.</p>		
<p>Control(s):</p> <ul style="list-style-type: none"> Nexus’ powers, functions and duties largely arise from a range of Acts of Parliament, including the Transport Act 1968 (as amended) and the Tyneside Metropolitan Railway Act 1973, and there is no current proposal to amend this primary legislation. Nexus’ Managing Director, supported by the Group Head of Legal and Director of Finance and Resources, worked closely with Chief Executives and Legal Officers from all North East Authorities, the North East Combined Authority (NECA), and the North of Tyne Combined Authority (NTCA) and the government to ensure that Nexus’ powers, duties and functions along with associated political governance requirements are fully understood and taken into account as new structures were developed and implemented. 		

- Following conclusion of the appropriate parliamentary procedures the Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018 (the Order) was made on 1st November 2018, and came into force on the next day. The North East Joint Transport Committee (JTC) was constituted by NECA and NTCA and, in addition to the powers prescribed by the Order, additional functions were delegated to the Committee by the two Combined Authorities at their Leadership Board and Cabinet meetings.
- At these meetings appointments were made to the JTC, which had its inaugural meeting on 20th November, where appointments were made to the Tyne and Wear Sub Committee (TWSC) consisting of 5 members (3 nominated by NECA to represent Gateshead, Sunderland and South Tyneside and 2 nominated by NTCA to represent Newcastle upon Tyne and North Tyneside). TWSC will focus on the transport functions pertaining to service delivery in the area as delegated by the JTC in the Terms of Reference set out in Part 4.1 of the JTC's Standing Orders.
- The Order also requires the JTC to designate an officer to the role of 'Proper Officer for Transport', being the principal officer to assist the JTC in the exercise of its transport functions. It is understood that the JTC is to consider proposals concerning the appointment for this role at its meeting on 22nd January 2019. The same paper highlights the need for a wider review of governance and assurance mechanisms, which will be considered at a future meeting.

Next Steps/Key Milestones:

- Engagement with the Authorities involved to develop and embed working arrangements.

CP Theme: Focus on organisational effectiveness		
Risk Area: Nexus ICT infrastructure Risk Owner: Director of Finance and Resources Risk Actionee: Head of Business Change and Technology	RAG Status (Green)	Direction of Travel
	8(2x4)	↔ (stable)
Risk: The occurrence of a successful cyber-attack on Nexus ICT infrastructure.		
<p>Impact/Consequence(s): Nexus' ICT infrastructure is key to all the functions and activities we carry out. Failure to adequately secure and protect this from a cyber-attack could have a severe adverse impact on the delivery of services and potentially preventing critical actions and day-to-day work from being carried out.</p>		
<p>Control(s):</p> <ul style="list-style-type: none"> • Nexus utilise a modern supportable resilient firewall, with a subscription to identify and protect against existing and emerging threats. • We subscribe to governmental cyber-threat awareness bulletins and are active members of local security working groups. • We participated in a local multi-party cyber-resilience event with local authorities and the emergency services to test the systems in place. • Should a system fail or be rendered unusable by a cyber-attack, we regularly back-up of all essential systems and data so service can be returned safely and efficiently. • Nexus employs security specialists to implement governance and controls. • A cyber-security training standard has been implemented to train all Nexus staff in the basic requirements. • Nexus raises awareness of security threats through the use of internal communications such as Nexus Times & global emails. • Nexus measure awareness through different mediums such as fake Phishing attacks. • All changes to Nexus security assets are subject to tight control. • We have a suite of policies on security controls and an acceptable use. • A security incident response policy is in place. • We utilise segregation to protect critical systems particularly rail based systems. • We manage security risks within Business Change and Technology using a specific risk management process. 		
<p>Next Steps/Key Milestones:</p> <ul style="list-style-type: none"> • In order to help withstand a cyber-attack a second internet connection is being implemented. • A staff training module for delivery via Nexus know-how has been developed and will be rolled-out to staff through 2019. • Annual phishing exercises will continue, with additional exercises as deemed appropriate to the level of threat being experienced. 		

Appendix 2: Risk Score Matrix

Assess the impact if the risk occurred:

Impact:

		Insignificant	Minor	Significant	Critical
Likelihood	High	4	8	12	16
	Medium	3	6	9	12
	Low	2	4	6	8
	Negligible	1	2	3	4

Assess the likelihood of the risk occurring:

Likelihood:

High	Risk will almost certainly occur or is occurring at present
Medium	Risk is likely to occur in most circumstances
Low	Risk may occur
Negligible	Risk is unlikely to occur

Assess the impact should the risk occur e.g.

	On objectives:	On service delivery:	On finances:	On reputation:
Critical	<ul style="list-style-type: none"> Over half of programmes or objectives affected More than one critical objective impacted Stakeholders do not commit to a shared vision 	<ul style="list-style-type: none"> Significant change in services Relationship breakdown between major stakeholders Serious impact on strategic plans Unplanned major re-prioritisation of resources and/or services Failure of a delivery programme or major project 	<ul style="list-style-type: none"> Unable to secure or loss of significant funding opportunity (£5m) Significant financial loss (£2m) Significant adverse impact on budgets 	<ul style="list-style-type: none"> Adverse national media attention External criticism (in press) Significant loss of confidence or satisfaction from stakeholders Significant loss of community confidence
Significant	<ul style="list-style-type: none"> One or more objectives or programmes affected One or more stakeholders do not commit to shared vision Significant environmental impact 	<ul style="list-style-type: none"> Partner unable to commit to joint arrangements Recoverable impact on service delivery Major project failure 	<ul style="list-style-type: none"> Prosecution Major change in or loss of funding opportunity (£2m) Notable change in an external contribution Notable adverse impact on budget 	<ul style="list-style-type: none"> Notable external criticism Notable reduction in confidence or satisfaction Internal dispute between partners Adverse regional media attention Significant loss of community confidence
Minor	<ul style="list-style-type: none"> Up to 2 priority outcomes affected Isolated serious injury/ill health Minor environmental impact 	<ul style="list-style-type: none"> Threatened loss of partner commitment 	<ul style="list-style-type: none"> Minor financial loss Some loss of funding Funding opportunity threatened 	<ul style="list-style-type: none"> Failure to reach agreement with individual stakeholder organisation Some loss in confidence or satisfaction
Insignificant	<ul style="list-style-type: none"> Minor effect on priorities/service objectives Isolated minor injury/ill health Insignificant environmental impact 		<ul style="list-style-type: none"> Isolated containable financial impact 	

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North East Joint Transport Committee, Tyne and Wear Sub-Committee

Date: 31 January 2019

Subject: Concessionary Travel Reimbursement for 2019/20 and 2020/21

Report of: Managing Director (Transport Operations)

Executive Summary

The purpose of this report is to provide an update on the Concessionary Travel budgets for 2019/20 and 2020/21 following negotiations between Nexus and the three major bus operators.

Recommendations

The Tyne and Wear Sub-Committee is recommended to note the contents of this report.

1. Background Information

- 1.1 As a Passenger Transport Executive (PTE) Nexus is the Travel Concession Authority (TCA) in Tyne and Wear. It has two Published Schemes, one required by the Transport Act 2000 (in respect of the mandatory travel concession called the English National Concessionary Travel Scheme (ENCTS)) and the other which is required by the 1985 Act (in respect of its discretionary concessionary travel schemes e.g. pre 0930 journeys if the passholder has a medical appointment or the Under 16 arrangements which allow children under the age of 16 (or where the child is age 16, until the end of the academic year) to travel on any mode of transport and any operators services in Tyne and Wear for 60p in relation to a single journey or for £1.10 in relation to all day travel.
- 1.2 Since the free local travel scheme was first introduced in 2006, Nexus has entered into Concessionary Travel Agreements with major bus operators in order to determine fixed level of reimbursement, a process that provides budget certainty to both Nexus and the operators. The agreements established in 2017 covering two financial years, expire on 31st March 2019.

2. Proposals

- 2.1 Using DfT guidance and locally derived Continuous Monitoring Survey data and Smartcard data, Concessionary Travel Agreements have been negotiated with each of the three major bus operators in Tyne and Wear, within overall budget, for the continued provision of ENCTS and under 16 Concessionary Travel in Tyne and Wear for the two-year period 2019/20 and 2020/21.

3. Reasons for the Proposals

- 3.1 Within the ENCTS, Nexus is required to reimburse operators on a 'No better, No worse' basis, meaning to cover the additional costs incurred by an operator to carry generated concessionary passengers. Additionally, Nexus offer additional discretionary elements to the ENCTS and a Concessionary Travel scheme for children under the age of 16.

4. Alternative Options Available

- 4.1 This report does not include alternative options.

5. Next Steps and Timetable for Implementation

- 5.1 Nexus will continue to monitor ridership data obtained from Continuous Monitoring Surveys, Smartcard transaction records and ETM data received from bus operators in order to assess the performance of the operators against targets identified in the negotiated Agreements.
- 5.2 The next round of negotiations will begin in Autumn 2020, in preparation for the 2021/22 financial year.

5.3 It is expected that the DfT will continue to publish revised Concessionary Travel reimbursement guidance. Nexus will remain up to date with any developments in collaboration with the Urban Transport Group (UTG) Concessionary Travel Group.

6. Potential Impact on Objectives

6.1 The CT reimbursement budget has been under considerable pressure. Nexus has used locally sourced survey and Smartcard data to inform its calculations and this, in conjunction with an observed reduction in patronage volume, has helped contain reimbursement payments to the three large operators.

7. Financial and Other Resources Implications

7.1 The total budget (comprising reimbursement across all bus operators and local rail services) for 2018/19 to 2020/21 is detailed in the following table:

	Revised Budget 2018/19 £m	Base Budget 2019/20 £m	Base Budget 2020/21 £m
Elderly and Disabled	36.349	35.914	35.979
Under 16s	3.793	3.615	3.520
Other costs	0.186	0.186	0.186
Total	40.328	39.715	39.685

7.2 The year on year reduction in budgeted concessionary fares expenditure will enable Nexus to protect other services.

8. Legal Implications

8.1 There are no legal implications arising directly from this report.

9. Key Risks

9.1 The deals agreed with the three major bus operators provide budget stability for all parties for two years. There is a provision for two operators to have their payments increased should ridership exceed target by a specific level. Nexus forecasts and external consultant support show this is unlikely to occur.

10. Equality and Diversity

10.1 The Tyne and Wear Concessionary Travel Scheme provides access to mobility for the Elderly and Disabled.

11. Crime and Disorder

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

12. Consultation/Engagement

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

13. Other Impact of the Proposals

13.1 There are no other impacts to note arising from this report.

14. Appendices

14.1 This report has no appendices.

15. Background Papers

15.1 Concessionary Travel operator agreements, held by the Director of Finance and Resources, Nexus.

16. Contact Officers

16.1 John Fenwick, Director of Finance & Resources, Nexus
john.fenwick@nexus.org.uk Tel: 0191 203 3248

17. Sign off

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

18. Glossary

North East Joint Transport Committee, Tyne and Wear Sub-Committee

Date: 31 January 2019

Subject: Government Funding for Concessionary Travel

Report of: Chief Finance Officer

Executive Summary

This report provides information to the Tyne and Wear Sub Committee about Government funding for Concessionary Transport. It highlights the scale of cuts in funding for Concessionary Travel since 2011/12. It also reports on the current consultation paper by the Ministry of Housing, Communities and Local Government on future funding for local Government, where their proposal could lead to a further underfunding of Concessionary Travel in Tyne and Wear in future years, which creates an increased risk to the provision of Transport services in the future.

This information has also been included in a report to the Joint Transport Committee at its meeting on 22 January 2019 and an update about the discussions at that committee will be provided.

The key issue identified in the report is the need to influence Government to restore funding for Concessionary Travel at a national level and to ensure that the distribution of available funding adequately reflects the demand and cost of concessionary travel, across the North East and in Tyne and Wear.

Recommendations

The Tyne and Wear Sub-Committee is recommended to:

- i. Receive the report for information, consideration and comment in order to help shape the approach and the response to the Government, in order to secure a fairer funding outcome.
- ii. Confirm that the Chair of the Joint Transport Committee will agree a response to the consultation paper in consultation with senior officers by the 21st February.

1. Background Information

- 1.1 The provisional Local Government Finance Settlement was announced on the 13 December 2018. The national Settlement headlines were an extra £1.3bn for councils (including £650m for Social Care), with an average 2.8% in cash terms increase in core councils' 'spending power' in 2019/20. Spending power is a combination of Government grants, retained business rate income and estimated income from the maximum increase in council tax income within the referendum limits that have been announced. There is a cash cut in Government funding, with an assumed increase in general council tax of 3%, (plus changes in the council tax base) and a flexibility for an additional increase in council tax to pay for adult social care.
- 1.2 The average 'spending power' increase in the North East area covered by the Joint Transport Committee was a 2.1% cash increase. Once the additional funding for Social Care is excluded, the underlying change in cash spending power for all services including transport averages a cash reduction in Tyne and Wear of 0.7%.
- 1.3 There is no longer any visibility or transparency of Government funding for Transport services in the published documentation relating to the Local Government Finance Settlement for 2019/20. Funding for Transport services is part of a block of funding for 'Upper Tier' Services, which includes core funding for social care and all other services provided at a County (Upper Tier) level. However, it is possible to see that the Government Funding (grant and retained business rates) for this 'Upper Tier' block of services suffered a further cut of 7% compared with the funding in 2018/19. When the protection of certain visible lines of funding within this block (mainly for care services) is excluded, the cut in Government funding for other services in this Upper Tier block is 10.6% in 2019/20. This includes the grant funding previously given by Parliament to fund concessionary travel costs.
- 1.4 I have been able to carry out a detailed technical analysis of the grant funding and I have produced an estimate of the cut in Government Funding for Concessionary Travel at a national level and at a North East authority level. This estimates that the cut in Government funding for Concessionary Travel is approximately 41% since 2015/16 and around 60% since 2011/12, with no significant changes in the statutory concessionary scheme. The funding gap in the North East is estimated to be c £29m.
- 1.5 A response to the Ministry for Housing, Communities and Local Government (MHCLG) consultation on the Provisional Local Government Finance Settlement for 2019/20 was submitted by the deadline of 10th January. This raised concerns about the further (7%) cut in the Government Funding for Upper Tier services, which includes a (10%) cut in the block that includes grant funding for Concessionary Travel. A summary of the Response is set out in the Appendix A, which was attached as Appendix 5 to the Budget report to the Joint Transport Committee on 22 January 2019.
- 1.6 On 13 December, the MHCLG also published a consultation paper about "A review of local authorities' relative needs and resources". This is likely to result in new

arrangements for the distribution of Local Government Funding in future years from 2020/21, with a deadline for response by 21 February 2019. The consultation paper proposes to replace the current formula, which tries to reflect the different patterns of concessionary travel usage, (with an estimated model of boardings by the Secretary of State for Transport) and simply include the funding within an Upper Tier foundation formula distributed mainly in line with resident population. This could result in a significant loss of funding for the Tyne and Wear area, further increasing the funding gap in future years (2020/21 or later) if the proposal is accepted.

- 1.7 Detailed evidence has been provided to the National Fair Funding Technical Working Group on Needs and Redistribution over the last two years and the discussion at the group supported the retention of a specific formula. This included a very detailed paper giving evidence from the North East Combined Authority in September 2018. It is disappointing that none of this work or evidence is reflected in the latest consultation paper. It is proposed that the Chair of the Joint Transport Committee is given delegated authority to agree a response to the consultation paper in consultation with senior officers by 21st February. Summary information is provided in the Appendix and a more detailed report on the implications of the consultation paper will be submitted to a future meeting.
- 1.8 When Government funding for the changes to the Concessionary Travel scheme was first introduced in 2005/06 it was allocated by DCLG using a general formula based on population and this resulted in significant underfunding of the costs in Tyne and Wear, resulting in considerable dialogue with senior Government Ministers over many years. The results of the underfunding led to cuts in youth travel concessions and a reduction in transport services. The Department of Transport helped to improve the allocation of additional funding when the national scheme was introduced and the allocation of available funding was eventually addressed by improvements in the funding distribution formula including the formula used from 2013/14.
- 1.9 In order to improve the fairness of funding for Concessionary Travel in the future, the level of funding needs to be restored to reflect the costs of the statutory scheme nationally and the distribution of the funding that is made available needs to reflect the local demand and costs for concessionary travel, which is outside of the control of individual authorities and does not simply fit a formula based predominantly on resident population. MHCLG appear to be ignoring the evidence that has been presented and the lessons that should be learned from decisions/mistakes made in the past.
- 1.10 The proposal appears to ignore the available evidence and to be driven by the need to simplify funding arrangements as opposed to producing a Fair Funding distribution. A strong response is needed to MHCLG about the consultation paper's proposed treatment of Concessionary Travel funding. It is proposed to write to the Secretaries of State for Housing, Communities and Local Government and Transport expressing concern about the proposals by MHCLG; highlighting the concerns about the proposals to all local authorities, providing information to those councils that would be adversely affected; and to inform local MPs about our concerns so that the issue can be debated in Parliament.

2. Proposals

- 2.1 The paper is presented to provide information to the members of the Committee and to seek their views as to the approach and response to the Government's Proposals.

3. Reasons for the Proposals

- 3.1 The purpose of the paper is to seek to inform members of the issues and then influence Government to provide sufficient funding to meet the costs of the Concessionary Travel scheme in Tyne and Wear in future. Unless the Government is persuaded to change its proposed approach, there is a real risk of further cuts in funding which could increase the risk of cuts in local transport services in Tyne and Wear.

4. Alternative Options Available

- 4.1 We have suggested alternative funding arrangements which would be based on a separate formula for distributing funding for Concessionary Travel. The do nothing option is not considered to be appropriate.

5. Next Steps and Timetable for Implementation

- 5.1 The issue will be raised more widely through the media and with other councils that would potentially suffer a loss in funding, which would include London councils, most metropolitan areas and unitary/shire areas with above average patterns of concessionary travel boardings. A robust evidence-based response to the consultation paper will be developed. Representations will be made to Government ministers and briefings prepared for Members of Parliament, prior to the consultation deadline of 21 February.

6. Potential Impact on Objectives

- 6.1 Reductions in funding would adversely affect the ability to meet Transport objectives in future years.

7. Financial and Other Resources Implications

- 7.1 While there are no direct financial or resource considerations arising from this report, there is the potential for loss of funding in future years, potentially from 2020/21 or 2021/22, if the Government were to implement its proposals.

8. Legal Implications

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

9. Key Risks

- 9.1 This report sets out a significant potential finance risk for the authority, which is difficult to quantify at this time until more detailed proposals can be assessed.

10. Equality and Diversity

- 10.1 The potential reduction in funding could impact on those individuals and groups that are most reliant on public transport.

11. Crime and Disorder

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

12. Consultation/Engagement

- 12.1 The report sets out key issues are subject to a Government consultation process. This is open to responses from any groups or individuals.

13. Other Impact of the Proposals

- 13.1 No other implications have been identified at this time.

14. Appendices

- 14.1 Appendix A : Government Funding of Concessionary Transport

15. Background Papers

- 15.1 Revenue Budget Report to North East Joint Transport Committee 22 January 2019

Paper to the Technical Working Group on Needs and Redistribution – NR TWG 18/17 – Concessionary Transport Cost and Funding By Paul Woods CFO North East Combined Authority

Ministry for housing Communities and local Government Consultation paper - “**A review of local authorities’ relative needs and resources**”

16. Contact Officers

- 16.1 Paul Woods,
Chief Finance Officer, NECA
Email: paul.woods@northeastca.gov.uk
Tel: 07446936840

17. Sign off

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

Appendix A - Government Funding of Concessionary Transport

There are significant issues relating to the Government's current and future funding of Concessionary Travel. This appendix highlights specific areas of concern in relation to the level of the current funding of Concessionary Travel for 2019/20, which were reflected in my response to the Provisional Local Government finance settlement for 2019/20, which had to be submitted by 10 January. In addition, there are significant issues in relation to the Government's latest proposal for the funding of Concessionary Travel in future years (potentially from 2020/21 onwards), which will need to feature in responses to the consultation on which is due to be submitted by 21 February 2019.

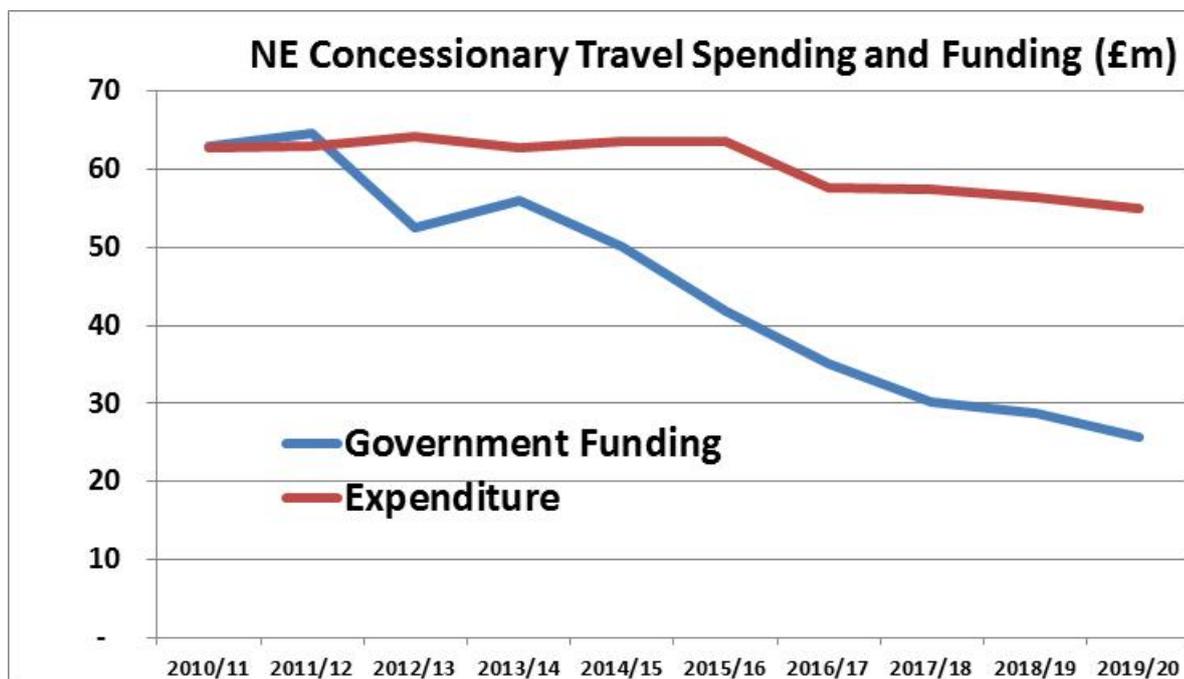
2019/20 LOCAL GOVERNMENT FINANCE SETTLEMENT – TRANSPORT FUNDING

The submission highlighted concerns about the continuing cuts in Government funding for transport services in the Local Government Finance Settlement and in particular the growing funding gap for the statutory national concessionary travel scheme.

The following chart highlights the major problem of the underfunding of concessionary travel costs in the North East, which is reflective of the national position.

While the headline announcement of provisional settlement focusses on an increased spending power for Local Government on 2.8%, the reality of the change in Government formula funding for upper tier services continues to be a significant cut in Government 'funding'. This is a particular concern for services such as Concessionary Travel where the mainly statutory nature of costs means that there is a growing gap between costs and funding.

It is difficult to be precise about the level of Government Funding as it is not separately identified and transparent in the Local Government settlement. However, I have been able to provide an estimate of the position, which is reflected in the following chart for the NE which also reflects the national position in terms of the profile of cuts in funding.



The chart demonstrates our estimate of how grant has been cut since 2011/12 and our view of a further 10% cut in grant funding for Upper Tier services after excluding the visible lines of grant funding for non-transport services in 2019/20. The chart takes into account the funding from localized business rates and we estimate that next year the funding gap is around £29m, with around 47% of costs being funded by Grant or Business rates.

Given that the main cost drivers of statutory concessionary travel are a product of the numbers eligible for the concession and usage of the 'free bus pass' together with the fare that commercial bus operators charge for their services, Councils and in our metropolitan area, the Passenger Transport Executive, have no control over these costs. This is evidenced by the fact that it is one of the few lines of spending that has actually increased nationally and locally over the last five years.

Costs are higher in the North East due to very low car ownership among elderly people. In addition, there are other issues in our metropolitan area which need to be highlighted. For instance, the Tyne and Wear Metro, which offers an alternative to bus travel for many residents also provides a concessionary fares scheme for the elderly and disabled, but the costs associated with this scheme are not recognised. And, work that we have done to estimate the impact of withdrawing the concession on Metro will actually add to our cost base because in those circumstances, demand for the free concession on bus will increase and the associated costs will exceed the income that Metro will generate by charging a commercial fare to those previously eligible for the concession. Further, working to protect secured bus routes in Tyne and Wear has had a perverse effect on the costs of concessionary travel since elderly and disabled residents are often users of these key services.

The Combined Authority will again be cutting its overall Transport Levy next year. Providing accessible transport is a priority for the North East Joint Committee and next year we will be protecting transport services by temporarily using reserves until the funding issues are addressed. However, this is clearly not sustainable in future years, particularly when the gradual increase in the age at which people become eligible for the ENCTS reaches 66, at which point we anticipate a significant uplift in our costs as the number of those satisfying the eligibility criteria will at first settle and then begin to increase. We will therefore be developing options and consulting on significant cuts to transport services from 2020 onwards. This would potentially include cuts in discretionary services, such as secured bus services and discretionary fares. This would mean withdrawing non-commercial bus services for all ages, including people trying to get to work outside of peak travel times and from more rural or sparsely populated areas.

The Joint Transport Committee that covers both Combined Authorities would like to understand what the Department will do to reduce the funding gap for the cost of the scheme over the next few years to match the cut in their funding, so that we can avoid particularly damaging cuts to transport services for children, students, workers and the elderly.

We had hoped that the Government would properly fund concessionary travel as part of the Fair Funding review. However, the latest consultation paper fails to mention any of the detailed evidence that the NECA has provided about the reality of the cost drivers for concessionary travel and the importance of fully funding concessionary travel. We are most concerned that the proposal for the distribution of funding by way of a foundation formula will create an even wider funding gap and create a less fair funding system in future years.

Consultation on “A review of local authorities’ relative needs and resources”

On 13 December then Government published a consultation paper, which set out proposals for the potential distribution of funding for Local Government Services. Responses must be returned by 21 February 2019.

The consultation paper was a detailed paper covering all service areas and resources. A small section of paper covered the treatment of Transport services including Concessionary Travel. The paper proposes that transport services including Concessionary Transport are included in a general Foundation Formula for upper – tier services and Question 3 in the paper asks for views on the best treatment of Home to School transport and concessionary Travel?

The sections in the paper deadline with transport are shown below.

Concessionary transport

- 2.2.77. Upper tier local authorities have a statutory responsibility to provide free or concessionary transport for specific groups of people, which means that they have little control over the costs they incur in providing these services.
- 2.2.78. In the case of children, authorities must provide free **Home to School Transport** for a child attending the nearest suitable school if:
- this is over a prescribed distance from their home,
 - they are unable to walk to school because of special educational needs, disability or mobility problems, and
 - they cannot reasonably be expected to walk there because the nature of the route is deemed unsafe.
- 2.2.79. Expenditure across mainstream and special educational needs pupil transport was over £1bn¹⁰ nationally in 2017-18. At present, funding for home-to-school transport is distributed via the ‘Central Education Functions’ relative needs formula, which is part of the Children’s Services block. As with the Children and Young People’s Services formula, the number of children is a significant driver of cost for Home to School Transport. However, other drivers of cost are likely to differ to those for Children’s Social Care, such as the distance to schools and the proportion of special educational needs pupils in an authority.

- 2.2.80. Local authorities also provide elderly and eligible disabled people with free off-peak **Concessionary Travel** on buses, with a wider statutory concession in place in London. In 2017-18, the statutory concession accounted for over £1bn of local authority expenditure. A Concessionary Travel formula has been used in the local government finance settlement since 2011-12 and the current formula uses a 'modelled' bus boardings methodology.
- 2.2.81. Respondents to our December 2017 consultation expressed mixed views regarding the optimum way to fund Concessionary Travel in future. Some argued against deploying a service-specific formula on the basis that there was 'unmet need' for local bus services in some areas and that funding on this basis therefore risked reinforcing existing patterns of provision. Local authorities' support for non-commercial bus routes is a policy issue which merits separate consideration within the review and this is discussed below (see section 2.2.83).
- 2.2.82. In the first instance, the Government is minded to include Home to School Transport and Concessionary Travel within the upper tier Foundation Formula on the basis that this would introduce further simplicity and transparency into the relative needs assessment. We will, however, carry out further analysis on potential alternative approaches in order to determine whether this approach adequately reflects local authorities' relative needs. We will take a final view following the completion of this consultation exercise.

Local Bus Support

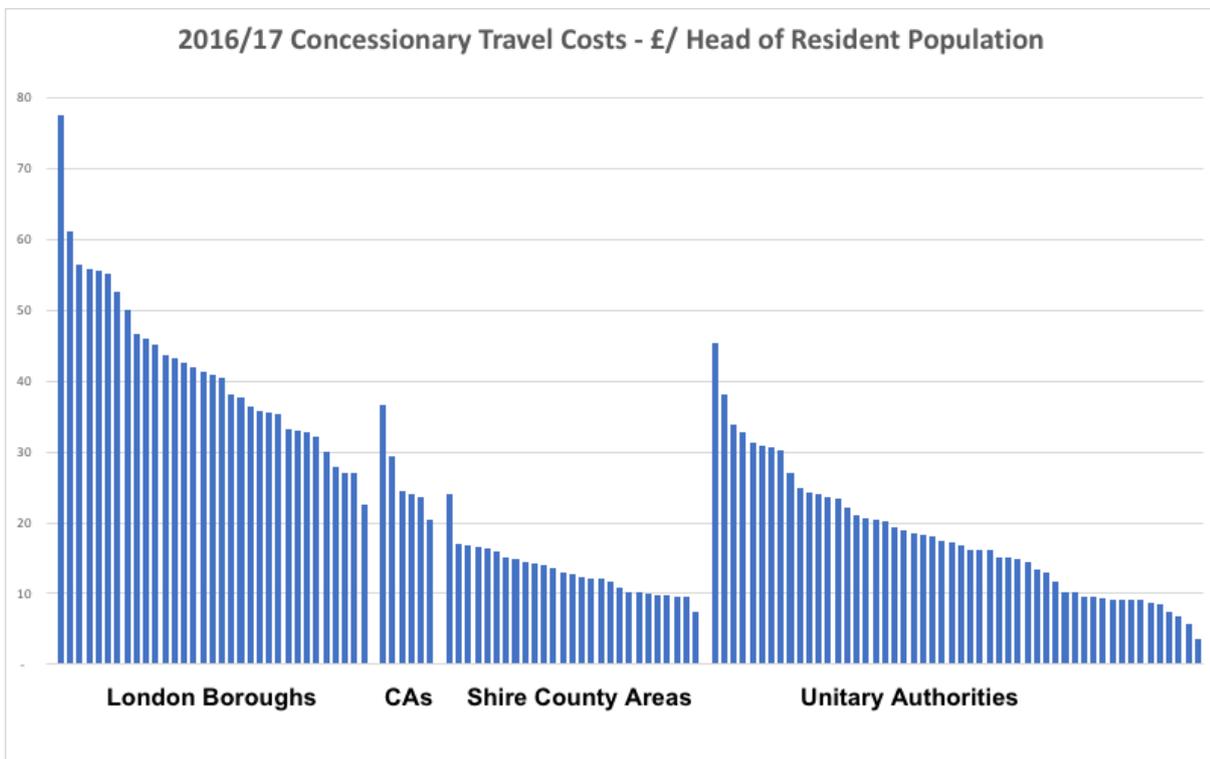
- 2.2.83. Nationally, local authority expenditure on **Local Bus Support** was approximately £250m in 2017-18 (excluding spending by the Greater London Authority), and accounted for more than 1% of total net current expenditure in just 9 local authorities; 6 of which were combined authorities. Outside of the local government finance settlement, the Department for Transport's Bus Service Operators' Grant provides funding to local authorities and bus operators; the main components of

which include £42m paid directly to authorities specifically in relation to non-commercial services they support under tender agreement, and a £197m operator reimbursement grant for some of the fuel duty paid.

- 2.2.84. Historically, Local Bus Support has been included in the 'county-level' Environmental, Protective and Cultural Services formula, although there are currently no specific cost drivers used to calculate Local Bus Support. Local Bus Support was cited by some consultation respondents as an example of 'unmet need', on the basis that local authority funding for rural bus services has reduced and an increasing number of commercial bus services in rural areas have been withdrawn.

2.2.85. Given the overall scale and distribution of expenditure for this service area, the Government does not believe that it is proportionate to introduce a specific funding formula for this service area. Including this in the upper tier Foundation Formula so that it is broadly distributed on a 'per capita' basis, with a new 'Area Cost Adjustment', means that the funding for this service area will be distributed according to the characteristics of local authority areas and not directly linked to historical decisions about funding levels. ”

The consultation paper makes no reference to the detailed evidence that has been presented to the national Technical Working Group by NECA over the last two years which clearly sets out the importance of a separate formula for concessionary travel. The working group agreed that a separate formula was justified in November 2016. The proposal for a relatively flat distribution of costs in line with resident population does not reflect the national statutory scheme which requires reimbursement of Boarding in the local authority area where the boardings occur. This results in significant differences in the distribution of cost per head of population in an area. The variation in current cost per head of population was shown in the following chart in our evidence to the working group.



This proposal has the potential to return to a significant underfunding of Concessionary Travel in areas which have higher costs, such as Tyne and Wear, which we experienced from 2006/07 to 2012/13.

The proposal has the potential to produce a less fair funding distribution in order to achieve 'greater simplicity'. This does not appear consistent with a Fair Funding outcome. This warrants a strong response which will need to be submitted by 21 February 2019.



North East Joint Transport Committee, Tyne and Wear Sub-Committee

Date: 31 January 2019
Subject: Tyne Tunnels Update
Report of: Chief Executive Officer for Transport

Executive Summary

The purpose of this report is to provide Members with an update on activities at the Tyne Tunnels relating to:

1. The operation of the New Tyne Crossing;
2. Proposed increase in Tyne Tunnel Tolls; and
3. The Tyne Pedestrian and Cycle Tunnels (TPCT) - Phase 3 improvement works.

Recommendations

The North East Joint Transport Committee, Tyne and Wear Sub-Committee is recommended to:

- i Note the contents of the New Tyne Crossing update;
- ii
 - a) Approve the increase in tolls for Class 2 vehicles from £1.70 to £1.80 to take effect from April 2019, as set out in section 2;
 - b) Approve the increase in tolls for Class 3 vehicles from £3.40 to £3.60 to take effect from April 2019, as set out in section 2;
 - c) Approve the continuation of the 10% discount for permit holders as set out in section 2;
 - d) Authorise the Monitoring Officer to publish the relevant notices and submit the necessary documentation to the Secretary of State, as prescribed in the River Tyne (Tunnels) Order 2011.
- iii Note the contents of the Tyne Pedestrian and Cycle Tunnels update.

1. Background Information

New Tyne Crossing

- 1.1 The Project Agreement (PA) for the New Tyne Crossing (NTC) was signed on 23 November 2007. Full operational commissioning was achieved on 21 November 2011. TT2 Ltd are responsible for the day to day management and operation of the New Tyne Crossing. This is monitored by the North East Combined Authority (NECA) in accordance with the terms of the Project Agreement.

Tyne Pedestrian and Cyclist Tunnels

- 1.2 The major maintenance liability for the Tyne Pedestrian and Cyclist Tunnels (TPCT) was retained by the NECA (formerly the Tyne and Wear Integrated Transport Authority) in the Project Agreement entered into with TT2. The TPCT is currently undergoing refurbishment works.
- 1.3 In April 2015, following the original contractor entering Administration, the NECA took over the role of Main Contractor on the refurbishment of the Tyne Pedestrian and Cyclist Tunnels. The refurbishment works were suspended until February 2017 to allow asbestos in the tunnels to be removed or encapsulated.

2. Proposals/ Review

New Tyne Crossing – Operational Summary

Traffic Flows

- 2.1 TT2 are responsible for the day to day management and operation of the tunnels. As part of their duties they are required to provide a Quarterly Service Report to the NECA on operational issues, including inspections and details of any Health and Safety incidents which have occurred during the report period. In addition, TT2 submit a claim as part of the payment mechanism for the tunnels which identifies the number and type of vehicles using the tunnels.
- 2.2 TT2 and the NECA constantly review the traffic flows through the Tyne Tunnels. A review of the traffic flow levels through the tunnels during 2017-18 identified the previously reported reduction in traffic using the tunnels compared to previous years had remained constant. This was considered to be a direct consequence of the construction works to the Silverlink Junction being carried out by Highways England and other highway related works being carried out in North Tyneside.
- However, a review of the traffic flows, so far, this financial year has seen the reduction in traffic flows stop and traffic flows start to rise again. Although the traffic flow levels are still less than the levels experienced in 2016-17. This continues to be monitored by both the NECA and TT2 Ltd. See Appendix A.
- 2.3 This change in traffic levels using the tunnels has an impact on the revenue generated for TT2 and the NECA and the budgets for 2018-19 have been amended to reflect this.

Improvement to Toll Collection

- 2.4 TT2 have introduced Advanced Number Plate Recognition (ANPR) cameras at the tunnels to help improve toll collection. This will eventually replace the existing pre-paid tag system and is a more reliable system. This allows multiple vehicles to be registered against a single account. TT2 have also simplified the top up arrangement for pre-paid accounts on the website. As part of the introduction TT2 have run a publicity campaign to promote the benefits of registration and pre-paid accounts and are encouraging new and existing tag customers to switch to the new system. So far 14,000 people have signed up for ANPR and 40% of transactions are now via ANPR. In total 52% of transactions are via pre-paid accounts. Pre-paid accounts attract a 10% discount on the toll cost.
- 2.5 Officers are working with TT2 to develop proposals to further improve the toll collection arrangements. A detailed report considering the practical, financial and legal implications will be brought to a future meeting of the Tyne and Wear Sub-committee.

Tyne Tunnels Tolls – proposed increase

- 2.6 The first 'Concession Toll' was implemented on 1 January 2014, at a level of £1.60 for cars and £3.20 for HGVs with a 10% discount for permit holders. After that date, the Concession Toll could be adjusted by an amount to reflect actual Retail Price Index (RPI) inflation over time. Inflationary increases were applied in 2016 and 2018. Payments to the concessionaire, TT2 Ltd., increase with RPI inflation and the financial model for the Tyne Tunnels assumes that tolls will be maintained in real terms to match.
- 2.7 Levels of inflation (measured by RPI in accordance with the 2011 Order) are now such that an increase for both Class 2 and Class 3 vehicles is possible and necessary to finance the tunnels in line with the tunnel financing arrangements.
- 2.8 The proposal is to increase the tolls from £1.70 to £1.80 for Class 2 vehicles and from £3.40 to £3.60 for Class 3 vehicles, from a proposed implementation date in April 2019 which should enable the necessary process to be followed with the Secretary of State, in line with the Order, following approval by the Joint Transport Committee Tyne and Wear Sub Committee. This maintains the 2:1 ratio between Class 2 and Class 3 tolls.

2.9 It is proposed that the toll structure be set as follows:

Vehicle Class	Toll	Description
1	FREE (no change)	Motorcycles
2	£1.80 (£0.10 increase)	Motor vehicles (Cars), 2 axles and height 2m or less; Motor vehicles (Cars/Vans) 2 axles and height less than 3m; Articulated motor vehicles with tractor 2m or less and trailer less than 3m
3	£3.60 (£0.20 increase)	Motor vehicle 2 or more axles and height 3m or more

Health and Safety

2.10 No significant Health and Safety issues have been identified during the last reporting period.

Tyne Pedestrian and Cyclist Tunnels

2.11 The refurbishment works on the TPCT are continuing with civil, mechanical and electrical engineering contractors working on site.

2.12 Good progress is being made throughout the tunnels with all areas of work either complete or nearing completion.

2.13 The main outstanding works to be completed are the installation of the glass enclosure to the inclined lift and the glass screens around the inclined lift, including the full length of inclined shafts.

2.14 Once these works are completed the commissioning and testing of all the apparatus and systems in the tunnels can be completed to allow the tunnels to be reopened to the public.

2.15 At this time, it is anticipated the commissioning and testing works will be completed in March allowing the tunnels to be reopened in April.

2.16 A progress booklet showing recent photographs of the tunnels is included in Appendix B.

3. Reasons for the Proposals

Improvement to Toll Collection

3.1 The introduction of improvements to the toll collection processes and utilisation of new technology will bring improvement to reliability and traffic flow through the tunnels by removing delays at the toll booths. This in turn gives more reliable journey times, reduces congestion and improves air quality.

Tyne Tunnels Tolls – proposed increase

- 3.2 The Tyne Tunnels are accounted for as a ring-fenced account within the NECA budget, meaning that all costs relating to the tunnels are wholly funded from the tolls and Tyne Tunnels reserves, with no call on the levy or government funding. Tyne Tunnels have a revenue reserve which is there to fund capital costs in relation to the Tunnels and to finance the debt incurred on the construction of the Tunnels.
- 3.3 The forecast outturn position for 2018/19 is for a small deficit of £62k, which will be met from Tyne Tunnels reserves. The forecast for tolls income is slightly higher than the original budget, taking into effect the increase in the toll on HGV Class 3 vehicles, which came into effect in March 2018. This is offset by an increase in the contract payments to TT2 whose “shadow toll” payment is due to increase by 10p in line with RPI inflation to £1.90 per vehicle from 1 January 2019.
- 3.4 The 2019/20 budget assumes an increase in tolls for both Class 2 and Class 3 vehicles in line with inflation as measured by the Retail Price index. It is proposed that the toll for Class 2 Vehicles (cars and light goods vehicles) be increased by 10p from £1.70 to £1.80 and that the toll for Class 3 vehicles (Heavy Goods Vehicles) be increased by 20p from £3.40 to £3.60 in spring 2019.
- 3.5 The increase in toll income in 2019/20 as a result of the increase in tolls is estimated to be £1.56m.

Tyne Pedestrian and Cyclist Tunnels

- 3.6 The completion of the works to refurbish and reopen the TPCT is in line with the NECA’s objectives of providing specifically for pedestrians and cyclists, contributing positively to addressing climate change by encouraging non-motorised modes of travel
- 3.7 The decision to manage the works directly has given the NECA more control over the completion of the works, it looked to minimise project delays and minimise the cost risks associated with the works being re-tendered and managed by a new external main contractor.
- 3.8 The completion of the Phase 3 refurbishment works will meet the NECA’s obligations under the under the Planning (Listed Buildings and Conservation Areas) Act 1990.
- 3.9 The successful completion of the works and re-opening of the TPCT will retain the non-vehicle crossing of the Tyne between North and South Tyneside and protect this historic asset for generations to come.

4. Alternative Options Available

Tyne Tunnels Tolls – proposed increase

- 4.1 Without an increase in tolls the Tyne Tunnels account would operate at a deficit of £1.54m, next year which would be unsustainable over the life of the concession.

Tyne Pedestrian and Cyclist Tunnels

- 4.2 The option not to reopen the TPCT was considered however, due to the Listed status of the structure, works to address its condition, deal with the asbestos and to maintain it in a safe state would still have been required. This would realise little reduction in cost compared with the completion of the works for reopening.
- 4.3 Failure to reopen the TPCT would remove the only dedicated link for pedestrians and cyclists and as such have a negative impact on measures to address climate change. It would reduce options available for non-motorised vehicles for journeys between North and South Tyneside.
- 4.4 The option to re-tender the project was considered however this would have led to significant delays in restarting the project following the main contractor entering Administration. It could have resulted in the loss of the specialist sub-contractor undertaking the design and fabrication of the inclined lifts. It would have meant tendering a part complete project open to significant risk of claims for unidentified and incomplete works by the original contractor.
- 4.5 The risks, both financial and time related were considered too significant to the successful delivery of the project.

5. Next Steps and Timetable for Implementation

Tyne Tunnels Tolls – proposed increase

- 5.1 If the Tyne and Wear Sub Committee formally recommend the new Tyne Tunnel Tolls. The proposals will be submitted to the Department for Transport for approval.
- 5.2 The Order prescribes the process to effect an increase in the tolls at the Tyne Tunnels. Following a decision to increase the tolls, the Authority is required to publish, in at least one local newspaper circulating in the area, a notice substantially in the form set out in the Order. Following publication of the notices, the Authority is required to submit to the Secretary of State:
- a) Details of the decision taken to increase the toll – report and minutes; and
 - b) Evidence that the public has been informed of the decision by notice in the local press.
- 5.3 Upon receipt of this information, the Secretary of State has 21 days to make an order revising the tolls, subject to being satisfied that the Authority has correctly adhered to the provisions of the Order. The tolls revision order will come into force 28 days thereafter.
- 5.4 Having made such an Order revising the toll, the Order precludes the making of another such tolls revision order within 12 months.

Tyne Pedestrian and Cyclist Tunnels

- 5.5 The refurbishment works continue to be overseen by the NTC team based in TT2 Ltd.'s offices. The contract management of the refurbishment works are being undertaken by the NECA. Specialist contractors are being engaged to complete the project.

The Lead Chief Executive for Transport reports regularly on progress to the Transport North East (Tyne and Wear) Sub-Committee.

- 5.6 Officers continue to monitor the programme for the project with a view to reopening the tunnels to the public at the earliest opportunity.
- 5.7 The NTC Communications Team continue to action and maintain the Communication Plan, including continuing a dialogue with the adjacent communities, their representatives, pedestrian and cyclist groups and adjacent local authorities. The website www.tynepedestrianandcyclisttunnels.co.uk has been updated to better inform stakeholders of progress on the refurbishment works and to promote the tunnels for the future.
- 5.8 Proposals are being developed for the official re-opening of the TPCT which will promote the works carried out by the NECA and inform the public of the availability of this asset.

6. Potential Impact on Objectives

- 6.1 The refurbishment of the TPCT will secure the future operation of this important transport link under the River Tyne. It provides specifically for pedestrians and cyclists and as such contributes positively to addressing climate change by encouraging non-motorised modes of travel. It also has the benefit of helping to reduce the number of motor vehicles on the roads – particularly on residential roads – to the benefit of local communities. The TPCT is also positive in terms of economic development and regeneration because it aids access to jobs in the A19 corridor for those who do not own a car. The works also protect this Grade II Listed structure for future generations.

7. Financial and Other Resources Implications

Tyne Tunnels Tolls – proposed increase

- 7.1 The financial and other resource implications are summarised in this report where they are known. Further details which are developed as part of the budget development and consultation process will be identified in the budget report to the January 2019 Joint Transport Committee.

Tyne Pedestrian and Cyclist Tunnels

- 7.2 The original budget for the Phase 3 refurbishment works was £6.5m to be funded by £6.0m of Prudential Borrowing and financed from toll income and £0.5m of Tyne Tunnel reserves. This was increased in 2014 to £8.63m.

- 7.3 The budget estimate was last reported to the TWSC in July 2018 when the estimate for the increased scope of works being undertaken; the impact on the main contractor entering Administration and the additional environmental cleaning contract to address the asbestos issues was identified as £16.0m. The additional costs are to be funded by the Tyne Tunnel Reserves.
- 7.4 Temporary use of Local Growth Funding has been used to minimise borrowing interest costs, but this will need to be repaid by March 2020 when temporary use of other NECA internal funds or external borrowing will be undertaken.
- 7.5 External funding has been explored but appears unlikely to be secured. Any underspend from other cycling transport budgets will continue to be explored. The latest cost estimates have been reviewed by the Chief Finance Officer and its impact has been reflected in the revised budget for 2018/19 and in the new Budget for 2019/20. There may be the possibility to count our local funding of the Pedestrian Tunnel as matching funding in external funding bids, such as the Transforming Cities bid.
- 7.6 The adopted approach of carrying out the project management in house has helped to minimise further delays and cost increases and this arrangement will continue until the completion of the project.

8. Legal Implications

Tyne Tunnels Tolls – proposed increase

- 8.1 The JTC must approve the transport budget, levies and tolls unanimously. The Leadership Board must approve the final overall budget proposals unanimously (incorporating the budget and levies approved by the JTC).

Tyne Pedestrian and Cyclist Tunnels

- 8.2 The legal comments have been incorporated into the report.

9. Key Risks

- 9.1 The key risks associated with the completion of the project relate to:

Public safety – by addressing the reliability issues associated with the historic apparatus in the tunnels and dealing with the asbestos and other identified safety issues relating to the condition of the structure in the tunnel the NECA are ensuring public safety

Time delays – by direct management of the completion of the works the NECA are minimising the risk of further project delays which could be anticipated if a further tender process had been undertaken to engage a private Management Contractor.

Cost - by direct management of the completion of the works the NECA are minimising the risk of further project cost and claims which could be anticipated from a Management Contractor. This is being borne out by the ongoing

identification of additional work as the project progresses which could not have been envisaged at tender stage.

10. Equality and Diversity

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

11. Crime and Disorder

11.1 There are no implications for Crime and Disorder arising directly from this report.

12. Consultation/Engagement

12.1 The Head of Paid Service, Monitoring Officer and Chief Finance have been consulted. Regular updates are provided to the Transport North East (Tyne and Wear) Sub-Committee. Member visits have been arranged to the site to view the works. Updates are provided to the Howdon MAG and the Jarrow and Boldon CAF. A dedicated website is maintained and provides updates on progress.

13. Other Impact of the Proposals

13.1 The refurbishment of the TPCT will secure the future operation of this important transport link across the River Tyne. It provides specifically for pedestrians and cyclists and as such contributes positively to addressing climate change by encouraging non-motorised modes of travel. It also has the benefit of helping to reduce the number of motor vehicles on the roads – particularly on residential roads – to the benefit of local communities. The TPCT is also positive in terms of economic development and regeneration because it aids access to jobs in the A19 corridor for those who do not own a car.

14. Appendices

14.1 Appendix A: Tyne Pedestrian and Cyclist Tunnel Refurbishment Phase 3
Appendix B: Tyne Pedestrian and Cyclist Tunnel Project Lessons

15. Background Papers

15.1 River Tyne (Tunnels) Order 2005
Report dated 2 February 2010 - TPCT Lift Modernisation and Investigatory works – Confidential
Report dated 22 July 2010 - TPCT - Investment Proposals
River Tyne (Tunnels) (Modification) Order 2011
Report of the Evaluation Panel– Evaluation of the tenders for the Inclined Lift for the TPCT dated 07 December 2011 – Confidential
Report of the Evaluation Panel– Evaluation of the tenders for the main Phase 3 Improvement Works to the TPCT dated 02 October 2012 – Confidential

Report of the Evaluation Panel– Evaluation of the tenders for the Shuttle Bus Service for the TPCT for the Phase 3 Improvement Works – Confidential

Report dated 12 October 2012 - TPCT Phase 3 Improvement Works – Confidential

Report dated 23 January 2014 – TPCT Phase 2 Improvement Works - Update – Confidential

Report dated 09 October 2014 - TPCT Phase 3 Improvement Works - Update – Confidential

Report dated 20 April 2015 - TPCT Phase 3 Improvement Works - Update – Confidential

Report dated 20 April 2015 - TPCT Phase 3 Improvement Works - Update – Confidential

Report dated 17 September 2015 - TPCT Phase 3 Improvement Works - Update – Confidential

Report dated 24 November 2015 - TPCT Phase 3 Improvement Works - Update – Confidential

Report dated 28 January 2016 - TPCT Phase 3 Improvement Works - Update – Confidential

Report dated 25 February 2016 - TPCT Phase 3 Improvement Works - Update – Confidential

Report dated 19 April 2016 – NELB -TPCT Tender Report – Confidential

Report dated 13 May 2016 – NELB - New Tyne Crossing - Update – Confidential

Report dated 15 July 2016 - TPCT Phase 3 Improvement Works - Update – Confidential

Report dated 15 September 2016 – Tyne Tunnels Update – Confidential

Report dated 3 November 2016 – Tyne Tunnels - Update – Confidential

Report dated 26 January 2017 – Tyne Tunnels - Update – Confidential

Report dated 27 February 2017 – Tyne Tunnels - Update – Confidential

Report dated 20 April 2017 – Tyne Tunnels - Update – Confidential

Report dated 13 July 2017 – Tyne Tunnels - Update – Confidential

Report dated 14 September 2017 – Tyne Tunnels - Update – Confidential

Report dated 21 November 2017 – Tyne Tunnels - Update – Confidential

Report dated 25 January 2018 – Tyne Tunnels Update – Confidential

Report dated 23 February 2018 – Tyne Pedestrian and Cyclist Tunnels Refurbishment – Update– Confidential

Report dated 19 April 2018 – Tyne Tunnels - Update

Report dated 19 April 2018 – Tyne Tunnels - Update – Confidential

Report dated 12 July 2018 – Tyne Tunnels - Update

Report dated 11 October 2018 – Tyne Tunnels – Update

16. Contact Officers

16.1 Paul Woods, Chief Finance Officer, paul.woods@northtyneside.gov.uk, Tel: 07446936840

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Alastair Swan, Principal Engineer, alastair.swan@newcastle.gov.uk , Tel: 0191 211 5931

17. Sign off

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

18. Glossary

18.1 TPCT – Tyne Pedestrian and Cyclist Tunnel

NTC – New Tyne Crossing

TWITA – Tyne and Wear Integrated Transport Authority

PA – Project Agreement (relating to the contract for the provision of the New Tyne Crossing)

RPI – Retail Price Index

NELB – North East Leadership Board

TNE – Transport North East

TWSC – Transport North East (Tyne and Wear) Sub-Committee

BCE - Building and Commercial Enterprise Division

JTC – Joint Transport Committee

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Appendix A: Traffic Figures for the New Tyne Crossing**1 Background Information**

The Tyne Tunnels operation transferred to the Concessionaire, TT2 Ltd, on 1 February 2008. Their operational performance is monitored by the Engineer to the Tunnels.

2 Operational Performance

2.1 The following graphs give a breakdown of the traffic flows through the Tyne Vehicle tunnels for this financial year.

2.1.1 Table 1: TT2 Monthly Traffic Statistics. Contains the data used to create the Graphs A to C inclusive.

2.1.2 Graph A: TT2 Monthly Traffic Figures by Vehicle Type. Illustrates the monthly traffic flows by Vehicle Type, for the period 1 April 2018 to 31 May 2018.

Class 1 – motorbikes, Class 2 Cars and Light Goods Vehicles under 3500kgs, Class 3 Heavy Goods Vehicles and Exempts

2.1.3 Graph B: TT2 Monthly Traffic Figures by Payment Type. Shows how customers met the toll requirements. Cash or Permit.

2.1.4 Graph C: Environmental Data for the Tunnels.

TT2 MonthlyTraffic Statistics

Monthly	2018/2019												Total Vehicles	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
2018/2019	1,367,609	1,444,185	1,386,578	1,430,684	1,404,416	1,363,760	1,456,535	1,407,025	1,230,251	0	0	0	Forecast	16,404,180
2017/2018	1,339,682	1,419,309	1,403,299	1,419,925	1,420,316	1,398,352	1,446,673	1,404,383	1,228,034	1,316,739	1,252,175	1,358,944		
Capacity	2,340,000	2,418,000	2,340,000	2,418,000	2,418,000	2,340,000	2,418,000	2,340,000	2,418,000	2,418,000	2,184,000	2,418,000		28,470,000

Traffic by Class	2018/2019												% ETC 2017/18	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
2018/2019	1,367,609	1,444,185	1,386,578	1,430,684	1,404,416	1,363,760	1,456,535	1,407,025	1,230,251	0	0	0		
2017/2018	1,339,682	1,419,309	1,403,299	1,419,925	1,420,316	1,398,352	1,446,673	1,404,383	1,228,034	1,316,739	1,252,175	1,358,944		
Capacity	2,340,000	2,418,000	2,340,000	2,418,000	2,418,000	2,340,000	2,418,000	2,340,000	2,418,000	2,418,000	2,184,000	2,418,000		
Class 1	15,304	21,156	21,297	20,970	17,673	15,914	14,135	9,737	6,029	0	0	0	C1 % ETC	0.00
Class 2	1,231,393	1,296,794	1,241,573	1,279,188	1,259,266	1,226,204	1,313,527	1,274,841	1,121,625	0	0	0	C2 % ETC	49.58
Class 3	70,605	72,407	71,145	74,149	71,645	67,966	73,579	69,901	53,892	0	0	0	C3 % ETC	83.34
Exempts	50,307	53,828	52,563	56,377	55,832	53,676	55,294	52,546	48,705	0	0	0	Ex % ETC	75.21
													Total %	51.69

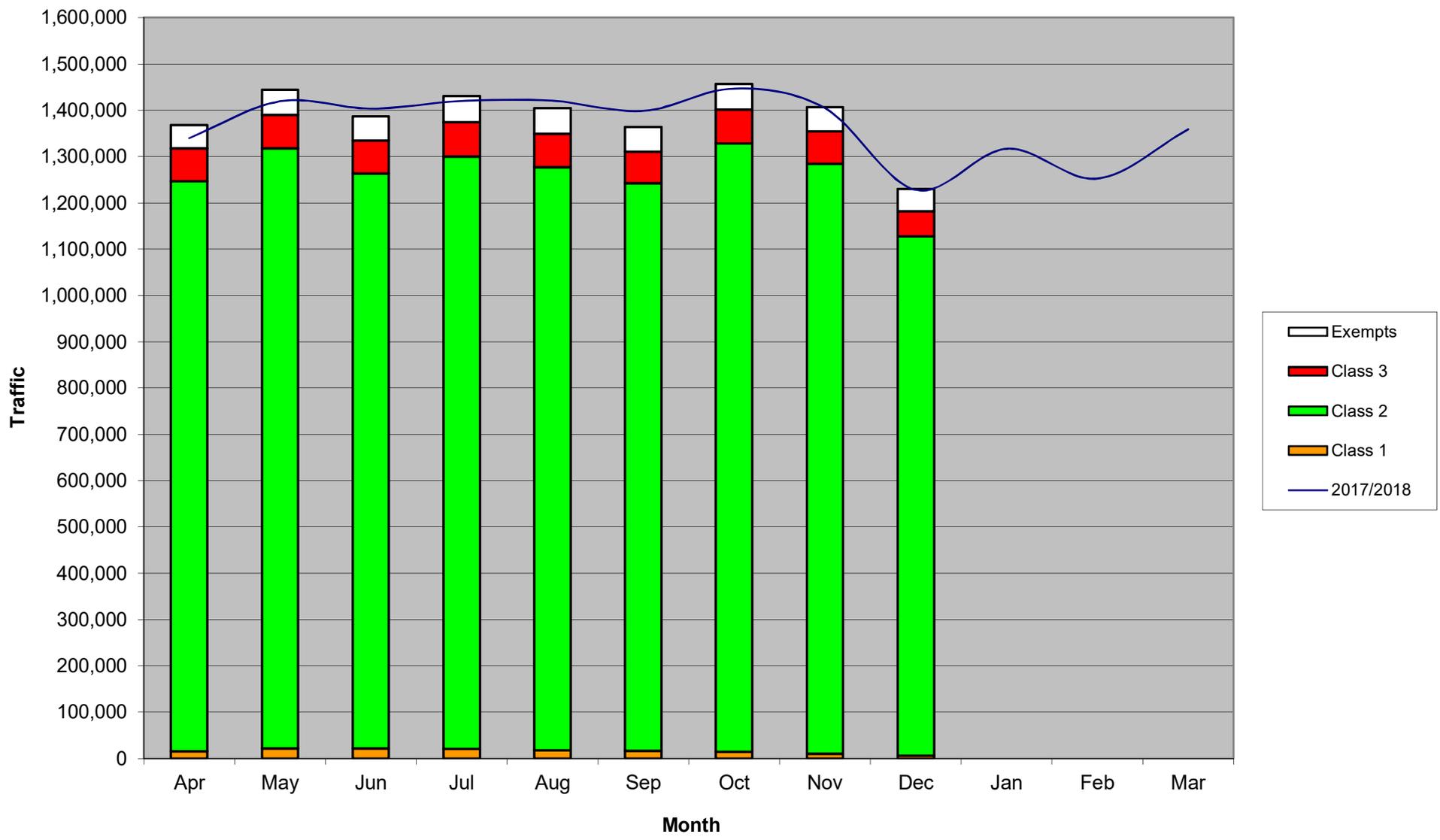
Class,Cash,Permit	2018/2019												% ETC	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
2018/2019	1,367,609	1,444,185	1,386,578	1,430,684	1,404,416	1,363,760	1,456,535	1,407,025	1,230,251	0	0	0		
2017/2018	1,339,682	1,419,309	1,403,299	1,419,925	1,420,316	1,398,352	1,446,673	1,404,383	1,228,034	1,316,739	1,252,175	1,358,944		
Capacity	2,340,000	2,418,000	2,340,000	2,418,000	2,418,000	2,340,000	2,418,000	2,340,000	2,418,000	2,418,000	2,184,000	2,418,000		
Class 1 Cash	15304	21156	21297	20970	17673	15914	14135	9737	6029	0	0	0	C1	
Class 1 Permit	0	0	0	0	0	0	0	0	0	0	0	0	P1	
Class 2 Cash	626808	654675	620615	656538	680853	625891	637513	603025	563513	0	0	0	C2	
Class 2 Permit	604585	642119	620958	622650	578413	600313	676014	671816	558112	0	0	0	P2	
Class 3 Cash	11488	12279	11895	12654	12194	11107	12178	11781	8591	0	0	0	C3	
Class 3 Permit	59117	60128	59250	61495	59451	56859	61401	58120	45301	0	0	0	P3	
Exempts	12136	13813	13161	14214	15027	13312	13507	11953	11629	0	0	0	Ex	
Exempts Permit	38171	40015	39402	42163	40805	40364	41787	40593	37076	0	0	0	P_Ex	

2017/2018 Traffic by Class													% ETC	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
Class 1 total	17,675	21,327	19,424	19,107	18,981	17,040	15,244	11,516	6,285	8,075	7,994	9,987	C1 % ETC	0.00
Class 2 total	1,203,550	1,272,084	1,261,526	1,277,628	1,272,611	1,258,202	1,308,554	1,271,395	1,118,700	1,197,512	1,134,845	1,228,807	C2 % ETC	48.83
Class 3 total	69,811	75,135	72,823	72,658	77,236	73,904	72,081	72,326	57,294	64,296	65,040	72,052	C3 % ETC	81.86
Exempts total	48,646	50,763	49,526	50,532	51,488	49,206	50,794	49,146	45,755	46,856	44,296	48,098	Ex % ETC	78.21

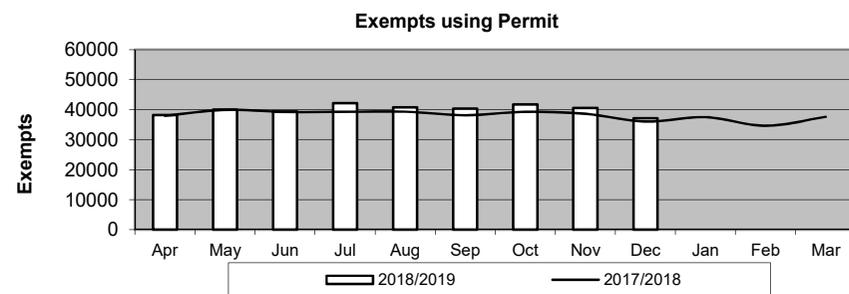
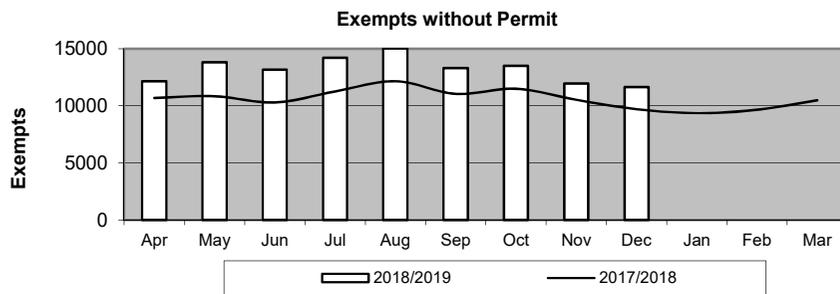
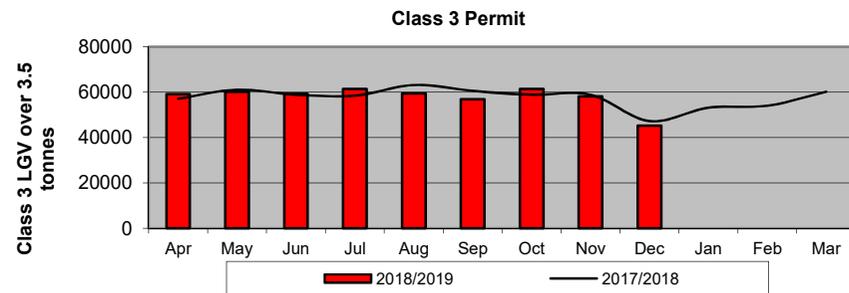
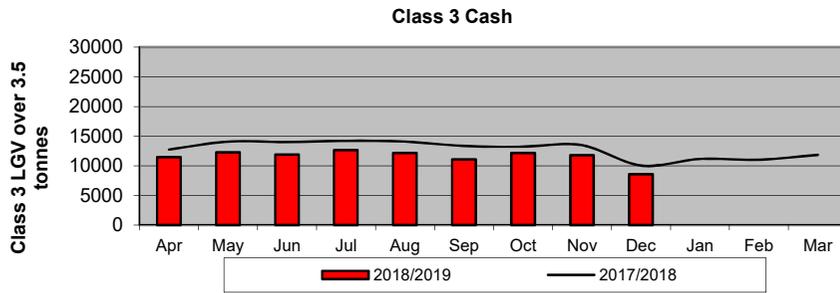
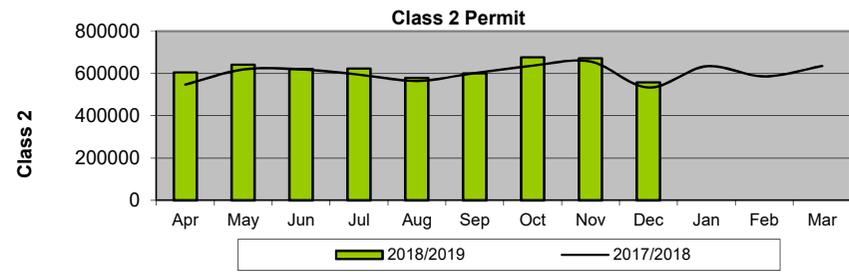
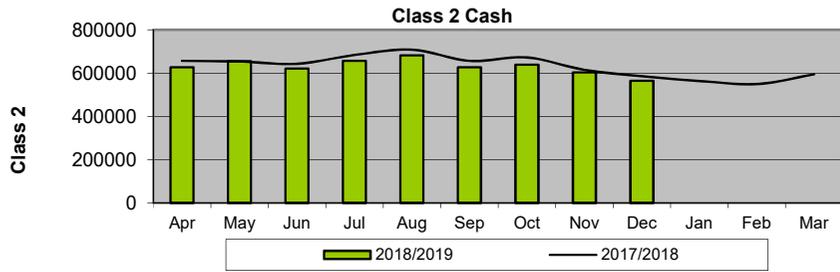
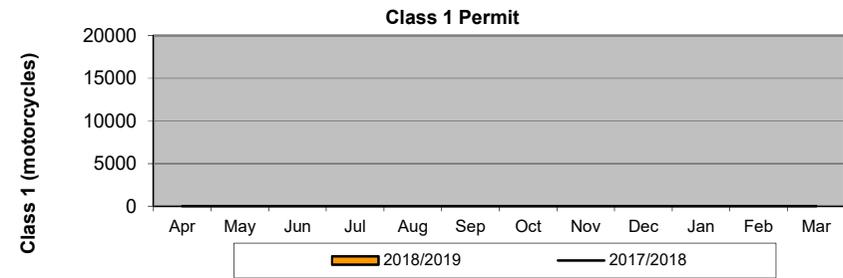
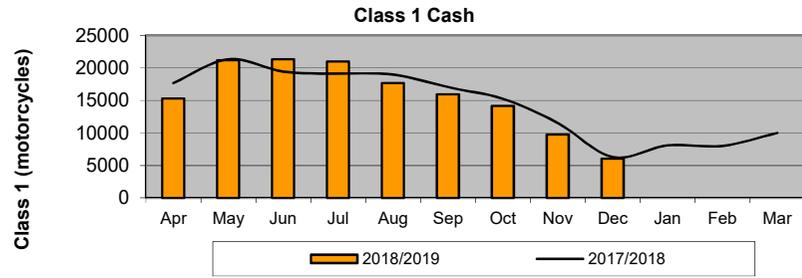
2017/2018 Class,Cash,Permit													TOTAL % ETC	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
Class 1 Cash	17675	21327	19424	19107	18981	17040	15244	11516	6285	8075	7994	9987		51.06
Class 1 Permit	0	0	0	0	0	0	0	0	0	0	0	0		
Class 2 Cash	655995	653081	642326	682930	707874	656086	671900	614838	585193	563420	548927	593454		
Class 2 Permit	547555	619003	619200	594698	564737	602116	636654	656557	533507	634092	585918	635353		
Class 3 Cash	12740	14076	13997	14209	14086	13349	13231	13489	10049	11152	11024	11852		
Class 3 Permit	57071	61059	58826	58449	63150	60555	58850	58837	47245	53144	54016	60200		
Exempts	10689	10840	10290	11260	12157	11045	11496	10532	9709	9349	9661	10482		
Exempts Permit	37957	39923	39236	39272	39331	38161	39298	38614	36046	37507	34635	37616		

Table 1: TT2 Monthly Traffic Statistics

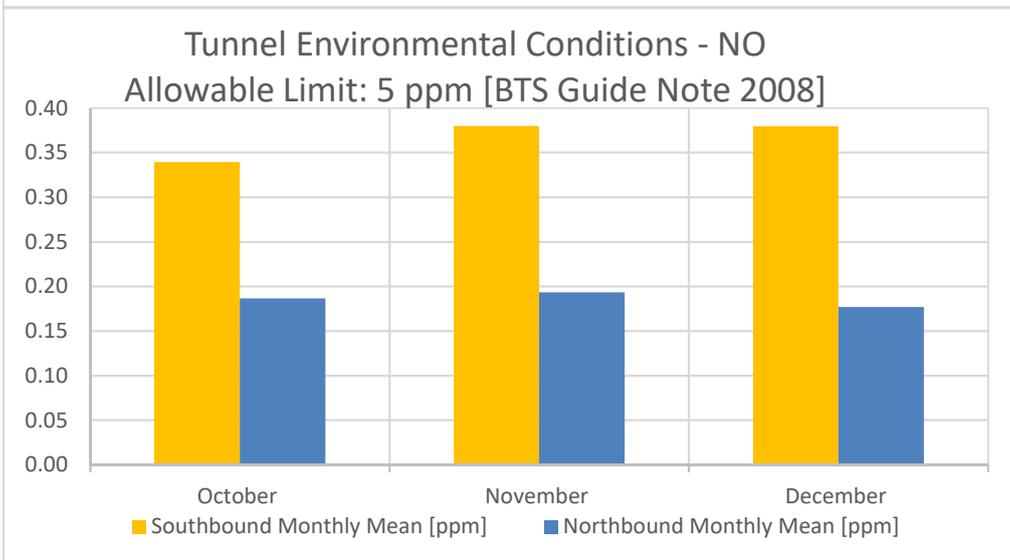
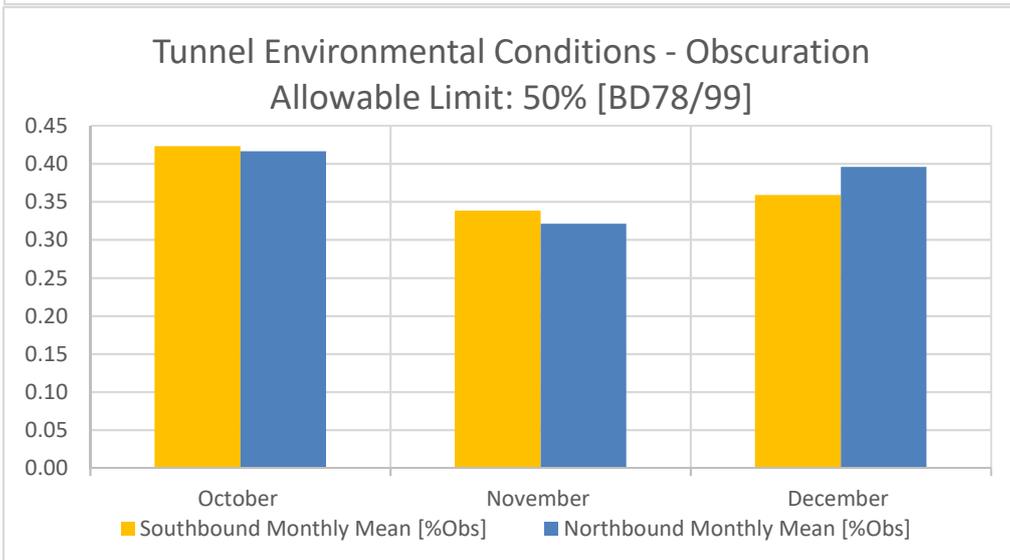
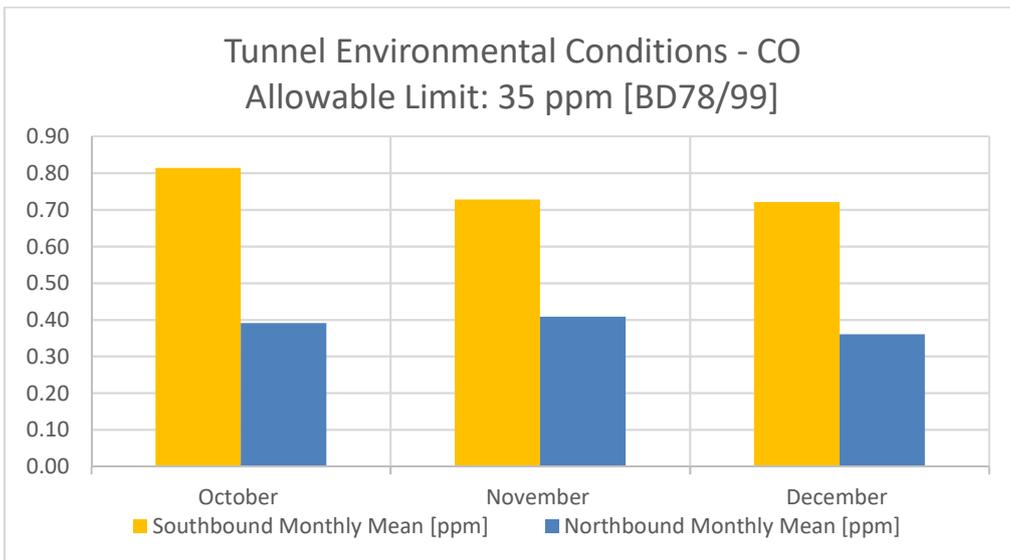
TT2 TRAFFIC FIGURES



Graph A: TT2 Monthly Traffic Figures by Vehicle Type



Graph B: TT2 Monthly Traffic Figures by Payment Type



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Tyne Pedestrian & Cyclist Tunnels



Refurbishment Progress January 2019

Comparison Update



The pre-refurbishment view of the lower hall entrance to the two tunnels shows the level of deterioration in the structure.



The refurbishment works have seen the fabric of the lower halls completely replaced with new tiling, cladding panels and lighting. The final works to be completed will be the replacement of the floor tiles.

Comparison Update



The mid river pump room was damp and equipment was subject to corrosion and attack from the poor conditions.



The room has been fully refurbished with a new waterproof lining system installed. The electrical control panels have now been installed in a safe environment.

Comparison Update



The walls forming the entrance to the vertical lifts had deteriorated to such an extent that they had to be replaced.



The walls have been fully rebuilt and will be re-tiled to match the original construction details.

Comparison Update



The tiling and service ducting within the tunnels was badly deteriorated and had to be replaced in many areas.



New lighting, electrical trunking and re-tiling works have been completed. The tunnels will now be cleaned and the systems tested prior to reopening.

Comparison Update



Throughout the main tunnels the floor slabs and tiled walls had to be repaired. Hidden services and lighting has also been replaced.



The majority of paving has been replaced, tiling repairs have been carried out and below the floors the communication, drainage and electrical services have been replaced.

Comparison Update



The gloomy and damp inclined shafts were un-inviting. Regular failure of the escalators meant using the tunnels either as a pedestrian or cyclist was difficult.



The inclined shafts have been sealed, new panels and new brighter lighting installed. With the completion of the new inclined lift access will be greatly improved.



Produced by
North East Combined Authority
c/o TT2 Limited, Tyne View Terrace
Wallsend NE28 0PD

FOR MORE INFORMATION VISIT
www.tynepedestrianandcyclisttunnels.co.uk/



ARUP

CAPITA

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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