

Transport North East (Tyne and Wear) Sub-Committee

Thursday 11th October, 2018 at 3.00 pm

Meeting to be held in a Committee Room, Civic Centre, Newcastle upon Tyne

www.northeastca.gov.uk

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.

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|----|---|-----------------|
| 3. | Minutes of the Previous Meeting held on 12 July 2018 | 1 - 4 |
| 4. | Monitoring Nexus' Performance and Metro Performance Update | 5 - 24 |
| 5. | Update on Nexus' Corporate Risk | 25 - 48 |
| 6. | Nexus Annual Activity and Expenditure Analysis 2017/18 | 49 - 86 |
| 7. | Tyne Tunnel Update | 87 - 110 |
| 8. | 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.

9. **Confidential Minutes of the Meeting held on 12 July 2018** **111 - 112**
10. **Date and Time of Next Meeting**
20 November 2018 (to be confirmed)

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lynn.camsell@newcastle.gov.uk[northeastca.gov.uk](mailto:lynn.camsell@northeastca.gov.uk)

To All Members

Transport North East (Tyne and Wear) Sub-Committee

12 July 2018

(2.00 - 3.00 pm)

Meeting held Committee Room, North Tyneside Council, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0B

Present:

Councillor: Cllr G Hobson (Chair for this meeting))

Councillors: G Hobson, Carl Johnson, J McCarty, J McElroy and Cllr Amy Wilson

ELECTION OF CHAIR FOR THE MEETING

It was proposed and seconded that Cllr Gladys Hobson be appointed as Chair for the meeting.

62 APOLOGIES FOR ABSENCE

There were no apologies

63 DECLARATIONS OF INTEREST

None

64 MINUTES OF THE PREVIOUS MEETING HELD ON 25 JANUARY 2018

The minutes of the meeting held on 25 January 2018 were agree as a correct record and signed by the Chair.

67 UPDATE ON NEXUS CORPORATE RISKS

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

T Hughes introduced the report which provided an update on Nexus' Corporate Risk Register for 2018/19, based on the approved Corporate Plan, and demonstrated that the risks were being properly managed and controlled. The risk register was managed using a traffic light system. The scoring reflected planned actions and how successful mitigations have been.

In discussion the following points were noted, and comments made:

- Risk - Prepare for the Future: Long term funding for the Metro. It was explained that the Metro relied heavily on Government funding. Controls in place included effective liaison with the Department for Transport (DfT) including 4 weekly progress reporting on the current Asset Renewal Plan and quarterly reviews. A meeting of the DfT was to take place in July 2018 to consider revenue support grant to Nexus in 2019/20.
- Risk – Possible cyber-attack. Members noted that this issue had been discussed by the Nexus' Audit Committee where it was suggested that following a cyber-attack, the possible development of a cybersecurity threat should be assessed. Committee heard that because of various attacks and the adverse impacts, Nexus' staff took part in resilience exercises with partners. In relation to the Metro system, there was no high-speed communications (broadband) or communications through radio frequencies (Wi-Fi) therefore the impact of any cyber-attack was minimal.

RESOLVED that –

The Transport North East (Tyne and Wear) Sub Committee received and noted the report.

68 **TYNE TUNNELS UPDATE**

Submitted: Report of the Chief Executive Officer for Transport (previously circulated and a copy attached to the Official Minutes).

A Swan outlined the report the purpose of which was to provide Members with an update on activities at the Tyne Tunnels relating to the operation of the New Tyne Crossing and the Tyne Pedestrian and Cycle Tunnels – phase 3 improvement works.

In discussion the following points were noted:

In previous reports to Committee during 2017-18 Members were informed of the reduction in traffic flows compared to previous years. This was considered to be as a direct consequence of the construction works to the Silverlink Junction. A further review of traffic flows since the last meeting have demonstrated a slight increase although this was still below the levels of 2016-17.

Good progress with the installation of the glass elevator. A review of the project costs has been completed and the total estimated out-turn for the project remains as previously report at £15.65m.

When considering the report Members referred to provision for electric vehicles; funding to address the surplus of the pedestrian and cyclist tunnels; the use of reserves and a marketing strategy to encourage use of the tunnels.

RESOLVED that –

- i. The contents of the New Tyne Crossing update be noted.
- ii. The contents of the Tyne Pedestrian and Cycle Tunnels be noted.

- iii. Delegated authority be given to the Monitoring Officer, the Chief Transport Finance Officer, acting in conjunction with the Chair for the meeting (Cllr G Hobson), to finalise the terms of the necessary legal documentation.

69 **EXCLUSION OF PRESS AND PUBLIC**

RESOLVED – That by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 press and public be excluded from the meeting during the consideration of agenda items 9 and 10 (Confidential Minutes of Previous Meetings held on 25 January 2018 and 19 April 2018) because exempt information was likely to be disclosed and the public interest test against the disclosure was satisfied.

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Transport North East (Tyne and Wear) Sub-Committee

Date: 11 October 2018

Subject: Monitoring Nexus' Performance and Metro Performance Update

Report of: Managing Director (Transport Operations)

Executive Summary

Using information drawn from the first five four-weekly reporting periods of the year, with a particular focus on periods 3,4 and 5 (periods 1 & 2 having already been the subject of report), Appendix 1 to the report demonstrates that Nexus is largely on course to deliver the twelve key priorities in its Corporate Plan for 2018/19.

In respect of Metro service delivery, there have been a number of incidents impacting on punctuality, and the continuing challenge of maintaining an ageing fleet.

However we have successfully provided extra services to the Magic Weekend, Ed Sheeran, Great Exhibition of the North's opening night, Tall Ships Races, Little Mix, Sunderland Airshow, and most recently, the Great North Run. All at a time when some major projects were being implemented, adding to the complexity of planning.

Cumulative Metro patronage is close to target and farebox revenue is just ahead of budget. As at 18 August the Nexus Group is forecasting an outturn surplus of £1.016m arising from savings made in concessionary fares, high voltage power, secured bus services, employees, together with metro farebox performance better than expected. This is considered in further detail in a report to the Transport North East Committee (TNEC) meeting of 11 October 2018.

More recently, following the end of P5 on 17 September, Nexus announced the five bidders shortlisted to design, build and maintain a new fleet of trains for the Tyne and Wear Metro. The shortlist bidders are Bombardier Transportation UK Ltd, Construcciones y Auxilar de Ferrocarriles, S.A. (CAF), Downer EDI Rail Pty Ltd (a joint venture between Downer EDI Rail and CRRC Changchun Railway Vehicles Co. Ltd), Hitachi Rail Europe Ltd and Stadler Bussnang AG.

Recommendations

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

Transport North East (Tyne and Wear) Sub-Committee

1. Background Information

- 1.1 The appendix attached to this report provides information about Nexus' progress against its Corporate Plan (CP) targets and objectives for 2018/19 over the twenty weeks from 1 April 2018 to 18 August 2018, with a particular focus on 27 May to 18 August (periods 3, 4, & 5), including key information about the delivery of Metro services.
- 1.2 The CP has three main themes and twelve key actions (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 actions:-
- 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'.
 - Two are 'Amber', both in Theme 1 - 'Deliver public transport today': 'Improve the Metro customer journey experience' and 'Deliver technological improvements'.
- 1.4 On 17 September Nexus announced the five bidders shortlisted to design, build and maintain a new fleet of trains for the Tyne and Wear Metro. The procurement process has commenced with all five tenderers and 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.

2. Proposals

- 2.1 There are no specific proposals for decision arising from this periodic performance monitoring update 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 periodic performance monitoring update report.

5. Next Steps and Timetable for Implementation

Transport North East (Tyne and Wear) Sub-Committee

- 5.1 A report updating on Nexus' performance and Metro service delivery will be presented to each scheduled meeting of the Transport North East (Tyne and Wear) Sub-Committee in order to enable the required monitoring considerations and assurance activity to take place in accordance with the NECA's Constitution and the role and functions that are thereby delegated to the Transport North East (Tyne and Wear) Sub-Committee.

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 periodic performance monitoring update report.

8. Legal Implications

- 8.1 There are no direct legal considerations arising from this periodic 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 meeting of the Transport North East (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 periodic performance monitoring update report.

11. Crime and Disorder

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

12. Consultation/Engagement

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

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13. Other Impact of the Proposals

- 13.1 There are no direct proposals arising from this periodic 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 actions contained in Nexus' Corporate Plan for 2018/19 to 2020/21, as approved by 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 – Metro performance update report with detailed commentary and graphs in respect of key aspects of service delivery.

15. Background Papers

- 15.1 Nexus' Corporate Plan 2018/19 to 2020/21 as considered and approved at the Transport North East (Tyne and Wear) Sub-Committee meeting held in January 2018.

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

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.

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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.

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

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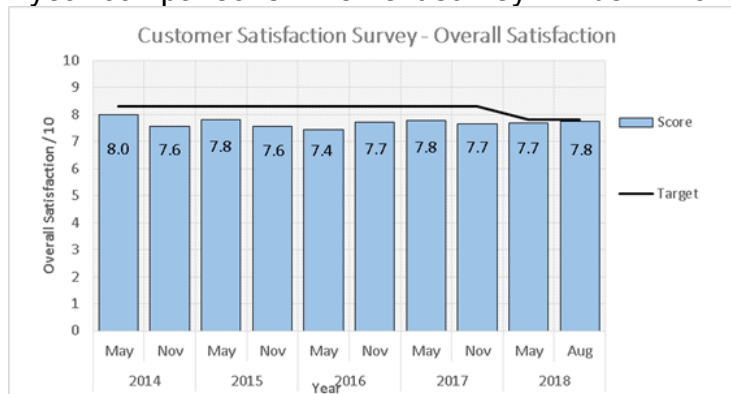
Theme 1: Deliver public transport today

Workstream: Improve the Metro customer journey experience

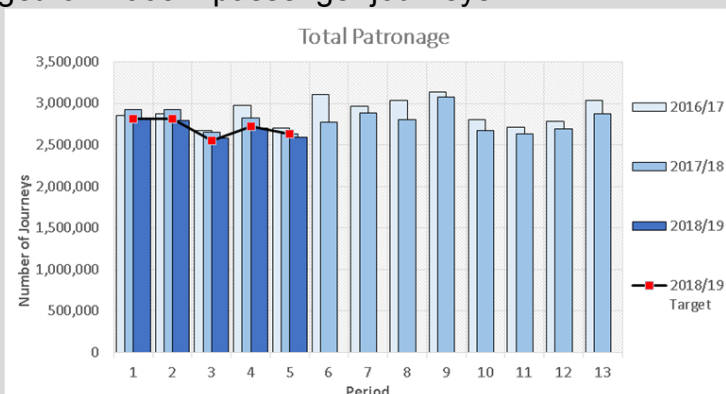
Status: Amber

Key Considerations:

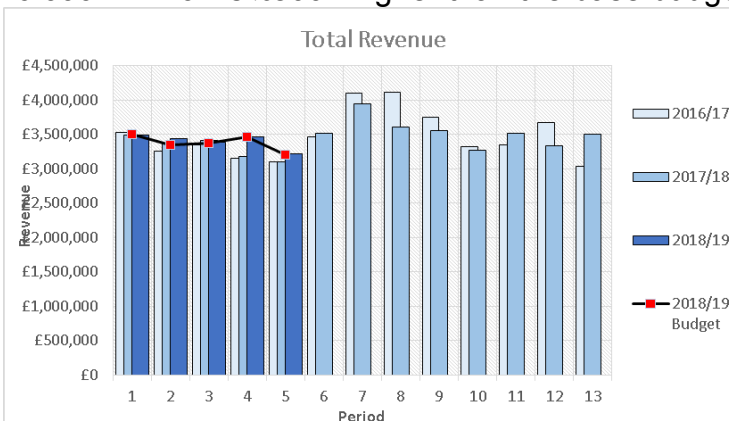
A Metro Customer Satisfaction Survey was carried out in August, the first time such an analysis has been undertaken at this time of year, to begin to establish a quarterly sequence. The result at 7.8 - which is in line with the target - will establish a yardstick for future year-on-year comparisons. The next survey will be in November.



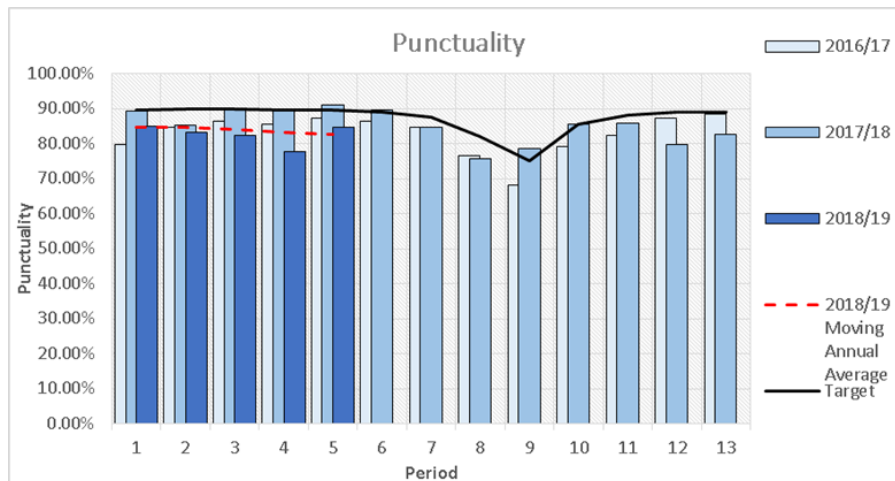
In the twelve weeks to 18 August Metro's patronage totalled 7.877m, only marginally below the target for 7.905m passenger journeys.



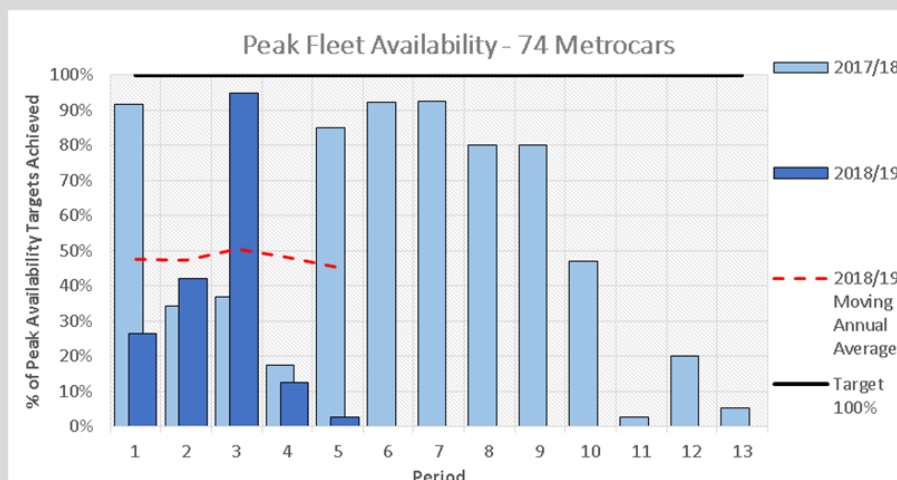
In the year to 18 August cumulative Metro revenue totalled £16.977m, 2.34% above the budget target of £16.584m. The Metro fare revenue forecast for 2018/19 has been adjusted to £46.099m which is £800k higher than the base budget.



Over periods 3, 4, & 5 punctuality has averaged 81.5% against the target for 89.6%. Over the same period 60,212 Excess Headway Minutes (EHM: a measure of delay) were allocated to Metro Services. Significant contributory factors included Metrocar power and door faults, disorder caused by antisocial behaviour and availability of sets. For Nexus Rail 15,789 EHM were allocated. Significant contributory factors included: vandalism to overhead power lines, project renewals equipment failures, circuit breaker trips, signalling equipment failures, and track related incidents including trespass/objects (including a car being driven) on the track. A performance awareness and improvement workstream is being developed, to heighten awareness across the organisation and promote improvement. Current key improvement activities are the Control Room organisation and initial work to optimise the timetable.



Over the 12 weeks to 18 August, Peak Fleet Availability has seen the service requirement of 74 Metrocars being met on 42 of the 118 weekday morning and evening peaks. Issues with gearbox components (Motor Alternators in particular) have affected availability. There are several long-term stopped Metrocars where progress on returning them to service is limited due to the focus on resolving day to day faults and the availability of pit space to carry out the work. A fleet investment plan is being developed for consideration by Nexus' Senior Leadership Team in October. Once authorised, the fleet investment plan will improve peak fleet availability.



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| <p>Within the 12 weeks to 18 August Metro has successfully supported the Magic Weekend, the Ed Sheeran concerts, the Great Exhibition opening night, Tall Ships, South Tyneside's concerts, Little Mix concert, Sunderland Air Show and, most recently, the Great North Run. This represents Metro's busiest summer for events, at the same time as delivering a number of complex engineering projects. Across these events we have received very positive feedback from passengers and visitors to the region about the high standards of service and customer support provided.</p> | |
| Workstream: | Introduce a more affordable fares offer for the under 19s. |
| Status: | Green |
| Key Considerations: | |
| <p>Over the twenty weeks to 18 August there have been 64,425 Metro journeys made by 3,372 Pop Blue users. Because of its recent introduction there are no year on year comparisons for this product. Initial take-up and usage of Pop Blue has been positive and focus remains on increasing usage into the new academic year.</p> | |
| Workstream: | Protect levy funded frontline services |
| Status: | Green |
| Key Considerations: | |
| <p>As at 18 August the Nexus Group is forecasting an outturn surplus of £1.016m for 2018/19.</p> | |
| <p>There have been 2.396m boardings on secured bus services in the year to date, 10.8% above the target of 2.162m, and some 5.5% above the 2.271m recorded over the same period in the prior year. 99.9% of contracted bus mileage has consistently been operated, better than the target of 99%.</p> | |
| <p>The Shields Ferry carried 208k passengers over the twenty weeks to 18 August, matching the target, and 2.68% better than at the same time in the prior year. Punctuality has consistently been above the 99% target, and an average 99.0% reliability was reported, in line with the target, despite high winds and the unavailability of the Spirit in P3. The customer satisfaction score of 9.4, better than the target of 9.0, reflects the high service standards being achieved.</p> | |
| Workstream: | Deliver technological improvements |
| Status: | Amber |
| Key Considerations: | |

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 successful “Proof of Concept” test on Nexus’ system, a competition, run through Digital Catapult North East & Tees Valley, was used to identify an innovative App Developer who can embed this functionality into a wider Transport App. Two shortlisted Developers have developed, in competition, a “Minimum Viable Proposition” App and are on target for this to be available for public testing by the end of 2018. Testing was held back because of technical problems with the ITSO element of the solution, but these have now been resolved. The upgrading of gates and validators for a consistent experience across all android mobile devices can now progress alongside testing and evaluation of the Developers propositions.

Progress is being made across partners (Nexus, Northumberland, Durham and Tees Valley) in the Card Management System & Retail Specification project, through stakeholder workshops and the definition of business specifications. NESTI partners have expressed a desire to use surplus funds from NESTI’s balances to facilitate this, subject to approval from the Association of North East Councils.

A planned series of three upgrades to the ticketing and gating software has commenced. Releases 1 and 2 were successfully downloaded in the period. Upgrades to the TVM card readers will commence in the next period.

Working with Transport for the North (TfN) and partner authorities a specification for an Account Based Ticketing (ABT) Back Office is being developed. 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 begin the procurement process. Nexus is involved in a series of scoping workshops to shape the final tender specification. Detailed work on specification and contracts is ongoing. TfN is to discuss bringing forward investment in the Metro. The Full Business Case is expected to be submitted by December 2018.

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| Theme 2: Prepare for the future | |
| Workstream: | Procure a new fleet of trains and their maintenance |
| Status: | Green |
| Key Considerations: | |
| <p>The notice for the main contracts (fleet, depot, maintenance) went live in the Official Journal of the European Union on 7 June, and the evaluation of Selection Questionnaires was undertaken during the period, with 5 companies invited to tender on 14 September.</p> | |
| <p>With regard to development of the new depot on the existing South Gosforth site, Newcastle City Council have agreed for Nexus to apply for Permitted Development Rights using a letter of prior approval. It is also intended to ask the Council for a Lawful Development Certificate, for additional assurance.</p> | |
| <p>The Prior Information Notice for the Howdon Satellite Depot project was released on 16 July 2018, notifying the market of the upcoming procurement. The subsequent Selection Questionnaire, issued via the Official Journal of the European Union, generated significant interest. The necessary approvals to acquire the site have been granted by the Leadership Board and North Tyneside's Planning Committee will consider the formal planning application on 30 October.</p> | |
| <p>A local supply event, being arranged by the Local Enterprise Partnership, for manufacturers is to take place on 8 October 2018. This will allow the short-listed train manufacturers the opportunity to meet local companies they could work with in the construction and maintenance of both trains and depot in the years ahead.</p> | |
| Workstream: | Develop devolution proposals for the Northern rail franchise |
| Status: | Green |
| Key considerations: | |
| <p>Transport for the North (TfN) continues to closely monitor performance after the May 2018 timetable changes for Northern and Trans Pennine Express (TPE). Locally, Northern are still performing better than in their other areas, but at below the pre-timetable change level. However TPE (North) continues to perform worse than the other TPE routes. Of particular concern is the continued high number of train service cancellations. A joint industry plan is being devised to introduce measures to improve performance levels.</p> | |
| <p>Network Rail has commenced the next stage of work to determine the interventions required to make sure that the East Coast Main Line is ready for accommodating HS2/Northern Powerhouse Rail (NPR) by 2033. One of the 'strategic questions' in the study will cover capacity of the line from Church Fenton to Newcastle and include associated routes (e.g. Durham Coast).</p> | |

The focus of working with TfN on the NPR project is currently on the Strategic Outline Business Case. Comments have been fed back to TfN on the preliminary outline draft and an engagement session is to be held with the local Heads of Transport.

Network Rail and TfN are progressing with East Coast Main Line options to feed into Northern Powerhouse Rail's Strategic Outline Business Case. Proposals regarding the sequencing of works are awaited.

In the Strategic Rail section of TfN preparatory work is underway for the December 2018 and May 2019 timetable changes. Little change is intended for the North East, however proposed changes elsewhere are aimed at improving performance on TPE routes serving the region. Further service enhancements are due when the new TPE Nova 1 fleet is introduced from December 2019. These higher speed 125mph trains should enable current gaps in the stopping patterns at local stations to be filled.

With regard to DfT's consultation on the next Cross Country franchise, a draft NECA/North East Rail Management Unit (NEMU) response was taken through the meetings of Heads of Transport and NEMU in July. A final agreed response was then produced and submitted by the 30 August deadline.

Workstream **Develop plans to expand Metro and local rail services**

Status: **Green**

Key considerations:

There are various studies in progress and nearing completion to inform the potential for route extensions e.g. financial, economic and land value capture. A spatial study analysis has been completed and a mapping tool produced which will demonstrate the potential impact and opportunity extensions can have on other key initiatives such as employment and housing. Market engagement meetings with developers, key employers and rail companies have taken place.

A Communications Strategy for the Extensions project is being finalised. To raise the profile, Extensions was represented at the Great Exhibition of the North as over 5,000 people completed the interactive application of the Stations of the Future questionnaire. A Stations of the Future Conference was successfully held at the Sage Gateshead in partnership with the Rail Alliance organisation and the transport consultant Atkins.

Initial pre-feasibility studies have commenced to develop base, mid-range and aspirational station specifications for any future developments and to develop demand forecasting assessments for possible Park & Ride sites.

With regard to the project for improving network resilience and capacity, all workstreams are progressing. The delivery programme and detailed scope are now broadly agreed. They will underpin the development of detailed costings and the Management Case. The Strategic, Commercial and Economic Cases are completed to first draft. The demand forecasting model has been subject to specialist Quality Assurance and approved. The scheme has been presented to RIRG (Rail Investment Review Group) and Heads of Transport and has also been introduced to Economic Directors, Chief Executives and the DfT. The DfT provided helpful feedback and agreed next steps, while highlighting some potential complexities surrounding Network Rail divestment.

Work continues to establish the legal powers, performance targets and costings. Delivery of the scheme to meet funding deadlines requires that early stages progress at risk. There is probable competition for Large Local Majors Scheme funding, if a call for bids is forthcoming at the end of 2018. However DfT have still not confirmed that a December call will be forthcoming.

Workstream: Develop plans to improve the local bus network

Status: Green

Key considerations:

Nexus is working with local partners to develop a Bus Strategy for the NECA area. It is intended that a final draft strategy will be available for consideration, prior to public consultation, at the same time as the Transport Plan.

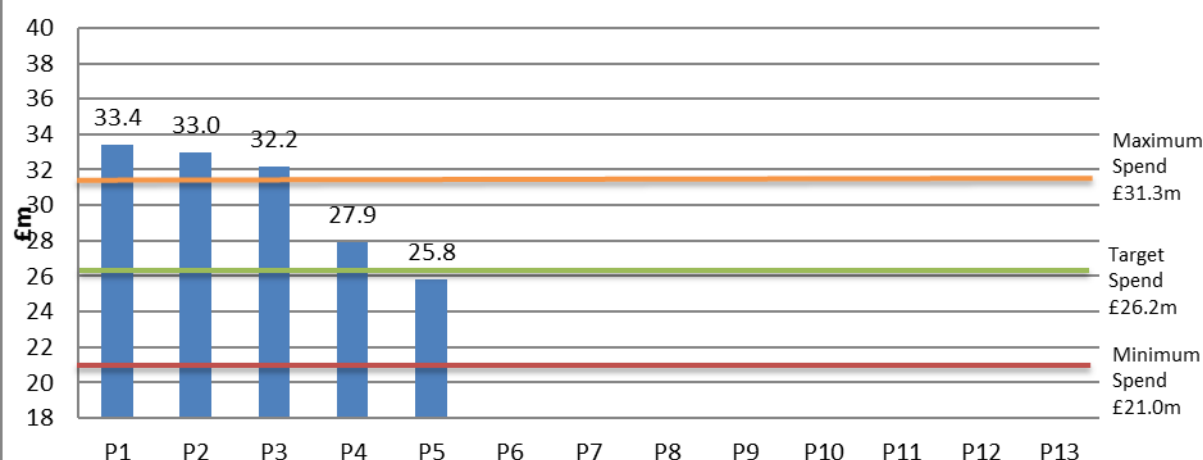
A preliminary review has taken place to understand the potential impacts, positive and negative, of 'New Mobility Services'. Nexus has launched a market engagement exercise in order to raise awareness amongst potential suppliers across the globe. This will enhance our understanding of how the global 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.

Nexus is working with bus operators in the NECA 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 expected by the end of September.

Theme 3: Focus on organisational effectiveness

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| Workstream: | Implement change and pursue continuous improvement |
| Status: | Green |
| Key Considerations: | |
| Staff have had the opportunity to attend wellbeing clinics with a focus on healthy eating, alcohol awareness and cancer avoidance. | |
| Apprenticeship appointments are taking place, with appropriate courses having been identified and enrolled for those who commenced employment with Nexus in September. | |
| Nexus has been shortlisted for an Engagement Excellence award in relation to our Wellbeing Strategy, with winners being announced in October. | |
| We have been awarded Silver status of the Military Covenant, demonstrating strong commitment to supporting those leaving military service and their families. | |
| Preparations are being made for the launch of the North East branch of Women in Transport. | |
| Interviews for the Head of Learning who will play an integral part in developing the new Learning Centre in south Shields will take place in the next period. | |
| Reorganisation of the Metro Control Room is being progressed with a new Head of Service Delivery recruited during the period. | |
| Workstream: | Deliver the new Nexus' Learning Centre in South Shields |
| Status: | Green |
| Key Considerations: | |
| Piling is progressing to plan and this will be followed by structural steel work - planned to start in week commencing 17 September. | |
| Workstream: | Continue the planned Asset Renewal Programme |
| Status: | Green |
| Key Considerations: | |
| The Metro Asset Renewal Plan (ARP) forecast for 2018/19 at 18 August was £25.828m. The forecast is considered to be manageable within the revised maximum/minimum spend targets set by the DfT as shown in the chart on the next page. | |

ARP 2018/19 Estimate at Completion



The forecast has reduced since period 3 because planned track replacement works in the Gateshead and South Tyneside areas is being deferred until next financial year, partly to reduce disruption in the latter part of the year but also because of the need to procure a new contractor. There will be no impact on spending targets and DfT have been kept apprised throughout

The programme of halt station refurbishment continues at Monkseaton, West Monkseaton, Cullercoats, Shiremoor, Palmersville, Benton and Longbenton. External painting is nearing completion, Civils work and tactile surfacing and other weather dependent activities have been progressed over the summer period.

Rail Vehicle Accessibility Regulations – final confirmation of exemption until delivery of the new fleet is still awaited from DfT.

South Shields Interchange – structural steelwork is complete. Roofing and cladding is being installed, to complete in October. Planning of rail works is at an advanced stage, for the 5 week closure commencing on 1st October.

Detailed designs for Burnside and Beach Road bridges in North Tyneside are being developed. The bridges will be pre-fabricated offsite, and installed over the first two weekends in March 2019.

Following successful commissioning of The Railway Traffic Management System (RTMS) on 4 & 5 August, a number of post implementation issues are being addressed including a fix to the Passenger Information Displays implemented on 21 August.

The Overhead Line equipment renewal programme continues with a successful 42 hour possession over the weekend of 11 & 12 August. The next weekend possession is scheduled for 29 & 30 September.

Commissioning of new multifunctional relays in the power supply system continues – the

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| work is planned to complete in February 2019. | |
| Workstream: | Facilitate change in local political governance |
| Status: | Green |
| Key Considerations: | |
| <p>Newcastle upon Tyne, North Tyneside and Northumberland agreed to a “minded to” Devolution Deal with Government in November 2017. In order to implement this deal there is a requirement to establish a new Mayoral Combined Authority, requiring these Councils to withdraw from the existing North East Combined Authority (NECA). Although transport is not part of the deal, there is a requirement that governance arrangements for transport will change in the area through the creation of a Joint Transport Committee.</p> | |
| <p>At the NECA Leadership Board meeting on 26 April consent was given in principle to the making of a statutory Order putting in place the arrangements needed to establish a separate Mayoral Combined Authority, provide for the Joint Transport Committee, 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 to both Combined Authorities.</p> | |
| <p>The draft Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018 was laid before parliament on 24 July 2018, with the aim of establishing the new Authority (“the North of Tyne Combined Authority”) and providing for there to be a mayor for its area. It is anticipated this will be brought into force in October or November, once it has passed through both Houses under the draft affirmative procedure. The Order will come into force on the day after the day on which it is made.</p> | |
| <p>Part 3 of the Order concerns the transport functions of the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority. The transport functions that were vested in the existing Authority in respect of the area of the new Authority are to be transferred to the North of Tyne Combined Authority. In order to ensure transport functions continue to be dealt with on an integrated basis across the areas of the Combined Authorities, they will be required to make decision on such functions through a Joint Transport Committee (JTC). Schedule 2 makes provision for the constitution of the JTC.</p> | |
| <p>Part 7 of the Order makes amendments to the 2014 Order to amend the boundary of the Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority by removing the local government areas of Newcastle upon Tyne, North Tyneside and Northumberland. The existing Combined Authority is renamed the Durham, Gateshead, South Tyneside and Sunderland Combined Authority. There are also consequential amendments to the 2014 Order as a result of the establishment of the JTC.</p> | |
| <p>The Order also requires the JTC to designate an officer as the ‘Proper Officer for Transport’ being the principal officer to assist the JTC in the exercise of its functions, and with responsibility for strategic planning of transport. It is understood that the Joint</p> | |

Transport Committee will review its officer support requirements when it is created. The Managing Director is inputting into the development of options for this review.

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

| Category | Nov-13 | May-14 | Nov-14 | May-15 | Nov-15 | May-16 | Nov-16 | May-17 | Nov-17 | May-18 | Aug-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 |
| Information | 7.5 | 7.8 | 7.2 | 7.1 | 7.2 | 7.2 | 7.3 | 7.4 | 7.3 | 7.3 | 7.2 |
| Cleanliness | 7.6 | 7.8 | 7.3 | 7.3 | 7.2 | 7.0 | 7.6 | 7.3 | 7.2 | 7.2 | 7.3 |
| Security | 7.3 | 7.4 | 7.1 | 7.1 | 7.1 | 7.0 | 7.2 | 7.2 | 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 |
| Staff availability | 5.1 | 5.5 | 5.4 | 5.6 | 5.7 | 5.3 | 5.9 | 6.1 | 5.8 | 5.9 | 5.6 |
| Overall satisfaction | 7.7 | 8.0 | 7.6 | 7.8 | 7.6 | 7.4 | 7.7 | 7.8 | 7.7 | 7.7 | 7.8 |

Market research into our customers' satisfaction has historically been undertaken every six months (May and November). Starting with the May 2018 survey the research is taking place every three months (May, August, November and February), providing a more immediate measure. This update covers the first results from an August survey: there are therefore no year-on-year comparisons.

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

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.

It is encouraging to note that the target score of 7.8 for overall satisfaction has been obtained.

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Transport North East (Tyne and Wear) Sub-Committee

Date: 11 October 2018

Subject: Update on 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 Transport North East (Tyne and Wear) Sub-Committee is recommended to receive and note this update on Nexus' Corporate Risk Register for 2018/19.

Transport North East (Tyne and Wear) Sub-Committee

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 Sub-Committee receives an update on Nexus' Corporate Risk Register at each scheduled meeting.

2. Proposals

- 2.1 Nexus' CRR for 2018/19 now has thirteen Corporate Risks, following addition of the cybersecurity risk to Nexus' ICT infrastructure (final bullet point below) - the proposal for which was reported to the previous meeting:

- That a catastrophic safety or security related event may occur on the Metro,
- That Metro performance deteriorates,
- 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.

- 2.2 The following table identifies each of the risks in turn, 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.

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

Transport North East (Tyne and Wear) Sub-Committee

| | | |
|---|--------------|----------------------|
| Cybersecurity of Nexus ICT infrastructure Focus on organisational effectiveness | Amber | ↔ (static) |
|---|--------------|----------------------|

- 2.3 With regard to the Metro performance risk, there are currently several long-term stopped Metrocars where progress with getting them back into service is limited due to the focus on resolving day to day faults and available pit space in the depot to carry out the work. A fleet investment plan is being formulated specifically to address these issues and thereby improve fleet availability to increase performance.
- 3. Reasons for the Proposals**
- 3.1 The Sub-Committee receives update reports on Nexus' CRR for 2018/19 at each scheduled meeting. Risk management is an important aspect of overall performance management, and reporting on Nexus' Corporate Risks complements the high-level summary of Nexus' performance also presented to each meeting. Together these reports support the Sub-Committee in meeting its delegation under the NECA Constitution to monitor and oversee the performance of Nexus (Part 3.3 refers).
- 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 Authority's policies and priorities; however Nexus' approach to risk management will support delivery of aims and ambitions by acknowledging the biggest threats and putting plans in place to manage them.
- 7. Financial and Other Resources Implications**
- 7.1 There are no direct financial implications for the NECA regarding the management of Nexus' CRR.
- 8. Legal Implications**

Transport North East (Tyne and Wear) Sub-Committee

- 8.1 There are no specific legal implications for the NECA 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 to 2020/21 which was previously approved by the 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 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.

14. Appendices

- 14.1 Appendix 1 details each of Nexus' twelve corporate risks.
- 14.2 Appendix 2 shows the risk matrix applied

15. Background Papers

- 15.1 Nexus' Corporate Plan 2018/19 to 2020/21 as submitted to the Sub-Committee's meeting on 25 January 2018.
- 15.2 Nexus' Corporate Risk Register 2018/19 to 2020/21 as submitted to the Sub-Committee's meeting on 19 April 2018.
- 15.3 Nexus' update on its corporate risks and notification that addition of a risk relating to cybersecurity was being considered as submitted to the Sub-Committee's meeting on 12 July 2018.

16. Contact Officers

- 16.1 Tobyn Hughes, Managing Director (Transport Operations),

Transport North East (Tyne and Wear) Sub-Committee

Tobyn.hughes@nexus.org.uk
0191 2033246

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)

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.

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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.

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| CP Theme: Deliver public transport today | | |
| Risk Area: Catastrophic safety or security related event Risk Owner: Director of Rail and Infrastructure Risk Actionee(s): Metro Services Director & Head of Metro Delivery | RAG Status (Amber) | Direction of Travel |
| | 8(2x4) | ↔ (static) |
| Risk: In running any operational railway there is an inherent risk that a catastrophic safety or security related event may occur. | | |
| Impact/Consequence(s): <p>The impact and consequences should a catastrophic safety or security related event occur on the Metro system could potentially be very significant, including the 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.</p> | | |
| Control(s): <ul style="list-style-type: none"> • 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 (most recently in April and June). • 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: <ul style="list-style-type: none"> • Periodic (i.e. 4-weekly) reporting to Senior Leadership Team meetings. • 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 | | |

| CP Theme: Deliver public transport today | | |
|---|-------------------------------|--------------------------------|
| Risk Area: Metro performance deterioration | RAG Status (Amber) | Direction of Travel |
| Risk Owner: Director of Rail and Infrastructure | 8(2x4) | ↔ (static) |
| Risk Actionees: Metro Services Director & Head of Metro Delivery | | |
| Risk: That the ageing fleet, or an unexpected reduction in infrastructure asset condition, could result in a decline in performance. | | |
| Impact/Consequence(s): 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. | | |
| Control(s): <ul style="list-style-type: none">• Close monitoring of key business results.• Providing appropriate levels of support from Nexus to NEMOL (North East Metro Operator Limited).• Applying a set of established quality assurance processes.• Developing improvement plans for all NEMOL activities.• Fleet investment of £350k in addition to the budget for planned and reactive maintenance of the Metrocars.• Delivery of the Metro Asset Renewals Programme.• Development of a performance awareness and improvement workstream to heighten awareness across the organisation and promote improvement. | | |
| Key Milestones/Next Steps: <ul style="list-style-type: none">• Continuing to embed NEMOL/Metro Services into Nexus’ routine performance management and business reporting cycle.• Quarterly review of Asset Condition Reliability Improvement Plans where Principal Engineers and maintenance managers jointly review the performance of assets.• 4-weekly meetings of NEMOL’s Performance Leadership Group to review aspects critical to improving service delivery.• Developing proposals for a 2-year fleet investment programme for Nexus’ Senior Leadership Team consideration.• Implement actions to improve awareness of performance matters with immediate effect.• Developing an optimised timetable for application in December 2019 | | |

| 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 |
| | 3 (1x3) | ↑ (improved) |
| Risk: That young people are not sufficiently aware of the new ticketing product, Pop Blue, and its benefits. | | |
| <p>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.</p> | | |
| <p>Control(s):</p> <ul style="list-style-type: none"> • Systems established for close monitoring and review of the take-up and usage of Pop Blue. • Identification of gaps in take-up and opportunities for targeted promotion of this new product. • Encouraging new and returning customers on the basis of the offer. | | |
| <p>Key Milestones/Next Steps:</p> <ul style="list-style-type: none"> • Further development dependent on the take-up/usage achieved over the last quarter of 2017/18 and first two quarters of 2018/19: review at that point. • 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) | ↔ (static) |
| 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. | | |
| Next Steps/Key Milestones: <ul style="list-style-type: none"> • Using a Digital Catapult competition approach, develop a “next Generation App” that incorporates Host Card Emulation (your Smartcard is stored on your phone) technology) by engaging with local Digital SMEs; Target – available for trial by end 2018. • 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. | | |

| 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) | ↑ (improvement) |
| 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. | | |
| 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 received and evaluated in February 2019, with 3 invited to submit 'Best and Final Offers' (BaFOs). • BaFOs submitted in May 2019 for final evaluation and award by the start of 2020. | | |

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|--|---------------------------|----------------------------|
| 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) | ↔ (static) |
| 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. • DfT Rail Investment Board meeting to consider revenue support grant to Nexus in 2019/20 was held in July 2018. | | |
| Key Milestones/Next Steps: <ul style="list-style-type: none"> • Working with DfT under the guise of the joint DfT/Nexus programme board to develop a proposal for DfT submission to HMT for Spending Review 2019. | | |

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|--|---------------------------|----------------------------|
| 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) | ↔ (static) |
| 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 Lead Member for Transport is fully briefed. • Retaining and developing the North East Rail Management Unit (NEMU). • Presence of the NEMU Manager. • Close working relationships with Rail Partnership Directors. • Close working relationships with senior managers of local rail franchise operators. | | |
| Next Steps/Key Milestones: <ul style="list-style-type: none"> • Continue with the established framework for engaging and managing the new North East Rail Franchises. • Building a joint narrative and governance structure with Network Rail and Tees Valley: target date – October 2018 • Creation of a rail-map to take us through to devolution, including stakeholder management: target date – November 2018. | | |

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|--|-----------------------|------------------------|
| CP Theme: Prepare for the future | | |
| Risk Area: Metro and local rail strategy Risk Owner: Transport Strategy Director Risk Actionee: Head of Network Extensions | RAG Status (Amber) | Direction of Travel |
| | 9 (3x3) | ↔ (static) |
| 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): <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • Production of an OBC for the Network Capacity and Resilience project by December 2018 | | |

| | | |
|---|---------------------------|----------------------------|
| 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) | ↔ (static) |
| 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"> New bus strategy/transport plan agreed: end 2018 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. Risk Owner: Director of Finance and Resources Risk Actionee: Head of Finance | RAG Status (Green) | Direction of Travel |
| | 6 (2x3) Green | ↔ (static) |
| 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"> • Consultation with public and key stakeholders was undertaken over June and July 2016 to identify priorities for local discretionary services. • Nexus' strategic budget position and corporate planning priorities discussed with Local Authority Treasurers and TWSC during late summer 2017. • NECA approval of the 2018/19 transport levy at the Leadership Board meeting in January 2018. • TWSC approval of Nexus' Corporate Plan for 2018/19 to 2020/21 at its meeting on 25 January 2018. • TWSC policy seminar in February 2018 received an update on the challenges faced by Nexus over 2018/19 to 2020/21, including the possible need during 2018/19 to consider proposals for service reductions that may have to be implemented to meet the requirement for setting a balanced budget with no call on reserves by 2019/20. • Base budget and balance sheet review completed in August 2018. • Discussions with Chief Executives and Treasurers in August 2018 in order to obtain strategic guidance. | | |
| 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 Transport North East Committee. • Budget and service planning meetings with TWSC/TNEC in autumn 2018. | | |

| | | |
|---|---------------------------|----------------------------|
| CP Theme: Focus on organisational effectiveness | | |
| Risk Area: Efficiency of delivery | RAG Status (Green) | Direction of Travel |
| Risk Owner: Director of Finance and Resources | 6 (2x3) | ↔ (static) |
| Risk Actionee: Head of Programme Assurance | | |
| Risk: That the outcomes being sought from capital investment are compromised. | | |
| Impact/Consequence(s): 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. | | |
| 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. NEMOL, 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.• DfT Rail Investment Board meeting considered revenue support grant to Nexus for 2019/20 in July 2018, though no firm commitment was made. | | |
| 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 Programme Board engagement with DfT regarding revenue support grant.• ARP 2019/20-2020/21 Capital Programme submission by end-2018 as part of the budget formulation process. | | |
| Periodic Affordability Review meetings: <ul style="list-style-type: none">• October 2018• January 2019 | | |

- April 2019

CP Theme: **Focus on organisational effectiveness**

| | | |
|--|---------------------------|----------------------------|
| Risk Area: Progressing the devolution agenda Risk Owner: Managing Director Transport Operations | RAG Status (Amber) | Direction of Travel |
| | 8 (2x4) | ↔ (static) |

Risk: A 'minded to' devolution deal has been announced between the government and Newcastle, Northumberland and North Tyneside Councils (known as the 'North of Tyne Authorities'). Although transport is not part of the deal, it is also proposed that governance arrangements for transport will change in the area through the creation of a 'Joint Transport Committee'. Any new arrangement 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.

Impact/Consequence(s):

New governance arrangements for transport need to provide for both effective political decision-making, and scrutiny of delivery and performance. Slow or ineffective decision-making 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.

Ineffective scrutiny could lead to reduced public assurance over value for money, and loss of accountability for project delivery and operational performance.

Control(s):

- The new proposals for governance have been drawn up by the North of Tyne Authorities and the government taking into account the aim for Nexus to remain the Passenger Transport Executive for the Tyne and Wear area.
- Nexus' powers, functions and duties largely arise from a range of government Acts, including the Transport Act 1968 (as amended) and the Tyneside Metropolitan Railway Act 1973, and there is no current proposal to amend these.
- Nexus' Managing Director, supported by the Group Head of Legal and Director of Finance and Resources, will work closely with Chief Executives and Legal officers from all North East Authorities, the North East Combined Authority, 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 are developed.
- Nexus responded as a statutory consultee to the consultation on the devolution proposals that took place between 14 December 2017 and 5 February 2018, part of the formal processes leading up to the establishment

of a new North of Tyne Combined Authority. Nexus' response was noted in the consultation report published by the North of Tyne authorities.

- The draft Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018 (the Order) was laid before parliament on 24 July 2018, with the aim of establishing the new Authority ("the North of Tyne Combined Authority") and providing for there to be a mayor for its area. The draft Order is currently being progressed through both houses of parliament under the affirmative procedure. It is anticipated this process will complete in October or November, and will then come into force the day after the day on which it is made in parliament.
- Part 3 of the Order concerns the transport functions of the current NECA. The transport functions currently vested in the NECA in respect of the area of the new Authority are to be transferred to the North of Tyne Combined Authority. In order to ensure transport functions continue to be dealt with on an integrated basis across the areas of the Combined Authorities, they will be required to make decision on such functions through a Joint Transport Committee (JTC). Schedule 2 makes provision for its constitution.
- Part 7 of the Order makes amendments to the 2014 Order* to amend the boundary of the current NECA by removing the local government areas of the North of Tyne Combined Authority. Schedule 5 also makes consequential amendments to the 2014 Order as a result of the establishment of the JTC.
- 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, and with responsibility for strategic planning of transport. It is understood that the Joint Transport Committee will review its officer support requirements when it is created. The Managing Director is inputting into the development of options for this review.

Next Steps/Key Milestones:

- Engagement with the Authorities involved, and DfT, to identify legal and financial considerations and possible working approaches.
- Working with the Chief Executives' Group to identify issues and mitigations.
- Proposed establishment of the North of Tyne Combined Authority and the Joint Transport Committee in October/November 2018.

* The Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Order 2014

| 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) | ↔ (static) |
| 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 introduced by end 2018.
- 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 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 | |

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 |



Transport North East (Tyne and Wear) Sub-Committee

Date: 11 October 2018

Subject: Nexus Annual Activity and Expenditure Analysis Report 2017/18

Report of: Managing Director (Transport Operations)

Executive Summary

The purpose of this report is to provide members with financial and statistical information relating to Nexus' services as part of its annual reporting processes.

Recommendations

The Transport North East (Tyne and Wear) Sub-Committee is recommended to note the attached report, "Nexus Annual Activity and Expenditure Analysis Report 2017-18".

Transport North East (Tyne and Wear) Sub-Committee

1. Background Information

- 1.1 This report provides members with an analysis of Nexus expenditure and activity at district level during 2017/18. It builds on previous reports since 2009/10
- 1.2 The basis of the report has in the past been used to discuss Nexus' expenditure with Local Authority Treasurers
- 1.3 As with other Passenger Transport Executives and Travel Concession Authorities, Nexus reports on its financial performance annually. Its statement of accounts is subject to external audit. For 2017/18 the external auditor issued an unqualified audit opinion on the Statement of Accounts, and confirmed that there were no matters that prevented them from being satisfied that Nexus has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
- 1.4 When the levy for 2010/11 was discussed with district Leaders in December 2009, the Leadership Group requested more information on the services being provided by Nexus at a local authority level. In particular, there was some concern from Leaders that there was no transparency on how services funded from the Nexus budget, in particular the elements that they directly support via the levy and the grant passed to Nexus by the former TWITA (now the NECA), impacted on individual authorities. In response, a proposal for capturing and reporting appropriate information was discussed with and agreed by District Treasurers when they met in April 2010. The initial report was produced covering expenditure and activity analysis for 2009/10 and has been followed up in subsequent years
- 1.5 This updated report, the 'Nexus Activity and Expenditure Analysis Report 2017-18' has been prepared using similar principles to those adopted for the previous four reports, although where possible, advances in smart technology have enabled more robust reporting in some areas e.g. use of post code analysis for ENCTS concessionary journeys
- 1.6 It is recognised that the levy (and the grant passed to Nexus by the NECA) is generated locally based on the population of constituent districts and therefore transparency and accountability requires the Combined Authority and Nexus to be able to demonstrate value for money in the use of resources to each of the constituent authorities in the area
- 1.7 This is not an exact science given that existing processes work at the sub-regional level and expenditure profiles are, for example, additionally influenced by:-
 - i. The economies of scale if services are provided at a Tyne and Wear level including the extent to which Nexus can use the levy in order to lever additional funds;

Transport North East (Tyne and Wear) Sub-Committee

- ii. The high proportion of cross boundary services between the constituent authorities and neighbouring unitary authorities;
- iii. The different characteristics within the constituent authorities in respect to public transport demand and supply;
- iv. The nature and extent of bus operators commercial networks; and
- v. Population densities, socio-economic geography and land use planning decisions

- 1.8 Nonetheless broad conclusions can be drawn, although it is important to recognise that information provided at a district level will need careful examination and could warrant certain caveats in order that inaccurate interpretations or incorrect comparisons are not made
- 1.9 Nexus' Director of Finance and Resources has previously worked with district colleagues in order to develop an agreed methodology that estimates the amount of 'benefit derived' by each district from services provided by Nexus, relative to their resource input
- 1.10 In May 2012, Local Authority Treasurers were advised that whilst adopting a strict formulaic approach to determining the amount of 'benefit derived' relative to the Levy was possible, and that this could result in a perception that some districts 'gained' relative to their input whilst others 'lost' it was also extremely important to recognise:-
- i. The cross boundary nature of passenger flows means that consideration of the journey being undertaken, the reason for it and the origin of the person making it should be taken into account e.g. it is probable that both Sunderland and South Tyneside will have derived benefit from a Sunderland resident boarding a bus in South Tyneside.
 - ii. The value of services provided by Nexus over and above those which are funded from the Levy, in particular the Tyne and Wear Metro system, which penetrates all five districts.
 - iii. Regarding this latter point, Nexus' gross income in 2017/18 was some £159.9m. Of this, £53.1m was funded from commercial revenues, whilst £106.8m was funded from various grants, including the release of capital grants deferred which offsets depreciation charged on those fixed assets which were in the past financed by government grant. Given that the grant passed to Nexus by the NECA accounted for £60.9m of grant income, more than 60% of Nexus' gross income was therefore funded from outside of the grant passed to Nexus by the NECA.
- 1.11 This led to unanimous support in favour of the retention of the population based share of local resource inputs via the levy although Treasurers and senior transport officers have expressed a desire to see this reporting continue, building on trends that are now establishing themselves having regard to four years' of analysis as

Transport North East (Tyne and Wear) Sub-Committee

well as progress made in more robust methods of capturing this information e.g. by analysing the Nexus Host Operating Processing System (HOPS) for concessionary travel journeys.

2. Proposals

2.1 This report does not contain any proposals.

3. Reasons for the Proposals

3.1 This report does not contain any proposals.

4. Alternative Options Available

4.1 There are no alternative options available.

5. Next Steps and Timetable for Implementation

5.1 Members may wish to have a more detailed explanation at a future policy seminar.

6. Potential Impact on Objectives

6.1 The report analyses how services are delivered to support the objectives of the NECA.

7. Financial and Other Resources Implications

7.1 The report sets out how Nexus' resources are expended.

8. Legal Implications

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

9. Key Risks

9.1 A continued decline in Metro ridership may have an adverse impact on fare income.

9.2 Changes to the levy will impact on Nexus' ability to continue to provide the services as set out in this report

10. Equality and Diversity

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

Transport North East (Tyne and Wear) Sub-Committee

11. Crime and Disorder

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

12. Consultation/Engagement

- 12.1 There are no specific consultation and community engagement implications arising from this report.

13. Other Impact of the Proposals

- 13.1 There are no other impacts arising from this report.

14. Appendices

- 14.1 Nexus Annual Expenditure and Activity Analysis report 2017-18

15. Background Papers

- 15.1 None

16. Contact Officers

- 16.1 Philip Meikle, Transport Strategy Director, Nexus
E-mail philip.meikle@nexus.org.uk Tel: 0191 2033241

17. Sign off

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

18. Glossary

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Glossary

Financial Terms

| | |
|--------------------------------|---|
| Capital Grants Deferred | An unusable reserve which is created when Grant funding is used to acquire fixed assets. Capital Grants Deferred are released to the Income and Expenditure Statement to match the depreciation costs associated with the assets they were used to finance. |
| Grant | Grants made by the Government towards either capital or revenue expenditure to support the cost of the provision of services. These grants may be specifically towards the cost of particular schemes or to support general revenue expenditure. |
| Levy | A grant paid to Nexus by the Local Authorities in Tyne and Wear to help finance its general expenditure. Also referred to as 'NECA grant'. |
| Nexus' net revenue expenditure | The amount of operating expenditure that Nexus incurs in the provision of public transport services after taking account of central government grants, external income from commercial activities and the release of capital grants deferred. |
| Non-grant Income | External Income, 'income from commercial activities and other non-public sources'. |

Other Terms

| | |
|----------------------------|--|
| (TW)ITA | (Tyne & Wear) Integrated Transport Authority (the ITA): the predecessor body to the NECA. |
| NECA | North East Combined Authority: the Local Transport Authority covering the seven areas comprising Northumberland, Durham, Gateshead, Newcastle, North Tyneside, South Tyneside and Sunderland. |
| Local Transport Plan (LTP) | The Local Transport Authority's statutory plan setting out its policies and objectives for transport provision in its area. NB Currently there are 3 LTPs in the NECA area for Northumberland, Durham and Tyne & Wear. Work is underway to prepare the Transport Plan for the North East, the first LTP to cover the whole of the NECA area. |
| Bus Strategy | The subsidiary document to the Tyne and Wear LTP related to the LTA's strategy for the delivery of bus services in its area, including for example details relating to the provision of secured bus services. |
| Secured Bus Service | A local bus service operated by a commercial operator but funded by Nexus following a competitive tendering process. Also known as a tendered service, a subsidised service or a socially necessary bus service. |
| Resource board | A form of secured service whereby the contractual obligation is based on a number of hours rather than a fixed route. |

| | |
|-------------------------|--|
| Commercial Service | A local bus service operated by a bus company which is usually commercially viable, and is therefore run without financial subsidy from Nexus. |
| ENCTS | The English National Concessionary Travel Scheme is a national scheme by the Department for Transport (under Concessionary Bus Travel Act 2007) which is run in conjunction with Local Transport Authorities and Passenger Transport Executives across England whereby residents who have attained the state pension age, as well as eligible disabled people, are provided with free off-peak bus travel on weekdays and all day at weekends and Bank Holidays. The ENCTS is a statutory obligation that is placed on Nexus to reimburse commercial bus operators who themselves are statutorily obliged to carry ENCTS pass holders. |
| POP Card | A smartcard that allows the holder to pay for public transport using a plastic card that can be read by machines on stations and vehicles. |
| POP Blue | A smartcard that allows under 19s reduced fare travel on Metro. |
| Under 16 Pop Card | Children who live in Tyne and Wear and are aged 5 to 15 on 31 August before the start of the academic year are entitled to an Under 16 Pop card. This lets them travel in Tyne and Wear at concessionary child fares. |
| Gold Card | A product that can be bought by those eligible for ENCTS travel and loaded onto the ENCTS smartcard used for bus travel which allows travel on Metro, Shields Ferry and Northern Rail services between Newcastle and Sunderland without further payment. |
| TVM | Ticket Vending Machine. These are the machines introduced during our Ticketing and Gating project a few years ago from which Metro customers buy Metro Tickets. |
| VLV | "versus last year", shows how a figure for this year compares with one from the previous year. |
| Pax | Abbreviated form of "Patronage". |
| Moving annual patronage | Used within this report to show the total patronage over the last year at that point in time. When plotted over time, it produces a flatter line, which reduces abrupt pattern changes caused by short-term fluctuations. |
| Take-up rate | The proportion of people eligible to apply for a particular concession or service who actually make use of it. |

Introduction

Nexus is the Tyne and Wear Passenger Transport Executive (PTE) established under the Transport Act 1968 (as amended) and administers funds in order to implement local public transport policies in Tyne and Wear on behalf of the North East Combined Authority (NECA). On 14th April 2014 the NECA was created by Order of the Secretary of State under sections 84, 91 and 93 of the Local Transport Act 2008(a) and sections 103 to 105 and 114 to 116 of the Local Democracy, Economic Development and Construction Act 2009(b). At the same time, the NECA's predecessor body, the Tyne and Wear Integrated Transport Authority (the ITA) was abolished, and its functions, properties, rights and liabilities were transferred to the NECA.

Our mission statement during 2017/18 was 'Supporting the economy and the environment through better public transport services'.

Working within the policy remit set for us by the NECA, and in accordance with the Tyne and Wear Local Transport Plan developed by the ITA and its local partners, Nexus plans, promotes and provides public transport to improve the economic prosperity of Tyne and Wear, and the daily lives of its people. There are few people living in Tyne and Wear whose daily lives are not touched in some way by public transport, and therefore the activities of Nexus, through getting people to work, children to school, students to colleges, allowing access to shops, medical facilities or leisure attractions.

Nexus' Corporate Business Plan for 2017/18 to 2019/20 is assembled around three key themes:

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

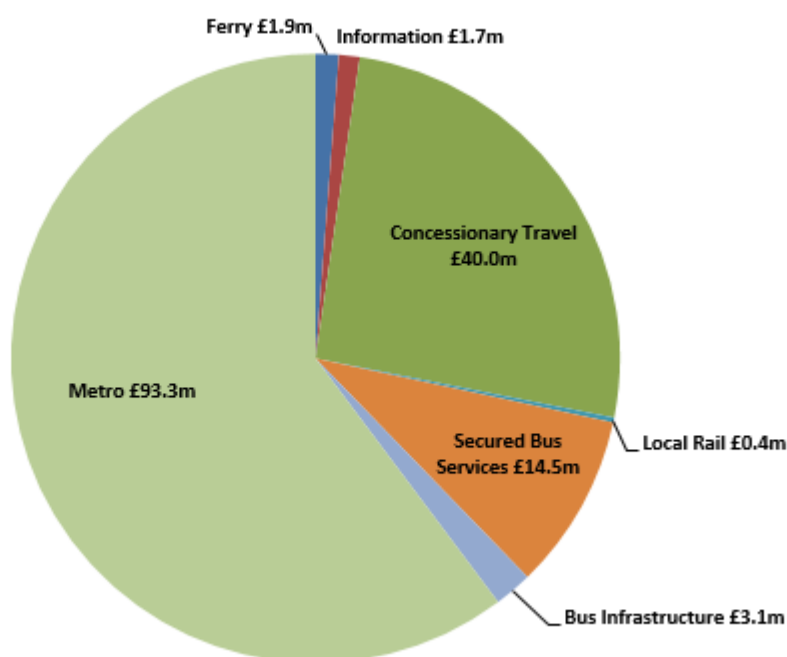
As set out in the corporate business plan, during 2017/18 we have resumed the operation of the Metro system, made significant savings in various business areas and continued with our work to replace the fleet of Metro trains. Our Asset Renewal Programme has also continued, including the renewal of significant sections of the track and overhead lines.

Nexus Gross Revenue Expenditure 2017/18

Nexus' gross revenue expenditure during 2017/18 amounted to £155m.

The chart below shows where Nexus spends its revenue budget, once again illustrating that in gross expenditure terms, the largest service is Metro, followed by Concessionary Travel and then Secured Bus Services with the residue of funding spent on a variety of different services for example provision of travel information, bus interchanges, and the cross Tyne Ferry.

Nexus Gross Revenue Expenditure 2017/18 (£155.0m)



Nexus Gross Income 2017/18

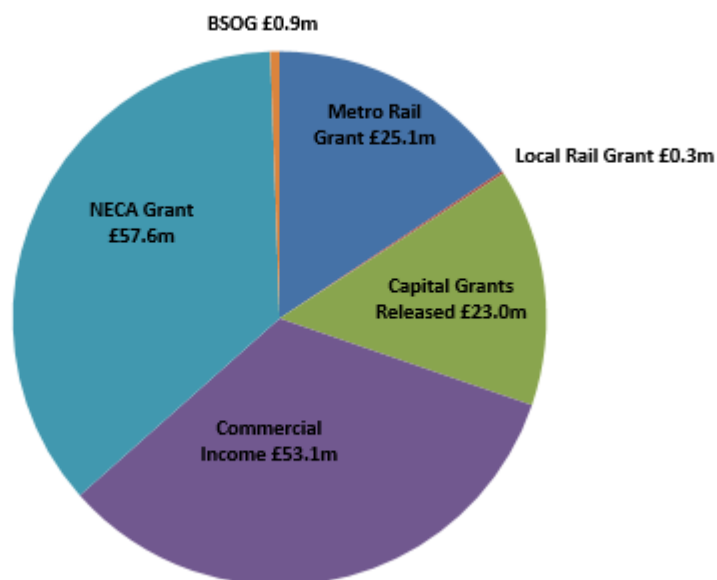
Nexus' gross income in 2017/18 amounted to £159.9m, comprising:-

- Grant funding from the North East Combined Authority
- Direct grant from central government to support the operation of the metro (the metro Rail Grant) and local rail services (Rail Administration Grant)
- Commercial revenue generated from customers who use our services (the majority of which is generated through metro fare revenue)
- Revenue funding for the NESTI activities carried out within the year
- Capital Grants Released. An unusable reserve is established when a fixed asset that is funded by Government grant is created. The reserve is released from the balance

sheet in order to match the depreciation charges posted to the revenue account that reflect the use of the asset in the provision of services.

The chart below shows how this income was generated:-

Nexus Gross Income 2017/18 (£159.9m)



The Tyne and Wear Transport Levy 2017/18

In January 2017, the NECA agreed a budget and issued a transport levy to the constituent councils within Tyne and Wear so as to meet a proportion of its liabilities/expenses for 2017/18. The apportionment of the levy is calculated by reference to the total resident population of each Council. This is done in accordance with Section 7(5) of the Transport Levying Bodies Regulations 1992. In the case of Tyne and Wear, the NECA set a levy for the financial year 2017/18 of £63.040m, of which £60.890m was allocated as a grant to Nexus in order to execute the policy decisions of the NECA.

Much of the grant from the NECA is used by Nexus to fund the reimbursement of concessionary fares, the majority of which is a mandatory statutory requirement (the ENCTS). The remainder of the grant from the NECA is spent on contracting and administering Secured Bus Services, the local contribution to Metro (primarily used to support the Gold Card concessionary fares scheme), the Shields Ferry and other things such as the provision of public transport information and bus infrastructure. During 2017/18, the NECA retained £3.300m of the grant allocated to Nexus in order to provide part of the local contribution, necessary to

fund the cost of the new fleet of Metrocars that Nexus has recently issued tender documents for.

Activity Analysis

This section provides a breakdown and analysis of activity across the following areas of public transport service provision in Tyne and Wear:-

Services

1. All bus services
2. Secured bus services
3. Concessionary Travel on Bus (ENCTS)
4. Under 16 (U16) Concessionary Travel on Bus
5. Metro patronage
6. Gold Card Concessionary Travel on Metro
7. Under 16 (U16) Concessionary Travel on Metro
8. Bus Infrastructure
9. Information
10. Ferry
11. Rail Services
12. TaxiCard Services

1) All bus services

a. Overview of bus passenger boardings

During 2017/18, 119.8 million passenger boardings were made on bus services in Tyne and Wear, which represents an overall decrease of 6.9% on the previous year.

The table below provides a more detailed breakdown of the bus market across Tyne and Wear in recent years.

| Passenger Type (Boardings m) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | Change Vol | Change % |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Adult | 75.721 | 74.392 | 70.875 | 70.240 | 63.759 | -6.481 | -9.2% |
| ENCTS | 45.574 | 45.940 | 45.179 | 44.753 | 40.944 | -3.809 | -8.5% |
| Child | 13.681 | 12.388 | 12.339 | 13.703 | 15.146 | +1.443 | 10.5% |
| Total | 134.977 | 132.720 | 128.393 | 128.696 | 119.849 | -8.847 | -6.9% |

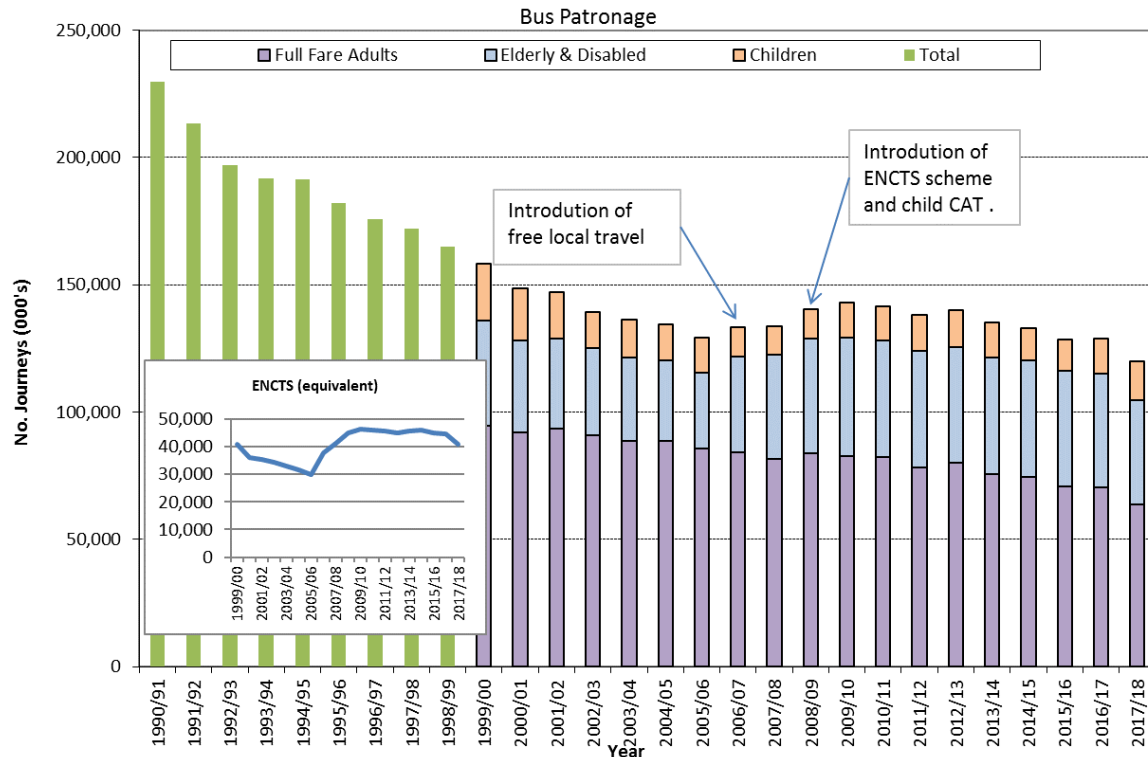
There has been a significant decline in the Adult and ENCTS market segments whilst child patronage has continued to grow and has seen a particularly large increase in 2017/18.

One of the major bus operators extended eligibility for child tickets to 18 years and capped child fares at £1.00 per trip during 2016/17. Subsequently all major operators have extended their age of eligibility for child tickets, either to 16 or 18 years old.

The general decline seen in non-child travel is representative of a wider decline in public transport usage across Tyne and Wear and nationally.

While part of the decline in ENCTS patronage can be attributed to a declining eligible population, a reduced number of trips per cardholder is also evident falling by 6%.

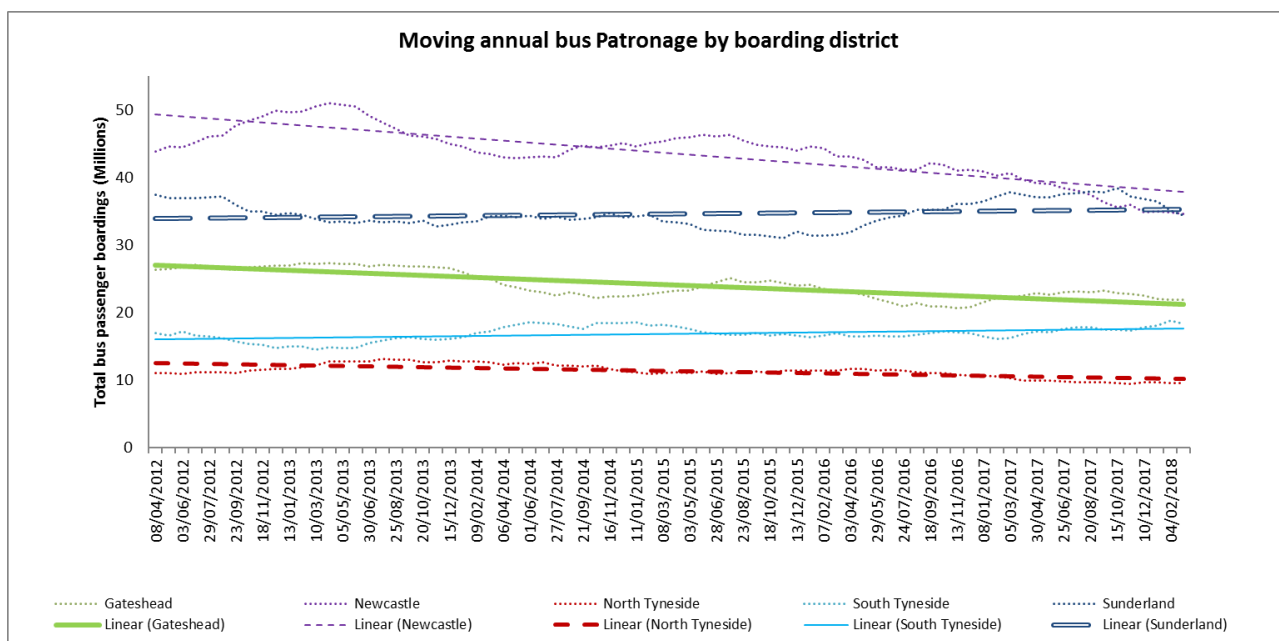
The chart below shows the long-term picture of patronage trends.



b. All Bus passenger boardings by Local Authority

The chart below plots the moving annual bus patronage (defined in the glossary), showing the long term trend of total bus patronage boardings by local authority area. Although there is some variation year on year, the long term trend of decline is evident across most Local Authority areas.

As with previous years, in this data set the patronage boarding location is defined by the origin of a journey. That is, a journey originating in Newcastle, irrespective of journey destination or passenger home district, is classified as a Newcastle journey. Whilst Nexus' patronage data is based upon a robust methodology with statistically robust samples, some fluctuation will occur in the trends observed. Therefore, the following graph shows the six-year linear trend as well as the moving annual patronage.



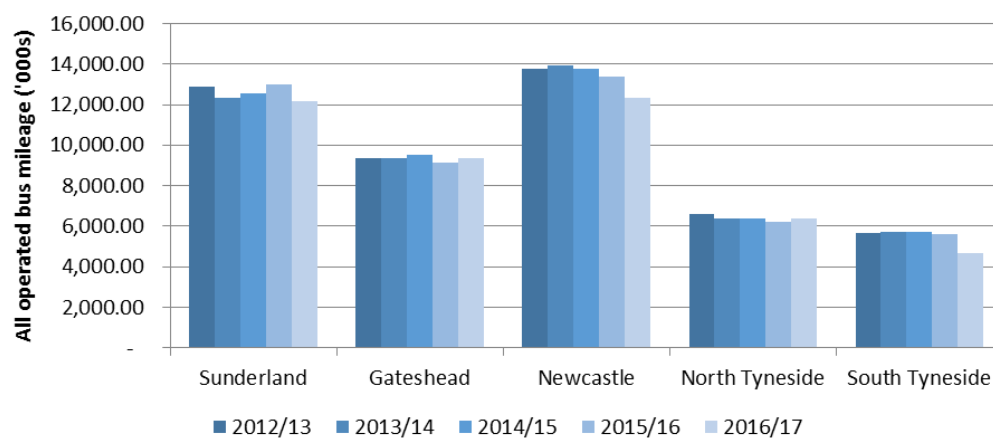
Nexus has analysed the local authority area that passengers live in, compared to the location they boarded and it is evident that a sizeable number of 'cross boundary' journeys are undertaken. This is shown in the table below and includes trips made by residents from outside of Tyne and Wear, highlighting the fact that the levels of cross-boundary travel varies greatly by Local Authority.

| | | Board in | | | | | |
|---------|-------------|----------|-------|-------|-------|-------|-------------|
| | | GH | NC | NT | SL | ST | Outside T&W |
| Live in | GH | 89.9% | 6.9% | 1.3% | 0.6% | 0.6% | 5.3% |
| | NC | 3.2% | 72.0% | 10.2% | 0.3% | 0.2% | 2.8% |
| | NT | 0.7% | 9.3% | 81.7% | 0.1% | 0.2% | 11.9% |
| | SL | 1.6% | 1.3% | 0.4% | 90.4% | 3.5% | 4.8% |
| | ST | 3.1% | 1.2% | 1.8% | 3.3% | 94.9% | 0.8% |
| | Outside T&W | 1.5% | 9.3% | 4.6% | 5.4% | 0.6% | 74.4% |
| | Check | 100% | 100% | 100% | 100% | 100% | 100% |

c. Operated bus mileage

The DfT publish figures for vehicle miles operated at a regional level with lower level estimates for each Local Authority produced by Nexus using these figures shown below. The DfT is expected to release the 2017/18 figures in late 2018 and this report will be retrospectively updated at that time.

Operated bus mileage Estimated mileage operated in each Council Area



2) Secured bus services

a. Tyne & Wear overview

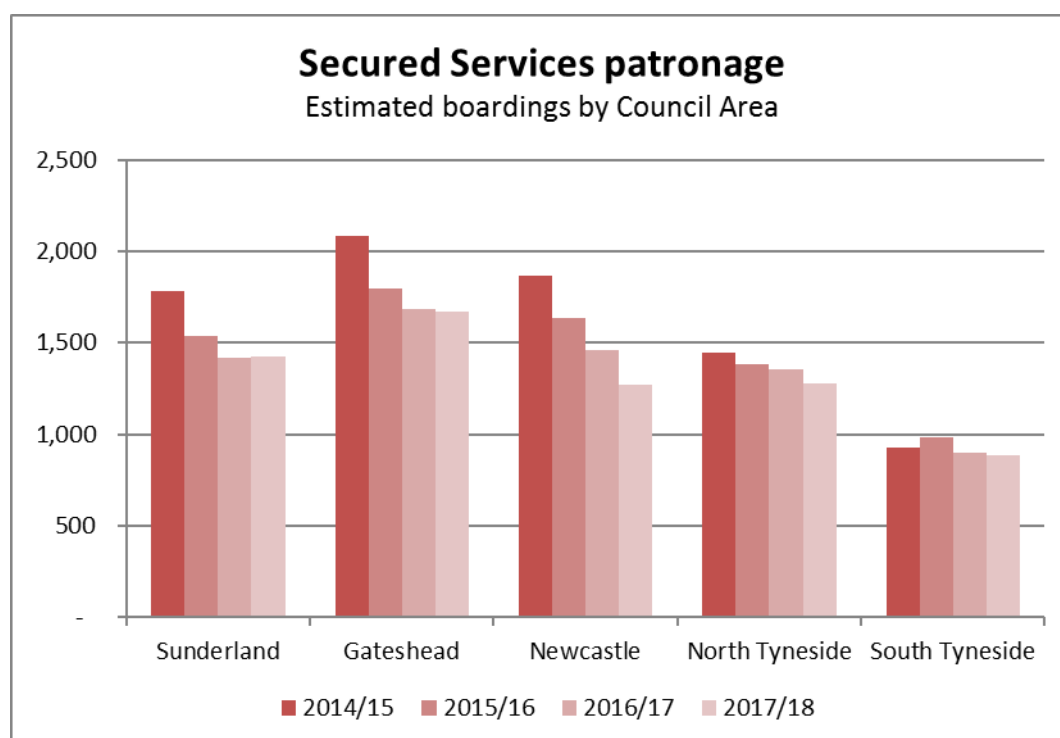
Nexus continually monitors cost and usage of secured bus services. During 2017/18, the number of journeys made on secured bus services fell by 294k, a 4.3% reduction on the previous year across Tyne and Wear as a whole. This is in the context of the overall 6.9% reduction in bus ridership. Total mileage operated on a secured service basis also reduced at a rate of 4.0%.

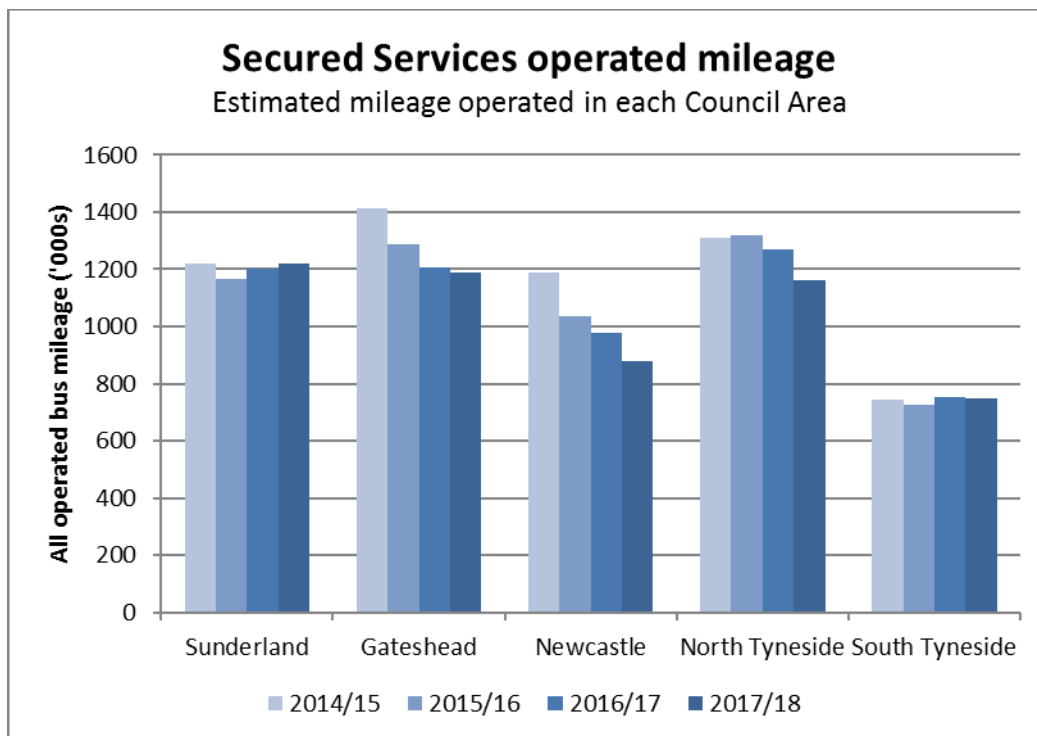
Bus operators and Nexus continue to monitor and respond to demand for individual services, replacing and reorganising services in response to the demand, plus external factors that affect services such as road closures.

| Passenger type Boardings (000's) | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | Change Vol. | Change % |
|-------------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Adult | 4,033 | 4,328 | 3,951 | 3,946 | 3,798 | 3,487 | 3,264 | 3,000 | - 264 | -8.1% |
| ENCTS | 2,878 | 3,062 | 2,383 | 2,462 | 2,180 | 1,903 | 1,672 | 1,551 | - 122 | -7.3% |
| Child | 2,066 | 2,222 | 2,160 | 2,361 | 2,127 | 1,951 | 1,881 | 1,973 | +92 | 4.9% |
| Total | 8,977 | 9,612 | 8,494 | 8,769 | 8,104 | 7,341 | 6,817 | 6,523 | - 294 | -4.3% |
| Total mileage (miles 000's) | Not Available | | | | 5,880 | 5,537 | 5,414 | 5,196 | - 218 | -4.0% |

b. District level overview

The estimated number of passenger boardings and mileage operated for secured services provided in each local authority area is shown in the bar charts below.





As illustrated, the reductions in mileage and in patronage have come primarily from Newcastle and North Tyneside. While reductions, these are largely due to optimisation and commercialisation, examples of which include;

- In March 2017, the 353 (Four Lane Ends – Kingston Park) was withdrawn and replaced partially by the new 42A (an extension of an existing service from Benton ASDA to Kingston Park via the old 353 route). This change led to a significant reduction in secured mileage and cost (but a large proportion of the former secured mileage is now operated on a commercial basis).
- A review of the Stagecoach network in Newcastle was implemented in April 2017. This included a significant re-cast of services part funded by Nexus (services 6/7/8, 15/15A, 18, 32/32A & 35).
- In North Tyneside, the overall reduction has been just over 100,000 miles. The introduction of the 42A (displacing the former fully secured 353) accounted for the reduction of around 74,000 miles. The remaining mileage reduction resulting from the changes to the Stagecoach network introduced in April 2017.
- Newcastle's mileage drop has been around 97,000 miles. The introduction of the 42A accounts for 8,000 of this with the remaining relating to mileage reductions to secured services following a review of the Stagecoach network in Newcastle.

3) Concessionary Travel on Bus (ENCTS)

a. Background

English National Concessionary Travel Scheme (ENCTS) pass holders have had their journeys on bus recorded using smart-enabled technology since October 2011. These journeys are stored in a database which can be interrogated and analysed alongside Continuous Monitoring Survey data. Passenger numbers below are based upon survey data to maintain consistency with estimates for other passenger groups. The smartcard data compliments this by estimating the proportion of trips made by residents from each area.

b. Proportion of ENCTS journeys made by residents from each district

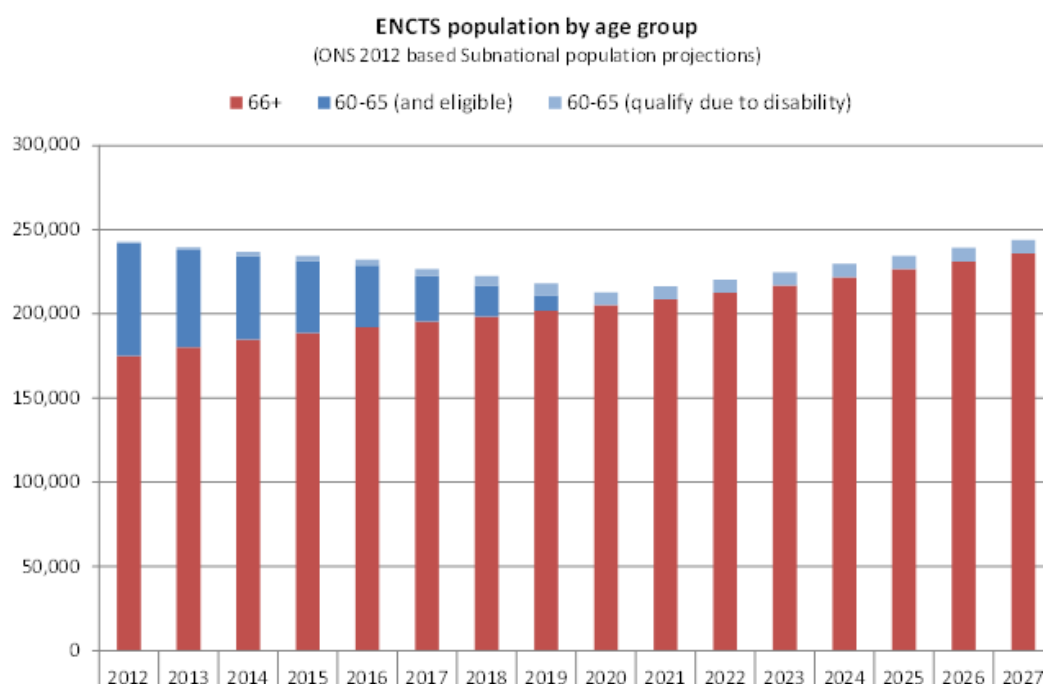
Analysis of the passenger's home district for each ENCTS journey made gives the following results:-

| Resident of | Journeys 2016/17 (000s) | Journeys 2017/18 (000s) | Change % | 2016/17 Proportion of all trips by T&W resident in... | 2017/18 Proportion of all trips by T&W resident in... |
|-------------------|-------------------------------|-------------------------------|----------|--|--|
| Sunderland | 11,760 | 10,788 | -8.3% | 28.3% | 28.5% |
| Gateshead | 8,489 | 7,717 | -9.1% | 20.5% | 20.4% |
| Newcastle | 9,857 | 8,987 | -8.8% | 23.7% | 23.8% |
| North Tyneside | 5,603 | 5,135 | -8.4% | 13.5% | 13.6% |
| South Tyneside | 5,797 | 5,195 | -10.4% | 14.0% | 13.7% |
| T&W residents | 41,506 | 37,822 | -8.9% | 100% | 100% |
| Non T&W residents | 3,247 | 3,122 | -3.8% | | |
| Total | 44,753 | 40,944 | -8.5% | | |

c. Pass holders and take up

The age of eligibility for an ENCTS pass is gradually being increased in line with changes in the retirement age for women as outlined in the Pensions Act 2014. Between 2010 and 2020 it will increase from 60 to 66. This is causing the eligible population to gradually reduce, although this trend will be reversed from 2020 which is expected to place a pressure on Concessionary Travel reimbursement as the number of journeys made under the Scheme is likely to recover.

The following graph estimates the ENCTS eligible population through to 2027:-



The following table shows the take up rate for the active ENCTS (elderly only) pass holders against the eligible population in each district. This table now only includes active card holders. Before 2015/16, reported figures included cards belonging to people who have since passed away or moved out of the area.

| ENCTS pass issues | | 09/10 | 10/11 | 11/12 | 2012/13 | 13/14 | 14/15 | 2015/16 | 2016/17 | 2017/18 |
|-------------------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Sunderland | Passes issued | 54,495 | 59,622 | 59,795 | 55,445 | 55,437 | 58,246 | 50,358 | 50,671 | 37,911 |
| | Take up (%) | 86% | 93% | 94% | 88% | 89% | 94% | 84% | 87% | 67% |
| Gateshead | Passes issued | 37,258 | 40,403 | 40,555 | 38,322 | 40,986 | 40,013 | 37,589 | 37,790 | 28,750 |
| | Take up (%) | 81% | 87% | 90% | 83% | 90% | 89% | 86% | 89% | 69% |
| Newcastle | Passes issued | 42,620 | 44,771 | 46,607 | 45,567 | 44,536 | 47,661 | 43,331 | 43,586 | 32,390 |
| | Take up (%) | 78% | 82% | 87% | 89% | 88% | 96% | 89% | 93% | 71% |
| North Tyneside | Passes issued | 41,414 | 44,453 | 44,786 | 43,372 | 42,186 | 45,659 | 39,841 | 40,313 | 29,918 |
| | Take up (%) | 88% | 93% | 96% | 91% | 90% | 98% | 88% | 92% | 70% |
| South Tyneside | Passes issued | 30,438 | 32,650 | 32,985 | 31,669 | 31,143 | 33,231 | 29,775 | 30,013 | 22,033 |
| | Take up (%) | 83% | 89% | 91% | 89% | 89% | 96% | 89% | 92% | 70% |
| Tyne & Wear | Passes issued | 206,225 | 221,899 | 224,728 | 214,375 | 214,288 | 224,810 | 200,894 | 202,373 | 151,002 |
| | Take up (%) | 83% | 89% | 92% | 88% | 89% | 94% | 87% | 90% | 69% |

1

At the end of March 2018, around half of the ENCTS cards expired as a consequence of it being the 10 year anniversary of the commencement of the scheme under which passes last for 5 years. This is referred to as the “bulk renewal”. At the 2013 bulk renewal, all passes were automatically renewed and distributed to passholders.

¹ Eligible Population was extracted from ONS 2016-based Subnational Population Projections for England

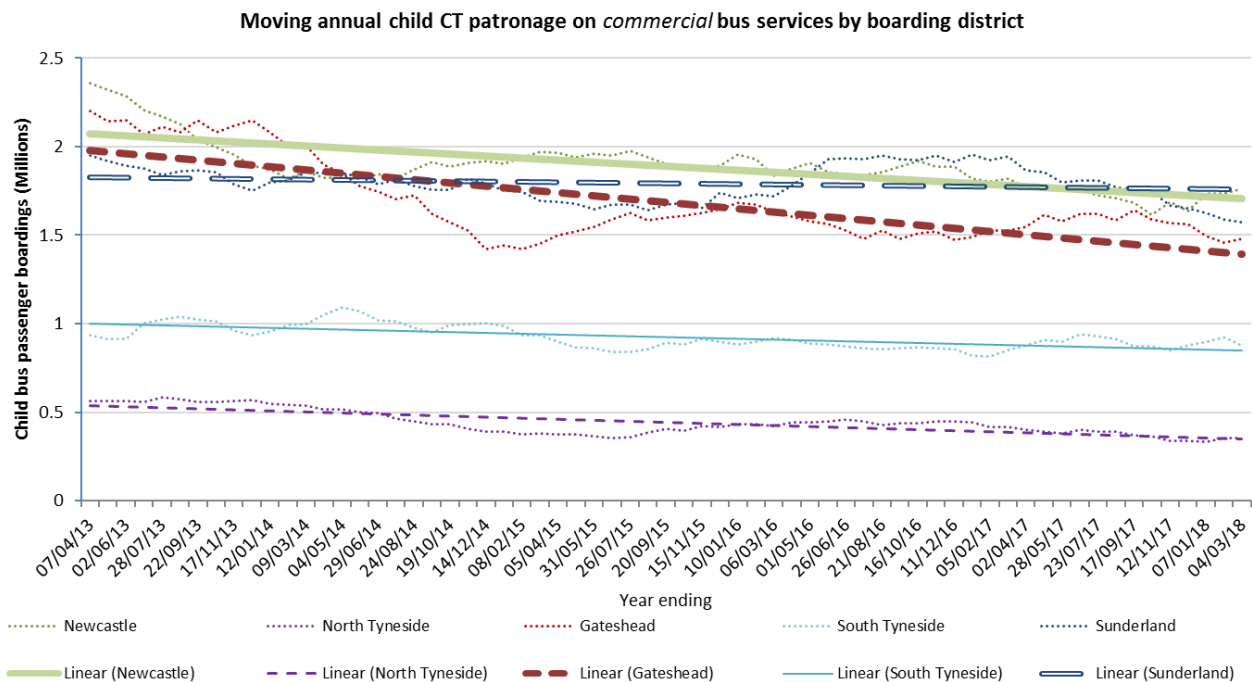
In 2018, a new approach was taken with the aims of reducing costs and controlling the number of passes being issued unnecessarily. The new approach consisted of the following renewal criteria;

- customers who had used their pass in the last year were automatically replaced
- customers who last used their pass more than one year ago were not automatically renewed and instead were contacted and asked to respond if they wished to renew
- customers who had never used their pass were neither automatically renewed or contacted
- The bulk renewal included a database cleanse carried out by a third party to remove applicant records who were reported deceased or moved away

This approach generated cost savings of £25k by reducing the production of unnecessary passes.

4) Under 16 (U16) Concessionary Travel on Bus

During 2017/18, the Under 16 Child Concessionary Travel market made almost 7.6 million journeys on bus in Tyne and Wear, a decrease of 5.2% on the previous year. This decline is more than offset by the growth in commercial child patronage. The chart below shows the number of child concessionary journeys made on commercial services within Tyne and Wear over time. These figures are based upon boarding locations derived from the Continuous Monitoring passenger surveys for commercial services, as no smartcard usage data is available for children.



The number of passes issued and estimated take up rates of Under 16 cards are shown in the table below:

| Under 16 passes issued | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|------------------------|------------------|---------|---------|---------|---------|---------|---------|---------|
| Sunderland | Passes issued | 12,489 | 13,023 | 13,021 | 13,110 | 13,150 | 11,304 | 10,595 |
| | Take up rate (%) | 34% | 36% | 37% | 37% | 37% | 32% | 29% |
| Gateshead | Passes issued | 11,415 | 11,757 | 11,633 | 11,374 | 11,317 | 9,974 | 9,295 |
| | Take up % | 46% | 45% | 45% | 44% | 44% | 38% | 35% |
| Newcastle | Passes issued | 10,913 | 11,751 | 12,148 | 12,526 | 12,820 | 11,588 | 11,393 |
| | Take up % | 32% | 34% | 35% | 35% | 35% | 31% | 30% |
| North Tyneside | Passes issued | 7,455 | 7,746 | 7,666 | 7,394 | 7,122 | 5,945 | 5,596 |
| | Take up % | 29% | 29% | 29% | 28% | 27% | 22% | 21% |
| South Tyneside | Passes issued | 7,320 | 7,574 | 7,555 | 7,403 | 7,277 | 6,320 | 6,008 |
| | Take up % | 37% | 39% | 40% | 39% | 38% | 33% | 31% |
| Tyne & Wear | Passes issued | 49,592 | 51,851 | 52,023 | 51,807 | 51,686 | 45,131 | 42,887 |
| | Take up % | 35% | 37% | 37% | 36% | 36% | 31% | 29% |

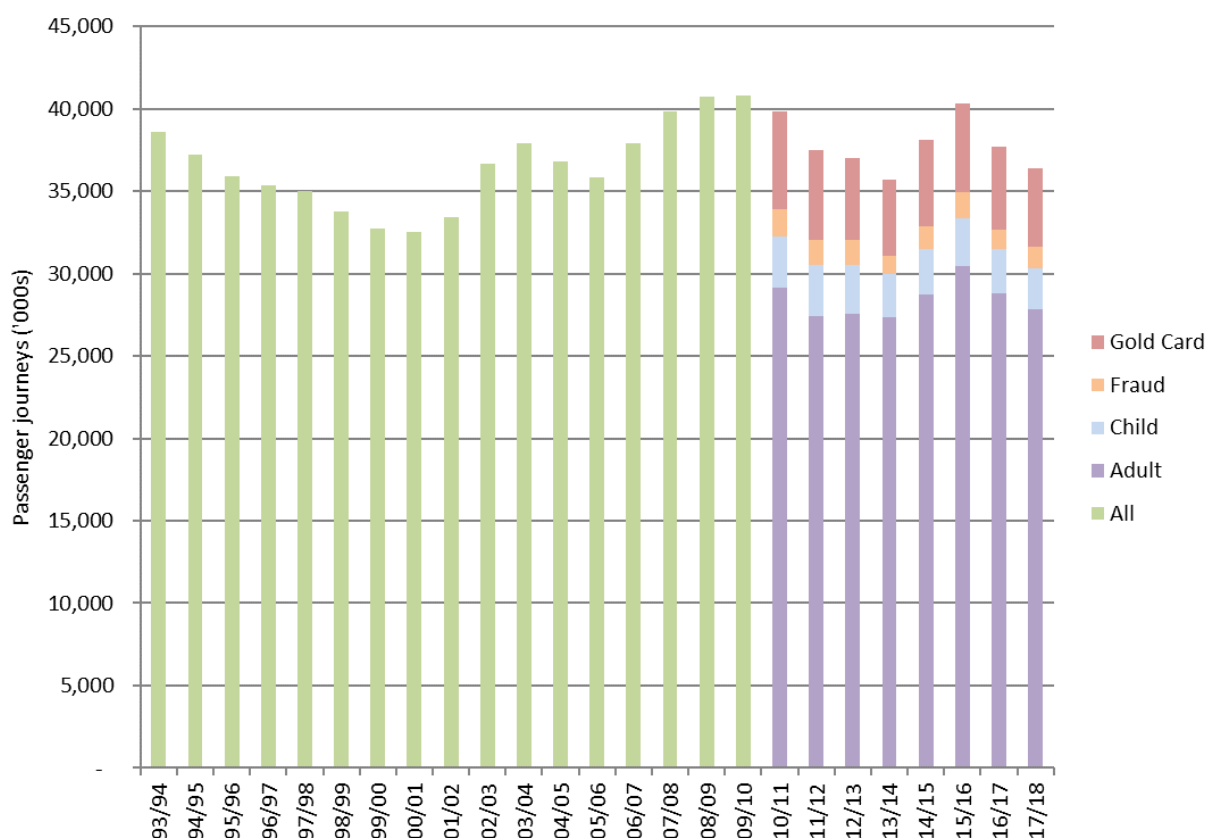
The Under 16 card is advertised as the way to get the cheapest child fares. It is promoted in a variety of locations and formats including schools, on board buses and on Metro, in transport interchanges and across all relevant press, digital and social channels.

A structural change in the age profile of the Under 16s means a higher proportion of this group is of a younger age than in previous years. The propensity to take up and use the Under 16 Pop card increases with age resulting in a reduction in take up and use compared to previous years. In addition, changes to the commercial child market with operators offering simple flat fares has also seen migration towards commercial products.

5) Metro patronage

a. Overview of Metro passenger boardings

During 2017/18, almost 36.4 million journeys were made on Metro. This is a decline of 3.5% on the previous year.



The table below provides a breakdown of the passenger numbers in more recent years with the change in 2017/18 compared to the previous year.

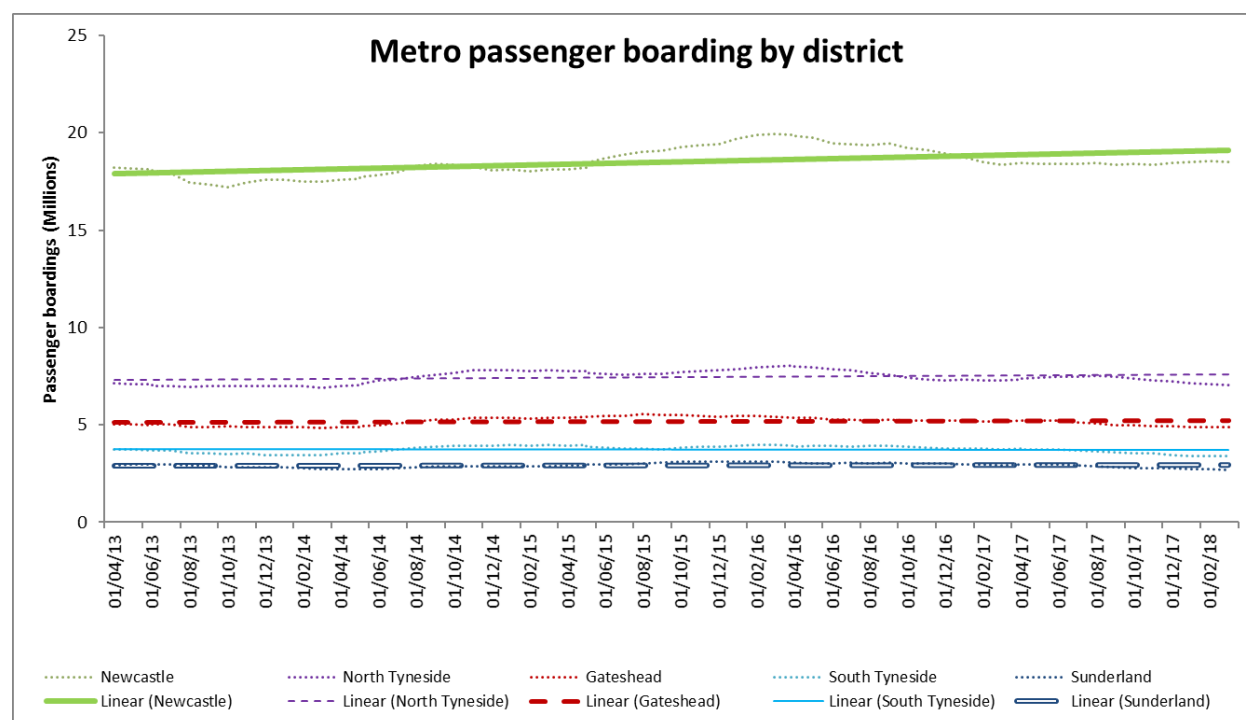
| Metro Patronage by Ticket Type (000s) | | | | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Passenger Type (Boardings 000s) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | Change Vol | Change % |
| Adult | 27,318 | 28,748 | 30,446 | 28,769 | 27,801 | -0.968 | -3.4% |
| Gold Card | 4,629 | 5,271 | 5,339 | 5,017 | 4,755 | -0.261 | -5.2% |
| Child | 2,680 | 2,722 | 2,922 | 2,726 | 2,546 | -0.181 | -6.6% |
| Fraud | 1,077 | 1,373 | 1,582 | 1,176 | 1,262 | +0.086 | 7.3% |
| Total | 35,703 | 38,114 | 40,290 | 37,688 | 36,364 | -1.324 | -3.5% |

Analysis of 2017/18 performance versus 2016/17 shows a decline in discretionary journey demand with weekends and weekday evenings mostly affected. However, analysis of smartcard data showed trip rates on season products were also down year on year, indicating that discretionary leisure type journeys made by season ticket holders are also in decline.

While the decline in Metro patronage for 2017/18 is roughly half the level of decline observed for bus ridership, this follows a more significant decline in 2016/17.

b. Metro passenger boardings by district

The chart below shows the long term trends for Metro boardings in each district.



c. All Metro passenger boardings - Resident district versus boarding district

As Metro is a static system, unlike the more fluid bus network, data is more consistent which allows for better comparison of boardings within each district. However, the same considerations are still relevant, in that those boarding in one district could live elsewhere. The proportion of people boarding the Metro in the same area they live in is lower compared to bus, highlighting the cross-boundary nature of the system. For example, less than 59% of those who board in Gateshead live within Gateshead and less than 53% who board in Newcastle also live in Newcastle.

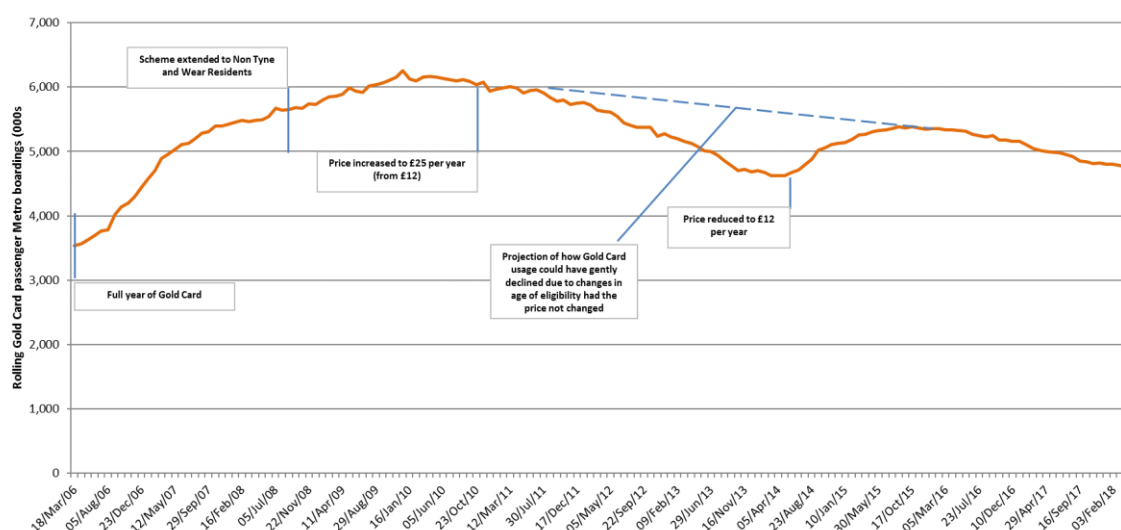
| | | Board in | | | | |
|---------|-------------|----------|--------|--------|--------|-------|
| | | GH | NC | NT | SL | ST |
| Live in | GH | 58.7% | 9.0% | 3.3% | 3.9% | 5.8% |
| | NC | 7.0% | 52.9% | 11.7% | 6.3% | 4.2% |
| | NT | 3.2% | 15.2% | 78.1% | 1.7% | 1.4% |
| | SL | 8.2% | 5.7% | 1.0% | 78.0% | 4.2% |
| | ST | 19.9% | 9.6% | 2.5% | 6.9% | 82.5% |
| | Outside T&W | 3.0% | 7.6% | 3.5% | 3.2% | 1.8% |
| | Check | 100.0% | 100.0% | 100.0% | 100.0% | 100% |

6) Gold Card Concessionary Travel on Metro

a. Overview of Metro Gold Card passenger boardings

The statutory English National Concessionary Travel Scheme does not include light rail, Ferry or heavy rail systems. However, in order to extend customer choice and provide parity with bus, Nexus provides the Gold Card, which allows subsidised travel on Metro for those with a valid ENCTS pass. ENCTS passengers could purchase a Metro Gold Card, which allows unlimited off peak travel, for £12.00 during 2017/18 (for Tyne and Wear residents) or £24 (for residents of Durham and Northumberland), the income from which assists with operating costs. As the fee for the Gold Card has changed historically, so has demand.

During 2017/18, Gold Card Concessionary pass holders made just over 4.75 million journeys on Metro in Tyne and Wear which represented a decline of around 5.2% on the previous year.



As the age of eligibility increases, it would be reasonable to expect that the number of trips made using Gold Card would slowly decline. However, the level of observed decline is in excess of that attributed solely to eligible age with trips per pass also reducing by 4%.

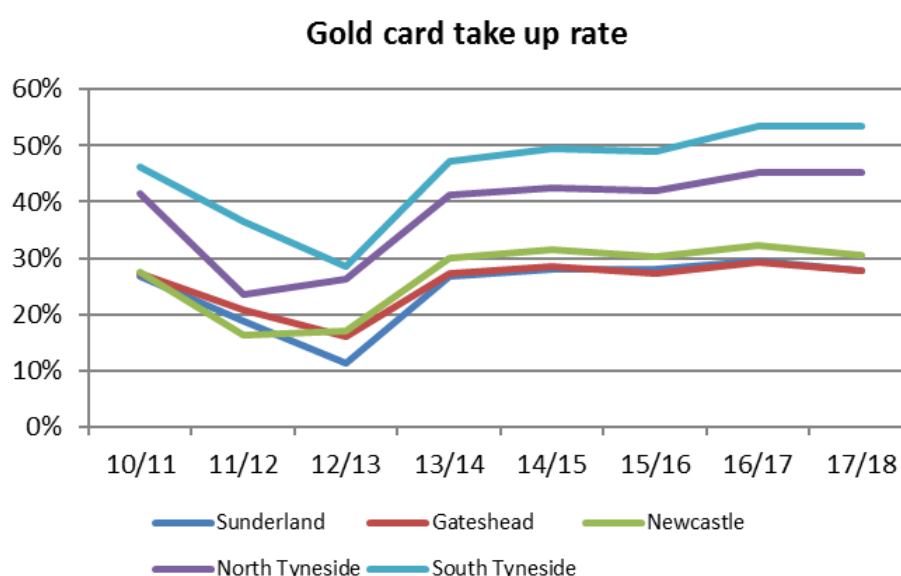
b. Metro Gold Card take up rate

In the 2016 public consultation on services Nexus provides, "Have Your Say", the provision of the Metro Gold Card was ranked as the top priority for eligible ENCTS pass holders, compared to other local voluntary concessions offered by Nexus.

The table below shows Gold Card sales by authority area along with demographics and pass take up compared to previous years. Sales have decreased by 5.7%, and take up rate is slightly down at 35.6% of the eligible population compared to 36.6% in the previous year.

| Gold card holder district | | 10/11 | 11/12 | 12/13 | 13/14 | 14/15 | 15/16 | 16/17 | 17/18 |
|---------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Sunderland | Card sales | 17,175 | 11,861 | 7,185 | 16,724 | 17,263 | 16,707 | 17,115 | 15,768 |
| | Take up (%) | 27% | 19% | 11% | 27% | 28% | 28% | 29% | 28% |
| Gateshead | Card sales | 12,610 | 9,435 | 7,462 | 12,409 | 12,809 | 11,895 | 12,518 | 11,504 |
| | Take up (%) | 27% | 21% | 16% | 27% | 28% | 27% | 29% | 28% |
| Newcastle | Card sales | 15,119 | 8,700 | 8,744 | 15,263 | 15,755 | 14,638 | 15,127 | 13,898 |
| | Take up (%) | 28% | 16% | 17% | 30% | 32% | 30% | 32% | 31% |
| North Tyneside | Card sales | 19,785 | 10,968 | 12,442 | 19,232 | 19,852 | 19,041 | 19,924 | 19,394 |
| | Take up (%) | 42% | 23% | 26% | 41% | 43% | 42% | 45% | 45% |
| South Tyneside | Card sales | 17,018 | 13,212 | 10,108 | 16,589 | 17,124 | 16,421 | 17,488 | 16,963 |
| | Take up (%) | 46% | 36% | 28% | 47% | 49% | 49% | 54% | 54% |
| Tyne & Wear | Card sales | 81,707 | 54,176 | 45,941 | 80,217 | 82,802 | 78,702 | 82,172 | 77,527 |
| | Take up (%) | 32.7% | 22.1% | 18.8% | 33.4% | 34.8% | 34.1% | 36.6% | 35.6% |

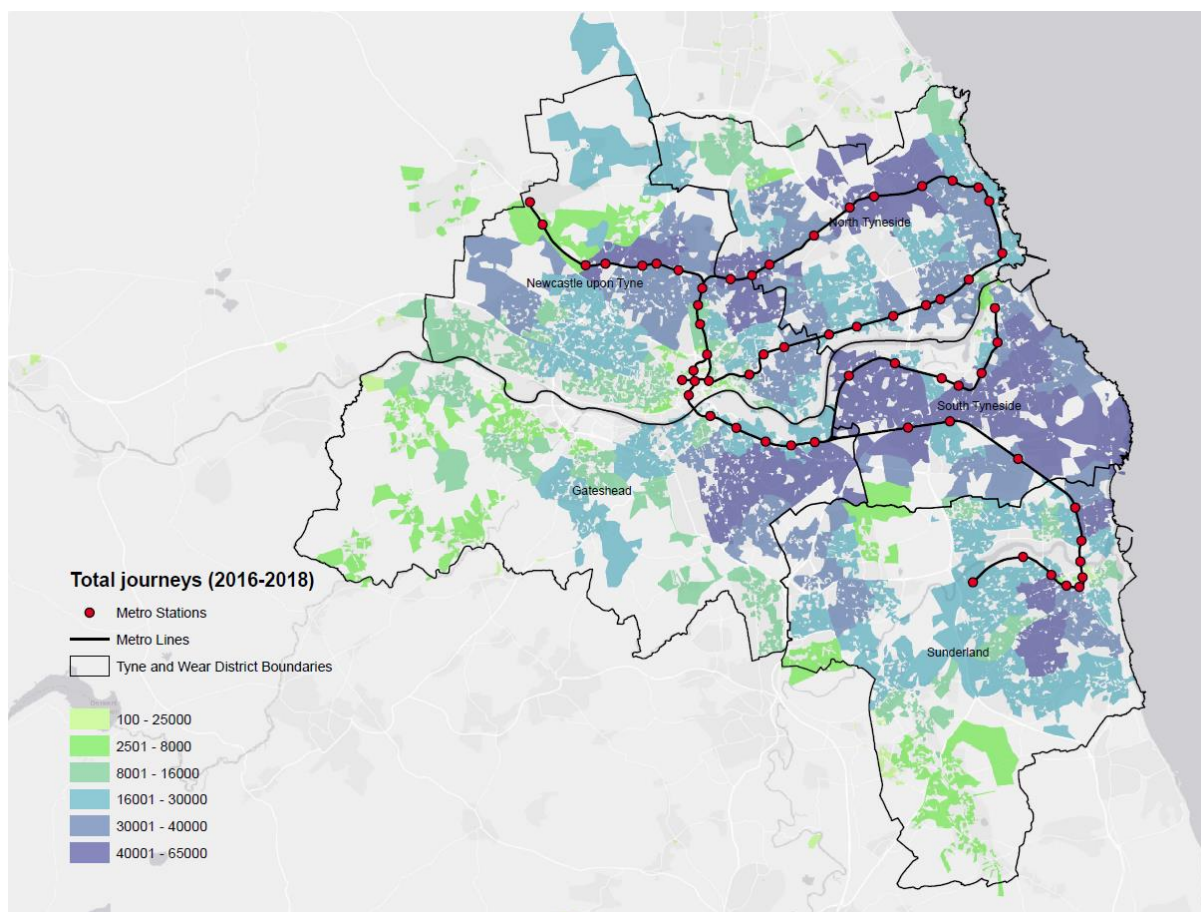
2



Gold Card continues to be advertised across all of Tyne and Wear, including key corridors and transport interchanges. Advertising has been employed in available Local Authority newsletters as well as in local press titles and Nexus are working in partnership with Age UK to allow Gold Card to become a recommended product.

The diagram below shows the Metro trips made using Gold card since the beginning of 2016, plotted by resident's home post code showing higher concentrated usage (darker purple) across the region closer to the Metro line (stations shown as red dots).

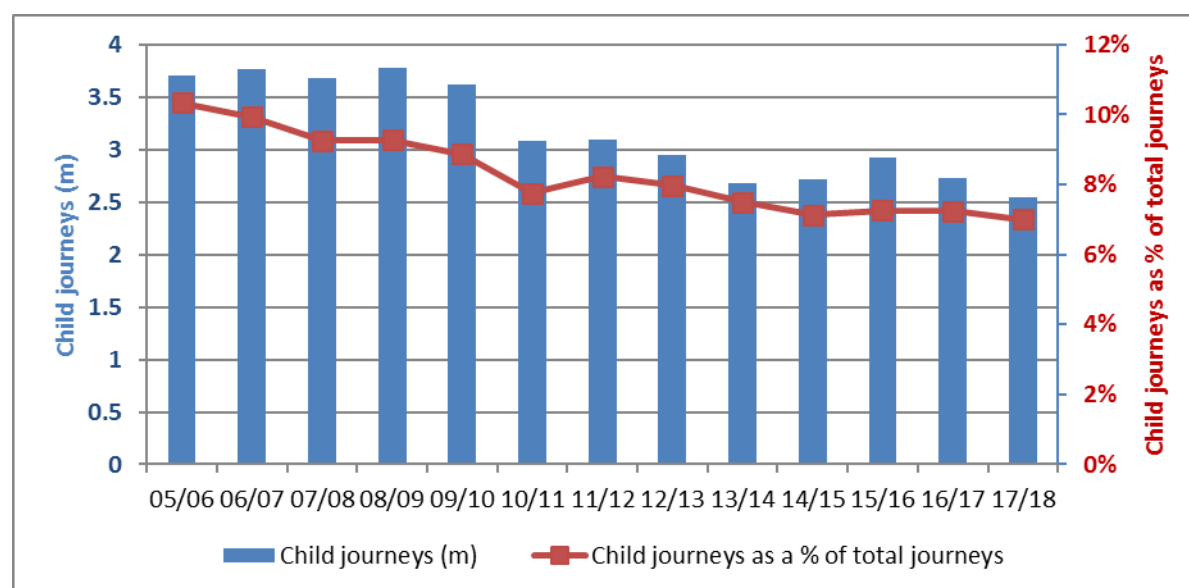
² Eligible Population was extracted from ONS 2016-based Subnational Population Projections for England



7) Under 16 (U16) Concessionary Travel on Metro

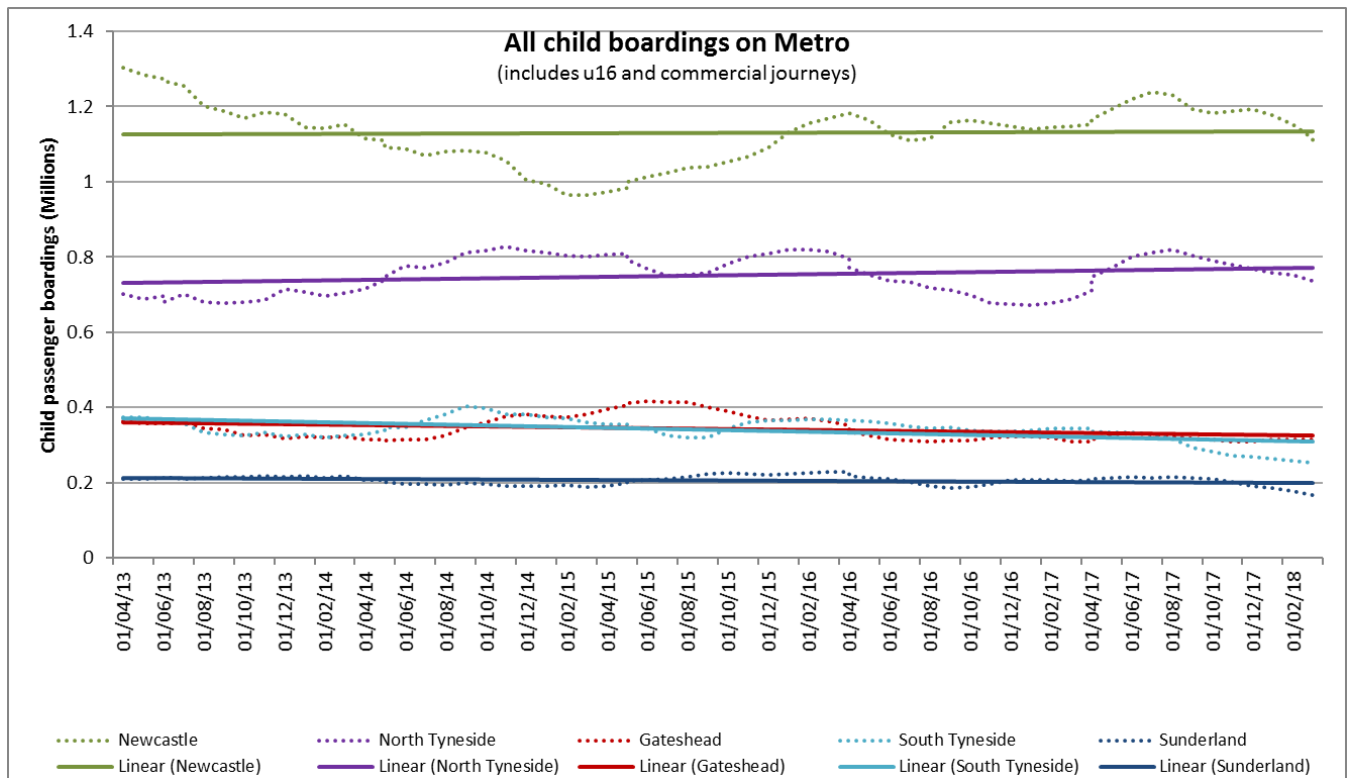
During 2017/18, there were just under 928,000 journeys made on Metro in Tyne and Wear using the child concessionary products. This equates to a 3.5% decrease compared to the previous year. As with the previous year, a higher number of child journeys (1.6 million) were made using the commercial Metro product, an 8.3% decrease on last year.

In 2005/06, child journeys made up 10% of all journeys, compared to around 7.0% in recent years. However, the chart below shows that in the last 2 years, the child market on Metro has shown signs of stabilisation, following the years of decline seen previously.



The red line shows child journeys have dropped at roughly the same rate as other Metro journeys and account for 7% of all journeys

The chart below illustrates that over the past four years, the trend in all Under 16 journeys made has been relatively consistent across boardings in each district. The exception to this is boardings in Newcastle which have been subject to more fluctuation, largely because of the major line closure in 2014.

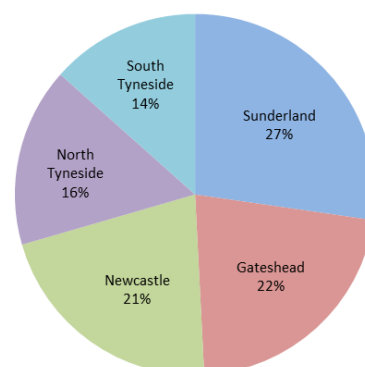


8) Bus Infrastructure

Nexus provides nearly 6,000 bus stops in Tyne & Wear. This includes 2,000 bus shelters in four of the Local Authorities, which it manages by arranging their cleaning and maintenance. Newcastle City Council have contracted out all of their bus shelters to an independent commercial contractor; in the other four Local Authorities, a number of bus shelters are provided through a contract where a commercial entity provides the infrastructure and in return generates advertising revenues to cover its costs. Nexus also manages a number of bus stations and interchanges across Tyne and Wear. Since it is the actual bus stop that primarily determines the access point to this mode, the chart below provides a breakdown of bus stops across Tyne and Wear by district. The table provides a breakdown of the active stops in 2017/18 and sets these in context by also showing the trend when compared to the previous year 2016/17.

Despite minimal change in these physical assets year on year, changes to bus services have impacted on how many bus stops are in use. This fluctuates as bus operators changes routes in response to residential developments and changing working/social requirements.

| District | Active stops | VLV % | Stations | VLV % |
|------------------------|--------------|--------------|-----------|-----------|
| Sunderland | 1,582 | ↓ -3% | 4 | 0% |
| Gateshead | 1,271 | ↑ 0% | 5 | 0% |
| Newcastle | 1,237 | ↓ -1% | 3 | 0% |
| North Tyneside | 931 | ↓ -2% | 4 | 0% |
| South Tyneside | 779 | ↓ -1% | 2 | 0% |
| Tyne & Wear | 5,800 | ↓ -1% | 18 | 0% |



As shown, the changes in active bus stops this year have been minimal, and subject to the normal fluctuations that would be expected.

9) Information

Nexus also provides a wide range of public transport information in a variety of formats at bus stops, Bus and Metro stations, Travelshops, online and over the telephone.

a. Online

In 2017/18 there were 4.2 million sessions (i.e. visits to the site) on the www.nexus.org.uk website, a 25% increase on last year's hits (3.39m). If other sites (Live Travel Map, Pop Shop and Nexus Online Store) are included this amounts to 4.4 million hits up from 3.65 million

The use of mobile devices to access the website continues to exceed the use of desktops/laptops, accounting for 67% of the usage over the year (up from 66% last year).

In the Nexus "Have Your Say" public consultation, the provision of public transport information was ranked as the 2nd most important service provided by Nexus. Within this category, finding information online at nexus.org.uk was ranked as the 2nd most important priority across all respondent groups.

b. Bus stop timetables

Information provided at bus stops was ranked as the most important aspect of information provision across all respondent groups in the "Have Your Say" consultation.

The table below shows the number of new bus liners produced through the year by district. Nexus will produce new liners if there are service or timetable changes at a stop during the year. With almost 12,500 new liners replacing old ones in 2017/18, on average there were around 34 liners replaced per day.

| District | New Liners | % of liners | Last year | % of liners |
|------------------------|---------------|-------------|---------------|-------------|
| Sunderland | 2,837 | 23% | 4,296 | 32% |
| Gateshead | 2,469 | 20% | 2,349 | 18% |
| Newcastle | 3,857 | 31% | 2,402 | 18% |
| North Tyneside | 2,023 | 16% | 2,936 | 22% |
| South Tyneside | 1,280 | 10% | 1,287 | 10% |
| Tyne & Wear | 12,466 | 100% | 13,270 | 100% |

There have been several occasions when operators have revised a significant proportion of their routes, as is usually the case. This year Newcastle was the council area that was affected

significantly more heavily than the others. Otherwise, levels of bus liner replacement have been roughly normal.

c. Call Centre

The Nexus 'One Stop Shop' received just under 138,000 calls during 2017/18, up from around 102,000 calls the previous year. The increase can be attributed almost exclusively to calls concerning the bulk renewal of CT passes, an event which occurs every 5 years. During these bulk renewals, around half of the ENCTS cards in circulation will expire and will need to be replaced. The 2018 bulk renewal has caused an increase of 18,000 calls during the last 5 periods of 2017/18. The extra calls were made mainly during November (when the bulk expiry was publicised) and March (when the deadline was approaching).

Traveline calls have declined by 6,800 over the year (about 22.5%). This is to be expected since there are now numerous other sources of travel information (web sites, bus operator apps, etc.) and Nexus is no longer a primary provider of the Traveline service.

The volume of calls can increase significantly during periods of extreme weather, service disruptions and special events, the aforementioned bulk renewal being the principal cause of such increases this year. Despite taking around 380 calls on average per day (up from 280), there have been 28 days during 2017/18 where the number of daily calls has fallen between 600 and 1000. There have also been 9 exceptionally busy days where the number of calls exceeded 1000. On 20 Nov, 8,948 attempts were made to contact the call centre. Our agents were only able to answer around 1,600 of the calls on that day.

10) Ferry

During 2017/18 there were just under 0.422 million journeys on the cross Tyne Ferry service, which represents a decrease of 4.4% on the previous year.

| Passenger type | 2015/16 | 2016/17 | 2017/18 | Change Vol | Change % |
|----------------|----------------|----------------|----------------|-----------------|--------------|
| Adult | 321,768 | 315,823 | 307,163 | - 8,660 | -2.7% |
| Gold Card | 101,452 | 98,788 | 89,604 | - 9,184 | -9.3% |
| Child | 24,428 | 26,700 | 25,083 | - 1,617 | -6.1% |
| Total | 447,648 | 441,311 | 421,850 | - 19,461 | -4.4% |

The decline is largely attributed to the January to March 2018 period where journeys fell by 13.2%, prior to which journeys were only 1.7% lower year on year. Ferry patronage is particularly sensitive to the weather and the particularly poor weather at the start of 2018 is considered to have had a significant contribution to overall annual ridership.

While this service provides a key cross Tyne link between South Tyneside and North Tyneside which is reflected in the figures below, the benefit of this service also spreads to other districts of Tyne & Wear and beyond. The table below shows the percentage split of Ferry users by home district based on Nexus 2017/18 Ferry User Profile research, acquired during routine customer interviews on the ferry.

| Ferry Users by District 2017/18 | |
|---------------------------------|---------|
| District | % Total |
| North Tyneside | 38.1% |
| South Tyneside | 34.4% |
| Newcastle | 5.5% |
| Gateshead | 4.2% |
| Sunderland | 6.9% |
| Other | 10.9% |
| Tyne & Wear | 100% |

11) Rail Services

During 2017/18 there were around 992,000 journeys on local Rail services in Tyne and Wear, which represents a decrease of 6% on the previous year. This figure only includes journeys on Northern Rail services travelling on the Newcastle to Sunderland or Newcastle to Blaydon lines. The table below provide a breakdown of the figures relevant to the Rail market across Tyne and Wear in 2017/18 and sets these in context by also showing the trend when compared to the previous year 2016/17.

| Rail: Tyne & Wear by District 2017/18 | | | | | | |
|---------------------------------------|------------|---|------|----------|---------------|------|
| District | Pax (000s) | | VLY | Stations | Track (miles) | VLY |
| Sunderland | 93 | ↓ | -26% | 1 | 6 | → 0% |
| Gateshead | 178 | ↓ | -12% | 4 | 10 | → 0% |
| Newcastle | 721 | ↓ | -6% | 1 | 1 | → 0% |
| North Tyneside | - | | - | - | - | - |
| South Tyneside* | - | | - | - | 5 | → 0% |
| Tyne & Wear | 992 | ↓ | -10% | 6 | 21 | → 0% |

* **NOTE:** 5 miles of track on the Sunderland and Newcastle line is actually in South Tyneside

The Office for Rail Regulation record the number of entries/exits at all stations across the country. The latest data is for 2016/17. Outside of London, Newcastle ranks as the 19st busiest station. It accounts for just over 39% of all passenger movements in the region (unchanged for the fourth year running).

Passenger movements (entries & exits) at the stations within Tyne and Wear are shown below;

| Station | Passengers 2016/17 | Passengers 2015/16 | North East Rank (of 55 stations) | UK rank (of 2,560 stations) |
|-------------|-----------------------|-----------------------|--|-----------------------------------|
| Newcastle | 8,426,644 | 8,189,528 | 1 | 56 |
| Sunderland | 483,836 | 475,172 | 8 | 905 |
| MetroCentre | 350,376 | 354,240 | 10 | 1,081 |
| Heworth | 20,784 | 18,898 | 43 | 2,206 |
| Blaydon | 15,128 | 13,466 | 45 | 2,257 |
| Dunston | 10,618 | 7,168 | 48 | 2,309 |
| Manors | 9,404 | 7,614 | 49 | 2,323 |

12) TaxiCard Services

TaxiCard is a social inclusion transport initiative which is provided for disabled people who have difficulty in accessing mainstream public transport services. At the end of 2017/18 there were just under 2,900 active members of the scheme.

| TaxiCard Active Membership 2017/18 | | | | |
|---|----------------|----------------|----------------|----------------|
| District | 2016/17 | % Share | 2017/18 | % Share |
| Sunderland | 2,011 | 54% | 1,618 | 56% |
| Gateshead | 1,183 | 31% | 873 | 30% |
| Newcastle | 156 | 4% | 104 | 4% |
| North Tyneside | 227 | 6% | 156 | 5% |
| South Tyneside | 181 | 5% | 126 | 4% |
| Tyne & Wear | 3,758 | 100% | 2,877 | 100% |

| TaxiCard Trips Made 2017/18 | | | |
|------------------------------------|----------------|----------------|-------------------------|
| District | 2017/18 | % Share | Trips per person |
| Sunderland | 63,385 | 62% | 39 |
| Gateshead | 30,179 | 30% | 35 |
| Newcastle | 2,454 | 2% | 24 |
| North Tyneside | 2,970 | 3% | 19 |
| South Tyneside | 3,056 | 3% | 24 |
| Tyne & Wear | 102,044 | 100% | 35 |

As with all other modes of transport discussed, there has been a notable drop in both active membership and trips made with the Taxicard scheme.

There have also been changes to the criteria required in order to qualify for membership. Disability Living Allowance is being phased out and is being replaced by Personal Independence Payment (PIP), with different eligibility criteria and less people qualifying for the scheme.



Transport North East (Tyne and Wear) Sub-Committee

Date: 11 October 2018

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. The Tyne Pedestrian and Cycle Tunnels (TPCT) - Phase 3 improvement works;

Recommendations

The Transport North East (Tyne and Wear) Sub-Committee is recommended to:

- i Note the contents of the New Tyne Crossing update;
- ii Note the contents of the Tyne Pedestrian and Cycle Tunnels - Phase 3 improvement works update;

Transport North East (Tyne and Wear) Sub-Committee

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 Ltd on 23 November 2007. 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.

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 traffic flows

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start to rise again, although 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 will have an impact on the revenue generated for TT2 and the NECA and the budgets for 2018-19 have been amended to reflect this impact. The majority of the impact falls on TT2 due to the operation of the payment mechanism.

Digital Advertising Screens

- 2.4 Members will recall that proposals have been received from TT2 Ltd for the introduction of Digital Advertising Screens at the Tyne Tunnels. Members gave approval to the proposals subject to financial, planning, technical and legal criteria being met by TT2 Ltd, in line with the Project Agreement for the New Tyne Crossing. These criteria have now been met and the formal Legal Agreement between the parties has been finalised.

- 2.5 Delegated authority to execute the necessary legal documentation was given to the Monitoring Officer and the Chief Finance Officer, acting in conjunction with the Chair of the Transport North East (Tyne and Wear) Sub-Committee. These agreements were executed on the 1 October 2018.

Health and Safety

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

Wildlife Mitigation

As part of the development of the new Metro rail depot in Howdon Nexus are required to relocate habitat for “Dingy Skipper” butterflies. Land at the Tyne Tunnels between the East Howdon Bypass and the Tyne Tunnel access road has been assessed as a suitable location and it is proposed to carry out works in this strip of land to translocate material from the Howdon site creating habitat suitable to support the dingy skipper. The land is of low value and not suitable due to its location for alternative development.

Improvement to Toll Collection

- 2.8 Discussions between the NECA and TT2 have taken place regarding the way in which tolls are collected at the Tyne Tunnels. TT2 have presented Officers with outline proposals of options to improve the toll collection arrangements at the tunnels using improvements in technology including removal of the barriers and use of Advanced Number Plate Recognition. This would look to minimise the impact of

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congestion at the toll booths in future years. It is proposed that Officers work with TT2 to develop these proposals and to identify their suitability for use at the Tyne Tunnels. 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 Pedestrian and Cyclist Tunnels

- 2.9 The refurbishment works on the TPCT are continuing with civil, mechanical and electrical engineering contractors working on site.
- 2.10 Good progress is being made throughout the tunnels and the installation of the inclined glass elevator is ongoing. As the installation of the mechanical and electrical systems nears completion the commissioning phase is commencing.
- 2.11 Officers have reviewed the works programme to completion of the refurbishment works and the reopening of the tunnels to the public. As reported at the last Committee meeting, following the Electrical Contractor entering Administration, the completion of the works have slipped to the end of the year. A progress booklet showing the progress of the works and recent photographs of the tunnels is included in Appendix B.

3. Reasons for the Proposals

New Tyne Crossing

- 3.1 The reporting of traffic flows, maintenance activates and health and safety monitoring at the Tunnels keeps Members informed and allows any issues to be highlighted.

Tyne Pedestrian and Cyclist Tunnels

- 3.2 The completion of the refurbishment works at the tunnels will allow the use of the tunnels to support cycling and walking as well as providing links between the Authorities on either bank of the River Tyne.

4. Alternative Options Available

Tyne Pedestrian and Cyclist Tunnels

- 4.1 The termination of the refurbishment works or the delivery of the refurbishment works via a further procurement has been considered. However it is felt that the

Transport North East (Tyne and Wear) Sub-Committee

NECA management of the project provides least risk to the NECA in the completion of this project.

5. Next Steps and Timetable for Implementation

Tyne Pedestrian and Cyclist Tunnels

- 5.1 The refurbishment works will continue to be overseen by the New Tyne Crossing 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 will report regularly on progress to the Sub-Committee.
- 5.2 The current programme for completion of the refurbishment works indicate that they will be substantially complete at the end of 2018. Officers continue to review the works programme and are assessing the health and safety measures required to reopen the tunnels as early as possible.
- 5.3 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.
- 5.4 The website, <http://www.tynepedestrianandcyclisttunnels.co.uk>, has been updated to better inform stakeholders of progress with the works being carried out and to promote the reopening of the tunnels.

6. Potential Impact on Objectives

New Tyne Crossing

- 6.1 The monitoring and administration of the operation of the New Tyne Crossing ensures that the interests and objectives of the NECA are being delivered.

Tyne Pedestrian and Cyclist Tunnels

- 6.2 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

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economic development and regeneration because it aids access to jobs in the A19 corridor for those who do not own a car.

7. Financial and Other Resources Implications

New Tyne Crossing

7.1 The Tyne Tunnel costs are fully funded by toll income. Payments to the concessionaire TT2 automatically rise with RPI inflation.

7.2 The assumptions and the financial model assumed an increase in traffic usage over time with additional toll income. The current identified change in traffic flows will have an impact on the revenue generated by the Tunnels however this is largely offset by lower contract payments to the Concessionaire, TT2 Ltd, as these payments are calculated on traffic flows.

The impact of the change in traffic flow on income will be monitored by the Chief Finance Officer and its impact will be reflected in the budget update report for 2018/19.

Tyne Pedestrian and Cyclist Tunnels

7.3 The cost of the refurbishment works is currently funded from the Tyne Tunnel Reserves. NECA officers are examining all sources of potential funding, including grants. However, in the absence of any allocations from other funding sources at this point in time, the costs are to be met from the Tyne Tunnels Reserve. It is important to note that this reserve is ring-fenced for use on the tunnels, but it would have an opportunity cost, because once the Tunnel Financing costs are met the reserve can be used for other transport projects. If a source of grant funding for the works can be identified, this will be used and reduce the call on reserves.

7.4 The latest cost estimates will be monitored by the Chief Finance Officer and its impact will be reflected in the budget update report for 2018/19.

7.5 The adopted approach of the NECA carrying out the project management is expected to minimise the delay in the completion of the project.

8. Legal Implications

New Tyne Crossing

8.1 There are no other legal implications arising directly from this part of the report.

Tyne Pedestrian and Cyclist Tunnels

Transport North East (Tyne and Wear) Sub-Committee

- 8.2 The Order creating the NECA provides that the NECA will be substituted in all contracts (and other legal documents) for the Tyne and Wear Integrated Transport Authority.

9. Key Risks

- 9.1 The risks of uncertain income generation and any other uncertain risks is the responsibility of TT2 Ltd under the Project Agreement which means that there are no specific risk management implications arising from this report for NECA.

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.

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: Traffic Figures for the New Tyne Crossing
Appendix B: Tyne Pedestrian and Cyclist Tunnel Progress Booklet

15. Background Papers

Transport North East (Tyne and Wear) Sub-Committee

- 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
- The River Tyne (Tunnels) (revision of Tolls) Order 2018
- 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

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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 26 January 2018 – Tyne Tunnels - Update – Confidential
Report dated 23 February 2018 – Tyne Tunnels - 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

16. Contact Officers

- 16.1 Paul Woods, Chief Finance Officer, paul.woods@northtyneside.gov.uk, Tel: 07446936840
- John Softly, Assistant Director Legal Services, john.softly@newcastle.gov.uk, Tel: 0191 277 7047
- 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

TPCT – Tyne Pedestrian and Cyclist Tunnel

NTC – New Tyne Crossing

ITA – Tyne and Wear Integrated Transport Authority

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

Transport North East (Tyne and Wear) Sub-Committee

RPI – Retail Price Index

NELB – North East Leadership Board

TNE – Transport North East

TWSC – Tyne and Wear Sub Committee

Transport North East (Tyne and Wear) Sub-Committee

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. Illustrates the total monthly traffic flows through the Tunnels, for the period 1 April 2018 to 30 September 2018.

2.1.3 Graph B: TT2 Monthly Traffic Figures by Vehicle Type. Illustrates the monthly traffic flows by Vehicle Type, for the period 1 April 2018 to 30 September 2018.

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

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

Transport North East (Tyne and Wear) Sub-Committee

Appendix B – Tyne Pedestrian and Cyclist Tunnel Progress Booklet

TT2 MonthlyTraffic Statistics

| Monthly | 2018/2019 | | | | | | | | | | | | |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------------------|
| | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Total Vehicles |
| 2018/2019 | 1,367,609 | 1,444,185 | 1,386,578 | 1,430,684 | 1,404,416 | 1,363,760 | 0 | 0 | 0 | 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 |

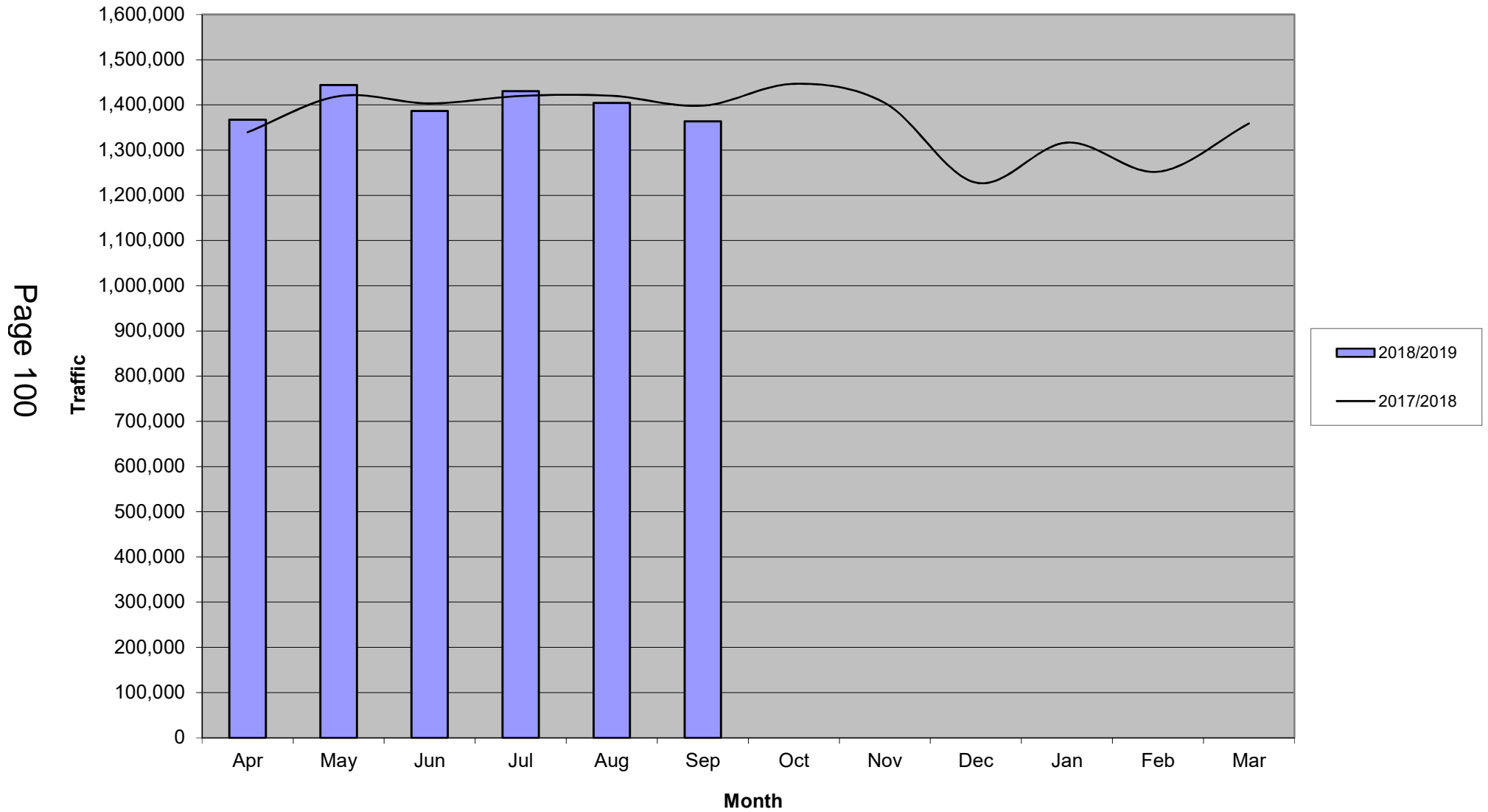
| Traffic by Class | 2018/2019 | | | | | | | | | | | | |
|------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|
| | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | |
| 2018/2019 | 1,367,609 | 1,444,185 | 1,386,578 | 1,430,684 | 1,404,416 | 1,363,760 | 0 | 0 | 0 | 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 | % ETC 2017/18 |
| Class 1 | 15,304 | 21,156 | 21,297 | 20,970 | 17,673 | 15,914 | 0 | 0 | 0 | 0 | 0 | 0 | C11 % ETC 0.00 |
| Class 2 | 1,231,393 | 1,296,794 | 1,241,573 | 1,279,188 | 1,259,266 | 1,226,204 | 0 | 0 | 0 | 0 | 0 | 0 | C12 % ETC 48.70 |
| Class 3 | 70,605 | 72,407 | 71,145 | 74,149 | 71,645 | 67,966 | 0 | 0 | 0 | 0 | 0 | 0 | C13 % ETC 83.26 |
| Exempts | 50,307 | 53,828 | 52,563 | 56,377 | 55,832 | 53,676 | 0 | 0 | 0 | 0 | 0 | 0 | Ex % ETC 74.68 |
| | | | | | | | | | | | | | Total % 50.81 |

| Class,Cash,Permit | 2018/2019 | | | | | | | | | | | | |
|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|
| | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Tolls Revenue |
| 2018/2019 | 1,367,609 | 1,444,185 | 1,386,578 | 1,430,684 | 1,404,416 | 1,363,760 | 0 | 0 | 0 | 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 | 0 | 0 | 0 | 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 | 0 | 0 | 0 | 0 | 0 | 0 | C2 |
| Class 2 Permit | 604585 | 642119 | 620958 | 622650 | 578413 | 600313 | 0 | 0 | 0 | 0 | 0 | 0 | P2 |
| Class 3 Cash | 11488 | 12279 | 11895 | 12654 | 12194 | 11107 | 0 | 0 | 0 | 0 | 0 | 0 | C3 |
| Class 3 Permit | 59117 | 60128 | 59250 | 61495 | 59451 | 56859 | 0 | 0 | 0 | 0 | 0 | 0 | P3 |
| Exempts | 12136 | 13813 | 13161 | 14214 | 15027 | 13312 | 0 | 0 | 0 | 0 | 0 | 0 | Ex |
| Exempts Permit | 38171 | 40015 | 39402 | 42163 | 40805 | 40364 | 0 | 0 | 0 | 0 | 0 | 0 | P_ Ex |
| | | | | | | | | | | | | | Tolls to Date £ |

| | 2017/2018 Traffic by Class | | | | | | | | | | | | % ETC |
|----------------|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|
| | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | C11 % ETC 0.00 |
| 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 | C12 % ETC 48.83 |
| 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 | C13 % ETC 81.86 |
| 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 | Ex % ETC 78.21 |
| 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 | |
| | 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 | |

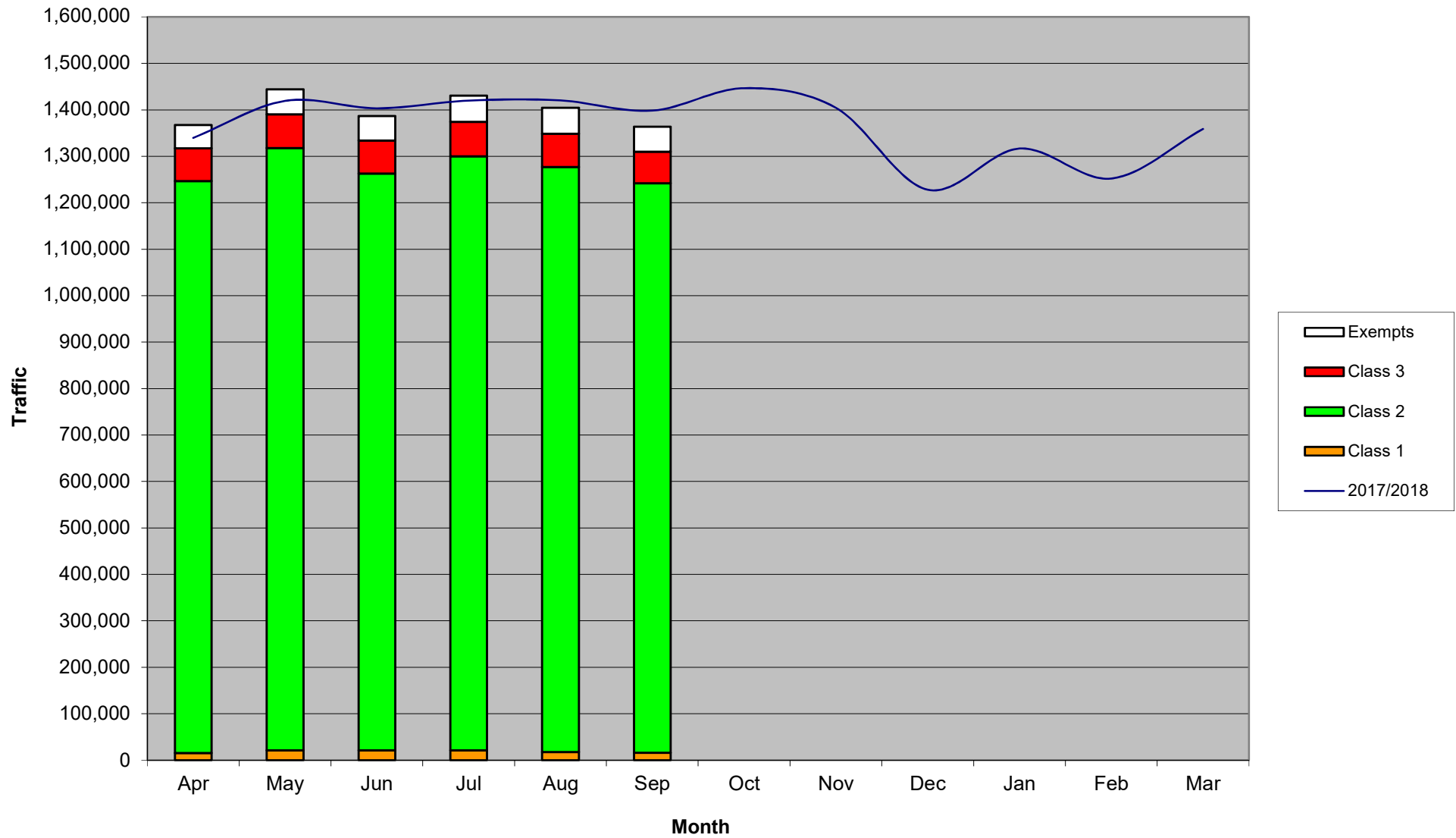
Table 1: TT2 Monthly Traffic Statistics

TT2 TRAFFIC FIGURES



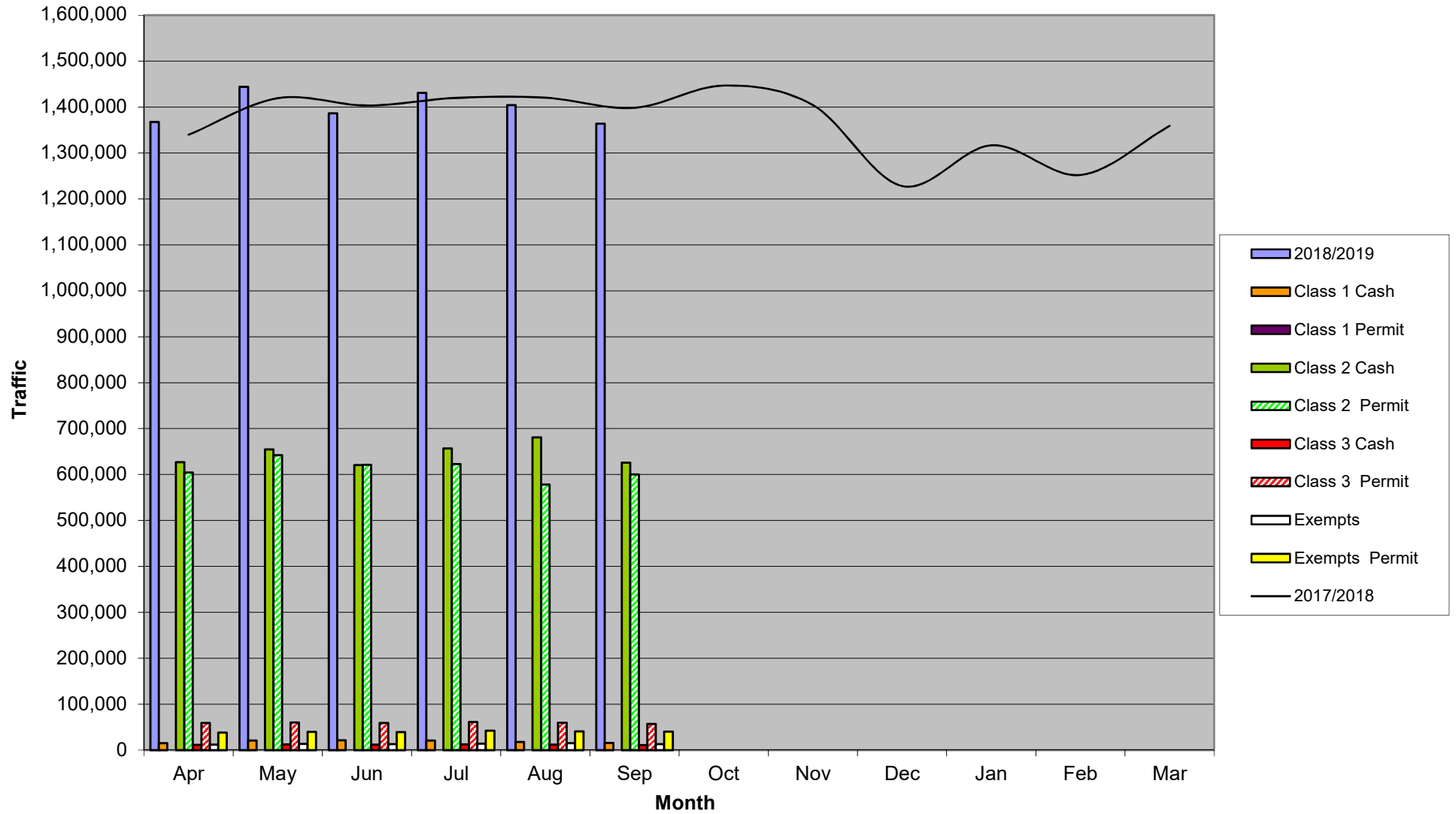
Graph A: TT2 Monthly Traffic Figures

TT2 TRAFFIC FIGURES



Graph B: TT2 Monthly Traffic Figures by Vehicle Type

TT2 TRAFFIC FIGURES Class, Cash, Permit



Graph C: TT2 Monthly Traffic Figures by Payment Type



Tyne Pedestrian & Cyclist Tunnels



Refurbishment Progress October 2018

Comparison Update



The tunnel paving has been lifted and relayed a number of times during the project to allow installation of new mechanical and electrical systems, to deal with structural repairs and asbestos removal.



Hundreds on new paving flags have had to be manufactured for incorporation into the tunnels. The new paving flags have now been laid in place. The cyclist tunnel is complete and the contractor is well on with the paving works in the pedestrian tunnel.

Comparison Update



To deal with seepage into the tunnels large areas of tiles had to be removed and 'leaks' injected with resin to seal them.



Once the tunnel leaks had been sealed new tiling has been laid. The tiles have been manufactured to match the existing tiles and installed by heritage trained tilers.



The refurbishment works required the removal of one escalator at each end of the tunnels and complete removal of the cladding system



The tunnel lining has now been sealed, electrical and mechanical systems installed and the cladding panels renewed. The new inclined elevator installation is ongoing.

Comparison Update



The ventilation ducts in the centre of the tunnel had to be completely replaced.



Following the installation of the new ventilation ducts the tiling has been replaced and only the duct covers remain to be installed.

Comparison Update



The external fabric of the rotunda buildings is being repaired and cleaned up. The concrete slab in front of the building has had to be fully replaced.



The concrete slab in front of the rotunda building has now been replaced as has the drainage. The next element of work externally is the replacement of the surfacing.

Comparison Update



The refurbishment has seen one of the original escalators removed to make walk for the new inclined lift. But we have looked to retain the original character of the structure.



The scaffolding in the incline has now been removed to allow the inclined lift car to be completed. This will involve installing the glass walls and roof.



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.

Document is Restricted

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