



## Joint Transport Committee Tyne and Wear Sub-Committee

Thursday, 14th May, 2020 at 2.00 pm

Meeting to be held in a This meeting with be held virtually. Further details will be provided.

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## AGENDA

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	Page No
1. <b>Apologies for Absence</b>	
2. <b>Declarations of Interest</b>	
Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.	
3. <b>Minutes of the last meeting held on 16 January 2020</b>	3 - 8
4. <b>Monitoring Nexus' Performance</b>	9 - 15
5. <b>Nexus' Corporate Risks 2020/21</b>	17 - 52
6. <b>Tyne Tunnels Update</b>	53 - 66
7. <b>Extension of the Metro Family Offer</b>	67 - 70
8. <b>Impact of COVID-19 on the Bus Network</b>	71 - 80
9. <b>Appointment of Non-Executive Directors to the Nexus Board</b>	81 - 86
10. <b>Exclusion of the Press and Public</b>	

The Tyne and Wear Sub-Committee may wish to exclude the press and public from the meeting during consideration of the following items on the grounds indicated:

Items 11 and 12:

By virtue of paragraphs 2 and 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

- |     |  |                |
|-----|--|----------------|
| 11. | <b>Minutes of the confidential meeting held on 16 January 2020</b> | <b>87 - 88</b> |
| 12. | <b>Lease of Land at Strawberry Place, Newcastle</b>                | <b>89 - 94</b> |

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**JOINT TRANSPORT COMMITTEE, TYNE AND WEAR SUB-COMMITTEE**

**DRAFT MINUTES FOR APPROVAL**

**DATE: 16 JANUARY 2020**

Meeting held in Committee Room 1, Sunderland Civic Centre

**Present:**

Councillor: G Hobson (Chair)

Councillors: C Johnson, J McCarty, J McElroy and A Wilson

**In attendance:**

Statutory Officers: E Goodman (NECA Finance Manager); T Hughes (Managing Director, Transport North East and M Harrison (Deputy Monitoring Officer)

Officers: G Armstrong, C Carson, J Fenwick, M Jackson, H Lewis, E Reynard, P Smith, J Sparks, A Swan, C Ward.

**1. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

**2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**3. MINUTES OF THE PREVIOUS MEETING HELD ON 21 NOVEMBER 2020**

The minutes of the previous meeting were agreed as a correct record.

**4. MONITORING NEXUS' PERFORMANCE**

The Committee received a report summarising Nexus' performance in delivering the key priorities of its Corporate Plan for 2019/20 with a focus on the eight week period from 13 October – 7 December 2019. The period had been challenging due to seasonal weather conditions and the industrial action by train crew.

The latest Metro Customer Satisfaction Survey shows an overall score of 7.62, which is below the target of 7.80, but it shows a significant improvement on the same period last year. Progress was also been in the categories of 'Staff', 'Information' and 'Safety and Comfort'.

Punctuality during the period was 70.25% which is lower than the target but a measurable improvement against the figure of 67.70% for the same period last year. The current annual punctuality for 2019-20 is 80.7%, which is below the target of 87.3%.

Fleet availability continues to improve with full availability achieved on 93% of peaks over the period.

The moving annual total for Metro Ridership is now 34.734m, 4.7% below the equivalent figure for 2018/19 of 36.438m.

Three training schools are currently ongoing with a fourth due to begin at the end of January.

Service has been severely affected by recent industrial action which began in December when an overtime ban was put in place. The dispute is still live, but officers are working towards a resolution. A compromise agreement has been reached and the Trade Unions are due to ballot their members shortly.

Cllr Wilson acknowledged that there had been a difficult time during the industrial action, but she was pleased that the new training schools had been highlighted in the report. She asked if there are other actions in place to improve performance.

Chris Carson advised that the fleet performance had improved by 23% over the last two years which was testament to the staff at the depot keeping the trains on track. A new timetable has been in place since October 2019 which has enabled a greater recovery time at St James by 12 minutes. The timetable will continue to deliver benefits with a new timetable being introduced in May, which it is hoped will make the service more resilient.

**RESOLVED: The Tyne and Wear Sub-Committee noted the report.**

## **5. NEXUS CORPORATE RISKS 2019/20**

The Committee received a report which provided an update on Nexus' Corporate Risk Register for 2019/20 based on the approved Corporate Plan.

Nexus has twelve corporate risks which have been previously reported to the Committee in April, July and September 2019.

Eleven of the risks have remained stable with no changes reported since the previous update to the Committee in September 2019.

The risk on Metro Performance has worsened which is due to the impact of the ongoing industrial action by Metro drivers, resulting in train cancellations and

increased crowding, especially at peak times. This will impact significantly on Metro revenue, patronage and customer satisfaction during this period.

The Committee was also informed that positive dialogue is continuing with the Department for Transport and it is hoped to have an outcome soon.

Cllr McElroy sought reassurance regarding the Amber status of Metro safety and cyber security.

He was advised that these areas are actively reviewed on a monthly basis.

Cllr Hobson commented that she had written, as Chair of the Committee, to the Department for Transport twice, seeking a resolution to the funding issues and hoped for a positive outcome soon.

**RESOLVED: The Tyne and Wear Sub-Committee noted the report.**

## **6. NEXUS CORPORATE PLAN**

The Corporate Plan provides the framework for Nexus to deliver services, prepare for the future and manage the business effectively. The Corporate Plan is built around delivering our vision of 'Making public transport great for our environment, economy and communities'. This is articulated through three central themes:

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

This is further developed into sixteen work streams which set out in detail what Nexus aims to achieve in the year. The Corporate Plan will direct Nexus' actions over the 2020/21 financial year and the publication of the Local Transport Plan for the LA7 area. The Local Transport Plan will provide the context for Nexus' Corporate Plan from 2021/22 onwards and allow a longer term plan to be developed. The Corporate Plan will be monitored on a periodic basis by Nexus Senior Leadership Team and reported to the Tyne and Wear Sub-Committee.

Councillor Wilson noted that there had not been any new bus shelters provided since 2010 and asked for clarification on the provision as residents are requesting repairs.

Officers advised that whilst there was a repairs and maintenance budget for shelters, there was no longer a capital budget to add new shelters. Should this be a priority for the Tyne and Wear Sub-Committee for future years, officers would try to incorporate a proposal within the 2021/22 budget.

**RESOLVED: The Tyne and Wear Sub-Committee approved the Nexus Corporate Plan for 2020/21, subject to the Joint Transport Committee approving the Nexus budget on 21 January 2020.**

## 7. NEXUS FLEET REPLACEMENT PROGRAMME

The Committee received a report providing an update on Nexus' Fleet Replacement Programme. Tobbyn Hughes advised that Nexus were close to being able to announce the contract for the preferred supplier, which had been delayed by the recent General Election.

The key milestones for the process are:

January 2020	Contract awarded for Fleet replacement
July 2020	Metrocar Maintenance Agreement to begin including the TUPE transfer of maintenance organisation employees. New depot at South Gosforth to be built.
2022-2024	New Fleet introduction

The Committee were also advised that the following areas were highlighted by many customers as areas to improve which will be included into the new train specification:

- More space for luggage, buggies and wheelchairs;
- Linear seating;
- Improved CCTV;
- Modern-feeling internal décor;
- Real-time information;
- Electronic information screens; and
- WiFi and charging points

Cllr Hobson commented that the procurement process had been very complicated and thanked the staff involved. Cllr McElroy also thanked team for their work and looked forward to a successful outcome.

**RESOLVED: The Tyne and Wear Sub-Committee noted the report.**

## 8. TYNE TUNNELS UPDATE

The Committee received a report providing an update on activities at the Tyne Tunnels.

### Operation of the new Tyne crossing

The Committee were advised that traffic flow is constantly reviewed through the Tyne Tunnels, and a review has shown that the traffic flows are slightly higher than last year. This has an impact on revenue generated for TT2 and NECA and budgets for 2019-20 have been amended to reflect this.

Advanced Number Plate Recognition Cameras are now in use at the toll plazas and are working well. TT2 continue to promote the use of pre-payment accounts which provide a 10% discount for users but also speeds up journey time through the toll plazas. 56% of users are currently using the pre-payment accounts.

Digital advertising screens are now in use at the north and south side of the tunnels. The estimated income generated from the screens from August – December 2019 is £17,086.

Telecoms infrastructure equipment installed in the tunnel which allows access to a 4G network which is available to lease by mobile phone companies, has generated income of £3,750 so far this year.

Following a recruitment process, Fiona Bootle has been appointed as Tyne Tunnels Contract Manager. Fiona will take up her new post in April 2020.

#### Proposed increase in tolls

It is proposed that there is an increase in the tolls in the Tunnels from £3.60 - £3.70 for Class 3 vehicles from May 2020.

#### Phase 3 of the Tyne Pedestrian and Cycle Tunnels improvement works

At the last Committee meeting, it was reported that the specialist lift contractor was due to present the lifts for acceptance and certification before Christmas. Unfortunately, when the lifts were presented, the extent of the 'snagging' list was such that the lifts could not be accepted. A new inspection is due in February.

The tunnels remain open to the public from 6am – 8pm, with TT2 providing a night shuttle from 8pm – 6am. The facility is being well used by pedestrians and cyclists with 8,921 pedestrians and 3,483 cyclists using the tunnels during November and 6,990 pedestrians and 2,936 cyclists in December.

Cllr Hobson expressed her dissatisfaction regarding the situation regarding the lifts and hoped it would be resolved soon. She also congratulated the team on the 4G phone network in the Tunnels.

#### **RESOLVED: The Tyne and Wear Sub-Committee:**

- (i) Noted the contents of the New Tyne Crossing update;**
- (ii) Agreed the following in relation to the tolls on the Tyne Tunnels:**
  - a) Approved the increase in tolls for Class 3 vehicles from £3.60 to £3.70 to take effect from May 2020, as set out in section 2.18;**
  - b) Approved the continuation of the 10% discount for permits holders; and**
  - c) Authorised the Monitoring Officer to publish the relevant notices and submit necessary documentation to the Secretary of State as prescribed in the River Tyne (Tunnels) Order 2011.**
- (iii) Noted the contents of the Tyne Pedestrian and Cycle Tunnels update.**

## **9. EXCLUSION OF THE PRESS AND PUBLIC**

**RESOLVED:** The Tyne and Wear Sub-Committee agreed to exclude the press and public during consideration of items 10 and 11 by virtue of paragraph 2 of Part 1 of the Schedule 12A of the Local Government Act 1972.

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

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**Date:** 14th May 2020  
**Subject:** Monitoring Nexus' Performance  
**Report of:** Chief Operating Officer

### Executive Summary

The report provides a summary update on Nexus' performance in delivering the key priorities of its Corporate Plan for 2019/20. The end of year has seen significant challenges from the emergence of COVID-19 and the related impact on patronage.

The latest February **Metro Customer Satisfaction Survey (CSS)** shows an overall score of 7.22. This is below the target of 7.80 and also shows a slight drop in comparison to the February 2019 score of 7.32.

**Punctuality** from 2<sup>nd</sup> February 31<sup>st</sup> March was 84.47%. This is below the target of 89.00% but is an improvement against the figure 82.9% reported for the same period last year. The punctuality figure for 2019-20 is 80.8%, 6.4% below the target of 87.3%. **Fleet availability** continues to improve – with full availability achieved on 98.75% of peaks over the period.

The moving annual total for **Metro Ridership** is now 33.068m, 9.1% below the equivalent figure for 2018/19 of 36.431m. The contracts for the **New Metro Fleet**, fleet maintenance and new depot were awarded in January 2020 to Stadler. The Howdon Depot is scheduled to be complete in June 2020 however a moving in date to the new Nexus Learning Centre has been delayed as a result of COVID-19.

**Ferry** reliability for 2019/20 was 93.2% which is 5.8% below the annual target of 99%

### Recommendations

The Tyne and Wear Sub-Committee is recommended to note Nexus' performance in realising the key priorities in its Corporate Plan for 2019/20, including Metro performance.

**1. Background Information**

1.1 The report provides summary information about Nexus' progress against its Corporate Plan (CP) targets and objectives for 2019/20.

1.2 For 2019/20 the CP has three main themes and ten key priority work-streams.

1.3 Applying a RAG (Red/Amber/Green) status to each of these workstreams the overall performance is summarised below:

Theme 1: Deliver public transport today.		Status
<b>Key priority</b>	<p>Improve the Metro customer journey experience</p> <ul style="list-style-type: none"> <li>• The most recent Metro Customer Satisfaction Survey in February 2020 is 7.22 just under the target of 7.8. This shows a slight drop in comparison to the February 2019 score of 7.32.</li> <li>• The Metro ridership total at the end of 2019/20 was 33.068m, 9.1% below the equivalent figure for 2018/19 of 36.431m. Period 13 was significantly impacted by the COVID-19 lockdown and saw passenger levels fall by 42.8% in comparison to the same period last year.</li> <li>• The Metro fare revenue for 2019/20 was £43.5m, 7.11% below the base budget of £46.80m. This was impacted by significant drops in fare revenue during the industrial action in Period 10 and the COVID-19 crisis in Period 13</li> <li>• Punctuality for the year was 80.84% which is 6.46% below the annual target of 87.3%</li> <li>• Peak fleet availability for the year was met on 70% of occasions following a difficult start to the year however full fleet availability from period 8 to the end of the year was achieved 96% of the time.</li> <li>• Metro performance towards the end of the year continued to be affected by reduced Train Crew availability which was exacerbated by COVID-19 and the need to self isolate for symptoms or vulnerabilities</li> <li>• 4 training schools of 8 trainees have been recruited and training is ongoing throughout the current COVID-19 crisis whilst the remaining schools will be filled once external assessment centres reopen in the summer.</li> <li>• Enhanced performance monitoring for Train Crew has been introduced which will enable a greater focus and improved management of early and late running which</li> </ul>	<b>Red</b>

	should lead to improved punctuality in 2020/21.	
	<p>Protect levy funded frontline services</p> <ul style="list-style-type: none"> <li>The 2019/20 year-end outturn is not yet available, however it is likely that notwithstanding the impact of COVID-19 on Metro, Ferry and Secured Bus services fare revenue in the final period of the year, the previously reported deficit of £4.2m is likely to be improved upon. The delivery of frontline services were not impaired despite the adverse financial position.</li> </ul>	Amber
	<p>Deliver Technological Improvements</p> <p>Multi-Modal Smart Ticketing</p> <p>Discussions have commenced with local Bus Operators to convert existing Network Ticketing Limited (NTL) products to ITSO Smartcards as a first step in introducing a multi-model/multi-operator Pay as you Go daily price capped product. Operators have established some ticket acceptance as part of their response to the COVID-19 pandemic</p>	Green

Theme 2: Prepare for the Future		Status
Key priority	<p>Award contracts to design, build and maintain a new train fleet.</p> <ul style="list-style-type: none"> <li>The launch event for the award of the contract to Stadler took place on the 28<sup>th</sup> of January.</li> <li>The Howdon 'satellite depot' is on programme to be completed in June 2020 as work is continuing despite some COVID-19 related issues.</li> </ul>	Green
	<p>Ensure the North East's priorities are reflected in TfN's plans.</p> <ul style="list-style-type: none"> <li><b>Northern Powerhouse Rail:</b> Ministers are keen to consult the public on high level options but wish to focus on Manchester to Leeds. TfN's position is that the full network should be consulted upon.</li> <li><b>HS2 Review:</b> The Oakervee review recommended full route to go ahead but a pause on the 2B section to reconsider how to deliver / interface with Northern Powerhouse Rail. An Integrated Rail plan for the North is</li> </ul>	Green

	<p>being produced by Dft.</p> <ul style="list-style-type: none"> <li>• <b>Restoring your Railway Fund:</b> 4 Expressions of Interest were submitted – Leamside (including South of Tyne / Wearside loop); Leamside (including Stillington line); Team Valley line and Cobalt line. The MPs who submitted the EOIs have received confirmation that short listing is progressing and a virtual panel will be established to discuss short listed submissions in the near future. Progress on this funding stream has continued, despite the pandemic and a further round of expressions of interest has been announced.</li> </ul>	
	<p>Develop plans to expand Metro and local rail services</p> <ul style="list-style-type: none"> <li>• Metro’s Flow project: Funding for Metro Flow has been confirmed and work is progressing</li> <li>• Pre-feasibility studies for South Hylton and a Pelaw flyover on the Leamside line have been completed.</li> <li>• The programme is being developed to start feasibility work on the package of extensions. <ul style="list-style-type: none"> <li>○ Technical and demand studies for the Cobalt extension have commenced.</li> <li>○ Whilst procurement is ongoing for Leamside / Wearside Loop studies</li> </ul> </li> </ul>	Green
	<p>Develop plans to improve the local public transport network and the use of new mobility services</p> <ul style="list-style-type: none"> <li>• Funding for Metro Flow was announced as part of the budget and a further £103m for the region, prioritisation regionally is ongoing.</li> </ul>	Green

Theme 3: Focus on organisational effectiveness		
Key priority	<p>Implement change and pursue continuous improvement</p> <ul style="list-style-type: none"> <li>• The Chief Operating Officer joined Nexus in January 2020.</li> <li>• Consultation has started on the restructure to accommodate the contract with Stadler.</li> </ul>	Green
	<p>Deliver the new Nexus’ Learning Centre in South Shields</p> <ul style="list-style-type: none"> <li>• Due to the COVID-19 crisis the opening of the Nexus</li> </ul>	Amber

	Learning Centre has been delayed.	
	<p>Continue the planned Asset Renewal Programme</p> <ul style="list-style-type: none"> <li>• The Asset Renewal Programme spend for 2019/20 was £25.721m.</li> <li>• The refurbishments of a number of halt stations is concluding.</li> <li>• Most of the remaining issues with the Railway Traffic Management System (RTMS) have been resolved</li> <li>• Ra riling in the tunnels between QEII bridge and Gateshead stadium is progressing to plan</li> </ul>	Green

## **2. Proposals**

2.1 There are no proposals in this performance monitoring update

## **3. Reasons for the Proposals**

3.1 Not applicable to a performance monitoring update report.

## **4. Alternative Options Available**

4.1 No alternatives arise in respect of this performance monitoring update

## **5. Next Steps and Timetable for Implementation**

5.1 A concise report updating on Nexus' performance will be presented to each scheduled meeting of the Tyne and Wear Sub-Committee.

## **6. Potential Impact on Objectives**

6.1 Monitoring of Nexus' performance helps to provide assurance that local transport policies and objectives are being implemented efficiently and effectively.

## **7. Financial and Other Resources Implications**

7.1 Nexus' Director of Finance and Resources confirms that there are no direct financial implications arising from this report.

## **8. Legal Implications**

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

## **9. Key Risks**

9.1 There are no direct risk considerations arising directly from this report, though monitoring and reviewing performance information plays an important role in risk management, including the review of Nexus' corporate risk register.

## **10. Equality and Diversity**

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

## **11. Crime and Disorder**

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

## **12. Consultation/Engagement**

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

### **13. Other Impact of the Proposals**

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

### **14. Appendices**

14.1 None

### **15. Background Papers**

15.1 Nexus' Corporate Plan 2019/20 as considered and approved at the Sub-Committee's meeting in January 2019.

### **16. Contact Officers**

16.1 Martin Kearney,  
Chief Operating Officer  
Email: Martin.Kearney@nexus.org.uk  
Tel: 0191 203 3500

### **17. Sign off ✓**

- The Proper Officer for Transport: ✓
- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

### **18. Glossary**

Any acronyms or technical terms used are explained in the body of the report.

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

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**Date:** 14<sup>th</sup> May 2020  
**Subject:** Nexus Corporate Risks 2020-21  
**Report of:** Chief Operating Officer

### Executive Summary

The purpose of this report is to provide an update on the Nexus Corporate Risk Register for 2020/21 based on the approved Corporate Plan, and demonstrates that these risks are being properly managed and controlled.

During 2019/20 Nexus report on twelve corporate risks and updates on these were provided to and noted by the Sub-Committee at its meetings in April, July, November and January.

During February Nexus undertook a formal review of its risk register in line with the revised Corporate Business Plan for 2020/21. Following the arrival of COVID-19 in the North East and the rapid and radical changes implemented in society to slow the spread of the virus and the subsequent impact of this on Nexus' business the risk register was further revised. This report reflects the risk position as of 30<sup>th</sup> April 2020

A detailed explanation of the risks for 2020/21 is provided in the appendix including the current Red/Amber/Green (RAG) status and the direction of travel, where applicable. Each risk has a detailed explanation of the nature of the risk, together with controls, milestone/next steps.

As part of the review one risk pertaining to the risk of a Catastrophic safety or security event has been split into two separate risks:

1. Catastrophic security related event
2. Catastrophic infrastructure or operations related event

In addition two new risks were added; these are:

3. Delivery of Metro Flow
4. Local Rail Devolution

### **Recommendations**

The North East Joint Transport Committee, Tyne and Wear Sub-Committee is recommended to receive and note this update on Nexus' Corporate Risk Register for 2020/21 and note the impact of COVID-19 on Nexus' business.

**1. Background Information**

- 1.1 As part of its governance framework Nexus maintains a Corporate Risk Register. Nexus defines its corporate risks as those which, if the risk occurred, could have adverse consequences for the achievement of the Corporate Business Plan.
- 1.2 The Corporate Business Plan for 2020/21 was approved by the Sub-Committee at its meeting in January 2020 and subsequently Nexus undertook a formal review of the risk register to ensure its alignment to the approved plan. The register was then subsequently revised on 30<sup>th</sup> April 2020 to reflect the impact of the COVID-19 pandemic. The Sub-Committee receives an update on Nexus’ Corporate Risks at each of its meetings.

**2. Proposals**

- 2.1 Nexus has undertaken a formal review of the Corporate Risk Register for 2020/21. The table below summaries the changes to the risks as a result of this review
- 2.2 Two new risks have been added to the register, the first one to reflect the development and delivery of the Metro Flow project due to its strategic significance and one to reflect Local Rail Devolution as a major project within the Corporate Business Plan for 2021/22
- 2.3 One risk – Catastrophic Safety or Security event has been split into two – one relating to Catastrophic security related event, which is rated Amber, and one Catastrophic infrastructure or operations event which is rated Red, due to the impact of COVID-19.

2.4

	Risk	Summary of Changes	RAG status
1&2	Catastrophic safety or security event	<p>Updated to reflect the new Nexus structure and widened to include Bus and Ferry infrastructure as well as Metro.</p> <p>Updated controls and next steps.</p> <p>This risk, relating to a Catastrophic safety or security event has been split into two separate risks:</p> <p>1. Catastrophic security</p>	<p>↓</p> <p>(declining )</p>

		<p>related event</p> <p>2. Catastrophic infrastructure or operations related event</p> <p>The risk has subsequently been updated to reflect the CORVID-19 and the impact on the system</p>	
3	Metro Performance	<p>Change of risk owner to Chief Operating Officer.</p> <p>Expanded to cover digital assets and their potential impact on Metro performance, including Head of Business Change and Technology as a risk actionee.</p> <p>Include focus on Overhead Line renewal as a critical asset.</p> <p>Performance, communication and support actions to include interface with Stadler.</p> <p>Reflects preparations for essential renewals.</p> <p>The risk has subsequently been updated to reflect the impact of COVID-19 on the performance of the system, including an 95% reduction in patronage and the implementation of an amended timetable on 24<sup>th</sup> March 2020, and the subsequent partial increase in service on the 4<sup>th</sup> May</p>	<p style="text-align: center;">↓</p> <p style="text-align: center;">(declining)</p>

		2020 to assist in maintaining social distancing.	
4	Long Term funding for Metro	Reflects the lack of clarity on long term funding for Metro and confirmation of essential renewals funding and the impact of COVID-19.	↓ (declining)
5	Frontline services and discretionary travel Schemes	Amended to reflect a balanced budget position in 2020/21, but reflecting the risk that there is a forecast deficit for 2021/22 if action isn't taken.  Subsequently amended to reflect the impact of COVID-19 on the Metro farebox and local bus services and the need for revenue support from Central Government	↓ (declining )
6	Procurement of the new design, build, maintain and provide contract for the fleet/depot	Updated to reflect the current position with the award of contract complete and the move into mobilisation and deliver in 2020/21.  Amended to reflect the COVID-19 pandemic and the potential delay to the programme	↓ (declining)
7	Efficiency of Delivery (ARP)	Updated to reflect the final year of the ARP programme and the steps being taken to ensure smooth transition to	↓ (declining)

		<p>essential renewals and to accommodate the schemes funded through other external grant.</p> <p>Refocusing on ensuring the business has the resources and skills to deliver.</p> <p>Amended to reflect the COVID-19 pandemic and potential delay to the programme</p>	
8	Nexus Learning Centre	<p>Progress on the Learning Centre has been delayed due to COVID-19. Northumbria water are unable to connect the site and thus completion is delayed, and no firm timescales can be confirmed</p>	<p>↓ (declining)</p>
9	Cybersecurity	<p>Updated to reflect actions planned for 2020/21 financial year.</p>	<p>↔ (stable)</p>
10	Deliver technological improvements, which will benefit our customers are encourage wider use of public transport	<p>Minor updates to reflect the next steps to be delivered during the 2020/21 financial year.</p>	<p>↔ (stable)</p>
11	Public transport Network improvements	<p>Updated to reflect the current position on funding bids and the development of a programme for the Regional Transport Plan of Nexus Capital and Revenue schemes.</p>	<p>↔ (stable)</p>

12	Metro and Local Rail Strategy	Updated to reflect the delivery of feasibility studies into the expansion of the Metro Network during 2020/21 and 2021/22.	↔ (stable)
13	Aspirations for Heavy rail initiatives	Minor updates to reflect the current position of TfN workstreams. COVID-19 impacts have been to push northern powerhouse rail strategic outline case back 3 months to March 2021	↔ (stable)
14	NEW Delivery of Metro Flow	New risk to cover the development and delivery of the Metro Flow project following the announcement of Transforming Cities Fund as part of the budget	<b>New</b>
15	NEW Local Rail Devolution	A new risk to reflect that Government have delayed announcements around the Williams Rail review until the autumn and thus the region has yet to secure local rail devolution and therefore currently unable to progress fully the objectives and principles of the Regional Transport Plan.	<b>New</b>

2.2 Nexus will provide the Sub-Committee with an update on the position of the Corporate Risks at each of its meetings throughout 2020/21.

### 3. Reasons for the Proposals

3.1 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 scheduled meeting. Together these reports support the Sub-Committee in meeting its delegation under the JTC's Standing Orders (Part 4.1 refers) to monitor and oversee the performance of Nexus.

#### **4. Alternative Options Available**

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

#### **5. Next Steps and Timetable for Implementation**

5.1 Nexus will continue to manage its CRR to record and monitor any changes, and provide update reports to each subsequent scheduled meeting of the Sub-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 and mitigate them

#### **7. Financial and Other Resources Implications**

7.1 There are no direct financial implications for the Authorities regarding the management of Nexus' CRR, however the long term impact of COVID-19 on Metro farebox and the long term viability of public transport services will need to be further understood. It is likely that on-going revenue support for Metro services will be needed during the remainder of the financial year.

#### **8. Legal Implications**

8.1 There are no specific legal implications for the Authorities arising directly from this report, other than ensuring compliance with the Constitution and Standing Orders

#### **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 2019/20 which was previously reported

to and noted by the Sub-Committee at its meeting on 29 January 2019

**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 the respective 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' 13 risks for 2020/21  
Appendix 2 shows the risk matrix applied

**15. Background Papers**

15.1 Nexus' Corporate Plan 2020/21 as submitted to and approved by the Sub-Committee at its meeting on 16<sup>th</sup> January 2020

**16. Contact Officers**

16.1 Name: Martin Kearney  
Designation: Chief Operating Officer  
E-mail [Martin.Kearney@nexus.org.uk](mailto:Martin.Kearney@nexus.org.uk)  
Tel: 0191 203 3500

**17. Sign off**

- The Proper Officer for Transport: ✓
- Head of Paid Service: ✓
- Monitoring Officer: ✓

- Chief Finance Officer: ✓

## 18. Glossary

**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 Plan and therefore the successful delivery of the JTC's policies and priorities.

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

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

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

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

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

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

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

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

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

Appendix 1 – Nexus Corporate Risk Register for 2020/21

<b>CP Theme: Deliver public transport today</b> <b>CP Workstream: Improve our customers journey experience</b>		
<b>Risk Area: Catastrophic security related event</b> <b>Risk Owners: Managing Director Transport Operations</b> <b>Risk Actionees: Head of Health, Safety, Quality &amp; Environment.</b>	<b>RAG Status (Amber)</b>  <b>8(2x4)</b>	<b>Direction of Travel</b>  <b>↔</b> <b>(stable)</b>
<b>Risk: In running any operational public transport infrastructure there is an inherent risk that a catastrophic security related event may occur, such as a terrorism incident.</b>		
<b>Impact/Consequence(s):</b> The consequences of a catastrophic security related event on Metro, bus or Ferry could be significant, including loss of life, prolonged service suspension, protracted legal issues to resolve, fines to pay, impact on insurance, other cost increases and likely loss of business.		
<b>Control(s):</b> <ul style="list-style-type: none"> <li>• A safety management system which is independently accredited by the relevant enforcement agency – (Office, Rail and Road, Marine and Coastguard agency, Traffic Commissioner). This is a legal requirement.</li> <li>• Identification of catastrophic safety events we aim to avoid and strive to control, through having robust plans in place.</li> <li>• Continuously monitoring &amp; controlling the precursors of these events with a detailed 4-weekly safety reporting to Nexus’ Senior Leadership Team and weekly safety briefing.</li> <li>• Produce and implement an annual safety plan for approval by Nexus Executive Board.</li> <li>• Undertaking in-house safety assurance activity as part of everyday safety management practice.</li> <li>• Participating in joint emergency preparedness exercises with the blue-light services and other interested parties.</li> <li>• Receiving regular updates on the current threat from international terrorism.</li> <li>• Continuing to engender an organisational safety and security culture.</li> </ul>		

Next Steps/Key Milestones:

- Individual station security plans have now been completed for all 60 stations in accordance with the Department for Transport requirements -still awaiting confirmation from the DfT in regards to station categorisation formulae.
- Securing DfT approval to an overall security plan for the Metro: Security plan is drafted and requires checking prior to submission to DfT Land Transport Security Team.
- Submit a draft safety plan for 2020-21 to Nexus Executive board for approval June 2020.

CP Theme: **Deliver public transport today**

CP Workstream: **Improve our customers journey experience**

Risk Area: **Catastrophic Infrastructure or operations event**

**RAG Status  
(Amber)**

**Direction of  
Travel**

Risk Owners: Managing Director Transport Operations

16(4x4)

↓  
(declining)

Risk Actionees: **Head of Health, Safety, Quality & Environment, Head of Engineering, Head of Human Resources**

**Issue: COVID-19 pandemic**

**Risk: In running any operational public transport infrastructure there is an inherent risk that a catastrophic infrastructure or operations event may occur.**

Impact/Consequence(s):

The impact of a catastrophic infrastructure or operations event occur on Metro, bus and Ferry would be significant, including loss of life, prolonged service suspension, protracted legal issues to resolve, fines to pay, impact on insurance, other cost increases and likely loss of business. Reduction of service and passenger numbers as well as staff visibility on the system increased vandalism, anti-social behaviour and other crime

Control(s):

- A safety management system which is independently accredited by the relevant enforcement agency – (Office, Rail and Road, Marine and Coastguard agency, Traffic Commissioner). This is a legal requirement.
- Robust arrangements for the selection and management of contractors.
- Monitoring of assets and development of fail safes and mitigation plans in the event of catastrophic failure of a key assets.
- Development of business continuity plans for significant failure of an asset or infrastructure of a significant public health crisis, including pandemic to ensure service continuity.
- Maintaining a comprehensive suite of engineering standards in all relevant disciplines based on industry best practice.
- Close liaison and joint operations with Metro Police Unit and British Transport Police to counter anti-social behaviour and vandalism on the network.
- Redeployment of staff to enhance security patrol on the system.
- Monitoring of CCTV systems and liaison with Metro Police Unit and British Transport police where issues arise
- Procedures in place to remove damaged and graffiti damaged trains from service before they impact on passengers.
- Continuously monitoring & controlling the precursors of these events with 4-weekly safety reporting to Nexus' Senior Leadership Team and a weekly SLT briefing.
- Produce and implement an annual safety plan for approval by Nexus Executive

Next Steps/Key Milestones:

- Prepare the case for emergency funding for Metro
- Prepare the plans to recover the service and patronage following the pandemic
- Individual station security plans have now been completed for all 60 stations in accordance with the Department for Transport requirements - still awaiting confirmation from the DfT in regards to station categorisation formulae.
- Securing DfT approval to an overall security plan for the Metro: Security plan is drafted and requires checking prior to submission to DfT Land Transport Security Team.
- Where possible redeploy staff to provide extra security patrols across the network.
- Submit a draft safety plan for 2020-21 to Nexus Executive board for approval June 2020.

Board.

CP Theme: **Deliver public transport today**

CP Key Priority: **Improve our customers' journey experience on Metro**

Risk Area: **Metro performance**

Risk Owners: Chief Operating Officer

Risk Actionee: Metro Infrastructure Director and Metro Operations Director, Head of Business Change and Technology

**RAG Status  
(Amber)**

**Direction of  
Travel**

16(4x4)

↓  
(declining)

**Issue: COVID-19 Pandemic**

**Risk: That there is a significant issues which impact on the performance of the Metro system, including but not limited to ageing fleet, or an unexpected and prolonged reduction in infrastructure asset condition specifically the Overhead Line, or availability of resources to operate.**

**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.

COVID-19 pandemic has impacted on the availability of drivers and other operational staff to maintain the Metro service. Patronage has reduced by up to 95%

Performance monitored against an amended timetable

**Control(s):**

- Implement an amended timetable to reflect resources available and patronage demand for services to ensure confidence in passengers in when services will run
- Retrain and redeploy staff where possible to cover operational activities.
- Monitor the amended timetable to ensure performance and tailor service provision to maintain social distancing .
- Monitor Metro patronage through passenger counting to inform service planning.
- Overhead line ARP replacement programme over the next five financial years.
- Close monitoring of key business results.
- Ensuring appropriate levels of communication and support between Nexus Rail, Metro services and Stadler.
- Implement better performance management processes.
- Delivery of the Metro Asset Renewals Programme, and prepare for the delivery of the Essential Renewals programme from 2021-22.
- Development of a performance awareness and improvement workstream to heighten awareness across the organisation and promote improvement.
- Implement plans to ensure resilience of digital assets associated with the operation of Metro.
- Working closer with the new Network Rail North Eastern structure to

address performance issues from Pelaw to South Hylton.

Key Milestones/Next Steps:

- 
- Monitor performance against the amended timetable
- Redeploy staff as required to maintain operations
- Develop plans to regain patronage following the pandemic
- Implement comprehensive communications plan with staff, stakeholders and staff
- Monitor patronage and undertake research through the insights panel to understand passenger behaviour
- Quarterly review of Asset Condition Reliability Improvement Plans where Nexus Rail's Principal Engineers and Maintenance Managers jointly review the performance of Metro assets.
- Reviewing the Critical Assets/Single Point of Failure Register.
- Changes to the delay attribution process to reflect right time running.
- Establish and maintain performance management processes with Stadler.
- Development of new performance tools to help effectively monitor performance.
- Review timing of revised timetable implemented planned for May 2020 and increase service provision as appropriate to anticipate demand and maintain social distancing
- Work with DfT to bring forward Essential Renewals spend into 2020-21 to ensure effective delivery of the programme in 2021-22.
- Implement actions to improve awareness of performance matters with immediate effect.
- Expand ICT service desk provision to ensure cover over night prior to morning peaks.
- Continue to deliver increased levels of driver training to fill establishment.
- Agree and implement new Train Crew Agreement.

<b>CP Theme: Prepare for the future</b>		
<b>Risk Area: Long term funding for Metro</b> <b>Risk Owner: Director of Finance and Resources</b>	<b>RAG Status (Amber)</b>	<b>Direction of Travel</b>
	12 (3x4)	 (worsening)
<b>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.</b>		
<b>Impact/Consequence(s):</b> Any reduction in Metro external funding will lead to a diminution in service and failing infrastructure. No capital funding has been agreed beyond 2020-21 for Metro impacting on the efficiency of delivery, COVID-19 pandemic has reduced farebox revenue for Metro and will have a significant impact on the viability of services without an increase in external funding		
<b>Control(s):</b> <ul style="list-style-type: none"> <li>• Effective liaison with DfT including 4-weekly progress reporting on the current Asset Renewal Plan and quarterly reviews.</li> <li>• Procurement strategy &amp; contractual arrangements that minimise risk and deliver Value for Money.</li> <li>• Engaging with national government, local councillors &amp; MPs and building public support.</li> <li>• DfT/Nexus Programme Board met in November 2017 to consider future grant funding for both essential renewals and operational subsidy, DfT have recommended funding approval but this has not been progressed by HM Treasury.</li> <li>• Development of a business case for extensions has commenced, following confirmation of funding for the new fleet.</li> <li>•</li> </ul>		
<b>Key Milestones/Next Steps:</b> <ul style="list-style-type: none"> <li>• Principle of emergency funding is agreed but awaiting notification on the amount of funding to be provided.</li> <li>• Spending Review 2019 - bid submitted on 29<sup>th</sup> March 2019 but no agreement from DfT forthcoming as yet.</li> <li>• DfT Rail Investment Board recommended approval of funding in December 2019 , approval sits with HM Treasury</li> <li>• Make the case for emergency funding for Metro to combat the impact of the COVID-19 pandemic on farebox revenue, in the medium term.</li> </ul>		

CP Theme: <b>Deliver public transport today</b>		
CP Key Priority: <b>Protect and enhance our services</b>		
Risk Area: <b>Frontline services and discretionary travel schemes</b>	RAG Status (Green)	Direction of Travel
	12 (4x3)	↓ (declining)
<p><b>Risk Owner: Director of Finance and Resources</b></p> <p><b>Risk Actionee: Head of Finance</b></p>		
<p><b>Issue: COVID-19 Pandemic has significantly impacted on public transport patronage and revenue</b></p> <p><b>Risk: That in protecting front-line services and discretionary travel schemes in 2020/21, Nexus cannot achieve the balanced budget as approved by the North East Joint Transport Committee (JTC) and is required to commit the use of reserves.</b></p> <p><b>Public transport patronage and revenue has been significantly impacted by the COVID-19 pandemic and this could impact on the viability of public transport operators increase pressure to provide secured services</b></p> <p><b>A major public transport provider could be forced into administration due to reduction in farebox revenue.</b></p>		
<p>Impact/Consequence(s):</p> <p>Due to unforeseen budget pressures that could arise, Nexus may need to consider implementing some reductions in frontline services and/or curtailment of discretionary travel schemes during 2020/21 to deliver a balanced budget.</p> <p>There could be an increased requirement to fund public transport services in order to ensure that public transport can provide the necessary links to support the regional economy.</p>		
<p>Control(s):</p> <ul style="list-style-type: none"> <li>Monitoring of public transport patronage during the pandemic, undertake research through the insight panel to gain intelligence on trends and passenger behaviours.</li> <li>Undertake benchmarking and intelligence gathering from other Cities, through UITP, UTG and Comet/Nova.</li> <li>Discussions with Chief Executives and Treasurers in August 2019 in order to obtain strategic financial guidance for 2020/21.</li> <li>The JTC's approval of the 2020/21 transport levy/budget in January 2020.</li> <li>The JTC Tyne and Wear Sub-Committee's approval of Nexus' Corporate Plan for 2020/21 in January 2020.</li> <li>The pension savings of £3.4m from the latest valuation has meant that a levy freeze can be accommodated and a balanced budget agreed for 2020/21. This provides time for further discussions in relation to the Nexus medium term financial plan.</li> </ul>		

Next Steps/Key Milestones:

- Prepare the case for emergency funding for public transport
- Prepare the case for emergency powers to maintain the public transport network.
- Prepare plans to drive patronage growth following the current pandemic.
- Develop 3-6month and 6 month to three year recovery plan
- Seek revenue and capital funding support
- 4-weekly periodic financial monitoring by Nexus' Senior Leadership Team.
- Nexus' input to the quarterly monitoring of the Revenue Budget and Capital Programme expenditure reports submitted to the JTC.

CP Theme: <b>Deliver Public Transport Today</b>		
CP Key Priority: <b>Progress the delivery of a new fleet for Metro</b>		
Risk Area: <b>Procurement of the new design, build, maintain and provide contract for the fleet/depot.</b>	<b>RAG Status (Amber)</b>	<b>Direction of Travel</b>
Risk Owner: <b>Director of Finance and Resources</b> Risk Actionee: <b>Metro Development Director</b>	9 (3x3)	↓ (decline)
<b>Risk: The possibility of costs escalating, the potential for delays and reputational impact as a result of Nexus owned risks impacting on the affordability and deliverability of the project to introduce a new fleet of trains and depot.</b> <b>Potential of delays caused by COVID-19 pandemic</b>		
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. Such affordability issues could result in Nexus having to reconsider the scope of the contracts, i.e. the number of trains and the scale and scope of the depot reconstruction.		
Control(s): <ul style="list-style-type: none"> <li>• A project contingency sum is available to fund the impact of known and likely risks.</li> <li>• Successful delivery of interdependent projects and enabling work is monitored by Capital Steering Group on a monthly basis and reported to Senior Leadership Team.</li> <li>• Keeping key stakeholders informed regarding progress of the programme.</li> <li>• Project controls have been developed and implemented to assist with the management of the contracts.</li> <li>• Operational risks associated with the project are managed through the Operational Readiness Meeting and are monitored by Senior Leadership Team.</li> </ul>		
Key Milestones/Next Steps: <ul style="list-style-type: none"> <li>• Contract meetings on-going.</li> <li>• Close liaison with Stadler on COVID-19 impact on delivery</li> <li>• Consultation on the fleet design, including the train mock-up in Autumn.</li> <li>• Transfer of Depot and maintenance to Stadler.</li> <li>• Given the scale of the procurement, monitor impact that trading tariffs will have on this procurement and the affordability of the programme.</li> <li>• Regular meetings of the joint Nexus/DfT Programme Board.</li> </ul>		

- Periodic progress reporting to Nexus' Senior Leadership Team and JTC.

CP Theme: <b>Focus on organisational effectiveness</b>		
CP Key Priority: <b>Continue to modernise the Metro</b>		
Risk Area: <b>Efficiency of delivery</b>	<b>RAG Status (Green)</b>	<b>Direction of Travel</b>
Risk Owner: <b>Director of Finance and Resources</b>	9 (3x3)	↓ (declining)
Risk Actionee: <b>Head of Programme Assurance</b>		
<b>Risk: That the organisation does not have sufficient resource and or the correct skills set to successfully deliver the programme of capital works</b>		
<p>Impact/Consequence(s):</p> <p>Projects committed through Asset Renewal Programme, Essential Renewals, Transforming Cities or other funding streams are not delivered in the most efficient and effective way and Nexus fails to take advantage of other emerging funding streams to be able to improve its assets, customer services or operations. Project costs and delivery programmes are compromised – failure to comply with grant funding conditions and consequential loss of funding.</p> <p>Failure to manage business integration of major projects – leading to operational disruption and inability to realise benefits.</p> <p>Over reliance on contract resources – increased costs and lack of ownership of project outcomes.</p> <p>Projects do not deliver value for money, work is deferred or descoped and asset condition deteriorates introducing operational risk. Disruption is more likely as a result of degraded asset performance.</p> <p>Potential of delays and cost pressures to projects caused by COVID-19 pandemic</p>		
<p>Control(s):</p> <ul style="list-style-type: none"> <li>• Seek flexibility from the Department for Transport over virement / acceleration of funding to optimise programme delivery.</li> <li>• Effective programme management, project prioritisation, delivery and budget control processes.</li> <li>• Ensure Portfolio level management of project and programme interfaces, dependencies and business change.</li> <li>• Value engineering, technology choice, option analysis, specification and scope.</li> <li>• Active stakeholder engagement to obtain involvement and co-operation of third/interested parties e.g. Metro Services, Network Rail, highway authorities, utility companies etc.</li> <li>• Continually monitor and manage the programme to ensures sufficient programme/project management resource - identify options to source additional resources or capacity to deliver increase levels of investment.</li> <li>• Close and proficient management of all contracts relating to ARP and other works in the capital programme.</li> <li>• Periodic Affordability Review meetings to consider ARP and Essential Renewals profiling.</li> </ul>		

Next Steps/Key Milestones:

- Monitor procurement and changes in responses to tenders.
- Review terms and conditions in light of pandemic to ensure flexibility in contracting to minimise the impact
- Evaluate Cabinet Office Policy and guidance in working with suppliers and contractors
- Periodic project reviews, analysis and reporting – presentation to Nexus' Capital Steering Group, Senior Leadership Team, the JTC and the joint Nexus/DfT Programme Board.
- Continued engagement with DfT via Programme Board and HMT regarding future Metro funding arrangements.
- On-going engagement with DfT Programme Board
- Periodic Project and Programme reviews.
- Evaluate mitigation options for retention and recruitment of key skills and resources.
- Review implications of Transforming Cities on resources.
- Periodic Affordability Review meetings: May 2020 and quarterly thereafter.

<p>CP Theme: <b>Focus on organisational effectiveness</b></p> <p>CP Key Priority: <b>Open our new Learning Centre in South Shields, to provide a step change in how we develop our people and make Nexus an employer of choice.</b></p>		
<p>Risk Area: <b>New Learning Centre</b></p> <p>Risk Owner: <b>Director of Finance and Resources</b></p> <p>Risk Actionees: <b>Head of Renewals (construction works) and the Head of Learning (operations)</b></p>	<p>RAG Status (Amber)</p> <p>9 (3x3)</p>	<p>Direction of Travel</p> <p>↓</p>
<p><b>Risk: Initially that the Learning Centre is not delivered to time/budget/quality requirements, potentially compromising grant funding arrangements. Thereafter, once opened, there is a potential for failure to make best use of the facility.</b></p>		
<p>Impact/Consequence(s):</p> <p>That completion of the Learning Centre is unduly delayed, costs escalate or delivery is compromised, with a resulting impact on the construction of the Depot at South Gosforth. Once opened, failure to make optimal use of the facility will result in the investment failing to provide optimum value.</p>		
<p>Control(s)</p> <ul style="list-style-type: none"> <li>• Nexus Planner and InfrSAFE supervisor on site with regular support from Nexus Project Manager. Weekly briefings and daily site diary and record of works completed.</li> <li>• Plan for Learning Centre operations developed including fit out, logistical requirements concerning personnel working from/attending the new facility.</li> <li>• provision of the appropriate level of project management and supporting disciplines.</li> <li>• Having appropriate project controls, governance structures and assurance arrangements in place.</li> <li>• Financial controls and close monitoring in place to ensure compliance with Local Growth Fund eligibility arrangements.</li> <li>• Contingency plans under development to allow a move out of current facilities into alternative accommodation to allow training to continue and to ensure that there is no impact on the construction of the Depot if the Learning Centre is not complete in time.</li> <li>• Head of Learning developing proposals for making optimal use of the facility.</li> </ul>		
<p>Next Steps/Key Milestones:</p> <p>Construction:</p> <ul style="list-style-type: none"> <li>• Supply of water to the site.</li> <li>• Completion of construction activities which cannot take place due to current social distancing regulations.</li> <li>• Completion of training track.</li> </ul>		

- Completion of procurement of IT and other resources and equipment for the centre.
- Development of proposals for Nexus new approach to education, training and development across the organisation

CP Theme: <b>Focus on organisational effectiveness</b>		
Risk Area: <b>Cybersecurity</b> Risk Owner: <b>Director of Finance and Resources</b> Risk Actionee: <b>Head of Business Change &amp; Technology</b>	<b>RAG Status (Amber)</b>	<b>Direction of Travel</b>
	8(2x4)	↔ (stable)
<b>Risk: A successful cyber-attack on Nexus ICT infrastructure.</b>		
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.		
Control(s): <ul style="list-style-type: none"> <li>Nexus utilise a modern supportable resilient firewall, with a subscription to identify and protect against existing and emerging threats.</li> <li>We subscribe to governmental cyber-threat awareness bulletins and are active members of local security working groups.</li> <li>We participated in a local multi-party cyber-resilience event with local authorities and the emergency services to test the systems in place.</li> <li>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.</li> <li>Nexus employs security specialists to implement governance and controls.</li> <li>A cyber-security training standard has been implemented to train all Nexus staff in the basic requirements.</li> <li>Nexus raises awareness of security threats through the use of internal communications such as Nexus Times &amp; global emails.</li> <li>Nexus measure awareness through different mediums such as fake Phishing attacks.</li> <li>All changes to Nexus security assets are subject to tight control.</li> <li>We have a suite of policies on security controls and an acceptable use.</li> <li>A security incident response policy is in place.</li> <li>We utilise segregation to protect critical systems particularly rail based systems.</li> <li>We manage security risks within Business Change and Technology using a specific risk management process.</li> <li></li> </ul>		
Next Steps/Key Milestones: <ul style="list-style-type: none"> <li>Annual phishing exercises will continue, with additional exercises as deemed appropriate to the level of threat being experienced.</li> <li>Review ongoing notification from key suppliers regarding the vulnerabilities in order to ensure timely notification and action.</li> </ul>		

CP Theme: **Deliver public transport today**

CP Key Priority: **Embrace new technological improvements to make public transport easier, simpler and more appealing**

Risk Area: **Customer facing technology**

**RAG Status  
(Green)**

**Direction  
of Travel**

Risk Owner: **Customer Services Director**

Risk Actionees: **Head of Business Change and  
Technology, Fares and Revenue Manager**

6(3x2)

↔  
(stable)

**Risk: That the public transport services we provide or procure lose market share in a competitive environment.**

Impact/Consequence(s):

Customer facing technologies used by Nexus for payment and refund processes 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, leading to a decline in market share.

Control(s):

- Seek to obtain support from Transport for the North in the use of technologies for cEMV, as an alternative to smart cards.
- Continuous review of retail trends and customer choice with market research carried out to establish product development proposals.
- Annual review of prices, products and sales channels.
- Provision made in the Fares and Revenue budget in order to support research into the development of new products.
- Seeking opportunities to work with partners and explore the potential for attracting external funding.

Next Steps/Key Milestones:

- Add currently NTL product range onto ITSO smartcard and then develop plans to introduce a multimodal, price capped pay as you go product.
- Launch Digital Carpark payment solution.
- Launch Host Card Emulation.
- Implement the recommendations of the Product and Payment Strategy.

CP Theme: <b>Prepare for the future</b>		
CP Theme: <b>Develop a pipeline of capital projects for future funding opportunities</b>		
Risk Area: <b>Public transport network improvements</b>	<b>RAG Status Green</b>	<b>Direction of Travel</b>
Risk Owner: <b>Transport Strategy Director</b>	(2x3)	↔
Risk Actionee: <b>Head of Corporate Planning</b>		(stable)
<b>Risk:</b> That opportunities to secure additional funding for public transport improvements through competitive funding bids are not successful		
<p><b>Impact/Consequence(s):</b></p> <p>Nexus will rely external funding opportunities to implement enhancements to the public transport infrastructure that it is responsible for. Without this funding existing resources will at best only be able to maintain assets to their current condition and in some cases assets will deteriorate due to lack of funding. This will impact on customer perceptions as public transport will not meet expectations leading to reduced patronage and revenue.</p>		
<p><b>Control(s):</b></p> <ul style="list-style-type: none"> <li>• Nexus schemes are included in the Regional Transport Plan pipeline.</li> <li>• A pipeline of capital schemes aligned with the Nexus Corporate Plan will be developed for as yet unspecified funding opportunities.</li> <li>• Nexus resources, both people and financial, are allocated to develop Nexus Capital Programme pipeline.</li> <li>• Schemes will be developed and governed under the Nexus' Stage-gate control processes.</li> <li>• Internal stakeholders are identified and regular stakeholder meetings are held.</li> <li>• Regular liaison with the Regional Transport Team to provide project updates and ensure that schemes are developed in line with wider regional objectives.</li> <li>• Regular liaison with other external stakeholders to ensure alignment with other projects and local objectives.</li> <li>• Match funding has been identified for live bidding opportunities.</li> </ul>		
<p><b>Next Steps/Key Milestones:</b></p> <ul style="list-style-type: none"> <li>• Nexus long list of capital projects is developed and submitted to the Transport Strategy Team for inclusion in the Regional Transport Plan.</li> <li>• Plans are in place for developing a bid to the Governments £5bn bus and cycling fund.</li> <li>• Secure resources to develop the Nexus Capital programme to stage gate 3</li> </ul>		

/ Outline Business case.

- Develop Strategic Outline Business Cases for Metro Extensions.
- In conjunction with partners secure funding for the relocation of the North Bank of the Tyne Ferry Landing.

<b>CP Theme: Prepare for the future</b> <b>CP Key Priority: Develop plans to expand and enhance the Metro and Local rail networks</b>		
<b>Risk Area: Metro and local rail strategy</b> <b>Risk Owner: Transport Strategy Director</b> <b>Risk Actionee: Head of Network Extensions</b>	<b>RAG Status (Amber)</b>  <b>9 (3x3)</b>	<b>Direction of Travel</b>  <b>↔</b> <b>(stable)</b>
<b>Risk: Expansion of the Metro and local rail services does not progress.</b>		
<b>Impact/Consequence(s):</b> <p>Should the project be unable to identify suitable options for expansion of the Metro and local rail systems this will have adverse implications for the local community, economy and the environment. Studies have established that each additional passenger journey generates £8.50 benefits to the local economy. Failure to obtain this benefit may limit the potential for economic growth and prosperity.</p>		
<b>Control(s)</b> <ul style="list-style-type: none"> <li>• Identification of the circumstances/characteristics in which schemes could be viable.</li> <li>• Embed schemes, enhancements and the circumstances/characteristics in the Transport Plan, the Strategic Economic Plan and other regional policies and strategies.</li> <li>• Align schemes and opportunities to pan-regional and national opportunities including Northern Powerhouse Rail and emerging options for rail devolution.</li> <li>• Establish strong contacts and working relationships with relevant stakeholders and influencers.</li> <li>• Develop communications strategies to ensure stakeholders and decision makers are kept informed and enthused.</li> <li>• Development and submission of viable business cases to generate momentum.</li> <li>• Assessment of other schemes mentioned in the Metro and Local Rail Strategy 2016, and other emerging schemes.</li> <li>• Utilise the technical and demand contract frameworks to develop best practice and knowledge in scheme development.</li> <li>• Utilise Nexus Stage Gate project control process and Green Book business case protocols to ensure effective, compliant scheme development.</li> <li>• Establish and maintain effective programme management disciplines to identify and manage cost and risk.</li> <li>• Undertake market consultation has established an understanding of the market appetite for schemes; keep this fresh.</li> <li>• Identify and adopt best practice in the development and delivery of extensions.</li> <li>• Establish an understanding of the legal and regulatory framework governing light and heavy rail and apply appropriately and proportionately.</li> </ul>		

- Review and update the delivery structures and commercial arrangements for extension delivery programmes to maximise efficiency and capacity.
- Establish and utilise a planning framework to define and deliver the land and consents strategies for light and heavy rail developments.
- Align programmes to and acknowledge interdependencies with the delivery of a new Metro fleet and renewal programmes to maximise efficiency and quality.

Key Milestones/Next Steps:

- Establish effective project structures to delivery Metro Flow following confirmation of funding Subject to confirmation of scheme funding, establish if and where Nexus can add value in the delivery of Northumberland Line – summer 2020.
- Planning reclassification for Follingsby by summer 2021 to support access to public transport in the area.
- Assessment of Cobalt in 20/21.
- Completion of Leamside reinvigoration and assessment of Wearside Loop in 21/22.
- Assessment of West Newcastle/ Gateshead in 21/22.
- Assessment of Airport heavy rail connection in 21/22.
- Combined report to outline the potential for expansions in Tyne and Wear 2022.

CP Theme: **Prepare for the future**

CP Key Priority: **Ensure the North East's priorities for transport are properly reflected in Transport for the North's (TfN's) investment plans.**

Risk Area: <b>Aspirations for heavy rail initiatives</b>	<b>RAG Status (Green)</b>	<b>Direction of Travel</b>
Risk Owner: <b>Transport Strategy Director</b>	6(2x3)	↔ (stable)
Risk Actionee: <b>Head of Heavy Rail</b>		

**Risk: That the North East's aspirations for heavy rail initiatives are not sufficiently developed in time to take the opportunity for implementation as and when it arises.**

Impact/Consequence(s):

Transformational improvements in transport provision for the area are being sought working through TfN. Failure to secure these improvements in respect of heavy rail could reduce transport connectivity and economic prosperity.

Control(s):

- Active participation in Transport for the North, in particular the following workstreams:
  - the Northern Powerhouse Rail (NPR) project,
  - Strategic Development Corridor studies, and
  - the Long Term Rail Strategy.
- Actively participate in the delivery of the Strategic Transport Plan and accompanying Long Term investment Programme.
- Ensuring the Joint Transport Committee's (JTC) Lead Member for Transport is fully briefed.
- Retaining and developing the North East Rail Management Unit (NERMU).
- Approval to the Strategic Outline Business Case for NPR from both the TfN Board and DfT.

Next Steps/Key Milestones:

- Take an active role in the development of the Outline Business Case for Northern Powerhouse Rail. The approval for the Strategic Outline case for this scheme has been delayed by three months to March 2021, due to COVID-19 impacts on resources and working arrangements of all parties involved.
- Take an active role in the development of the strategic corridors business cases as they affect rail in the North East.
- To support the TfN Long Term Rail Strategy develop local delivery plans for the North East, through the development of a North East Rail Strategy.

CP Theme: <b>Deliver public transport today</b> CP Key Priority: <b>Deliver Metro Flow</b>		
Risk Area: <b>Efficiency of delivery</b> Risk Owner: <b>Transport Strategy Director</b> Risk Actionee: <b>Head of Network Extensions</b>	<b>RAG Status (Green)</b>  <b>9 (3x3)</b>	<b>Direction of Travel</b>   (stable)
<b>Risk: The benefits of Metro Flow are not delivered, are compromised or limited</b>		
Impact/Consequence(s): a) Delivery of Metro Flow is compromised, in terms of escalating costs, a delayed delivery programme or quality of outputs, the predicted benefits may not be fully realised. This could have implications for the customer experience and service, both in delivery and operation, Nexus financial position and may damage Nexus' reputation as a delivery agent, subject to the selected mitigation strategy.		
Control(s): <ul style="list-style-type: none"> <li>• Continued advance planning and collation of information in identified risk areas will mitigate future deliver risks.</li> <li>• Apply effective and proven project management, control, risk management planning and governance processes and employ appropriate skilled resources in these areas.</li> <li>• Continually monitor the overall Nexus Capital Programme to ensure interfaces and dependencies with other activities, particularly the Metro Fleet Replacement and Metro Asset Renewals, are understood, prioritised and managed.</li> <li>• Active stakeholder engagement to obtain involvement and co-operation of third/interested parties.</li> </ul>		
Next Steps/ Key Milestones post funding decision <ul style="list-style-type: none"> <li>• Establish project team – March 20</li> <li>• Infrastructure             <ul style="list-style-type: none"> <li>○ Tender July 20 – Dec 20</li> <li>○ Evaluation Dec 20 – Jan 21</li> </ul> </li> <li>• Industry Consultations (Network Change etc.) Apr 20 – Dec 20</li> <li>• FBC Submission/Approval – Feb 21/Apr 21</li> <li>• Infrastructure             <ul style="list-style-type: none"> <li>○ Contract Award – May 21</li> <li>○ Delivery – Apr 22 – Feb 23 (Blockade Sept – Dec 2022)</li> </ul> </li> <li>• Service commenced TBC, subject to fleet programme</li> </ul>		

CP Theme: **Prepare for the future**

CP Key Priority: **'Establish effective management structures to improve local rail services'**

Risk Area: Local Rail Devolution	<b>RAG Status (Green)</b>	<b>Direction of Travel</b>
Risk Owner: <b>Transport Strategy Director</b>	<b>9(3x3)</b>	<b>↔</b> (stable)
Risk Actionee: <b>Head of Heavy Rail</b>		

**Risk: That the North East's aspirations for local rail devolution are not aligned to the outcomes or timeframes resulting from the Williams Rail Review.**

Impact/Consequence(s):

Transformational improvements in local rail provision for the North East are being sought as an outcome of the Williams Rail Review. Failure to secure the local rail devolution could reduce the effectiveness of local rail to meet the Objectives and Principles of the Transport Plan.

Control(s):

- Active dialogue with DfT and Williams Review team.
- Joint working with TfN on devolution options.
- Ensuring the Joint Transport Committee(JTC) is fully briefed.
- Active dialogue with adjacent authorities on rail devolution across the wider North East geography.
- Retaining and developing the North East Rail Management Unit (NERMU).

Next Steps/Key Milestones:

- Williams review outcome. This has been put back due to Brexit, then the General Election and now COVID-19. Latest view is the outcome will now be published autumn 2020
- North East Prospectus for Rail devolution developed (June 2020).
- Take an active role in the development of any further case/s required to government to secure rail devolution in the North East.
- To work with TfN to develop local devolution plans for the North East, within a wider North framework.

## Appendix 2: Risk Score Matrix

Assess the impact if the risk occurred:

Impact:

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

Assess the likelihood of the risk occurring:

Likelihood:

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

Assess the impact should the risk occur e.g.

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

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

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**Date:** 14 May 2020

**Subject:** Tyne Tunnels Update

**Report of:** Managing Director, Transport North East

### 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 traffic tunnels and the impact on traffic flows and revenues as a result of the Covid-19 pandemic; and
2. The operation of the Tyne Pedestrian and Cycle Tunnels (TPCT) and the outstanding works linked to the renovation of these tunnels.

The report recommends a change to the date of implementation of a decision which has already been approved at a previous TWSC meeting in relation to toll increases planned for May 2020 for Class 3 vehicles (HGVs) in light of the current Covid-19 crisis.

### Recommendations

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

- i. Note the contents of the traffic tunnels update, particularly the impact on traffic flows and revenues as a result of the Covid-19 pandemic;
- ii. Note the contents of the Tyne Pedestrian and Cycle Tunnels update and the current position with regards to final completion of the renovation works;
- iii. Approve the delay in the implementation of the increase in the tolls for Class 3 vehicles (HGVs) until August 2020 at the earliest in light of the current Covid-19 pandemic crisis.

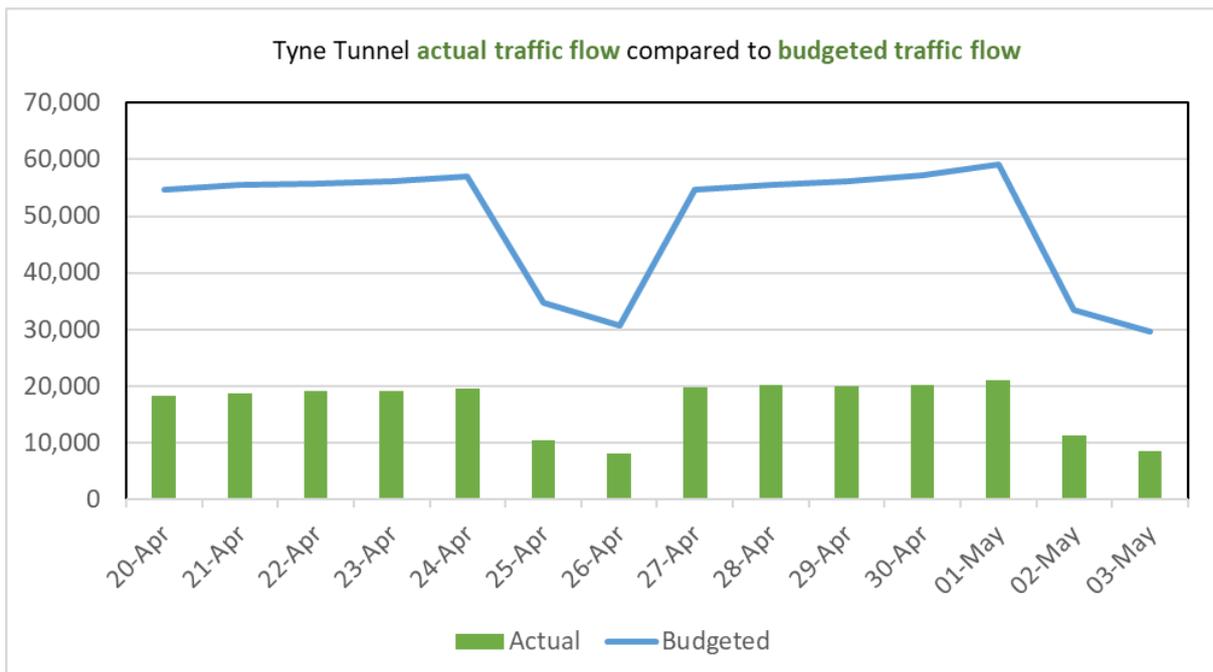
## 1. Background Information

- 1.1 The Tyne Tunnels are jointly owned by the North East Combined Authority (NECA) and the North of Tyne Combined Authority (NTCA). They comprise two vehicle tunnels and the pedestrian and cyclist tunnels. The Tyne Tunnels receive no government or local funding and costs are met from the tolls charged to users of the vehicle tunnels.
- 1.2 TT2 Ltd as Concessionaire is responsible for the day-to-day management and operation of the Tunnels in accordance with the Project Agreement which is in place from 2007 to 2037. This is monitored by the Tyne Tunnels Manager on behalf of NECA (as accountable body for the Joint Transport Committee (JTC)).

## 2. Traffic Tunnels Update

### Traffic Flows

- 2.1 TT2 and Transport North East constantly review the traffic flows through the Tyne Tunnels. A review of the traffic flows, last financial year (2019/20) showed that they were slightly higher than the previous year.
- 2.2 However, as a result of Covid-19 lockdown measures, traffic levels have dropped drastically during March and April 2020 to the lowest levels seen during the life of the TT2 contract. Traffic was 70% down on normal levels during most of April and by the start of May was rising slightly but still at 64% below normal levels. The level of traffic using the tunnels has a huge impact on the income received by TT2.



## Pre-Payment of tolls

2.3 The Advanced Number Plate Recognition Cameras in use at the Toll Plazas are working well. TT2 continues to promote the use of pre-payment accounts. This not only provides a 10% discount for users but also speeds up the journey time through the toll plazas. The number of pre-payment transactions at normal traffic levels (pre-Covid-19) was running at 61.7% of users.

## 2.4 Tyne Tunnels Tolls – delay to planned increase in May 2020

2.5 Members will recall that it was agreed in January to increase the tolls from £3.60 to £3.70 for Class 3 vehicles, with implementation proposed in May 2020. This increase was decided on the basis that levels of inflation (measured by RPI in accordance with the 2011 Order) were such that an increase in Class 3 vehicles was possible and necessary to finance the tunnels. No increase was possible for Class 2 vehicles.

2.6 It was intended that from May 2020 the toll structure would be set as follows:

Vehicle Class	Toll	Description
1	FREE (no change)	Motorcycles
2	£1.80 (no change)	Motor vehicles (Cars), 2 axles and height 2m or less; Motor vehicles (Cars/Vans) 2 axles and height less than 3m; Articulated motor vehicles with tractor 2m or less and trailer less than 3m
3	£3.70 (£0.10 increase)	Motor vehicle 2 or more axles and height 3m or more

Permits are available for all classifications and subject to 10% discount (no change is proposed to the percentage discount).

2.7 The increase to Class 3 vehicles toll has not yet been implemented and it is recommended that this planned increase is delayed for at least 3 months taking it to August 2020 at the earliest. This is due to the current Covid-19 situation and the government lockdown measures in place. It is considered that it would be inappropriate to increase tolls at this time when the UK economy is in crisis and many vehicles using the Tunnels are engaged in providing essential supplies and services.

## Health and Safety

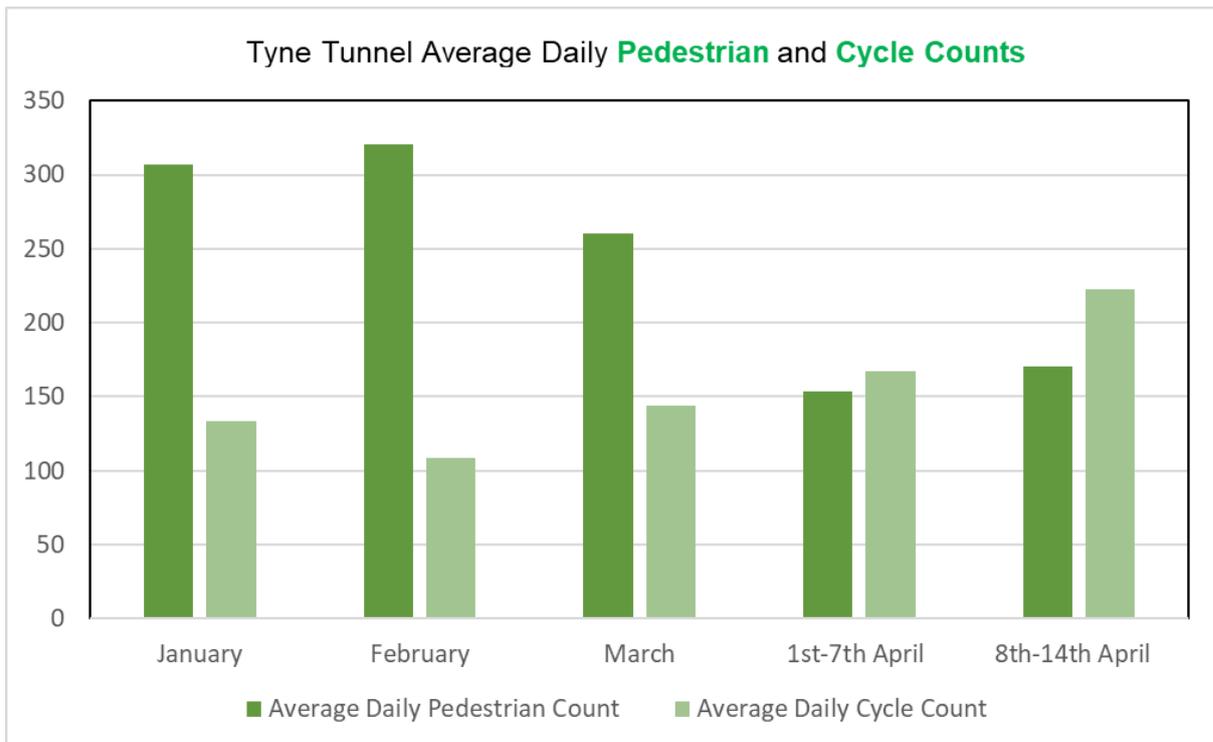
2.8 TT2 has provided Tyne Tunnels Manager with a regularly updated Contingency Plan and a copy of detailed advice to employees in respect of Covid-19. During March and April 2020 TT2 has put in place agreed measures in terms of staff and public

protection which included closing their front reception area and changing the Pedestrian and Cyclist Tunnels night shuttle bus to a taxi service. PPE has been issued to staff and processes for plaza staff have been altered to minimise social interaction with drivers. Credit card and debit card payments are no longer accepted as this involved social interaction between staff and drivers. Drivers who have not pre-paid via a permit or the app are given the option to pay with coins or pay on-line after their journey using the Post-Pay facility.

- 2.9 It is considered that there is a minimal risk to the public in contracting or passing on the virus from using the Tyne Tunnels, as passengers are contained in their vehicles. The main risk is to staff and to service delivery if a number of skilled, experienced staff contracted the virus or were instructed to self-isolate. A plan has therefore been put in place as to the minimum staffing required in order to operate in the short term and to identify and train additional staff with the requisite skills who can be called on to carry out various essential duties.

### **Tyne Pedestrian and Cyclist Tunnels Update**

- 2.10 In terms of the ongoing refurbishment works, the completion and certification of the inclined lifts remains outstanding since the last Committee meeting.
- 2.11 The specialist contractor was due to return to site in January, but the planned visit failed to take place. Extensive dialogue has taken place to try and resolve the outstanding technical issues preventing the lifts from being completed, certified and brought into service.
- 2.12 However, the return of the contractor to site is currently on hold. The contractor is based in the Lombardy region of northern Italy and at this time the area remains in 'lockdown' as a result of the COVID-19 outbreak. Travel restrictions are in place which means that contract staff cannot travel to the UK. Until they can return to site to complete the outstanding works, testing and certification for use, they cannot be brought into service.
- 2.13 The tunnels remain open to the public (with use of a vertical lift at both ends and the availability to use the historic escalators as stairs) between 06:00 to 22:00, with TT2 providing the night service between 22:00 to 06:00. The later closing time of 22:00 was implemented at the end of March 2020 at the start of the lighter evenings for the period of British Summer Time.
- 2.14 Social distancing measures at the Pedestrian and Cycle Tunnels have been put in place so that users follow a one-way system for travelling in and out of the tunnel at either end and to ensure that the vertical lift is only used by one person at a time. There are also signs in place and website information to inform users that the Tunnels should only be used for 'essential journeys'. The facility continues to be well used by both pedestrians and cyclists. The numbers of pedestrians have reduced during March and April however more cyclists are using the tunnels.



### 3. Reasons for the Proposals

The reason for the proposal to delay the toll increase for Class 3 vehicles is that it is not considered appropriate to increase tolls during the current Covid-19 crisis period due to the effects of the crisis on the local population, traffic and the economy.

### 4. Alternative Options Available

Option 1 – The North East Joint Transport Committee, Tyne and Wear Sub-Committee may accept the recommendation set out above to delay the proposed toll increase for Class 3 vehicles for a minimum of 3 months.

Option 2 - The North East Joint Transport Committee, Tyne and Wear Sub-Committee may not accept the recommendation set out above which would mean the implementation of the toll increase in May 2020.

Option 1 is the recommended option.

### 5. Next Steps and Timetable for Implementation

There is a statutory process to increase the tolls involving publishing the decision in the local press and making an application to the Secretary of State. This process can be paused until Members have approved a new date for implementing the toll increase.

### 6. Potential Impact on Objectives

Both decisions to alter dates for implementation are recommended on the basis of the current objectives of the JTC in relation to Covid-19, which are to follow government health advice and to protect the local population and local economy.

## **7. Financial and Other Resources Implications**

Based on current levels of traffic, the cost of delaying the toll increase for Class 3 vehicles is approximately £3,600 per month. If traffic levels increase, this cost will increase. Based on normal traffic levels, the cost would be approximately £5,700 per month. A 3 month delay will therefore cost in the range of £10,800 to £17,100, which can be accommodated within the revenue budget for the year.

## **8. Legal Implications**

The legal comments have been incorporated into the report.

## **9. Key Risks**

There are no key risks associated with the delay to implementation of the toll increase.

Public Health - there could be risks to TT2 staff in terms of keeping the Tunnels operational, however the risk is being addressed by the detailed contingency planning and operational changes made by TT2 to respond to the Covid-19 situation. The risk to the local economy and to medical and food suppliers would be significant if the Tunnels were closed and the A19 was inaccessible.

## **10. Equality and Diversity**

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

## **11. Crime and Disorder**

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

## **12. Consultation/Engagement**

The Head of Paid Service, Monitoring Officer and Chief Finance Officer have been consulted. Regular updates are provided to the Transport North East (Tyne and Wear) Sub-Committee. TT2 website and the Pedestrian and Cycle Tunnel website both provide updates to the public on all matters related to the Tunnels.

## **13. Other Impact of the Proposals**

Keeping the Tunnels staffed and operational during the Covid-19 period provides a vital transport route on the A19 for essential traffic, and for key worker pedestrians and cyclists. The decision to delay the toll increase is also positive in terms of economic development and regeneration because it will assist businesses and suppliers using the traffic tunnels.

## **14. Appendices**

Appendix A: Traffic Figures for the traffic tunnels.

## **15. Background Papers**

River Tyne (Tunnels) Order 2005

Report dated 22 July 2010 - TPCT - Investment Proposals

River Tyne (Tunnels) (Modification) Order 2011

Tyne Tunnel Update reports to the scheduled meetings of the Tyne and Wear Sub-committee as listed in the report to the Tyne and Wear Sub-Committee of the 31 January 2019

Report dated 19 September 2019 – Tyne Tunnel Update

Report dated 21 November 2019 – Tyne Tunnel Update

Report dated 16 January 2020 – Tyne Tunnel Update

## **16. Contact Officers**

John Hewitt, Chief Finance Officer, [john.hewitt@durham.gov.uk](mailto:john.hewitt@durham.gov.uk), Tel:0300026194

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Alastair Swan, Principal Engineer, [alastair.swan@newcastle.gov.uk](mailto:alastair.swan@newcastle.gov.uk) , Tel: 0191 211 5931

Fiona Bootle, Tyne Tunnels Manager, [Fiona.bootle@transportnortheast.gov.uk](mailto:Fiona.bootle@transportnortheast.gov.uk).  
Tel 0191 4332035

## **17. Sign off**

- The Proper Officer for Transport: ✓
- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

## **18. Glossary**

TPCT – Tyne Pedestrian and Cyclist Tunnel

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

JTC – Joint Transport Committee

## **Appendix A: Traffic Figures for the traffic tunnels**

### **1 Background Information**

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

### **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: Monthly Traffic Figures. Illustrates the total number of vehicles per month compared with the figures from last year.

2.1.3 Graph B: TT2 Monthly Total Traffic Figures by Vehicle Class. Illustrates the monthly traffic flows by Vehicle Type, for the period April 2019 and Feb 2020.

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

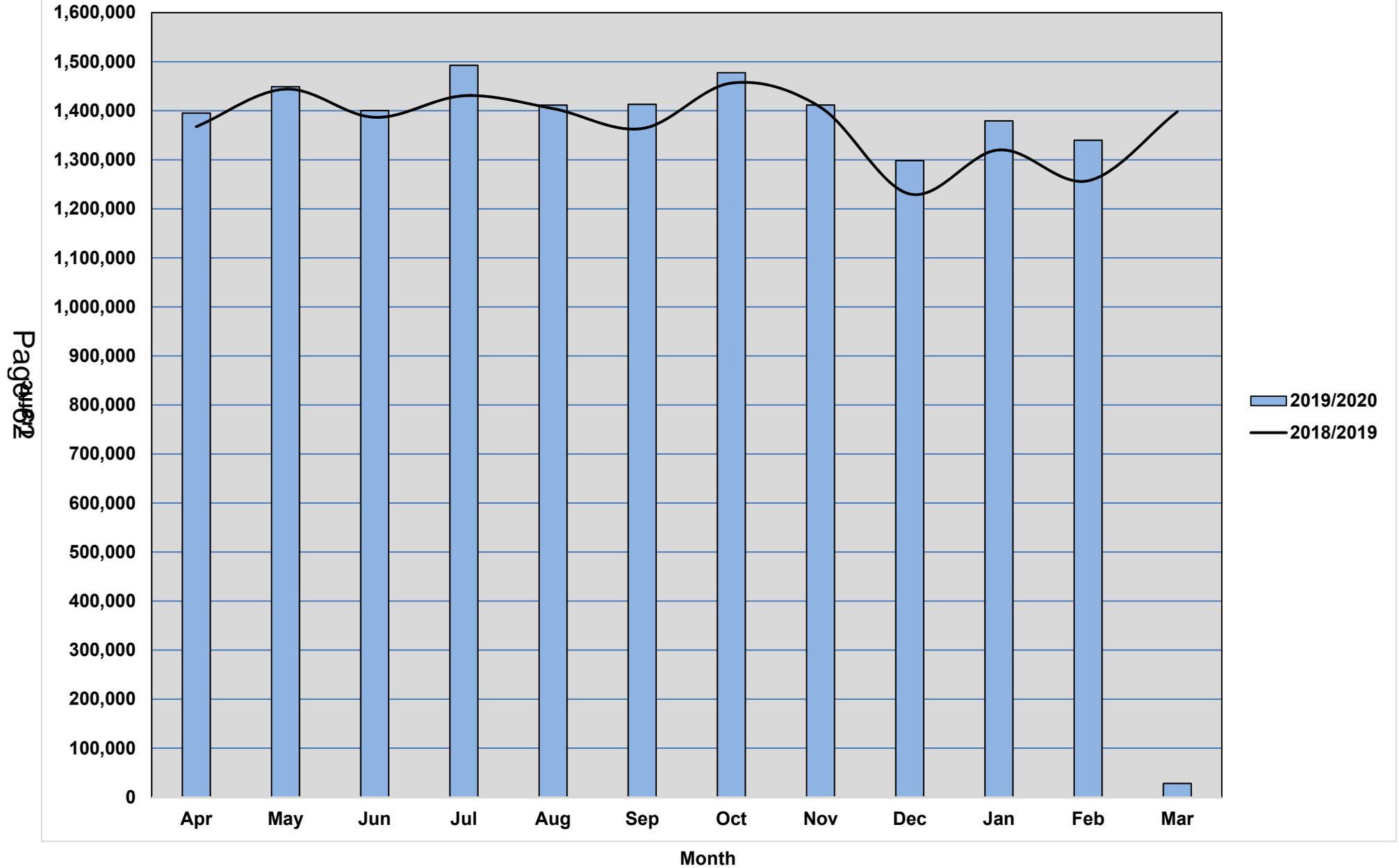
2.1.4 Graph C: TT2 Monthly Traffic Figures by Vehicle Class. Illustrates the monthly traffic flows by each Vehicle Class, for the period April 2019 and Feb 2020.

2.1.5 Graph D: TT2 Monthly Traffic Figures by Payment Type. Shows how customers met the toll requirements. Cash, Permit or Exempts.

TT2 MonthlyTraffic Statistics														
Monthly	2019/2020												Total Vehicles	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
2019/2020	1,395,294	1,449,137	1,400,362	1,492,748	1,411,513	1,413,129	1,477,704	1,411,677	1,298,221	1,379,444	1,339,939	28,007	Forecast	16,867,186
2018/2019	1,367,609	1,444,185	1,386,578	1,430,684	1,404,416	1,363,760	1,456,535	1,407,025	1,230,254	1,320,239	1,257,168	1,398,018		16,466,471
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	2019/2020												Total %	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
2019/2020	1,395,294	1,449,137	1,400,362	1,492,748	1,411,513	1,413,129	1,477,704	1,411,677	1,298,221	1,379,444	1,339,939	28,007		
2018/2019	1,367,609	1,444,185	1,386,578	1,430,684	1,404,416	1,363,760	1,456,535	1,407,025	1,230,254	1,320,239	1,257,168	1,398,018		
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	15,358	17,334	17,441	18,858	16,387	16,285	12,746	8,455	6,378	8,327	6,986	140	C1 % ETC	0.00
Class 2	1,258,764	1,304,522	1,261,240	1,339,194	1,266,542	1,270,141	1,332,368	1,277,101	1,178,523	1,249,808	1,216,627	26,010	C2 % ETC	57.54
Class 3	66,873	70,749	66,289	74,934	70,720	70,677	75,414	71,563	61,136	68,769	65,882	453	C3 % ETC	86.35
Exempts	54,299	56,532	55,392	59,762	57,864	56,026	57,176	54,558	52,184	52,540	50,444	1,404	Ex % ETC	71.84
													Total %	58.99
Class,Cash,Permit	2019/2020												TOTAL % ETC	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
2019/2020	1,395,294	1,449,137	1,400,362	1,492,748	1,411,513	1,413,129	1,477,704	1,411,677	1,298,221	1,379,444	1,339,939	28,007		
2018/2019	1,367,609	1,444,185	1,386,578	1,430,684	1,404,416	1,363,760	1,456,535	1,407,025	1,230,254	1,320,239	1,257,168	1,398,018		
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	15,358	17,334	17,441	18,858	16,387	16,285	12,746	8,455	6,378	8,327	6,986	140	C1	
Class 1 Permit	0	0	0	0	0	0	0	0	0	0	0	0	P1	
Class 2 Cash	588,839	588,519	558,323	588,931	600,070	541,479	536,215	502,136	495,660	461,289	459,729	14,596	C2	
Class 2 Permit	669,925	716,003	702,917	750,263	666,472	728,662	796,153	774,965	682,863	788,519	756,898	11,414	P2	
Class 3 Cash	9,988	10,698	9,987	11,169	10,357	9,750	9,704	9,500	7,322	7,930	7,747	43	C3	
Class 3 Permit	56,885	60,051	56,302	63,765	60,363	60,927	65,710	62,063	53,814	60,839	58,135	410	P3	
Exempts	14,956	15,492	15,464	16,949	18,337	16,399	16,637	14,329	14,194	13,767	14,265	481	Ex	
Exempts Permit	39,343	41,040	39,928	42,813	39,527	39,627	40,539	40,229	37,990	38,773	36,179	923	P_Ex	
	2018/2019												TOTAL % ETC	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
Class 1 total	15,304	21,156	21,297	20,970	17,673	15,914	14,135	9,737	6,029	7,478	9,685	12,250	C1 % ETC	0.00
Class 2 total	1,231,393	1,296,794	1,241,573	1,279,188	1,259,266	1,226,204	1,313,527	1,274,841	1,121,625	1,197,151	1,135,634	1,262,732	C2 % ETC	51.10
Class 3 total	70,605	72,407	71,145	74,149	71,645	67,966	73,579	69,901	53,892	65,346	64,153	68,681	C3 % ETC	83.85
Exempts total	50,307	53,828	52,563	56,377	55,832	53,676	55,294	52,546	48,708	50,264	47,696	54,355	Ex % ETC	75.62
	2018/2019												TOTAL % ETC	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
Class 1 Cash	15304	21156	21297	20970	17673	15914	14135	9737	6029	7478	9685	12250		53.15
Class 1 Permit	0	0	0	0	0	0	0	0	0	0	0	0		
Class 2 Cash	626808	654675	620615	656538	680853	625891	637513	603025	563513	523279	503145	560318		
Class 2 Permit	604585	642119	620958	622650	578413	600313	676014	671816	558112	673872	632489	702414		
Class 3 Cash	11488	12279	11895	12654	12194	11107	12178	11781	8591	9533	9168	10095		
Class 3 Permit	59117	60128	59250	61495	59451	56859	61401	58120	45301	55813	54985	58586		
Exempts	12136	13813	13161	14214	15027	13312	13507	11953	11629	10636	11346	13207		
Exempts Permit	38171	40015	39402	42163	40805	40364	41787	40593	37079	39628	36350	41148		

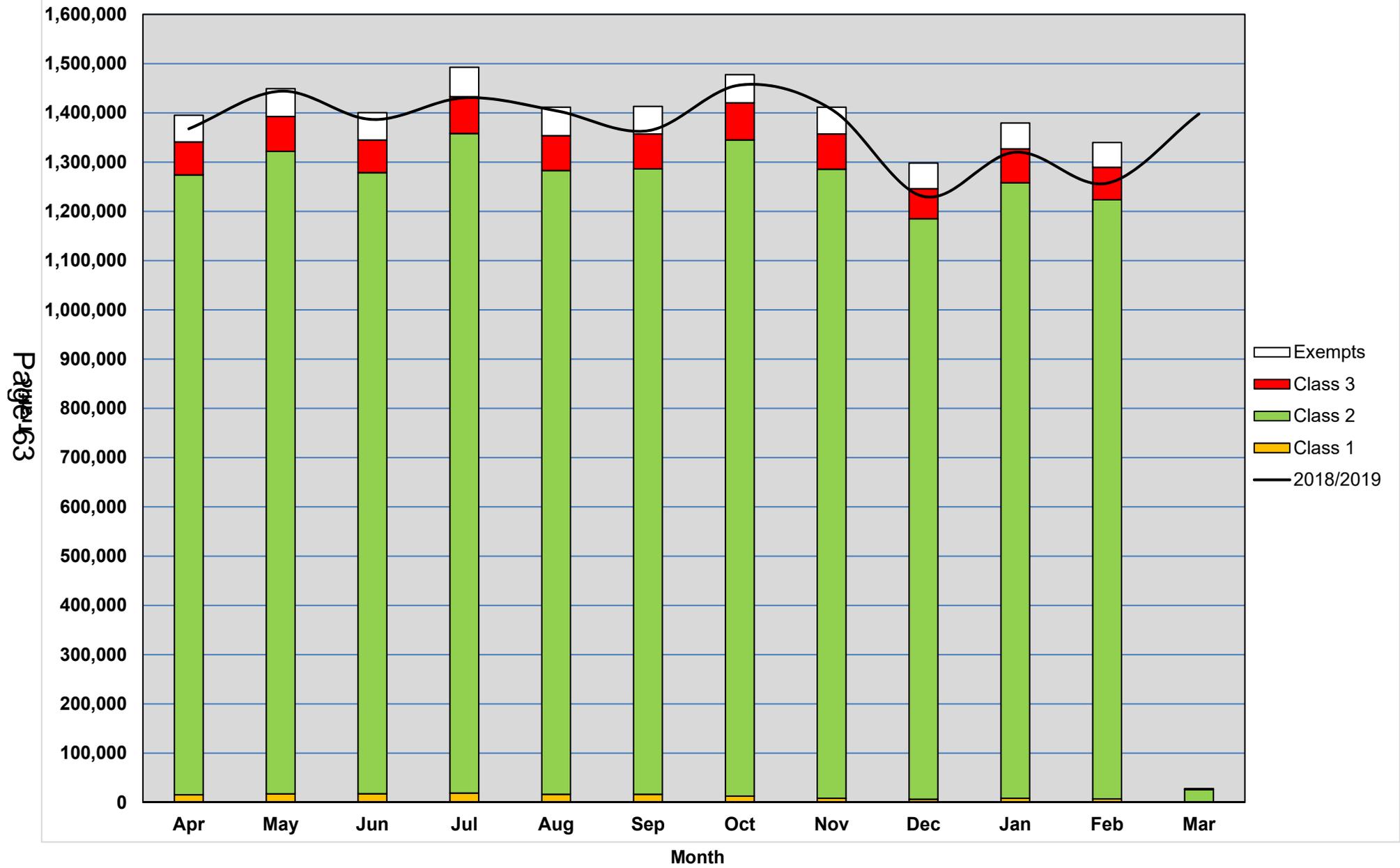
Table 1: TT2 Monthly Traffic Statistics

### TT2 TRAFFIC FIGURES

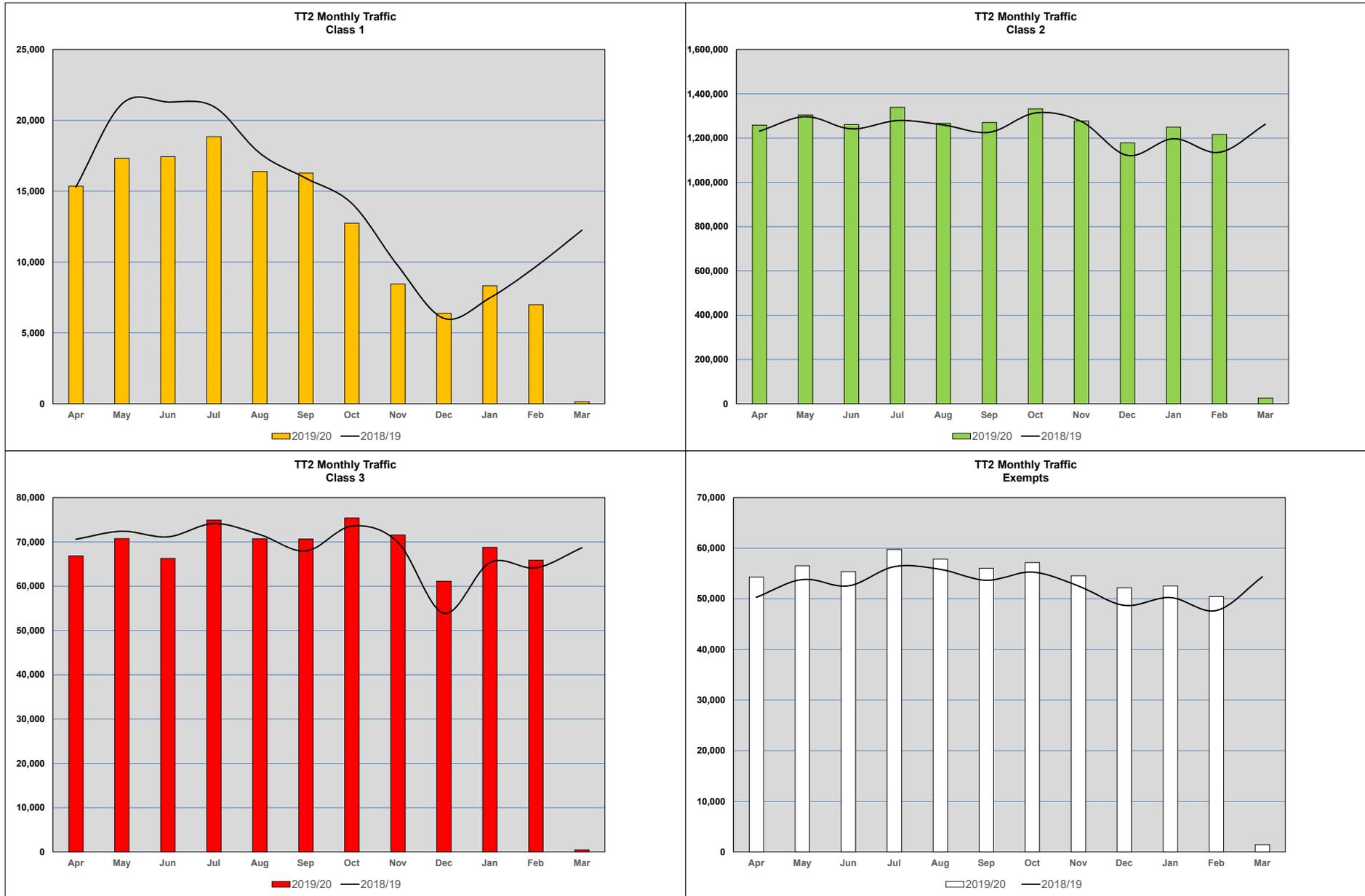


Graph A: TT2 Monthly Traffic Figures

### TT2 TRAFFIC FIGURES

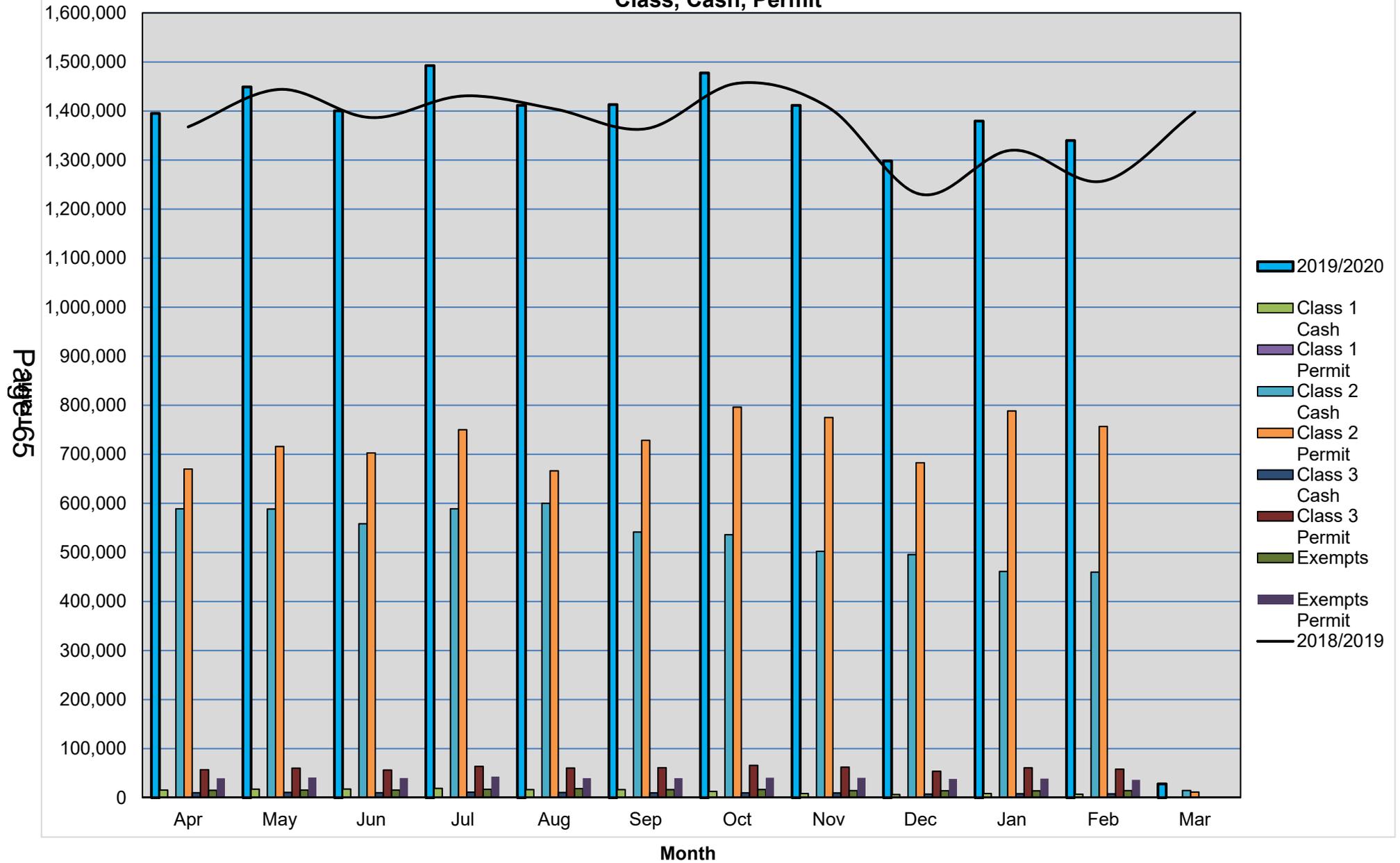


Graph B: TT2 Monthly Total Traffic Figures by Vehicle Class



Graph C: TT2 Monthly Traffic Figures by Vehicle Class

### TT2 TRAFFIC FIGURES Class, Cash, Permit



Graph D: TT2 Monthly Traffic Figures by Payment Type

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

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**Date:** 14<sup>th</sup> May 2020

**Subject:** Extension of the Metro Family Offer

**Report of:** Managing Director, Transport North East

### Executive Summary

For the January 2020 annual fares review, Nexus put forward a radical proposal to trial an offer of free weekend and bank holiday travel for up to three children aged 11 and under when accompanied by an adult fare payer on Metro and the Shields Ferry. Family based leisure travel was the key market targeted with this offer.

Since the introduction of the offer from the first weekend of 2020 until the onset of the Covid-19 crisis, it has proved popular with passengers and performance has so far met our modelled projections.

Given the popularity of the offer, Nexus is putting forward a proposal to allow Nexus to introduce the offer on weekdays as and when rules around social distancing are relaxed by the Government following the Covid-19 crisis. This will provide a benefit to families and the local economy at a time when the economic outlook will be challenging.

### Recommendations

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

- I. Approve a proposal to extend the current Metro and Shields Ferry family offer trial to weekdays once rules around social distancing as a result of the Covid-19 crisis have been removed.
- II. Note the alternative option to not proceed with this proposal (Section 4 refers).

## **1. Background Information**

- 1.1 On 21<sup>st</sup> November 2019, TWSC approved the introduction of a new family offer for passengers using the Metro and Shields Ferry. The offer was pitched as a trial for 2020 to coincide with Metro's 40<sup>th</sup> anniversary and would allow up to three children aged 11 and under to travel for free at weekends and bank holidays when accompanied by an adult fare payer.
- 1.2 Nexus made a commitment to continuously review the offer and update TWSC on how it was performing. This report outlines performance to date and recommends further expansion of the offer to weekdays when the right time arises.

## **2. Proposal**

- 2.1 Over the first nine weekends of 2020 prior to the onset of the Covid-19 crisis, we have seen weekend revenue for adult short term tickets (e.g. Pay as you go and paper tickets) grow on Metro as a result of the offer, whilst also recording a decline in child revenue. This shows that the concept of the family offer has worked. Allowing children to travel for free at weekend has made Metro a more attractive proposition for family based weekend leisure travel.
- 2.2 Child revenue on Metro has reduced by an average of 16.5% over the first nine weekends of 2020, with a corresponding increase in short term adult revenue of 2%. This has provided a cumulative increase of around £10k in revenue, which is in line with the projections that were undertaken before the offer was introduced.
- 2.3 On the basis of the fact that revenue is not decreasing as a result of the offer, and that the offer has been introduced on a trial basis, it makes sense to further extend the trial offer to cover weekdays once social distancing guidelines have been relaxed.
- 2.4 The proposal would therefore be to allow up to three children aged 11 and under to travel for free on Metro and the Shields Ferry on weekdays as well as weekends when accompanied by an adult fare payer. This will help families with the cost of getting around our region and enjoy the activities that the region is likely to re-introduce once restrictions on social distancing have been lifted.
- 2.5 For the Shields Ferry, we have not been able to identify any growth as a result of the family offer so far in 2020. Passenger numbers on the Shields Ferry are seasonally driven and we would ordinarily expect the offer to become more popular once the weather improves in the Spring. Nexus undertook a "kids go free" offer on the ferry over Easter weekend in 2019 which proved very popular.
- 2.6 Once an appropriate time has been identified to launch the extension of the family offer, it will be widely promoted as a benefit to families in the wake of the lifting of Covid-19 social distancing rules. Promotions will include social media and on station advertising, as well as promotions through schools and local attraction communication channels.

## **3. Reasons for the Proposals**

- 3.1 The success of the weekend family offer provides an opportunity to further expand the scheme to weekdays. Therefore, seeking approval for this proposal

now will allow Nexus to be in a position to be ready to extend the offer immediately once the time is right.

#### **4. Alternative Options Available**

4.1 Nexus can continue to offer the weekend family offer, continue to monitor its performance and not offer any expansion of the scheme.

#### **5. Next Steps and Timetable for Implementation**

5.1 Should the Sub-Committee approve the proposal outlined in this report, a marketing campaign will be planned ready for implementation when rules around social distancing are relaxed.

#### **6. Potential Impact on Objectives**

6.1 The proposals contained in this report are intended to ensure Metro remains a competitive option for the public once the restrictions around social distancing are lifted.

#### **7. Financial and Other Resources Implications**

7.1 The family offer has been shown so far to offer a small increase in revenue at weekends. The trial will continue to be closely monitored and if the revenue position of the offer changes, it will be taken into account when the scheme is fully reviewed as part of the January 2021 fares review process.

#### **8. Legal Implications**

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

#### **9. Key Risks**

9.1 There are no specific risk management considerations arising from this report.

#### **10. Equality and Diversity**

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

#### **11. Crime and Disorder**

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

#### **12. Consultation/Engagement**

12.1 There are no specific consultation / community engagement considerations.

### **13. Other Impact of the Proposals**

13.1 There are no other direct environmental or economic considerations arising from this report.

### **14. Appendices**

14.1 None

### **15. Background Papers**

15.1 There are no specific background documents for consideration linked to this report.

### **16. Contact Officers**

16.1 Huw Lewis, Customer Services Director, Nexus  
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Tel: 0191 203 3112

Stephen Bellamy, Fares & Revenue Manager (Secondment), Nexus  
Email: Stephen.Bellamy@nexus.org.uk  
Tel: 0191 203 3219

### **17. Sign off**

- The Proper Officer for Transport: ✓
- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

### **18. Glossary**

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

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**Date:** 14 May 2020

**Subject:** The Impact of Covid-19 on the Bus Network and for Public Sector Financial Support

**Report of:** Director of Finance and Resources, Nexus.

### Executive Summary

This report provides the Sub-Committee with a summary of how Nexus has responded, in accordance with how government expects all Travel Concession and Local Transport Authorities to respond, to the unprecedented and sustained reduction in passenger numbers and fare revenues as a result of the Coronavirus pandemic which, without such intervention would have left the bus network in Tyne and Wear in imminent danger of collapse.

### Recommendations

The Sub-Committee is asked to:

- i) Note the contents of the report and that Nexus has made and is expected to continue making secured bus services and concessionary fares payments to commercial bus operators at pre COVID-19 budgeted levels in accordance with the intentions of central government, up to 9th June 2020.
- ii) Note the options set out in section 2 of this report for the provision of further assistance to the commercial bus market from 10<sup>th</sup> June 2020 onwards.
- iii) Note, in the medium to longer term, the potential for Nexus working with the commercial bus operators to design a revised bus network in order to facilitate a longer-term solution for the future viability of the local bus market (paragraph 2.7 refers).

## 1. Background Information

- 1.1 The bus network across the region has seen an unprecedented and sustained reduction in passenger numbers and fare revenues as a result of the Coronavirus pandemic, leaving it in imminent danger of collapse.
- 1.2 The government has responded to this in two ways:
- On 25<sup>th</sup> March 2020 the DfT wrote to local authority transport officers urging the continuation of payments for tendered services and home to school contracts, and the continuation of payments for concessionary fares at budgeted levels for at least the period of the outbreak; and
  - On 3<sup>rd</sup> April 2020 the DfT announced a funding package of £167m which is to run from 17<sup>th</sup> March 2020 for a period of 12 weeks to 9<sup>th</sup> June 2020, the Coronavirus Bus Services Support Grant (CBSSG). Access to this grant requires operators to run up to 50% of their commercial mileage to provide an ongoing key worker network with Local Transport Authorities having significant influence in agreeing service levels with commercial operators (in this regard commercial bus companies are also required to be in receipt of continued funding from the relevant local authority (including for tendered services, home to school transport and concessionary travel) at COVID-19 levels).
  - The terms and conditions of the CBSSG include that operators may not derive an operational profit while in receipt of CBSSG. All operators in receipt of CBSSG will be required to provide any reasonable information to DfT on an open-book basis.
- 1.3 The purpose of this report is to advise the Sub-Committee that Nexus has made and is expected to continue making secured bus services and concessionary fares payments to commercial bus operators at pre COVID-19 budgeted levels in accordance with the intentions of central government, at least until 9<sup>th</sup> June 2020.

### Concessionary Fares

- 1.4 Nexus is a Travel Concessionary Authority (TCA) and as such, is responsible for the administration of concessionary fares schemes and in doing so have regard to both the 1985 and 2000 Transport Acts which provide for statutory off-peak bus concessions for elderly and disabled persons (the English National Concessionary Travel Scheme or ENCTS) but also give powers to TCAs to provide additional discretionary concessions, for instance peak time concessions on bus for the elderly and disabled, to children or on other modes of public transport e.g. the Tyne and Wear Metro.
- 1.5 The DfT produces guidance for TCAs in calculating payments to operators, who in turn are required to publish details of their concessionary travel Schemes. The general principle is that operators should be 'no better or no worse off' as a result of carrying concessionary passengers and are therefore reimbursed for 'revenue foregone' or the sums of money that they would have received if the concession did not exist.

- 1.6 Broadly speaking, the assumption is that if an elderly person was required to pay full fare for every journey made, they would not travel as frequently. A substantial number of journeys are therefore 'generated' and only exist because of the concession. Authorities therefore only pay for 'non-generated' trips i.e. those that are hypothesised to have been made at full fare 'revenue foregone' together with any 'additional costs' which operators may have incurred in transporting 'generated passengers' for whom no payment for 'revenue foregone' is made. Examples of additional costs could be the use of higher capacity vehicles or for running a more frequent timetable to cope with demand.
- 1.7 In determining its annual budget Nexus negotiates the level of reimbursement with commercial bus operators in accordance with its Scheme and DfT guidance but in order to provide certainty to both Nexus and commercial bus operators, payments are fixed for the year ahead, with 'caps' and 'collars' in place in order to ensure that payments are adjusted at the year-end should boardings i.e. the number of passengers using the concessions, increase or decrease beyond certain thresholds. This ensures the 'no better, no worse' principle is adhered to, albeit within certain parameters. Importantly, if boardings fall significantly (as is the case because of the impact of Coronavirus), Nexus can clawback payments made to commercial bus operators (in fact, to not do so undermines the 'no better, no worse' principle).
- 1.8 Nexus' concessionary fares budget for buses for 2020/21 is £37.8m<sup>1</sup> as shown in the table below.

	2020/21 Budget £m
Elderly and Disabled (incl. discretionary concessions)	34.9
Under 16s	2.9
<b>TOTAL</b>	<b>37.8</b>

- 1.9 Clearly, because of the impact of Coronavirus, the commercial bus operators will not be entitled to 100% of the budgeted for payments. For illustrative purposes, once the impact of the 'collar' mechanism has been considered, even at 50% of target boardings across the entire year, it is estimated that in circumstances where Nexus strictly applied the terms of its agreements with the commercial bus operators, total payments would amount to £20.6m, a reduction of £17.2m or 45%.

### **Secured Bus Services**

- 1.10 Most bus services in Tyne and Wear are operated by commercial bus companies without subsidy from Nexus. However, Nexus pays for (or secures) bus services which are important for communities, but which would not otherwise be operated. This amounts to around 10% of all bus services in Tyne and Wear. Services include all-day services, extensions to existing services such as early mornings, evenings or weekends and in locations not well served by public transport as well

<sup>1</sup> When agreeing the transport budget and levies for 2019/20, the North East Joint Transport Committee was advised that the gap between the annual cost of the ENCTS and funding made available by central government is significant, with the funding gap across the NE region estimated at £29m, with around 47% of costs being funded by Grant or Business rates.

as services that transport people to and from key employment sites, with the same buses often used to take children to and from school as well.

1.11 Nexus structures its contracts with commercial bus companies on either a 'minimum cost' or 'minimum subsidy' basis, with the former type of contractual arrangement being where Nexus takes the risk on fare revenue.

1.12 Nexus' secured services budget for 2020/21 (payments to operators only, excluding staffing and other overheads) is £11.5m as shown in the table below:

	<b>2020/21 Budget £m</b>
Gross contract expenditure	13.7
Fare revenue	(2.2)
<b>NET EXPENDITURE</b>	<b>11.5</b>

1.13 As with commercial bus operations, Nexus' fare revenue from its 'minimum cost' contracts has been decimated, with estimated reductions in passenger numbers of over 95% because of Coronavirus. The loss of 'minimum cost' contract fare revenue is therefore a cost that Nexus is incurring, which is in addition to the cost that commercial bus operators are incurring because of their fare revenue losses.

1.14 Whether 'minimum cost' or 'minimum subsidy' contracts, the buses that Nexus are paying to secure have been affected in the following ways because of Coronavirus:

- Most scholars' bus services have been suspended (34 of 39 schools are not being served);
- Community transport services facilitating social outings have been suspended, although essential shopping trips have been maintained;
- Generally, whilst secured services have been suspended, commercial bus operators are providing some limited coverage on most routes at reduced frequencies e.g. at intervals of 120, 90 or 60 minutes compared to a normal 30 or 20 minute service; and
- There are limited examples of where commercial bus operators have improved service frequencies.

1.15 Clearly, because of the impact of the Coronavirus, commercial bus operators are not entitled to 100% of budgeted for payments. Given the level of service provision, it is estimated that total payments due to them could amount to less than half the original budget if contractual terms were strictly adhered to. A 50% reduction would equate to almost £7m (FYE).

## **2. Proposals**

### **Options Post 9<sup>th</sup> June 2020**

2.1 As highlighted in paragraph 1.3, Nexus has made and is expected to continue making secured bus services and concessionary fares payments to commercial bus operators at pre COVID-19 budgeted levels in accordance with the intentions of central government, certainly until 9th June 2020 after which, there are some

distinct but different options available to Nexus,.

- 2.2 It is likely that DfT will continue to pay CBSSG to commercial bus operators (with an element available to LTAs) in some form, probably with the 50% cap in regards mileage being increased. In addition, it is likely that DfT will continue to assume/request that LTAs/TCAs continue making secured bus services and concessionary fares payments to commercial bus operators at pre COVID-19 budgeted levels (possibly for the remainder of the financial year). In the meantime, Nexus continues to have budgetary uncertainty in relation to Metro beyond 9th June and continued uncompensated loss of income elsewhere: e.g. on the cross Tyne Ferry.
- 2.3 In the short term, i.e. post 9<sup>th</sup> June 2020, it appears the options open to Nexus are:
- a) Continue making secured bus services and concessionary fares payments to commercial bus operators at pre COVID-19 budgeted levels;
  - b) A variant of option (a) where any shortfall in Nexus' budget is made up by a commensurate reduction in pre COVID-19 budgeted payments for secured bus services and concessionary fares reimbursement to commercial bus operators; or
  - c) Not continuing making secured bus services and concessionary fares payments to commercial bus operators at pre COVID-19 budgeted levels.
- 2.4 The advantages of option (a) are that the viability of the bus network is maintained, it is clearly DfT's preferred option and the funding exists within Nexus' existing budget. The disadvantage of such an approach is that there are other pressures in Nexus' budget for which additional funding has not been received (refer to paragraph 7.7). In addition, other than being able to point to the short-term underpinning of the bus network, it might be difficult for Nexus to demonstrate value for money in its use of this resource.
- 2.5 The advantages and disadvantages of option (b), are like option (a) but there could be an adverse reaction from DfT from Nexus withholding any payments to commercial bus operators – paragraph 7.7 refers.
- 2.6 The advantages and disadvantages of option (c) are the reverse of what is set out in paragraph 2.4 above.
- 2.7 It is proposed that each option, and its implications, are developed further for future consideration by the Joint Transport Committee, along with the more medium/longer term option for Nexus to work with the commercial bus operators to design a revised bus network, electing to implement options (a) or (b) to allow for the transition to a new delivery model. It is important to note that the same issues affect all LTAs in England, and within this area affect Northumberland and Durham as well as Tyne and Wear, which is why an area-wide approach should be developed by the Joint Transport Committee.

### **3. Reasons for the Proposals**

- 3.1 It is important for the Subcommittee to note that, as a result of the coronavirus pandemic, the bus market within Tyne and Wear has seen an unprecedented and sustained reduction in patronage, leaving it in imminent danger of collapse. The actions outlined in the report identify how Nexus has, and will continue, to support the bus network by means of continued concessionary fare and secured services payments.

### **4. Alternative Options Available**

- 4.1 The report is for noting.

### **5. Next Steps and Timetable for Implementation**

- 5.1 Nexus will continue to make concessionary fare and secured service payments, until at least 9<sup>th</sup> June 2020 to commercial operators at pre-COVID-19 levels in accordance with intentions from central government.

### **6. Potential Impact on Objectives**

- 6.1 The actions taken enable Nexus to properly discharge its functions, therefore assisting the Joint Transport Committee in delivering on its objectives.

### **7. Financial and Other Resources Implications**

- 7.1 In terms of the continuation of concessionary fares and secured services payments to commercial bus operators to mid-June 2020, the report explains that Nexus will be committing a significant amount of expenditure in order to maintain the viability of the bus network in Tyne and Wear, whilst not being in receipt of the outputs that had previously been expected.
- 7.2 In terms of secured services fare revenue, Nexus will incur significant losses during financial year 2020/21 as a result of the unprecedented reduction in passenger numbers. It is difficult to provide a precise estimate given the uncertainty surrounding when the lockdown will end and how passengers will react once it does, but a prudent assumption is that at least 50% of Nexus' £2.2m budget will be lost over the full year.
- 7.3 Since the JTC approved Nexus' budget in January 2020, Nexus has been notified that it will be in receipt of additional grant from DfT to support bus services in Tyne and Wear from the Better Deal for Bus Users and the Coronavirus Bus Services Support Grant (CBSSG). This funding amounts to £1.187m in total (£0.693m in respect of the Better Deal for Bus Users and £0.494m in respect of CBSSG).
- 7.4 In terms of the CBSSG, the DfT have indicated at the end of June 2020, they will undertake a review of how the local transport authority element of this funding

was used to support bus services during the outbreak. As part of that review, LTAs will be expected to provide information to DfT and publish on their websites to keep the public informed, how they used their funding, including how much bus mileage was supported and on what routes.

- 7.5 In addition, the DfT is allowing local transport authorities to use some, or all their funding allocations as part of the Better Deal for Bus Users to retain or restore bus services affected by the outbreak. Despite having previously notified DfT of its intention to use the Better Deal for Bus Users funding to reinstate services (in this regard a Statement of Intent was submitted under delegated powers by the Lead Chief Executive for Transport on 13 March 2020) this was clearly before the impact of COVID-19 was understood.
- 7.6 It therefore seems more appropriate for Nexus to use the full £1.187m of CBSSG and the Better Deal for Bus Users Grant, to offset its secured services fare revenue losses.
- 7.7 The final point of note is that Nexus' budget is under immense pressure because of unprecedented losses being incurred in respect of fare revenue on the Tyne and Wear Metro. On 2 May 2020, Nexus was informed that it would receive a financial support package amounting to £8.6m through to 9 June 2020, a package of support that falls 20% short of Nexus' losses. Given that the financial gap on Metro caused by COVID-19 is significant, strictly speaking, Nexus could redirect some or all of its bus concessionary fares reimbursement and/or secured bus services budgets in order to make good Metro's losses. This is however, a course of action that is unlikely to help Nexus with its current and any future applications to central government for COVID-19 financial support for Metro.

## **8. Legal Implications**

- 8.1 In response to the Coronavirus emergency, the Cabinet Office issued a Procurement Policy Note (PPN 20/02) which sets out information and guidance for public bodies in regards supplier relief due to COVID19. In this regard, public bodies are encouraged to continue to pay suppliers initially until mid-June 2020.
- 8.2 In continuing with its concessionary fares reimbursement arrangements, it is considered that this would be in accordance with PPN 02/20 and not least to ensure the viability of the wider bus network in Tyne and Wear during these unprecedented times. Similarly, notwithstanding Nexus could vary the contractual arrangements for its secured bus services, payments could continue at budgeted levels, also in accordance with PPN 02/20.

## **9. Key Risks**

- 9.1 Nexus' ability to properly control its budget in 2020/21 could be seriously impaired as a result of the Coronavirus emergency, if it does not receive adequate financial support from central government. As paragraph 5 recognises, discontinuing financial support to bus operators could have adverse consequences for its current and any future applications to central government for COVID-19 financial support

for Metro.

9.2 Whilst, as paragraph **Error! Reference source not found.** indicates, Nexus is being guided by PPN 02/20 to continue making these payments, it is under no absolute legal obligation to do so. Through its membership of the Urban Transport Group (UTG) Nexus is working with other Travel Concession and Local Transport Authorities in the metropolitan areas, seeking further clarity from central government on the position pertaining to the statutory framework which applies to both concessionary fares reimbursement and secured bus services, in order to provide comfort as to the basis for such payments, which otherwise would appear to be over-payments. In response, DfT have indicated that it is for LTAs/TCAs to assess any implications associated with the approach taken in maintaining payment levels, taking into account the extraordinary issues they are trying to address and the implications for local authorities of not doing so.

9.3 The impact of COVID-19 will continue to be felt by the bus industry for some time and there may be commercial service withdrawals as operators attempt to recover from the crisis, potentially placing further pressure on Nexus' budget.

## **10. Equality and Diversity**

10.1 Equality and diversity implications are addressed in service delivery standards

## **11. Crime and Disorder**

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

## **12. Consultation/Engagement**

12.1 Nexus' overall budget, of which a significant proportion is contained within this report is subject to consultation with JTC Overview and Scrutiny Committee, JTC Audit Committee, the Tyne and Wear Sub Committee and constituent councils.

## **13. Other Impact of the Proposals**

13.1 There are no specific impacts.

## **14. Appendices**

14.1 None.

## **15. Background Papers**

15.1 North East Joint Transport Committee, Transport Budget and Levies 2019/20 Report, 22 January 2019.

15.2 DfT Letter to Local Authority Transport Officers, COVID-19 – Supporting the Bus and Coach Sector and its Passengers, 25 March 2020.

15.3 Cabinet Office, Procurement Policy Note – Supplier relief due to COVID-19, Action

Note PPN 02/20.

<https://www.gov.uk/government/publications/procurement-policy-note-0220-supplier-relief-due-to-covid-19>

15.4 DfT Announcement, 'Almost £400 million to keep England's buses running', 3 April 2020.

<https://www.gov.uk/government/news/almost-400-million-to-keep-englands-buses-running>

## **16. Contact Officers**

16.1 John Fenwick, Director of Finance and Resources, Nexus  
0191 203 3248  
John.fenwick@nexus.org.uk

## **17. Sign off**

- The Proper Officer for Transport: ✓
- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

## **18. Glossary**

CBSSG – Coronavirus Bus Services Support Grant  
DfT – Department for Transport  
ENCTS – English National Concessionary Travel Scheme  
LTA – Local Transport Authority  
PPN - Procurement Policy Note  
TCA – Travel Concession Authority  
UTG – Urban Transport Group

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

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**Date:** 2 April 2020

**Subject:** Appointment of Non-Executive Directors to the Nexus Board

**Report of:** Managing Director, Transport North East

### Executive Summary

This report follows the report approved by this committee at its meeting on 21<sup>st</sup> November 2019, which approved the appointment of Nexus Non-Executive Directors and the remuneration of rate for the independent Non-Executive Directors.

The purpose of this report is to seek formal approval of those appointments including the appointment of an additional independent Non-Executive Director.

### Recommendations

The Joint Transport Committee, Tyne and Wear Sub-Committee is recommended to approve the appointment of five Non-Executive Directors to the Nexus Executive Board as follows:

- Sheena Ramsey and Paul Hanson as Non-Executive Directors representing each of the Combined Authorities; and
- Margaret Fay CBE, Estelle Blanks and George Clark as independent remunerated Non-Executive Directors.

## **1. Background Information**

- 1.1 Nexus is required by the Transport Act 1968 (as amended) to have a Director General and a minimum of two, and no more than eight, other 'members' (which effectively refers to Directors – the Act specifically states that these cannot be elected officials). This governance tier is known as the Nexus Executive Board.
- 1.2 It is common for public sector agencies, executives and commissions, as well as major private corporations, to have non-Executive Board members. Non-Executive directors do not engage in the day-to-day management of the organisation but are involved in strategic decision-making and planning, and share corporate-level accountability. By being one step removed from day-to-day management they can bring independent constructive challenge and objectivity to the direction and performance of the organisation as well as its existing Executive management team. UK law does not distinguish between Executive and non-Executive directors - all board members have the same duties and responsibilities.
- 1.3 Since 2015 Nexus has been operating without any non-Executive Directors on its Board. This change was endorsed by TWSC and arose because it was envisaged that the devolution deal being discussed at the time may give rise to a closer governance link between Nexus and the Combined Authority.
- 1.4 Whilst the TWSC on behalf of the Joint Transport Committee continues to provide political oversight and scrutiny of Nexus' activities, there is nevertheless a significant governance gap between the ongoing operational decision-making applied by Nexus on a daily basis, and the two Combined Authorities who set the policy framework through the JTC and provide funding for it through the annual revenue grant sourced from the Tyne and Wear levy.
- 1.5 At its meeting on 21<sup>st</sup> November 2019 this committee received a report proposing to reconstitute the Nexus Executive Board and seeking approval for the appointment of Nexus Non-Executive Directors, a requirement of the Transport Act 1968, and approval of the proposed remuneration of the Independent Non-Executive Directors.

## **2. Proposals**

- 2.1 The original proposal submitted to this committee's meeting on 21<sup>st</sup> November intended there to be seven Directors of Nexus who will form a reconstituted Nexus Executive Board:
- Three Nexus Executive Directors (Director General, Chief Operating Officer, and Director of Finance and Resources);
  - Two Non-Executive Directors, one of whom will be the Lead Chief Executive for Transport and the other whom will be a Chief Executive of one of the constituent authorities of NTCA; and
  - Two independent non-Executive Directors of Nexus, who will be selected through an open recruitment process.

It was also anticipated that the independent Non-Executive Directors will become members of the Nexus Audit Committee, replacing the existing membership.

- 2.2 Following TWSC approval on 21<sup>st</sup> November 2019 Nexus embarked on a recruitment process to the roles of Independent Non-Executive Director roles culminating in interviews being undertaken for the roles on 26<sup>th</sup> February 2020.
- 2.3 Interviews were undertaken by a panel consisting of the Managing Director Transport North East, the Lead Chief Executive for Transport and the Chief Executive of North Tyneside Council, representing NTCA.
- 2.4 The interviews identified three outstanding candidates, all considered by the panel to have different strengths and attributes in areas from which the Nexus Executive Board would benefit.
- 2.5 The three candidates recommended for appointment as independent Non-Executive Directors are:
- i. Margaret Fay CBE.
  - ii. Estelle Blanks.
  - iii. George Clark.
- 2.6 The three candidates offer a wealth of experience and knowledge, which would be of great benefit to Nexus:
- Margaret Fay CBE has many years of board-level experience in public and private sector organisations.
  - Estelle Blanks is an expert in innovation and is passionate about helping organisations such as Nexus to develop their people, skills, and diversity.
  - George Clarke is on the outgoing Nexus Audit Committee and brings financial/audit experience as well as some continuity, as well as serving on several public sector boards in the area.
- 2.7 On that basis, TWSC is asked to approve an additional appointment to the role of independent Non-Executive Director to that approved by TWSC at its meeting on 21<sup>st</sup> November 2019.

### **3. Reasons for the Proposals**

- 3.1 These proposals are intended to strengthen Nexus' governance so as to increase its effectiveness and to ensure its fulfilment of its duties under the Transport Act 1968 (as amended).

### **4. Alternative Options Available**

- 4.1 The North East Joint Transport Committee, (Tyne and Wear) Sub-Committee may advise Nexus to appoint four Non-Executive Directors as originally proposed.

### **5. Next Steps and Timetable for Implementation**

5.1 Following receipt of the TWSC's approval, the Director General of Nexus (who is also the Proper Officer for Transport) will write on behalf of the Joint Transport Committee to formally appoint the individuals concerned as Non-Executive Directors of Nexus for a two-year period following the end of the call-in period.

5.2 Due to the COVID-19 outbreak, the TWSC meeting scheduled for 2<sup>nd</sup> April 2020 was postponed. Nexus sought guidance from TWSC Members on the matter and it was agreed that in advance of a formal decision, that Nexus could hold the Executive Board in shadow form.

5.3 Nexus held an informal briefing session with the five proposed Non-Executive Directors on 23<sup>rd</sup> April 2020. This involved an opportunity to meet Nexus' senior leadership team, an overview of Nexus, the main challenges facing public transport in Tyne and Wear and the requirements and responsibilities of the role of a Non-Executive Director at Nexus.

## **6. Potential Impact on Objectives**

6.1 These proposals are intended to help Nexus better achieve the Joint Transport Committee's objectives.

## **7. Financial and Other Resources Implications**

7.1 The cost of remunerating three non-Executive Directors at £4,000 per annum each can be accommodated within the Nexus 2020/21 revenue budget.

## **8. Legal Implications**

8.1 Appointment of members to the Nexus Board is a function of the Joint Transport Committee under the Transport Act 1968, which it has delegated to the Tyne & Wear Subcommittee.

## **9. Key Risks**

9.1 There is a risk that, if adequate resources are not put into Nexus' Executive Board, its governance may not be considered strong enough to be able to adequately fulfil its duties and obligations.

9.2 Due to the COVID-19 outbreak and the postponement of the TWSC meeting on 2<sup>nd</sup> April 2020, there has been a delay to the appointment of Non-Executive Directors to the Nexus Executive Board. Any further delays to the appointment will have a detrimental effect on the governance of Nexus with both the Executive Board and Audit Committee unable to meet.

## **10. Equality and Diversity**

10.1 Recruitment has been carried out in line with Nexus' policies on equality and diversity.

## **11. Crime and Disorder**

11.1 There are no implications on Crime and Disorder arising from this proposal.

**12. Consultation/Engagement**

12.1 Members of the Joint Transport Committee and the LA7 Chief Executives group have been informally consulted on this proposal.

**13. Other Impact of the Proposals**

13.1 No other impact of this proposal is foreseen at this stage.

**14. Appendices**

14.1 None.

**15. Background Papers**

15.1 TWSC report 21<sup>st</sup> November 2019 – Nexus Executive Board.

**16. Contact Officers**

16.1 Tobyn Hughes  
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0191 2033246

**17. Sign off**

- Proper Officer for Transport: ✓
- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer:

**18. Glossary**

18.1 None.

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