



Transport North East (Tyne and Wear) Sub Committee

Thursday 12th July, 2018 at 2.00 pm

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

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AGENDA

Page No

1. Apologies for Absence

2. Declarations of Interest

Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer).

Please also remember to leave the meeting where any personal interest requires this.

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|--|----------------|
| 3. Minutes of the Previous Meeting held on 25 January 2018 | 1 - 4 |
| 4. Minutes of Previous Meeting held on 19 April 2018 | 5 - 10 |
| 5. Monitoring Nexus' Performance and Metro Performance Update 2018/19 | 11 - 30 |
| 6. Update on Nexus Corporate Risks | 31 - 50 |
| 7. Tyne Tunnels Update | 51 - 76 |
| 8. Exclusion of Press and Public | |

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

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|-----|--|----------------|
| 9. | Confidential Minutes of the Meeting held on 25 January 2018 | 77 - 78 |
| 10. | Confidential Minutes of the Meeting held on 19 April 2018 | 79 - 80 |
| 11. | Date and Time of Next Meeting | |
- 11 October 2018, 2.00pm at Newcastle Civic Centre

Contact Officer: Lynn Camsell Tel: 0191 211 6146 E-mail: lynn.camsell@northeastca.gov.uk

To All Members

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North East Combined Authority, Transport North East (Tyne and Wear) Sub-Committee

25 January 2018

(2.00 - 2.55 pm)

Meeting held Lamsley Room, Gateshead Civic Centre, Regent Terrace, Gateshead NE8 1HH

Present:

Councillor : J Harrison(Chair)

Councillors: G Hobson, J McCarty and J McElroy

35 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor M Mordey (Sunderland)

36 DECLARATIONS OF INTEREST

None

37 MINUTES OF THE PREVIOUS MEETING HELD ON 21 NOVEMBER 2017

RESOLVED - That the Minutes of the previous meeting held on 21 November 2017 were agreed as a correct record and would be signed by the Chair.

Minute 30 NEXUS Annual Activity and Expenditure Analysis - The committee was updated on discussions that the joint working between South Tyneside and Sunderland was progressing. The committee heard that the role of the new Northumberland hospital was changing so there was an impact on their transport needs.

The Chair advised that the next item of business would be Agenda item No. 8 - Nexus Corporate Plan 2018/19 to 2020/21.

38 NEXUS CORPORATE PLAN 2018/19 TO 2020/21

Submitted: Report by Managing Director (Transport Operations), NEXUS (previously circulated and a copy attached to official minutes), which provided a framework for the delivery of services and preparing for the future during what would be an important period of change. The committee was informed that the plan was

built around three themes and twelve key priorities and provided detail about how NEXUS would achieve this.

During discussion, members welcomed the introduction of more affordable fares offer for under 19s and the construction of a new training and maintenance centre in South Shields. An update around progress on both initiatives were subsequently provided to the Sub Committee.

RESOLVED – That the Corporate Plan for 2018/19 to 2020/21 be approved.

39 **MONITORING NEXUS PERFORMANCE**

Submitted: Report by Managing Director (Transport Operations), Nexus (previously circulated and a copy attached to official minutes), which reported on Nexus's corporate performance.

RESOLVED – That the report and attached appendix, giving details of NEXUS's corporate performance in delivering services and projects over the thirty-six weeks to 9 December 2017 was noted.

40 **METRO PERFORMANCE UPDATE**

Submitted: Report by Managing Director (Transport Operations), NEXUS, (previously circulated and a copy attached to official minutes), which provided an update on Metro performance for the 12 weeks 17 September to 9 December 2017 (periods 7, 8 and 9 2017/18).

Members commented on the public's lack of confidence in the Metro system, pointing out the requirement to rebuild confidence. The Sub Committee noted the update provided on initiatives being explored to meet the current challenges around cable theft, patronage and fleet reliability and improve public confidence.

Reference was made to the financial implications that underpinned the corporate plan. The Sub Committee was informed that NEXUS would be working with officers over the next few months to carry out a refresh of the financial information and that a report would be submitted to the April meeting.

An update was given on the staff ballot on the pay award. The Sub Committee noted that the ballot had been paused pending further discussions with employers.

RESOLVED – That:

- i. The report and attached appendix on the Metro performance was noted.
- ii. NEXUS work with officers over the next few months to carry out a refresh of the financial information that underpins the corporate plan and a report be submitted to the April meeting of the Sub Committee.

Councillor J McElroy left the meeting.

At this point, the meeting became inquorate. The Sub Committee was advised that the following business would be subject to ratification at the next meeting.

41 **METRO SYSTEM DISRUPTION ON 29 OCTOBER 2017**

Submitted: Report by Managing Director (Transport Operations), NEXUS (previously circulated and a copy attached to official minutes), which provided members with an update on the review of Metro system disruption on 29 October 2017.

The Sub Committee noted the report, welcoming its thorough and honest account about the incident. Members highlighted the need for the recommendations to be monitored through regular feedback to future meetings.

On a point of clarification, reassurances were given that should a similar situation arise in the future, it would be mitigated following the introduction of an electrical switching arrangement enabling other transformers to supply the Depot.

42 **UPDATE ON NEXUS CORPORATE RISKS**

Submitted: Report by Managing Director (Transport Operations), NEXUS (previously circulated and a copy attached to official minutes), which provided information on the status of the Corporate Risks. The committee was informed that NEXUS continued to apply adequate and appropriate risk controls.

Reference was made to the bus strategy delivery arrangements, with a member requesting that although it had been closed, improvements to bus arrangements should still be explored. Reassurance was given that bus delivery arrangements was an objective of the business corporate plan and therefore would be subject to future reports.

Reference was made to the collapse of Carillion Construction with confirmation given that NEXUS did not directly trade with them so the collapse had a low impact.

The Sub Committee noted that a report on the NEXUS Corporate Risk register for 2018/19 would be presented to the April meeting.

43 **DATE AND TIME OF NEXT MEETING**

Thursday 19 April 2018, 3.00pm at Sunderland Civic Centre.

The Sub Committee noted that there was a special meeting to be arranged in February 2018; details to be confirmed.

44 **EXCLUSION OF PRESS AND PUBLIC**

By virtue of paragraphs 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972, Members present agreed to exclude the press and public from the remainder of the meeting during the consideration of the confidential minutes of the

previous meeting 21 November 2017 and Agenda Item No 12: Tyne Tunnels Update.

North East Combined Authority, Transport North East (Tyne and Wear) Sub-Committee

19 April 2018

(3.01 - 4.04 pm)

Meeting held Sunderland Civic Centre, Burdon Rd, Sunderland SR2 7DN

Present:

Councillor : J Harrison(Chair)

Councillors: G Hobson J McCarty, J McElroy and M Mordey

52 APOLOGIES FOR ABSENCE

There were no apologies for absence.

53 DECLARATIONS OF INTEREST

None

54 MONITORING NEXUS PERFORMANCE AND METRO PERFORMANCE UPDATE

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

Members agreed that they would consider agenda items 3 and 4 together.

Huw Lewis (Customer Service Director, Nexus) presented the reports which provided members with a review of Nexus' performance against its Corporate Business Plan targets and objectives, and an update on Metro performance for the twelve weeks from 10 December 2017 to 3 March 2018.

In discussion the following points were noted:

- That the 'Improve Metro performance' workstream had an amber status.

The year had started well but performance had tailed off during the autumn period, although to a lesser extent than during the same period for the previous two years.

Following issues during autumn the contract with the traction system supplier had been terminated, but it had taken eight weeks to then pull the situation back around.

During the recent period of seriously bad weather, and the following mini period of bad weather, the Metro had gone down to a 30 minute timetable. There had been positive feedback from customers about this, particularly when trains had been running when buses were not, but there had also been a legacy impact on the trains.

Overall there had been a 5% improvement in Metro performance from the end of 2016/17 and officers were confident that this would continue to improve.

- That there were concerns about the results of the Metro customer satisfaction survey from November 2017.

It was recognised that there had not been much movement in customer satisfaction over the previous year, but there had been some positives within the survey, particularly with regards to staff knowledge and approachability.

Moving forward customers were to be surveyed four times a year (in May, July, August and February) rather than two times, which would provide a much more immediate measure of satisfaction.

Members requested to see the high level information about customer satisfaction broken down further in future reports, and it was suggested this should be added as an appendix to the main report.

- That it was excellent news about the number of special events coming up that would help to increase the Metro farebox, and that there was need to keep a close watch on any reduction in the farebox.
- That there had been a recent incident in which a door had been pulled from a Metro train by youths and thrown into a pub car park, and members were concerned generally about incidents of anti-social behaviour and violence on the network.

A new security chief for Metro had been appointed, following which there had been a huge improvement. A number of high profile activities had been launched, working with police and local communities. The number of customer service advisors was increasing, and there would also be a possible increase in the number of police hours across the network following the signing of a better and stronger contract with Northumbria Police.

Members emphasised that they did not believe there to be a safety issue on the Metro.

- That in order to help tackle fraud on the Metro the number of Customer Service Advisors (CSAs) would be increased from 98 to 104, and a change would also be made to their roster which would allow for a team of six or

more to be out on the network, targeting fraud hotspots. All CSAs were able to issue penalty fare notices.

It was noted that at certain times, such as during rush hour periods, it was better to have all CSAs on the gate line in order to protect farebox revenue.

The recent reduction in fraud equated to around £20,000 in farebox revenue saved.

- That as part of the move away from the DB Regio contract there had been a reclassification of fleet engineering costs as capital expenditure, and that this had created a saving within the Metro Services revenue budget which was to be allocated to a 'Fleet Transition' reserve.

The reserve fund was necessary as Metro would be running two fleets for a period of time, and it would create headroom to accommodate the associated spike in costs.

There would be a similar amount set aside into the reserve fund during the 2018/19 financial year. Any money not utilised from the reserve fund would be transferred back and could then be allocated to support other projects.

- That a deficit in the Metro budget was still projected, and that there may be a need for service cuts and for money to be directed towards maintaining existing services rather than creating new ones. A piece of work identifying cost pressures would be brought to a future meeting of the Committee.
- That discussions with the Department for Transport (DfT) about future funding were ongoing, but had been positive so far and were looking encouraging.

RESOLVED – That the Sub-Committee noted the contents of the reports.

55 **METRO PERFORMANCE UPDATE**

As Minute number 54.

56 **UPDATE ON NEXUS' CORPORATE RISKS 2018/19**

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

Huw Lewis presented the report which introduced Nexus' Corporate Risk Register for 2018/19, and sought comment from the Sub-Committee.

In discussion the following points were noted:

- That the risk of a 'Catastrophic safety related event on Metro' remained amber, and the reason for that was that while the risk of such an event occurring was considered to be extremely small the impact would be

catastrophic. The Management team were content that this was the correct way to state this risk and that it was consistent with industry practice.

- That more should be done to promote the Pop Blue card for young people aged 18 and under, and that an ideal time to do this would be in schools and colleges during the autumn when the new academic year began.

Officers advised that they were attending open days and events at schools and colleges already to promote the card, that they were also planning to target the leisure market, and that whilst the card was advertised on the Metro system it was recognised that more needed to be done to target young people who were not already using the Metro.

RESOLVED – That the report be received and the Sub-Committee's comments noted.

57 **TYNE TUNNELS UPDATE**

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

Alastair Swan (Principal Engineer, Newcastle City Council) presented the report which provided members with an update in activities at the Tyne Tunnels relating to the operation of the New Tyne Crossing and to the Tyne Pedestrian and Cycle Tunnels (TCPT) phase three improvement works.

In discussion the following points were noted:

- That the construction works to the Silverlink Junction were expected to be completed by Christmas 2018.
- That the improvement works to the TCPT had been a long, hard journey and had been quite fraught at times, but that it was positive that the works were now nearing completion and would provide a link between North and South Tyneside for pedestrians and cyclists.

It was suggested that there would need to be a large scale marketing programme when the tunnels reopened as there had been such a long period of closure that some young people may not even be aware they existed.

RESOLVED – That the Sub-Committee noted the contents of the report.

58 **EXCLUSION OF PRESS AND PUBLIC**

RESOLVED – That by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 press and public be excluded from the meeting during the consideration of agenda items 8 (Confidential Minutes of Previous Meeting held on 23 February 2018) and item 9 (Tyne Tunnels Update) because exempt information was likely to be disclosed and the public interest test against the disclosure was satisfied.

61 DATE AND TIME OF NEXT MEETING

Provisional date (subject to confirmation at the Annual Meeting): 12 July 2018,
3.00pm at North Tyneside

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Transport North East (Tyne and Wear) Sub-Committee

Date: 12 July 2018

Subject: Monitoring Nexus' Performance and Metro Service Delivery

Report of: Managing Director (Transport Operations)

Executive Summary

With the first two periods in the year completed, Appendix 1 to the report demonstrates that Nexus is principally on course to deliver the twelve key priorities in its Corporate Plan for 2018/19.

In respect of Metro service delivery (Appendix 2), performance has been problematic, with a number of incidents impacting on punctuality, and the continuing challenge of maintaining an ageing fleet. Performance was particularly affected during Period 2, with a service suspension due to cable theft between Pelaw and South Shields and an overhead line fault on 9 May. Nonetheless, cumulative Metro patronage is close to target and farebox revenue has started the year ahead of budget.

As at 26 May the Nexus Group, inclusive of North East Metro Operations Limited (NEMOL), forecast an outturn deficit of £1.482m for 2018/19. This is a positive variation of £0.452m against the budget deficit of £1.934m approved by the Leadership Board in January 2018.

Recommendations

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

The Sub-Committee is asked to also note that, following a power supply problem at a substation leading to the Metro service being suspended systemwide for most of the day on 29 October 2017, all six previously reported recommendations have now been implemented.

Transport North East (Tyne and Wear) Sub-Committee

1. Background Information

- 1.1 The appendices attached to this report provide information about Nexus' performance against its Corporate Plan (CP) targets and objectives for 2018/19 over the eight weeks from 1 April 2018 to 26 May 2018 (Appendix 1) and the delivery of Metro services over the twelve weeks from 4 March to 26 May 2018 (Appendix 2).
- 1.2 The CP has three main themes and twelve key actions (four in each theme). These are used in Appendix 1 to set out key considerations used in assigning the progress being made, applying a RAG (Red/Amber/Green) status analysis.
- 1.3 Of the 12 key actions:-
 - Ten are rated 'Green' in status, two from four in Theme 1 - 'Deliver public transport today'; all four in Theme 2 - 'Prepare for the future', and all four in Theme 3 - 'Focus on organisational effectiveness'.
 - Two are 'Amber', both in Theme 1 - 'Deliver public transport today': 'Improve the Metro customer journey experience', and 'Deliver technological improvements'.
- 1.4 Appendix 2 contains statistical information and detailed commentary on performance measures in respect of key aspects of Metro services.
- 1.5 Members will recall that following a power supply problem at a substation leading to the Metro service being suspended systemwide for most of the day on 29 October 2017, a report on the disruption was provided to the Sub-Committee on 25 January 2018. The report contained six recommendations aimed at both preventing a recurrence of the situation, and reducing the impact on customers should the highly unusual situation of no Metro service across all or a large part of the network occur. All of these recommendations have now been implemented.

2. Proposals

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

3. Reasons for the Proposals

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

4. Alternative Options Available

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

Transport North East (Tyne and Wear) Sub-Committee

5. Next Steps and Timetable for Implementation

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

6. Potential Impact on Objectives

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

7. Financial and Other Resources Implications

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

8. Legal Implications

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

9. Key Risks

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

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

Transport North East (Tyne and Wear) Sub-Committee

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

13. Other Impact of the Proposals

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

14. Appendices

- 14.1 Appendix 1 - shows the Red/Amber/Green (RAG) analysis pertaining to progress against the three themes/twelve key actions contained in Nexus' Corporate Plan for 2018/19 to 2020/21, as approved by Transport North East (Tyne and Wear) Sub-Committee meeting in January 2018, and identifies key considerations taken into account by Nexus' Senior Leadership Team in arriving at the ratings.
- 14.2 Appendix 2 – Metro performance update report with detailed commentary and graphs in respect of key aspects of service delivery.

15. Background Papers

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

16. Contact Officers

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

17. Sign off

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

18. Glossary

A glossary is contained within Appendix 2.

Appendix 1 – Performance against Nexus’ Corporate Plan for 2018/19

Theme 1: Deliver public transport today		
Workstream:	RAG Status	Key Considerations:
Improve the Metro customer journey experience (Amber)	A	Total Metro ridership for the eight weeks to 26 May was 5.618m, 0.19% below the target of 5.629m, and 3.93% below the cumulative total of 5.848m in the prior year. The Moving Annual Total at the end of P2 was 36.133m.
		Over the eight weeks Metro’s average punctuality was 83.99%, below the target of 89.88% and the 87.23% achieved for the same period last year. The moving annual average (MAA) currently stands at 84.59% against the target to achieve an MAA of 87.2% in 2018/19.
		Peak fleet availability between 1 April and 26 May saw the full service delivery requirement of 74 Metrocars being met on 27 (35.5%) of the 76 weekday morning & evening peaks. This will have had an adverse effect on provision of the additional morning and evening peak services. Over the same eight weeks last year peak fleet performance against the requirement for 74 Metrocars was 64.8% (48 of 74).
		The latest Metro customer satisfaction tracking survey, from May 2018, resulted in an overall score of 7.70, better than the score of 7.66 in November 2017, but below the score of 7.78 in May 2017 and the score of 7.73 obtained in November 2016. Details of the underlying trends in the various elements of the survey are being studied to identify weaknesses and build on strengths.
		To enhance Metro’s emergency preparedness a table-top simulation exercise was held in April. To apply and embed the knowledge obtained a full-scale exercise, involving participation from the emergency services, has also taken place.

<p>Introduce a more affordable fares offer for the under 19s (Green)</p>	<p>G</p>	<p>Over the eight weeks to 26 May there were 25,322 Pop Blue journeys, made by 1,901 individual card holders. This new smart product was introduced on 2 January 2018, so there is no data on which to base comparisons with last year. Sales and usage will be closely monitored over the first two quarters in order to build up sufficient information on which to base initial target setting. The level of take-up and usage currently being achieved is considered to be acceptable for this new product.</p>
<p>Protect levy funded frontline services (Green)</p>	<p>G</p>	<p>As at 26 May the Nexus Group, inclusive of NEMOL, forecast an outturn deficit of £1.482m for 2018/19. This is a positive variation of £0.452m against the budget deficit of £1.934m approved by the Leadership Board in January 2018.</p>
		<p>Secured bus services carried 0.924m passengers over the eight weeks to 26 May, 4.76% above the target of 0.882m though 0.2% lower than last year's total of 0.926m. An average of 97.9% of contracted bus mileage was operated, below the target of 99%. In P1 mileage operated was impacted by severe weather conditions, leading to the withdrawal of services for safety reasons. 99.9% of contracted mileage was delivered in P2.</p>
		<p>The Shields Ferry service carried 77,352 passengers, 4.6% above the target of 73,932. Punctuality over the eight weeks was above the 99% target at 99.6%, and 99.9% reliability was delivered. The P2 customer satisfaction score of 9.3, against the target of 9.0, reflects the high service standards being achieved.</p>
	<p>A</p>	<p>Nexus is supporting ITSO (the National Standards body for Smart Ticketing) in a Host Card Emulation (your phone becomes your Pop Card) trial on Tyne and Wear Metro. Following a successful "Proof of Concept" test on Nexus' system, a competition, run through Digital Catapult North East & Tees Valley, was used to identify an innovative App Developer who can embed this functionality into a wider Transport App. Two shortlisted Developers are currently developing, in competition, a "Minimum Viable Proposition" App and are on target for this to be available for public testing in July.</p>
		<p>Progress is being made across NESTI partners (Nexus, Northumberland, Durham and Tees Valley) to replace the Card Management System & On line portal, through stakeholder workshops and the definition of business specifications. NESTI partners have confirmed the budget, and the new system is planned to be live before the end of</p>

		the calendar year
		<p>Testing of the first of a planned series of three upgrades to the ticketing and gating software has commenced. Installation of new components (Bank Card Readers) to improve reliability and security is planned to commence immediately following completion of the software upgrades. The performance of Nexus' key supplier remains of concern and, as a result, their Managing Director has been asked to attend a meeting with Nexus' Directors with a plan to address outstanding issues.</p>
		<p>Working with Transport for the North (TfN) and partner authorities a specification for an Account Based Ticketing (ABT) Back Office is being developed. This will allow customers to use bank cards and mobile devices to pay for their journey by touching in at the point of entry and on exit from the network. The intention is to have a partnership with the major bus operators, with each participating operator (including Nexus, for Tyne and Wear Metro) having signed "Heads of Terms", indicating support of the project. TfN have obtained approval from DfT's Business Investment and Commercial Committee to move to Full Business Case and begin the procurement process.</p>
		<p>Nexus has supported the submission of a bid to the Department for Digital, Cultural, Media and Sport (DCMS) for the Urban Connected Communities Programme (UCCP), which would enable a series of trials for 5G Technologies across the North East. This is one of a number of projects around the NECA area seeking Nexus' support to improve Digital Connectivity across the region, recognising the importance of the Metro routes. We are continuing to engage with all relevant stakeholders and have developed a business case to engage a third party that can ensure these projects are fully supported whilst investing in the necessary infrastructure to improve our customers' experience and improve operational efficiency.</p>

Theme 2: Prepare for the future		
Workstream:	RAG Status	Key Considerations:
Procure a new fleet of trains and their maintenance (Green)	G	In line with the approval from Leadership Board, a single procurement exercise is being pursued covering contracts for the provision of a new fleet of Metrocars, a new maintenance facility and a long-term maintenance contract.
		Various studies are underway to progress the procurement e.g. identifying the works needed for the main and satellite depots, the development of a safety risk assessment methodology for new rolling stock and provision of quality assurance on the specification for a train simulator. Weekly legal and procurement workshops are taking place to finalise the required documentation.
		A Selection Questionnaire was issued on 6 June, formally inviting potential suppliers to respond by 9 July 2018. This will be used to narrow down companies competing to take part in the procurement before formal tender documents are released in September, culminating in detailed negotiations taking place before a winner is chosen at the end of next year. This will result in a contract being awarded by the beginning of 2020.
		Nexus will be holding supply chain events later this year where short-listed bidders will have the opportunity to meet local companies they could work with in the construction and maintenance of both trains and depot in the years ahead.
Develop devolution	G	Consultation amongst members of the North East Rail Management Unit (NERMU) has resulted in a number of potential service development suggestions, which would not require infrastructure changes, being forwarded to the Strategic Rail (SR) section of Transport for the North (TfN).
		These suggested developments include for potential extensions of existing routes, new routes, additional stops, increase in frequency, and some later and earlier services. TfN (SR) are to develop delivery plans for the Long Term Rail Strategy to include in the overall Strategic Transport Plan Investment Programme.
		NERMU has formally notified Northern and TransPennine Express of local disappointment and concern that not all the enhancements initially proposed in their respective franchises are being delivered at this time.

		With regard to the production of the Northern Powerhouse Rail (NPR) Strategic Outline Business Case, Network Rail and TfN are progressing options for the East Coast Main Line (ECML). The next NPR sift, to assess costs and benefits of the options, is on 20th June.
		TFN's 'East Coast to Scotland' Rail Study is to build on the ECML route study and pick up the areas outside the NPR sections i.e. south of York and north of Newcastle.
		DfT's consultation on the next Cross Country franchise is underway with responses required by 30 August. NERMU will coordinate a response. Due to capacity constraints on ECML (Newcastle to York) one of the main questions asked is for 'views on whether it is appropriate to curtail or divert one of the current Cross Country services serving Newcastle further south (for example at Leeds or Doncaster or York), and if that is not acceptable what the priority should be if the capacity constraints materialise'. NERMU is seeking to provide evidence supporting the retention of current levels of committed services.
		Rail Development Group (RDG) has launched a national consultation to review and simplify fares for the benefit of customers. TfN is already looking at fares across the North and will feed into the RDG review.
Develop plans to expand Metro and local rail (Green)	G	Progress is being made on various studies which will inform the potential for route extensions e.g. financial, economic and land value capture. Proposals for market engagement has been re-scoped and the desk top spatial study analysis is progressing to inform these discussions. The development of a 'knowledge hub' is progressing, and will include a series of principles, case studies and policies which will inform future business cases for extensions.
		Metro Futures and Extensions was represented at the North East Expo, with support forthcoming from 60 businesses, and will be present at the Great Exhibition of the North (GEO N) at the Institute of Civil Engineers. In partnership with Rail Alliance, a Stations of the Future conference will be held in Newcastle on 10 July to complement the GEO N exhibit. A communications strategy for the next two years is being developed.
		Following a successful initial multi-party workshop to discuss bringing the Leamside line back into use, Nexus is collating work carried out on the scheme to date by the parties, with a view to combining the current learning.

		<p>With regard to the potential for improving network resilience and capacity, a detailed project plan has been developed. Delivery timescales for the scheme have been updated with DfT, so Nexus must aim to have a 'shovel in the ground' by March 2021. Nexus and Network Rail are working together to obtain formal 'in principle' support for the scheme by September 2018 and to obtain a broad understanding of any commercial and regulatory implications which will be referenced in the bid.</p>
<p>Develop plans to improve the local bus network (Green)</p>	<p>G</p>	<p>Nexus is working with local partners to develop a Bus Strategy for the NECA area. It is intended that a final draft strategy will be available for consideration, prior to public consultation, at the same time as the Transport Plan.</p>
		<p>A preliminary review has taken place to understand the potential impacts, positive and negative, of 'New Mobility Services'. Nexus has launched a market engagement exercise in order to raise awareness amongst potential suppliers across the globe. This will enhance our understanding of how the global market is developing, and allow us to start planning the introduction of new services that can deliver on our 'New Mobility' objectives, benefiting public transport users and minimising risks to existing transport services.</p>
		<p>Nexus is working with bus operators in the NECA area to explore the opportunities to source Government funding for Ultra Low Emission Buses (ULEBs). These could be diesel-electric hybrid or battery electric buses, and would have the potential to make a contribution to improved air quality in areas where the worst problems are experienced and where bus flows are greatest.</p>

Theme 3: Focus on organisational effectiveness		
Workstream:	RAG Status	Key Considerations:

Implement change and pursue continuous improvement (Green)	G	Arrangements are being made to carry out a full organisational review across both Nexus and NEMOL/Metro Services to prepare to meet the anticipated requirements of the emerging contract to supply the new fleet, its ongoing maintenance (together with maintaining the current fleet in the interim) and a new depot, in line with the funding conditions set by DfT.
		Consideration is being given to the future requirements of the business in relation to succession planning and graduates to meet specific key skills and develop recommendations for improving organisational efficiency and effectiveness. The recruitment process for ten new apprenticeships has commenced.
		Recruitment and development mechanisms are being reviewed to seek to increase the number of people from under-represented groups. A programme of activities will be implemented to encourage women into the business through attracting more female applicants and providing career support.
Construct a new training and maintenance centre (Green)	G	Design work for the South Shields Training and Maintenance Centre is continuing. Site setup has commenced, with piling to follow once the site is fully established.
	G	The Metro Asset Renewal Plan (ARP) forecast for 2018/19 at 26 May was £33.045m. The forecast is considered to be manageable within the revised maximum & minimum spend targets set by the DfT (following the agreed grant re-phasing detailed in the DfT letter dated 2 October 2017). Expenditure in the period was 94% of the forecast.
		The programme of halt station refurbishment continues for Monkseaton, West Monkseaton, Cullercoats, Shiremoor, Palmersville, Benton and Longbenton stations commencing with painting preparation and lighting upgrades. Repairs to Monkseaton Station canopy gable ends are being tendered.
		Rail Vehicle Accessibility Regulations – DfT's Legal team are now drafting an exemption order which will be reviewed by Nexus and the relevant Government Minister. The timescales for approval are still to be confirmed. This will provide for delivery of the new fleet.

	<p>South Shields Interchange – construction is underway and planning for the required line closure is still to be finalised.</p>
	<p>Cable surveys and planning for enabling works are underway for Burnside and Beach Road bridges in North Tyneside. Renewals of these bridges are planned for March 2019.</p>
	<p>Remedial works to King Street Bridge, South Shields, are planned to commence in June 2018.</p>
	<p>Tanners Bank bridge is progressing to outline design. This will enable Nexus to benefit through North Tyneside Council's bid for Highways Maintenance Challenge Funding in 2019/20, should it be successful.</p>
	<p>A 54 hour possession took place on 12 & 13 May, replacing the cancellation over 3 & 4 March due to severe weather conditions. This enabled completion of a number of activities including Manors points' renewal (4012), two adjustment switches on Byker Viaduct, track lowering at Cullercoats, and heavy maintenance to the 4010/4011 Switches & Crossings unit.</p>
	<p>A formal quotation under the Permanent Way Framework has been received and is under evaluation for the renewal of the highest priority track sections from Gateshead Stadium to South Shields.</p>
	<p>Installation of new on-train radio equipment accelerated in period 2, with fitment to 100% of the fleet including battery loco's by 4 June.</p>
	<p>The commissioning plan for the Railway Traffic Management System (RTMS), over 4 & 5 August, has been received and is under review.</p>
	<p>The Overhead Line Equipment renewal programme continues. Work cancelled in March due to extreme weather was progressed on 12 & 13 May and on 16 & 17 June.</p>
	<p>Commissioning of 21 multifunctional relays in the power supply system has been completed – the work will continue into early 2019.</p>

Facilitate change in local political governance (Green)	G	<p>The North of Tyne Authorities (Newcastle upon Tyne, North Tyneside and Northumberland) agreed to a “minded to” Devolution Deal with Government in November 2017. In order to implement this deal there is a requirement to establish a new Mayoral Combined Authority, which in itself requires these Councils to withdraw from the existing North East Combined Authority (NECA). Although transport is not part of the deal, there is a requirement that governance arrangements for transport will change in the area through the creation of a Joint Transport Committee.</p>
		<p>At the NECA Leadership Board meeting on 26 April consent was given in principle to the making of a statutory Order which will put in place the arrangements needed for the North of Tyne Authorities to establish a separate Mayoral Combined Authority, provide for the Joint Transport Committee, transfer transport related assets, previously owned by the NECA, into the joint ownership of the two Combined Authorities, making Nexus an executive body of each of the Combined Authorities, and amending legislation to extend Nexus’ duties to both Combined Authorities.</p>
		<p>The Order also creates a role of ‘Proper Officer for Transport’ with responsibility for strategic planning of transport. It is understood that the Joint Transport Committee will review its officer support requirements when it is created. The Managing Director is inputting into the development of options for this review.</p>

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Metro performance update

Period 13 2017/18 and Periods 1 & 2 2018/19

(4 March 2018 to 26 May 2018)

Punctuality: **83.5%**
87.6% Last year

Customer
Satisfaction: **7.7 / 10** May 2018
7.7 / 10 November 2017
7.8 / 10 May 2017

Glossary of terms

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

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

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

NEMOL – North East Metro Operations Limited – a wholly owned subsidiary of Nexus (Company Registration No. 10552145) responsible for maintaining the fleet, operating the Metro services and providing staff at stations.

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

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

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

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

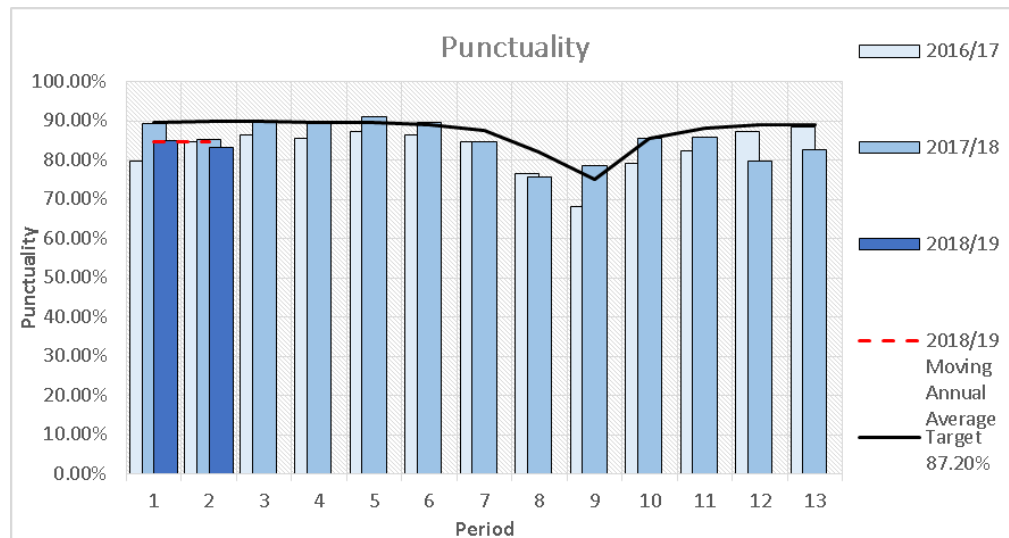
Punctuality – measurement of train punctuality as set out in the Metro Passenger Charter; measures the percentage of trains arriving within three minutes later or within 29 seconds earlier than scheduled.

RIDDOR – Reporting of Injuries, Diseases and Dangerous Occurrences Regulations – legislation which puts duties on employers, the self-employed and people in control of work premises to report certain serious workplace accidents, operational diseases and specified dangerous occurrences (near misses) to the Health and Safety Executive

Operational performance

Indicator: Performance and Key Considerations:

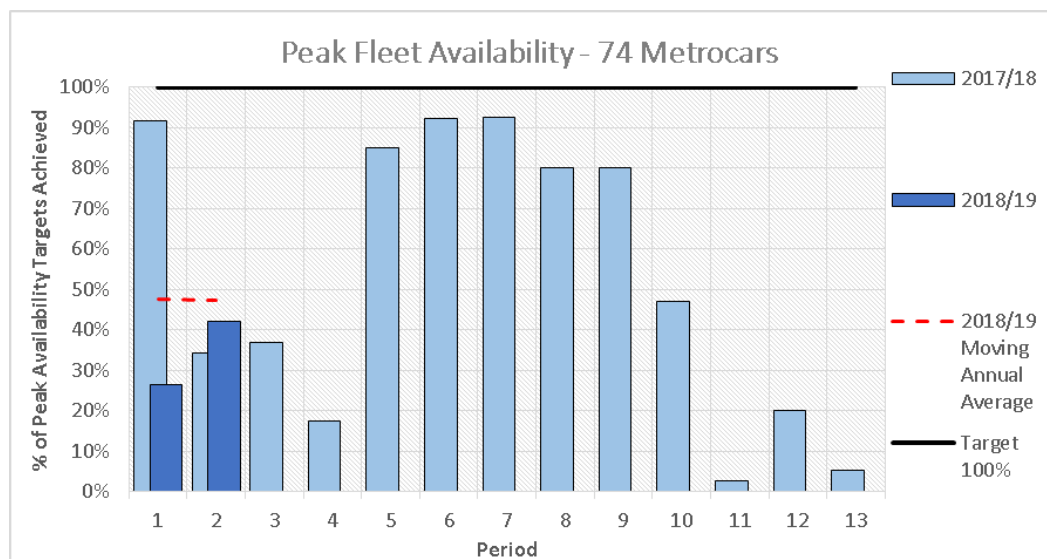
Punctuality During the three periods leading up to 26 May a punctuality figure of 83.5% was achieved by Metro compared to 87.6% over the same twelve weeks last year, 4.2 percentage points worse. A variety of factors affected punctuality during these periods, these are referred to in more detail against the other indicators below.

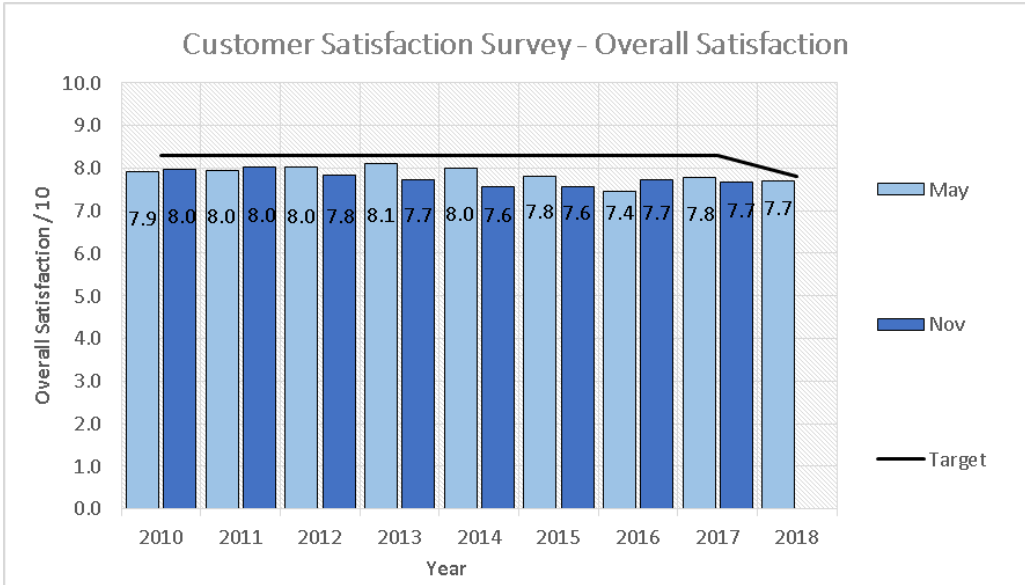
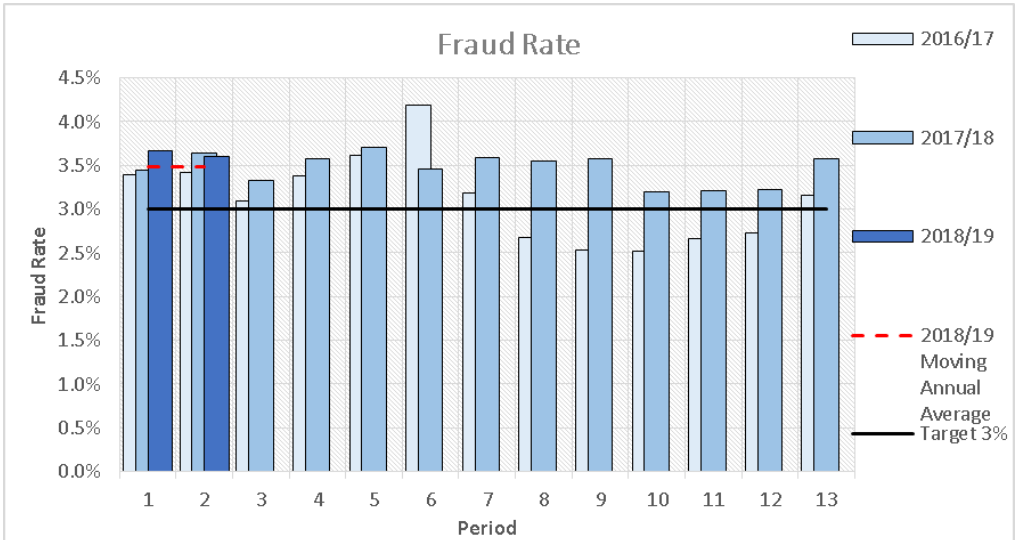


Fleet performance

Indicator: Performance and Key Considerations:

Peak fleet availability Peak fleet availability over the period 4 March to 26 May saw the full requirement for 74 Metrocars being met on 25% (28/114) of the weekday morning and evening peaks. Availability has been affected mainly due to problems with key items of Depot equipment, which are now resolved.

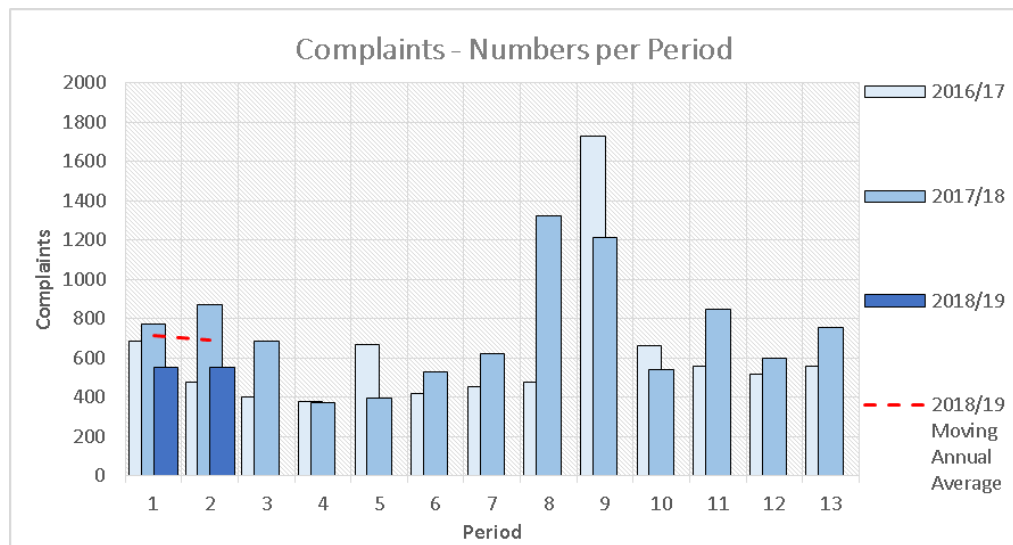


Customer experience																																																									
Indicator:	Performance and Key Considerations:																																																								
Customer Satisfaction Survey	<p>The May 2018 Metro Customer Satisfaction Survey (CSS) score was 7.7, the same as November 2017 but short of the revised target of 7.8 and May 2017's score of 7.8. Satisfaction with punctuality and reliability fell, likely due to the disruptions experienced during recent periods.</p> <div><p>Customer Satisfaction Survey - Overall Satisfaction</p><table><thead><tr><th>Year</th><th>May</th><th>Nov</th></tr></thead><tbody><tr><td>2010</td><td>7.9</td><td>8.0</td></tr><tr><td>2011</td><td>8.0</td><td>8.0</td></tr><tr><td>2012</td><td>8.0</td><td>7.8</td></tr><tr><td>2013</td><td>8.1</td><td>7.7</td></tr><tr><td>2014</td><td>8.0</td><td>7.6</td></tr><tr><td>2015</td><td>7.8</td><td>7.6</td></tr><tr><td>2016</td><td>7.4</td><td>7.7</td></tr><tr><td>2017</td><td>7.8</td><td>7.7</td></tr><tr><td>2018</td><td>7.7</td><td>7.7</td></tr></tbody></table></div>	Year	May	Nov	2010	7.9	8.0	2011	8.0	8.0	2012	8.0	7.8	2013	8.1	7.7	2014	8.0	7.6	2015	7.8	7.6	2016	7.4	7.7	2017	7.8	7.7	2018	7.7	7.7																										
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Fraud rate	<p>The fraud rate was an average of 3.61% over the twelve weeks to 26 May. This a worsening of 0.4 percentage points from the previous twelve weeks, and also worse than the same twelve weeks last year, which had a fraud rate of 3.41%. The focus on 'roving' revenue protection to reduce the number of fraudulent travellers continues.</p> <div><p>Fraud Rate</p><table><thead><tr><th>Period</th><th>2016/17</th><th>2017/18</th><th>2018/19</th></tr></thead><tbody><tr><td>1</td><td>3.4%</td><td>3.6%</td><td>3.6%</td></tr><tr><td>2</td><td>3.5%</td><td>3.6%</td><td>3.6%</td></tr><tr><td>3</td><td>3.2%</td><td>3.3%</td><td>3.3%</td></tr><tr><td>4</td><td>3.4%</td><td>3.5%</td><td>3.5%</td></tr><tr><td>5</td><td>3.6%</td><td>3.7%</td><td>3.7%</td></tr><tr><td>6</td><td>4.2%</td><td>3.4%</td><td>3.4%</td></tr><tr><td>7</td><td>3.2%</td><td>3.6%</td><td>3.6%</td></tr><tr><td>8</td><td>2.7%</td><td>3.5%</td><td>3.5%</td></tr><tr><td>9</td><td>2.5%</td><td>3.6%</td><td>3.6%</td></tr><tr><td>10</td><td>2.5%</td><td>3.2%</td><td>3.2%</td></tr><tr><td>11</td><td>2.7%</td><td>3.2%</td><td>3.2%</td></tr><tr><td>12</td><td>2.7%</td><td>3.2%</td><td>3.2%</td></tr><tr><td>13</td><td>3.1%</td><td>3.6%</td><td>3.6%</td></tr></tbody></table></div>	Period	2016/17	2017/18	2018/19	1	3.4%	3.6%	3.6%	2	3.5%	3.6%	3.6%	3	3.2%	3.3%	3.3%	4	3.4%	3.5%	3.5%	5	3.6%	3.7%	3.7%	6	4.2%	3.4%	3.4%	7	3.2%	3.6%	3.6%	8	2.7%	3.5%	3.5%	9	2.5%	3.6%	3.6%	10	2.5%	3.2%	3.2%	11	2.7%	3.2%	3.2%	12	2.7%	3.2%	3.2%	13	3.1%	3.6%	3.6%
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Complaints	Complaints numbers fell slightly over the twelve weeks to 26 May, with
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numbers

an average of 619 per 4-week period.

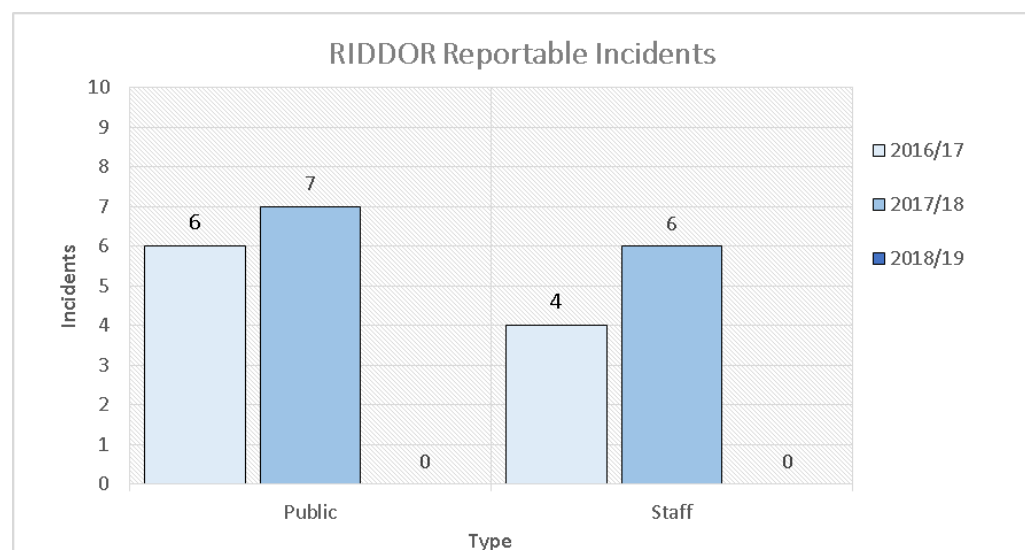


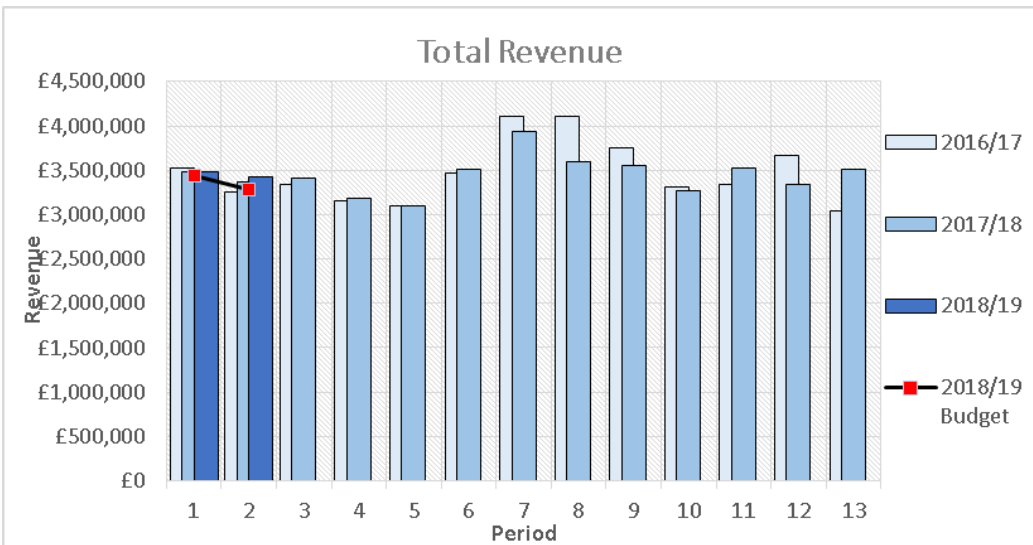
Safety

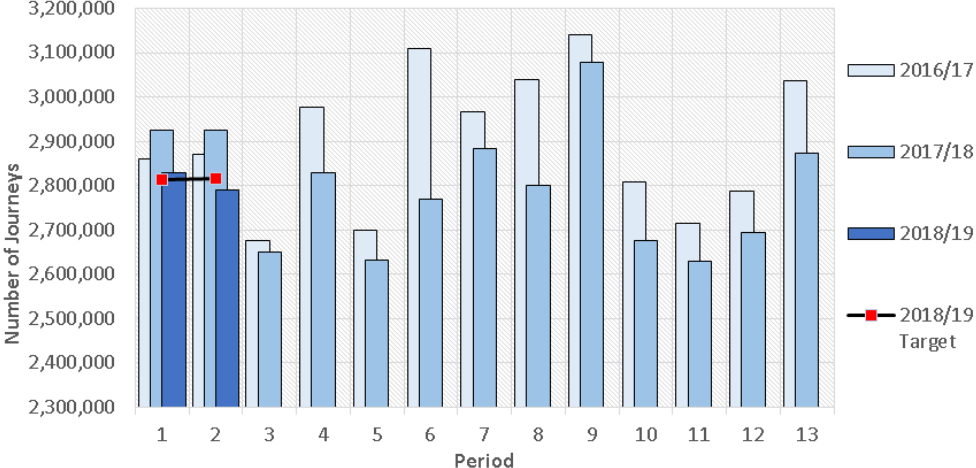
Indicator: Performance and Key Considerations:

Number of accidents

There were seven public RIDDOR reportable accidents in 2017/18 and six staff RIDDOR reportable accidents in 2017/18. The majority of the public RIDDOR reportable accidents related to falls on escalators, with staff RIDDOR reportable accidents being varied. In the first two periods of 2018/19 there have been no staff or public RIDDOR reportable accidents.



Farebox																																																																							
Indicator:	Performance and Key Considerations:																																																																						
Total Farebox revenue	<p>As at period 2 the Metro fare revenue is expected to achieve the set budget of £45.299m.</p> <div><p>Total Revenue</p><table><caption>Estimated Total Revenue Data (£)</caption><thead><tr><th>Period</th><th>2016/17</th><th>2017/18</th><th>2018/19</th><th>2018/19 Budget</th></tr></thead><tbody><tr><td>1</td><td>3,500,000</td><td>3,400,000</td><td>3,400,000</td><td>3,400,000</td></tr><tr><td>2</td><td>3,300,000</td><td>3,300,000</td><td>3,300,000</td><td>3,300,000</td></tr><tr><td>3</td><td>3,400,000</td><td>3,400,000</td><td></td><td></td></tr><tr><td>4</td><td>3,200,000</td><td>3,200,000</td><td></td><td></td></tr><tr><td>5</td><td>3,100,000</td><td>3,100,000</td><td></td><td></td></tr><tr><td>6</td><td>3,500,000</td><td>3,500,000</td><td></td><td></td></tr><tr><td>7</td><td>4,100,000</td><td>3,900,000</td><td></td><td></td></tr><tr><td>8</td><td>4,100,000</td><td>3,600,000</td><td></td><td></td></tr><tr><td>9</td><td>3,700,000</td><td>3,500,000</td><td></td><td></td></tr><tr><td>10</td><td>3,300,000</td><td>3,300,000</td><td></td><td></td></tr><tr><td>11</td><td>3,400,000</td><td>3,500,000</td><td></td><td></td></tr><tr><td>12</td><td>3,600,000</td><td>3,300,000</td><td></td><td></td></tr><tr><td>13</td><td>3,000,000</td><td>3,500,000</td><td></td><td></td></tr></tbody></table></div>	Period	2016/17	2017/18	2018/19	2018/19 Budget	1	3,500,000	3,400,000	3,400,000	3,400,000	2	3,300,000	3,300,000	3,300,000	3,300,000	3	3,400,000	3,400,000			4	3,200,000	3,200,000			5	3,100,000	3,100,000			6	3,500,000	3,500,000			7	4,100,000	3,900,000			8	4,100,000	3,600,000			9	3,700,000	3,500,000			10	3,300,000	3,300,000			11	3,400,000	3,500,000			12	3,600,000	3,300,000			13	3,000,000	3,500,000		
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Total Patronage	<p>Total patronage for 2017/18 was 36.36m v target of 38.00m (-4.3%). At the end of Period 2 2018/19 total patronage for the year to date was on target at 5.62m.</p> <div><p>Total Patronage</p><table><caption>Estimated Total Patronage Data (Number of Journeys)</caption><thead><tr><th>Period</th><th>2016/17</th><th>2017/18</th><th>2018/19</th><th>2018/19 Target</th></tr></thead><tbody><tr><td>1</td><td>2,850,000</td><td>2,920,000</td><td>2,800,000</td><td>2,800,000</td></tr><tr><td>2</td><td>2,880,000</td><td>2,920,000</td><td>2,780,000</td><td>2,800,000</td></tr><tr><td>3</td><td>2,680,000</td><td>2,650,000</td><td></td><td></td></tr><tr><td>4</td><td>2,980,000</td><td>2,820,000</td><td></td><td></td></tr><tr><td>5</td><td>2,700,000</td><td>2,630,000</td><td></td><td></td></tr><tr><td>6</td><td>3,100,000</td><td>2,770,000</td><td></td><td></td></tr><tr><td>7</td><td>2,960,000</td><td>2,880,000</td><td></td><td></td></tr><tr><td>8</td><td>3,030,000</td><td>2,800,000</td><td></td><td></td></tr><tr><td>9</td><td>3,130,000</td><td>3,080,000</td><td></td><td></td></tr><tr><td>10</td><td>2,800,000</td><td>2,670,000</td><td></td><td></td></tr><tr><td>11</td><td>2,710,000</td><td>2,630,000</td><td></td><td></td></tr><tr><td>12</td><td>2,780,000</td><td>2,690,000</td><td></td><td></td></tr><tr><td>13</td><td>3,030,000</td><td>2,870,000</td><td></td><td></td></tr></tbody></table></div>	Period	2016/17	2017/18	2018/19	2018/19 Target	1	2,850,000	2,920,000	2,800,000	2,800,000	2	2,880,000	2,920,000	2,780,000	2,800,000	3	2,680,000	2,650,000			4	2,980,000	2,820,000			5	2,700,000	2,630,000			6	3,100,000	2,770,000			7	2,960,000	2,880,000			8	3,030,000	2,800,000			9	3,130,000	3,080,000			10	2,800,000	2,670,000			11	2,710,000	2,630,000			12	2,780,000	2,690,000			13	3,030,000	2,870,000		
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Transport North East (Tyne and Wear) Sub-Committee

Date: 12 July 2018

Subject: Update on Nexus' Corporate Risks 2018/19

Report of: Managing Director (Transport Operations)

Executive Summary

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

Recommendations

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

Transport North East (Tyne and Wear) Sub-Committee

1. Background Information

- 1.1 Nexus defines its corporate risks as those matters which, if the risk occurred, could have adverse consequences for the achievement of its Corporate Plan (CP). The CP for 2018/19 to 2020/21 was approved by the Sub-Committee at its meeting on 25 January 2018 following which the resulting Corporate Risk Register (CRR) was received and noted at the Sub-Committee's meeting on 19 April 2018. The Sub-Committee receives an update on Nexus' CRR at each subsequent meeting.

2. Proposals

- 2.1 Nexus' CRR for 2018/19 has twelve Corporate Risks:

- That a catastrophic safety related event may occur on the Metro,
- That Metro performance deteriorates,
- That the opportunities presented by new fares offer for under-19s are not fully utilised due to a lack of awareness,
- That technology based customer facing ticketing and passenger information improvements do not meet stakeholder expectations,
- That the procurement of a new fleet of trains and their ongoing maintenance requirements is not affordable or is unduly delayed,
- That there are no long term funding arrangements in place to sustain Metro's current operations, replace life expired capital assets and allow future expansion,
- That aspirations for heavy rail improvements are not met,
- That plans to expand Metro and local rail services do not progress,
- That plans to improve the local bus network are compromised or unduly delayed,
- That protecting frontline services whilst delivering a balanced budget is not achievable,
- That the planned Asset Renewal Programme, to modernise the Metro, and other key capital projects, is not delivered efficiently to time/cost/quality requirements, and
- That changes in local political governance structures for transport do not provide Nexus with the ability to adequately exercise its functions, duties and powers.

- 2.2 The following table identifies each of the risks in turn, links to the themes in Nexus' CP for 2018/19, the current RAG status and the direction of travel where applicable (comparing the current RAG status with the previous equivalent from the report in April). A detailed explanation of the nature of each risk, together with controls and milestones, is set out in Appendix 1 to the report. Appendix 2 shows the risk scoring matrix that has been applied.

Transport North East (Tyne and Wear) Sub-Committee

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

Transport North East (Tyne and Wear) Sub-Committee

- 2.3 Nexus' Audit Committee, which includes Independent Members, has recently suggested that, following a cyber-attack, the possible development of a Corporate Risk in respect of cybersecurity threats should be assessed recognising the potentially significant adverse impact on service delivery and day-to-day functions this could have. Work being progressed in this matter will be updated in the report to the October meeting of the Sub-Committee.

3. Reasons for the Proposals

- 3.1 The Sub-Committee receives update reports Nexus' CRR for 2018/19 at each meeting. Risk management is an important aspect of overall performance management, and reporting on Nexus' Corporate Risks complements the high-level summary of Nexus' performance also presented to each meeting. Together these reports support the Sub-Committee in meeting its delegation under the NECA Constitution to monitor and oversee the performance of Nexus (Part 3.3 refers).

4. Alternative Options Available

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

5. Next Steps and Timetable for Implementation

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

6. Potential Impact on Objectives

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

7. Financial and Other Resources Implications

- 7.1 There are no direct financial implications for the NECA regarding the management of Nexus' CRR.

8. Legal Implications

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

9. Key Risks

Transport North East (Tyne and Wear) Sub-Committee

- 9.1 The report identifies what are considered to be the key corporate risks to the achievement of Nexus' Corporate Plan for 2018/19 to 2020/21 which was previously approved by the Sub-Committee at its meeting on 25 January 2018.

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

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

13. Other Impact of the Proposals

- 13.1 There are no other impacts anticipated to arise from the proposal.

14. Appendices

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

15. Background Papers

- 15.1 Nexus' Corporate Plan 2018/19 to 2020/21 as submitted to the Sub-Committee's meeting on 25 January 2018.
15.2 Nexus' Corporate Risk Register 2018/19 to 2020/21 as submitted to the Sub-Committee's meeting on 19 April 2019.

16. Contact Officers

- 16.1 Tobyn Hughes, Managing Director (Transport Operations),
Tobyn.hughes@nexus.org.uk
0191 2033246

17. Sign off ✓

- Head of Paid Service: ✓

Transport North East (Tyne and Wear) Sub-Committee

- Monitoring Officer: ✓
- Chief Finance Officer: ✓

18. Glossary

Abbreviations:

CP – Corporate Plan

CRR – Corporate Risk Register

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

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

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

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

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

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

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

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

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

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.

CP Theme: Deliver public transport today		
Risk Area: Catastrophic safety related event	RAG Status (Amber)	Direction of Travel
Risk Owner: Director of Rail and Infrastructure	8(2x4)	↔ (static)
Risk Actionee(s): Metro Services Director & Head of Metro Delivery		
Risk: In running any operational railway there is an inherent risk that a catastrophic safety related event may occur.		
Impact/Consequence(s): The impact and consequences should a catastrophic safety related event occur on the Metro system could potentially be very significant, including the possibility for multiple loss of life, lengthy loss of service, protracted legal issues to resolve, fines to pay, impact on insurance, other cost increases and likely loss of business.		
Control(s): <ul style="list-style-type: none">• A well-developed safety management system (SMS) which is independently accredited by the Office of Rail and Road (ORR) as a prerequisite to granting legal authority to operate a railway.• Robust arrangements for the selection and management of contractors working on Metro infrastructure.• Maintaining a comprehensive suite of engineering standards in all relevant railway safety disciplines based on industry best practice• The identification of the top 3 potentially catastrophic safety events we aim to avoid and strive to control: collision, derailment, and fire.• Continuously monitoring & controlling the precursors of these events resulting in the ability to exploit lessons learnt from them (e.g. by reducing the risk of broken rails we can reduce the likelihood of derailments; reducing the amount of flammable material around the system reduces the likelihood of fire; applying strict signalling protocols reduces the likelihood of collision).• Regular safety reporting to Nexus' Senior Leadership Team, on a 4 weekly basis, on each of these top 3 events, with a short summary of any identified precursors.• Undertaking a very significant volume of safety assurance activity in-house as part of everyday practice in the management of safety (e.g., audit, inspection, monitoring and checking).• Participating in joint emergency preparedness exercises with the blue-light services and other interested parties.• Continuation of the Safety Cultural Work started in 2015.		
Next Steps/Key Milestones: <ul style="list-style-type: none">• Periodic (i.e. 4-weekly) reporting to Senior Leadership Team meetings.		

CP Theme: **Deliver public transport today**

Risk Area: Metro performance deterioration Risk Owner: Director of Rail and Infrastructure Risk Actionees: Metro Services Director & Head of Metro Delivery	RAG Status (Amber)	Direction of Travel
	8(2x4)	↔ (static)
Risk: That the ageing fleet, or an unexpected reduction in infrastructure asset condition, could result in a decline in performance.		
Impact/Consequence(s): If Metro's operational performance were to decline for an extended period, with a fall in punctuality and reliability, this could have an adverse impact on customer satisfaction and ridership.		
Control(s): <ul style="list-style-type: none"> • Close monitoring of key business results. • Providing appropriate levels of support from Nexus to NEMOL (North East Metro Operator Limited). • Applying a set of established quality assurance processes. • Developing improvement plans for all NEMOL activities. • Fleet investment of £350k in addition to the budget for planned and reactive maintenance of the Metrocars. • Delivery of the Metro Asset Renewals Programme. 		
Key Milestones/Next Steps: <ul style="list-style-type: none"> • Continuing to embed NEMOL/Metro Services into Nexus' routine performance management and business reporting cycle. • Quarterly review of Asset Condition Reliability Improvement Plans where Principal Engineers and maintenance managers jointly review the performance of assets. 		

CP Theme: Deliver public transport today		
Risk Area: Pop Blue Risk Owner: Customer Services Director	RAG Status (Green)	Direction of Travel

Risk Actionee: Fares and Revenue Manager	6 (2x3)	↔ (static)
Risk: That young people are not sufficiently aware of the new ticketing product, Pop Blue, and its benefits.		
Impact/Consequence(s): Opportunities for participating in education, training and leisure activities may be either limited or lost to young people, aged 18 and under, through a lack of awareness or full appreciation of the benefits of the Pop Blue ticketing product.		
Control(s): <ul style="list-style-type: none"> • Systems established for close monitoring and review of the take-up and usage of Pop Blue. • Identification of gaps in take-up and opportunities for targeted promotion of this new product. • Encouraging new and returning customers on the basis of the offer. 		
Key Milestones/Next Steps: <ul style="list-style-type: none"> • Further development dependent on the take-up/usage achieved over the last quarter of 2017/18 and first two quarters of 2018/19: review at that point. • Examining the potential for inclusion of Pop Blue as part of Host Card Emulation (your smart phone becomes your Pop card) developments. 		

CP Theme: Deliver public transport today		
Risk Area: Customer facing payment and information systems	RAG Status (Green)	Direction of Travel
Risk Owner: Director of Finance and Resources	6(3x2)	↔ (static)
Risk Actionee: Corporate Manager Business Change		

and Technology		
Risk: Payment and customer information systems do not meet the rate of change in customer expectations.		
Impact/Consequence(s): Customer facing technologies being implemented by Nexus could be overtaken by technological developments and customer experience elsewhere leading to the offer being perceived as inadequate or outdated and unable to deliver the intended benefits for customers and stakeholders.		
Control(s): <ul style="list-style-type: none"> Approval given by DfT to Transport for the North's (TfNs) Outline Business Case for the delivery of multi-modal price capping across its area. Heads of Terms agreed between TfN and the operators – including Nexus for Metro. Utilise organisations that support innovation (e.g. Innovate UK and the Catapult organisations) to accelerate technology delivery timescales and provide leading edge solutions. 		
Next Steps/Key Milestones: <ul style="list-style-type: none"> Using a Digital Catapult competition approach, develop a “next Generation App” that incorporates Host Card Emulation (your Smartcard is stored on your phone) technology) by engaging with local Digital SMEs; Target – available for trial in July. Providing input to the plans being developed by TfN, including the Full Business Case and any activity in the procurement process for the multi-modal price capping project. 		

CP Theme: Prepare for the Future		
Risk Area: Procurement of the new design, build, maintain and provide contract for the fleet/depot. Risk Owner: Director of Finance and Resources Risk Actionee: Metro Development Director	RAG Status (Amber)	Direction of Travel
	9 (3x3)	↔ (static)
Risk: The possibility of costs escalating, the potential for delays, the opportunity		

for challenge, and the prospect of protracted negotiations to obtain technical approvals could combine to adversely impact on affordability and deliverability of the project.

Impact/Consequence(s):

Delays to obtaining the new fleet or having to find additional funding could place reliance on extending operation of the old deteriorating fleet or else funding being diverted from other areas of need.

Control(s):

- Metro Business Development team established with external support commissioned.
- Ministerial decision to provide £337m government funding obtained.
- Contract strategy agreed.
- Prior Information Notice issued in January 2018
- Ongoing dialogue with the Departments for Transport and Business, Energy and Industrial Strategy.
- Keeping key stakeholders informed regarding progress of the procurement.

Key Milestones/Next Steps:

- Regular 3-monthly meetings of DfT Programme Board.
- Periodic progress reporting to Nexus' Senior Leadership Team
- Selection Questionnaire issued on 6 June 2018.
- Invitation to Negotiate to be issued in September with 5 prospective tenderers formally invited to bid.
- Bids received and evaluated in February 2019, with 3 invited to submit Best and Final Offers (BaFOs).
- BaFOs submitted in May 2019 for final evaluation and award by the start of 2020.

CP Theme: **Prepare for the future**

Risk Area: **Long term funding for Metro**

Risk Owner: **Director of Finance and Resources**

**RAG Status
(Amber)**

**Direction of
Travel**

9 (3x3)

↔
(static)

Risk: There is no long-term funding agreement in place to sustain Metro's current operations, replace life expired capital assets and allow future expansion.

Impact/Consequence(s):

Any reduction in Metro external funding will lead to a diminution in service and failing infrastructure.

Control(s):

- Effective liaison with DfT including 4-weekly progress reporting on the current Asset Renewal Plan and quarterly reviews.
- Procurement strategy & contractual arrangements that minimise risk and deliver Value for Money.
- Engaging with national government, local councillors & MPs and building public support.
- DfT/Nexus Programme Board met in November 2017 to consider future grant funding for both essential renewals and operational subsidy.
- Development of a business case for extensions has commence, following confirmation of funding for the new fleet.

Key Milestones/Next Steps:

- DfT Rail Investment Board meeting to consider revenue support grant to Nexus in 2019/20 in July 2018.
- For DfT to clarify the appropriate approvals route to be followed: next steps can then be identified.

CP Theme: Prepare for the future		
Risk Area: Aspirations for heavy rail Risk Owner: Transport Strategy Director Risk Actionee: Head of Heavy Rail	RAG Status (Green)	Direction of Travel
	6(2x3)	↔ (static)
Risk: That local aspirations for heavy rail improvements are not met.		
Impact/Consequence(s): Transformational improvements in rail services for the area are being sought, including but not limited to further devolution of the Northern rail franchise. Failure to secure these		

improvements could reduce rail connectivity.

Control(s):

- Active participation in Transport for the North.
- Ensuring the Lead Member for Transport is fully briefed.
- Retaining and developing the North East Rail Management Unit (NEMU).
- Presence of the NEMU Manager.
- Close working relationships with Rail Partnership Directors.
- Close working relationships with senior managers of local rail franchise operators.

Next Steps/Key Milestones:

- Continue with the established framework for engaging and managing the new North East Rail Franchises.
- Building a joint narrative and governance structure with Network Rail and Tees Valley: target date – September 2018
- Creation of a rail-map to take us through to devolution, including stakeholder management: target date – September 2018.

CP Theme: Prepare for the future		
Risk Area: Metro and local rail strategy Risk Owner: Transport Strategy Director Risk Actionee: Head of Network Extensions	RAG Status (Amber)	Direction of Travel
	9 (3x3)	↔ (static)
Risk: Expansion of the Metro and local rail services does not progress.		
Impact/Consequence(s): Should the project be unable to identify suitable options for expansion of the Metro and local rail systems this could have adverse implications for the local economy and the environment. The growth in housing and employment that is anticipated for the area may not materialise or would be more reliant on the car for accessing work, leisure and shopping activities leading to an increase in traffic congestion with the air quality implications involved. Overall,		

this may limit the potential for economic growth and prosperity across the NECA area.

Control(s):

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

Key Milestones/Next Steps:

- Completion of the economic baseline report by June 2018
- Completion of a stakeholder engagement exercise by September 2018
- Production of an OBC for the Network Capacity and Resilience project by December 2018

CP Theme: Prepare for the future		
Risk Area: Improving the bus network Risk Owner: Transport Strategy Director Risk Actionee: Corporate Manager Bus Services	RAG Status (Amber)	Direction of Travel
	9 (3x3)	↔ (static)
Risk: That obstacles arise to pursuing delivery options for the NECA Bus Strategy, including those options available under the Bus Services Act 2017, limiting the scope for improvement.		
Impact/Consequence(s): The full benefits being sought through the NECA Bus Strategy are not obtained, or are unduly delayed.		

Control(s):

- Engaging with the industry to alleviate potential barriers.
- Reviewing our approach to bus services legislation in order to meet its requirements for each delivery option.
- Lobbying regional and national stakeholders to open up new ways of collaborating to deliver our objectives.
- Engaging with local people and local businesses to help inform development of the business case.

Next Steps/Key Milestones:

- New bus strategy/transport plan agreed: end 2018
- Preparation of strategic outline business case with long list of options: end 2019.
- Secure local agreement to the option(s) to be pursued: target spring 2020
- Implement chosen option(s): over 2020 to 2022, depending on choice of delivery option.

CP Theme: Focus on organisational effectiveness		
Risk Area: Protecting frontline services whilst achieving a balanced budget. Risk Owner: Director of Finance and Resources Risk Actionee: Head of Finance	RAG Status (Green)	Direction of Travel
	6 (2x3) Green	↔ (static)
Risk: That Nexus is unable to deliver a balanced budget with no use of reserves by 2019/20 whilst protecting the delivery of discretionary front-line services in 2018/19.		
Impact/Consequence(s): Due to unforeseen budget pressures that could arise Nexus may need to consider implementing some frontline service reductions during 2018/19.		
Control(s):		

- Consultation with public and key stakeholders was undertaken over June and July 2016 to identify priorities for local discretionary services.
- Nexus' strategic budget position and corporate planning priorities discussed with Local Authority Treasurers and TWSC during late summer 2017.
- NECA approval of the 2018/19 transport levy at the Leadership Board meeting in January 2018.
- TWSC approval of Nexus' Corporate Plan for 2018/19 to 2020/21 at its meeting on 25 January 2018.
- TWSC policy seminar in February 2018 received an update on the challenges faced by Nexus over 2018/19 to 2020/21, including the possible need during 2018/19 to consider proposals for service reductions that may have to be implemented to meet the requirement for setting a balanced budget with no call on reserves by 2019/20.

Next Steps/Key Milestones:

- 4-weekly periodic financial monitoring by Nexus' Senior Leadership Team.
- Nexus' input to the quarterly monitoring of the Revenue Budget and Capital Programme expenditure reports submitted to Transport North East Committee.
- Base budget and balance sheet review to be completed by August 2018.

CP Theme: Focus on organisational effectiveness		
Risk Area: Efficiency of delivery	RAG Status (Green)	Direction of Travel
Risk Owner: Director of Finance and Resources	6 (2x3)	↔ (static)
Risk Actionee: Head of Programme Assurance		
Risk: That the outcomes being sought from capital investment are compromised.		
Impact/Consequence(s): Increased pressure on the funding for and affordability of the final years of this phase of the ARP, and other significant capital projects, could mean a further scaling back of the work programme through to 2020/21 and potentially compromise delivery of key elements.		
Control(s): <ul style="list-style-type: none">• Bidding for additional funding e.g. through the Single Local Growth Fund (SLGF) in relation to the station investment programme.• Effective programme management, project delivery and budget control processes.• Value engineering, technology choice, option analysis, specification and scope.• Active stakeholder engagement to obtain involvement and co-operation of third/interested parties e.g. NEMOL, Network Rail, highway authorities, utility companies etc.• Providing sufficient programme/project management resource.		

- Close and proficient management of all contracts relating to ARP and other works in the capital programme.
- Re-phasing of capital grant funding 2017/18 to 2020/21 agreed by DfT.

Next Steps/Key Milestones:

- Periodic Project reviews, analysis and reporting – presentation to Nexus' Capital Steering Group & Senior Leadership Team.
- DfT Rail Investment Board meeting to consider revenue support grant to Nexus for 2019/20 in July 2018.

Periodic Affordability Review meetings:

- October 2018
- January 2019
- April 2019

CP Theme: **Focus on organisational effectiveness**

Risk Area: **Progressing the devolution agenda**
Risk Owner: **Managing Director Transport Operations**

**RAG Status
(Amber)**

**Direction of
Travel**

8 (2x4)

**↔
(static)**

Risk: A 'minded to' devolution deal has been announced between the government and Newcastle, Northumberland and North Tyneside Councils (known as the 'North of Tyne Authorities'). Although transport is not part of the deal, it is also proposed that governance arrangements for transport will change in the area through the creation of a 'Joint Transport Committee'. Any new arrangement must provide Nexus with an appropriate structure for it to be able to exercise its duties, functions and powers so as to deliver effective public transport in the area it is responsible for.

Impact/Consequence(s):

New governance arrangements for transport need to provide for both effective political decision-making, and scrutiny of delivery and performance. Slow or ineffective decision-making could limit Nexus' ability to make transport improvements, and limit access to the necessary resources to deliver effective transport. This could also give rise to the potential for increased complexity and cost, and poorer outcomes for public transport users.

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

Control(s):

- The new proposals for governance have been drawn up by the North of Tyne Authorities and the government taking into account the aim for Nexus to remain the Passenger Transport Executive for the Tyne and Wear area.

- Nexus' powers, functions and duties largely arise from a range of government Acts, including the Transport Act 1968 (as amended) and the Tyneside Metropolitan Railway Act 1973, and there is no current proposal to amend these.
- Nexus' Managing Director, supported by the Group Head of Legal and Director of Finance and Resources, will work closely with Chief Executives and Legal officers from all North East Authorities, the North East Combined Authority, and the government to ensure that Nexus' powers, duties and functions along with associated political governance requirements are fully understood and taken into account as new structures are developed.
- Nexus responded as a statutory consultee to the consultation on the devolution proposals that took place between 14 December 2017 and 5 February 2018, part of the formal processes leading up to the establishment of a new North of Tyne Combined Authority. Nexus' response was noted in the consultation report published by the North of Tyne authorities.
- A statutory Order will put in place the arrangements needed for the North of Tyne Authorities to establish a separate Mayoral Combined Authority, provide for the Joint Transport Committee, transfer transport related assets, previously owned by the NECA, into the joint ownership of the two Combined Authorities, making Nexus an executive body of each of the Combined Authorities, and amending legislation to extend Nexus' duties to both Combined Authorities.
- The Order will also create a role of 'Proper Officer for Transport' with responsibility for strategic planning of transport. It is understood that the Joint Transport Committee will review its officer support requirements when it is created. The Managing Director is inputting into the development of options for this review.

Next Steps/Key Milestones:

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

Appendix 2: Risk Score Matrix

Assess the impact if the risk occurred:

Impact:

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

Assess the impact should the risk occur e.g.

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

Assess the likelihood of the risk occurring:

Likelihood:

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



Transport North East (Tyne and Wear) Sub-Committee

Date: 12 July 2018

Subject: Tyne Tunnels Update

Report of: Chief Executive Officer for Transport

Executive Summary

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

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

Recommendations

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

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

Transport North East (Tyne and Wear) Sub-Committee

1. Background Information

New Tyne Crossing

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

Tyne Pedestrian and Cyclist Tunnels

- 1.2 The major maintenance liability for the Tyne Pedestrian and Cyclist Tunnels (TPCT) was retained by the NECA (formerly the Tyne and Wear Integrated Transport Authority) in the Project Agreement entered into with TT2 Ltd on 23 November 2007. The TPCT is currently undergoing refurbishment works.
- 1.3 In April 2015, following the original contractor entering Administration, the NECA took over the role of Main Contractor on the refurbishment of the Tyne Pedestrian and Cyclist Tunnels.

2. Proposals/ Review

New Tyne Crossing – Operational Summary

Traffic Flows

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

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- 2.3 This change in traffic levels using the tunnels will have an impact on the revenue generated for TT2 and the NECA and the budgets for 2018-19 have been amended to reflect this impact. The majority of the impact falls on TT2 due to the operation of the payment mechanism.

Digital Advertising Screens

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

- 2.5 Delegated authority to finalise the terms of the necessary legal documentation shall be made by the Monitoring Officer and the Chief Finance Officer, acting in conjunction with the Chair of the Transport North East (Tyne and Wear) Sub-Committee.

Health and Safety

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

Tyne Pedestrian and Cyclist Tunnels

- 2.7 The refurbishment works on the TPCT are continuing with civil, mechanical and electrical engineering contractors working on site.
- 2.8 Good progress is being made throughout the tunnels and the installation of the inclined glass elevator is ongoing with the installation of the rails, motors and control panels and elevator trolley and floor being completed.
- 2.9 At the last Sub-committee meeting it was reported that the specialist electrical contractor engaged on the project had entered Administration and that they had ended their involvement on the project. Officers have assessed the options available to complete the remaining electrical works. NECA will use 'in house' electricians to complete the electrical installation works and engage directly with specialist electrical equipment manufacturers for the remaining specialist equipment required to complete the project. This will allow the time and cost impact of the Administration to be minimised.

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- 2.10 NECA Officers have been in contact with the Administrators for the electrical contractor and are in discussion with regards to the impact of the collapse of the contractor on this project. It is anticipated that any determination to the Administration process will not happen before the end of this year.
- 2.11 Officers have reviewed the impact of the Administration on remaining activities and programme on the completion of the refurbishment works and the reopening of the tunnels to the public.
- 2.12 At this time it is anticipated the completion of the works will slip to the end of the year.
- 2.13 Despite this issue good progress has been made in the other refurbishment activities throughout the tunnels and a progress booklet showing recent photographs of the tunnels is included in Appendix B.
- 2.14 A review of the project costs has been completed and the total estimated out-turn for the project remains as previously reported at £15.65m.

3. Reasons for the Proposals

New Tyne Crossing

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

Tyne Pedestrian and Cyclist Tunnels

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

4. Alternative Options Available

Tyne Pedestrian and Cyclist Tunnels

- 4.1 The termination of the refurbishment works or the delivery of the refurbishment works via a further procurement has been considered. However it is felt that the NECA management of the project provides least risk to the NECA in the completion of this project.

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5. Next Steps and Timetable for Implementation

Tyne Pedestrian and Cyclist Tunnels

- 5.1 The refurbishment works will continue to be overseen by the New Tyne Crossing team based in TT2 Ltd's offices. The contract management of the refurbishment works are being undertaken by the NECA. Specialist contractors are being engaged to complete the project. The Lead Chief Executive for Transport will report regularly on progress to the Sub-Committee.
- 5.2 The current programme for completion of the refurbishment works indicate that they will be substantially complete at the end of 2018. Officers continue to review the works programme and are assessing the health and safety measures required to reopen the tunnels as early as possible.
- 5.3 The NTC Communications Team continue to action and maintain the Communication Plan, including continuing a dialogue with the adjacent communities, their representatives, pedestrian and cyclist groups and adjacent local authorities. An update to the website, <http://www.tynepedestrianandcyclisttunnels.co.uk>, is being developed to inform stakeholders and promote the reopening of the tunnels. This will go live shortly.

6. Potential Impact on Objectives

New Tyne Crossing

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

Tyne Pedestrian and Cyclist Tunnels

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

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7. Financial and Other Resources Implications

New Tyne Crossing

- 7.1 The Tyne Tunnel costs are fully funded by toll income. Payments to the concessionaire TT2 automatically rise with RPI inflation.
- 7.2 The assumptions and the financial model assumed an increase in traffic usage over time with additional toll income. The current identified change in traffic flows will have an impact on the revenue generated by the Tunnels however this is largely offset by lower contract payments to the Concessionaire, TT2 Ltd, as these payments are calculated on traffic flows.

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

Tyne Pedestrian and Cyclist Tunnels

- 7.3 The cost of the refurbishment works is currently funded from the Tyne Tunnel Reserves. NECA officers are examining all sources of potential funding, including grants. However, in the absence of any allocations from other funding sources at this point in time, the costs are to be met from the Tyne Tunnels Reserve. It is important to note that this reserve is ring-fenced for use on the tunnels, but it would have an opportunity cost, because once the Tunnel Financing costs are met the reserve can be used for other transport projects. If a source of grant funding for the works can be identified, this will be used and reduce the call on reserves.
- 7.4 The latest cost estimates will be monitored by the Chief Finance Officer and its impact will be reflected in the budget update report for 2018/19.
- 7.5 The adopted approach of the NECA carrying out the project management is expected to minimise the delay in the completion of the project.

8. Legal Implications

New Tyne Crossing

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

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Tyne Pedestrian and Cyclist Tunnels

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

9. Key Risks

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

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

- 12.1 The Head of Paid Service, Monitoring Officer and Chief Finance have been consulted.

13. Other Impact of the Proposals

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

Transport North East (Tyne and Wear) Sub-Committee

14. Appendices

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

15. Background Papers

- 15.1 River Tyne (Tunnels) Order 2005
Report dated 2 February 2010 - TPCT Lift Modernisation and Investigatory works – Confidential
Report dated 22 July 2010 - TPCT - Investment Proposals
River Tyne (Tunnels) (Modification) Order 2011
The River Tyne (Tunnels) (revision of Tolls) Order 2018
Report of the Evaluation Panel– Evaluation of the tenders for the Inclined Lift for the TPCT dated 07 December 2011 – Confidential
Report of the Evaluation Panel– Evaluation of the tenders for the main Phase 3 Improvement Works to the TPCT dated 02 October 2012 – Confidential
Report of the Evaluation Panel– Evaluation of the tenders for the Shuttle Bus Service for the TPCT for the Phase 3 Improvement Works – Confidential
Report dated 12 October 2012 - TPCT Phase 3 Improvement Works – Confidential
Report dated 23 January 2014 – TPCT Phase 2 Improvement Works - Update – Confidential
Report dated 09 October 2014 - TPCT Phase 3 Improvement Works - Update – Confidential
Report dated 20 April 2015 - TPCT Phase 3 Improvement Works - Update – Confidential
Report dated 20 April 2015 - TPCT Phase 3 Improvement Works - Update – Confidential
Report dated 17 September 2015 - TPCT Phase 3 Improvement Works - Update – Confidential
Report dated 24 November 2015 - TPCT Phase 3 Improvement Works - Update – Confidential

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

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

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

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

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

Report dated 15 September 2016 – Tyne Tunnels Update – Confidential

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

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

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

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

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

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

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

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

Report dated 23 February 2017 – Tyne Tunnels - Update – Confidential

Report dated 19 April 2017 – Tyne Tunnels - Update

Report dated 19 April 2017 – Tyne Tunnels - Update – Confidential

16. Contact Officers

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

John Softly, Assistant Director Legal Services, john.softly@newcastle.gov.uk, Tel: 0191 277 7047

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

17. Sign off

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

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- Chief Finance Officer: ✓

18. Glossary

TPCT – Tyne Pedestrian and Cyclist Tunnel

NTC – New Tyne Crossing

ITA – Tyne and Wear Integrated Transport Authority

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

RPI – Retail Price Index

NELB – North East Leadership Board

TNE – Transport North East

TWSC – Tyne and Wear Sub Committee

Transport North East (Tyne and Wear) Sub-Committee

Appendix A: Traffic Figures for the New Tyne Crossing

1 Background Information

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

2 Operational Performance

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

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

2.1.2 Graph A: TT2 Monthly Traffic Figures. Illustrates the total monthly traffic flows through the Tunnels, for the period 1 April 2018 to 31 May 2018.

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

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

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

2.1.5 Table 2: Presents Environmental Data for the Tunnels.

Transport North East (Tyne and Wear) Sub-Committee

Appendix B – Tyne Pedestrian and Cyclist Tunnel Progress Booklet

TT2 MonthlyTraffic Statistics

Monthly	2018/2019													
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		Total Vehicles
2018/2019	1,367,609	1,443,185	0	0	0	0	0	0	0	0	0	0	Forecast	16,459,634
2017/2018	1,339,682	1,419,309	1,403,299	1,419,925	1,420,316	1,398,352	1,446,673	1,404,383	1,228,034	1,316,739	1,252,175	1,358,944		
Capacity	2,340,000	2,418,000	2,340,000	2,418,000	2,418,000	2,340,000	2,418,000	2,340,000	2,418,000	2,418,000	2,184,000	2,418,000		28,470,000

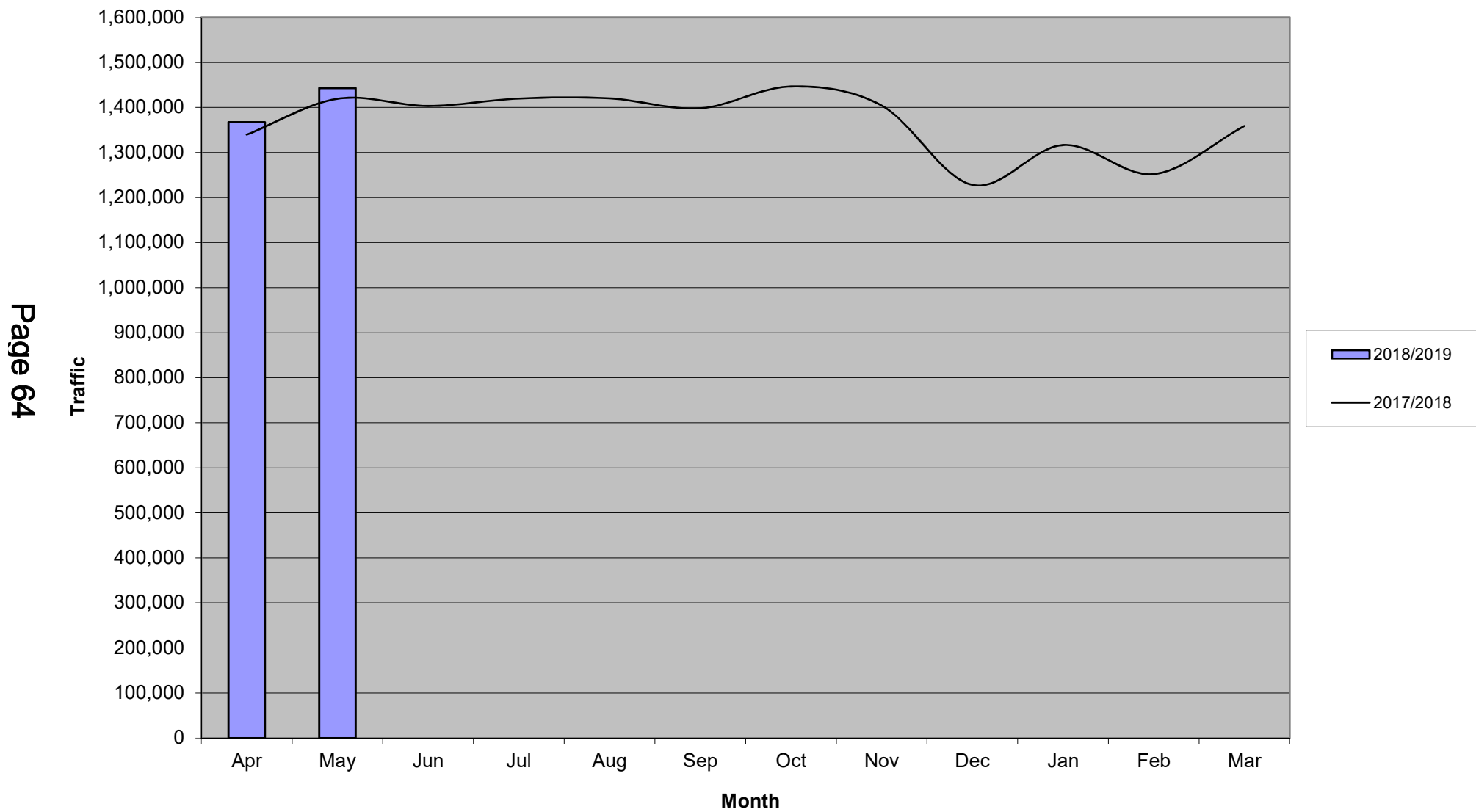
Traffic by Class	2018/2019													
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
2018/2019	1,367,609	1,443,185	0	0	0	0	0	0	0	0	0	0		
2017/2018	1,339,682	1,419,309	1,403,299	1,419,925	1,420,316	1,398,352	1,446,673	1,404,383	1,228,034	1,316,739	1,252,175	1,358,944		
Capacity	2,340,000	2,418,000	2,340,000	2,418,000	2,418,000	2,340,000	2,418,000	2,340,000	2,418,000	2,418,000	2,184,000	2,418,000	% ETC 2017/18	
Class 1	15,304	21,156	0	0	0	0	0	0	0	0	0	0	C11 % ETC	0.00
Class 2	1,231,393	1,295,794	0	0	0	0	0	0	0	0	0	0	C12 % ETC	49.33
Class 3	70,605	72,407	0	0	0	0	0	0	0	0	0	0	C13 % ETC	83.38
Exempts	50,307	53,828	0	0	0	0	0	0	0	0	0	0	Ex % ETC	75.08
													Total %	51.38

Class,Cash,Permit	2018/2019													Tolls Revenue
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
2018/2019	1,367,609	1,443,185	0	0	0	0	0	0	0	0	0	0		
2017/2018	1,339,682	1,419,309	1,403,299	1,419,925	1,420,316	1,398,352	1,446,673	1,404,383	1,228,034	1,316,739	1,252,175	1,358,944		
Capacity	2,340,000	2,418,000	2,340,000	2,418,000	2,418,000	2,340,000	2,418,000	2,340,000	2,418,000	2,418,000	2,184,000	2,418,000		
Class 1 Cash	15304	21156	0	0	0	0	0	0	0	0	0	0	C1	£0.00
Class 1 Permit	0	0	0	0	0	0	0	0	0	0	0	0	P1	£0.00
Class 2 Cash	626808	653675	0	0	0	0	0	0	0	0	0	0	C2	£2,176,821.10
Class 2 Permit	604585	642119	0	0	0	0	0	0	0	0	0	0	P2	£1,907,457.12
Class 3 Cash	11488	12279	0	0	0	0	0	0	0	0	0	0	C3	£78,431.10
Class 3 Permit	59117	60128	0	0	0	0	0	0	0	0	0	0	P3	£354,157.65
Exempts	12136	13813	0	0	0	0	0	0	0	0	0	0	Ex	£0.00
Exempts Permit	38171	40015	0	0	0	0	0	0	0	0	0	0	P_ Ex	£0.00
													Tolls to Date £	£4,516,866.97

	2017/2018 Traffic by Class													% ETC
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	C11 % ETC	0.00
Class 1 total	17,675	21,327	19,424	19,107	18,981	17,040	15,244	11,516	6,285	8,075	7,994	9,987	C12 % ETC	48.83
Class 2 total	1,203,550	1,272,084	1,261,526	1,277,628	1,272,611	1,258,202	1,308,554	1,271,395	1,118,700	1,197,512	1,134,845	1,228,807	C13 % ETC	81.86
Class 3 total	69,811	75,135	72,823	72,658	77,236	73,904	72,081	72,326	57,294	64,296	65,040	72,052	Ex % ETC	78.21
Exempts total	48,646	50,763	49,526	50,532	51,488	49,206	50,794	49,146	45,755	46,856	44,296	48,098		
	2017/2018 Class,Cash,Permit												TOTAL % ETC	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
Class 1 Cash	17675	21327	19424	19107	18981	17040	15244	11516	6285	8075	7994	9987		51.06
Class 1 Permit	0	0	0	0	0	0	0	0	0	0	0	0		
Class 2 Cash	655995	653081	642326	682930	707874	656086	671900	614838	585193	563420	548927	593454		
Class 2 Permit	547555	619003	619200	594698	564737	602116	636654	656557	533507	634092	585918	635353		
Class 3 Cash	12740	14076	13997	14209	14086	13349	13231	13489	10049	11152	11024	11852		
Class 3 Permit	57071	61059	58826	58449	63150	60555	58850	58837	47245	53144	54016	60200		
Exempts	10689	10840	10290	11260	12157	11045	11496	10532	9709	9349	9661	10482		
Exempts Permit	37957	39923	39236	39272	39331	38161	39298	38614	36046	37507	34635	37616		

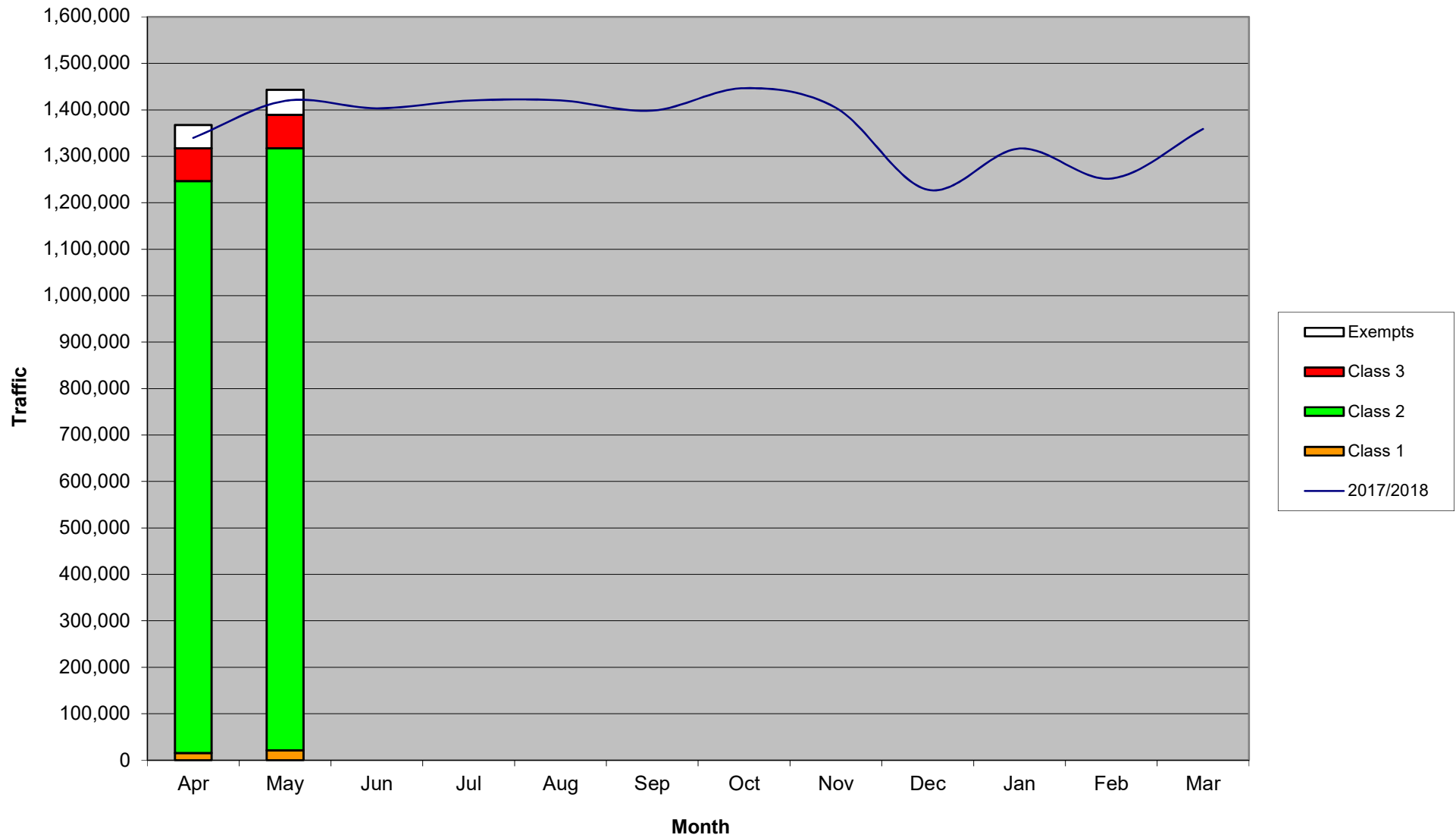
Table 1: TT2 Monthly Traffic Statistics

TT2 TRAFFIC FIGURES



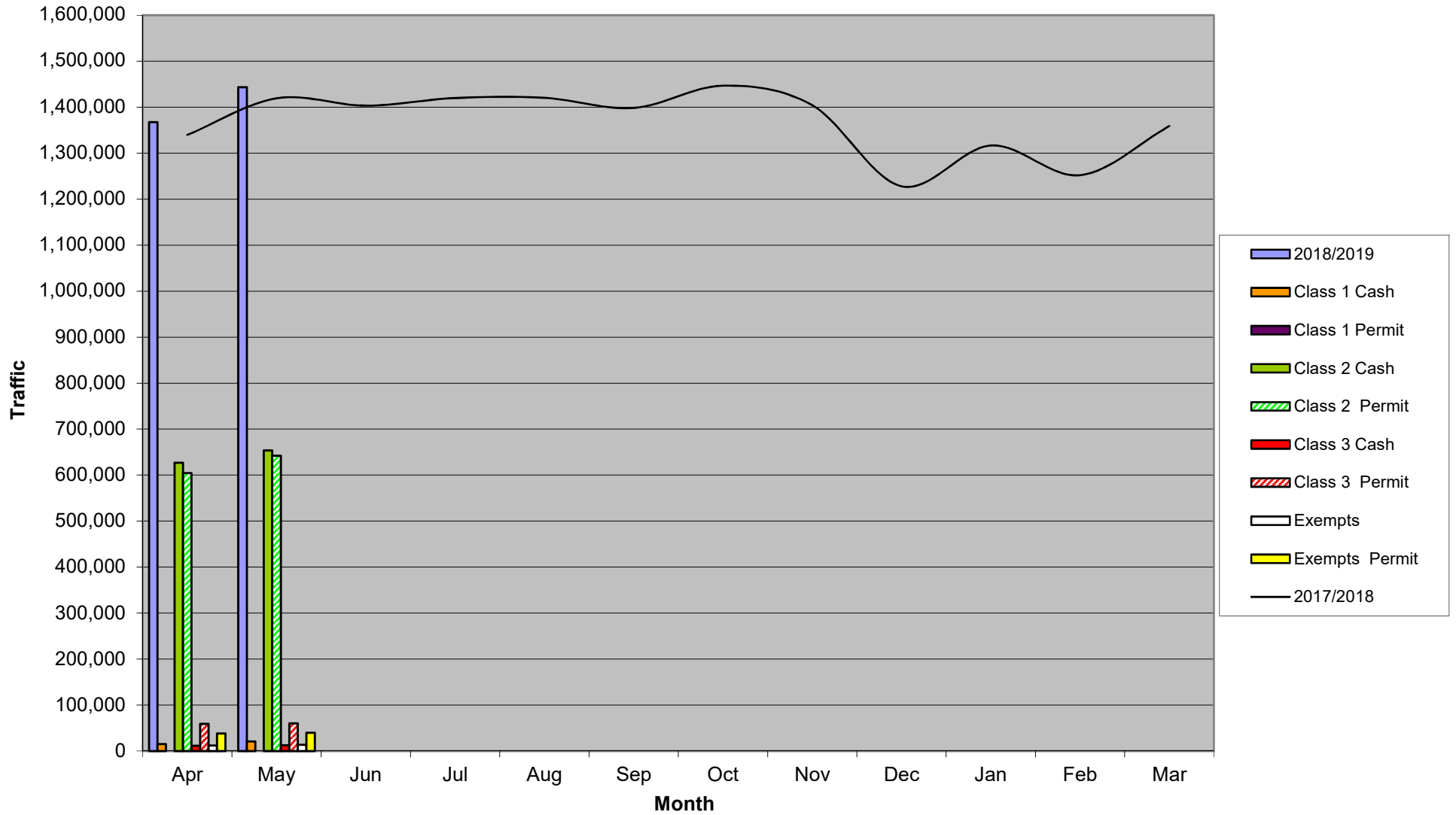
Graph A: TT2 Monthly Traffic Figures

TT2 TRAFFIC FIGURES



Graph B: TT2 Monthly Traffic Figures by Vehicle Type

TT2 TRAFFIC FIGURES Class, Cash, Permit



Graph C: TT2 Monthly Traffic Figures by Payment Type

Tunnel Environmental Conditions

Title	April	May	June	July	August	September	October	November	December	January	February	March
2018/2019	April	May	June	July	August	September	October	November	December	January	February	March
CO												
CO Allowable [ppm]	35	35	35	35	35	35	35	35	35	35	35	35
Southbound Monthly Mean [ppm]	0.87	0.73										
Northbound Monthly Mean [ppm]	0.70	0.59										
Reduced Visibility												
Visibility Allowable [%Obs]	50	50	50	50	50	50	50	50	50	50	50	50
Southbound Monthly Mean [%Obs]	0.39	0.45										
Northbound Monthly Mean [%Obs]	0.41	0.27										
Nitrogen Monoxide												
Nitrogen Monoxide Allowable [ppm]	5	5	5	5	5	5	5	5	5	5	5	5
Southbound Monthly Mean [ppm]	0.35	0.27										
Northbound Monthly Mean [ppm]	0.37	0.27										

Table 2: Environmental Data for the Tunnels.

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Tyne Pedestrian & Cyclist Tunnels



Refurbishment Progress July 2018



The poor condition of the tunnels paving flags has meant that hundreds on new paving flags have had to be manufactured for incorporation into the tunnels.



The new paving flags have now been laid in place. The cyclist tunnel is complete and the contractor is well on with the paving works in the pedestrian tunnel.



The trolley which supports the new inclined lift has been installed on the rails down the inclined shaft.



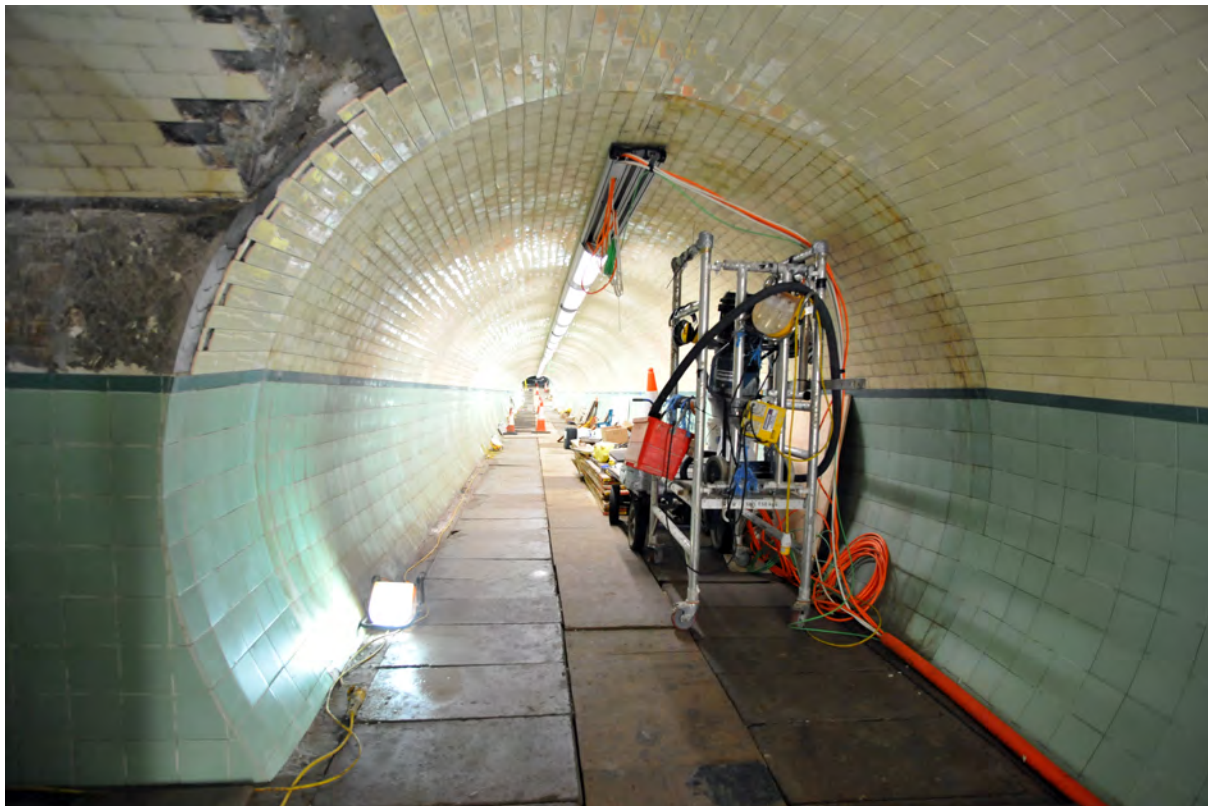
The floors for the new inclined lifts have been lifted into position. The next stage of the works is the installation of the glass walls and roof for the lift.



The installation of the mechanical ducting is substantially complete. This is hidden from public view but ensure a supply of fresh air through the tunnels.



Thousands of meters of electrical cabling has been installed to feed the inclined lifts, lights, cctv and communication equipment through the tunnels.



The tiling replacement work is progressing with large areas now being replaced throughout the tunnels.



Specialist tilers are installing tiles to match the original tiles in the tunnels which are now over 60 years old.



The impact of the new lighting installed in the tunnels can be clearly seen. The trunking supports cctv, lights and PA equipment.



The new trunking and lighting are being installed throughout the tunnels. Here they guide you from the vertical lift. **Page 74**



The completion of the installation of the trunking and lighting down the inclined shaft will allow the scaffolding to be removed.



New steelwork has now been installed at the bottom of the inclined shaft in preparation for the installation of the new floors.



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

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



ARUP

CAPITA

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of the Local Government Act 1972.

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