



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

Thursday 26th January, 2017 at 2.00 pm

Meeting to be held: TT2 Limited Administrative Building, Tyne View Terrace, Wallsend, North Tyneside, NE28 0PD

www.northeastca.gov.uk

AGENDA

Page No

1. Apologies for Absence

2. Declarations of Interest

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

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

- | | |
|--|----------------|
| 3. Minutes of the Previous Meeting held on 3 November 2017 | 1 - 4 |
| 4. Monitoring Nexus' Performance: 1 April to 10 December 2016 | 5 - 16 |
| 5. Nexus' Corporate Business Plan 2017/18 to 2019/20 | 17 - 36 |
| 6. Update on Nexus' Corporate Risks 2016/17 | 37 - 62 |
| 7. Metro Gold Card Pricing | 63 - 66 |
| 8. Date and Time of Next Meeting | |

Monday 27 February 2017 at 1.30pm at Newcastle Civic Centre

9. **Exclusion of Press and Public**

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

10. **Confidential Minutes of 3 November 2016**

11. **Metro Transition Project Update**

12. **Tyne Tunnels Update**

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

To All Members

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

3 November 2016

Meeting held Committee Room, County Hall, Durham, DH1 5UQ

Present:

Councillor: J Harrison (Chair)

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

A LETTER FROM SOUTH TYNESIDE COUNCIL AND SUNDERLAND CITY COUNCIL

The Chair referred to a copy of the letter to the Managing Director (Transport Operations) from the Leaders of South Tyneside Council and Sunderland City Council asking that consideration should be given to putting arrangements in place for a new secured express bus services from Hebburn and Jarrow bus stations through Harton Lane to Sunderland City Hospitals and from Houghton, Hetton and Washington to the Harton Lane site via Sunderland City Hospitals in order to respond to the new healthcare arrangements - South Tyne and Sunderland Healthcare Group (a copy of the letter is attached to Official Minutes), and asked that a response be reported to a future meeting of the Sub-Committee.

106 **APOLOGIES FOR ABSENCE**

None.

107 **DECLARATIONS OF INTEREST**

None.

108 **MINUTES OF THE PREVIOUS MEETING**

The minutes of the previous meeting held on 15 September 2016 were approved as a correct record and signed by the Chair.

109 **MONITORING NEXUS' PERFORMANCE: 1 APRIL TO 17 SEPTEMBER 2016**

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

Members considered the report which provided an update on Nexus' performance against its Corporate Business Plan (CBP) targets and objectives for 2016/17 for the period from 1 April to 17 September 2016.

In discussion, Members commented on the following:

- the good progress achieved and the importance of sustaining the direction of travel and achieving and maintaining targets;
- the amount of work that was and had already been undertaken to drive improvements, and the continuous work of the Sub-Committee to challenge and encourage progress;
- the challenges associated with the ageing fleet and their impact on the reliability and punctuality of Metro;
- the need for a more in-depth discussion on progress at a policy seminar;
- when working to modernise technology and related infrastructure, specifically in relation to the Pop Card, the importance of being a step ahead. Members asked for a discussion on this at a policy seminar;
- the need for technology that would enable the use of contactless bank cards as a way of payment for travel;
- the need for a further update at a future meeting, inclusive of information on performance for the full year and how it rolled into the next year; and
- the importance of considering whether a future CBP could be devised for a period of three years.

It was also noted that:

- the report focused on Nexus' performance against its CBP;
- it was important for the targets to remain unchanged to enable a consistent approach to monitoring year on year progress;
- there had been measures introduced to help to arrest the decline in patronage associated with leisure trips, although there were socio-demographic and economic factors that impacted on trends;
- also in relation to patronage from leisure trips, the Snowdogs programme had resulted in a 7% uplift in patronage against the target and this would be included in the report for the next period;
- the number of season ticket customers remained steady;
- the decline in the take up of the Network One tickets was an issue for all operators; and
- good progress had been achieved to ensure that all major bus operators were working towards accepting the Pop Card and offered a more consistent set of fares.

On invitation from the Chair, the Sub-Committee was addressed by C Carson, the Metro Operations Director of DB Regio Tyne and Wear, who explained the level of work that had been undertaken to achieve improvements and offered assurances that this work would continue, although challenges associated with the ageing fleet remained.

RESOLVED – That the report be noted.

110 **REVISION TO METRO AND FERRY FARES 2017**

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

Members considered the report which sought approval for proposed changes to Metro and Ferry fares for 2017.

In discussion, Members considered matters such as patronage; the unavoidable but fair nature of the proposals; the good mitigation measures proposed; the welcomed freeze in fares for children and young people; the importance of investment in smart ticketing technology; the cost of travel by Metro being a good value for money; and the importance of clear communication with the public about the proposals.

RESOLVED – That:

- i. The proposed Metro and Ferry fares as set out in section 2 of the report, for a weighted average increase in Metro fares of 1.4% which would represent an increase of 0.5% below RPI (1.9% as at July 2016) together with a weighted average increase in Ferry fares of 1.9% i.e. in line with RPI, both to be effective from 2nd January 2017, be agreed.
- ii. The Sub-Committee noted the proposed work to consider changes to 16-18 fares and ticketing offers on Metro and agreed to receive a report on this subject at a later date.

111 NEXUS BUDGET PREPARATION 2017/18 TO 2019/20

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

Members considered the report which sought their agreement to the draft budget proposal for 2017/18.

In discussion, Members considered matters such as the importance of long-term forward planning, including 2020 onwards; the importance of achieving a balance between the provision of services and the funding available; the importance of engaging all stakeholders in helping to shape future services; the impact of efficiency savings on staff; and the approach to the use of reserves. Members asked that their concern be communicated to the Leadership Board.

Members received advice from the Chief Finance Officer on the position and options with regard to the use of reserves. Members noted that, as a result of further efficiency savings, the report to the Leadership Board could set out a slightly different position. Members would be kept informed.

Members also received information from the Director of Finance and Resources of Nexus on the work to plan for efficiency savings at Nexus, including in relation to the potential loss of posts and the associated engagement with staff and trade unions.

RESOLVED – That:

- i. The Sub-Committee would advise the Leadership Board of its preference that the Tyne and Wear levy be agreed on a multi-year basis, between 2017/18 and 2019/20 and that the levy be based upon the change in core spending power relating to the average of the five Tyne and Wear districts throughout this period; and

- ii. Agreement be given to the budget and service planning approach for Nexus as set out in the report, which would need to be reflected within the North East Combined Authority's 2017/18 budget and indicative medium term financial strategy.

112 NEXUS ANNUAL EXPENDITURE AND ACTIVITY ANALYSIS REPORT 2015/16

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

Members considered the report which provided financial and statistical information relating to Nexus' services.

The ensuing discussion focused on the position with regard to the Gold Card; the need for a discussion as part of the task and finish group on the low take up of the Under 16 Concessionary Travel on Metro; and the possible reasons for the increase in fraudulent travel on Metro, including in the areas that were not gated.

RESOLVED – That the report be noted.

113 UPDATE ON NEXUS' CORPORATE RISKS 2016/17

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

Members considered the report which provided information on the up-to-date position with regard to Nexus' Corporate Risk Register.

RESOLVED – That the report be noted.

114 DATE AND TIME OF NEXT MEETING

Thursday, 26 January 2017 at 2pm.

115 EXCLUSION OF PRESS AND PUBLIC

RESOLVED – That by virtue of paragraphs 3, 4 and 5 of Part 1 of Schedule 12A of The Local Government Act 1972 press and public be excluded from the remainder of the meeting during the consideration of agenda items 11, 12 and 13 (Confidential Minutes of the Previous Meeting, Tyne Tunnels Update and Metro Transition Project Update) because exempt information was likely to be disclosed and the public interest test against the disclosure was satisfied.

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

Date: 26 January 2017

Subject: Monitoring Nexus' Performance:
1 April to 10 December 2016

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

EXECUTIVE SUMMARY

This report provides an update on Nexus' performance against its Corporate Business Plan (CBP) targets and objectives for 2016/17 for the duration of the nine four-week reporting periods from 1 April to 10 December 2016, the year to 17 September 2016 having been previously reported to the Sub-Committee.

RECOMMENDATIONS

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

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1 Background Information

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

Of the 15 work streams:-

- Thirteen workstreams are rated 'Green' in status, three from four in Theme 1 'Improve public transport today'; seven from eight in Theme 2 'Prepare for the future', and all three in Theme 3 'Be an effective delivery agent for the NECA'.
 - There is one workstream under 'Improve public transport today' categorised as 'Amber' relating to 'Reverse unsatisfactory Metro performance'. There were four significant incidents in the final four week period including two overhead line problems, flash flooding and a suspected suicide which together with some instances of autumn Low Rail Adhesion combined to produce a high level of Excess Headway Minutes impacting on the published Charter Punctuality figure.
 - The second 'Amber' workstream, in Theme 2 'Prepare for the future', is in relation to the workstream 'Develop business cases to improve transport assets' because it has not proved possible to secure bidding status for Single Local Growth Fund (SLGF) funding for the proposed Metro station improvement schemes. Alternative sources of external funding are being investigated.
- 1.3 Over the three periods leading up to 10 December an average punctuality figure of 76% was achieved by Metro compared to 73% over the same twelve weeks last year. However this improving trend was depressed by the final four weeks which recorded only 68% punctuality. Some significant incidents contributed to this, including two overhead line problems in a 24-hour period, flash flooding and a suspected suicide. More positively, instances of autumn Low Rail Adhesion were much reduced compared to previous years.
- 1.4 A decline in patronage, largely from leisure trips and trips taken using third-party sales has been evident, with marketing and promotional measures, including the recent Snow Dogs event, being implemented to counter this. The event is estimated to have generated an overall increase of 3% in take-up of short-term (single and day) tickets in the Metro leisure travel market, generating additional fare revenue valued at £166k.
- 1.5 With regard to the Shields Ferry there was a disruption to the normally very high levels of service provision with the implementation of a replacement bus service

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from 21 to 29 November 2016 while emergency repair work was carried out at North Shields ferry landing. Following torrential rainfall damage was discovered and the ferry services had to be suspended for seven days to allow for the necessary repairs.

- 1.6 The Sub-Committee is referred to Appendix 1 for a fuller review of Nexus' performance against the business plan over the period from 1 April to 10 December 2016 with particular reference being drawn from the twelve weeks from 18 September to 10 December, the earlier period having already been the subject of report to the Sub-Committee at its meetings in July, September and November.

2 Proposals

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

3 Next Steps

- 3.1 The next performance update will be presented at the April 2017 meeting of the Committee.

4 Potential Impact on Objectives

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

5 Finance and Other Resources

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

6 Legal

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

7 Other Considerations

7.1 Consultation/Community Engagement

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

7.2 Human Rights

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

7.3 Equalities and Diversity

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

7.4 Risk Management

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

7.5 Crime and Disorder

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

7.6 Environment and Sustainability

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

8 Background Documents

8.1 Nexus' Corporate Business Plan 2016/17.

9 Links to the Local Transport Plans

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

10 Appendices

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

11 Contact

Officers

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

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

Please use ✓

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Appendix 1

Theme 1: Improve Public Transport Today		
Workstream:	RAG Status	Key Considerations:
Reverse unsatisfactory Metro performance (Rag Status: Amber)	A	Over the three periods leading up to 10 December an average punctuality figure of 76% was achieved by Metro compared to 73% over the same twelve weeks last year. However this improving trend was depressed by the final four weeks which recorded only 68% punctuality. Some significant incidents contributed to this, including two overhead line problems in a 24-hour period, flash flooding and a suspected suicide. More positively, instances of autumn Low Rail Adhesion were much reduced compared to previous years.
		Peak fleet availability improved over the twelve weeks to 10 December, with the full service delivery requirement being met on 60% (80/120) of the weekday morning and evening peaks compared to 31% (37/118) over the preceding 12 weeks.
		A decline in patronage, largely from leisure trips and trips taken using third-party sales has been evident, with marketing and promotional measures, including the recent Snow Dogs event, being implemented to counter this. The event is estimated to have generated an overall increase of 3% in take-up of short-term (single and day) tickets in the Metro leisure travel market, generating additional fare revenue valued at £166k.
		The November 2016 Metro Customer Satisfaction Survey (CSS) score rose to 7.7, a slight improvement on both the May 2016 score of 7.4 and the previous November score of 7.6. The recorded score however remains some way short of the 8.3 target.
Improve local rail services (RAG status: Green)	G	Trans Pennine Express (TPE) introduced a new service of 4 trains per day between Newcastle - Manchester Airport, which commenced on 11 December 2016. This service is expected to become hourly in December 2017.
Innovate through technology (RAG status: Green)	G	Working with the North East Local Enterprise Partnership (NELEP) a bid into the government's 'Connected Future' funding stream has been submitted to integrate the existing "Wi-Fi & Ducting" project into a wider plan to improve the digital connectivity of the North East; an integral part of the NELEP's Strategic

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		Economic Plan. Recruitment is underway to appoint a project manager to develop the business case for a full scale 5G test bed.
		Both on-line sales and Pay As You Go activity continue to grow steadily.
		The conversion of Bus Information Displays to provide real-time bus departure information at bus stations continues to schedule.
Deliver the Asset Renewal Plan (RAG status: Green)	G	The Metro Asset Renewal Plan (ARP) forecast for 2016/17 as at 10 December was £38.691m. This is within the maximum/minimum spend targets set by the DfT.
		The £3m tunnel re-railing works between Jesmond and the QEII Bridge were completed successfully. This was undertaken by the Nexus Capital Delivery Team in 'Control of Line' avoiding any impact on Metro services.
		Newcastle Central station refurbishment is in its final stages. Early evening closures have now ceased. Works are expected to continue with the fitting of special non-standard sized Vitreous Enamel (VE) panels into January.
		All plant is now delivered for the Overhead Line Project and the final technical training work is beginning is being undertaken on the newly installed South Shields training span.

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Theme 2: Prepare for the Future		
Workstream:	RAG Status	Key Considerations:
Secure Metro's financial future (RAG status: Green)	G	Further meetings have been held with DfT and HM Treasury on contracting and procurement strategies. The preferred options will be incorporated into a refreshed Outline Business Case. Nexus has received a very favourable rating of Amber/Green' in the DfT Sponsored Office of Government Commerce (OGC) Gateway Review carried out in December 2016.
Design a new Metro fleet (RAG status: Green)	G	The market research processes have completed and feedback will be reported to the Transport North East Committee in February 2017.
Restructuring of Metro operations (RAG status: Green)	G	Progress on the agreed project workstreams is being maintained on schedule. Independent assurance is provided to Nexus by a panel of industry experts, including specific rail franchising experience. The Tyne and Wear Sub-Committee is also periodically updated.
Influence Network Rail's planning process (RAG status: Green)	G	Recent discussions with Network Rail, through Rail North, have been aimed at establishing the principle of a new fund for the North of England to enable future investment in line with Rail North's long term objectives.
		Work through Transport for the North into faster rail links continues through 'Northern Powerhouse Rail'. For the North East the desired output is a journey time of 60 minutes between Newcastle and Leeds. The work has the potential to deliver a significant upgrade to the East Coast Main Line, along with physical connections to High Speed 2.
Develop a new local rail strategy (RAG status: Green)	G	Preliminary work is taking place to develop route extensions as explored by the Metro and light rail strategy that was approved by Leadership Board in July. Potential sources of funding are also being investigated and considered following the unsuccessful outcome to the Large Local Major Scheme bid.
Plan next step for buses (RAG status: Green)	G	An update on progress of the Bus Services Bill was considered by TNEC on 3 November. Officers were instructed to commence work on preparing a new NECA Bus Strategy for members' consideration. This will form the basis for assessing options to improve

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		bus services made available by the Bus Services Act 2017.
		Options that relate to partnerships require the involvement of commercial bus operators in the NECA area. The commercial bus operators in Durham, Tyne and Wear and Northumberland are forming an association to provide a focus for this involvement. It is understood that this body will be in place by the end of January 2017.
Review of Nexus' services (RAG status: Green)	G	The Leadership Board will consider Nexus' budget proposal and the Tyne and Wear Transport Levy for 2017/18. On current projections, the TWSC will be prioritising services for planned reductions effective from 2018/19.
Develop business cases to improve transport assets (RAG status: Amber)	A	Due to anticipated reductions in funding none of the Metro station investment projects were successfully prioritised for the Single Local Growth Fund (SLGF). However Nexus is still progressing business cases in order to be ready to bid into future funding opportunities as and when they arise. In addition, progress in relation to the development of the concourse area 'above ground' at Sunderland station is slower than anticipated because Network Rail, who own the station and are responsible for delivering the works, do not yet have a confirmed programme.

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Theme 3: Be an Effective Delivery Agent for the NECA		
Workstream:	RAG Status	Key Considerations:
Develop training and succession planning (RAG status: Green)	G	All establishment reviews with departmental managers are now complete. A standard approach to succession planning is being developed for agreement early in 2017, following which guidance will be prepared for issue to managers. A joint working party is being established to refine the business need for apprenticeships and appropriate training. The outcome of this work will feed into the planning and delivery of necessary training.
		Nexus has commenced the recruitment process to establish a graduate programme for project managers, aimed at future proofing Nexus' ability to deliver key transport improvement projects through internal provision of professional resource.
Focus on health, safety and the environment (RAG status: Green)	G	In line with the planned roll-out "Influencing for Safety" development sessions for Nexus Rail's supervisors and front-line managers have been delivered to over 50% of the target audience.
		The Accident Frequency Rate (AFR), currently at 0.87, continues to improve; as at 10 December Nexus had achieved 117 RIDDOR accident free days.
		During the 12 weeks to 10 December there were 29 reports received under the 'Close Call' safety initiative, giving a valuable opportunity to identify any learning points.
		A near-miss incident involving a Nexus road vehicle on track near Bede station and a Metro train is under investigation to help avoid a recurrence.
		A new regular H&S briefing newsletter entitled "Home Safe" has been introduced.
Exercise due diligence in managing capital and revenue resources (RAG status: Green)	G	As at 10 December a surplus of £0.669m was forecast to the end of 2016/17. This represents a positive variance of £1.044m against the revised budget.
		Nexus is implementing a staff restructure, involving use of the Voluntary Redundancy Scheme, to save £800k in employee costs from 1 April 2017.
		Over 90% of this year's capital programme relates to

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		the Metro ARP which is subject to separate independent scrutiny by DfT. As described earlier, expenditure targets are currently forecast to be met.
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North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

DATE: 26 January 2017

SUBJECT: Nexus' Corporate Business Plan 2017/18 to 2019/20

REPORT OF: Managing Director (Transport Operations)

EXECUTIVE SUMMARY

The purpose of this report is to provide the Sub-Committee with Nexus' Corporate Business Plan (CBP) for 2017/18 to 2019/20.

The plan covers the three year period provided that the Leadership Board approved the financial settlement proposals being considered at its meeting on 17 January 2017 and in respect of the Tyne and Wear transport levy and capital programme.

The content of the plan reflects the outcome of the Review of Nexus Services that has been carried out under the supervision of the Sub Committee, and the implementation of any resulting service reductions will similarly be progressed through supervision by and approval of the Sub Committee.

RECOMMENDATIONS

It is recommended that the Committee:

- i. Approves Nexus' proposed Corporate Business Plan for 2017/18 to 2019/20.
- ii. Continues in a supervisory role in the further review of Nexus' services to achieve the required savings targets.

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1 Background Information

- 1.1 Nexus' proposed Corporate Business Plan for 2017/18 to 2019/20 (attached) will provide direction and focus during a critical period of change. The Plan has three key themes, derived from the vision set by the North East Combined Authority in the 20-year Transport Manifesto for the North East. The themes are:
- Deliver public transport today,
 - Prepare for the future, and
 - Focus on organisational effectiveness
- 1.2 The Plan will continuously be adjusted to align with the NECA's emerging Transport Plan for the North East as it develops to replace the current Local Transport Plans for the combined area including that for Tyne and Wear.
- 1.3 The three themes identified within the Plan above give rise to sixteen detailed work programmes which are outlined in the document. Progress against the detailed actions and indicators involved in each work programme forms the basis for the summary performance updates that are periodically presented to meetings of the Sub-Committee.

2 Proposals

- 2.1 It is proposed that Transport North East (Tyne and Wear) Sub-Committee approves Nexus' Corporate Business Plan for 2017/18 to 2019/20.

3 Next Steps

- 3.1 As required by the NECA Constitution the business plan will be updated on an annual basis to align with the revenue and capital budgets set for Nexus by the NECA Leadership Board as part of the formal transport budget and levy setting process for the combined area covering all three transport delivery agencies.
- 3.2 It is envisaged that the Sub-Committee will continue in a supervisory role for any further review of Nexus' services during the business plan period as Nexus seeks to achieve the required revenue savings so that by 2019/20 a balanced budget can be set without any call on reserves.

4 Potential Impact on Objectives

- 4.1 Business planning and performance monitoring can help to ensure the achievement of desired objectives.

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5 Finance and Other Resources

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

6 Legal

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

7 Other Considerations

7.1 Consultation/Community Engagement

There are no specific consultation/community engagement considerations arising from this report. Where public consultation/community engagement is required in the further review of Nexus services specific proposals will be developed for approval by the Sub Committee in its supervisory role for this aspect.

7.2 Human Rights

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

7.3 Equalities and Diversity

There are no specific equalities and diversity considerations arising from this report. Where equality and diversity considerations arise as part of the further review of Nexus services they will be separately reported on in accordance with the requirements of the public sector equality duty.

7.4 Risk Management

There are no specific risk management considerations arising from this report. Performance management and reporting supports good risk management practice.

7.5 Crime and Disorder

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

7.6 Environment and Sustainability

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

8 Background Documents

8.1 There are no background documents.

9 Links to Plans in the Policy Framework

9.1 This report and Nexus Corporate Business Plan has direct links to the Tyne and Wear Local Transport Plan which is part of the NECA Policy Framework. There are also links to the NECA's 20-year Transport Manifesto.

10 Appendices

10.1 Nexus' Corporate Business Plan for 2017/18 to 2019/20.

11 Contact Officers

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

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

Use ✓

Corporate Business Plan
2017/18 to 2019/20



Executive Summary

The next three years will be a period of business change and innovation for Nexus as we seek to secure the future of Metro, plan for the expansion of local Metro and light rail services, and deliver a range of other public transport improvements, all within a highly constrained funding environment.

Our priorities over the period from 2017/18 to 2019/20 include:

- Taking responsibility for Metro operations
- Making improvements for passengers
- Procuring a new fleet of Metro trains
- Delivering key projects in the Metro Asset Renewal Programme including:
 - Replacement of Killingworth Road Bridge
 - Major track renewal packages
 - Overhead Line Replacement
- Restructuring the business organisation
- Achieving financial savings
- Building a new railway skills training centre and transport interchange in South Shields
- Improving Sunderland station
- Scoping possible Metro extensions
- Studying new ways to deliver flexible and sustainable transport solutions

As the owner and operator of the Metro from April 2017, a key priority for Nexus will be to return Metro punctuality and reliability to target levels. We will seek to restore customer confidence in and satisfaction with the system with the aim of growing ridership as a result.

There will also be a requirement to consider how the next Metro contractual arrangement from 1 April 2019 will be brought into being. Nexus will need to re-shape the organisation in line with the emerging contractual requirements that will apply from 1 April 2019. It is likely that this contract will be linked to the supply and maintenance of the new Metro fleet.

The organisation must remain focused on improvement schemes it is already delivering; in particular the Metro Asset Renewal Plan (ARP), spending £352million over an eleven year period on renewing and modernising the railway infrastructure. Financial years 2017/18 to 2019/20 cover Years 8, 9 & 10 of the ARP and projects for delivery include:

- 2017/18: Year 8 - target spend of £39.272m including:
 - Track replacement –Northumberland Park to South Gosforth (£14m)
 - Track replacement – Pelaw to South Shields (£6.4m)
 - Overhead Line renewal (£4m)
 - New Rail Traffic Management System (£3.4m)
 - Radio equipment replacement (£1.6m)
- 2018/19: Year 9 - target spend of £31.137m including
 - Track replacement – Pelaw to South Shields (£5.9m)
 - Track replacement – Gateshead Stadium to Pelaw (£5.8m)
 - Overhead Line renewal – (£4m)
 - ARP element of South Shields Interchange – (£1.9m)
 - Electronic information storage facility for CCTV & Comms (£1.6m)
- 2019/20: Year 10 - target spend of £17.608m including:
 - Overhead Line replacement (£5.7m)

- Bridge works to Crossgate Viaduct, Burnside Road & Beach Road (£2.7m)
- Track replacement – Gateshead Stadium to Pelaw (£1.7m)

Through a partnership with Sunderland City Council we are also committed to securing the development of improvements to Sunderland railway station.

In the meantime the funding for secured bus services and locally-funded concessions made available by Nexus, which have been held at a constant level, will be reviewed. Reductions in service levels, local concessions and the resources needed to support them are likely to follow as Nexus moves towards setting a balanced budget with no call on reserves for 2019/20.

Proposals for changes to services and facilities provided by Nexus will be developed under NECA's supervision around the local priorities that have been previously established through public consultation. Any final recommendations to the NECA for changes to service levels will also be established through appropriate public consultation measures.

We also need to press ahead with making preparations for the next phase of Metro reinvigoration through to 2030, which will secure Metro's operational viability for the long term.

In addition to making the case to secure funding that continues the programme of essential renewals beyond 2021, we will also prepare the business case for longer-term investment in the Metro network up to 2030, including the upgrade of the Metro fleet, potential expansion, and future integration of the Metro with the rail network.

Nexus represents the NECA's interests in Rail North and the wider Transport for the North initiative, bringing together local transport authorities and in the North of England. These arrangements seek to ensure that the region gets the best possible deal out of the process and ensure that we can deliver a rail network that is fit for purpose across the North and operators that are committed to continuous improvement in standards of service.

The Bus Services Bill includes provision for bus franchising, although for combined authorities without an elected mayor this may require obtaining the prior consent of the Secretary of State for Transport. It is anticipated that the Bus Services Act will be brought onto the statute books in spring 2017. Future developments in bus franchising and ways to deliver flexible transport solutions will be therefore reviewed in the light of the results of the legislative processes.

Our Corporate Business Plan for 2017/18 to 2019/20 provides direction during a critical period of change. The Plan has three key themes, derived from the objectives set for us by the North East Combined Authority. Three themes to drive everything that we do:

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

1. Nexus' business planning framework

Nexus is the statutory Passenger Transport Executive for Tyne and Wear, a public body corporate formed under provisions made in the Transport Act 1968 (as amended). Our primary business remit is to deliver the policy aims and objectives set for us by the Leadership Board of the North East Combined Authority (the NECA) and as guided by the Transport North East (Tyne and Wear) Sub Committee. We own and operate the Tyne and Wear Metro light rail system and the Shields Ferry service as well as procuring socially necessary bus services, providing information about the local public transport network and promoting the use and convenience of local public transport services.

1.1 Nexus' business mandate

The NECA's Regional Transport Team has developed a 20-year Transport Manifesto which will lead to development of the Transport Plan for the North East (TPNE).

1.2 'Our Journey': a 20-year Transport Manifesto for the North East

Publication of the 20-year Transport Manifesto 'Our Journey', setting out high level ambitions, will be followed by preparation and publication of the Transport Plan – a comprehensive, statutory document.

The 'Our Journey' Manifesto vision is that transport needs to work for everyone by being:

- Accessible
- Affordable
- Reliable
- Easy to use
- Safe
- Sustainable, and
- Integrated.

These seven themes inform a set of thirteen guiding principles that the NECA is trying to achieve:

1. Good access to workplaces, services, shops and leisure
2. Well-maintained, climate-resilient and safe transport networks
3. Less road congestion
4. More sustainable travel
5. Growth in economic activity
6. Better air quality and lower carbon emissions
7. Healthy, active lifestyles
8. Efficient use of transport assets
9. Land use planning that favours sustainable travel
10. Equality of opportunity
11. Better cycling network
12. Better connectivity across the UK
13. Expand the public transport network

The Regional Transport Team currently intends to publish the final Transport Plan for the North East in early autumn-2017 following a period of public consultation and subject to the necessary approvals being obtained from the Leadership Board.

These policy developments will be complemented by work towards the formation of Transport for the North East with the intention that the NECA will create the UK's first fully

integrated transport system, aimed at bringing together responsibilities for rail, local highways, metro, buses and ferries, for both urban, sub-urban and rural communities.

1.3 Implications for Nexus' corporate planning processes

Over the three years 2017/18 to 2019/20 Nexus' Corporate Business Plan will be continuously adjusted to align with the aims and objectives being set by the NECA.

This process will be supported by Nexus' internal business planning processes which will be updated annually as a key element to the financial duties and responsibilities of Nexus to NECA.

In addition Nexus will continue to agree with TWSC a suite of policies to guide and drive the services which it delivers on behalf of the NECA and the constituent councils in Tyne and Wear. These documents develop over time to expand on emerging policy priorities with supporting evidence.

2. Corporate Business Plan

Nexus has developed the mission statement:

**‘Supporting the economy and the environment
through better public transport services’**

We are both looking to support future social and economic development and at the same time continuously striving to improve service delivery.

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

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

These three themes give rise to sixteen detailed workstreams. Departments identify their active contributions to deliver projects and programmes within these workstreams, and then use these activities as the basis for their Service Improvement Plans. Each Department is therefore clear about the links it has to thematic work programmes and to the relevant internal planning documents that relate to and impact on our day to day work.

Performance against Nexus’ Corporate Business Plan is monitored and reviewed through a periodic four-weekly reporting system. Progress with line-managed activities in the respective departmental Service Improvement Plans is reported against milestones and targets so that underperformance can be identified and remedial action taken as appropriate.

This detailed periodic reporting allows for summary reporting to each meeting of the NECA’s Tyne and Wear Sub-Committee (TWSC) to allow the TWSC to carry out its delegated role of monitoring Nexus performance against its business plan.

2.1 Deliver public transport today

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

2.1.1 Improve Metro performance

On 24 March 2016 the North East Combined Authority (NECA) Leadership Board approved:

- Nexus managing the Metro operations “in-house” from 1 April 2017 to 31 March 2019;
- Nexus allowing the Concession Agreement with DBTW to expire at 01:59 hours on 1 April 2017.

The delivery of Metro Passenger Services will be through a wholly owned subsidiary from April 2017 until April 2019, when the new Metro contract will start.

This will allow Nexus to focus directly on improving the customer experience on Metro, setting a vision for the customer journey that engages staff and customers, changing behaviours within the organisation and enhancing the service provided along with improvements to the physical environment.

The new vision and culture for Metro will be developed in the period leading up to and following the return to Nexus of Metro Passenger Services on 1 April 2017, and will be positioned and embedded thereafter as part of seeking to achieve continuous improvement across the customer journey experience.

2.1.2 Enhance local and national rail services

Over this plan period the Northern and TransPennine Express franchises have significant investment obligations. Working with and on behalf of the NECA, Nexus will use the membership of Rail North Limited, facilitated locally through the North East Rail Management Unit (NERMU), to work with regional partners, train operating companies and Network Rail to maximise the benefits of the planned investments.

During the business plan period the following improvements are programmed:

Trains:

- Phased removal of the outdated Pacer trains over the period from January 2018 to December 2019 (Northern)
- Introduction of ‘as new’ refurbished Class 158 units over the period from January 2017 to December 2019 (Northern)
- Introduction of new Hitachi trains from December 2019 (TransPennine)

New services:

- Hourly direct service Manchester Airport to Newcastle from December 2017 (TransPennine)
- Hourly direct service Edinburgh to Newcastle from December 2019 (TransPennine)
- Hourly service Carlisle to Newcastle from December 2017 (Northern)
- Hourly North East express service from December 2019 (Northern)

New/Improved Stations:

- Sunderland Station - redeveloping the concourse area with improved access, retail offering and passenger information (Sunderland City Council and Nexus)
- Horden Station - new station (Durham County Council)

Nexus will also seek to establish Pay As You Go as a facility that is provided by the Northern rail franchisee as well as agreeing priorities for investment and the formulation and delivery of a marketing plan. Through the NERMU, we will work with colleagues from across the North East of England to monitor the Northern Rail franchise operator and help it promote and develop services, in particular through the adoption of integrated ticketing and timetabling.

2.1.3 Embed new technology

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

- Introducing Wi-Fi on Metro
- Improve ticketing systems
- Exploit Bus RTPI
- Deliver the Radio project and RTMA
- Increase the uptake of POP PAYG

We will seek to develop a common web-portal for all transport information, exploiting real-time passenger transport and highways information to ensure it is simpler to plan, pay for and make journeys.

Away from Metro we will continue the process of obtaining real-time passenger information from all buses across the North East region. This will eventually be available at all bus stops using smart phones and text messages, as well as providing 'countdown' displays at selected stops. We will also investigate options for providing information for customers in new and innovative ways.

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

2.1.4 Deliver the Metro Asset Renewal Programme and related commitments

Nexus will continue working with South Tyneside Council and its development partner on a new public transport interchange at South Shields. Design work will also be progressed for a number of interchange, city centre and halt stations for prioritisation and delivery in future years or as and when the necessary additional funding is obtained.

The delivery of the Metro Asset Renewal Plan (ARP) must continue to meet time, cost and quality standards. We will continue to renew the Metro network by targeting investment as described in the following paragraphs. We will maintain our focus on effective programme management and planning for renewal based on asset condition and engineering need.

Civil engineering work will focus on bridges, in particular the Killingworth Road Bridge scheme (for which Nexus is also drawing down external funding from the Highways Challenge Fund). Bridge structural assessments and design works will be finalised for the section between Gateshead and South Shields following which the required works will be implemented. Air quality assurance works will be carried out in the Central Area Tunnels in 2019/20.

Major track works (including switches and crossings) will include, as previously indicated, the laying of plain line over the three year period with a peak of work in 2018/19.

Works to replace the overhead line will continue over the three years, with Nexus utilising the specialist vehicles previously acquired.

With regard to communications, expansion of the CCTV system and PA network will be completed over 2017/18 and 2018/19, with the storage system being increased to ensure capture and storage of the additional information and images that will be available.

An essential signalling system which is not obvious to the passenger is the RTMS (Rail Traffic Management System). This system uses a variety of technologies to route trains around the system, automatically set signals and measure train performance. A project to replace the current obsolete system is underway and will continue through 2017/18 with completion anticipated in 2018/19.

During 2017/18 the project to install a new radio system across the network is due to be substantially completed, with finalisation of works over the remaining two years. This is a safety critical system and, whilst not obvious to the travelling public, is a fundamental part of Metro operations. The project involves fitting equipment to the Metrocars as well as installing new transmission masts and antennae around the system and also new equipment at the Metro control centre in South Gosforth as well as Network Rail's Tyneside Integrated Electronic Control Centre in Gateshead.

Disruptions to service that these works may entail will be managed proactively to ensure that customers are inconvenienced as little as possible, that there is a robust communications plan so that customers and stakeholders are aware of when the works are taking place, and of the improvements available on their completion.

At the same time there is the need to ensure the existing Metro network and its varying asset base is properly maintained so that the Metro service can continue to be delivered safely and efficiently.

2.1.5 Deliver non-Metro capital projects

Having secured outline planning permission Nexus will seek to build a new Rail Skills Centre in South Shields, obtain the necessary funding for the scheme and agree a design and build contract with a supplier ahead of seeking full planning consent. This project will also help to improve Metro reliability and performance across South Tyneside and beyond through the provision of a new stabling and light maintenance facility located separately from the main fleet depot at Gosforth.

With regard to the Shields Ferry crossing remedial works are to be carried out at the North and South Shields' landings at the end of 2016/17. Consideration will then be given to the long term future and position of the landing at North Shields. Retaining the current position may entail replacement of the jetty portion of the landing: moving the landing will involve a longer timeframe.

Other non-Metro capital projects will be developed as part of the final year of the NESTI funding for completion in 2017/18 together with new work flowing from initiatives within Transport for the North and Nexus' own requirements to continue to refresh and update infrastructure and capital assets outside the Metro system at bus stations, TravelShops, the Shields Ferry etc.

2.1.6 Deliver and develop public transport services and facilities

As part of its corporate business planning and performance reporting processes Nexus has put in place processes and procedures to monitor and review the delivery and development of the following public transport services and facilities:

- The cross-Tyne Shields Ferry operation between North and South Shields
- The network of socially necessary bus services secured under contract by Nexus
- The TravelShops selling ticketing products and providing public transport information
- The provision of information, journey planning and ticketing facilities online at www.nexus.org.uk
- The provision of information and customer support through Nexus One Stop Shop
- The provision of tailored bus service timetable information at around 6,000 bus stops throughout Tyne and Wear
- The provision and management of around 2,000 bus shelters in the area
- The provision and management of bus stations and public transport interchanges
- Administration of the statutory English National Concessionary Travel Scheme in Tyne and Wear, together with reimbursement of journeys made under the terms of the Scheme arrangements
- Administration (and reimbursement) of various local discretionary concessionary travel Schemes including Metro Gold Card, TaxiCard and Under 16 travel
- Supporting the provision of and planning for local rail services in the area.

2.2 Prepare for the future

2.2.1 Obtain a new fleet and prepare for the new Metro contract

A specification for a new fleet of Metrocars together with the business case justifying has been developed. Starting to arrive in tranches from 2021 the new fleet will have increased reliability, offering passenger improvements identified through consultation, and will be capable of running on the local rail network as well as the existing Metro infrastructure.

This will also be a catalyst for considering potential expansion of the system, where technological advances should make it possible to provide new links to the heavy rail network, if desired. Through this process the business case for a new fleet will be developed, together with a consideration of the options for how this might be procured and the costs and benefits involved.

The procurement of a new Metro fleet will complement and be integrated with the implementation of any new contract associated with the delivery of Metro services. The exact requirements for any such contract will be determined through negotiations with the DfT. It is intended to issue the PIN Notice for the contract in July 2017 which will invite interested parties to complete a Pre-Qualification Questionnaire (PQQ) with the Invitation to Tender/Invitation to Negotiate (ITT/ITN) being issued, depending which procedure is chosen, by the turn of the year.

The expectation would be that tenders would be completed and returned by September 2018 with evaluation work being completed over the following three months. This would allow the contract to be awarded with a short mobilisation period over January to March 2019 with the contract commencing on 1 April 2019. This tight timescale is needed to ensure that the delivery of the new fleet can commence in 2021.

2.2.2 Secure long term improvements to Metro infrastructure

An outline business case to secure funding for long term improvements to Metro infrastructure from April 2021 has been developed and submitted to DfT for consideration in January 2017. Depending on the feedback received from this process a full business case will be developed for submission to DfT in 2017/18 and contingent on the funding being received detailed proposals for the next phase of the ARP will start to be to ensure continuity of delivery. The work will again be prioritised according to asset condition and engineering judgement.

2.2.3 Plan for the expansion of Metro and local rail networks

We intend to develop the Metro network, the local rail network, and the passenger trains that operate on both of them as a single local rail system when developing expansion plans for the future. The intention is to create a locally-managed network of passenger services that is integrated and provides a common high standard of service to passengers. Aspirations for Metro and Local Rail as set out in the 20-year Transport Manifesto include:

- Simple, good value and integrated fares backed by smart payment technology.
- Creating a regional express network, with high quality, faster trains and more routes electrified.

- Opening new local stations on current lines, re-open key disused lines, consider more Park and Ride stations, upgrade freight-only sections to passenger use and build new routes.
- Devolving greater control to the region, so local rail and Metro can be managed together to deliver a higher standard for stations, information and customer service.
- Working with rail industry partners to address overcrowding and improve cycle access on trains.
- Addressing reliability and punctuality issues.
- Improving access for everyone, including disabled people.
- Tackling crime and fear of crime so it is not a deterrent, particularly late at night.

In the future, parts of the network's infrastructure will be provided by Nexus through the locally-owned Metro system, whereas other parts will be owned and managed by Network Rail. Some local passenger services will be provided by Metro trains operated by Nexus, but others in future may be provided by franchised heavy rail operators. However, all passenger services covered by this document will form part of a single North East rail network.

An application for scheme development costs has been made to the Large Local Major Transport Schemes fund provided by the DfT. Subject to confirmation of funding development work will take place over 2017/18 and 2018/19 through to carrying out an options appraisal that will inform development of the Outline Business Case in 2019/20

Nexus and Northumberland will continue to work with Network Rail to progress towards the introduction of passenger services on the Ashington, Blyth and Tyne line. Also in Northumberland work will continue to make the case for investment and service enhancements at Cramlington station and Gilsland station

Feasibility studies on rail route extensions will be carried out during the plan period leading to the development of business cases for developments to support the aspirations in the Metro and light rail strategy and to meet the policy objectives developed in the NECA's Transport Plan for the North East.

With regard to the regional and national rail services that join the local economy with others, including the Northern Powerhouse Rail HS2 projects, consideration will be given to the following aspirations:

- Invest, and work with Network Rail, HS2 limited and Transport for the North, to grow capacity, resilience and reliability of services including for our main line to London and Scotland.
- Improve long-distance connections from market towns in the region.
- Reduce journey times and increase the number of trains to core cities including Leeds, Manchester, Edinburgh and Birmingham.
- Make sure the North East is part of the High Speed Rail network.

Achievement of these aspirations will be facilitated by Nexus representing the NECA's interests in Transport for the North (Rail), Network Rail and HS2 limited on the detailed development of the Northern Powerhouse Rail project.

2.2.4 Plan for local bus service improvements

A new Bus Strategy will be developed aimed at using the provisions of the anticipated Bus Services Act 2017 for the benefit of local people and businesses in the area as and when it receives Royal Assent.

The Bus Strategy will be developed to complement the emerging Transport Plan for the North East. This work will need to take account of options for possible improvements to bus services in Durham and Northumberland, and will pursue local aspirations for bus service improvements by seeking to:

- Deliver and maintain an integrated, optimised public transport network;
- Deliver an affordable, simpler and understandable fare structure for customers that is integrated with other modes and operators;
- Improve bus service quality and provide punctual, reliable services by encouraging public and private sector investment in the network and services;
- Improve the customer experience by providing consistent and exemplary customer service;
- Encourage increased bus travel through use of fare, ticketing and information solutions;
- Provide customers with an opportunity to influence the provision of their bus services; and
- Improve environmental standards.

2.2.5 Innovate through technology

Nexus will continue with the North East Local Enterprise Partnership (NELEP) to integrate the existing “Wi-Fi & Ducting” project into a wider plan to improve the digital connectivity of the North East; an integral part of the NELEP’s Strategic Economic Plan. We will play a leading role in the development of the business case for a full scale 5G test bed, for which a funding stream has been identified.

With regard to Transport for the North’s (TfN) smart initiatives it is expected that the provision of a Back Office for the use of contactless cards will be led by a consortium of operators, including active participation by both Nexus and Transport for Greater Manchester.

The NECA’s 20-year Transport Manifesto aspirations for smart travel and information include:

- Expand the existing ‘Pop’ branded smartcard for all local transport, as well as integrated uses like park-and-ride, cycle storage and Tyne Tunnel tolls.
- Offer affordable fares, particularly to support skills and training, especially for young people.
- Provide real time information for all local transport at stations, selected stops and to mobile devices.
- Develop a network of variable message signs on roads.
- Make full use of the Urban Traffic Management Centre to deliver information to road users.
- Make sure public transport services, timetables, information, fares and tickets are integrated.

Innovating through new technology should allow integrated information, retail and customer service functions that enable customers and staff to access the information they need, where and when they need it and in a format dictated by the customer. Using this technology can leverage existing, emerging and innovative technologies

to enhance, improve front line and back office processes. The utilisation of technology will help to maximise customer satisfaction through improved service performance reduced disruption to service and better informed staff. Taken together technology based actions should increase patronage, reduce operational costs and deliver economic benefit.

An outline technology roadmap has been developed to complement the NECA Transport Manifesto aspirations. This will be updated as more detail emerges in respect of the Transport Plan for the North East. In the meantime we will seek to progress developments that increase the smart product range, enhance customer experience and provide back-office and support infrastructure.

Nexus will also explore the potential for Mobility as a Service (MAAS) which uses online connectivity and smartphone technology to deliver a comprehensive travel service that can satisfy the total travel needs of the travelling public, not just individual journeys. A study will be undertaken to examine the transport implications of MAAS in more detail to assess the circumstances that would make a MAAS scheme succeed in the North East and understand the regulatory framework that may be needed to ensure the travelling public receive fair and accurate information when planning and paying for their travel.

2.2.6 Secure investment in local public transport assets

Throughout the year we will develop business cases to secure funding to improve public transport assets, to target improvements beyond straightforward like-for-like asset replacement and renewal.

Our aim is to have a pipeline of capital projects in order to respond to future funding bid opportunities in an effective and timely manner.

We will provide input to the development and implementation of the South Shields public transport Interchange scheme where work is expected to start on-site in October 2018.

The design and construction of our new training centre will be a significant enabler of this, as we structure a change programme around the opportunities that the new facilities will offer.

Design work will be carried out to support the development and implementation of a new Railway Skills Centre to the east of South Shields Metro station, which will provide classroom based and practical training as well as the ability to undertake light maintenance and cleaning together with the out stabling of Metrocars.

Construction of the new railway skills training centre, in South Shields, is expected to commence in 2018/19 with completion in 2019/20.

2.3 Focus on organisational effectiveness

As revenue spending will continue to be constrained, we must focus on being an economic, effective and efficient organisation that delivers value for money to our customers and stakeholders.

2.3.1 Refine training and succession planning

Preparations will be made for a full organisational review following the transition of Metro staff to Nexus. This will include reviewing the senior management structure and the overall shape of the organisation with a view to the next Metro contract being let from 1 April 2019. Consideration will be given to succession planning, a review of apprenticeships to develop business specific skills and a graduate programme of Assistant Project Managers to support delivery of the Metro ARP.

Preparations will be made and plans put in place to establish the new rail training and skills facility in line with national industry best practice. This will help to create local jobs and apprenticeships in response to need, by increasing the range and scope of rail training undertaken in-house by Nexus. We will also seek to support the training of people already working in the rail industry, and those looking to develop a career within it. It is also the intention to be able to provide opportunities for suppliers to test new products related to rail within a safe and controlled environment.

2.3.2 Ensure Nexus is an employer of choice

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

2.3.3 Focus on health, safety and the environment

Working with the Trade Unions we aim for a 'Just Culture' in which all of our employees and contractors constantly engage with safety and proactively seek ways to make improvements.

Nexus will continue to sharpen its focus on organisational health and safety with a range of initiatives aimed at reinforcing the organisation's core beliefs and attitudes to ensuring safe systems of work are employed throughout and that competency standards are managed and applied.

This will be guided internally by our health and safety plan which is refreshed annually, and we will develop a management system using a combination of safety, quality and environmental management principles combining best practice and established standards to provide the closest practicable fit with organisational requirements.

2.3.4 Service review to balancing the budget

With public funding in short supply, we must exercise diligence in managing our resources to ensure value for money together with efficiency and effectiveness in delivery.

All our capital projects will be overseen by the Programme Management Office and delivered through our established and effective stage-gate control processes.

A key feature of Nexus' ability to operate as a going concern is for it to maximise its funding which in addition to fare box revenues, comes in grant support whether via the NECA or central government i.e. the Department for Transport.

A key priority has been for Nexus to negotiate grant support from the NECA throughout the medium term (2017/18 to 2019/20) to enable the pursuit of those service delivery objectives expected to be set for it by the NECA in the Transport plan for the North East and to achieve the requirement for setting a balanced budget with no call on reserves by 2019/20.

Similarly, it is vital that long term DfT funding, whether in the form of revenue grant to help support Metro operations or capital grant necessary to continue to make the sustained investment in the Metro infrastructure is secured: we will continue to work closely with DfT on this key strategic issue.

We are committed to working with our local authority partners to become more efficient and to offer the residents of Tyne and Wear better value for money spent on public service. A programme of cash savings has been implemented 2016/17 and further agreed savings will be achieved over 2017/18 and 2019/20.

This will be complemented by innovating and identifying new ways to improve the efficiency and effectiveness of our processes and procedures and drive out waste wherever this is feasible. We will also seek to develop more revenue generating activities. Passenger subsidy will be monitored and reviewed to control any risks to the revenue budget.

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

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

Date: 26 January 2017

Subject: Update on Nexus' Corporate Risks 2016/17

Report of: Managing Director (Transport Operations)

Executive Summary

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

Recommendations

The Sub-Committee is asked to:

- i. Receive and provide comment on the update to Nexus' Corporate Risk Register.
- ii. Note that for 2017/18 a full review of the risk register will be carried out involving each risk owners over the coming months, to confirm that the risks accurately describe the threats and the assessments of Likelihood and Impact remain appropriate and correct.

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

1 Background Information

1.1 The fourteen risks contained in Nexus' corporate risk register for 2016/17 have previously been reported as follows:

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

1.2 The two asterisked risks in the list above (i & xiii) were discussed at Nexus' Audit Committee meeting on 12 October. This resulted in a peer group challenge being arranged, drawing on independent risk management expertise from Nexus' internal auditor.

1.3 The challenge session revealed that the two asterisked risks were more of a lower-level operational nature that was well controlled within Nexus internal organisation and were therefore not considered to be appropriate for reporting at a higher level.

1.4 The challenge went on to explore relevant substantive replacements which have since been developed under the following headings:

- **That a catastrophic event may occur on the Metro**
- **That the process of bringing Metro operations in-house results in a significant decline in service level outputs and customer satisfaction**

1.5 The challenge process initiated by Nexus' Audit Committee has therefore resulted in the asterisked risks in 1.1 being replaced by the risks mentioned in

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- 1.4, keeping the overall number of risks the same and reinforcing the register with appropriate high-level risks.
- 1.6 It was further recommended that consideration be given to distinguishing between those risks that might only need to be drawn to attention on an exceptional basis when there is any significant worsening and escalation is appropriate, and those more substantive risks that should properly be reported and monitored at Committee level on a regular basis.
- 1.7 In this regard for 2017/18 a full review of the risk register will be carried out involving each risk owners over the coming months, to confirm the risks accurately describe the threats and the assessments of Likelihood and Impact remain appropriate and correct. Nexus' refreshed Corporate Risk Register will be reported to the next meeting of the Sub Committee in April 2017.
- 1.8 The challenge process also led to the reassessment of the controlled score for the risk related to Rail North Working Arrangements such that the likelihood was increased, but the impact reduced changing the score from 4 (Green) to 6 (Green) therefore remaining static in terms of RAG status in the risk appetite as set out in the NECA's Strategic Risk Analysis Toolkit (copy appended to the report for information).
- 1.9 With respect to the one risk where there has been a worsening in the RAG status (that the Devolution agenda on transport matters is progressed without having due regard to Nexus' funding, functions and powers) the move in status from Green to Amber is based on increasing uncertainty about future arrangements which potentially could introduce the need for current statutory provisions to be redefined.
- 1.10 The following table identifies each of the fourteen risks in turn, the links to workstreams in Nexus Corporate Business Plan for 2016/17, the current RAG status and the direction of travel (comparing the current RAG status with the previous one). A detailed explanation of the nature of each risk, together with controls and milestones, is set out in Appendix 1 to the report. A copy of the scoring matrix that has been applied is also appended for information.

Risk name CBP workstream link:	RAG Status	Direction of travel
That a catastrophic event may occur on Metro Metro performance	Amber	N/A New risk

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Rail North working arrangements Improve local rail services: Influence Network Rail's planning process: Develop a new local rail strategy.	Green	↔ (static)
Payment and customer information systems do not meet customer expectations Innovate through technology	Green	↔ (static)
Non-Metro capital programme fails to deliver intended outcomes Deliver the Asset Renewal Programme	Green	↔ (static)
Metro Asset Renewal Programme fails to deliver intended outcomes Deliver the Asset Renewal Programme	Green	↔ (static)
Long term funding for Metro Secure Metro's Financial Future	Amber	↔ (static)
Replacement Metrocar fleet and essential renewals business cases not delivered on time Design a new Metrocar fleet	Green	↔ (static)
Nexus is insufficiently prepared to undertake Metro operations with effect from 1 April 2017 Restructuring Metro operations	Green	↔ (static)
Bus Strategy delivery arrangements Plan the next steps for buses.	Amber	↔ (static)
Nexus' service review fails to deliver the necessary savings Review of Nexus' services	Green	↔ (static)
Business cases for improvements to the asset base are not delivered to time Develop business cases to secure funding for improved transport assets	Amber	↔ (static)

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Future retention of key skills and abilities Develop training and succession planning.	Green	↔ (static)
Impact of Metro transition on service provision Reverse unsatisfactory Metro performance	Amber	N/A New risk
The Devolution agenda on transport matters is progressed without having due regard to Nexus' funding, functions and powers Exercise due diligence in managing our capital and revenue resources	Amber	↓ (worsening)

2 Proposals

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

3 Next Steps

- 3.1 A quarterly update on Nexus corporate risks will be reported to the Committee. The annual review of Nexus Corporate Risks will be progressed for report to the April 2017 meeting.

4 Potential Impact on Objectives

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

5 Finance and Other Resources

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

6 Legal

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

7 Other Considerations

7.1 Consultation/Community Engagement

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

7.2 Human Rights

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

7.3 Equalities and Diversity

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

7.4 Risk Management

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

7.5 Crime and Disorder

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

7.6 Environment and Sustainability

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

8 Background Documents

- 8.1 Nexus' Corporate Business Plan 2016/17.

9 Links to the Local Transport Plans

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

10 Appendices

- 10.1 Appendix 1 details each of Nexus' fourteen corporate risks.
10.2 Appendix 2 is the risk analysis toolkit that has been applied.

11 Contact Officers

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

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

Please use ✓

13 Glossary

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

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

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

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

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

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

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Appendix 1

Nexus' Corporate Risk Register:

CBP Theme: Improve public transport services today		
CBP Workstream: Focus on Safety		
Risk Owner: Director of Rail and Infrastructure Risk Area: Catastrophic event	RAG Status (Amber)	Direction of Travel
	8 (2x4) ¹	N/A New Risk
<u>Risk</u>		
In running any operational railway there is an inherent risk that a catastrophic event may occur.		
Impact/Consequence(s): The impact and consequences should a catastrophic 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.• Robust arrangements for the selection and management of contractors working on Metro infrastructure• Maintaining a comprehensive suite of engineering standards in all relevant railway disciplines based on industry best practice• The identification of the top 3 potentially catastrophic events we aim to avoid and strive to control: collision, derailment, and fire.• Continuously monitoring and controlling the precursors of these events resulting in being able to exploit any 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 reporting to Nexus' Corporate Management Team, on a 4 weekly basis, on each of these top 3 events, with a short summary of any identified precursors.		

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- 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 e.g. Network Rail, Newcastle Airport, Train Operating Companies.

Next Steps/Key Milestones:

- Periodic CMT meetings

The overall Risk Score is calculated as Likelihood x Impact in a 4x4 Risk Matrix (Toolkit appended)

CBP Theme: **Improve public transport services today**
CBP Workstream: **Improve local rail services**

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Risk Owner: Director of Rail and Infrastructure Risk Area: Rail North working arrangements	RAG Status (Green)	Direction of Travel
	6 (2x3)	↔ (static)
<u>Risk</u> Rail North working arrangements may fail to deliver the NECA's ambitions for improvements in rail services.		
Impact/Consequence(s): <p>The NECA is seeking to achieve transformational improvements in rail services for the area. Failure to secure these improvements could leave the NECA area isolated in terms of rail connectivity and thereby limit delivery of the Strategic Economic Plan.</p>		
Control(s): <ul style="list-style-type: none"> • Active participation in Rail North • Ensuring that the NECA Lead Member for Transport is fully briefed • Formation of the North East Rail Management Unit (NERMU) • Appointment of NERMU Manager • Close working relationships developed with Rail North Partnership Directors • Close working relationships developed with senior managers of newly appointed local rail franchise operators. • Close working relationships developed with senior managers of existing rail franchises that serve the North East • Transport for the North –of which Rail North is a part – becoming a statutory sub-national body in 2017 		
Next Steps/Key Milestones: <ul style="list-style-type: none"> • Continue with the newly developed framework for engaging and managing the new North East Rail Franchises. 		

CBP Theme: Improve public transport services today CBP Workstream: Innovate through technology		
Risk Owner: Corporate Manager Business Change and Technology Risk Area: Payment and customer information	RAG Status (Green)	Direction of Travel

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systems	6 (3x2)	↔ (static)
Risk Payment and customer information systems do not meet the rate of change in customer expectations.		
Impact/Consequence(s): Customer facing technologies being implemented by Nexus could be overtaken by technological developments and customer experience elsewhere leading to the offer being perceived as inadequate or outdated and unable to deliver the intended benefits for customers and stakeholders.		
Control(s): <ul style="list-style-type: none">Emerging technology roadmap covering a 10 year timeframeEmbedding technology roadmap within NECA's Transport Plan for the North EastSetting timescales and milestones and working to a planAligning with Transport for the North developments		
Next Steps/Key Milestones: <ul style="list-style-type: none">Providing input to the Transport Plan for the North EastProviding input to the plans being developed through Transport for the NorthUpdating and refreshing the technology roadmap and related plans on a regular basis		

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

CBP Workstream: **Exercise due diligence in managing our capital and revenue resources**

Risk Owner: **Corporate Manager Business Change and Technology**

Risk Area: **Non-Metro capital programme**

RAG Status
(Green)

Direction of
Travel

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	6 (2x3)	↔ (static)
<u>Risk</u> Non-Metro capital programme fails to deliver intended outcomes.		
Impact/Consequence(s): There is a risk that projects in the non-Metro capital programme are not delivered to time, cost and quality requirements.		
Control(s): <ul style="list-style-type: none"> The Programme Assurance provides independent oversight to ensure that projects comply with standard governance and controls - to help ensure all projects delivered by Nexus are clearly defined, delivered to time and budget and with engagement from stakeholders. The Business Change (BC) department helps other sections to understand what they are trying to achieve and, through drafting and getting an agreed detailed project specification, then working with Projects to deliver the benefits to the business. BC has the role of leading on and developing key business change projects to improve the operational efficiency of Nexus and/or the service for our customers. Ensuring that when requirements for a business change are identified the benefits are too, as well as confirming that the change is properly scoped and implemented. Working with internal clients to ensure they are prepared and ready to accept the changes that will be needed when the project is integrated back into the business. 		
Next Steps/Key Milestones: <ul style="list-style-type: none"> Determined by Nexus' Project Control Manual and the Stage Gate cycle. 		

CBP Theme: Improve public transport services today CBP Workstream: Deliver the Asset Renewal Programme		
Risk Owner: Director of Finance and Resources Risk Area: Metro Asset Renewal Plan	RAG Status (Green)	Direction of Travel
	6 (2x3)	↔ (static)
<u>Risk</u> DfT has confirmed £120m for the final years of the ARP, through to 2020/21, against the original offer of up to £153m. However funding for and affordability of the Metro		

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Asset Renewal Plan (ARP) Phase 2 remains a key concern.

Impact/Consequence(s):

Increased pressure on the funding for and affordability of ARP Phase 2 could mean a further scaling back of the work programme through to 2020/21, adding to the requirement for capital renewals being provided for later years in Phase 3 which could potentially compromise timely delivery of other key elements.

Control(s):

- Some scaling back has taken place and bids are being made for additional funding e.g. through SLGF in relation to the station investment programme, to relieve the financial pressures involved.
- Work with NECA to identify opportunities through the devolution deal to fund Metro schemes.
- 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. DB Regio Tyne and Wear Limited, highway authorities, utility companies etc.
- Providing sufficient programme/project management resource
- Close and proficient management of all contracts relating to ARP works

Next Steps/Key Milestones:

- Periodic Affordability Review

CBP Theme: **Prepare for the future**

CBP Workstream: **Secure Metro's Financial Future**

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

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

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):

The next stage of Metro reinvigoration, commencing in 2021/22, includes replacement of

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the Metrocar fleet and the signalling system without either of which the continued safe and reliable operation of the railway will not be sustainable in the longer term.

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

Control(s):

- Effective liaison with DfT including 4-weekly progress reporting on the current Asset Renewal Plan and 1/4ly reviews.
- Procurement strategy & contractual arrangements that minimise risk and deliver VFM.
- Value engineering, technology choice, option analysis, specification and scope.
- Engaging members in prioritisation processes.
- Active stakeholder engagement/increasing public awareness.
- Engaging with national government, local councillors & MPs and building public support.
- Inclusion of Metro fleet renewal and route extensions in the devolution agreement.
- Ensuring that the long term plan Metro forms an integral part of the NECA's Transport Plan for the North East.
- Nexus has received an 'Amber/Green' rating in the DfT sponsored Office of Government Commerce Gateway Review carried out in December 2016.
- Linking Metro to the long term development aspirations of the NECA, local Councils and the North East LEP's Strategic Economic Plan.
- Engaging with national government.
- Engaging with local councillors and MPs.
- Leading in development of the business case.
- Identifying and investigating potential funding streams.

Key Milestones/Next Steps:

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

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CBP Theme: Prepare for the Future		
CBP Workstream: Secure Metro's financial future		
Risk Owner: Director of Finance and Resources Risk Area: Delivery of business cases for new Metro rolling stock and essential renewals	RAG Status (Green)	Direction of Travel
	4 (1x4)	↔ (static)
<u>Risk</u>		
That the final business cases for new Metro rolling stock and essential renewals are not delivered on time for DfT's decision making processes.		
Impact/Consequence(s): The proposed replacement of the current fleet and the investment in essential renewals are key elements in the Metrofutures programme. Metrofutures is Nexus' overall vision to enhance and improve the Metro system into the future. Non-delivery of the business cases to the required DfT deadlines could compromise achievement of the Metrofutures programme.		
Control(s): <ul style="list-style-type: none">• Metro Business Development team established in Corporate Planning section.• Leading the project to scope and let the next Metro operating concession.• Developing the business case to secure funding and to let the contract.• The project also includes developing the business cases for a new fleet of Metrocars and for investment in essential renewals.• Outline business cases are under development.		

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- Economic consultants have been appointed to determine the BCR.
- On-going liaison has been established with DfT and preliminary documents have been shared.

Key Milestones/Next Steps:

- Preliminary Outline Business Cases (OBCs) submitted to DfT
- Feedback received was used to prepare a full OBC that was submitted to the July 2016 meeting of Leadership Board
- Leadership Board approved the OBC for formal submission to DfT
- Actively liaising with DfT and HMT
- Nexus received an 'Amber/Green' rating in its DfT sponsored Office of Government Commerce Gateway Review carried out in December 2016
- DfT BICC investment meeting in January 2017 to consider funding application
- Subject to DfT's confirmation of funding procurement activity will commence

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CBP Theme: Prepare for the future		
CBP Workstream: Restructuring of Metro operations		
Risk Owner: Metro Transition Director Risk Area: Delivery of Metro operations following the end of the current concession	RAG Status (Green)	Direction of Travel
	4 (1x4)	← → (static)
Risk There is a risk that the significant organisational change processes required to prepare for the reintegration of staff at the end of the current Concession (31st March 2017) may mean that not everything necessary is successfully put in place to ensure a smooth transition of Metro operations from DBTW to Nexus on 1 April 2017.		
Impact/Consequence(s): Failure to achieve a smooth transition could result in a disruption in the continuity of Metro services to passengers in that e.g. key staff may not transfer, regulatory and safety certification consents may not have been granted, contracts may not have been novated, licences may not have been transferred etc.		
Control(s): <ul style="list-style-type: none">• A Metro transition team has been established following the appointment of the Metro Transition Director (MTD).• A Project Plan has been developed which identifies the Key Milestones in the Transition Project which are managed on an on-going basis.• A Risk Register has been developed which sets out the key risks to successful delivery of the Transition Project and is managed on an active on-going basis.• A periodic cycle of Metro Futures CMT meetings has been established to monitor and review progress: 4-weekly Transition Update reports are submitted to these meetings.• A weekly Transition Team meeting take place. MTD meets with DBTW's Transition Lead fortnightly. Workstream Leads meet on a regular basis.• A Metro Transition Assurance Committee meeting takes place on a four-weekly basis, consisting of external rail industry experts together with a NECA representative. The MTAC monitors and reviews the Project receiving update reports from the Metro Transition Director.• TUPE: Staff engagement plan agreed with DBTW ahead of the formal TUPE process.• Regulatory Consents: Discussions are taking place with ORR, Network Rail and Northern Rail.• Novation of Contracts: Making appropriate novation arrangements through liaison with suppliers are underway.• ICT systems: An ICT audit has been undertaken and a plan formed to 'novate'		

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systems currently with DBTW back to Nexus.

- Structure: An alternative delivery option of an in-house subsidiary to deliver operations until April 2019 is being established
- Liaison has been established with the necessary authorities e.g. Office of Rail & Road, Network Rail, South Tyneside Pensions Fund and providers of 'Key Contracts' (See note at end of table)

Next Steps/Key Milestones:

- Updates with interested authorities as and when required
- Further liaison with contractors and suppliers
- Meetings of the wider Metrofutures Programme Team take place on a fortnightly basis
- Provisional arrangements with regard to regulatory matters will be in place by end of January 2017
- Arrangements for required novation will be in place by end of January 2017

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CBP Theme: Prepare for the future		
CBP Workstream: Plan the next steps for buses		
Risk Owner: Corporate Manager Bus Services Risk Area: Bus strategy delivery arrangements	RAG Status (Amber)	Direction of Travel
	9 (3x3)	↔ Static
<u>Risk</u>		
That new legislation does not provide the necessary means to deliver the Bus Strategy.		
<p>Impact/Consequence(s):</p> <p>Parliamentary consideration of the Bus Services Bill (the Bill) has completed its passage through the House of Lords and consideration in the House of Commons has commenced.</p> <p>The version of the Bill that left the House of Lords provides all Local Transport Authorities (LTAs) with powers to introduce bus franchising. However it is anticipated that the Government will seek an amendment that will require all LTAs except Mayoral Combined Authorities to apply for permission from the Secretary of State for Transport before these powers can be used.</p> <p>The Bill also provides all LTAs with new powers to introduce bus partnerships, including an enhanced partnership.</p> <p>Timescales for delivering any of the options envisaged under the Bill may be lengthy as a result of the novelty of the proposed legislation which would be unlikely to achieve Royal Assent before early 2017.</p> <p>There are a number of political and practical risks associated with implementing bus franchising in the NECA area that will need to be managed and mitigated.</p>		
<p>Control(s):</p> <ul style="list-style-type: none">• Ensure local stakeholders are aware of the Bill's progress and its implications.• Engage with DfT• Engagement with local MP's to brief on legislative requirements• Put in place background information and research projects in order to ensure that decision makers are fully informed about the benefits the Bill can deliver. <p>Other actions being taken in preparation for the use of the provisions in the Bus Services Bill:</p> <ul style="list-style-type: none">• Undertake a full review of options to deliver the Bus Strategy, including options for bus franchising, through a scoping study. This study will lead to the development of a business case for a preferred option, for consideration by the NECA.• Maintain constructive dialogue with local bus operators, with a view to developing partnership options for the NECA area.		

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- Mitigate legal, operational and procurement risks by seeking appropriate advice.

Next Steps/Key Milestones:

- Continue discussions with DfT on the detail of the Bill.
- Lobby via the Urban Transport Group and others for appropriate amendments to the Bill.

Other steps:

- Joint working with Northumberland and Durham will continue in order to ensure full consideration of strategy delivery options across the NECA is undertaken in an inclusive manner
- Undertake a scoping study that considers options for delivering an agreed set of bus objectives
- Open discussions with bus operators about the scope and content of partnership proposals

CBP Theme: **Prepare for the future**

CBP Workstream: **Review of Nexus services**

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

Risk Area: **Nexus spending review**

**RAG Status
(Green)**

**6 (2x3)
Green**

**Direction of
Travel**

**↔
(static)**

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Risk

Nexus' service review fails to deliver the necessary savings.

Impact/Consequence(s):

There is a risk that Nexus' service review may not produce the savings necessary to meet the proposed reduction in funding available from the levy (or whatever reduction might be ultimately agreed by the3 Leadership Board), together with the requirement to eliminate reliance on use of reserves by 2019/20.

Control(s):

- TWSC approval to budget strategy at its meeting on 3 November 2016
- Budget managers remitted to prepare service plans
- Consultation with public and key stakeholders was undertaken over June and July
- Base budget review carried out
- Balance sheet review undertaken
- Budget proposals and savings targets agreed

Next Steps/Key Milestones:

- Proposals for consideration by TWSC have been formulated on the basis of the consultation results
- TWSC will then make informed choices regarding Nexus' prioritisation of services within the reduced resource base as remitted by the Leadership Board
- Nexus will then prepare its forward plan commencing 2017/18 on the basis of the agreed prioritisation for consideration through the NECA budget formulation process
- NECA Leadership Board to consider budget proposal, the transport levy for Tyne and Wear and grant to Nexus at its meeting on 17 January 2017

CBP Theme: **Prepare for the future**

CBP Workstream: **Develop business cases to secure funding to improve public transport assets**

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

Risk Area: **Business cases for external funding**

**RAG Status
(Amber)**

**Direction of
Travel**

9 (3x3)

← →

(static)

Risk

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Business cases to secure additional funding for improvements to the asset base are not delivered to time.

Impact/Consequence(s):

Lack of public sector funding means Nexus is becoming more reliant on attracting external funding for which good quality business cases that show Value for Money are required. Nexus' capability and capacity to prepare business cases on time and to the required quality will impact on Nexus' success in attracting such funding.

Control(s):

- Dedicated resources in Corporate Planning section
- Programme that ensures tasks and responsibilities are carried out to time
- Budgets established
- Liaison with the Regional Team to co-ordinate activity
- Close supervision of economic consultancy inputs, providing the required information to ensure timely advice

Next Steps/Key Milestones:

- Develop business cases for Single Local Growth Fund (SLGF) 'pipeline' schemes as prioritised by the Regional Team
- Establish resources to develop SLGF 'pipeline' schemes to Stagegate 3
- Develop possible future schemes to Stagegate 3 and establish a Nexus' pipeline
- Promote the Stagegate A/B process to capture ideas for possible longer-term future schemes

CBP Themes: **Be an effective delivery agent for the NECA.**

CBP Workstream: **Develop training and succession planning**

Risk Owner: **Corporate Manager Legal and Human Resources; Director of Rail and Infrastructure.**

**RAG Status
(Green)**

**Direction of
Travel**

Risk Area: **Future retention of key skills and abilities.**

6 (2x3)

**← →
(static)**

Risk

Nexus may be unable to recruit and retain key personnel because of public sector pay restraint and competition from more buoyant employers

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Impact/Consequence(s):

This could adversely impact on Nexus' ability to deliver key projects on behalf of the NECA. Placing reliance on third party resources (e.g. external consultants) to provide the required skills and expertise could result in increased costs and/or delays.

Control(s):

- Keeping the "person spec" for key posts under review to optimise the potential size of the application base.
- Monitoring key activities within Nexus recruitment process to ensure optimal outputs are achieved.
- Continuing to develop the internal graduate base from which to draw.
- Utilising 'fast-track' options to maintain and grow the graduate base.
- Having succession plans for key business areas.
- Developing training and succession planning to ensure we are fit to meet changing business requirements.

Next Steps/Key Milestones:

- Feed the outcomes of the recently completed establishment review into training & succession planning processes.
- Develop guidance standardising the approach to succession planning for issue to managers
- Form a joint working party to refine the business needs for apprenticeships and other appropriate training interventions
- Commence the recruitment to the new graduate intake early in 2017

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

CBP Workstream: **Metro performance**

Risk Owner: **Director of Rail and Infrastructure**
Risk Area: **Impact of Metro transition on service provision**

**RAG Status
(Amber)**

**Direction of
Travel**

8 (2x4)

NA
New risk

Risk

That the process of bringing Metro operations back in-house results in a significant decline in service level outputs and customer satisfaction.

Impact/Consequence(s):

Should this risk occur the impact & consequences would primarily be to the detriment of passengers with less reliable service being provided and a potential loss in ridership with less revenue being generated as people move to other transport modes for work, education, shopping and leisure travel.

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Control(s):

- A dedicated Transition Team has been created to undertake all transactional works.
- Four-weekly monitoring of the transition process is undertaken through the Metro Transition Project Assurance Committee consisting of a number of rail industry experts together with a NECA representative.
- Very close monitoring of DBTW's critical actions that have a material bearing on service performance and customer satisfaction.
- Increased number of audits and inspections aimed at assuring Nexus that DBTW is not allowing conditions or processes to deteriorate.

Next Steps/Key Milestones:

- On-going 4-weekly meetings allied to inspection and audit regime

CBP Theme: **Prepare for the future**

CBP Workstream: **Review of Nexus' services**

Risk Owner: **Managing Director Transport Operations**

**RAG Status
(Amber)**

**Direction of
Travel**

Risk Area: **Progressing the devolution agenda**

8 (2x4)

↓
(worsening)

Risk

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

Impact/Consequence(s):

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

If devolution or structural change to the NECA goes ahead without due regard for Nexus duties and powers as the Passenger Transport Executive for Tyne and Wear there is the potential for increased complexity and cost.

There will also be uncertainty in the development of area wide transport policies and any

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associated action to deliver them.

Control(s):

- Engagement with NECA statutory officers to identify legal and financial considerations
- Work with the Chief Executives' Group to identify issues and mitigations
- Liaison with District officers to identify working approaches in the event of the current statutory arrangements being redefined

Next Steps/Key Milestones:

- To be determined

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Strategic Risk Analysis Toolkit

Action plans must be developed for Red and Amber risks

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

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

Assess the impact should the risk occur

Council Priority		Service Delivery		Financial		Reputational		
Page 62	<ul style="list-style-type: none">• More than 4 priority outcomes affected• Move than one significant service objective adversely affected• Death of one or more persons• Major environmental impact	<ul style="list-style-type: none">• Critical service failure/disruption to frontline services• Statutory duty/deadlines not met• Serious decline/impact on portfolio or performance indicators (PI)• Unplanned major re-prioritisation of resources and/or services• Failure of major programme/project	<ul style="list-style-type: none">• Over £2m financial hit on gross budget• Significant adverse impact on revenue stream (>£1.5m)• Loss of major funding opportunity(>£10m)• Prosecution• Qualification of accounts• Significant risk of fraud or illegal act (pre/post contract)	<ul style="list-style-type: none">• Adverse national media attention• Loss of/negative inspection rating• External criticism (press)• Relationship with supplier severely damaged• Significant loss of community confidence• Significant decline in resident satisfaction				
	<ul style="list-style-type: none">• 2-4 priority outcomes adversely affected• One significant service objective adversely affected• Multiple serious injuries• Significant environmental impact	<ul style="list-style-type: none">• Significant partial loss of frontline services• Recoverable impact on portfolio, PI's , inspection targets• Failure of non major project or significant delay• Some re-prioritisation of services required	<ul style="list-style-type: none">• £1m-£2m financial hit• Notable adverse impact on ongoing revenue stream (£0.5m-£1.5m)• Loss of notable funding opportunity• Fines/Penalties• High fraud risk	<ul style="list-style-type: none">• Adverse regional and/or local media attention• Poor inspection outcome• Continuing unresolved complaints• Notable decline in resident satisfaction• Deteriorating supplier relationships				
	<ul style="list-style-type: none">• Less than 2 priority outcomes adversely affected• Isolated serious injury/ill health• Minor environmental impact	<ul style="list-style-type: none">• Isolated or limited service reduction• Poor improvement in measured PI and remedial action required from inspection reports	<ul style="list-style-type: none">• £100k-£1m financial hit• Minor adverse impact on ongoing revenue stream• Internal virement• Low risk of fraud	<ul style="list-style-type: none">• Adverse local reaction• Isolated decline in resident satisfaction• Failure to reach agreement with individual suppliers• Sporadic complaints				
	<ul style="list-style-type: none">• Minor affect on priorities/service objectives• Isolated minor injury/ill health• No environmental impact	<ul style="list-style-type: none">• Minor/isolated service disruption	<ul style="list-style-type: none">• Below £100k financial hit					
Risk Categories								
Financial/Economic		Environmental	Legal	Customers	Partnership	Technological	Performance	People

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

Date: 26 January 2017

Subject: Change of price for non-resident Gold Card

Report of: Managing Director – Transport Operations

Executive Summary

The purpose of this report is to seek approval to reduce the price of the non-resident Metro Gold Card from 1 April 2017.

Recommendations

It is recommended that the Committee approves a change in price for the non-resident Metro Gold Card to £24 per year, effective from 1 April 2017.

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

1. Background Information

- 1.1. The Metro Gold Card is an annual ticket sold to holders of the English National Concessionary Travel Scheme smart card – often known as the ‘bus pass’ for older and eligible disabled people. It permits unlimited travel on Metro after 9:30am on weekdays and all day at weekends and bank holidays.
- 1.2. Metro Gold Card is currently sold in two formats – £12 for residents of Tyne and Wear with an ENCTS card, and £25 for non-residents with an ENCTS card. These prices have been unchanged since April 2014.
- 1.3. The Gold Card is loaded onto the ENCTS card as a smart product, bought at either a Metro station ticket machine or Nexus Travelshop. All ENCTS cards are set with an expiry date under Government regulations for the scheme; a large number of cards issued since 2013 will start expiring in March 2018, from when they will be replaced by local transport authorities.
- 1.4. Customers would be unable to purchase a Metro Gold Card for a full year ahead where their ENCTS card expires in less than that time. In these cases Nexus wishes to make it possible for customers to buy a Gold Card ‘part product’ for a portion of a year, up to the expiry date of the ENCTS card.

2. Proposals

- 2.1. Nexus is seeking approval to reduce the price of the non-resident Gold Card to £24 from 1 April 2017, allowing customers to buy part products at a transparent price. The customer would be offered the part product at a simple £2/month *pro rata* where their ENCTS card expires in less than a year. Ticket machine software will be updated to offer this automatically.
- 2.2. The resident Gold Card is priced at £12 for a full year and this will, in parallel, be made available at £1/month *pro rata* where an ENCTS card expires in less than a year.
- 2.3. Gold Card is a product highly valued by customers eligible to use it. It is anticipated that those who buy a part product will return to buying a full-year Gold Card when they have a new ENCTS card on which to load it.

3 Next Steps

- 3.1 Subject to approval, Nexus will instruct its supplier to make the necessary changes to retail software, and ensure information is available to customers.

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

4 Potential Impact on Objectives

- 4.1 By ensuring the purchase of Metro Gold Card is as simple as possible, this change will support access for all and increased use of Public Transport.

5 Finance and Other Resources

- 5.1 There will be a potential loss of revenue from a price reduction of £1 per card, against approximately 2,500 non-resident cards sold annually, although the administrative process will be less cumbersome and more efficient. It might be that the price reduction leads to an increase in sales. In addition, having a transparent purchase process is expected to retain customer loyalty.
- 5.2 The new price can be incorporated into a planned software change required to create *pro rata* sales for all Gold Card customers.

6 Legal

- 6.1 There are no legal implications arising directly from this report

7 Other Considerations

7.1 Consultation/Community Engagement

It is not thought necessary to consult the community on what is, in effect, a small reduction in price.

7.2 Human Rights

There are no Human Rights implications arising directly from this report

7.3 Equalities and Diversity

Providing a seamless renewal process for Gold Card where ENCTS cards are shortly to expire this change ensures older and disabled people are not unexpectedly prevented from making a journey.

7.4 Risk Management

There are no Risk Management implications arising directly from this report

7.5 Crime and Disorder

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

7.6 Environment and Sustainability

There are no Environment & Sustainability implications arising directly from this report

8 Background Documents

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

None

9 Links to the Local Transport Plans

9.1 There are no direct links to the Local Transport Plans

10 Appendices

10.1 N/A

11 Contact Officers

11.1 Huw Lewis, Corporate Manager, Corporate Manager, Customer Services and Communications, huw.lewis@nexus.org.uk, 0191 203 3112.

12 Sign off

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

Please use ✓