

Transport North East (Tyne and Wear) Sub-Committee

Thursday, 15th September 2016 at 2.00 pm

Meeting to be held in a Committee Room, Civic Centre, Burdon Road, Sunderland, SR2 7SN

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AGENDA

Page No

1. **Apologies for Absence**

2. **Declarations of Interest**

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

3. **Minutes of the Previous Meeting**

1 - 4

4. **Great North Run Update**

Members are requested to note the intention to circulate the above report on a supplemental agenda in accordance with the provisions of the Local Government (Access to Information) Act 1985

5. **Monitoring Nexus' Performance: 1 April to 23 July 2016**

5 - 14

6. **Update on Nexus' Corporate Risks 2016-17**

15 - 42

7. **Draft Budget 2017-18 Process and Timetable**

43 - 50

8. **Nexus Service Review Consultation Outcome**

51 - 86

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

3 November 2016 at 3pm or following the conclusion of the Transport North East Committee, in a Committee Room at Durham County Hall.

10. **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.

11. **Confidential Minutes of the Previous Meeting** **87 - 88**

12. **Metro Transition Project Update** **89 - 96**

13. **Tyne Tunnels Update**

Members are requested to note the intention to circulate the above report on a supplemental agenda in accordance with the provisions of the Local Government (Access to Information) Act 1985

Contact Officer: Victoria Miller Tel: 0191 211 5118 E-mail: victoria.miller@northeastca.gov.uk

To All Members

Transport North East (Tyne and Wear) Sub-Committee

15 July 2016

Meeting held Committee Room, Sunderland Civic Centre, Burdon Road, Sunderland, SR2 7SN

Present:

Councillor: J Harrison (Chair)

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

82 APOLOGIES FOR ABSENCE

There were no apologies for absence.

83 DECLARATIONS OF INTEREST

There were no declarations of interest.

84 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting held on 28 April 2016 were approved as a correct record and signed by the Chair.

AGENDA ITEMS 4 AND 5

On request from the Chair agenda items 4 and 5 were considered jointly as one item.

85 MONITORING NEXUS' PERFORMANCE: 2015/16 AND MONITORING NEXUS' PERFORMANCE: 1 APRIL TO 28 MAY 2016

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

Members considered the reports which provided a review of Nexus' performance against its Corporate Business Plan (CBP) targets and objectives for 2015/16 and an update on Nexus' performance against its CBP targets and objectives for 2016/17 for the eight week period from 1 April to 28 May 2016.

Members welcomed D Gibson and C Carson of DB Regio Tyne and Wear, who offered assurance that a significant amount of work was being carried out to improve the performance of Metro services, including addressing issues related to dealing with the ageing fleet and staff sickness.

Amongst other matters discussed during the consideration of the reports were the performance in relation to the Metro boardings, punctuality, reliability and customer

satisfaction. Members emphasised the importance of maintaining the agreed targets.

RESOLVED – That:

- i. The reports (i) Monitoring Nexus' Performance: 2015/16 and (ii) Monitoring Nexus' Performance: 1 April to 28 May 2016 be noted; and
- ii. Work would continue to improve the performance of Metro.

86 **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 an update on Nexus' Corporate Risk Register. Members requested that the Risk Register be reviewed as a result of the outcome of the referendum on the UK's membership of the European Union.

RESOLVED – That the report be noted.

87 **PREPARATIONS FOR GREAT NORTH RUN 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 the actions that were being prepared and undertaken to deliver successful Metro services for the 2016 Great North Run.

Members received a verbal update from the officers of DB Regio Tyne and Wear (DB Regio), who explained what work was carried out to plan and test the operational delivery plan for the forthcoming Great North Run. Members also noted a verbal update on the staffing changes within the organisation.

In welcoming the report and the information provided verbally at the meeting on the DB Regio preparation for the Great North Run, Members asked DB Regio to provide a sufficient number of trains on the day of the event and ensure that passengers were advised about closure of stations well in advance of the event in order to enable effective journey planning.

In discussion, Members also received information from DB Regio on the following:

- the performance of Metro services on the day of a recent match between England and Australia;
- the good planning, and also the lessons learned, of Metro services for the recent concert of Beyoncé. Members offered thanks to the staff who had planned and delivered Metro services for the concert; and

- work to prepare for various events in Tyne and Wear, including the forthcoming International Air Show in Sunderland.

The Sub-Committee offered thanks to all staff who were working to plan the delivery of Metro services for the forthcoming Great North Run.

RESOLVED – That the report be noted.

88 DATE AND TIME OF NEXT MEETING

15 September 2016 at 2pm at Sunderland City Council.

89 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 10, 11 and 12 (Confidential Minutes of the Previous Meeting, Metro Transition Project Update and Tyne Tunnels – Update) because exempt information was likely to be disclosed and the public interest test against the disclosure was satisfied.

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North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

Date: 15 September 2016

Subject: Monitoring Nexus' Performance:
1 April to 23 July 2016

Report of: Chief Executive Officer 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 period from 1 April to 23 July 2016, the eight weeks to 28 May 2016 having been previously reported to TWSC.

RECOMMENDATIONS

It is recommended that the 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:-

- Fourteen workstreams are rated 'Green' in status, three from four in Theme 1 'Improve public transport today'; all 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'. This workstream is amber for the year to 23 July, with the Metro concessionaire DBTW being required to implement specified remedial plans particularly in the area of customer communications as well as being subjected to special monitoring measures including the application of contractually permitted interventions as a means of helping stimulate improvement.
- 1.3 In regard to unsatisfactory Metro performance, it is worth noting that the Metro punctuality figures, whilst still 1.7% percentage points below the agreed target of 87.2% continues to improve. However, the latest customer satisfaction survey results (for May 2016) are still below target and a worrying trend of a decline in patronage is now manifesting itself.
- 1.6 The North East Leadership Board approved use of £3.659m in reserves in order to set a balance budget for 2016/17. In doing so the North East Leadership Board acknowledges the need for a review of Nexus' services in order to achieve savings in the medium term, and thereby negating the use of reserves in the future.
- 1.7 A separate report to update members on the findings from the Nexus Service Review consultation which took place between the 6th of June and the 1st of August 2016 is considered elsewhere on the this agenda.
- 1.8 In the meantime, a separate review of Nexus' 2016/17 base budget has identified a sum of £3.583m of permanent budget savings, leading to a revised base budget deficit of £0.076m as at P3). These permanent savings are summarised below:-
- 1.8.1 Secured Bus Services (£1.800m): Savings are predominantly due to the rationalisation and reconfiguration of contracts, reductions in contract

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prices due to low inflation and a fall in operating costs (e.g. fuel) as well as the commercialisation of some previously secured contracts.

- 1.8.2 ENCTS (0.552m): Due to ENCTS Bus Patronage being lower than the targets Nexus established during 2015/16, £0.552m will be deducted from ENCTS reimbursement payments due in the current year .
 - 1.8.3 Nexus' Staffing Establishment (£0.583m): A review of Nexus' staffing establishment has led to a saving of £0.583m being identified.
 - 1.8.4 High Voltage Power (£0.500m): A recent fall in the wholesale price of electricity, combined with lower than anticipated pass through costs, due to further delays in the governments Electricity Market Reform (EMR) programme has resulted in a saving of approximately £0.500m.
 - 1.8.5 Information, Communication and Technology (£0.148m): A review of Nexus' Technology Refresh budget and licensing and support contracts has identified savings amounting to £0.148m.
- 1.9 The Sub-Committee is referred to Appendix 1 for a fuller review of Nexus performance over the period from 1 April to 23 July 2016 with particular reference being drawn from the eight weeks from 29 May to 23 July, the earlier period having been the subject of report to TWSC at its meeting on 15 July.

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 November 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 additional direct financial or resource considerations arising from this report.

6 Legal

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

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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

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

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Transport North East (Tyne and Wear) Sub-Committee

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12 Sign off

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

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Appendix 1

Theme 1: Improve Public Transport Services Today		
Workstream:	RAG Status	Key Considerations:
Reverse unsatisfactory Metro performance (RAG status: Amber)	A	In the year to 23 July the cumulative total figure for Metro passenger boardings, at 11.381m, was 6.1% below the target of 12.128m, and 7.0% below the 12.245m boardings achieved during the same period in 2015/16. Generally, there has been a decline in the sales of singles and day tickets as well as a depressed number of tickets sold during the May 2016 half term holiday. This trend is being kept under review.
		The latest Metro Customer Satisfaction tracking survey score (May 2016) was 7.45, below the contract target of 8.3. Performance penalties are being applied.
		As at 23 July the Metro punctuality figure was 85.5%, an improvement of 0.9 percentage points compared to the 84.6% reported at 28 May; although still 1.7% percentage points below the contractual target of 87.2%.
		Peak fleet availability (weekdays early morning and late afternoon) continued to be affected by the numbers of Metrocars being out of service with faults that required repairs. As a consequence, 80% of the P4 peaks did not meet the service delivery requirement.
Improve local rail services (RAG status: Green)	G	The inaugural North East Rail Management Unit (NERMU) Steering Group meeting looking at performance matters was held on 14 July, bringing together the Train Operating Companies, Network Rail, Rail North and officers from the local authority partners. This meeting is now scheduled to occur bi-monthly.
		A NERMU Officer Steering Group, comprising of officers from the local authority partners together with representatives from Network Rail and Rail North will be held between the bi-monthly performance meetings to cover rail planning updates and other issues.
		A NERMU Members Board meeting, on which the NECA is represented by the chair of TNEC, is being

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		arranged for the autumn. Having this level of governance will serve to embed and strengthen local influence over rail matters.
Innovate through technology (RAG status: Green)	G	The joint submission made with Transport for Greater Manchester to lead activity related to the development of an Intelligent Back Office on behalf of Transport for the North (TfN) was confirmed for investment at the TfN Commissioning Board on 24 June. A Memorandum of Understanding has been agreed and Tyne and Wear Metro and Manchester Metrolink are expected to be the first beneficiaries.
		Usage of Metro POP PAYG is now consistently around 6,000 journeys per week. Usage of the web for purchase of period passes and PAYG is around 1,000 purchases per accounting period. The PAYG 'Purple-POP' smartcard is now available to purchase via the website which is anticipated to increase sales/usage.
		Initial trials of the new Cycle Lockers have been completed. The project is now in live test phase, with patterns of usage and utilisation being established.
		Dates are confirmed with all three major operators for completing the rollout of acceptance of POP PAYG across their bus services in the North East: Go North East completed in July, Arriva is scheduled to complete end August and Stagecoach later in September. Separately, Go North East and Arriva have declared their intention to accept cash top up of PAYG on Bus on all their services.
Deliver the Asset Renewal Plan (RAG status: Green)	G	The Metro Asset Renewal Plan expenditure forecast for 2016/17 at 23 July was £40.458m and whilst in excess of the maximum level of grant available from DfT is considered manageable at this point in the year. Expenditure in Period 4 was 105% of the forecast. Overall the programme remains relatively stable, although some projects have needed to be re-scheduled and if applicable, cost pressures have either been contained within project contingencies or funded from savings elsewhere in the programme. Expressions of interest in funding for station development works have been submitted to the Single Local Growth Fund to supplement ARP funding.

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Theme 2: Prepare for the Future		
Workstream:	RAG Status	Key Considerations:
Secure Metro's financial future (RAG status: Green)	G	The Outline Business Cases (OBCs) for the replacement fleet and associated infrastructure together with the continuation of the programme of essential renewals were approved at the Leadership Board in July and submitted to DfT. Negotiations with DfT to secure a long-term funding agreement that will sustain Metro's current operations, replace life-expired capital assets and allow future expansion will continue.
Design a new Metro fleet (RAG status: Green)	G	The outline vehicle fleet specification was approved by the Leadership Board in July. Transport Focus has been appointed to undertake market research with customers on the new design and Nexus is working with Open Lab which is part of the School of Computing Science at Newcastle University with access to DCLG funding to run collaborative design workshops. A wider consultation about key passenger facilities on the new fleet will be held during September and October.
Restructuring of Metro operations (RAG status: Green)	G	Nexus has commenced the process of transition from DBTW operation to Nexus, effective from 1 April 2017. Workstreams are being progressed under the leadership of the Metro Transition Director, and a Transition Assurance Committee has been established, drawing on external members with appropriate expertise.
Influence Rail's Network planning process (RAG status: Green)	G	The East Coast Mainline study is examining infrastructure options to meet future demand linked to Northern Powerhouse Rail. The draft Study is due to be consulted on towards the end of 2016. A long-list of possible interventions is being developed for further study. The North East will be a pilot to test the proposed methodology for assessing corridor options.
Develop a new local rail strategy (RAG status: Green)	G	The Leadership Board approved the Metro and Local Rail strategy at its July meeting and a bid was submitted via the LEP for funding from DfT's Large Transport Project Scheme pot to develop the business case for implementation of the Metro and Local Rail Strategy.

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Plan next step for buses (RAG status: Green)	G	The options study requested by the Leadership Board at its meeting on 24 March 2016 is being finalised and will be reported to TNEC in November. A modelling scoping study has been undertaken and a plan is being developed to undertake NECA wide customer research and travel surveys. A resource plan for developing a business case and selecting a preferred option to deliver bus strategies across the NECA area is also being prepared.
Review of Nexus' services (RAG status: Green)	G	The public consultation that ran from 6 June to 1 August has finished and feedback will be reported to the TWSC in a separate report on this agenda.
Develop business cases to improve transport assets (RAG status: Green)	G	Of the eleven scheme proposals submitted into the Single Local Growth Fund (SLGF) pipeline for consideration four were judged to meet the criteria in order to be progressed. The outline business case for South Shields' Metro training and maintenance skills centre is finalised.

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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	Succession planning information, including identification of training needs, is being gathered through to September. Arrangements for the planning and delivery of training will then be reviewed.
Focus on health, safety and the environment (RAG status: Green)	G	A programme of supervisory development workshops will be delivered throughout Nexus Rail starting by November, with a sharp focus on supervisors' and junior managers' potentially positive impact on day-to-day health and safety performance.
		Strong emphasis continues to be placed on the need to improve the reporting of low-level hazards (as part of the corporate "Close Call" initiative), with consideration of novel technological and other means to make it as easy as we can for front-line staff to do this; this has been supported by a poster publicity campaign.
		A direct follow-up to RIDDOR accidents is being tested, to ensure that we do not lose any opportunity to learn from these and prevent recurrence.
		Safety briefing arrangements are being reviewed to identify areas for future improvement.
Exercise due diligence in managing capital and revenue resources (RAG status: Green)	G	As part of the Nexus service review, in P3 Nexus made permanent reductions of £3.583m to its base expenditure requirement, leaving a revised budget deficit of £0.076m. The P4 year-end outturn forecast is for a budget deficit of £0.092m.
		Over 90% of this year's capital programme relates to 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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Transport North East (Tyne and Wear) Sub-Committee

Date: 15 September 2016

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 note and provide comment on Nexus' Corporate Risk Register.

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1 Background Information

- 1.1 Since Nexus' Corporate risk register was last discussed with the Sub-Committee, Nexus has reviewed and updated it, including consideration of whether any of its corporate risks are being impacted by the recent referendum decision for Britain to leave the European Union.
- 1.2 In this regard, whilst there is a high level of uncertainty at present, the following factors will need to be taken into account:
- In some areas, cost pressures have already manifested themselves e.g. where tender prices provided prior to 'Brexit' have been unable to be honoured (and this may spread to others because of the implications for exchange rates from any continued weakness of the pound);
 - The continuation of government imposed measures, potentially increasing the pressures on local government finances
 - Data protection and data sharing implications when dealing with EU based contractors and suppliers, depending on the outcome of the (yet to be triggered) Brexit negotiations
 - The legislative impact e.g. in connection with data protection, procurement, equality, human rights and employment, which have a basis in EU directives and regulations which, post-'Brexit', may require reform, potentially reducing bureaucracy and red tape, but with the possibility that some requirements may be more onerous or demanding
 - There may be staff for whom residency could become an issue depending on the outcome of the 'Brexit' negotiations
 - There are potential implications for possible future funding opportunities given without access to EU funding, there will be increased competition for UK based funding sources.
- 1.3 However it is still too early following the referendum for there to be sufficient information to properly describe and quantify the nature and level of any risk(s) involved.
- 1.4 The thirteen risks previously notified as being contained in Nexus' corporate risk register for 2016/17 are as follows:
- **Metro performance targets not met.**
 - **Rail North working arrangements.**
 - **Payment and customer information systems do not meet customer expectations.**
 - **Non-Metro capital programme fails to deliver intended outcomes.**
 - **Replacement Metrocar fleet and Essential Renewals Business Cases not delivered on time.**
 - **Nexus is insufficiently prepared to undertake Metro operations with effect from 01 April 2017.**

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- **Bus Strategy delivery arrangements.**
- **Nexus' service review fails to deliver the necessary savings.**
- **Business cases to secure additional funding for improvements to the asset base are not delivered to time.**
- **Future retention of key skills and abilities.**
- **The safety performance at Nexus deteriorates in regard to key measures.**
- **The Devolution agenda on transport matters is progressed without having due regard to Nexus' funding, functions and powers.**

1.5 A fourteenth risk is being added which is aligned to the 'Deliver the Asset Renewal Plan' workstream dealing with the funding for and affordability of the Metro Asset Renewal Plan (see 'Metro Asset Renewal Programme fails to deliver intended outcomes' in the table below).

1.6 The following table shows the current status of each of the fourteen risks and the links back to the workstreams in Nexus Corporate Business Plan for 2016/17. A detailed explanation of the nature of each risk, together with planned controls, 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:	Risk score	Direction of Travel
Metro performance targets not met Reverse unsatisfactory Metro performance	6	↔ (static)
Rail North working arrangements Improve local rail services: Influence Network Rail's planning process: Develop a new local rail strategy.	4	↔ (Static)
Payment and customer information systems do not meet customer expectations Innovate through technology	8	↔ (static)

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Non-Metro capital programme fails to deliver intended outcomes Deliver the Asset Renewal Programme	4	↔ (static)
Metro Asset Renewal Programme fails to deliver intended outcomes Deliver the Asset Renewal Programme	6	↔ (Static)
Long term funding for Metro Secure Metro's Financial Future	6	↔ (Static)
Replacement Metrocar fleet and essential renewals business cases not delivered on time Design a new Metrocar fleet	4	↑ (Improving)
Nexus is insufficiently prepared to undertake Metro operations with effect from 1 April 2017 Restructuring Metro operations	4	↑ (Improving)
Bus Strategy delivery arrangements Plan the next steps for buses.	9	↑ (Improving)
Nexus' service review fails to deliver the necessary savings Review of Nexus' services	6	↑ (Improving)

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Business cases for improvements to the asset base are not delivered to time Develop business cases to secure funding for improved transport assets	6	↔ (static)
Future retention of key skills and abilities Develop training and succession planning.	6	↔ (Static)
Safety performance at Nexus deteriorates with regard to key measures Focus on health, safety and the environment	4	↔ (static)
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	4	↔ (static)

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.

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.

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6 Legal

- 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 Each of Nexus' fourteen corporate risks is appended for information.

11 Contact Officers

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

0191 2033246

12 Sign off

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

13 Glossary

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, which is calculated twice:

1. The Uncontrolled Risk Score represents the initial estimation of the severity of the risk: the uncontrolled score represents the initial estimation of the severity of the risk before controls are applied; and
2. The Controlled Risk Score is calculated by reassessing the risk taking into account consideration of the effect of having Controls on the Likelihood and Impact in place.

Strategic Risk - relates to those factors that might have a significant effect on the achievement of Nexus' long-term business objectives and therefore the successful delivery of the NECA's policies and priorities.

Appendix 1

Nexus' Corporate Risk Register:

CBP Theme: Improve public transport services today		
CBP Workstream: Reverse unsatisfactory Metro performance		
Risk Owner: Director of Rail and Infrastructure Risk Area: Metro performance	Risk Score 3x2 (LxI)¹	Direction of Travel
	6 Green	↔ (static)
<u>Risk</u>		
Metro performance targets not met.		
Impact/Consequence(s): That unsatisfactory Metro performance (including for special events such as the Great North Run) continues and/or worsens, leading to loss of confidence in Nexus as an effective delivery agent for the NECA.		
Control(s): <ul style="list-style-type: none">• Closer monitoring of DBTW activities• Increased auditing of key delivery outputs from DBTW• Increase 'micro-management' of critical Metro issues		
Next Steps/Key Milestones: <ul style="list-style-type: none">• Quarterly Concession Performance Management meetings		

¹ L = Likelihood; I = Impact

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CBP Theme: Improve public transport today CBP Workstream: Improve local rail services		
Risk Owner: Director of Rail and Infrastructure Risk Area: Rail North working arrangements	Risk Score (2x2)	Direction of Travel
	4 Green	↔ (static)
<u>Risk</u> Rail North working arrangements may fail to deliver the NECA's ambitions for improvements in rail services.		
Impact/Consequence(s): 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.		
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		
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.		

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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 systems	Risk Score 2x4 (LxI)	Direction of Travel
	8 Amber	↔ (static)
<u>Risk</u> 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 timeframe• Embedding technology roadmap within NECA's Transport Plan for the North East• Setting timescales and milestones and working to a plan• Aligning with Transport for the North developments as committed through the Devolution Agreement		
Next Steps/Key Milestones: <ul style="list-style-type: none">• Providing input to the Transport Plan for the North East• Providing input to the plans being developed through Transport for the North• Updating and refreshing the technology roadmap and related plans on a regular basis		

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

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	Risk Score 1x4 (LxI)	Direction of Travel
	4 Green	↔ (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.		

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

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	Controlled Risk Score (LxI)	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 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): <ul style="list-style-type: none">• 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: <ul style="list-style-type: none">• Periodic Affordability Review		

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

CBP Theme: Prepare for the future		
CBP Workstream: Secure Metro's Financial Future		
Risk Owner: Director of Finance and Resources	Risk Score 6 (2x3)	Direction of Travel
Risk Area: Long term funding for Metro	Green	↔ (static)
<u>Risk</u>		
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 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): <ul style="list-style-type: none">• 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.• 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.		

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

- Identifying and investigating potential funding streams.

Next Steps/Key Milestones:

- 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.

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	Risk Score 1x4 (LxI)	Direction of Travel
	4 Green	↑ (improving)
<u>Risk</u> That the final business cases for the new Metro rolling stock and for essential renewals are not delivered on time to feed into DfT's decision making processes.		
Impact/Consequence(s): The proposed replacement of the current fleet of Metrocars 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.• This includes 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.• Economic consultants have been appointed to determine the BCR.• On-going liaison has been established with DfT and preliminary documents have been shared.		
Next Steps/Key Milestones: <ul style="list-style-type: none">• Outline Business Cases drafted and submitted to DfT• Using DfT feedback a full OBC will be prepared for submission to the July 2016 meeting of Leadership Board• Subject to Leadership Board approval the OBC will be formally submitted to DfT in August 2016• Decision letter expected from DfT in December 2016		

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

- Subject to DfT's confirmation of funding procurement activity will commence

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	Risk Score 1x4 (LxI) 4 Green	Direction of Travel ↑ (Improving)
<u>Risk</u> 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 • Liaison has been established with the necessary authorities e.g. Office of Rail & Road, Network Rail, South Tyneside Pensions Fund • Periodic cycle of Metro Futures CMT meetings established to monitor and review progress: 4-weekly reports • Fortnightly Transition Planning team meetings will take place • Establishment of a Metro Transition Project Assurance Committee, meeting on a four-weekly basis, consisting of external rail industry experts together with a NECA representative • TUPE: Establishing a shadow Metro operations management team • Regulatory Consents: Option to extend contract termination date being retained • Novation of Contracts: making appropriate novation arrangements through liaison with suppliers is underway 		

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- ICT systems: An ICT audit has been undertaken and a plan formed to 'novate' 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

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 will 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

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	Risk Score 3 x 3 (LxI)	Direction of Travel
	9 Amber	↑ Improving
<u>Risk</u> 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) is at its preliminary stages in the House of Lords before going on to be considered in the House of Commons.</p> <p>The Bill appears to make provisions in line with expectations regarding franchising arrangements. Further clarity is needed with regard to the provisions being proposed about strengthened partnership working.</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>Furthermore, the devolution deal envisages that options for implementing a bus franchising scheme across some or all of the entire NECA area, including Northumberland and Durham, might be considered. There are a number of political and practical risks associated with expanding the scope of bus franchising beyond Tyne and Wear that will need to be managed and mitigated.</p>		
<p>Control(s):</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 and a future elected mayor.• Engage constructively with Northumberland and Durham at an early stage in order to: understand their priorities for buses; reflect those priorities in a series of objectives (which must also reflect the objectives in the Bus Strategy for Tyne and Wear); and ensure that they are fully engaged with a scoping study and business case development study that relate to establishing a preferred strategy delivery option.		

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Transport North East (Tyne and Wear) Sub-Committee

- Mitigate legal, operational and procurement risks by seeking appropriate advice.
- Ensure local and national stakeholders are aware of the choices being made.
- Engage with DfT
- Engagement with local MP's to brief on legislative requirements
- Maintain constructive dialogue with local bus operators, with a view to developing partnership options for the NECA area.
- 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.

Next Steps/Key Milestones:

- 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, leading to an outline business case, that considers options for delivering an agreed set of bus objectives
- Open discussions with bus operators about the scope and content of partnership proposals
- Address deficiencies in the availability of bus use and bus revenue data for the full NECA area, preferably through bilateral data sharing agreements with bus operators
- Continue discussions with DfT on the detail of the Bill.
- Lobby via the Urban Transport Group and others for appropriate amendments to the Bill.

CBP Theme: Prepare for the future		
CBP Workstream: Review of Nexus services		
Risk Owner: Director of Finance and Resources Risk Area: Nexus spending review	Risk Score 2x3 (LxI)	Direction of Travel
	6 Green	↑ (improving)
<u>Risk</u>		
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, together with the requirement to eliminate reliance on use of reserves by 2019/20.		
Control(s): <ul style="list-style-type: none">• Budget managers remitted to prepare service plans• Consultation with public and key stakeholders planned for June and July• Base budget review to be carried out• Balance sheet review to be undertaken•		
Next Steps/Key Milestones: <ul style="list-style-type: none">• Proposals for consideration by TWSC will be 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		

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	Risk Score 2x3 (LxI)	Direction of Travel
	6 Green	↔ (static)
<u>Risk</u>		
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): <ul style="list-style-type: none">• 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: <ul style="list-style-type: none">• 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		

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Transport North East (Tyne and Wear) Sub-Committee

- 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. Risk Area: Future retention of key skills and abilities.	Risk Score 2x3 (LxI)	Direction of Travel
	6 Green	↑ Improving
<u>Risk</u> Nexus may be unable to recruit and retain key personnel because of public sector pay restraint and competition from more buoyant employers		
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): <ul style="list-style-type: none">• Keep the revised "person spec" for key posts under review to optimise the potential size of the application base.• Review the market supplements available to key posts.• Keep under review key aspects within Nexus recruitment process.• Develop a wider internal graduate base from which to draw.• Explore 'fast-track' options to secure a graduate base.• Develop succession plans for key business areas.• Develop training and succession planning to ensure we are fit to meet changing business requirements.•		
Next Steps/Key Milestones: <ul style="list-style-type: none">• Completing the review of market supplements for key posts.• Progressing an establishment review with departmental/sectional managers, and• Feeding the outcomes into training & succession planning processes.		

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Transport North East (Tyne and Wear) Sub-Committee

- Fully evaluate the development of the graduate & fast-track options by end of September.

CBP Theme: Be an effective delivery agent for the NECA		
CBP Workstream: Focus on health, safety and the environment		
Risk Owner: Director of Rail and Infrastructure Risk Area: Deterioration in safety performance	Risk Score 2x2 (LxI)	Direction of Travel
	4 Green	↔ (static)
<u>Risk</u> That safety performance at Nexus deteriorates in regard to key measures.		
Impact/Consequence(s): Deterioration in key measures of safety performance would indicate an increase in the likelihood of accidents and incidents occurring.		
Control(s): <ul style="list-style-type: none">'Safe Supervisor' training aimed at continuing the culture change initiative started in 2015/16.Continuously review of risk assessments, safe systems of work and procedures across the organisation.Continue development of the Metro Rule Book.Increase awareness around staff wellbeing issues e.g. muscular/skeletal problems from ballast walking, vibration white finger and fatigue.Improve dissemination of critical changes to rules, standards and specifications.Assurance programme to provide for transition as well as the HSTQE internal audits.Further review of level crossings to be determined by the steering group.Continue to engage with staff trades union representatives promoting a shared collaborative approach.		
Next Steps/Key Milestones: <ul style="list-style-type: none">Periodically carry out a sample audit of the newly introduced rule book and other safety critical documentation produced by Nexus.		

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- New system for controlling rule book changes to be implemented by November 2016.
- Commence 'Safe Supervisor' training by November 2016.

CBP Theme: Prepare for the future		
CBP Workstream: Review of Nexus' services		
Risk Owner: Managing Director Transport Operations	Risk Score 1x4 (LxI)	Direction of Travel
Risk Area: Progressing the devolution agenda	4 Green	↔ (static)
<u>Risk</u>		
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 goes ahead without Gateshead there is the potential for increased complexity and cost: conversely if devolution does not go ahead then sufficient funding may not be available to deliver the NECA's aspirations. There will also be uncertainty in the development of transport policies while the Mayoral Authority is established and a Mayor elected.		
Control(s): <ul style="list-style-type: none">• Engagement with NECA statutory officers to identify legal and financial considerations• Early engagement with Mayoral candidates to explain the role and responsibilities of Nexus• Work with the Chief Executives' Group to identify issues and mitigations• Liaison with Gateshead officers to identify working approaches in the event of the council no longer being a member of the NECA		

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Transport North East (Tyne and Wear) Sub-Committee

Next Steps/Key Milestones:

- NECA governance review
- Order making process

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Strategic Risk Analysis Toolkit

Determine the risk priority:					
B: Impact					
Likelihood Page 40		Insignificant	Minor	Significant	Critical
	High	4	8	12	16
	Medium	3	6	9	12
	Low	2	4	6	8
	Negligible	1	2	3	4

A - Assess the likelihood of the risk occurring:	
High	More than a 75% chance of circumstances arising
Medium	40% to 75% chance of circumstances arising
Low	10% to 40% chance of circumstances arising
Negligible	Less than a 10% chance of circumstances arising

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B - Assess the impact should the risk occur:

	Legislative/contractual	Service Delivery	Financial	Reputational	Project delivery
<div> <div>Critical/Showstopper</div> <div>17</div> <div>Significant</div> </div>	<ul style="list-style-type: none"> Statutory duty or regulatory requirement not achieved 	<ul style="list-style-type: none"> Longer term disruption to major service element. 	<ul style="list-style-type: none"> Inability to secure or loss of significant funding opportunity (£5m) Significant financial loss in one or more partners (£2m) Significant adverse impact on budget 	<ul style="list-style-type: none"> Persistent adverse national media coverage 	<ul style="list-style-type: none"> Failure to deliver several high profile targets
	<ul style="list-style-type: none"> Breach of significant contract; element of legislative requirement not achieved. 	<ul style="list-style-type: none"> Major element of service not provided for 1 week, longer term disruption to minor element 	<ul style="list-style-type: none"> Prosecution Change in notable funding or loss of major funding opportunity (£2m) Notable change in a Partners contribution Notable adverse impact on budget 	<ul style="list-style-type: none"> Persistent adverse local media coverage 	<ul style="list-style-type: none"> Failure to deliver a high profile target

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Minor	<ul style="list-style-type: none">• Breach of minor contract; failure to meet significant contract terms	<ul style="list-style-type: none">• Major element of service not provided for 1 day, minor element not provided for 1 week	<ul style="list-style-type: none">• Minor financial loss in more than one business activity• Some/loss of funding or funding opportunity threatened	<ul style="list-style-type: none">• Adverse local publicity / local public opinion	<ul style="list-style-type: none">• Significant delay to high profile project, or failure to deliver target
Significant	<ul style="list-style-type: none">• Failure to meet minor terms of contract	<ul style="list-style-type: none">• Short term disruption to restricted aspects of service delivery	<ul style="list-style-type: none">• Isolated/minor financial impact	<ul style="list-style-type: none">• Short term adverse local public opinion.	<ul style="list-style-type: none">• Delay to project

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

Date: 15 September 2016

Subject: 2017/18 Budget Process and Timetable

Report Of: Chief Finance Officer

Executive Summary

The purpose of this report is to set out the timetable for the preparation, consultation and approval of the North East Combined Authority's 2017/18 budget and indicative medium term financial strategy for consideration and approval by the Leadership Board on 17 January 2017.

In this regard, the Sub-Committee should note that a fuller, more substantive report considering an update on the NECA budget is being considered by the Leadership Board at its 20 September 2016 meeting. At its meeting on 15th November the Leadership Board consider and agree draft budget proposals for 2017/18 to form the basis of wider consultation to seek the views of the local authorities; the oversight and scrutiny committee; the public; and businesses communities in advance of the Budget for 2017/18 being considered and set at the meeting on 17th January 2017.

The Tyne and Wear Transport Sub-Committee will give consideration to and provide comment on the budget proposals pertaining to Tyne and Wear i.e. the Tyne and Wear transport levy for 2017/18, the Nexus budget and that of the Tyne Tunnels in order to inform the recommendations to be made in the reports to the Leadership Board in November 2016 and January 2017.

Recommendations

The Sub-Committee is recommended to note the content of this report and agree to receive a further update at its November meeting where it will be asked to agree the draft budget proposal for 2017/18 to be reported to the Leadership Board and be the subject of wider consultation, also noting that a further meeting to be held in December might be necessary to agree the final proposal to be included in the January Budget report to the Leadership Board.

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

1 Background Information

- 1.1 The Transport Levying Bodies (Amendment) Regulations 2015 require the Authority to set its Transport Levies for 2017/18 by 15 February 2017. NECA's practice is to set the levies in January to ensure that this statutory deadline is met, but also to provide a period of wider consultation and give constituent authorities information about the transport levies as early as possible to enable them to reflect the amounts in their budgets.

2 NECA Budget Process and Timetable

2.1 2017/18 Budget and Three Year Medium Term Financial Strategy

- 2.1.1 The Combined Authority is required to set a Budget and Transport Levies in its area for 2017/18 before 15 February 2017. It is currently planned that the NECA Leadership Board will agree these at its meeting on 17 January 2017.
- 2.1.2 To achieve this, Transport levies must be considered by the Tyne and Wear Transport Sub-Committee (and in Durham and Northumberland) by mid-December 2016.
- 2.1.3 In regard to the Tyne and Wear transport levy, the Sub-Committee will recall that the Leadership Board agreed a reduction in the levy in the current year of £2.080m. Of this, £2.000m related to the grant paid to Nexus and as a consequence, approval was given to the Nexus budget being balanced by use of reserves, pending the delivery of further savings in future years. To facilitate this, Nexus has recently undertaken the first phase of a public consultation exercise, seeking users' views about the services it provides, the outcome of which is being reported elsewhere on this agenda. The need for expenditure reductions within the Nexus budget next year will therefore be heavily influenced by the level of the Tyne and Wear transport levy in 2017/18 and this will need to be reflected in the initial budget report in October/November (refer to Section 4, Next Steps).
- 2.1.4 In relation to the Tyne Tunnels, which are fully funded from tolls income and earmarked reserves, a draft budget will be prepared for the outline budget report, taking into account the latest information on traffic levels and the impact on tolls income and likely costs. It is not currently anticipated that inflation levels will require an increase in the tolls during 2017/18.

2.2 Budget Timetable

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- 2.2.1 An indicative timetable has been prepared (see Appendix 1) to enable the budget and levy decisions to be taken on 17 January 2017, and to meet the need for consultation over the 2017/18 budget proposals as set out in NECA's constitution.
- 2.2.2 The timetable will be challenging, and requires an outline budget for 2017/18 to be agreed on 15 November for consultation, meaning discussion of substantive policy, strategy and financial considerations in September and October.
- 2.3.3 The outline budget proposals should highlight the overall level of the capital and revenue budgets for 2017/18, and any significant service impacts upon which consultation would be required. In regards Nexus and the Tyne Tunnels, it should set out the level of reserves considered prudent for Nexus and the Tunnels to hold together with and an assessment of opportunities and risks. More detail can be agreed in December if necessary, to be added to the budget report for 17 January.

3 Risk and Reserves

- 3.1 The budget proposals need to include an assessment of the level of financial risk facing the Nexus and Tyne Tunnels budgets.
- 3.2 As highlighted in the report elsewhere on this agenda concerning the Nexus service review, the intention is that Nexus will achieve a balanced budget, without having to place reliance on its financial reserves by no later than 2019/20. In this regard, it will be appropriate to carefully consider the need for expenditure reductions within the Nexus budget which will be informed by the Nexus service review. In addition, it will be necessary to give consideration to Nexus' reserves position in the medium term, as well as the positive work that has been undertaken in regard to the review of its base budget, also highlighted in a separate report elsewhere on this agenda concerning Nexus' performance against its corporate plan in 2016/17. Nexus will also need to assess the cost pressures that are likely within its budget e.g. in regards pay and inflation, the cost of ENCTS reimbursement and Metro fare revenue; with a review of Metro fares, to be effective from January 2017 to be agreed by the Sub-Committee at its November 2016 meeting.
- 3.3 The Authority holds an earmarked reserves for financing of the Tyne Tunnels. In preparing the draft budget for the Tyne Tunnels, consideration will be given to the most appropriate use of these reserves and whether the level of reserves held is considered adequate.

4 Next Steps

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- 4.1 During September the budget process is being discussed with Economic Development Officer Group, the Directors of Finance Group, the Transport Officers Group and individual Treasurers. Senior officers have been encouraged to have discussions within each authority as part of their budget process.
- 4.2 Policy seminars with members of the sub committee will be used to provide an informal briefing on the budget position, pressures and options, in order to shape the reports to the Committee over the coming months
- 4.3 Meetings in September with officers and members will need to identify the key issues and reach agreement on matters that need to be reflected in the initial budget report in October/November.

5 Potential Impact on Objectives

- 5.1 The NECA budget and Medium Term Financial Strategy will be prepared to reflect the objectives of the Authority including the delivery of the Strategic Economic Plan. Future reports will set out revenue and capital budget proposals in detail that will help deliver the objectives of the Authority.

6 Finance and Other Resources

- 6.1 This report sets out the timetable and process for agreement of the necessary budgets and funding for the Authority. The Chief Finance Officer will draw on available resources to deliver the budget report and plan.

7 Legal

- 7.1 NECA is required by the Transport Levying Bodies (Amendment) Regulations 2015 to issue the transport levies by 15 February preceding the commencement of the financial year in respect of which it is issued.
- 7.2 In accordance with the Budget and Policy Framework Rules of Procedure of the NECA's Constitution, at least 2 months before the calculation of the revenue budget and transport levies are required to be finalised, the Leadership Board will produce initial outline proposals to the NECA's Overview and Scrutiny committee.
- 7.3 Once the consultation process has been completed, details of the final proposals in relation to the revenue budget and levies will be referred to the Overview and Scrutiny Committee.
- 7.4 Given the timescales set out above, the detailed proposals in relation to the revenue budget and transport levies need to be considered by the Leadership

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Board at its meeting on 15 November 2016 and by the Overview and Scrutiny Committee on 14 December.

8 Other Considerations

8.1 Consultation/Community Engagement

The proposed budget will be subject to a period of consultation including the Overview and Scrutiny, Governance Committee, Transport North East Committee and the North East Chamber of Commerce.

8.2 Human Rights

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

8.3 Equalities and Diversity

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

8.4 Risk Management

The budget proposals will include an assessment of risk facing the NECA budget, which will be used to inform the level of reserves which is determined to be prudent. This report is for information on the budget process and has no specific risk management implications.

8.5 Crime and Disorder

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

8.6 Environment and Sustainability

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

9 Background Documents

9.1 None

10 Links to the Local Transport Plans

10.1 There are no specific links to the local transport plans arising as a result of this report.

11 Appendices

Appendix 1 – Budget Timeline

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

12 Contact Officers

12.1 Paul Woods, Chief Finance Officer, paul.woods@northeastca.gov.uk

13 Sign off

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

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

Appendix 1 – Budget Timeline

DATE	EVENT/MEETING	ACTION
17 January 2017	NECA Leadership Board	Formally agree levies and budget
? January 2017	NELEP Board	Final budget report
11 January 2017	Paper circulation	Final budget report published (supplemental agenda if required)
10 January 2017	LA7 Leadership Briefing	Sign off Budget report (if required)
5 January 2017	NECA CXs telecon	Sign off report for circulation on main agenda 9 January
21 December 2016	Final comments on report	Deadline for comments from Councils on draft report
14 December 2016	NECA Overview & Scrutiny Committee	Consider Budget report as part of consultation process
13 December 2016	LA7 Leadership Briefing	Informal agreement to budget/levy proposals and draft report
? December 2016	Transport North East Committee – Tyne & Wear Sub Committee	Consider/agree transport budget/levy proposals for consideration by Leadership Board (to be arranged if required)
6 December 2016	NECA Governance Committee	Consultation on budget proposals
1 December 2016	NECA CXs	Consider report to be circulated to informal Leaders' meeting
15 November 2016	NECA Leadership Board	Consider and agree draft budget report for wider consultation
24 November 2016	NELEP Board	Budget Preparation
3 November 2016	Transport North East Committee / Tyne & Wear Sub Committee	Consider/Agree Transport budget/Levy proposals for consideration by Leadership Board
28 October 2016	LA7 Treasurers Meeting	Discuss draft budget report and identify and agree draft report for consideration by CXs/Leaders
October 2016	Meetings with individual authorities (Treasurers/CXs/Leaders)	Consult/Discuss budget proposals; identify and resolve issues
18 October 2016	NECA Leadership Briefing	Report on Draft budget proposals to be considered at November board – address and resolve key issues relating to the budget for 2017/18
6 October 2016	NECA CXs Meeting	Consider and agree budget report for informal Leaders Meeting on 18 October
4 October 2016	All budget issues identified	Budget issues to be submitted in writing to Chair / Head of Paid Service
20 September 2016	NECA Leadership Board	Consider and agree 2017/18 budget process/timetable and updated 2016/17 budget (including Devolution funds)
15 September 2016	Transport North East Committee – Tyne & Wear Sub Committee	Update on budget process, feedback in connection with the Nexus service review, the Tyne & Wear transport Levy, Tyne Tunnels budget etc.
13 September 2016	NECA Governance Committee	Update on Budget Process and Timetable and Treasury Management Mid-Year review
25 August	NECA CXs meeting	Draft report budget process and timetable
August-September 2016	Budget preparation - discussion at FDs, EDs and Transport Officer Groups	Consider and comment on NECA budget issues

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North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

DATE: 15th September 2016

SUBJECT: Nexus Service Review Consultation Outcome

REPORT OF: Managing Director (Transport Operations)

EXECUTIVE SUMMARY

The purpose of this report is to update members on the findings from the Nexus Service Review consultation which took place between the 6th of June and the 1st of August 2016 and the next steps in the service review

RECOMMENDATIONS

It is recommended that the Committee:

- Note the feedback from the consultation;
- Agree to receive a further update at its November 2016 meeting; and
- Approve the publication of the Consultation feedback report on the Nexus website.

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

1 Background Information

- 1.1 The Sub-Committee will be aware that in three of the last four financial years, Nexus has used its financial reserves to protect services following cuts to the levy first introduced in 2011/12 and which amount to £11.7m of permanent reductions in its grant from the NECA since that time.
- 1.2 When the Leadership Board agreed the transport levies at its January 2016 meeting, reference was made to the need to conduct a review of Nexus' services in 2016, to identify options for reductions in service budgets for consultation during 2016 and implementation from 2017 onwards. At its February 2016 meeting, the Sub-Committee agreed that a review of Nexus services, to be led by the Managing Director (Transport Operations), be undertaken prior to the budget setting process for 2017/18 commencing and instructed the Managing Director (Transport Operations) to take into account views expressed by the public and key stakeholders when making proposals for the Sub-Committee's consideration, with the intention that Nexus will achieve a balanced budget, without having to place reliance on its financial reserves by no later than 2019/20.
- 1.3 Nexus has undertaken a public consultation to determine the importance that the public place on the services that it provides. Services that Nexus are statutorily obligated to provide are not subject to this review, the main service being reimbursement of bus operators under the English National Concessionary Travel Scheme (ENCTS).
- 1.4 The consultation ran for 8 weeks from the 6th of June until the 1st of August 2016 and received over 1,690 responses. In addition Nexus officers attended briefing sessions with elected members, including the Overview and Scrutiny Committees of Newcastle and South Tyneside Councils.
- 1.5 Overall respondents prioritised bus services, group travel and the ferry as having the highest importance, followed by public transport information. Delivery of Major Projects was considered least important
- 1.6 Appendix 1 covers the full analysis of the consultation and it is recommended that this report is published on the Nexus website.

2 Proposals

- 2.1 The consultation conclusions will be used by Nexus as part of the criteria for identifying service reductions, should it be directed to do so by the NECA, following consultation by the Tyne and Wear constituent authorities about potential levy savings in 2017/18. These may be needed in order to help meet the continuing impact of Government Grant revenue support grant cuts. The analysis will sit alongside other criteria, including levels of subsidy, the numbers

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

of people who use Nexus' services, accessibility, equality implications, legislative requirements and unintended consequences to inform proposals.

3 Next Steps

- 3.1 In January 2017, the NECA will agree the level of the grant it will pay to Nexus in 2017/18 and also approve Nexus' budget for 2017/18. In order that Nexus is able to achieve a balanced budget, without having to place reliance on its financial reserves by no later than 2019/20, it may be necessary for the NECA to consider proposals for reductions in services. Budget proposals will be initially considered by this Sub-Committee at its 4 November 2016 meeting before being reported to the NECA Leadership Board on 15th November 2016 and then subject to a public consultation during November and early December 2016.
- 3.2 Future levels of service provision will be considered during the budget setting process and the implications for future years will be considered and addressed as appropriate.

4 Potential Impact on Objectives

- 4.1 Any reduction in services delivered by Nexus will impact on the ability of NECA to meet its objectives. The impact of service reductions will be assessed and mitigated where possible. The implications of service reductions will be reported to the Combined Authority in order to permit an informed decision.

5 Finance and Other Resources

- 5.1 Nexus has maintained services through the use of its financial reserves over three of the last four financial years. This is unlikely to be sustainable should the income Nexus receives via the levy/NECA be cut further. In any event, Nexus has been mandated to achieve a balanced budget, without having to place reliance on its financial reserves by no later than 2019/20. This consultation will help inform the review of the services that Nexus provides.

6 Legal

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

7 Other Considerations

7.1 Consultation/Community Engagement

This report covers the feedback from the Nexus consultation into the service review. A further consultation will be undertaken if any reductions in service are required.

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

7.2 Human Rights

N/A

7.3 Equalities and Diversity

Equalities impact assessments will be undertaken for each proposed service change. Impacts will be mitigated where possible and the consequences reported to TWSC.

7.4 Risk Management

Risk assessments will be undertaken for each proposed service change and any increase in operational risks associated with any proposal reported to TWSC

7.5 Crime and Disorder

N/A

7.6 Environment and Sustainability

An environmental impact assessment will be undertaken for any proposed service changes and any impacts reported to TWSC

8 Background Documents

- 8.1 “Nexus Service Review” - report to Transport North East (Tyne and Wear) Sub-Committee – 26 February 2016.

9 Links to Plans in the Policy Framework

- 9.1 The report outlines Nexus’ activity that supports the delivery of the Tyne and Wear Local Transport Plan.

10 Appendices

- 10.1 Nexus Service Review Consultation Feedback.
- 10.2 “Have Your Say” consultation questionnaire.

North East Combined Authority

Transport North East (Tyne and Wear) Sub-Committee

11 Contact Officers

11.1 Name, e-mail address, Tel: Helen Mathews, Head of Corporate Planning,
Helen.Mathews@nexus.org.uk, 0191 203 3455

12 Sign off

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

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have **your** **say**

Results of consultation on local transport
services in Tyne and Wear

September 2016

Have Your Say: Review of Transport Services

Consultation feedback report

Executive Summary

1. Nexus has undertaken a public consultation into the relative importance that its customers place on the various services that it provides. It is anticipated that Nexus may have to reduce its spending over the next few years and the outcomes of the consultation outlined in this report will be used, alongside other sources of information, including levels of subsidy, the numbers of people who use our services, accessibility, equality implications, legislative requirements and unintended consequences to inform proposals.
2. These criteria will be used to make a recommendation to the North East Combined Authority (NECA) in November 2016 in order to ensure that Nexus can balance its budget no later than 2019/20. A further round of public consultation will help inform this.
3. 1,697 responses were received to the consultation, and the responses were broadly representative, by age and gender, of the population.
4. Overall, bus services, group travel and ferry services were prioritised as being most important, with public transport information second. The following table shows how Nexus services were prioritised:-

Priority	
1	Bus services, Group travel and Ferry Services
2	Public Transport Information
3	Local Voluntary Concessions
4	Bus Waiting Facilities
5	Major Projects

Introduction

5. In the three years to 2014/15, and despite making a number of efficiency savings, Nexus used £4.1m of its financial reserves in order to balance its budget. Although no reserve funding was expended in 2015/16, Nexus' medium term financial forecast indicates that in future, the amount of money it will need to spend will exceed the income that it receives from the NECA, Central Government and through farebox income, and that this is likely to require a reduction in the services it provides.

6. Therefore Nexus wished to seek its customers' and stakeholders' views on which of the non-statutory services it provides, are the most important.
7. To this end, a public consultation was held between 6th June and 1st August 2016. This report presents the outcomes of this consultation and the next steps.

Methodology

8. The questionnaire, presented as phase one of a two phase process, focused on asking customers and stakeholders to prioritise the services Nexus offer by order of importance. Respondents were asked to rank service categories by order of importance to them, and then also rank the various service elements under each category by importance. A copy of the questionnaire can be seen at appendix 1.
9. The questionnaire could be completed in a variety of ways:
 - a. Online via nexus.org.uk/consultation
 - b. Paper copy available via libraries, travel shops and on request
10. Paper copies were also provided to local councillors and at events attended by Nexus Customer Relations Officers (CROs).
11. 1,035 surveys were completed on line and 150 paper copies received by Nexus. In addition 512 surveys were completed on street, 100 in each of the Tyne and Wear districts. Briefing sessions were held with elected members in Newcastle, North Tyneside, South Tyneside and Sunderland and a formal response was received from Gateshead Council. Sessions were also held with a number of stakeholder groups across Tyne and Wear including transport forums, residents' associations, community and special interest groups.
12. Large print, easy read and audio and braille versions of the questionnaire were made available on request and the large print and easy read versions of the questionnaire were made available on nexus.org.uk/consultation
13. The consultation was promoted via nexus.org.uk, local authority and NECA websites and through the local media and Council printed publications.
14. In total 1,697 responses to the questionnaire were received, a further 72 surveys were returned either blank or incomplete. This compares to the Transport Manifesto consultation, where the final total number of responses

received from across the whole of the NECA area was 1,736, of which 1,673 were online and 63 on paper and a recent similar exercise in West Yorkshire generated 617 responses while there were 1,089 responses to the Tyne and Wear Local Transport Plan 3 consultation in 2010.

Sample

15. The following tables provide a breakdown of the sample by gender, age and residency:-

Gender	Sample	%	Population	%
Male	808	48%	787,889	49%
Female	878	52%	832,860	51%

Age	Sample	%	Population	%
16 – 24	163	11%	239,694	15%
25-34	274	19%	245,314	15%
35-59	555	38%	642,478	40%
60 or over	468	32%	493,263	30%

District	Sample	%	Population	%
Gateshead	392	26%	165,842	18%
Newcastle	442	28%	242,205	26%
North Tyneside	276	18%	166,556	18%
South Tyneside	189	13%	122,852	13%
Sunderland	216	14%	229,053	25%

16. In addition, 22 responses were also received from those under the age of 16. (Nexus do not actively seek responses from under 16's without parental permission).
17. And, 92 responses were received from Durham residents and 44 from Northumberland residents. 90 postcodes were not recognised
18. Two petitions were also received requesting additional services, one which was wholly in regard to commercial services and has been passed to the relevant operator. One written response was received from Gateshead Council, which was in line with responses received via the public consultation. One written response was received from Bus Users UK who identified that any proposed cuts would have negative implications, this is acknowledged and if service reductions are required, proposals would be accompanied by impact assessments to evaluate and mitigate any negative implications of decisions.

Findings

Overarching priorities

19. Overall findings show that the provision of bus services, group travel and ferry services are the most important to respondents, followed closely by the provision of public transport information. Major projects were considered the lowest priority.
20. There were minor variations in the responses when analysed by the profile of respondents; regular Metro users and those who used the bus infrequently or not at all placed slightly more importance on Major Projects than on Local Voluntary Concessions. This is unsurprising given this group has been more likely to see the impacts of investment in the Metro system and less likely to benefit from these concessions.
21. ENCTS pass holders placed slightly more importance on Local Voluntary Concessions, at the expense of public transport information. Again, this trend is unsurprising given this group is most likely to benefit from Concessions and likely to be heavy bus users, therefore placing less reliance on information to help them make their journey. Respondents from South Tyneside placed a lower level of importance on Local Voluntary Concessions than respondents from other Tyne and Wear Districts.

Priority	
1	Bus services, group travel and Ferry Services
2	Public Transport Information
3	Local Voluntary Concessions
4	Bus Waiting Facilities
5	Major Projects

Bus and Ferry Services and Group travel

22. Across all profile characteristics, **providing links to where people work was considered to be the highest priority**, followed by journeys that could not otherwise be made by public transport. This was consistent across the profile groups, with the exception of younger people, those under 34, and respondents from Sunderland and South Tyneside, who showed a slight preference for links to Schools and Colleges.

Priority	
1	Links to where people work
2	Journeys which could not otherwise be made by Public Transport
3	Links to schools and colleges
4	Allowing people to take an active part in society

23. When asked about the importance of various aspects of bus services, responses showed a strong preference for high frequency services. Direct door to door services were seen as low priority. Minor exceptions to this came from the 16-24 year old group and those who never use Metro who prioritised direct door to door services over high frequency services.
24. Those aged 16-24 years seem less inclined to interchange than all other age groups, prioritising door to door services and placing low priority on links to other transport services, compared to other age groups. Additionally this group placed higher priority on quality than other ages.
25. People who use Metro regularly had slightly lower preference for services which are close to where they lived in favour of links to other public transport services.

Priority	
1	High Frequency Services
2	Services which are close to where I live
3	Links to other public transport services
4	High quality vehicles
5	Direct door to door services

Public Transport Information

26. Across all profile groups, accessing information at bus stops was considered the highest priority and calling Nexus Customer Services the lowest, with TravelShops only slightly ahead of this. Online information was preferred over leaflets, TravelShops and Nexus Customer Services by all groups including ENCTS pass holders, those with disabilities and those aged over 60, groups whom it is often assumed preferred paper information or face-to-face interaction. There was a slight preference towards online information (nexus.org.uk) over leaflets across the board, with the exception of those who never used Metro, who preferred leaflets and those aged 16-24 years who preferred to access information via tablets or smart phones.

Priority	
1	Information at bus stops
2	Information online at nexus.org.uk
3	Information on smart phones and/or tablets
4	Leaflets
5	Information at TravelShops
6	Calling Nexus Customer Services

27. When asked about information available on nexus.org.uk, the ticket finder facility was considered least important across all profile groups. The journey planner performed strongly across all categories, except 16-24 year olds who rated this element as least important, preferring service status updates. Service status updates also rated strongly for 25-34 year olds and frequent Metro users. Bus users and less frequent Metro users placed greater value on journey planning.
28. My Journey was most favoured, generally over service status, by those over 60, ENCTS pass holders, those with a disability and infrequent Metro users.

Priority	
1	Journey Planner
2	Service Status
3	My Journey
4	Ticket finder

Local Voluntary Concessions

29. In terms of voluntary concessions, extension to the bus pass before 9.30am, the All Day disabled pass, Child fares and Gold Card all performed strongly in terms of their importance to respondents. The exceptions, as expected, were low priority for Gold Card for those who never used Metro and low priority for the before 9.30am extension for those who never used bus. There was strong support for the All Day disabled pass and Child fares across all profile groups.
30. Taxi card was a low priority across all profile groups, including Disabled users who valued the bus pass extension before 9.30, the All Day Disabled Pass, Gold Card, Companion Card and Child Fares more highly.

Priority	
1	Extension to the bus pass before 9.30am Monday to Friday
2	All day Disabled Pass
3	Child Fare 60p single ticket and £1.10 all day ticket
4	Metro Gold Card
5	Companion Card
6	50p single fare on Northern Rail services
7	Taxi card
8	Extension to the bus pass after 11pm Monday to Friday

Bus Waiting Facilities

31. Across all respondents security, defined as staffing at interchanges where applicable, lighting and CCTV at bus shelters, was considered most important.

The provision of travel information also generally scored highly, in keeping with the previous question that valued information at bus stops. Exceptions to this were respondents aged 16-24, those who never used Metro and respondents from South Tyneside who all valued cleanliness over information provision. Staffing (where applicable) was the least valued, although this conflicts with responses to security and should be investigated further to understand passengers perceptions and values in these areas, for example is the lighting and CCTV element of security more important than a staff presence in influencing safety.

Priority	
1	Security e.g. staffing at interchanges where applicable and lighting and CCTV at bus shelters
2	Provision of travel information
3	Cleanliness
4	Staffing (where applicable)

Major Projects

32. The lowest priority for respondents in terms of overall categories was investment in Major projects. However, where investment was made, public transport infrastructure investment was considered the priority across all profiles except 16-24 year olds and those who never used Metro, who felt the money should be reinvested in supporting services. Public transport infrastructure was defined as Metro Stations and Bus Station etc.
33. The lowest priority for investment was considered to be part funding investment in sustainable travel e.g. to encourage the take up of cycling and walking. This was consistent across all profile groups, except those respondents who never used Metro who valued this investment over investment in technology such as smarting ticketing and payment systems.
34. Respondents in Gateshead, Sunderland and South Tyneside were more likely than respondents in Newcastle and North Tyneside to support the redirection of money towards supporting services. Those aged 16-24 and over 60 were more supportive of redirecting money towards supporting services, than those in the 25-34 and 35-59 age categories, who preferred investment in technology.

Priority	
1	To part fund investment in public transport infrastructure e.g. Metro Stations, Bus Stations etc
2	To redirect into supporting services such as discretionary concessions, secured buses etc
3	To part fund investment in technology e.g. smart ticketing and payment systems
4	To part fund investment in sustainable travel e.g. to encourage the take up of cycling and walking

Conclusions

35. The consultation received a strong response from the public and stakeholders in Tyne and Wear and also from neighbouring authorities in the NECA area. Despite some relatively minor discrepancies, overall priorities for service provision and investment of Nexus resources are largely consistent across respondents amongst the profile groups considered.
36. The area where the results may be considered ambiguous is within the area of bus waiting facilities and further work, through focus groups, should be undertaken to ascertain what security and staffing are valued by customers at bus interchanges and stops.

Next Steps

37. The consultation conclusions will be used by Nexus as part of the criteria for identifying service reductions, should it be directed to do so by the NECA. The results will sit alongside other criteria, including levels of subsidy, the numbers of people who use our services, accessibility, equality implications, legislative requirements and unintended consequences to inform proposals.
38. In January 2017, the NECA will agree the level of the grant it will pay to Nexus in 2017/18 and also approve Nexus' budget for 2017/18. In order that Nexus is able to achieve a balanced budget, without having to place reliance on its financial reserves by no later than 2019/20, it may be necessary for the NECA to consider proposals for reductions in services. Budget proposals will be initially considered by this Sub-Committee at its 4 November 2016 meeting before being subject to a public consultation during November and early December 2016.
39. Future levels of service provision will be considered during the budget setting process and the implications for future years will be considered and addressed as appropriate.

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have **your** say

Review of local transport services
in Tyne and Wear

6 June to 1 August 2016

About this consultation

This consultation is your chance to have your say about the public transport services Nexus will provide in future.

Nexus is a public body committed to providing the best we can with the funds available. From 2017 and in the years that follow we will have less to spend on local services in Tyne and Wear that we provide using funding from local councils. We want to understand how people access public transport and what is important to you and your family.

Your views matter and will influence how elected representatives on the North East Combined Authority (NECA) will make decisions regarding the services we provide in future.

On the next few pages we describe the public transport services we provide, as well as those we don't. You have the chance to tell us if you use these services, how important they are to you.

We are considering making savings across the services covered by the consultation - but there are some areas which are not included.

We can't make changes to the basic element of the English National Concessionary Travel Scheme the 'bus pass' for older and disabled people), covering travel on buses from 9:30am to 11pm on weekdays and all day at weekends. Nexus has a statutory (legal) duty to provide this.



We are not currently considering changing the Metro timetable for financial reasons. Unlike other things we provide, Metro receives most of its money from the fares that passengers pay, along with a grant from the Department for Transport. We have not experienced any major reductions in this funding.

This stage of our consultation opens on the 6th of June for a period of six weeks. Over the summer we will take what you have told us and use this to make recommendations to the NECA. You will have a further opportunity to comment on these recommendations later in the year if they include changes to specific services.

The easiest way to take part is online at **nexus.org.uk/consultation** where there is a copy of this document and our survey.

This booklet aims to give you a short overview of what Nexus is and our budget, before taking you through the different sections of the consultation.

Please return your completed questionnaire in the prepaid envelope provided, or drop it off at a Nexus TravelShop by 1 August.

Thank you for your time,
consideration and
response.





***your views
matter***

*working
together*



About Nexus

There are few people living in Tyne and Wear whose daily lives are not touched in some way by public transport, and therefore the activities of Nexus; getting people to work, children to school, students to colleges, or allowing access to shops, medical facilities or leisure attractions.





We plan, promote and often provide public transport to improve the economic prosperity of Tyne and Wear, and the daily lives of its people. Our primary goals are to:-

- **Improve public transport today,**
- **Prepare for the future; and**
- **Be an effective delivery agent for the North East Combined Authority (NECA).**

We also work with commercial bus and taxi operators, highway authorities, Network Rail and train operating companies who all make a vital contribution to public transport.

Most of the services we provide are paid for through funding granted through the NECA by five local councils – Gateshead, Newcastle, North Tyneside, South Tyneside and Sunderland – which are themselves faced with hard choices as public spending is reduced. Elected members from each of these councils meet together on the NECA to make decisions about the policies we follow.

Transport authorities across the country have been through similar reviews of spending and services in the last few years. This is the first time a review has taken place in Tyne and Wear in recent times, but we have looked at and learnt from other areas to guide our own process.

Our budget

In the current year, Nexus has a budget of £174.1m to provide public transport services. The money that pays for this is shown in the table below:-

	£m	%
Metro grant from the Department for Transport	47.4	27
Fares paid by passengers on our services	60.5	35
Grant from the North East Combined Authority	62.5	36
Our reserves	3.7	2
TOTAL	174.1	100

In common with many public sector bodies, we are facing significant financial challenges. The money that government provides to local councils has reduced steadily since 2011. This has led to the grant we receive from the NECA being cut by nearly £12 million since 2011.

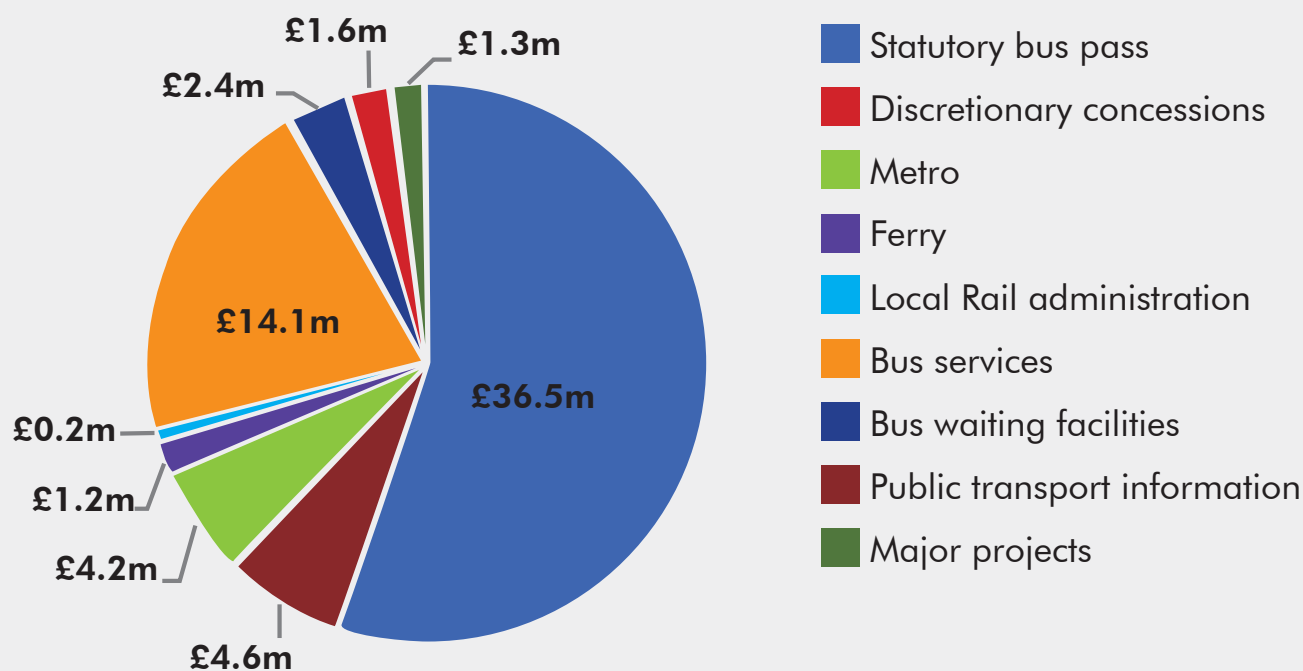
budget challenges

savings

people's needs

The following chart shows what the money Nexus receives from the NECA pays for:-

What the money from the Combined Authority pays for



So far, despite the reduction in the grant from the NECA we haven't previously had to cut services that this money is used to provide. This is because we have saved in other areas. For example we have reduced staff numbers by 20%, frozen wages and reduced contract payments for tasks such as delivering bus services, and cleaning and maintenance of our bus waiting facilities. We have also invested in new technology to help save money.

We will continue to look at ways we can make savings like these, but it is unlikely to be possible to prevent cuts to our services for much longer. By taking part in this consultation you can help us to make sure that, as we work out what we can afford in future, we focus on what people need and value the most.



Section 1: About you

The first section of our consultation asks you to provide some details about yourself and the public transport you use - and whether you are answering as an individual or for someone who asked you to complete the form for them or on behalf a community group.

The sections that follow here ask about different services you may or may not use. We have provided more information on these, which we would like you to read before completing the questions.

Section 1: Questionnaire

1 Are you answering on behalf of:

- ☐ Yourself
- ☐ Some-one who asked you to complete the form on their behalf
- ☐ A group or organisation
- ☐ Name of group or organisation:

- ☐ Number in group or organisation:

2 Please indicate how often you use the following forms of public transport (*Tick one box in each row*)

	5 or more days per week	1-4 days per week	Less than once per week	Less than once per month	A few days per year or less	Never
Bus						
Metro						
Ferry						
Train						

3 Which age category do you belong to?

- ☐ Under 16
- ☐ 16-24
- ☐ 25-34
- ☐ 35-49
- ☐ 50-59
- ☐ 60 or over

4 Gender:

- ☐ Male
- ☐ Female

5 Postcode

6 What statement best describes your position? Please choose the most appropriate option.

- | | |
|---|---|
| <input type="checkbox"/> In education or training | <input type="checkbox"/> Not working due to disability or illness |
| <input type="checkbox"/> Employed | <input type="checkbox"/> Not employed |
| <input type="checkbox"/> Other (please specify) | <input type="checkbox"/> Retired |
| <input type="text"/> | |

7 Do you consider yourself to have a disability?

- ☐ Yes ☐ No

If your answer is 'yes', which, if any, of the following relate to your disability/health condition? (Tick all that apply)

- | | |
|--|--|
| <input type="checkbox"/> Hearing impairment | <input type="checkbox"/> Walking difficulties |
| <input type="checkbox"/> Physical co-ordination difficulties | <input type="checkbox"/> Learning difficulties |
| <input type="checkbox"/> Reduced physical capacity | <input type="checkbox"/> Speech impairment |
| <input type="checkbox"/> Mental Illness | <input type="checkbox"/> Visual impairment |
| <input type="checkbox"/> Other | <input type="checkbox"/> Prefer not to say |

8 How would you describe your ethnic group?

- | | |
|---|---|
| <input type="checkbox"/> White | <input type="checkbox"/> Mixed |
| <input type="checkbox"/> Asian or Asian British | <input type="checkbox"/> Black or Black British |
| <input type="checkbox"/> Chinese or other | <input type="checkbox"/> Prefer not to say |

Section 2:

Overarching priorities

Here, we ask you to consider all of the services that we are consulting you on and ask you to prioritise what’s most important, ranking each of our services from the most important all the way down to the least important.



Section 2 : Questionnaire

9 Please indicate the order of importance you would give to each of our service areas. These are described in more detail on the following pages (Tick one box in each row):

	Most important	2nd	3rd	4th	Least important
Local, voluntary concessions					
Bus services, group travel and Ferry services					
Public transport information					
Bus waiting facilities					
Major projects					



Section 3:

Local voluntary concessions

In addition to providing the basic element of the English National Concessionary Travel Scheme (the 'bus pass') required by law, Nexus funds a number of local voluntary concessions. There is no legal requirement for these concessions, which offer discounted fares or free travel targeted at residents with a specific need. These include:

Time extensions to the basic element of the 'bus pass', allowing pass holders with hospital appointments to travel before 9:30am, and all pass holders to travel after 11pm;

All-day travel for 'bus pass' holders eligible due to disability and in paid work or education more than 15 hours a week for six months or more;

The Companion Card, which allows those eligible due to disability who would otherwise be unable to travel to be accompanied by a carer free of charge;

Taxicard, a scheme which provides a discount on local taxi journeys for those eligible due to disability;

The Metro Gold Card, allowing 'bus pass' holders unlimited travel on Metro after 9.30am for an annual charge of £12 for Tyne and Wear residents and £25 for those who live elsewhere;

A discounted 50p single fare, which allows 'bus pass' holders to travel on Northern Rail services within Tyne and Wear;

The Child Concessionary Fare, a discounted price for those under 16 (valid to the end of Year 11 at school) allowing travel on all local public transport irrespective of the operator, for 60p single or £1.10 for a 'CAT' fare offering unlimited all-day travel.

Our consultation questions ask whether you (or a member of your household) currently use these local, voluntary concessions. We ask you about the order of importance of these concessions.

Section 3: Questionnaire

10 Please indicate the order of importance that you would give to the various local voluntary concessions currently available in Tyne and Wear:
(Tick one box in each row)

	Most important	2nd	3rd	4th	5th	6th	7th	Least important
Extension to the Bus Pass (Before 9.30am, Mon-Fri)								
Extension to the Bus Pass (After 11pm, Mon-Fri)								
Companion Card								
All Day Disabled Pass								
Taxi Card								
Metro Gold Card								
50p Single Fare on Northern Rail Services								
Child Fare 60p (single ticket) and £1.10 (all day ticket)								

11 Do you (or a member of your household) currently use a bus pass?

☐ Yes

☐ No

12 Apart from free travel on buses between 9.30am and 11pm Mon-Fri and at any time at weekends and bank holidays, which voluntary features of the bus pass do you (or a member of your household) use? (Tick all that apply)

☐ Extension to the Bus Pass
(before 9.30am, Monday to Friday)

☐ Extension to the Bus Pass
(after 11pm, Monday to Friday)

☐ Companion Card

☐ All Day Disabled Pass

☐ Taxi Card

☐ Metro Gold Card

☐ 50p Single Fare on
Northern Rail Services

13 Do you (or a member of your household) currently use the Under 16 Pop card to obtain the 60p single and/or £1.10 all day fare?

☐ Yes

☐ No

Section 4:

Bus and ferry services and group travel

Most bus services in Tyne and Wear are operated by commercial companies without subsidy from Nexus, and are not part of this review.

Nexus pays for (or 'secures') bus services which we believe are important for communities in some way but which would not otherwise be operated. These amount to around 10% of all bus services in Tyne and Wear.

These include some all-day services serving communities which would otherwise not have public transport. In other cases we provide funding so an existing bus service can be extended to operate at more times of the day, such as early mornings, evenings or weekends. We also provide a number of services that run once or twice a day to allow people to access employment either early in the day and/or at locations not well served by public transport.

We provide bus services that transport children to and from school. These are provided where standard bus or Metro services do not offer a reasonably direct route, or could not provide the capacity to meet the demand required around the school day.

We also provide group travel and shopper services; small buses or mini-buses that take sheltered accommodation residents to supermarkets, or social events, such as an older persons' lunch club. We also own and operate a half-hourly passenger ferry service from North Shields to South Shields during the day and on Thursday, Friday and Saturday evenings. This is the only link across the River Tyne downstream from the Tyne Tunnels. Because the fares from customers aren't enough to cover its cost, the service relies on subsidy from Nexus.



We ask you what is most important for Nexus to look at when allocating its budget; whether the focus should be allowing people to play an active part in society or to travel for education or employment or to maintain a service where otherwise, there wouldn't be any alternative.

Section 4: Questionnaire

14 Please read the following statements and indicate the order of importance that you think Nexus should follow when looking at its secured bus/ferry services criteria: (Tick one box in each row)

	Most important	2nd	3rd	Least important
Nexus should prioritise bus/ferry services which are designed around allowing people to take an active part in society				
Nexus should prioritise bus/ferry services which are designed around providing links to schools/ college				
Nexus should prioritise bus/ferry services which are designed around providing links to where people work				
Nexus should prioritise bus/ferry services where otherwise the journey could not be made by public transport				

15 Which types of bus service are most important to you? Please read the following statements and indicate the order of importance that Nexus should follow: (Tick one box in each row)

	Most important	2nd	3rd	4th	Least important
High frequency services					
Links to other public transport services					
High quality vehicles					
Services which are close to where I live					
Direct door to door services					

Section 5:

Public transport information

Whilst individual transport operators in Tyne and Wear provide information and sell tickets for their own services, Nexus provides comprehensive information on all services in a number of ways:

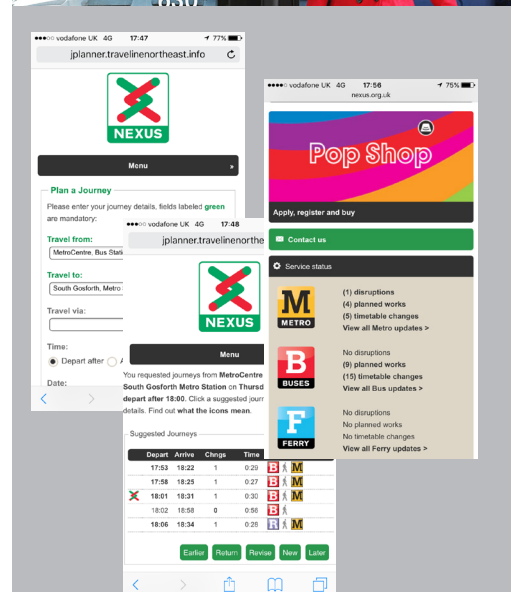
Individual timetables covering all bus services for each of 6,000 bus stops - we typically post around 10,000 new timetables each year as routes and timetables change;

Digital displays at bus interchanges, stations and selected bus stops;

On the Nexus website where users can access timetables, ticketing information and our journey planning tool;

At six Travelshops providing over-the-counter sales and information; and

Through printed timetable and information leaflets for services



Section 5: Questionnaire

16 Please indicate the order of importance that you would give to the following methods of finding out travel information: *(Tick one box in each row)*

	Most important	2nd	3rd	4th	5th	Least important
Information at bus stops						
Information at Travel Shops						
Information online at nexus.org.uk						
Calling Nexus Customer Services						
Information on smart phones and/or tablets						
Leaflets						

17 Please indicate the order of importance that you would give to information currently available at nexus.org.uk: *(Tick one box in each row)*

	Most important	2nd	3rd	Least important
Ticket Finder				
My Journey				
Journey Planner				
Service Status				

Section 6:

Bus waiting facilities

Nexus owns or manages a number of bus interchanges, providing a staff presence whose role is to assist customers. We keep facilities clean and well-maintained and provide security at certain locations and at certain times of the day. The level of service we provide varies and in some cases we work in partnership with others such as shopping centres. Bus operators pay a proportion of the costs depending on the number of services passing through these facilities.

We also maintain and clean about 3,000 bus stop poles and 2,100 bus shelters across Tyne and Wear. Other stops and shelters are maintained by private companies through direct contracts with local councils and are not part of this review.



Our consultation questions ask you what is important about our bus waiting facilities.

Section 6: Questionnaire

18 Please indicate the order of importance that you would give to how our bus waiting facilities are presented: (Tick one option in each row)

	Most important	2nd	3rd	Least important
Cleanliness				
Staffing (where applicable)				
Security e.g. staffing at Interchanges where applicable and lighting/cctv at bus shelters				
Provision of travel information				

Section 7:

Major projects

Part of our budget allows us to invest in public transport infrastructure where although we often use specific grants and contributions from a variety of sources, we also often make a contribution using our own financial resources. Examples from the current budget include improvements to smart ticketing, training facilities and bus and Metro stations. If we aren't able to put money in ourselves, some of these initiatives would not happen.

Our consultation questions ask you about the importance of Nexus being able to part fund investment in our infrastructure.



Section 7: Questionnaire

19 Please indicate the order of importance that you would give to different ways for our Major Projects budget to be used in future:
(Tick one box in each row)

	Most important	2nd	3rd	Least important
To part fund investment in public transport infrastructure e.g. Metro stations, bus stations etc.				
To part fund investment in technology e.g. smart ticketing and payments systems				
To part fund investment in sustainable travel e.g. to encourage take up of cycling and walking				
To redirect into supporting services such as discretionary concessions, secured buses etc.				

The next steps

Thank you for taking the time to complete this survey. Please return your completed questionnaire in the prepaid envelope provided, or drop it off at a Nexus TravelShop. When our consultation has finished we will consider the feedback that we have received. Over the summer we will take what you have told us and use this to make recommendations to the NECA. You will have an opportunity to comment on these recommendations later in the year if they include changes to specific services.

Further information

To ask a question about part of our consultation or if you would like assistance in completing the consultation form, please contact:

consultation@nexus.org.uk

0191 20 20 747

By virtue of paragraph(s) 3, 4, 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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