

Joint Transport Committee Audit Committee

Wednesday, 9th December, 2020 at 10.00 am

Meeting to be held virtually via Microsoft Teams

AGENDA

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1. Apologies for Absence	
2. Declarations of Interest	
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4. Transport Revenue Budget Proposals 2021/22 - Budget Consultation	7 - 40
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9. Exclusion of the Press and Public	
The North East Joint Transport Committee Audit Committee may wish to exclude the press and public from the meeting during consideration of item 10 by virtue of paragraphs 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972.	
10. Tyne Pedestrian and Cyclist Tunnels Confidential Update	117 - 122

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JOINT TRANSPORT COMMITTEE, AUDIT COMMITTEE

DRAFT MINUTES FOR APPROVAL

7 October 2020

Meeting held virtually via Microsoft Teams

Present:

- Stuart Green (Vice Chair)

Councillors:

- M Swinburn – Northumberland Council
- M Charlton – Gateshead Council
- E Bell – Durham Council
- A McMullen – North Tyneside Council
- J Kelly – Sunderland City Council

Officers:

- John Hewitt – NECA Chief Finance Officer (Durham Council)
- Tobyn Hughes – Managing Director, Transport North East
- Tracy Davis – Sunderland City Council
- Ged Morton – Deputy Monitoring Officer, Gateshead Council
- Philip Meikle – Transport Strategy Director, Transport North East
- Angus Graham – Sunderland City Council

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Mark Scrimshaw (Chair), Cllr Ed Malcolm (South Tyneside Council), Cllr Paul Stewart (Sunderland City Council), Mike Barker (Gateshead Council).

2. DECLARATIONS OF INTEREST

None were received.

3. MINUTES OF THE PREVIOUS MEETING HELD ON 1 JULY 2020

RESOLVED: The minutes of the meeting held on 1 July 2020 were agreed as a correct record.

Matters Arising

Item 3 (Tyne Pedestrian Tunnel Update) – Committee expressed concern that there was a lack of information and was conscious that delays could lead to even further exceeding costs. Committee requested that information be provided before the next meeting. Committee was advised that every effort would be made to provide further information ahead of December's meeting, however it would be unlikely to be the in-depth financial information requested. It was also confirmed that Fiona Bootle, Tyne Tunnels Manager is currently working on a report for Committee and would attend the next meeting in December to provide the information requested.

Item 4 (JTC Internal Audit Annual Report 2019/20) – It was questioned whether the draft audit reports would be brought to this Committee. It was confirmed that an update would be brought to December's meeting to set out the summary of the outcome of the audit work.

4. JTC STRATEGIC RISK REGISTER

Committee received a report providing an up to date assessment of the strategic risks the JTC faces in seeking its objectives.

The report considers the level of risk the JTC faces in achieving the overall vision and objectives. Following discussion at the last meeting of this Committee the risk register has been updated and six new risks added. Five of the new risks relate to achievement of the objectives adopted as part of the development of the JTC's North East Transport Plan and the sixth risk relates to a 'catastrophic' event occurring and the impact on the transport system.

The register goes into detail around causes and potential impacts at a regional level and gives a wider view of what mitigating actions the JTC can take.

It was noted that the risk around a catastrophic event was added as a result of the discussion held at the last meeting of this Committee. It was also acknowledged that all seven local authorities will have its own arrangements in place to respond to any potential risks and that this register provides assurance that the region is coming together to tackle issues.

The Committee welcomed the changes made to the risk register and thanked Tracy and her team for all the work.

It was suggested that thought be given to the approach to carbon neutral travel, in particular for users of electric vehicles and the inclusion of hydrogen buses. The

suggestion was also made that it may be useful to identify amounts involved on the register to show how much is at risk.

It was questioned as to how effective the introduction of cycle ways has been in certain areas and whether this had a negative impact on congestion and pollution in those areas. It was confirmed that in the area as a whole, cycling levels are higher than pre-Covid levels, although the base was quite low to start with. It was agreed that a report would be brought to the committee in due course to examine the effectiveness of such schemes.

It was acknowledged that there are often conflicts between priorities and impacts. With the Transport Plan being further developed it was also recognised that Committee should appreciate certain areas will conflict and there will be difficulties in showing one view when each area is different, for example conflicting city and rural needs, and that it is important to get the right balance for the region.

Committee was advised that, due to the reduction in economic activity and reduced on board capacity through social distancing measures, public transport ridership is now down to 40-50% of pre-Covid figures. It is not anticipated that there will be much growth over winter. In terms of road usage it was reported that these figures are back up to near pre-Covid numbers. It was noted that due to the major reduction in fare income there is a reliance on Government emergency Covid funding, this is due to be reviewed on the Metro on 26 October 2020, however for buses this is open-ended. Government is continuing to be lobbied regarding the continuation of funding which is a nationwide problem.

Committee was reminded that this year significant funding has been secured through the Transforming Cities Fund; work on the Tyne and Wear Metro new fleet is continuing at pace; Northumberland County Council has submitted a business case for the reintroduction of passenger trains on the Northumberland Line; and the campaign for major investment in upgrading of the East Coast mainline also continues.

It was reported that the Transport Plan is under development and will be taken to public consultation at the end of the year and published before the end of the financial year. This will reflect the JTC's objectives.

5. DATE AND TIME OF THE NEXT MEETING

The next meeting will take place on Wednesday 9 December 2020 at 10am.

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North East Joint Transport Committee, Audit Committee

Date: 09 December 2020

Subject: Transport Revenue Budget Proposals 2021/22 – Budget Consultation

Report of: Chief Finance Officer

Executive Summary

This report provides the Joint Transport Committee (JTC) Audit Committee with an update on the JTC Budget Proposals for 2021/22 and future years as part of the budget consultation process.

A report on the draft 2021/22 Budget was presented to the JTC on 17 November 2020. That report is attached as an appendix for consideration and comment. Included in the report is an updated forecast of outturn for the current year against the budget agreed in January 2020.

The views of the Audit Committee will be considered in the development of the final budget report that will be presented to the JTC when it meets on 19 January 2021 to set the budgets and Transport Levies for 2021/22.

Recommendations

The North East Joint Transport Committee, Audit Committee is recommended to receive the report for information and provide comment for consideration as part of the consultation process.

1. Background Information

- 1.1 This report seeks the views of the JTC Audit Committee on the draft 2021/22 JTC budget, as part of its consultation process. The report on the draft budget was presented to the JTC on 17 November 2020 and is attached to this report for members information.

2. Proposals

- 2.1 The draft budget proposals for 2021/22 are set out in the report attached at Appendix 1.
- 2.2 Key proposals presented to the JTC on 17 November 2020 included the following assumptions:
- a) That the draft proposed budget and levy for Durham County Council (DCC) is £15.485m (subject to further ongoing work by DCC);
 - b) That the draft proposed budget and levy for Northumberland County Council (NCC) is £6.241m (subject to further ongoing work by NCC);
 - c) That the Tyne and Wear levy be frozen at £61.1m, with the distribution of £1.2m of earmarked reserves back to the five Tyne and Wear Councils in 2021/22;
 - d) That the JTC Tyne and Wear Transport Sub Committee will give consideration to increasing the Tyne Tunnels Tolls for Class 2 vehicles next year, in line with the concession contract and the agreed approach to the funding of the Tyne Tunnels;
 - e) It is proposed to continue the contribution of £10,000 per authority for the accountable body costs of the JTC in 2021/22 which is retained from the Durham and Northumberland levies and which funds the work of the JTC including contributions to the post of the Managing Director, Transport North East and the Transport Strategy Unit;
 - f) That the contribution from the Tyne and Wear levy to fund central activity will be £2.1m (in line with current allocations), which is mainly used to meet costs relating to the operation of the Tyne and Wear Integrated Transport Authority;
 - g) That funding for the Transport Strategy Unit from the Local Transport Plan Integrated Transport Block grant is maintained at the current level of £500,000 (£62,500 per council and Nexus).

3. Reasons for the Proposals

- 3.1 As part of the process for setting its budget, the JTC must ensure appropriate and effective consultation takes place with all Members and other stakeholders on the content of the Budget. This includes consultation with the JTC Audit Committee, and this report provides an opportunity for such

consultation to take place.

4. Alternative Options Available

4.1 This report is presented for information.

5. Next Steps and Timetable for Implementation

5.1 Comments made as part of the consultation process will be considered in the development of the final, detailed budget proposals for 2021/22 which will be presented to the JTC for approval in January 2021.

6. Potential Impact on Objectives

6.1 There are no impacts on objectives arising from this report.

7. Financial and Other Resources Implications

7.1 The financial and other resource implications are set out in detail in the individual report contained as an appendix.

8. Legal Implications

8.1 There are no legal implications arising from this report.

9. Key Risks

9.1 There are no risk management implications arising from this report.

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

12.1 The budget is subject to a period of consultation which includes this committee as well as the JTC Overview and Scrutiny Committee and officer groups.

13. Other Impact of the Proposals

13.1 There are no other impacts arising from this report which is for information.

14. Appendices

14.1 Appendix 1: JTC 17 November 2020 – Revenue Budget Proposals 2021-22 and Updated Forecast Outturn 2020-21

15. Background Papers

15.1 None

16. Contact Officers

16.1 Eleanor Goodman, NECA Finance Manager,
eleanor.goodman@northeastca.gov.uk, 07546 653402

17. Sign off

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

North East Joint Transport Committee

Date: 17 November 2020
Subject: Budget Proposals 2021-22
Report of: Chief Finance Officer

Executive Summary

This report provides an update forecast of outturn for the transport revenue budgets for 2020/21 and a summary of the draft Transport budget and levies for 2021/22.

In terms of the current year, the transport levies and grants to Durham, Northumberland and Nexus are fixed for the year, so the outturn will be in line with the original budget allocations.

Durham County Council are currently showing a small overspend, mainly due to additional costs relating to bus shelters which has been largely offset by other minor underspends.

Northumberland County Council are forecasting a small underspend due to savings on Concessionary Travel reimbursement.

For Nexus, the impact of COVID-19 has been profound, with commercial income down by circa 77% against budget to the end of September 2020. Additional grant funding from government to support Metro and secured bus services has however been agreed with the Department for Transport (DfT) in the form of the Light Rail Revenue Restart Grant (LRRRG) and the Coronavirus Bus Services Support Grant (CBSSG).

On 20 October 2020, the Joint Transport Committee considered a report providing an update in relation to Nexus' financial performance, based on the position as at September 2020 together with forecasts to the year end to inform budget planning for 2021/22. At that time the continuation of the LRRRG was uncertain, however, the LRRRG has subsequently been extended to 18 January 2021 and discussions with DfT would indicate that it is probable that this support will be extended again to 31 March 2021 given the expected continuing impacts into the New Year.

It is understood that DfT and HM Treasury will require Nexus (and other light rail operators) to develop a recovery plan by 31 December 2020, aimed at Metro becoming more financially sustainable and less reliant on this additional government grant support. Details of the required content of the recovery plan are awaited.

Given the exceptional circumstances surrounding the Covid-19 pandemic, Nexus proposes that a one off £1.2m levy rebate (the equivalent of a 2% levy reduction), is shared by the five Tyne and Wear Councils to partially offset the cost of the levy in 2021/22.

The forecast for the Transport Strategy Unit indicates that net expenditure will be broadly in line with the original budget in the current year, with a small reduction of £9,000 against budgeted net expenditure in year. Savings arising from vacancies within the team and as a result of the team continuing to work remotely offsetting additional costs associated with developing the Transport Plan and Transport Blueprint documents in year.

In terms of the Tyne Tunnels, the impact of COVID-19 has also been unprecedented, with traffic reducing significantly in the period from mid-March onwards but steadily increasing following the national lockdown ending, though not back to pre-Covid levels. In late September 2020 traffic dropped back down to 74% following the implementation of local lockdown measures. Latest forecasts since the national lockdown was announced suggest that traffic could drop to approximately 60% of normal levels in November, rising in December if restrictions are released. The structure of the project agreement means that the net position on the JTC Tyne Tunnels Account is forecast to be in line with the budget due to reduced toll income being offset by reduced contract payments to TT2 Ltd in year.

The updated for the Tyne Tunnel, factor in the financial framework agreed by the JTC at its meeting on 15 September 2020 in support of the introduction of the Tyne Pass scheme. This framework includes a payment of £6.7m to TT2 to be repaid by TT2 Limited with interest over the life of the Concession, to 2037.

The budget strategy outlined in this report assumes a levy for 2021/22 for Tyne and Wear in line with the current year, representing a cash freeze. On this basis, the proposed levy for 2021/22 would remain at £61.1m.

Durham and Northumberland are currently finalising their transport budget proposals for 2021/22 and future years. The figures reported in this report represent the working draft budgets for 2021/22, which once finalised will determine the total for their levies next year.

It is proposed to continue the contribution of £10,000 per authority for the accountable body costs of the Joint Transport Committee in 2021/22, which is retained from the Durham and Northumberland levies and which funds the work of the Joint Transport Committee, including contributions to the post of the Managing Director, Transport North East and the Transport Strategy Unit.

The contribution from the Tyne and Wear levy to fund central activity next year will be £2.1m (in line with current allocations), which is mainly used to meet costs relating to the operation of the former Tyne and Wear Integrated Transport Authority.

It is proposed that funding for the Transport Strategy Unit from the Local Transport Plan Integrated Transport Block grant is maintained at the current level of £500,000 (£62,500 per council and Nexus).

Recommendations

The North East Joint Transport Committee is recommended to:

- i. Receive this report for consideration and comment;
- ii. Note the updated projected outturn position for the 2020/21 Transport budget, as set out in the report;
- iii. Consider the following budget assumptions / proposals and agree to these forming the basis of consultation on the 2021/22 Transport Budget:
 - a. That the 2021/22 Transport Levy for Tyne and Wear is indicatively to be set at £61.1m, which represents a cash freeze compared with the current year;
 - b. That the revenue grant to Nexus for 2020/21 is indicatively proposed to be set at £59.0m, which is a cash freeze compared with the current year total;
 - c. That the JTC consider the redistribution of £1.2m of earmarked reserves held on behalf of Nexus by NECA to the Tyne and Wear authorities proportionate to their shares of the 2021/22 Transport Levy for Tyne and Wear;
 - d. That contributions of £500,000 to the Transport Strategy Unit are top sliced from Local Transport Plan Integrated Transport Block grant received by the JTC in 2021/22;
 - e. That the JTC Tyne and Wear Transport Sub-Committee give consideration to increasing the Tyne Tunnels Tolls for Class 2 vehicles next year, in line with the concession contract and the agreed approach to the funding of the Tyne Tunnels. (Note: The final decision to increase the Tyne Tunnel Tolls will be taken by the JTC Tyne and Wear Sub Committee in January 2021)
- iv. Note that the budget proposals for Transport will be subject to a consultation process including reports to the Joint Transport Committee Overview and Scrutiny Committee, Joint Transport Committee Audit Committee, relevant officer groups and the Leadership Board of NECA and the NTCA Cabinet;
- v. Note the intention to approve the budget and agree the Transport Levies at the meeting of the JTC on 19 January 2021, after considering any comments received on the proposals and decisions reached by the Tyne and Wear Sub Committee in January 2021.

1. Background Information

- 1.1 The North East Joint Transport Committee receives funding from a variety of sources including the levies on Durham, Northumberland and Tyne and Wear councils, Tyne Tunnels tolls income, grant funding and interest income. This funding is used to deliver the transport objectives of the Committee through the provision of revenue grants to Durham and Northumberland councils and Nexus for the delivery of public transport services, the funding of the Tyne Tunnels and the provision of the Transport Strategy Unit which works on behalf of the Joint Transport Committee to provide it with relevant information and policy choices and deliver its policies at a regional level.
- 1.2 In line with the Transport Levying Bodies Regulations 1992, the transport levies must be issued by 15 February preceding the commencement of the financial year in respect of which they are to be issued.
- 1.3 This report summarises the process and timetable for approval of the levies and other budgets relating to the Joint Transport Committee and sets out initial proposals for these budgets in 2021/22. The proposals will be further developed and consulted upon in the coming months, and decisions on the levies and other aspects of the Transport budget 2021/22 will be taken by the JTC on 19 January 2021. Decisions on the Tyne Tunnels tolls will be taken by the TWSC on 14 January 2021.
- 1.4 Appendix 1 shows the timetable for the agreement of the Joint Transport Committee budget for 2021/22. The timetable is in line with the requirements of the constitution agreed by the North East Combined Authority, who are the accountable body for transport matters.

2. Proposals

Transport Levies 2020/21 & Indicative Levies 2021/22

- 2.1 As the transport levies and revenue grants are normally fixed for the year there is no change in the levies payable and grants payable between the original budget and the forecast outturn, and minimal change in the retained transport levy budget. Any surplus or deficit against the budgets for the three main delivery agencies (Durham County Council, Northumberland County Council and Nexus) is retained or managed within the reserves of that organisation.
- 2.2 A proportion of the levies is retained to support the work of the JTC and to meet historic costs relating to the former Tyne and Wear Integrated Transport Authority (TWITA). This area of the budget is expected to underspend slightly in the current year due to lower than anticipated interest costs on historic Tyne and Wear Transport debt and the forecast underspend will be transferred to the JTC retained reserves at year end.
- 2.3 The updated forecast of outturn for the current year, together with the initial budget proposals for 2021/22 is set out in table 1 below, with a detailed explanation provided in the sections that follow.

Table 1: 2020/21 and 2021/22 Indicative Transport Levies and Grants

	2020/21 Original Budget	Spend to Date (to 30 September 2020)	2020/21 Forecast to Year end	Variance (Budget vs Forecast)	2021/22 Initial Draft Budget
	£000	£000	£000	£000	£000
Transport Levy	(82,800)	(41,400)	(82,800)	0	(82,826)
Grant to Durham	15,456	7,728	15,456	0	15,475
Grant to Northumberland	6,224	3,112	6,224	0	6,231
Grant to Nexus	59,000	29,500	59,000	0	59,000
Retained levy budget	2,120	1,060	2,120	0	2,120
Tyne Tunnels Revenue account	(2)	(691)	6,670	6,672	0
Contribution (to)/from JTC Reserves	(2)	(691)	6,670	6,672	0

Tyne and Wear Levy

- 2.4 The majority of the Tyne and Wear levy is paid as a revenue grant to Nexus for the delivery of public transport services and the initial budget proposals recommend a budget and levy for Tyne and Wear of £61.1 million for 2021/22, a year on year cash freeze when compared with 2020/21.
- 2.5 The levy for Tyne and Wear is made up of a centrally retained budget of £2.1m – retained to fund Tyne and Wear transport costs (primarily relating to the former Tyne and Wear Integrated Transport Authority) and the grant to Nexus for the provision of public transport services of £59m.
- 2.6 In 2010, the JTC grant (Tyne and Wear levy) to Nexus was £74.2m and in 2020/21 it is £59m, a reduction of £15.2m or 20% over the last 10 years.
- 2.7 In accordance with the Transport Levying Bodies Regulations, the Tyne and Wear Levy for 2021/22 must be apportioned in line with the 2019 Mid-Year Population. The latest estimates show population increases in each Tyne and Wear council area except Gateshead, with increases in the relative population in Newcastle, North Tyneside and South Tyneside. On a cash freeze basis, this would give the following apportionment for the 2021/22 Levy:

Table 2: Tyne and Wear Levy Apportionment 2021/22

	2019 Population	2020/21 Levy £	2021/22 Draft Levy £	Year on Year Difference in Levy £
Gateshead	202,055	10,888,380	10,815,502	(72,878)
Newcastle	302,820	16,140,834	16,209,202	68,368
North Tyneside	207,913	11,075,330	11,129,066	53,736
South Tyneside	150,976	8,079,396	8,081,370	1,974
Sunderland	277,705	14,916,060	14,864,860	(51,200)
Tyne and Wear	1,141,469	61,100,000	61,100,000	0

- 2.8 The Tyne and Wear levy is Nexus' single grant funding source for all non-Metro services, including concessionary travel reimbursement. The specific grant that Nexus receives from government to support the operation of the Metro can only be used for that purpose and cannot be diverted to support non-Metro activities.
- 2.9 Up until the Coronavirus impacted earlier this year, over the past decade Metro fare revenue had grown by £8.6m (or 23%) whilst Metro Rail Grant (MRG) from the Department for Transport (DfT) had increased by £1.5m (or 6%).
- 2.10 Consequently, only £2.8m of Nexus' net funding requirement in 2020/21 relates to Metro, even though Metro's gross budget in 2020/21 is in excess of £100m. The infographic at Appendix 1 provides an overview of the Nexus budget for 2020/21.
- 2.11 Over the past few years, Nexus has delivered a range of efficiency savings in order to protect frontline services and help facilitate both reductions and more latterly freezes in the Tyne and Wear Levy. Most notably:
- Headcount reduced by 20%;
 - A £2m 'rebate' was provided to Tyne and Wear Councils in 2013/14 from Nexus' reserves in lieu of the levy being frozen that particular year;
 - The cost of operating Metro has reduced by circa £2m per annum after the concession with DB Regio ended in March 2017; and
 - A range of other savings have been achieved e.g. in tendered bus services and concessionary fares reimbursement.
- 2.12 In addition, since 2014, Nexus has generated surpluses of £12.2m, of which £8.5m has been invested in transport infrastructure, with the balance increasing usable reserves, which are available to support frontline services.
- 2.13 When the JTC approved Nexus' 2020/21 budget, it also considered the medium-term financial forecast, which assuming expenditure commitments remained in line with those being delivered in the current year and with no further growth or reduction in either Metro Rail Grant or the Tyne and Wear transport levy. Members

will recall that in order to balance the budgets in 2021/22 it was forecast that Nexus would require use of circa £3.7m of reserves next year.

- 2.14 The current financial year has been dominated by the continuing impacts of the Covid-19 pandemic, with significant and unprecedented losses of fare and commercial revenues being experienced with Nexus. The net impact on the Nexus budgets is detailed later in this report.
- 2.15 Constituent authorities are also in an unprecedented position, as they deal with the impacts of the Covid-19 pandemic, which is having a profound impact on their finances. They also face significant uncertainties surrounding the local government finance settlement for next year, the impact of further delays in the comprehensive spending review, the as yet unknown impacts of Fair Funding review, plus Brexit, in addition to any ongoing budget pressures arising from the Covid-19 pandemic into next year. Medium Term Financial Planning in this context is extremely difficult.
- 2.16 In recognition of this it is proposed that a one off £1.2m levy rebate (the equivalent of a 2% levy reduction), is shared by the five Tyne and Wear Councils to partially offset the cost of the levy in 2021/22. It is proposed that this would be shared proportionate to the basis upon which the 2021/22 levy is allocated i.e. using the 2019 population estimate – this would mean that the net cost of the levy would reduce for all councils next year, even where their population share has increased.
- 2.17 Nexus proposes to redirect part of the reserve held by the NECA on behalf of Nexus for this more general purpose, rather than it continuing to be reserved for capital projects. Should the JTC support this proposal, the approved levy would remain at a cash freeze position but the JTC would resolve to distribute £1.2m of earmarked reserves back to five Tyne and Wear Councils. The net impact would be as follows:

Table 3: Tyne and Wear Levy Apportionment 2021/22

	2019 Population	2021/22 Draft Levy £	Year on Year Difference in Levy £	Share of Levy rebate £	Year on Year Difference in Levy Net of rebate £
Gateshead	202,055	10,815,502	(72,878)	(212,416)	(285,294)
Newcastle	302,820	16,209,202	68,368	(318,348)	(249,980)
North Tyneside	207,913	11,129,066	53,736	(218,574)	(164,838)
South Tyneside	150,976	8,081,370	1,974	(158,718)	(156,744)
Sunderland	277,705	14,864,860	(51,200)	(291,944)	(343,144)
Tyne and Wear	1,141,469	61,100,000	0	(1,200,000)	(1,200,000)

Durham

- 2.18 The budget for public transport activity in Durham for 2020/21 is £15.466 million and the forecast, based on the position to the position to the end of September

2020 is a small overspend of £27,000 for the year, which will be retained by Durham County Council.

- 2.19 The following table provides a detailed breakdown of forecast expenditure in the current year, together with an indicative budget for 2021/22:

Table 4: Durham Transport Forecast of Outturn 2020/21 and Indicative 2021/22 Budget

	2020/21 Original	Spend to Date (to 30 September 2020)	2020/21 Forecast to Year end	Variance (Budget vs Forecast)	2021/22 Initial Draft Budget
	£000	£000	£000	£000	£000
Concessionary Fares	11,932	1,360	11,932	0	11,932
Subsidised Services	2,556	440	2,564	8	2,556
Bus Stations	177	677	159	(18)	177
Bus Shelters	19	93	82	63	19
Passenger Transport Information	88	72	61	(27)	88
Staffing	684	342	685	1	703
Share of JTC Transport Costs	10	0	10	0	10
Net Expenditure	15,466	2,984	15,493	27	15,485
JTC Grant (Levy)	(15,466)	(7,733)	(15,466)	0	(15,485)
(Surplus) / Deficit for the year	0	(4,749)	27	27	0

- 2.20 Following the Covid-19 outbreak most of the supported bus services within County Durham continue to operate, albeit for the most part at a reduced frequency. The Council has continued to pay all bus operators at full contracted prices throughout the pandemic.
- 2.21 Durham County Council continues to make payments to operators under the Government's English National Concessionary Travel Scheme (ENCTS) which entitles pass holders to free off-peak travel after 9.30 am on local bus services. Patronage under this scheme has been significantly reduced due to the Covid-19 outbreak, however, the Council is continuing to reimburse operators at pre pandemic levels to ensure the viability of routes and operators are supported, in line with the Cabinet Office Procurement Policy Note 02/20 – Supplier Relief due to Covid-19, for at least the period of the outbreak to enable the resumption of socially necessary services afterwards.
- 2.22 The main reasons for the projected overspend in 2020/21 are as follows:
- i) Subsidised Services - £8,000 over budget – arising from higher than

anticipated costs of local subsidised bus services due to a reduction in income;

- ii) Bus Stations - £18,000 under budget – this is due to a reduction in payments to third parties as a result of an in-year closure of Durham Bus Station;
- iii) Bus Shelters - £63,000 over budget – this is due to additional costs of providing bus shelters in respect of business rates increases and repairs and maintenance; and
- iv) Passenger Transport Information - £27,000 under budget – this is due to a reduction in printing and communication costs in year.

2.23 Durham County Council is in the process of finalising its 2021/22 budget proposals. The initial estimates shown in Table 4 show that net budgets are proposed to be largely in line with the current year, with no adverse impact on services anticipated next year.

Northumberland

2.24 The budget for public transport activity in Northumberland for 2020/21 is £6.234 million and the forecast, based on the position to the end of September 2020 is an underspend of £40,000 when compared with the original budget, which will be retained by Northumberland County Council.

2.25 The following table provides a detailed breakdown of forecast expenditure in the current year together with an indicative budget for 2021/22:

Table 5: Northumberland Transport Forecast of Outturn 2020/21 and Indicative 2021/22 Budget

	2020/21 Original	Spend to Date (to 30 Sept. 2020)	2020/21 Forecast to Year end	Variance (Budget vs Forecast)	2021/22 Initial Draft Budget
	£000	£000	£000	£000	£000
Concessionary Fares	4,811	2,361	4,772	(39)	4,811
Subsidised Services	1,230	801	1,230	0	1,230
Bus Stations	25	16	24	(1)	26
Passenger Trans. Info.	25	0	25	0	25
Staffing	133	67	133	0	139
Share of NECA Transport Costs	10	0	10	0	10
Net Expenditure	6,234	3,245	6,194	(40)	6,241
JTC Grant (Levy)	(6,234)	(3,117)	(6,234)	0	(6,241)
(Surplus) / Deficit for the year	0	128	(40)	(40)	0

2.26 During the Covid-19 pandemic most of the supported services within

Northumberland have continued to operate, albeit for the most part at a reduced frequency. The Council has continued to pay operators at full contracted prices with the exception of some seasonal services, which had been due to commence from 5th April 2020. These supported services included instances of services running commercially at popular/peak times, but where support is given to maintain journeys at other times for example early mornings or late evenings.

- 2.27 Northumberland County Council continues to make payments to operators under the Government's English National Concessionary Travel Scheme (ENCTS) which entitles pass holders to free off-peak travel after 9.30 am on local bus services. Patronage using the scheme was significantly reduced due to the introduction of the Government's lockdown policy in response to the Covid-19 outbreak. The Council is continuing to reimburse operators at pre pandemic levels to ensure the viability of routes and operators is maintained, in line with the Cabinet Office Procurement Policy Note 02/20 – Supplier Relief due to Covid-19, for at least the period of the outbreak to enable the resumption of socially necessary services afterwards. This will result in an underspend of £40,000 in the current financial year. This is due to the underspend being recurring from previous financial years based on patronage levels and reimbursement rates.
- 2.28 Northumberland County Council is in the process of finalising the 2021/22 budget proposals. The initial estimates shown above show that net budgets are proposed to be largely in line with the current year, with no adverse impact on services anticipated next year.

Nexus

- 2.29 The effect of the nationwide lockdown led to patronage on the Metro immediately declining by around 95%. The nature of Metro's operation is such that many of its costs are fixed and cannot be reduced at short notice. Therefore, during the lockdown period, the system was operating at a loss of approximately £0.9m per week, excluding costs associated with making the system Covid secure e.g. deep cleaning of trains and stations. A more recent partial recovery has seen this reduce to a loss of approximately £0.5m per week, although the recovery has since stalled because of the imposition of local restrictions in late September 2020. The national lockdown announced by the Prime Minister on 31 October 2020, coming into effect on 5 November 2020 is expected to have a further, detrimental impact.
- 2.30 In-depth discussions were held with the government over several months alongside transport authorities who were in a similar predicament caused by severe losses on their light rail systems. As a result, the government introduced a new short-term emergency grant called "Light Rail Revenue Restart Grant (LRRRG)". This grant covers all of Metro's Covid-related net losses.
- 2.31 On 20 October 2020, the Joint Transport Committee considered a report providing an update in relation to Nexus financial performance, based on the position as at September 2020 together with forecasts to the year end to inform budget planning for 2021/22. At that time the continuation of the LRRRG was uncertain, however, the LRRRG has subsequently been extended to 18 January 2021 and discussions with DfT would indicate that it is probable that this support will be extended again to 31 March 2021 given the expected continuing impacts into the New Year. The

confirmed grant provided to Nexus has been allocated in four tranches, covering the period 16 March to 18 January 2021. In total, £33.2m has been provided in LRRRG across these four tranches and this is subject to an audit process. Based on the first four tranches, Nexus could reasonably expect a fifth tranche to the end of March 2021 amounting to a further £7.9m. The audit process established by DfT will help determine whether any grant needs to be clawed back.

- 2.32 Bus services were similarly impacted by the national lockdown, and a government grant called “Coronavirus Bus Services Support Grant (CBSSG)” has been provided to commercial bus operators on a broadly similar basis to the light rail funding. Unlike LRRRG, CBSSG is now open-ended with a 10-week notice period and an explicit link to social distancing measures, meaning bus funding for commercial operators will continue.
- 2.33 CBSSG was predicated on an assumption made by government that local transport authorities (in this case Nexus) would continue to make payments for Concessionary Travel and Secured Bus Services at pre-Covid levels, even though those services were not being provided (as demand for them had evaporated). The JTC and TWSC have been briefed on this matter on several occasions over the last six months and for as long as LRRRG is being paid to Nexus, were broadly satisfied that such payments were necessary and could be justified, given the extraordinary circumstances this year.
- 2.34 A separate bus grant aimed at local authorities to cover lost fare income on secured bus services was implemented at the same time, called “LACBSSG”. To date, Nexus has attracted £1.2m in LACBSSG to assist with fare revenue losses. Nexus is also considering whether there is potential to redirect Better Bus Funding, announced prior to the Covid-19 pandemic in order to accommodate fare revenue losses and increased costs associated with its secured bus services.
- 2.35 Nexus has however also had to contend with increased costs arising when various secured bus service contracts were renewed earlier in the year, together with the need to introduce additional buses for schools returning in the Autumn. The pressure that has arisen is around £0.6m in the current year, although part of this is being funded from grant allocated to the region by the Department for Education and from an earlier, pre-Covid grant support known as the ‘Better Bus Fund’. In terms of other revenue losses e.g. in relation to the cross Tyne Ferry service, Nexus has made an application to MCHLG via the NECA where a proportion of the loss is expected to be recovered.
- 2.36 In terms of the Metro Futures studies, a series of studies looking at the feasibility of various local rail expansion proposals was commenced by Nexus in early 2020. The lead responsibility for these studies has now transferred to Transport North East (TNE), contracts are being novated to facilitate this and the budget established by Nexus will be transferred to TNE to fund completion of this work.
- 2.37 As part of its medium-term financial planning, Nexus have factored in a levy freeze into its planning assumptions for 2021/22 and over the medium term. These planning assumptions will need to be updated as necessary for the report to the next meeting of the Joint Transport Committee on 19 January 2021 to reflect the views from this meeting and other consultations. A summary of the updated

forecast outturn and initial budget proposals for Nexus is summarised below:

Table 6: Nexus Transport Grant Forecast of Outturn 2020/21 and Indicative 2021/22 Budget

	2020/21 Original	Spend to Date (September 2020)	2020/21 Forecast to Year end	Variance (Budget vs Forecast)	2021/22 Initial Draft Budget
	£000	£000	£000	£000	£000
Metro	2,840	1,284	2,840	0	Tbc
Bus Services	14,885	7,077	15,833	948	Tbc
Other	41,275	18,807	41,575	300	Tbc
Total	59,000	27,168	60,248	1,248	Tbc
JTC Grant (Levy)	(59,000)	(26,672)	(59,000)	0	(59,000)
(Surplus) / Deficit for the year	0	496	1,248	1,248	Tbc
(Use) of / Contribution to Reserves in Year	0	(496)	(1,248)	(1,248)	Tbc

2.38 The forecast as at September shows a deficit of £1.248m to the end of the year. The forecast assumes that LRRRG will be available until 31 March 2021 but that non-Metro Covid emergency funding will not. However, Nexus continues to lobby for the continuation of non-Metro Covid emergency funding and this, together with the potential redirection of Better Bus Funding, curtailing all non-essential expenditure and as a back stop, use of reserves in-year means Nexus is confident that it will be able to balance its budget in 2020/21.

2.39 When the JTC approved Nexus' 2020/21 budget in January 2021, it also considered the medium-term financial forecast, which assuming expenditure commitments remained in line with those being delivered in the current year and with no further growth or reduction in either Metro Rail Grant or the Tyne and Wear transport levy, showed the following:

Table 7: Nexus' MTFS Forecasts – JTC January 2020

	2020/21 £000	2021/22 £000	2022/23 £000
Forecast (Surplus)/Deficit	0	3,700	6,500
Planned use of reserves	0	(3,700)	(3,300)
Estimated Savings Required	0	0	3,200

2.40 Nexus' reserves as at 31 March 2020 amounted to £51.5m, with the majority of this earmarked for capital investment e.g. the local contribution towards the new fleet. As Table 7 shows, some reserve funding had been previously earmarked to cushion the impact on services of the (pre-Covid) planned deficit, therefore Nexus

has only a limited ability to use its reserves to accommodate losses caused by the Covid pandemic.

- 2.41 At the JTC meeting on 20 October 2020 a potential worst and best-case scenario for 2021/22 was reported. In the best case scenario, it was assumed that all government emergency support continues to be paid throughout the coming year, the Tyne and Wear levy and other central government grants are cash flat next year and the recovery in terms of patronage is at the higher end of current modelling. Under this scenario the previously reported budget deficit of £3.7m will broadly remain in 2021/22, although work is ongoing in order to validate this assumption.
- 2.42 In a worst-case scenario, LRRRG and LACBSSG does not continue in its current guise, the recovery in terms of patronage is at the lower end of current modelling and there is a cut in local / central grants to Nexus. In such a scenario the budget deficit would be circa £30.1m, necessitating consideration of very difficult savings options to ensure the budget could be balanced. Given the scale of savings required, it is likely that they would impact significantly on service provision.

Table 8: Nexus Forecast Deficit 2021/22

	Worst Case £000	Best Case £000
Nexus MTFS Underlying deficit 2021/22	3,700	3,700
Fare/Commercial losses	22,000	16,500
Local and central grants change (-5% or flat)	4,400	0
Covid emergency funding	0	(16,500)
Nexus Revised deficit	30,100	3,700

- 2.43 Although Covid emergency funding is at this stage only guaranteed until 18 January 2021, Nexus is preparing its initial budget proposals for 2021/22 from the best case scenario in which Covid support from government continues and both the Tyne and Wear levy and (non-Covid) central government grants are assumed to be frozen at 2020/21 levels. This would make the projected deficit for 2021/22 broadly similar to the level previously forecast.
- 2.44 The latest tranche of LRRRG does however, require the production of a recovery plan for Metro, in line with an expectation from government that Nexus will begin planning for the end of LRRRG and reduced medium-term demand for Metro, in order to ensure the transition away from government emergency support can happen as soon as possible with minimal disruption. The expectation from government is that the recovery plan will be developed over the next two months and will cover aspects relating to fares and service levels, workforce modernisation and reprioritising capital renewals and investment.
- 2.45 This (best case) budget planning assumption for 2021/22 is at this stage considered realistic because of the continuation of the Covid pandemic and the

need for ongoing government support for the Metro to remain a going concern. This planning assumption was endorsed by the Joint Transport Committee at its meeting on 20 October 2020 and is therefore being used as the basis for developing the Nexus budget for 2021/22. The updated medium-term financial strategy will, however, need to be cognisant of the likelihood that government emergency support will be gradually withdrawn.

- 2.46 Savings proposals, likely to include service reductions will need to be developed although these will only be implemented in 2021/22 if the best-case planning scenario does not transpire. Options will most likely include a review of concessionary fares reimbursement and secured bus services, together with a review of the Metro and ferry timetables and the provision of public transport information and key facilities.

Retained Levy

- 2.47 Most of this budget relates to financing charges on historic supported borrowing debt. However, there is also budget provision to pay for support services, other supplies and services, and a repayment to the Tyne Tunnels account for the use of reserves in 2013/14 to pay off the Tyne and Wear Pension deficit.
- 2.48 Expenditure for the year is forecast to be £2.120m, which is in line with the original 2020/21 budget. The updated forecasts and the indicative budgets for 2021/22, are set out in the table below:

Table 9: Retained Levy Budget Forecast of Outturn 2020/21 and Indicative 2021/22 Budget

	2020/21 Original	Spend to Date (to 30 September 2020)	2020/21 Forecast to Year end	Variance (Budget vs Forecast)	2021/22 Initial Draft Budget
	£000	£000	£000	£000	£000
Support Services/ Staffing	215	53	215	0	227
Administration and Governance	173	76	173	0	173
Financing Charges	1,732	0	1,732	0	1,720
Total Expenditure	2,120	129	2,120	0	2,120
Contribution from Levies	(2,120)	(1,060)	(2,120)	0	(2,120)
(Surplus) / Deficit for the year	0	(931)	0	0	0

Tyne Tunnels Tolls

- 2.49 The Tyne Tunnels are accounted for as a ring-fenced account within the

JTC/NECA budgets, meaning that all costs relating to the tunnels are wholly funded from the toll's income received and Tyne Tunnels reserves, with no call on the levy or other external government funding.

- 2.50 The JTC receives all the toll income from the vehicle tunnels, and a payment under the contract with TT2 is determined based on traffic levels. The balance retained by the JTC is to meet other costs associated with the Tyne Tunnels namely interest and principal repayments on borrowing taken out to fund the New Tyne Crossing project and client costs associated with the management of the contract with the concessionaire.
- 2.51 The 2020/21 tolls income budget included an increase in tolls charges to £3.70 for Class 3 vehicles in line with inflation as measured by the Retail Price Index (RPI) – a year on year increase of £0.10 (2.6%). The tolls for Class 2 vehicles were not increased in 2020/21. These are also triggered by the increase in RPI and they were not anticipated to increase until 2021/22, as increases can only be applied in 10p increments. These charges therefore remained at £1.80 in 2020/21.
- 2.52 The tolls increase for Class 3 vehicles was not implemented until August 2020 due to the Covid-19 pandemic. The delayed implementation of these increases has been factored into the updated forecasts.
- 2.53 Until mid-March 2020, traffic levels and corresponding tolls income were strong and had seen a marked improvement since the completion of Highways England works at Silverlink. From March 2020 however the impact of the Covid-19 lockdown took effect.
- 2.54 TT2 and Transport North East constantly review the traffic flows through the Tyne Tunnels. Normal levels of traffic are approx. 55,000 vehicles per day. As a result of Covid-19 lockdown measures, traffic levels dropped drastically during March and April 2020 to approx. 17,000 vehicles per day which is 30% of normal levels. This is the lowest level of traffic seen during the life of the TT2 contract.
- 2.55 During May, June, July and August traffic was gradually increasing and by mid-September was up to 85% of normal levels. However, this has since dropped back down to 74% when local lockdown measures were put in place. Latest forecasts since the national lockdown was announced suggest that traffic could drop to approximately 60% of normal levels in November, rising in December if restrictions are released. Overall it is likely that traffic will not return to expected levels for many more months, as further restrictions are likely to be in place at some level for the winter months and the continued impact of many employees working from home resulting in fewer vehicle journeys taking place around the region.
- 2.56 The structure of the project agreement with TT2 means that the JTC retains the first proportion of traffic income per month, with the traffic risk overwhelmingly borne by TT2. This 'Band 0' income represents approximately 30% of journeys, so the JTC is expected to retain the full budgeted income for the year which will enable all costs to be met.
- 2.57 The financial framework agreed by the JTC at its meeting on 15 September 2020 in support of the introduction of the Tyne Pass scheme has been factored into the

updated forecasts in this report. This framework includes the offer of an advance of £6.67million to TT2 from Tyne Tunnel reserves in year which will be repaid with interest by TT2 Limited over the life of the Concession, to 2037.

- 2.58 The forecast outturn position for the Tyne Tunnels includes updated forecasts in terms of reduced toll income as a result of the reduced traffic and delay in implementing toll increases, offset by reduced payments to TT2 under the contract. An overspend against the supplies and services budget is reflected in the projections to reflect the need for additional engineering advice in relation to the vehicle tunnels and professional advice in relation to the Tyne Pass project during the year.
- 2.59 The first 'Concession Toll' was implemented on 1 January 2014, at a level of £1.60 for cars and £3.20 for HGVs with a 10% discount for permit holders. After that date, the Concession Toll could be adjusted by an amount to reflect actual Retail Price Index (RPI) inflation over time.
- 2.60 Payments to the concessionaire, TT2 Ltd., also increase with RPI inflation with increases also applied in 10p increments for the "shadow tolls" that drive the contract payments to TT2 Ltd. Increases in the shadow toll are triggered from January each year. The financial model for the Tyne Tunnels assumes that tolls will be maintained in real terms to match the rise in contract payments to TT2 Ltd. Inflationary increase in tolls is also necessary to service the debt financing on the tunnels. The shadow tolls on which payments to TT2 Ltd are based are as follows:

Table 10: Shadow Toll Charges – Payments to TT2 Ltd. 2020, 2021 and 2022

Vehicle Class	Shadow Toll 2020	Shadow Toll 2021	Shadow Toll 2022
2	£1.90 (£0.00 Increase on previous year)	£1.90 (£0.00 Increase on previous year)	£2.00 (£0.10 Increase on previous year - effective from 1 Jan 2022)
3	£3.80 (£0.00 Increase on previous year)	£3.80 (£0.00 Increase on previous year)	£4.00 (£0.20 Increase on previous year – effective from 1 Jan 2022)

- 2.61 Levels of inflation (measured by RPI in accordance with the 2011 Order) were such that an increase for Class 3 vehicles actual tolls was implemented in 2020/21, but no changes were triggered for Class 2 vehicles. Increases are only applied in 10p increments.
- 2.62 Taking into account the latest published data (September 2020) an increase in the tolls for Class 2 vehicles could be triggered in 2021/22, but no changes will be necessary for Class 3 vehicles. Using provisions of the 2011 Order, a year on year increase of £0.10 (5.6%) could be implemented for Class 2 vehicles next year. The toll for Class 2 vehicles was last increased in May 2019.
- 2.63 In terms of the formal process for the increase in the actual Tolls, if the level of RPI has reached the point at which an increase is possible, a decision to increase tolls needs to be taken by the Tyne and Wear Sub Committee.

- 2.64 If a decision to increase the tolls is taken, officers from NECA as the Accountable Body for the JTC will follow the process set out in the Tyne Tunnels Order 2005 to implement the decision of the committee.
- 2.65 This will involve advertising the proposed increase in at least one local newspaper and notifying the Department for Transport. Once notified, the Department has 21 days to determine whether to take the order and, if so, the order will be made 28 days before it comes into effect
- 2.66 A decision on the specific date for implementation will need to be taken in conjunction with TT2, taking into account operational considerations. If an increase in the Class 2 toll was approved by the Tyne and Wear Sub Committee in January 2021, this would likely come into effect in May 2021.
- 2.67 An increase the actual tolls from £1.80 to £1.90 for Class 2 vehicles, from a proposed implementation date in May 2021 would result in the Toll structure being as follows next year:

Table 11: Proposed Tyne Tunnel Toll Charges 2021/22

Vehicle Class	Actual Toll [Non-Permit Holders]	Description
2	£1.90 (£0.10 Increase – bringing this in line with the Shadow Toll from May 2021 to December 2021)	Motor vehicles (Cars), 2 axles and height 2m or less; Motor vehicles (Cars/Vans) 2 axles and height less than 3m; Articulated motor vehicles with tractor 2m or less and trailer less than 3m
3	£3.70 (no change – remains 10p below the shadow toll)	Motor vehicle 2 or more axles and height 3m or more

- 2.68 Permits are available for all classifications and subject to 10% discount (no change is proposed to the percentage discount next year). Charges for permits would therefore be as follows should the increase in Class 2 toll be applied:

Table 12: Proposed Tyne Tunnel Toll Charges: Permit Holders 2021/22

Vehicle Class	Toll [Permit Holders]	Description
2	£1.71 (£0.09 increase)	Motor vehicles (Cars), 2 axles and height 2m or less; Motor vehicles (Cars/Vans) 2 axles and height less than 3m; Articulated motor vehicles with tractor 2m or less and trailer less than 3m
3	£3.33 (no change)	Motor vehicle 2 or more axles and height 3m or more

- 2.69 For 2020/21 all SLAs were documented and formalised however the values attached to existing and new providers of services were maintained at 2019/20 levels and which had remained unchanged for many years. It was agreed that an

exercise would be undertaken to review the SLAs to more accurately reflect the support to NECA and the JTC.

- 2.70 An exercise has now been concluded with all local authorities providing services to NECA and the JTC to reflect the cost of these services for 2021/22. Costings have been based on officer time engaged in providing support with no provision for additional on-costs such as premises related costs. The updated costings reflect the resources currently committed by the local authorities providing the support to NECA and the JTC which includes oversight and support to the Tyne Tunnels.
- 2.71 The updated forecast outturn and indicative budget for 2021/22 assuming the increase in the class 2 vehicles tolls is applied from May 2021 and the additional revenue generated is used to make debt charge repayments in 2021/22 is set out below:

Table 13: Tyne Tunnels Account Forecast of Outturn 2020/21 and Indicative 2021/22 Budget

	2020/21 Original	Spend to Date (to 30 September 2020)	2020/21 Forecast Outturn	Variance (Budget vs Forecast)	2021/22 Initial Draft Budget
	£000	£000	£000	£000	£000
Tolls Income	(28,441)	(9,611)	(18,714)	9,727	(30,004)
TT2 Contract	21,653	6,378	11,900	(9,753)	21,707
TT2 Advance (Tyne Pass)	0	0	6,670	6,670	0
Employees	62	34	69	7	70
Pensions	53	26	53	0	53
Premises	0	0	1	1	1
Support Services	100	3	100	0	129
Supplies & Services	45	8	65	20	65
Financing Charges	6,816	2,471	6,816	0	8,255
Interest /Other Income	(50)	0	(50)	0	(50)
Repayment from TWITA for temporary use of reserves	(240)	0	(240)	0	(240)
(Surplus) / Deficit on Tyne Tunnels revenue account	(2)	(691)	6,670	6,672	0

Tyne Tunnel Reserves

- 2.72 The Tyne Tunnel reserves are held to help cushion the impact of any uneven cash flows and avoid unnecessary temporary borrowing, as a contingency to cushion the

impact of any unexpected events or emergencies, deal with any changes which may arise from changes in accounting treatments. and as a means of building up funds to meet known or predicted future liabilities. The Tyne Tunnels reserves have been used to meet the majority of the costs relating to the Tyne Pedestrian and Cycle Tunnels refurbishment in recent years.

2.73 In setting the 2020/21 budget provision was made for the use of £100,000 of the reserve to fund capital expenditure and £305,000 to fund North East Smart Ticketing Initiative (NESTI) expenditure.

2.74 The forecast of outturn indicates that capital expenditure on the tunnels, principally the Pedestrian and Cycle Tunnels, is expected to be £800,000 as a result of the refurbishment project continuing for longer than expected. This is due to the effect of Covid-19 travel restrictions on the contractors who have been delayed from accessing the site for most of 2020, and therefore have not been able to complete the outstanding works on the inclined lifts. Costs including on-site security, maintenance contracts, cleaning and utilities are being incurred whilst the project remains incomplete. The outturn includes circa £350,000 of costs for lift works. The Tyne Tunnels Manager is focussing efforts on resolving this situation and a separate report will be brought to the Tyne and Wear Sub Committee at a future meeting to set out proposals to resolve this situation. Expenditure on NESTI will be lower at £152,000 as this represents the balance outstanding to be funded from the Tyne Tunnels Reserve to complete this initiative.

2.75 The table below summarises the forecast position against the Tunnels reserves:

Table 14: Tyne Tunnels Reserves:

	2020/21 Original Budget	2020/21 Actual / Forecast	Variance	2021/22 Initial Draft Budget
	£000	£000	£000	£000
Tyne Tunnels Reserves b/f 1 April 2020	(16,763)	(17,163)	(400)	(9,541)
Deficit (Surplus) on Tyne Tunnels revenue account met from reserves	(2)	6,670	6,672	0
Capital Expenditure funded from Reserves	100	800	700	0
NESTI Expenditure funded from Reserves	305	152	(153)	0
Tyne Tunnels Reserves c/f 31 March 2021	(16,360)	(9,541)	6,819	(9,541)

The North East Transport Strategy Unit

2.76 The Transport Strategy Unit (TSU) supports the JTC, providing relevant information to support policy choices and to deliver policies at a regional level. The TSU's

activities include developing and maintaining:

- The Transport vision and plan;
- The funding plan and bids for external funding;
- Input into the LEP's strategies and plans on transport, and local business organisations;
- A project pipeline and assurance framework;
- Responses to transport consultations and policy-making opportunities by government and other external agencies;
- Input into Transport for the North (TfN)'s pan-Northern policies and plans; and
- Relationships with other authorities (whether local, combined, national or sub-national) with whom the JTC may share a common interest.

- 2.77 The TSU is funded through contributions from the Transport Levies which are retained to support JTC activity and a top-slice of the Local Transport Plan Integrated Transport Block grant which is awarded to the JTC plus external contributions to fund some specific posts and activities of the TSU. A series of studies looking at the feasibility of various local rail expansion proposals was commenced by Nexus in early 2020. The lead responsibility for these studies has now transferred to Transport North East (TNE), contracts are being novated to facilitate this and the budget established by Nexus is being transferred to TNE to fund completion of this work.
- 2.78 The original budget made no assumptions about funding to be received from the Transforming Cities Fund Tranche 2. Costs of programme management were built into the successful bid to be met from the grant award, and the forecast for 2020/21 has therefore been updated accordingly.
- 2.79 In addition to the significant current activity of developing the Transport Plan and related delivery programmes, some other major upcoming policy developments for 2021/22 could potentially include the development of a new bus strategy, the expansion of the Metro and local rail network, developing a model for rail devolution, and growing the programme to increase the uptake of walking and cycling. Further work is required in considering the scope of these developments, with funding packages to be agreed once requirements are clearer. There are also significant funding opportunities for well-developed bids along with a need for strong delivery programme management
- 2.80 Forecast expenditure for the Transport Strategy Unit in 2020/21 is estimated to be £8.412m compared with the original budget of £0.927m, primarily as a result of the forecast expenditure in respect of COVID-19 Grants amounting to £7.166m, relating to Supported Bus Service Funding £1.454m, Bus Service Support Grant £1.044m, Travel Demand Management Funding £0.300m and additional Dedicated Home to School and College Transport Grant £4.368m. These COVID-19 related grants will be passed onto the seven local authorities and Nexus and have been offset by additional Government Grant Income. The forecast expenditure also takes into account the inclusion of TCF Tranche 2 programme management that were not factored into the original budget as we were awaiting the outcome of the bid.

- 2.81 Expenditure on the Transport Plan particularly around public consultation and launch events has been delayed due to the COVID-19 pandemic and will now take place during the coming months but before the end of the financial year. Funding from 2019/20 which was not used has been carried forward to the current year.
- 2.82 There is a reduction in the forecast for LGF funding to support programme management of Transport schemes which reflects the stage of the programme, where most Transport schemes are now complete or nearing completion as it is in its final year.
- 2.83 In terms of 2021/22 initial budget estimates these include the following assumptions for the TSU:
- Staffing levels are anticipated to remain at the current level;
 - Due to the uncertainties around the implications of Covid-19 on the Transforming Cities projects, estimates have been used at this point in time on the levels of programme management costs and will be updated as soon as possible;
 - Work is anticipated to begin on the Rail, Bus and Electric Vehicle strategies due to take place in 2021/22 (£70k budget);
 - The Research and Development budget is anticipated to reduce by £20k as a result of streamlining websites;
- 2.84 Details of the updated forecasts for 2020/21 and indicative budgets for 2021/22 are set out in the table below:

Table 15: TSU Budget Forecast of Outturn 2020/21 and Indicative 2021/22 Budget

	2020/21 Original	Spend to Date (to 30 September 2020)	2020/21 Forecast to Year end	Variance (Budget vs Forecast)	2021/22 Initial Draft Budget
	£000	£000	£000	£000	£000
Expenditure					
Employee costs - Managing Director Transport North East and TSU	721	342	691	(30)	730
TCF Tranche 2 Programme Management	0	0	337	337	337
Transport Plan and Strategy Work	50	64	108	58	70
TSU Research and Development	120	0	91	(29)	100
TSU Travel and Miscellaneous	16	0	0	(16)	10
TSU IT / Equipment / Accommodation	10	0	19	9	4
DfT COVID-19 Grants	0	2,673	7,166	7,166	0
TSU Contingency	10	0	0	(10)	10
Total Expenditure	927	3,079	8,412	7,485	1,261
Income					
LTP funding - TSU	(500)	(297)	(500)	0	(500)
LGF funding - TSU	(95)	(6)	(56)	39	0
DfT Grants	0	(2,673)	(7,166)	(7,166)	0
Retained Transport Levy	(129)	(10)	(148)	(19)	(208)
External funding for specific posts	(148)	(77)	(150)	(2)	(171)
TCF Tranche 2	0	0	(337)	(337)	(337)
Total Income	(872)	(3,063)	(8,357)	(7,485)	(1,216)

JTC Reserves

- 2.85 The JTC holds reserves to fund future activity and to manage financial risk associated with its activities.
- 2.86 A summary of the reserves at 31 March 2020, forecast to 31 March 2021 and the estimated position to 31 March 2022 is shown in the table below. Reserves are forecast to reduce as a result of the application of funding held in reserves to make a payment of £6.67million to TT2 and to finance capital investment (for example in 2020/21 on the Tyne Pedestrian and Cycle Tunnels refurbishment) and to meet

other earmarked expenditure. In 2021/22 £1.2m of the Metro Fleet Renewal Reserve will be applied to fund the proposed rebate to the Tyne and Wear councils next year.

- 2.87 The level of reserves forecast at 31 March 2021 and to 31 March 2022 is considered to be prudent to manage risk associated with the activities of the JTC, taking into account that separate reserves are held by Nexus.

Table 16: Summary of JTC Reserves to 31 March 2021 and 31 March 2022

	Actual 1 April 2020	Forecast 31 March 2021	Movement in Year	Forecast 31 March 2022	Movement in Year
	£000	£000	£000	£000	
Tyne and Wear Transport	757	757	0	757	0
Tyne Tunnels	17,163	9,541	(7,622)	9,541	0
Metro Reinvigoration	9,243	9,243	0	9,243	0
Metro Fleet Renewal	10,097	10,097	0	8,897	(1,200)
Go Smarter Legacy (within Grants Unapplied)	162	112	(50)	74	(38)
Transport Strategy Unit (within Grants Unapplied)	125	120	(5)	113	(7)
Total JTC Reserves	37,547	29,870	7,677	28,625	(1,245)

3. Reasons for the Proposals

- 3.1 The NECA Constitution requires that consultation on budget proposals be undertaken at least two months prior to the budget being agreed. The information included in this report is presented to update the JTC on the preparation of the 2021/22 Transport Budgets. The report also provides updated forecasts for the current year based on the latest information available.
- 3.2 In terms of the formal process for the increase in Tolls, if the level of RPI has reached the point at which an increase is possible, a decision to increase tolls needs to be taken by the JTC Tyne and Wear Sub Committee. Based on the RPI rates at September 2020 an increase in the Class 2 vehicle toll could be triggered in 2021/22 and proposals will be taken to JTC Tyne and Wear Sub Committee in January to formally consider this.

4. Alternative Options Available

- 4.1 The updated forecasts and indicative budget proposals presented in this report are intended to inform the JTC of work on the preparation of the 2021/22 Transport Budget and to begin the budget consultation process in line with the process set

out in the NECA constitution in its role as Accountable Body for Transport.

- 4.2 Option 1 – The North East Joint Transport Committee may note and accept the recommendations set out in the report.

Option 2 – The North East Joint Transport Committee may suggest amendments or alternative proposals be considered.

Option 1 is the recommended option.

5. Next Steps and Timetable for Implementation

- 5.1 The NECA Constitution requires that consultation on budget proposals be undertaken at least two months prior to the budget being agreed. The draft proposals will be subject to consultation with the Overview and Scrutiny Committees, Audit and Standards Committees and relevant officer groups, alongside the JTC Tyne and Wear Sub Committee and constituent councils. Comments raised as part of the consultation process will be considered in the preparation of the final reports. Feedback from the JTC Overview and Scrutiny Committee that took place on 26 October 2020 is included in paragraphs 12.3 to 12.7 below.

- 5.2 Proposals are at an initial stage and work will be ongoing in developing these further over the coming weeks. Decisions on the levies and other aspects of the Transport budget will be taken by the JTC on 19 January 2021. Decisions on the Tyne Tunnels tolls will be taken by the TWSC on 14 January 2021

6. Potential Impact on Objectives

- 6.1 The budget presented in this report is designed to support the achievement of the Transport policy objectives of the Authority.

7. Financial and Other Resources Implications

- 7.1 The financial and other resource implications are summarised in detail in the body of the report where they are known. Further details which are developed as part of the budget development and consultation process will be identified in the January 2021 report to the Committee.

- 7.2 The budget strategy outlined in this report is based on a levy for 2021/22 for Tyne and Wear in line with the current year, representing a cash freeze. On this basis the total levy for 2021/22 would be £61.1m. This position would provide a significant challenge for Nexus, who have seen the levy reduced by £15.2m (20%) over the last 10 years and who are expected to face significant financial pressures in the current and coming years. The sustainability of retaining existing service provision and / or the levy for Tyne and Wear authorities at the current level will need to be carefully considered over the medium term.

- 7.3 Constituent authorities are also under unprecedented pressures and in recognition of this it is proposed that a one off £1.2m levy rebate (the equivalent of a 2% levy reduction), is shared by the five Tyne and Wear Councils to partially offset the cost of the levy in 2021/22. This £1.2m levy rebate can be accommodated through the

release of a reserve specifically held by the NECA on behalf of Nexus which was previously earmarked to fund the local contribution to the 2020/21 Metro Asset Renewal Programme (MARP).

8. Legal Implications

- 8.1 The JTC must ultimately approve the transport budget and levies unanimously.

9. Key Risks

- 9.1 Appropriate risk management arrangements are put in place in each budget area by the delivery agencies responsible. Reserves are maintained to help manage financial risk to the authority.

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

- 12.1 The NECA Constitution (in its role as accountable body for the JTC) requires that consultation on its budget proposals be undertaken at least two months prior to the budget being agreed.

- 12.2 The extent of public consultation will be proportionate to the impact that the proposals would have on services to the public. At this stage no significant service reductions or implications are expected in 2021/22, however, if the Tyne and Wear levies remain frozen this will provide a significant challenge to Nexus requiring the utilisation of £3.7m of reserves to balance the budget next year. Proposals will be published on the website for comment and included in any budget consultation undertaken by constituent authorities.

- 12.3 The JTC Overview and Scrutiny Committee met on 26 October 2020 to consider the report presented to the JTC on 20 October 2020 with regards to the Nexus budget and the impact of the Covid-19 pandemic on both the 2020/21 outturn and the Medium Term Financial Plans that had been agreed by JTC in January 2020. Prior to this meeting confirmation of the continuation of Light Rail Revenue Restart Grant funding to 18 January 2021 had been received and this news was welcomed by members of the committee. It was noted that DfT required Nexus to prepare a recovery and that this was to form the basis of discussions between the DfT and HM Treasury with regards to funding for 2021/22 and beyond. Members of the committee welcomed this news also and recognised the importance of continued and enhanced funding from central government as Nexus recovers from the impacts of the pandemic.

- 12.4 JTC Overview and Scrutiny members recognised that notwithstanding Covid-19 impacts there was structural funding issues within Nexus that needed to be

addressed across the medium term and were concerned that the report to the JTC on 20 October had stated that there would be need for further efficiencies and potentially service cuts to close that gap and seemed to preclude any increase in the levy.

- 12.5 Members of the committee accepted that the use of reserves to balance the budget could only be considered to be a short term measure, to buy some time whilst a longer term more sustainable solution was found but requested that the JTC and its constituent authorities give consideration to the level of the Tyne and Wear levy as part of these considerations rather than severe reductions in services. It was noted that this required hard choices to be made but JTC Overview and Scrutiny members were concerned about the potential impacts should cuts of the magnitude modelled be required to the existing service offer.
- 12.6 Members recognised that current government advice on social distancing and use of public transport was impacting on passenger behaviours and patronage. The advice is counter to the JTC Transport Plan objectives of increasing use of public transport as a more sustainable method of transport. The current government advice and Covid-19 restrictions was having a profound impact on Nexus and there was concern over how long it would take and whether patronage would ever return to pre-Covid levels given the change in working patterns and increased working from home. The Committee were concerned what this might mean for future years, particularly if there is not further government support forthcoming and called on the JTC to better understand what is driving passenger behaviours and to consider what strategies could be adopted to improve engagement with public transport and return to / exceed pre-Covid levels of patronage in the future.
- 12.7 Finally, members of the JTC Overview and Scrutiny welcomed the lobbying that had been undertaken to date with regards to securing additional government grant support, the continuation of this support and a rebalancing of the funding arrangements for Metro in particular if patronage is lower than pre-Covid levels going forward was seen as essential to secure these services.

13. Other Impact of the Proposals

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

14. Appendices

- 14.1 Appendix 1 – Nexus 2020-21 Budget Infographic

15. Background Papers

- 15.1 JTC Budget 2020/21 - Report to JTC 21 January 2020
<https://northeastca.gov.uk/wp-content/uploads/2020/01/TWSC-Public-Agenda-16.1.20.pdf>
- 15.2 Tyne Tunnels Update – Report to Tyne and Wear Sub Committee 16 January 2020
<https://northeastca.gov.uk/wp-content/uploads/2020/01/TWSC-Public-Agenda-16.1.20.pdf>

15.3 Tyne and Wear Levy and Nexus MTFS – Report to JTC 20 October 2020
<https://northeastca.gov.uk/wp-content/uploads/2020/10/2020.10.20-JTC-Public-Agenda-Pack.pdf>

15.4 Budget Update 2020/21 and Initial Budget Proposals 2021/22 – Report to JTC Tyne and Wear Sub Committee
<https://northeastca.gov.uk/wp-content/uploads/2020/10/2020.101.05-TWSC-Agenda-Pack.pdf>

16. Contact Officers

16.1 Paul Darby, NECA Deputy Chief Financial Officer/s73 Officer,
NECA.pauldarby@durham.gov.uk

16.2 Eleanor Goodman, NECA Finance Manager,
eleanor.goodman@northeastca.gov.uk

16.3 Patsy O'Reagan, NECA Principal Accountant
Patsy.oreagan@northeastca.gov.uk

17. Sign off

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

18. Glossary

DfT – Department for Transport

NECA – North East Combined Authority

NTCA – North of Tyne Combined Authority

TfN – Transport for the North

TSU – Transport Strategy Unit

TT2 – TT2 Ltd, Tyne Tunnels Concessionaire

CBSSG - Coronavirus Bus Services Support Grant

LRRRG - Light Rail Revenue Restart Grant

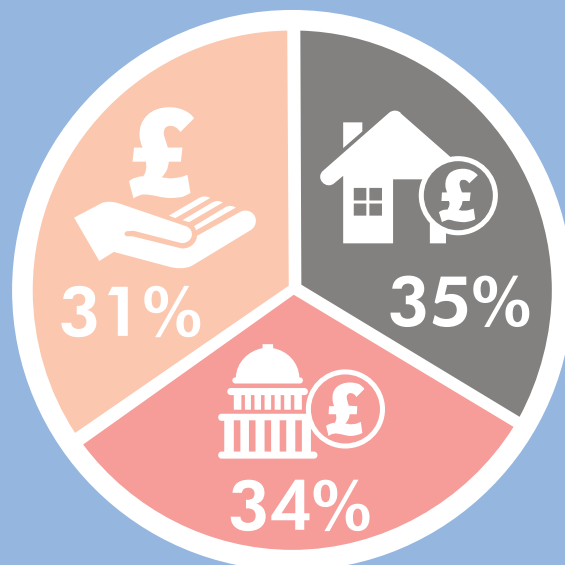
Nexus' Revenue Budget 2020/21



Gross budget

in the current year
is £167m

Commercial
Income

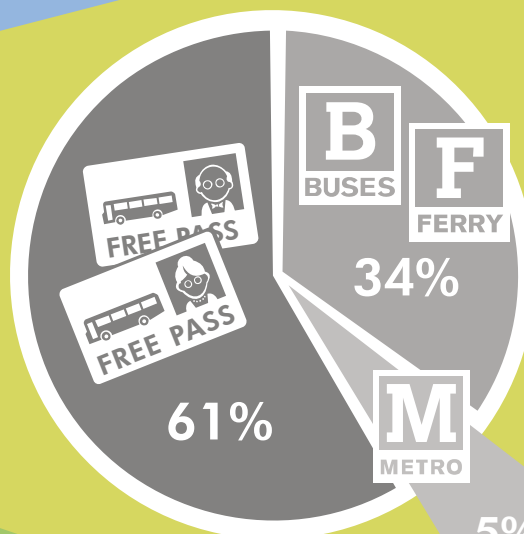


Levy/
JTC Grant

Government
grant

Levy/
JTC Grant

**Statutory
Concessionary fares**
Nexus has no control over
price or demand



Nexus
Secured buses,
discretionary
concessions,
ferry, information,
infrastructure etc.

Metro
discretionary
concessions

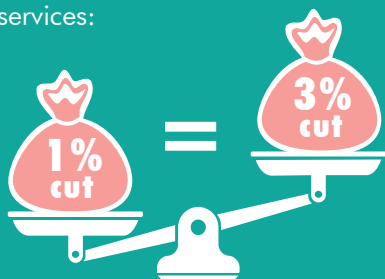
Metro

Operational Revenues
have grown by 12%
over the past
5 years



Levy cuts

Excluding Metro
and statutory
concessionary fares,
every 1% cut in the levy
represents a 3% cut in
'other levy funded'
services:



Capital Investment

Asset Renewal
Programme



Asset Renewal
further bid

New fleet of trains

Transforming Cities
Fund (bid)

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Joint Transport Committee – Audit Committee

Date: 9 December 2020

Subject: Joint Transport Committee Internal Audit Progress Report
2020/21

Report Of: Senior Manager – Assurance, Sunderland City Council

Executive Summary

This report provides an update on the delivery of the Internal Audit Plan for 2020/21 and the performance of Internal Audit against its agreed performance indicators.

The report outlines that two of the three audits originally planned to be completed in the year will be undertaken by the end of March 2021 and an additional unplanned audit has also been completed.

Recommendations

The Audit Committee is invited to consider and, if appropriate, make comment on the Internal Audit Progress Report for 2020/21, which includes the key performance measures for the provision of the service.

Joint Transport Committee – Audit Committee

1 Background Information

- 1.1 In July 2020 the Audit Committee agreed the Internal Audit Plan for 2020/21, which included three audits for completion during the year. The agreed audits were:
 - a) Regional Transport Plan.
 - b) Contract Management Arrangements – TT2.
 - c) Transforming Cities Programme.
- 1.2 The audit of the Transforming Cities Programme is currently ongoing and the audit of the Regional Transport Plan is due to be undertaken early in the new calendar year.
- 1.3 Subsequent to the approval of the Audit Plan an additional piece of work was requested in relation to the Covid-19 Bus Services Support Grant, which requires a certificate from the internal auditors. The majority of this work was undertaken in June with the final element being completed in November.
- 1.4 At the time that the Internal Audit Plan was reported to the Audit Committee in June it was envisaged that the originally planned 3 audits and the additional grant work could all be completed within the year. This is not feasible now, so the Audit Committee are requested to consider amendments to the Audit Plan.

2. Proposals

- 2.1 Since June 2020 a significant amount of Covid-19 related funding has been provided to local authorities to be distributed to various sectors of the community, which has required the internal audit service to undertake unplanned work to ensure that the processes in place were robust and the validity of the payments could be verified. In November, further funding streams have been announced requiring further internal audit resources. It has therefore been necessary to review internal audit coverage across all clients.
- 2.2 As an unplanned audit has been completed in relation to the Bus Service Support Grant and two of the three planned audits are expected to be complete by the end of the year, three pieces of audit work will have been delivered this year. It is therefore proposed that the audit of the Contract Management Arrangements – TT2 is deferred into early 2021/22.
- 2.2 Appendix 1 provides a summary of the audits completed to date and those planned against the relevant strategic and operational risks that were agreed in September 2020. As the opinion of some audits contribute towards more than one risk area they may be shown more than once.

Joint Transport Committee – Audit Committee

- 2.2 Appendix 2 shows Internal Audit's performance indicators, as no audits have been completed yet there is no information to report.

3. Reason for the Proposals

- 3.1 The Audit Committee continues to fulfil an ongoing review and assurance role in relation to the governance, risk management and internal control issues of the JTC.

4. Next Steps and Timetable for Implementation

- 4.1 The results of the Internal Audit work in relation to the JTC will be reported to the NECA Audit and Standards Committee at the end of July 2020.

5. Potential Impact on Objectives

- 5.1 There will not be a direct impact on the JTC's objectives, however the report supports the JTC by providing assurance that the internal control arrangements in place to manage risks are effective or where assurance cannot be given highlighting opportunities for improvement.

6. Finance and Other Resources Implications

- 6.1 There are no financial implications arising from this report other than the agreed fee for the service to be delivered.

7. Legal Implications

- 7.1 There are no legal implications arising specifically from this report.

8. Key Risks

- 8.1 There are no risk management implications from this report.

9. Equalities and Diversity

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

10. Crime and Disorder

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

11. Consultation /Engagement

Joint Transport Committee – Audit Committee

- 11.1 The Head of Paid Service, Monitoring Officer, Chief Finance Officer and the JTC's Proper Officer for Transport have been consulted on the report.

12. Other Impact of the Proposals

- 12.1 The proposals comply with the principles of decision making. Relevant consultation processes have been held where applicable.

13. Appendices

Appendix 1 – Update on Internal Audit work for 2020/21.

Appendix 2 – Performance of Internal Audit for 2020/21 where available.

14. Background Documents

- 14.1 JTC Standing Orders.

15. Contact Officers

Tracy Davis – Senior Manager – Assurance, Sunderland City Council.

Tracy.Davis@sunderland.gov.uk

16. Sign off

- Head of Paid Service ✓
- Monitoring Officer ✓
- Chief Finance Officer ✓
- Managing Director, Transport North East (Proper Officer for Transport)✓

Joint Transport Committee – Audit Committee

Appendix 1

Summary of Internal Audit Work 2020/21

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Risk Areas	Audits 2019/21	Opinion	Audits 2020/21	Scope	Opinion	Overall Opinion
Carbon Neutral Transport	Project Management, Procurement and Contract Management Procedures.	S	Regional Transport Plan	<ul style="list-style-type: none"> • Roles and responsibilities • Process for the Plan's development • Decision making • Monitoring of the Plan's delivery • Reporting arrangements 		S
Inequality and Growth of the Economy			Regional Transport Plan	<ul style="list-style-type: none"> • Roles and responsibilities • Process for the Plan's development • Decision making • Monitoring of the Plan's delivery • Reporting arrangements 		
Health			Regional Transport Plan	<ul style="list-style-type: none"> • Roles and responsibilities • Process for the Plan's development • Decision making • Monitoring of the Plan's delivery • Reporting arrangements 		

Joint Transport Committee – Audit Committee

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Risk Areas	Audits 2019/21	Opinion	Audits 2020/21	Scope	Opinion	Overall Opinion
Appealing Sustainable Transport			Regional Transport Plan	<ul style="list-style-type: none"> • Roles and responsibilities • Process for the Plan's development • Decision making • Monitoring of the Plan's delivery • Reporting arrangements 		
Safety and Security			Regional Transport Plan	<ul style="list-style-type: none"> • Roles and responsibilities • Process for the Plan's development • Decision making • Monitoring of the Plan's delivery • Reporting arrangements 		
Future Availability of Funding						
Funding Opportunities						
Use of Funding and Resources	Governance Arrangements	S	Transforming Cities Programme	<ul style="list-style-type: none"> • Programme governance arrangements • Roles and Responsibilities • Monitoring and reporting • Benefits realisation 		

Joint Transport Committee – Audit Committee

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Risk Areas	Audits 2019/21	Opinion	Audits 2020/21	Scope	Opinion	Overall Opinion
	Project Management, Procurement and Contract Management Procedures	S	Bus Services Support Grant	<ul style="list-style-type: none"> Compliance with the Grant Determination Letter 		
Governance Arrangements	Governance Arrangements	S	Transforming Cities Programme	<ul style="list-style-type: none"> Programme governance arrangements Roles and Responsibilities Monitoring and reporting Benefits realisation 		
Operational Capacity and Resourcing						
Delivery of Transport Improvement Projects/Programmes	Project Management, Procurement and Contract Management Procedures	S	Transforming Cities Programme	<ul style="list-style-type: none"> Programme governance arrangements Roles and Responsibilities Monitoring and reporting Benefits realisation 		
Transport Infrastructure Assets						

Joint Transport Committee – Audit Committee

Risk Areas	Audits 2019/21	Opinion	Audits 2020/21	Scope	Opinion	Overall Opinion
Service Delivery			Bus Services Support Grant	<ul style="list-style-type: none"> Compliance with the Grant Determination Letter 		
'Catastrophic Event'						

Assurance Level (Opinion) Key:

F – Full S – Substantial M – Moderate L – Limited N – None

Joint Transport Committee – Audit Committee

Appendix 2

Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2020/21			
Efficiency and Effectiveness			
Objectives	KPI's	Targets	Progress
1) To ensure the service provided is effective and efficient.	1) Complete sufficient audit work to provide an opinion on the key risk areas identified. 2) Percentage of draft reports issued within 15 days of the end of fieldwork. 3) Percentage of audits completed by the target date (from scoping meeting to issue of draft report).	1) All key risk areas covered over a 3-year period 2) 90% 3) 85%	N/A None Available None Available

Joint Transport Committee – Audit Committee

Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2020/21			
Quality			
Objectives	KPI's	Targets	Progress
1) To maintain an effective system of Quality Assurance.	1) Opinion of External Auditor	1) Satisfactory opinion	Achieved
2) To ensure recommendations made by the service are agreed and implemented.	2) Percentage of agreed high, significant and medium risk internal audit recommendations which are implemented.	2) 100% for high and significant risk. 90% for medium risk	None Available
Client Satisfaction			
Objectives	KPI's	Targets	Progress
1) To ensure that clients are satisfied with the service and consider it to be good quality.	1) Results of Post Audit Questionnaires	1) Overall average score of better than 1.5 (where 1=Good and 4=Poor)	None Available
	2) Results of other Questionnaires	2) Results classed as 'Good'	N/A
	3) Number of Complaints / Compliments	3) No target – actual numbers will be reported	None in year



Joint Transport Committee – Audit Committee

Date: 9 December 2020

Subject: Joint Transport Committee Strategic Risk Register

Report Of: Senior Manager – Assurance, Sunderland City Council

Executive Summary

This report provides members with an up to date assessment of the strategic risks the North East Joint Transport Committee (JTC) faces as it seeks to achieve its objectives.

There have been no amendments to the risks included in the JTC Strategic Risk Register which was reported to the JTC Audit Committee during October 2020. Consequently, the Strategic Risk Register still contains 14 risks.

The level of risk associated with the 14 JTC strategic risks previously reported relating to the JTC organisation has remained stable with no changes since the previous Committee in October 2020. Four strategic risks are still assessed as having a 'high' risk level due to a combination of 1 or more of the following matters:

- a) while the UK government has the ambition to raise the level of economic performance in all parts of the country towards that of London i.e. to 'level up' the economy, the government's ability to invest in transport infrastructure may be reduced due to a financial recession caused by the ongoing Covid-19 pandemic;
- b) the current drop in usage of public transport due to the impact of the ongoing Covid-19 pandemic; and
- c) the need to change behaviour in society to achieve some of the transport objectives.

Recommendations

The Audit Committee is asked to consider the Strategic Risk Register and comment on its content.

1 Background Information

- 1.1 The North East Combined Authority (NECA) was established in April 2014 and brought together seven councils within the North East. As a result of the Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018 ('the Order') the North of Tyne Combined Authority (NoTCA) was created, and the boundaries of NECA changed on the 2 November 2018. NECA now covers the local authorities of Durham; Gateshead, South Tyneside and Sunderland; and NoTCA covers Newcastle, North Tyneside and Northumberland.
- 1.2 The two Combined Authorities have responsibility for transport; however, as the former Tyne & Wear passenger transport authority area (and its passenger transport executive, Nexus) straddle the two combined authorities, the Order also provided that they must establish a joint transport committee to exercise all transport functions. Hence the JTC was created.
- 1.3 The JTC defines its strategic risks as those matters which, if they were to occur, could have a material adverse impact upon the achievement of the JTC's vision to provide integrated, affordable, attractive, reliable, safe, healthy transport choices in the North East (LA7) area which meets the needs of businesses, residents and visitors, supports economic activity whilst enhancing the environment.
- 1.4 In order to aid the JTC to achieve its overall vision as described in paragraph 1.3 above, the JTC is currently developing its North East Transport Plan. As part of the planning process the JTC Committee has agreed five objectives that the plan will seek to achieve. These are:

Carbon-neutral transport;
Overcome inequality and grow the North East economy;
Healthier North East;
Appealing sustainable transport choices; and
Safe, secure transport network.
- 1.5 This report offers the JTC's Audit Committee the opportunity to consider the nature and level of risk the JTC faces in seeking to achieve its overall vision and objectives. The Strategic Risk Register has been reviewed in light of feedback from the last JTC Audit Committee meeting in October 2020, the content of recent reports considered by the JTC Committee and its sub-committees including those reporting progress on the North East Transport Plan and discussions with NECA and JTC officers.
- 1.6 It should be noted for each of the 5 risks relating to the achievement of the JTC's strategic objectives and the 'organisational' risks, the causes of each of the risks and the factors affecting the likelihood of each of risk occurring originate from sources/actions both inside and outside the JTC organisation. Consequently, the management of the risk is not totally within the sole control of the JTC itself. The further mitigating actions to manage the risk recorded in the JTC Strategic Risk Register reflect only what the JTC is further planning to manage the risk.

2. Proposals

2.1 The Register identifies 14 strategic risks. These are split into 2 categories:

- a) five risks relating to the achievement of the JTC's strategic objectives to be included in the JTC's North East Transport Plan being developed, and
- b) nine risks relating to the JTC organisation itself.

2.2 The risks relating to the objectives to be expressed in the North East Transport Plan are:

- a) Failure to achieve the aspiration of a fully carbon neutral transport network within the JTC area by 2035.
- b) Failure of the transport system to achieve the planned outcomes to overcome inequality and support the growth of the economy in the JTC area.
- c) Failure of the transport system to achieve the planned outcomes to contribute to the improvements in health of the population in the JTC area.
- d) The transport network within the JTC area fails to achieve the planned outcomes regarding the offer of appealing sustainable transport choices to people living or working in the area or visiting or travelling through the area.
- e) The transport system within the JTC area fails to achieve the planned outcomes regarding its safety and security.

2.3 The risks relating to the JTC organisation itself are:

- a) Sources and levels of funding available to the JTC to develop the North-East regions transport infrastructure within the region may reduce.
- b) Failure of the JTC to secure the maximum amount of transport funding available to progress transport infrastructure in the North-East region.
- c) Funding secured for transport initiatives within the North-East region by the JTC and its partners may not be able to be used on a timely basis or be sufficient to complete intended projects.
- d) The governance arrangements of the JTC are not appropriate to allow effective and timely decision making and the achievement of its objectives.
- e) The JTC does not have the necessary operational capacity, skills and budget, to successfully deliver the JTC's objectives and plans.
- f) Projects which are funded through the JTC are delayed, are significantly overspent or do not deliver the intended product to meet the identified transport need.

- g) Transport assets, which are the responsibility of the JTC, are inadequately managed and maintained.
- h) Inadequate arrangements are in place to ensure that adequate levels of public transport services, for which the JTC has oversight, are maintained by the JTC's transport delivery partners.
- i) Inadequate arrangements are in place should a 'catastrophic' event occur which seriously impacts the transport system in the North East. e.g. public health emergency, security incident, infrastructure collapse (e.g. prolonged loss of power, prolonged fuel shortage).

2.4 The 'Strategic Risks Summary' at Appendix 1 shows the 14 risk areas and for each risk provides a current RAG rating to provide a guide as to the level of risk the JTC currently faces for that risk. The direction of travel is also recorded together with reason for any changes to risk levels.

Appendix 2 'Strategic Risk - Details' provides a detailed description of the nature of each risk, the possible causes of each risk, an assessment of the impact of each risk should it occur, the factors which affect the likelihood of each risk occurring together with the relevant controls in place, or being put in place to mitigate each risk to an appropriate level.

Appendix 3 'Risk Analysis Toolkit' shows the risk scoring matrix that has been applied to assess the level of risk for each of the JTC strategic risks.

2.5 The Strategic Risk Register for regional transport will continue to be reviewed to record, monitor and report the strategic risks to the Audit Committee on a quarterly basis, with support from officers. Where appropriate, the risks will also be provided to NECA's Audit and Standards Committee and NoTCA for information.

3. Reason for the Proposals

3.1 The Audit Committee continues to fulfil an ongoing review and assurance role in relation to the governance, risk management and internal control issues of the JTC.

4. Next Steps and Timetable for Implementation

4.1 The Strategic Risk Register will be regularly reviewed. Update reports will be provided to the JTC Audit Committee.

5. Potential Impact on Objectives

5.1 The development of the Strategic Risk Register will not impact directly on the JTC's objectives, however the approach to strategic risk management will support the JTC by acknowledging the most significant threats to the achievement of its objectives and putting plans in place to manage them, e.g. the development of the North East Transport Plan and its subsequent delivery should incorporate measures to manage the key risks appropriately.

6. Finance and Other Resources Implications

6.1 There are no financial implications arising from this report.

7. Legal Implications

7.1 There are no legal implications arising specifically from this report.

8. Key Risks

8.1 The report identifies what are considered to be the key risks to the achievement of the JTC's overall objectives.

9. Equalities and Diversity

9.1 There are no equalities and diversity implications arising from this report

10. Crime and Disorder

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

11. Consultation /Engagement

11.1 The Head of Paid Service, Monitoring Officer, Chief Finance Officer and the JTC's Proper Officer for Transport have been consulted on the Strategic Risk Register.

12. Other Impact of the Proposals

12.1 The proposals comply with the principles of decision making. Relevant consultation processes have been held where applicable.

13. Appendices

Appendix A – 'Risks Summary' shows the JTC's strategic risks and the level of risk associated with each.

Appendix B – 'Strategic Risks – Details' provides a detailed assessment of the JTC's and actions identified to reduce the overall risk exposure.

Appendix C – Risk Analysis Toolkit determines the level of risk attached to each Risk.

14. Background Documents

14.1 The latest [Nexus Strategic Risk Register](#) can be found on the NECA website as part of the North East Joint Transport Committee, Tyne and Wear Sub-Committee, which focuses on transport issues for both NECA and the North of Tyne Combined Authority within the Tyne and Wear Area.

15. Contact Officers

Tracy Davis – Senior Manager – Assurance, Sunderland City Council.
Tracy.Davis@sunderland.gov.uk

16. Sign off

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

Strategic Risks - Summary			
Risk Title & Description	Risk Level (RAG Rating)	Direction of Travel	Notes
Risks to Achievement of JTC Strategic Objectives			
<u>1 Carbon Neutral Transport</u> Failure to achieve the aspiration of carbon neutral transport network within the JTC area by 2035.	Red 12	Static	Due to possible negative impact of Covid-19 on future funding and need for behavioural change
<u>2 Inequality and Growth of the Economy</u> Failure to achieve the planned outcomes to overcome inequality and support the growth of the economy in the JTC area.	Red 12	Static	Due to possible negative impact of Covid-19 on future funding and cost and service availability users of public transport
<u>3 Health</u> Failure of the transport system to achieve the planned outcomes to contribute the improvements in health of the population in the JTC area.	Amber 8	Static	Positive impact of Covid-19 on active travel counter balanced by possible negative impact of Covid-19 on future funding and need for behavioural change
<u>4 Appealing Sustainable Transport</u> The transport network within the JTC area fails to achieve the planned outcomes regarding the offer of appealing sustainable transport choices to people living or working in the area or visiting or travelling through the area.	Red 12	Static	Due to possible negative impact of Covid-19 on future funding and cost and service availability to users of public transport

Strategic Risks - Summary			
Risk Title & Description	Risk Level (RAG Rating)	Direction of Travel	Notes
<u>5 Safety and Security</u> The transport system within the JTC area fails to achieve the planned outcomes regarding its safety and security.	Amber 8	Static	Arrangements in place but possible negative impact of Covid-19 on future funding
JTC Organisation Risks			
<u>1 Future Availability of Funding</u> Sources and levels of funding available to the JTC to develop the North-East regions transport infrastructure within the region may reduce.	Red 12	Static	Uncertainty over levels of future funding
<u>2 Funding Opportunities</u> Failure of the JTC to secure the maximum amount of transport funding available to progress transport infrastructure in the North-East region.	Amber 8	Static	N/a
<u>3 Use of Funding and Resources</u> Funding secured for transport initiatives within the North-East region by the JTC and its partners may not be able to be used on a timely basis or be sufficient to complete intended projects.	Amber 8	Static	N/a
<u>4 Governance Arrangements</u> The governance arrangements of the JTC are not appropriate to allow effective and timely decision making and the achievement of its objectives.	Green 4	Static	N/a
<u>5 Operational Capacity and Resourcing</u> The JTC does not have the necessary operational capacity, skills and budget, to successfully deliver the JTC's objectives and plans.	Amber 8	Static	N/a
<u>6 Delivery of Transport Improvement Projects/Programmes</u> Projects which are funded through the JTC are delayed, are significantly overspent or do not deliver the intended product to meet the identified transport need.	Amber 8	Static	N/a

Strategic Risks - Summary			
Risk Title & Description	Risk Level (RAG Rating)	Direction of Travel	Notes
<u>7 Transport Infrastructure Assets</u> Transport assets, which are the responsibility of the JTC, are inadequately managed and maintained.	Green 6	Static	N/a
<u>8 Service Delivery</u> Inadequate arrangements are in place to ensure that adequate levels of public transport services, for which the JTC has oversight, are maintained by the JTC's transport delivery partners.	Green 6	Static	N/a
<u>9 'Catastrophic Event'</u> Inadequate arrangements are in place should a 'catastrophic' event occur which seriously impacts the transport system in the North East. e.g. public health emergency, security incident, infrastructure collapse (e.g. power, fuel).	Amber 8	Static	N/a

Strategic Risks - Details

Risks to Achievement of JTC Strategic Objectives	
1 <u>Carbon Neutral Transport</u> Failure to achieve the aspiration of a fully carbon neutral transport network within the JTC area by 2035.	<u>Risk Owner</u>
	Head of Paid Service (for Transport)
	<u>Risk Score</u>
	Red 12
Possible Cause(s): <ol style="list-style-type: none"> Growing demand for car travel and freight as economy grows. Road vehicle owners holding on to current more polluting vehicles for longer e.g. people may be less reluctant to increase personal spending, commit to loans during recession or if people have been furloughed or lost their job as a result of Covid-19 they may be unable to afford a new car. Drivers' unwillingness or inability to give up the use of their car and use more sustainable forms of transport e.g. walking, cycling or public transport for reasons such as convenience, independence, no practical alternative mode of sustainable transport available to meet needs. 'Range anxiety' and lack of awareness resulting in consumers opting to purchase diesel/petrol vehicles instead of Electric Vehicles (EVs). Lack of, or lack of user awareness of, charging infrastructure to support increase in uptake of EVs and lack of EV charging infrastructure to support EV owners who do not have off street parking. High cost of Electric Vehicles when compared to diesel/petrol cars/vans. Lack of incentives (e.g. financial) for road users to adopt zero/low emission vehicles. Public health concerns/fears, e.g. spread of Covid-19 during pandemic, about use of alternative modes of transport e.g. bus, train, Metro and associated inconvenience e.g. limited numbers/capacity due to need for social distancing, use of face mask causing greater use of road vehicles may put off people using low emission public transport. Public reluctance to use public transport following government's advice during Covid-19 lockdown to only use public for essential journeys that cannot be made by walking, cycling or by car. Public may have interpreted this message to mean that public transport is unsafe/people are at risk of Covid-19 when using public transport. Increased road traffic volumes and/or poor road infrastructure/traffic flow management causing congestion. Lack of effective carbon offset schemes. Poor infrastructures for cycling, walking and lack of segregated cycleways. Reluctance to cycle instead of using the car over perceptions that cycling is unsafe, Lack of expansion in, public transport network meaning that some communities are not served by the public transport network and therefore need to rely on car travel. Withdrawal of some bus routes or service frequencies resulting in some communities not being served by public transport. Lack of committed long term funding at local, regional or national government level. Lack of regular funding for EV infrastructure. Lack of prioritisation of carbon neutral agenda by transport policy decision makers. Safety and security concerns about using public transport, cycling or walking at particular 	

times of day.

- 20 Council/transport delivery partners policies and priorities are not aligned to JTC aims/plans re carbon neutrality for transport.
- 21 The potential effect of the activities planned by JTC and its delivery partners to achieve carbon neutrality are over-stated.
- 22 Road building/widening schemes in North East e.g. A19 will attract greater road usage.
- 23 Lack of a coordinated realistic regional plan and vision to achieve a carbon neutral transport network in the North East region and/or lack of will or resources to deliver plan by all or any stakeholder in transport.
- 24 Lack of confidence by residents in the use of public transport e.g. fear for safety, harassment.

Potential Impact/Consequence:

The levels of carbon dioxide, nitrogen dioxide, other greenhouse gases and air particulates will remain high so:

- a) contributing to climate change with potential for extreme weather events.
- b) continuing to effect adversely the health of the population by increasing symptoms of respiratory (e.g. asthma) and cardiovascular disease (e.g. lung cancer, strokes, heart disease) in some cases leading to death. Air pollution can also an impact of child development and development of dementia. This increases pressure on NHS resources e.g. increase hospital admissions.
- c) contributing to lower productivity in the region due to work absence for health reasons.
- d) exacerbating health inequalities as certain groups in society are more susceptible to high levels of air pollution e.g. elderly, children, those with disabilities, lower income groups who tend to live in housing in urban areas near roads.

Likelihood (including controls already in place)

- 1 Under climate change legislation UK government has goal that the country achieves carbon neutrality by 2050. Legal limits are in place re levels of air pollution.
- 2 UK government has adopted measure to improve air quality. These include:
 - a) Intention to ban sale of new petrol and diesel cars by 2030.
 - b) Investment in technological innovation re road vehicles e.g. batteries.
 - c) Introduction of an 'Air Quality Plan' to reduce air pollution. As part of this plan funding schemes have been made available for extending the charging infrastructure for ultra-low emission vehicles (ULEV) including fast charging, putting low emission buses and taxis on the road, and improving cycling and walking infrastructure.
- 3 Both Combined Authorities and all seven Local Authorities in the region have declared a 'climate emergency' undertaking to make environmental considerations as part of decision making and working to reduce carbon emissions.
- 4 The JTC received £10m from Tranche 1 of Transforming Cities Fund (TCF) for the funding of schemes that encourage more travel by bus, cycling and walking, improving connectivity to city centres and key employment sites.
- 5 Award of £198.483m from Tranche 2 of the TCF to JTC will be used to deliver 27 transformational schemes that will improve the frequency and reliability of the Metro, speed up urban buses, make rail services more reliable, extend the cycling network and improve Park and Ride facilities.
- 6 The region received £3m (from ERDF and Office for Low Emission Vehicles) to deliver the Go Ultra Low Programme is JTC's Transport Strategy Unit (TSU) are completing a project to deliver ULEV charging stations and points.
7. The JTC has been awarded £100,000 from the Local Growth Fund to carry out an enabling study to identify 25 strategic sites for the installation of EV charging infrastructure. £500,000 LGF has been reserved to take forward between 4-6 priority EV hubs by summer 2021. This will increase the availability of EV charging infrastructure in the region.

NELEP have provided £100,000 to conduct an EV infrastructure enabling study which will identify the EV infrastructure needs in the JTC area for up to 2025 to meet future demand. On completion of this enabling study, a budget of £500,000 is expected to be made available to install EV infrastructure at the most strategic sites.

8. The JTC has received £2.262m from Tranche 1 of the Department for Transport's Emergency Active Travel Fund. The funding has been used to install 'pop up' measures to support and encourage the increase in cycling and walking experienced during lockdown.
9. The JTC has received Tranche 2 of the Emergency Active Travel Fund, £15.7m to install an ambitious programme of measures to reallocate road space to cycling and walking.
- 10 UK government has introduced Clean Air Zone (CAZ) framework for cities. As part of this Newcastle, Gateshead and North Tyneside Council are in the process of adopting a clean air zone.
- 11 Councils have a responsibility to assess levels of air quality and if necessary, adopt a remedial plan and powers to tackle air pollution. Councils also have access to funding via the Air Quality Grant Scheme.
- 12 Councils can use licensing powers to introduce emission requirements on taxi/private hire vehicles.
- 13 Bus operators within the region are using greater numbers of low emission buses. However, these are not in sufficient numbers to meet the stringent requirements for Clean Air Zones. This is partly because the funding for modifications for buses is less than for vans or taxis.
- 14 Nexus are in the process of upgrading the Metro' infrastructure and rolling stock to provide improved services and reliability.
- 15 The Covid -19 pandemic has caused:
 - a) A switch to the use of cars (high greenhouse gas emitters), a growth in cycling and walking and a decline in public transport patronage. This is possibly due to the need for social distancing, increased home working reducing the need to travel and a fear of catching the virus.
 - b) There has been a huge reduction in the use of public transport including bus services and the Metro causing a severe loss in income. Without appropriate funding this may result in a future reduction in service level provision in public transport services. The government is currently providing funding to support the Metro however it is seeking to cease this as soon as possible. To this end it has asked for plans to be developed which allow the Metro to be self sustainable post Covid so its services match its income.
 - c) Air quality improved during the lockdown due in part to less transport activity.
- 16 JTC members, Transport North East officers and partners of the JTC e.g. local councils continue to lobby and engage with the UK government at national and subnational level i.e. Transport for the North (TfN), Northern Transport Acceleration Council (NTAC) to:
 - a) ensure policy makers and decision makers are aware of the transport vision, plan and policies and needs for the North East are known, and
 - b) persuade government to make transport funding a priority.
- 17 Electric charging infrastructure for taxis is currently being installed at appropriate sites across the region.
- 18 The effect and cost of the Covid-19 pandemic on the UK economy may cause the UK government to reduce the level of funding available to the region to enable it to achieve its transport carbon neutral objective.
19. The Tyne Pass Scheme, a free flow scheme at the Tyne Tunnel, allowing barrier free movement is being developed.
- 20 A forum has been set up to allow the JTC and north east bus operators to discuss bus service provision matters.
- 21 Consultation is ongoing on the Draft Transport Plan that sets out an ambition for £6bn of Transport Infrastructure investment in the North East and will form the basis of the ask to central Govt.

Further Mitigating Actions

Lead Officer(s)

A North East Transport Plan is planned to be adopted by the JTC in 2021. One of the plan's objectives is to achieve transport carbon neutrality with associated targets attached. The document will provide the planned activity necessary to achieve this goal.	Managing Director, Transport North East
Capital projects funded by TCF Phase 2 to delivered in line with timescales	Managing Director, Transport North East
Go Ultra Low taxi project to be delivered, improving access to electric vehicle charging infrastructure for the taxi trade	Managing Director, Transport North East
Scheme promoters to deliver schemes funded through Emergency Active Travel Fund. Schemes will deliver improvements for cycling and walking.	Managing Director, Transport North East
The Go Ultra Low North East programme is to be delivered by January 2021. The aim of the programme is to increase the uptake of ultra-low emission vehicles (ULEVs) in the North East	Managing Director, Transport North East

<p><u>2 Inequality and Growth of the Economy</u></p> <p>Failure of the transport system to achieve the planned outcomes to overcome inequality* and support the growth of the economy in the JTC area.</p>	<p><u>Risk Owner</u></p> <p>Head of Paid Service (for Transport)</p>
	<p><u>Risk Score</u></p>
	<p>Red 12</p>
	<p>Likelihood – Medium 3 Impact – Critical 4</p>
<p>Possible Cause(s):</p> <p>Transport Inequality*</p> <ol style="list-style-type: none"> 1 Transport network does not adequately allow all residents to access transport to meet their needs e.g. transport is not available or not reachable, or if it is, the service is unreliable, or is not frequent enough or runs at the wrong times. This could be due to: <ol style="list-style-type: none"> a) Poor planning where transport infrastructure to support new housing or business development is not adequately considered. b) Inadequate understanding of transport needs of residents and businesses c) The geographic spread of communities in rural areas means it may not be cost effective to provide public transport. d) Lack of funding from government (central or local) due to policy or financial necessity due to economic downturn to operate current transport service provision or to develop new or alternative public transport provision. e) Lack of resources to maintain transport infrastructure and fleets to service users 2 Costs to users of public transport provision is prohibitive due to: <ol style="list-style-type: none"> a) High fares e.g. as a result of inflation. b) Reduction in subsidies/concessions to users of public transport as a result of government policy or financial necessity due to an economic downturn or public investment priority is road and rail rather than bus/Metro which affects those on low incomes disproportionately more. 3 Inadequate communication between providers of public transport in different area resulting in a lack of integration of services causing users to be unable to complete journeys in a reasonable time. 4 Lack of integrated and partnership working between organisation responsible for transport policy and service delivery and other stakeholders e.g. those responsible for employment, education, skills, housing and economic development policy; alternative public transport service providers e.g. community transport etc. 5 Council/transport delivery partners policies and priorities are not aligned to JTC aims/plans re transport inequality and economic growth. 6 Residents are not aware of all the public transport services available and do not know where to go to access public transport information. 7 Lack of innovative transport solutions to address transport inequality. 8 Lack of flexible ticketing options for public transport e.g. tickets that allow travel on services provided by more than one operator, lack of saver tickets which do not require passengers to travel daily to get the best value. 	

Growth of the Economy

- 1 Insufficient capacity within the transport infrastructure to allow businesses to connect to suppliers, and consumers either at a local, regional, national and/or international level. Causes could be:
 - a) A failure to understand the current and future transport needs of north east businesses and to develop and deliver clear overall plans to meet those needs
 - b) Poor design of transport solutions e.g. wrong place or wrong mode of transport
 - c) Lack of funding from government (central or local) due to policy or financial necessity due to an economic downturn to develop and deliver transport improvement projects leading to inaction, delay or cancellation.
 - d) Lack of involvement by relevant North East bodies in regional, national transport initiatives and central government to put forward transport case re connectivity to the north east region
 - e) Lack of agreement as to the prioritisation of transport improvement projects.
- 2 Transport routes available are not sufficiently efficient for business needs e.g. long journey times, lack of safety of goods, unreliable. Causes could be:
 - a) Poor management of transport networks causing congestion on roads, poor timetabling of services e.g. rail
 - b) Lack of prioritisation for adequate maintenance e.g. roads, rail, rolling stock
 - c) Lack of adequate funding to deliver improvements to the transport network.
- 3 The transport infrastructure does not allow businesses to access the employment pool available within the region that they require. The possible causes are as those for transport inequality above.

Other

- 1 Lack of a coordinated realistic regional transport plan and vision to overcome transport inequality and to support the growth of the economy in the North East region and/or lack of will or resources to deliver plan by all or any stakeholder in transport

(* 'Transport inequality' is defined as the failure to provide adequate public transit options for low income residents making it difficult for a) residents to find and commute to higher paying jobs, or education and training, that would help them improve their economic status and/or b) residents to travel to key services to meet their needs whether business, medical or leisure)

Potential Impact/Consequence:

- 1 Residents, particularly low-income earners, in the north east will not be able to access work or move into education and training that could improve their prospects e.g. economic, health. Progress on social mobility in the region will be limited.
- 2 Residents in some areas of the region will not be able to access health care and other essential services as a result of a poor transport network.
- 3 Without appropriate transport infrastructure business may choose to locate or expand business in locations other than the north east resulting in loss of new employment opportunities for its residents, and loss of investment and income to the region.

Likelihood (including controls already in place)

1. Currently there is no commitment to invest to grow the capacity and resilience of the East Coast Mainline corridor between York and Newcastle to link the region to HS2 and other Northern Powerhouse rail routes. The East Coast Main Line is unable to cope with existing demand, let alone that of the future. If the line is not invested in the economic gap between the north and south will widen and 'levelling up' won't be achieved.
2. Government measures as a result of the Covid-19 pandemic has resulted in the reduction of public transport services e.g. bus, Metro, rail and a lack of capacity due to the need to socially distance. This impacts to a greater extent those on lower incomes and those without access to a car.
3. Local councils continue to contribute to a transport levy to the Joint Transport Committee to fund concessionary fares schemes and subsidies for bus services in the region and the Tyne and Wear Metro service. However due to financial pressure on councils in recent years this has remained fairly static. With the reduced use of public transport, the demand for increases in subsidies may rise if current service levels are to be maintained.
4. The JTC has recently been awarded £198.483m from Tranche 2 of the Transforming Cities Fund. The funding will be used to deliver 27 transformational schemes that will improve the frequency and reliability of the Metro, speed up urban buses, make rail services more reliable, extend the cycling network and improve Park and Ride facilities.
5. Significant major road schemes are currently being undertaken on the strategic road network e.g. A19, A1 improvements to improve traffic flows. Highways England have 6 further major road widening/improvement schemes relating to the A1 and A19 routes planned up to 2025.
6. The Covid-19 pandemic has reduced Metro and bus patronage resulting in financial losses. These losses have been supported by a short-term funding grant from government. If this funding ceased and patronage levels do not increase bus companies and Nexus will be making a loss which could result in the need to reduce/ withdraw some services. The government is currently providing funding to support the Metro however it is seeking to cease this as soon as possible. To this end it has asked for plans to be developed which allow the Metro to be self sustainable post Covid so its services match its income.
7. Nexus are currently completing a programme of Metro infrastructure improvements and are starting a programme of replacing its rolling stock.
8. The area served by the JTC has approximately a third of its population living in rural communities.
9. JTC members, Transport North East officers supporting the JTC and partners of the JTC e.g. local councils continue to lobby and engage with the UK government at national and subnational level i.e. Transport for the North (TfN), Northern Transport Acceleration Council (NTAC) to:
 - a) ensure policy makers and decision makers are aware of the transport vision, plan and policies and needs for the North East are known, and
 - b) persuade government to make transport funding a priority.
10. East-west connectivity from the region is slow via road and rail
11. The Metro is currently accessible to 40% of the population with bus use per household the highest in England outside London.
12. Projects have recently been completed to enhance accessibility e.g. opening of new railway station at Horden and improvements in traffic management systems and bus prioritisation
13. The JTC has received £2.262m from Tranche 1 of the Department for Transport's Emergency Active Travel Fund. The funding has been used to install 'pop up' measures to support and encourage the increase in cycling and walking experienced during lockdown.
14. The JTC has received Tranche 2 of the Emergency Active Travel Fund, £15.7m to install an ambitious programme of measures to reallocate road space to cycling and walking.
15. The region has come together to focus its attention on recovery with transport and digital being a key element. A "Connected North East: Our Blueprint" has been developed and submitted to Government ahead of the deadline for submissions for the Comprehensive

Spending Review. It makes the case for investment in the region to aid recovery from the pandemic.

16 A final business case has been submitted to for the development of the Northumberland Line, a new train line between Ashington and Newcastle. A funding decision is awaited.

17 A forum has been set up to allow the JTC and north east bus operators to discuss bus service provision matters.

18 Consultation is ongoing on the Draft Transport Plan that sets out an ambition for £6bn of Transport Infrastructure investment in the North East and will form the basis of the ask to central Govt.

Further Mitigating Actions	Lead Officer(s)
Continue to make the case to government for urgent investment in the East Coast Main Line north of York	Managing Director, Transport North East
A North East Transport Plan is currently being produced. One of the Plan's objectives is to 'overcome inequality and grow our economy'. The Transport Plan will be accompanied by an Intervention Plan which will set out how objectives will be achieved.	Managing Director, Transport North East
Capital projects funded by TCF Phase 2 to be delivered in line with timescales.	Managing Director, Transport North East
Scheme promoters to deliver schemes funded through Emergency Active Travel Fund. Schemes will deliver improvements for cycling and walking	Managing Director, Transport North East

<u>3 Health</u> Failure of the transport system to achieve the planned outcomes to contribute to the improvements in health of the population in the JTC area.	<u>Risk Owner</u> Head of Paid Service (for Transport)
	<u>Risk Score</u>
	Amber 8
	Likelihood – Low 2 Impact – Significant 4
Possible Cause(s): The transport system can contribute to the health improvement of the population in 2 ways by a) increasing the amount of ‘active travel’* and b) reducing the amount of air pollution. Causes which may prevent progress in these 2 areas are: Active Travel 1 Fear for personal safety, perceived or real. 2 Lack of time to make journeys using active travel. 3 Convenience and comfort of using the car (e.g. carrying heavy/bulky items, avoiding bad weather). 4 Unwillingness to take part in active travel. 5 Lack of facilities to support active travel e.g. changing/showering/locker facilities, secure cycle parking. 6 Lack of fit for purpose, well maintained walking/cycling infrastructure e.g. lack of segregated cycle lanes, lack of continuous routes between home and workplace/school/community service. 7 Impracticality for journey purpose, e.g. school drop off on way to work, shopping on way home from work, may not be suitable for people with disabilities. 8 Plans and policies, e.g. council Local Plans, do not take into account the active travel agenda. 9 Lack of support/confidence to change travel behaviour to active modes and lack of confidence in ability to cycle, particularly on roads. 10 Insufficient promotion and knowledge of existing walk/cycle routes. Air Quality Refer to possible causes re Strategic Risk 1, Carbon Neutral Transport. Other 1 Lack of available funding to develop or maintain infrastructure 2 Policies of JTC and other stakeholders e.g. councils are not aligned. 3 Competing priorities e.g. improving journey times for vehicles to aid economic activity yet reducing speed of traffic for cyclists/walkers; need for essential road maintenance when desire to improve/develop active travel facilities. 4 Lack of a coordinated realistic regional plan and vision to achieve the planned outcomes to contribute to the improvements in health of the population in the North East region and/or lack of will or resources to deliver plan by all or any stakeholder in transport 5 Lack of committed long term funding at local, regional or national government level *‘Active travel’ is defined as the use of walking and cycling as a means of transport to get to a	

particular destination e.g. work, shopping, visit friends. Active travel can be used for a complete journey or part of a journey e.g. walk to get on a bus

Potential Impact/Consequence:

- 1 Continued overcrowding of public transport e.g. trains and buses exacerbated by social distancing due to the Covid-19 pandemic will continue
- 2 Levels of congestion on roads will not be reduced, therefore air quality will not improve.
- 3 Road casualties will not be reduced.
- 4 The benefits of physical activity in the area will not be realised e.g. lower death rates; lower rates of cardiovascular disease, cancer, obesity, diabetes; better mental health so maintaining the pressure on NHS services and costs
- 5 Levels of absenteeism from work due to ill health will be not reduced so productivity declines.
- 6 Improvements in quality of life in the area will not be achieved i.e. better air quality, lower carbon emissions from transport, reduced noise pollution from transport

Likelihood (including controls already in place)

Active Travel

- 1 July 2020 Government published 'Gear Change: a bold vision for cycling and walking.' The document sets out actions required by government to make England a great cycling and walking nation.
- 2 Government has also provided funding to:
 - a) Improve cycling facilities at railway stations
 - b) Provide programmes to support walking to school
 - c) Cycling UK to provide bike maintenance and cycling classes.
- 3 The government operates a 'cycle to work' scheme which is a tax exemption initiative to promote cycling to work. Employers can loan cycles to employees as a tax-free benefit.
- 4 There has been a recent increase in the uptake of cycling and walking during the Covid-19 pandemic period. With the ongoing need for social distancing including public transport this uptake is likely to be maintained for the foreseeable future.
- 5 Post Covid-19 pandemic the Government has announced a £250 million emergency active travel fund which is to be used to:
 - a) adopt a bike voucher repair scheme to get unused bikes owned by the public repaired. Its effectiveness will be monitored to see if scheme will be continued.
 - b) provide initially pop-up measures to create a safer environment for walking and cycling in England. The North East received £2.262m from Tranche 1 of the Fund to quickly deliver temporary improvements. The JTC has received Tranche 2 of the Emergency Active Travel Fund, £15.7m to install an ambitious programme of measures to reallocate road space to cycling and walking. These measures will improve safety for pedestrians and cyclists and encourage active travel. This emergency active travel fund is part of a £2 billion funding package nationally for investment in cycling and walking.
- 6 Councils have received government guidance e.g. 'Working Together to Promote Active Travel', National Planning Policy Framework which encourages them to shape and create an environment to encourage active travel via a basket of measures e.g. via planning process to allow the built environment to encourage cycling/walking; 20 mph speed limit zones; improving infrastructure for cycling; school travel plan development; access to green spaces; good street lighting; road crossing points etc.

- 7 Government issued in May 2020 statutory guidance for Local Authorities on the reallocating of road space in response to COVID-19. The aims of the reallocation of road space is to increase in the number of cyclists and pedestrians and enable social distancing.
- 8 The JTC area contains many cycling routes, some of which are part of the national cycling network.
- 9 Consultation is ongoing on the Draft Transport Plan.

Air Pollution

- 1 Refer to 'likelihood' section re Strategic Risk 1, Carbon Neutral Transport.

Other

- 1 JTC members, Transport North East officers supporting the JTC and partners of the JTC e.g. local councils continue to lobby and engage with the UK government at national and subnational level i.e. Transport for the North (TfN), Northern Transport Acceleration Council (NTAC) to:
 - a) ensure policy makers and decision makers are aware of the transport vision, plan and policies and needs for the North East are known and
 - b) persuade government to make transport funding a priority
- 2 Lack of a coordinated realistic regional plan to achieve a carbon neutral transport network in the North East region which contributes to improvements in health outcomes, and/or lack of will or resources to deliver plan by all or any stakeholder in transport.

Further Mitigating Actions	Lead Officer(s)
A North East Transport Plan is currently being produced. One of the Plan's objectives is to 'contribute to health improvements of the population'. The Transport Plan will be accompanied by an Intervention Plan which will set out how objectives will be achieved.	Managing Director, Transport North East
Capital projects funded by TCF Phase 2 to be delivered in line with timescales	Managing Director, Transport North East
Delivery of projects funded by Emergency Active Travel Fund. Projects will provide improvements for pedestrians and cyclists and will support the increase in cycling and walking experience during the pandemic.	Managing Director, Transport North East

<p><u>4 Appealing Sustainable Transport</u></p> <p>The transport network within the JTC area fails to achieve the planned outcomes regarding the offer of appealing sustainable transport* choices to people living or working in the area or visiting or travelling through the area.</p>	<p><u>Risk Owner</u></p> <p>Head of Paid Service (for Transport)</p>
	<p><u>Risk Score</u></p>
	<p>Red 12</p>
	<p>Likelihood – Medium 3 Impact – Critical 4</p>
<p>Possible Cause(s):</p> <ol style="list-style-type: none"> 1 Lack of understanding, when developing the sustainable transport offer, of what potential users i.e. citizens or visitors, consider to be important and 'appealing' when considering whether to use alternatives to the car. 2 Infrastructure for sustainable transport does not address potential users' fears, perceived or otherwise, regarding their personal safety and security e.g. injury, illness e.g. Covid-19, harassment/personal attack. The infrastructure e.g. separate cycle lanes, lighting, security measures etc may be absent completely or insufficient. 3 Transport provision currently in place or to be developed does not adequately allow citizens and visitors to access sustainable transport options to meet their needs e.g. sustainable transport is not available or not reachable, or if it is, the service is unreliable, does not have sufficient capacity or is not frequent enough or runs at the wrong times or does not take them to destination they require. This could be due to: <ol style="list-style-type: none"> a) Poor planning where sustainable transport infrastructure to support citizen/visitor needs, and appeal to, is not adequately considered. b) Inadequate understanding of transport needs of residents and visitors c) The geographic spread of communities in rural areas means it may not be economic for the provision of appropriate sustainable transport options e.g. bus services in rural areas are often poor or non-existent because they are not commercially viable for bus operators. d) Lack of funding from government (central or local) to operate sustainable transport service provision or to develop new or alternative sustainable transport provision. As a result, for example, vehicles breakdown more often and become unreliable or cycle routes are not maintained so they are less likely to be used. e) Lack of resources to maintain sustainable transport infrastructure and fleets to potential users 4 Costs to users of sustainable public transport provision, e.g. buses, trains, Metro, is perceived to be high relative to the use of a car due to: <ol style="list-style-type: none"> a) Level of fares and b) Reduction in subsidies/concessions to users of public transport as a result of government (national/local) policy or financial necessity due to an economic downturn e.g. Covid-19 impact. 5 Inadequate communication between providers of sustainable transport in different areas resulting in a lack of integration of services/routes causing users to be unable to complete journeys in a reasonable time. 6 Policies and priorities of council/transport delivery partners are not aligned to JTC aims/plans re offer of appealing sustainable transport choices. 	

- 7 Road user's unwillingness to give up the use of their current vehicles for other sustainable transport options e.g. bike, walking, train, Metro, buses for reasons such as convenience, independence, perceived cost, journey time etc. This may mean no sustainable alternative mode of transport will be considered 'appealing' a citizen, visitor.
 - 8 Lack of an overall sustainable transport plan for the area as a whole to deliver an appealing sustainable transport offer which provides a blueprint for the north east area overall to which all transport delivery partners e.g. councils, Nexus, rail providers etc can support and help to deliver.
 - 9 Inability to plan journeys and purchase tickets seamlessly across all modes of transport and operators.
 - 10 Residents are not aware of all the public transport services available and do not know where to go to access public transport information.
- * Sustainable transport is defined as alternative modes of transport to the car which do not use or rely on dwindling natural resources e.g. renewable energy. This includes walking and cycling as well as other forms of public transport but excludes cars.

Potential Impact/Consequence:

- 1 Levels of congestion on roads and road casualties will not be reduced.
- 2 Health of population does not improve so maintaining the pressure on NHS services and costs.
- 3 The benefits of physical activity in the area will not be realised e.g. lower death rates; lower rates of cardiovascular disease, cancer, obesity, diabetes; better mental health.
- 4 Levels of absenteeism from work due to ill health will be not reduced so reducing productivity.
- 5 Improvements in quality of life in the area will not be achieved i.e. better air quality, lower carbon emissions from transport, reduced noise pollution from transport
- 6 The number of tourists may be reduced.
- 7 Investment in region may be reduced.

Likelihood (including controls already in place)

- 1 Currently no commitment to invest to grow the capacity and resilience of the East Coast Mainline corridor between York and Newcastle ensuring that the line is 'HS2/NPR ready' by the 2030s. The East Coast Main Line is unable to cope with existing demand, let alone that of the future. If the line is not invested in the economic gap between the north and south will widen and 'levelling up' won't be achieved
- 2 The JTC has received £2.262m from Tranche 1 of the Department for Transport's Emergency Active Travel Fund. The funding has been used to install 'pop up' measures to support and encourage the increase in cycling and walking experienced during lockdown.
- 3 The JTC has received Tranche 2 of the Emergency Active Travel Fund, £15.7m to install an ambitious programme of measures to reallocate road space to cycling and walking.
4. In July 2020 Government published their cycling and walking plan 'Gear Change; a bold vision for cycling and walking.' The document sets out actions required by government to make England a great cycling and walking nation. Actions are grouped under 4 themes:
 - better streets for cycling and people

- cycling and walking at the heart of decision-making
 - empowering and encouraging local authorities
 - enabling people to cycle and protecting them when they do
- 5 The UK government has also provided funding to improve cycling facilities at railway stations, provide programmes to support walking to school and, via Cycling UK, to provide bike maintenance and cycling classes.
 - 6 Local Authorities have also developed schemes to improve cycling and walking infrastructure. There are a number of cycling schemes in the Local Growth Fund Local Sustainable Transport Fund (LSTF) capital package
 - 7 Funding from the Transforming Cities Fund has recently been awarded to the JTC for delivery of transport schemes within the north east. This has, via Tranche 1, provided to the JTC capital funding for schemes to encourage travel by bus, cycling and walking. Urban traffic management centres have been expanded to manage traffic and provide bus prioritisation. The £198.483m received for Tranche 2 will be used to deliver 27 transformational schemes that will improve the frequency and reliability of the Metro, speed up urban buses, make rail services more reliable, extend the cycling network and improve Park and Ride facilities.
 - 8 Bus operators within the region are using greater numbers of low emission buses. However, these are not in sufficient numbers to meet the stringent requirements for Clean Air Zones. This is partly because the funding for modifications for buses is less than for vans or taxis.
 - 9 Nexus are in the process of upgrading the Metro' infrastructure and rolling stock to provide improved services and reliability.
 - 10 Local councils continue to contribute to a transport levy to the Joint Transport Committee to fund concessionary fares schemes and subsidies for bus services in the region and the Tyne and Wear Metro service. However due to financial pressure on councils this has remained fairly static over recent years. This, together with the reduced use of public transport due to Covid- 19, the demand for increases in subsidies may rise if current service levels are to be maintained otherwise fares may have to rise
 - 11 Measures to control the spread of the Covid-19 virus include social distancing and wearing of face masks in enclosed spaces. Social distancing has meant the capacity of sustainable public transport has been significantly reduced.
 - 12 Due to the Covid -19 virus the public use of sustainable public transport, although increasing, has not returned to pre-Covid 19 levels. People are either staying at home e.g. working from home or are seeking either the car or walking/cycling as alternative safer modes of transport where possible.
 - 13 During the Covid-19 lockdown public funding e.g. central government funding has been provided to support sustainable transport services e.g. buses, Metro however it is uncertain in the longer term if this funding is to continue and if user numbers/income do not return to pre Covid-19 levels quickly then this may result in fewer sustainable public transport services being offered. The government is currently providing funding to support the Metro however it is seeking to cease this as soon as possible. To this end it has asked for plans to be developed which allow the Metro to be self sustainable post Covid so its services match its income.
 - 14 JTC members, Transport North East officers supporting the JTC and partners of the JTC e.g.

local councils continue to lobby and engage with the UK government at national and subnational level i.e. Transport for the North (TfN), Northern Transport Acceleration Council (NTAC) to:

- a) ensure policy makers and decision makers are aware of the transport vision, plan and policies and needs for the North East are known and
- b) persuade government to make transport funding a priority.

15 East-west connectivity from the region is slow via road and rail

16 The Metro is currently accessible to 40% of the Tyne and Wear population with bus use per household the highest in England outside London.

17 Projects have recently been completed to enhance accessibility e.g. opening of new railway station at Horden, road improvements to ease congestion and improve traffic flow, resulting in more reliable journey times, delivery of 'pop up' cycling and walking schemes funded by Emergency Active Travel Fund

18 The Transport Strategy Unit at the JTC carry out research to get a better understanding of needs of users and potential users.

19 Most transport operators are now very good at communicating with customers, particular via social media.

20 Transport operators are improving arrangements to allow users to purchase tickets seamlessly across all modes of transport and operators.

21 A forum has been set up to allow the JTC and north east bus operators to discuss bus service provision matters.

22 Consultation is ongoing on the Draft Transport Plan that sets out an ambition for £6bn of Transport Infrastructure investment in the North East and will form the basis of the ask to central Govt.

Further Mitigating Actions	Lead Officer(s)
Continue to make the case to government for urgent investment in the East Coast Main Line	Managing Director, Transport North East
A review is to be carried out to produce and publish an updated transport vision and transport plan which is evidence based and sets out how transport needs will be addressed taking into account relevant government policies.	Managing Director, Transport North East
Capital projects funded by TCF Phase 2 to be delivered in line with timescales	Managing Director, Transport North East

<p><u>5 Safety and Security</u></p> <p>The transport system within the JTC area fails to achieve the planned outcomes regarding its safety and security</p>	<p><u>Risk Owner</u></p> <p>Head of Paid Service (for Transport)</p>
	<p><u>Risk Score</u></p>
	<p>Amber 8</p>
	<p>Likelihood – Low 2 Impact – Critical 4</p>
<p>Possible Cause(s):</p> <ol style="list-style-type: none"> 1 Lack of understanding, when developing the transport network, of what users and potential users consider to be important when considering safety and security aspects. 2 Poor design of transport infrastructure regarding safety and security of users and employees providing public transport services e.g. road layouts, traffic management e.g. speed limits, safety features on rail/Metro rolling stock and buses, lack of segregation between road users e.g. cars, lorries and cyclists, lack of street lighting or CCTV etc. 3 Competing priorities may compromise safety and security e.g. quicker journey times for vehicles and protection of pedestrians, cyclists. 4 Lack of funding to incorporate the appropriate relevant safety and security features to protect all users of the transport network and provide assurance to them 5 Lack of awareness of, or unwillingness of transport system users e.g. vehicle drivers, pedestrians, cyclists, rail/Metro users to abide by, rules designed to protect them when travelling e.g. highway code, user guidance/warning notices at stations 6 Poor maintenance of transport infrastructure and vehicles leading to accidents and failures in systems to protect transport users. This could be due to poor maintenance regimes or lack of adequate funding. 7 The public perceive public transport to less safe and secure than it actually is. This perception is partially informed by all forms of media, in particular social media e.g. only tend to hear in the news about safety incidents that occur on public transport rather than hear about all of the journeys that are made safely on public transport each day without any incidents. 	
<p>Potential Impact/Consequence:</p> <ol style="list-style-type: none"> 1 Current rate of death and injuries will not be reduced 2 Fear of use of public transport with consequent impact on air quality, congestion, and inequality e.g. if residents are too concerned to travel then this could limit job opportunities and access to further education. 3 Improvements in health will not be achieved e.g. Potential ‘active travel’ users will not transfer due to fears re safety and security. 	

Likelihood (including controls already in place):

- 1 UK government law and guidance puts an onus on both transport providers, transport user, councils and other transport stakeholders regarding safety and security.
- 2 In July 2020 Government published their cycling and walking plan 'Gear Change; a bold vision for cycling and walking.' The document sets out actions required by government to make England a great cycling and walking nation. Actions are grouped under 4 themes:
 - better streets for cycling and people
 - cycling and walking at the heart of decision-making
 - empowering and encouraging local authorities
 - enabling people to cycle and protecting them when they do
- 3 The UK government has also provided funding to provide bike maintenance and cycling classes.
- 4 Funding from the Transforming Cities Fund has recently been awarded to the JTC for delivery of transport schemes within the north east. This has provided to the JTC capital funding for schemes to improve and extend dedicated cycling networks and improved walking infrastructure.
- 5 Post Covid-19 pandemic the Government has announced a £250 million emergency active travel fund which is to be used in part to provide initially pop-up measures to create a safer environment for walking and cycling in England. Approximately £2.62m is available to the JTC from Tranche 1 of the fund and is to be spent on schemes that meaningfully alter the status quo on the road to allocate space to cyclists and pedestrians. The JTC has Received Tranche 2 of the Emergency Active Travel Fund, £15.7m to install an ambitious programme of measures to reallocate road space to cycling and walking.
- 6 Councils have received government guidance e.g. 'Working Together to Promote Active Travel', National Planning Policy Framework which encourages them to shape and create an environment to encourage active travel via a basket of measures e.g. via planning process to allow the built environment to encourage cycling/walking; 20 mph speed limit zones; improving infrastructure for cycling; good street lighting; road crossing points etc.
- 7 Council issued in May 2020 with statutory guidance requiring Councils to reallocate road space to allow the increase in the number of cyclists and pedestrians.
- 8 JTC members, Transport North East officers supporting the JTC and partners of the JTC e.g. local councils continue to lobby and engage with the UK government at national and subnational level i.e. Transport for the North (TfN), (Northern Transport Acceleration Council (NTAC) to:
 - a) ensure policy makers and decision makers are aware of the transport vision, plan and policies and needs for the North East are known and
 - b) persuade government to make transport funding a priority
- 9 Nexus continues to operate legally required safety management systems for buses, Metro and the Ferry accredited by relevant enforcement agency. They include compliance with robust engineering standards, liaison with police re anti-social behaviour, security patrols, use of CCTV, promoting a safety and security culture and development of security plans for individual Metro stations and the Metro as a whole.
- 10 Nexus are currently completing a programme of Metro infrastructure improvements and are

starting a programme of replacing its rolling stock.

11 The possibility of Covid-19 transmission when using public transport network together with the need to maintain social distancing rules has meant reduced numbers using public transport. Cars, motorcycles and active travel become more attractive to use however new users may not have the skills and knowledge to keep themselves and others safe.

12 In 2019 the UK government started a 2-year initiative to reduce road deaths and injuries.

13 Since the easing of lockdown due to the Covid-19 pandemic, measures have been put in place by Nexus, bus and rail companies to ensure that public transport is a safe and secure environment for people to travel, e.g. passengers are required to wear face-coverings on all public transport. Public transport providers in the North East are meeting the Government's Covid-secure standard for public transport. Promotion of public transport that the network is Covid-secure to encourage public transport use is starting e.g. Nexus have website explaining what measures are in place.

14 Consultation is ongoing on the Draft Transport Plan that sets out an ambition for £6bn of Transport Infrastructure investment in the North East and will form the basis of the ask to central Govt. Objectives and Policies focus on this risk.

Further Mitigating Actions	Lead Officer(s)
A North East Transport Plan is currently being produced. One of the Plan's objectives is to achieve the planned outcomes regarding the safety and security of the transport network. The Transport Plan will be accompanied by an Intervention Plan which will set out how objectives will be achieved	Managing Director, Transport North East
Capital projects funded by TCF Phase 2 to be delivered in line with timescales	Managing Director, Transport North East
Delivery of projects funded by Emergency Active Travel Fund. Projects will provide improvements for pedestrians and cyclists and will support the increase in cycling and walking experience during the pandemic.	Managing Director, Transport North East

JTC Organisation Risks

1 Future Availability of Funding

Sources and levels of funding available to the JTC to develop the North-East regions transport infrastructure within the region may reduce.

Risk Owner

Head of Paid Service (for Transport)

Risk Score

Red 12

Likelihood – Medium 3
Impact – Critical 4

Possible Cause(s):

- 1 A downturn in the UK economy may cause the UK government to reduce funds available for the development of transport infrastructure as part of expenditure cutting exercises nationally e.g. the Covid-19 pandemic has caused a financial recession, which may reduce the government's ability and willingness to invest in transport infrastructure
- 2 Uncertainty around the nature and level of future capital funding streams from Government. Some current government funding regimes are due to cease in the next 18 months e.g. Local Growth Fund. There is currently uncertainty as the nature and timing of any replacement funding initiatives e.g. UK Shared Prosperity Fund.
- 3 A change in UK government transport policy, may mean:
 - a) Government policy may not be aligned to support the transport developments and needs of the North East region. This may have an adverse effect on the achievement of transport goals in the North East e.g. transport funding to be concentrated in only certain geographic areas excluding the North East or certain types of transport scheme e.g. rail not road which may not be in line with JTC plans, and/or
 - b) Government funding may be such that major transport projects may be unable to be funded e.g. the time limit put on the length of project funding may mean major projects may not meet funding criteria as projects cannot be completed within relevant time limits.
- 4 The exit of the UK from the EU may have a negative impact on the availability of funding previously provided from EU sources. Funding programmes from the EU will cease from 2020. Currently funds from the EU funding programmes allocated to the UK up to end of 2020 which have not yet been committed to specific projects are available for use. The UK Shared Prosperity Fund (UKSPF) is likely to replace these lost EU funding streams beyond 2021, however the consultation document expected from Government is delayed and therefore the future funding opportunities, both capital and revenue, are uncertain at this time. The longer the delay the greater the chance of a gap between the end of EU funding (2020) and the introduction of the UKSPF (current earliest start date April 2021) and the greater uncertainty.

Potential Impact/Consequence:

The JTC would not be able to deliver projects to either maintain infrastructure to ensure adequate public transport services are maintained or to improve infrastructure to enhance transport services. This would hinder future economic growth within the region.

Likelihood (including controls already in place):

- 1 JTC members, NECA officers supporting the JTC and partners of the JTC e.g. local councils continue to lobby and engage with the UK government at national and subnational level i.e. Transport for the North (TfN), Northern Transport Acceleration Council (NTAC) to:
 - a) ensure policy makers and decision makers are aware of the transport vision, plan and policies and needs for the North East are known and
 - b) persuade government to make transport funding a priority.
- 2 JTC work with other potential partners to identify new non-government funding sources which may help to progress the delivery of the JTC transport plans.
- 3 Consultation is ongoing on the Draft Transport Plan that sets out an ambition for £6bn of Transport Infrastructure investment in the North East and will form the basis of the ask to central Govt.

Further Mitigating Actions

A review is to be carried out to produce and publish an updated transport vision and transport plan which is evidence based and sets out how transport needs will be addressed taking into account relevant government policies.

Lead Officer(s)

Managing Director,
Transport North East

<p>2 <u>Funding Opportunities</u></p> <p>Failure of the JTC to secure the maximum amount of transport funding available to progress transport infrastructure in the North East region.</p>	<p><u>Risk Owner</u> Head of Paid Service (for Transport)</p> <p><u>Risk Score</u></p> <p>Amber 8</p> <p>Likelihood – Low 2 Impact – Critical 4</p>
<p>Possible Cause(s):</p> <ol style="list-style-type: none"> 1. Funding opportunities are missed due to lack of awareness or missing relevant deadlines. 2. Poor quality of funding applications made by JTC 3. Funding may be made available through a competitive process. Strong applications from funding competitors may result in any funding application not being successful at all or only a proportion of the funds applied for being awarded. 	
<p>Potential Impact/Consequence:</p> <p>If opportunities are missed or not maximised by the JTC then progression of plans to deliver the transport improvements required by the region will be significantly delayed. Consequently, the benefits associated with the transport will not be fully realised or delayed e.g. supporting economic growth.</p>	
<p>Likelihood (including controls already in place):</p> <ol style="list-style-type: none"> 1 JTC officers' horizon scan to identify upcoming funding opportunities. 2 JTC are in regular contact with the UK government and other funding bodies to identify funding opportunities early. 3 JTC has established relationships with other bodies at a sub national (e.g. TfN) and local level e.g. councils, universities etc to allow the JTC to work in partnership, where applicable, to exploit funding opportunities by submitting bids for transport funding to benefit the region. 4 JTC and its partners lobby relevant government bodies to persuade transport infrastructure schemes required for the North East to be included in key government schemes. 5 The Managing Director, Transport North East and officers of the Transport Strategy Unit (TSU) have experience, skills and knowledge to submit strong bids for funding. They are familiar with the requirements needed for submitting bids and the process to go through. 6 All projects included in a bid are subject to scrutiny using the TSU's 'Transport Assurance Framework' to ensure the proposed projects are in line with the JTC objectives and plans and meet the bid criteria. 7 During any application process the TSU liaises with the provider to understand clearly what it is looking for. 8 A significant proportion of funding available for transport projects is through a competitive process. 9 Consultation is ongoing on the Draft Transport Plan that sets out an ambition for £6bn of Transport Infrastructure investment in the North East and will form the basis of the ask to central Govt. 	
<p>Further Mitigating Actions</p> <p>A review is to be carried out to produce and publish an updated transport vision and transport plan which is evidence based and sets out how projects will be delivered to meet transport needs</p>	<p>Lead Officer(s)</p> <p>Managing Director, Transport North East</p>

with a strong business case. A project 'pipeline' is also being developed.	
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3 <u>Use of Funding and Resources</u> Funding secured for transport initiatives within the North-East region by the JTC and its partners may not be able to be used on a timely basis or may not be sufficient to complete intended projects or maintain adequate levels of service delivery.	<u>Risk Owner</u> Head of Paid Service (for Transport)
	<u>Risk Score</u>
	Amber 8
	Likelihood – Low 2 Impact – Critical 4
Possible Cause(s): 1 Poor project management. 2 Inaccurate assessment of projects costs when submitting funding bids. 3 Delays and costs for a project due to unforeseen events. 4 Lack of understanding of funding conditions including timescales. 5 Insufficient capacity and skills to manage projects. 6 Fraud and corruption.	
Potential Impact/Consequence: 1 Transport projects may not be completed or have to be delayed or the size of project reduced e.g. quality, quantity which may result in intended benefits not being realised and damage to the reputation of the JTC. 2 If the funding is not used by a deadline then funding may be lost. 3 Financial resources earmarked for other future purposes may need to be used to complete current projects causing postponement or delays in other JTC plans.	
Likelihood (including controls already in place): 1 The Managing Director, Transport North East and officers of the Transport Strategy Unit (TSU) have experience, skills and knowledge to submit strong bids for funding. They are familiar with the requirements needed for submitting bids and the process to go through. 2 All projects included in a bid are subject to scrutiny using the TSU's 'Transport Assurance Framework' to ensure the proposed projects is in line with the JTC objectives and plans and meets the bid criteria. 3 Projects delivered by the JTC directly are managed using recognised project management principles. The TSU has the experience and skills to manage projects. 4 Where projects are delivered by the JTC's partners e.g. Nexus, the JTC has arrangements in place to gain assurance that the projects are progressing as expected and where not, corrective actions are being taken to effectively manage the key issues e.g. regular reporting by partners. 5 Where transport projects are to be delivered by an external supplier then any work let is subject to a competitive procurement process. 6 Where funding is provided through the JTC to third parties to deliver a transport project all third parties have a funding agreement in place which includes the need for the third party to provide details as to progress regarding costs and progress of the project. JTC officers monitor progress on an ongoing basis. 7 Funding providers provide clear conditions as to the use of funds which is published to all relevant stakeholders. 8 JTC officer are subject to relevant codes of conduct. 9 Consultation is ongoing on the Draft Transport Pan that sets out an ambition for £6bn of	

Transport Infrastructure investment in the North.East and will form the basis of the ask to central Govt.

Further Mitigating Actions	Lead Officer(s)
Delivery plans and programmes are to be kept under review in light of any issues which may affect funding secured to be used on a timely basis or may mean secured funding may not be sufficient to deliver the intended programmes. Appropriate prompt action is taken to address issues which may arise.	Managing Director, Transport North East NECA Chief Finance Officer

4 Governance Arrangements The governance arrangements of the JTC are not appropriate to allow effective and timely decision making and the achievement of its objectives	<u>Risk Owner</u> Head of Paid Service (for Transport)	
	<u>Risk Score</u>	
	Green 4	
	Likelihood – Negligible 1 Impact – Critical 4	
Possible Cause(s): New organisational arrangements have been put in place as a result of the North East Combined Authority’s decision not to proceed with a Mayoral Combined Authority in September 2016 and the withdrawal of the devolution deal. Two new Combined Authorities have been established together with the North-East Transport Committee being responsible for regional transport which is accountable to the new Combined Authorities. As a result, new governance arrangements may not be effective due to: <ul style="list-style-type: none">• Lack of capacity to support the governance arrangements• Lack of clarity of roles and responsibilities• Lack of development of new working arrangements or delays in implementing proposed changes• Priorities not aligned to new arrangements.		
Potential Impact/Consequence: 1 Poor decisions may be made which are not in the interest of the North-East region. 2 Decisions may be delayed, not taken at the appropriate level or not based on the correct information. 3 Lack of clarity of roles and responsibilities may lead to the JTC not adequately fulfilling its statutory functions adequately, not monitoring its finances, having a lack of clarity over its objectives, not ensuring adequate transport services delivered to the public and improvements in transport infrastructure not being delivered. This may lead to having a poor reputation, losing out on funds, poor value for money being achieved and poor transport service provision.		
Likelihood (including controls already in place): 2 1 All 7 LAs continue to support the JTC and its activities. 3 The JTC has its own Standing Orders outlining its functions and that of its sub committees, its rules of procedure and the roles of statutory officers. Decisions at committee meetings are based on a majority vote basis although the aim is to have a consensual approach whereby all committee members agree on any decision. 4 The statutory role of ‘Proper Officer for Transport’ was established by the Statutory Order. 5 A Delegation Scheme for the Proper Officer for Transport has been adopted. This allows prompt decision making to be made where necessary within certain limits (i.e. financial, subject to JTC internal rules e.g. financial procedures etc) and where appropriate requiring the involvement of other JTC statutory officers. 6 A JTC Chief Executive Transport Strategy Board is in place which strengthens the decision making by providing challenge and scrutiny regarding reports being submitted to the JTC. 7 A Statutory Officer Oversight Group is in place to oversee procurement, legal, financial and other management issues relating to JTC operations. 8 Service Level agreements are in place for support services provided to the JTC.		

Further Mitigating Actions	Lead Officer(s)
Review of roles, responsibilities, and arrangements regarding the activities of the Transport Strategy Unit including business planning, performance management, project assurance, overseeing of delivery programmes etc. and implementation of revised arrangements.	Managing Director Transport North East Monitoring Officer

<p>5. <u>Operational Capacity and Resourcing</u></p> <p>The JTC does not have the necessary operational capacity, skills and budget, to successfully deliver the Committee's objectives and plans.</p>	<p><u>Risk Owner</u> Head of Paid Service (for Transport)</p> <p><u>Risk Score</u></p> <p>Amber 8</p> <p>Likelihood – Low 2 Impact – Critical 4</p>
<p>Possible Cause(s):</p> <ol style="list-style-type: none"> 1 Due to two Combined Authorities operating within the North-East region rather than one, by statutory order the JTC was formed to carry out the transport function responsibilities of the two Combined Authorities. NECA is the accountable body for the new JTC and has extra responsibility for implementing the decisions of the JTC, providing support to the JTC committees and managing the JTC's finances. It is uncertain how much resource will be needed by NECA officers and committee members moving forward therefore the current budget may be insufficient. 2 Statutory officers to NECA, the accountable body for the JTC, need to carry out duties for their main employer in addition to their roles in NECA which may result in capacity issues. Likewise, the Managing Director, Transport North East fulfil two roles, one for the JTC and one for Nexus. Support services provided to NECA and the JTC are provided from Council's which are part of NECA 3 Increased demand for, and changes in the nature and scope of, work re transport policy, funding bid submission and programme delivery 	
<p>Potential Impact/Consequence:</p> <p>Decisions may be delayed, or incomplete information provided as part of the decision-making process. Functions may not be carried out as quickly or as fully as they should be leading to loss of money, incorrect decisions, delay in development of transport policies and funding bids, weakened oversight re the delivery of transport programmes, and loss of credibility of JTC.</p>	
<p>Likelihood (including controls already in place):</p> <ol style="list-style-type: none"> 1 All statutory officers in NECA, accountable body for the JTC are in place. Deputy statutory officers are also in place for NECA. 2 The 'Proper Office for Transport' to the JTC is in place. 3 Representatives from the 7 councils in the North-East area have been appointed to the JTC and the Tyne Wear Sub Committee. Deputies have also been appointed. 4 The JTC have adopted a budget for 2020/21 to deliver JTC activities. 5 The Transport Strategy Unit, with officers now employed by NECA and located centrally, is in place to support the delivery of the JTC objectives. 6 Partners continue to provide input to the work of the JTC via, for example, Council transport leads. 7 Where appropriate, external consultants, are employed to provide specialist expertise to support the work of the JTC and to protect its interests e.g. advice in respect of possible changes to the contract to manage and operate the Tyne Tunnel services. 8 A further finance officer has been employed by NECA to help meet the extra demands of NECA as the Accountable Body for the JTC. Likewise, administration support has been enhanced for the TSU. 	

- 9 A Tyne Tunnels Manager has been employed by NECA with responsibility to the JTC.
- 10 A Transport North East Strategy Director has been employed to lead the Transport Strategy Unit developing long term transport policies, plans, analytical models and business cases to ensure that the North East's transport networks achieve the shared objectives and goals of NECA, NoTCA, their constituent councils and the North East Local Enterprise Partnership.
- 11 Approval has been given by the Transport Strategy Board for the appointment of programme management resources to coordinate the delivery of the Transforming Cities Fund Tranche 2 programme.
- 12 Service Level Agreements are in place for support services provided to the JTC.

Further Mitigating Actions	Lead Officer(s)
As part of a current review of roles, responsibilities, and arrangements regarding the activities of the Transport Strategy Unit an assessment is being made of its role and the capacity and skills required to meet the role e.g. communications, programme management .	Managing Director Transport North East
As the new JTC arrangements are embedded a review is to be made of the effectiveness of the support provided to the JTC to ensure they are adequate.	NECA Chief Finance Officer Managing Director Transport North East Monitoring Officer

<p>6 <u>Delivery of Transport Improvement Projects/Programmes</u></p> <p>Projects which are funded through the JTC are delayed, are significantly overspent or do not deliver the intended product to meet the identified transport need.</p>	<p><u>Risk Owner</u> Head of Paid Service (for Transport)</p>
	<p><u>Risk Score</u></p>
	<p>Amber 8</p>
	<p>Likelihood – Low 2 Impact – Critical 4</p>
<p>Possible Cause(s):</p> <ol style="list-style-type: none"> 1 Poor programme/project management. 2 Inaccurate assessment of projects costs when submitting funding bids. 3 Delays and costs for a project due to unforeseen events. 4 Insufficient capacity and skills to manage projects. 5 Fraud and corruption. 	
<p>Potential Impact/Consequence:</p> <ol style="list-style-type: none"> 1 Transport projects may not be completed or have to be delayed or the size of project reduced e.g. quality, quantity which may results intended benefits not being realised and damage to the reputation of the JTC. 2 If the funding is not used by a deadline then funding may be lost. 3 Financial resources earmarked for other future purposes may need to be used to complete current projects causing postponement or delays in other JTC plans. 	
<p>Likelihood (including controls already in place):</p> <ol style="list-style-type: none"> 1. The Managing Director, Transport North East and officers of the Transport Strategy Unit (TSU) have experience, skills and knowledge to submit strong bids for funding. They are familiar with the requirements needed for submitting bid and the process to go through. 2. All projects included in a bid are subject to scrutiny using the TSU's 'Transport Assurance Framework' to ensure the proposed projects is in line with the JTC objectives and plans and meets the bid criteria. 3. Projects delivered by the JTC directly are managed using recognised project management principles. The TSU has the experience and skills to manage projects. 4. Where projects are delivered by the JTC's partners e.g. Nexus, the JTC has arrangements in place to gain assurance that the projects are progressing as expected and where not, corrective actions are being taken to effectively manage the key issues e.g. regular reporting by partners. 5. Where transport projects are to be delivered by an external supplier then any work let is subject to a competitive procurement process. 6. Where funding is provided through the JTC to third parties to deliver a transport project all third parties have a funding agreement in place which includes the need for the third party to provide details as to progress regarding costs and progress of the project. JTC officers monitor progress on an ongoing basis. 7. Funding providers provide clear conditions as to the use of funds which is published to all relevant stakeholders. 8. JTC officers are subject to relevant codes of conduct. 9. Internal Audit have received the project management arrangements for the JTC. 	

Further Mitigating Actions	Lead Officer(s)
Monitoring of the delivery of the overall JTC programme of projects should be carried out on a regular basis.	Managing Director Transport North East
Programme management and governance structures within the JTC and TSU are to be reviewed and developed to ensure they remain fit for purpose particularly in light of successful funding bids e.g. Transforming Cities Fund.	Managing Director Transport North East

7 <u>Transport Infrastructure Assets</u> Transport assets, which are the responsibility of the JTC, are inadequately managed and maintained	<u>Risk Owner</u> Head of Paid Service (for Transport)
	<u>Risk Score</u>
	Green 6
	Likelihood – Low 2 Impact – Significant 3
Possible Cause(s): 1 Lack of awareness of the existence of the asset. 2 Lack of clarity as to who has responsibility for the management and maintenance of the assets. 3 Lack of clarity as to standards required. 4 Lack of resources to maintain the assets.	
Potential Impact/Consequence: 1 Greater financial resources may be needed to rectify faults arising from poor maintenance. 2 Failures in transport infrastructure assets may affect services delivered to transport users leading to disruption and complaints and a drop in usage. If the funding is not used by a deadline then funding may be lost. 3 Financial resources earmarked for other future purposes may need to be used to complete current projects causing postponement or delays in other JTC plans.	
Likelihood (including controls already in place): 1 JTC's constitution makes it clear it has overall responsibility and oversight for transport infrastructure assets owned by NECA and North of Tyne Combined Authority. 2 The JTC holds a record of assets it is responsible for. 3 Responsibility for the maintenance of assets and the standards required are included in the relevant agreements with third party providers e.g. TT2 Ltd. As part of the agreement reports need to be submitted to JTC to gain assurance the relevant maintenance is being carried out. 4 A Tyne Tunnels Manager has been employed by NECA with responsibility to the JTC. The post has oversight of the performance of third-party providers e.g. TT2 Ltd operating the Tyne Tunnels.	
Further Mitigating Actions As part of a current review of roles, responsibilities, and arrangements regarding the activities of the JTC and the Transport Strategy Unit an assessment is being made of the capacity and skills within the JTC to carry out its contract management responsibilities.	Lead Officer(s) Managing Director Transport North East

8 <u>Service Delivery</u> Inadequate arrangements are in place to ensure that adequate levels of public transport services, for which the JTC has oversight, are maintained by the JTC's transport delivery partners.	<u>Risk Owner</u> Head of Paid Service (for Transport)
	<u>Risk Score</u>
	Green 6
	Likelihood – Low 2 Impact – Significant 3
Possible Cause(s): <ol style="list-style-type: none"> 1 Lack of clarity as to the responsibilities and duties regarding the oversight of public transport services within the region. 2 Failure to appreciate the impact of maintaining adequate levels of transport services on the economic well-being and reputation of the region. 3 Lack of resources and/or expertise to put in place effective arrangements to ensure adequate levels of transport services are provided. 	
Potential Impact/Consequence: <ol style="list-style-type: none"> 1 Loss of confidence by stakeholders, e.g. government in the JTC's ability to meet its responsibilities. 2 Loss of confidence by users of services. 3 Without oversight by the JTC, public transport providers e.g. Nexus, may not provide the required services resulting in less use of public transport and greater congestion on the roads, which is contrary to the aims and objectives of the JTC. 	
Likelihood (including controls already in place): <ol style="list-style-type: none"> 1 JTC's constitution makes it clear it has overall responsibility and oversight for certain statutory public transport services. 2 JTC committees i.e. Leadership Board and Tyne Wear Sub Committee receive regular reports as to the level of public transport services provided by the JTC's partners e.g. Nexus, Durham County Council, Northumberland County Council, TT2Ltd. 3 The Managing Director, Transport North East appointed by the JTC is also Statutory Director General of Nexus, a key delivery partner to the JTC. 4 Approval of appointees to the Nexus Executive Board of Directors is the responsibility of the JTC's TWSC. 4 Non-Executive Directors are on the Nexus Executive Board which strengthens oversight arrangements. 5 Both NECA and NoTCA have representation both on Transport for the North's (TfN) Rail North committee which has oversight of Northern Rail and TPE's services, and on the TfN Board which governs TfN's investment programmes and its interfaces with national delivery partners (Network Rail and Highways England) 	

Further Mitigating Actions	Lead Officer(s)
An assessment needs to be made by the JTC of its arrangements to gain assurance that issues with transport service delivery causing poor service to the public faced by transport providers e.g. Nexus, are being addressed effectively.	Managing Director Transport North East

9 ‘Catastrophic Event’ Inadequate arrangements are in place should a ‘catastrophic’ event occur which seriously impacts the transport system in the North East. e.g. public health emergency, security incident, infrastructure collapse (e.g. prolonged loss of power, prolonged fuel shortage)	<u>Risk Owner</u> Head of Paid Service (for Transport)	
	<u>Risk Score</u>	
	Amber 8	
	Likelihood – Possible 2 Impact – Critical 4	
Possible Cause(s): 1 Lack of clarity as to the responsibilities and duties of the relevant stakeholders e.g. JTC, Nexus, councils, Highways England, rail authority and providers etc regarding the oversight of public transport services within the region in the event of a ‘catastrophic event’. 2 Failure to appreciate and understand the possible catastrophic events that could occur affecting transport system and the consequent impact they may have e.g. inability to get to work. 3 Lack of resources and/or expertise to ensure adequate arrangements are in place to respond effectively to a ‘catastrophic event’ significantly impacting transport activity in the region, and that they are regularly reviewed.		
Potential Impact/Consequence: 1 Excessive death or people suffering injury 2 Economic activity excessively reduced due to inability of employees to carry out employment duties/activity 3 Loss of reputation to the region.		
Likelihood (including controls already in place): 1 Councils have a legal duty under the Civil Contingencies Act 2004 (CCA) to be prepared and able to respond to any civil emergency occurring within its boundary. 2 Within the JTC area all Councils are members of a Local Resilience Forum (LRF) (either Durham or Northumbria) as are the JTC’s transport delivery partners i.e. Nexus, Highways England, Network Rail. The LRF allows the effective delivery of the Council’s duties under the CCA that need to be developed in a multi-disciplinary environment and enables each Council to develop its understanding of the possible risks it faces, and to take action to address the risk and to plan for civil emergencies and business continuity planning should they occur. 3 Providers of public transport services e.g. Nexus have developed their own risk plans, emergency response plans and business continuity plans which will allow them to respond quickly and effectively to a catastrophic event 4 TT2 Ltd have risk, emergency response and business continuity plans in place which would allow them to respond effectively to a catastrophic event. Regular emergency/safety training exercises take place which include North and South Tyneside Councils, Tyne and Wear Fire and Rescue and the other emergency services.		

Further Mitigating Actions	Lead Officer(s)
The JTC's own disaster recovery and business continuity arrangements are to be reviewed to ensure they remain fit for purpose.	Managing Director Transport North East

Risk Analysis Toolkit

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

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

Assess the impact should the risk occur

	Objective	Service Delivery	Financial	Reputational
Critical/Showstopper	<ul style="list-style-type: none"> Over half the objectives/programmes affected More than one critical objective affected Partners do not commit to the Shared vision 	<ul style="list-style-type: none"> Significant change in partner services Relationship breakdown between major partners and stakeholders Serious impact on delivery of key transport related investment plans Unplanned major re-prioritisation of resources and/or services in partner organisations Failure of a delivery programme/major project Serious impact on public transport services provided to users 	<ul style="list-style-type: none"> Inability to secure or loss of significant transport funding opportunity (£5m) Significant financial loss in one or more partners (£2m) Significant adverse impact on transport budgets (£3m)) 	<ul style="list-style-type: none"> Adverse national media attention External criticism (press) Significant change in confidence or satisfaction of stakeholders Significant loss of community confidence
Significant	<ul style="list-style-type: none"> One or more objectives/programmes affected One or more partners do not commit to shared vision Significant environmental impact 	<ul style="list-style-type: none"> Partner unable to commit to joint arrangements Recoverable impact on delivery of key transport related investment plans Major project failure Impact on public transport services provided to users 	<ul style="list-style-type: none"> Prosecution Change in notable funding or loss of major transport funding opportunity (£2m) Notable change in a Partners contribution Notable adverse impact on transport budget (£0.5m-£1.5m) 	<ul style="list-style-type: none"> Notable external criticism Notable change in confidence or satisfaction Internal dispute between partners Adverse national/regional media attention Lack of partner consultation Significant change in community confidence
Minor	<ul style="list-style-type: none"> Less than 2 priority outcomes adversely affected Isolated serious injury/ill health Minor environmental impact 	<ul style="list-style-type: none"> Threatened loss of partner's commitment Minor impact on public transport services provided to users 	<ul style="list-style-type: none"> Minor financial loss in more than one partner Some/loss of transport funding or funding opportunity threatened 	<ul style="list-style-type: none"> Failure to reach agreement with individual partner Change in confidence or satisfaction Minor change in community confidence
Insignif.	<ul style="list-style-type: none"> Minor effect on priorities/service objectives Isolated minor injury/ill health No environmental impact 		<ul style="list-style-type: none"> Isolated/minor financial impact in a partner organisation 	

Glossary of Terms

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

Strategic Risk - relates to those factors that might have a significant effect on the successful delivery of the JTC's objectives, plans, policies and priorities.

Risk - A probability or threat of damage, injury, liability, loss, or any other negative occurrence that is caused by external or internal vulnerabilities.

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

Risk Controls or Control Processes - are those actions and arrangements 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.

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

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

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

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

North East Joint Transport Committee Audit Committee

Date: 9th December 2020

Subject: Evaluating the outcomes of recent active travel schemes

Report of: Managing Director, Transport North East

Executive Summary

This report focusses on the walking and cycling aspects of active travel. Active travel can bring significant physical and mental health benefits and retail growth, together with reduced road traffic congestion, greenhouse gas emissions and air pollution.

Schemes need to be evaluated to demonstrate value for money from public funds, to show what is working well and learn lessons for the future.

Funding for the range of schemes delivered across the region in recent years has come from a variety of national and local sources including Local Transport Plan budgets, the Transforming Cities Fund, Cycle City Ambition Grant and the tranche 1 of the Active Travel Fund.

Where monitoring has been carried out this has shown varying degrees of success. The ability to monitor is limited by the resources that are available due to a lack of funding availability. There are also limitations on the level of public surveys which can be carried out during the current pandemic.

There is a public appetite for walking and cycling schemes which make these travel modes safer, which can be seen by recent surveys in County Durham and Tyneside.

Monitoring and evaluation processes for North East active travel schemes will improve as further changes are made to the North East Joint Transport Committee (JTC) approved regional Transport Assurance Framework. This will include ensuring that future schemes will meet the objectives of the North East Transport Plan.

Evaluation of North East active travel schemes would be enhanced if more funding was available for monitoring data and for staff resources, so that workplaces, education and training locations are encouraged to participate in active travel behavioural change projects and to carry out travel surveys. The region's £9m Active Travel tranche 2 programme recently awarded is expected to include funding for more cycle counters and also cameras to monitor pedestrian numbers and movements.

Recommendations

The Joint Transport Committee Audit Committee is recommended to note the contents of this report.

1.	Background Information
1.1	<u>What is active travel?</u> Active travel means walking, cycling or journeys by wheelchair. This report focusses on the walking and cycling aspects of active travel.
1.2	<u>Why is active travel important in the North East?</u> Active travel has physical and mental health benefits as well as economic benefits. For example, keeping active can reduce the risk of early death by as much as 30% ¹ and of major depression by 26%. ² Improvements to the pedestrian environment in urban areas can increase retail turnover by 17%. ³ However, our region has a relatively inactive population with the subsequent impact on health that this can bring. The health cost to the region is massive. In the UK the NHS spends £16 billion a year just treating conditions associated with obesity, especially type 2 diabetes – the form of disorder often associated with excess weight and inactivity. ⁴ Increases in active travel and the subsequent reduction in car use can reduce road traffic congestion and transport-based carbon emissions, making journey times more reliable for a wide range of travel modes while improving air quality. This is particularly important at present, when people are being encouraged not to use public transport due to Covid-19 and the only alternative would otherwise be using a car.
1.3	<u>Walking and cycling in our region – before Covid-19 and now.</u> Before Covid-19, there were only modest levels of active travel in our region. For example, walking accounted for only 11% of commuting journeys and cycling only 2%, even though 37% of commuting journeys in our region were under 5km, and therefore potentially within walking or cycling distance. ⁵ Covid-19 at least initially saw a considerable increase in walking (37%) and cycling (15%) in our region between April and July 2020 ⁶ , with increases in cycling up to and over 100% at some locations. These levels may however fall as winter approaches. There have also been encouraging indications of public support for active travel

¹ <https://www.nhs.uk/live-well/exercise/exercise-health-benefits/>

² <https://www.helpguide.org/articles/healthy-living/the-mental-health-benefits-of-exercise.htm>

³ <https://www.justeconomics.co.uk/uploads/reports/Just-Economics-Pedestrian-Pound-Living-Streets.pdf>

⁴ Press Association, 'Obesity Bigger Cost for Britain than War and Terror', 20th November 2014

⁵ Census, 2011

⁶ Nexus insight panel, Covid-19 tracker results <https://www.nexus.org.uk/research-and-insight/insight-panel/covid-19-tracker-results>

	<p>measures – for example:</p> <ul style="list-style-type: none"> • 86% of respondents to a Nexus insight survey⁷ feel more footpaths should be built alongside current roads and 81% feel the same for cycle paths; • 72% of respondents to a survey of Gateshead, Newcastle, and North Tyneside residents felt that more cycle tracks along roads physically segregated from traffic and pedestrians would be useful to help them cycle more.⁸ • 62% of those responding to the same survey supported building more of these tracks, even when this would mean less room for other road traffic. • 78% of respondents also supported having more space for socialising, cycling and walking on high streets. • With a Street Space consultation in County Durham between June and July 2020 through a survey of 522 people, 78% of respondents, irrespective of their usual mode of transport, or connection to the area supported making cycling measures permanent. • Based on the same survey more space for cycling (15%) was the single most suggested improvement for the council to introduce, followed by walking at 12%.
1.4	<p><u>Why schemes need to be evaluated</u></p> <p>As with any investment of public funds, active travel schemes need to be evaluated to see if they have been delivered on time and on budget. They are also necessary to see whether the expected outcomes have been achieved and therefore if they have provided value for money. This will facilitate ongoing best practice and lessons learned for future delivery.</p> <p>They are also appropriate for assessing if we are achieving the objectives of the North East Transport Plan and its active travel based key performance indicators, as well as the goals of the DfT's Cycling and Walking Investment Plan⁹ and Gear Change report.¹⁰</p>
1.5	<p><u>Scheme Delivery over recent years</u></p> <p>Active travel schemes can consist of:</p> <ul style="list-style-type: none"> • new infrastructure, such as new walking and cycling routes and further measures to incentivise their use such as improved signage, public realm cycle parking facilities including at public transport interchanges, combined with restrictions on vehicle access to certain roads at specific times of the

⁷ Nexus insight panel, Covid-19 tracker results <https://www.nexus.org.uk/research-and-insight/insight-panel/covid-19-tracker-results>

⁸ Tyneside Bike Life Report 2019, Sustrans, Gateshead Council, Newcastle City Council, North Tyneside Council, March 2020.

⁹ <https://www.gov.uk/government/publications/cycling-and-walking-investment-strategy>

¹⁰ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/904146/gear-change-a-bold-vision-for-cycling-and-walking.pdf

	<p>day, and priority measures.</p> <ul style="list-style-type: none"> • maintenance schemes to ensure that surface imperfections and potholes are addressed, that sustainable re-surfacing takes place where appropriate and that suitable lighting is provided and issues are addressed which might restrict their use, such as overgrown vegetation. As with all aspects of highway maintenance, there is a severe backlog as funding is limited. This has a detrimental impact on the highway network, including walking and cycling infrastructure and on the attractiveness of active travel. • revenue-based behavioural change schemes to incentivise a shift in travel patterns to walking and cycling such as through projects involving schools, workplaces, and training locations to give people appropriate training, and support, as well as messaging campaigns to encourage more walking and cycling.
1.6	<p><u>Examples of what has been achieved</u></p> <p>Local Transport Plan Funded Schemes</p> <p>Below are some examples of schemes which have been delivered:</p> <p>The upgrading of a dedicated cycle lane with new surfacing and signage at the A167 Merryoaks to Cock of the North Roundabout section of the Great North Cycleway section in Durham, including improved links to public transport for pedestrians.</p> <p>Washington area Cycling and Pedestrian Improvements (funded through LTP and the Regional Growth Fund) delivered between 2013 and 2018 at a cost of approximately £7.5m. This saw over 7 miles of shared cycle / pedestrian facilities and routes constructed. It connects National Cycle Route 7 (C2C), which runs east to west through Sunderland to National Route 11 in Gateshead. This created a necessary north-south alternative transport link through the Washington area.</p> <p>Travel to work surveys are carried out annually by Sunderland City Council at the employment sites in this area. They show that cycling and walking have both increased as a mode of transport to work since the changes were implemented. Respondents who say they cycle to work has risen from 4.6% to 9.84% and those who walk have risen from 1.12% to 2.3%.</p> <p>The Newcastle Road cycle scheme delivered in the summer of 2018 extended existing South Tyneside cycle routes into Sunderland and is a good example of partnership working. It included upgrading and widening sections of existing footways, improving access to public transport facilities and the construction of new shared use crossing points for pedestrians and cyclists.</p> <p>Cycle City Ambition Fund</p> <p>Since 2014 Newcastle has secured £16.3m of government funding through Cycle Cities Ambition to invest in the development of a cycling network. Schemes have broadly fallen into three categories: strategic cycle routes, linking the city centre to residential areas of the city; city centre improvements; and improvements within neighbourhoods. Schemes have included John Dobson Street in the city centre,</p>

Great North Cycleway (Gosforth corridor), Brandling Village, Acorn Road, and Benwell Lane.

Gateshead also received around £1.3m from the Cycle Ambition Scheme to improve access from the Town Centre to the Tyne Bridge, while North Tyneside gained around £1.4m of funding to provide a cycle route along the Coast Road.

As a result of the schemes in Gateshead, Newcastle and North Tyneside this saw 18.7 million cycle trips made in this area during 2018/19 and in some parts of Newcastle, cycling to work has increased by 2.5 times in six years.

Transforming Cities Fund Tranche 1

The majority of the 13 cycling-based infrastructure schemes being delivered through this programme have now been completed. Monitoring for most of these schemes will begin in 2021. As an example, the Coast Road cycle scheme in North Tyneside provided a new 1.2km shared-use path, which included several new / relocated lighting columns.

In addition to this the Ferryboat Lane scheme provided an off-road connection between residential and principle employment sites including Nissan/East Washington, and Sunderland Enterprise Park. The route opened in November 2019 and usage will be reviewed in the near future.

The Essen Way scheme completed an important part of an 'inner ring cycle route,' making movement across Sunderland by active sustainable travel modes possible for the wider market of off-road cyclists. The works involved conversion of existing adopted highway verge into a new route for cycling and walking. The route opened in autumn 2020.

Active Travel Fund Tranche 1

The vast majority of the 41 schemes from the £2.2m regional tranche 1 programme were completed in the summer of 2020. The objective of the programme was to provide temporary additional space to pedestrians and cyclists through the reallocation of road space. For many of these schemes monitoring so far has been limited but is expected to be more prominent in 2021.

In County Durham where some monitoring has already taken place this has shown that for the majority of the 7 locations which form part of this, there has been an overall increase in active travel users when comparing July 2020 before implementation and October 2020, after implementation. The tables below show the change in use of three routes in Durham following the implementation of tranche 1 schemes (term time and season will have affected these figures):

Jul-20 (before) Site	Total Users	Ped	Cycle	Wheel chair	Push chair	Family
St Hilda's Lane	12283	11095	929	23	140	95
Pelaw Leazes Road	3057	2715	242	21	49	30
Pity Me to New	317	236	68	0	7	6

College						
Oct-20 (after) Site	Total Users	Ped	Cycle	Wheel chair	Push chair	Family
St Hilda's Lane	24010	22450	1298	31	179	52
Pelaw Leazes Lane	6991	6484	427	23	29	28
Pity Me to New College	895	273	607	0	12	3

Positives mentioned based on consultation carried out in Durham include people feeling safer, more secure and confident, new cycling has been encouraged and traffic speeds have slowed. The main concerns raised include a lack of space to clear debris and leaves, which is being addressed by use of specialist sweepers, lack of space for drivers to pull over to allow emergency vehicles to overtake, and lack of space for broken down vehicles.

The Hexham Market Place scheme in Northumberland involved the installation of cameras in the town centre and used a local company to track and count footfall and vehicle data over a six-week period. Although data for this scheme will still need to be analysed, it has so far seen a 17% reduction in town centre traffic and 60% along two town centre streets with high levels of footfall and a 5% reduction in traffic speeds.

Use of experimental orders has allowed schemes to be adjusted as feedback is received from the public and the schemes have been revised in a number of locations over time. For example, in Gateshead this has ranged from small adjustments outside retail premises in Winlaton to removing a large section of cycle lane on the Gateshead flyover - all of which have been driven by feedback received.

This regional programme included a scheme to increase the capacity on the Tyne and Wear Ferry to provide Covid-19 secure travel for cyclists by making practical modifications to both its vessels to create more flexible internal space, alongside measures that provide a safe environment for passengers and crew. Improvements included new cycle racks and removed seats and redundant equipment on both vessels. After the improvements were implemented passenger numbers were about 70% of what would have been expected in the summer of 2020 base on pre-Covid patronage, and in excess of 100 cyclists a day.

Living Streets 'Walk to' Programme

As an example of behavioural change work to get more people switching transport mode to active travel Durham County Council have been part of a programme lead by Blackpool Council involving 10 English council areas which works with schools to encourage walking. In Durham, work through this included Living Streets supporting 73 primary schools in 2018/19 for the Walk Once a Week project. Travel tracker data for the end of 2018/19 reported a 75% active travel rate across schools participating in Walk Once a Week in Durham.

| 1.7 | Evaluation of schemes Delivery of schemes can be impacted by a number of factors including: | | | | | |

	<ul style="list-style-type: none"> • changing levels of ambition, and hence cost, of schemes between the funding bids being submitted and schemes being implemented. • unforeseen cost increases and delivery timeframe changes only picked up during the scheme design phase. • the level of engagement and consultation that might be required to bring forward schemes and secure the necessary approvals to implement them. • impacts on the monitoring of schemes, such as restrictions of the current pandemic which has limited the extent to which surveys can be carried out. • the limited resources available for monitoring and evaluation such as cycle counters, and a historic lack of data available on actual pedestrian numbers and movements. It is also restricted to the level of staff resource available to engage with employers, education and training providers to implement travel surveys and to carry out annual travel surveys.
1.8	<p><u>How can the evaluation of active travel schemes in the North East be improved</u></p> <p>Regional Transport Assurance Framework</p> <p>We have a North East Joint Transport Committee (JTC) endorsed regional Transport Assurance Framework, which is in the process of being updated. Once completed it will be used to guide the approval of schemes for funding in the North East. It will provide a flexible way to ensure regional and local objectives are met, as well as the goals of relevant bid funding opportunities, and to ensure schemes deliver good value for public money.</p> <p>The assurance framework will include a business case pro forma and will require appropriate schemes to have value for money assessments using appropriate tools such as Active Mode Appraisal Toolkit (AMAT). The assurance framework process can therefore be completed quickly for those schemes that comply with requirements and enable rapid progress towards construction.</p> <p>In addition, the assurance framework will also be used to provide checks that suitable monitoring and evaluation plans are embedded in schemes and to ensure scheme designs are broadly compliant with relevant guidance. It will also ensure a consistent level of detail for all schemes.</p> <p>The Transport Assurance Framework will help to ensure that monitoring requirements are set out early, linked to relevant regional and local objectives.</p> <p>Other examples</p> <ul style="list-style-type: none"> • by ensuring that active travel based key performance indicators detailed in the North East Transport Plan are annually monitored. • through additional funding bring made available for increased sources of monitoring and evaluation data, such more cycle counters in appropriate locations and cameras to monitor pedestrian numbers and movements in an anonymous manner. There could also be a review of the location of existing cycle counters to see if any need relocating, removing, or repairing.

	<ul style="list-style-type: none"> • carrying out monitoring and evaluation to match the type of scheme being delivered. For example, it might be unrealistic to having complex monitoring key performance indicators for small scale walking and cycling schemes which are unachievable. • by increasing joined-up working practices where data can be shared, including public health and where councils are made aware of changes in neighbouring areas of changes which might impact on their scheme, such as a traffic scheme or changes in speed limits. This also included more coordinated working within different council departments and teams. • if local authorities are supported to encourage workplaces, education and training venues to have up-to-date travel plans and where annual travel surveys are carried out which can inform on the impact of schemes on travel in that area. • if schools can be encouraged to complete hands up surveys, which record how pupils are travelling to primary schools. There is more of an incentive for schools to do this if there is a comprehensive regional programme of behavioural change projects which encourage people to switch travel mode to active travel.
2.	Proposals
2.1	This report is for information. Members are asked to note the contents of the report.
3.	Reasons for the Proposals
3.1	This report is for information purposes.
4.	Alternative Options Available
4.1	Not applicable to this report.
5.	Next Steps and Timetable for Implementation
5.1	For discussion.
6.	Potential Impact on Objectives
6.1	Successful delivery of the various active travel schemes will assist the JTC in delivering its objective to maximise the region's opportunities and economic potential.
7.	Financial and Other Resources Implications
7.1	None.
8.	Legal Implications
8.1	None

9.	Key Risks
9.1	The risk of work streams not progressing in a timely manner and not being suitably monitored may impact upon the region's success in applying for future funding schemes and hence its ability to achieve its aspirations for improving transport.
10.	Equality and Diversity
10.1	There are no specific equalities and diversity implications arising from this report.
11.	Crime and Disorder
11.1	There are no specific crime and disorder implications arising from this report.
12.	Consultation/Engagement
12.1	Many of the transport programmes outlined in this report have been the subject of consultation at a regional level.
13.	Other Impact of the Proposals
13.1	No specific impacts.
14.	Appendices
14.1	None.
15.	Background Papers
15.1	There are no background papers.
16.	Contact Officers
16.1	Simon Jobe, Specialist Transport Planner, Transport North East Strategy Unit simon.job@northeastca.gov.uk Tobyn Hughes, Managing Director, Transport North East Tobyn.hughes@nexus.org.uk
17.	Sign off
	<ul style="list-style-type: none"> • Head of Paid Service: • Monitoring Officer: • Chief Finance Officer:
18	Glossary

18. 1	All acronyms or technical terms used are explained in the body of the report.
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North East Joint Transport Committee Audit Committee

Date: 9 December 2020

Subject: Tyne Pedestrian and Cycle Tunnels Update

Report of: Managing Director, Transport North East

Executive Summary

The purpose of this report is to provide an update to JTC Audit Committee on the refurbishment and operation of the Tyne Pedestrian and Cyclist Tunnels including details of costs incurred in the refurbishment project and the current costs of operation.

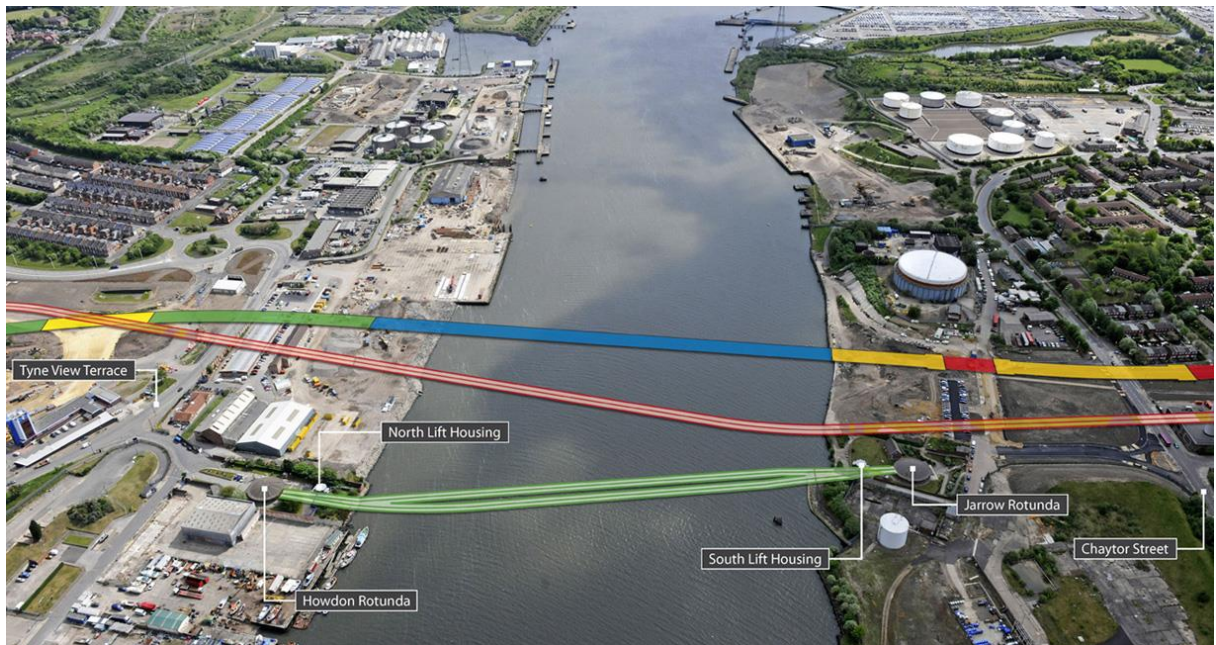
The report also provides information on the plans for completion of the inclined lifts and the proposed hand back to TT2 Limited.

Recommendations

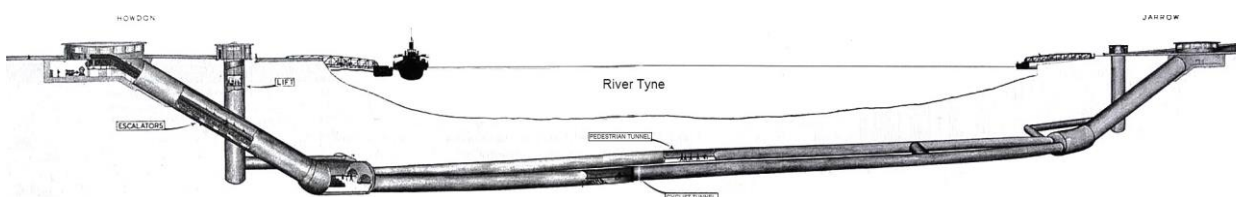
The JTC Audit Committee is recommended to note the information in this report which is provided as an update.

1. Background Information

- 1.1 The Tyne Pedestrian and Cyclist Tunnel is nearly 70 years old and was Britain's first purpose-built cycle tunnel. It runs under the River Tyne between Howdon and Jarrow, and was opened in 1951, to coincide with the Festival of Britain. In the 1950's the tunnel was used by 20,000 people a day, mainly workers heading to the many shipyards on both sides of the Tyne. The tunnel is a Grade II listed building due to its historical and architectural significance.



- 1.2 Unlike the new traffic tunnel which sits on the river bed, the Pedestrian and Cyclist Tunnel runs deep under the river bed, and therefore there is a steep incline to travel down to tunnel level from the surface. In 1951 when it opened, the tunnel was accessed from ground level by two wooden escalators and a vertical lift. The wooden escalators remain the longest wooden escalators in the world.
- 1.3 Whilst the Pedestrian and Cyclist Tunnel is one tunnel structure, underground it separates into two tunnels at the lower level in order for cyclists and pedestrians to be safely separated for the length of their journey through the lower section of the tunnels:



Operation and Maintenance Responsibility

- 1.4 As part of the Project Agreement (PA) between TT2 Ltd and NECA signed in 2007, TT2 Ltd are responsible for the operation and “routine maintenance” of the pedestrian and cycle tunnels. However, the “major maintenance” liability for the TPCT was retained by the Tyne & Wear PTA (and now NECA, as accountable body for the Joint Transport Committee).
- 1.5 In 2013 Newcastle Council project officers on behalf of NECA took over responsibility for the operation and maintenance of the pedestrian and cyclist tunnels for the duration of the refurbishment project. Once the tunnels are fully operational and the refurbishment is finalised, TT2 will take back responsibility for operation and routine maintenance as intended in the PA.

Refurbishment Works

- 1.6 Refurbishment was originally considered in the late 2000’s due to the dilapidated state of the asset. The tunnels were nearly 60 years old at that time and showing signs of significant wear and tear, with the following issues:
- The escalators and lifts were regularly failing and were out of use for significant periods.
 - Tiled surfaces were damaged showing discolouration, cracking and some missing tiling.
 - Water ingress was evident throughout the tunnels.
 - The pavements in the tunnels were uneven and showed signs of deterioration.
- 1.7 In September 2008 the delegated committee at that time, the Tyne Tunnel Working Group, approved the development of proposals for the refurbishment of the Tyne Pedestrian and Cyclist Tunnels, with an originally estimated cost of £6.5m and a contract period of 57 weeks.
- 1.8 The refurbishment works began in May 2013 led by Newcastle Council officers. The works were originally limited in scope concentrating on the installation of two new inclined lifts capable of carrying cycles and associated refurbishment works. However, during the initial stages of the contract additional structural and safety works were identified. The various issues identified by 2016 resulted in approval of an increase in the project budget (to £11.92m in September 2016) and an extension of the original contract duration (to 60 months).
- 1.9 The tunnels were ultimately closed from 2013 to August 2019 for the refurbishment works to be undertaken. This was substantially longer than originally envisaged in the early proposals. The delay resulted from a number of issues which also led to escalated costs including:
- removal of asbestos, the scale of which was greater than anticipated;
 - the necessity of additional structural works replacing steelwork and concrete;
 - the extent of water ingress and tiling repairs which were more than estimated

in original plans;

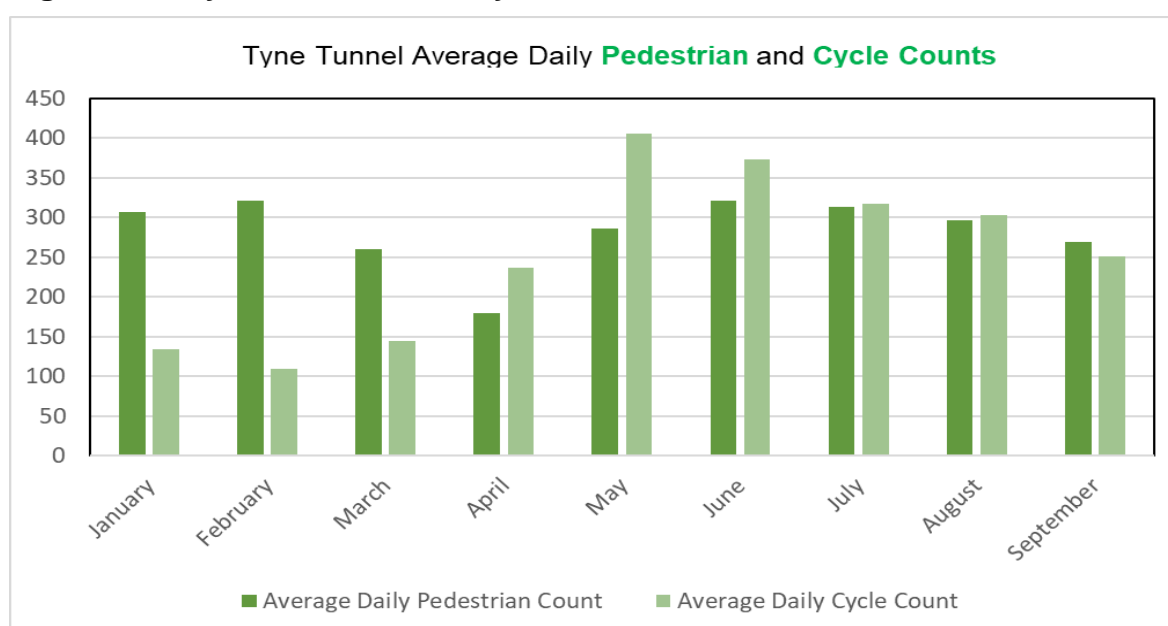
- the main building contractor entering administration resulting in the project being halted for over 18 months;
- a specialist contractor being required to deal with asbestos contamination following the departure of the main contractor;
- the electrical contractor entering administration;
- operational issues with the specialist inclined lifts; and
- the listed building status of the tunnels which required specialist input as all replacement materials had to reflect the original style of the 1951 tunnels.

1.10 Despite the difficulties encountered, the project was successful in the refurbishment and the Newcastle Council project team completed the necessary structural repairs including the replacement of tiling, paving, and tunnel lining and refurbishment of the two rotunda buildings at each end. In addition, the mechanical and electrical systems in the tunnels, including integration to the TT2 systems, have been completely renewed. These works should help maintain and protect this historic listed structure for future generations of walkers and cyclists.

1.11 The tunnels were reopened to the public in August 2019 with access 6am to 8pm for pedestrians and cyclists. The reopening was welcomed by the local communities and workers based at each end of the tunnel who had been using the replacement bus service during the closure. Numbers of users increased throughout 2019 and into 2020, with cyclists in particular, using the tunnels in greater numbers.

1.12 Since reopening in August 2019 there have been over 220,000 journeys using the tunnels to cross the River Tyne either on foot or on a bicycle.

Fig. 1.13 Daily Pedestrian and Cyclist counts 2020



1.13 From reopening, the vertical lift was operational for both cyclists and pedestrians. The inclined glass lift was not in use on re-opening, as it was awaiting final works

including testing and certification. The inclined glass lift contractors, who are based in Italy, attended site at the end of 2019 and were due to attend and complete works in February 2020.

- 1.14 However, their visit was cancelled due to the position in Italy at that time, when Covid-19 cases were rising rapidly. Since then travel restrictions in place have not allowed the specialist staff to travel to the UK. Whilst officers and councillors (i.e. the Tyne & Wear Sub-Committee) are frustrated at the lack of progress in 2020 and have put pressure on the contractor to return to site, it is difficult to force them back to site with the quarantine restrictions in place and the workers' concerns regarding an extended stay in the UK. It is estimated that there are 10 weeks of outstanding works, testing and certification to complete the lifts and put them into operation. All options to resolve this are being considered, given the delays suffered to these works and the desire to bring the inclined lifts and the tunnels into full and complete operation.

2. Costs of refurbishment and costs of operation

- 2.1 The project costs over the six years from closing in 2013 to the date of reopening of the tunnels in August 2019 amounted to £16.2m. This is a total which was not envisaged in the original estimates proposed six years previously. However, it is now clear that unexpected and uncontrollable issues significantly increased the out-turn costs. It is also apparent that the estimates proposed at the outset were conservative and somewhat unrealistic with hindsight, given the nature of the structure, its age, its listed status and the unknowns relating to the condition of the structure beneath the outer lining of the tunnels.
- 2.2 The main contractor entering administration together with discovery of extensive asbestos, required specialist contractors and specialist works. There were also unexpected issues with the electrical contractors going into administration which caused delay and additional cost. The full details of the lengthy refurbishment have been explained previously to this committee by project officers.
- 2.3 The cost total has been updated as further contractor invoices have been paid and outstanding elements of the refurbishment have been finalised over the last 15 months, with the facility being open to the public at the same time. Refurbishment costs up to 31 August 2020 total £13,416,651 with an additional £3,572,741 in project costs relating to the contractor administration and the asbestos environmental clean. This gives a total of £16,989,392.
- 2.4 The day-to-day operational costs since the tunnel has been open to the public, including on-site security, maintenance contracts, cleaning and utilities total £433,140. These operational costs are likely to reduce when TT2 take over the daily operation of the tunnels (proposed for 2021), although costs for major maintenance will continue to sit with JTC in line with relevant sections of the Project Agreement with TT2.
- 2.5 To illustrate the scale of costs involved in works on a river crossing of this type, there are few comparisons to draw upon of a public tunnel which travels under a river at a similar depth and length. However, to rebuild a similar tunnel structure in the same location would be likely to cost over £50 million (based on reinstatement value

estimates).

- 2.6 Comparisons with building a bridge at the same location are difficult as the river widens between Jarrow and Howdon as it gets closer to the river mouth, therefore a pedestrian/cyclist bridge would not be feasible at that location. The Gateshead/Newcastle Millennium Bridge for example, crosses the river at a much narrower point further up the Tyne, and its length (126 metres) is less than half that of the Pedestrian and Cyclist Tunnel (275 metres). The Millennium Bridge cost £22 million to construct 20 years ago in 2000/2001.
- 2.7 The funding source used to carry out the refurbishment project was the Tyne Tunnels reserve which is a ring-fenced fund specified to be used “in paying the costs and expenses incurred in designing, constructing, managing, operating and maintaining the tunnel crossing.”¹ Therefore, the funding was intended to be used for this purpose on a project relating directly to the maintenance and operation of the Tyne Tunnels.

3. Current position

- 3.1 The Tyne Pedestrian and Cyclist Tunnels reopened for public use in August 2019 after being closed for six years for refurbishment. They have remained open to the public since then at no charge to users (other than a four week period in October /November 2020 when the tunnels were closed for vertical lift repairs).
- 3.2 Following users’ requests, the opening time was extended in March 2020 to 10pm with a night service provided between 22:00 to 06:00. The later closing time of 22:00 was implemented at the end of March 2020 at the start of the lighter evenings for the period of British Summer Time.
- 3.3 There have been further recent requests from users asking for the tunnels to be opened 24 hours per day. This would benefit shift workers who cycle to work between 10pm and 6am. The request has been reviewed and it is proposed that a 4 week trial takes place from the end of November 2020, to assess whether there are any concerns regarding safety or anti-social behaviour. If the trial is successful the tunnels could remain open in 2021 24 hours per day, 7 days per week.
- 3.4 The security contract in place would allow the tunnels to remain open on Christmas Day. This was not the case last year in 2019, when they were closed to the public for Christmas Day and New Year’s Day. However, this year it is proposed that they remain open throughout December including Christmas Day. Requests have already come through from workers who will be working a shift on Christmas Day or Christmas Eve and require access.

4. Plans for 2021

- 4.1 The completion of the inclined glass lifts is a priority and discussions with the contractor are taking place to assess whether there is any alternative to the 10-week programme of works on site which has been suggested, which may require closure of the tunnels during that period. Tyne and Wear Subcommittee will be updated on progress at the next meeting in January 2021.

¹ The River Tyne (Tunnels) Order 2005

- 4.2 Handover to TT2 will take place in 2021 once the inclined glass lifts are operational. TT2 will operate the tunnels from handover to the end of the TT2 Concession which runs to 2037. It is proposed that arrangements are put in place during the early months of 2021 to prepare for handover later in the year.

5. Next Steps and Timetable for Implementation

- 5.1 The 24 hour opening trial will take place for 4 weeks at the end of November 2020 as explained above in section 3.3.
- 5.2 The preparations for handover to TT2 will begin in January 2021 with monthly planning meetings taking place throughout 2021.
- 5.3 The discussions with the inclined lift contractor are taking place currently and are ongoing.

6. Potential Impact on Objectives

- 6.1 The continued availability of the tunnels for pedestrians and cyclists and the proposal for 24/7 opening is in line with the Combined Authorities' policies and priorities on sustainable transport as identified in the Strategic Economic Plan and Local Transport Plan.

7. Financial and Other Resources Implications

- 7.1 The cost of the refurbishment has been funded from Tyne Tunnel reserves and from prudential borrowing in line with the original approval for the project. It is important to note that this reserve is ring-fenced for use on the tunnels.
- 7.2 The forecast of outturn for 2020/21 includes capital expenditure on the tunnels, principally the Pedestrian and Cycle Tunnels, of £800,000. Costs are being incurred in respect of 24/7 on-site security, maintenance contracts, cleaning and utilities whilst the project remains incomplete and the outturn includes circa £350,000 of costs to finalise lift works.

8. Legal Implications

- 8.1 There are no legal implications arising directly from this report.

9. Key Risks

- 9.1 Financial and reputational risk – if the completion of the inclined glass lifts is further delayed this impacts on the users of the tunnels. It also creates a financial risk as it means that handover to TT2 cannot take place as planned in 2021.
- 9.2 These risks are being addressed by continuing discussions with the contractors to arrange completion of the works and by investigating and considering alternative options to the 10-week site visit.

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

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

13. Other Impact of the Proposals

13.1 Not applicable.

14. Appendices

14.1 None

15. Background Papers

15.1 None.

16. Contact Officers

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17. Sign off

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

18. Glossary

TPCT – Tyne Pedestrian and Cyclist Tunnel

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

Crossing)

JTC – Joint Transport Committee

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

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