

Joint Transport Committee Tyne and Wear Sub-Committee

Thursday, 12th January, 2023 at 2.00 pm

Meeting to be held in the Lamesley Room, Gateshead Civic Centre, Regent Street, Gateshead, NE8 1HH

AGENDA

Page No

1. **Apologies for Absence**

2. **Declarations of Interest**

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

3. **Minutes of the Meeting held - 15 November 2022** **3 - 8**

The Committee is asked to approve the minutes of the meeting held on 15 November 2022 (attached).

4. **Revision to Metro, Shields Ferry and Secured Bus Fares April 2023** **9 - 20**

5. **Nexus Corporate Performance** **21 - 30**

6. **Nexus Corporate Risk Review** **31 - 74**

7. **Nexus People and Culture Strategy**

Report to follow

8. **Nexus Diversity and Inclusion Strategy**

Report to follow

9. **Metro Flow Update**

A presentation will be made at the meeting

10. **Tyne Tunnels Update**

75 - 86

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JOINT TRANSPORT COMMITTEE, TYNE AND WEAR SUB-COMMITTEE

DRAFT MINUTES FOR APPROVAL

DATE: 15 November 2022

VENUE: COUNCIL CHAMBER, GATESHEAD CIVIC CENTRE

Committee Members Present:

Councillor: C Johnson (Chair)

Councillors: J McElroy, P Dean, A Hay, C Rowntree

In attendance:

Statutory Officers: M Barker (Monitoring Officer – Transport)
P Darby (Section 83 Officer – NECA)
T Hughes (Managing Director, Transport North East)

Officers: F Bootle, J Fenwick, C Shilton, H Lewis, E Goodman
and S Stewart

Others: P Smith (TT2 Ltd)

28. APOLOGIES FOR ABSENCE

Apologies were received from Councillor G Miller.

29. DECLARATIONS OF INTEREST

There were no declarations of interest.

30. MINUTES OF THE PREVIOUS MEETING HELD ON 13 January 2022

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

31. NOTES of INQUORATE MEETINGS

The notes of the inquorate meetings held on 7 April, 7 July and 8 September were noted.

32. PROPOSED £2 FARE OFFER FOR METRO

The Committee received a report with a proposal following national government funding being announced in September 2022 to stimulate public transport use by providing financial support to bus operators to cap adult fare for any single bus journey in England at £2 from January to March 2023.

This financial support does not extend to other public transport modes. However, with Metro and bus services in the region generally complementing each other rather than competing, concern was expressed at the previous meeting of the Sub-Committee that a corresponding intervention to that being offered on buses should also be applicable on Metro so as to not disadvantage Metro customers who do not have access to bus services and also ensure that Metro does not lose customers to bus where there is a cheaper alternative.

As explained at the previous Sub-Committee, the Chief Operating Officer had previously written to Department for Transport officials seeking an extension to the scheme to cover the Tyne and Wear Metro and whilst a response had not been forthcoming at that time, Nexus has subsequently received confirmation from DfT that no additional financial support will be made available for the introduction of a £2 fare on Metro.

The proposal presented to Committee included the following measures being implemented to Metro prices from January to March 2023:

- Adult travel using a Pop Pay As You Go smartcard will be capped at a maximum of £2 for a single journey, with corresponding prices for a day's travel capped at a maximum of £4
- Travel by customers aged 19-21 using a Pop 19-21 smartcard will be capped at a maximum of £2 for a single journey, ensuring parity with adult prices

RESOLVED: The Tyne and Wear Sub-Committee

- (a) Approved the fare proposal to be implemented from 2 January 2023 until 31 March 2023 which includes:
 - a. Adult travel using a Pop Pay As You Go smartcard capped at a maximum of £2 for a single journey, with corresponding prices for a day's travel capped at a maximum of £4
 - b. Travel by customers aged 19 to 21 using a Pop 19-21 smartcard capped at a maximum of £2 for a single journey, ensure parity with adult prices

- c. Fares on minimum cost bus services operating under contract to Nexus capped at a maximum of £2

33. TYNE TUNNELS REVISION OF TOLLS

The Sub-Committee received a report which outlined proposals to increase the tolls at the Tyne Tunnel for Class 2 vehicles. The increase is required to maintain a “self-funded” balance on the Tyne Tunnels Account and keep pace with the toll payable to the operator under the concession agreement.

The increase can be applied from 1 February but there is an option to delay to May 2023. An increase to the toll payable for Class 3 vehicles is also proposed from May 2023 which is the earliest date an increase can be applied.

The proposed increase is permissible as inflation, as measured by the Retail Price Index (RPI), has reached a level such that a 30p increase can be applied under the terms of the River Tyne (Tunnels) Order 2005.

No change is proposed for the 10% discount available to pre-paid account holders or the toll exemptions for ambulances, police vehicles, public bus services and disabled users.

It was noted that none of the Committee members want to see this increase but understood it was necessary and supported the option to delay the increase for Class 2 vehicles until May 2023

RESOLVED: the Tyne and Wear Sub-Committee:

- a) Approved the increase in tolls for Class 2 vehicles from £1.90 to £2.20 in line with RPI calculation, but delay the increase until 1 May 2023 with toll levels frozen until that date in a measure to assist tunnel users with the fuel crisis and cost-of-living crisis;
- b) Agreed to utilise c£1.545million of the Tyne Tunnel Reserve to offset the delay in increasing the tolls for Class 2 vehicles from 1 January to 1 May 2023;
- c) Approved an increase in tolls for Class 3 vehicles from £3.90 to £4.40 to take effect from 1 May 2023;
- d) Approved the continuation of the 10% discount for Pre-Paid account holders;
- e) Authorise the Monitoring Officer to publish the relevant notices and submit the necessary documentation to the Secretary of State as prescribed in the River Tyne (Tunnels) Order 2005.

34. NEXUS CORPORATE RISKS 2022/23

The Committee received a report to update on the Nexus Corporate Risk Register for 2022/23 based on the approved Corporate Plan and demonstrates that these risks are being properly managed and controlled.

During October 2022 Nexus undertook a formal review of its risk register in line with the Corporate Plan for 2022/23.

There are currently 3 risks which are 'red', of these 2 risks are red because of funding uncertainties. These risks are:

- Long Term Funding for Metro
- North Shields Ferry Landing

Specifically, in relation to long term funding for Metro and efficiency of delivery of the capital programme, Nexus has received confirmation from the Department for Transport (DfT) that it will receive £30.2m of capital grant in 2022/23 along with £33.8m in capital grant funding for 2023/24 and 2024/25. Whilst this allows for some longer term planning and more efficient delivery, it does not allow Nexus to complete its full essential renewals programme, with a further £33.2m of grant funding across this time horizon dependent on regional devolution. The rising costs of energy and raw materials has also applied additional pressures on budgets. The project to replace North Shields Ferry Landing is currently unfunded. External funding is being sought to progress the development of the project to be ready for future funding opportunities.

The final red risk is Metro Performance risk which is red as a result of recent disruptions to service in particular those caused by extreme temperatures. In the current review, one risk has seen its score improve. Following the confirmation of essential renewals funding for 2023/24 and 2024/25 the 'Efficiency of delivery of the Capital programme' risk has reduced in likelihood.

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

35. NEXUS CORPORATE PERFORMANCE UPDATE

The Committee received a report which provided an update on the performance of Nexus against its Corporate Business Plan for 2022/23. The report covers Period 5 and 6 which encompasses performance during the period 24 July 2022 to 17 September 2022. Between Periods 5 and 6, Metro patronage was 4.16 million which is 0.9% below the periodic target of 4.20 million.

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

36. NEXUS CORPORATE BUSINESS PLAN 2023/24 – 2027/28

The Committee received a report which provided an update on the performance of Nexus against its Corporate Business Plan for 2022/23. The report covers Period 5 and 6 which encompasses performance during the period 24 July 2022 to 17 September 2022. Between Periods 5 and 6, Metro patronage was 4.16 million which is 0.9% below the periodic target of 4.20 million.

The Committee were advised that many of the long term plans are based on funding from external sources.

Nexus' Corporate Business Plan is centred around 5 key themes:

- Safety without Compromise
- Our People
- Assets and Technology
- Sustainability
- Customer Experience

The Committee were advised that subject to the JTC approving Nexus' budget in January 2023, the final version of Nexus' Corporate Business Plan would be brought back to the Sub-Committee for approval in the New Year.

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

37. TYNE TUNNELS UPDATE

The Committee were provided with a report providing information on traffic levels at the Tyne Tunnels, which are significantly higher than previous years with over 1.6 million vehicle journeys through the tunnels in October 2022.

The report also gave an update on the compliance rate (rate of successful toll payments) under the Tyne Pass Scheme which is at 97%. This is the highest compliance level since the Tyne Pass system came into operation and shows a promising trend of fewer tunnel users failing to pay to toll on time and being affected by enforcement.

The report detailed the recommendations made in the recent Tyne Pass Appraisal report and explained how they will be taken forward by TT2 and Transport North East over the next few months.

The report also provided an update on the usage and operation of the Pedestrian and Cyclist tunnels with particular reference to the completion of the inclined lifts.

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

38. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED - That the press and public be excluded from the meeting for consideration of the remaining item.

39. NOTES OF INQUORATE MEETING HELD ON 7 APRIL 2022

The notes of the confidential part of the inquorate meeting held on 7 April 2022 were noted.

40. DATE OF NEXT MEETING

The next meeting will take place on Thursday 12 January 2023 at 2pm.

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

Date: 12 January 2023

Subject: Revision to Metro, Shields Ferry and Secured Bus Fares April 2023

Report of: Managing Director, Nexus

Executive Summary

The fares proposal for 2023/24 is presented against a backdrop of high inflation, the energy crisis and a cost of living crisis, all of which are putting extraordinary pressure on Nexus' financial position. The proposal presented in this paper aims to respond to these competing demands and with an overall 7.5% fares increase for Metro, 7.8% for Shields Ferry and 5.4% for Secured Bus – below RPI inflation as at July 2022 (11.8%) – measures will include:

- A freeze in price for adult Pay As You Go (PAYG) travel on Metro with a smartcard or using an Android phone, for the second consecutive year and supported by a strong marketing campaign to move customers towards this easier and more flexible way to pay, alongside an increase of 50p (8.8 to 13.9% depending on zones) on equivalent paper tickets. This will increase the price differential between a paper ticket and PAYG on smartcard and mobile to up to £1.05 for a single journey and £1.35 per day.
- PAYG travel on Metro for young people aged 16 to 21 using Pop blue or Pop 19-21 smartcards will be frozen.
- Weekly adult season tickets increase by 2-3%, below RPI inflation and supporting travel by regular customers who are unable to commit to longer term products. 4 Week and Annual season tickets will increase by 11%, roughly in line with RPI inflation.
- A further freeze in the Gold Card for older and disabled customers at £12 a year, and £24 for those not resident in Tyne and Wear.

The proposal contained in this report is designed to ensure that larger fare increases are specifically targeted in a way that ensures those customers affected have access to cheaper alternatives, either through the Pop smartcard or Android app. This is to help drive

the transition to more sustainable forms of ticketing by reducing paper waste and managing costs in the business associated with issuing tickets.

Changes to Shields Ferry and Secured Bus fares are also covered in this report and broadly mirror the proposals put forward for Metro. Park and Ride pricing for Nexus' car park customers will remain frozen for 2023/24 to help drive Park and Ride recovery.

This fares proposal helps Nexus to work towards a balanced budget whilst offering customers affordable and sustainable ticketing options on Metro, Ferry and Secured Bus.

Fares and ticketing proposals put forward as part of the Bus Service Improvement Plan (BSIP) are outside the scope of this report and any further revisions to Metro, Ferry or Secured Bus fares required to reflect and complement the BSIP proposals will be considered separately.

Recommendations

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

- I. Approve the Metro, Shields Ferry and Secured Bus fares proposal to be implemented from 1st April 2023 which includes:
 - a. An overall increase in the weighted basket of fares of 7.5% for Metro, 7.8% for Shields Ferry and 5.4% for Secured Bus;
 - b. Freezing adult Pay As You Go prices;
 - c. Freezing Pay As You Go fares for young people aged 16-21;
- II. Note that the fares review is estimated to generate increased revenue of £1.245m which is contained within the Nexus budget for 2023/24 being presented to the Joint Transport Committee on 17 January 2023;
- III. Approve a freeze in the price of concessionary products (paragraph 2.6 refers); and
- IV. Note the alternative options explored as part of the fares review process (Section 4 refers).

1. Background Information

- 1.1 The Tyne and Wear Metro has seen a relatively strong recovery following the Covid-19 pandemic with average customer numbers reaching up to 85% of pre-pandemic levels. However, this still marks a significant shortfall in customer numbers, resulting in a large gap in revenue which is being exacerbated by increasing operational costs because of significant inflationary pressures and the energy crisis. This situation has informed the rationale for the recommendations contained in this paper whilst bearing in mind the challenges concerning cost of living.
- 1.2 Fares and ticketing proposals put forward as part of the Bus Service Improvement Plan (BSIP) are outside the scope of this report and any further revisions to Metro, Ferry or Secured Bus fares required to reflect and complement the BSIP proposals will be considered separately.
- 1.3 The 2023/24 fares review aims to tackle the challenges that are faced to ensure that Nexus' budgetary pressures are addressed whilst also improving the attractiveness of Metro, Ferry and Secured Bus as mode choices. The policy objectives underpinning the pricing proposals contained in this report and to be implemented, subject to approval, on 1st April 2023 are therefore:
- A balanced weighted basket of fares increase, offsetting increasing costs as outlined in the budget report for 2023/24 being presented to the Joint Transport Committee on 17 January 2023, whilst continuing to offer customers value for money;
 - Continue to encourage the conversion to smart ticketing;
- 1.4 The scope of the fares review for April 2023 covers the commercial ticket ranges of both Metro and Ferry which encompass the following ticket types:
- Adult commercial tickets (Single/Day/Transfare/Seasons)
 - Child commercial tickets (Single/Day/Transfare/Junior blue)
 - Adult Pay As You Go (PAYG)
 - Discounted tickets for young people including Student and 18 and Under Season Tickets, Pop 19-21 and Pop blue
 - Discounted Corporate Season Tickets allowing cheaper travel for employees of registered companies who purchase tickets in bulk
 - Other miscellaneous tickets, for example tickets that add Metro travel to a rail journey or enable the transportation of a whole class of school children.

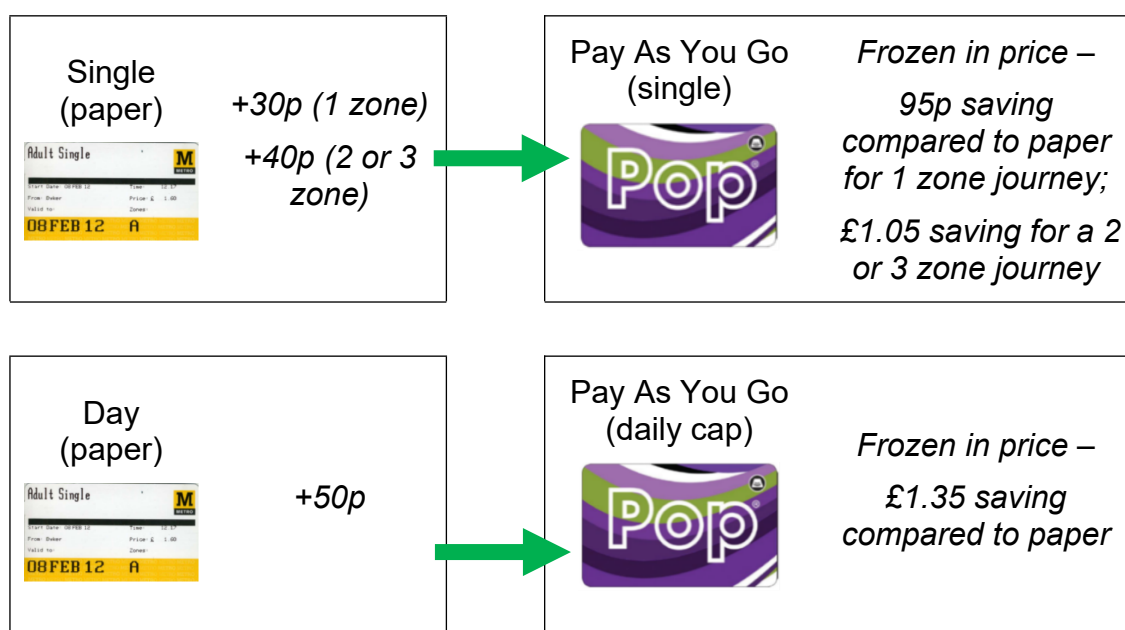
2. Proposals - Metro

- 2.1 The 2023/24 fares proposals contained in this report are underpinned by the core principle of driving conversion of customers from paper to smart ticketing and to tackle increasing costs that Metro is facing. Most single and day trip customers continue to purchase paper tickets instead of using smart based products such as PAYG. Larger increases in paper-based adult ticket prices will be offset by a freeze

in smartcard single and daily cap pricing. Prices of weekly season tickets, which account for the vast majority of total season ticket sales, will rise at 2-3%, significantly below RPI. PAYG fares for young people aged 16 to 21 will be frozen, encouraging sustainable travel choices. Prices for children under 16 will remain frozen for single journeys and increase by 20p for a day's travel.

- 2.2 All of the above will be presented as a fares package representing a 7.5% increase on the weighted basket of fares. Some price rises will appear steep, but the proposals are designed to ensure that customers who transition to more sustainable forms of ticketing, including smartcard and mobile options, will be rewarded with cheaper travel.

2.3 Short term adult products



For 2023/24, the price differential will increase significantly between paper-based tickets and adult PAYG, which is available on a smartcard and Android smartphone. Switching to adult PAYG will save customers money and will also result in a reduction in the use of paper and plastic, if customers opt for the mobile version. These changes will continue be heavily marketed in order to help customers understand the benefits of making the switch.




2.4 Season products – One week, four week, annual, corporate and students

The price of One Week Metro season tickets is proposed to increase by 2-3% as shown in Appendix B. This will help ensure that regular customers who are unable to commit to longer term products will be shielded from a larger increase in ticket prices, helping vulnerable groups at a time of cost living pressures. Four Week and Annual season tickets and Student season tickets will increase by 11%, roughly in line with RPI. These products still remain competitively priced for those who can

commit to longer term product purchases, with a day's travel from as low as £2.17 for adults. Corporate season tickets are proposed to increase by an average of 7%.

2.5 *Fares for young people*

PAYG fares for young people aged 16 to 21 will be frozen, encouraging sustainable travel choices. It is worth noting that fares and ticketing proposals being considered as part of the Bus Service Improvement Plan (BSIP) will see changes to the fare offering for young people, although this is out of scope for this review and such changes will be considered separately.

Junior blue (Under 16)		<i>£1 Single (Frozen)</i> <i>Now £1.70 Daily Cap (+20p)</i>
Pop blue (16-18)		<i>Frozen –</i> <i>£1.20 Single</i> <i>£2.20 Daily Cap</i>
Pop 19-21		<i>Frozen –</i> <i>£1.10 Single 1 Zone</i> <i>£1.80 Single 2 Zone</i> <i>£2.30 Single All Zones</i> <i>£1.90 Daily Cap 1 Zone</i> <i>£2.70 Daily Cap 2 Zone</i> <i>£3.40 Daily Cap All Zones</i>

2.6 *Concessionary Products*

Although the pricing of Gold Card and other concessionary products continues to be managed as part of the budget process, Nexus intends to maintain the price of the annual Gold Card at £12 for Tyne and Wear residents and £24 for non-Tyne and Wear residents and intends to freeze the price of the Under 16 Child All Day Concessionary Fare (CAT ticket).

2.7 *Miscellaneous tickets*

The following miscellaneous ticket types are proposed to increase approximately in line with RPI as part of the proposals outlined in Appendix D:

- Business Pass
- Conference Pass
- Metro Rail Add on fares (six ticket types).

Metro Park and Ride car park prices will remain frozen at £1.20 for 2023-24.

Proposals – Ferry

- 2.8 As in previous years, Shields Ferry fares for 2023/24 will mirror the changes proposed for Metro fares. Customers will see an increase of 20p for a paper single and 30p for a paper day ticket, while prices for customers using a Pop PAYG smartcard will be frozen. Therefore, customers who make the switch to Pop PAYG will benefit from an increased discount over paper single and day tickets of 85p and £1.15 respectively. Ferry season ticket products are proposed to increase by an average of 3%, significantly below RPI.
- 2.9 Prices of Ferry tickets for young people will be aligned with equivalent Metro tickets. Commercial child tickets will increase by 10p, while 18 and Under and 19-21 single fares with a Pop blue card and Pop 19-21 card respectively will be frozen.
- 2.10 The above changes result in an overall weighted fares basket increase of 7.8%, below the level of RPI inflation at July 2022 of 11.8%. The freezing of Pop PAYG fares offers an increased discount over paper Single and Day Tickets, which make up over 80% of ticket sales on Ferry.
- 2.11 With a weighted average basket of 7.8% across the Ferry ticket range, this proposal can be expected to generate additional revenue of £0.025m. Proposed prices of Ferry tickets are shown in Appendix E.

Proposals – Secured Bus

- 2.12 Nexus utilises a simplified fare scale for secured bus services which are wholly within Nexus' control, currently charging adults either £1.50 or £2.10 for a single trip depending on journey length, £3.50 for a day ticket, £15.00 for a weekly ticket and £1.20 single for those aged 19 and under.
- 2.13 For Secured Bus services, adult fares are proposed to rise by an average of 5.4%. Single and day tickets will increase by 10p. Weekly tickets will broadly rise in line with inflation, increasing from £15.00 to £16.50. Fares for young people will be frozen. Proposed prices of Secured Bus tickets are shown in Appendix F.

3. Reasons for the Proposals

- 3.1 The proposals contained in this report are designed to ensure a balanced approach to the policy objectives outlined in section 1 of this report.

4. Alternative Options Available

- 4.1 A number of alternative fares proposals were considered as part of the review, including an option where prices rise in line with RPI, a weighted fares increase of around 11%. This was examined in the context of maximising additional revenue generation. It was determined that meeting this weighted fare increase target would require very high price increases across all product types, significantly

impacting on customer numbers and not aligning with the policy objectives outlined in paragraph 1.3. This option is therefore not recommended.

5. Next Steps and Timetable for Implementation

- 5.1 Should the Sub-Committee approve the proposed fare changes set out in this report, the new fare levels will come into force on 1st April 2023.

6. Potential Impact on Objectives

- 6.1 The proposals in this report are intended to ensure the continued operation of the Metro within the subsidy levels available, whilst also being mindful of achieving the policy objectives outlined in section 1.2 of this report.

7. Financial and Other Resources Implications

- 7.1 Nexus' Director of Finance and Resources confirms that the increase in revenue that will be generated from the proposal outlined in this report in financial year 2023/24 is estimated as follows:

Mode	Estimate (£000)
Metro	1,210.3
Ferry	24.9
Secured Bus	9.3
TOTAL	1,244.5

This additional revenue has been taken into account when developing the 2023/24 budget proposal that the Joint Transport Committee will be considering at its meeting on the 17 January 2023. Specifically, in terms of Metro, the Sub-Committee are advised that fare revenue in 2023/24 is estimated to be £43.5m which is 97% of the amount that was generated in the last full year before the Covid pandemic.

- 7.2 As paragraphs 1.2 and 2.5 make reference to, any decision to amend fares that would be required as a result of the BSIP, will need to be considered separately. Members of the Sub-committee should be aware that this would likely cause a reduction in the revenue Nexus expects to generate from this fares proposal, depending on the level of subsidy that can be claimed as a result of Metro's participation in the BSIP. Examples where this could adversely impact are where certain fares would need to be reduced in order that they do not exceed any BSIP subsidised fares, or the extent to which Metro suffers abstraction from its product range where there is a comparable product offering multiple journeys on other modes in addition to Metro.
- 7.3 In addition, members of the Sub-committee should be aware that the revenue estimates and the average fare increases set out in this report assume a

migration from Metro paper-based products to smartcard (or Android phone) PAYG products, with the latter representing an assumed 20% of all sales of Metro Single or Day Ticket products. For every 1% either way, the impact on revenue is estimated to be +/- £76k and the impact on the average increase in fares is estimated to be +/- 0.3%. As financial year 2023/24 progresses, the mix of sales (paper versus Pop) will be kept under review in order to assess whether the revenue estimated to be generated by this proposal is achievable.

8. Legal Implications

8.1 There are no legal implications arising from this report.

9. Key Risks

9.1 If the recommended proposal contained in this report is not approved, there could be a risk to Nexus' ability to deliver public transport, given a reduction in income associated with a freezing of fares or a significant reduction in customer numbers associated with an increase in fares significantly above inflation.

10. Equality and Diversity

10.1 The proposal contained in this report seeks to increase Metro fares by an average of 7.5%, Ferry fares by an average of 7.8% and Secured Bus fares by an average of 1.5%, which represents below-inflation fare rises across all modes. Nevertheless, Nexus recognises that the proposals still represent a significant increase to some fares and that such rises will have an impact on vulnerable customer groups. Nexus has ensured that where the largest increases are proposed with adult paper based single and day tickets, customers have an alternative option they can switch to which will see no price increase. Paragraph 2.3 outlines the benefits customers stand to gain should they switch to a Pop Pay As You Go smartcard and this proposal will continue to be supported by significant marketing initiatives to ensure all customers are aware that they can avoid a price increase. Marketing and community outreach activity will target people and families on low incomes to ensure they have access to Pop PAYG cards, as well as those not speaking English as a first language. Older people and those with disabilities continue to benefit from the Metro Gold Card, which is frozen in price.

11. Crime and Disorder

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

12. Consultation/Engagement

12.1 There are no specific consultation / community engagement considerations.

13. Other Impact of the Proposals

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

14. Appendices

- 14.1 Appendix A – Proposed short term ticket prices.
Appendix B – Proposed season ticket prices.
Appendix C – Proposed fares for young people.
Appendix D – Proposed miscellaneous Metro ticket prices.
Appendix E – Proposed Ferry ticket prices.
Appendix F – Proposed Secured Bus ticket prices.

15. Background Papers

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

16. Contact Officers

- 16.1 Huw Lewis, Customer Services Director, Nexus
Email: Huw.Lewis@nexus.org.uk

17. Sign off

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

18. Glossary

Pay As You Go (PAYG) – a smart card that allows customers to top up in advance and pay for journeys as they are made.

Retail Price Index (RPI) – a measure of inflation published monthly by the Office for National Statistics.

Appendix A – Short term ticket price changes from 1st April 2023

Metro Fares - short term ticket prices effective 1st April 2023						
Product	2022	2023	Change	%	Sales (000s) - based on 21/22 data	Journeys (000s) - based on 21/22 data
Single 1 Zone (A, B, C)	£2.30	£2.60	£0.30	13.0%	1032	2759
Single 2 Zone (A+B, B+C)	£3.20	£3.60	£0.40	12.5%	895	
Single All Zones (A+B+C)	£3.90	£4.30	£0.40	10.3%	777	
Single 1 Zone PAYG	£1.65	£1.65	£0.00	0.0%	n/a	1219
Single 2 Zone PAYG	£2.55	£2.55	£0.00	0.0%	n/a	
Single All Zones PAYG	£3.25	£3.25	£0.00	0.0%	n/a	
Daily Cap 1 Zone PAYG	£2.75	£2.75	£0.00	0.0%	n/a	
Daily Cap 2 Zone PAYG	£3.85	£3.85	£0.00	0.0%	n/a	
Daily Cap All Zones PAYG	£4.85	£4.85	£0.00	0.0%	n/a	7183
Day 1 Zone (A, B, C)	£3.60	£4.10	£0.50	13.9%	880	
Day 2 Zone (A+B, B+C)	£4.70	£5.20	£0.50	10.6%	1172	
Day All Zones (A+B+C)	£5.70	£6.20	£0.50	8.8%	999	
Transfare 1 Zone (T1)	£3.40	£3.80	£0.40	11.8%	4	61
Transfare 2 Zone (T2)	£4.30	£4.80	£0.50	11.6%	12	
Transfare 3 Zone (T3)	£5.00	£5.60	£0.60	12.0%	8	
Add Zone 1 Day 1 Zone (Season add on)	£3.60	£4.10	£0.50	13.9%	1	~
Add Zone 1 Day 2 Zone (Season add on)	£4.70	£5.20	£0.50	10.6%	2	~

Appendix B – Season ticket price changes from 1st April 2023

Metro Fares - adult season ticket prices effective 1st April 2023						
Product	2022	2023	Change	%	Sales (000s) - based on 21/22 data	Journeys (000s) - based on 21/22 data
Metro Season 1 Week 1 Zone (A, B, C)	£11.80	£12.20	£0.40	3.4%	68	2429
Metro Season 1 Week 2 Zone (A+B, B+C)	£17.60	£18.00	£0.40	2.3%	75	
Metro Season 1 Week All Zones (A+B+C)	£24.00	£24.40	£0.40	1.7%	35	
Metro Season 4 Week 1 Zone (A, B, C)	£41.90	£46.50	£4.60	11.0%	2	829
Metro Season 4 Week 2 Zone (A+B, B+C)	£61.50	£68.20	£6.70	10.9%	5	
Metro Season 4 Week All Zones (A+B+C)	£81.30	£90.20	£8.90	10.9%	3	
Metro Season Annual 1 Zone (A,B,C)	£462.50	£513.30	£50.80	11.0%	<0.1	858
Metro Season Annual 2 Zone (A+B, B+C)	£646.00	£717.00	£71.00	11.0%	<0.1	
Metro Season Annual All Zones (A+B+C)	£715.00	£793.60	£78.60	11.0%	0.2	
Corporate Metro Season (1-19 tickets)	£594.00	£645.00	£51.00	8.6%	0.4	
Corporate Metro Season (20-39 tickets)	£589.00	£639.00	£50.00	8.5%	0.2	
Corporate Metro Season (40+ tickets)	£584.00	£634.00	£50.00	8.6%	2	

Appendix C – Fares for young people, price changes from 1st April 2023

Metro Fares - fares for young people effective 1st April 2023						
Product	2022	2023	Change	%	Sales (000s) - based on 21/22 data	Journeys (000s) - based on 21/22 data
Pop 19-21 Single 1 Zone PAYG	£1.10	£1.10	£0.00	0.0%	n/a	115
Pop 19-21 Single 2 Zone PAYG	£1.80	£1.80	£0.00	0.0%	n/a	
Pop 19-21 Single All Zones PAYG	£2.30	£2.30	£0.00	0.0%	n/a	
Pop 19-21 DaySaver 1 Zone PAYG	£1.90	£1.90	£0.00	0.0%	n/a	
Pop 19-21 DaySaver 2 Zone PAYG	£2.70	£2.70	£0.00	0.0%	n/a	
Pop 19-21 DaySaver All Zones PAYG	£3.40	£3.40	£0.00	0.0%	n/a	373
Pop blue 16-18 Single PAYG (A+B+C)	£1.20	£1.20	£0.00	0.0%	n/a	
Pop blue 16-18 Day PAYG (A+B+C)	£2.20	£2.20	£0.00	0.0%	n/a	133
18 and Under Metro Season 1 Week All Zones	£8.20	£9.10	£0.90	11.0%	5	
18 and Under Metro Season 4 Week All Zones	£31.00	£34.40	£3.40	11.0%	5	1323
Junior blue Under 16 Single PAYG (A+B+C)	£1.00	£1.00	£0.00	0.0%	n/a	
Junior blue Under 16 Day PAYG (A+B+C)	£1.50	£1.70	£0.20	13.3%	n/a	
Child Commercial Single (A+B+C)	£1.00	£1.00	£0.00	0.0%	329	
Child DaySaver (A+B+C)	£1.50	£1.70	£0.20	13.3%	480	
Child Transfare (T3)	£1.20	£1.20	£0.00	0.0%	6	408
Student Metro Season 4 Week Inner Newcastle	£28.70	£31.80	£3.10	10.8%	8	
Student Metro Season 4 Week Inner Sunderland	£28.70	£31.80	£3.10	10.8%	0	
Student Metro Season 4 Week All Zones	£55.80	£61.90	£6.10	10.9%	2	
Student Metro Season Annual Inner Newcastle	£319.00	£354.00	£35.00	11.0%	0.1	
Student Metro Season Annual Inner Sunderland	£319.00	£354.00	£35.00	11.0%	0	
Student Metro Season Annual All Zones	£411.00	£456.20	£45.20	11.0%	0.5	

Appendix D – Miscellaneous ticket price changes from 1st April 2023

Metro Fares - misc prices effective 1st April 2023						
Product	2022	2023	Change	%	Sales (000s) - based on 21/22 data	Journeys (000s) - based on 21/22 data
Business Pass	£195.00	£215.00	£20.00	10.3%	~	~
Conference Pass	£3.20	£3.60	£0.40	12.5%	~	~
Class Pass - 1 Pass 1 Day	£33.10	£33.10	£0.00	0.0%	~	~
Class Pass - 2 Passes 1 Day	£52.30	£52.30	£0.00	0.0%	~	~
Class Pass - 1 Pass 1 Term	£100.50	£100.50	£0.00	0.0%	~	~
Class Pass - 2 Passes 1 Term	£165.70	£165.70	£0.00	0.0%	~	~
Class Pass - 1 Pass Annual	£258.50	£258.50	£0.00	0.0%	~	~
Class Pass - 2 Passes Annual	£458.60	£458.60	£0.00	0.0%	~	~
Single Inner Zone Rail Add On	£2.10	£2.40	£0.30	14.3%	~	~
Return Inner Zone Rail Add On	£2.80	£3.20	£0.40	14.3%	~	~
7 Day Inner Zone Rail Add On	£10.30	£11.00	£0.70	6.8%	~	~
Single Outer Zone Rail Add On	£3.10	£3.40	£0.30	9.7%	~	~
Return Outer Zone Rail Add On	£4.60	£5.00	£0.40	8.7%	~	~
7 Day Outer Zone Rail Add On	£18.70	£19.90	£1.20	6.4%	~	~

Appendix E – Ferry ticket price changes from 1st April 2023

Ferry Fares - prices effective 1st April 2023						
Product	2022	2023	Change	%	Sales (000s) - based on 21/22 data	Journeys (000s) - based on 21/22 data
Pop blue (18 and under) Ferry Single	£1.20	£1.20	£0.00	0.0%	0.7	314
Pop blue (18 and under) Ferry Day	£2.20	£2.20	£0.00	0.0%	0.3	
Pop 19-21 Ferry Single	£1.20	£1.20	£0.00	0.0%	~	
Pop 19-21 Ferry Day	£2.20	£2.20	£0.00	0.0%	~	
Ferry Single	£2.10	£2.30	£0.20	9.5%	29	
Ferry Single - PAYG	£1.45	£1.45	£0.00	0.0%	2.5	
Ferry Day	£3.40	£3.70	£0.30	8.8%	53	
Ferry Day - PAYG	£2.55	£2.55	£0.00	0.0%	3.1	
Ferry Season 1 Week	£11.00	£11.30	£0.30	2.7%	1	
Ferry Season 4 Week	£38.20	£42.40	£4.20	11.0%	~	
1 Zone Transfare	£3.40	£3.80	£0.40	11.8%	0.3	
2 Zone Transfare	£4.30	£4.80	£0.50	11.6%	0.3	
3 Zone Transfare	£5.00	£5.60	£0.60	12.0%	<0.1	
Child Commercial Single	£0.80	£0.90	£0.10	12.5%	3	
Child Transfare	£1.20	£1.20	£0.00	0.0%	0.1	

Appendix F – Secured Bus ticket price changes from 1st April 2023

Secured Bus Fares - prices effective 1st April 2023						
Product	2022	2023	Change	%	Sales (000s) - based on 21/22 data	Journeys (000s) - based on 21/22 data
Adult Single (short journey)	£1.50	£1.60	£0.10	6.7%	253	420
Adult Single (long journey)	£2.10	£2.20	£0.10	4.8%		
Adult Day Ticket	£3.50	£3.60	£0.10	2.9%	35	
Adult Weekly ticket	£15.00	£16.50	£1.50	10.0%	1.5	
Child Commercial Single	£1.20	£1.20	£0.00	0.0%	80	

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

Date: 12 January 2023
Subject: Nexus Corporate Performance Update
Report of: Managing Director

Executive Summary

This report provides an update on the performance of Nexus against its Corporate Business Plan for 2022/23. The report covers Period 7 and 8 which encompasses performance during the period 18 September 2022 to 12 November 2022.

Between Periods 7 and 8, Metro patronage was 4.75 million which is 0.7% above the periodic target of 4.72 million. Metro Patronage for the year to date is 17.44 million which is 1.25% below target.

Metro fare and commercial revenue for the reporting period was £7.316m whilst the total fare and commercial revenue for the year to date is £26.675m. To the end of period 8, fare revenue is ahead of target and current indications are that it is recovering better than originally anticipated. However, we are mindful of the current economic climate and the Bank of England's forecast of recession, therefore recovery remains fragile, and we will need to continue to closely monitor the position in the months ahead. It is worth noting that overall, revenue is still below pre-pandemic levels and that Nexus' cost base has risen since the pandemic and is under increasing pressure because of both the energy crisis and the significant increase in inflation this past year. The government has now announced an Energy Bill Relief Scheme to provide support on energy costs between 1 October 2022 and 31 March 2023 which is expected to offset £6.1m of the HV power overspend in year.

Metro punctuality in periods 7 and 8 was 77.8% which is 7.0% below the periodic target of 84.8% whilst the 13-period moving annual average (MAA) at the end of Period 8 was 82.2% which is 5.0% below target.

Punctuality in Period 8 was particularly affected by Low Rail Adhesion (LRA) caused by autumn leaf fall. LRA is an industry wide issue with this year's autumn conditions proving to be particularly challenging across the national rail network. Nexus are taking a number of steps to reduce the impact of LRA on Metro punctuality including; additional coaching for Train Crew, enhanced levels of vegetation management and focussed use of our Rail Head Treatment Train.

Ferry patronage in Periods 7 and 8 was 52,807 which is 46.9% above the target of 35,947. For the year to date, ferry patronage is 281,358 which is 30.3% above target.

Ferry fare revenue in Periods 7 and 8 was £60,274 which was 33.6% above the profiled budget of £45,108. Ferry fare revenue the year to date is £276,980 which is 14.0% above the budget of £243,064.

Due to external factors beyond Nexus' control Secured Bus patronage figures are currently unavailable.

Secured Bus revenue in Periods 7 and 8 was £685,163 which was 191.2% better than the evenly profiled budget target of £235,266. For the year to date secured bus revenue is £1,848,735 which is 94% better than the evenly profiled budget target of £951,169. Revenue targets will be reviewed as part of the budget setting process for 2023/24.

Recommendations

The Tyne and Wear Sub-Committee is recommended to note Nexus' performance against the key priorities in its Corporate Plan for 2022/23, including Metro performance.

1. Background Information

- 1.1 The report provides summary information about Nexus' progress against its Corporate Plan (CP) targets and objectives for 2022/23
- 1.2 For 2022/23 the CP has five main themes and 14 key priority work-streams.
- 1.3 A summary of the RAG (Red/Amber/Green) status for each of these workstreams is outlined below:

Safety without Compromise	
Workstream	Status
Embed a 'Safety First' Culture	The 2022/23 Safety Plan is progressing to plan.
Improve Operational Safety	The 2022/23 SPAD (Signals passed at danger) reduction plan is being implemented
Reduce anti-social behaviour	We have introduced additional security presence on the network and incidents of ASB are reducing

Embed a 'Safety First' Culture

- 1.4 Delivery of the 2022/23 Safety Plan and Security Plan is progressing to plan. In Period 8, we carried out work to underline the importance of safety critical communications to all operational colleagues.

Improve Operational Safety

- 1.5 Incidents of Signals Passed at Danger (SPADs) have risen in line with trends seen in the rest of the rail industry. As such, we have taken additional steps to reduce the likelihood of SPADs occurring, these include one to one SPAD briefings targeted at newly qualified drivers, SPAD awareness being built into our refresher training sessions and regular notices and digital information highlighting recent trends.
- 1.6 We have recently introduced an escalator and stairs poster safety campaign aimed at reducing customer accidents at stations, especially in the Central corridor. We will also be updating our station safety messaging to reflect these risks.

Reduce anti-social behaviour

- 1.7 Work to support the introduction of a new Multi-Agency Transport Team (MATT) continues to progress to plan. The MATT will bring together staff from Local Authority Community Safety teams with Nexus Security and Customer Service personnel. The implementation will cross Local Authority boundaries, with resources targeting both Metro, bus interchanges and bus routes. All stakeholders will benefit from this with

higher visibility throughout our transport networks and the team will be operational before the New Year.

- 1.8 We continue to deploy additional security staff across the network to deter anti-social behaviour and provide reassurance for customers. In addition to static site security at interchanges, this Security Team provides a security presence of up to 24 mobile security trained personnel at key times throughout each day, primarily on a late shift. Feedback from customers on this initiative continues to be well received.
- 1.9 The Nexus Customer Support Team is now operational on early and late shifts, this is likely to have a positive impact on fare evasion and anti-social behaviour.

Customer Experience	
Workstream	Status
Invest in our infrastructure	Work on our Fleet Replacement Programme is progressing to plan.
Products and Payments	A number of improvements to our products and payments offer have been implemented.
Customer Services	Patronage is above forecast levels

Invest in our infrastructure

- 1.10 Work on delivery of the new depot and train fleet is progressing well, although the ongoing impacts of recent global events on the supply chain/logistics represents a heightened risk in some areas, which requires careful management and ongoing monitoring by Stadler. Despite this, we have completed Pre-Delivery Acceptance (Factory Acceptance) for Units 1, 2 and 3, and Unit 1 has been transferred to Czech Republic for Dynamic testing on the test track. Following discussions with Stadler it has now been agreed that the first new train will be delivered in January 2023, and the first Unit plans to enter Customer Service in Autumn 2023.
- 1.11 In addition, the Main Facility Building at Gosforth Depot was completed on 1 November 2022 and is now ready for the arrival of the first new train next year.

Products and Payments

- 1.12 The proportion of Metro customers using pay as you go (PAYG) either on android phones or with a smart card had increased from 15% in Period 1 to 21% of all short-term (single and daysaver) journeys in Period 8. Customers who move from paper tickets to Pop PAYG immediately save up to 85p a day, and Nexus continues to market the benefit of this given cost of living pressures. Metro journeys made on Pay As You Go are capped at £2 single and £4 day from 2 January to 31 March – this offers a saving to many customers and is being marketed by Nexus to drive conversion to smart travel.

- 1.13 Pop PAYG on android, available as an option within the Google Pay wallet, continues to grow market share. While only 5% of all PAYG journeys are made on phones at present, more people now sign-up for Pop on their phone than by taking out a free card.

Customer Services

- 1.14 Between Periods 7 and 8, Metro patronage was 4.75 million which is 0.7% above the periodic target of 4.72 million. Metro Patronage for the year to date is 17.44 million which is 1.25% below target.
- 1.15 Metro punctuality in periods 7 and 8 was 77.8% which is 7.0% below the periodic target of 84.8% whilst the 13-period moving annual average (MAA) at the end of Period 8 was 82.2% which is 5.0% below target.
- 1.16 Punctuality in Period 8 was particularly affected by Low Rail Adhesion (LRA) caused by autumn leaf fall. LRA is an industry wide issue with this year's autumn conditions proving to be particularly challenging across the national rail network. Nexus are taking a number of steps to reduce the impact of LRA on Metro punctuality including; additional coaching for Train Crew, enhanced levels of vegetation management and focussed use of our Rail Head Treatment Train.
- 1.17 Ferry patronage in Periods 7 and 8 was 52,807 which is 46.9% above the target of 35,947. For the year to date, ferry patronage is 281,358 which is 30.3% above target.
- 1.18 Due to external factors beyond Nexus' control Secured Bus patronage figures are currently unavailable.

Assets and Technology	
Workstream	Status
Improve our physical assets	Our Metro Flow project is progressing to plan
Technology	Nexus is leading on a smart multi modal ticketing project.

Improve our physical assets

- 1.19 During periods 7 and 8 work on the complex, multi-disciplinary Metro Flow project between Pelaw and South Shields continued to progress. The project will see three sections of single track – pinch points on the Metro network - dualled during the closure. When completed it will improve reliability across the whole of Metro and allow Nexus to increase service frequency in future.

- 1.20 At the time of writing, the blockade has been subject to a one week delay due to a number of challenges and is expected to be completed in December, allowing for services to between Pelaw and South Shields to resume.
- 1.21 Full fleet availability was met on 84.4% of occasions in periods 7 and 8, this is 15.6% below target. For the year to date fleet availability has been met on 85.9% of occasions which is 14.1% below target.

Technology

- 1.22 Nexus is leading a project to develop a smart multi-modal season ticket which can be used across bus, Metro and Shields Ferry services in Tyne and Wear, on behalf of Network One and bus operators.

Sustainability	
Workstream	Status
Improve environmental performance	We have started to implement our Sustainability Strategy.
Manage our financial standing	Energy Bill Relief funding has been agreed by the government.

Improve environmental performance

- 1.23 Following the completion of our Sustainability strategy, a number of actions to improve Nexus' environmental performance are progressing to plan.
- 1.24 We are working with our partners on the CLEANFERRY project to explore options to improve the environmental performance of the Shields Ferry.

Manage our financial standing

- 1.25 Metro fare and commercial revenue for the reporting period was £7.316m whilst the total fare and commercial revenue for the year to date is £26.675m. To the end of period 8, fare revenue is ahead of target and current indications are that it is recovering better than originally anticipated. However, we are mindful of the current economic climate and the Bank of England's forecast of recession, therefore recovery remains fragile, and we will need to continue to closely monitor the position in the months ahead. It is worth noting that overall, revenue is still below pre-pandemic levels and that Nexus' cost base has risen since the pandemic and is under increasing pressure because of both the energy crisis and the significant increase in inflation this past year. The government has now announced an Energy Bill Relief Scheme to provide support on energy costs between 1 October 2022 and 31 March 2023 which is expected to offset £6.1m of the HV power overspend in year.

- 1.26 Ferry fare revenue in Periods 7 and 8 was £60,274 which was 33.6% above the profiled budget of £45,108. Ferry fare revenue the year to date is £276,980 which is 14.0% above the budget of £243,064.
- 1.27 Secured Bus revenue in Periods 7 and 8 was £685,163 which was 191.2% better than the evenly profiled budget target of £235,266. For the year to date secured bus revenue is £1,848,735 which is 94% better than the evenly profiled budget target of £951,169. Revenue targets will be reviewed as part of the budget setting process for 2023/24.

Transform our organisation to be agile, innovative and inclusive	
Workstream	Status
Represent the communities we serve	Delivery on our People and Culture strategy is progressing to plan.
Learning and Development	We have relaunched our Corporate Induction programme
Engagement	We are reviewing our approach to employee engagement
Strategy	Work on a number of strategies is progressing to plan.

Represent the communities we serve

- 1.28 In Period 8, Nexus launched a new recruitment campaign designed to promote the range of career opportunities at Nexus. The campaign, which can be seen on television, social media and on our trains and stations, features existing Nexus colleagues.
- 1.29 In the reporting Period Nexus attended Newcastle University's ACCESS 2022 Civil Engineering Awareness Event to talk to civil engineering students about the work we carry out and career opportunities at Nexus.

Learning and Development

- 1.30 In Period 8, Nexus held the first session of our refreshed Corporate Induction course. The sessions, which are a key part of the new People and Culture Strategy, included a welcome and introductions from members of the Senior Leadership Team, plus team building and networking activities for the group, and a trip on the Shields Ferry.

Engagement

- 1.31 Our engagement process is being refreshed as part of the implementation of our People and Culture Strategy.

Strategy

- 1.32 Work on our Safety and Security, Ferry and Bus strategies are progressing to plan.

2. Proposals

- 2.1 There are no proposals in the performance monitoring update.

3. Reasons for the Proposals

- 3.1 Not applicable to a performance monitoring update.

4. Alternative Options Available

- 4.1 No alternatives arise in respect of this performance update.

5. Next Steps and Timetable for Implementation

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

6. Potential Impact on Objectives

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

7. Financial and Other Resources Implications

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

8. Legal Implications

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

9. Key Risks

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

10. Equality and Diversity

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

11. Crime and Disorder

- 11.1 There are no specific crime and disorder considerations arising from this performance monitoring update report.
- 12. Consultation/Engagement**
- 12.1 There are no specific consultation or engagement considerations arising from this performance monitoring update report.
- 13. Other Impact of the Proposals**
- 13.1 There are no direct proposals arising from this performance monitoring update report, and therefore no consequential impacts.
- 14. Appendices**
- 14.1 None
- 15. Background Papers**
- 15.1 Nexus Corporate Business Plan 2022/23 as considered and approved at the Sub-Committee's meeting in April 2022.
- 16. Contact Officers**
- 16.1 Martin Kearney
Chief Operating Officer
Email martin.kearney@nexus.org.uk
Tel: 0191 2033500
- 17. Sign off ✓**
- 17.1
- The Proper Officer for Transport: ✓
 - Head of Paid Service: ✓
 - Monitoring Officer: ✓
 - Chief Finance Officer: ✓
- .
- 18. Glossary**
- 18.1 Any acronyms or technical terms used are explained in the body of the report.

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

Date: 12 January 2023
Subject: Nexus Corporate Risks 2022/23
Report of: Managing Director

Executive Summary

The purpose of this report is to provide an update on the Nexus Corporate Risk Register for 2022/23 based on the approved Corporate Plan and demonstrates that these risks are being properly managed and controlled.

During December 2022, Nexus undertook a formal review of its risk register in line with the Corporate Plan for 2022/23.

A detailed explanation of the risks for 2022/23 is provided in the appendix including the current Red/Amber/Green (RAG) status, target RAG status and the direction of travel, where applicable. Each risk has a detailed explanation of the nature of the risk, together with controls, milestone/next steps.

There are currently 3 risks which are 'red', of these 2 risks are red because of funding uncertainties. These risks are:

- Long Term Funding for Metro,
- North Shields Ferry Landing

Specifically, in relation to long term funding for Metro and efficiency of delivery of the capital programme, Nexus has received confirmation from the Department for Transport (DfT) that it will receive £30.2m of capital grant in 2022/23 along with £33.8m in capital grant funding for 2023/24 and 2024/25. Whilst this allows for some longer term planning it does not allow Nexus to complete its full essential renewals programme. The rising costs of energy and raw materials has also applied additional pressures on budgets.

The project to replace North Shields Ferry Landing is currently unfunded. Additional funding is being sought to progress the development of the project to be ready for future funding opportunities.

The final red risk is Metro Performance risk which is red as a result of recent disruptions to service in particular those caused by low rail adhesion (LRA).

In the current review, one risk has seen its score increase. Stagnant bus patronage coupled with increased levels of cancellations and driver shortages has seen the likelihood of the Bus Patronage risk increase.

Recommendations

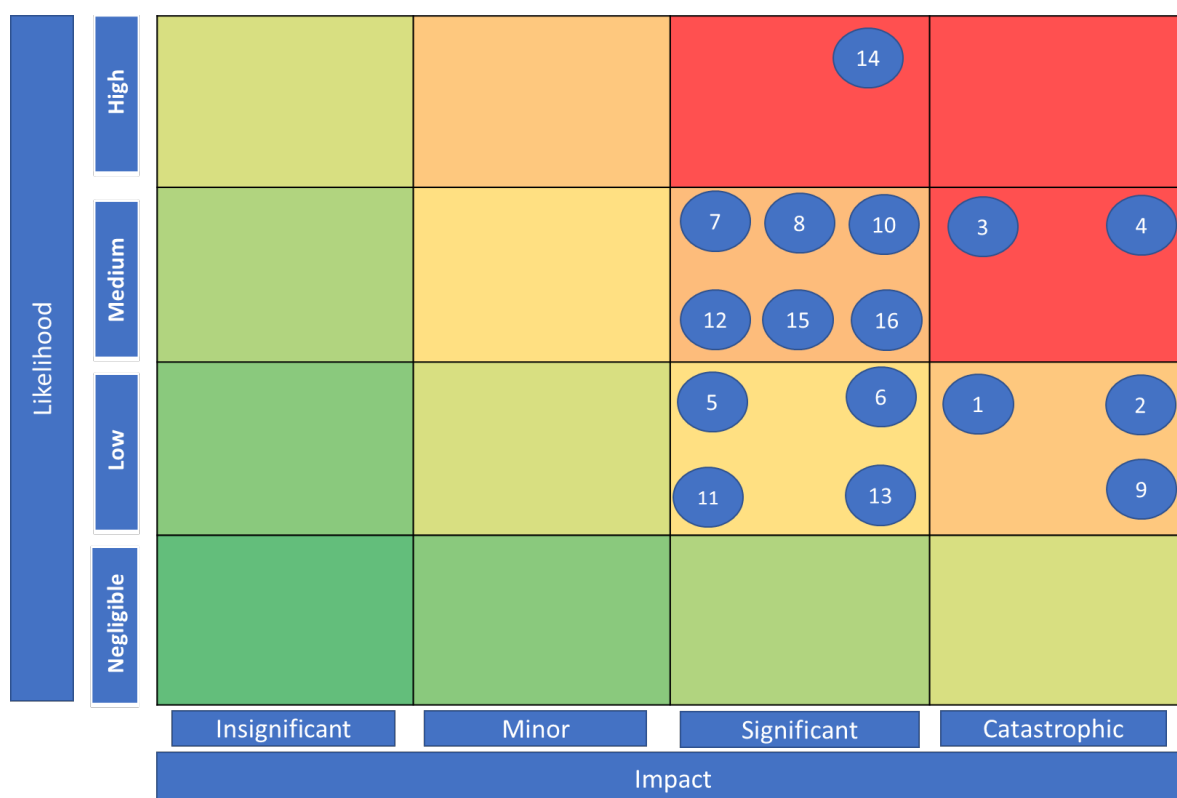
The North East Joint Transport Committee, Tyne and Wear Sub-Committee is recommended to receive and note this update on Nexus' Corporate Risk Register for 2022/23

1. Background Information

- 1.1 As part of its governance framework Nexus maintains a Corporate Risk Register. Nexus defines its corporate risks as those which, if the risk occurred, could have adverse consequences for the achievement of the Corporate Business Plan.
- 1.2 The Corporate Plan for 2022/23 was provisionally approved by the Sub-Committee at its meeting in January 2022 and subsequently Nexus undertook a formal review of the risk register to ensure its alignment to the approved plan. The Sub-Committee receives an update on Nexus' Corporate Risks at each of its meetings.

2. Proposals

- 2.1 Nexus has undertaken a formal review of the Corporate Risk Register for 2022/23. The chart below shows an overview of the likelihood and impact of each risk.



2.2 The table below shows a summary of the risks changed since the last review

	Risk	Summary of Changes	RAG status
1	Catastrophic security event	Risk Actionees changed Controls updated	↔ (Stable)
2	Catastrophic infrastructure or operations event	Controls updated	↔ (Stable)
3	Metro Performance	New Milestones/Next Steps added	↔ (Stable)
4	Long Term funding for Metro	No changes from previous review	↔ (Stable)
5	Frontline services and discretionary travel schemes – Metro services	Risk Description updated	↔ (Stable)
6	Frontline services and discretionary travel schemes – Metro services	Risk Description updated.	↔ (Stable)
7	Procurement of the new design, build, maintain and provide contract for the fleet/depot	Controls updated to establishment of transition team Milestones/Next Steps updated	↔ (Stable)
8	Efficiency of Delivery of the Capital Programme	Impact/Consequence updated	↔ (Stable)

9	Cybersecurity	Controls updated to include new cybersecurity plan. Next Steps/Milestones updated	↔ (Stable)
10	Products and Payments Offer	Controls updated	↔ (Stable)
11	Funding Bids	No changes from previous review	↔ (Stable)
12	Anti-Social Behaviour	Controls updated	↔ (Stable)
13	Patronage Recovery	Controls updated.	↔ (Stable)
14	North Shields Ferry Landing	Milestone/Next Steps updated to include expected announcement date of Levelling Up bid. Completed Milestone/Next Steps removed.	↔ (Stable)
15	Delivery of Metro Flow	Completed Milestone/Next Steps removed.	↔ (Stable)
16	Bus Patronage	Risk likelihood increased and risk description amended	↓ (declining)

2.3 Nexus will provide the Sub-Committee with an update on the position of the Corporate Risks at each of its meetings throughout 2022/23

3. Reasons for the Proposals

3.1 Risk management is an important aspect of overall performance management, and reporting on Nexus' Corporate Risks complements the high-level summary

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

4. Alternative Options Available

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

5. Next Steps and Timetable for Implementation

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

6. Potential Impact on Objectives

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

7. Financial and Other Resources Implications

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

8. Legal Implications

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

9. Key Risks

9.1 The report identifies what are considered to be the key corporate risks to the achievement of Nexus' Corporate Plan for 2022/23.

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

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

13. Other Impact of the Proposals

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

14. Appendices

- 14.1 Appendix 1 details each of Nexus' 16 risks for 2022/23
Appendix 2 shows the controlled and uncontrolled risk scores for each risk
Appendix 3 shows the risk matrix applied

15. Background Papers

- 15.1 Nexus' Corporate Plan 2022/23 as submitted to and approved by the Sub-Committee at its meeting in April 2022.

16. Contact Officers

- 16.1 Martin Kearney
Chief Operating Officer
Email martin.kearney@nexus.org.uk
Tel: 0191 2033500

17. Sign off

- 17.1
- The Proper Officer for Transport: ✓
 - Head of Paid Service: ✓
 - Monitoring Officer: ✓
 - Chief Finance Officer: ✓

18. Glossary

- 18.1 **CRR** – Corporate Risk Register

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

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

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

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

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

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

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

Action Owners – given delegated responsibility from the Risk Owner to take action and manage the risk through application of the appropriate risk controls and processes.

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

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

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

Appendix 1 – Nexus Corporate Risk Register for 2022/23

RISK 1		
CP Theme: Safety without compromise		
CP Workstream: Put Safety and Security at the heart of everything we do		
Risk Area: Catastrophic security related event Risk Owners: Safety and Assurance Director/Operations Director Risk Actionees: Head of Safety and Security/Public Safety and Security Manager	RAG Status (Amber)	Direction of Travel
	8(2x4)	↔ (stable)
	Target RAG Status	
	8(2x4)	
Risk: In running any operational public transport infrastructure there is an inherent risk that a catastrophic security related event may occur, such as a terrorism incident.		
Impact/Consequence(s): The consequences of a catastrophic security related event on Metro, bus or ferry could be significant, including loss of life, prolonged service suspension, protracted legal issues to resolve, fines to pay, impact on insurance, other cost increases and likely loss of business.		
Existing Controls: <ul style="list-style-type: none">• Security management plans in place for operational locations• Dedicated security team in place for Metro Operations• Provision in excess of 745 digital CCTV units• Service Level Agreements in place for external CCTV monitoring by 2 Local Authority CCTV suites• SLA agreements in place for policing the Metro by Northumberland Police and British Transport Police (BTP)• Production and implementation of an annual Safety and Security plan for approval by Nexus Executive Board• Extensive liaison between the Security Team and DfT Land Security and compliance to the Light Railway Security Recommended Best Practice• Liaison with National and Regional Counter Terrorism Security Advisors from Home Office and British Transport Police• Participation in joint emergency preparedness exercises with key stakeholders• Participation in multiple joint agency groupings• Communicating regular updates on the current threat from national and international terrorism• Enhanced Customer Service establishment introduced to provide greater coverage on the network with a designated roving capability as well as static coverage at key station locations		


- All Customer Service Staff are now provided with body worn cameras and all public facing personnel have access
- Nexus Public Safety & Security Manager presents to Customer Service new starters, and at refresher training which also includes Train Crew at their annual Operational Refresher Training to provide insight, outline suspicious behaviour(s), encourage proactive engagement, explain threats, encourage reporting, all of which leads to enhancing the organisational security culture
- The introduction of the new fleet will see enhanced CCTV coverage, and more efficient review and download capability
- A Security Working Group has been established bringing together internal stakeholders in a joint approach to improve system security
- Periodic security reports shared with colleagues across the organisation and relevant external stakeholders
- Security awareness communications posted across network
- Improved front line training for CS team members (starter and refresher) with an emphasis on Security
- The production of a Nexus Security Manual and Management plan has been checked and acknowledged by DfT and available to all Nexus personnel.

Next Steps/Key Milestones:	Action owner	Due Date
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Risk 2		
CP Theme: Safety without compromise		
CP Workstream: Put safety and security at the heart of everything we do		
Risk Area: Catastrophic Infrastructure or operations event Risk Owners: Chief Operating Officer Risk Actionees: Safety and Assurance Director, Head of Engineering	RAG Status (Amber)	Direction of Travel
	8(2x4)	<div>↔</div> <div>(stable)</div>
	Target RAG Status	
	8(2x4)	
Risk: Any public transport system is at potential risk of a catastrophic infrastructure failure or major operational incident		
<p>The impact/consequences should a catastrophic infrastructure failure or major operational incident occur on Metro, bus and ferry could be very significant including:</p> <ul style="list-style-type: none">• In the event of a catastrophic safety related incident the possibility for multiple loss of life;• lengthy loss or reduction of service;• likely loss of business with potential long-term impact on patronage;• protracted legal issues to resolve;• fines to pay, impact on insurance and other cost increases.		
Controls <ul style="list-style-type: none">• A Safety Certificate and Authorisation issued by the ORR for the operation of the Metro• A company-wide Safety Management System (SMS) and a comprehensive suite of technical, operational and safety standards, procedures and rules in all relevant disciplines based on industry best practice;)• The development and implementation of an annual Safety and Security Plan and supporting plan (e.g. Signals Passed at Danger (SPAD) Mitigation Plan)• Robust arrangements for the management of change, including authorisation of new or altered assets and the selection and management of contractors and delivery of capital works;• Monitoring of assets and development of mitigation plans in the event of catastrophic failure of key and critical assets;• Development and implementation of emergency preparedness and of business continuity plans in the event of major disruption;• Maintaining• Continuous monitoring and review		

- of safety, infrastructure and operational Key Performance Indicators by the Nexus' Senior Leadership Team.
- Implement a risk-based annual safety plan for approval by Nexus Executive Board;
- Continuing to engender an organisational safety and security culture.
- Measures implemented to review opportunities to reduce the number of SPADs;
- Regular inspections of earthworks in accordance with industry standards.
- Vegetation management processes designed to prevent and/or reduce infrastructure damage;
- Remote temperature monitoring for rails to identify instances of extreme high rail temperatures which could lead to rail buckling.
- Rail and joint treatment to support predictable levels of expansion and contraction caused by changes in temperature;
- Vegetation strategy commissioned.

Next Steps/Key Milestones:	Action owner	Due Date
Deliver on the actions outlined in the 2022/23 Safety Plan.	Safety and Assurance Director	Mar 23
Developing and delivering a programme to reduce planned work using unassisted Lookout protection.	Safety and Assurance Director	Mar 23
Implement outcomes of vegetation strategy	Head of Maintenance Delivery	Mar 23

Risk 3		
CP Theme: Customer Experience		
CP Workstream: Grow patronage and improve our customer experience		
Risk Area: Metro Performance Risk Owners: Chief Operating Officer Risk Actionees: Metro Infrastructure Director, Metro Operations Director, Major Projects Director, Head of ICT	RAG Status (Red)	Direction of Travel
	12 (3x4)	 (stable)
	Target RAG Status	
	8(2x4)	
Risk: There are a number of things which could provide a significant impact on Metro performance, including but not limited to: <ul style="list-style-type: none">• Ageing fleet and infrastructure leading to increasing numbers of failures.• A lack of a long term funding agreement for asset renewal and vegetation management could result in asset performance declining.• Staffing shortages through, vacancies, illness or industrial action• Extreme weather incidents causing disruption to services		
Impact/Consequence(s): If Metro’s operational performance were to decline for an extended period, with a fall in punctuality and reliability, this could have an adverse impact on customer satisfaction and ridership.		
Control(s): <ul style="list-style-type: none">• Overhead line replacement programme• Close monitoring of key business results such as punctuality, delay minutes and asset reliability.• Implement better performance management processes such as “right time” departure monitoring.• Delivery of the Essential Renewals programme for 2022-23• Daily, weekly and periodic performance reporting embedded across organisation to highlight importance of Metro performance.• Implement plans to ensure resilience of digital assets associated with the operation of Metro.• Working closer with the new Network Rail North Eastern structure to address performance issues from Pelaw to South Hylton.• Capacity to train 90 new drivers a year if required.• Quarterly Performance Management meetings with Stadler• “Assets at a Glance” drawings which identify specific problem areas and single points of failure.• Established improvement plans for key assets such as lifts, escalators and signal track circuits.		

<ul style="list-style-type: none"> • Periodic review of asset maintenance plans • Established possession planning tool to identify conflicts and opportunities to combine closures to minimize disruption to our customers • Weather Preparedness Plans in place • Using the 'Ruglei' system for strengthening embankments using scrap rails and stone filled mesh baskets. • Vegetation management processes designed to prevent land slips. • Proactive vegetation management within the bounds of available funding • Working with neighbours and partners to control vegetation outside the boundaries of Nexus owned land • Proactive communications with Trade Unions • Succession planning arrangements for key roles • Vegetation Management strategy commissioned 		
Next Steps/Milestones	Owner	Due date
Complete ICT network refresh to improve resilience of digital assets	Head of ICT	Mar 24
Realise the benefits of the new delay attribution system through better data analysis.	Metro Operations Director	Mar 23
Review of operational fleet management arrangements with Stadler.	Metro Operations Director	Mar 23
Implementation of Asset Maintenance Strategy completed	Metro Infrastructure Director	Oct 23

Risk 4		
CP Theme: Sustainability		
CP Workstream: Manage our financial standing		
Risk Area: Long term funding for Metro Risk Owners: Director of Finance and Resources Risk Actionees: Head of Programme Assurance, Head of Finance	RAG Status (Red)	Direction of Travel
	12 (3x4)	↔ (stable)
	Target RAG Status	
	3 (1x3)	
Risk: There is no long-term funding agreement in place to replace life expired capital assets, deliver safety and business critical related capital investment. Ongoing revenue support from central government across the medium term is also not keeping pace with inflation.		
Impact/Consequence(s): The lack of external funding for critical asset renewals will lead to a diminution in service, failing infrastructure and major operational disruption. Funding for Essential Renewals of Metro infrastructure has been agreed for 2022/23 along with funding covering 2023/24 and 2024/25 allowing Nexus to enter into longer term contracts. Longer term funding is still reliant on the region becoming eligible for City Region Sustainable Transport Settlement (CRSTS).		
Controls <ul style="list-style-type: none">• Effective liaison with DfT including 4-weekly progress reporting on the current Essential Renewals programme and quarterly reviews.• Procurement strategy & contractual arrangements that minimise risk and deliver value for money.• Engaging with national government, local councillors & MPs and building public support.• Regular review of potential funding opportunities• Project management controls in place to ensure effective and efficient delivery• Effective programme management and prioritisation of projects• Regular financial monitoring to Nexus’ Senior Leadership Team, Executive Board• Regular review of capital programme for 2023/24 – 2024/25 to ensure deliverability		
Next Steps/Milestones	Owner	Due date
Continue close liaison with Government officials to secure confirmation of capital grant funding for 2023/24 and 2024/25	Director of Finance and Resources	Mar 23


Nexus' input to the quarterly monitoring of the Revenue budget and Capital Programme submitted to the JTC	Director of Finance and Resources	Quarterly
Continue to lobby DfT for index linked inflation of Metro Rail Grant	Director of Finance and Resources	Ongoing
Working alongside Transport North East on devolution discussions.	Director of Finance and Resources	Ongoing

Risk 5		
CP Theme: Sustainability		
CP Workstream: Manage our Financial Standing		
Risk Area: Frontline services and discretionary travel schemes – Metro Services Risk Owners: Director of Finance and Resources Risk Actionees: Head of Finance	RAG Status (Green)	Direction of Travel
	6 (2x3)	↔ (Stable)
	Target RAG Status	
	3(1x3)	
Risk: The COVID-19 pandemic has significantly impacted on public transport patronage and revenue. The budget proposal agreed by the JTC for 22/23 allows for the continuation of Metro Services. Additional central government funding in the form of LTF (Local Transport Funding) to cover the losses (and increased costs) on the public transport network caused by the COVID-19 pandemic has been announced, with Nexus’ indicative share for 22/23 in the order of £9.6m. The cost of living crisis means that rising inflation and a stretching revenue target are now more significant risks to the delivery of the 22/23 budget, with particular concern over the cost of High Voltage Power. The government has now announced an Energy Bill Relief Scheme to provide support on energy costs between 1 October 2022 and 31 March 2023 which is expected to offset £6.1m of the HV power overspend in year.		
Impact/Consequence(s): There are a number of significant costs linked to inflation within Metro Services such as High Voltage Power and the Metrocar Maintenance Agreement. If inflation rises beyond the levels budgeted and/or the stretching revenue target is not achieved, Nexus will need to consider a range of actions in order to bridge the budget pressure including use of additional grant support from central government.		
Controls <ul style="list-style-type: none">Monitoring of Metro patronage and fare revenue, undertake research through the insight panel to gain intelligence on trends and customer behaviours.Regular financial monitoring to Nexus’ Senior Leadership Team, Executive Board and the JTC.Regular liaison with DfT in relation to government grant.		
Next Steps/Milestones	Owner	Due date
Continue to pursue the extension of the Energy Bill Relief Scheme with HMT and DfT which is due to expire on 31 March 2023.	Director of Finance and Resources	Mar 23

Nexus' input to the quarterly monitoring of the Revenue Budget reports submitted to the JTC.	Director of Finance and Resources	Quarterly
Regular monitoring of inflation to identify emerging budgetary pressures.	Director of Finance and Resources	Periodically

Risk 6		
CP Theme: Sustainability		
CP Workstream: Manage our Financial Standing		
Risk Area: Frontline services and discretionary travel schemes – Non-Metro Services Risk Owners: Director of Finance and Resources Risk Actionees: Head of Finance, Customer Services Director	RAG Status (Green)	Direction of Travel
	6 (2x3)	↔ (Stable)
	Target RAG Status	
	3 (1x3)	
Risk: The COVID-19 pandemic has significantly impacted on public transport patronage and revenue. The budget proposal agreed by the JTC for 22/23 allows for the continuation of non-Metro Services. Additional central government funding in the form of LTF (Local Transport Funding) to cover the losses (and increased costs) on the public transport network caused by the COVID-19 pandemic has been announced, with Nexus’ indicative share for 22/23 in the order of £9.6m. The cost of living crisis means that rising inflation and a stretching revenue target are now more significant risks to the delivery of the 22/23 budget, with particular concern over the cost of High Voltage Power. The government has now announced an Energy Bill Relief Scheme to provide support on energy costs between 1 October 2022 and 31 March 2023 which is expected to offset £6.1m of the HV power overspend in year.		
Impact/Consequence(s): If inflation rises beyond the levels budgeted and/or ENCTS ridership recovers beyond the level budgeted, Nexus will need to consider a range of actions in order to bridge the budget pressure including use of additional grant support from central government.		
Controls <ul style="list-style-type: none">Monitoring of public transport patronage during the pandemic, undertake research through the insight panel to gain intelligence on trends and customer behaviours.Periodic financial monitoring by Nexus’ Senior Leadership Team and Executive Board.Regular liaison with DfT in relation to government grant.Regular monitoring of concessionary travel patronage.		
Next Steps/Milestones	Owner	Due date
Continue to pursue the extension of the Energy Bill Relief Scheme with HMT and DfT which is due to expire on 31 March 2023.	Director of Finance and Resources	Mar 23

Nexus' input to the quarterly monitoring of the Revenue Budget reports submitted to the JTC.	Director of Finance and Resources	Quarterly
Regular monitoring of inflation to identify emerging budgetary pressures.	Director of Finance and Resources	Periodically
Support Transport North East in the development of partnerships with bus operators.	Customer Services Director	Mar 23

Risk 7		
CP Theme: Customer Experience		
CP Workstream: Grow Patronage and improve our customer experience		
Risk Area: Delivery of the contracts to provide a new depot and a new fleet of trains for the Metro Risk Owners: Major Projects Director Risk Actionees: Head of Fleet and Depot Replacement	RAG Status (Amber)	Direction of Travel
	9 (3x3)	 (Stable)
	Target RAG Status	
	6(2x3)	
<p>Risk: The possibility of costs escalating, the potential for delays and reputational impact as a result of Nexus owned risks impacting on the affordability and deliverability of the project to introduce a new fleet of trains and depot.</p> <p>Emerging risks relating to supply chains can be broken down into two categories which have different contractual outcomes:</p> <ul style="list-style-type: none">• The effects of the COVID-19 pandemic.• Disruption caused by the ongoing conflict in Eastern Europe. <p>These risks will continue to be managed using the controls outlined below.</p>		
Impact/Consequence(s): Delays to obtaining the new fleet could place reliance on extending operation of the old deteriorating fleet at Nexus' cost. Where costs couldn't be contained by Nexus risk contingency sum, funding would have to be diverted from other areas of need. Such affordability issues could result in Nexus having to reconsider the scope of the contracts. In addition, any re-profiling of DfT grant would be subject to agreement with DfT at its sole discretion.		
Controls		
<ul style="list-style-type: none">• A project risk register is live for the project and is reviewed regularly to monitor and manage existing known risks as well as identifying new and emerging risks along with identifying mitigation measures. This includes comms/media risks management in regards to Nexus reputation.• A project contingency sum is available to fund the impact of known and likely risks identified on the risk register.• Project risks and early warnings are discussed and reviewed with the suppliers of the contracts on a monthly basis and mitigation measures are agreed.• 4-weekly programme reviews/interrogation and challenge to Stadler.• Monthly face to face meetings with Stadler now taking place since travel restrictions have lifted.• 4 weekly progress review meetings with Stadler.		

- Delivery of interdependent projects and enabling work is monitored by Capital Steering Group on a monthly basis and reported to Senior Leadership Team.
- Keeping key stakeholders informed regarding progress of the programme.
- Established project controls have been adopted to assist with the management of the contracts including CSM and other safety processes.
- Operational risks associated with the delivery of the new fleet are managed through the Operational Readiness Meeting.
- Quarterly meetings of the joint Nexus/DfT Programme Board to report on project performance, risks and any requirements to reprofile funding.
- Quarterly meetings of the joint Nexus/Stadler Programme Board to report on project performance, risks and any commercial matters.
- Metro Systems Assurance Panel (MSAP) developed and in place to accept and validate safety related decisions for Entry into Service for depot and fleet
- Fleet and Depot Project Assurance Plan developed for verification and validation for fleet and depot introduction, and sits under the MSAP process.
- Systems Assurance Manager commissioned via Technical Consultants to develop, monitor and manage MSAP Governance in regards to safety decision-making for Entry into Service for new depot and fleet.
- Network Rail integrated into project to ensure acceptance of the new train fleet onto Network Rail Infrastructure
- Periodic progress reporting to Nexus' Senior Leadership Team, JTC and TWSC.
- A new Head of Fleet Transition has been appointed and small team is being developed to lead on the operational readiness and operational transition from old to new fleet.

Next Steps/Milestones	Owner	Due date
First train delivered	Head of Fleet and Depot Replacement	Jan 23
First train in to passenger service	Head of Fleet and Depot Replacement	Oct 23
Full fleet in service	Head of Fleet and Depot Replacement	Late 24/ Early 25 – TBC as part of recovery programme negotiations

Risk 8		
CP Theme: Assets and Technology		
CP Workstream: Improve our physical assets		
Risk Area: Efficiency of delivery of the Capital Programme Risk Owner: Major Projects Director Risk Actionee: Head of Programme Assurance, Head of Renewals	RAG Status (Amber)	Direction of Travel
	9 (3x3)	↔ (stable)
	Target RAG Status	
	3 (1x3)	
Risk: That the organisation does not have sufficient resource and or the correct skills set to successfully deliver the programme of capital works		
<p>Impact/Consequence(s): Funding for Essential Renewals of Metro infrastructure has been agreed for 2022/23 along with limited funding covering 2023/24 and 2024/25. This allows Nexus to develop some additional design work, although it precludes award of contracts into subsequent years where the funding is below the expected cost. Longer term funding is still reliant on the region becoming eligible for City Region Sustainable Transport Settlement (CRSTS).</p> <p>Projects committed through Essential Renewals, are therefore not delivered in the most efficient and effective way due to the limitations of funding as noted above. Consequentially Nexus is unable to forward plan and resource up to take advantage of other emerging funding streams and thereby improve its assets, customer services or operations. Nexus is also unable to expand its limited resources with project management and supporting functions. Contractual commitments beyond March 2025 can therefore not be made and the continuity to maintain and repair critical asset renewal including Overhead Line Equipment and Howdon Viaduct remains uncertain.</p> <p>Planning beyond March 2025 is also extremely challenging as, without an understanding of the quantum and duration of funding, it is impossible to develop a robust programme of works with any certainty.</p> <p>Due to the above, procurement efficiencies are being lost and there is evidence of reduced market interest with very limited competitive tender responses being received by Nexus. Staff turnover is also increasing due to market demands and increased salary offers elsewhere for rail expertise, resulting in a loss of key knowledge, skills and experience.</p> <p>Uncertainty around long term funding makes the recruitment and retention of key staff more difficult leading to a reliance on external contracts. The future viability of Nexus internal Capital Delivery is at risk without further longer term investment.</p>		

Controls:

- Continue to make the case for ongoing funding from the Department for Transport (DfT) with continued engagement of the DfT via Programme Board and HMT regarding future Metro funding arrangements.
- Seek confirmation from the DfT over virement/ of funding to optimise programme delivery in response to current supply chain and market challenges
- Procurement and Standing Order reviews and amendments to attract a wider market of consultants and contractors with review of contractual terms and conditions responding to changing market conditions to ensure successful procurement.
- Effective more streamlined, dynamic programme management, project prioritisation, delivery and budget control processes.
- Ensure Portfolio level management of project and programme interfaces, dependencies and business change.
- Value engineering, technology choice, option analysis, specification and scope.
- Active stakeholder engagement to obtain involvement and co-operation of third/interested parties e.g. Metro Services, Network Rail, Local Authorities, highway authorities, utility companies etc.
- Periodic project reviews, analysis and reporting – presentation to Nexus' Capital Steering Group, Senior Leadership Team, Executive Board, the JTC and the joint Nexus/DfT Programme Board.
- Continuous review of existing vacancies within teams and evaluate mitigation options for retention and recruitment of key skills and resources.
- A work resource plan for capital programme for 23/24 is being updated with regular reviews planned

Next Steps/Milestones	Owner	Due date
Continue close liaison with Government officials to secure confirmation of capital grant funding for 2023/24 and 2024/25	Director of Finance and Resources	Mar 23

Risk 9		
CP Theme: Assets and technology		
CP Workstream: Technology		
Risk Area: Cybersecurity Risk Owner: Director of Finance and Resources Risk Actionee: Head of ICT	RAG Status (Amber)	Direction of Travel
	8(2x4)	↔ (stable)
	Target RAG Status	
	8(2x4)	
Risk: A successful cyber-attack on Nexus ICT infrastructure.		
Impact/Consequence(s): Nexus' ICT infrastructure is key to all the functions and activities we carry out. Failure to adequately secure and protect this from a cyber-attack could have a severe adverse impact on the delivery of services and potentially preventing critical actions and day-to-day work from being carried out.		
Controls: <ul style="list-style-type: none">Nexus utilise a modern supportable resilient firewall, with a subscription to identify and protect against existing and emerging threats.Security patching for systems including servers, workstations is undertaken on a high frequency level.Significant technical controls are in place to manage the use of internet, email and reduce potential data lossSignificant technical controls are in place for anti-virus and anti-malware on workstations and serversWe subscribe to governmental cyber-threat awareness bulletins and are members of local security working groups.Should a system fail or be rendered unusable by a cyber-attack, we regularly back-up all essential systems and data so service can be returned safely and efficiently.Governance and user guidance is published, users are aware of their responsibilities.Nexus staff complete a yearly cyber security eLearning module to ensure their knowledge is kept updatedNexus raises awareness of security threats using internal communications such as global email bulletins.Nexus measure awareness through different mediums such as planned covert Phishing attacks.All changes to Nexus ICT assets are subject to a robust change control process.We have a suite of policies on security controls and acceptable use.The ICT department maintain DC/BR and cyber incident security policies to respond and manage incidents.		

- Network segregation to protect critical systems and mitigate risk in particular to rail based systems is in place.
- Security risks within ICT are managed using a suitable risk management process.
- Regular review of ongoing notifications from key suppliers regarding vulnerabilities in order to ensure timely notification and action.
- 3 year Cyber Security review and improvement plan developed

Next Steps/Milestones	Owner	Due date
Deliver 3 year Cyber Security improvement plan	Head of ICT	Mar 26

Risk 10		
CP Theme: Customer Experience		
CP Workstream: Products and Payment		
Risk Area: Products and Payment Offer Risk Owner: Customer Services Director Risk Actionee: Project Lead – Integrated Ticketing, Commercial Manager	RAG Status (Amber)	Direction of Travel
	9(3x3)	↔ (stable)
	Target RAG Status	
	3(1x3)	
Risk: Our products and payments offer fails to meet the changing needs of our customers and results in a loss of patronage across modes of transport.		
Impact/Consequence(s): Changes to the way in which people choose to travel and technological developments may mean that the Nexus’ product offer is perceived as inadequate, outdated and unable to deliver the intended benefits for customers and stakeholders impacting Nexus’ patronage recovery. While Nexus has driven innovation in product and payment channels thus far, the next step towards multi-modal smart travel and then multi-modal contactless travel will require new external funding to make it possible.		
Controls: <ul style="list-style-type: none">• Continuous review of retail trends and customer choice with market research carried out to establish product development proposals.• Annual review of prices, products and sales channels.• Provision made in the Fares and Revenue budget in order to support research into the development of new products.• Seeking opportunities to work with partners and explore the potential for attracting external funding.• Pay by phone solution in place at car parks.• Smart Integrated Ticketing programme established• Introduction of 19 -21 Pop PAYG ticket.• Take the Kids for Free’ price promise successfully generating new travel markets on Metro and Shields Ferry• PAYG on Android phones now accounts for the majority of new ‘smart’ customers• Increasing the number of card-only and cash and card ticket machines.• Simplified fare structure for secured bus services implemented and helping increase patronage• £2 flat single fare introduced on Metro, Shields Ferry and bus services between January and March 2023.		

<ul style="list-style-type: none"> Full NTL 'Network One' season product range available on Pop from January 2023. 		
Next Steps/Milestones	Owner	Due date
Seek funding for continued innovation in product and payments arrangements.	Customer Services Director	Ongoing
Develop and implement plans for cashless and paperless travel as outlined in the Products and Payments Strategy.	Head of Commercial	Mar 25
Add current NTL product range onto smartcard.	Head of Commercial	Jan 23
Develop plans and seek funding for a multi-modal price-capped pay-as-you-go product	Head of Commercial	Mar 24

Risk 11		
CP Theme: Grow our patronage and improve our customer experience		
CP Workstream: Invest in our infrastructure		
Risk Area: Funding public transport network improvements Risk Owner: Director of People and Culture	RAG Status (Green)	Direction of Travel
	6(2x3)	<div>↔</div> <div>(stable)</div>
	Target RAG Status	
	4 (2x2)	
Risk: That opportunities to secure additional funding for public transport improvements through competitive funding bids are not successful		
Impact/Consequence(s): Nexus will rely on external funding opportunities to implement enhancements to the public transport infrastructure that it is responsible for. Without this funding existing resources will, at best, only be able to maintain assets to their current condition and in some cases assets will deteriorate due to lack of funding. This will impact on customer perceptions as public transport will not meet expectations leading to reduced patronage and revenue and Nexus will not meet the aspirations set out in the Recovery Plan to attract customers back to Metro and to replace journeys no longer being made with new markets.		
Controls: <ul style="list-style-type: none">Nexus schemes are included in the Regional Transport Plan pipeline and Regional business case for CRSTF.A pipeline of capital schemes aligned with the Nexus Corporate Plan will be developed for specified funding opportunities.A detailed pipeline of potential schemes is developed and maintained for new and currently unspecified funding opportunities.Nexus resources, both people and financial, are allocated to develop Nexus capital programme pipeline.New schemes will be subject to the Nexus prioritisation process to quickly and effectively match business priorities to funding opportunities.Schemes will be developed and governed under the Nexus' Stage-gate control processes.Internal stakeholders are identified and regular stakeholder meetings are held.Regular liaison with the Transport Strategy Unit to provide project updates and ensure that schemes are developed in line with wider regional objectives.Regular liaison with other external stakeholders, including DfT to ensure alignment with other projects and local objectives.Match funding has been identified for live bidding opportunities.		

<ul style="list-style-type: none"> Continuous horizon scanning for new funding opportunities. 		
Next Steps/Milestones	Owner	Due date
Work with North Tyneside Council to secure funding for the relocation of the Ferry Landing to the Fish Quay	Head of Corporate Planning	Jan 23
Develop strategic outline business cases for schemes for the City Region Sustainable Transport Fund	Head of Corporate Planning	22-23
Develop the SOBC for the replacement of the signalling system	Head of Corporate Planning	Mar 23
Identify funding opportunities to improve the environmental performance of the Ferry	Head of Corporate Planning	Mar 23

Risk 12		
CP Theme: Putting Safety and Security at the heart of everything we do		
CP Workstream: Reduce Anti-social Behaviour		
Risk Area: Antisocial behaviour Risk Owner: Chief Operating Officer Risk Actionees: Safety and Assurance Director, Metro Operations Director	RAG Status (Amber)	Direction of Travel
	9(3x3)	↔ (stable)
	Target RAG Status	
	3 (1x3)	
Risk: An increase in anti-social behaviour leads to loss of reputation and reduced patronage		
Impact/Consequence(s): An increase in anti-social behaviour across the Metro network could result in the perception that Metro is unsafe to travel on leading to falling patronage and increased costs on repairing and replacing damaged equipment.		
Controls: <ul style="list-style-type: none">Enhanced CCTV installed around systemRegular security operations held across network to provide customer reassurance and to mitigate ASBBody worn cameras available to all public facing staff to support enforcement actionRadios issued to Customer Service teams to maintain good levels of communicationRegular liaison meeting with partner organisations to identify repeat offendersIncreased messaging and communications at hotspot locationsStrong enforcement action against repeat offendersMetro Police Unit, British Transport Police and Neighbourhood Police Teams presence around networkRegular roving patrols by Customer Service staff around networkRegular roving patrols by Security staff around networkNexus Security Team attendance at multiple ASB mitigation eventsTargeted patrols in areas with higher levels of ASBTicketing gate lines at key stationsSecurity Working Group implementation and adherence to actionsIncreased numbers of Concourse Team members at key locations, and also with the Customer Support Team roving resourceNexus Security Team direction and support for the business and key external partnersSecurity Team liaison with Youth Justice Teams, to support and attend diversionary, intervention, mediation and reparation processesRegular review of plans identified in independent security review		

<ul style="list-style-type: none"> • Additional security staff in place to provide a high-profile presence on the network • Graffiti, vandalism, and crime and disorder forums with key internal and external stakeholders • Attendance at strategic and operational ASB forums, working in cohesion with Police, Local Authority, and Youth Justice colleagues • Nexus supports and is proactively involved with the Safer Transport Northumbria Project where we have been successful again for funding from the Home Office • The introduction of the Multi Agency Transport Team in early December 2022 which will be comprised of Nexus Security, and Local Authority Community Safety personnel which will be an additional resource to target crime and unacceptable behaviour on our transport networks. 		
Next Steps/Milestones	Owner	Due date
Develop strategy for implementation of additional gate lines across network	Head of Corporate Planning	Mar 23
Deliver TCF funding programme to improve safety and security at carparks	Customer Service Director	Mar 23
Review Safety and Security Strategy	Safety and Assurance Director	Mar 23

Risk 13		
CP Theme: Grow our patronage and improve our customer experience CP Workstream: Customer Services		
Risk Area: Patronage Recovery Risk Owner: Chief Operating Officer Risk Actionee: Head of Corporate Planning, Head of Finance, Customer Services Director, Head of Commercial, Head of Marketing, Communications and Information	RAG Status (Green)	Direction of Travel
	6 (2x3)	<div>↔</div> (stable)
	Target RAG Status	
	4(2x2)	
Risk: Public transport patronage does not improve from current levels or declines as a result of the cost of living crisis.		
Impact/Consequence(s): Failure to grow, or loss of, patronage on public transport would make bus, Metro and ferry services unsustainable. The resulting lack of long-term funding support reduces the ability for Nexus to implement long term behavioural change projects designed to support a ‘green’ economic recovery.		
Controls: A comprehensive recovery plan has been developed outlining plans to rebuild patronage <ul style="list-style-type: none">On-going programme of marketing and communications aimed at reassurance and encouraging customers back to Metro.Regular reviews of progress with DFT/HMT.Horizon scanning and bidding for funding to assist with recoveryReview services to ensure that service can be adapted to meet new travel patterns.Develop and market new, more flexible and good value products including PAYG on mobile, Take The Kids For Free and discounted smart travel for young people.Promote Park and Ride offerPromote Metro’s green credentialsImplement recommendations to target non-users to try MetroDevelop research led trials to appeal to new markets and new customers.£2 single fare cap introduced between January and March on Metro, Ferry and Bus Services		
Next Steps/Milestones	Owner	Due date

Design and deliver new products and services to reflect changing patterns of travel and make public transport attractive.	Head of Commercial	Ongoing
Target new customers and markets including new products services, capital investment (subject to funding) and communications and marketing activities	Various	Ongoing
Work with Transport North East to deliver partnerships with bus operators.	Customer Services Director	Mar 23
Identify and bid for funding to deliver capital projects to assist with recovery	Head of Corporate Planning	Ongoing
Work with partners to expand research activities to develop future service patterns	Head of Corporate Planning	Dec 22

Risk 14		
CP Theme: Grow Patronage and Improve our customer experience		
CP Workstream: Invest in our infrastructure		
Risk Area: North Shields Ferry Landing Risk Owner: Major Projects Director Risk Actionee: Head of Renewals, Customer Services Director	RAG Status (Red)	Direction of Travel
	12(4x3)	<div>↔</div> <div>(stable)</div>
	Target RAG Status	
	9(3x3)	
Risk: The condition of the North Shields Ferry Landing continues to deteriorate and no funding is found to build a replacement		
Impact/Consequence(s): Continued deterioration of the North Shields Ferry Landing is likely to lead to prolonged service suspensions and undermine the viability of the service by 2025. This will reduce customer confidence and satisfaction in the service leading to declining patronage putting the long term viability of the service into doubt.		
Controls: <ul style="list-style-type: none">• Establish an internal project team-level Steering Group/working group• Regular updates to the Major Projects Directorate Steering Group• Periodic progress reporting to Nexus' Senior Leadership Team and JTC• Continued advance planning and collation of information in identified risk areas to mitigate future deliver risks.• Apply effective and proven project management controls, risk management planning and governance processes with appropriately skilled resources employed in these areas.• Active stakeholder engagement to obtain involvement and co-operation of third/interested parties• Regular assessment of programme delivery against grant funding conditions and meeting with funding bodies to provide up to date progress.• Hold funding strategy workshops facilitated by North Tyneside Council and progress agreed actions as a priority.• Ensure a strategic multi-party meeting facilitated/chaired by North Tyneside Council is set up which embeds the North Shields Ferry Landing relocation as an integral part of a wider ambition for the Fish Quay area and both North and South Shields, ensuring strategic foresight and all schemes are joined up.• Horizon scanning and bidding for funding to continue to develop the project.• Progression of development project tasks to ensure the project is “shovel ready” in the event of funding being secured. For example, form A design, navigational		

assessments, operational assessments, preparation of planning application, and ground investigations works.		
Next Steps/Milestones	Owner	Due date
Attend and contribute towards ongoing strategic multi-party meetings facilitated/chaired by North Tyneside Council which embed the North Shields Ferry Landing relocation as an integral part of a wider ambition for the Fish Quay area	Head of Renewals	Ongoing
Completion of Ground Investigation works	Head of Renewals /Major Projects Director	Jul 23
Complete development of ITT for Design and Build Contract for main works ready to be released when funding is secured.	Head of Renewals /Major Projects Director	Jan 23
Nexus to issue a stage one tender to the market based on the outline design.	Head of Renewals /Major Projects Director	Jan 23 subject to funding confirmation
Joint Levelling Up bid with North Tyneside Council Funding Announcement	Head of Renewals /Major Projects Director	Jan 23
Completion of stage one tender works	Head of Renewals /Major Projects Director	Feb 24
D&B ITT stage two tender contract award	Head of Renewals /Major Projects Director	Jun 24
Completion of stage two tender works	Head of Renewals /Major Projects Director	Aug 25
Land Agreements Leases and Consents	Head of Renewals /Major Projects Director	Jan 23
Planning & Licenses Granted	Head of Renewals /Major Projects Director	Jan 23

Risk 15		
CP Theme: Grow Patronage and Improve our customer experience		
CP Workstream: Invest in our infrastructure		
Risk Area: Metro Flow Risk Owner: Major Projects Director Risk Actionee: Head of Metro Flow	RAG Status (Amber)	Direction of Travel
	9(3x3)	↔ (stable)
	Target RAG Status	
	9(3x3)	
Risk: The benefits of Metro Flow are not delivered, are compromised, limited or delayed.		
Impact/Consequence(s): Delivery of Metro Flow could be compromised by escalating costs, a delayed delivery programme or infrastructure limitations, and the predicted benefits may not be fully realised. This could have implications for the customer experience and service, both in delivery and operation, Nexus financial position and may damage Nexus’ reputation as a delivery agent, subject to the selected mitigation strategy.		
Controls: <ul style="list-style-type: none">• A project risk register is live for the project and is reviewed regularly to monitor and manage existing known risks as well as identifying new and emerging risks along with identifying mitigation measures.• Continued advance planning and collation of information in identified risk areas will mitigate future deliver risks.• Apply effective and proven project management controls including CSM, risk management planning, safety assurance and governance processes with appropriately skilled resources employed in these areas.• Continually monitor the overall Nexus Capital Programme to ensure interfaces and dependencies with other activities, particularly the Metro Fleet Replacement, Metro Asset Renewals and timetable and planning, are understood, prioritised and managed.• Active stakeholder engagement to obtain involvement and co-operation of third/interested parties.• Financial controls in place to manage cash flow during the course of the project.		

Next Steps/Milestones	Owner	Due date
Infrastructure <ul style="list-style-type: none"> ○ Delivery 	Head of Metro Flow	Mar 23
Uplifted service commences December 2024 to align with the fleet programme	Head of Metro Flow	Dec 24

Risk 16		
CP Theme: Grow our patronage and improve our customer experience		
CP Workstream: Customer Services		
Risk Area: Bus Patronage Risk Owner: Customer Services Director Risk Actionee: Head of Commercial, Head of Customer Services, Head of Corporate Planning	RAG Status (Amber)	Direction of Travel
	9(3x3)	↓ (declining)
	Target RAG Status	
	6(2x3)	
Risk: Failure for bus services to recover patronage lost in the patronage or receive adequate financial support for both services and infrastructure.		
Impact/Consequence(s): Bus patronage across commercial operators is currently about 80% of pre-pandemic figures and, in with Government support set to be reduced commercial and subsidised bus service will become less sustainable and may push the bus network in the region into terminal decline. The shortage of bus drivers and resulting short-notice cancellations may also undermine public confidence in the mode. Service cuts will mean bus would cease to provide the necessary transport options for isolated and vulnerable communities reducing access to education, employment and leisure opportunities. Failure to adequately fund improvements and repairs to bus infrastructure is likely to exacerbate negative feelings towards bus services.		
Controls: <ul style="list-style-type: none">• Development of an Enhanced Partnership between Transport North East, Nexus and Bus Companies, supported by funding from the Government’s Bus Service Improvement Plan.• Support local bus boards and customer consultation processes to understand and reflect local priorities for bus services.• Implement rescue packages where commercial operators make cuts, consulting stakeholders to implement a network review funded initially by local authorities and the Local Transport Fund, and beyond 2023 the BSIP (Bus Services Improvement Plan).• Encourage bus companies to make planned frequency reductions where these will have the least impact, rather than cancelling services ad hoc.• Simplify fares on secured services and offer discounts for young people to encourage patronage growth.• Work with bus companies on short-term initiatives including Take The Kids For Free to boost patronage.		

<ul style="list-style-type: none"> • Monitoring of public transport patronage and undertake research through the insight panel to gain intelligence on trends and passenger behaviours. • Lobby Government for additional funding to support bus services. • Develop Capital and revenue led schemes in readiness for funding opportunities • Horizon scanning for funding opportunities to improve bus infrastructure and information provision. 		
Next Steps/Milestones	Owner	Due date
Incorporate Nexus deliverables from the EP Scheme into the Corporate Business Plan and monitor delivery	Head of Corporate Planning	Apr 23
Liaise with TNE to ensure commitments set out within the EP Scheme are sufficiently developed and adequately funded	Customer Services Director	Ongoing
Deliver and monitor the secured bus network and provide monitoring data as agreed	Head of Commercial	Ongoing
Develop designs to improve Gateshead bus station as part of Interchange redevelopment proposals	Customer Services Director	Apr 23
Develop and lobby for funding for smart and integrated ticketing on Metro to ensure integrated multi-modal ticketing can be delivered.	Customer Services Director	Apr 23

Appendix 2

Table based on the current risk scores in Nexus' Corporate Risk Register

Risk area	Uncontrolled and Controlled Risk Scores								
	Uncontrolled			Controlled			Target		
	L'hood	Impact	Score	L'hood	Impact	Score	L'hood	Impact	Score
Catastrophic security event	4	4	16	2	4	8	2	4	8
Catastrophic safety event	4	4	16	2	4	8	2	4	8
Metro Performance	4	4	16	3	4	12	2	4	8
Long Term funding for Metro	4	4	16	3	4	12	1	3	3
Frontline services and discretionary travel Schemes – Metro Services	4	4	16	2	3	6	1	3	3
Frontline services and discretionary travel Schemes – Non Metro Services	4	4	16	2	3	6	1	3	3
Procurement of the new design, build, maintain and provide contract for the fleet/depot	4	3	12	3	3	9	2	3	6
Efficiency of Delivery (ARP)	4	3	12	3	3	9	1	3	3

Cybersecurity	4	4	16		2	4	8	2	4	8
Products and Payment Offer	4	3	12		3	3	9	1	3	3
Public transport Network improvements	4	3	12		2	3	6	2	2	4
Anti-Social Behaviour	4	3	12		3	3	9	1	3	3
Patronage Recovery	4	4	16		2	3	6	2	2	4
Ferry Landing Relocation	4	4	16		4	3	12	3	3	9
Delivery of Metro Flow	3	4	12		3	3	9	3	3	9
Bus Patronage	3	4	12		3	3	9	2	3	6

Appendix 3: Risk Score Matrix

Assess the impact if the risk occurred:

Impact:

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

Assess the likelihood of the risk occurring:

Likelihood:

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

Assess the impact should the risk occur e.g.

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

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

Date: 12 January 2023

Subject: Tyne Tunnels Update

Report of: Managing Director, Transport North East

Executive Summary

This report provides an update on activities at the Tyne Tunnels relating to:

1. The management and operation of the traffic tunnels;
2. The management and operation of the Tyne Pedestrian and Cyclist Tunnels (TPCT).

The report provides information on traffic levels at the Tyne Tunnels, which are significantly higher than in previous years with over 1.5 million vehicle journeys through the tunnels during November 2022. Initial analysis suggests that some traffic may have been displaced from other Tyne crossings such as the A1 due to roadworks, but it is likely that the main reason for the higher traffic levels is the faster journey times on the A19 due to the barrierless system at the Tyne Tunnels and other A19 improvements such as Testos and Silverlink which have also improved journey times.

The report also gives an update on the compliance rate (rate of successful toll payments) under the Tyne Pass Scheme which is at 97.16% in November 2022. This is the highest compliance level since the Tyne Pass system came into operation and shows a promising trend of fewer tunnel users failing to pay to toll on time and being affected by enforcement.

The report also provides an update on the usage and operation of the Pedestrian and Cyclist tunnels with particular reference to the completion of the inclined lifts.

Recommendations

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

- i. Note the contents of the traffic tunnels update; and
- ii. Note the contents of the Tyne Pedestrian and Cyclist Tunnels update.

1. Background Information

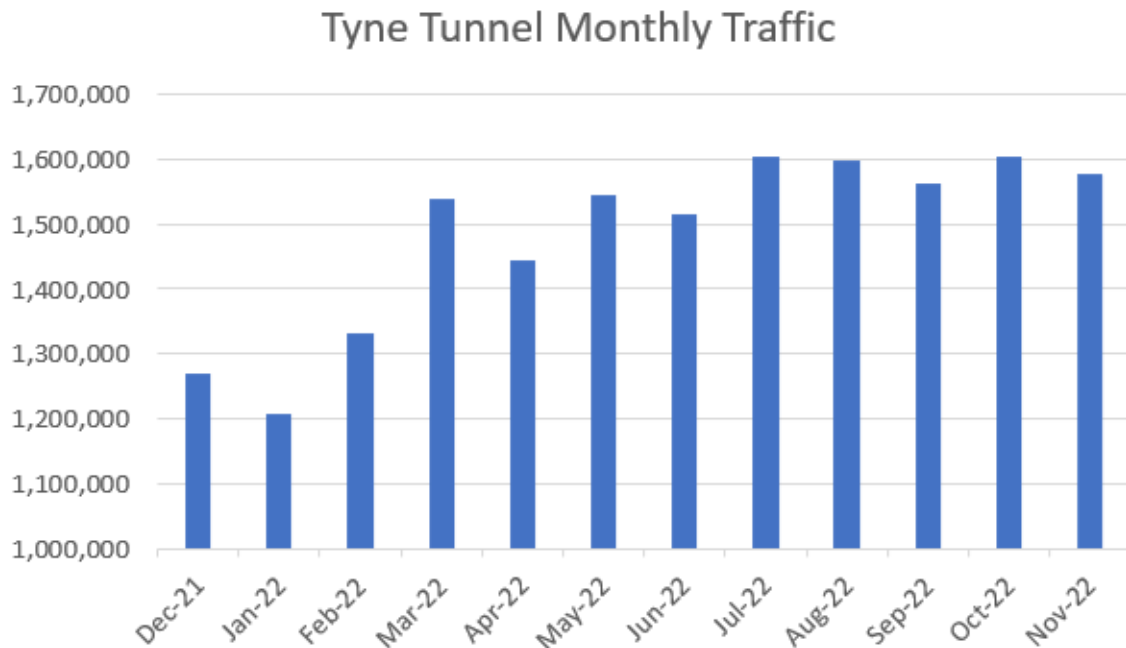
- 1.1 The Tyne Tunnels are jointly owned by the five Tyne and Wear Councils through their membership of the North East Combined Authority (NECA) and the North of Tyne Combined Authority (NTCA). Through the region's joint transport arrangements the interests of the local authorities are represented by the Joint Transport Committee's Tyne and Wear Sub Committee (TWSC) and administered by officers of Transport North East.
- 1.2 The Tyne Tunnels comprise of two vehicle tunnels (one northbound and one southbound) and the pedestrian and cyclist tunnels all passing under the River Tyne and linking North Tyneside with South Tyneside. The first vehicle tunnel was opened in 1967, and the second opened in 2011 having been financed and built using a Concession contract.
- 1.3 The Tyne Tunnels are self-funded and receive no central government funding nor any local authority subsidy or levy, with all operational costs and debt financing costs being met from the tolls charged to users of the vehicle tunnels. The toll charges are necessary to repay the significant debts which were incurred in 2007 by both TT2 Limited and the local authorities in the building of the second tunnel and undertaking substantial refurbishment of the original tunnel.
- 1.4 TT2 Ltd as Concessionaire is responsible for the day-to-day management and operation of the Tunnels, in accordance with the Project Agreement which is in place from 2007 to 2037. This is monitored by the Tyne Tunnels Manager on behalf of Transport North East.

2. Traffic Tunnels Update

Traffic Flows

- 2.1 Traffic flows through the Tyne Tunnels are reviewed daily by TT2 and Transport North East. If traffic levels are low (as they were in 2020 and 2021 due to Covid restrictions), TT2 suffers the income loss from the reduced toll income rather than the JTC, as the JTC income is protected by the nature of the Project Agreement. The agreement is designed so that JTC takes the first share of traffic income, while TT2 takes its income from the additional traffic over that level. This means that TT2 takes the main financial risk on a drop in traffic, but also benefits financially when traffic is higher.
- 2.2 In recent months traffic has seen a strong recovery to pre-pandemic levels and is now significantly higher than it has been in the last few years. In October 2022 there were **1,603,448** vehicle journeys through the tunnels and in November 2022 **1,575,941** vehicle journeys. In October traffic numbers were at record levels as this has been the busiest month in the 55 year history of the tunnels. Initial analysis suggests that some traffic may have been displaced from other Tyne crossings such as the A1 due to roadworks, but it is likely that the main reason for the higher traffic levels is the faster journey times on the A19 due to the barrierless system at the Tyne Tunnels and other A19 improvements such as Testos and Silverlink which have also improved journey times.

2.3 **Fig: 2.3 Tyne Tunnel Monthly Traffic**



By way of comparison, pre-pandemic traffic in 2019 at the Tyne Tunnels was 1,393,767 million vehicles per month on average.

Toll Increase

- 2.4 At the last meeting of this committee in November 2022 members agreed an toll increase to come into effect in 2023. The Tyne Tunnels legislation sets out the process and the calculation for a revision to the toll every 12 months, which allowed an increase to take place in early 2023.
- 2.5 TT2 has confirmed that, as contractually required by the Project Agreement and in line with RPI, the Shadow Toll will increase to £2.30 (from its current level of £2.00) on 1 January 2023. Therefore, to fund this an increase in the Real Toll is required.
- 2.6 The Shadow Toll and the Real Toll must remain in sync, otherwise the Tyne Tunnel Account would not be balanced and any shortfall of expenditure over income would ultimately need to be met by the Tyne and Wear authorities. Therefore, when the Project Agreement was originally set up, the intention was that the Shadow Toll paid to TT2 per journey would be the same amount as the Real Toll charged to customers. This would mean that toll income would always be enough to cover the monthly payment to TT2.
- 2.7 The current position is:

Real Toll paid by customers November 2022:	£1.90
RPI calculation gives a proposed increase in 2023 to:	£2.20

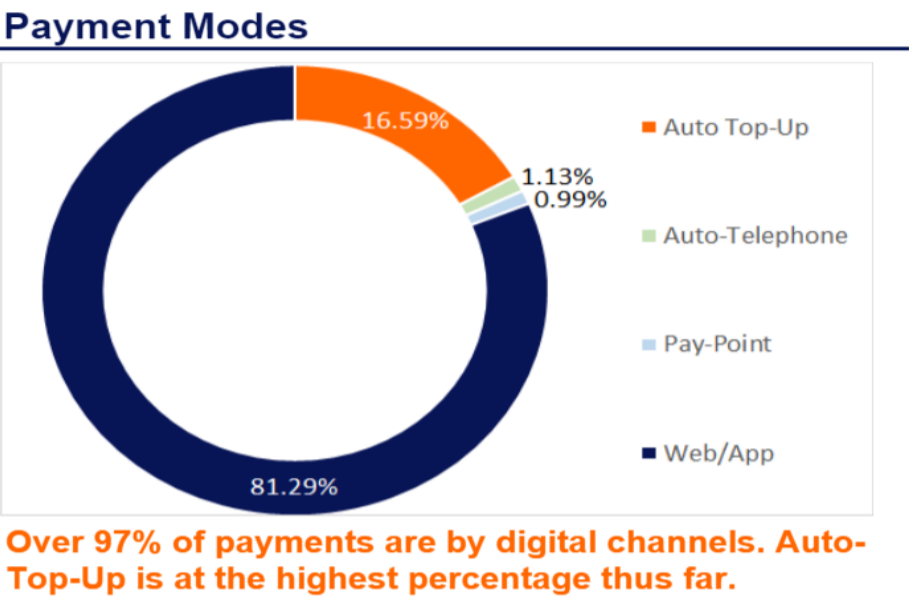
Appendix A sets out the current and revised tolls for each class of vehicle. The Real Toll is the toll paid by cars (Class 2 vehicles). The Class 3 toll paid by HGVs will also increase to £4.40 as shown in Appendix A.

- 2.8 At the meeting on 15 November 2022 members chose to postpone the implementation of the increase to the Real Toll until May 2023, with the shortfall (compared to the amount payable as the Shadow Toll) to be funded by Tyne Tunnels reserves. This was to assist tunnel users over the winter months given the current cost of living crisis. The TWSC members however recognised that given the inflationary increase triggered in the payments to TT2, there was a financial imperative to apply an increase to the Real Toll charge to ensure the Tyne Tunnel Account could be kept in balance, recognising that there were insufficient reserves to cover this for the full year and that there was no prospect of the T&W Councils providing additional subsidy.
- 2.9 In terms of the effect of the toll increase on customers, it is important to note that approximately 80% of all journeys are made by Pre-Paid customers who receive a 10% discount on the toll. There is no change proposed to this 10% discount, which means that the toll revision for most customers results in a new toll payment which is still less than £2.00 from May 2023. See Appendix A for more details on revised toll charges to customers.
- **New toll for cars - £1.98** (includes Pre-paid discount)
 - **New toll for HGVs - £3.96** (includes Pre-paid discount)

Tyne Pass Scheme update

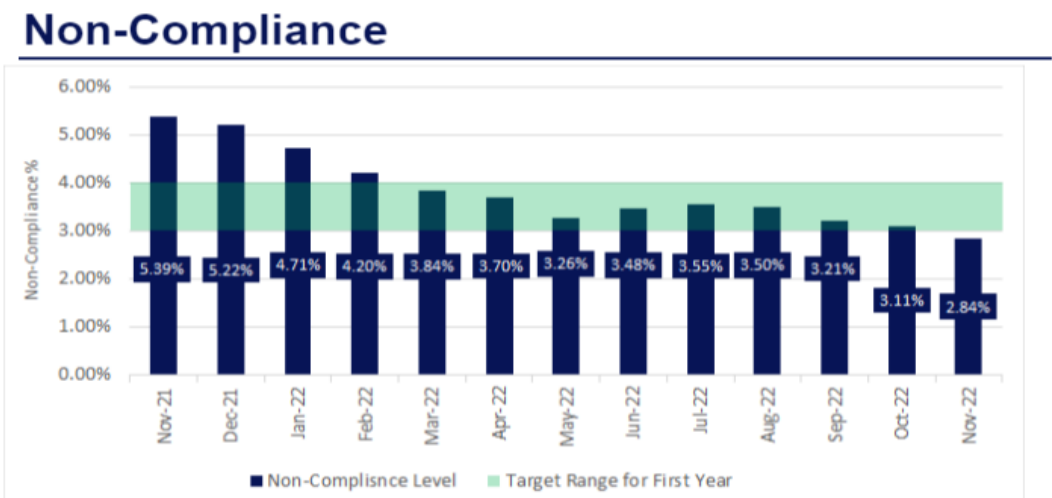
- 2.10 The Tyne Pass Scheme for barrierless open road tolling, has been in operation for over 12 months now and the number of customers paying the toll successfully for their journey is on an upward trend. Based on experience of other similar schemes it was expected that the non-compliance rate would start at a higher level then reduce as familiarity with the system improved. It was envisaged that the rate would reduce to under 3% within the first 2 years of the scheme.
- 2.11 The majority of customers pay the toll by pre-paid account (81% of all payments in November 2022). These customers benefit from an optimum service as they can:
- pay before or after their journey;
 - use the 'auto-top up' facility with a linked bank card;
 - receive regular email alerts and reminders if their balance is running low;
 - receive a 10% discount on every journey.
- 2.12 Most customers are choosing to pay the toll by digital means with over 97% of customers choosing to pay by web/app or via auto-top up or auto-phone. However, there is still the option to pay the toll in cash for those who need it, with Pay Point locations across the north east accepting toll payments in local retail outlets in cash with no additional charge for this service.

2.13 Fig: 2.13 Toll payment modes



2.14 In November, the toll was paid on time for 97.16% of journeys which is the best rate of compliance so far since the open-road tolling scheme came into operation in 2021. The chart below shows that the percentage of journeys which were ‘non-compliant’ (where customers failed to pay the toll and received a UTCN - Unpaid Toll Charge Notice) has decreased significantly since the start of the scheme in November 2021 when it was over 5%.

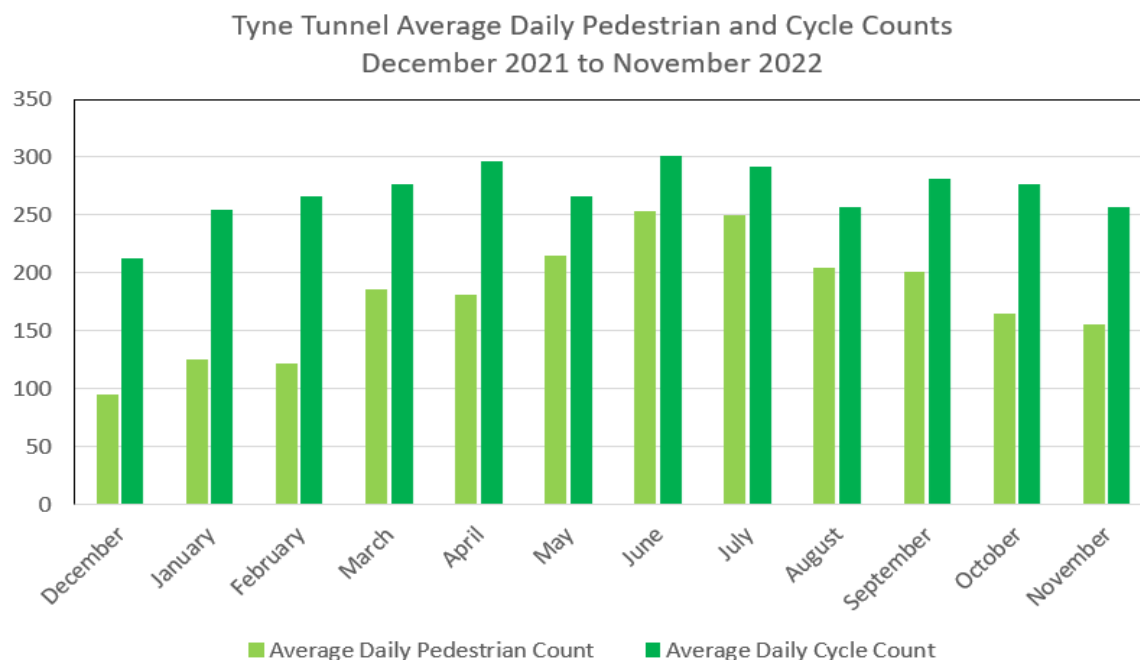
2.15 Fig: 2.15 Non-compliant journeys (journeys where toll is not paid)



Tyne Pedestrian and Cyclist Tunnels Update



- 2.16 The Tyne Pedestrian and Cyclist Tunnels reopened for public use in August 2019 after being closed for several years for refurbishment. The tunnels are currently open to the public with no charge to users. To access the tunnels, pedestrians and cyclists can use the vertical lift at both ends. The tunnels are monitored via CCTV by the 24-hour security presence on-site.
- 2.17 The tunnels were open throughout most of 2020 between 06:00 and 22:00. Following requests from users for night time opening, a trial of 24-hour opening was put in place for the month of December 2020 to assess whether there were any concerns regarding safety or anti-social behaviour. The trial proved to be successful and there have been no major concerns or incidents of antisocial behaviour. The night-time opening has proved very popular, particularly benefiting shift workers who cycle to work at night.
- 2.18 Following the trial, it was agreed that 24-hour opening should continue throughout 2021 subject to regular reviews. It continued throughout 2021 and into 2022 without any major issues. The tunnels have been closed in 2022 for several days when lift maintenance works have been carried out on the vertical lifts. There was a planned 6 day closure in August 2022 for the lifts to be re-roped and an unplanned closure in December 2022 when the north lift was out of service. On each occasion, when the tunnels are closed a replacement bus service with cycle trailer has operated free of charge for users from 6am to 10pm.
- 2.19 Daily use of the tunnels has increased since the tunnels reopened in 2019. Cycling in particular, has increased in popularity. Daily average usage is shown below.



Inclined lifts refurbishment

- 2.20 The inclined glass lifts are additional lifts which have been planned to increase capacity for cyclists and to provide a tourist attraction, as they are bespoke glass lifts which travel on a steep incline down the historic escalator shaft to the lowest part of the tunnels. Completion and certification of the inclined lifts is awaited as they have proved difficult to complete due to the bespoke nature of the design and issues with contractors.
- 2.21 As the members of this committee are aware, the completion of the inclined lifts was delayed throughout 2020 with the Italian lift engineers (Maspero) citing Covid-19 travel restrictions as the principal reason for this. Maspero engineers were last on site in January 2020 and have not been back to site since. However, the completion of the inclined glass lifts is a priority and therefore other options have been considered to reach a solution that allows the inclined lifts to be brought into operation as soon as possible.
- 2.22 New lift contractors were appointed in late 2021 with works taking place in late 2021 and continuing into spring of 2022. The new specialist lift engineers have made good progress on the wiring and mechanical systems which control the lift. However, there are still works to be completed on the cabin, doors and the door operating mechanisms. New parts are required and were ordered in mid-2022 however they were subject to a longer delivery process than expected due to supply chain delays.
- 2.23 The new parts were delivered to the UK in December 2022, which means the works can progress in early 2023 with the aim of the installation works being completed in the late spring of 2023. Once the new parts are installed and fitted, the works can then move on to the final stage of testing and certification. Once they are operational, the new lifts will be able to carry up to 6 cyclists and their bikes in one journey.

3. Reasons for the Proposals

Not applicable.

4. Alternative Options Available

Not applicable.

5. Next Steps and Timetable for Implementation

Officers will continue to work with TT2 on customer-focused improvements to the Tyne Pass system which has now been in operation for over 12 months.

The lift contractor is continuing work on the inclined lifts to enable them to be brought into operation as soon as possible.

The legal process for the toll increase to take effect is underway and will be progressed during January and February 2023.

6. Potential Impact on Objectives

The promotion of cycling and walking is in line with the JTC objectives on sustainable transport.

The Tyne Pass scheme provides significant environmental benefits which contribute to the Combined Authorities' objective to improve air quality and reduce carbon emissions. This is also in line with the Transport Plan objectives and the Combined Authorities' objectives to respond to the Climate Change Emergency which has been declared by all constituent authorities.

The Tyne Pass scheme creates new jobs for local people which contributes to the Combined Authorities' objectives to improve employment opportunities in the region and reduce levels of unemployment.

7. Financial and Other Resources Implications

7.1 There are no financial implications arising directly from this report, which is for information. The financial implications of the toll increase decision were set out in the November 2022 report.

7.2 The cost of the original refurbishment works on the Tyne Pedestrian and Cyclist Tunnels were included in the JTC capital programme and have 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 the Tyne Tunnels reserves are ring-fenced for use on the tunnels.

8. Legal Implications

There are no legal implications arising directly from this report.

9. Key Risks

There are no key risks associated with this report.

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

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

13. Other Impact of the Proposals

Not applicable.

14. Appendices

Appendix A: Revised Toll Charges

15. Background Papers

River Tyne (Tunnels) Order 2005

River Tyne (Tunnels) (Modification) Order 2011

Tyne Tunnel Update reports to previous meetings of the Tyne and Wear Sub-committee.

16. Contact Officers

Fiona Bootle, Tyne Tunnels Manager, Fiona.bootle@transportnortheast.gov.uk.

17. Sign off

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

18. Glossary

TCPT – Tyne Cyclist and Pedestrian Tunnel

PA – Project Agreement (Concession agreement with TT2)

JTC – Joint Transport Committee

UTCN – Unpaid Toll Charge Notice

DfT – Department for Transport

Appendix A – Toll Charges

Toll charges November 2022

Vehicle	Cost per journey	10% discount Pre-Paid account
Motorbike or Disabled registered	Free	N/A
Car, Van or Bus less than 3.5 tonnes	£1.90	£1.71
LGV, Van or Bus over 3.5 tonnes	£3.90	£3.51

Toll charges from May 2023

Vehicle	Cost per journey	10% discount Pre-Paid account
Motorbike or Disabled registered	Free	N/A
Car, Van or Bus less than 3.5 tonnes	£2.20	£1.98
LGV, Van or Bus over 3.5 tonnes	£4.40	£3.96

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