

Joint Transport Committee Tyne and Wear Sub-Committee

Thursday, 8th September, 2022 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. Declaration of Interests	
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 on 13 January 2022	3 - 10
4. Notes of the inquorate meetings held on 7 April and 7 July 2022	11 - 20
5. Nexus Corporate Risks 2022/23	21 - 64
6. Nexus Corporate Performance Update	65 - 74
7. Tyne Pass Appraisal	75 - 138
8. Tyne Tunnels Update	139 - 148
9. Exclusion of the Press and Public	
The Tyne and Wear Sub-Committee may wish to exclude the press and public during consideration of item 10 by virtue of paragraphs 1 and 3 of Part 1 of Schedule 12A of the Local Government Act 1972.	
10. Notes of the confidential inquorate meeting held on 7 April 2022	149 - 150

11. **Date of next meeting**

The next meeting will be held on Thursday 3 November at 2pm, venue to be confirmed.

Contact Officer: Emma Reynard
Tel: 0191 433 2280
E-mail: emmareynard@gateshead.gov.uk



JOINT TRANSPORT COMMITTEE, TYNE AND WEAR SUB-COMMITTEE

DRAFT MINUTES FOR APPROVAL

DATE: 13 JANUARY 2022

VENUE: COUNCIL CHAMBER, GATESHEAD CIVIC CENTRE

Committee Members Present:

Councillor: C Johnson (Chair)

Councillors: R Berkley, M Brain and J McCarty

In attendance:

Statutory Officers: M Barker (Monitoring Officer – Transport)
E Goodman (NECA Finance Manager)
T Hughes (Managing Director, Transport North East)

Officers: F Bootle, J Fenwick, A Flynn, H Lewis, M Kearney
and E Reynard

Others: K Farn, P Smith and C Ward (TT2 Ltd)

28. APOLOGIES FOR ABSENCE

Apologies were received from Councillor G Bell, Councillor J McElroy and Councillor C Rowntree.

29. DECLARATIONS OF INTEREST

There were no declarations of interest.

Request to Speak:

The Chair invited Phil Smith, Chief Executive of TT2 Ltd to address the Committee regarding recent issues relating to Tyne Pass at the Tyne Tunnels. The Committee were also given the opportunity to ask questions.

At the end of the update, Councillor Johnson asked Transport North East Officers and TT2 Ltd to look into creating a hardship fund to assist vulnerable users who may experience financial difficulties if they receive a fine when using the Tyne Tunnels. This was agreed.

Following the discussion, Phil Smith, Chris Ward and Kirsty Farn left the meeting.

30. MINUTES OF THE PREVIOUS MEETING HELD ON 4 NOVEMBER 2022

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

31. TYNE TUNNELS REVISION OF TOLLS AND BUDGET 2022/23

The Sub-Committee received a report which outlined proposals to increase the tolls at the Tyne Tunnel from April 2022 for Class 3 Vehicles (HGVs) from £3.70 to £3.90 (a 20p increase), with no change for Class 2 Vehicles and no change to the 10% discount available to permit holders.

The proposed increase is permissible as inflation, as measured by the Retail Price Index (RPI), has reached a level such that a 20p increase can be applied under the terms of the River Tyne (Tunnels) Order 2005. It will be the first increase for Class 3 vehicles since August 2020.

The report also included budget figures for 2022/23 factoring in the proposed increase which will be included in the budget report presented to the Joint Transport Committee for approval on 18 January 2022.

Councillor McCarty commented that an increase in tolls is unfortunate at the current time, given the increase in the cost of living for residents and the drop in use of the Tyne Tunnels due to the pandemic. She noted that the increase is necessary to ensure that the debt for the Tunnels continues to be paid. However, she felt it was important to recognise that lots of people are struggling financially at the moment.

RESOLVED: the Tyne and Wear Sub-Committee:

- a) Approved the increase in tolls for Class 3 vehicles from £3.70 to £3.90 to take effect from April 2022, as set out in section 2.3 of the report;
- b) Approved the continuation of the 10% discount for permit holders as set out in section 2.4 of the report;
- c) Authorised 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;
- d) Noted the proposed 2022/23 budget which will be included within the budget report presented to the JTC on 18 January 2022.

32. REVISION TO METRO AND FERRY FARES 2022

The Sub-Committee received a report which proposed a package of changes to fare costs on Metro and Ferry.

It is proposed that a 5.1% increase is applied. However, fare costs will be frozen for the Pop Pay As You Go cards, which are now also available to use on Android mobile phones which equates to a saving of 85p compared to paper tickets.

It is also proposed that the price for Corporate season tickets are also frozen to assist with changes in working patterns since the start of the pandemic. In addition, Gold cards for older and disabled customers will remain at £12 for one year, and £24 for those not resident in Tyne and Wear.

The proposals are designed to ensure that larger fare increases are specifically targeted in a way that ensures those customers affected have access to cheaper alternatives. 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.

The popular Kids Go Free offer that has seen over 85,000 children benefit from free travel, will continue in 2022. It is estimated that the Kids Go Free offer has generated an additional £0.149m in revenue as a result of additional demand from adult fare payers taking their children on Metro for a day out. In addition, the recently launched 19-21 Pop card which provides a 30% discount for those who are starting their careers, apprenticeships, or university degrees, will remain frozen for 2022/23 to match the freeze in adult smart prices.

Nexus will continue to support developments in multi-modal ticketing to improve the overall public transport offering to customers.

Officers advised that they wished to withdraw the recommendation within the report to change the Metro zone boundary along the South Tyneside and Sunderland border at Seaburn, to allow further consultation to take place before a decision is made.

Proposals for Ferry fares mirror the proposals put forward for Metro. Park and Ride pricing, following the popular introduction of the Pay by Phone payment method in January 2021, will remain frozen for 2022/23 to help drive Park and Ride recovery.

The Sub-Committee was also advised that the Omicron variant has impacted on passenger numbers, following Government advice to work from home.

Councillor McCarty noted that fare increases have been applied in January previously and asked why this had been changed to April?

Officers advised that this was to avoid two fare increases in the same financial year, as last years' increase had been delayed due to the pandemic. Councillor McCarty noted that tickets were now available on Android phones and looked forward to this being extended to iPhones. She felt it was important to encourage more people to move to paperless ticketing. She noted that people are struggling financially but agreed that a fare increase was necessary. Councillor McCarty was disappointed that patronage had reduced due to the Omicron variant and felt that this added to the case to continue to lobbying Government to maintain the emergency funding after April.

Councillor Johnson agreed and urged the Government to provide a funding certainty now. He noted that all Government financial support packages required a fare increase, which was being applied. Councillor Johnson added that Pop cards could also be used at the ticket machines within stations and were not limited to being used on an Android phone.

RESOLVED: the Tyne and Wear Sub-Committee:

- (i) Approved the Metro and Ferry fares proposal to be implemented from 1st April 2022 which includes:
 - a. A commitment to introduce a new flexible season ticket to adapt to changing customer travel patterns;
 - b. Freezing Pop Pay as You Go prices; and
 - c. An overall increase in the weighted basket of fares of 5.1%.
- (ii) Approved a freeze in the price of concessionary products (paragraph 2.6 refers);
- (iii) Noted the alternative options explored as part fares review process (Section 4 refers); and
- (iv) Noted that the fares proposal within this report is contained within the Nexus budget for 2022/23 being presented to the Joint Transport Committee on 18 January 2022.

The Tyne and Wear Sub-Committee also agreed to officers' request to allow more consultation on the proposal within the report to a change in the Metro zone boundaries to align better with Network One multi modal ticketing zones.

33. NEXUS CORPORATE PERFORMANCE UPDATE

The Sub-Committee received a report which provided an on the performance of Nexus against its Corporate Business Plan for 2021/22 and covered the period from 22 August 2021 to 16 October 2021.

Metro patronage was 38% above the target set in April 2021, but it remains 17.2% below pre-pandemic levels during the same period in 2019/20. However, patronage has recovered more quickly than it did following the lifting of restrictions in the Summer of 2020, particularly in relation to leisure and retail journeys.

Metro fare revenue was £5.976m which represents a 60% recovery rate against the pre-pandemic budget.

Metro punctuality during the period reported was 85.8% which is 2.5% below target. Punctuality was affected by high sickness levels among train crew, as well as adverse weather conditions.

Ferry patronage was 24.3% above target and Ferry fare revenue was 44.1% above target for the period reported. In addition, secured bus patronage was 38% above target, with fare revenue 36.7% above target for the period. Both Ferry and secured bus patronage have recovered more quickly than expected, following the lifting of lockdown restrictions.

The Ferry service has been reduced to a 12 hour timetable following the impact of the Omicron variant, to allow flexibility in resources. Metro and secured bus services continue to be monitored, but although there has been a large number of people absent, there has been no reduction in service.

Councillor McCarty thanked officers for the report and update. She hoped that things would start to improve regarding the Omicron variant over the next few weeks. Councillor McCarty was pleased to note the good recovery in leisure journeys and added that 'Kids Go Free' offer was a valuable component.

Councillor McCarty added that all councillors are worried about the potential cut to emergency bus funding provided by Government being withdrawn and the impact it will have on services. She acknowledged that this would be discussed at the Joint Transport Committee next week and added that lobbying should continue around funding and subsidy for all public transport.

Councillor Berkley felt that there were some very positive messages within the report and was pleased that Ferry patronage was improving. She added that public transport was key to the economic recovery in the region and that it is often the only means of transport that some women and vulnerable people can use. Councillor Berkley hoped that the public transport offer would be able to continue at current levels.

RESOLVED: The Tyne and Wear Sub-Committee noted Nexus' performance against the key priorities in its Corporate Plan for 2021/22, including Metro performance.

34. NEXUS CORPORATE RISK REGISTER 2021/22

The Sub-Committee received a report which provided an update on the Nexus Corporate Risk Register for 2021/22 based on the approved Corporate Plan and demonstrates that these risks are being properly managed and controlled.

There are currently five risks which are rated 'red' due to funding uncertainties. These are:

- Long Term Funding for Metro,
- Frontline Services and Discretionary Travel Schemes – Metro Services,
- Discretionary Travel Schemes – Non Metro Services,
- Efficiency of Delivery – Capital Programme
- Patronage Recovery

Nexus has received confirmation from the Department for Transport (DfT) that it will receive £30.2m of capital grant in 2022/23, with funding thereafter contingent on the region becoming eligible for a City Region Sustainable Transport Settlement subject to appropriate governance being in place. The allocation is less than the £40m which was originally requested and the lack of a City Region Sustainable Transport Settlement means that no funding for infrastructure renewal is in place beyond 2022/23. However, discussions are continuing with officials from DfT and progress is being made.

The Sub-Committee was also advised that although the Omicron variant has had an impact on staff sickness levels, a full timetable is still being delivered. However, the reduction in patronage due to the variant, has reinforced the need for continued emergency Government funding beyond April.

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

35. TYNE TUNNELS UPDATE

The Sub-Committee received an update on the Tyne Tunnels including the traffic, pedestrian and cyclist tunnels, and an update on the Tyne Pass scheme which was introduced on 8 November 2021.

Traffic Tunnels

Traffic levels through the tunnels have fallen slightly to 94% during October, November and December. It is thought that this is due to the rise in petrol costs and Government advice to work from home if possible.

The Tyne Pass scheme was introduced on 8 November 2021, and although there were traffic delays during the first week of operation whilst drivers got used to the new road layouts, traffic flow has improved.

The tolls at the tunnels must be paid either in advance using a pre-payment account or by midnight the day after the journey. During the first month of operation, 5.93% of users did not pay the toll resulting in them receiving an Unpaid Toll Charge Notice (UTCN). However, the agreed rules in place mean that if users consider they have unjustly been charged they can appeal and if their appeal is upheld, the UTCN will be cancelled. TT2 have agreed in the first months of operation to implement some transitional appeal rules as people get used to new ways of paying. This has the benefit of allowing them to uphold more appeals. During November 2021, a high rate of 43% of appeals were upheld.

TT2 Ltd are motivated to improve the customer experience and have 85 staff working at their call centre. Call waiting time targets are in place and in December, the average waiting for a caller was 2½ minutes. TT2 Ltd continue to monitor customer feedback and make improvements as required.

As mentioned earlier in the meeting, TT2 are looking at how vulnerable people can be helped to pay fines and this will be carried out using the appeals system.

Pedestrian and Cyclist Tunnels

The tunnels continue to be well used and will remain open 24 hours a day, 365 days a year. Although usage is lower in the winter months, around 9,500 people used the tunnels in December.

Refurbishment of the inclined lifts is progressing. Final works are being carried out on the doors, however there is currently a supply chain issue which is causing a delay and a date cannot be given for completion yet.

Councillor Berkley welcomed the proposal to help vulnerable people to pay fines and noted that this shows that TT2 Ltd were listening and responding to concerns.

She also asked whether the Pedestrian and Cyclist Tunnels could link in with heritage or cultural work in the area?

Officers advised that pre pandemic there was lots of activity including with schools. It is hoped that this will return in the future once the inclined lifts re-open and covid cases reduce.

Councillor Johnson was pleased that work was progressing on the inclined lifts as this has been an ongoing issue for many years. He also acknowledged the improvements being made in relation to Tyne Pass.

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

36. DATE OF NEXT MEETING

The next meeting will take place on Thursday 7 April 2022 at 2pm.

This page is intentionally left blank



JOINT TRANSPORT COMMITTEE, TYNE AND WEAR SUB-COMMITTEE

DRAFT MINUTES FOR APPROVAL

DATE: 7 APRIL 2022

VENUE: COUNCIL CHAMBER, GATESHEAD CIVIC CENTRE

Committee Members Present:

Councillor: C Johnson (Chair)

Councillors: R Berkley and J McElroy

In attendance:

Statutory Officers: M Barker (Monitoring Officer – Transport)
E Goodman (NECA Finance Manager)
T Hughes (Managing Director, Transport North East)

Officers: F Bootle, H Lewis, M Kearney, E Reynard, J Sparkes and
C Whittle

37. APOLOGIES FOR ABSENCE

Apologies were received from Councillor G Bell and Councillor C Rowntree.

The Monitoring Officer advised that the meeting was inquorate. The Chair and Committee agreed to continue with the meeting and discuss the items on the agenda, noting that no decisions could be made by the Committee.

38. DECLARATIONS OF INTEREST

There were no declarations of interest.

39. MINUTES OF THE PREVIOUS MEETING HELD ON 13 JANUARY 2022

The minutes could not be agreed as the meeting was inquorate and would be presented for agreement at a future meeting.

40. CORPORATE PERFORMANCE UPDATE

The Sub-Committee received a report which provided an update on Nexus' performance against its Corporate Business Plan for 2021/22, covering the period from 17 October 2021 to 5 February 2022.

Patronage remains above the target set in the Nexus Recovery Plan but remains below pre-pandemic levels. Patronage has recovered more quickly in 2021 than it did following the lifting of lockdown restrictions in the summer of 2020, particularly with leisure and retail journeys.

The network was affected by Storms Malik and Arwen in November and January which caused suspensions across the network while overhead lines were repaired and fallen trees removed.

A new customer service structure was introduced in November which provides a greater presence on trains as well as at stations and gatelines. The new structure will allow roving customer support teams to tackle anti-social behaviour and fare evasions.

Work on the new fleet continues with the first new unit expected to arrive later this year. Metro Flow continues to progress on-time.

PAYG Pop Cards are now available on Android Phones via Google Pay. The service was launched on 28 February and offers customers the option to use their phone as a PAYG smartcard.

Councillor McElroy was pleased to note that patronage recovery following the pandemic is moving towards a full recovery. He asked whether patronage patterns on across public, active and sustainable transport are also improving in the same way and whether any new travel patterns are emerging. He also asked about recent changes to bus services north of the river and prospects for those services to improve?

Officers advised that Metro is making a good recovery but still requires more passengers to generate revenue to take it to pre-covid levels. New factors are influencing how and when people use public transport – for example, the recent good weather saw 100% of pre-covid patronage on one day which was mirrored on the buses, but this has dropped to 80% of pre-covid levels since the weather turned cooler again. There has been an increase in leisure journeys over weekends and fewer journeys during the week as people continue to work from home. It is expected it will take around six months to analyse the new trends.

Councillor Berkley placed on record her thanks to staff for ensuring Metro was up and running quickly following the recent storms.

41. CORPORATE RISKS UPDATE

The Sub-Committee received a report which provided an update on the Nexus Corporate Risk Register for 2022/23 based on the approved Corporate Plan.

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

There are currently two risks that are red due to funding uncertainties – long term funding for Metro and efficiency of delivery – capital programme. Nexus has received confirmation from DfT that it will receive a £30.2m of capital grant in 2022/23 with funding after that linked to the region becoming available for City Region Substantiable Transport Funding CRSTF), subject to appropriate governance arrangements being agreed. Positive discussions are ongoing with DfT officials.

The risk that is linked to the North Shields Ferry Landing is also red due to the project currently remaining unfunded. Funding is being sought to progress this project.

The final risk which is red is Metro Performance which is due to recent weather events and staff absence due to Covid.

Councillor McElroy commented that long-term funding is required to ensure public transport is available to encourage people out of cars. He welcomed the news of positive discussions with DfT around this issue. He noted that BSIP funding had been announced which was also good news for the region's buses, but other financial pressures still remain.

Councillor Johnson was pleased that the capital programme funding was guaranteed for this year, but added it was not good that the government was suggesting funding for Metro be pushed through the CRSTF route in the future. This would mean that there wouldn't be the transformational funding for light rail that is required. He added that Metro required a long-term investment from government to allow for long-term planning for the future.

42. TYNE TUNNELS UPDATE

The Sub-Committee received a report which provided an update on the management and operation of the Tyne traffic, pedestrian and cyclist tunnels.

Traffic levels have returned to pre-pandemic levels. The Tyne Pass scheme continues to be successful with the rate of non-compliance of paying the toll now at 3.8%. Pre-pay users are now benefitting from improvements to the system including email reminders to top up accounts.

The report also provided information on the hardship fund which the Sub-Committee requested at its last meeting. A pilot scheme has been put in place with support from the nationally recognised independent debt relief service – PayPlan. PayPlan will work in partnership with TT2 Ltd and Transport North East to provide a direct link from TT2 to those individuals who are having difficulties paying the Unpaid Toll Charge Notice. The scheme will initially be in place for three months to allow time for the service to be reviewed in its effectiveness and allow assessment of future costs.

In addition, a link with Citizen's Advice in South Tyneside has been established to provide direct contact between CAB and TT2 to enable access for vulnerable tunnel users. This service will also be monitored, and plans are in place to roll it out regionally to other CAB branches.

The Pedestrian and Cyclist tunnels continue to be well used with more than 11,000 users over the Winter months. This is expected to increase during Spring and Summer.

Work continues on the inclined lifts but is not yet completed due to supply chain issues for new parts.

Councillor Berkley was delighted that the pilot for the Hardship Fund had now commenced, and also commended the work with CAB.

Councillor Johnson noted that there continued to be negativity around the toll charges on social media, even though the raft of changes introduced by TT2 Ltd had improved the customer experience. He suggested that the Sub-Committee address the issues within an online petition at its next meeting.

43. NEXUS CORPORATE BUSINESS PLAN 2022/23 TO 2026/27

The Committee considered a report which set out the aims and objectives of the Nexus Corporate Business Plan for the next five years.

The investment in the new train fleet continues, along with the development of a new maintenance depot at Gosforth. Work on the Metro Flow is continuing with a planned closure of the line from Pelaw to South Shields for three months from 12 September to 5 December 2022, to allow line upgrades to take place.

There is also a drive to improve the customer experience on Metro including promotion of the PAYG Pop Card which links to new ways of working following the pandemic, as well as providing value for money leisure journeys.

The Enhanced Partnership and BSIP also provide opportunities to link with Nexus and provide additional funding to deliver services.

Councillor McElroy noted that there is a sustainability section within the Corporate Plan and asked whether there was any way to influence operators to improve sustainability standards?

Officers advised that Nexus had recently agreed its Environment and Sustainability Strategy which would be shared with the Sub-Committee and the public. The strategy focuses on Nexus' internal processes – for example the new Nexus fleet will use 30% less energy. In addition, Nexus is looking at other aspects of the organisation including the Clean Ferry project and recycling.

Through Nexus' procurement processes for bus services, bids for contracts can only be made where there is a Euro 6 standard in place, which also links to the CAZ standards. The BSIP will also drive up standards around sustainable transport and includes targets to improve bus emissions. In addition, one of the aims of the Transport Plan is to deliver carbon neutral buses.

Councillor Johnson agreed that the BSIP announcement was important and was the largest in the country, which will be good for ticketing, fares, and speed of buses. The Corporate Business Plan themes link with the BSIP and the Transport Plan and provide an excellent opportunity to encourage more patronage on Metro and which is the most sustainable form of public transport in the region. In addition, PAYG Pop Cards give people the opportunity to use Metro as part of new working arrangements and provide good value for money.

44. EXCLUSION OF THE PRESS AND PUBLIC

The Tyne and Wear Sub-Committee agreed to exclude the press and public during consideration of items 9 and 10.

This page is intentionally left blank

JOINT TRANSPORT COMMITTEE, TYNE AND WEAR SUB-COMMITTEE

DRAFT MINUTES FOR APPROVAL

DATE: 7 JULY 2022

VENUE: LAMESLEY ROOM, GATESHEAD CIVIC CENTRE

Committee Members Present:

Councillor: C Johnson (Chair)

Councillors: J McElroy and P Dean

In attendance:

Statutory Officers: M Barker (Monitoring Officer – Transport)
E Goodman (NECA Finance Manager)
T Hughes (Managing Director, Transport North East)

Officers: F Bootle, M Kearney, P Smith, R Birch and S Clarke

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillor G Miller and Councillor J Byrne.

The Monitoring Officer advised that the meeting was inquorate. The Chair and Committee agreed to continue with the meeting and discuss the items on the agenda, noting that no decisions could be made by the Committee.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS MEETING HELD ON 13 JANUARY 2022

The minutes could not be agreed as the meeting was inquorate and would be presented for agreement at a future meeting.

4. MINUTES OF THE INQUORATE MEETING HELD ON 7 APRIL 2022

The minutes could not be agreed as the meeting was inquorate and would be presented for agreement at a future meeting.

5. CORPORATE PERFORMANCE UPDATE

The Sub-Committee received a report providing an update on the performance of Nexus against its Corporate Business plan for 2021/22 and 2022/23. Also reported was period 12 to 13 of 2021/22 which encompasses 6 Feb 2022 to March 2022 along with period 1 and 2 of 2022/23 which covers 1 April 2022 to 28 May 2022.

2021/22 Period 12 and 13: It was reported that Metro patronage was 26% above the periodic target for the period, it was also noted that for the whole of 2021/22 patronage was 23.9% above target.

The Sub-Committee were also provided with a summary of Metro punctuality for the reporting period; it was highlighted that punctuality was 7.6% below the periodic target. It was further noted that punctuality was heavily affected by the collapse of a wall above overhead lines in North Shields following high winds; this resulted in temporarily service suspension.

From the report, the Sub-Committee were also provided with a summary of ferry patronage and secured bus patronage for the reporting period. It was noted that secured bus revenue for periods 12 and 13 was 124.1% better than the evenly profiled budget target and for the whole of 2021/22 revenue was 83% above target.

It was noted that for periods 1 and 2 of 2022/23 Metro patronage was 3% below the periodic target. It was also reported that the impact of the Covid-19 pandemic is still being felt across services making it difficult to determine an accurate profile which can be compared to revenue earned during the period.

The Sub-Committee noted it's disappointment with the Metro punctuality information reported; officers advised that driver recruitment was underway coinciding with inks with the wider railway industry which would ease the pressures on services and improve punctuality.

The Sub-Committee acknowledged the fast recovery made by transport services following the pandemic. It was stated that public transport is an essential service to improve prosperity across the region. The Sub-Committee also noted that long term funding and investment in Metro services is important.

The Sub-Committee noted the update contained within the report.

6. CORPORATE RISKS UPDATE

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

It was reported that during June 2022, Nexus undertook a formal review of its risk register in line with the Corporate Plan 2022/23. It was highlighted that there are currently two risks reported as 'red' due to funding uncertainties, these were:

- Long term funding for the Metro
- Efficiency of delivery – Capital Programme

From the report, it was also noted that an additional 'red' risk is North Shields Ferry Landing which is due to the project being underfunded.

Officers advised the Sub-Committee that there continues to be a business continuity plan for all services, this includes pandemics. It was further noted that the new Metro train fleet will start rolling out from late 2022; it was stated that the new fleet is more environmentally friendly and that this is in line with Nexus' Environmental Strategy.

The Sub-Committee noted the report.

7. TYNE TUNNELS UPDATE

The Sub-Committee received a report providing an update on activities relating to the management and operation of the traffic tunnels and the management and operation of the Tyne Pedestrian and Cyclist Tunnels (TPCT).

From the report, the Sub-Committee noted the information on traffic levels for the Tyne Tunnels, it was reported that traffic levels at the Tyne Tunnels has risen over the last few months and is now above pre-Covid levels.

The Sub-Committee also noted that compliance rate (rate of successful toll payments) under the Tyne Pass Scheme had risen to 96.7% in May 2022. Officers advised that this showed that the scheme is working well and that customers understand the payment system.

The Sub-Committee noted the report.

8. TYNE PASS SCHEME UPDATE

The Sub-Committee received a report providing an update on the Tyne Pass Scheme at the Tyne Tunnels and its operation during the first few months of the scheme.

From the report, the Sub-Committee were provided with information on the payment systems, improved journey times, reduced carbon emissions and the

non-compliance rate. The Sub-Committee were advised that a number of petitions and campaign groups had proposed changes to the Tyne Pass Scheme, officers advised that the constructive feedback received from these groups had been considered and that a proposed appraisal of the Tyne Pass Scheme would take place.

It was highlighted that a summer holiday marketing campaign would be implemented this year to encourage travellers to register for a pre-paid account; it was noted that pre-paid accounts offer a discount for users. It was noted that a further update on the Tyne Pass Scheme would be brought to the Sub-Committee in September 2022.

The Sub-Committee noted the report.

9. EXCLUSION OF THE PRESS AND PUBLIC

The Tyne and Wear Sub-Committee agreed to exclude the press and public during consideration of item 10.

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

Date: 8 September 2022
Subject: Nexus Corporate Risks 2022/23
Report of: Chief Operating Officer

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 August 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' because of funding uncertainties. These risks are:

- Long Term Funding for Metro,
- Efficiency of Delivery – Capital Programme
- 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 extreme weather events.

Recommendations

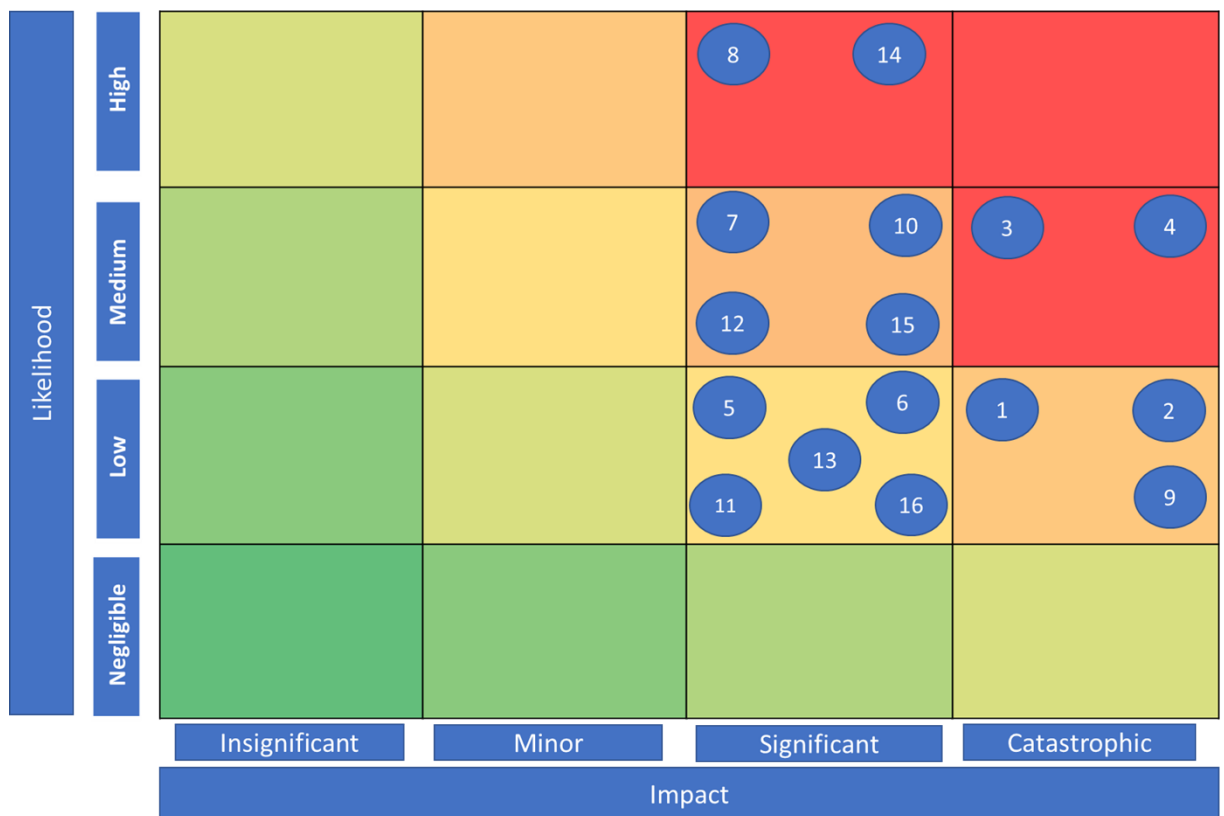
The North East Joint Transport Committee, Tyne and Wear Sub-Committee is recommended to receive and note this update on Nexus' Corporate Risk Register for 2022/23

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	No changes from previous risk	↔ (Stable)
2	Catastrophic infrastructure or operations event	No changes from previous risk	↔ (Stable)
3	Metro Performance	No changes from previous risk	↔ (Stable)
4	Long Term funding for Metro	No changes from previous risk	↔ (Stable)
5	Frontline services and discretionary travel schemes – Metro services	No changes from previous risk	↔ (Stable)
6	Frontline services and discretionary travel schemes – Metro services	No changes from previous risk	↔ (Stable)
7	Procurement of the new design, build, maintain and provide contract for the fleet/depot	Controls updated to include details of Metro Systems Assurance Panel.	↔ (Stable)
8	Efficiency of Delivery of the Capital Programme	Controls updated to reduce duplication	↔ (Stable)

9	Cybersecurity	Milestones updated to include new cyber security plan.	↔ (Stable)
10	Products and Payments Offer	Due date of Next Steps/Milestones updated	↔ (Stable)
11	Funding Bids	Next Steps/Milestones updated	↔ (Stable)
12	Anti-Social Behaviour	Milestones and Next Steps updated.	↔ (Stable)
13	Patronage Recovery	Risk updated to reflect growing challenge of cost of living crisis	↔ (Stable)
14	North Shields Ferry Landing	Next Steps/Milestones updated	↔ (Stable)
15	Delivery of Metro Flow	Next Steps/Milestones due date updated	↔ (Stable)
16	Bus Patronage	Impact/Consequences updated to include potential impact of shortage of drivers Controls updated to reflect BSIP programme.	↔ (Stable)

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 on 4 November 2021.

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	RAG Status (Amber)	Direction of Travel
Risk Owners: Chief Operating Officer	8(2x4)	↔ (stable)
Risk Actionees: Safety and Assurance Director	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"> • Emergency preparedness plans and ROGs published • Continuously monitoring & controlling the precursors of these events with a detailed 2-weekly safety reporting to Nexus' Senior Leadership Team and weekly safety briefing • Produce and implement an annual safety plan for approval by Nexus Executive Board • Station security plans for the entire network have been published • 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 • Participating in joint emergency preparedness exercises with key stakeholders • Participation in multiple joint agency groupings including Serious Crime, ASB, Hate Crime, Prevent and Community Tensions • 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 Security Manager presents to Customer Service new starters to provide insight, outline suspicious behaviour(s), encourage proactive engagement, explain threats, encourage reporting, all of which leads to enhancing the organisational security culture
- An enhanced CCTV system that has been upgraded from analogue to digital has been installed providing better coverage around the network
- A Security Working Group has been established bringing together internal stakeholders in a joint approach to improve system security
- Multiple security forums, including Crime and Disorder, Vandalism, Graffiti, and CCTV Coordination – all based on internal and internal joint approaches.
- 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
- Additional radio systems for instant communications supplied to team members
- The production of a Nexus Security Manual and Management plan has been checked and acknowledged by DfT and available to all Nexus personnel.
- The introduction of an outsourced Security Team consisting of SIA trained Security Officers. The team patrol the Metro system, trains, infrastructure, Bus Interchanges, and all Nexus owned land and properties deterring miscreant behaviours.

Next Steps/Key Milestones:	Action owner	Due Date
----------------------------	--------------	----------

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 style="text-align: center;">  (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		
The impact/consequences should a catastrophic infrastructure failure or major operational incident occur on Metro, bus and ferry could be very significant including: <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. 		
Existing Controls: <ul style="list-style-type: none"> • A Safety Management System (SMS) which is independently accredited by the Office of Rail and Road (ORR); • Robust arrangements for the selection and management of contractors; • Monitoring of assets and development of mitigation plans in the event of catastrophic failure of a key asset; • Development of business continuity plans in the event of major disruption; • Maintaining a comprehensive suite of technical, operational and safety standards, procedures and rules in all relevant disciplines based on industry best practice; • Continuously monitoring & controlling the precursors of these events with weekly safety reporting to 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. • Measure implemented to review opportunities to reduce the number of Signals Passed At Danger (SPADs);. • Using the 'Ruglei' system for strengthening embankments using scrap rails and stone filled mesh baskets. 		

<ul style="list-style-type: none"> • Vegetation management processes designed to prevent and/or reduce infrastructure damage; • Remote temperature monitoring for rails to identify instances of extreme rail temperatures which could lead to rail buckling or breaking;. • 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. 		

- 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 23
Realise the benefits of the new delay attribution system through better data analysis.	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	March 23

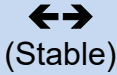
Nexus' input to the quarterly monitoring of the Revenue budget and Capital Programme submitted to the JTC	Director of Finance and Resources	Quarterly
Continue to lobby DfT for index linked inflation of Metro Rail Grant	Director of Finance and Resources	Ongoing
Working alongside Transport North East on 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 Metro in the order of £7.3m. 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.		
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 recovery funding arrangement with HMT and DfT following the expiration of the current funding agreement on 1 October 2022.	Director of Finance and Resources	Sep 22

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 non-Metro services in the order of £1.5m. 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.		
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 recovery funding arrangement with HMT and DfT following the expiration of current funding agreement on 1 October 2022.	Director of Finance and Resources	Sep 22

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	Sep 22

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)	
	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 and JTC.

Next Steps/Milestones	Owner	Due date
New Maintenance Depot Completed	Head of Fleet and Depot Replacement	Nov 22
First Train Delivered	Head of Fleet and Depot Replacement	Nov 22
Full Fleet in Service	Head of Fleet and Depot Replacement	Dec 24

Risk 8		
CP Theme: Assets and Technology		
CP Workstream: Improve our physical assets		
Risk Area: Efficiency of delivery of the Capital Programme	RAG Status (Red)	Direction of Travel
Risk Owner: Major Projects Director	12 (4x3)	↔ (stable)
Risk Actionee: Head of Programme Assurance, Head of Renewals	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 2023 can therefore not be made and the continuity to maintain and repair critical asset renewal including Overhead Line Equipment and SCADA 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 flexibility from the DfT over virement/ acceleration of funding to optimise programme delivery.
- 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 22/23 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 loss • Significant technical controls are in place for anti virus and anti malware on workstations and servers • We 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 updated • Nexus raises awareness of security threats through the use of internal communications such as Nexus Times & global email bulletin's. • Nexus measure awareness through different mediums such as fake 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.


Next Steps/Milestones	Owner	Due date
Create a 3 year Cyber Security review and improvement plan	Head of ICT	Sep 22

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' offer launched and marketed to generate new travel markets • Launch of PAYG tickets on Android phones • Increasing the number of card-only and cash and card ticket machines. • Simplified fare structure for secured bus services implemented. 		

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	Oct 22
Develop plans and seek funding for a multi-modal price-capped pay-as-you-go product	Head of Commercial	Dec 22


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)	<p style="text-align: center;">↔ (stable)</p>
	Target RAG Status	
	4 (2x2)	
Risk: That opportunities to secure additional funding for public transport improvements through competitive funding bids are not successful		
<p>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.</p>		
Controls: <ul style="list-style-type: none"> • Nexus schemes are included in the Regional Transport Plan pipeline. • 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. • 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	October 2022
Develop strategic outline business cases for schemes for the City Region Sustainable Transport Fund	Head of Corporate Planning	2022-2023
Develop the SOBC for the replacement of the signalling system	Head of Corporate Planning	March 2023
Identify funding opportunities to improve the environmental performance of the Ferry	Head of Corporate Planning	March 2023


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)	<div style="text-align: center;">  (stable) </div>
	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 system • Regular security exercises held across network to provide customer reassurance • Body worn cameras available to all public facing staff to support enforcement action • Radios issued to Customer Service teams to maintain good levels of communication • Regular liaison meeting with partner organisations to identify repeat offenders • Increased messaging and communications at hotspot locations • Strong enforcement action against repeat offenders • Metro Police Unit, British Transport Police and Neighbourhood Police Teams presence around network • Regular roving patrols by Customer Service staff around network • Regular roving patrols by Security staff around network • Security Team attendance at multiple ASB mitigation events • Targeted patrols in areas with higher levels of ASB • Ticketing gate lines at key stations. • Security Working Group implementation and adherence to actions • Concourse Teams at key locations, and Customer Support Team roving implementation • Security Team weekly and dynamic direction and support 		

- Security Team liaison with Youth Justice Teams, to use diversionary and reparation methods.
- Regular review of plans identified in independent security review
- 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 the Safer Transport Northumbria Project where we have been successful again for funding from the Home Office. This will lead to the introduction of the Multi Agency Transport Team 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 (Red)	Direction of Travel
	6 (2x3)	 (stable)
	Target RAG Status	
	4(2x2)	
Risk: Failure to recover public transport patronage following the COVID-19 pandemic		
Impact/Consequence(s): Failure to recover patronage lost during the COVID-19 pandemic sufficiently would make bus, Metro and Shields Ferry services unsustainable at their current levels. 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. The impact of the cost of living crisis may further exaggerate changes in travel behaviour seen as a result of the pandemic		
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. • Ongoing, high visibility of staff around network to reassure customers and help reduce anti-social behaviour which rose during the pandemic. • Regular reviews of progress with DFT/HMT. • Regular review of actions identified in recovery plans • Horizon scanning and bidding for funding to assist with recovery • Review 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 offer • Promote Metro's green credentials • Implement recommendations to target non-users to try Metro 		

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	Jan 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)	 (stable)
	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
Ground Investigation ITT contract award	Head of Renewals	Sep 22
Completion of Ground Investigation works	Head of Renewals	May 23
Complete development of ITT for Design and Build Contract for main works ready to be released when funding is secured.	Head of Renewals	Sep 22
Nexus to issue a stage one tender to the market based on the outline design.	Head of Renewals	Nov 22 subject to funding confirmation
D&B ITT stage one tender contract award	Head of Renewals	Jul 23
Completion of stage one tender works	Head of Renewals	Oct 23
D&B ITT stage two tender contract award	Head of Renewals	Dec 23
Completion of stage two tender works	Head of Renewals	Feb 25
Land Agreements Leases and Consents	Head of Renewals	Oct 22
Planning & Licenses Granted	Head of Renewals	Oct 22

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
Nexus becomes a Service Provider	Head of Metro Flow	Sep 22
Infrastructure <ul style="list-style-type: none"> ○ Blockade Commencing ○ Delivery 	Head of Metro Flow	Sep 22 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 (Green)	Direction of Travel
	6(2x3)	↔ (stable)
	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): Declining bus patronage and reduced funding leading to reduced numbers of commercial and subsidised bus service 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, Bus services 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. • 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. • Monitoring of public transport patronage and undertake research through the insight panel to gain intelligence on trends and passenger behaviours. 		

<ul style="list-style-type: none"> • 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	Sept 2022
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	4	3	12	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		2	3	6	2	3	6

Appendix 3: Risk Score Matrix

Assess the impact if the risk occurred:
Impact:

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

Assess the likelihood of the risk 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 	

This page is intentionally left blank

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

Date: 8 September 2022
Subject: Nexus Corporate Performance Update
Report of: Chief Operating Officer

Executive Summary

The purpose of this report is to provide an update on the performance of Nexus against its Corporate Business Plan for 2021/22. This report covers Period 3 and 4 which encompasses 29 May 2022 to the 23 July 2022.

Between Periods 3 and 4, Metro patronage was 4,207,840 which is 1.9% below the periodic target of 4,288,544.

Metro fare and commercial revenue for the reporting period was £6.350m whilst the total fare and commercial revenue for the year to date is £12.890m. To the end of period 4, 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 the significant increase in inflation this past year.

Metro punctuality in periods 3 and 4 was 84.6% which is 5.2% below the periodic target of 89.70% whilst the 13-period moving annual average (MAA) at the end of Period 4 was 82.6% which is 4.6% below target.

In Period 4 punctuality was particularly affected by the exceptionally warm weather experienced on 18th and 19th July. The extreme temperatures caused overhead lines to sag resulting in service suspensions between Longbenton and Cullercoats which lasted until 21st July whilst repair works were carried out.

Customer experience was also affected by the national rail strikes industrial action taking place on 21st June meaning that we were unable to operate services between Pelaw and South Hylton.

In Period 3, three high profile concerts took place at the Stadium of Light with Nexus running extra Metro services to ensure that over 30,000 concert goers got home safely via our services.

Ferry patronage in Periods 3 and 4 was 66,278 which is 33.4% above the target of 49,667. For the year to date ferry patronage figures of 133,160 are 27.8% above target

Ferry fare revenue in Periods 3 and 4 was £69,482 which was 23.0% above the profiled budget of £56,470. Ferry fare revenue the year to date is £136,798 which is 16.2% above the budget of £117,734.

Secured Bus patronage between Periods 3 and 4 was 932,603 which is 40.0% above the target of 665,832 for the period.

Secured Bus revenue in Periods 3 and 4 was £416,617 which was 77% better than the evenly profiled budget target of £235,266. For the year to date secured bus revenue is £773,787 which is 61.0% better than the evenly profiled budget target of £480,638.

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.

Embed a 'Safety First' Culture

- 1.4 Delivery of the 2022/23 Safety Plan is progressing to plan.

Improve Operational Safety

- 1.5 Work on the actions identified in our SPAD reduction plan continue to progress to schedule. Following recent operational incidents 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

Reduce anti-social behaviour

- 1.6 In July, the Northumbria Police and Crime Commissioners office were successful in a further Safer Streets funding bid. This will support the introduction of a new Multi-Agency Transport Team (MATT). 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 and buses. All stakeholders will benefit from this with higher visibility throughout our transport networks.
- 1.7 We continue to deploy additional security staff across the network to deter anti-social behaviour and provide reassurance for customers. Feedback from customers on this initiative has been well received.

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 recovering to forecast levels

Invest in our infrastructure

- 1.8 Work on delivery of the new depot and train fleet is progressing well, although the ongoing impacts of current 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, there is now one unit which has commenced static commissioning in Switzerland and a further 3 trains in final assembly. The first train remains on programme to arrive on the Nexus network in November 2022, however there still remains an ongoing component supply risk, and Nexus are working with Stadler to monitor and manage this.
- 1.9 First Article Inspections are nearing completion now with the last one planned w/c 22 August, and the focus is on working with Stadler to prepare for unit delivery and testing and commissioning.
- 1.10 In addition, the construction of the new depot at Gosforth is progressing well and remains on programme to complete ahead of the arrival of the first new train.

Products and Payments

- 1.11 Nexus has introduced the automatic renewal of all older person's concessionary travel cards, where these have been recently used. Older people no longer need to complete an application when their card is due for renewal (every five years) so long as smart data indicates they have travelled by bus, or on Metro with a Gold Card. Card holders do need to inform Nexus if they have moved.
- 1.12 The change, introduced in June 2022, immediately removed a backlog of more than 1,500 applications. The new software commissioned by Nexus from supplier SAM is also usable by other transport authorities in the region and across the UK.
- 1.13 The proportion of Metro customers using pay as you go (PAYG) either on android phones or with a smart card had increased from 16% in Period 2 to 18% of all short-term (single and daysaver) journeys in Period 4. 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.

- 1.14 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

- 1.15 Between Periods 3 and 4, Metro patronage was 4,207,840 which is 1.9% below the periodic target of 4,288,544.
- 1.16 Metro punctuality in periods 3 and 4 was 84.6% which is 5.2% below the periodic target of 89.70% whilst the 13-period moving annual average (MAA) at the end of Period 4 was 82.6% which is 4.6% below target.
- 1.17 In Period 4 punctuality was particularly affected by the exceptionally warm weather experienced on 18th and 19th July. The extreme temperatures caused overhead lines to sag resulting in service suspensions between Longbenton and Cullercoats which lasted until 21st July whilst repair works were carried out.
- 1.18 Customer experience was also affected by the national rail strikes industrial action taking place on 21st June meaning that we were unable to operate services between Pelaw and South Hylton.
- 1.19 In Period 3, three high profile concerts took place at the Stadium of Light with Nexus running extra Metro services to ensure that over 30,000 concert goers got home safely via our services.
- 1.20 Ferry patronage in Periods 3 and 4 was 66,278 which is 33.4% above the target of 49,667. For the year to date ferry patronage figures of 133,160 are 27.8% above target.
- 1.21 Secured Bus patronage between Periods 3 and 4 was 691,661 which is 3.9% above the target of 665,832 for the period.
- 1.22 Go North East announced fresh cuts to commercial services in the region in Period 3, impacting routes in Sunderland, Gateshead, South Tyneside and County Durham. Nexus has since introduced a rescue package, contracting a recast network of local services to stave off the worst effects of the cuts. The rescue package was informed by consultation with customers, local councillors and MPs and discussions with bus companies. The cost of this network, more than £5m, has been met from a combination of Nexus' recast based budget (funded from the Tyne and Wear transport levy) and the Government's one-off Local Transport Fund for recovery post covid. As a result Nexus can only afford to sustain certain services beyond 2023 if funding committed to the region through the Government's Bus Service Improvement Plan (BSIP) is confirmed. The BSIP funding will provide a base for Nexus to work in partnership with bus operators to grow patronage to a more sustainable level over three years.
- 1.23 Bus companies in the region, working together with Nexus within Network Ticketing Ltd, have responded positively to the suggestion that they should trial Take The Kids For Free on their services, following its successful launch on Metro. All bus operators

in Tyne and Wear, Northumberland and County Durham have offered Take The Kids For Free for the duration of the school summer holidays, allowing the trial period to be measured to see if it has a positive impact on revenue. Nexus will work with bus operators in an attempt to ensure Take The Kids For Free will become a permanent feature of bus travel in the region, just as it is on Metro and the Shields Ferry, under the planned Enhanced Partnership between operators and local authorities.

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

Improve our physical assets

- 1.24 Between 16th July and 30th July 2022, a two week possession took place between Tynemouth and St James'. This possession allowed for the replacement of Tanners Bank bridge along with vegetation management, overhead line and track renewals work.
- 1.25 Full fleet availability was met on 93.75% of occasions in periods 3 and 4, this is 6.25% below target.

Technology

- 1.26 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	Additional funding until October 2022 has been secured.

Improve environmental performance

- 1.27 Following the completion of our Sustainability strategy, a number of actions to improve Nexus' environmental performance are progressing to plan.

- 1.28 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

- 1.29 Nexus continued to receive Light Rail Revenue Restart Grant and Local Authority Coronavirus Bus Services Support Grant funding to offset fare and commercial revenue losses until 5 April 2022. On 1 March 2022 the Government announced a further funding package of £150m for bus and light rail operators which will run for six months until October 2022. It was subsequently confirmed that the region will receive £9.994m of Local Transport Funding (LTF) split £7.300m for light rail (Metro) and £2.664m for bus services across Northumberland, Tyne and Wear and County Durham. The vast majority of this funding will be required to mitigate inflationary pressures on Metro including the rising cost of high voltage power, policing and security and to protect bus services where commercial operators have already made cuts or have signalled their intent to do so (paragraph 1.22 refers).
- 1.30 Metro fare and commercial revenue for the reporting period was £6.350m whilst the total fare and commercial revenue for the year to date is £12.890m. To the end of period 4, 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 the significant increase in inflation this past year.
- 1.31 Ferry fare revenue in Periods 3 and 4 was £69,482 which was 23.0% above the profiled budget of £56,470. Ferry fare revenue the year to date is £136,798 which is 16.2% above the budget of £117,734.
- 1.32 Secured Bus revenue in Periods 3 and 4 was £416,617 which was 77% better than the evenly profiled budget target of £235,266. For the year to date secured bus revenue is £773,787 which is 61.0% better than the evenly profiled budget target of £480,638.
- 1.33 Nexus has now received confirmation from the Department for Transport (DfT) that in addition to it receiving £30.2m of capital grant in 2022/23, a further tranche of capital grant funding totalling £33.8m will be available in 2023/24 and 2024/25. This will enable Nexus to enter into contracts in the current year that give rise to financial obligations over the next two years. Funding to the level Nexus has previously sought and thereafter is still contingent on the region becoming eligible for a City Region Sustainable Transport Settlement (CRSTS), subject to putting in place appropriate governance. Nexus therefore continues its dialogue locally and with DfT to ensure that capital grant funding for Metro renewals is structured in such a way that it has long term surety of funding in order that it can properly plan and deliver its investment programme.

Transform our organisation to be agile, innovative and inclusive	
Workstream	Status
Represent the communities we serve	Nexus has developing partnerships with schools and other local organisations.
Learning and Development	Our new train simulator has been installed at the Nexus Learning Centre.
Engagement	We have reviewed our approach to employee engagement
Strategy	Work on a number of strategies is progressing to plan.

Represent the communities we serve

- 1.34 Our Diversity and Inclusion (D&I) strategy is being finalised and provides a comprehensive approach in which Nexus will achieve better levels of diversity in its recruitment process. Nexus has already began its D&I journey through actively developing partnerships with local organisations, schools and charities, attending a large number of career events and supporting UK Pride 2022. Nexus also has its first T-level placements starting in January 2023.

Learning and Development

- 1.35 The Driver Simulator has been delivered and installed at Nexus Learning Centre, and provisionally accepted by the project team. Initial training for Nexus Learning & Development employees has commenced, as well as building training scenarios and learning programmes in preparation for the commencement of driver training in early 2023.

Engagement

- 1.36 Our engagement process will be refreshed as part of the implementation of our People and Culture Strategy.

Strategy

- 1.37 Work on our D&I and 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.

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

Date: 8 September 2022
Subject: Tyne Pass Appraisal
Report of: Managing Director, Transport North East

Executive Summary

This report provides a detailed appraisal of the Tyne Pass scheme by Transport North East focussing on:

- the aims of the Tyne Pass scheme;
- how the scheme has operated in its first few months;
- what the feedback and customer response has been; and
- what actions have been taken or are required to improve the scheme.

Various elements of the scheme are appraised to establish what elements have been effective so far, and what elements have been improved or still need further improvement.

The outcomes of the appraisal are set out in the report in each section, with some elements of the scheme requiring further action from TT2 or Transport North East in the future or further monitoring over the next few months.

Recommendations

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

- i. Note the contents of the appraisal of the Tyne Pass Scheme.

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 was opened in 2011 having been financed and built using a Concession contract. The Tyne Tunnels receive no central government funding nor any local subsidy, with all operational costs and debt financing costs being met from the tolls charged to users of the vehicle tunnels.
- 1.3 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 with political oversight provided by the TWSC.

2. Tyne Pass Scheme appraisal

- 2.1 The Tyne Pass Scheme for barrierless open road tolling was approved by TWSC in 2020 and was launched on 8th November 2021. The barrierless scheme has modernised the payment system at the Tyne Tunnels and provides other benefits for the area, including significantly reduced carbon emissions.
- 2.2 At the TWSC meeting on 7th July 2022 members agreed that an appraisal of the Tyne Pass scheme should take place. The scheme had been operational for almost 8 months and members considered it was timely to carry out such an appraisal in order to consider the customer experience and review feedback from customers and stakeholders, both positive and negative.
- 2.3 The nature of the Concession contract with TT2 means that the obligations, responsibilities and performance of TT2 are regularly assessed by TNE to ensure that its performance as Concessionaire is satisfactory. However, an additional review was considered useful at this stage to evaluate the Tyne Pass scheme so far and to plan for the future operation of the scheme as it reaches a more mature stage in its development. The appraisal will also provide transparency for the benefit of customers and the wider public, to ensure that they are provided with value for money and a high quality service.
- 2.4 The intention of the appraisal is to assess the scheme so far considering feedback and progress to date, and to consider areas where further improvements for can be made, focussing on:
- the aims of the Tyne Pass scheme;
 - how the scheme has operated in its first few months;

- what the feedback and customer response has been; and
- what actions have been taken or are required to improve the scheme.

2.5 Various elements of the scheme are appraised in the attached document to establish what elements have been effective so far, and what elements have been improved or still need further improvement.

2.6 TT2 management and staff have fully engaged with the appraisal and worked with TNE to critically assess and evaluate the operation of the system in the first months of the new system, and to plan further improvements for the future.

2.7 The following aspects of the Tyne Pass Scheme were considered worthy of review:

1. Roadworks and traffic management
2. Payment system and customer service
3. Payment window 'Pay by Midnight tomorrow'
4. Level of enforcement charges
5. Pre-Paid customers
6. One-off customers
7. Hardship support
8. Misread registration plates
9. Appeals
10. Blue Badges
11. Signage
12. Third party enforcement
13. Lease/hire vehicles

2.8 The attached appraisal report Appendix A provides analysis on each aspect of the Tyne Pass Scheme. The appraisal is provided for the benefit of TWSC members and other stakeholders.

3. **Reasons for the Proposals**

Not applicable.

4. **Alternative Options Available**

Not applicable.

5. **Next Steps and Timetable for Implementation**

Any improvements to be implemented as a result of the appraisal will be carried out in the next 6 months or in the specific timeframe set out in the report.

6. **Potential Impact on Objectives**

Proposed improvements to the effectiveness of the Tyne Pass Scheme will be beneficial to customers. The 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

There are no financial implications arising directly from this report, which is for information.

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: Tyne Pass Appraisal Report

15. Background Papers

River Tyne (Tunnels) Order 2005

River Tyne (Tunnels) (Modification) Order 2011

Tyne Tunnel Update reports to the scheduled meetings of the Tyne and Wear Sub-committee:

Report dated 9 July 2021 – Tyne Tunnels Update

Report dated 9 September 2021 – Tyne Tunnels Update

Report dated 4 November 2021 – Tyne Tunnels Update

Report dated 13 January 2022 – Tyne Tunnels Update

Report dated 7 April 2022 – Tyne Tunnels Update

Report dated 7 July 2022 - Tyne Pass Scheme

Report dated 7 July 2022 - Tyne Tunnels Update

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**

TPCT – Tyne Pedestrian and Cyclist Tunnel

PA – Project Agreement (Concession agreement with TT2 Ltd)

JTC – Joint Transport Committee

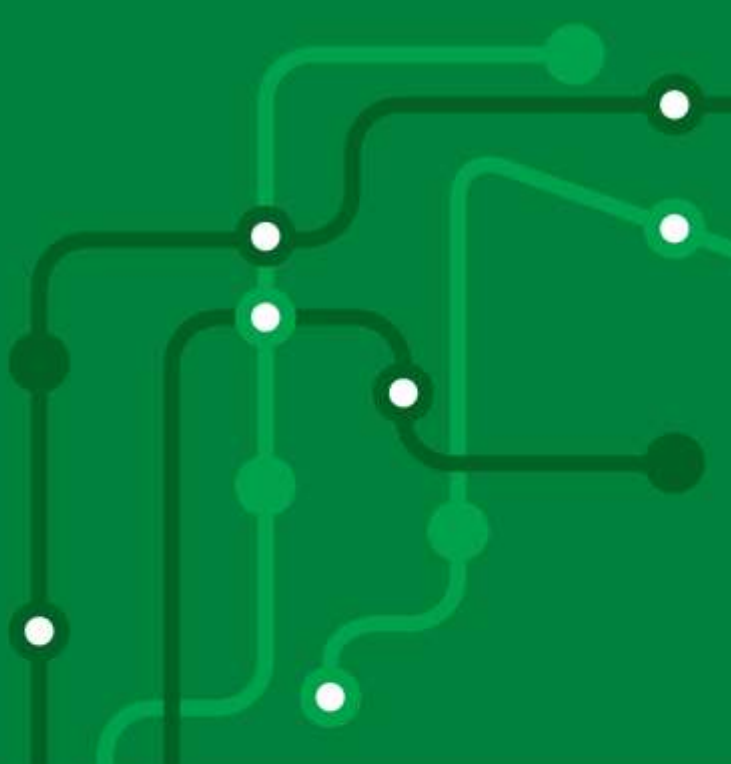
UTCN – Unpaid Toll Charge Notice

DfT – Department for Transport

This page is intentionally left blank

Transport **North East**

Tyne Pass Appraisal Report
September 2022



**Prepared for the North East Joint Transport Committee Tyne and Wear Sub-Committee
September 2022**

Executive Summary

The Joint Transport Committee Tyne and Wear Sub-Committee proposed in July 2022 that an appraisal be carried out on the Tyne Pass Scheme at the Tyne Tunnels by Transport North East (TNE). The Tyne Pass Scheme is the barrierless open road tolling scheme which became operational in November 2021 and has now been in place for almost 10 months.

The Tyne Pass scheme is a major change to the operation of Tyne Tunnels, for the first time in 55 years allowing traffic to flow freely without being forced to stop and queue at barriers to pay with coins. However, behind the scenes for the operator TT2 Ltd (TT2), it involves a complex structure of software and management systems to allow each vehicle to pay a toll for the journey via high specification camera recognition and automated payment systems. It has also required 80 new staff to be recruited and trained, the majority working in a new contact centre with customer agents available online and on the telephone 7 days a week.

The purpose of the TNE appraisal is to examine various elements of the scheme to establish which elements have been effective so far, and which elements have required improvement or still require further improvement.

The appraisal focusses on:

- the aims of the Tyne Pass scheme;
- how the scheme has operated in its first few months;
- what the feedback and customer response has been; and
- what actions have been taken or are required to improve the scheme.

The appraisal has allowed TNE to critically examine various aspects of the Tyne Pass scheme and review TT2's performance in these areas, with particular emphasis on the elements which have received most feedback from customers and stakeholders.

There has been a high level of customer and stakeholder feedback over the first months of the new scheme with negative feedback and complaints coming from some customers who have been subject to toll enforcement processes and have received an Unpaid Toll Charge Notice (UTCN). Whilst only a small percentage of users receive a UTCN, so far over 13 million customers have used the Tyne Pass system, meaning that even very small percentages can create sizeable numbers of individuals. The vast majority of customers are paying the toll successfully under the new system. In July 2022 96.45% of customers paid the required toll on time.

This appraisal considers the feedback received and examines what has been done to respond to it and what further actions TT2 can take. TNE can conclude that there are some elements which have needed improvement, and with experience and hindsight would have been done differently or put in place earlier if the system was planned again. Other elements have been successful and effective and have only required minor changes to maximise their effect.

Operational elements such as the Tyne Pass roadworks and traffic management have been successful with few alterations required to the original plan. More technical elements such as the TT2 app, bank card payment systems and the ANPR (Automatic Number Plate Recognition) systems have required TT2 to take an evolutionary approach, continuously analysing data on processes and on customer behaviour and taking steps to make changes to systems, staff processes and software to improve the customer experience.

Some groups of customers have required TT2 to take multiple actions to cater for their needs, and TNE considers that ongoing work is required to ensure that these customers receive a high quality service. TT2 has worked hard to increase the numbers of Pre-Paid customers to record levels which ultimately improves compliance, but in order to respond to feedback from Pre-Paid customers it has been necessary to put in place numerous elements of customer care such as email reminders, website support and the Auto-Top up facility to assist them.

Other changes for groups of customers have come about directly in response to feedback. The Hardship Support scheme has now been successfully put in place by TNE and TT2 working together to assist vulnerable customers. Blue Badge customers have also been well-supported and their feedback has been listened to resulting in the continuation of the toll exemption for Blue Badge holders and a bespoke registration scheme which allows them to drive through and access the same experience as other drivers.

At the start of the new scheme there was undoubtedly a learning curve for TT2 and for customers, as new customer service agents working for TT2 gained experience, and a better understanding was gained of the way the new payment systems would be used by customers. This has progressively allowed for improvements to the systems through which customers contact TT2, whether to better inform customers or minimise the potential for human error. In addition, the appeal rules have been continuously reviewed to reflect emerging trends and to add more discretion to the process.

The outcomes of the appraisal are set out in the report in each section, with some elements of the scheme requiring further action from TT2 or TNE in the future or further monitoring over the next few months.

Overall, TNE considers that it is important to recognise that the main aims of the Tyne Pass scheme were to significantly reduce carbon emissions, modernise the payment system and reduce journey times on the A19 via the Tyne Tunnels. These aims have all been achieved

successfully within the first few months of the Tyne Pass scheme which is an extremely positive outcome for the region.

The dissatisfaction of some users around the enforcement process is also recognised and it is disappointing that any customer has had a negative experience in the early months of the Tyne Pass scheme. However, TNE has taken action with TT2 to address the issues raised and make improvements in all areas to respond to feedback.

TNE is conscious that the negative feedback around enforcement has resulted in a disproportionate focus on UTCNs when in fact the scheme has achieved its aims for the region and is serving customers well. Only 3.55% of users receive a UTCN and only 14% of those dispute the UTCN via an appeal. Complaints to TNE and TT2 amount to one complaint per 20,000 journeys, however the volume of journeys per month (over 1.5 million) mean that the number of complaints and UTCNs can seem like a large number.

An indication of positive customer response is shown by the numbers of drivers who are now choosing the Tyne Tunnels to cross the river. In July 2022 a record 1.59 million journeys were made through the tunnels. This is the highest level of traffic ever seen at the Tyne Tunnels.

TNE and TT2 are grateful to Tyne Tunnel customers and regional stakeholders who have shown patience in allowing the system to bed in and allowing time for TT2 to analyse data and make necessary changes to processes and systems in the early days of the Tyne Pass. TNE has been impressed with the hard work and dedication of TT2 staff and management who have attempted to address all issues raised and have continued operating the tunnels safely and effectively during some challenging times.

Going forward, TNE will continue to monitor the effectiveness of the Tyne Pass scheme and monitor TT2's performance as Concessionaire. This can be done both within the contractual mechanisms which were designed to ensure TT2's performance in all areas of operation, and also by TNE officers continuing to work with TT2 on a day-to-day basis to analyse data and review feedback received from customers in order to come up with practical solutions to resolve issues raised and to improve the overall customer experience.

Tyne Tunnels Background

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 by Queen Elizabeth II, and the second was opened in 2011 having been financed and built via a Concession contract with TT2 Limited (TT2). The Concession contract is a 30 year design-build-finance-operate contract. The Tyne Tunnels receive no central government funding nor any local subsidy, with all operational costs and debt financing costs being met from the tolls charged to users of the vehicle tunnels.

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 North East Joint Transport Committee (JTC) and the North East Joint Transport Committee Tyne and Wear Sub-Committee (TWSC) and administered by officers of Transport North East (TNE). TWSC is responsible for decision making relating to the operation and toll collection at the Tyne Tunnels while JTC remains responsible for overall budgetary decisions.

TT2 as Concessionaire was responsible for the part-financing, design and construction of the new road tunnel, and continues to be 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. TT2's performance as Concessionaire is assessed and monitored by TNE, the officer group that supports and acts on behalf of the JTC.

Background to Tyne Pass scheme

The Tyne Pass scheme for barrierless open road tolling was launched on 8 November 2021. The barrierless scheme has modernised the payment system at the Tyne Tunnels and provides other benefits for the area, including significantly reduced carbon emissions. The scheme was approved by the JTC and TWSC in September 2020. The scheme has been designed, implemented and operated by TT2 following consultation with TNE officers, in line with the review processes set out in the Project Agreement.

Modernisation of the toll payment system at the Tyne Tunnels was anticipated in the Project Agreement when it was agreed in 2007. It has been under consideration for some time, in order to upgrade from the largely coin-based system to a barrierless open road tolling system.

The new system works via high specification Automatic Number Plate Recognition (ANPR) cameras which read every vehicle number plate and register each vehicle journey. The toll

barriers have been removed altogether and vehicles no longer have to stop or slow down to make a payment. Customers are no longer required to carry cash in their vehicle and can choose to pay the toll before or after their journey by a variety of methods, such as a Pre-Paid account, via an app or at a PayPoint in a local retailer.

The previous outdated system required customers to stop and make payment at the toll barriers, causing delay for drivers and resulting in unnecessary carbon emissions from traffic queueing then accelerating after leaving the toll barriers. The Tyne Pass scheme has taken learning from other barrierless systems in operation across the UK and Ireland.

As anticipated by TT2 and the Tyne & Wear Integrated Transport Authority in the 2007 Project Agreement, it was agreed that the costs and risks associated with the implementation of the Tyne Pass scheme, as well as the enforcement income, would lie with TT2. This was ratified by the JTC and TWSC in the decisions made in committee meetings in September 2020.

The scheme was planned in order to provide the following benefits:

- modernisation of the toll payment system;
- reduced journey times;
- reduced carbon emissions; and
- creation of new local jobs.

Customer responses to the Tyne Pass scheme

Customer responses to the new system have been generally positive in terms of journey times, environmental benefits and the cashless system. The reduction in the preference by customers to use coins as a means of payment had been observed over several years – indeed at the point of transfer to open road tolling only 17% of customers were paying by cash whereas three years earlier it had been 50%. Many customers over recent years had also expressed dislike of the toll barriers themselves, finding the barriered system intimidating and inconvenient, therefore these customers are positive about the new system which does not require any stopping at barriers.

An indication of positive customer response is also shown by the record numbers of drivers who are now choosing the Tyne Tunnels to cross the river. In July 2022 1.59 million journeys were made through the tunnels. This is the highest level of traffic ever seen at the Tyne Tunnels and is against a regional backdrop of little or no increase in traffic.

The vast majority of customers are also paying the toll successfully under the new system. In July 2022 96.45% of customers paid the required toll on time.

However, there has also been negative feedback received from some customers who have been subject to toll enforcement processes and have received an Unpaid Toll Charge Notice (UTCN). Whilst only a small percentage of users receive a UTCN, so far over 13

million customers have used the Tyne Pass system, meaning that even very small percentages can create sizeable numbers of individuals.

Where customers have expressed dissatisfaction at their receipt of charges and the tolls due for payment, this sentiment can often be amplified by social media. In January 2022 there were two online petitions, a website and a social media group set up by tunnel users who are dissatisfied with the enforcement element of the Tyne Pass scheme.

The points raised in the petitions have been addressed and useful customer feedback has been taken forward where possible. Work is ongoing with some campaigners to provide clearer information for customers and to take forward suggestions for improvements. However, given the volume of customers who make use of the tunnels, it is likely the scheme will continue to receive feedback from a small proportion of customers who have received a UTCN and are dissatisfied as a result.

Tyne Pass Scheme appraisal

Given that the Tyne Pass scheme has been fully operational for over six months, it was proposed by the JTC and TWSC that an appraisal be carried out to assess the scheme so far considering feedback and progress to date, and to consider areas where further improvements for can be made, focussing on:

- the aims of the Tyne Pass scheme;
- how the scheme has operated in its first few months;
- what the feedback and customer response has been; and
- what actions have been taken or are required to improve the scheme.

The nature of the contract between TT2 and JTC (represented by TNE) means that the obligations, responsibilities and performance of TT2 are regularly assessed by TNE to ensure that its performance as Concessionaire is satisfactory. However, an additional review was considered useful at this stage to evaluate the Tyne Pass scheme so far and to plan for the future operation of the scheme as it reaches a more mature stage in its development. The appraisal will also provide transparency for the benefit of customers and the wider public, to ensure that they are provided with value for money and a high quality service.

Various elements of the scheme are appraised below to establish what elements have been effective so far, and what elements have been improved or need further improvement.

TT2 management and staff have fully engaged with the appraisal and worked with TNE to critically assess and evaluate the operation of the system in the first months of the new system, and to plan further improvements for the future.

The areas under consideration are:

1. Roadworks and traffic management	Page 9
2. Payment system and customer service	Page 12
3. Payment window 'Pay by Midnight tomorrow'	Page 21
4. Level of enforcement charges	Page 24
5. Pre-Paid customers	Page 27
6. One-off customers	Page 32
7. Hardship support	Page 34
8. Misread registration plates	Page 36
9. Appeals	Page 38
10. Blue Badges	Page 42
11. Signage	Page 47
12. Third party enforcement	Page 50
13. Lease/hire vehicles	Page 52

1. Roadworks and traffic management

a. *How the Tyne Pass traffic works were planned and carried out*

To enable the Tyne Pass scheme to function as a barrierless scheme, it was necessary to remove the toll plazas and barriers located at the Howdon (north) end of each of the two tunnels. In addition to removal of the barriers, a new road layout was planned to accommodate the traffic in an open road tolling system. TT2 initially appointed road traffic engineers to design the works and later appointed civils contractors to remove the toll plazas, lay the new road surface, install the necessary road safety features and manage the traffic during the works.

The work was planned to take place systematically over several months, with the aim of avoiding having to close the tunnels where possible. Contractors worked on the lanes which had no traffic passing through, whilst vehicles continued to travel safely through two designated lanes. The intention was that the final stage would lead to a smooth dual carriageway with a new road surface and permanent signage. That took longer overall due to the frequent worksite changes, but minimised disruption for motorists.

Over the works period, there were 4 traffic lane changes Northbound and 3 Southbound, which were required as works were completed on each of the lanes of the former toll plazas. The lane changes were managed via cones, signage and marketing in advance of each change.

b. *Feedback and customer response*

On the first morning of the new system some drivers drove slowly and several stopped or pulled into the side of the road, but the majority of drivers quickly adapted to the new system in place. TT2 initially placed a number of staff in the plaza area to direct traffic and speak to any drivers who stopped their vehicle, but it became apparent that the presence of staff was encouraging more drivers to pull in and stop. TT2 therefore decided to bring the staff presence down to a minimum and moved/added temporary signs where it was clear that drivers were unsure of the road layout.

The first Monday of the works saw the longest delay, of 11 minutes for users travelling south bound and 14 minutes for those traveling Northbound. On the following Monday, this was reduced to 7 minutes and 4 minutes, respectively.¹ These were the scenarios where the traffic was initially split in to two single lanes to allow for a toll lane to be removed. Subsequent road layout changes were managed in a different way as customers seemed to understand the lanes better if there was a dual carriageway rather than two separate single lanes.

¹ Based on average journey time which is measured between 2 points on the A19 in each direction using data supplied by Google.

Lane changes were managed successfully and there were relatively few issues or complaints from customers regarding the traffic management after the first week.

An assessment of Road Traffic Accidents (RTAs) in and around the tunnels shows that in an average month pre-Tyne Pass there were between 1 to 3 minor accidents recorded per month and this has remained stable post-Tyne Pass. This data suggests that the safety of the traffic management under Tyne Pass has remained consistent and RTAs have continued to be at a low level compared with the volume of traffic.

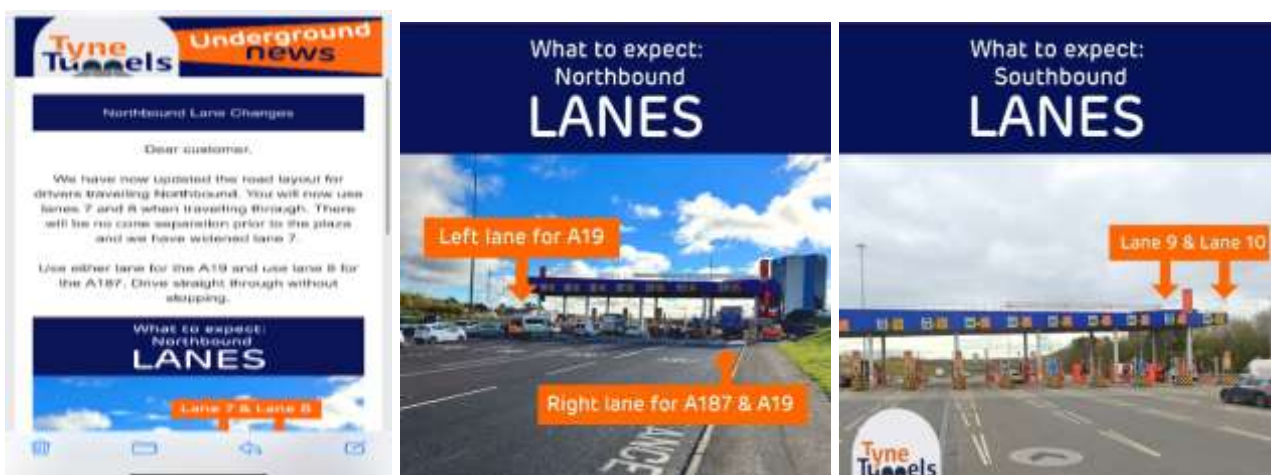
c. **Action taken/required to address any issues**

TNE recognises that the traffic management process in the first few weeks was responsive to the conditions experienced. TT2 staff were observing driver behaviour and adapting the traffic management approach, for example the withdrawal of staff and the moving of signs to improve drivers' awareness of the A187 exit northbound. The delays seen in the first week were greatly reduced during November 2021. By December 2021, TT2 was able to report faster journeys for tunnel users than pre-Tyne Pass.

During the works period, each time a lane change was required this was marketed to tunnel users several days beforehand via:

- direct emails to customers (see below examples in Fig 1.1);
- social media posts (see below examples in Fig 1.1); and
- website information.

Fig 1.1 Examples of messaging to customers about lane changes during road works



TNE considers that this messaging was effective along with the placing of cones and signs informing users of the new road layout.

Overall, TNE believes that the works and traffic management element of the Tyne Pass Scheme has been effective in its aims. The work has been completed successfully, there have been no significant accidents due to the works and most importantly, both tunnels have remained fully open to traffic despite the works being carried out.

On review, it is recognised at times of temporary traffic management that users will take time to understand the changes in road layout and may be cautious on initial use. TNE and TT2 recognise that the delays during the first week were problematic for drivers, but TT2 adapted quickly and responded to customer driving behaviour to resolve the issues within a short time frame. If similar works were planned again in the future, lessons learned from Tyne Pass would include the need to aim for a temporary dual carriageway (rather than two separate single lanes) which seems to be easier for drivers to understand.

The finalised road layout is now in place and customers have adapted quickly to the permanent layout. This is reflected in the improved journey times and reduced delays, in spite of the large rise in numbers of vehicles using the tunnels by spring/summer 2022. Such traffic volumes would, in the pre-Tyne Pass era, have resulted in major delays and queues including in the northbound tunnel.

2. Payment system and customer service

a. *How the new toll payment system was set up*

Under the previous barriered system drivers stopped their vehicle at the toll plaza and paid the toll at the barriers in cash or via an account which originally required a plastic tag to be shown at the barriers. Under the new toll payment system there are various ways to pay the toll, none of which require a driver to stop their vehicle at the Tyne Tunnels.

Customers can pay the toll due for each journey before or after their journey by any of the following means:

- **Pre-Paid account** – set up via the TT2 app or on the TT2 website, this allows the toll to be automatically deducted from the customer's Pre-Paid account as they drive through;
- **Website/app** – customers can pay before or after their journey via the TT2 website or app making an online payment;
- **Telephone** – customers can pay before or after their journey by telephone making a card payment;
- **Cash** – customers without bank accounts or the means to pay digitally can still pay in cash at a retail outlet using the "PayPoint" network. Customers using this facility can simply give their registration number and date of journey to make a cash payment before or after their journey.

The toll must be paid by one of these means before a journey takes place (up to a year ahead) or by midnight on the day following their journey (see section 3 below for separate consideration of the payment window).

Customers who have any payment issues can contact the customer call centre and speak to a trained member of staff seven days a week. The contact centre was originally open 5 days per week between 08:30 and 16:30. The contact centre hours were extended even before the start of Tyne Pass following customer feedback. The opening times are now 08:15-19:00 Monday to Friday, Saturdays 09:00-13:00 and Sundays 09:00-12:30.

The contact centre is a new department at TT2 and employs over 70 staff members on terms and conditions at or better than those prescribed by the Local Government Association's "Green Book". The staff work on two shift patterns during the week. There are a variety of roles within the centre in order to run daily operations including Resource Planning, Quality Assurance, Process Improvement and Complaints.

The aims of the payment system and customer service provided by TT2 are to make the toll payment process as simple and convenient as possible for customers, and to allow them to obtain assistance quickly if they have any issues with payment.

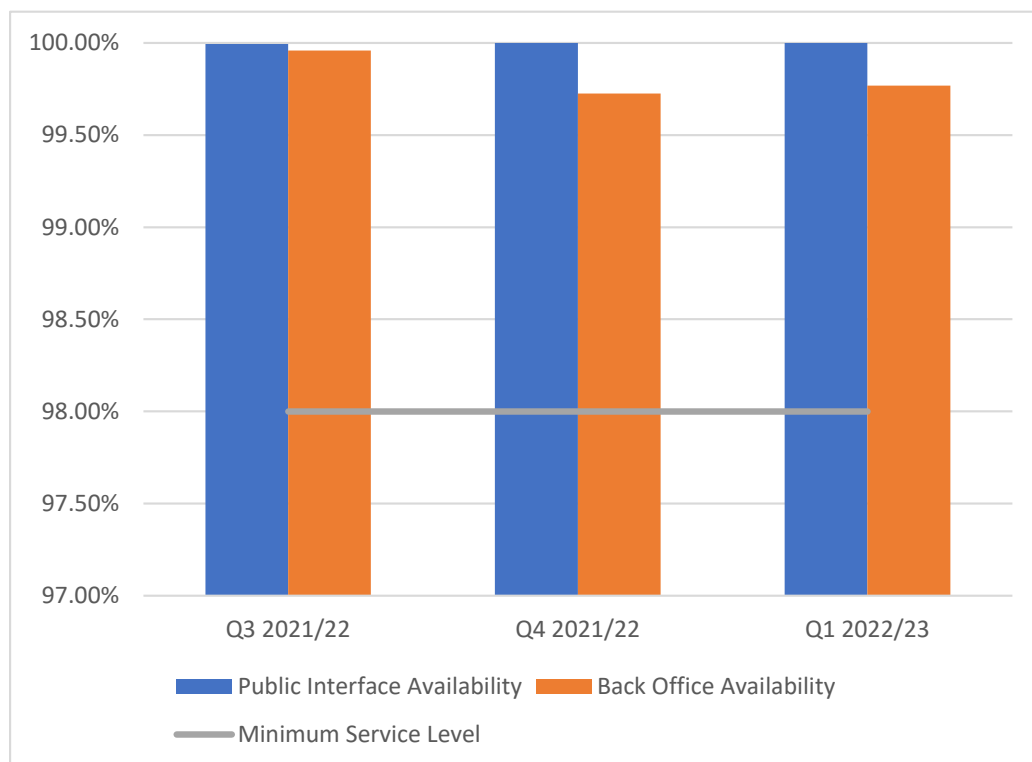
On an average day around 11,000 successful payments are made, with typically 96% of transactions taking place via the app or website.

b. Feedback and customer response

i. Payment systems availability

In terms of operation and availability, TNE believes that the payment systems have been very successful and the contractual target of over 98% payment system availability has been achieved at all times since the systems went live. There has been one occasion in March 2022 when back-office systems were down for approximately 2 hours but this was in the early hours of a Saturday morning. TT2 reacted quickly and contacted the systems provider who was able to fix the issue and restore the systems. The public-facing aspects of the system were functional throughout and no customer was unable to pay for a toll.

Fig 2.1 Availability of Payment Systems at TT2



TNE is aware of one occasion of approximately one hour during the current quarter where the public-facing system ran slowly, but contact centre staff were able to help any customers who reported problems accessing their information.

ii. Contact centre

There was originally some criticism of the contact centre opening times and call waiting times for customers. The criticism of the call centre opening times was based on the fact that before the launch of Tyne Pass it was closed at weekends and was not open long enough on weekdays. The primary criticism of call wait times was that customers were waiting too long in a call queue before getting through to a staff member who could assist them.

The majority of feedback relating to the contact centre staff has been positive in terms of the behaviour and manner of the staff themselves and how they resolve matters and assist people. Customers have commented on the helpful manner and politeness of contact centre staff, even if the customer was dissatisfied with the final outcome they have generally commented that the staff on the phone have tried their best to assist.

iii. TT2 app

There was criticism of the TT2 app in the first month of Tyne Pass as it was not fully operating until one month after “Go-Live”. The app during that period linked users to the website to manage their Pre-Paid account. Once the new app was available there were some functionality issues over the following few weeks which also caused complaints from users if they could not download the app or if a particular feature was not working.

iv. Telephone payment line

The telephone payment line is only used for 2.3% of toll payments so is not a common choice for payment. However, there has been some feedback from customers that the voice recognition does not always pick up the correct letters/numbers for the car registration for some users. Customers have also suggested that TT2 should have a person on the phone line to make payment rather than an automated service.

v. PayPoint

PayPoint is used a payment method for only 1-2% of journeys. The feedback about Paypoint in the first few weeks of Tyne Pass was that some shop assistants in retail outlets did not know the process for a Tyne Tunnels toll payment or did not understand it. The current most common issue experienced by customers is incorrect entry of vehicle registration zero or O which leads to a payment not being matched to a journey. This issue is dealt with by favourable appeal being allowed or call centre staff can help move payment across to the correct registration when the customer notices the error on their receipt.

vi. Payment reliability and 3DS

There has also been feedback that payment reliability is an area of frustration for customers who try to make a toll payment and their card payment fails or is declined. Customers tend to assume the error arises from a fault with TT2's systems, even though the rejection is in most cases by the bank and not TT2.

The card decline rate was affected by the move in March 2022 to 3DS. This was a requirement for all retailers to move to the more stringent 3DS security protocol for online payments. The obligation for more information to be input by the customer, as well as tighter assessment criteria by banks, has resulted in an increase in the number of payment failures being reported by the Card Acquirer.

c. Action taken/required to address any issues

i. Payment systems availability

TNE officers were informed on the one occasion that the back-office systems were down. It is helpful that it was in the early hours of a Saturday morning which is not a popular time for users to access the system, so very few customers were even aware of the issue. No UTCNs were issued as a consequence of this. Apart from this one occasion and the system running slowly for an hour in Q2 2022, there has been 24/7 payment systems availability since 8 November 2021, which TNE considers to be an excellent result for the new TT2 systems.

ii. Contact Centre

TNE is aware that wait times and call centre opening hours were addressed by making changes at TT2 contact centre and by better management of the processes and the staff. Average call wait times in July were 1.4 minutes and the chart below shows the progress made. The highest average call wait times were 12-14 minutes between April-June 2021 so a vast improvement has been made with current average times just above one minute. The peak for average call waiting times since Tyne Pass Go-Live in November 2021 is just above 4 minutes.

Fig: 2.2 Average Call Wait Times



In terms of the positive feedback relating to call centre staff, TNE believes that this has been achieved by the TT2 staff training programme in place and the management of the call centre including motivating staff and monitoring their outputs to maintain a high quality service. The effective use of data analysis in the contact centre management has also been significant in supporting and improving business processes.

A site visit in July 2022 by an external auditor in the contact centre evidenced that the training sessions, including the onboarding and refresher training sessions were effective in supporting customer service agents to fully understand the processes.

iii. TT2 app

The criticism faced regarding the app was predominantly within the first few weeks after Tyne Pass Go-Live. This was due to the delay with the app launch, which required users to complete actions via the functioning website as an alternative. Upon launch of the app in December 2021, some customers faced difficulties downloading the application onto their devices; this was due to a caching issue for which TT2 worked closely with its customers in order to resolve.

Since then, TNE is aware that TT2 has worked with its software provider and with its own user group to continually test every aspect and to resolve or make improvements at the earliest opportunity where any issues are found. The app is currently utilised by over 50,000 customers and TT2 is continuing to take on board customer feedback and to invest in further development.

TT2 identified that any programme of system improvement needed to be prioritised and coordinated with its technology service suppliers, such as the app and website developers. TNE has supported the decision to restructure some of the TT2 teams in June 2022 to create a clearer function within the organisation, with responsibility for prioritisation of technology development, principally by the creation of a Product Manager role, responsible

for the creation and implementation of a product roadmap which balances needs with capacity. TNE officers now have a direct link to the Product Manager to raise any issues and to receive updates on progress.

iv. Telephone payment line

With regards to the automated phone payment line, TNE has noted the concerns raised and has asked TT2 to respond to the feedback. TT2 has sought to make improvements to the customer experience and performance of the payment line. The voice prompts have been changed in response to feedback and the time given for customers to input their card details has been extended as data was showing that customers were struggling to input their card details within the time allocated.

The question has been raised to TT2 as to why agents are unable to take payments over the phone. TT2 has responded to explain that this was not in the original plan or proposal for Tyne Pass payments and would involve a different level of security for contact centre staff, as they would need to handle sensitive customer card details. The automated telephone system does not store or give access to card details and therefore it is far more secure for customers and is PCI DSS compliant (Payment Card Industry Data Security Standard). It also allows this to be a 24-hour facility for those wishing to make payment outside contact centre opening hours.

Recent analysis has been carried out on successful payments using the automated telephone payment line and for each call made show that around 93% of the calls lead to a successful payment, suggesting that some of the improvements made have been successful. The importance of this option for customers is understood and TNE has agreed that TT2 should regularly review and seek to improve this service. TNE has also requested that TT2 review other similar providers of a telephone payment service and assess whether there are other options or further improvements which can be made to this service.

v. PayPoint

The feedback regarding PayPoint and shop staff not understanding toll payments has reduced significantly as more and more local shops have become used to the toll payments via PayPoint.

TT2 has put changes in place to assist customers. Following feedback, in the instance that a shop worker at a PayPoint retail outlet inputs an incorrect digit, a process has been put in place by TT2 to make it easier for contact centre staff to check directly with PayPoint and match up a payment with a journey. A rule for appeals has also been put in place so that any appeal regarding a PayPoint payment with an incorrect digit means that the appeal would be allowed and any UTCN cancelled. TNE believes that these changes have benefited the customer and made PayPoint an easier choice for customers to pay the toll.

vi. Payment reliability and 3DS

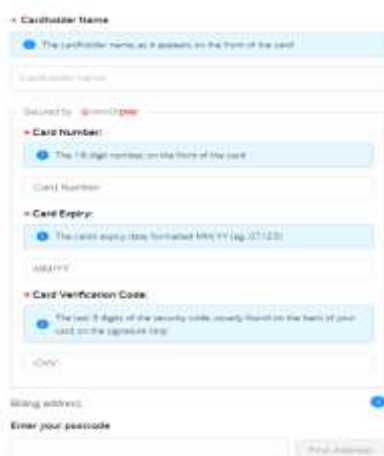
TNE has been aware of the customer feedback on payment reliability over the last few months and concerns that some cards were being declined. TT2 has now carried out further analysis and has provided regular updates to TNE on improvements made.

TT2 has analysed the card failure rate, and from the data provided by the banks it proved possible to analyse main causes of failure:

- 29% – invalid card usage (e.g. over limit, excess usage, closed account, card reported lost);
- 27% - 'Do Not Honour' – most commonly error in address entry or incomplete information;
- 9% - CVV error;
- 9% - expiry date error.

In response to this TT2 has put in place a programme to help reduce such errors for customers making payment online by minimising the likelihood of an error. Numerous changes have been made across the website to help the customer with data entry:

- Customers can no longer click “Pay” without completing their name or address
 - Where they attempt to do this, a message appears prompting the customer to “Please check the information you have provided and try again”;
- Introduction of the Post Code Finder to reduce error rates on address input
 - Manual input is still available where address look up is not possible i.e. new homes;
- Added descriptions to indicate to the customer exactly what information is being asked of them:



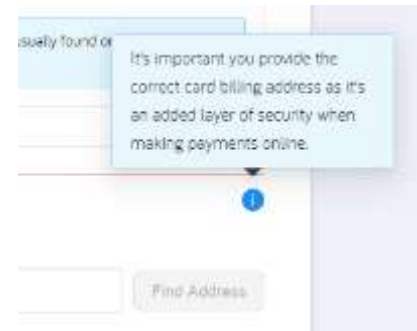
The screenshot shows a payment form with the following fields and their associated descriptive tooltips:

- Cardholder Name:** "The cardholder name, as it appears on the front of the card"
- Card Number:** "The 16 digit number on the front of the card"
- Card Expiry:** "The card's expiry date, formatted MM/YY (e.g. 07/23)"
- Card Verification Code:** "The last 3 digits of the security code, usually found on the back of your card, on the signature strip"

Below the card fields, there are fields for "Billing address" and "Enter your postcode".

- Cardholder name: “The cardholder name, as it appears on the front of the card”
- Card Number: “The 16 digit number, on the front of the card”
- Card Expiry: “The card’s expiry date, formatted MM/YY (e.g. 07/23)”
- Card Verification Code: “The last 3 digits of the security code, usually found on the back of your card, on the signature strip”;

- Updates to outline the address being asked for is the “Billing Address” with an information pop out to explain why TT2 asks for this information: “It’s important you provide the correct card billing address as it’s an added layer of security when making payments online”;
- Updated the “Error” page to highlight that the customer should try again and check all information is correct;
- Update to the modal on 3DS to say “Your payment is being processed, this may take some time, please do not close or refresh the page”;
- Update to Card Number, Card Expiry and Card Verification Code fields so that in the event the customer inputs invalid information (e.g. out of date expiry), a red message appears to inform the customer that the information is invalid.



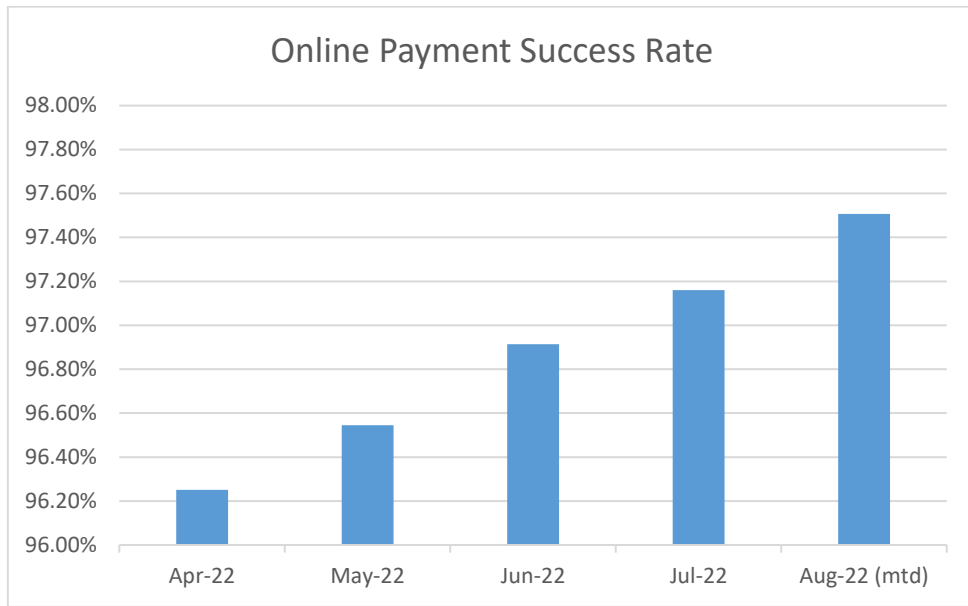
TT2 has also shared a post on social media to outline advice from the banks on making payments with 3DS secure. This was posted across Facebook, Twitter, Instagram and LinkedIn. TT2 also shared this information in a recent newsletter for Pre-Paid customers.



TNE recognises that customers are dissatisfied if they cannot pay the toll easily due to a card failure, however it is also satisfied from this appraisal that TT2 has carried out extensive analysis and has put in place measures to improve this situation.

The chart below shows progress made in customer payment success due to the improvements put in place. TT2 now reports a 97.5% success rate. This compares with a similar operation which was reporting a success rate of only 95%. TT2's Card Acquirer has also confirmed that TT2's card payment success rate is within normal parameters.

Fig: 2.3 Online Payment Success Rate



3. Payment window 'Pay by Midnight tomorrow'

a. How this was set up and why

The payment window for toll payments is enshrined in the byelaws which were approved by the Department for Transport in 2021. Payment of the toll must be made by midnight on the day after travel, explained on signage as 'Pay by Midnight tomorrow'. This payment window was decided upon to provide consistency with other toll/road charge schemes in the UK and Ireland and is based on experience from other operators such as Mersey and Dartford who also employ a deadline of midnight the next day. It was considered that the Tyne Tunnels should follow the same deadline as adoption of a non-industry standard payment window may cause difficulty for tourists as well as locals to this region.

There was also consideration given to whether a longer payment deadline would increase compliance and allow more people to pay the toll, but data from other UK road schemes such as Clean Air Zones with a longer payment deadline of 3 or 6 days suggested that having a longer time period in which to pay could increase non-compliance. This is based on the theory that the longer people have to pay, the more likely they are to put it off and subsequently forget.

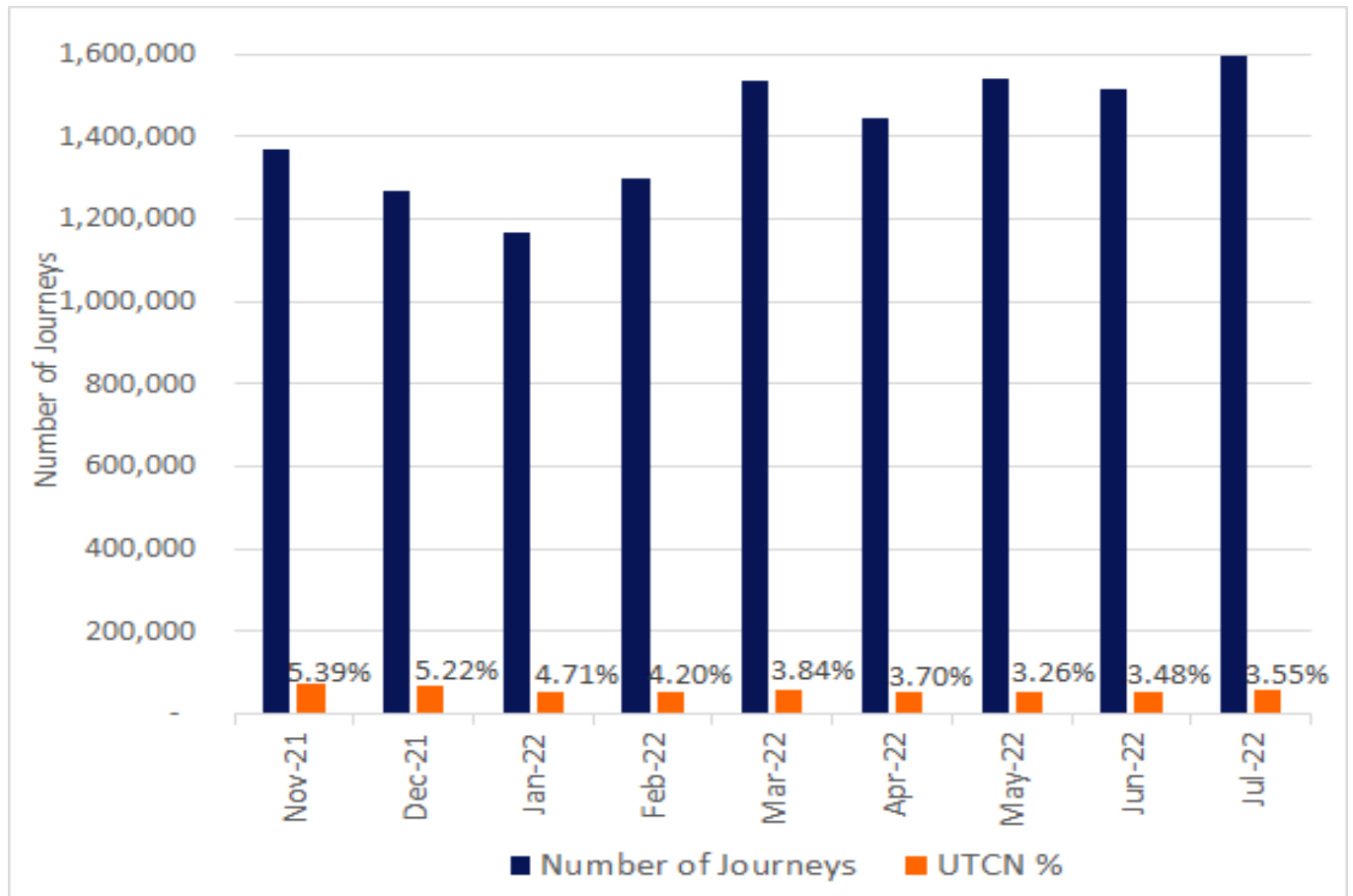
The customers have between 24 and 48 hours post-journey to make a toll payment. Depending on the time of day of their journey, they may have time to complete their journey before paying the toll that same day or if this is not possible, they would have time to make a payment the following day. There is also the option of paying up to a year in advance for one-off journeys and Pre-Paid account holders can equally top up their accounts well in advance of journeys.

A grace period is provided for customers who may be attempting to pay immediately before the deadline but who experience problems, for example if their online banking is down for maintenance.

b. Feedback and customer response

The compliance rate (the percentage of customers making a successful payment on time) has been gradually improving since Tyne Pass Go-Live as shown below. In November 2021 5.39% of customers failed to make a payment on time and received a UTCN, whereas by June 2022 this had reduced to 3.48% of customers. July has seen a slight rise to 3.55%, but this was expected based on summer customer profile and the ongoing decline is expected to resume in the autumn.

Fig: 3.1 Tyne Pass Journeys vs UTCNs



The most common feedback regarding the payment window is from customers who state that the current window is too short, with suggestions made by some as to what window for payment would be best, ranging from 5 to 30 days after travel.

c. Action taken/required to address any issues

In terms of action taken by TT2, there has been continued online and offline marketing of the deadline for payment and various payment options, daily social media posts prompting customers to pay on time, engagement by customer service staff on the topic to customers and review of systems to ensure all customers with the intent to pay are able to do so. Before the introduction of open road tolling TT2 undertook an extensive media campaign with both digital and printed advertisements to educate customers on how to use the Tyne Pass system and on the payment deadline specifically.

This marketing has helped to ensure that non-compliance remained lower than Mersey and Dartford at similar points in their lifespan. Going forward, as more users travel through the tunnels and complete their journeys, it is anticipated that the signage in place, interactions

with TT2 staff via their contact centre and direct messaging whether via advertising or alerts will continue to reinforce in the mind of customers the deadline for payment for each journey. TT2 has also agreed to extend the grace period further to reflect feedback from customers.

TNE and TT2 have continued to monitor non-compliance and monitor the performance of other operators in similar environments. There will be more detailed analysis carried out on this during September 2022 by TNE and the results will be brought to a TWSC meeting in the autumn of 2022.

4. Level of enforcement charges

a. *The enforcement process and the level of charges*

Customers failing to make a toll payment by midnight on the day following their journey will inevitably move into an enforcement process to recover the toll for the journey which has not been paid. Each time a toll is not paid efforts are made to identify the customer, contact them, and obtain the missing payment. Whilst the recovery process is carried out by TT2, the toll itself is paid to TNE (acting on behalf of JTC) and so the recovery of the toll is recovery of public money.

Enforcement is necessary to ensure that the toll is collected and to incentivise future users to pay their toll on time. Enforcement is also necessary so that those who do pay the toll correctly are not being unfairly treated by having to subsidise those who do not pay the toll.

The enforcement process is a detailed internal process at TT2 involving ANPR camera checks, contravention reviews by automated systems and by staff, DVLA requests and further address checks and interventions before the registered keeper is contacted by post using DVLA address records for the vehicle. The keeper receives a UTCN which includes details of the toll due, date of journey and vehicle registration and carries a £30 charge if paid within 14 days. The charges in place are:

- £30 if paid within 14 days;
- £60 if paid within 28 days;
- £100 thereafter followed by referral to third party enforcement agency.

An appeals service is in place (detailed in this report) to allow individuals to appeal if they consider that a charge has been applied unfairly or in error. The level of charges was approved by TWSC in November 2019 and the Tyne Tunnels Byelaws were amended with Department for Transport approval to reflect these charges.

b. **Feedback and customer response**

Unsurprisingly the overall customer reaction from those who fail to pay the toll and receive these charges is negative, with this charging structure interpreted by some as unethical or a revenue generating as opposed to recovery scheme. Most complainants do not take issue with the overall scheme but are annoyed about their own situation and request their own charge should be cancelled or refunded. However there have been some calls from groups for wider change and reduction of the charges with requests to arbitrarily reduce the charges to as little as £5.

c. **Action taken/required to address any issues**

At the outset a principle was agreed between TT2 and TNE that the costs of recovery should be paid by non-payers, not by tunnel users who have paid nor by Local Authority

rate payers. The actual task of recovering unpaid toll payments is undertaken by TT2 and the costs of doing so are at TT2's risk. This means that Local Authorities are not exposed to any financial risk from the success or failure of the recovery process.

Before the first stage of Tyne Pass ("Pay Later") was introduced in 2020, modifications were made to the Tyne Tunnel Byelaws which enshrined an enforcement regime including prescribed levels of charges which are applied during the recovery process. As part of the process of approval of the byelaws, the Department for Transport required TT2 to evidence the typical cost of recovery. This was done to their satisfaction and the charges were confirmed in the byelaws at the £30/£60/£100 level. This recovery cost has been reviewed since Tyne Pass became fully operational to assess whether recovery costs are still in line with this assessment.

At an early stage of Tyne Pass planning, an assessment of comparable schemes was undertaken to check for reasonableness. A table of comparators is shown below.

It is also relevant that TT2 received an indicative offer from a major provider of open road tolling systems that proposed a fee to manage the enforcement services consisting of the full enforcement revenue value plus 5% of the total toll revenue. In other words they could not manage the recovery process within the £30/£60/£100 regime proposed by TT2 and would require additional payment.

Fig: 4.1 Other comparable enforcement regimes:

Site	Timescale	0-14 days	15-28 days	Beyond 28 days
Dartford		£35	£70	£105
Mersey		£20	£40	£60
Durham City Charge		£50	£50	£75
London Congestion Charge		£80	£160	£240
Tyne & Wear Local Authority Car Park Scheme		£25	£50	£75
Tyne & Wear Local Authority on-road parking Scheme		£35	£70	£105
Tyne & Wear Local Authority Bus Lane Scheme		£35	£70	£90
Severn River Crossing (now ceased operating)		£40	£80	£105
Typical Clean Air Zone Scheme		£60	£120	£180
Typical North East Hospital car park Scheme		£40	£70	£105
Tyne Tunnel Scheme		£30	£60	£100

Recent data analysis shows that the vast majority of payments (88%) are made at the £30 level. On the basis of other similar schemes this level of charge is considered appropriate. It is also relevant that the charges are not indexed in the contract with TT2. This means that the levels will not automatically rise with inflation (unlike the toll charge which is affected by inflation). Therefore in real terms for customers, the £30 charge will have less value in 2023 than it had at the start of the scheme in 2021. It also means that TT2 must take the commercial impact of the reduced value of the charge or it must attempt to become progressively more efficient at recovery as inflation pushes up its costs.

It is recognised that some who criticise the level of charges may be in financial hardship especially if they have missed the early payment stage and charges reach beyond the initial £30. TT2 staff are trained to take account of mitigating personal circumstances including financial hardship and to use discretion, including considering resetting the discount period to allow a £30 payment in some circumstances, even when the customer has failed to engage with TT2 in the early payment stages.

There has also been a Hardship Support Scheme put in place during the early months of Tyne Pass to assist customers in financial hardship (see below section 7 of this report).

5. Pre-paid customers

a. How the Pre-Paid account system works

When the Tyne Pass scheme was planned, one of its aims was to encourage and promote the use of Pre-Paid accounts, as customers with a Pre-Paid account can easily pay the toll online and are much less likely than other customers to fail to pay the toll on time in an open road tolling system. It was therefore considered a high priority that as many drivers as possible who used the tunnels, registered for a Pre-Paid account. A Pre-Paid account provides numerous benefits and moves drivers away from cash payments.

Discussions with other open road tolling operators had highlighted that maximisation of the number of Pre-Paid customers would help to minimise non-compliance. This is because occasional users are more prone to forget to pay, or are less familiar with the rules. In addition, because they are unknown to the operator it is more difficult to contact them to advise payment is required. Critical to that challenge is the applicability of data protection legislation and especially the limitations in use of registered keeper data provided by DVLA.

A key challenge in the run up to Go Live was therefore the encouragement of Pre-Paid registrations, because it was clear that this would help minimise non-compliance. In July 2021 the proportion of customer journeys paid for by Pre-Paid was 59%. This has risen to over 76% in July 2022. This is the highest pre-registration proportion of any mainstream toll operation, even taking into account that typically a third of Mersey Gateway customers pre-register for a nominal cost annual fee.

The main benefit is that a Pre-Paid account in credit means the toll is deducted automatically and the driver does not have to remember to make a payment online by the deadline after their journey. The other important benefit is financial as a Pre-Paid account holder receives a 10% discount on every journey. This is a significant saving for regular users.

A Pre-Paid account can be set up in minutes via the TT2 app, via the TT2 website or with assistance from the customer service team for those with limited digital skills. Users can manage multiple vehicles from one account and can carry out all actions required via the app on their mobile phone.

b. Feedback and customer response

The Pre-Paid account is intended to be the premium offering for customers with benefits that would not be available to one-off users.

Customer feedback from Pre-Paid account holders has been positive from the majority, as customers notice the benefit of the 10% discount and regular users have praised the faster journeys and easy payment system via a Pre-Paid account.

Negative feedback initially related to the app simply linking to the TT2 website, but that reduced as soon as the app became fully available in its own right. Other negative feedback has concerned users who have struggled to set up an account online, failed to add their vehicle registration or card details or have forgotten to make a top-up to their account when they have made a journey. At the start of Tyne Pass more customers than expected were failing to top up their accounts and this was resulting in them receiving a UTCN because no payment could be taken for the journey.

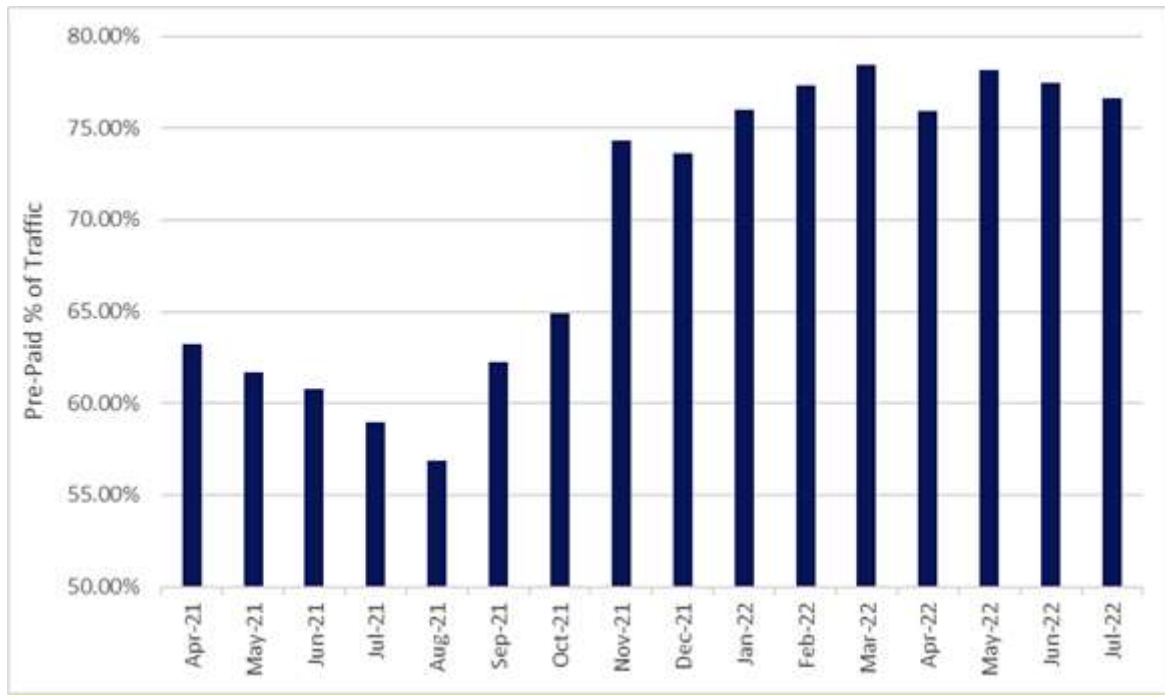
Auto Top-Up has been an important tool to reduce non-compliance and assist Pre-Paid customers. Auto Top-Up enables a customer to set an amount for automatic top-up eg. £10 and each time their balance reaches a low level (set by the customer, £5 minimum), the account will automatically take the £10 from their bank to top-up the account. This enables customers to drive through the tunnel regularly without having to do anything other than checking that payments have gone through. Promotion of Auto Top-Up has helped drive down non-compliance rates, with 13% of customers now paying in this way.

Customers have given feedback about Auto Top-Up and whilst it is clearly valued by customers as the easiest way to ensure they pay their toll for the Tyne Tunnels, they have also requested easier ways to use Auto Top-Up online.

One feedback suggestion made by customers was a request for CPA (continuing payment authority) to be set up for account holders, in which payment for each journey is taken directly from a customer's bank account. This method of toll payment has been considered and investigated by TT2 but it has been established that such systems generally have in excess of a 5% payment failure rate. This would typically leave around 2,000 customers every day believing they had paid only to discover this was not the case – often by receiving a UTCN.

The chart below shows that improved take up of the Pre-Paid account and that high numbers of tunnel users are choosing a Pre-Paid account as their preferred method of toll payment.

Fig: 5.1 Percentage of journeys made by Pre-Paid accounts



c. Action taken/required to address any issues

Failure to top-up a Pre-Paid account was more common than anticipated at the start of Tyne Pass with a higher level of non-compliant Pre-Paid customers than expected. This was addressed by initially analysing the reasons for users failing to top-up and then putting in place measures to assist Pre-Paid customers such as reminders and prompts.

In December 2021 TNE and TT2 discussed how to improve Pre-Paid compliance and a trial was put in place TT2 to give customers with a Pre-Paid account, but no balance, the opportunity to pay the toll to avoid a UTCN. This was done by contacting the customer by email giving 7 days to make payment using a direct link. 25% of customers did not make payment on this further opportunity, having been given 7 days' warning, including a further reminder.

This assistance for new Pre-Paid customers evolved into a transitional appeal rule which was approved by TNE and allowed customers with a Pre-Paid account a chance to avoid a UTCN on appeal if it was their first instance of failing to top-up on time. This rule has continued to be in place and has proved to be a valuable tool to show Pre-Paid customers that they are valued as regular and reliable customers for the future.

An issue raised by some Pre-Paid customers was that they had opened a Pre-Paid account and had forgotten to add their car registration or add funds on their account. This meant that when they made a journey they had no vehicle registration information in place for the

ANPR systems to assign their vehicle to a Pre-Paid account, or no funds to deduct the toll, subsequently resulting in a UTCN. A transitional appeal rule was also added to assist Pre-Paid customers in these circumstances and allow a first appeal if the customer had made one of these errors.

TNE and TT2 have discussed a further improvement for Pre-Paid customers following this appraisal. It is proposed that the Pre-Paid systems should be amended so that it becomes impossible for a user to set up an account without adding a vehicle registration or without adding funds to their account. Initially, it was thought that customers would benefit from the option to add funds at a later date, but in fact customer behaviour shows that it would be better to take away this choice as it is causing some well-meaning customers to fail to fully set up their account.

This change is currently being scoped by TT2's system developer ready to be reviewed and prioritised in line with other upcoming changes currently being developed to enhance the customer experience.

Reminders sent to customers by email have played an important part in helping Pre-Paid customers. They act as a prompt to customers who may have forgotten about a journey or to remind them of a need to take some action to make a payment. Some auto- reminders were in place at the start of the Tyne Pass and others have been developed as customer behaviour and feedback was analysed.

The following alerts and reminders are now in place:

- Low Balance Alert – this is triggered when a Pre-Paid Customer travels through the Tunnel(s), their journey is deducted and their balance drops below a pre-determined threshold set by the customer;
- Critically Low Balance Alert – this is triggered when a Pre-Paid customer travels through the Tunnel(s), their journey is deducted and their balance drops below the cost for a single journey;
- Insufficient Funds Alert – this is triggered when a Pre-Paid customer travels through the Tunnel(s) but does not have sufficient credit to pay for their journey. This will be issued whenever a customer travels without topping up, prompting the customer to top up before midnight the day after their journey.

In terms of improvements to Auto Top-Up, changes have been made to the notification(s) a customer receives when their Auto Top-Up is disabled in order to provide the customer with more information to make an informed decision about what they need to do next to get it back up and running, should they wish to.

The customer will now receive one of four reasons as to why their Auto Top-Up has failed:

- Not Authorised by the Bank: Unfortunately, the transaction was not authorised when we tried to take payment. If this error persists, please contact the bank that issued your card;
- User Requested: As per your request, we have disabled Auto Top-Up on your account;
- Payment Token Expired: Your saved card requires re-authorisation. Please log into your account, delete and re-add your saved card and you will then be able to re-enable Auto Top-Up;
- Anything else: An error occurred when we tried to take your payment.

TT2 has also updated customer notification to direct them to the help page for setting up Auto Top Up again should they require guidance on how to set up again.

For those customers who choose not to use Auto Top-Up, TT2 has implemented a series of auto-notifications on every Pre-Paid account, including a critical low balance notification and an insufficient funds notification.

Overall, TNE believes that Pre-Paid customers are receiving a premium service as was intended, in terms of the additional benefits available to Pre-Paid account holders including the 10% discount, email reminders and Auto Top-Up service. TT2 has been responding to feedback from customers over the first few months of Tyne Pass to add additional services and resolve any issues. TNE will continue to listen to all Pre-Paid customer feedback and work with TT2 to put in place improvements where possible.

6. One-off customers

a. *Pay for Passage*

Pay for Passage is the brand name for the service where customers can pay for one (or up to 10 journeys) without opening a Pre-Paid account. The service was intended for infrequent users who want to make a quick toll payment without keeping any balance on an account and without registering any details other than an email address for the receipt.

Pay for Passage is not as common an option for customers with only 13% of customers choosing this toll payment option for journeys in July 2022. As a consequence of the improvements in Pre-Paid volumes, use of Pay for Passage (combined with resultant non-compliance) has reduced significantly, by about a fifth over the last eight months. Data suggests that many occasional users have migrated from Pay for Passage to Pre-Paid accounts over the first few months of Tyne Pass, presumably for the convenience.

Toll payment can be made before or after a journey within the payment window, via a number of methods via phone, website and by cash/card at a PayPoint retailer, allowing for payment of up to 10 journeys at once, for up to one year in advance. This allows customers to pay even if they are not sure when they will travel. Note that Pay for Passage does not come with the 10% discount provided to Pre-Paid account holders.

When all Pay for Passage journeys purchased in advance via the website have been made the customer is sent an email explaining all credits have been used.

b. **Feedback and customer response**

Feedback has been mixed with some users praising the system as easy to use and others complaining about payment issues such as card declines (see section above in this report on card declines.)

Experience to date has shown that most customers are able to work out how to use the Pay for Passage product, although some do still report not understanding how to pay. Some customers have requested that they are able to see a list of journeys they have undertaken and paid for.

Some customers are reluctant to give address data for their credit/debit card when making a one-off payment. This in fact relates to a bank requirement rather than any request for TT2 to hold customer data, however this causes issues as it generally results in bank decline to pay.

c. Action taken/required to address issues

The issues raised around address data and card declines are not a TT2 issue but a banking issue. As explained above, 3DS banking security protocols means that the amount of information that a customer has to enter for even a single journey has risen during 2022.

Data protection limitations also limit the ability to provide a list of journeys undertaken by that vehicle, since there is no log on protection to prevent unauthorised access to the data (those protections are enshrined in the Pre-Paid account product).

There are specific segments of customers that will never want to go for a Pre-Paid account and so an 'occasional user' product will always be needed. However, the amount of detail required to be entered each time merits examination to see if an alternative approach to banking approval could be used.

In terms of improvements in non-compliance in this group of users, it can be concluded that this could come from three avenues:

- improved usage by customers as they become more accustomed to the new arrangements;
- continuing take up of the Pre-Paid product; and
- refinement of the Pay for Passage product to make it more intuitive.

TNE considers that the Pay for Passage product is currently working satisfactorily for customers who want to pay for one-off journeys, but that TT2 should continue to promote Pre-Paid accounts which can offer far more benefits, even for occasional customers.

Following this appraisal TNE and TT2 have agreed that TT2 will work with payment providers and investigate further whether alternative banking processes could be used to improve the payment issues experienced.

7. Hardship support

a. *Hardship support requested by TWSC*

In December 2021 TWSC requested that a scheme was put in place to support vulnerable people in financial hardship who are facing unpaid toll charges. While some support was already in place via TT2, it was considered that further measures could be put in place to assist people who found themselves in financial difficulties.

In early 2022 work took place between TT2 and TNE officers to devise a suitable process to help those in severe financial hardship to access assistance, advice and in some cases remission of the enforcement costs incurred via a UTCN.

TT2 cooperated in the process and was instrumental in setting up arrangement with a nationally recognised independent debt relief service called PayPlan. This service has worked in partnership with TT2 and TNE since April 2022 to provide a direct link from TT2 agents and from the TT2 online payment process for vulnerable individuals or those in financial hardship who accept they have incurred the UTCN, but are in genuine difficulty paying it.

The service provides:

- Support from a trained advisor;
- Financial assessment of an individual's circumstances;
- Vulnerability assessment;
- Direct links to suitable bodies as required eg. Refuge, GamCare;
- Potential options and debt solutions;
- In severe hardship cases cases can be referred back to TT2 for remission of some or all enforcement costs.

In addition, a link with Citizens Advice Bureau (CAB) in South Tyneside has been established to allow CAB advisors to access a direct link with a TT2 team leader in the contact centre who can consider particular cases that CAB advisors consider have genuine merit. This gives CAB a direct access route for vulnerable tunnel users.

b. *Feedback and customer response*

Tyne Tunnel users and stakeholders have responded positively to the Hardship Support now in place, especially those who have benefited from the advice and support provided by PayPlan and Citizens Advice Bureau.

Feedback from PayPlan and CAB is also positive as they have reported to TNE officers that TT2 has engaged well and worked closely with them to help tunnel users in financial

difficulties. CAB have reported that the direct link established has been invaluable in resolving difficult cases for vulnerable individuals who would find it difficult to deal with their case directly themselves. Specific examples were given to TNE of cases where TT2 staff had used discretion to reduce or remit UTCNs in order to help vulnerable individuals when appropriate mitigating circumstances were presented to them by CAB case workers.

CAB staff also praised the TT2 staff who have worked directly with them for their quick response time and their pragmatic and reasonable decision making when presented with difficult cases.

PayPlan have provided data to TNE on how tunnel users referred to PayPlan are accessing different services via PayPlan. The data shows the outcomes for each referral. A small percentage of customers referred have gone on to set up long term debt management arrangements via PayPlan, some have had UTCNs reduced or remitted by TT2, whilst others have been referred on via PayPlan to charities including MIND, Samaritans and CALM. In all cases the person has been able to access a trained and qualified advisor to assess their circumstances and point them towards the best support appropriate for their needs.

c. Action taken/required to address any issues

Going forward it is intended that both the PayPlan arrangement and the CAB link stay in place as additional services for TT2 customers who find themselves in financial difficulties or hardship. TNE considers that the arrangements have worked well in the first few months of operation in different ways.

Given that the CAB direct link has been effective for South Tyneside CAB, TNE has asked that a similar access link should be made available to other similar organisations. TT2 has actioned this and the service has now been expanded to other debt charities and to CAB offices across the region.

TNE is also aware that TT2 appeal letters have been updated to assist vulnerable customers and now incorporate a link to free services to assist any customer who may be in financial hardship and a link to free independent mental health advice charities.

The arrangements with PayPlan and CAB will be under regular review by TT2 and TNE officers over the next 12 months. Although these arrangements only affect a small percentage of TT2 customers, in cases where support has been provided it has been extremely valuable to the individual concerned.

8. Misread registration plates

a. *How the ANPR system works*

Automatic Number Plate Recognition (ANPR) cameras record individual journeys and upload vehicle registration information to an electronic database. Once a journey is completed, customers have until midnight the day after their journey to pay the toll fee. All Tyne Tunnel contraventions are manually reviewed before progressing, however weather conditions and some avoidance methods used by drivers to obscure or disguise registration plates can sometimes lead to registration plate misreads.

However, it is understood that all ANPR operators, including parking enforcement and ULEZ (Ultra Low Emission Zones) for instance, experience misreads, and it is accepted that wherever human intervention is required, errors will occur. The intention must be to put in place processes to minimise the errors as far as possible.

b. *Feedback and customer response*

A number of plate mis-reads in the first few months of Tyne Pass meant that TT2 incorrectly issued UTCNs to registered keepers of vehicles that had not used the Tyne Tunnels for the journey that was alleged. The initial trend was about 0.03% of journeys which was consistent with the opening situation for other open road tolling operators and other operators of ANPR systems.

Some misreads became media stories and generated social media interest including a story about a lady in the South of England who had never used the tunnels and claimed she had 'never in her life been north of the Thames'. She received a UTCN for her vehicle which had an 'O' in the registration. It is believed that the camera had read another vehicle's similar registration with a 'U' which had a bolt beside it, so the camera system read it as an O.

TT2 and TNE agreed at this time to review the camera and system processes and attempt to further reduce the level of misreads.

c. *Action taken/required to address any issues*

In review, a number of changes were introduced by TT2, such as monitoring trends to identify agents that require additional support or training and setting personal objectives on achieving higher accuracy rates. A second manual check on approximately 25% of the registration plates deemed at highest risk of a misread was implemented by a team independent of the contact centre.

Consultations with industry experts also identified a number of improvements which could be made to the layout of the screens that TT2's agents use when confirming registration plates, to further improve the accuracy rates when conducting reviews. As part of their continuous improvement process, TT2 carried out an exercise in February and March 2022 with their camera providers and installers, which improved image quality and reduced misread rates.

Overall, TNE concludes that these measures have improved the situation on misreads from approximately 400 per month when Tyne Pass went live in November 2021, to typically 120 per month today.

Additionally, TT2 has implemented a regime where they write to any vehicle's registered keeper, whose registration plates are unclear and contact details are known, to request that they take steps to ensure the plate can be more easily read. The terms and conditions of using the Tyne Tunnels require plates to be clear, to ensure journeys through the tunnels can be captured and allocated correctly.

TNE recognises that progressive improvement has been seen in this area and comparisons with other open road tolling operators show close similarities with industry rates. Published data on regional car parks issuing Penalty Charge Notices, shows a higher rate of error of 0.78% in comparison to TT2's 0.21% of UTCNs issued.

9. Appeals

a. Appeals system

An appeal system is in place as part of the Tyne Pass scheme to allow any driver who considers they have received a UTCN unjustly to submit an appeal. The appeal process and the rules for upholding appeals were agreed with TNE before the Tyne Pass scheme was put in place. An appeal can be made by the registered keeper who has received a UTCN on the website or via post. There are three levels of appeal, so if a first appeal is refused there are two further opportunities to submit an appeal and provide additional supporting documents and information.

Each case is assessed on an individual basis to identify customer circumstances, vulnerability issues and any other factors which may have impacted the situation. A trained Customer Service Agent assesses each case against the guidelines. The guidelines are reviewed on a regular basis, and agreed with TNE. The guidelines ensure consistent assessment of each appeal including the application of discretion by the agent.

TNE agreed the original set of guidelines for appeals and have a contractual arrangement with TT2 that no change can be made to them without the agreement of TNE.

b. Feedback and customer response

Customers have requested more functionality in the online appeals service asking for ability to attach larger documents and photographs and write more text in the appeal box.

They have also asked for more information on the website to explain the appeal process and one social media group has asked for more clarity on the whole enforcement process so that it is clear when a customer may face civil or criminal court action as a result of an unpaid toll charge.

Some feedback shows customer and stakeholder concern that a high level of upheld appeals is evidence of wrongdoing on the part of TT2. This was based on the statistics released by TT2 monthly which shows around 40% of appeals were being upheld.

Customers have also asked for the involvement of independent bodies in the appeal process as they expressed concerns that TT2 was making all appeal decisions and they were concerned as to whether there were any checks in place on TT2 staff decision making.

Customers have also requested that they have access to the Traffic Penalty Tribunal which is available as a higher level of adjudication for Road User Charging Schemes (RUCS)

established under the Transport Act 2000. However the Tyne Tunnels is a toll scheme not a RUCS.

c. Action taken/required to address any issues

TNE has reviewed the customer feedback and the response of TT2. In terms of the requests for more functionality for the appeal process online TT2 has refined the process on the website to make it as simple to understand as possible and has added a section giving advice and guidance on how to make an appeal. This has significantly reduced the number of occasions people complain of being short of space (the limit for attachments is 3 files at 5Mb each) for a complaint.

In response to feedback, TNE has agreed to work on an Enforcement Policy document to provide a customer facing document which explains the use of civil and criminal court enforcement for unpaid tolls. TT2 will provide input on the processes and a campaign group member has also shown interest in working with TNE to assist on giving the customer viewpoint. This work will take place over the next few months with the aim of publishing the document before the end of 2022.

TNE recognises the concern of stakeholders regarding the high level of upheld appeals, however it is important to state that the number of appeals being upheld is not an indicator of the number of UTCNs that have been issued in error. The contract with TT2 Limited states that staff dealing with appeals must follow a set of rules that are agreed with TNE and define which appeals must be allowed. Staff are trained to follow the rules in place and TT2 has no discretion to change these rules without TNE's agreement.

TNE agreed with TT2 that it could relax some appeal rules in the period following "Go-Live" of the new system so that it could help customers to make the transition to the new system under certain conditions, and as a result the level of successful appeals during the first few weeks of operation was unusually high at 43%.

To counter the concerns about the high level of upheld appeals, TT2 in their monthly public reporting now differentiate between 'upheld appeals' (approx. 5% in a typical month) where a customer has been successful in accordance with the appeal rules; and 'allowed appeals' (approx. 35% in a typical month) where a customer is "excused" as a gesture of goodwill or allowed in cases where interim business rules have been used. TNE supports the high level of appeals 'allowed' as this was agreed with TT2 as a way to support customers in the early part of the Tyne Pass scheme. The transitional rules for appeals are reviewed at least monthly by TNE and TT2 to establish what rules are appropriate based on non-compliance levels and customer behaviour.

In relation to the requests for independent bodies to be involved, TNE was aware of this feedback at an early stage and agreed with TT2 that an independent auditor should be appointed to review appeals regularly throughout the year. The purpose of this

appointment is to provide independent reassurance to TNE and to customers that appeals are being determined fairly and in line with the agreed rules.

The independent auditor assesses a sample of appeals randomly selected by them every 2-3 months. The auditor reviews whether each appeal in the sample taken is determined in line with the appeal rules that exist at the time of the appeal and whether individual circumstances have been appropriately considered in each case. Feedback is provided to TNE and to TT2 which including recommendations for improvements. There have been three audits completed since the start of the Tyne Pass scheme – these took place in January, April and July 2022 and all involved a 3-day on-site audit. TNE officers were on site with the auditor on each occasion to witness the work taking place and to discuss the outcomes and recommendations with TT2.

The three sets of audit results in 2022 have indicated that appeals are being carried out in line with the rules agreed with TNE, which gives a good level of assurance that staff are well trained and understand the appeals rules in place. The auditor interviewed staff members and managers and reviewed internal processes and IT systems. Following each audit, the auditor has made a number of systems and process improvement suggestions which TT2 has taken forward.

TNE also recommended the involvement of an independent transport watchdog to provide another level of independent scrutiny of TT2's processes. Transport Focus was proposed as it has statutory oversight of many road and rail operations in the UK, including the Dartford Crossing. Although Transport Focus does not have a statutory role overseeing the Tyne Tunnels, nevertheless it was considered by TNE and TT2 that involvement from Transport Focus would benefit both the systems and the customers.

Transport Focus has agreed to conduct periodic reviews of TT2's complaints handling, making recommendations to improve processes. TT2 provides them with a range of customer feedback data and sample complaints for review and it is also intended that Transport Focus will run periodic independent surveys of customers to help pinpoint any further areas for improvement. The first publication of Transport Focus findings is due to be published in autumn 2022.

In respect of the customer request that they have access to the Traffic Penalty Tribunal as an independent court to dispute an unpaid toll charge, TNE has reviewed this feedback and has asked TT2 to explain on their website why this type of tribunal does not apply to the Tyne Tunnels. The current Tyne Tunnels legislation prescribes a tolling scheme which has been in place since 2005, whereas RUCS is an entirely different legislative solution for the operation of the charges and enforcement systems. TT2 has added a section on their website to explain this to customers. [Appeals Process and Further Information – Tyne Tunnel 2 \(tt2.co.uk\)](#) In terms of access to an independent court/tribunal to dispute an unpaid toll charge, this is already available for users as the next stage after third party enforcement would be the civil court system (County Court), as the sum owed is a civil debt. The County Court is an independent tribunal and its process allows every individual

an opportunity to present any facts and evidence to explain why they consider that the debt is not owed.

TNE consider that the development of the Enforcement Policy document will assist in resolving any confusion in this area. It is intended that the document will be customer facing and will explain to customers all potential routes and reasons behind both civil and criminal action to collect an unpaid toll.

TNE believes that suitable improvements requested to the appeals process have been put in place by TT2 over recent months and that the involvement of the independent auditor and Transport Focus provides a level of assurance that a fair system is in place with independent scrutiny.

TNE is however aware that the appeals rules, systems and processes are a contentious area for customers and it is important to keep this area under close review to assess whether further improvements can be made and whether additional measures should be put in place over the next stage of Tyne Pass as the system develops.

10. Blue Badges

a. *Blue Badges and disabled users' exemption in Tyne Pass system*

Blue Badge holders and DVLA registered disabled tax-exempt vehicles are exempt from paying a toll at the Tyne Tunnels under the 2005 River Tyne Tunnels Order. Under the barriered system the disabled exemption process required the driver or passenger to stop and physically show a badge to a staff member to prove the exemption and to pass through the barrier.

During the planning stages of the Tyne Pass system, as it is an open road system designed for reduced carbon emissions and faster journeys, it was clear that it would not be possible in the long term to enable disabled users to stop their vehicle at the side of the road and display a badge. This therefore meant that a change was required to the disabled exemption. TWSC members proposed in 2020 that a public consultation should take place to examine all options.

It was noted that most other road operators were strict in their approach to disabled exemptions and only allowed DVLA registered tax-exempt vehicles an exemption, rather than allowing Blue Badge holders to be exempt too. Some operators put in place their own 'Mobility Scheme Permit' with their own criteria to apply for an exemption. Some examples are:

- Dartford Crossing (Kent) - no Blue Badge exemption, only exemption is for registered disabled tax-exempt vehicles
- Humber Bridge (Hull) - no Blue Badge exemption, only exemption is for registered disabled tax-exempt vehicles
- M6 Toll (Birmingham) - no Blue Badge exemption but a 'Mobility Permit' is available on application which relates to receipt of certain disability benefits
- Mersey Tunnels (Liverpool)- no Blue Badge exemption but a 'Mobility Permit' is available on application which relates to receipt of certain disability benefits and allows up to 40 journeys per year.
- Mersey Gateway Bridge (Widness and Runcorn) – allows exemption for one registered Blue Badge vehicle per badge holder.

The public consultation took place from 17th February to 14th April 2021. This was publicised via a dedicated page created on the TNE website for the consultation. The webpage included:

- Full consultation document
- An online survey
- Details of email and telephone contact information
- An Easy-Read version of the consultation document (see example page below)

- An audio version of the consultation document

Fig:10.1 Example page from Easy-Read version of Consultation

EASY READ VERSION OF CONSULTATION DOCUMENT



In order to publicise the consultation and reach out to as many people as possible, a multi-channel approach was used, including social media posts, newspaper adverts, targeted emails and engagement with local groups.

The survey asked for tunnel users' views and experiences and focused on two potential options which had been proposed to TWSC in September 2020.

Option 1: Retain only the DVLA registered disabled exemption, but remove the Blue Badges exemption. Blue Badge holders would no longer be exempt from paying the toll. Only DVLA registered disabled users would be exempt from paying a toll on driving through the tunnels under the Tyne Pass system.

Option 2: Continue with both types of disabled exemption with mandatory registration of a vehicle for Blue Badge holders. Users would apply to register one vehicle number plate on TT2 systems and would therefore continue to be exempt from paying the toll when using the registered vehicle.

Under all options the ability to present a Blue Badge in person at the barriers would no longer be possible as this was in line with the proposal to move to barrierless open road tolling.

b. Feedback and customer response

There was a significant amount of feedback obtained from customers regarding the disabled exemption at the Tyne Tunnels from the public consultation in 2021. This gave an opportunity for TNE and TT2 to understand a number of viewpoints regarding the exemption and how it could work in the Tyne Pass scheme.

The overwhelming response was that Option 2 was the preferred option (73.3%) meaning that most respondents favoured the retention of both types of disabled exemption. There was also strong support for the fact that the Tyne Pass would make journeys quicker and easier for disabled people with respondents indicating that they considered it stressful having to stop at a barrier and show a disabled badge, when cars were queuing around them waiting to get through the barriers. Respondents also showed support for the environmental benefits that the Tyne Pass will bring in terms of reduced congestion and carbon emissions.

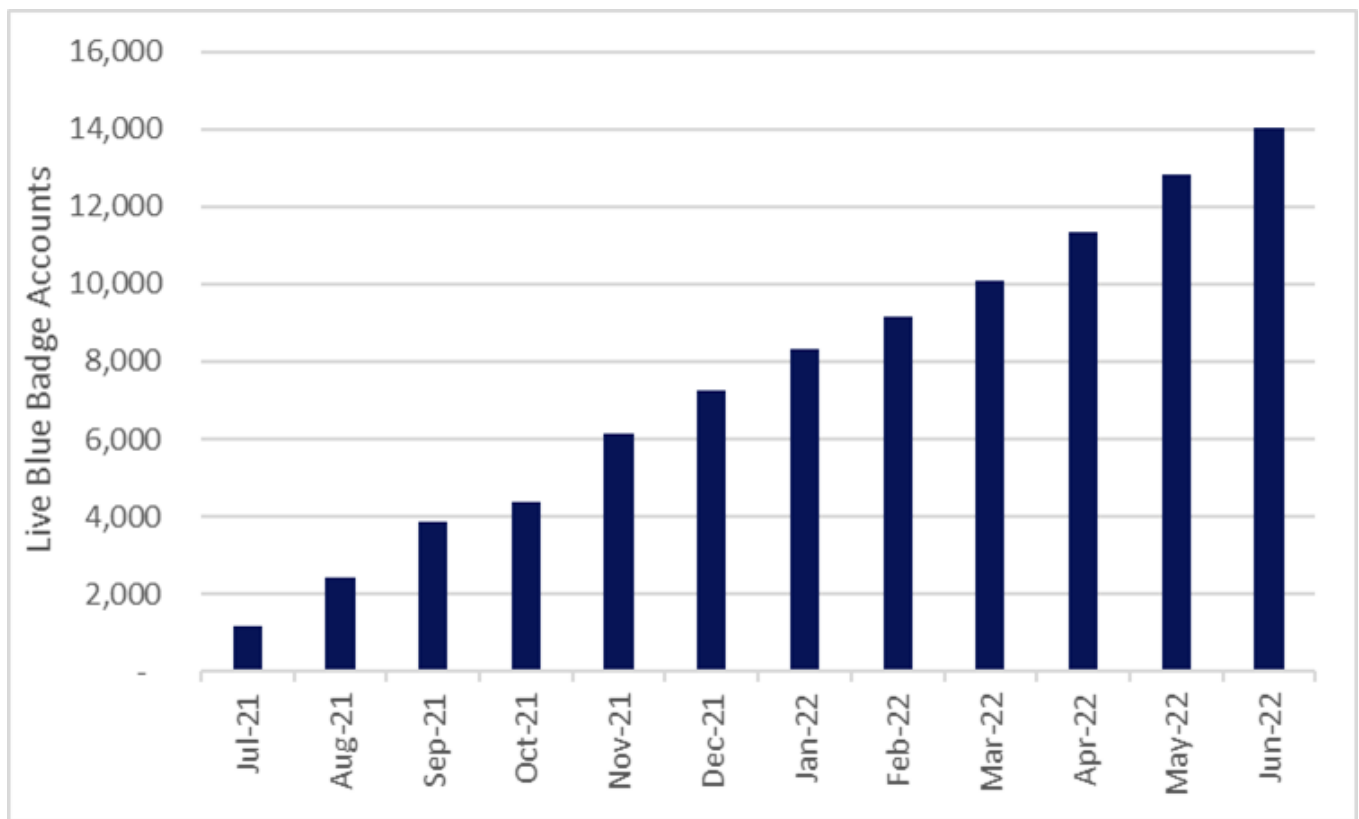
Respondents provided detailed and useful feedback on how they use their exemption currently for hospital appointments, travelling to work and social visits. They valued the financial benefit and the accessibility provided by the exemption. Some raised concerns as to how the registration scheme would work in practice and raised a concern about only being able to register one vehicle if they wanted to travel in several different vehicles. The 'Consultation Feedback and Response' document [Consultation-Feedback-Response-Disabled-Exemptions-FINAL.pdf \(transportnortheast.gov.uk\)](#) provides more information on the responses and how feedback has been addressed.

Following the consultation the decision made by TWSC in 2021 was to allow both DLVA registered disabled vehicles and Blue Badge holders' vehicles to continue to be exempt from paying the toll and to allow them to register one vehicle on the ANPR systems via a registration scheme with the ability to change the registered vehicle once per month. TNE recommended this decision in order to enable all disabled users to retain the exemption and to pass through the Tyne Tunnels without stopping and without paying a toll for their journey. This was intended to align the way that disabled customers use the Tyne Tunnels with other users, removing the requirement to stop and have to prove their exemption.

TNE proposed that there be no limit on the number of journeys per Blue Badge user and no requirement to live in the region to benefit from this scheme. TWSC approved this proposal and it is considered that in comparison to other toll operators in the UK, this is a generous scheme to benefit disabled people.

Since Tyne Pass Go-Live in November 2021, feedback from disabled users has been mostly about the registration process and asking for advice on how to register their vehicle. The user response to the registration process shows it has been successful as large numbers of disabled users have been registering a vehicle with TT2 and taking advantage of the exemption available. In July 2021 there were less than 2000 Blue Badge holders who had registered their vehicle on TT2 systems. A year later there are currently 14,017 live accounts for registered Blue Badge holders.

Fig: 10.2 Number of Live Blue Badge registered accounts on TT2 systems



c) Action taken/required to address any issues

TNE has reviewed the registration process for Blue Badges to ensure that TT2 has put in place a process that is effective and easy to use. In addition to the standard online process TT2 has set up a postal registration process with a paper form to fill in which can be sent in by post. This service has been well used, although the majority of Blue Badge registrations are via the on-line process. TT2 has an aim to process each application for a Blue Badge within 14 days of receipt and has been successful in achieving this target throughout the first 8 months of the Tyne Pass Scheme.

In the short term while disabled users get used to the new process, there has been a temporary Blue Badge inspection lane put in place by TT2. This was put in place during the Tyne Pass roadworks with temporary signage directing Blue Badge holders vehicles to an inspection lane which is staffed by TT2 workers. This temporary arrangement has an effect on traffic speed and journey times and will not be available permanently under Tyne Pass, but it has been effective as a transitional arrangement to allow Blue Badge holders to get used to the new system. Numbers using the lane are reducing as more and more Blue Badge holders register their vehicle. The temporary inspection lane will end 12 months after Tyne Pass Go-Live in November 2022. By that stage it is envisaged that most users will be registered to drive through without stopping.

Staff operating the inspection lane have a dual role; they inspect the Blue Badge provided to register the exempt journey on the systems; and they also talk to the driver and educate them on the Blue Badge registration process to encourage them to register on TT2 systems for a smoother 'drive through' journey in the future. TNE is supportive of this transitional arrangement for Blue Badge users which has assisted them in the move towards the new system for exempt disabled users.

11. Signage

a. Tyne Pass signage

Signage was discussed and designed at an early stage during the planning of Tyne Pass with the intention of emulating signage at Dublin M40 which was brightly coloured and stood out to customers. The intention was to draw drivers' attention to the signage to make them aware that they needed to pay a toll and to inform them how the toll could be paid (online, by phone, by PayPoint).

In terms of number of signs, the priority was to install the maximum number of signs in the most effective manner that was possible and safe. This is dependent on the assessment from the road safety audit as well as available locations. The main signs were designed to provide simple information on the payment deadline and on 'how to pay' as the primary message as well as supplementary signs covering the impact of not paying and reminding customers to top up their account.

The original planned signage was agreed between TNE and TT2 and was pink in colour with designs giving details on payment options and explaining the payment deadline. Following feedback from Mersey Gateway, there was also a phone number included on the signs and the 'TT2.co.uk' website, as Mersey users had criticised the lack of signage giving a phone number and website address.

In the meantime, temporary signage was also planned and designed for the works period which gave the same messages but was yellow in colour as per the road safety guidance on temporary signage. The temporary signage was erected on 8 November 2021. The signs were moved around as the works moved to different lanes and the road traffic management required the signs to be moved.

b. Feedback and customer response

Customers criticised the temporary signage, many saying it was not enough and was confusing as it was close to roadworks. Some customers also stated that there was too much signage and the road was 'cluttered with signage'. Some said the phone number was unhelpful as they could not write it down in time and it made them consider stopping their vehicle. Others said the phone number and website address should be repeated more often.

Other criticism came in the high winds in late autumn 2021 when several signs were blown over on one evening and customers were unable to see them clearly in the extreme weather.

c. Actions taken/required to address any issues

In terms of the temporary signage, TT2 added extra temporary signs in the very early stages of the works and also improved their internal processes for checking each sign was in place following the extreme weather when signs were blown over. TT2 also added a constant lit up VMS sign (Variable Message Sign) for each tunnel as users suggested that this type of sign was the most visible during the roadworks.

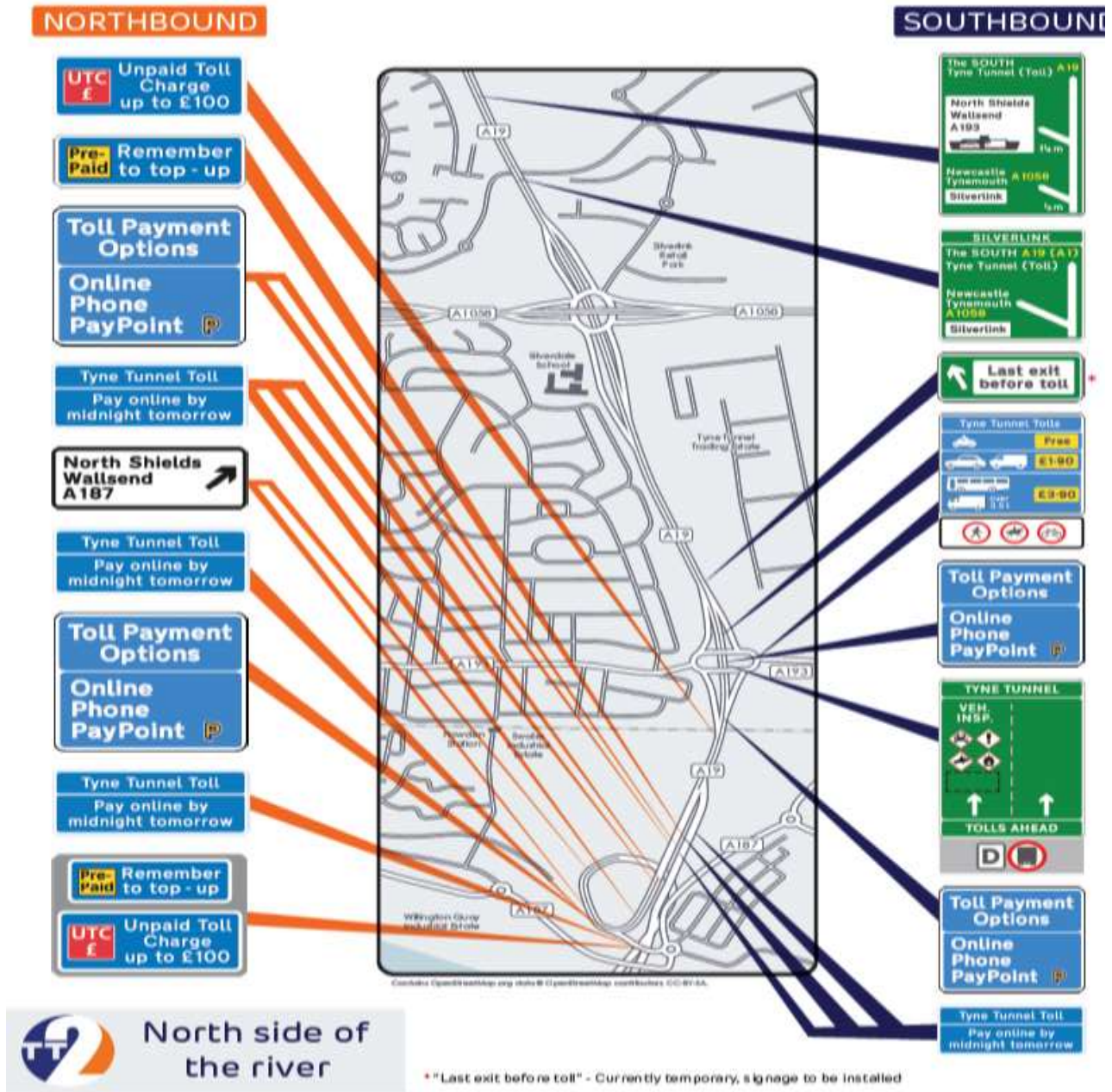
TNE has considered feedback from users in making the final plans for permanent signage and several suggestions and ideas have been taken forward. Signage is a factor in the scheme which is likely to receive criticism, as if someone forgets to pay they usually cite the signage as the reason. However, it is important to keep listening to the feedback and to ensure that the signage in place is the best possible messaging in the optimum locations to help customers understand the Tyne Pass system. TT2 has worked closely with TNE officers to get the best possible position on the final designs for permanent signage.

The permanent signage designs which included the pink signs were submitted for approval, but it was considered by the Department for Transport that the colour was not suitable for UK road signs as it was not consistent with other road traffic signage. It was therefore necessary to change the design and also some of the proposed wording. The website and phone number on the signs has been removed from the permanent signage designs on the basis of advice for the Road Safety Auditor and based on feedback from customers.

The final designs were put through a customer testing process to make sure that the optimum messaging was used. This was carried out by an independent consultant who conducted human-centred design of proposed signage including comprehensibility testing to ISO standards. This showed very high levels of comprehension were achieved for the key information signs such as the payment window.

The permanent signs were put in place in July 2022 and are now all in place on the TT2 operated land at the tunnels. There are three minor modification signs planned on National Highways land on the A19 which will be put in place as soon as possible. The photographs and diagram below give some examples of signage on the north side of the river. There are further signs on the south side. TNE has asked TT2 to display the signage graphics on the website.





12. Third party enforcement

a. *Enforcement agencies engaged by TT2*

TT2 has contracted two third party collection agencies, CDER Group Limited and Marston Holdings, who engage with customers following failed attempts to reach resolution through UTCNs.

These agencies are well established national bodies who carry out enforcement work for many other organisations including local councils across the UK. Customers who have not responded to any letters from TT2 or have not paid or appealed their UTCN successfully can be referred to these agencies. The agencies' role is to take further action to collect the toll due to be paid for the journey taken. At the stage when this referral takes place it is at the end of the TT2 enforcement process, so at least 42 days after the journey. At this stage the registered keeper of the vehicle will have received from TT2 the minimum of 3 letters: an initial UTCN letter, a letter at 14 days and a further letter at 28 days.

The enforcement agencies will send their own letters and they have access to their own database to enable them to search for other contact addresses if someone has moved address. TT2 has requested that they do not make any home visits, nor do they have any authorisation or powers to seize goods. This means that the only contact they can make with a customer to enforce the toll payment is via letters/emails and by telephone/text message via their call centre of trained agents. The enforcement agencies incur costs in carrying out the enforcement process and these are added to the amount recovered. The maximum amount which can be recovered for a car which has made a journey without paying the toll; then has been through the TT2 enforcement process; has still failed to pay and has been referred on to an agency; would be £178.90. This includes the toll payment, TT2's enforcement costs and the agent's enforcement costs.

b. *Feedback and customer response*

Feedback has been received from customers complaining about the enforcement process itself, the wording in letters and texts received and the level of charges. Customers who reach this stage in the process are unsurprisingly negative about the whole process and the fact that they are still being pursued for the toll payment for a journey they failed to pay for over a month earlier.

Some customers reported that they received a letter from an agency out of the blue and the charges were already at a high level without them having the opportunity to pay TT2 at the £30 level. TNE has reviewed several cases where this has been alleged by customers and it has been discovered that in fact the customer had moved address and had not updated their keeper details with the DVLA, therefore the earlier letters sent by TT2 had been sent to their old address.

TNE has asked TT2 to investigate issues raised regarding the wording in letters and text messages, to ensure that the agencies were giving the correct information and messaging to customers who had reached this level of the enforcement process.

c. Action taken/required to address any issues

TNE supports the fact that toll payment must be enforced and customers who fail to pay must be pursued. It would not be acceptable to condone allowing some customers to pass through the tunnels and fail to pay for their journey. This would be unfair to the customers who pay the toll and would lead to an unacceptable position for the JTC budget if toll payments were not collected. The longer-term effect would be that the tunnels could not continue to be self-funded and would require additional government funding from central or local government.

There is only a small percentage of Tyne Tunnels customers who reach the stages where third party enforcement agencies are used. On average in the first 6 months of Tyne Pass only 0.75% of customer journeys per month have led to a referral to enforcement agencies.

The feedback regarding the content of letters and texts issued by CDER and Marston has been taken forward and TNE has noted the steps taken by TT2 to review the wording in their correspondence to avoid using certain language, whilst remaining clear about any potential action that could occur, should customers continue to avoid engagement. One example was around some standard wording in letters which referred to Covid specific precautions for home visits. TT2 has asked for this wording to be removed and this suggested that a home visit was possible. Whilst CDER and Marston agents do carry out home visits for other clients, this is not something that TT2 want for TT2 customers, therefore this wording was removed in June 2022 from future letters. The whole suite of agency correspondence has been reviewed again by TT2 and TNE to ensure clarity and correct language.

TNE considered the TT2 strategy for enforcement from the outset and approved the involvement of third party enforcement agencies to pursue those who failed to pay the toll. Both CDER and Marston have access to industry-specific tools that allow them to contact customers, with a view to reaching settlement of any outstanding payments.

Going forward TNE has asked TT2 to carry out regular third party supplier audits on CDER and Marston, to ensure that even in the unpopular area of toll enforcement they provide a quality customer experience that is fair and consistent.

13. Lease/hire vehicles

a. How Tyne Pass works for lease/hire vehicle customers

When customers of the Tyne Tunnels drive a hired car or a leased vehicle they are not the registered keeper of the vehicle. This does not affect payment of the toll as the driver can easily pay a toll for a vehicle by any of the usual means – Pre-Paid account, via the app, online, by phone or via PayPoint. However, if the toll remains unpaid after the payment window then this means that the enforcement process begins and contact is made with the DVLA who will only provide the registered keepers address. This means that the UTCN must be sent to the registered keeper, which will be the lease or hire company, rather than the driver.

Lease and hire companies have their own agreement with the driver as to how they will deal with charges such as parking charges, congestion charges and tolls. They usually pay the charge immediately, invoicing the driver afterwards and often adding their own charges. This means that if a driver wants to appeal against the UTCN they need to establish what the process is given that the normal route for appeal will be gone as the charge has been already paid by the lease/hire company.

The process that TT2 use when lease or hire vehicles are issued with UTCNs means that responsibility for the charge falls on the companies themselves to deal with UTCN cases and liaise with their customer, should they wish to appeal. Whilst this worked well with some hire/lease companies, others made it more difficult for customers to find an easy process to appeal to TT2.

b. Feedback and customer response

Some customers with lease cars who were affected made complaints to TT2 and to TNE in early 2022 that they found it difficult to make an appeal in circumstances where they had attempted to pay the toll and just wanted an opportunity to provide evidence and reasoning in an appeal.

They also complained that they were unable to liaise directly with TT2 to discuss their case. Data protection regulations mean that TT2 can only liaise with the registered keeper of a vehicle. This meant that customers needed to appeal directly to the supplier and not TT2, making it a more prolonged process than customers wished to find a resolution.

Feedback was also received from a group of lease/hire companies which were impacted by the change via the British Vehicle Rental & Leasing Association (BVRLA), the UK trade body for companies engaged in vehicle rental, leasing and fleet management. Following this BVRLA reached out to TT2 to discuss how the changes impacted their members and what actions could be taken to address their concerns.

TT2 engaged in discussions with the BVRLA from May 2022 to establish the main concerns to lease/hire companies and their customers and to work on an action plan to improve the experience.

It was reported that BVRLA members were not receiving a timely response to their queries and that some TT2 agents appeared unfamiliar with the new process. It was also reported that members were asking for clearer information about lease/hire vehicles on the TT2 website.

Customers also complained that refunds were not provided quickly enough. This relates to cases where an appeal has been allowed and a refund is due, but the refund process proved problematic as companies found that payment card details used to pay the charge, could be difficult to identify, and confirming the status of appeals was proving time consuming and causing delays.

c. Action taken/required to address any issues

TNE has been able to review the TT2 response to these concerns and can confirm that a bespoke online contact page has been launched on TT2's website, and has been promoted by the BVRLA to its members. The contact page is password protected and used exclusively by lease/hire companies. For this type of contact, a seven-day service level agreement has been put in place for TT2 to respond and a selected group of agents have been specifically trained to deal with those queries and appeals.

In conjunction, changes have been made to the TT2 website. New pages were added to explain clearly the process that lease/hire companies, as well as customers, should follow, with frequently asked questions pages hosted in one place online. Feedback from the BVRLA suggests that the changes have been positively received.

To assist customers better with the appeal process, TT2 has begun to accept blanket authorisation from lease/hire companies, allowing TT2 to discuss charges with their customers. This has also been promoted to all BVRLA members. Since the roll-out, TT2 has seen an encouragingly high uptake of member companies signing up to the process, including a majority of the larger providers.

In relation to refunds, TT2 has also altered the process and now collects standard refund account details at the point of authorisation and includes the UTCN number on the refund reference. The TT2 refund validation administration process has been ringfenced within the contact centre and staff receive regular refresher training on the process.

TT2 has now also identified a key point of contact within lease/hire companies when blanket authorisation to discuss charges is provided. Now, when an appeal outcome is reached, both the lease/hire company and their customer receive a copy of the outcome.

This prompts the lease/hire company to process refunds more quickly when appeals are allowed, improving their customers' experience and reducing administrative costs.

TNE has welcomed these process changes which benefit this particular group of customers. It is noted that there has been a significant reduction in complaints and queries from companies and customers in relation to lease/hire cars since these changes have been put in place.

In terms of future improvements there has been a further request from lease/hire companies for additional services to be put in place. One area is the request for monthly billing where a lease company can pay all UTCNs on a monthly basis rather than as individual payments to cut down the admin time required to process each one.

Workshops are currently being held internally at TT2 to understand the scope of this task and to map out a viable solution. So far, TT2 has identified a major piece of work required to upgrade billing software, to allow monthly billing. Working closely with their provider, they are looking to implement a permanent solution and hope to reach an outcome in the coming months.

Summary of Tyne Pass appraisal outcomes

TNE has carried out this appraisal as part of its role, on behalf of the JTC, as contract manager of TT2, the Concessionaire who operates the Tyne Tunnel on a 30-year contract. This contract has run for 15 years already and will run to 2037. A long term positive working relationship has been established between TNE and TT2 over the first 15 years of the contract which has resulted in good outcomes for the JTC and for the people of the region.

These outcomes include the efficient and safe operating of the tunnels for 15 years (including during the Covid-19 pandemic) and the collection of the toll throughout which has allowed the JTC to cover its costs and pay long term debts relating to the tunnels without any call on local or central government funds. The arrangement with TT2 has also resulted in the successful construction of the second tunnel which opened on time in 2011 and has operated successfully ever since.

The Tyne Pass open road tolling scheme is a new development at the Tyne Tunnels and is the biggest change in operation since the second tunnel was built. The designs and plans for Tyne Pass were carefully made between TNE and TT2 over several years and have now been carried out, with the scheme going live in November 2021.

The Tyne Pass scheme is a major change to the operation of Tyne Tunnels, for the first time in 55 years allowing traffic to flow freely without being forced to stop and queue at barriers to pay with coins. However, behind the scenes for the operator TT2, it involves a complex structure of software and management systems to allow each vehicle to pay a toll for the journey via high specification camera recognition and automated payment systems. It has also required 80 new staff to be recruited and trained, the majority working in a new contact centre with customer agents available online and on the telephone 7 days a week.

This appraisal has allowed TNE to critically examine various aspects of the Tyne Pass scheme with particular emphasis on the elements which have received most feedback from customers and stakeholders. These elements have been examined to review what has gone well, what has been criticised and what TT2 has done or can do to resolve outstanding issues.

TNE can conclude that there are some elements which have needed improvement, and with experience and hindsight would have been done differently if the system was planned again. Other elements have been successful and effective and have only required minor changes to maximise their effect.

At the start of the new scheme there was undoubtedly a learning curve for TT2 and for customers, as new customer service agents working for TT2 gained experience, and a better understanding was gained of the way the new payment systems would be used by customers. This has progressively allowed for improvements to the systems through which customers contact TT2, whether to better inform customers or minimise the potential for

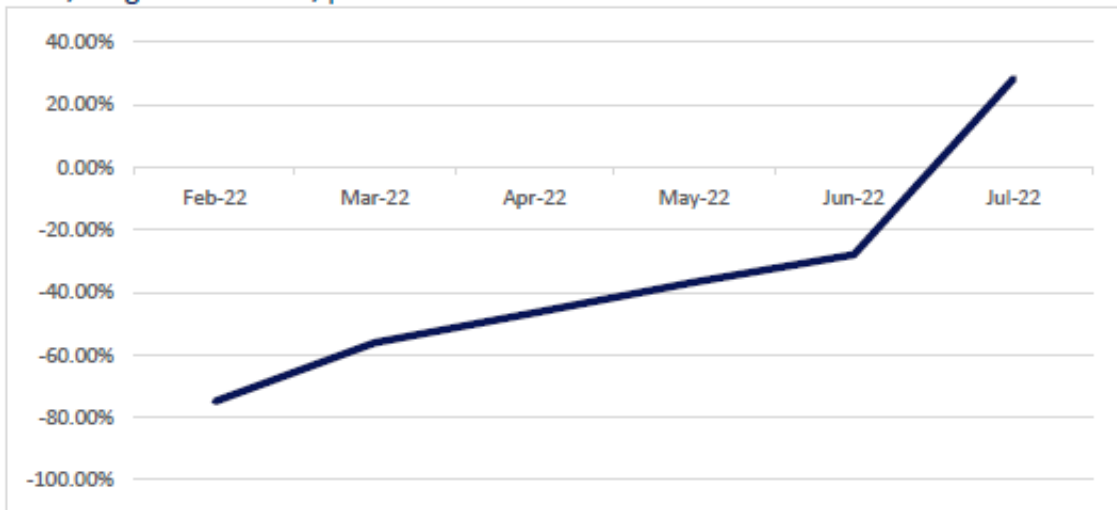
human error. In addition, the appeal rules have been continuously reviewed to reflect emerging trends and to add more discretion to the process.

Compliance has steadily improved (albeit with the expected change in the summer as Pre-Paid customers reduce in proportion) and this trend is expected to continue as the first anniversary of the launch of Tyne Pass approaches.

Customer sentiment, measured across all media, shows a strong improvement.

Fig: 14.1 Net Sentiment based on topic Tyne Tunnels

Net sentiment based on the topic Tyne Tunnels across all online media including news sites, blogs and forums, public social media channels.

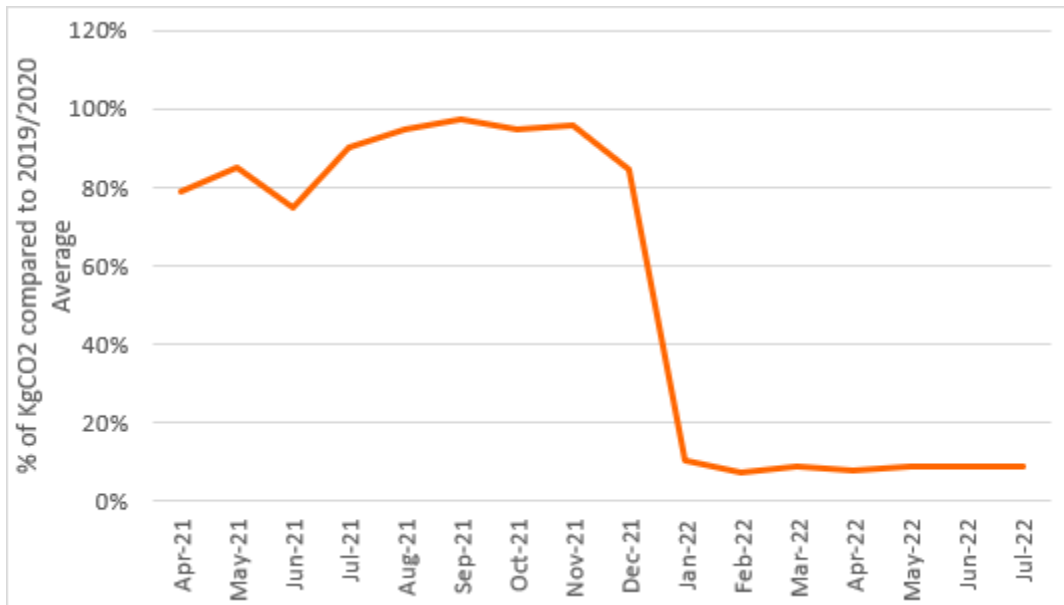


TNE has also noted that the rate of people joining social media groups that discuss issues with the Tyne Tunnels has dropped substantially.

Overall TNE considers that the Tyne Pass scheme has achieved its initial aims of reducing carbon emissions, modernising the payment system, creating local jobs and improving journey times. These aims have been realised in the first few months of the new system as explained above.

The environmental benefits have been significant as the Tyne Pass scheme has been successful in reducing carbon emissions in the local area. The effects of cars and lorries accelerating and decelerating at the toll plaza was the main cause of increased traffic emissions in the area at the mouth of the tunnels. This has been significantly affected by the removal of the toll barriers and carbon emissions were reduced very quickly once the barriers were removed and traffic began flowing freely.

Fig: 14.2 Carbon emissions under Tyne Pass scheme



However, the dissatisfaction of some users is recognised and it is disappointing that any customer has had a negative experience in the early months of the Tyne Pass scheme. TT2 acknowledges that some systems and processes in the first months of the new system were not as effective as they could be and these areas have benefitted from improved processes. TNE has taken action with TT2 to address the issues raised and make improvements in all areas to respond to feedback.

TNE is conscious that as the scheme has matured almost all of the negative feedback is around enforcement which has resulted in a disproportionate focus on UTCN's when in fact the scheme has achieved its aims for the region and is serving customers well. On July 2022 figures, only 3.55% of users receive a UTCN and only 14% of those make an appeal which means only a tiny percentage of customers are disputing the charge.

Complaints to TNE and TT2 amount to one complaint per 20,000 journeys, however the comparative volume of journeys per month (over 1.5 million) mean that the number of complaints can seem like a large number.

Experience from other road tolling operators shows that the launch of a new system is always an evolutionary process, where customer behaviours are better understood and process/technology improvements can be implemented. That has also been the case with Tyne Pass, with areas of concern around the TT2 app, need for a hardship scheme and strengthening the appeal process all needing to be addressed in the first few months. Other areas have clearly benefited from the experience of other operators, particularly the successful activity to increase Pre-Paid account holders to record levels.

TNE and TT2 are grateful to Tyne Tunnel customers and regional stakeholders who have shown patience in allowing the system to bed in and allowing time for TT2 to analyse data and make necessary changes to processes and systems in the early days of the Tyne Pass.

TNE is also grateful to TT2 staff and management who have worked hard over many months both before and during the Tyne Pass scheme operation. They have attempted to address all issues raised and have continued operating the tunnels safely and effectively during some challenging times.

TNE will continue over the coming months to monitor the effectiveness of the Tyne Pass scheme and manage TT2's performance as Concessionaire, with regular reports provided to TWSC. The management of TT2 as Concessionaire can be done both within the contractual mechanisms which were designed to ensure TT2's performance in all areas of operation, and also by TNE officers continuing to work with TT2 on a day-to-day basis to analyse data and review feedback received from customers in order to come up with practical solutions to resolve issues raised and to improve the overall customer experience.

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

Date: 8 September 2022
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 have risen considerably over the last few months with July 2022 being the busiest month in the 55 year history of the Tyne Tunnels.

The report also gives an update on the compliance rate (rate of successful toll payments) under the Tyne Pass Scheme which is at 96.45% in July 2022. This is lower than June but a slight dip was anticipated based on the customer profile in summer months.

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. The Tyne Tunnels receive no central government funding nor any local subsidy, with all operational costs and debt financing costs being met from the tolls charged to users of the vehicle tunnels.
- 1.3 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.

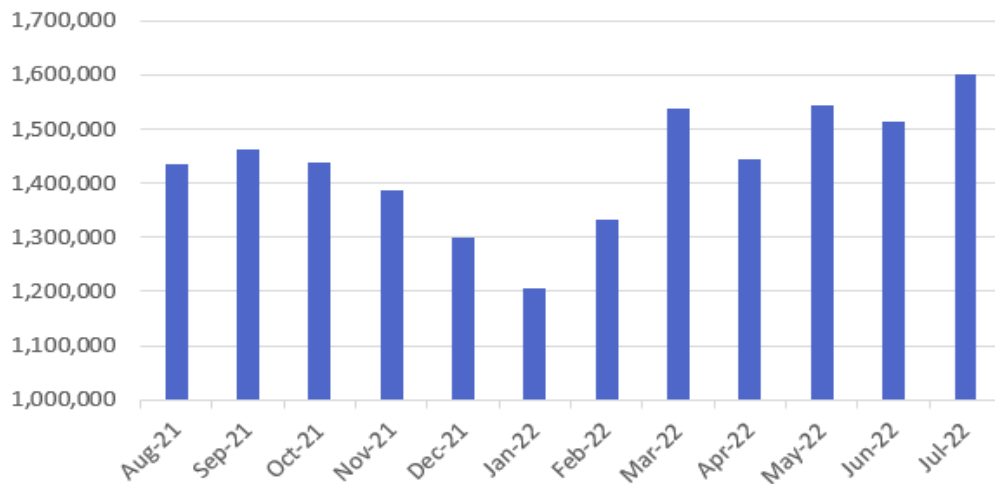
2. Traffic Tunnels Update

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 was expected. In June 2022 there were **1,514,828** vehicles passing through the tunnels and in July **1,594,658** vehicles. In July traffic numbers are at record levels as this has been the busiest month in the 55 year history of the tunnels.

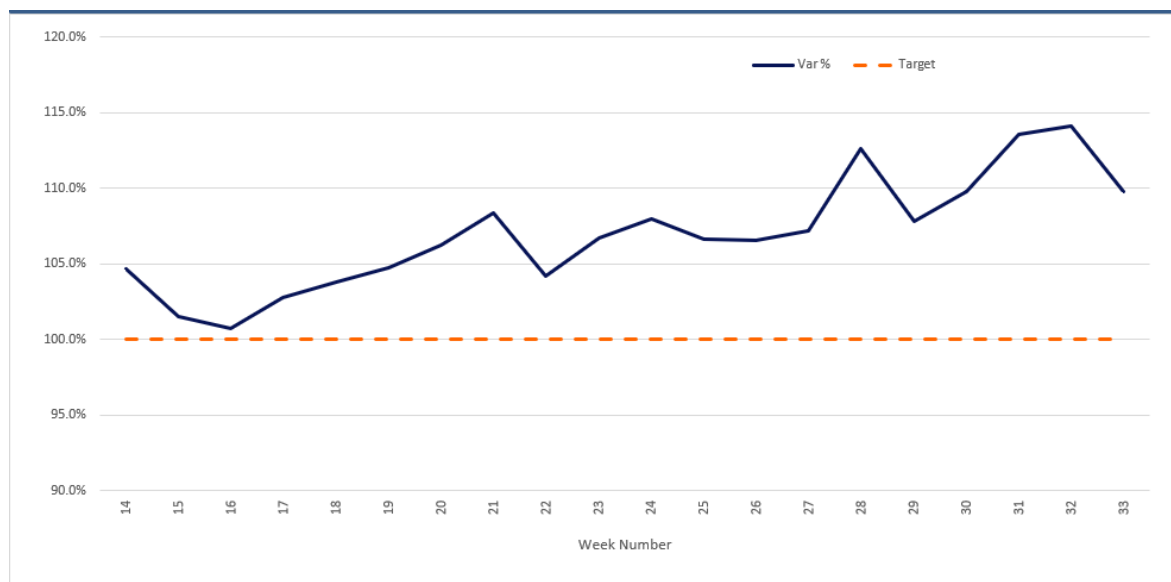
Fig: 2.2 Tyne Tunnel Monthly Traffic

Tyne Tunnel monthly traffic



2.3 The orange line in the graph below shows expected/target traffic levels as 100% while the blue line shows actual traffic levels over the last 20 weeks from April to August 2022. Traffic is currently approx. 10% above the expected level.

Fig: 2.3 TT2 weekly traffic % against target



Tyne Pass Scheme

2.4 The Tyne Pass Scheme for barrierless open road tolling, has been in operation for almost 10 months now and the number of customers paying the toll successfully for their journey is on an upward trend although there has been a slight dip in June and July 2022. Based on previous years' customer data, it was anticipated that the compliance rate trend may change during the summer months (June, July and August) as there is a different customer profile during those months and more one-off journeys

(made by drivers who may be less familiar with the system) rather than regular commuters. It is expected to resume the upward trend in September when the customer profile changes back to more regular users.

2.5 The majority of customers pay the toll by pre-paid account (76.6% of all payments in July 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.

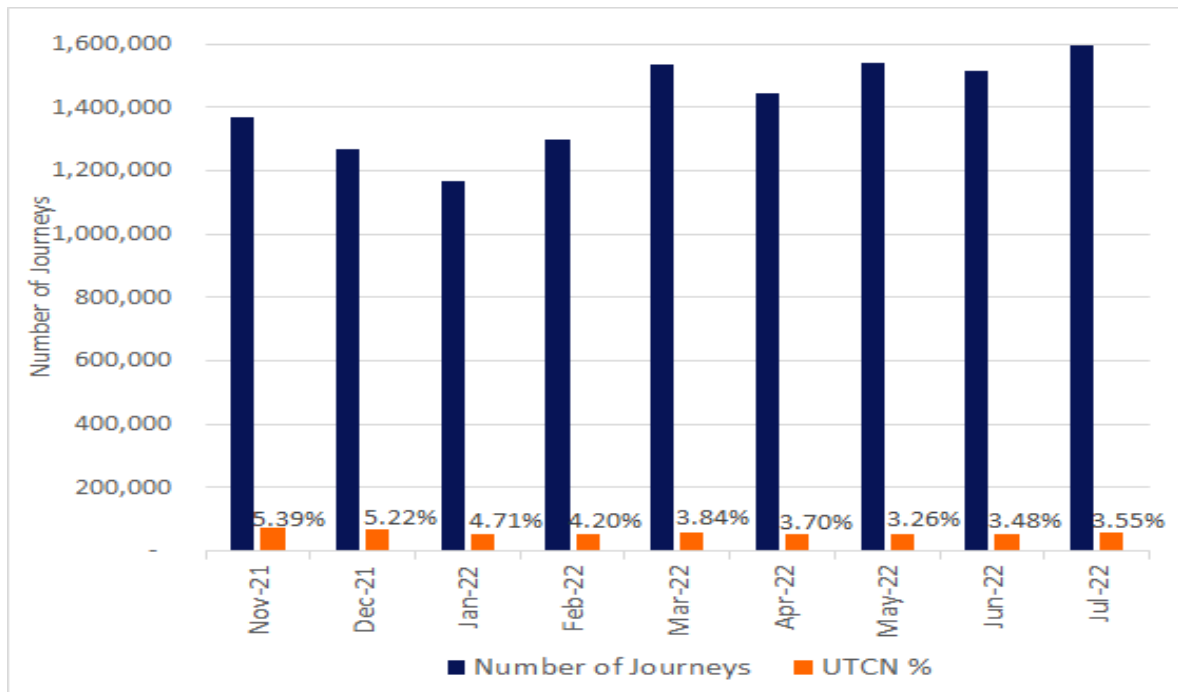
2.6 In July, the toll was paid on time for 96.45% of journeys meaning only a small percentage of drivers (3.55%) failed to pay and received a UTCN (Unpaid Toll Charge Notice.)

The chart below shows that journeys have been increasing (blue columns) while the percentage of tunnel users receiving a UTCN has decreased month on month since November 2021 with a slight lift in June and July as anticipated during the summer months (orange columns).

2.7 A summer holiday marketing campaign was put in place by TT2 to reach out to summer customers who may be less familiar with the systems which included the following:

- Targeted social media adverts to promote Pre-Paid, pre-pay and how to pay with informative graphics and visual North East locations;
- Smooth Radio Morning Partnership from 20 June for 4 weeks;
- Metro Radio Travel Partnership 27 July for 5 weeks;
- Working with North East Family Fun (regional family blogger) on a how to use the tunnels video;
- Engaging with the 'Visit' tourism sites to include tunnels payment/how to use info on their websites and social media pages

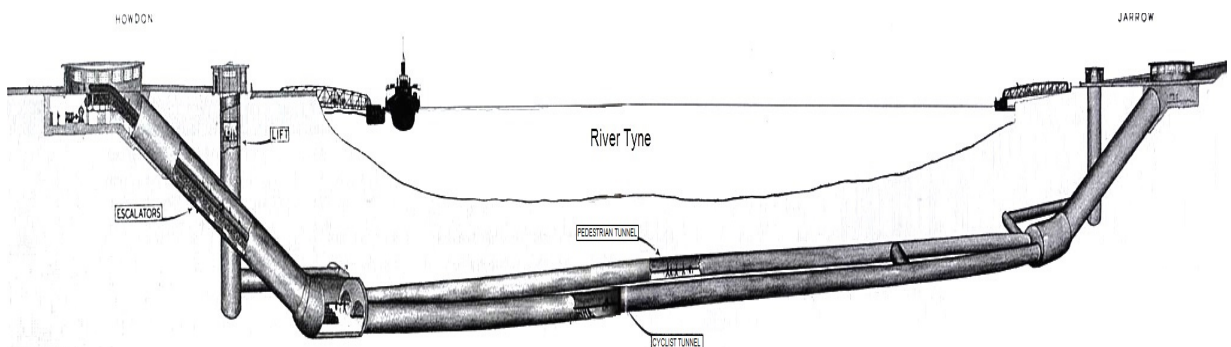
2.8 **Fig: 2.8 Journeys vs UTCNs**



2.9 A more detailed update on the Tyne Pass Scheme is the subject of a separate paper before this committee which provides a detailed appraisal of numerous elements of the Tyne Pass scheme.

Tyne Pedestrian and Cyclist Tunnels Update

2.10

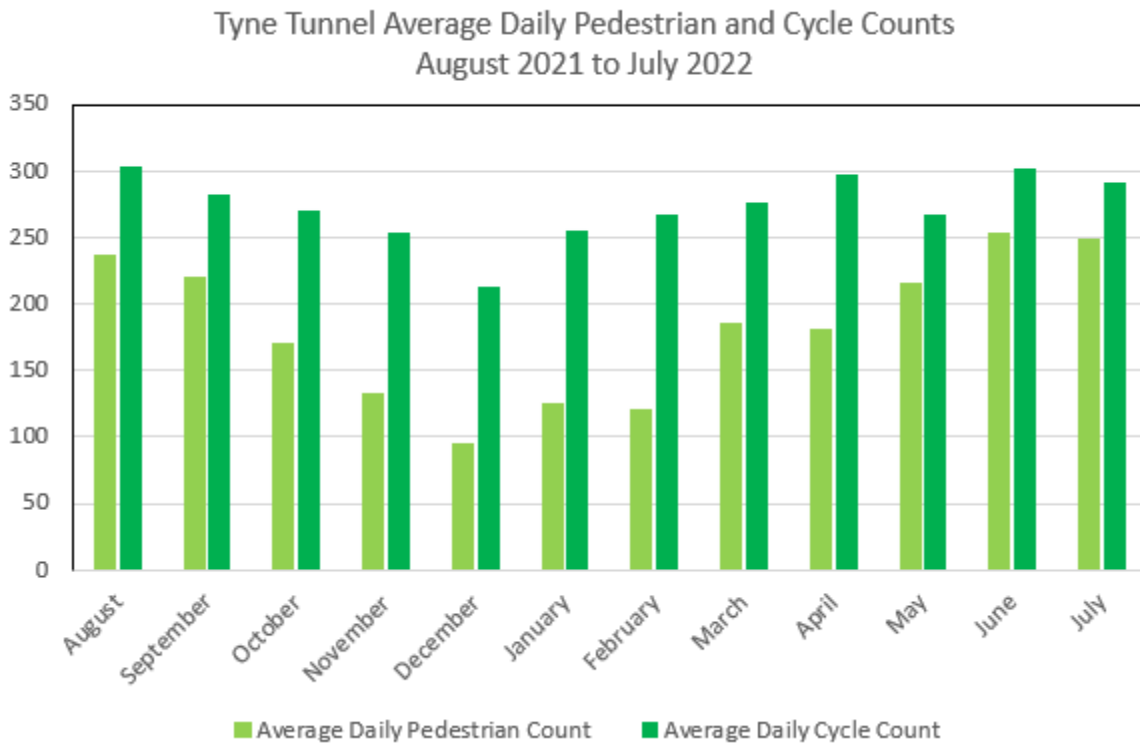


2.11 The Tyne Pedestrian and Cyclist Tunnels reopened for public use in August 2019 after being closed for several years for refurbishment. They are currently open to the public with no charge to users. To access the tunnels, pedestrians and cyclists can use the vertical lift at both ends. The tunnels are monitored via CCTV by the 24-hour security presence on-site.

2.12 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.

2.13 Following the trial, it was agreed that 24-hour opening should continue throughout 2021 subject to regular reviews. It has continued throughout 2021 and into 2022 without any major issues.

2.14 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. Total usage figure (including cyclists and pedestrians) for June 2022 was 16,604 and for July 2022 was 16,725 journeys



2.15 Planned maintenance work was carried out on the main vertical lift ropes from 17th to 23rd August 2022. This involved lift engineers on site for around 1 week and during that period the tunnels were closed to cyclists. Disruption to users was minimised as a replacement shuttle bus with cycle trailer was put in place to run between Jarrow and Howden every 15 minutes from 6am to 10pm each day during the maintenance works period.

2.16 The work on the main vertical lifts was carried out successfully and the tunnels reopened 12 hours earlier than scheduled, which was helpful to night shift workers on the evening of the 22nd August who were able to use the tunnels throughout that night. The lifts have now been re-roped and various new parts were installed as required. The vertical lifts are used approximately 800 times per day.

Inclined lifts refurbishment

2.17 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 due this year and once completed, the Tunnels will be handed over from the Newcastle City Council project

team, who are continuing to oversee their operation, to TT2 Ltd, who will then manage the operation of the Tunnels for the remainder of the Concession.

2.18 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.

2.19 New lift contractors were appointed in 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 have been ordered, although they are subject to a longer delivery process than expected due to supply chain issues. The suppliers have provided a proposed delivery date for the door parts of late November 2022. As soon as the parts are installed and fitted the works can move on to the final stage of testing and certification. 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**

5.1 Officers will continue to work with TT2 on customer focused improvements to the Tyne Pass system which has now been in operation for 10 months.

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

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.

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

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

13. Other Impact of the Proposals

Not applicable.

14. Appendices

None.

15. Background Papers

River Tyne (Tunnels) Order 2005

River Tyne (Tunnels) (Modification) Order 2011

Tyne Tunnel Update reports to the scheduled meetings of the Tyne and Wear Sub-committee:

Report dated 9 July 2021 – Tyne Tunnels Update

Report dated 9 September 2021 – Tyne Tunnels Update

Report dated 4 November 2021 – Tyne Tunnels Update

Report dated 13 January 2022 – Tyne Tunnels Update

Report dated 7 April 2022 – Tyne Tunnels Update

Report dated 7 July 2022 – Tyne Tunnels Update

16. Contact Officers

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

17. Sign off

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

18. Glossary

- 18.1 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

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank