



## Joint Transport Committee Tyne and Wear Sub-Committee

Thursday, 14th January, 2021 at 2.00 pm

Meeting to be held virtually via Microsoft Teams and streamed live on YouTube

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## AGENDA

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	Page No
1. <b>Apologies for Absence</b>	
2. <b>Declarations of Interest</b>	
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. <b>Minutes of the last meeting held on 5 November 2020</b>	<b>3 - 10</b>
4. <b>Tyne Tunnel Revision of Tolls and Budget 2021/22</b>	<b>11 - 18</b>
5. <b>Revision to Metro and Ferry Fares 2021</b>	<b>19 - 32</b>
6. <b>Corporate Business Plan Performance 2021-2025</b>	<b>33 - 54</b>
7. <b>Corporate Business Plan Performance Update</b>	<b>55 - 64</b>
8. <b>Nexus Corporate Risk Register</b>	<b>65 - 96</b>
9. <b>Tyne Tunnels Update</b>	<b>97 - 108</b>
10. <b>Date of Next Meeting</b>	

The next meeting will be held on Thursday 8 April 2021 at 2pm.

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**JOINT TRANSPORT COMMITTEE, TYNE AND WEAR SUB-COMMITTEE**

**DRAFT MINUTES FOR APPROVAL**

**DATE: 5 NOVEMBER 2020**

Meeting held virtually via Microsoft Teams and streamed live on YouTube

**Present:**

Councillor: C Johnson (Vice-Chair)

Councillors: G Hobson, J McCarty and J McElroy

**In attendance:**

Statutory Officers: P Darby (Deputy Finance Officer);  
M Barker (Monitoring Officer).

Officers: F Bootle, J Cram, J Fenwick, G Grant, M Jackson, H Lewis,  
M Kearney, H Mathews, E Reynard, A Swan and M Wilson.

**1. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor G Miller.

**2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**3. MINUTES OF THE PREVIOUS MEETING HELD ON 10 SEPTEMBER 2020**

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

**4. REVISION TO METRO AND FERRY FARES**

The Committee considered a report which proposed that the annual fare increase on Metro and Shields Ferry which was due to be agreed at today's Committee meeting and implemented in January 2021, be deferred to the next meeting in January and implemented in April 2021.

Since the start of the covid-19 pandemic, Nexus has been in receipt of emergency funding - Light Rail Revenue Restart Grant (LRRRG) - from the Department for Transport to supplement reduced fare income. A condition of the latest LRRRG funding is that Nexus must develop and agree a Recovery Plan with Department for Transport which will include an approach to fare changes.

In order to develop the Recovery Plan, further modelling will need to be undertaken to provide the Committee with relevant analysis.

Councillor Hobson was pleased to delay the proposed fare increase as she felt it was inappropriate at the current time to increase fares when so many low-paid workers have not received a pay increase.

Councillor McElroy agreed and added that work needed to be carried out to encourage more people to use public transport and ensure that attractive and affordable fares were available.

**RESOLVED:** The Tyne and Wear Sub-Committee agreed to consider a proposal for a fare increase on Metro and Shields Ferry at its next meeting on 14 January 2021.

## **5. ADDRESSING ANTI-SOCIAL BEHAVIOUR AND WEARING OF FACE COVERINGS ON METRO**

The Committee received a report which outlined the work being carried out to encourage people to use face coverings on Metro and addressing the associated issue of anti-social behaviour.

The Committee were advised that Metro is a very safe place to travel. A lot of work is ongoing to keep the system clean and safe. There has also been a very good response from the public in relation to wearing face coverings on Metro.

To continue to reinforce the messages of social distancing and wearing of face coverings, existing resources have been diverted with a primary focus on engaging, encouraging and educating those who are not complying. To help achieve these aims, three key steps, funded from within the existing budget, have been taken:

- A new team of 12 specially selected and trained Metro Customer Service Advisers will be deployed to areas of reported anti-social behaviour and work proactively with additional Police;
- A separate engagement team made up from Metro employees and contractors will focus specifically on engaging with customers on the subject of face coverings, on both Metro and the wider public transport infrastructure.
- An additional Police presence has been secured on Metro for the remainder of the financial year.

Councillor McCarty noted that at the Prime Minister's briefing last week, data showed that the North East was the only area in the country where covid cases were levelling out. She added that she was proud of Metro's achievements on

this issue and thanked the staff and passengers for ensuring public transport was a safe place to travel.

Councillor McElroy welcomed the initiatives outlined in the report and believed that they would help allay fears about travelling on public transport. He felt it was important to reassure people who do not feel confident about travelling on public transport and asked how the message that it is a safe way to travel would be relayed to them?

Huw Lewis advised that despite the lockdown, customer satisfaction levels have risen on Metro and are at the highest they have been for 4-5 years. He believed that is because those who are travelling regularly on Metro do feel safe. More marketing campaigns on social media have taken place in recent months and more are planned after the current lockdown to encourage more people back into the city centre.

Councillor Johnson added that it was good to see that there was effective partnership working ongoing with the Police and Nexus around the network and thanked everyone for the work they are doing.

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

## **6. CORPORATE BUSINESS PLAN PERFORMANCE UPDATE**

The Committee received a report which provided an update on Nexus' performance against its Corporate Business Plan for 2020/21.

The impact of the covid-19 pandemic continues to be felt across the whole organisation. There have been significant impacts on both revenue and patronage. The Tier 2 restrictions that were imposed in September have had a further impact and it is expected that the second lockdown will also have a negative impact.

The Committee were advised that both Howdon Satellite Depot and the Nexus Learning Centre were completed on 31 July and public consultation on the fleet replacement programme began in September.

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

## **7. NEXUS ANNUAL ACTIVITY AND EXPENDITURE REPORT 2019/20**

The Committee received a report which provided an analysis of Nexus' annual expenditure and activity during 2019/20. The report has been provided in the same format since 2009/10 to enable Nexus' expenditure to be discussed with District Treasurers. However, due to significantly reduced data collection and reduced patronage due to the covid-19 pandemic, it is proposed that beyond this financial year, that a new report be produced which outlines Nexus' contribution social and economic recovery of the member authorities.

**RESOLVED:** the Tyne and Wear Sub-Committee noted the report and the proposal to produce a report in a different format next year.

## **8. NEXUS CORPORATE RISK REGISTER**

The Committee received a report which provided an update on the Nexus Corporate Risk Register for 2020/21 based on the approved Corporate Plan which demonstrated that the risks are being properly managed and controlled.

The Committee were advised that there has been no change in the risk ratings since September. One of the risks – Public Transport Network Improvements – has now been transferred to Transport North East.

**RESOLVED:** the Tyne and Wear Sub-Committee noted the report and the ongoing impact of the Covid-19 on Nexus' business.

## **9. TYNE TUNNELS UPDATE**

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

Traffic flows through the Tyne Tunnels had been rising since the end of August but have since reduced to 74% since the introduction of Tier 2 restrictions and given the introduction of the second lockdown, levels are expected to continue to fall. TT2 is therefore suffering a continual fall in revenue which seems likely to continue through into 2021.

Tunnels users continue to be encouraged to use the pre-pay system for payment of tolls. TT2 are looking at issues that have been raised in relation to post-pay of tolls via the website. A dedicated phone line has also been introduced to deal with enquiries.

A report will be presented to the next meeting of the Committee in January which will propose a toll increase of 10p for Class 2 vehicles (cars) to take effect in May 2021.

The Committee were advised that the pedestrian and cyclist tunnels have been closed for the last seven days due to a fault with the vertical lifts. A replacement minibus and trailer have been provided throughout the closure between Howden and Jarrow. It is hoped that the lift will reopen soon.

Negotiations are ongoing with Maspero regarding the outstanding issues in relation to the glass inclined lifts. Travel restrictions due to covid-19 have prevented the contractors returning to the UK but it is hoped that a resolution will be agreed soon.

Councillor Hobson felt it would be beneficial for there to be more advertising of Tyne Pass, the pre-pay toll system, and added that drivers do not need to be

regular users of the tunnels to take advantage of this facility, which also offers a 10% discount on the toll charge.

Councillor Hobson also added that she continues to be very unhappy with the situation regarding the inclined lifts which had been ongoing for a long time. She felt litigation was now required.

Fiona Bootle advised that all options were now being investigated in relation to the inclined lifts and added that she hoped that the situation would be rectified as soon as possible.

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

## **10. BUDGET UPDATE 2020/21 AND INITIAL BUDGET PROPOSALS 2021/22**

The Committee received a report which provided an updated forecast on outturn against the 2020/21 budgets agreed in January 2020 and the key issues relating to Tyne and Wear impacting on next year's budget which will be considered by the Joint Transport Committee on 17 November 2020.

The report highlighted the significant reductions in the Tyne and Wear Levy over the last ten years as a result of savings and efficiencies delivered by Nexus across that period and exemplified what the Tyne and Wear Levy funded, which was substantially related to bus services, with only a very small amount underpinning the Metro.

The covid-19 pandemic is continuing to have a significant impact on transport activity resulting in reductions in income on Metro and the Tyne Tunnels. It was highlighted that the forecasts had been prepared prior to the announcement of the national lockdown so will need to be updated for the next meeting.

Nexus and the bus operators have been in receipt of emergency grant funding from the Department for Transport in the form of Light Rail Revenue Restart Grant (LRRRG) and Coronavirus Bus Services Support Grant (CBSSG) to support Metro and secured bus services.

As the Committee had been advised earlier in the meeting, LRRRG has been extended to 18 January 2021 with the likelihood that it will be further extended to 31 March 2021, subject to Nexus working with the Department for Transport on a recovery plan, which aims to make Metro more financially sustainable and less reliant on additional government grant support. The Committee will be advised of the details of the recovery plan in due course.

With regards to Tyne Tunnels, the Committee were advised that there continues to be reduced toll income due to the reduction in traffic levels following the national lockdown, however this does not have a financial impact on JTC as any financial risks are held by TT2 Ltd due to the nature of the concession contract. The forecasts included the proposed advance to TT2 for the Free Flow scheme that had been agreed in September and updated forecasts for capital works to

the Pedestrian and Cyclist Tunnels, both of which were being funded from the Tyne Tunnels Reserve.

In addition, and as previously noted by the Committee, a proposal for a toll increase at Tyne Tunnels will be considered at the next Tyne and Wear Sub-Committee meeting in January.

The report identified the indicative budget position for 2021/22, where a forecast budget deficit of c£3.7m was anticipated within Nexus as a result of inflationary cost pressures exceeding projected income from commercial fares, Government grant and the Tyne and Wear Levy. Work is ongoing to verify whether the current forecast is broadly in line with the Medium Terms Financial forecasts agreed in January 2020 and where the funding gap was expected to rise to c£6.5m in 2022/23. The budget strategy at this stage was to use reserves in 2021/22 to balance the underlying budget deficit pending discussions on service levels and coverage for 2022/23 onwards. The losses caused by Covid-19 are at this stage, expected to be covered by Government grant.

Councillor McElroy was reassured by the financial updates but felt it was important to continue to lobby Government to ensure that a sustainable, affordable public transport system including Metro and buses can be achieved and also ensure that issues including air quality and climate change also remain high on the agenda. He hoped the Government would be supportive.

Councillor Hobson endorsed Councillor McElroy's comments and added that bus services are very important to the region as many areas do not have access to Metro. She noted that the Tyne Tunnel toll for class 2 vehicles had increased by only 20p since 2016 and that was a need to keep a pace with the shadow toll.

John Fenwick reassured the Committee that lots of lobbying is ongoing not only by Nexus but by local authority Leaders and Elected Mayors, MPs and the Urban Transport Group. He added that a capital and revenue grant funding bid had been submitted on Nexus' behalf by the Department of Transport to the Spending Review for an additional £20m on top of the £20m already announced for the essential renewals programme for 2021/22 and the continuation of Metro Rail Grant (MRG) for 2021/22 to help fund Metro operations. The Committee was advised that the funding bid was to cover five years, but given that the Spending Review is for one year only, it was unclear whether anything other than funding for 2021/22 would be forthcoming.

RESOLVED: the Tyne and Wear Sub-Committee:

- (i) Noted the updated forecast of outturn against the 2020/21 budgets agreed in January 2020;
- (ii) Noted the initial budget proposals for next year and the issues that will require consideration in finalising the 2021/22 transport budgets, specifically:



- a. To consider an increase in tolls for Class 2 vehicles from £1.80 to £1.90 to take effect from May 2021;
- b. To consider and agree the continuation of the 10% discount for permit holders; and
- c. Agreed that recommendations are brought back to the Tyne and Wear Sub-Committee in January 2021 in relation to the tolls at the Tyne Tunnels.

## **11. CORPORATE BUSINESS PLAN 2021-2025**

The Committee received a report which set out Nexus' Corporate Business Plan for 2021-25. The Plan provides the framework for Nexus' service delivery until 2025 and sets out the main actions Nexus will take and the indicators by which successes will be measured. The Plan will be reviewed on an annual basis.

The plan reflects the significant impact that covid-19 has had on Nexus and public transport and the plan has been developed to ensure it is relevant to the current challenges that the pandemic presents.

A new vision has been developed which links to Nexus' Mission Statement. These are underpinned by five business plan workstreams and 14 key performance indicators. The Corporate Business Plan will link to the Transport Plan and also supports key objectives and wider regional priorities including ticketing, securing long term funding, environmental issues and air quality.

Councillor McElroy welcomed the emphasis on air quality and climate emergency and added that although the last eight months have focussed mainly on the pandemic, these issues are equally as important and will become more so over the next few years, when local authorities will need to tackle these issues at local and regional levels.

Councillor McCarty agreed with Councillor McElroy and added that transport must contribute to air quality issues. In addition, she was pleased to note that the pay as you go app was being considered as part of the digital theme. This was a very important aspect as many people carry phones rather than cash or cards these days. She asked what the timescales were for this work?

John Fenwick advised that that weekly tickets on mobile phones will be launched before the end of the calendar year with other products being developed for release next year. Huw Lewis added that pay by phone at car parks would also be introduced early next year. In addition, a bid has been submitted to the Spending Review by Transport for the North to introduce a multi-modal ticket system across the region, which would likely benefit Nexus if successful.

Councillor McElroy was pleased with this information and asked whether officers needed Committee Members' support to lobby Government?

Councillor Hobson agreed that she would send a letter on behalf of the Committee to Government in relation to TfN's bid.

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

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

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**Date:** 14 January 2021

**Subject:** Tyne Tunnels Revision of Tolls and Budget 2021/22

**Report of:** Chief Finance Officer

### Executive Summary

This report sets out proposals to increase the tolls at the Tyne Tunnel from April 2021 for Class 2 Vehicles (cars and light vans) from £1.80 to £1.90 (a 10p increase), with no change for Class 3 Vehicles and no change to the 10% discount available to permit holders.

This increase is permissible as inflation, as measured by the Retail Price Index (RPI), has reached a level such that a 10p increase can be applied under the terms of the River Tyne (Tunnels) Order 2005. It will be the first increase for Class 2 vehicles since May 2019, during which period the payment to the concessionaire TT2 Ltd has increased from £1.80 to £1.90.

Budget figures for 2021/22 factoring in these increases are also provided for information. These will be included in the budget report presented to the Joint Transport Committee for approval on 19 January 2021.

### Recommendations

The Tyne and Wear Sub-Committee is recommended to agree the following in relation to the tolls on the Tyne Tunnels:

- a) Approve the increase in tolls for Class 2 vehicles from £1.80 to £1.90 to take effect from April 2021, as set out in section 2.3;
- b) Approve the continuation of the 10% discount for permit holders as set out in section 2.4;
- c) Authorise the Monitoring Officer to publish the relevant notices and submit the necessary documentation to the Secretary of State, as prescribed in the River Tyne (Tunnels) Order 2005;

- d) Note the proposed 2021/22 budget which will be included within the budget report presented to the JTC on 19 January 2020.

## 1. Background Information

- 1.1 At the last meeting of the Tyne and Wear Sub Committee in November 2020, information was provided about the tolls and the proposals to increase the Class 2 Tolls from April 2021, which have been factored into the budget planning for 2021/22. Those proposals have been subject to consultation with the Joint Transport Committee and the JTC Overview and Scrutiny Committee and Audit Committee.
- 1.2 The first 'Concession Toll' was implemented on 1 January 2014, at a level of £1.60 for cars and £3.20 for HGVs with a 10% discount for permit holders. After that date, the Concession Toll could be adjusted by an amount to reflect actual Retail Price Index (RPI) inflation over time.
- 1.3 Payments to the concessionaire, TT2 Ltd., increase in accordance with RPI inflation and the financial model for the Tyne Tunnels assumes that tolls will be maintained in real terms to match.

## 2. Proposals

### Modification to Tolls

- 2.1 As reported to the Committee in November 2020, levels of inflation (measured by RPI in accordance with the 2011 Order) are now such that an increase in Class 2 vehicles is possible and necessary to finance the tunnels. No increase is possible for Class 3 vehicles.
- 2.2 The proposal is to increase the tolls from £1.80 to £1.90 for Class 2 vehicles, from a proposed implementation date in April 2020 which will enable the necessary process to be followed with the Secretary of State, in line with the Order, following approval by the Tyne and Wear Sub-Committee.
- 2.3 It is proposed that the toll structure in 2021/22 be set as follows:

Vehicle Class	Toll	Description
1	FREE (no change)	Motorcycles
2	£1.90 (£0.10 increase)	Motor vehicles (Cars), 2 axles and height 2m or less; Motor vehicles (Cars/Vans) 2 axles and height less than 3m; Articulated motor vehicles with tractor 2m or less and trailer less than 3m

3	£3.70 (no change)	Motor vehicle 2 or more axles and height 3m or more
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2.4 Permits are available for all classifications and subject to 10% discount and no change is proposed to the percentage discount applied . Charges for permits will be as follows:

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

2.5 The Order prescribes the process to effect an increase in the tolls at the Tyne Tunnels. Following a decision to increase the tolls, the Authority is required to publish in at least one local newspaper circulating in the area a notice substantially in the form set out in the Order. Following publication of the notices, the Authority is required to submit to the Secretary of State:

- a) Details of the decision taken to increase the toll – report and minutes; and
- b) Evidence that the public has been informed of the decision by notice in the local press.

2.6 Upon receipt of this information, the Secretary of State has 21 days to make an order revising the tolls, subject to being satisfied that the Authority has correctly adhered to the provisions of the Order. The tolls revision order will come into force 28 days thereafter.

2.7 Having made such an Order revising the toll, the Order precludes the making of another such tolls revision order within 12 months.

### **Tyne Tunnels Budget 2021/22**

2.8 The Tyne Tunnels are accounted for as a ring-fenced account within the JTC budget, meaning that all costs relating to the tunnels are wholly funded from toll income and Tyne Tunnels reserves, with no call on the levy or external government funding.

2.9 The JTC receives all toll income from the vehicle tunnels and a payment under the contract with TT2 is determined based on traffic levels. The balance retained by the JTC is to meet other costs associated with the Tyne Tunnels, primarily

interest and principal repayments on borrowing taken out to fund the New Tyne Crossing project and client costs associated with the management of the contract with the concessionaire.

- 2.10 The 2020/21 budget included an increase in tolls for Class 3 vehicles to £3.70 in line with inflation as measured by the Retail Price Index (RPI) – a year on year increase of £0.10 (2.6%). This was not implemented until August 2020 due to the Covid-19 pandemic. The delayed implementation of the increase has been factored into the updated forecasts.
- 2.11 Until mid-March 2020, traffic levels and corresponding tolls income were strong and had seen a marked improvement since the completion of Highways England works at Silverlink. From March 2020, however, the impact of the Covid-19 lockdown took effect and traffic levels fell dramatically during March and April 2020 to approximately 17,000 vehicles per day, just 30% of normal levels and the lowest level of traffic seen during the life of the TT2 contract.
- 2.12 From May to August traffic gradually increased, reaching 85% of normal levels by mid-September. This recovery was however impacted by local restrictions from mid-September and the second national lockdown in November, where traffic flows were 23% below target. Latest forecasts suggest traffic might not return to expected levels for many months to come, given local restrictions and the continued impact of many employees working from home and therefore fewer vehicle journeys taking place around the region.
- 2.13 The structure of the project agreement with TT2 means that the JTC retains the first proportion of traffic income per month, with the traffic risk overwhelmingly borne by TT2. This 'Band 0' income represents approximately 30% of journeys, so the JTC is expected to receive its full budgeted net income for the year, which will enable all costs to be met.
- 2.14 At its meeting on 15 September 2020 the JTC approved a financial framework which included an offer to support TT2 in the introduction of the Tyne Pass scheme. This has been factored into the updated forecasts. This framework includes the payment of £6.67m to TT2 from Tyne Tunnel reserves which will be repaid with interest by TT2 over the life of the concession, to 2037.
- 2.15 The forecast outturn for 2020/21 includes updated forecasts for reduced toll income as a result of reduced traffic and delay in implementing toll increases, offset by reduced payments to TT2 under the contract. An increase is forecast in the supplies and services budget to reflect the need for additional external engineering advice in relation to the vehicle tunnels and professional advice in relation to the Tyne Pass project during the year.
- 2.16 The budget for Service Level Agreements (SLAs) has been reviewed following the conclusion of the exercise with all local authorities providing services to NECA and the JTC to more accurately reflect the cost of providing these services. The updated costings reflect the resources currently committed by the local authorities providing support to NECA and the JTC which includes oversight and support to the Tyne Tunnels.

2.17 The updated forecast outturn and budget for 2021/22 is set out below. This assumes the 10p increase in class 2 vehicle tolls is agreed to increase the toll charge to £1.90 and the additional revenue generated is used to make revenue provision for the repayment of debt. This is a year-on-year increase of 5.5% but will be the first time that the class 2 tolls have been increased since May 2019.

*Tyne Tunnels Budget 2020/21 and 2021/22 and initial forecasts to 2022/23:*

	<b>2020/21 Original Budget</b>	<b>2020/21 Forecast Budget</b>	<b>2020/21 Forecast Variance</b>	<b>2021/22 Proposed Budget</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Tolls Income <sup>1</sup>	(28,441)	(18,714)	9,727	(30,004)	(30,304)	(30,608)
TT2 Contract	21,653	11,900	(9,753)	21,707	21,924	22,144
TT2 Advance (Tyne Pass)	0	6,670	6,670	0	0	0
Employees	62	69	7	93	93	93
Pensions	53	50	(3)	53	54	55
Premises	0	15	15	21	15	15
Support Services	100	113	13	129	129	129
Supplies & Services	45	42	(3)	95	95	95
Financing Charges	6,816	6,815	(1)	8,196	8,284	8,367
Interest /Other Income	(50)	(50)	0	(50)	(50)	(50)
Repayment from TWITA for temporary use of reserves	(240)	(240)	-0	(240)	(240)	(240)
<b>(Surplus) /Deficit on Tyne Tunnels revenue account</b>	<b>(2)</b>	<b>6,670</b>	<b>6,672</b>	<b>0</b>	<b>0</b>	<b>0</b>

2.18 Financing charges have increased in 2021/22 due to additional minimum revenue provision (MRP) for the repayment of debt, which is in line with the financial model for the New Tyne Crossing. MRP is set on an annuity basis so that the

<sup>1</sup> Toll Income includes an assumed inflation increase in tolls for class 2 vehicles of £0.10 from April 2021.

provision was relatively low in the early years of the contract with TT2, increasing in later years in line with anticipated increased traffic levels.

### **3. Reasons for the Proposals**

- 3.1 Responsibility for setting tolls for the Tyne Tunnels is a function delegated by the Joint Transport Committee to the Tyne and Wear Sub Committee. The financial model for the Tyne Tunnels assumes that increases to the tolls in line with inflation will be applied when available to keep pace with inflationary increases in contract payment to the Concessionaire. Information on the 2021/22 budget is presented for information and is subject to agreement by the JTC.

### **4. Alternative Options Available**

- 4.1 Option 1 – The North East Joint Transport (Tyne and Wear) Sub-Committee may accept the recommendations set out in section 2 of this report.
- Option 2 – The North East Joint Transport (Tyne and Wear) Sub-Committee may not accept the recommendations as set out in section 2 of this report and as such opt not to implement any increase to Class 2 tolls from April 2021.

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

- 5.1 Should the Sub-Committee approve the proposed toll increase, the process as specified in the 2005 Order and detailed in the report will be enacted. The increase will be applied from April 2021, with the specific date to be agreed with TT2 Ltd taking into account operational considerations.

### **6. Potential Impact on Objectives**

- 6.1 The need to increase the toll at the Tyne Tunnels is essential to meet the financial commitments of the JTC in relation to the Tunnels.

### **7. Financial and Other Resources Implications**

- 7.1 The increase to the Class 2 tolls is forecast to generate around £1.3m. This is required to set a balanced budget for the Tunnels in 2021/22 with the additional funds generated being offset by increases in the revenue provision for the repayment of debt in line with the financial model for the New Tyne Crossing.

### **8. Legal Implications**

- 8.1 Responsibility for setting tolls in relation to the Tyne Tunnel is a function delegated by the Joint Transport Committee to the Tyne and Wear Sub Committee. If a decision to increase the tolls is taken, officers from NECA as the Accountable Body for the JTC will follow the process set out in the Tyne Tunnels Order 2005 to implement the decision of the committee.

### **9. Key Risks**

- 9.1 A ringfenced reserve is held to manage financial risk associated with the Tyne



Tunnels. Approval of the toll increase will enable a balanced budget to be set for 2021/22 without use of reserves being required.

## **10. Equality and Diversity**

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

## **11. Crime and Disorder**

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

## **12. Consultation/Engagement**

12.1 Members of the Tyne and Wear Sub-Committee were consulted on the proposed tolls increase and budget proposals at the last meeting in November 2020.

12.2 If agreed, the toll increase will be publicised through local media.

## **13. Other Impact of the Proposals**

13.1 There are no other impacts arising from this report.

## **14. Appendices**

14.1 None

## **15. Background Papers**

15.1 River Tyne (Tunnels) Order 2005

<https://www.legislation.gov.uk/uksi/2005/2222/introduction/made>

River Tyne (Tunnels) (Modification) Order 2011

<https://www.legislation.gov.uk/uksi/2011/3040/paragraph/1/made>

## **16. Contact Officers**

16.1 Eleanor Goodman, Finance Manager, [eleanor.goodman@northeastca.gov.uk](mailto:eleanor.goodman@northeastca.gov.uk)

Fiona Bootle, Tyne Tunnels Manager, [Fiona.bootle@transportnortheast.gov.uk](mailto:Fiona.bootle@transportnortheast.gov.uk)

## **17. Sign off**

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

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

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**Date:** 14 January 2021  
**Subject:** Revision to Metro and Ferry Fares 2021  
**Report of:** Chief Operating Officer, Nexus

### Executive Summary

Nexus undertakes a review of transport ticketing on an annual basis. This year's review is set against a backdrop of the biggest challenge Nexus has faced in its history: the Covid-19 pandemic.

The fares proposal for 2021 Nexus is putting forward would provide the income required to operate transport as a subsidised public service while offering customers the best possible value. Within an overall 1.6% fares increase, in line with inflation, measures include:

- A freeze in price of both Pop Blue Pay As You Go fares for those aged 18 and under, and commercial child fares for those aged 16 and under, to support hard-pressed families.
- A further freeze in the Gold Card for older and disabled customers at £12 a year, and £24 for those not resident in Tyne and Wear.
- Extension of Metro's Take the Kids Free offer to all day, every day, in spring 2021 if local restrictions ease.

Concerns around air quality and the state of the climate continue to grow, despite Covid-19. Therefore, the need to offer a credible alternative to the private car has arguably never been greater and public transport must continue to offer an attractive package to passengers.

For 2021, the fares package presented in this report would see an overall increase in fares revenues of 1.6%, which is in line with inflation as at July 2020 (RPI 1.6%). Young people would continue to see a freeze in pay as you go products like Pop Blue. Adult season tickets stand to benefit from a lower increase this year of only 1%, compared to 3% in January 2020.

Nexus plans to continue with the family offer into 2021 and make it a permanent feature of the ticketing offer to passengers. This was launched in January 2020, allowing up to three children aged 11 and under to travel for free at weekends if accompanied by a fare paying adult. This offer proved popular amongst families before lockdown in March 2020 and when conditions with the pandemic allow, this scheme will be extended to every day of the year.

If the proposals contained in this report are approved by TWSC, Nexus will commit to exploring new ticketing options, looking in particular at those who work part time, for whom current products are perceived as too expensive. Additionally, Nexus will also explore targeted improvements for the 18-21 market, who currently lack a flexible product that is aimed at the unique characteristics of this market.

Elsewhere, Nexus will be continuing work to offer customers cash-free choices. By the end of January 2021 pay-by-phone payment options will be introduced at all Nexus-operated Park and Ride sites at which there is currently a charge. The parking charge will increase to £1.20 a day (from the current charge of £1 a day), the first rise since 2012, to meet the cost of this service.

Under the proposals set out in this report, changes to Ferry fares would mirror those of the Metro and will also include the extension of the family offer to the Ferry services.

This fares review proposal aims to set the groundwork for a post Covid-19 recovery for Metro and Ferry services, preparing the ticketing system for a smarter future but crucially ensures that Nexus can help reduce the growing deficit in its finances.

## **Recommendations**

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

- I. Approve the Metro and Ferry fares proposal to be implemented from 1 April 2021 which includes:
  - a. A commitment to explore new ticketing options aimed at part time workers and the 18-21 market;
  - b. Introduction of a new automated delay payment system;
  - c. The expansion of the family offer; and
  - d. An overall increase in the weighted basket of fares of 1.6%.
- II. Approve a freeze in the price of concessionary products (paragraph 2.6 refers);
- III. Approve an increase in the price of car parking at Metro stations to £1.20 per day with the introduction of a new Pay by Phone payment option for passengers in January 2021 (paragraph 2.14 refers);
- IV. Note the alternative options explored as part fares review process (Section 4 refers); and
- V. Note that the fares proposal contained in this report are contained within both the Nexus budget for 2021/22 being presented to the Joint Transport Committee on 19 January 2021 and the Metro recovery plan which is required by DfT/HMT by 11 January 2021.

## 1. Background Information

- 1.1 At the beginning of 2020, authorities across the region were gearing up with initiatives to tackle air quality and climate change. Public transport has a critical role to play in ensuring the region can meet the objectives it has set on air quality and climate change. The Covid-19 pandemic has had a huge impact on the region this year but the appetite for improved air quality and carbon reduction continues to grow. Therefore, it remains as important as ever that Nexus seeks ways to improve its customer offer and to be able to attract as many passengers as possible back, post Covid-19.
- 1.2 Whilst an increase in fares will pose affordability challenges for some passengers, Nexus already offers a competitive range of affordable tickets by national standards. On Metro, the Corporate scheme continues to offer commuters value for money, with travel costing passengers £1.58 per day. Young people with a Pop Blue card can make a single trip on Metro for only £1.00, the cheapest such product available in Tyne and Wear for the 16 to 18 market across all modes.
- 1.3 In order to attract passengers to public transport, Nexus must offer value for money, but Nexus must also ensure that budgetary pressures are accounted for. Covid-19 has introduced a significant level of uncertainty regarding the budget for 2021-22. The budget has taken a significant hit during 2020-21.
- 1.4 The 2021 fares review aims to address the challenges that are faced in a balanced way that ensures budgetary pressures do not increase but also helps to make public transport the mode of choice for people across the region. The policy objectives underpinning the pricing proposals contained in this report and to be implemented, subject to approval, on 1 April 2021 are therefore:
- Ensure Metro and Ferry revenue is sustainable during this challenging period by increasing fares in line with inflation.
  - Consider the impact of the fares review on passengers using Metro regularly during the pandemic, by capping season ticket increases to CPI, the lower rate of inflation.
  - Attract new passengers by enhancing and making permanent the family offer, exploring ticketing suited to part time workers and enhance the public transport offer for those aged 18 to 21.
  - Encourage further transition to smart means of payment.
- 1.5 The scope of the fares review for April 2021 covers the commercial ticket ranges of both Metro and Ferry which encompass the following ticket types:
- Adult commercial tickets (Single/Day/Transfare/Seasons);
  - Pay As You Go (PAYG);
  - Child commercial tickets (Single/Day/Transfare);
  - Discounted tickets for students and young people aged 18 and under;
  - Discounted season tickets allowing cheaper travel for employees of

registered companies who purchase season tickets in bulk and;

- Other miscellaneous tickets, for example tickets that add Metro travel to a rail journey or enable the transportation of a whole class of school children.

## 2. Proposals - Metro

2.1 The 2021 fares review is underpinned by the following core proposals that will help Metro more affordable for passengers;

- Making the family offer permanent and expanding its offer to passengers once local restrictions ease;
- A freeze on all non-season ticket fares for young people aged 18 and under, including the Pop Blue smartcard;
- Freezing the price of Gold Card;
- Providing free travel for jobseekers, through the continuing scheme with JobCentres;
- Overall fares increase no higher than RPI inflation, with a weighted basket increase of 1.6% and;
- Continue to encourage the take up of smart means of payment on PAYG by maintaining the differential between standard fares and PAYG fares.

2.2 All of the above will be presented as a fares package offering value to those needing it most, the low-paid, young people and families, while still raising much needed revenue with an overall 1.6% uplift.

### *Adult Single and Day Fares*

2.3 As part of the overall proposal to increase Metro fares by a weighted average of 1.6%, the price of single and day fares on both standard paper based tickets and with a smartcard (Pay As You Go) will increase by £0.10. This maintains the price advantage for those passengers switching to Pop PAYG, each journey offering a saving of £0.45 versus the equivalent single ticket price and a saving of £0.55 versus the equivalent day ticket price. Transfares and add-on tickets will also be subject to a £0.10 rise.

2.4 Prior to Covid-19, 13.4% of adult short-term passengers had opted to use PAYG over single and day tickets, compared to 12.3% at the same point the previous year. Due to the pandemic, it is not possible to estimate anticipated growth rates of PAYG into 2021-22. However, a heavy focus of Metro's marketing in recent months has been around persuading passengers to convert to PAYG as a way to reduce cash handling during a time of heightened awareness around hygiene.

### *Season products – One week, four week, annual, corporate and students*

2.5 The price of One Week, Four Week, Annual, Corporate and Student Metro season tickets are proposed to increase by an average of 1.0% as shown in appendix B. This would help ensure workers who rely on season tickets, many of whom are key workers, are not adversely affected by the fares review. For example, an adult annual all zone season ticket will only increase by £7.00. The price of season

tickets offered to students retain the minimum of a 30% discount versus the equivalent adult fare, as shown in appendix C. Finally, the 18 and under season ticket is proposed to rise by 1%, with the weekly ticket rising £0.10 in price to £8.00 and the monthly ticket rising £0.30 in price to £30.20.

### *Concessionary Products*

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

### *Miscellaneous tickets*

- 2.7 The following miscellaneous ticket types are proposed to increase by an average of 3.0% as part of the proposals outlined in appendix D:
- Business Pass
  - Conference Pass
  - Metro Rail Add on fares (six ticket types).

The class pass is proposed to be frozen for 2021-22. This will ensure tickets remain attractive to schools once they are able to make school trips again, post Covid-19.

### **Ferry**

- 2.8 For standard tickets, the prices of Adult single, day and transfare tickets are proposed to increase in parallel with equivalent Metro tickets. Tickets purchased without a smartcard would increase by a minimum of £0.10, whilst prices for passengers using a PAYG smartcard would also increase by £0.10. Therefore, passengers who make the switch to PAYG under this scenario would continue to benefit from significant discounts over standard tickets under the proposals.
- 2.9 The constraint of only increasing standard cash based tickets in multiples of ten pence does result in percentage increases above the level of inflation and in the case of Ferry, with the majority of its tickets having this constraint, result in an overall weighted fares basket above the level of inflation at 3.3%.
- 2.10 It is proposed to remove the Ferry carnet product, which offers books of 10 single paper tickets for the price of 8. The carnet was established as a means for customers to pay for fares in advance, but the introduction of PAYG on Ferry, offering better value fares, has seen a consistent decline in Carnet sales and removal of the product is now proposed, with customers encouraged to migrate to PAYG.
- 2.11 Due to the Covid-19 pandemic, cash was temporarily removed as a payment method on Ferry in April 2020 and customers have since been able to pay by credit/debit card only. Feedback on the measure by customers and staff has been positive, and an impact assessment is planned to be carried out in 2021 on permanently removing cash as a payment option on Ferry.

- 2.12 With a weighted average basket of 3.3% across the Ferry ticket range, this proposal can be expected to generate additional revenue of £0.004m in 2021/22 assuming 60% of normal patronage, rising to £0.006m at 80% of normal patronage. Prices of Ferry tickets are shown in Appendix E.

### **Proposals – Car Parks**

- 2.13 As part of the fares review process in 2020, Nexus committed to seeking a new ticketing system for car park users. Nexus has now appointed Pay by Phone to introduce cashless ticketing at Nexus' six pay and display car parks on the Metro network (Bank Foot, Callerton Parkway, Four Lane Ends, Northumberland Park, Regent Centre, and Stadium of Light). For the first time, users of Nexus' six car parks will be able to pay for their car parking on their mobile phone, offering a far more convenient service. Nexus are hoping to launch this service by the end of January 2021.
- 2.14 The current Nexus car park fee has been £1 a day per car since 2012, when it was reduced from £1.60. With the introduction of Pay by Phone, the transaction fee associated with this new service will be passed onto car park customers through an increase to £1.20, which will be charged to all customers both to provide a simple, consistent offer and to encourage a move to the more convenient cashless option. The new price will be introduced once the Pay by Phone system goes live.

## **3. Reasons for the Proposals**

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

## **4. Alternative Options Available**

- 4.1 Two alternative fares proposals were considered as part of the review. This included a fares freeze to generate additional demand as well as a proposal with a weighted fares basket above the level of inflation at 4.6% to prioritise revenue above the other policy objectives set out in paragraph 1.4.
- 4.2 A fares freeze is not recommended due to the budgetary challenges Nexus will be facing at a time when high levels of investment will be made in delivering the new fleet, new depot and Metro flow. Whilst a fares freeze could generate an additional 0.105m passengers compared to the recommended option, this could come at the expense of up to £0.151m in revenue. Given the budget situation outlined in paragraph 2.4, a fares freeze scenario is therefore not considered to be affordable.
- 4.3 A scenario to prioritise revenue by proposing a weighted fares basket above the level of inflation was discounted as a result of its impact on patronage. Whilst a 4.6% weighted basket scenario could be expected to generate an additional £0.552m above the recommendation contained in this report, this would come at the expense of 0.147m fewer journeys. It is evident that such a large increase in fares would be detrimental towards our ability to attract passengers back to public transport following an easing of restrictions associated with Covid-19.



Further, each passenger journey contributes £8.50 to the local economy, and therefore the risk to patronage loss should be minimised by adopting the balanced approach proposed in this report.

- 4.4 Option 1 – The North East Joint Transport (Tyne and Wear) Sub-Committee may accept the recommendations set out in section 2 of this report.
- 4.5 Option 2 – The North East Joint Transport (Tyne and Wear) Sub-Committee may not accept the recommendations as set out in section 2 and instead accept an alternative option which would see a weighted fares basket above the level of inflation implemented (as set out in paragraph 4.3 of this report).
- 4.6 Option 3 - The North East Joint Transport (Tyne and Wear) Sub-Committee may not accept the recommendations as set out in section 2 of this report and as such opt not to implement any increase to Metro and Ferry fares from 1<sup>st</sup> April 2021 (as set out in paragraph 4.2 of this report)

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

- 5.1 Should the Sub-Committee approve the proposed fare changes set out in this report, the new fare levels will come into force on 1<sup>st</sup> April 2021.

**6. Potential Impact on Objectives**

- 6.1 The proposals in this report are intended to ensure the continued operation of the Metro within the subsidy levels available, whilst also being mindful of achieving the policy objectives outlined in section 1.5 of this report.

**7. Financial and Other Resources Implications**

- 7.1 The impact of the Covid-19 crisis and the uncertainty of the UK recovery makes forecasting the 2021/22 fare revenue difficult at this time. With that in mind, this report sets out a fare proposal modelled on 60%, 70% and 80% recovery scenarios.
- 7.2 Under the proposal of increasing Metro fares by a weighted average of 1.6% in line with RPI, an increase in metro fare revenue ranging from £0.151m to £0.311m is anticipated dependant on the patronage recovery scenario as shown in the table below:

Recovery Scenario	Budget 20/21 (Metro products) £m	Impact of fares review 21/22 £m	Budget 21/22 (Metro products) £m	Budget 20/21 (Metro products) £m	Variance to 20/21 budget £m
100%	40.572	0.471	41.043	40.572	0.471
60%	24.343	0.151	24.494	40.572	(16.078)
70%	28.400	0.231	28.631	40.572	(11.941)
80%	32.458	0.311	32.769	40.572	(7.803)

7.3 Furthermore, Nexus also receive income from sales of Network Ticketing Ltd and 3rd party products which totals £5.523m. Seeing a similar level of reduction on these income streams would result in a further pressure of c£1.1m- £2.2m on the overall budget. This is demonstrated in the table below:

Recovery Scenario	Budget 21/22 (Metro products) £m	Budget 21/22 (3 <sup>rd</sup> party products) £m	Total budget 21/22 £m	Total budget 20/21 £m	Variance to 20/21 budget £m
100%	41.043	5.523	46.566	46.095	0.471
60%	24.494	3.314	27.808	46.095	(18.287)
70%	28.631	3.866	32.497	46.095	(13.598)
80%	32.769	4.418	37.187	46.095	(8.908)

7.4 The fares proposals also cover revenue on the ferry and from car parks and based on a 60% patronage recovery the additional revenue from these sources would amount to £0.004m in 2021/22.

## 8. Legal Implications

8.1 There are no direct legal considerations arising from this report.

## 9. Key Risks

9.1 If the recommended proposal contained in this report is not approved, there could be a risk to Nexus' ability to deliver public transport, given a reduction in income associated with a freezing of fares and also, Government emergency Covid funding may not be forthcoming.

## 10. Equality and Diversity

10.1 The proposals contained in this report have been carefully crafted with equality and diversity considerations in mind. For the 2<sup>nd</sup> year, young people will benefit from a freeze in single and daily capped pricing. Families stand to benefit from the wider role out of the family offer once social distancing restrictions associated with the Covid-19 pandemic are lifted. The elderly and disabled will benefit from another freeze in Gold Card prices. Fares for adults will rise as a result of these proposals. However, adult passengers are provided with a wide range of tickets. Regular users will be protected with only a 1% rise on season tickets; below the rate of inflation as at July 2020. Less regular users will benefit from cheaper fares if they switch to a Pop Pay as You Go card. Overall, the proposal in this report seeks to strike a fair balance between the need to combat increasing budgetary pressures and ensuring passengers are not excessively burdened with price increases.

## 11. Crime and Disorder

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

## **12. Consultation/Engagement**

12.1 There are no specific consultation / community engagement considerations.

## **13. Other Impact of the Proposals**

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

## **14. Appendices**

14.1 Appendix A – Proposed single and day ticket prices.  
Appendix B – Proposed season ticket prices.  
Appendix C – Proposed 18 and under ticket prices.  
Appendix D – Proposed miscellaneous Metro ticket prices.  
Appendix E – Proposed Ferry prices.

## **15. Background Papers**

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

## **16. Contact Officers**

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## **17. Sign off**

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

## **18. Glossary**

**Network Ticketing Ltd (NTL)** – Provider of multi-modal transport tickets.

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

**Consumer Price Index (RPI)** – a measure of inflation published monthly by the

Office for National Statistics.

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

Product	2020 Price	2021 Price	Change £	Change %	% of Metro market (based on 18/19 data)
Single 1 Zone (A, B, C)	£2.00	£2.10	£0.10	5.0%	13.7%
Single 2 Zone (A+B, B+C)	£2.90	£3.00	£0.10	3.4%	
Single All Zones (A+B+C)	£3.60	£3.70	£0.10	2.8%	
Single 1 Zone PAYG	£1.55	£1.65	£0.10	6.5%	5.4%
Single 2 Zone PAYG	£2.45	£2.55	£0.10	4.1%	
Single All Zones PAYG	£3.15	£3.25	£0.10	3.2%	
Daily Cap 1 Zone PAYG	£2.65	£2.75	£0.10	3.8%	
Daily Cap 2 Zone PAYG	£3.75	£3.85	£0.10	2.7%	
Daily Cap All Zones PAYG	£4.75	£4.85	£0.10	2.1%	34.7%
Day 1 Zone (A, B, C)	£3.20	£3.30	£0.10	3.1%	
Day 2 Zone (A+B, B+C)	£4.30	£4.40	£0.10	2.3%	
Day All Zones (A+B+C)	£5.30	£5.40	£0.10	1.9%	0.4%
Transfare 1 Zone (T1)	£3.00	£3.10	£0.10	3.3%	
Transfare 2 Zone (T2)	£3.90	£4.00	£0.10	2.6%	
Transfare 3 Zone (T3)	£4.60	£4.70	£0.10	2.2%	1.1%
Child Commercial Single (A+B+C)	£0.90	£0.90	£0.00	0.0%	
Child DaySaver (A+B+C)	£1.40	£1.40	£0.00	0.0%	
Child Transfare (T3)	£1.10	£1.10	£0.00	0.0%	0.1%
Add Zone 1 Day 1 Zone (Season add on)	£3.20	£3.30	£0.10	3.1%	~
Add Zone 1 Day 2 Zone (Season add on)	£4.30	£4.40	£0.10	2.3%	~

## Appendix B – Season Ticket price changes from 1<sup>st</sup> April 2021

Product	2020 Price	2021 Price	Change £	Change %	% of Metro market (based on 18/19 data)
Metro Season 1 Week 1 Zone (A, B, C)	£11.40	£11.50	£0.10	0.9%	13.9%
Metro Season 1 Week 2 Zone (A+B, B+C)	£17.00	£17.20	£0.20	1.2%	
Metro Season 1 Week All Zones (A+B+C)	£23.10	£23.30	£0.20	0.9%	
Metro Season 4 Week 1 Zone (A, B, C)	£40.30	£40.70	£0.40	1.0%	7.5%
Metro Season 4 Week 2 Zone (A+B, B+C)	£59.20	£59.80	£0.60	1.0%	
Metro Season 4 Week All Zones (A+B+C)	£78.30	£79.10	£0.80	1.0%	
Metro Season Annual 1 Zone (A,B,C)	£445.50	£450.00	£4.50	1.0%	11.8%
Metro Season Annual 2 Zone (A+B, B+C)	£622.10	£628.50	£6.40	1.0%	
Metro Season Annual All Zones (A+B+C)	£688.00	£695.00	£7.00	1.0%	
Corporate Metro Season (1 - 19 tickets)	£588.00	£594.00	£6.00	1.0%	
Corporate Metro Season (20-39 tickets)	£583.00	£589.00	£6.00	1.0%	
Corporate Metro Season (40+ tickets)	£578.00	£584.00	£6.00	1.0%	

## Appendix C – 18 and under and Student price changes from 1<sup>st</sup> April 2021

Product	2020 Price	2021 Price	Change £	Change %	% of Metro market (based on 18/19 data)
Pop blue Single (A+B+C)	£1.00	£1.00	£0.00	0.0%	1.6%
Pop blue Daily Cap (A+B+C)	£2.00	£2.00	£0.00	0.0%	
16 - 18 MetroSaver 1 Week All Zones (A+B+C)	£7.90	£8.00	£0.10	1.3%	0.4%
16 - 18 MetroSaver 4 Week All Zones (A+B+C)	£29.90	£30.20	£0.30	1.0%	
Student MetroSaver 4 Week Inner Newcastle	£27.70	£28.00	£0.30	1.1%	5.0%
Student MetroSaver 4 Week Inner Sunderland	£27.70	£28.00	£0.30	1.1%	
Student MetroSaver 4 Week All Zones (A+B+C)	£53.80	£54.30	£0.50	0.9%	
Student MetroSaver Annual Inner Newcastle	£308.00	£311.00	£3.00	1.0%	
Student MetroSaver Annual Inner Sunderland	£308.00	£311.00	£3.00	1.0%	
Student MetroSaver Annual All Zones (A+B+C)	£396.00	£400.00	£4.00	1.0%	

#### Appendix D – Misc ticket price changes from 1<sup>st</sup> April 2021

Product	2020 Price	2021 Price	Change £	Change %	% of Metro market (based on 18/19 data)
Business Pass	£185.00	£186.40	£1.40	1.0%	~
Conference Pass	£2.90	£3.00	£0.10	3.6%	~
Class Pass - 1 Pass 1 Day	£33.10	£33.10	£0.00	0.0%	~
Class Pass - 2 Passes 1 Day	£52.30	£52.30	£0.00	0.0%	~
Class Pass - 1 Pass 1 Term	£100.50	£100.50	£0.00	0.0%	~
Class Pass - 2 Passes 1 Term	£165.70	£165.70	£0.00	0.0%	~
Class Pass - 1 Pass Annual	£258.50	£258.50	£0.00	0.0%	~
Class Pass - 2 Passes Annual	£458.60	£458.60	£0.00	0.0%	~
Single Inner Zone Rail Add On	£1.80	£1.90	£0.10	5.5%	~
Return Inner Zone Rail Add On	£2.50	£2.60	£0.10	4.0%	~
7 Day Inner Zone Rail Add On	£9.70	£10.00	£0.30	3.0%	~
Single Outer Zone Rail Add On	£2.80	£2.90	£0.10	3.6%	~
Return Outer Zone Rail Add On	£4.30	£4.40	£0.10	2.3%	~
7 Day Outer Zone Rail Add On	£17.50	£17.80	£0.30	1.7%	~

#### Appendix E – Ferry price changes from 1<sup>st</sup> April 2021

Product	2020 Price	2021 Price	Change £	Change %	Journeys (000s) - based on 18/19
Pop blue Ferry Single	£1.00	£1.00	£0.00	0.00%	437
Pop blue Ferry Day Ticket	£2.00	£2.00	£0.00	0.00%	
Ferry Single	£1.80	£1.90	£0.10	5.30%	
Ferry Single – PAYG	£1.35	£1.45	£0.10	6.90%	
Ferry Day Ticket	£3.00	£3.10	£0.10	3.20%	
Ferry Day Ticket – PAYG	£2.45	£2.55	£0.10	3.90%	
Ferry Season Ticket 1 Week	£10.60	£10.70	£0.10	0.90%	
Ferry Season Ticket 4 Week	£37.20	£37.60	£0.40	1.10%	
1 Zone Transfare	£3.00	£3.10	£0.10	3.20%	
2 Zone Transfare	£3.90	£4.00	£0.10	2.50%	
3 Zone Transfare	£4.60	£4.70	£0.10	2.10%	
Child Commercial Single	£0.70	£0.07	£0.00	0.00%	
Child Transfare	£1.10	£1.10	£0.00	0.00%	

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

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**Date:** 14<sup>th</sup> January 2020  
**Subject:** Nexus Corporate Business Plan 2021-2025  
**Report of:** Chief Operating Officer, Nexus

### Executive Summary

The Nexus Corporate Business Plan for 2021-25 provides the framework for Nexus' delivery up until 2025, it sets out the main actions Nexus will take and the indicators by which success will be measured. The Corporate Business Plan is a rolling five-year programme, that will be reviewed on an annual basis.

The plan reflects the significant impact that COVID-19 has had on Nexus and public transport and the plans have been developed to ensure it is relevant to the current challenges that the pandemic presents.

The annual review of the plan will ensure that it is able to respond to the new shape of transport as the region emerges from the current crisis.

The Corporate Business Plan is built around delivering a new vision of:

By 2025 we will be ....

**N**imble in our processes and use of technology, an **E**ngaged and inclusive place to work, providing **eX**cellent customer service, **U**ncompromising in our safety standards and **S**ustainable in all we do.

Along with our mission:

'Making public transport great for our environment, economy and communities'

This is articulated through five themes:

- Put safety and security at the heart of everything we do.
- Grow patronage and improve our customers experiences.
- Exploit technology, safeguard our assets and improve our processes.
- Become a sustainable organisation.

- Transform our organisation to be agile, innovative and inclusive.

The themes are underpinned by 14 Key Performance Indicators:

- Number of reportable accidents
- Number of assaults
- Metro punctuality
- Metro service reliability
- Fleet reliability
- Customer perception of safety and security
- Customer satisfaction
- Public transport patronage
- Satisfaction with public transport facilities
- Asset reliability
- Carbon footprint
- Employee engagement
- Diversity of the workforce
- Innovation capability maturity model score

The Corporate Business Plan will direct Nexus' actions over the 2020-21 and set the framework to achieve our 2025 vision.

The new Regional Transport Plan will provide the context for Nexus' Corporate Business plan from 2021-22 onwards and allow a longer-term plan to be developed. Our Corporate Business Plan directly supports the emerging objectives of the regional plan.

<b>Transport Plan Objectives</b>	<b>Vision</b>	<b>KPIs</b>
Carbon Neutral Transport	<ul style="list-style-type: none"> <li>• Sustainable into the future</li> </ul>	<ul style="list-style-type: none"> <li>• Carbon footprint</li> </ul>
Healthier North East	<ul style="list-style-type: none"> <li>• Excellent customer service</li> </ul>	<ul style="list-style-type: none"> <li>• Public transport patronage</li> </ul>
Overcoming inequality and grow our economy	<ul style="list-style-type: none"> <li>• Engaged and inclusive</li> <li>• Nimble in our processes and technology</li> </ul>	<ul style="list-style-type: none"> <li>• Public transport patronage</li> <li>• Employee engagement</li> <li>• Diversity of the workforce</li> <li>• Innovation capability maturity model score</li> </ul>
Appealing sustainable transport choices	<ul style="list-style-type: none"> <li>• Excellent customer service</li> <li>• Uncompromising about safety</li> <li>• Sustainable into the future</li> </ul>	<ul style="list-style-type: none"> <li>• Metro punctuality and reliability</li> <li>• Fleet reliability</li> <li>• Customer satisfaction</li> <li>• Satisfaction with public transport facilities</li> </ul>
Safe and secure network	<ul style="list-style-type: none"> <li>• Uncompromising about safety</li> </ul>	<ul style="list-style-type: none"> <li>• No. of reportable accidents</li> <li>• No. of assaults</li> </ul>

		<ul style="list-style-type: none"><li>• Customer perception of safety and security</li><li>• Reliability of assets</li></ul>
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The Corporate Business Plan will be monitored on a weekly basis by Nexus Senior Leadership Team and report to TWSC at each of its meetings.

**Recommendations**

The Tyne and Wear Sub-Committee approve the Nexus' Corporate Plan for 2021-2025. Subject to the Joint Transport Committee has agreeing Nexus' budget for 2021-22 and subject to confirmation of revenue support from Central Government.

## 1. Background Information

- 1.1 The Nexus Corporate Business Plan for 2021-2025 sets out five themes, underpinned by 14 Key Performance Indicators (KPIs) which will direct our action over the course of the year. Service managers will set their departmental service plans and budgets in accordance with this plan.
- 1.2 The delivery of the plan will be monitored on a weekly basis by Nexus Senior Leadership Team to ensure progress and will report to TWSC at each of its meetings.
- 1.3 Target and actions set in the plan will be realistic but challenging to ensure continual improvement.
- 1.4 The first theme in the plan is to **Put safety and security at the heart of everything we do**. As a public transport operator, the safety of our network, our customers and employees are of paramount importance and the plan sets the basis for building a public transport operation people feel safe to use.
- 1.5 We will take steps to embed a safety-first culture, implementing 'Just Culture' principles and implementing lifesaving rules. This will be supported by a programme of communications and activities such as safety stand-down days. By 2025 we will have achieved accreditation for excellence in safety.
- 1.6 We will implement immediate measures to significantly reduce the number of signals passed at danger (SPADs) on the network through the implementation of a SPAD reduction plan. This will include analysing the root cause of SPADs, sharing data and insights with our traincrew and reviewing the traincrew training programme. We will review the Metro infrastructure for opportunities to improve the visibility of signals.
- 1.7 Anti-social behaviour is a major cause of concern for our passengers and a significant cost to the network. We will establish a joint task group with the police and other agencies and develop long term plans to address known hotspots.
- 1.8 Our second theme is to **grow our patronage and improve our customer experience**. Our plans will ensure our services meet the needs and expectations of our customer.
- 1.9 We will invest in our infrastructure including finalising the designs for our new fleet, based on extensive public consultation, to ensure it will meet the needs of our customers, now and for the next 40 years. To support this investment, we will continue to improve the performance of our core Metro infrastructure and improve customer facilities across Metro, bus and Ferry. We will deliver Metro Flow and improvements to our carparks funded from Transforming Cities.
- 1.10 We will deliver our ambitious set out in our Products and Payments strategy, including reviewing our ticketing products and continuing to develop flexible ticketing solutions that are easy for our customers to understand and automatically provide best value for money. We will implement Host Card Emulation (smart

ticketing on mobile phones) and publish our customer information strategy.

- 1.11 Our plans included investing in our employees so we can provide exceptional customer service and ensure our staff have access, through technology, to everything they need to support our customers. To achieve this, we will establish new customer service standards for each step in the customers' journey.
- 1.12 For our stops and stations, we will establish a consistent brand and standard and seek funding to develop a delivery programme to bring all our stops and station up to this standard and maintain them at this level.
- 1.13 Working with Transport for the North East (TNE) we will build new partnerships with bus operators to re-establish bus travel as an attractive choice.
- 1.14 Nexus will continue to act as the secretariat for the North East Rail Management Unit and support further local rail developments and devolution.
- 1.15 Our third theme is **Exploit technology, safeguard our assets and improve our processes**; we will continue to invest in our physical assets to improve the reliability of public transport. 2021 will see us deliver the first year of our essential renewals programme and we will work to secure long term funding to improve all our assets across Metro, bus, Ferry and our digital assets.
- 1.16 We will continue to develop our ICT to ensure our assets are fit for purpose, meet the needs of the business and ensure efficiency in our processes.
- 1.17 As part of our fourth theme, **Become a sustainable organisation**, we will continue to invest to ensure the environmental performance of Metro continues to improve and invest in smart energy initiatives to build on the benefits that will be realised from the new fleet.
- 1.18 Working with partners we will develop agreements to specify and manage local rail services in a sustainable way, including specifying a non-diesel fleet for North East trains.
- 1.19 We will seek to secure long term certainty of funding for our capital programmes and work with partners to secure a viable position for bus and long-term revenue certainty.
- 1.20 Our fifth theme is **Transform our organisation to be agile, innovative and inclusive**, we will develop programmes to ensure that our organisation is representative of the communities we serve. We will review our recruitment and selection processes and actively engage with underrepresented communities and groups to promote Nexus as an employer.
- 1.21 We will develop apprenticeship and graduate programmes as appropriate and promote the use of training posts to attract young people into the organisation.
- 1.22 Our organisation will be one which invests in and develops its people to ensure we best meet the needs of our customers and use succession planning and progression as well as invest in management and leadership development.

- 1.23 Once approved the Corporate Business Plan will be monitored on a regular basis by the Nexus Senior Leadership Team and progress reported to TWSC. We will start to make plans to ensure our business plan from 2021 onwards reflects the aspirations set out in the Regional Transport Plan.

## **2. Proposals**

- 2.1 It is proposed that the TWSC offers comments on the Nexus Corporate Business Plan 2021-2025.

## **3. Reasons for the Proposals**

- 3.1 The Nexus Corporate Business Plan will ensure that Nexus continues to deliver the transport priorities of the Joint Transport Committee

- 3.2 The Corporate Business Plan demonstrates how Nexus will deliver services funded by the levy.

## **4. Alternative Options Available**

- 4.1 The sub-committee could instruct Nexus to adopt different priorities.

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

- 5.1 If the Corporate Business Plan is approved at the TWSC meeting in January 2021, it will be implemented from the 1<sup>st</sup> of April 2021 and monitored on a weekly basis.

## **6. Potential Impact on Objectives**

- 6.1 The Corporate Business Plan supports the delivery of objectives around growing the use of public transport and supporting economic regeneration of the region, helping to provide access to employment and leisure.

## **7. Financial and Other Resources Implications**

- 7.1 Nexus' Director of Finance and Resources confirms that, providing Nexus continues to receive emergency COVID-19 support from central government, it is anticipated that what is set out in this report can be accommodated from within the 2021/22 budget.

## **8. Legal Implications**

- 8.1 The Corporate Business Plan ensures Nexus meeting its legal obligations on service delivery.

## **9. Key Risks**

- 9.1 The main risk is that unforeseen budgetary pressures emerge throughout the year which diverts resources to other priorities.
- 9.2 Another risk is a delay to the delivery of the Regional Transport Plan which impacts

on Nexus' ability to establish a longer-term business plan for 2022 onwards.

- 9.3 Finally there is a risk the external funding bids are not successful and other funding opportunities do not materialise, impacting on the deliverability of some of the projects in the plans.

## **10. Equality and Diversity**

- 10.1 All Nexus project and services are impact assessed to ensure that they are accessible and the business plan is underpinned by the Nexus Equality and Diversity strategy.

## **11. Crime and Disorder**

- 11.1 Nexus work closely with the Metro police unit and British Transport Police to ensure the safety of the network. The Corporate Business Plan will also be underpinned by the Personal Safety and Security strategy which is currently under development and due to be published before the end of the 2020-21 financial year.

## **12. Consultation/Engagement**

- 12.1 The business plan has been developed through internal consultation with all relevant departments of Nexus and from Nexus' approved strategies.
- 12.2 The business plan is also underpinned by market research, customer feedback and best practice from elsewhere which can be applied to Nexus and Metro services.
- 12.3 TWSC was consulted on the draft business plan at a policy seminar in October 2020.

## **13. Other Impact of the Proposals**

- 13.1 The Corporate Business Plan will put in place plans aimed at growing the use of public transport, helping to reduce car journeys on the local road network, helping to reduce congestion and improve air quality.

## **14. Appendices**

- 14.1 **Appendix A:** Nexus Corporate Business Plan 2021-2025

## **15. Background Papers**

- 15.1 None

## **16. Contact Officers**

- 16.1 Name: Martin Kearney  
Designation: Chief Operating Officer  
E-mail: martin.kearney@nexus.org.uk

Tel: 0191 203 3500

**17. Sign off**

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

**18. Glossary**



# Nexus Corporate Plan 2021-25



Our vision for 2025



# By 2025 we will be ....

**N**imble in our processes and use of technology,  
an **E**ngaged and inclusive place to work,  
providing ~~e~~xcellent customer service,  
**U**ncompromising in our safety standards  
and **S**ustainable in all we do.

## Nexus Mission

*‘Making public transport great  
for our environment, economy and  
communities’*

# Executive Summary

Our Corporate Plan sets out the framework for what Nexus will deliver from 2021 to 2025. The plan draws from the Regional Transport Plan, Nexus Corporate Strategies and is underpinned by market research, evidence and best practice.

## To achieve our vision, our Corporate Plan is built around five themes:

- Put safety and security at the heart of everything we do
- Grow patronage and improve our customer experiences
- Exploit technology, safeguard our assets and improve our processes
- Become a sustainable organisation
- Transform our organisation to be agile, innovative and inclusive.

## Our performance is measured via fourteen Key Performance Indicators:

- Number of reportable accidents
- Number of reportable assaults
- Metro punctuality
- Metro service reliability
- Fleet reliability
- Customer perception of safety and security
- Customer satisfaction
- Public transport patronage
- Satisfaction with public transport facilities
- Asset reliability
- Carbon footprint
- Employee engagement
- Diversity of the workforce
- Innovation capability maturity model score



# Our Business Planning Process

Nexus has established a long-term Corporate Plan which aligns with the regional planning framework that is set out in the emerging North East Regional Transport Plan.

The Regional Transport Plan sets out five objectives for transport across the North East and Nexus is required by the Joint Transport Committee of the two Combined Authorities that Nexus serves, to deliver the policy and objectives set through their plan.

## The objectives of the Regional Transport Plan are:

- Carbon neutral transport
- Healthier North East
- Overcome inequality and grow our economy
- Appealing sustainable transport choices
- Safe, secure network

Our vision and KPI's which support our business plan assist in the delivery of the Transport Plan objectives

Transport Plan Objectives	Vision	KPIs
Carbon Neutral Transport	Sustainable into the future	Carbon footprint
Healthier North East	Excellent customer service	Public transport patronage
Overcoming inequality and grow our economy	Engaged and inclusive Nimble in our processes and technology	Public transport patronage Employee engagement Diversity of the workforce Innovation capability maturity model score
Appealing sustainable transport choices	Excellent customer service Uncompromising about safety Sustainable into the future	Metro punctuality and reliability Fleet reliability Customer satisfaction Satisfaction with public transport facilities
Safe and secure network	Uncompromising about safety	Number of reportable accidents Number of assaults Customer perception of safety and security Reliability of assets

Nexus' Corporate Business Plan is reviewed on an annual basis and is aligned to the budget setting process.



Our Corporate Plan will align with the policies, aims and objectives of the Regional Transport Plan and will be supported by our internal business planning processes which complement and support the financial and performance reporting duties and responsibilities of Nexus to the Joint Transport Committee.

We are a public body and develop our plans by listening to local people and businesses. When we intend to make changes or deliver projects which impact on people, we seek to ensure there is appropriate engagement and that we take account of the feedback we receive.

Our strategies set out what we will deliver to meet these objectives and are developed using market research, evidence and best practice to help us to achieve our vision.



## Theme 1

# Safety without compromise

Put safety and security at the heart of everything we do

### Performance indicators

- Number of reportable accidents
- Number of assaults
- Employee perception of safety and security
- Customer perception of safety and security
- Signals passed at danger (SPADs)
- Safety award accreditation
- Incidents of anti-social behaviour
- Employee accidents
- Employee assaults
- Passenger accidents
- Delays due to anti-social behaviour

### In 2021 we will:

#### Embed a 'Safety First' Culture

To support this, we will work towards an accreditation for excellence in safety and publish a safety and security strategy, which will set out a series of actions we will take to improve safety and security for the travelling public and our employees across the network.

#### Reduce incidents of Signals Passed at Danger (SPADs)

Currently the number of Signals Passed at Danger occurring on our network is not acceptable and we will take immediate measures to reduce the number of these through the implementation of a SPAD reduction plan. This will include detailed analysis to understand the root cause of SPADs on the Metro network, share insights and data with our traincrew and review the traincrew training programme. SPAD reduction will form part of the design work for the train simulator for the new fleet.

Additionally, we will review the Metro infrastructure, for example signal positioning, to improve visibility of signals across the network.

#### Reduce anti-social behaviour

Anti-social behaviour, including vandalism, graffiti, ticketless travel and intimidating behaviour is a problem we will address across the Metro network and our wider public transport infrastructure. Our research tells us that anti-social behaviour and ticketless travel is a key priority for our customers and addressing this issue will assist in growing patronage, particularly in the evenings, through improved perceptions of safety and security. In 2021 we will establish a joint task group, with the police and other agencies to develop a long-term plan. As part of this we will develop deployment plans to address known hot-spots, increase the percentage of our tickets which are gate-enabled, allowing resources to be deployed more widely and implement marketing and communication plans.

We will make better use of our CCTV system and gather data to target trouble hotspots.

### By 2025 we will have:

Fully embedded a safety culture, with a process of continuous improvement and as a result we will have achieved an industry recognised accreditation for safety.

Our SPAD record will be industry leading with improvements made to training, with all our traincrew fully trained on the new fleet including SPAD avoidance. We will have a driver reminder device in use across the fleet.

Our multi-agency task force on safety and security will be fully implemented and deployed across the network to increase visibility. We will actively deploy technology to protect our customers, revenue and the infrastructure.



## Grow patronage and improve our customer experience

### Performance indicators

- Metro punctuality
- Metro reliability
- Metro customer satisfaction
- Net promoter score
- Satisfaction with the range of tickers
- Satisfaction with the cost of tickets
- Satisfaction with information
- Metro patronage
- Secured bus patronage
- Satisfaction with bus information at stops and stations
- Ferry customer satisfaction
- Ferry patronage
- Customer complaints
- Public transport percentage of total journeys made

Our plans will ensure our services meet the needs and expectations of our customers and will grow patronage and revenue through ensuring we deliver an efficient, effective and reliable service. We will continue to improve the punctuality and reliability of the Metro service in advance of the introduction of our new fleet and implement projects that improve the satisfaction of our customers across the range of products that we offer. We will work to ensure that public transport takes a greater percentage of the total journeys made in the region by driving modal shift from car.

### In 2021 we will:

#### Invest in our infrastructure

The designs will be finalised for our new fleet of Metro cars having undertaken an extensive public consultation to ensure that our new fleet meet the needs of our customers, now and for the next 40 years.

We will design and seek funding for a range of capital projects to improve the performance of our core Metro infrastructure (rails, overhead line, electrical and mechanical assets, such as lifts and escalators, signalling systems, communications systems) as well as improve customer facilities across Metro, bus and Ferry improving our stations, carparks, implementing Electric Vehicle (EV) charging facilities and enhanced, secure cycle parking across the Metro network, all based on a deep understanding of our customers' requirements.

Having completed a feasibility study into opportunities to enhance park and ride and walking and cycling access to Metro, bus stations, the Ferry and our interchanges we will seek funding to implement our plans. In conjunction with this, we will commence implementation of our plans to expand and improve the parking facilities at Callerton, implement a modern carpark ticketing system and improve safety and security through better lighting and CCTV coverage.

#### Products and Payments

We will deliver our objectives as set out in our products and payments strategy. Customers expectations of technology continue to accelerate, our customers expect simple, hassle-free, contactless travel, and we will review initiatives within transport and other industries to identify and harness best practice. In 2021 our range of ticketing products will have been reviewed and we will continue to develop flexible ticketing options that are simple and easy for our customers to understand and automatically provide best value for money and utilise technology to minimise administration costs for Nexus. This will involve removing products which no longer meet customer expectations or are rendered obsolete by technology changes. We will have implemented Host Card Emulation (smart ticketing on mobile phones) in 2021.

We will publish our customer information strategy and set actions to improve our provision of information for all steps in the customers' journey as well as in the event of disruption on the network.

## Customer Services

We will invest in our employees to ensure that we can provide exceptional customer service. Our frontline staff will have access to the correct technology to ensure they are always equipped with the latest service information and are able to assist with any public transport query from our customers. To achieve this, we will establish new customer service standards for each step in the customers journey experience; creating a value system to generate trust and reassurance for our passengers and confidence and ownership for our employees.

We will also invest in our employees to ensure they are equipped with the knowledge and tools to help and support our customers who need additional support to use our services.

For our stops and stations that we manage across the public transport network, we will establish a consistent brand and standards. We aim to secure the funding and develop a delivery programme to bring our stops and stations up to a consistent standard. Evidence tells us that high quality environments will also help reduce anti-social behaviour, especially vandalism and graffiti. As well as improving customer satisfaction and the perception of safety on our network, this will reduce the costs associated with repairing damage.

Without intervention we estimate the public transport patronage will only return to 60-75% of the pre-pandemic levels, during 2021 we will be implementing our recovery plan to put public transport at the heart of our communities and attract a new generation of customer to public transport.

Working with Transport North East (TNE), we will build new partnerships with bus operators to re-establish bus travel as an attractive choice.

Nexus will continue to act as Secretariat for the North East Rail Management Unit and assist local authorities to develop rail corridors and stations and seek further local rail devolution to better integrate local rail services with the wider public transport offer in the North East.

### By 2025 we will

Have introduced fully our new train fleet, bring with it a step change in punctuality and reliability of the services, we will also have completed our Metro Flow project enabling an increase in service to 10 minutes across the network and introduced earlier services from South Shields.

We will have delivered another 5 years of asset renewal & enhancement, and we will continue to work with DfT to ensure surety of ongoing capital investment to improve the performance of our core Metro infrastructure (rails, OHL, Electrical and Mechanical assets such as escalators & lifts, signalling systems, communication systems), to ensure sustained improvement of the performance of our assets.

We will continue to implement the actions from our recovery plan to attract new customer to Metro.

Passenger satisfaction with Metro will be high and our passengers will feel confident in recommending Metro to friends and family and Metro patronage will continue to grow, our stations will be welcoming, clean, smart and safe places to use.

All of our products will be available via mobile tickets and we will have developed 'apps' to allow maximum flexibility in paying for public transport and permit integrated park and ride ticketing. We will also have apps which provide real time and up to date service information allowing customers to easily plan their travel. By 2025 we will have removed cash as a payment mechanism on Metro. We will have reviewed the Metro zone structure to better align it with the journeys our customers make and the wider public transport network.

We will have expanded the carpark at Callerton, to help meet demand from new housing developments, improved facilities there for interchange with bus, improved cycle parking and expanded the availability of charging points for electric vehicles. We will have implemented plans at our other car parks to enhance facilities in line with customer requirements to retain and attract new customers to Metro and enhance perception of safety and security.



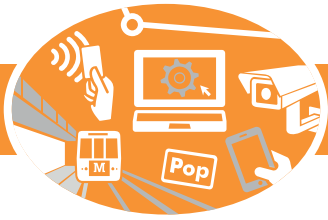
All of our stations will have enhanced cycle parking, with a range of options including cyclepods, lockers and hubs depending on customer needs at that site and the opportunities to attract new customers. We will work closely with Local Authority partners to ensure that all our stations have high quality, well lit, safe walking and cycling links to local destinations. This will expand the catchment area for Metro and attract new customers to use the system

Having refreshed and published the Metro and local rail strategy to support our ambitions for Metro we will ensure that our plans for Metro extensions and enhancements align with regional plans to maximise our ability to attract funding.

For bus, in conjunction with TNE we will have published a Bus Strategy for the region and will have developed New Mobility Services (NMS) to provide an expanded public transport network.

We will have relocated the North Bank of the Tyne Ferry landing into the heart of the Fish Quay regeneration zone and developed and enhanced our customer offering tied into a vibrant tourism industry. We will review the Ferry service, tickets and information to exploit this opportunity and start investigating opportunities to enhance the environmental performance of the Ferry. Working with partners we will have replaced Tanners Bank Bridge to open up sustainable access to the Fish Quay regeneration site.

We will ensure our frontline colleagues have the skills, knowledge, experience and the tools to undertake their roles to a high standard and feel supported and valued by the organisation and play an integral part in the transformation of the service with the introduction of the new fleet. We will invest in new uniforms as part of the transformation of our services which better reflect the customer support role our staff undertake and the professionalism they demonstrate.



## Theme 3

# Assets and technology

Exploit technology, safeguard our assets and improve our processes

### Performance indicators

- Assets in service
- Asset inspection and maintenance regime
- Digital connectivity across the network
- Take up of Pay As You Go (PAYG)
- Time/Cost/Quality of the essential renewals programme
- Satisfaction with facilities
- Accessibility of facilities

### In 2021 we will:

#### Improve our physical assets

Our investment in our physical assets will continue to improve the reliability of the public transport systems we own and maintain. Through increasing the resilience of the network, we will improve customer satisfaction.

2021 will see us deliver the first year of our essential renewals programme on the Metro network and we aim to have secured from government capital funding to continue our programme of essential renewals for core Metro infrastructure and as well securing capital required to deliver renewals programmes and investment in our other assets categories, including bus, ferry and our digital assets.

Our programme will help improve the reliability of the public transport network, and our customers' experience of public transport by ensuring that the system is safe, clean and easy to use.

We will have developed remote monitoring for our critical assets to ensure interventions happen before a failure occurs, thereby increasing the reliability of our assets. We will look at a risk based predictive and preventative maintenance model to improve the efficiency of our maintenance programme.

We will support local partners in the delivery of the Northumberland Line to make this project an exemplar of locally devolved railway partnerships.

#### Technology

We will develop an ICT strategy to ensure that all our digital assets are fit for purpose, meet the needs of the business and ensure efficiency in our processes.

We will launch Pay As You Go as a ticket on your phone and will let a contract for digital connectivity across the network.

### By 2025 we will

We will have implemented remote monitoring and will have delivered a further four years of the essential renewals programme. Having secured funding we will have embarked on a programme of renewal across the bus and ferry infrastructure to improve performance, reliability and the customer experience.

There will be high quality CCTV across the network, providing real time images to Control helping us to better monitor and address problems, such as anti-social behaviour as well as providing reassurance for passengers.

We will work towards having contactless travel across all journeys and a high level of digital connectivity supported by a comprehensive 'one stop' for journey planning, products, payments and information, including an incentive scheme for our customers.



## Become a sustainable organisation

### Performance indicators

- Carbon footprint of Metro operations
- Energy consumption
- Organisation establishment

### In 2021 we will:

#### Improve environmental performance

We will continue to invest to make sure that the environmental performance of Metro continues to improve, reducing our carbon footprint and making Metro the green travel choice. We will publish our energy and the environment strategy and ensure we undertake environmental impact assessments of our projects.

We will investigate energy harvesting and smart energy initiatives to build on the benefits that will be realised from the implementation of the new fleet.

An environmental invest to save project will be established to ensure we can invest in and benefit from the latest energy technologies and support regional climate emergency programmes.

Working with partners we will develop agreements to specify and manage local rail services in a sustainable way, including working to specify a non-diesel fleet on North East trains.

#### Manage our financial standing

We will seek to secure long term certainty of funding for our capital programme across Metro, Ferry and Bus infrastructure and work with partners to secure a viable position for bus and long term revenue certainty to allow strategic planning of services to support the ambitions and objectives of the region, our partners and stakeholders.

We will develop an income generation plan to gain the most from our assets whilst supporting value for money for our customers.

### By 2025 we will:

The launch of the new fleet will generate a step change in energy consumption and the consequential carbon footprint of the Metro network, we will investigate and invest in technologies which exploit this and the capabilities of the new fleet to further improve the environmental credentials of the system. We will work to ensure that we reduce the environmental impact of our buildings and other infrastructure, ensuring that new buildings meet a high level of environmental performance.

Our IT systems will be rationalised and fit for purpose, whilst we implement appropriate technologies to support remote and flexible working and ensure our information to our customers is in real time and tailored to journeys.

We will have a network of environmental champions in place, ensuring the public transport we provide is as green as possible and we will source all our energy from low carbon sources. We will have achieved awards and accreditation for our environmental programme and implemented a wider range of energy initiatives across our estate to improve our carbon footprint.



## Transform our organisation to be agile, innovative and inclusive

### Performance indicators

- Employee engagement indicators
- Employee accidents
- Absence levels
- Workforce diversity
- Applicant diversity
- Innovation maturity indicators

### In 2021 we will:

#### Represent the communities we serve

We will review our recruitment and selection processes and actively engage with demographic groups which are under-represented in our business by offering taster sessions, work experience and visits to promote the opportunities that are available.

We will also develop our employer brand to ensure that a wider variety of people from different backgrounds are aware of the employment opportunities within the business and see our organisation as one which reflects them and their values.

A regular apprentice and graduate programme will be established and we will promote the use of 'training' posts, particularly to cover short term vacancies to attract younger people to the organisation.

We will have established a learning and development framework for equality and diversity and in 2021 will commence the roll out of training relevant to an individual's job role.

We will develop an accommodation strategy to ensure all our worksites are fit for purpose and accessible.

#### Learning and Development

Our organisation will be one which invests in and develops its people to ensure we best meet the needs of our customers. We will develop succession plans and progression routes and ensure all our managers have training in management and leadership suitable for their roles through a rolling development programme.

We will make the best use of the Nexus Learning Centre to support the development of our own staff and as an asset for the wider community and to generate income to support the delivery of our services.

We will establish a programme to review our employees' competencies related to their role and implement relevant development programmes.

#### Engagement

An engaged workforce offers better services to our customers. We will develop a baseline engagement survey and, from this, an action plan to improve.

#### Strategy

We will revitalise the diversity programme, establishing a programme of activities with our people and our customers to promote diversity and inclusion. We will refresh our equality, diversity and inclusion strategy and publish an innovations strategy to promote innovation, agility and effectiveness across the organisation.

## **By 2025 we will:**

Have an organisation which achieves high engagement scores from its people, which is reflected in high levels of customer satisfaction. We will have managers and leaders who are qualified and succession and development plans in place across the whole organisation.

Our worksites will be fit for purpose and provide modern, flexible working environment that promotes effectiveness and innovation. The organisation will be agile to respond to changes in the environment, customer needs and opportunities.

We will have achieved accreditation for our work on diversity and our workforce will better represent the people we serve, allowing us to make better decisions.

We will have established innovations forums and innovation will be rewarded, improving the services we offer and ensuring we are efficient and effective as an organisation.

## **Summary**

The next five years is an exciting time for public transport across Tyne and Wear. As the region emerges from the Covid-19 pandemic, we see opportunities for public transport to position itself at the heart of a green recovery.

Transport is an enabler of many policy areas; supporting access to jobs, leisure and education. Our investment in our new fleet, the implementation of Metro Flow, providing higher frequency services and investment in improving our park and ride offer, along with improvements to our customer services, technology to make travel simpler and easier and our plans for a seamless, reliable and safe journey means we can look forward to a vision of 2025 as a new era for sustainable transport for Tyne and Wear.

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

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**Date:** 14 January 2021  
**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 2020/21. This report covers periods 7 and 8 which encompass the 14 September 2020 to 7 November 2020.

COVID-19 continues to be felt across the organisation with significant impacts on revenue and patronage. **Metro Patronage** is down 62.7% against the same periods last year and down 60.3% against the target for the two periods. **Metro Fare Revenue** was £2,917,911 which was 63.9% below target. This is being fully compensated for by Light Rail Revenue Restart Grant (LRRRG) from the Department for Transport.

In September and October Metro recruited 30 trainee train crew, it's largest ever training course, these drivers will pass into service in the spring.

**Metro Punctuality** for Period 7 and 8 was 82.0% which represented a 3.2% improvement on the same periods last year but was 3.4% below the periodic targets.

**Ferry Patronage** has also been significantly impacted by COVID-19 lockdown measures, seeing a 50.8% reduction in passenger numbers in Periods 7 and 8 of this year compared to the same periods last year. **Ferry Revenue** was £42,508 which was 48.24% below the periodic target. This is being partly compensated for by funding from the Ministry of Housing, Communities and Local Government (MHCLG).

Work continues on the **Fleet Replacement Programme** with Stadler taking responsibility for the maintenance of the existing fleet in October.

Appendix 1 shows a summary of Key Performance Indicators between 14 September 2020 and 7 November 2020.

### Recommendations

The Tyne and Wear Sub-Committee is recommended to note Nexus' performance in realising the key priorities in its Corporate Plan for 2020/21, 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 2020/21.
- 1.2 For 2020/21 the CP has three main themes and 15 key priority work-streams.
- 1.3 A summary of the RAG (Red/Amber/Green) status for each of these workstreams is outlined below:

<b>Delivering Public Transport Today</b>	
<b>Workstream</b>	<b>Status</b>
Improve our customers journey experience on Metro	Punctuality remained below target for Period 7 and 8.
Protect and enhance our services	The introduction of local restrictions in October reduced patronage.
Delivering Metro Flow	The project is progressing to plan.
Progress the delivery of a new fleet for Metro	Work on the procurement of the new fleet is on schedule.
Embrace new technological improvements	Weekly Metro saver tickets are now available on the Pop card app.

**Improve our customers journey experience on Metro**

- 1.4 In Periods 7 and 8 Metro punctuality fell short of target due to Train Crew shortages which resulted in cancelled services. Punctuality for the two periods combined was 82.0% which is 3.4% below target but 3.2% higher than the same period last year.
- 1.5 Fleet availability has continued to perform strongly with full availability being met every day this year.
- 1.6 A training school of 30 trainees began training in September and October representing the largest ever training school in Metro history. This additional capacity will allow Metro to train up to 90 train crew a year.  
The current training school will pass into service in the spring which will bring train crew capacity to required levels.



## **Protect and enhance our services**

- 1.7 The introduction of regional COVID-19 restrictions in October had a significant impact on Metro patronage in Periods 7 and 8. 2,078,349 journeys were taken in the two periods which is 62.7% below the same period last year.

Metro Fare Revenue was £2,917,911 which was 63.9% below target. This is being fully compensated for by Light Rail Revenue Restart Grant (LRRRG) from the Department for Transport.

- 1.8 Ferry patronage was similarly impacted by regional COVID restrictions in Periods 7 and 8 with 25,844 passenger journeys taken which 50.75% below the same period last year.

Ferry fare revenue for the reporting period was £42,508 which was 46.36% below the same period last year. This is being partly compensated for by funding from the Ministry of Housing, Communities and Local Government (MHCLG).

- 1.9 Bus patronage has been similarly suppressed by COVID-19 since the start of the year with the subsidy per passenger on secured bus services standing at £2.21, significantly above the target figure of £1.60. Reductions in secured services fare revenues are being compensated for by Local Authority Coronavirus Bus Services Support Grant (LACBSSG) from the Department for Transport.

## **Delivering Metro Flow**

- 1.10 Work on this project is progressing to plan. Whilst progress has been maintained, the impact of COVID-19 on the rail construction market remains uncertain therefore the current procurement phase will be critical. A contract for delivery is programmed to be awarded in the summer of 2021.

## **Progress the delivery of a new fleet for Metro**

- 1.11 Howdon Satellite Depot came into operational use in November.
- 1.12 Stadler commenced management of the train fleet on 4 October and work on the new depot will commence in January 2021
- 1.13 Consultation with user groups on the new train design took place at Newcastle College's Rail and Civil Engineering Academy in Gateshead.
- 1.14 The impacts of COVID-19 on the delivery of the new depot and fleet are under continual review and regular dialogue is taking place with partners to identify any implications the current crisis may have on delivery. Delays caused by the crisis so far have largely been mitigated by Nexus and Stadler however the continuous changes to local and international restrictions are under constant review and remain a threat to the delivery of the programme.

## Embrace new technological improvements

- 1.15 The Pop app was launched in November allowing passengers to use their mobile phones to purchase and store their weekly metro saver tickets.
- 1.16 Work on a mobile ticketing solution for adult Pay As You Go (PAYG) tickets is progressing to plan with an expected launch in Spring 2021.

1.17

<b>Preparing for the Future</b>	
<b>Workstream</b>	<b>Status</b>
Develop a pipeline of capital projects	A pipeline of capital projects is under development for future funding opportunities.
Develop plans to improve the local bus network	Partnership work with bus operators to prepare for the publication of the National Bus Strategy
Establish effective management structures	We are working with national and regional partners on the future of local rail services.

### Develop a pipeline of capital projects

- 1.18 In addition to the funded capital investment programme, a range of projects are under development to create a pipeline of capital schemes for future funding opportunities. These including, station improvements, replacement of the signalling system, digital connectivity and a package of enhanced cycle parking solutions at Metro station. A pipeline of capital schemes to inform the Regional Transport Plan has been developed and shared with Transport North East.
- 1.19 The North East Local Enterprise Partnership (NELEP) have award £5.685m towards the relocation of the Ferry landing to the Fish Quay, from the 'Getting Building' fund. Work has commenced, through the development of an Expression of Interest, to make the case for match funding for this scheme.

### Develop plans to improve the local bus network

- 1.20 Nexus is working with Transport North East, operators and neighbouring transport authorities on a joint process to understand the medium-term impact of the pandemic on the sustainability of bus services and local networks. This will prepare for the publication of the Government's National Bus Strategy in February and form the base for new partnerships between local authorities and operators.
- 1.21 Bus operators are currently operating services at or close to pre-covid levels, but with much lower passenger numbers, through a combination of Government and Nexus financial support which includes reimbursing for the carriage of concessionary passholders at pre-pandemic budgeted levels. Nexus and operators have arranged extra buses for schools to aid social distancing, which has proved a positive and

effective in meeting local needs. This has been funded from a combination of Department for Transport and Department for Education grants

### **Establish effective management structures to improve local rail services**

- 1.22 The North East Rail Management Unit (NERMU) is working with Transport for the North (TFN) to improve existing local rail service management as part of a review of current Rail North Committee working arrangements. This change will build on existing governance structures and seek further devolution to NERMU.
- 1.23 The government have introduced new ‘recovery’ contracts with the train operating companies for a further 18 months. During this time the Williams white paper will be published. We will continue to work with TfN and DfT to seek more local influence over rail services in the North East.

1.24

<b>Focus on Organisational Effectiveness</b>	
<b>Workstream</b>	<b>Status</b>
Implement organisational change	Recovery Plan being developed for HMT to secure funding support for 2020/21
Continue to modernise the Metro	Renewal works continues to take place as planned.
Ensure our people have the skills to delivery our vision	Staff have moved into the Nexus Learning Centre and Train Crew training is now taking place on site.  Train Crew training capacity has been increased following the loss of two training schools.
Provide opportunities with schools, colleges and universities	Apprentice recruitment campaign progressing to plan ahead of a recruitment drive in the new year.
Increase the diversity of the workforce	A new recruitment portal was launched in October which will allow better reporting a monitoring of diversity statistics during recruitment

### **Implement organisational change**

- 1.25 Following work with DfT and HM Treasury we have secured Light Rail Restart Grant and Local Authority Coronavirus Bus Services Support Grant funding to offset fare and commercial revenue losses for the rest of 2020/21.

We are now developing a recovery plan for the DfT to secure agreement for ongoing revenue support in 2021/22.

### **Continue to modernise the Metro**

- 1.26 The Asset Renewal Programme – now in its eleventh year – is broadly progressing to programme but with some disruption to Overhead Line renewals during lockdown.
- 1.27 The majority of the planned permanent way works were completed in April at Crossgate Viaduct, South Shields, with follow-up works completed in October. Further Permanent Way renewals between Heworth and Pelaw were largely completed in August and November with the remaining work scheduled to complete in March 2021. The majority of the critical work to ensure network wide platform track interface compliance was completed by the end of November with further minor works to be completed in the new year.
- 1.28 The Nexus Learning Centre was successfully handed over by the contractor, Galliford Try, at the end of July and the Learning and Development team have been working effectively from their new offices since then. Signalling works were completed late September and the remaining works, full completion, including phase 1 (of 2) of works on the training tracks, were completed in November. Driver training has been taking place at the new Nexus Learning Centre since September 2020 with positive feedback received on the new facility.
- 1.29 Overhead Line renewal was temporarily paused pending evaluation of working arrangements but resumed on 20th June with further wire runs completed typically every 3 weeks from July through to November, and one Extended Control of Line planned on 5/6 December avoiding busier periods of patronage over the Christmas. Survey and other repair works, such as mast bases were able to continue throughout COVID-19. Overhead Line Equipment is now considered to be the most critical infrastructure asset and the highest priority locations are being identified and programmed accordingly. Planning has now commenced for a 14-day blockade between South Gosforth and Felling on 15 February to 1 March 2021, to allow renewal of life expired sections of the OHL within the central corridor, which is the section with highest density of train services on the network.
- 1.30 Network-wide replacement of CCTV cameras was delayed by supply chain issues but has now resumed and is progressing well with all cameras planned to be replaced by January 2021. Other work to address cable degradation and renew critical point motors is being reprogrammed across the year to be undertaken by the internal Capital Delivery team.
- 1.31 Fleet reliability investment and other capital maintenance work has progressed to plan. Stadler took on responsibility for the train fleet on 4th October 2020.

**Ensure our people have the skills to deliver our vision**

- 1.32 Signalling works at the Nexus Learning Centre were completed late September and the remaining works including phase 1 (of 2) of works on the training tracks, were completed in November. Driver training has been taking place at the new Nexus Learning Centre since September 2020 with positive feedback received on the new facility.
- 1.33 Due to the inability to recruit trainees during the summer lockdown, plans have been developed to expand training capacity up to 90 Train Crew a year if required. This expanded capacity began in September with the recruitment of 30 Train Crew

trainees who will enter full service in spring 2021.

### **Provide opportunities with schools, colleges and Universities**

- 1.34 Work between HR and Marketing to create an effective apprenticeship recruitment campaign with a view to advertise in January 2021 is progressing to plan.

### **Increase the diversity of the workforce.**

- 1.35 An E-recruitment portal was launched in October allowing for greater tracking of diversity in the recruitment process.

## **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 Appendix 1 – an update on Key Performance Indicators up to 7 November 2020.

## **15. Background Papers**

15.1 Nexus Corporate Business Plan 2020/21 as considered and approved at the Sub-Committee's meeting in January 2020.

## **16. Contact Officers**

16.1 Martin Kearney

Chief Operating Officer

Email [martin.kearney@nexus.org.uk](mailto:martin.kearney@nexus.org.uk)

Tel: 0191 2033500

## **17. Sign off**

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

## **18. Glossary**

Any acronyms or technical terms used are explained in the body of the report.

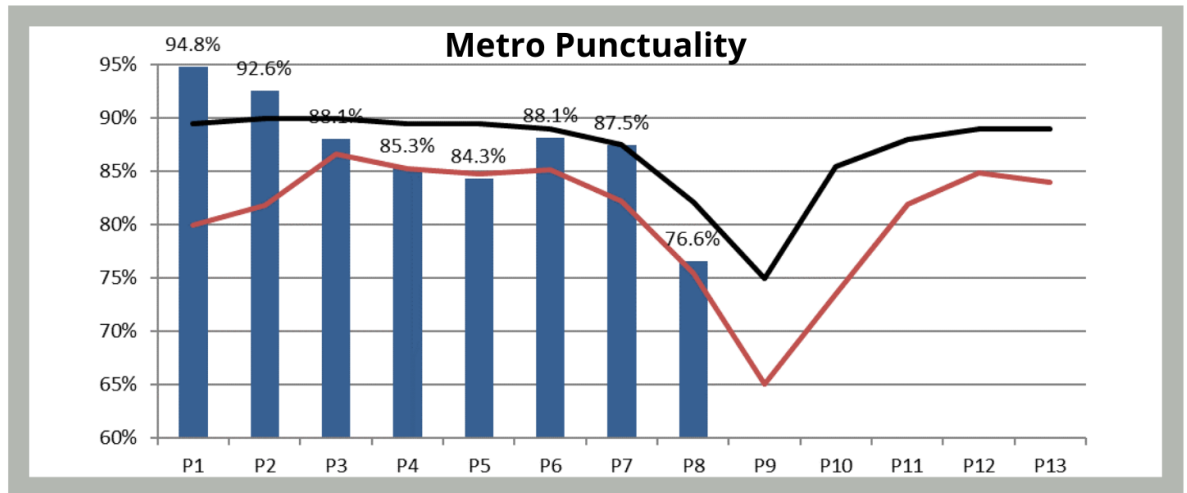
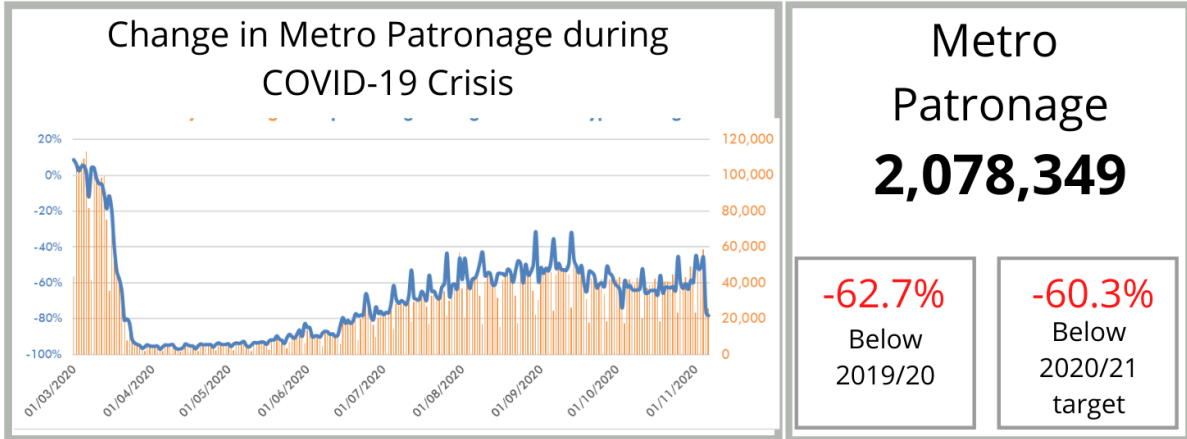
Appendix 1 – an update on Key Performance Indicators up to 7 November 2020



# Delivering Public Transport Today

## Performance Report

### 14 September to 7 November 2020



### Fare Revenue

## £2,917,911

**-63.9%** 2020/21 target

### Smart Card fare revenue

## 24.0%

**-6.0%** 2020/21 target

### Ferry

Reliability  
99.1%

**+0.1%**  
2020/21  
target

Patronage  
25,844

**-61.7%**  
2020/21  
target

### Fleet Availability

Full Availability  
**100%**

100%  
2020/21  
target

**+14.6%**  
same  
period  
2019/20



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

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**Date:** 14 January 2021  
**Subject:** Nexus Corporate Risk Update  
**Report of:** Chief Operating Officer

### Executive Summary

The purpose of this report is to provide an update on the Nexus Corporate Risk Register for 2020/21 based on the approved Corporate Plan and demonstrates that these risks are being properly managed and controlled.

A detailed explanation of the risks for 2020/21 is provided in the appendix including the current Red/Amber/Green (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.

Following the review of risks in November one risk, **front line services and discretionary travel schemes**, has reduced its risk score after the DfT agreed to provide emergency funding until the end of 2020/21.

### 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 2020/21 and note the ongoing impact of COVID-19 on Nexus' business.

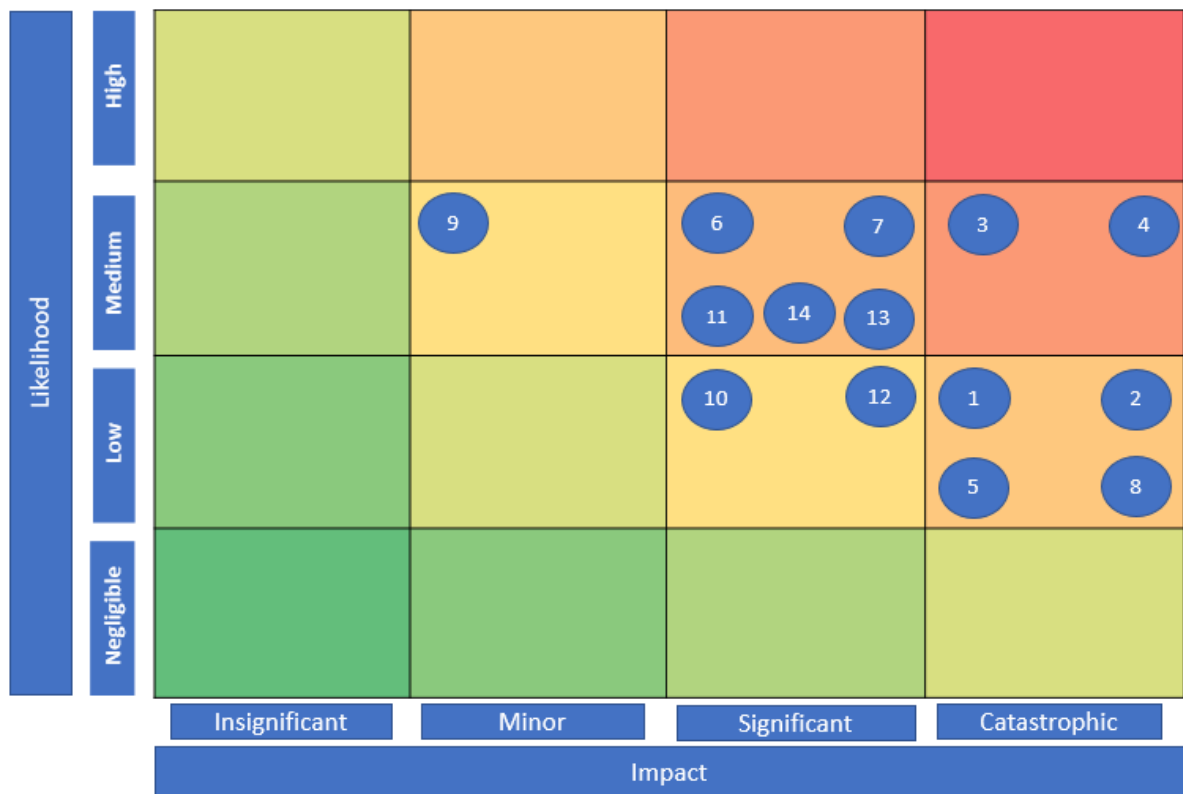
**1. Background Information**

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 Business Plan for 2020/21 was approved by the Sub-Committee at its meeting in January 2020 and subsequently Nexus undertook a formal review of the risk register to ensure its alignment to the approved plan. The register was then subsequently reviewed in December 2020. The Sub-Committee receives an update on Nexus’ Corporate Risks at each of its meetings.

**2. Proposals**

2.1 Nexus has undertaken a review of the status’ of each risk. The chart below shows an overview of the likelihood and impact of each risk.



2.2 The table below shows the changes made to every risk during the review process which took place in September 2020

	Risk	Summary of Changes	RAG status
1	Catastrophic security event	Details of Customer Support Team added to controls	↔ (stable)
2	Catastrophic Infrastructure or operations event	Updates to controls and Next Steps	↔ (stable)
3	Metro Performance	New controls added including Winter timetable, asset at a glance drawings, and the establishment of asset improvement plans.	↔ (stable)
4	Long Term funding for Metro	Development of HMT recovery plan added to next steps.	↔ (stable)
5	Frontline services and discretionary travel schemes	Risk score reduced.  Details of funding agreement from DfT for 2020/21	↑ (improving)
6	Procurement of the new design, build, maintain and provide contract for the fleet/depot	New controls added	↔ (stable)
7	Efficiency of Delivery (ARP)	Updated to include approval of programme of project development.	↔ (stable)
8	Cybersecurity	Details of next steps updated to include awareness raising	↔ (stable)

		exercises and the monitoring of risks caused by increased home working.	
9	Deliver technological improvements, which will benefit our customers are encourage wider use of public transport.	Host Card Emulation next step updated to reflect launch of new Pop app.	↔ (stable)
10	Public transport Network improvements	Updated to reflect the current position on funding bids and the development of a programme for the Regional Transport Plan of Nexus Capital and Revenue schemes.	↔ (stable)
11	Metro and Local Rail Strategy	Risk transferred to Transport North East.	Transferred
12	Aspirations for Heavy rail initiatives	No change from previous review.	↔ (stable)
13	Delivery of Metro Flow	Minor amendments to schedule of project.	↔ (stable)
14	Local Rail Devolution	No change from previous review.	↔ (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 2020/21.

### 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 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 risk monitoring update report

#### **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 2020/21.

#### **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' 13 risks for 2020/21.

Appendix 2 Details the controlled and uncontrolled risk scores each risk

Appendix 3 shows the risk matrix applied by Nexus

**15. Background Papers**

15.1 None

**16. Contact Officers**

16.1 Name: Martin Kearney

Designation: Chief Operating Officer

E-mail Martin.Kearney@nexus.org.uk

Tel: 0191 203 3500

**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.

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

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

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

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

Appendix 1

CP Theme: <b>Deliver public transport today</b>		
CP Workstream: <b>Improve our customers journey experience</b>		
Risk Area: <b>Catastrophic security related event</b>	<b>RAG Status (Amber)</b>	<b>Direction of Travel</b>
Risk Owners: <b>Chief Operating Officer</b>	8(2x4)	↔ (stable)
Risk Actionees: <b>Head of Health, Safety, Quality &amp; Environment.</b>		
<b>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.</b>		
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.		
Control(s): <ul style="list-style-type: none"> <li>• A safety management system which is independently accredited by the relevant enforcement agency – (Office, Rail and Road, Marine and Coastguard agency, Traffic Commissioner). This is a legal requirement.</li> <li>• Identification of catastrophic security events we aim to avoid and strive to control, through having robust plans in place.</li> <li>• Continuously monitoring &amp; controlling the precursors of these events with a detailed 2-weekly safety reporting to Nexus' Senior Leadership Team and weekly safety briefing.</li> <li>• Produce and implement an annual safety plan for approval by Nexus Executive Board.</li> <li>• Undertaking in-house safety assurance activity as part of everyday safety management practice.</li> <li>• Participating in joint emergency preparedness exercises with the blue-light services and other interested parties, including a series of exercises with Northumbria Police firearms unit, including rapid access to a loaded Metrocar.</li> <li>• Receiving regular updates on the current threat from international terrorism.</li> <li>• Customer Support Team introduced to provide additional presence around the network.</li> </ul>		



Next Steps/Key Milestones:

- Individual station security plans have now been completed for all 60 stations in accordance with the Department for Transport requirements -still awaiting confirmation from the DfT in regards to station categorisation formulae.
- Securing DfT approval to an overall security plan for the Metro: Security plan is drafted and requires checking prior to submission to DfT Land Transport Security Team.

<p>CP Theme: <b>Deliver public transport today</b></p> <p>CP Workstream: <b>Improve our customers journey experience</b></p>		
<p>Risk Area: <b>Catastrophic Infrastructure or operations event</b></p> <p>Risk Owners: <b>Chief Operating Officer</b></p> <p>Risk Actionees: <b>Head of Health, Safety, Quality &amp; Environment, Head of Engineering</b></p>	<p><b>RAG Status (Amber)</b></p> <p>8(2x4)</p>	<p><b>Direction of Travel</b></p> <p>↔ (stable)</p>
<p><b>Risk: In running any operational public transport infrastructure there is an inherent risk that a catastrophic infrastructure or operations event, including non-safety related incidents such as public health emergencies, may occur.</b></p>		
<p>Impact/Consequence(s):</p> <p>The impact/consequences should a catastrophic infrastructure or operations event occur on Metro, bus and Ferry could potentially be very significant including:</p> <ul style="list-style-type: none"> <li>lengthy loss or reduction of service</li> <li>likely loss of business with potential long term impact on patronage,</li> <li>protracted legal issues to resolve,</li> <li>finances to pay, impact on insurance and other cost increases</li> <li>In the event of a catastrophic safety related incident the possibility for multiple loss of life.</li> </ul>		
<p>Control(s):</p> <ul style="list-style-type: none"> <li>A safety management system which is independently accredited by the relevant enforcement agency – (Office, Rail and Road, Marine and Coastguard agency, Traffic Commissioner). This is a legal requirement.</li> <li>Robust arrangements for the selection and management of contractors.</li> <li>Monitoring of assets and development of fail safes and mitigation plans in the event of catastrophic failure of a key assets.</li> <li>Development of business continuity plans for significant failure of an asset or infrastructure or a significant public health crisis, including pandemic to ensure service continuity.</li> <li>Maintaining a comprehensive suite of engineering standards in all relevant disciplines based on industry best practice.</li> <li>Continuously monitoring &amp; controlling the precursors of these events with 4-weekly safety reporting to Nexus’ Senior Leadership Team and a weekly SLT briefing.</li> <li>Produce and implement an annual safety plan for approval by Nexus Executive Board.</li> <li>Continuing to engender an organisational safety and security culture including implementation of “all orange + hardhat” PPE policy, expanded the scope of non-technical skills work, promote the application of the ‘Just Culture’ principles, expanding the scope of safety tours.</li> </ul>		

Next Steps/Key Milestones:

- Continue to deliver on the actions outlined in the 2020/21 Safety Plan.
- Roll out life saving rules material – January 2021
- Developing a programme to reduce planned work using unassisted Lookout protection. – March 2021

CP Theme: **Deliver public transport today**

CP Key Priority: **Improve our customers' journey experience on Metro**

Risk Area: **Metro performance**

**RAG Status  
(Red)**

**Direction of  
Travel**

Risk Owners: **Chief Operating Officer**

Risk Actionee: **Metro Infrastructure Director and  
Metro Operations Director, Head of Business  
Change and Technology**

12(3x4)

↔  
(Stable)

**Risk: That there is are significant issues which impact on the performance of the Metro system, including but not limited to ageing fleet, or an unexpected and prolonged reduction in infrastructure asset condition specifically the Overhead Line, or availability of resources to operate.**

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):

- Overhead line ARP replacement programme over the next five financial years.
- Close monitoring of key business results such as punctuality, excess headway minutes and asset reliability.
- Ensuring appropriate levels of communication and support between Metro Infrastructure, Metro Operations and Stadler.
- Implement better performance management processes such as "right time" departure monitoring.
- Delivery of the Metro Asset Renewals Programme, and prepare for the delivery of the Essential Renewals programme from 2021-22.
- Development of a performance awareness and improvement workstream to heighten awareness across the organisation and promote improvement.
- 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.
- OLE Renewal Programme has been reprioritised for efficacy of delivery.
- Funding has been agreed to support essential renewals beyond March 2021 and work to secure further funding is ongoing.
- Increased levels of driver training will commence in September allowing for 90 new drivers to be trained each year if required.
- Implement plans to regain patronage outlined in Nexus Recovery Plan.
- A new winter timetable in November 2020 to reduce impact of Train Crew shortages.
- Development of new performance tools to help effectively monitor performance, Periodic.
- Establish and maintain performance management processes with Stadler

by October 2020, then quarterly.

- Customer Support Team have been introduced to provide support and reassurance to passengers on the network.
- “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.
- Establish and maintain performance management processes with Stadler by October 2020, then quarterly.

Key Milestones/Next Steps:

- Implement comprehensive communications plan with staff, stakeholders and staff
- Changes to the delay attribution process to reflect right time running April 2021
- Work with DfT to bring forward Essential Renewals spend into 2020-21 to ensure effective delivery of the programme in 2021-22. 2021/22 £20m funding confirmed.
- Implement new Train Crew Agreement, commenced, to be completed by July 2021 to allow greater flexibility of Train Crew resource.

CP Theme: <b>Prepare for the future</b>		
Risk Area: <b>Long term funding for Metro</b> Risk Owner: <b>Director of Finance and Resources</b>	RAG Status (Red)	Direction of Travel
	12 (3x4)	↔ (Stable)
<b>Risk: There is no long-term funding agreement in place to sustain Metro's current operations, replace life expired capital assets and allow future expansion.</b>		
Impact/Consequence(s): Any reduction in Metro external funding will lead to a diminution in service and failing infrastructure. No revenue grant funding has been agreed beyond 2020-21 for Metro impacting on our ability to deliver the Metro service. Short term capital grant funding of £20m for infrastructure renewals has been awarded for 2021-22. In addition, the COVID-19 pandemic has significantly reduced farebox revenue for Metro and will have a significant impact on the viability of services if emergency support isn't available from DfT beyond 31 March 2021.		
Control(s): <ul style="list-style-type: none"> <li>• Letter from SoS for Transport to MDTNE of 3 March confirmed DfT support for a further five years of revenue and capital grant, but still subject to HMT approval</li> <li>• Letter from Director, Rail Infrastructure North to confirm £20m capital grant for 2021-22.</li> <li>• COVID-19 emergency funding confirmed until 31 March 2021.</li> <li>• Effective liaison with DfT including 4-weekly progress reporting on the current Asset Renewal Plan and quarterly reviews.</li> <li>• Procurement strategy &amp; contractual arrangements that minimise risk and deliver Value for Money.</li> <li>• Engaging with national government, local councillors &amp; MPs and building public support.</li> <li>• Development of a business case for extensions has commenced, following confirmation of funding for the new fleet</li> </ul>		
Key Milestones/Next Steps: <ul style="list-style-type: none"> <li>• Continue to pursue with civil servants future funding for Metro operations and asset renewals through existing channels e.g. the joint Nexus:DfT Programme Board</li> <li>• Submit recovery plan to DfT to secure continued funding support for 2021/22 in January 2021.</li> </ul>		

CP Theme: <b>Deliver public transport today</b>		
CP Key Priority: <b>Protect and enhance our services</b>		
Risk Area: <b>Frontline services and discretionary travel schemes</b>	<b>RAG Status (Red)</b>	<b>Direction of Travel</b>
	8 (2x4)	↔ (Improving)
Risk Owner: <b>Director of Finance and Resources</b>		
Risk Actionee: <b>Head of Finance</b>		
<b>Issue: COVID-19 Pandemic has significantly impacted on public transport patronage and revenue</b> <b>Risk: That in protecting front-line services and discretionary travel schemes in 2020/21, Nexus cannot achieve the balanced budget as approved by the North East Joint Transport Committee (JTC).</b>		
Impact/Consequence(s): Due to unforeseen budget pressures that have arisen, Nexus may need to consider implementing some reductions in frontline services and/or curtailment of discretionary travel schemes during 2020/21 to deliver a balanced budget.		
Control(s): <ul style="list-style-type: none"> <li>• COVID-19 emergency funding for Metro now likely until 31 March 2021</li> <li>• Additional funding from MHCLG for non-Metro and non-bus losses confirmed to end of July 2020</li> <li>• Monitoring of public transport patronage during the pandemic, undertake research through the insight panel to gain intelligence on trends and passenger behaviours.</li> <li>• Undertake benchmarking and intelligence gathering from other Cities, through UITP, UTG and Comet/Nova.</li> <li>• Discussions with Chief Executives and Treasurers in order to obtain strategic financial guidance.</li> <li>• Deferring all but non-essential expenditure and vacancy control measures implemented</li> <li>• Periodic financial monitoring by Nexus' Senior Leadership Team and Executive Board.</li> </ul>		
Next Steps/Key Milestones: <ul style="list-style-type: none"> <li>• Submit recovery plan to HMT to secure continued funding support for 2021/22 - January 2021.</li> <li>• Implement plans to drive patronage growth following the current pandemic.</li> <li>• Seek future revenue and capital funding support from the Spending Review, as set out in SOS letter to MDTNE of 3 March 2020</li> </ul>		

CP Theme: <b>Deliver Public Transport Today</b>		
CP Key Priority: <b>Progress the delivery of a new fleet for Metro</b>		
Risk Area: <b>Procurement of the new design, build, maintain and provide contract for the fleet/depot.</b>	<b>RAG Status (Amber)</b>	<b>Direction of Travel</b>
Risk Owner: <b>Major Projects Director</b> Risk Actionee: <b>Metro Development Director</b>	9 (3x3)	↔ (stable)
<b>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.</b>		
Impact/Consequence(s): Delays to obtaining the new fleet or having to find additional funding could place reliance on extending operation of the old deteriorating fleet or else funding being diverted from other areas of need. Such affordability issues could result in Nexus having to reconsider the scope of the contracts, i.e. the number of trains and the scale and scope of the depot reconstruction. COVID-19 social distancing mitigation continues to change the approach to public consultation on train designs.		
Control(s): <ul style="list-style-type: none"> <li>• A project contingency sum is available to fund the impact of known and likely risks.</li> <li>• Successful delivery of interdependent projects and enabling work is monitored by Capital Steering Group on a monthly basis and reported to Senior Leadership Team.</li> <li>• Keeping key stakeholders informed regarding progress of the programme.</li> <li>• Project controls have been developed and implemented to assist with the management of the contracts.</li> <li>• Operational risks associated with the project are managed through the Operational Readiness Meeting and are monitored by Senior Leadership Team.</li> <li>• Contract performance meetings (monthly) and programme board meetings (quarterly).</li> <li>• Regular meetings of the joint Nexus/DfT Programme Board</li> </ul>		
Key Milestones/Next Steps: <ul style="list-style-type: none"> <li>• Progress variation for additional trains for Metro Flow (Early 2021).</li> <li>• Periodic progress reporting to Nexus' Senior Leadership Team and JTC.</li> </ul>		





CP Theme: **Focus on organisational effectiveness**

CP Key Priority: **Continue to modernise the Metro**

Risk Area: <b>Efficiency of delivery</b>	RAG Status (Amber)	Direction of Travel
Risk Owner: <b>Director of Finance and Resources</b> Risk Actionee: <b>Major Projects Director, Head of Programme Assurance</b>	9 (3x3)	↔ (stable)

**Risk: That the organisation does not have sufficient resource and or the correct skills set to successfully deliver the programme of capital works**

Impact/Consequence(s):

The funding agreement with DfT expires in March 2022 with £20m of capital funding available in 2021/22. This is approximately half of the Essential Renewals work-bank for 2021/22 and provides certainty for 15 months only. This is adversely impacting on continuity of the Metro Asset Renewals and making planning and procurement for future years delivery more difficult.

Projects committed through Essential Renewals, Transforming Cities or other funding streams are not delivered in the most efficient and effective way and Nexus fails to take advantage of other emerging funding streams to be able to improve its assets, customer services or operations.

Control(s):

- Continue to make the case for ongoing funding from DfT.
- Seek flexibility from the Department for Transport over virement / acceleration of funding to optimise programme delivery.
- Effective 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, highway authorities, utility companies etc.
- Continually monitor and manage the programme to ensures sufficient programme/project management resource - identify options to source additional resources or capacity to deliver increase levels of investment.
- Close and proficient management of all contracts relating to ARP and other works in the capital programme.
- Periodic Affordability Review meetings to consider ARP and Essential Renewals profiling.

#### Next Steps/Key Milestones:

- Monitor procurement and changes in responses to tenders.
- Review contractual terms and conditions in light of pandemic to ensure flexibility in contracting to minimise the impact – respond to changing market conditions to ensure successful procurement.
- 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.
- Continued engagement with DfT via Programme Board and HMT regarding future Metro funding arrangements.
- Evaluate mitigation options for retention and recruitment of key skills and resources.
- Develop the Capital Programme in light of 15 months certainly and develop options to enable Nexus to respond effectively to any additional funding – either in 2021/22 or subsequent years. The 2021/22 programme is in development for submission to the JTC in January.

CP Theme: <b>Focus on organisational effectiveness</b>		
Risk Area: <b>Cybersecurity</b> Risk Owner: <b>Director of Finance and Resources</b> Risk Actionee: <b>Head of Business Change &amp; Technology</b>	<b>RAG Status (Amber)</b>	<b>Direction of Travel</b>
	8(2x4)	↔ (stable)
<b>Risk: A successful cyber-attack on Nexus ICT infrastructure.</b>		
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.		
Control(s): <ul style="list-style-type: none"> <li>Nexus utilise a modern supportable resilient firewall, with a subscription to identify and protect against existing and emerging threats.</li> <li>We subscribe to governmental cyber-threat awareness bulletins and are active members of local security working groups.</li> <li>We participated in a local multi-party cyber-resilience event with local authorities and the emergency services to test the systems in place.</li> <li>Should a system fail or be rendered unusable by a cyber-attack, we regularly back-up of all essential systems and data so service can be returned safely and efficiently.</li> <li>Nexus employs security specialists to implement governance and controls.</li> <li>A cyber-security training standard has been implemented to train all Nexus staff in the basic requirements.</li> <li>Nexus raises awareness of security threats through the use of internal communications such as Nexus Times &amp; global emails.</li> <li>Nexus measure awareness through different mediums such as fake Phishing attacks.</li> <li>All changes to Nexus security assets are subject to tight control.</li> <li>We have a suite of policies on security controls and an acceptable use.</li> <li>A security incident response policy is in place.</li> <li>We utilise segregation to protect critical systems particularly rail based systems.</li> <li>We manage security risks within Business Change and Technology using a specific risk management process.</li> <li>Regular review of ongoing notifications from key suppliers regarding vulnerabilities in order to ensure timely notification and action.</li> <li>The COVID-19 Pandemic has led to an increase, globally, in Cybercrime activity.</li> </ul>		

Next Steps/Key Milestones:

- Awareness testing exercises will be carried out, with additional controls implemented as deemed appropriate to the level of threat being experienced.
- Increased vigilance of Cyber security activity, particularly through IT security networks, during the pandemic.
- Monitoring of remote working and the subsequent risks this imports.

<p>CP Theme: <b>Deliver public transport today</b></p> <p>CP Key Priority: <b>Embrace new technological improvements to make public transport easier, simpler and more appealing</b></p>		
<p>Risk Area: <b>Customer facing technology</b></p> <p>Risk Owner: <b>Customer Services Director</b></p> <p>Risk Actionees: <b>Head of Business Change and Technology, Commercial Manager</b></p>	<p><b>RAG Status (Green)</b></p>	<p><b>Direction of Travel</b></p>
	<p>6(3x2)</p>	<p>↔ (stable)</p>
<p><b>Risk: That the public transport services we provide or procure lose market share in a competitive environment.</b></p>		
<p>Impact/Consequence(s):</p> <p>Customer facing technologies used by Nexus for payment and refund processes could be overtaken by technological developments and customer expectations in light of Covid-19 leading to the offer being perceived as inadequate or outdated and unable to deliver the intended benefits for customers and stakeholders, leading to a decline in market share.</p>		
<p>Control(s):</p> <ul style="list-style-type: none"> <li>• Seek to obtain support from Transport for the North in the use of technologies for cEMV, as an alternative to smart cards.</li> <li>• Continuous review of retail trends and customer choice with market research carried out to establish product development proposals.</li> <li>• Annual review of prices, products and sales channels</li> <li>• Provision made in the Fares and Revenue budget in order to support research into the development of new products.</li> <li>• Seeking opportunities to work with partners and explore the potential for attracting external funding.</li> </ul>		
<p>Next Steps/Key Milestones:</p> <ul style="list-style-type: none"> <li>• Add currently NTL product range onto ITSO smartcard and then develop plans to introduce a multimodal, price capped pay as you go product.</li> <li>• Launch Digital Carpark payment solution</li> <li>• Host Card Emulation launched on 24/11/20 with Weekly Metro season tickets. Focus is now turning to delivery of offering Pay as you Go on HCE, followed by exploration of further product offerings.</li> <li>• Implement the recommendations of the Product and Payment Strategy and feed into the Recovery Plan workstreams.</li> </ul>		

CP Theme: <b>Prepare for the future</b>		
CP Theme: <b>Develop a pipeline of capital projects for future funding opportunities</b>		
Risk Area: <b>Public transport network improvements</b>	<b>RAG Status (Green)</b>	<b>Direction of Travel</b>
Risk Owner: <b>Chief Operating Officer</b>	6(2x3)	↔ (stable)
Risk Actionee: <b>Head of Corporate Planning</b>		
<b>Risk:</b> That opportunities to secure additional funding for public transport improvements through competitive funding bids are not successful		
<p>Impact/Consequence(s):</p> <p>Nexus will rely 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.</p>		
<p>Control(s):</p> <ul style="list-style-type: none"> <li>• Nexus schemes are included in the Regional Transport Plan pipeline.</li> <li>• A pipeline of capital schemes aligned with the Nexus Corporate Plan will be developed for as yet unspecified funding opportunities.</li> <li>• Nexus resources, both people and financial, are allocated to develop Nexus capital programme pipeline.</li> <li>• Develop a prioritisation process for the capital programme pipeline.</li> <li>• Schemes will be developed and governed under the Nexus' Stage-gate control processes.</li> <li>• Internal stakeholders are identified and regular stakeholder meetings are held.</li> <li>• Regular liaison with the Transport Strategy Unit to provide project updates and ensure that schemes are developed in line with wider regional objectives.</li> <li>• Regular liaison with other external stakeholders to ensure alignment with other projects and local objectives.</li> </ul> <p>Match funding has been identified for live bidding opportunities.</p>		

Next Steps/Key Milestones:

- Develop full business cases for Transforming Cities Fund Scheme, in line with scheme development.
- FBC for Ferry landing approved by LEP board securing £5.685m of funding. EOI progressing with the North of Tyne Combined Authority. Dates to be confirmed dependent on investment board.
- Secure development funding and resources to develop the Nexus capital programme to stagegate 3 / outline business case. Prioritisation process completed, resources to be allocated to scheme development. (Jan)
- Priority schemes to be identified from the long list to support the recovery plan and prepare for recovery plan funding ask when announced by Government.
- Develop strategic outline business cases for Metro extensions in line with the programme being developed by TSU.
- Development commenced on a package of cycling parking schemes at Metro stations in anticipation of the launch of the £2bn cycling and walking fund.



<p>CP Theme: <b>Prepare for the future</b></p> <p>CP Key Priority: <b>Develop plans to expand and enhance the Metro and Local rail networks</b></p>		
<p>Risk Area: <b>Metro and local rail strategy</b></p> <p>Risk Owner: <b>Transport Strategy Director</b></p> <p>Risk Actionee: <b>Transport Strategy Director</b></p>	<p><b>RAG Status (Amber)</b></p>	<p><b>Direction of Travel</b></p>
	<p>Transferred</p>	<p>Transferred</p>
<p><b>Risk: Expansion of the Metro and local rail services does not progress.</b></p>		
<p>Transport North East is taking the lead on the development of network extensions for Metro and Local Rail on behalf of the region. Nexus will continue to provide technical support and advice as appropriate and the TNE will report project progress to the JTC.</p> <p>As a result of these changes this risk is now transferred to Transport North East and will no longer be reported on by Nexus.</p>		

<p>CP Theme: <b>Prepare for the future</b></p> <p>CP Key Priority: <b>Ensure the North East's priorities for transport are properly reflected in Transport for the North's (TfN's) investment plans.</b></p>		
<p>Risk Area: <b>Aspirations for heavy rail initiatives</b></p> <p>Risk Owner: <b>Chief Operating Officer</b></p> <p>Risk Actionee: <b>Head of Heavy Rail</b></p>	<p><b>RAG Status (Green)</b></p> <p>6(2x3)</p>	<p><b>Direction of Travel</b></p> <p>↔ (stable)</p>
<p><b>Risk: That the North East's aspirations for heavy rail initiatives are not sufficiently developed in time to take the opportunity for implementation as and when it arises.</b></p>		
<p>Impact/Consequence(s):</p> <p>Transformational improvements in transport provision for the area are being sought working through TfN. Failure to secure these improvements in respect of heavy rail could reduce transport connectivity and economic prosperity.</p>		
<p>Control(s):</p> <ul style="list-style-type: none"> <li>• Active participation in Transport for the North, in particular the following workstreams: <ul style="list-style-type: none"> <li>○ the Northern Powerhouse Rail (NPR) project,</li> <li>○ Strategic Development Corridor studies, and</li> <li>○ the Long Term Rail Strategy.</li> </ul> </li> <li>• Actively participate in the delivery of the Strategic Transport Plan and accompanying Long Term investment Programme</li> <li>• Ensuring the Joint Transport Committee's (JTC) Lead Member for Transport is fully briefed.</li> <li>• Retaining and developing the North East Rail Management Unit (NERMU).</li> <li>• Approval to the Strategic Outline Business Case for NPR from both the TfN Board and DfT.</li> </ul>		
<p>Next Steps/Key Milestones:</p> <ul style="list-style-type: none"> <li>• Take an active role in the development of the Outline Business Case for Northern Powerhouse Rail</li> <li>• Take an active role in the development of the strategic corridors business cases as they affect rail in the North East.</li> <li>• To support the TfN Long Term Rail Strategy develop local delivery plans for the North East, through the development of a North East Rail Strategy</li> </ul>		

CP Theme: <b>Deliver public transport today</b> CP Key Priority: <b>Deliver Metro Flow</b>		
Risk Area: <b>Efficiency of delivery</b> Risk Owner: <b>Major Projects Director</b> Risk Actionee: <b>Major Projects Director</b>	<b>RAG Status (Amber)</b>	<b>Direction of Travel</b>
	9 (3x3)	↔ (stable)
<b>Risk: The benefits of Metro Flow are not delivered, are compromised or limited or delayed.</b>		
Impact/Consequence(s): Delivery of Metro Flow could be compromised, in terms of escalating costs, a delayed delivery programme or quality of outputs, 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.		
Control(s): <ul style="list-style-type: none"> <li>• Continued advance planning and collation of information in identified risk areas will mitigate future deliver risks.</li> <li>• Apply effective and proven project management controls, risk management planning and governance processes with appropriately skilled resources employed in these areas.</li> <li>• Continually monitor the overall Nexus Capital Programme to ensure interfaces and dependencies with other activities, particularly the Metro Fleet Replacement and Metro Asset Renewals, are understood, prioritised and managed.</li> <li>• Active stakeholder engagement to obtain involvement and co-operation of third/interested parties.</li> </ul>		
Next Steps/ Key Milestones <ul style="list-style-type: none"> <li>• Establish permanent project team – Apr 21</li> <li>• Infrastructure             <ul style="list-style-type: none"> <li>○ Tender Sept 20 – Feb 21</li> <li>○ Evaluation Feb 21 – Apr 21</li> </ul> </li> <li>• Industry Consultations (Network Change etc.) June 20 – Apr 21</li> <li>• FBC Submission/Approval – July 21</li> <li>• Infrastructure             <ul style="list-style-type: none"> <li>○ Contract Award – Sept 21</li> <li>○ Delivery – April 22 – Mar 23 (Blockade Sept – Dec 2022)</li> </ul> </li> <li>• Uplifted service commences December 2024 to align with the fleet programme</li> </ul>		

CP Theme: **Prepare for the future**

CP Key Priority: **Establish effective management structures to improve local rail services**

Risk Area: <b>Local Rail Devolution</b>	RAG Status (Amber)	Direction of Travel
Risk Owner: <b>Chief Operating Officer</b> Risk Actionee: <b>Head of Heavy Rail</b>	9(3x3)	↔ (stable)

**Risk: That the North East’s aspirations for local rail devolution are not aligned to the outcomes or timeframes resulting from the Williams Rail Review.**

Impact/Consequence(s):

Transformational improvements in local rail provision for the North East are being sought as an outcome of the Williams Rail Review. Failure to secure the local rail devolution could reduce the effectiveness of local rail to meet the Objectives and Principles of the Transport Plan.

Control(s):

- Active dialogue with DfT and Williams Review team
- Joint working with TfN on devolution options
- Ensuring the Joint Transport Committee(JTC) is fully briefed.
- Active dialogue with adjacent authorities on rail devolution across the wider North East geography.
- Retaining and developing the North East Rail Management Unit (NERMU).

Next Steps/Key Milestones:

- Williams review outcome – The government have introduced new ‘recovery’ contracts with the train operating companies for a further 18 months. During this time the Williams white paper will be published. We will work with TfN and DfT to seek more local influences over rail services in the NE.
- North East Prospectus for Rail devolution developed – currently on hold due to COVID-19.
- Take an active role in the development of any further case/s required to government to secure rail devolution in the North East.  
To work with TfN to develop local devolution plans for the North East, within a wider North framework

## Appendix 2

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

Risk area	Uncontrolled and Controlled Risk Scores					
	Uncontrolled			Controlled		
	L'hood	Impact	Score	L'hood	Impact	Score
Catastrophic security event	4	4	16	2	4	8
Catastrophic Infrastructure or operations event	4	4	16	2	4	8
Metro Performance	4	4	16	3	4	12
Long Term funding for Metro	4	3	12	3	4	12
Frontline services and discretionary travel Schemes	4	4	16	2	4	8
Procurement of the new design, build, maintain and provide contract for the fleet/depot	4	3	12	3	3	9
Efficiency of Delivery (ARP)	4	3	12	3	3	9
Cybersecurity	4	4	16	2	4	8
Deliver technological improvements, which will benefit our customers are encourage wider use of public transport	4	2	8	3	2	6
Public transport Network improvements	4	3	12	2	3	6
Metro and Local Rail Strategy	Transferred					
Aspirations for Heavy rail initiatives	4	3	12	2	3	6
Delivery of Metro Flow	3	4	12	3	3	9
Local Rail Devolution	3	3	9	3	3	9

### Appendix 3: Risk Score Matrix

Assess the impact if the risk occurred:

Impact:

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

Assess the likelihood of the risk occurring:

Likelihood:

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

Assess the impact should the risk occur e.g.

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

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

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**Date:** 14 January 2021  
**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 identifies that traffic is still below normal levels due to Covid-19 restrictions. It provides an update on the Tyne Pass barrierless scheme and the changes in payment methods available for drivers at the Tunnels. The report also provides an update on the usage and operation of the Pedestrian and Cyclist tunnels.

### **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 Cycle Tunnels update.

## 1. Background Information

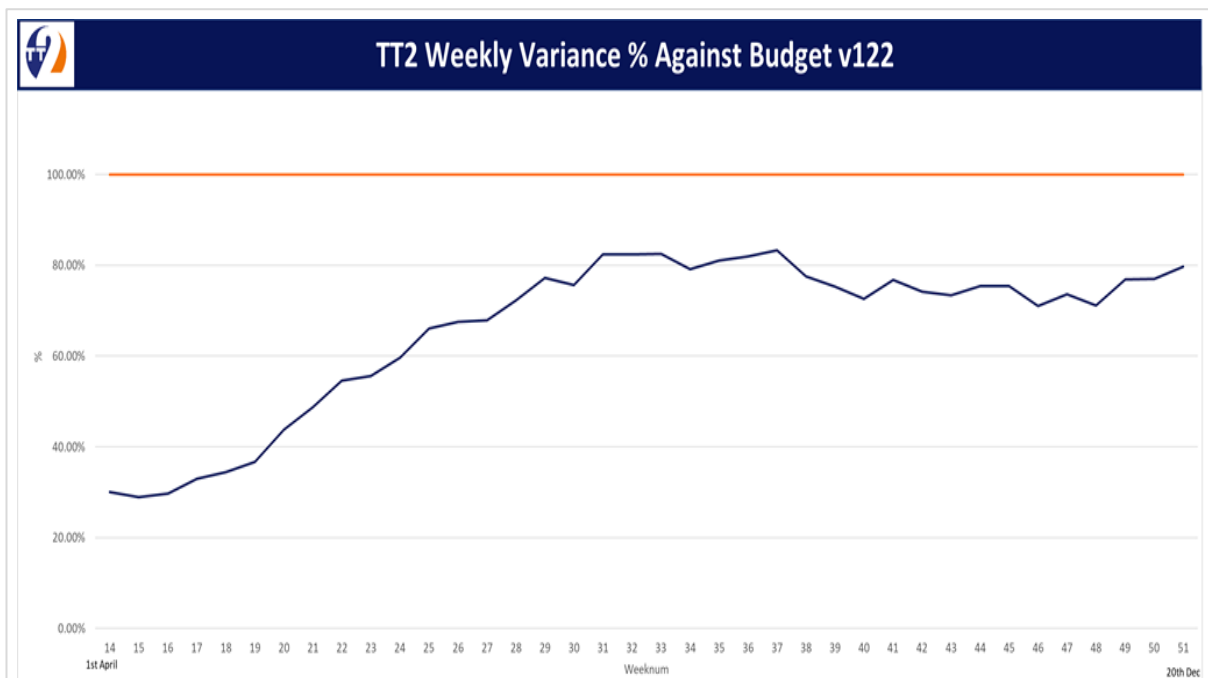
- 1.1 The Tyne Tunnels are jointly owned by the North East Combined Authority (NECA) and the North of Tyne Combined Authority (NTCA). They comprise two vehicle tunnels (one northbound and one southbound) and the pedestrian and cyclist tunnels. The Tyne Tunnels receive no government or local funding and costs are met from the tolls charged to users of the vehicle tunnels.
- 1.2 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 NECA (as accountable body for the Joint Transport Committee (JTC)).

## 2. Traffic Tunnels Update

### Traffic Flows

- 2.1 Traffic flows through the Tyne Tunnels are reviewed daily by TT2 and Transport North East. The normal level of traffic pre-Covid was approx. 55,000 vehicles per day. As a result of Covid-19 lockdown measures, traffic levels dropped drastically during March and April 2020 to approximately 17,000 vehicles per day which is 30% of normal levels. This is the lowest level of traffic seen during the life of the TT2 contract.
- 2.2 During the summer months traffic was gradually increasing and by the end of August was almost 85% of normal levels. The return of schools, universities and many businesses saw traffic pick up further at the start of September, however the local Covid-19 restrictions put in place from mid-September onwards saw levels drop off again. Traffic during the November national lockdown was 73% of normal levels and during December (Tier 3 restrictions) was at 78% of normal levels.

The orange line in the graph below shows normal expected traffic levels pre-Covid.



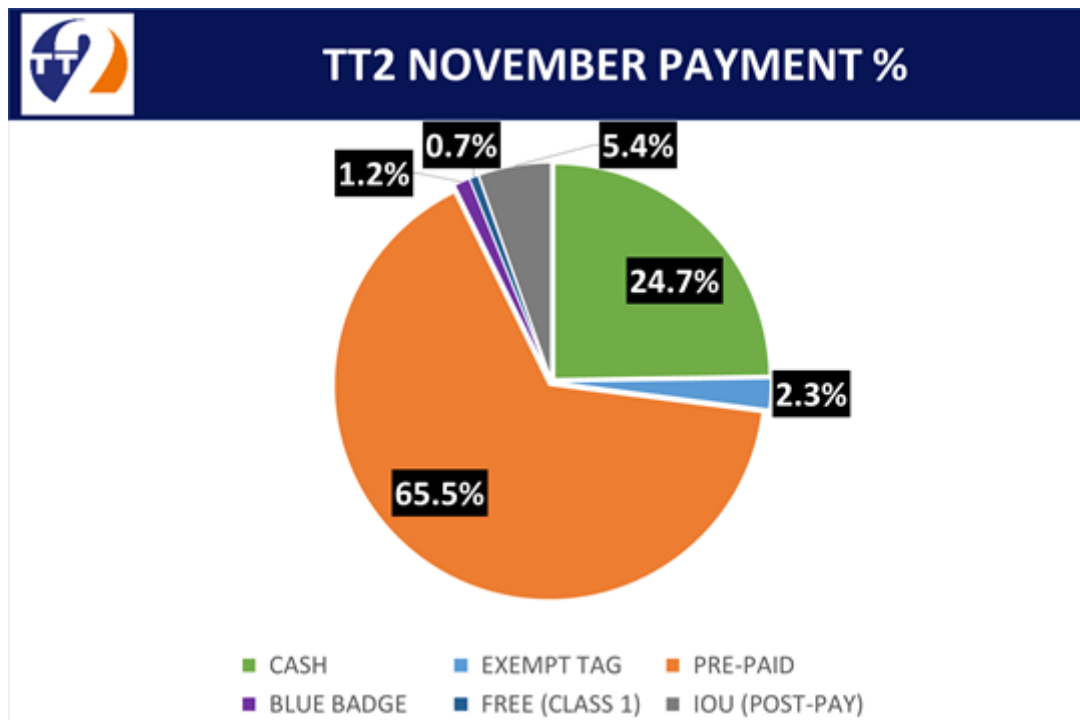
2.3 TT2 is therefore suffering a continuing shortfall in revenue which seems likely to be ongoing through into 2021, although the restrictions likely to be in place during January, February and March 2021 are still unknown at the time of writing this report. Throughout 2020 TT2's traffic forecasts have been revised repeatedly on the basis of new information from government on levels of restrictions. Currently the forecast does not show normal traffic levels of 100% being reached at all in 2021. However, the structure of the project agreement with TT2 means that the JTC retains the first proportion of traffic income per month, with the traffic risk mainly borne by TT2. This 'Band 0' income represents approximately 30% of journeys, so the JTC is expected to receive its budgeted net income for the year which will enable all costs to be met. Further revisions of forecasts and projections for the rest of this financial year and next year will continue to take place. The 2021/22 budget has been prepared on the basis of traffic estimates provided by TT2 and given current uncertainty around restrictions likely to be in place during 2021 this will be kept under review.

**Current methods of payment of tolls**

2.4 On arrival at the Tyne Tunnels toll plaza, customers now have a variety of options for payment, they can pay with cash at the barrier, they can Pre-Pay for their journey and receive a 10% discount (no matter how infrequently they use the tunnels), or they can opt to pay afterwards using Pay Later.

2.5 The recommended and preferred method of payment is Pre-Pay, as it not only provides a 10% discount for users, but also speeds up the journey time through the toll plazas. The percentage of pre-payment transactions in November 2020 was 65.5% of all journeys, which is a marked increase over the previous few months (July level was 56.4%). This increase is welcomed and is in part due to the TT2 marketing campaign detailed below at 2.24.

2.6 **Payment profile of Tunnels users**



## **Tyne Pass Scheme update**

- 2.7 On 5 September 2020, members approved the implementation of the Tyne Pass Scheme for barrierless charging which is due to be put in place at the end of 2021. This scheme will bring benefits to the region in terms of reduced carbon emissions and the creation of new local jobs.
- 2.8 When planning the Tyne Pass Scheme, TT2 researched how other toll operators introduced a free flow system, including Dartford Crossing, Dublin M50 and Mersey Gateway. It was clear from their experiences that moving overnight from cash toll booths to a cashless free flow system could cause significant issues for customers, which in turn could lead to the operator and the local authorities being negatively impacted.
- 2.9 Other toll operators experienced a challenging initial 'go-live' period, with a lack of customer comprehension of the concept of paying after their journey. They also reported difficulties in using a new enforcement and appeal system, with newly recruited staff who had to deal with significant numbers of customer issues in a very short time frame. One operator explained that unexpected scenarios (e.g. paying for a hire vehicle) had not initially been designed into their system so this caused additional problems for customers. Another operator explained that their team had underestimated the initial volume of customer queries and were not prepared for the volumes of enquiries following go live.
- 2.10 Learning from these experiences, TT2 has decided to adopt a phased approach to the implementation of the Tyne Pass Scheme to allow customers to understand and adapt to the new system. The phases have been planned as follows:
- Phase 1 – Pay Later (implemented May 2020)**
- Allows customers to start to understand the concept of paying after a journey. It tests TT2's business rules and the capability to manage non-payment. It also highlights any exceptional scenarios that need to be designed into the Tyne Pass solution.
- Phase 2 – Interim Free Flow (implemented December 2020)**
- Barrierless free flow using traffic lights in dedicated lanes, encouraging customers to sign up for a pre-paid account for the most convenient method of payment. This phase also allows customers to become accustomed to barrierless operations.
- Phase 3 –Tyne Pass Scheme Go-Live (planned late 2021 / early 2022)**
- Complete removal of the plazas and all barriers, creating continuous seamless journeys through the tunnels without the need to stop, customers will either pre-pay or pay after their journey.
- 2.11 Phases 1 and 2 have now been implemented allowing customers to become familiar with the processes involved in paying after a journey in preparation for Tyne Pass free flow. This gradual process has also given TT2 an opportunity to respond to customer feedback, developing and adapting processes to be in a strong position to deal with the volumes involved when Tyne Pass goes live. Depending on progress made in early 2021, it is hoped that Tyne Pass Go-Live date will be set for the end of

2021 with an exact date to be confirmed by TT2.

### **Pay Later service**

- 2.12 The 'Pay Later' service has been offered to drivers as a payment option since May 2020 and take-up has been higher than expected. Drivers used Pay Later on 5.4% of all journeys undertaken in November 2020. The introduction of Pay Later has allowed the withdrawal of manual credit and debit card payments, a process that required a staff member to walk to the vehicle with a card payment machine and carry out a manual transaction. This caused delay, taking over two minutes on average and so was highly unpopular with many tunnel users. It was also unmanageable in the context of social-distancing and staff safety in light of the ongoing response to the pandemic.
- 2.13 Pay Later enables customers to pay after their journey, by midnight the next day, giving a minimum of 24 hours or up to 48 hours to pay for their passage through the tunnel. The period to pay is consistent with the majority of tolled crossings in the United Kingdom, including Dartford and Mersey Gateway, which TT2 is looking to emulate and learn from.
- 2.14 Using Pay Later, customers can pay for their journeys 24 hours a day, 7 days a week via the TT2 website or by using an automated telephone payments line. The details of both methods of payment are printed on the ticket received at the point of travel, and also explained on the TT2 website and promoted extensively through social media.
- 2.15 A contact centre has been set up on-site at the Tyne Tunnels to enable TT2 to provide an online and telephone customer service for all of its users. This has created a number of new roles. Currently there are 12 x Customer Experience Agents and 2 x Customer Experience Team Leaders managing the service. The team are trained to support customers with their queries or appeals, aiming to provide a quick response for the customer, following defined business rules to ensure TT2 is fair and consistent in its dealings with users. Pay Later has enabled TT2 to create this smaller scale contact centre, developing procedures, testing business rules and processes and assessing how the Customer Experience Agents are performing.
- 2.16 When Pay Later was launched, an initial high level of non-compliance was anticipated based on the research of other operators who have implemented a free flow system. As customers have become accustomed to the system, this non-compliance level has reduced month by month. TT2 is incentivised to keep the non-compliance rate low, as there are penalties in the Project Agreement which will affect TT2 financially if a consistently high non-compliance rate is apparent once the Tyne Pass system is fully operational.
- 2.17 The non-compliance rate is currently 19% of customers using Pay Later, which equates to 1.03% of driver journeys using the Tyne Tunnels. This means that if approximately 2,000 drivers use the Pay Later service per day, approximately 380 fail to pay by the deadline and receive an Unpaid Toll Charge Notice (UTCN). To allow a 'settling in period' for this change of customer behaviour and to treat customers as fairly as possible, a decision was made to not push cases through to

third party enforcement stage, as TT2 did not want to be seen as taking a hard-line approach with a process which is new for everyone. This 'settling in period' has now ended and TT2 is confident that the majority of customers are aware of the payment terms of the Pay Later system, and is anticipating that there will be a continuing increase in levels of compliance.

### **Customer feedback on Pay Later**

- 2.18 TT2 have received both positive and negative feedback on the service via their online customer platform 'Rant and Rave'. Some examples of positive comments are from users who have indicated that they find the system 'efficient' and 'very easy to use'. The high number of drivers consistently using Pay Later also suggests that customers make a choice to use this service and find it a useful way to pay the toll.
- 2.19 However, it is recognised that some customers are dissatisfied and there have been appeals and complaints from customers who have received an UTCN. Some are simply disgruntled that they have been penalised for forgetting to pay within the timeframe, but there have also been other issues including some web platform issues and particularly in the early days, difficulty communicating with TT2 when there were limited numbers of customer service staff. In cases where customers have not received a good service or have not been able to make a payment due to unavailability of the payment system, TT2 has reviewed the case, and if justified, has overturned the UTCN on appeal.
- 2.20 Unfortunately, there are also people who have not engaged at all to make payment until the costs have escalated significantly. The commencement of transfer of cases to a third-party enforcement team has also led to an increase in the numbers engaging at a very late stage.
- 2.21 NECA officers on behalf of JTC have been consulted on a policy document described as the 'Business Rules' which puts in place a process for dealing with all types of customers and scenarios and ensures consistency in approach. Officers have been working closely with TT2 on some specific cases to understand the approach taken and to ensure that the agreed Business Rules are being followed fairly in each case. The learning curve for customers and for TT2 has been steep, but TT2 has responded well to developing issues and has been continuously making improvements to the service provided.

### **Improvements to Pay Later service**

- 2.22 Since going live with Pay Later, TT2 has:
- Recruited six additional staff to address the higher than anticipated level of popularity.
  - Launched a new system for lost tickets, enabling customers to retrieve their Pay Later reference if they had lost the Pay Later slip. This previously could have resulted in an unpaid toll charge notice, but now they can make payment within the timeframe without the need to speak to an agent.

- Implemented a comprehensive training programme for new staff joining TT2, including a training module on how to support vulnerable customers.
- Provided more resource for telephone call lines to allow customers to make contact easier. Call volumes and durations are monitored in real time.
- Fitted out and launched a dedicated Contact Centre facility based on the Fourth Floor of the Central Admin Building tower.
- Improved web platform resilience and commissioned a deeper review ahead of Tyne Pass.
- Run an extensive social media campaign repeating the key messages about payment timescales.

2.23 Beyond that, there are further plans in place to improve the service ahead of launching the Tyne Pass system, including:

- From the 4 January 2021, the Contact Centre will be open 7 days a week as well as extended opening hours Mon-Fri.
- Account management will be introduced to help businesses manage their usage of the Tyne Tunnel including early intervention for unpaid tolls.
- Auto top-up - ability to request for a linked card to add funds to a pre-paid account should it fall below a specified amount.
- Giving customers the ability to enter into a payment plan if they are suffering from financial hardship.
- Monitoring colleagues through call listening and conformance checks against the defined process and business rules, ensuring they are applied appropriately and customers are treated fairly.
- Introducing more pre-paid lanes, this will support TT2's drive to have 80% pre-paid customers at Tyne Pass go-live.

### **Marketing Campaign to promote Pre-Paid Accounts**

2.24 Pre-paid accounts are the most efficient and effective way to pay the toll at the Tyne Tunnels and not only speed up journey times, but also provide a 10% discount on every journey. They are easy to set up via the TT2 website or via the TT2 app. When the Tyne Pass cash-less free flow system is fully implemented, drivers with a pre-paid account will have a seamless journey and easy payment experience. It is therefore important that the use of pre-paid accounts is promoted and marketed to drivers to make them aware of its benefits.

2.25 TT2 has an aspiration to increase the use of pre-paid accounts from around 50% of drivers (level in July 2020), up to 70% by June 2021 and to 80% once the Tyne Pass scheme is in full operation in 2022. Levels have already increased over the last few months and November reports showed that 65.5% of drivers were paying in advance of their journey using a pre-paid account.

2.26 This is in part due to marketing which has been carried out by TT2 during 2020

including the 'Sign-up' campaign and Class 3 campaign. This involved:

- Retargeting customers who had previously visited the TT2 website using tracking cookies and advertising on social media
- Direct response advertising – advertising to customers in a place where they can immediately take action and sign up, such as social media ad platforms.

2.27 The unpredictable nature of 2020 has meant that it has been difficult to plan certain types of marketing, such as outdoor print advertising and events. Many advertisers require adverts to be planned well in advance and commit to the dates. This meant that some adverts were running on bus stops and billboards when many people were isolating and businesses were closed. For this reason, TT2 have planned to have a more flexible, digital approach at the start of 2021, using Google Analytics and social media including Facebook, Twitter and Instagram. TT2 will also make use of their Smart Digital Outdoor boards and website as well as more traditional advertising. This will allow allocation of budgets more effectively and provide the ability to adapt quickly when external factors change, leading to better campaign results and more sign ups.

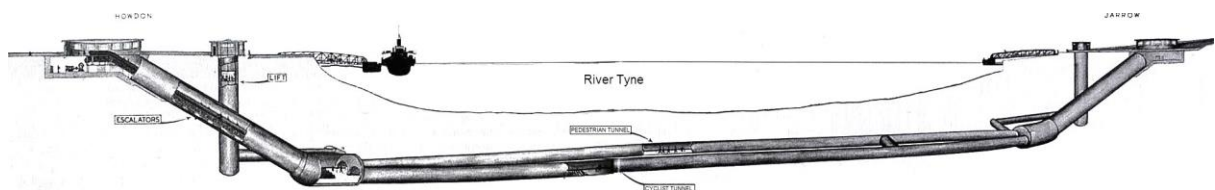
2.28 The 2021 campaign will focus on Pay Later customers, cash customers and lapsed account holders. The following key message themes relating to the benefits of pre-paid accounts will be tested with different audiences.

#### **Key Message Themes**

- 10% discount on each journey
- Convenience – automatic number plate recognition cameras recognise the vehicle so there's no need to stop and search for change
- Add multiple cars to one account, great for multi-car families
- Upcoming improvements to the app, including new features such as auto top-up

#### **Tyne Pedestrian and Cyclist Tunnels Update**

2.29 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 and must abide by social distancing measures in place including wearing a face mask. The tunnels are monitored via CCTV by the 24 hour security presence on-site.

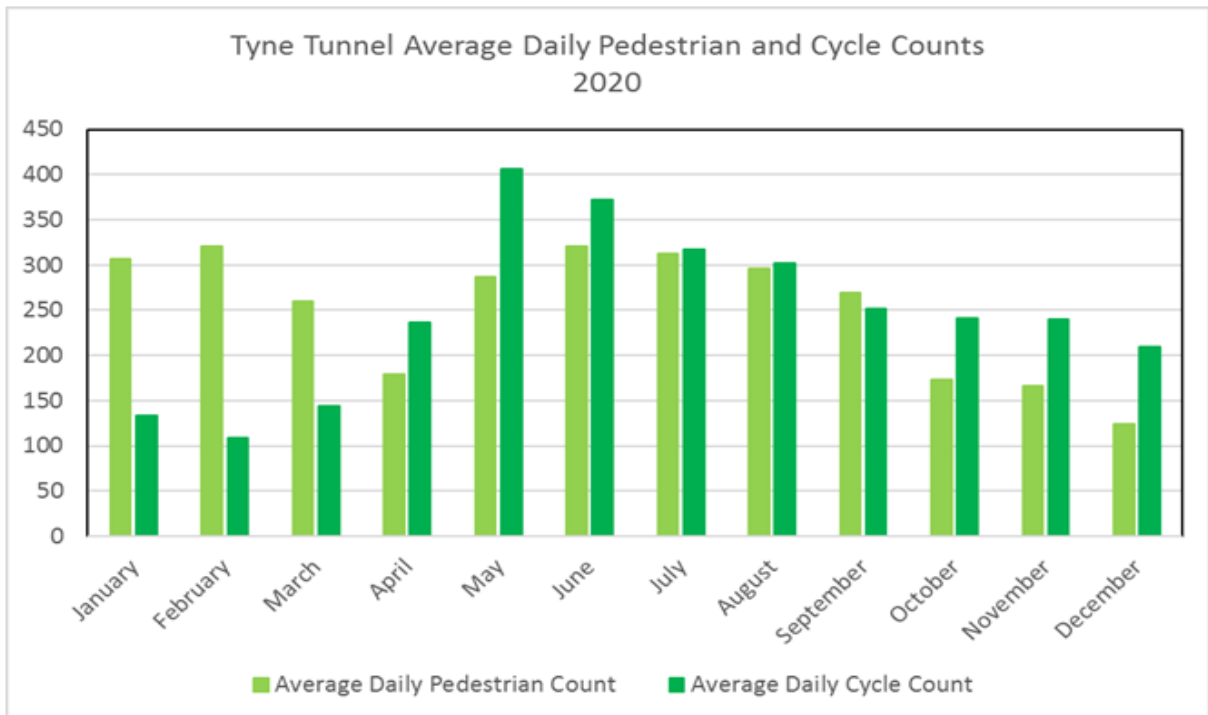




2.30 The tunnels were open throughout most of 2020 between 06:00 and 22:00. The later closing time of 22:00 was implemented in March 2020 at the start of the lighter evenings for the period of British Summer Time. The later closing time was popular with users and has remained in place for the rest of the year.

2.31 There have been further recent requests from users asking for the tunnels to be opened 24 hours per day. This would particularly benefit shift workers who cycle to work at night. 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. Users were very positive on social media about the 24 hour trial. The trial has proved to be successful and there have been no major concerns or incidents of antisocial behaviour. It is therefore proposed that 24 hour opening should continue throughout 2021 subject to regular reviews. It is noted that evening usage and associated public order issues may increase in warmer months. Regular reports will be provided to this committee.

2.32 Daily usage of the tunnels has dropped slightly in the winter months as expected when the weather becomes colder, with December as the lowest month. Overall use of the tunnels has increased in 2020 and in summer up to 700 people per day were using the facility, whilst the winter usage is approximately 400 people per day. Cycling in particular has increased in popularity compared with last winter's figures.



2.33 For the first time in many years the tunnels were able to remain open on Christmas Day 2020. This was not the case in 2019, when they were closed to the public for Christmas Day and New Year's Day. Following requests from workers who were working a shift on Christmas Day or Christmas Eve and required access, it was agreed that security would be on site and the tunnels would be open for cyclists and pedestrians. It is proposed that in future they will remain open 365 days per year.

## **Inclined lifts refurbishment**

- 2.34 In terms of the refurbishment works, the completion and certification of the inclined lifts is now the only major outstanding work required to complete the full refurbishment. Once this is 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.
- 2.35 As this committee are aware, the completion of the inclined lifts has been delayed throughout 2020 with the Italian lift engineers (Maspero) citing Covid-19 travel restrictions as the principle reason for this. Engineers were last on site in January 2020 and were due to return in February 2020, however their visit was cancelled by Maspero due to the position in Italy at that time, when Covid-19 cases were rising rapidly. Since then travel restrictions in place have made travel by specialist staff to the UK significantly more difficult. Whilst officers are frustrated at the lack of progress in 2020 and have attempted to negotiate the contractors return to site, it is difficult for them to come back to site with the current restrictions in place.
- 2.36 However, the completion of the inclined glass lifts is a priority and therefore all other options are being considered, in discussion with Maspero, to reach a solution in 2021 which allows the inclined lifts to be brought into operation as soon as possible.

## **3. Reasons for the Proposals**

- 3.1 Not applicable.

## **4 Alternative Options Available**

- 4.1 Not applicable.

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

- 5.1 Officers are monitoring use of the tunnels and the impact of the Pay Later scheme and are working with TT2 on the implementation of the Tyne Pass system. They are also continuing to pursue all options to enable the Tyne Pedestrian and Cyclist Tunnels inclined lifts to be brought into operation and for responsibility for management to be transferred to TT2 during 2021.

## **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 Due to the structure of the contract with TT2 Ltd, the reduced traffic has not had an impact on the net budget for the Tyne Tunnels managed by the Joint Transport Committee.

The financial implications of a proposed toll increase for Class 2 vehicles is dealt with in a separate report before this committee.

The cost of the refurbishment works has been funded from Tyne Tunnel reserves and from prudential borrowing in line with the original approval for the project. It is important to note that this reserve is ring-fenced for use on the tunnels.

## **8. Legal Implications**

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

## **9. Key Risks**

9.1 There are no key risks associated with this report.

## **10. Equality and Diversity**

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

## **11. Crime and Disorder**

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

## **12. Consultation/Engagement**

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

## **13. Other Impact of the Proposals**

13.1 Not applicable.

## **14. Appendices**

14.1 None.

## **15. Background Papers**

15.1 River Tyne (Tunnels) Order 2005

Report dated 22 July 2010 - TPCT - Investment Proposals

River Tyne (Tunnels) (Modification) Order 2011

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

Report dated 16 January 2020 – Tyne Tunnel Update

Report dated 14 May 2020 – Tyne Tunnel Update

Report dated 9 July 2020 – Tyne Tunnel Update

Report dated 5 September 2020 – Tyne Tunnel Update

Report dated 5 November 2020 – Tyne Tunnel Update

## **16. Contact Officers**

- 16.1 John Hewitt, Chief Finance Officer, [john.hewitt@durham.gov.uk](mailto:john.hewitt@durham.gov.uk), Tel:0300026194  
Mike Barker, Strategic Director, Corporate Services & Governance  
Gateshead Council, [MikeBarker@Gateshead.Gov.Uk](mailto:MikeBarker@Gateshead.Gov.Uk) , Tel. No: 0191 433 2100  
Alastair Swan, Principal Engineer, [alastair.swan@newcastle.gov.uk](mailto:alastair.swan@newcastle.gov.uk) , Tel: 0191 211 5931  
Fiona Bootle, Tyne Tunnels Manager, [Fiona.bootle@transportnortheast.gov.uk](mailto: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 TPCT – Tyne Pedestrian and Cyclist Tunnel  
PA – Project Agreement (relating to the contract for the provision of the New Tyne Crossing)  
JTC – Joint Transport Committee  
UTCN – Unpaid Toll Charge Notice