

Joint Transport Committee Tyne and Wear Sub-Committee

Thursday, 10th September, 2020 at 2.00 pm

Meeting to be held in a Meeting to be held virtually via Microsoft Teams - Meeting to be held virtually via Microsoft Teams

AGENDA

| | Page No |
|--|----------------|
| 1. Apologies for Absence | |
| 2. Declarations of Interest | |
| Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (and submit it to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this. | |
| 3. Minutes of the last meeting held on 9 July 2020 | 3 - 8 |
| 4. Monitoring Nexus' Performance | 9 - 18 |
| 5. Nexus Corporate Risk Register 2020/21 | 19 - 48 |
| 6. Tyne Tunnels Update | 49 - 56 |
| 7. Tyne Pass Free-Flow Scheme at the Tyne Tunnels | 57 - 70 |
| 8. Date and time of next meeting | |

The next meeting of the Tyne and Wear Sub-Committee will be held on Thursday 5th November at 2pm.

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**JOINT TRANSPORT COMMITTEE, TYNE AND WEAR SUB-COMMITTEE
DRAFT MINUTES FOR APPROVAL**

DATE: 9 JULY 2020

Meeting held virtually via Microsoft Teams and streamed live on YouTube

Present:

Councillor: G Hobson (Chair)

Councillors: A Ainsley, C Johnson, J McElroy and G Miller

In attendance:

Councillor: M Walsh

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

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

1. APOLOGIES FOR ABSENCE

Apologies were received from Cllr J McCarty and Cllr M Mordey.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS MEETING HELD ON 14 MAY 2020

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

4. MONITORING NEXUS' PERFORMANCE

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

Covid-19 pandemic continues to affect the whole organisation with significant impacts on revenue and patronage.

Metro patronage was down initially by 95% against target for the year, as was fare revenue, although this has steadily improved as lockdown measures have been lifted with patronage up to 30% more recently. Metro punctuality has exceeded its target for the first two periods of the year, with the timetable now running at 91% which compares favourably when set against train operating companies elsewhere. The reduced timetable has enabled some additional maintenance works to take place where practicable.

Patronage and revenue on the Shields Ferry have also been significantly affected with an 87% reduction in passenger numbers in the first ten weeks of the year, although a full timetable is now in place.

Unfortunately, the two planned Metro driver schools have now had to be cancelled, meaning that 16 new drivers will not enter service in the Autumn.

Work is continuing on the Nexus Learning Centre and Howdon Satellite Depot and these projects are expected to be complete by the end of July. A construction partner has been appointed for the demolition and reconstruction of the South Gosforth depot as part of the fleet replacement programme.

The Committee was also informed that there has been an increase in anti-social behaviour on the Metro system since the easing of lockdown and work is ongoing with the Police to address this.

Cllr McElroy asked what impact the cancellation of the driver schools would have on maintaining recruitment to Nexus. He felt that it was important at the current time to ensure that a sustainable transport system can be delivered.

Martin Kearney advised that options for larger class sizes are being explored to with driver training schools recommencing in September and October, although increasing the number of trainees is dependent on the availability of tutors and instructors. He agreed that driver recruitment is very important and needs to be maintained. He also advised that recruitment for Customer Services staff is continuing which will assist with the issues around anti-social behaviour.

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

5. NEXUS' CORPORATE RISKS

The Committee received a report which provided an update on the Nexus Corporate Risk Register for 2020/21 based on the Corporate Plan.

Following a review in June, one risk score has improved – catastrophic infrastructure or operations event. Now that the reaction to the Covid-19 crisis has been implemented, it is now felt that the likelihood of a significant operational incident recurring has reduced to a low likelihood.

The scores of two risks have declined – frontline services and discretionary travel schemes has declined due to the financial challenges faced by Nexus as a result of the pandemic, along with efficiency of delivery which has been impacted due to the lack of clarity on long-term funding for asset renewal.

Emergency funding for Metro and buses has been provided by the Department for Transport, but this is due to end on 4 August 2020. The Committee were advised that positive discussions have taken place with the Department for Transport and Nexus continues to make the case for emergency funding to continue, given the huge reduction in passenger numbers and fare revenue, particularly in the case of Metro.

Cllr Hobson asked whether there was any likelihood of additional funding being provided. John Fenwick advised that he was confident that there should be some positive news soon.

Cllr McElroy acknowledged that the financial challenges of the pandemic were immense, with added impact of the decrease in passenger numbers. He asked whether there was any likelihood of an increase in passenger numbers? John Fenwick advised that 30% of journeys were now being made, compared with 5% at the start of lockdown. The easing of lockdown has attracted more customers but there is still a long way to go, particularly with Government messaging around only using public transport where absolutely essential and to continue to work from home where possible.

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

6. COVID-19 SECURE STANDARDS ON PUBLIC TRANSPORT

The Committee received a report which outlines the interventions that Nexus and its industry partners have implemented to ensure that public transport meets the Government's requirements for Covid-secure transport.

During the pandemic employees from Nexus, rail and bus companies have continued to work to ensure that public transport remained available for key workers.

Since the easing of lockdown, measures have been put in place to ensure that public transport is a safe and secure environment for people to travel. Since 15 June 2020, passengers have been required to wear face-coverings on all public transport. This region has the highest take up of this requirement in the country. On Metro, 95% of passengers are wearing face-coverings at peak time; 88% during the rest of the day. The figure will never reach 100% as some passengers are exempt from wearing face-coverings for medical reasons.

The Committee were informed of two recent rare incidents where Nexus workers showed exceptional dedication to their roles. In the first incidents, an elderly gentleman collapsed on the concourse at Monument Station. CPR was

administered by staff until the North East Ambulance Service arrived. Later the same day, at Central Station, staff were spat at by a drunk and disorderly man who has since been sentenced to four months in prison.

Cllr Hobson said she would write to all staff to congratulate them on their efforts during the pandemic and would also write to the member of staff who was assaulted.

Cllr McElroy noted that passenger numbers had increased from 5% - 30%, which he believes is a 600% increase in numbers and demonstrates that the public are beginning to accept that public transport is safe to use. He asked whether any promotion would be taking place to encourage more people to use public transport.

Huw Lewis agreed that the public need to feel safe and secure when using public transport and that web pages have been created at www.nexus.org.uk/covid-secure which outlines all of the measures now in place across all public transport.

Cllr Hobson commented that the national media have given the wrong impression of public transport as they always show over-crowded trains on the London Underground and was disappointed that the Government was still encouraging people to use public transport as a last resort.

Huw Lewis agreed and stated that the North East is not as busy as London and that the message for our region is that public transport is safe and secure to use.

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

7. TYNE TUNNELS UPDATE

The Committee considered a report which provided an update on the activities at the Tyne Tunnels.

Traffic Tunnels

As a result of the lockdown measures, traffic levels dropped drastically during March and April, from 55,000 to 17,000 vehicles per day which equates to 30% of normal levels. The levels are now gradually increasing and it is hoped the levels will be back to normal by next year.

TT2 Ltd has requested financial assistance from Government due to the severe loss in income it has suffered as a result of the low traffic levels. Requests have been made by the Joint Transport Committee, TT2 and local MPs to the Department for Transport however, no funding has yet been provided.

Discussions are ongoing locally with TT2 to explore ways of providing some kind of support to provide assistance in the short-term and to keep in place the longer-term plans for future improvements to the Tyne Tunnels including the Tyne-Pass free-flow project.

The Advanced Number Plate Recognition system in use at the toll plazas are continuing to be well-used, with pre-payment transactions via the website or app now totalling 59.6%.

The delayed agreed 10p increase in tolls for Class 3 vehicles will be implemented in August.

Tyne Pedestrian and Cycle Tunnels

The tunnels are continuing to be well used by cyclists and pedestrians are open every day from 6am – 10pm. Social distancing remains in place within the tunnels and a one-way system is in operation.

Completion and certification of the inclined lifts in the tunnels remains the only outstanding item from the refurbishment. The return of the specialist contractor remains on hold due to international travel restrictions. Officers are investigating all options to enable the inclined lifts to be operational at the earliest opportunity.

A review of ongoing project costs and the long term operating costs of the tunnels is currently being carried out and the outcome of this will be presented to the Committee in due course.

RESOLVED: The Tyne and Wear Sub-Committee:

- (i) Noted the contents of the traffic tunnels update, and the impact on traffic flows and revenues as a result of the Covid-19 pandemic;**
- (ii) Noted the contents of the Tyne Pedestrian and Cycle Tunnels update and the current position with regards to the renovation works;**
- (iii) Noted the implementation of the increase in tolls for the Class 3 vehicles (HGVs) which will take place in August 2020.**

8. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED: The Tyne and Wear Sub-Committee:

Agreed to exclude the press and public during consideration of items 11 and 12 by virtue of paragraphs 2 and 3 of Part 1 of the Schedule 12A of the Local Government Act 1972.

The live stream of the meeting on YouTube was suspended after this resolution was agreed.

9. CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING HELD ON 14 MAY 2020

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

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

Date: 10th September 2020
Subject: Nexus Corporate Performance Update
Report of: Chief Operating Officer

Executive Summary

This report provides an update on the performance of Nexus against its Corporate Business Plan for 2020/21 for periods 3 and 4 which encompass the period 24 May 2020 to 18 July 2020.

The impact of the COVID-19 pandemic continues to be felt across the organisation with significant impacts on revenue and patronage. **Metro Patronage** was down 76.4% against the same period last year, however following a reprofiling of the 2020/21 target, patronage has recovered more quickly than previously anticipated and is currently 3% higher than previously expected.

Metro Punctuality has declined over periods 3 and 4 of the year with driver resource issues contributing to a fall in punctuality, however punctuality is higher than during the same periods last year.

Ferry Patronage and Fare Revenue have both been significantly impacted by COVID-19 lockdown measures, experiencing a 72% reduction in passenger numbers in Periods 3 and 4 of this year in comparison to the same periods last year. However, following a reprofiling of the 2020/21 target, patronage has recovered more quickly than previously anticipated and is currently 54.1% higher than previously expected.

Both **Howdon Satellite Depot** and the **Nexus Learning Centre** were completed on 31st July, whilst work continues on the **Fleet Replacement Programme**

Appendix 1 shows a summary of Key Performance Indicators between 25 May 2020 and 1 August 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 This 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:

| Delivering Public Transport Today | |
|---|--|
| Workstream | Status |
| Improve our customers journey experience on Metro | Punctuality has fallen below target in Period 4 due to driver resource issues. Work to improve driver availability and increase training capacity continues. |
| Protect and enhance our services | Patronage on all services has been significantly reduced as a result of COVID-19. |
| Delivering Metro Flow | Funding was announced by Government in March and work is ongoing. |
| Progress the delivery of a new fleet for Metro | Work progresses on procurement of the new fleet. |
| Embrace new technological improvements | Enhancements to ICT services have been delivered to facilitate home working, Work taking place on developing Metro App to assist passengers. |

1.4 Improve our customers journey experience on Metro

In Periods 3 and 4 however metro punctuality has declined. A number of reasons contributed to this dip in performance however driver resource levels continue to present a challenge. Metro currently has 12 driver vacancies which was coupled during Periods 3 and 4 with increased levels of sickness, including individuals being asked to shield due to pre-existing health conditions, which saw up to 24 drivers unavailable for duty at any one time.

1.5 Fleet availability started the year strongly with full availability being met every day.

1.6 A number of actions are planned to improve performance across Metro:

- A driver school which was planned for May was cancelled due to COVID-19 restrictions which will affect our ability to fill vacancies in the autumn. In order to counter this capacity at driving schools has been increased to allow for 30 trainee drivers to take part in the next training school which is planned to start in September. This will increase the number of drivers that

can be trained each year to 90.

- Winter timetable to be introduced from December 2020 to March 2021 to provide assurance of services to customers whilst trainees work towards competence.
- Recruitment to two performance management posts has been completed and a review of performance structures across the organisation is taking place.
- Increased use of data analysis to improve driver performance and reduce instances of early and late running.
- Continued investment in asset renewal and maintenance of assets to reduce infrastructure related delays.
- Introduction of a new delay attribution system
- Working with Occupational Health to support drivers currently absent due to ill health back to work where appropriate.

1.7 Protect and enhance our services

Periods 3 and 4 saw gradual increases in patronage as lockdown restrictions eased, increasing to approximately 25% of the passenger levels seen at the same time last year. Patronage continues to increase slowly, with passenger figures in at the end of Period 4 reaching 40% of the levels achieved at the same time last year. Patronage targets for the rest of 2020/21 have been reprofiled to map out the expected levels of patronage recovery.

1.8 Work is taking place to develop a strategy for patronage recovery following the relaxation of the COVID-19 lockdown and reduction in social distancing requirements however it is expected that significantly reduced levels of patronage and fare income will continue for an extended period. It is anticipated that patronage may only return to 80% of pre-pandemic levels, and work is underway on a recovery plan to attract as many customers back to Metro and attract new customer to support the regional economic recovery as well as support air quality improvements and the climate emergency.

1.9 Ferry Patronage has also seen a significant reduction since the start of the year with passenger levels due to lockdown restrictions. In Period 3 and 4 patronage was 64% below the comparable periods last year. Ferry Patronage figures have also been reprofiled to reflect the expected levels of recovery over the course of the rest of the year.

1.10 Bus patronage has been similarly suppressed by COVID-19 since the start of the year.

1.11 Delivering Metro Flow

Funding for Metro Flow was announced by Central Government in March 2020 and the contracting strategy is in place. Formal procurement will commence in early September and the project remains on track'

1.12 Progress the delivery of a new fleet for Metro

Since the contract award to Stadler in early 2020 work has been ongoing to prepare for the arrival of the new fleet. Howdon Satellite Depot was handed over to Nexus in July with some training, fit out and snagging work still to be completed. It is expected that Howdon Satellite Depot will come into operational use in the autumn

1.13 VolkerFitzpatrick have now been appointed by Stadler to undertake the construction work on the Gosforth Depot

1.14 The impacts of COVID-19 on the delivery of the new depot and fleet are not yet fully understood however regular dialogue is taking place with partners to establish what implications the current crisis has on delivery. It is expected that any delays caused by the crisis so far can be made up for during the remainder of the programme

1.15 **Embrace new technological improvements**

Smart card fare revenue as a proportion of total fare revenue reached 37% in periods 3 and 4

1.16 COVID-19 has presented us with an opportunity to progress faster with some of our plans to utilise digital technology for gathering data on passenger and to reduce cash usage. Work is taking place to develop the Metro App to allow passengers to inform us how busy trains are and to provide information to passengers regarding how busy the system is, allowing them to make informed choices about when they travel. It is expected that this app will launch before September.

| | | |
|------|---|--|
| 1.17 | Preparing for the Future | |
| | Workstream | Status |
| | Develop a pipeline of capital projects | A pipeline of capital projects is in place for future funding opportunities. |
| | Develop plans to expand and enhance the Metro and local rail networks | Work continues on feasibility studies for potential network extensions and feedback has been received on the regional restoring your railway expressions of interest |
| | Develop plans to improve the local bus network | A new forum has been developed between the Joint Transport Committee and bus operators. |
| | Establish effective management structures | Work is ongoing with national and regional partners on the future of local rail services. |

1.18 **Develop a pipeline of capital projects**

A range of projects is ongoing to identify and develop potential capital projects including the relocation of the North Shields Ferry Landing to the Fish Quay and development of a pipeline of capital schemes to inform the Regional Transport Plan

1.19 Develop plans to expand and enhance the Metro and local rail networks

Feasibility work on the Cobalt extension is progressing to plan with technical surveys and demand studies in development, this project has now been handed over to Transport North East. The Wearside Loop tender submissions will be received next month to allow that study to commence. The Team Valley brief is in development and will be released to the market in the autumn. Restoring the Railway bids for Cobalt, Leamside/Wearside Loop, Leamside/Stillington and Team Valley were not in the first wave of successful bids however the Rail Minister said there was merit in a further discussion with the shortlisting panel regarding our schemes as they saw some potential in them for possible submission to a further funding round

1.20 Develop plans to improve the local bus network

Whilst development of the Bus Strategy is ongoing, this will be linked into the development of the Regional Transport Plan. Currently significant amounts of work are currently taking place with bus operators to support the delivery of an amended timetables and service patterns during the COVID-19 crisis.

A new forum to allow for engagement between JTC and NEBus regarding bus services in the region was agreed in July. The forum will look to align the objectives of the JTC and bus operators, review and identify possible improvements the bus network and to develop a joint position on the need for more funding for bus services from central government.

1.21 Planning liaison is taking place with Transport North East to consider sustainable transport models in the North East post COVID-19

1.22 Establish effective management structures to improve local rail services

The North East Rail Management Unit (NERMU) is working with Transport for the North 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 A response to the National Infrastructure Committee call for evidence on the Integrated Rail Plan was submitted in May

1.24 Publication of the Williams Review has been delayed until at least the Autumn with a post COVID-19 review planned by the Department for Transport. A draft North East Railways prospectus has been produced but may need revision depending on the outcomes of the post COVID-19 review.

1.25 Focus on Organisational Effectiveness

| Workstream | Status |
|---------------------------------|---|
| Implement organisational change | ICT improvements accelerated during COID-19 crisis. |
| Continue to modernise the Metro | Some disruption to renewals works due |

| | |
|---|--|
| | to COVID-19 |
| Ensure our people have the skills to delivery our vision | Staff have moved into the Nexus Learning Centre whilst final works are completed. Driver training capacity is being increased following the loss of a training school in May. |
| Provide opportunities with schools, colleges and universities | Links formed with Local Authorities and Adult Education providers |
| Increase the diversity of the workforce | Initiatives to increase diversity across the organisation are being developed |

1.26 **Implement organisational change**

Since the start of the COVID-19 crisis ICT have introduced Microsoft Teams and Windows 10 ahead of schedule to facilitate home working

1.27 The COVID-19 crisis has caused significant financial pressures on the organisation and we are continuing to work with partners to ensure we are able to secure funding to deliver a balanced budget

1.28 **Continue to modernise the Metro**

The Asset Renewal Programme – now in its final year – is broadly progressing to programme but with some disruption and rescheduling resulting from the impact of Covid-19 and associated working restrictions

1.29 Permanent way works were completed in April at Crossgates Viaduct, South Shields in April albeit with lower priority elements de-scoped. Further Permanent Way renewal works between Heworth and Pelaw are planned in August and work to ensure network wide platform track interface compliance is planned to complete by November.

1.30 The Nexus Learning Centre was successfully handed over by the contractor at the end of July and the Learning and Development team have now relocated to the new building. Full completion, including signalling works is expected by November

1.31 Overhead Line wire renewal was temporarily paused pending evaluation of working arrangements but resumed on 20th June with further wire runs completed on 11th July and 1st August. Survey and other repair works, such as mast bases has been 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

1.32 Network-wide replacement of CCTV cameras was delayed by supply chain issues, but has now resumed with all cameras planned to be renewed by December 2020. 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

- 1.33 Fleet reliability investment and other capital maintenance work is largely progressing to plan
- 1.34 It is now likely that programme cost pressures will result in the deferment of some lower priority work into future years
- 1.35 Asset Renewal funding worth £20m for 2021/22 was agreed by DfT in June allowing for greater certainty in the renewals programme. Work to agree a longer term asset renewal funding continues with DfT
- 1.36 **Ensure our people have the skills to deliver our vision**
The Nexus Learning Centre was handed over in July 2020 with staff moving into the building whilst some elements of fit out and snagging continue to be completed.
- 1.37 Due to the cancellation of the planned May driving school, plans have been developed to expand driver training capacity up to 90 drivers a year if required. This expanded capacity will begin in September when a cohort of 30 drivers will begin their training
- 1.38 **Provide opportunities with schools, colleges and Universities**
An apprentice recruitment plan has been put in place for although recruitment is currently on hold. Links have been made with Local Authorities for Adult Learning contacts to help with the recruitment of apprentices when recruitment can recommence
- 1.39 **Increase the diversity of the workforce.**
HR are looking into initiatives to attract and retain under-represented groups. Implementation of e-recruitment portal will record the equality data for recruitment applicants is being pursued.
- 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 1st August 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

Tel: 0191 2033500

17. Sign off

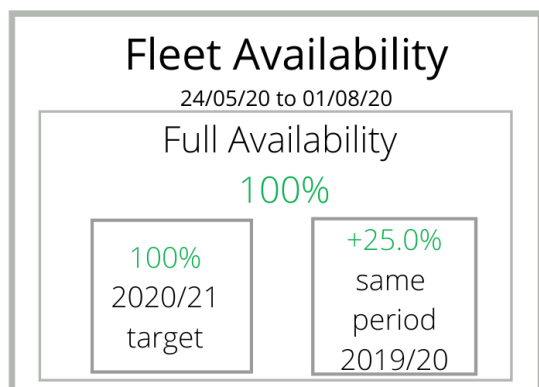
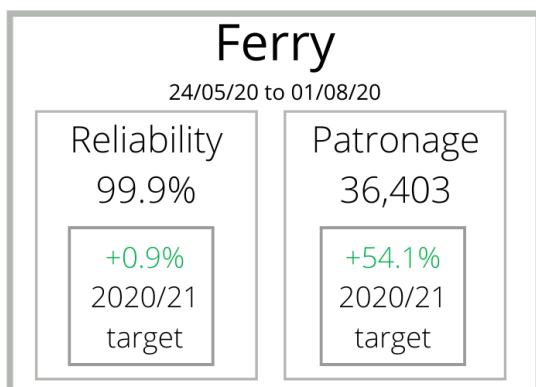
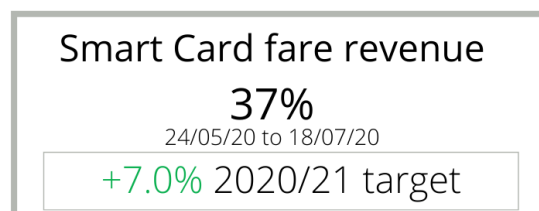
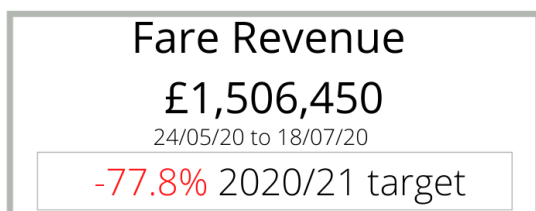
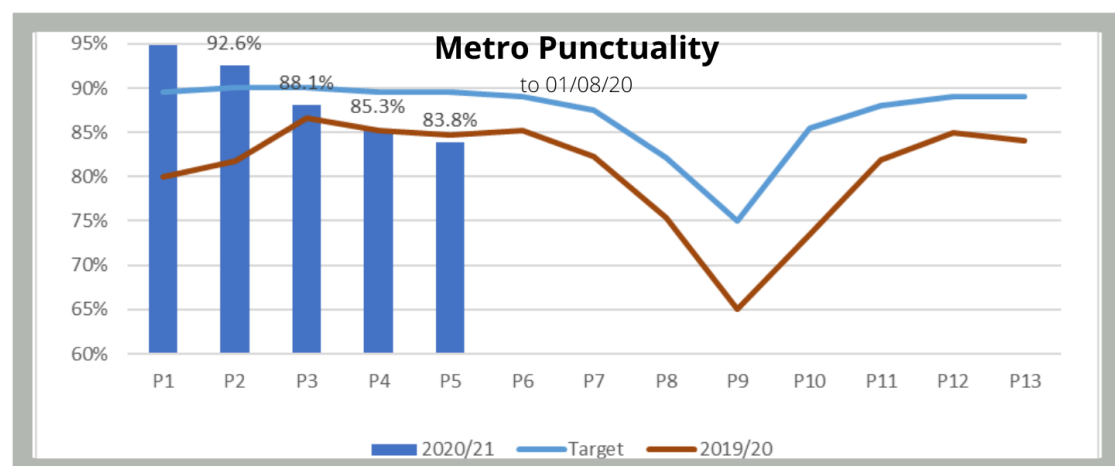
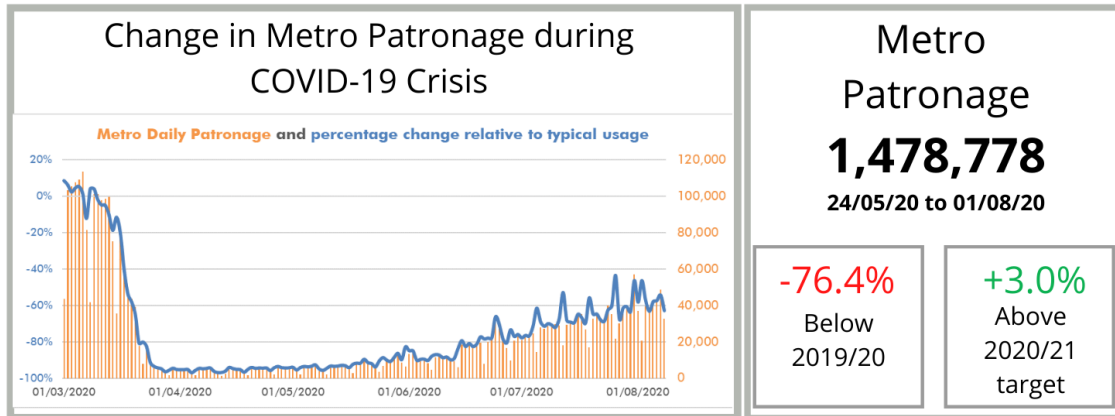
- The Proper Officer for Transport: ✓
- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

18. Glossary

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



Delivering Public Transport Today Performance Report 24 May 2020 to 1 August 2020



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

Date: 10 September 2020
Subject: Nexus Corporate Risk Update
Report of: Chief Operating Officer

Executive Summary

This report provides 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 review in June two scores improved: **Metro Performance** improved following the resumption of a full timetable with good punctuality and **Efficiency of Delivery (ARP)** which improved following confirmation of asset renewal funding for 2021/22

Recommendations

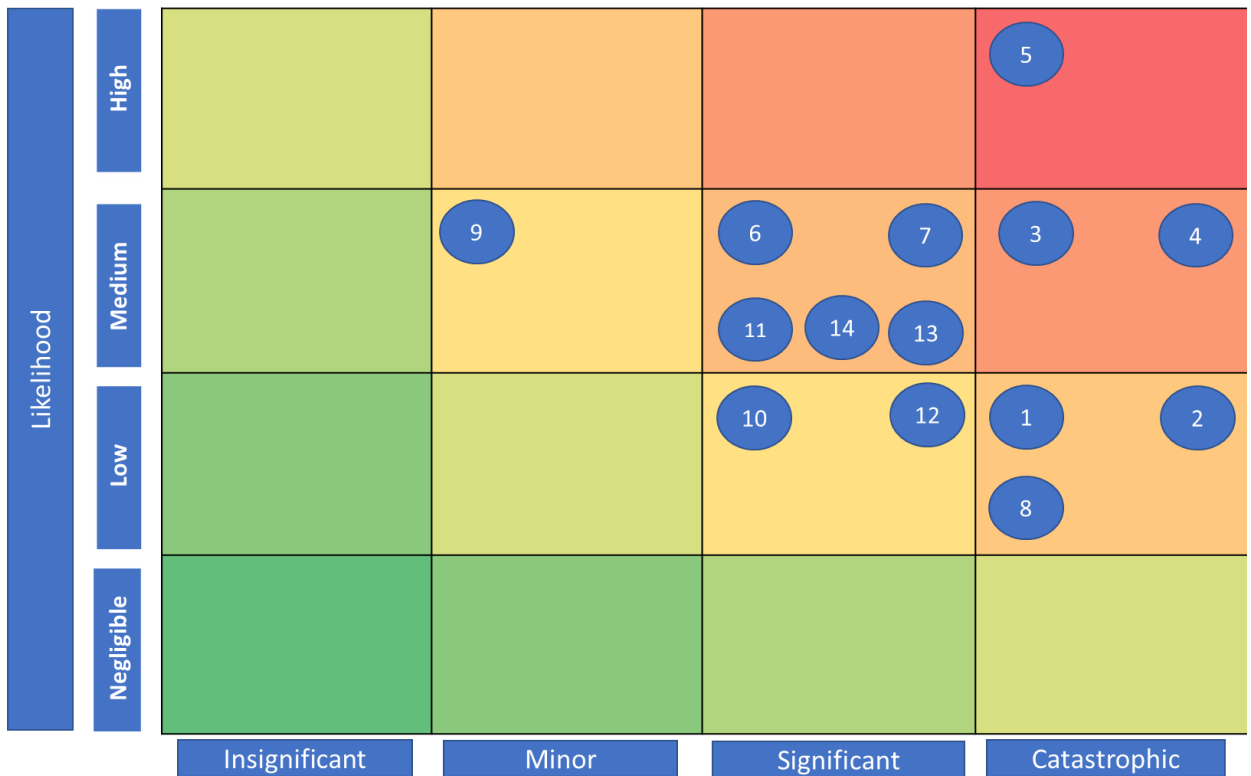
The North East Joint Transport Committee, Tyne and Wear Sub-Committee is recommended to receive and note this update on Nexus' Corporate Risk Register for 2020/21 and note the ongoing impact of COVID-19 on Nexus' business.

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

| | Risk | Summary of Changes | RAG status |
|---|---|--|------------------|
| 1 | Catastrophic security event | No change from previous review. | ↔ (stable) |
| 2 | Catastrophic Infrastructure or operations event | No change from previous review. | ↔ (stable) |
| 3 | Metro Performance | Impact score reduced. Updated to include details of funding agreement for capital works in 2021/22. Increased training capacity added to controls. | ↑ (improving) |
| 4 | Long Term funding for Metro | Updated to reflect funding agreement reached for capital works in 2021/22 | ↔ (stable) |
| 5 | Frontline services and discretionary travel Schemes | No change from previous review. | ↔ (stable) |
| 6 | Procurement of the new design, build, maintain and provide contract for the fleet/depot | No change from previous review. | ↔ (stable) |
| 7 | Efficiency of Delivery (ARP) | Amended to highlight funding provided to support capital provided for 2020/21 | ↑ (Improving) |
| 8 | Cybersecurity | No change from previous review. | ↔ (stable) |
| 9 | Deliver technological improvements, which will benefit our customers are | Introduction of U16 smart card added to Next Steps/Key Milestones | ↔ |

| | | | |
|----|---|--|---------------|
| | encourage wider use of public transport | section. | (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 | Change of Risk Owner to Transport Strategy Director | ↔ (stable) |
| 12 | Aspirations for Heavy rail initiatives | Next steps amended to reflect delays to Williams Review/ | ↔ (stable) |
| 13 | Delivery of Metro Flow | Minor amendments to schedule of project. Change to Risk Owner to Head of Network Extensions. | ↔ (stable) |
| 14 | Local Rail Devolution | Change of Risk Owner to Chief Operating Officer. | ↔ (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. A number of significant financial risks and implications are weaved into the risk assessments that underpin the Strategic Risk Register.

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' 14 risks for 2020/21
Appendix 2 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

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

18. Glossary

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: Deliver public transport today | | |
| CP Workstream: Improve our customers journey experience | | |
| Risk Area: Catastrophic security related event | RAG Status (Amber) | Direction of Travel |
| Risk Owners: Managing Director Transport Operations | 8(2x4) | ↔ (stable) |
| Risk Actionees: Head of Health, Safety, Quality & Environment. | | |
| Risk: In running any operational public transport infrastructure there is an inherent risk that a catastrophic security related event may occur, such as a terrorism incident. | | |
| Impact/Consequence(s): The consequences of a catastrophic security related event on Metro, bus or Ferry could be significant, including loss of life, prolonged service suspension, protracted legal issues to resolve, fines to pay, impact on insurance, other cost increases and likely loss of business. | | |
| Control(s): | | |
| <ul style="list-style-type: none"> • 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. • Identification of catastrophic safety events we aim to avoid and strive to control, through having robust plans in place. • Continuously monitoring & controlling the precursors of these events with a detailed 2-weekly safety reporting to Nexus' Senior Leadership Team and weekly safety briefing. • Produce and implement an annual safety plan for approval by Nexus Executive Board. • Undertaking in-house safety assurance activity as part of everyday safety management practice. • 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. • Receiving regular updates on the current threat from international terrorism. • 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. | | |

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.
- Consulting on single-line Life Saving Rules
- Developing a programme to reduce planned work using unassisted Lookout protection

| | | |
|--|--|---|
| <p>CP Theme: Deliver public transport today</p> <p>CP Workstream: Improve our customers journey experience</p> | | |
| <p>Risk Area: Catastrophic Infrastructure or operations event</p> <p>Risk Owners: Managing Director Transport Operations</p> <p>Risk Actionees: Head of Health, Safety, Quality & Environment, Head of Engineering, Head of Human Resources</p> | <p>RAG Status (Amber)</p> <p>8(2x4)</p> | <p>Direction of Travel</p> <p>↔ (stable)</p> |
| <p>Issue: COVID-19 pandemic causing service reductions and reduced patronage</p> <p>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.</p> | | |
| <p>Impact/Consequence(s):</p> <p>The impact/consequences should a catastrophic infrastructure or operations event, including a public health emergency, occur on Metro, bus and Ferry could potentially be very significant including:</p> <ul style="list-style-type: none"> • lengthy loss or reduction of service • likely loss of business with potential long term impact on patronage, • protracted legal issues to resolve, • fines to pay, impact on insurance and other cost increases • In the event of a catastrophic safety related incident the possibility for multiple loss of life. | | |
| <p>Control(s):</p> <ul style="list-style-type: none"> • 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. • Robust arrangements for the selection and management of contractors. • Monitoring of assets and development of fail safes and mitigation plans in the event of catastrophic failure of a key assets. • 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. • Maintaining a comprehensive suite of engineering standards in all relevant disciplines based on industry best practice. • Close liaison and joint operations with Metro Police Unit and British Transport Police to counter anti-social behaviour and vandalism on the network. • Redeployment of staff to enhance security patrol on the system. • Monitoring of CCTV systems and liaison with Metro Police Unit and British Transport police where issues arise. | | |

- Procedures in place to remove damaged and graffiti damaged trains from service before they impact on passengers.
- Continuously monitoring & controlling the precursors of these events with 4-weekly safety reporting to Nexus' Senior Leadership Team and a weekly SLT briefing.

Next Steps/Key Milestones:

- Prepare the case for emergency funding for Metro
- Prepare the plans to recover the service and patronage following the pandemic
- 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.

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)

↑
(improving)

Issue: COVID-19 Pandemic

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.

COVID-19 pandemic has impacted on the availability of drivers and other operational staff to maintain the Metro service. During lockdown patronage was reduced by up to 95%.

Control(s):

- Retrain and redeploy staff where possible to cover operational activities.
- Monitor the amended timetable to ensure performance and tailor service provision to maintain social distancing .
- Monitor Metro patronage through passenger counting to inform service planning.
- Overhead line ARP replacement programme over the next five financial years.
- Close monitoring of key business results.
- Ensuring appropriate levels of communication and support between Nexus Rail, Metro services and Stadler.
- Implement better performance management processes.
- 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.

Key Milestones/Next Steps:

- Develop plans to regain patronage following the pandemic, September 2020
- Implement comprehensive communications plan with staff, stakeholders and staff
- Monitor patronage and undertake research through the insights panel to understand passenger behaviour, weekly tracker survey with the insight panel and detailed public and business survey during August 2020
- Quarterly review of Asset Condition Reliability Improvement Plans where Nexus Rail's Principal Engineers and Maintenance Managers jointly review the performance of Metro assets, next review end of Q2
- Reviewing the Critical Assets/Single Point of Failure Register.
- Changes to the delay attribution process to reflect right time running December 2020.
- Establish and maintain performance management processes with Stadler by October 2020, then quarterly.
- Development of new performance tools to help effectively monitor performance, Periodic.
- 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.
- Expand ICT service desk provision to ensure cover over night prior to morning peaks.
- Continue to deliver increased levels of driver training to fill establishment March/April 2021.
- Implement new Train Crew Agreement, commenced, to be completed by July 2021.
- Consult on the structure of performance management functions within the business November 2020

| | | |
|---|---------------------|------------------------|
| CP Theme: Prepare for the future | | |
| Risk Area: Long term funding for Metro Risk Owner: Director of Finance and Resources | RAG Status (Red) | Direction of Travel |
| | 12 (3x4) | ↔ (Stable) |
| 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. | | |
| 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 4 August 2020. | | |
| Control(s): <ul style="list-style-type: none"> • 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 • Letter from Director, Rail Infrastructure North to confirm £20m capital grant for 2021-22. • COVID-19 emergency funding confirmed until 23 October 2020. • Effective liaison with DfT including 4-weekly progress reporting on the current Asset Renewal Plan and quarterly reviews. • Procurement strategy & contractual arrangements that minimise risk and deliver Value for Money. • Engaging with national government, local councillors & MPs and building public support. • Development of a business case for extensions has commenced, following confirmation of funding for the new fleet | | |
| Key Milestones/Next Steps: <ul style="list-style-type: none"> • 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 • Make the case for further emergency funding for Metro to combat the impact of the COVID-19 pandemic on farebox revenue. | | |

| | | |
|--|-------------------------|----------------------------|
| CP Theme: Deliver public transport today | | |
| CP Key Priority: Protect and enhance our services | | |
| Risk Area: Frontline services and discretionary travel schemes | RAG Status (Red) | Direction of Travel |
| Risk Owner: Director of Finance and Resources Risk Actionee: Head of Finance | 16 (4x4) | ↔ (Stable) |
| Issue: COVID-19 Pandemic has significantly impacted on public transport patronage and revenue 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). | | |
| 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"> • Making the case for emergency financial support from DfT • COVID-19 emergency funding confirmed until 26th October 2020 • Monitoring of public transport patronage during the pandemic, undertake research through the insight panel to gain intelligence on trends and passenger behaviours. • Undertake benchmarking and intelligence gathering from other Cities, through UITP, UTG and Comet/Nova. • Discussions with Chief Executives and Treasurers in order to obtain strategic financial guidance. • Deferring all but non-essential expenditure and vacancy control measures implemented | | |
| Next Steps/Key Milestones: <ul style="list-style-type: none"> • Continue to make the case for emergency funding from DfT beyond 26th October 2020 • Prepare plans to drive patronage growth following the current pandemic. • Seek future revenue and capital funding support as set out in SOS letter to MDTNE of 3 March 2020 • Periodic financial monitoring by Nexus' Senior Leadership Team and Executive Board. • Nexus' input to the quarterly monitoring of the Revenue Budget and Capital Programme expenditure reports submitted to the JTC. | | |

CP Theme: **Deliver Public Transport Today**
 CP Key Priority: **Progress the delivery of a new fleet for Metro**

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|--|---------------------------|----------------------------|
| Risk Area: Procurement of the new design, build, maintain and provide contract for the fleet/depot. | RAG Status (Amber) | Direction of Travel |
| Risk Owner: Major Projects Director Risk Actionee: Metro Development Director | 9 (3x3) | ↔ (stable) |

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.
Potential of delays caused by COVID-19 pandemic

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 will change the approach to public consultation on train designs.

- Control(s):
- A project contingency sum is available to fund the impact of known and likely risks.
 - Successful delivery of interdependent projects and enabling work is monitored by Capital Steering Group on a monthly basis and reported to Senior Leadership Team.
 - Keeping key stakeholders informed regarding progress of the programme.
 - Project controls have been developed and implemented to assist with the management of the contracts.
 - Operational risks associated with the project are managed through the Operational Readiness Meeting and are monitored by Senior Leadership Team.

- Key Milestones/Next Steps:
- Contract meetings on-going
 - Consultation on the fleet design, including the train mock-up in Autumn.
 - Transfer of Depot and maintenance to Stadler.
 - Progress variation for additional trains for Metro Flow.
 - Regular meetings of the joint Nexus/DfT Programme Board.
 - Periodic progress reporting to Nexus' Senior Leadership Team and JTC.

CP Theme: **Focus on organisational effectiveness**

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

Risk Area: **Efficiency of delivery**

Risk Owner: **Director of Finance and Resources**

Risk Actionee: **Head of Programme Assurance**

**RAG Status
(Amber)**

**Direction
of Travel**

9 (3x3)

↑
(Improving)

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 now expires in March 2022 following the announcement of £20m of capital funding for 2021/22. This is approximately half of the Essential Renewals work-bank and provides certainty for a further 12 months only. This is adversely impacting on continuity of the Metro ARP and making planning and procurement for future years delivery more difficult.

Some delays and cost pressures caused by COVID-19 pandemic but no COVID-19 support available from DfT for capital projects.

Projects committed through Asset Renewal Programme, 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
- 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.
- Review the ARP Programme in light of a further 12 months certainty and develop options to enable Nexus to respond effectively to any additional funding – either in 2021/22 or subsequent years.

| | | |
|---|---------------------------|----------------------------|
| CP Theme: Focus on organisational effectiveness | | |
| Risk Area: Cybersecurity Risk Owner: Director of Finance and Resources Risk Actionee: Head of Business Change & Technology | RAG Status (Amber) | Direction of Travel |
| | 8(2x4) | ↔ (stable) |
| Risk: A successful cyber-attack on Nexus ICT infrastructure. | | |
| Impact/Consequence(s): Nexus' ICT infrastructure is key to all the functions and activities we carry out. Failure to adequately secure and protect this from a cyber-attack could have a severe adverse impact on the delivery of services and potentially preventing critical actions and day-to-day work from being carried out. | | |
| Control(s): <ul style="list-style-type: none"> Nexus utilise a modern supportable resilient firewall, with a subscription to identify and protect against existing and emerging threats. We subscribe to governmental cyber-threat awareness bulletins and are active members of local security working groups. We participated in a local multi-party cyber-resilience event with local authorities and the emergency services to test the systems in place. 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. Nexus employs security specialists to implement governance and controls. A cyber-security training standard has been implemented to train all Nexus staff in the basic requirements. Nexus raises awareness of security threats through the use of internal communications such as Nexus Times & global emails. Nexus measure awareness through different mediums such as fake Phishing attacks. All changes to Nexus security assets are subject to tight control. We have a suite of policies on security controls and an acceptable use. A security incident response policy is in place. We utilise segregation to protect critical systems particularly rail based systems. We manage security risks within Business Change and Technology using a specific risk management process. The COVID-19 Pandemic has led to an increase, globally, in Cybercrime activity. | | |

Next Steps/Key Milestones:

- Annual phishing exercises will continue, with additional exercises as deemed appropriate to the level of threat being experienced.
- Review ongoing notification from key suppliers regarding the vulnerabilities in order to ensure timely notification and action.
- Increased vigilance of Cyber security activity, particularly through IT security networks, during the pandemic.

CP Theme: **Deliver public transport today**

CP Key Priority: **Embrace new technological improvements to make public transport easier, simpler and more appealing**

| | | |
|--|---------------------------|----------------------------|
| Risk Area: Customer facing technology Risk Owner: Customer Services Director Risk Actionees: Head of Business Change and Technology, Commercial Manager | RAG Status (Green) | Direction of Travel |
| | 6(3x2) | ↔ (stable) |

Risk: That the public transport services we provide or procure lose market share in a competitive environment.

Impact/Consequence(s):

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.

Control(s):

- Seek to obtain support from Transport for the North in the use of technologies for cEMV, as an alternative to smart cards.
- Continuous review of retail trends and customer choice with market research carried out to establish product development proposals.
- Annual review of prices, products and sales channels
- Provision made in the Fares and Revenue budget in order to support research into the development of new products.
- Seeking opportunities to work with partners and explore the potential for attracting external funding.

Next Steps/Key Milestones:

- Add currently NTL product range onto ITSO smartcard and then develop plans to introduce a multimodal, price capped pay as you go product.
- Launch Digital Carpark payment solution
- Launch a smartcard aimed at the Under 16 market
- Launch Host Card Emulation with Weekly Metro season tickets and deliver an equivalent pay as you go solution.
- Implement the recommendations of the Product and Payment Strategy.

CP Theme: **Prepare for the future**

CP Theme: **Develop a pipeline of capital projects for future funding opportunities**

Risk Area: **Public transport network improvements**

RAG Status (Green)

Direction of Travel

Risk Owner: **Chief Operating Officer**

6(2x3)



Risk Actionee: **Head of Corporate Planning**

(stable)

Risk: That opportunities to secure additional funding for public transport improvements through competitive funding bids are not successful

Impact/Consequence(s):

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.

Control(s):

- Nexus schemes are included in the Regional Transport Plan pipeline.
- A pipeline of capital schemes aligned with the Nexus Corporate Plan will be developed for as yet unspecified funding opportunities.
- Nexus resources, both people and financial, are allocated to develop Nexus Capital Programme pipeline.
- Schemes will be developed and governed under the Nexus' Stage-gate control processes.
- Internal stakeholders are identified and regular stakeholder meetings are held.
- Regular liaison with the Regional Transport Team to provide project updates and ensure that schemes are developed in line with wider regional objectives.
- Regular liaison with other external stakeholders to ensure alignment with other projects and local objectives.
- Match funding has been identified for live bidding opportunities.

Next Steps/Key Milestones:

- Nexus long list of capital projects is developed and submitted to the Transport Strategy Team for inclusion in the Regional Transport Plan.
- Develop full business cases for Transforming Cities Fund Scheme.
- Develop full business cases for Ferry landing relocation and secure match funding.
- Secure development funding and resources to develop the Nexus capital programme to stagegate 3 / outline business case.
- Develop strategic outline business cases for Metro extensions.

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| <p>CP Theme: Prepare for the future</p> <p>CP Key Priority: Develop plans to expand and enhance the Metro and Local rail networks</p> | | |
| <p>Risk Area: Metro and local rail strategy</p> <p>Risk Owner: Transport Strategy Director</p> <p>Risk Actionee: Transport Strategy Director</p> | <p>RAG Status (Amber)</p> <p>9 (3x3)</p> | <p>Direction of Travel</p> <p>↔ (stable)</p> |
| <p>Risk: Expansion of the Metro and local rail services does not progress.</p> | | |
| <p>Impact/Consequence(s):</p> <p>Should the project be unable to identify suitable options for expansion of the Metro and local rail systems this will have adverse implications for the local community, economy and the environment. Studies have established that each additional passenger journey generates £8.50 benefits to the local economy. Failure to obtain this benefit may limit the potential for economic growth and prosperity.</p> | | |
| <p>Control(s)</p> <ul style="list-style-type: none"> • Identification of the circumstances/characteristics in which schemes could be viable. • Embed schemes, enhancements and the circumstances/characteristics in the Transport Plan, the Strategic Economic Plan and other regional policies and strategies. • Align schemes and opportunities to pan-regional and national opportunities including Northern Powerhouse Rail and emerging options for rail devolution. • Establish strong contacts and working relationships with relevant stakeholders and influencers. • Develop communications strategies to ensure stakeholders and decision makers are kept informed and enthused. • Development and submission of viable business cases e.g. Metro Flow to generate momentum. • Assessment of other schemes mentioned in the Metro and Local Rail Strategy 2016, and other emerging schemes. • Utilise the technical and demand contract frameworks to develop best practice and knowledge in scheme development. • Utilise Nexus Stage Gate project control process and Green Book business case protocols to ensure effective, compliant scheme development. • Establish and maintain effective programme management disciplines to identify and manage cost and risk. • Undertake market consultation has established an understanding of the market appetite for schemes; keep this fresh. • Identify and adopt best practice in the development and delivery of extensions. • Establish an understanding of the legal and regulatory framework governing light and heavy rail and apply appropriately and proportionately. • Review and update the delivery structures and commercial arrangements for extension delivery programmes to maximise efficiency and capacity. • Establish and utilise a planning framework to define and deliver the land and | | |

consents strategies for light and heavy rail developments.

- Align programmes to and acknowledge interdependencies with the delivery of a new Metro fleet and renewal programmes to maximise efficiency and quality.

Key Milestones/Next Steps:

- Subject to confirmation of scheme funding, establish if and where Nexus can add value in the delivery of Northumberland Line – summer 2020.
- Planning reclassification for Follingsby by summer 2021 to support access to public transport in the area.
- Completion of Leamside reinvigoration and assessment of Wearside Loop in 21/22.
- Assessment of Cobalt in 20/21.
- Assessment of West Newcastle/ Gateshead in 21/22.
- Assessment of Airport heavy rail connection in 21/22.
- Combined report to outline the potential for expansions in Tyne and Wear 2022.

| | | |
|---|--|---|
| <p>CP Theme: Prepare for the future</p> <p>CP Key Priority: Ensure the North East's priorities for transport are properly reflected in Transport for the North's (TfN's) investment plans.</p> | | |
| <p>Risk Area: Aspirations for heavy rail initiatives</p> <p>Risk Owner: Chief Operating Officer</p> <p>Risk Actionee: Head of Heavy Rail</p> | <p>RAG Status (Green)</p> <p>6(2x3)</p> | <p>Direction of Travel</p> <p>↔ (stable)</p> |
| <p>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.</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"> • Active participation in Transport for the North, in particular the following workstreams: <ul style="list-style-type: none"> ○ the Northern Powerhouse Rail (NPR) project, ○ Strategic Development Corridor studies, and ○ the Long Term Rail Strategy. • Actively participate in the delivery of the Strategic Transport Plan and accompanying Long Term investment Programme • Ensuring the Joint Transport Committee's (JTC) Lead Member for Transport is fully briefed. • Retaining and developing the North East Rail Management Unit (NERMU). • Approval to the Strategic Outline Business Case for NPR from both the TfN Board and DfT. | | |
| <p>Next Steps/Key Milestones:</p> <ul style="list-style-type: none"> • Take an active role in the development of the Outline Business Case for Northern Powerhouse Rail • Take an active role in the development of the strategic corridors business cases as they affect rail in the North East. • 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 | | |

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| <p>CP Theme: Prepare for the future</p> <p>CP Key Priority: Establish effective management structures to improve local rail services</p> | | |
| <p>Risk Area: Local Rail Devolution</p> <p>Risk Owner: Chief Operating Officer</p> <p>Risk Actionee: Head of Heavy Rail</p> | <p>RAG Status (Amber)</p> <p>9(3x3)</p> | <p>Direction of Travel</p> <p>↔ (stable)</p> |
| <p>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.</p> | | |
| <p>Impact/Consequence(s):</p> <p>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.</p> | | |
| <p>Control(s):</p> <ul style="list-style-type: none"> • 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). | | |
| <p>Next Steps/Key Milestones:</p> <ul style="list-style-type: none"> • Williams review outcome – currently on hold due to COVID-19. • 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. | | |

| | | |
|--|-----------------------|------------------------|
| CP Theme: Deliver public transport today | | |
| CP Key Priority: Deliver Metro Flow | | |
| Risk Area: Efficiency of delivery Risk Owner: Major Projects Director Risk Actionee: Major Projects Director | RAG Status (Amber) | Direction of Travel |
| | 9 (3x3) | ↔ (stable) |
| Risk: The benefits of Metro Flow are not delivered, are compromised or limited or delayed. | | |
| 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): Failure to effectively deliver | | |
| <ul style="list-style-type: none"> • Continued advance planning and collation of information in identified risk areas will mitigate future deliver risks. • Apply effective and proven project management controls, risk management planning and governance processes with appropriately skilled resources employed in these areas. • 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. • Active stakeholder engagement to obtain involvement and co-operation of third/interested parties. | | |
| Next Steps/ Key Milestones | | |
| <ul style="list-style-type: none"> • Establish permanent project team – Dec 20. • Infrastructure <ul style="list-style-type: none"> ○ Tender Sept 20 – Feb 21 ○ Evaluation Feb 21 – Apr 21 • Industry Consultations (Network Change etc.) June 20 – Dec 20 • FBC Submission/Approval – July 21 • Infrastructure <ul style="list-style-type: none"> ○ Contract Award – Sept 21 ○ Delivery – Sept 22 – Mar 23 (Blockade Sept – Dec 2022) • Service commenced December 2024 to align with the fleet programme | | |

Appendix 2: Risk Score Matrix

Assess the impact if the risk occurred:

Impact:

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

Assess the likelihood of the risk occurring:

Likelihood:

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

Assess the impact should the risk occur e.g.

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

DRAFT

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

Date: 10 September 2020

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

The report identifies that traffic is still below normal levels due to Covid-19 measures and details the Health and Safety measures taken by TT2 to protect staff and customers. The report also provides an update on the usage and operation of the Pedestrian and Cyclist tunnels during the last 6 months.

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)).

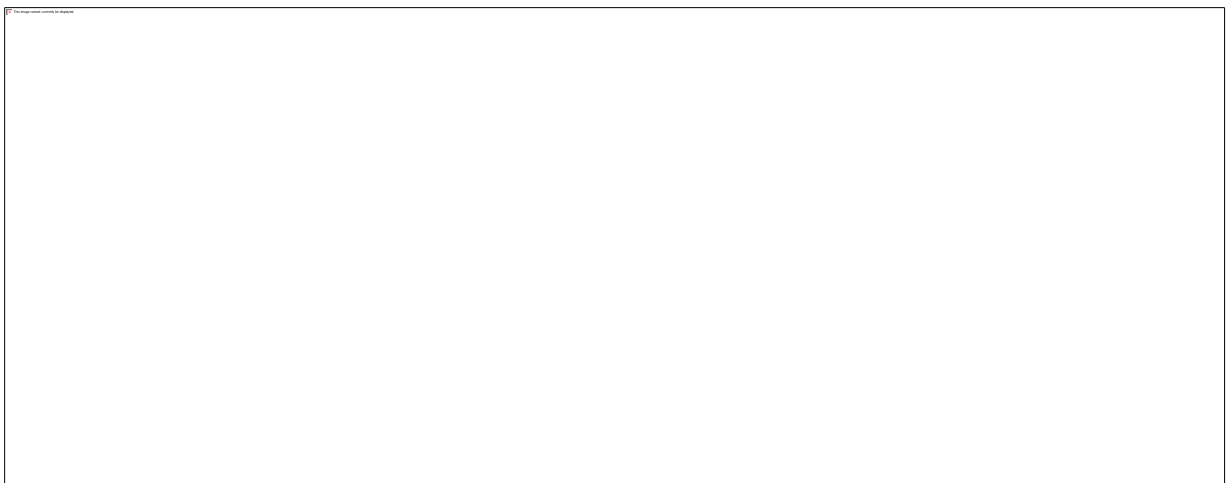
2. Traffic Tunnels Update

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 Throughout May, June, July and August, traffic has been gradually increasing and by mid-August was up to 80% of normal levels. Some recent weekends have seen traffic return to normal levels, but weekday traffic is consistently lower, presumably due to the fact that many businesses and offices have not yet fully reopened and some staff are still furloughed while many others are working from home.

At 80% of normal traffic levels this is an improvement month by month, however it is still significantly below expected traffic levels and represents an ongoing loss of income for TT2. Latest forecasts suggest that traffic may not return to expected levels for many months, although an increase in weekday traffic is expected in September when teachers and pupils return to school.

Graph 2.2 Traffic flows at Tyne Tunnels as % of expected traffic



March to August 2020

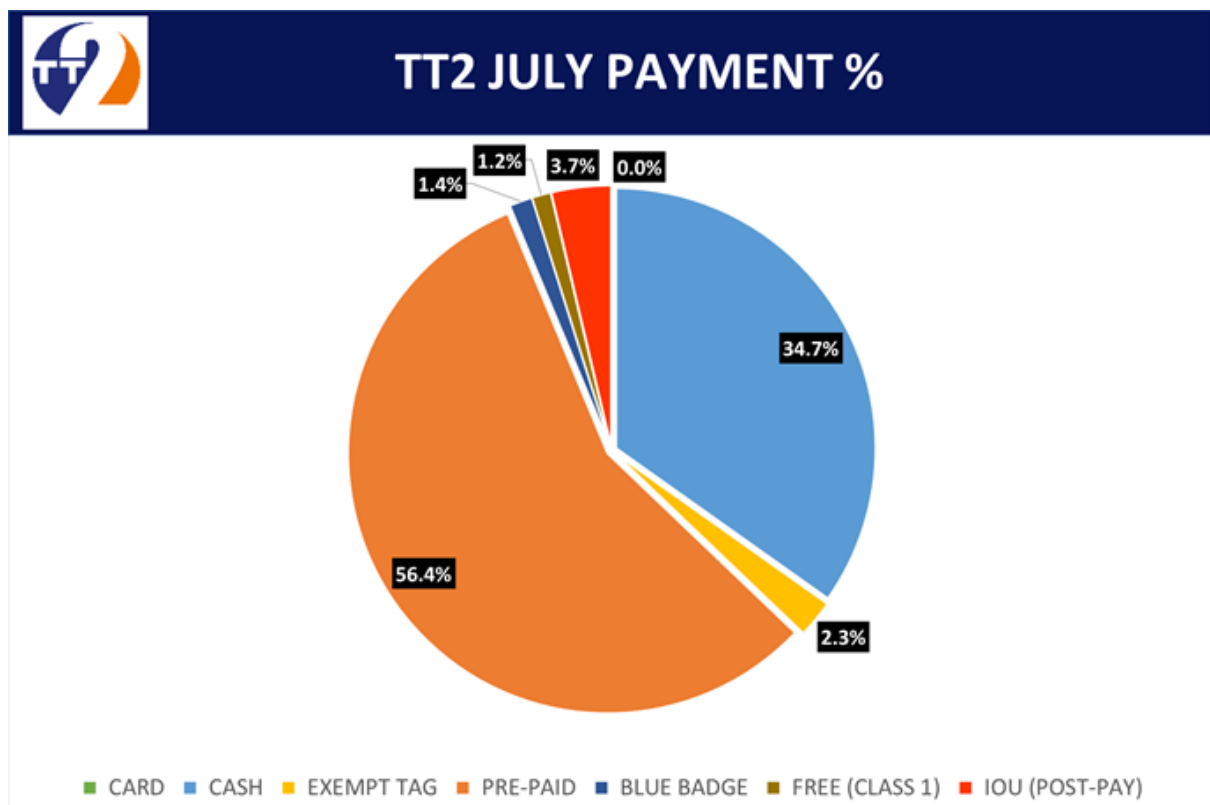
2.3 TT2 Ltd has requested financial assistance from Government given the severe loss of income suffered as a result of the low traffic flows during Covid-19 lockdown measures. Requests have been made by Joint Transport Committee, by TT2 and by local MPs to the Department for Transport, however no central government funding has yet been provided.

Negotiations have taken place with TT2 Ltd to explore ways to provide support at a local level during this crisis period, following advice from government to local authorities to engage with key suppliers to ensure they are able to continue to provide services. An appropriate form of support is being recommended to Joint Transport Committee to provide assistance in the short term and to keep in place the longer-term plan for modernisation of the toll payment system known as the Tyne Pass Scheme. A separate paper to this Committee gives details of the proposed Tyne Pass Scheme.

Methods of payment of tolls

2.4 The APNR cameras (Advanced Number Plate Recognition) in use at the Toll Plazas are continuing to work well, allowing users to pre-pay online before or after their journey. This not only provides a 10% discount for users but also speeds up the journey time through the toll plazas. The number of pre-payment transactions is running at 56.4% for July which is a slight decrease from the June level of 59.6%.

Graph 2.4 Payment profile of Tunnels users



2.5 The graphic above shows that the most popular method of payment is pre-pay (56.4%), with cash being the second most popular method (34.7%). Post-pay users now make up 3.7% of users, paying after their journey via the 'Pay Later' system brought into use on 1st May 2020. The 'Pay Later' system was planned for July 2020 but was brought in earlier to replace card payments, as these involved face-to-face staff interaction which was not consistent with Covid-19 social distancing guidance. The 'Pay Later' system and the customer services operation behind it have been operating effectively since May 2020 and are being continuously improved and updated as staff and customers become more accustomed to the new systems.

Health and Safety

2.6 TT2 has provided officers with regular updates on the measures in place to respond to Covid-19. Throughout the pandemic TT2 has acted quickly and effectively to follow Government guidance and to put in place appropriate measures to protect staff and customers.

2.7 At the outset, TT2 removed from the site all non-necessary presence, including its own office staff and NECA staff. In addition, 13 frontline staff were stood down for underlying medical reasons but retained on full salaries. Temporary staff were recruited to back-fill absentees and staff were upskilled to provide additional resilience. Staff who were stood down for medical concerns have progressively been reintroduced to the business as it has been safe to do so and in compliance with Government guidance. The last group recommenced work in early August in a controlled, phased, return to the work environment. Staff returning to work are antibody tested, and all staff temperature-checked at start of shift. The position with the remaining staff who are working from home will be reviewed in September. To date the arrangements have been sufficiently effective that no member of staff is known to have had the virus.

2.8 Having made adjustments to working arrangements, such as distancing, management of vehicle use, protection for control room and staggered working, the largest residual concern was the proximity and hygiene issues involved in taking manual card payments and change requests. TT2 brought forward the proposed "Pay Later" project by two months to remove those areas of risk. Other than minor peripheral elements of the service (for example the front reception has been closed to visitors) full contract delivery has been maintained throughout the Pandemic. TT2 obtained 'Covid Secure' status in May 2020 on the basis of the measures which had been put in place.

2.9 Consideration has been given to the way TT2 will react to a local outbreak of the virus. The actions taken at each stage of 'risk' during the first wave have been documented and this should help shape the response to any 'Leicester-style' lockdown measures by allowing TT2 to apply a menu of actions determined by the level of risk.

2.10 Over the last six months, staff and managers at TT2 have made great efforts to protect their colleagues and customers whilst continuing to deliver a quality service at the Tyne Tunnels. They have demonstrated loyalty, commitment and flexibility to

allow TT2 to manage the impact of the pandemic.

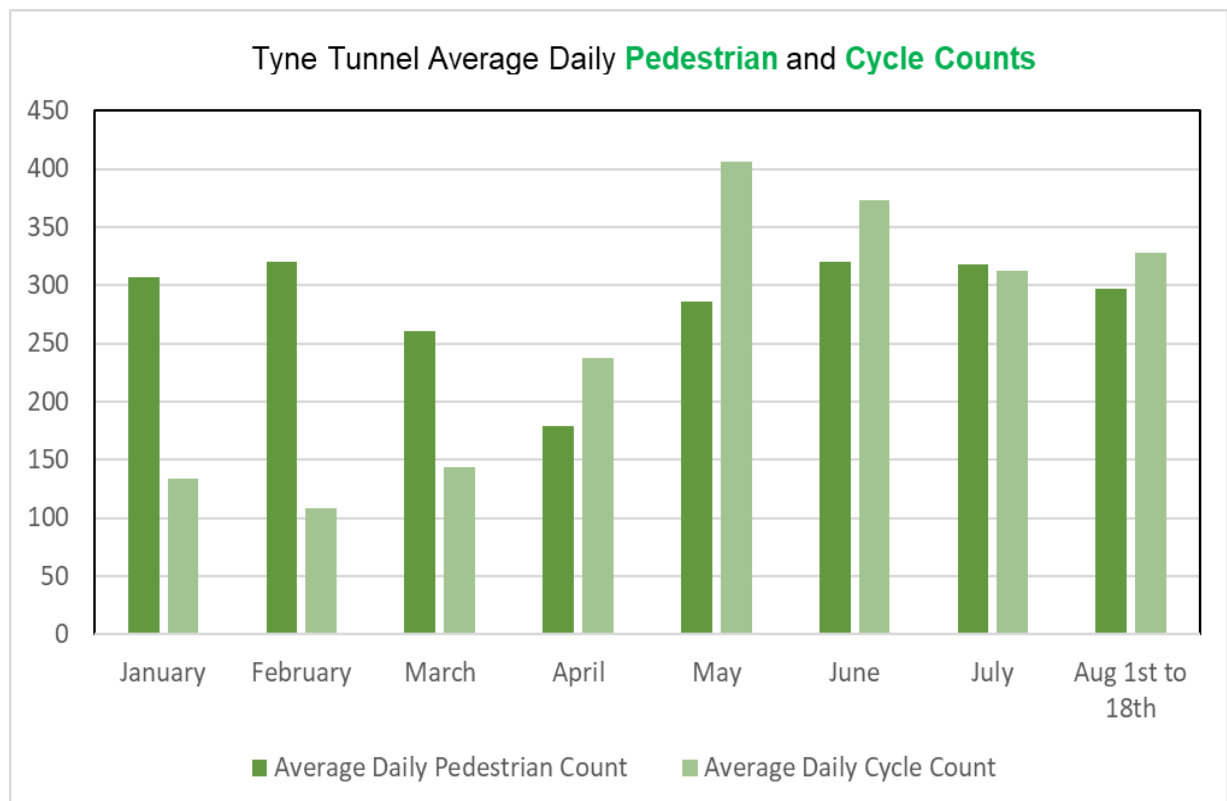
Tyne Pedestrian and Cyclist Tunnels Update

2.11 The Tyne Pedestrian and Cyclist Tunnels reopened for public use in August 2019 after being closed for several years for refurbishment. They have remained open to the public since then at no charge to users.

To access the tunnels pedestrians and cyclists can use the vertical lift at both ends and pedestrians can use the historic escalators as stairs. The tunnels are open between 06:00 and 22:00, with TT2 providing a night service between 22:00 to 06:00. The later closing time of 22:00 was implemented at the end of March 2020 at the start of the lighter evenings for the period of British Summer Time.

2.12 Use of the tunnels by pedestrians dropped slightly during March but has increased and remained steady during June and July. Use of the facility by cyclists has increased overall and peaked at over 400 cyclists per day in May (see chart below).

Chart 2.9 Daily use of Pedestrian and Cycle Tunnels



2.13 Social distancing measures at the Pedestrian and Cycle Tunnels continue to be in place so that users follow a one-way system for travelling in and out of the tunnel at either end and to ensure that the vertical lift is only used by one person at a time. There are also signs in place and website information to inform users of the measures in place.

2.14 In terms of the refurbishment works, the completion and certification of the inclined lifts is the only outstanding work required to complete the full refurbishment. Once this is completed the Tunnels will be handed over from the Newcastle Council team who are overseeing their operation, to TT2 Ltd who will manage the operation of the Tunnels for the remainder of the Concession. This handover is scheduled to take place in 2021.

2.15 The completion of the inclined lifts has been delayed due to issues with the specialist contractor and due to Covid-19 travel restrictions as the contractor is based in Italy. Until the contractor can return to site to complete the outstanding works, testing and certification for use, the inclined lifts cannot be brought into service. Communication with the contractor has continued throughout the period and they have confirmed that they have now resumed work and are putting in place proposals for their return to site to complete the outstanding works. Officers are currently awaiting a confirmed date for their return and a detailed programme to completion.

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 Not applicable.

6. Potential Impact on Objectives

6.1 Not applicable.

7. Financial and Other Resources Implications

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

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 19 September 2019 – Tyne Tunnel Update
Report dated 21 November 2019 – Tyne Tunnel Update
Report dated 16 January 2020 – Tyne Tunnel Update
Report dated 14 May 2020 – Tyne Tunnel Update
Report dated 9 July 2020 – Tyne Tunnel Update

16. Contact Officers

16.1 John Hewitt, Chief Finance Officer, john.hewitt@durham.gov.uk, Tel:0300026194
Mike Barker, Strategic Director, Corporate Services & Governance
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Fiona Bootle, Tyne Tunnels Manager, Fiona.bootle@transportnortheast.gov.uk.
Tel 0191 4332035

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

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

Date: 10 September 2020

Subject: Tyne Pass Scheme

Report of: Managing Director, Transport North East

Executive Summary

This report provides Members with an update on the Tyne Pass scheme at the Tyne Tunnels, which aims to modernise the toll payment system and reduce emissions / improve air quality, upgrading it from a largely barrier stop and pay cash based system to a barrierless free-flow system.

Members approved the implementation of the first interim stage of the scheme in November 2019 and approved the amendment of the byelaws to reflect the new payment arrangements. This first interim stage was successfully implemented in May 2020 branded as 'Pay Later', allowing tunnel users to pay after their journey online.

Members are now requested to consider the full implementation of the Tyne Pass scheme to final stage, which will involve the removal of the barriers altogether to allow vehicles to pass through without stopping. If approved, TT2 will proceed to appoint contractors to carry out the necessary construction work and set up customer support systems. The proposed Go-Live date is autumn 2021.

The report seeks approval for the implementation of the Tyne Pass scheme at the Tyne Tunnels and the necessary contract variation to facilitate the changes.

In order for the Tyne Pass system to operate using Automatic Number Plate Recognition (ANPR) cameras and the DVLA database of vehicle registrations, changes are required to the vehicle classification criteria for Class 3 vehicles and to the Blue Badge exemption.

Recommendations

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

- i. Approve the implementation by TT2 Ltd of the final stage of the Tyne Pass barrierless charging scheme as described in this report (subject to budgetary approval by JTC of the financial framework to support the scheme);

- ii. Authorise a variation to the Project Agreement to allow for the implementation of the Tyne Pass scheme and authorise the Deputy Monitoring Officer (Transport), following consultation with the Chief Finance Officer and Managing Director, Transport North East, to approve the final detail of the variation and such other ancillary documentation as may be necessary to give effect to it;
- iii. Approve the decision to amend the criteria in relation to vehicle classification for Class 3 vehicles;
- iv. Approve a decision in principle to agree that the existing disabled persons' exemption criteria can be amended to allow the Tyne Pass Scheme to progress, on the basis that the decision on the detail of future disabled person's exemption criteria will be taken at a later meeting, once further research and consultation has taken place; and
- v. Authorise officers to progress the statutory process for amending the Tyne Tunnels Byelaws and the Tyne Tunnels Order to reflect the new payment system.

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 operating costs, including all debt charges, 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)).
- 1.3 Modernisation of the toll payment system at the Tyne Tunnels was anticipated in the Project Agreement when it was agreed in 2007, and has been under consideration for some time, in order to upgrade from the largely coin based system to a barrierless free-flow system. The current outdated system requires customers to stop and make payment at the toll barriers, causing delay for drivers and resulting in excess carbon emissions from traffic accelerating after leaving the toll plaza. The proposed scheme to be implemented has taken learning from other barrierless systems in operation across the country.

2. Proposals/Review

Tyne Pass Scheme

- 2.1 The Tyne Pass barrierless charging scheme is proposed as a means of modernising the payment system and providing other benefits for the area, including reduced carbon emissions. If approved by JTC and TWSC, the Tyne Pass scheme will be implemented in stages from autumn 2020 through to 2022. The scheme will be designed, implemented and operated by TT2 following consultation with NECA officers, in line with the review processes set out in the Project Agreement.

The scheme is intended to provide the following benefits:

- Modernisation of the toll payment system;
- Reduced journey times;
- Reduced carbon emissions; and
- Create up to 80 new permanent full-time local jobs.

- 2.2 The Tyne Pass scheme was originally proposed to Members in April 2019 and the JTC subsequently authorised officers to commence discussions with TT2 to develop the scheme. In November 2019 a further report approved the first interim stage branded as 'Pay Later'. 'Pay Later' was implemented in May 2020 and allows drivers who approach the toll barriers to choose to pay after their journey, by taking an invoice and then paying online. 'Pay Later' has been successful over the last few

months, allowing over 135,000 drivers to pay online after their journey since its inception. It has also enabled TT2 Ltd to trial the systems required to obtain payments and to put in place staff and processes to deal with customer queries and appeals.

- 2.3 As anticipated by TT2 and the Tyne & Wear Integrated Transport Authority (TWSC's predecessor in this regard) in the Project Agreement, it is proposed the costs and risks associated with the implementation of the Tyne Pass scheme, as well as the operational savings and enforcement income, lie with TT2. However, as referred to below (paras. 2.19-20) the benefit of any development opportunity which arises within the site due to the associated changes to the infrastructure will be shared between the parties.

Customer Journey

- 2.4 From a customer perspective, once the Tyne Pass system is fully operational (expected Go-Live date October - December 2021) tunnel users will notice that the toll barriers are removed altogether and queueing/waiting times will be significantly reduced, as vehicles will not have to stop or slow down to make a payment. Customers will not be required to carry cash in their vehicle and could choose to pay before or after their journey by a variety of methods. High specification Automatic Number Plate Recognition (ANPR) cameras will read every number plate and register the vehicle journey. Signage and messaging will make it clear what a customer needs to do to pay the toll for the journey they have undertaken.

- 2.5 Customers will be able to pay the toll due for each journey (by midnight on the day following their journey) by any of the following means:

- **Pre-paid account** – set up via the TT2 app or on the TT2 website this allows the toll to be automatically deducted from the customers pre-paid account as they drive through.
- **Website/app** – customers can pay after their journey via the website or the app making an online payment.
- **Telephone** – customers can pay after their journey by telephone making a card payment.
- **Cash** – customers can pay in cash through a retail channel such a Payzone. Customers using this facility can simply give their registration number and date of journey to make a payment.

Toll Payment enforcement

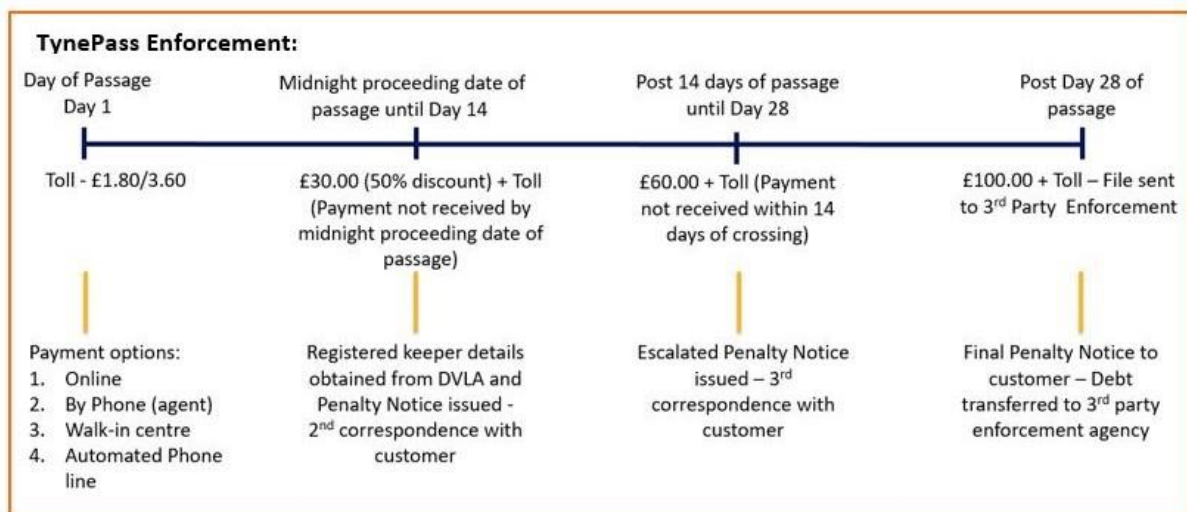
- 2.6 Customers failing to make a toll payment by midnight on the day following their journey will face enforcement action from TT2. They will be contacted by post using DVLA registered owner details for the vehicle. Late payment charges will be applied as set out below. These charges are already in place for drivers who currently choose to 'Pay Later' but fail to do so. If the Tyne Pass scheme is implemented, these charges will be in place for all vehicles who fail to pay on time. The level of charges was approved by Tyne & Wear Sub-committee in November 2019 and the Tyne Tunnels Byelaws have now been amended with Department for Transport

approval to reflect these charges.

2.7 The charges in place for late payment of the Toll are:

- £30 if paid within 14 days
- £60 if paid within 28 days
- £100 thereafter and referral to third party enforcement agency

An appeals service is already in place to allow individuals to appeal if the charge has been applied unfairly or in error. This service will be expanded to allow for larger numbers of customers and appeals under a free-flow system.



2.8 Officers have identified that there could be a reputational risk to JTC if the information on how to use the Tyne Pass system is not communicated properly to drivers. This would lead to large numbers of drivers failing to pay their toll on time and being subject to an additional charge, which would be unpopular and would result in the Concessionaire receiving higher levels of enforcement revenue than forecast due to the excessive numbers of non-compliant journeys.

In order to ensure that this is managed properly and that non-compliance levels are kept at a low level, various measures have been put in place as part of the contract variation.

Firstly, in respect of Tyne Pass signage at the Tunnels, a process has been agreed with TT2 regarding the design of signage to allow officer review and input. Officers will work with TT2 to ensure that Tyne Pass signage is clear and obvious to drivers in order that they can understand the process and timescale for making a toll payment.

Secondly, in terms of marketing and communication, a process has been agreed for officers to liaise with TT2 to plan a wide ranging marketing and social media campaign in order to get the message out to drivers that there will be a new process for payment at the Tunnels and to give advance notice of the changes.

Thirdly, new KPIs have been agreed with TT2 to be included as a variation to the Project Agreement. The KPIs incentivise TT2 to ensure that the online toll payment system functions effectively and also incentivise TT2 to maintain low levels of non-

compliance within set parameters. The parameters have been set at a level based on the experience of other toll operators in the UK who use a similar system to the Tyne Pass.

Necessary changes to vehicle classes and exemptions

2.9 There are two changes to Tyne Tunnels policy which are required for technical reasons to allow the operation of a free-flow traffic system using ANPR cameras:

i. A change to vehicle classification for Class 3 vehicles (coaches/lorries)

TT2 must be able to definitively differentiate between Class 2 and Class 3 in real time via the ANPR cameras. The existing vehicle classification definition does not allow for this and is based on the number of vehicle axles and vehicle height. The definition was changed in 2013 and is now incompatible with DVLA vehicle classes. It is proposed to revert to the pre-2013 arrangement whereby the criteria are based on the DVLA tax classification of maximum vehicle weight. It is estimated that 0.2% of vehicles will change category from Class 3 to Class 2 and 0.3% of vehicles will change from Class 2 to Class 3. The types of vehicle affected are high-roof vans which would be classified as Class 2, and low cab-height lorries which would revert to their more intuitive Class 3 category.

ii. A change to Blue Badge disabled exemption

The current Blue Badge process requires the holder to show a badge to a staff member to prove the exemption and pass through the barrier. Under the free-flow Tyne Pass system, automated number plate recognition (ANPR) cameras will be used to implement tolling and classify vehicles which are exempt from tolling. Clearly ANPR cameras cannot register and classify a person inside a vehicle displaying a Blue Badge at the window. It is therefore necessary to make changes to the Blue Badge exemption.

Current position - Tyne Tunnels disability exemptions

2.10 There are currently two types of disabled person exemption at the Tyne Tunnels:

i. Registered Disabled person's vehicle (tax exempt vehicles)

This is an exemption for vehicles which are registered with the DVLA as belonging to a disabled person and who qualify for an exemption from vehicle tax.

To qualify for this a person needs to receive the higher rate mobility component of Disability Living Allowance (DLA) or the enhanced rate mobility component of Personal Independence Payment (PIP). The vehicle must be registered in the disabled person's name or their nominated driver's name and only be used for the disabled person's personal needs.

As the vehicle is registered with the DVLA, this type of exemption CAN be continued at the Tyne Tunnels using ANPR cameras in a free flow system.

ii. Blue Badges exemption

This is an exemption via the Blue Badges Scheme which was intended to provide a range of parking benefits for disabled people with severe walking or mobility difficulties who travel either as drivers or as passengers.

To qualify for this a person needs to apply to their local authority and provide proof that they have walking or mobility difficulties. It is not a requirement that the person receives any particular type of disability benefit.

Once a Blue Badge is issued, the holder can register their vehicle with TT2 for an exemption permit or can simply carry the Blue Badge in the vehicle and show it to a TT2 staff member at the barrier.

This type of exemption CANNOT be continued in the same way using ANPR cameras in a free flow system. It is therefore necessary to make changes to the Blue Badge exemption.

Options for revised disabled drivers' exemption

i. DVLA disabled keepers' exemption only

2.11 The initial Tyne Pass proposal suggested that the exemption for Blue Badge holders was removed and only those vehicles with a tax exempt DVLA registered disabled keeper should be exempt. This would reduce the number of vehicle journeys eligible for exemption from 1300 to 700 per day. It would mean that only the higher category of disabled people with more restrictive mobility issues would qualify for exemption from the toll. This option would be suitable technically for a free-flow system, as the ANPR cameras could read the number plate and accord with DVLA records, which would show the vehicle as exempt.

ii. DVLA disabled keepers' exemption AND allow Blue Badge holders to register their vehicle with TT2

2.12 An alternative solution would be to keep both exemptions in place, and to require each Blue Badge holder to apply to register their vehicle number plate on TT2 systems to enable the Blue Badge exemption to be processed. The ANPR cameras could read the number plate and the system would link the registration to an exempt Blue Badge account on TT2's system. To reduce fraud, each Blue Badge holder would be allowed to register one vehicle which could be their own vehicle or a nominated vehicle which is regularly used to transport the Blue Badge holder.

2.13 It should be noted that there have been concerns relating to fraudulent use of Blue Badges in recent years. It is estimated by the National Fraud Initiative that 1 in 5 Blue badges are being used by someone other than the badge holder. Therefore any change to the Blue Badge policy at the Tyne Tunnels which helps to combat misuse of Blue Badges is welcomed.

Comparison with other UK toll operators

2.14 Various different approaches are taken by toll operators, but the majority are strict in their approach and only allow tax exempt DVLA registered disabled exemptions. Some put in place their own 'Mobility Scheme Permit' with their own criteria to apply for an exemption. Some examples are:

- *Dartford Crossing* - no Blue Badge exemption, only exemption is for registered disabled tax-exempt vehicles
- *Humber Bridge* - no Blue Badge exemption, only exemption is for registered disabled tax-exempt vehicles

- *M6 Toll* - no Blue Badge exemption but a 'Mobility Permit' is available on application which relates to receipt of certain disability benefits
- *Mersey Tunnels* - no Blue Badge exemption but a 'Mobility Permit' is available on application which relates to receipt of certain disability benefits and allows up to 40 journeys per year.
- *Mersey Gateway Bridge* – allows exemption for one registered Blue Badge vehicle per badge holder.
- *Tamar Bridge (Plymouth)* - no Blue Badge exemption but a 'Mobility Permit' is available on application which relates to receipt of certain disability benefits.

2.15 It is proposed that a decision on which option is appropriate for the Tyne Tunnels is made by Members at the next TWSC meeting in November 2020. In the meantime, consultation will take place with local disability groups on the recommended change of policy relating to the disabled exemptions at the Tyne Tunnels, to ensure that the effects are fully understood before a final decision is made. This consultation will take place during September and October.

Reduced Carbon Emissions

2.16 A major environmental benefit which results from the Tyne Pass Scheme is the reduction in carbon emissions. This occurs as a result of traffic moving freely rather than having to decelerate and accelerate at the toll barriers. It has been demonstrated that a typical diesel HGV emits around 23kg of CO₂ per km when using a traditional barriered plaza and a car emits around 1.4kgs per km (see graphics below).

2.17 The process of accelerating away from the toll plaza accounts for 96% of emissions from an HGV and 85% of emissions from a car. In a free-flow barrierless system vehicles would not be required to stop at all, therefore would not need to accelerate from a stand still. This means that implementation of the Tyne Pass scheme could account for a reduction of up to 92% from the current level of CO₂ emitted by vehicles at the Tyne Tunnels, providing a measurable and significant benefit to the region.

2.18 The charts below show the difference in CO₂ emissions for vehicle types comparing a traditional toll and a free-flow system.

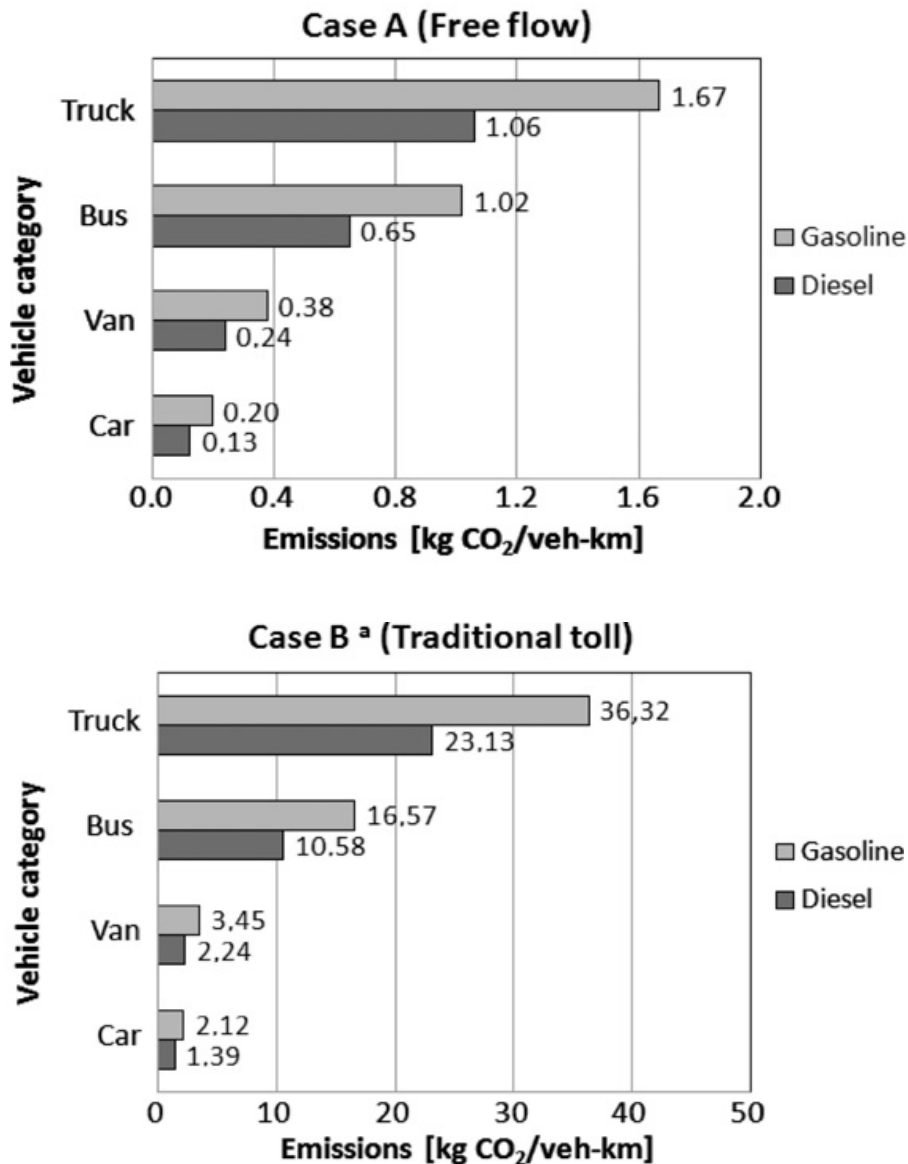


Fig. 2.18 CO₂ emissions per veh-km by vehicle type and engine category in free-flow and traditional toll scenarios

(Source: King Saud University Madrid: Evaluation of the influence of toll systems on energy consumption and CO₂ emissions: A case study of a Spanish Highway – P.J.Martinez, D.Ming, G.Dell'Asin, A.Monzon 2010)

2.19 The most relevant research on this issue was carried out in 2010, so it is noted that more modern cars will be less polluting, but much of the HGV fleet is renewed less often and has a longer average life than cars. In any event the data shows that the comparison is stark in terms of the effects of a free-flow system on carbon emissions, as both cars and trucks show a reduction of over 90% in emissions. Using 2020 engine data this would still most likely show a minimum reduction in emissions of 70-80% which is a huge benefit to the air quality in the area around the Tyne Tunnels.

Toll Plaza Land Development

2.20 There may be an opportunity to develop a section of land which will become

available as a result of the Tyne Pass scheme, as the plans involve the toll plaza area being reduced from 8 lanes to 2 lanes in either direction.

- 2.21 Research suggests that there may be a market for a small motorway services on this part of the A19 with outlets offering services for commuters and hauliers, which could include electric vehicle charging points. The benefits would include further job creation, business rates income and opportunities for local businesses involved in the supply chain. Once the Tyne Pass road configuration has been designed, this opportunity will be reviewed to examine whether it is appropriate to develop the land available.

3. Reasons for the Proposals

- 3.1 The proposal to implement the Tyne Pass system is intended to modernise the Tyne Tunnels payment system, reduce journey times, reduce carbon emissions and create new jobs in the region.

4. Alternative Options Available

- 4.1 There is the option to retain the current tolling arrangements, however this retains an outdated system and will not improve congestion nor reduce carbon emissions.

Option 1 – the North East Joint Transport Committee, Tyne & Wear Subcommittee may accept the recommendations set out above.

Option 2 – the North East Joint Transport Committee, Tyne & Wear Subcommittee may not accept the recommendations set out above.

Option 1 is the recommended option.

5. Next Steps and Timetable for Implementation

- 5.1 If the implementation of the Tyne Pass scheme is approved by TWSC and JTC, there are further approvals required from TT2's shareholders and lenders before it can be confirmed. It is expected that the approvals process will be completed by the end of September 2020.

- 5.2 TT2 has put forward an implementation plan which details the appointment of civil engineers and software providers. It also includes a plan to recruit customer service staff and carry out an office refurbishment to house the new staff. The TT2 Tyne Pass business case has been reviewed by officers and consultants acting on behalf of the Combined Authorities to ensure it is robust and reasonable. The business case proposes the appointment of 80 new staff in customer service advisor and supervisory roles. The roles will be full-time permanent roles on good terms and conditions including the offer of LGPS pension membership.

- 5.3 The process for implementation of the Tyne Pass Scheme will be reported regularly to TWSC as it progresses over the next 18 months and all designs for signage/traffic management/road realignment will be reviewed by officers at every stage.

- 5.4 TT2 propose an extensive publicity campaign to inform users about changes, and how to use the new facilities. This would include, in addition to signage at the site:

- Information sent to all account holders
- Radio – both paid-for advertisements, and information in broadcast news and other programmes.
- Digital variable message signs by the tunnel portals
- Information in the local press
- Information on social media.

This campaign would continue after go-live but would be gradually reduced, as users became used to the new arrangements. The details of the initial publicity campaign and later campaigns while the system is in operation will be developed in liaison with Tyne Tunnels Manager and other relevant officers.

6. Potential Impact on Objectives

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. It also opens up the opportunity to develop the former plaza areas to create additional economic benefits in this area.

7. Financial and Other Resources Implications

- 7.1 Capital expenditure requirements for the scheme will be met by TT2. The additional operating costs arising from the new jobs and systems required will be met by TT2 from toll and enforcement income.

8. Legal Implications

- 8.1 The legal implications have been incorporated into the report.

9. Key Risks

- 9.1 Delivery – project implementation will be managed by TT2 therefore there is no delivery risk for the JTC; however, TT2 have agreed to provide regular reporting on project delivery to officers, which can be summarised and updated for TWSC updates over the project period.

Financial – there are no financial risks for the JTC arising from the operation of the Tyne Pass scheme as this risk is borne by TT2. The financial framework for the funding of the Tyne Pass scheme is explained in the report to JTC which examines the financial risks.

Reputational – the main risk for the Combined Authorities is reputational in that customers who fail to pay the toll on time may react negatively to the enforcement regime in place. In order to mitigate this risk, various measures have been put in place.

Firstly, to ensure adequate signage TT2 have been asked to agree to a formal

review process in respect of their proposals for traffic management and signage. This has been included as a legal obligation in the Deed of Variation with TT2.

Secondly, to ensure drivers are properly informed of the changes an extensive media/stakeholder PR campaign will take place.

Thirdly, contractual processes have been put in place to ensure that TT2 are incentivised to continually monitor levels of non-compliance (ie. number and percentage of customers who fail to pay on time) and to keep levels of non-compliance at a low level.

Finally, the rules defining the basis upon which enforcement charge appeals are declined or upheld have been documented by TT2 and reviewed by the Tyne Tunnels Manager and other relevant officers. Changes in policy on these rules have to be approved by the Combined Authorities.

10. Equality and Diversity

- 10.1 There are potential implications for equalities and diversity arising from this report in respect of the change to the Blue Badge exemption. The decision on the detail of the change to the Blue Badge/disabled person's vehicle exemption will be the subject of a further report to Members in November 2020. Before that report is produced an Equality Impact Assessment will be carried out and consultation will take place with local disability groups.

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.

Consultation and engagement with local disability groups in relation to the change in the Blue Badge/disabled person's vehicle exemption will take place in September and October.

13. Other Impact of the Proposals

- 13.1 The proposals will have an impact on all vehicle users of the Tyne Tunnels as the process for payment of tolls will change permanently.

The proposals will affect some high-roof van drivers and low cab-height lorries whose vehicles will change from a Class 2 to a Class 3 vehicle or vice-versa.

The proposals will affect disabled vehicle users as the process and criteria for exemption will change.

The proposals will affect those who live or work near the Tunnels, as carbon emissions will be reduced in those areas.

The proposals will affect those seeking employment in the region as jobs will be created by the Tyne Pass scheme.

14. Appendices

14.1 None.

15. Background Papers

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 19 September 2019 – Tyne Tunnel Update

Report dated 21 November 2019 – Tyne Tunnel Update

Report dated 21 November 2019 – Tyne Tunnels Byelaws

Report dated 16 January 2020 – Tyne Tunnel Update

Report dated 14 May 2020 – Tyne Tunnel Update

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

TT2 – TT2 Limited, the Concessionaire who operates the Tyne Tunnels.

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

