



Joint Transport Committee Tyne and Wear Sub-Committee

Thursday, 5th November, 2020 at 2.00 pm

Meeting to be held virtually via Microsoft Teams

AGENDA

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|--|-----------|
| 1. Apologies for Absence | |
| 2. Declaration of Interests | |
| Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (and submit it to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this. | |
| 3. Minutes of the last meeting held on 10 September 2020 | 3 - 7 |
| 4. Revision to Metro and Ferry Fares | 9 - 12 |
| 5. Addressing Anti-Social Behaviour and Wearing of Face Coverings on Metro | 13 - 24 |
| 6. Corporate Business Plan Performance Update | 25 - 36 |
| 7. Nexus Annual Activity and Expenditure Report 2019/20 | 37 - 76 |
| 8. Nexus Corporate Risk Register | 77 - 106 |
| 9. Tyne Tunnels Update | 107 - 116 |
| 10. Budget Update 2020/21 and Initial Budget Proposals 2021/22 | 117 - 154 |
| 11. Corporate Business Plan 2021-2025 | 155 - 176 |

12. **Date of Next Meeting**

The next meeting will take place on 14 January 2021 at 2pm

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JOINT TRANSPORT COMMITTEE, TYNE AND WEAR SUB-COMMITTEE

DRAFT MINUTES FOR APPROVAL

DATE: 10 SEPTEMBER 2020

Meeting held virtually via Microsoft Teams and streamed live on YouTube

Present:

Councillor: G Hobson (Chair)

Councillors: C Johnson, J McCarty, J McElroy and G Miller

In attendance:

Statutory Officers: E Goodman (NECA Finance Manager);
M Barker (Monitoring Officer).

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

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS MEETING HELD ON 9 JULY 2020

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

Matters arising from the minutes:

Councillor McElroy acknowledged the work that Nexus and the bus operators are carrying to ensure that public transport is safe to use. He commented that a minority of people are causing anxiety of users to public transport by not adhering to the Government's guidelines that face masks or coverings must be worn when using public transport.

Huw Lewis thanked Cllr McElroy for his comments and reiterated the processes in place to ensure public transport is safe including the provision of hand sanitiser stations and regular cleansing and cleaning regimes. He agreed that the main anxiety for users is regarding face coverings. Huw advised that around 90% of people who use Metro wear face coverings. He informed the Committee that information regarding wearing face coverings is displayed in every station and on the website. Work will continue to promote the message.

4. MONITORING NEXUS' PERFORMANCE

The Committee received report providing an update on the performance of Nexus against its Corporate Business Plan 2020/21 from 24 May – 18 July 2020.

The impact of the Covid-19 pandemic continues to be felt across the organisation with significant impacts on patronage and revenue. Although patronage was initially down against the same period last year, the 2020/21 target has been reprofiled and patronage has recovered and is currently 3% higher than previously expected. Currently there are 50% of normal journeys on Metro, although it is expected that this will increase in September and October.

Although punctuality has declined over periods three and four of the year due to driver resource issues, punctuality is currently higher than this time last year.

Driver training school capacity has been enabling 90 drivers to be trained each year. The first school will begin training in September. A new winter timetable will be introduced from December 2020 – March 2021 whilst trainees work towards competence.

Work is ongoing to prepare for the arrival of the new fleet, although the impact of Covid-19 pandemic on the fleet replacement programme have not yet been fully realised. Regular dialogue is taking place with partners to establish the implications of the current crisis. Howdon Satellite Depot was handed over to Nexus on 31 July and is expected to come into operational use in the Autumn.

The Nexus Learning Centre was successfully handed over by the contractor at the end of July and the Learning and Development team have relocated to the new building.

Operation Hermes was undertaken successfully on 28 August, alongside the Police as part of an ongoing programme targeting anti-social behaviour. 785 people were stopped, and 323 penalty notices issued, along with 7 arrests.

Councillor McCarty commented that this was an excellent report. She was pleased to note the update on driver recruitment and felt it was unfair to comment on performance given the current pandemic. She added that it was important to get messages out advising that it is safe to travel on public transport despite the contradictory messages from the Government.

Councillor McElroy agreed with Councillor McCarty's comments and was pleased to note the information about Operation Hermes and driver recruitment.

Councillor McElroy asked whether the traditional peak periods on public transport were likely to even out during the day and asked whether reassurances could be provided to the public that Metro and buses wouldn't be crowded like they were pre-Covid.

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

5. NEXUS' CORPORATE RISK REGISTER 2020/21

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

Following a review in June, Metro performance has improved following the reintroduction of a full timetable. Confirmation has been received from the Department for Transport of £20m in funding for the Metro Renewal programme for 2021/22. An application has been made to the Spending Review for more funding for 2022 and beyond.

A matrix has been produced which maps the 14 Corporate Risks and shows that most are clustered in the medium/high risk category as a result of the impact of Covid-19. Focus remains on delivering frontline services. As long as emergency support from the Department for Transport continues past the end of October then there will not be an impact on frontline services. However, if no agreement is reached in relation to funding, then the situation going forward is uncertain.

Councillor McElroy raised concerns that although most rail operators have returned to 90% of their pre-Covid timetable, Northern Rail have not applied this in the Tyne Valley. He added that this is a very important corridor for public transport and asked officers to flag this as an issue.

Councillor McCarty acknowledged officers' concerns about funding for the future but added that local authorities have not been afforded the same level of support during the pandemic and have also suffered ten years of austerity. Because of this, and the uncertainty of funding for local authorities in the future, unfortunately no assurances can be given regarding the Transport levy.

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

6. TYNE TUNNELS UPDATE

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

Traffic Tunnels

The traffic tunnels are fully operational. Currently traffic flows are significantly lower than usual at 80-85% of usual traffic levels. Weekend traffic levels have returned to normal, but weekday traffic is still consistently lower.

Because of the reduction in traffic levels, TT2 is still experiencing a loss in income.

The APNR cameras in use at the Tyne Tunnels continue to work well and allow users to pre-pay online before or after their journey. Pre-payment transactions was running at 56.4% in July.

Health and Safety measures in place at the Tyne Tunnels continue to ensure that an appropriate response to the impact of Covid-19 is being maintained and everyone working there is protected.

Tyne Pedestrian and Cycle Tunnels

Opening times at the pedestrian and cycle tunnels was extended in March 2020 and use of the facility by cyclists has increased overall from this time last year. Social distancing measures continue to be in place in both tunnels and is working well.

In terms of refurbishment works, the only item still outstanding is the completion and certification of the inclined lifts. It is hoped that the contractor will return to the site as soon as practicable to complete the works.

Councillor Hobson commended the measures put in place at Tyne Tunnels and noted that no members of staff have contracted the virus.

Councillor McElroy noted the shift from car use to cycle use and hoped that this may lead to a change in use of sustainable transport. He asked whether there was any indication of hourly usage away from the usual peaks which would assist in managing traffic at the Tunnels.

Fiona Bootle advised that there has been a shift in travel levels at peak times, resulting in traffic being more staggered with less queues and delays. She hoped that queues at peak times would be a thing of the past.

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

7. TYNE PASS FREE-FLOW SCHEME AT THE TYNE TUNNELS

The Committee considered a report providing 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 and upgrade the system to a barrier-less free-flow system.

The Tyne and Wear Sub-Committee approved the implementation of the first interim stage of the scheme in November 2019, and the amendment of the byelaws to reflect the new payment methods. This was implemented in May 2020, allowing users to pay later.

The Committee is now asked to consider the full implementation of the Tyne Pass Scheme to its final stage, which will involve removal of the barriers, and the

implementation of a cash-less system at the Tunnels. Customers will be expected to pay by midnight the day after using an app, via the website or in cash at a pay-point. Customers will also continue to be encouraged to use the pre-pay system. It is hoped that the scheme will be in place in Autumn 2021.

In addition, changes will need to be made to the current exemption scheme for Blue Badge holders and classification criteria for Class 3 vehicles due to the use of APNR cameras. Currently Blue Badge holders have to display their badge in their vehicles, but this method cannot be used by the APNR cameras. Consultation will take place with user groups regarding the proposed changes, and a further report will be presented to the Committee in due course so that a decision can be made.

RESOLVED: The Tyne and Wear Sub-Committee:

- (i) Approved 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) Authorised 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) Approved the decision to amend the criteria in relation to vehicle classification for Class 3 vehicles;
- (iv) Approved 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) Authorised officers to progress the statutory process for amending the Tyne Tunnels Byelaws and the Tyne Tunnels Order to reflect the new payment system.

8. DATE AND TIME OF NEXT MEETING

The next meeting will take place on Thursday 5 November at 2pm.

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

Date: 5 November 2020
Subject: Revision to Metro and Ferry Fares 2021
Report of: Chief Operating Officer, Nexus

Executive Summary

Nexus reviews annually the full range of fares charged on the Tyne and Wear Metro and Shields Ferry to ensure that the operating costs of these essential public services can be met through a combination of revenue earned and public subsidy. A fares proposal is normally brought to the November meeting of this sub-committee for approval, with any changes taking effect from the following January.

Since the start of the Covid-19 pandemic Nexus has been in receipt of emergency funding from the Department for Transport (DfT) known as Light Rail Revenue Restart Grant (LRRRG), to reflect the fact that fare income from passengers has been significantly lower than normal as a result of Covid-19 restrictions. A condition of the latest LRRRG grant is that Nexus develops and agrees a Recovery Plan with DfT, which will include an agreed approach to fare changes.

Therefore, Nexus recommends that this year's fare review is deferred until January 2021 with changes taking effect from 1 April 2021. This will allow time for further modelling to be undertaken to provide TWSC with all of the relevant analysis that will support the Recovery Plan. Changes to fares on the Shields Ferry would also be proposed at the same time to maintain consistency between modes.

Recommendations

The North East Joint Transport Committee, Tyne and Wear Sub-Committee, is asked to agree that a fares proposal for Metro and the Shields Ferry will be brought to its next meeting, on 19 January 2021.

1. Background Information

- 1.1 Nexus carries out a review of its fares annually to ensure that the income generated matches the rising costs of providing these services. Metro is subsidised by a specific operating grant from Government and Nexus seeks to meet almost all of Metro's operating cost through a combination of fares revenue and this subsidy. A small proportion of Metro's budget comes additionally from third-party revenue (on system advertising and commercial lets) and payment to reflect travel by 'Gold Card' concessionary pass-holders.
- 1.2 A fares proposal arising from this review would normally be presented to the November meeting of this sub-committee, with changes taking effect from the start of the following January. This year, however, Nexus is in ongoing talks with the Department for Transport to agree a Recovery Plan for Metro as a condition of receiving emergency funding from the Department for Transport (DfT) known as Light Rail Revenue Restart Grant (LRRG), to reflect the fact that fare income from passengers has been significantly lower than normal as a result of Covid-19 restrictions. Nexus is in receipt of £33.3m of additional funding for Metro from the Department for Transport covering the period from 17 March 2020 to 18 January 2021, with a further £7.8m contingent on ministerial approval on 11 January 2021.
- 1.3 This funding for Metro is provided on the condition that Nexus works closely with the DfT to identify measures, such as those associated with fare changes, to improve the financial position of Metro. Nexus is therefore required to work with the DfT to develop recovery plans by the end of December 2020.
- 1.4 The fares proposal for 2021, informed by projections for likely patronage in the year ahead and therefore the revenue Nexus can expect to earn, will form one element of the Recovery Plan. By agreeing to defer the fares review decision to January, TWSC will provide Nexus with additional time to allow for further modelling to take place on the fare proposals to ensure that the Recovery Plan and associated fares proposals are presented in good time for this sub-committee to consider all the relevant information.
- 1.5 Whilst the Shields Ferry is not within the scope of the Recovery Plan, Nexus propose to bring a fares proposal for the Ferry at the same time as Metro to maintain consistency between modes. Changes would be implemented from April at the start of the busier spring/summer period.

2. Reasons for the Proposals

- 2.1 The proposal contained in this report is intended to ensure that ongoing discussions with the DfT regarding the Metro recovery plan are completed, in order to ensure the fares proposal aligns with the contents of the recovery plan and to give the sub-committee time to consider all of the relevant information before proceeding with a decision.

3. Alternative Options Available

- 3.1 This paper is seeking a deferral on a decision with regards to Metro and Ferry fares, and as such, no alternative option is presented.

4. Next Steps and Timetable for Implementation

- 4.1 Should the Sub-Committee approve the recommendation set out in this report, a report covering the revision to Metro and Ferry fares will be submitted to TWSC for consideration in January 2021, ahead of a proposed implementation date on 1 April 2021.

5. Potential Impact on Objectives

- 5.1 The proposal in this report provides more time to ensure that the revision to Metro and Ferry fares is aligned with discussions on the recovery plan.

6. Financial and Other Resources Implications

- 6.1 The Director of Finance and Resources confirms that the proposed delay to the 2021 fares proposal will result in lost revenue of c£50,000 to the 2020/21 budget depending on the level of patronage during those three months. This loss of income will be considered as part of the Recovery Plan to be agreed with the DfT and the fares proposal to be brought to this committee on 19 January 2021. For 2021/22 and beyond any future fares review will need to reflect the government's stated objective of Nexus/Metro needing to plan for the end of the LRRRG and reduced medium-term demand in order to transition away from reliance on COVID emergency support.

7. Legal Implications

- 7.1 There are no direct legal considerations arising from this report.

8. Key Risks

- 8.1 The proposed deferral contained in this report is designed to mitigate against the risk of a reduction in ongoing support from Government during the Covid-19 crisis.

9. Equality and Diversity

- 9.1 There are no specific equality and diversity considerations arising from this report, but any impact on different groups from future fare increases will be considered in the relevant report where they are proposed.

10. Crime and Disorder

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

11. Consultation/Engagement

11.1 There are no specific consultation / community engagement considerations.

12. Other Impact of the Proposals

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

13. Appendices

13.1 None

14. Background Papers

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

15. Contact Officers

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16. Sign off

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

17. Glossary

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

Date: 5 November 2020

Subject: Addressing anti-social behavior and wearing of face coverings on Metro

Report of: Chief Operating Officer, Nexus

Executive Summary

COVID-19 has had a major impact on our lives and society. It has affected how people travel, in Tyne and Wear, we have seen Metro patronage fall by 95%, before recovering to 50% of pre-COVID levels when lockdown restrictions began to lift, however since localised restrictions were implemented in mid-September, Metro patronage has fallen back to less than 40% of pre-COVID levels.

Nexus is playing its part in making public transport as safe as it can be, in particular to make Metro COVID-19 secure. We have introduced hand sanitisers across the system, we use an anti-microbial sanitiser that in effect offers a long-lasting deep cleaning solution, we have used marketing and communications to re-enforce social distancing and the use of face coverings.

We are now diverting existing resources to educate, encourage and engage with our customers to increase the use of face coverings by improving visibility on the network using a combination of our own staff, contractors and the police, to help customers feel safer and more secure on Metro.

We have proposals to implement more substantial interventions in the future, that would see more of our staff and partners on Metro and at stations, better CCTV, more body-worn cameras and an enhanced marketing and communications plan. This will however, require additional funding and we are in discussions with Government and the local authorities within the region on whether this can be funded.

Recommendations

The North East Joint Transport Committee, Tyne and Wear Sub-Committee is recommended to note this report.

1. Background Information

- 1.1 Since the start of the global pandemic of COVID-19, there has been a seismic shift in travel. At the height of the lockdown during the Spring of 2020, patronage on the Tyne and Wear Metro fell by 95% of pre COVID levels as a result of people working from home, and being told not to use public transport unless absolutely essential. As lockdown measures were eased, with schools, shops and the hospitality and leisure sectors reopening, Metro patronage recovered to about 50% of pre-COVID levels.
- 1.2 However, since the announcement of further restrictions to North East England on 18 September and subsequently on 30 September, that included advice to travel on public transport for essential journeys only, Metro patronage has fallen back again to around 40% of pre-COVID levels.

Identification of the problem

Increase in 'R' rate and Number of cases per 100,000

- 1.3 As set out above, COVID-19 has severely affected everyday life across the country. The lifting of restrictions, and the opening up of the economy in June and July as a result of the dramatic reduction of Coronavirus cases, helped in the region's recovery. However, North East England now has one of the highest rates of positive cases in the country, with the virus spreading rapidly. The table below shows the 'R' rate number, by region. The North East is amongst the highest growth rates per day as well¹.

| Region | R | Growth rate % per day |
|--------------------------|---------|-----------------------|
| England | 1.2-1.5 | +4 to +8 |
| East of England | 1.3-1.6 | +5 to +11 |
| London | 1.2-1.4 | +2 to +6 |
| Midlands | 1.2-1.5 | +4 to +8 |
| North East and Yorkshire | 1.3-1.5 | +4 to +8 |
| North West | 1.2-1.4 | +4 to +7 |
| South East | 1.2-1.4 | +2 to +7 |
| South West | 1.3-1.6 | +3 to +8 |

Figure 1 - R Rate and Growth rate % per day, 9 October 2020

¹ <https://www.gov.uk/guidance/the-r-number-in-the-uk>

1.4 The number of positive cases per 100,000 people in Tyne and Wear, over a 7 day period has risen during September, and October as shown in the table below. There has been a 14 fold increase from 01/09/20 to the 10/10/20².

| | Gateshead | Newcastle | North Tyneside | South Tyneside | Sunderland | Tyne and Wear |
|----------|-----------|-----------|----------------|----------------|------------|---------------|
| 01/09/20 | 29 | 20 | 15 | 52 | 12 | 23 |
| 08/09/20 | 64 | 63 | 45 | 67 | 102 | 70 |
| 15/09/20 | 88 | 74 | 53 | 127 | 76 | 80 |
| 22/09/20 | 157 | 212 | 119 | 205 | 177 | 176 |
| 29/09/20 | 180 | 356 | 184 | 239 | 240 | 250 |
| 06/10/20 | 253 | 529 | 256 | 278 | 306 | 343 |
| 10/10/20 | 248 | 491 | 264 | 239 | 277 | 333 |

Figure 2 - COVID-19 Positive test results in Tyne and Wear

1.5 The graph below shows the cases in the last 7 days per 100,000 by Tyne and Wear district. The significant increase in cases from early September, compared with earlier in the pandemic is as a result of increased testing. The latest figures, showing a decline in the number of cases maybe a result of the impact of the local restrictions.

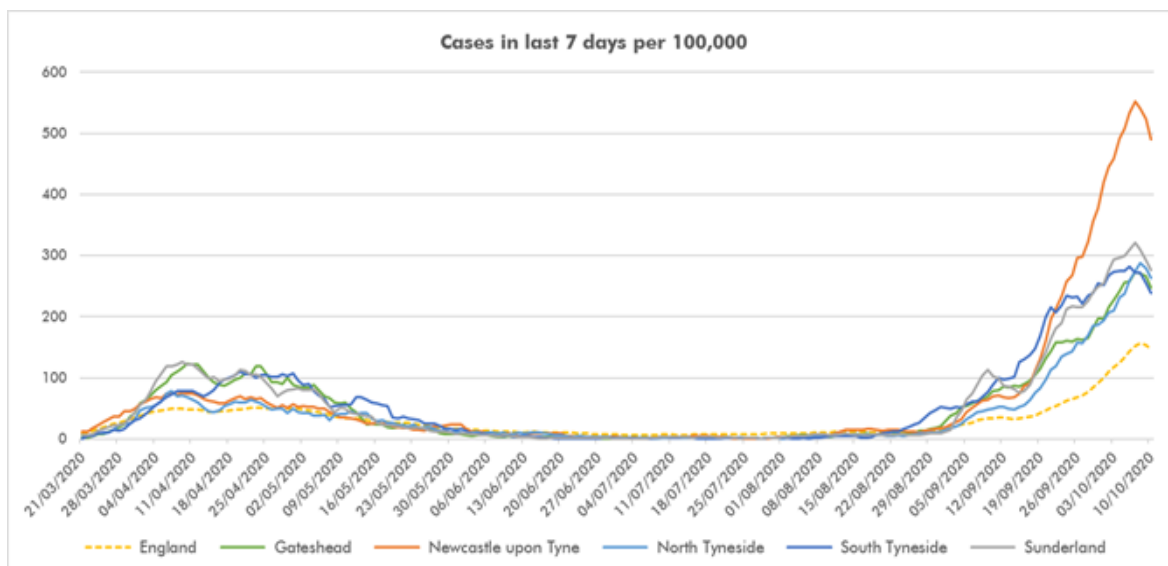


Figure 3 - Positive COVID cases per 100,000 in Tyne and Wear April - October 2020

² Nexus Business Intelligence, COVID tracker

Public Transport Use

- 1.6 As a result of the pandemic, public transport use has declined rapidly across the country. In Tyne and Wear, the following graph shows the impact COVID-19 has had on Metro³.

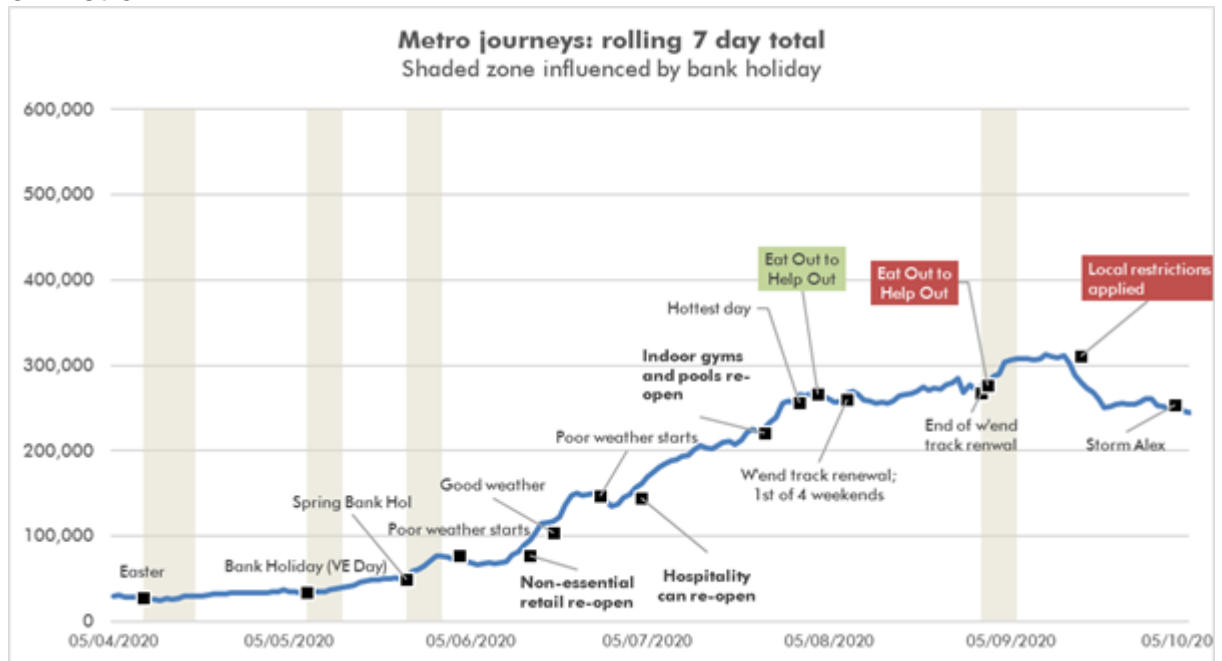


Figure 4 - Metro journeys rolling 7 day total from lockdown

Perceptions of Safety

- 1.7 Following the pandemic, the Government advice regarding public transport has changed from only to use public transport for essential use and key workers to travel, to the current advice set out in the safer travel guide for passengers⁴. This has meant that at the start of the lockdown, there was a negative perception associated with public transport as the message was quite clear that use of public transport was for essential journeys and key workers only. There is evidence that shows that there are other places and locations where the spread of COVID-19 is more prevalent (pubs, households, restaurants etc).
- 1.8 As part of the Government's COVID-19 tracker, people who have tested positive are were asked about places they have been and activities they have done in the days before becoming unwell, up to 7 days prior to the onset of symptoms. Up to 24 September, the most common event was eating out (14.6% of all those reported), followed by shopping (13.4%). Travel and commuting was the 9th most common event, if 'other' is not taken into account⁵.

³ Nexus Business Intelligence

⁴ <https://www.gov.uk/guidance/coronavirus-covid-19-safer-travel-guidance-for-passengers>

⁵ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/921561/Weekly_COVID19_Surveillance_Report_week_39_FINAL.pdf

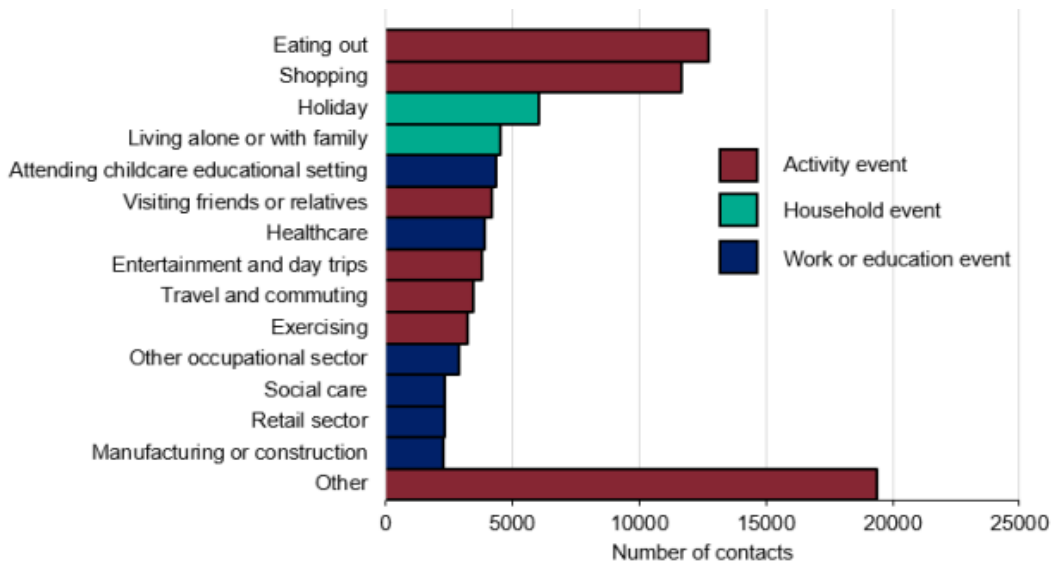


Figure 5 - Events and activities reported by people testing positive, prior to onset of symptoms, NHS Test and Trace

- 1.9 Customer surveys consistently show fear of crime and antisocial behaviour is a “top three” concern, even though reported levels of both have remained fairly static for the past five years, having fallen steadily in the decade before that. Lower-level anti-social behaviour such as drunkenness and young people roaming in groups concern our customers if unchallenged and issues like this have assumed greater prominence during the current pandemic as they are more prominent amid lower passenger numbers.
- 1.10 Crime and antisocial behaviour on Metro ranges from ticketless travel and non-compliance with cycle policy through to graffiti vandalism and criminal damage (such as kicking out saloon windows), and verbal and physical assaults on staff, passengers and police. Some areas of greatest concern to passengers are groups of youths loitering at stations, begging and resale of tickets, and not wearing face coverings. While ‘low level’ in crime terms these cause disquiet and can put people off making journeys.
- 1.11 Since March, we have experienced instances of crime and anti-social behaviour; members of staff have been assaulted, train windows have been broken and graffiti has been removed.
- 1.12 We have undertaken research to explore how confident people felt about using different modes of transport and visiting shops/pubs and restaurants. We asked people to rate the risk of a range of activities where 1 was no risk and 7 was very risky⁶. The results below, show that people rated going to the pub as riskiest, but travelling on Metro was seen to be riskier than going to a restaurant or shopping.

⁶ Moving Beyond COVID Survey, Nexus

| | |
|------------------------------|------------|
| Visiting a pub | 5.1 |
| Going to the cinema | 4.9 |
| Going to the theatre | 4.9 |
| Travelling on a bus | 4.6 |
| Travelling on a Metro | 4.6 |
| Travelling on a train | 4.5 |
| Visiting a restaurant | 4.3 |
| Shopping in a clothes shop | 4.2 |
| Going to a fast food outlet | 4.2 |
| Shopping in a supermarket | 3.9 |
| Shopping in a local shop | 3.7 |

Figure 6 - Risk factors per activity

- 1.13 We know, from our customer surveys, that whilst anti-social behaviour is low, the perception of it is a real barrier for customers wanting to travel on Metro. The pandemic has shown that anti-social behaviour was more noticeable as passenger numbers slumped, particularly among young people. We have noticed that youths carrying out anti-social behaviour are not wearing face coverings, which is a concern that has been identified amongst our customers, that of the absence or misuse of face coverings.
- 1.14 Face coverings are mandatory on public transport, with effect from June, they are mainly intended to protect others and not the wearer. When used correctly, they cover the nose and mouth, which are the main sources of transmitting coronavirus. On Metro, the overall take-up of people wearing face coverings has been around 90%, give or take some variations. The graph below shows face covering compliance by day and hour, based on 5400 passenger boardings⁷. We are adding to this evidence every day, through our researchers recording their observations. There are some gaps, in our evidence such as Sunday evening.

⁷ Nexus Business Intelligence

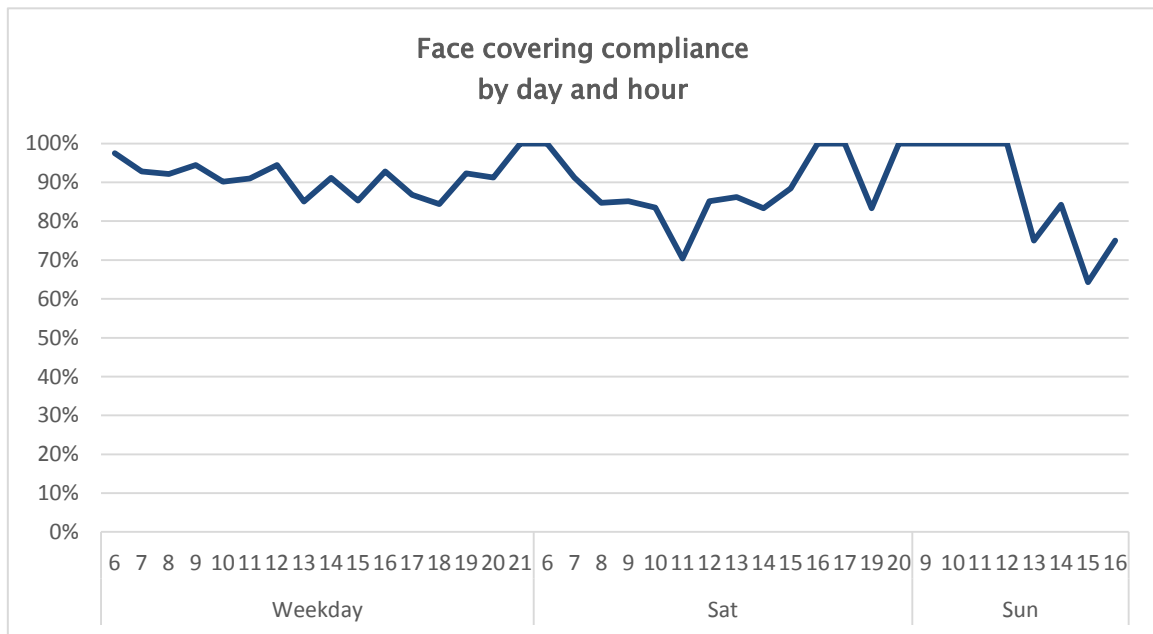


Figure 7 - Face covering compliance on Metro

- 1.15 There are examples where take-up is lower on less busy services, and amongst different demographics, including groups of young men, groups of youths roaming in the evening and, significantly, those on the margins of society who are often involved in other anti-social behaviour and ticketless travel.
- 1.16 Nexus staff cannot enforce wearing of face coverings under the associated regulations but can encourage their use, with the presence of staff being a key factor. Only Northumbria Police and British Transport Police have the legal power to enforce the wearing of face coverings by removing offenders from any relevant vehicle and/or via the issue of a fixed penalty notice in response to the offence. It is worth noting that there will never be a time when all customers use face coverings as some people have exemptions and must be taken on trust when claiming this.
- 1.17 The issue of face covering compliance is a topic of heated debate, not just exclusive to public transport but when used (or not) in shops as well. Some in society recognise the benefits that face coverings provide (in terms of protection, stopping the spread of COVID-19, and providing individuals with confidence that it is safe to use). There are others in society who deem the use of face masks as an excessive overreaction to the pandemic, who don't believe evidence that the use of face coverings protect people and also that mandatory use of these infringes on their civil liberties.
- 1.18 Anecdotal evidence from some people using Metro, in the evenings, whilst wearing face coverings have been the target of abuse and ridicule from groups of youths who are not wearing face coverings themselves. Our customers have expressed their frustration via social media on this topic, a couple of examples are set out on the following page. All of this can impact on whether people decide as to whether they would want to use Metro or not which will have an impact on Metro patronage, at a time when we want to encourage our customers back.

"Shocked at the amount of passengers that aren't wearing masks. Please sort it out.."

"Can I raise a concern about face masks and use on public transport...I have seen many people flaunting the rules and not wearing a mask, or wearing it in a wrong way making it pointless. What

What are others doing?

NOVA/CoMET

- 1.19 Nexus is part of a global partnership of other Metro and Light Rail operators, who regularly share data, best practice and benchmarking. We have asked our partners through the NOVA/COMET group what their situation is regarding face coverings on their networks. From the responses received so far:
- Face coverings mostly mandatory on public transport
 - Some monitor the wearing of masks, where on average compliance is 90-95%
 - Fines of between 60 – 500 EUROS, 300 - 6000 USD can be issued for non-compliance
 - In some cases, a special team has been deployed to monitor and check for compliance
 - In other cases, partnership between transport operator staff and local police force
 - Some exemptions, including children under a certain age and some with health issues
 - To communicate the message, some use PA systems on trains and stations to remind people to wear face coverings
 - In one case, face coverings are not mandatory, and the approach is to encourage people to wear one. In this instance, it is estimated on 30% are wearing face coverings.

NEBUS, Nexus and Local Authorities

- 1.20 NEbus, the North East bus operators' association, plus the region's transport authorities, have launched a series of online, on bus and in bus station activities that has taken place during a 'Face Covering Awareness Week', from Monday 28th September, to highlight the importance of wearing face coverings and also encouraging customers who are exempt to download an exemption card from Nexus' website.
- 1.21 Compliance across the region's buses remains high in the 90%+ range, but this joint campaign aims to increase that further with a series of adverts highlighting how wearing a face covering, and wearing it properly over the face and nose, not only helps protect them and fellow travellers on board, but also the people they return

home to.



Figure 8 - NEBus, Nexus and Local Authority campaign

2. Proposals to overcome the Problem

2.1 Nexus has already taken the following steps to ensure that Metro is as safe as it can be for our passengers to use. Measures include:

- An anti-microbial sanitiser that in effect offers a long-lasting deep cleaning solution to counter the possibility of viruses clinging on to surfaces and seating
- Installation of hand sanitisers across our system
- Communication campaigns regarding use of face coverings and keeping social distancing measures
- Marketing messages at stations and interchanges re-enforcing social distancing measures
- Encouraging use of contactless methods of payment
- Reassurance exercises – providing staff presence across the network to reassure our customers
- Operation Hermes – working with partners and stakeholders to combat anti-social behaviour

2.2 These measures have helped Metro become more COVID-secure. However, we know from our customers and research that we can do more to help re-enforce the message that face-coverings are mandatory. Nexus staff cannot enforce the use of face coverings nor at this moment in time, would it seek the police to use their powers to enforce compliance through fines.

2.3 Nexus currently pays for a dedicated police presence from the British Transport

Police (Pelaw-South Hylton) and Northumbria Police (elsewhere) plus local authority CCTV service provision. We employ 104 Customer Service Advisors and have recently recruited 20 new starters to bring this roster to full strength. We have active and positive relationships with multiple agencies such as Youth Justice Teams, Community Hate Crime and Tension Teams, PREVENT in Newcastle and Action Counters Terrorism (ACT).

2.4 Nexus has devised an approach to help our customers feel more safe and secure on Metro, through more people using face coverings through an approach advocating; engagement, encouragement and education.

2.5 Despite the significant financial challenges Nexus is facing, having taken into account what we have learned since March 2020, we have diverted existing resources in order to reinforce use of face coverings with the primary focus on engaging, encouraging and educating those not complying. We have:

- Launched a new team of 12 specially selected and trained Metro CSAs, to be specifically deployed to areas of reported anti-social behaviour and work proactively with additional Police. The bespoke training includes refreshed conflict management skills and penalty fare notice management, PREVENT anti-radicalisation awareness, and field briefings on system ASB hot spots.
- Introduced a team of 8 CSAs that will specifically address fare evasion and protect revenue across the network
- Established additional police presence on Metro for the remainder of this financial year, and planned a comprehensive security audit
- In addition to this, we are developing a proposal to set up a 'Customer Engagement team' which would provide extra resources for a period of three months in order to engage with, encourage and educate customers across the Metro network to wear face coverings.
- Alongside this, we ensure our own employees engage with customers throughout the day to encourage the use of face coverings, and distribute masks when necessary, including special operations with staff volunteers and marketing campaigns.
- Provided more body-worn cameras to front-line staff.
- Enhanced station CCTV coverage across the Metro system through a £4m capital project now in progress. We have so far set up a new CCTV viewing and recording suite and are more than halfway through replacing the old analogue CCTV cameras with new IP cameras with a much higher level of detail and zoom capabilities.
- Improved the availability of on-train CCTV
- Changed the times station gatelines are operational, with staff available to ensure customers buy tickets – for example staffing through the new Friday-Saturday 'closing time'

3. Reasons for the Proposals

3.1 The proposals set out what Nexus can do to improve safety, reduce anti-social behaviour and build customer confidence in response to the COVID-19 pandemic.

4. Alternative Options Available

4.1 The sub-committee could advise Nexus to take a different approach.

5. Next Steps and Timetable for Implementation

5.1 Increased staff and police presence on the Metro will begin imminently and will be in place until the end of the calendar year.

6. Potential Impact on Objectives

6.1 The strategy supports the delivery of objectives around growing the use of public transport and supporting economic regeneration of the region. It supports recovery plans in the region from the impact of the pandemic.

7. Financial and Other Resources Implications

7.1 Nexus' Director of Finance and Resources confirms that costs associated with the proposals outlined in this report can be accommodated from within Nexus' 2020/21 revenue budget.

8. Legal Implications

8.1 Nexus' Acting Head of Legal confirms that the proposals outlined in this report will be implemented in accordance with Nexus' legal powers as operator of the Metro system and also in accordance with its Standing Orders.

9. Key Risks

9.1 If nothing is done to address anti-social behaviour and people not wearing face coverings on Metro, there is a risk that customer confidence will not be rebuilt, resulting in lower patronage, increased congestion on roads and a growing perception that public transport isn't safe.

10. Equality and Diversity

10.1 Building customer confidence by increased staff presence and better CCTV, will encourage more people to think that using Metro is safe and secure for all of our customers.

11. Crime and Disorder

11.1 Our proposals include plans to improve CCTV and increase in the number of staff and police on Metro.

12. Consultation/Engagement

12.1 Members of Nexus' Senior Leadership Team have reviewed the report. We have asked partners in the NOVA/CoMET group what their approach to the wearing of face coverings is.

13. Other Impact of the Proposals

13.1 The proposals aim to grow customer confidence in Metro, through engagement, education and encouragement for the use of face coverings so that patronage can recover to help to reduce car journeys on the local road network, helping to reduce congestion, improve air quality and reduce Carbon emissions.

14. Appendices

14.1 N/A

15. Background Papers

15.1 N/A

16. Contact Officers

16.1 Martin Kearney, Chief Operating Officer, Nexus

17. Sign off

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

18. Glossary

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

Date: 5 November 2020
Subject: Nexus Corporate Performance Update
Report of: Chief Operating Officer

Executive Summary

The purpose of this report is to provide an update on the performance of Nexus against its Corporate Business Plan for 2020/21. This report covers periods 5 and 6 which encompass the 19 July 2020 to 13 September 2020.

COVID-19 continues to be felt across the organisation with significant impacts on revenue and patronage. **Metro Patronage** is down 58.6% against the same periods last year and 59.8% against the target for the two periods. **Metro Fare Revenue** was £2,768,956 which was 58.0% below target.

Metro Punctuality declined in period 5 to 84.3% as a result of Train Crew shortages however performance improved in period 6 to 88.1% which was 0.9% below the periodic target.

Ferry Patronage have also been significantly impacted by COVID-19 lockdown measures, seeing a 42% reduction in passenger numbers in Periods 5 and 6 of this year compared to the same periods last year. **Ferry Revenue** was £60,271 which was 26.6% below the periodic target.

Both **Howdon Satellite Depot** and the **Nexus Learning Centre** both completed on 31st July whilst work continues to plan on the **Fleet Replacement Programme** with public consultation on the train design starting in September.

Appendix 1 shows a summary of Key Performance Indicators between 19 July 2020 and 13 September 2020.

Recommendations

The Tyne and Wear Sub-Committee is recommended to note Nexus' performance in realising the key priorities in its Corporate Plan for 2020/21, including Metro performance.

1. Background Information

- 1.1 The report provides summary information about Nexus’ progress against its Corporate Plan (CP) targets and objectives for 2020/21.
- 1.2 For 2020/21 the CP has three main themes and 15 key priority work-streams.
- 1.3 A summary of the RAG (Red/Amber/Green) status for each of these workstreams is outlined below:

| Delivering Public Transport Today | |
|---|--|
| Workstream | Status |
| Improve our customers journey experience on Metro | Punctuality remained below target in Period 5 and 6 due to Train Crew resource issues. |
| Protect and enhance our services | Patronage continued to recover in Periods 5 and 6 but remains below target. |
| Delivering Metro Flow | The project is progressing to plan |
| Progress the delivery of a new fleet for Metro | Work on the procurement of the new fleet is on schedule |
| Embrace new technological improvements | An add-on on the Metro App has been launched to inform passengers about how busy trains are. Projects to deliver mobile ticketing for weekly Metrosavers and U16 Pop Pay as You Go are progressing according to plans. |

1.4 Improve our customers journey experience on Metro

In Periods 5 and 6 Metro punctuality fell short of target due to Train Crew shortages which resulted in cancelled services. Punctuality for the two periods combined was 86.2% which is 3% below target but 1.3% higher than the same period last year.

As a result of national psychometric testing centres being closed during the spring two training schools for Train Crew were cancelled, therefore there is expected to be a shortfall in Train Crew towards the end of the year. To ensure that services are not cancelled at short notice as a result of this shortfall a new, reduced, winter timetable will be introduced in November and is expected to be in place until March.

- 1.5 Fleet availability has continued to perform strongly with full availability being met every day this year.

- 1.6 A number of actions are planned to improve performance across Metro:
- As part of Metro's largest ever Train Crew recruitment, 30 trainee Train Crew are being recruited during September and October. These additional Train Crew will be expected to pass into service in 2021.
 - A review of performance structures across the organisation is taking place and Nexus have created a new role of Head of Performance, Planning & Resources which will commence in early October.
 - Continued investment in asset renewal and maintenance of assets to reduce infrastructure related delays.
 - Introduction of a new delay attribution system.
 - Taking steps to reduce Train Crew sickness and absence levels.

1.7 **Protect and enhance our services**

Periods 5 and 6 saw Metro patronage increase steadily to 2,139,178 journeys which is 59.8% below target and 58.6% below the patronage figures for the same period in 2019/20. Patronage did increase steadily throughout the reporting period reaching 53% of historic levels at the end of Period 6, the highest point since COVID-19 restrictions were introduced in March.

Fare revenue for Metro for the reporting period was 58.0% below target and 58.5% lower than the same periods in 2019/20.

- 1.8 Encouraging compliance with mask wearing and providing passengers with a COVID secure environment remains the focus for colleagues across Nexus.
- 1.9 Ferry patronage continued to recover in Periods 5 and 6 with 61,215 passenger journeys taken which 42% below the same period last year.
- Ferry fare revenue for the reporting period was £60,271 which was 40.0% below the same period last year and 26.6% below the target for this year,
- 1.10 Bus patronage has been similarly suppressed by COVID-19 since the start of the year with the subsidy per passenger on secured bus services standing at £2.21, significantly above the target figure of £1.60.

1.11 **Delivering Metro Flow**

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

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

Howdon Satellite Depot was handed over to Nexus in July, by the contractor Buckingham Group, with some training, fit out and snagging work still to be completed. Howdon Satellite Depot will come into operational use in November.

- 1.13 Work on the new Gosforth Depot will commence in January 2021 whilst Stadler will commence management of the train fleet on 4 October.
- 1.14 The impacts of COVID-19 on the delivery of the new depot and fleet are under continual review and regular dialogue is taking place with partners to identify any implications the current crisis may have on delivery. Delays caused by the crisis so far have largely been mitigated by Nexus and Stadler however the continuous changes to local and international restrictions are under constant review and remain a threat to the delivery of the programme.
- 1.15 **Embrace new technological improvements**
- 1.16 COVID-19 has presented us with an opportunity to progress more quickly with some of our plans to utilise digital technology for gathering data on passenger and to reduce cash usage. In September the Metro app was updated to allow passengers to provide information about how busy their train is and to see how busy trains are when they are planning their journey. This addition to the app will allow passengers to make informed choices about when they choose to travel.
- 1.17 Arrangements are being finalised for the launch of a mobile ticketing solution for weekly Metrosavers and also U16 Pay as you go tickets.

1.18 **Preparing for the Future**

| Workstream | Status |
|---|--|
| Develop a pipeline of capital projects | A pipeline of capital projects is under development for future funding opportunities. |
| Develop plans to expand and enhance the Metro and local rail networks | Transport North East will now be leading on the development of network extensions. |
| Develop plans to improve the local bus network | We are working with providers to support the delivery of amended timetables including the return of school services. |
| Establish effective management structures | We are working with national and regional partners on the future of local rail services. |

1.19 **Develop a pipeline of capital projects**

A range of projects are under development to create a pipeline of capital schemes for future funding opportunities. These including, station improvements, replacement of the signalling system, digital connectivity and a package of enhanced cycle parking solutions at Metro station. A pipeline of capital schemes to inform the Regional

Transport Plan has been developed and shared with Transport North East.

1.20 A full business case for a funding bid of £5.685m will be submitted to the North East Local Enterprise Partnership for the relocation of the North Shields Ferry Landing at the end of September. If successful, this will secure a significant contribution to the delivery of this work.

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

Transport North East is taking the lead on the development of the network extensions for Metro and Local Rail on behalf of the region. Nexus will continue to provide technical support and advice as appropriate and Transport North East will report project progress to the Joint Transport Committee.

1.22 Develop plans to improve the local bus network

Currently work is taking place with bus operators to support the delivery of an amended timetables and service patterns during the COVID-19 crisis, including buses to schools.

1.23 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.

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

1.25 Establish effective management structures to improve local rail services

The North East Rail Management Unit (NERMU) is working with Transport for the North (TFN) to improve existing local rail service management as part of a review of current Rail North Committee working arrangements. This change will build on existing governance structures and seek further devolution to NERMU.

1.26 The government have introduced new ‘recovery’ contracts with the train operating companies for a further 18 months. During this time the Williams white paper will be published. We will continue to work with TfN and DfT to seek more local influence over rail services in the North East.

1.27 Focus on Organisational Effectiveness

| Workstream | Status |
|--------------------------------------|--|
| Implement organisational change | ICT improvements accelerated during COVID-19 crisis. |
| Continue to modernise the Metro | Renewal works continues to take place as planned. |
| Ensure our people have the skills to | Staff have moved into the Nexus Learning Centre whilst final works are |

| | |
|---|---|
| delivery our vision | completed. Driver training capacity has been increased following the loss of two training schools. |
| Provide opportunities with schools, colleges and universities | Links formed with Local Authorities and Adult Education providers |
| Increase the diversity of the workforce | Diversity and inclusion workshops have been held with Senior leaders across Nexus and work is underway to roll out workshops to the wider organisation. The new recruitment portal which will be live in October will allow better reporting a monitoring of diversity statistics during recruitment |

1.28 **Implement organisational change**

The COVID-19 crisis has caused significant financial pressures on the organisation and we are continuing to work with DfT and HM Treasury to ensure we are able to secure further emergency funding to offset fare and commercial revenue losses. To the end of October, Nexus has secured £23.5m of Light Rail Revenue Restart Grant (LRRRG) and £1.2m of Local Authority Coronavirus Bus Services Support Grant (LACBSSG). The forecast to the year-end shows a deficit of £6.0m if this support doesn't continue

1.29 **Continue to modernise the Metro**

The Asset Renewal Programme – now in its eleventh year – is broadly progressing to programme but with some disruption to Overhead Line renewals during lockdown.

- 1.30 Permanent way works were completed in April at Crossgates Viaduct, South Shields in April. Further Permanent Way renewal between Heworth and Pelaw were largely completed in August with the remaining work scheduled to complete in late November/early December, and work to ensure network wide platform track interface compliance is planned to complete by the end of November.
- 1.31 The Nexus Learning Centre was successfully handed over by the contractor, Galliford Try, at the end of July and the Learning and Development team have now relocated to the new building. Signalling works were completed late September and the remaining works, full completion, including the training tracks, are expected to be completed by November. In September a train was moved into the maintenance shed for the first time representing significant milestone for the project.
- 1.32 Overhead Line renewal was temporarily paused pending evaluation of working arrangements but resumed on 20th June with further wire runs completed on 11-12 July, 1-2 August and 26-27 September. 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. On this note, planning has

now commenced for a 14 day blockade between South Gosforth and Felling on 15 February to 1 March 2021, to allow renewal of life expired sections of the OHL within the central corridor, which is the section with highest density of train services on the network.

1.33 Network-wide replacement of CCTV cameras was delayed by supply chain issues but has now resumed and is progressing well with all cameras planned to be renewed by January 2021. Other work to address cable degradation and renew critical point motors is being reprogrammed across the year to be undertaken by the internal Capital Delivery team.

1.34 Fleet reliability investment and other capital maintenance work has progressed to plan. Stadler took on responsibility for the train fleet on 4th October 2020.

1.35 Asset Renewal funding worth £20m for 2021/22 was agreed by DfT in June allowing for greater certainty in the renewals programme and the development of schemes. Agreement from DfT is being sought for a longer term asset renewal funding commitment will be contained in the next Spending Review.

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 two planned driving schools, plans have been developed to expand training capacity up to 90 Train Crew a year if required. This expanded capacity began in September with the recruitment of 30 Train Crew trainees who will enter full service in 2021.

1.38 Provide opportunities with schools, colleges and Universities

An apprentice recruitment plan has been put in place. Links have been made with Local Authorities for Adult Learning contacts to help with recruitment.

1.39 Increase the diversity of the workforce.

Diversity and inclusion workshops have been held with the Senior Leadership Team and Heads of Service and as a result specific diversity actions have been developed for inclusion in the 2021 – 2025 Nexus Corporate Business Plan. Work has commenced on rolling out workshop sessions to the rest of the organisation.

Implementation of the e-recruitment portal in October will improve recording and reporting on the equality and diversity data for recruitment.

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 13 September 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: ✓

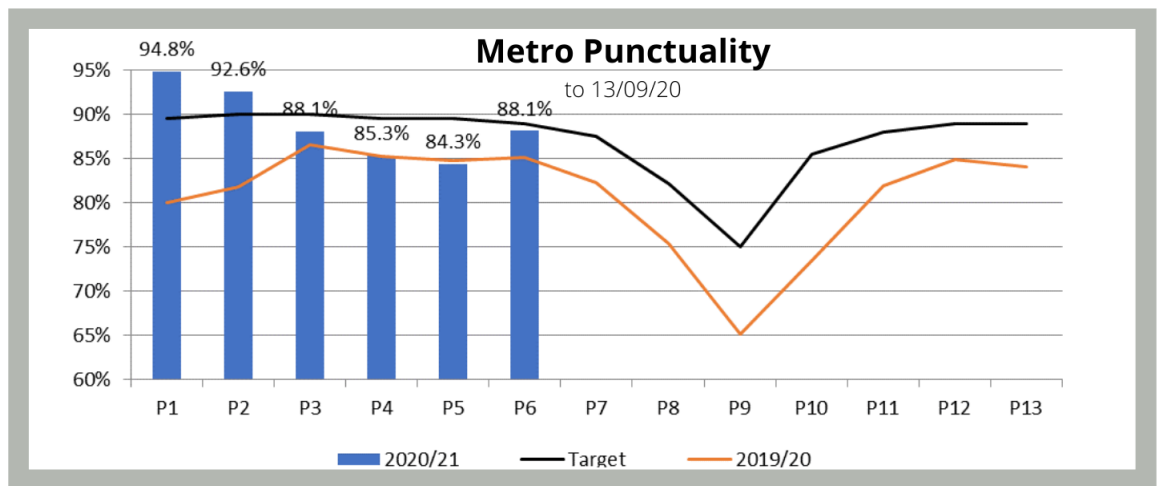
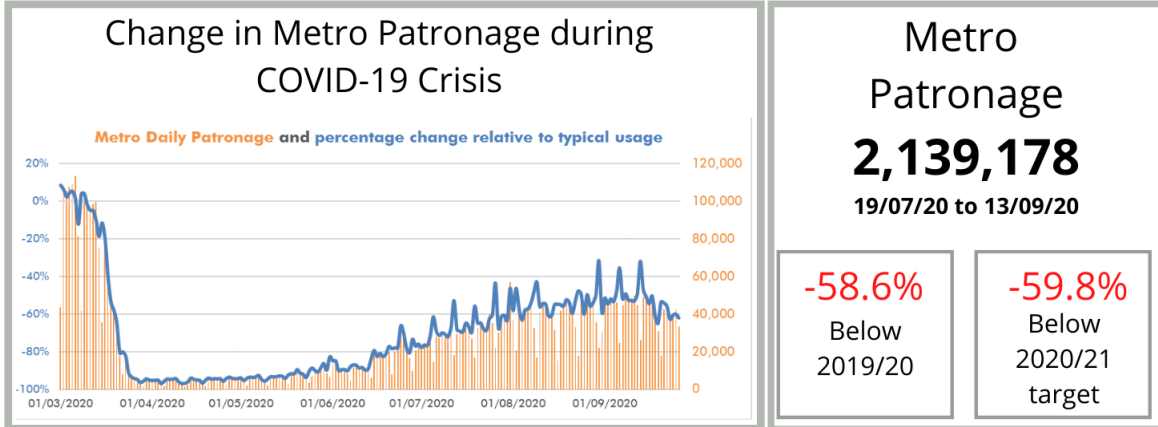
18. Glossary

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

Appendix 1 – an update on Key Performance Indicators up to 13 September 2020



Delivering Public Transport Today Performance Report 19 July 2020 to 13th September 2020



Fare Revenue

£2,768,956
19/07/20 to 13/09/20

-58.0% 2020/21 target

Smart Card fare revenue

22.7%
19/07/20 to 13/09/20

-7.3% 2020/21 target

Ferry

19/07/20 to 13/09/20

| | |
|--|--|
| <p>Reliability</p> <p>99.6%</p> <p>+0.6% 2020/21 target</p> | <p>Patronage</p> <p>61,215</p> <p>-62.5% 2020/21 target</p> |
|--|--|

Fleet Availability

19/07/20 to 13/09/20

Full Availability

100%

| | |
|---------------------------------------|--|
| <p>100% 2020/21 target</p> | <p>+14.3% same period 2019/20</p> |
|---------------------------------------|--|

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

Date: 5 November 2020

Subject: Nexus Annual Activity and Expenditure Analysis Report 2019/20

Report of: Chief Operating Officer

Executive Summary

The purpose of this report is to provide members with financial and statistical information relating to Nexus' services as per of its annual reporting processes.

Recommendations

The North East Joint Transport Committee, Tyne and Wear Sub-Committee is recommended to note the attached report, 'Nexus Annual Activity and Expenditure Analysis Report 2019/20' and note that due to the significantly reduced data collection and significant drops in patronage caused by the COVID-19 pandemic next year's report will take a different format focussing on the recovery of public transport in the region.

1. Background Information

- 1.1 This report provides members with an analysis of Nexus expenditure and activity at district level during 2019/20. It builds on previous reports since 2009/10.
- 1.2 The basis of the report has, in the past, been used to discuss Nexus' expenditure with District Treasurers.
- 1.3 As with other Passenger Transport Executives and Travel Concession Authorities, Nexus reports on its financial performance annually. Its statement of accounts is subject to external audit. For 2018/19 the external auditor issued an unqualified audit opinion on the Statement of Accounts, and confirmed that there were no matters that prevented them from being satisfied that Nexus has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
- 1.4 When the levy for 2010/11 was discussed with district Leaders in December 2009, the Leadership Group requested more information on the services being provided by Nexus at a local authority level. In particular, there was some concern from Leaders that there was no transparency on how services funded from the Nexus budget, in particular the elements that they directly support via the levy and the grant passed to Nexus by the former TWITA (now the NECA), impacted on individual authorities. In response, a proposal for capturing and reporting appropriate information was discussed with and agreed by District Treasurers when they met in April 2010. The initial report was produced covering expenditure and activity analysis for 2009/10 and has been followed up in subsequent years.
- 1.5 This updated report, the 'Nexus Activity and Expenditure Analysis Report 2019/20' has been prepared using similar principles to those adopted for the previous four reports, although where possible, advances in smart technology have enabled more robust reporting in some areas e.g. use of post code analysis for ENCTS concessionary journeys.
- 1.6 It is recognised that the levy (and the grant passed to Nexus by the JTC) is generated locally based on the population of constituent districts and therefore transparency and accountability requires the Combined Authorities and Nexus to be able to demonstrate value for money in the use of resources to each of the constituent authorities in the area.
- 1.7 This is not an exact science given that existing processes work at the sub-regional level and expenditure profiles are, for example, additionally influenced by:-
 - i. The economies of scale if services are provided at a Tyne and Wear level including the extent to which Nexus can use the levy in order to lever additional funds;
 - ii. The high proportion of cross boundary services between the constituent authorities and neighbouring unitary authorities;
 - iii. The different characteristics within the constituent authorities in respect to public transport demand and supply;

- iv. The nature and extent of bus operators commercial networks; and
 - v. Population densities, socio-economic geography and land use planning decisions.
- 1.8 Nonetheless broad conclusions can be drawn, although it is important to recognise that information provided a district level will need careful examination and could warrant certain caveats in order that inaccurate interpretations or incorrect comparisons are not made.
- 1.9 Nexus' Director of Finance and Resources has previously worked with district colleagues in order to develop an agreed methodology that estimates the amount of 'benefit derived' by each district from services provided by Nexus, relative to their resource input.
- 1.10 In May 2012, District Treasurers were advised that whilst adopting a strict formulaic approach to determining the amount of 'benefit derived' relative to the Levy was possible, and that this could result in a perception that some districts 'gained' relative to their input whilst others 'lost' it was also extremely important to recognise:-
- i. The cross boundary nature of passenger flows means that consideration of the journey being undertaken, the reason for it and the origin of the person making it should be taken into account e.g. it is probable that both Sunderland and South Tyneside will have derived benefit from a Sunderland resident boarding a bus in South Tyneside.
 - ii. The value of services provided by Nexus over and above those which are funded from the Levy, in particular the Tyne and Wear Metro system, which penetrates all five districts.
 - iii. Regarding this latter point, Nexus' gross income in 2019/20 was some £162.6m. Of this, £51.5m was funded from commercial revenues, whilst £111.1m was funded from various grants, including the release of capital grants deferred which offsets depreciation charged on those fixed assets which were in the past financed by government grant. Given that the grant passed to Nexus by the NECA accounted for £55.5m of grant income, more than 65% of Nexus' gross income was therefore funded from outside of the grant passed to Nexus by the JTC.
- 1.11 This led to unanimous support in favour of the retention of the population based share of local resource inputs via the levy although Treasurers and senior transport officers have expressed a desire to see this reporting continue, building on trends that are now establishing themselves having regard to four years' of analysis as well as progress made in more robust methods of capturing this information e.g. by analysing the Nexus Host Operating Processing System (HOPS) for concessionary travel journeys.

2. Proposals

- 2.1 It is proposed that the Nexus Annual Activity and Expenditure Analysis Report will no longer be produced in its current format beyond this year and that a new report outlining Nexus' contribution to the economic and social recovery of the member

authorities from the COVID-19 pandemic will instead be produced.

3. Reasons for the Proposals

- 3.1 Due to the COVID-19 Pandemic, data collection on public transport was disrupted and patronage figures significantly declined therefore it would be impossible to carry out a statistically valid year on year comparison as provided in the report in its current format.

4. Alternative Options Available

- 4.1 There are no alternative options available.

5. Next Steps and Timetable for Implementation

- 5.1 Members may wish to have a more detailed explanation at a future policy seminar.

6. Potential Impact on Objectives

- 6.1 The report analyses how services are delivered to support the objectives of the NECA.

7. Financial and Other Resources Implications

- 7.1 The report sets out how Nexus' resources are expended.

8. Legal Implications

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

9. Key Risks

- 9.1 A continued decline in Metro ridership may have an adverse impact on fare income.
- 9.2 Changes to the levy will impact on Nexus' ability to continue to provide the services as set out in this report.

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

- 12.1 There are no specific consultation and community engagement implications arising from this report.

13. Other Impact of the Proposals

13.1 There are no other impacts arising from this report.

14. Appendices

14.1 Nexus Annual Expenditure and Activity Analysis 2019/20

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

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Annual Report

For the year ended 31 March 2020



Glossary

Financial Terms

| | |
|--------------------------------|---|
| Capital Grants Deferred | An unusable reserve which is created when Grant funding is used to acquire fixed assets. Capital Grants Deferred are released to the Income and Expenditure Statement to match the depreciation costs associated with the assets they were used to finance. |
| Grant | Grants made by the Government towards either capital or revenue expenditure to support the cost of the provision of services. These grants may be specifically towards the cost of particular schemes or to support general revenue expenditure. |
| Levy | A grant paid to Nexus by the local authorities in Tyne and Wear to help finance its general expenditure. Also referred to as 'NECA grant'. |
| Nexus' net revenue expenditure | The amount of operating expenditure that Nexus incurs in the provision of public transport services after taking account of central government grants, external income from commercial activities and the release of capital grants deferred. |
| Non-grant Income | External Income, 'income from commercial activities and other non-public sources'. |

Other Terms

| | |
|----------------------------|--|
| (TW)ITA | (Tyne & Wear) Integrated Transport Authority (the ITA): the predecessor body to the NECA. |
| NECA | North East Combined Authority: the Local Transport Authority covering four areas comprising Durham, Gateshead, South Tyneside and Sunderland. |
| NTCA | The North of Tyne Combined Authority is a partnership of three local authorities: Newcastle, North Tyneside and Northumberland, set up in November 2018. |
| JTC | The North East Joint Transport Committee brings together a total of seven members from each of the Constituent Authorities of the region; four Members from the North East Combined Authority and three Members from the North of Tyne Combined Authority |
| Local Transport Plan (LTP) | The Local Transport Authority's statutory plan setting out its policies and objectives for transport provision in its area. NB Currently there are 3 LTPs in the NECA area for Northumberland, Durham and Tyne & Wear. Work is underway to prepare the Transport Plan for the North East, the first LTP to |

| | |
|---------------------|--|
| | cover the whole of the NECA area. |
| Bus Strategy | The subsidiary document to the Tyne and Wear Regional Transport Plan related to the Joint Transport Committee's strategy for the delivery of bus services in its area, including for example details relating to the provision of secured bus services. |
| Secured Bus Service | A local bus service operated by a commercial operator but funded by Nexus following a competitive tendering process. Also known as a tendered service, a subsidised service or a socially necessary bus service. |
| Resource board | A form of secured service whereby the contractual obligation is based on a number of hours rather than a fixed route. |
| Commercial Service | A local bus service operated by a bus company which is usually commercially viable, and is therefore run without financial subsidy from Nexus. |
| ENCTS | The English National Concessionary Travel Scheme is a national scheme by the Department for Transport (under Concessionary Bus Travel Act 2007) which is run in conjunction with Local Transport Authorities and Passenger Transport Executives across England whereby residents who have attained the state pension age, as well as eligible disabled people, are provided with free off-peak bus travel on weekdays and all day at weekends and Bank Holidays. The ENCTS is a statutory obligation that is placed on Nexus to reimburse commercial bus operators who themselves are statutorily obliged to carry ENCTS pass holders. |
| POP Card | A smartcard that allows the holder to pay for public transport using a plastic card that can be read by machines on stations and vehicles. |
| POP Blue | A smartcard that allows under 19s reduced fare travel on Metro. |
| Under 16 Pop Card | Children who live in Tyne and Wear and are aged 5 to 15 on 31 August before the start of the academic year are entitled to an Under 16 Pop card. This lets them travel in Tyne and Wear at concessionary child fares. |
| Gold Card | A product that can be bought by those eligible for ENCTS travel and loaded onto the ENCTS smartcard used for bus travel which allows travel on Metro, Shields Ferry and Northern Rail services between Newcastle and Sunderland without further payment. |
| TVM | Ticket Vending Machine. These are the machines introduced during our Ticketing and Gating project 2012 from which Metro customers buy Metro Tickets. |
| VLY | "versus last year", shows how a figure for this year compares with one from the previous year. |

| | |
|-------------------------|---|
| Pax | Abbreviated form of "Patronage". |
| Moving annual patronage | Used within this report to show the total patronage over the last year at that point in time. When plotted over time, it produces a flatter line, which reduces abrupt pattern changes caused by short-term fluctuations. |
| Take-up rate | The proportion of people eligible to apply for a particular concession or service who actually make use of it. |

Introduction

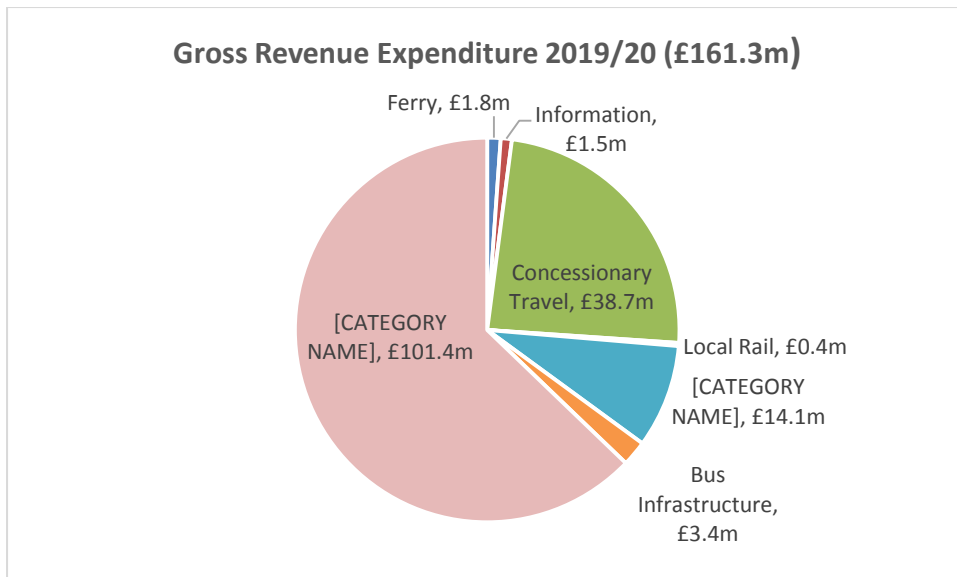
Nexus is the trading name of the Tyne and Wear Passenger Transport Executive. It is responsible for delivering public transport in the Tyne and Wear area within a policy remit set by the North East Combined Authority and North of Tyne Combined Authority via the North East Joint Transport Committee. Its role is to provide, plan and promote public transport to improve the economic prosperity of Tyne and Wear and the daily lives of its people. Nexus also looks to the future, planning the travel networks people will want to use in decades to come. Nexus' mission statement is 'Making public transport great for our environment, economy and communities.' The three key themes defined in its Corporate Plan are:

- **Deliver public transport today**
- **Prepare for the future, and**
- **Focus on organisational effectiveness.**

Nexus Gross Revenue Expenditure 2019/20

Nexus' gross revenue expenditure during 2019/20 was £161.3m.

The chart below shows where Nexus spends its revenue budget, once again illustrating that in gross expenditure terms, the largest service is Metro, followed by Concessionary Travel and then Secured Bus Services with the residue of funding spent on a variety of different services for example provision of travel information, bus interchanges, and the cross Tyne Ferry.

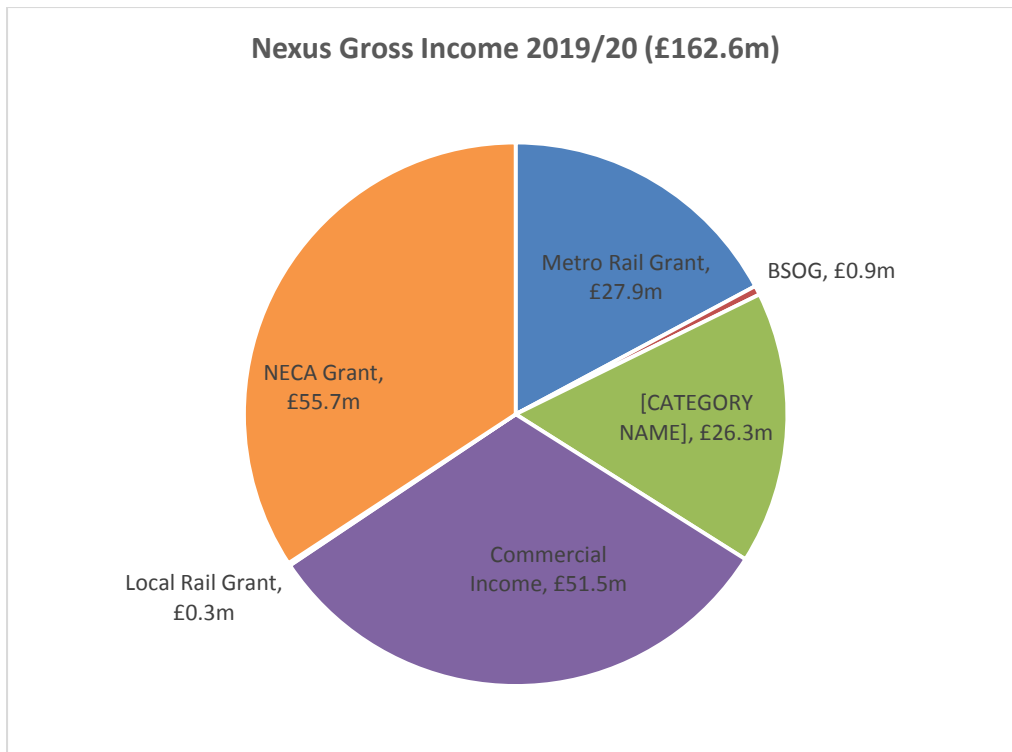


Nexus Gross Income 2019/20

Nexus' gross income in 2019/20 amounted to £162.6m, comprising:-

- Grant funding from the North East Combined Authority and North of Tyne Combined Authority
- Direct grant from central government to support the operation of the Metro (the Metro Rail Grant) and local rail services (Local Rail Grant)
- Commercial revenue generated from customers who use our services (the majority of which is generated through Metro fare revenue)
- Bus Services Operating Grant. A discretionary grant paid to eligible transport operators to help them recover some of their fuel costs.
- Capital Grants Released. An unusable reserve is established when a fixed asset that is funded by Government grant is created. The reserve is released from the balance sheet in order to match the depreciation charges posted to the revenue account that reflect the use of the asset in the provision of services.

The chart below shows how this income was generated:-



The Tyne and Wear Transport Levy 2019/20

In January 2019, the NECA agreed a budget and issued a transport levy to the constituent councils within Tyne and Wear so as to meet a proportion of its liabilities/expenses for 2019/20. The apportionment of the levy is calculated by reference to the total resident population of each Council. This is done in accordance with Section 7(5) of the Transport Levying Bodies Regulations 1992. In the case of Tyne and Wear, the NECA and NTCA set a levy for the financial year 2019/20 of £55.7m.

Much of this grant is used by Nexus to fund the reimbursement of concessionary fares, the majority of which is a mandatory statutory requirement (the ENCTS). The remainder of the grant is spent on contracting and administering Secured Bus Services, the local contribution to Metro (primarily used to support the Gold Card

concessionary fares scheme), the Shields Ferry and other things such as the provision of public transport information and bus infrastructure.

Activity Analysis

This section provides a breakdown and analysis of activity across the following areas of public transport service provision in Tyne and Wear:-

Services

1. All bus services
2. Secured bus services
3. Concessionary Travel on Bus (ENCTS)
4. Under 16 (U16) Concessionary Travel on Bus
5. Metro patronage
6. Gold Card Concessionary Travel on Metro
7. Under 16 (U16) Concessionary Travel on Metro
8. Bus Infrastructure
9. Information
10. Ferry
11. Rail Services
12. TaxiCard Services

1) All bus services

a. Overview of bus passenger boardings

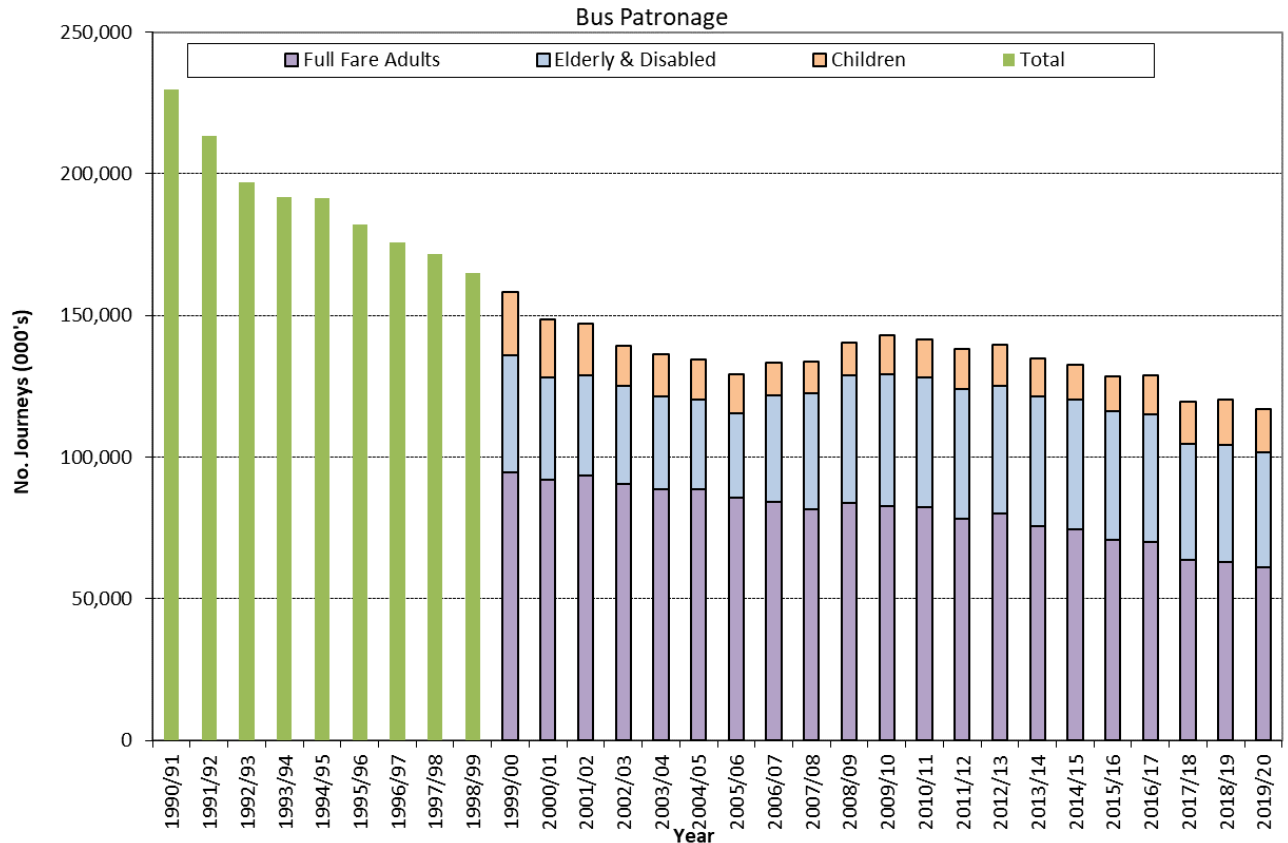
During 2019/20, 116.9 million passenger boardings were made on bus services in Tyne and Wear, which represents an overall decrease of 2.9% on the previous year.

The table below provides a more detailed breakdown of the bus market across Tyne and Wear in recent years.

| Passenger Type (Boardings m) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | Change Vol | Change % |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Adult | 75.721 | 74.392 | 70.875 | 70.240 | 63.611 | 63.155 | 61.289 | -1.866 | -3.0% |
| ENCTS | 45.574 | 45.940 | 45.179 | 44.753 | 40.939 | 41.139 | 40.323 | -0.816 | -2.0% |
| Child | 13.681 | 12.388 | 12.339 | 13.703 | 15.045 | 16.154 | 15.310 | -0.844 | -5.2% |
| Total | 134.977 | 132.720 | 128.393 | 128.696 | 119.596 | 120.448 | 116.921 | -3.527 | -2.9% |

There has been a consistent drop in patronage across all passenger categories in 2019/20 although this can be explained, in part, by the COVID-19 lockdown restrictions imposed in March 2020. Prior to lockdown, patronage had fallen by 1.24% over the course of the year which would have been more broadly comparable to the previous two years.

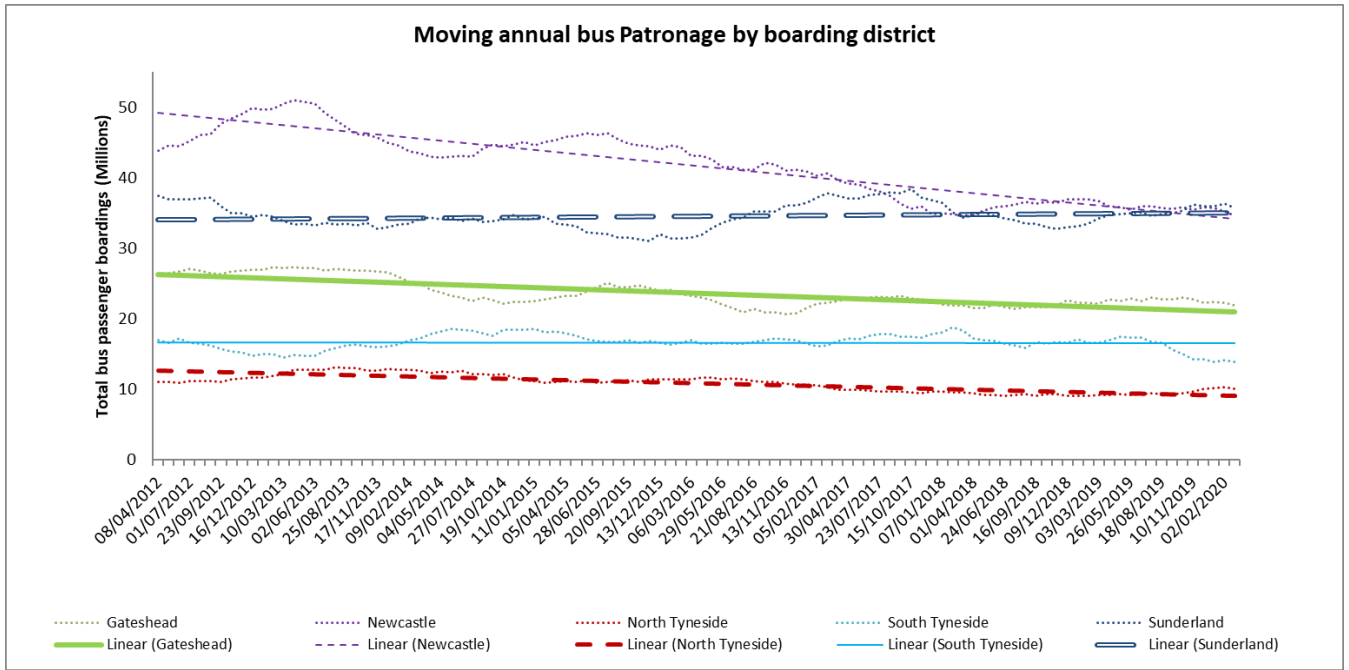
The chart below shows the long-term picture of patronage trends.



b. All Bus passenger boardings by local authority

The chart below plots the moving annual bus patronage (defined in the glossary), showing the long-term trend of total bus patronage boardings by local authority area. Although there is some variation year on year, the long-term trend of decline is evident across most local authority areas.

As with previous years, in this data set the patronage boarding location is defined by the origin of a journey. That is, a journey originating in Newcastle, irrespective of journey destination or passenger home local authority area, is classified as a Newcastle journey. Whilst Nexus' patronage data is based upon a robust methodology with statistically robust samples, some fluctuation will occur in the trends observed. The more granular the level of detail (for example location at local authority level) the greater the margin of error is on a sample-based methodology. Therefore, the following graph shows the eight-year linear trend as well as the moving annual patronage.

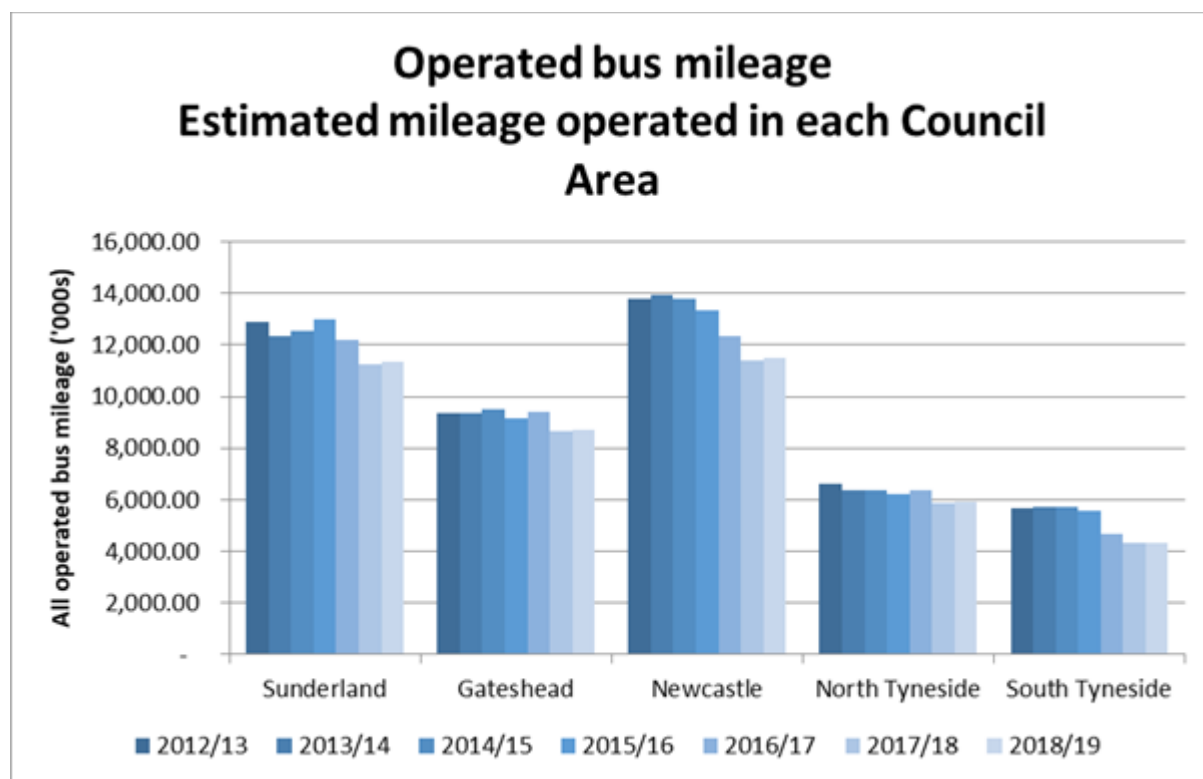


Nexus has analysed the local authority area that passengers live in, compared to the location they boarded and it is evident that a sizeable number of 'cross boundary' journeys are undertaken. This is shown in the table below and includes trips made by residents from outside of Tyne and Wear, highlighting the fact that the levels of cross-boundary travel varies greatly by local authority.

| | | Board in | | | | | |
|---------|-------------|----------|-------|-------|-------|-------|-------------|
| | | GH | NC | NT | SL | ST | Outside T&W |
| Live in | GH | 89.8% | 7.6% | 0.7% | 0.7% | 0.8% | 23.7% |
| | NC | 3.1% | 71.2% | 12.0% | 0.3% | 0.6% | 6.8% |
| | NT | 0.6% | 6.5% | 82.0% | 0.0% | 1.0% | 12.2% |
| | SL | 2.5% | 1.4% | 0.3% | 91.4% | 3.2% | 2.6% |
| | ST | 2.6% | 1.1% | 2.1% | 3.0% | 93.9% | 0.3% |
| | Outside T&W | 1.4% | 12.3% | 3.0% | 4.4% | 0.6% | 54.5% |
| | Check | 100% | 100% | 100% | 100% | 100% | 100% |

c. Operated bus mileage

The DfT publish figures for vehicle miles operated at Tyne and Wear level with lower level estimates for each local authority produced by Nexus using these figures shown below. The DfT is expected to release the 2019/20 figures in late 2020.



2) Secured bus services

a. Tyne & Wear overview

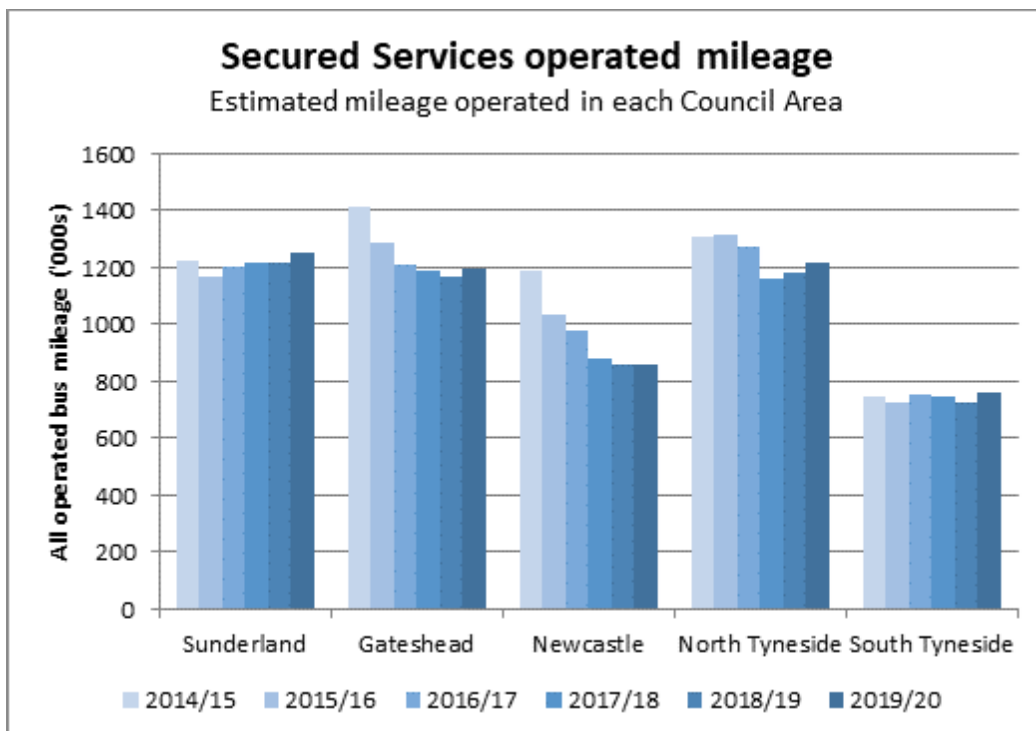
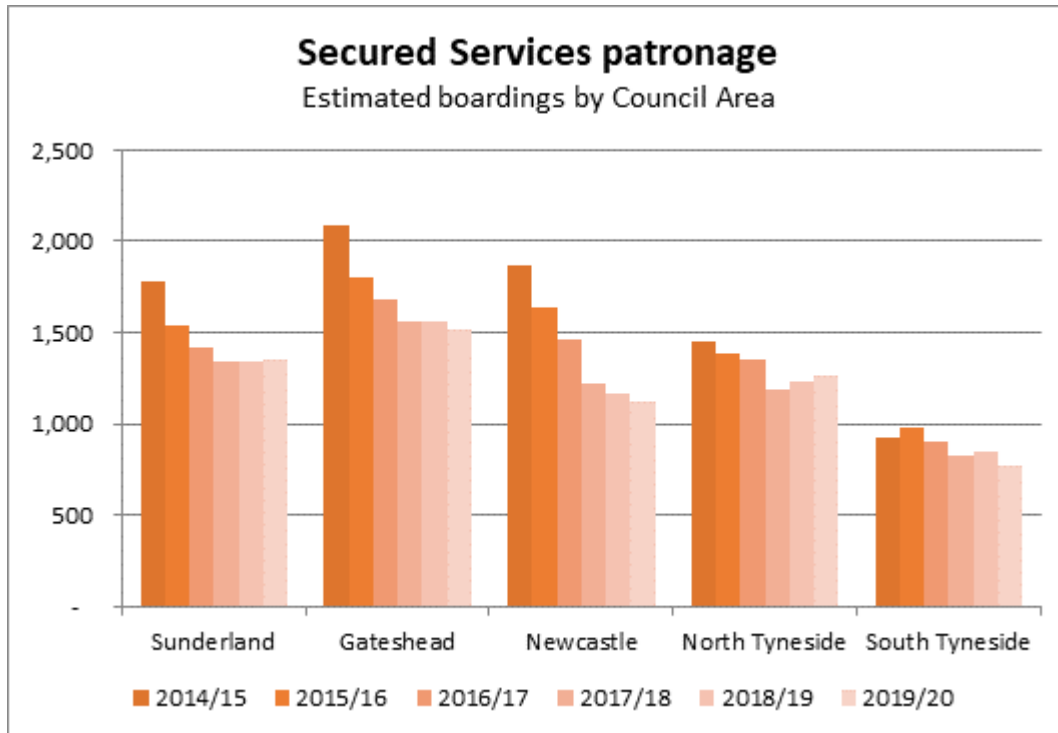
Nexus continually monitors cost and usage of secured bus services. During 2019/20, the number of journeys made fell by 1.9%.

| Passenger type | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | Change Vol. | Change % |
|------------------------------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Boardings (000's) | | | | | | | | | | | | |
| Adult | 4,033 | 4,328 | 3,951 | 3,946 | 3,798 | 3,487 | 3,264 | 2,653 | 2,752 | 2,832 | 81 | 2.9% |
| ENCTS | 2,878 | 3,062 | 2,383 | 2,462 | 2,180 | 1,903 | 1,672 | 1,619 | 1,654 | 1,483 | -171 | -10.3% |
| Child | 2,066 | 2,222 | 2,160 | 2,361 | 2,127 | 1,951 | 1,881 | 1,866 | 1,740 | 1,713 | -27 | -1.6% |
| Total | 8,977 | 9,612 | 8,494 | 8,769 | 8,104 | 7,341 | 6,817 | 6,138 | 6,146 | 6,028 | -117 | -1.9% |
| Total mileage (miles 000's) | | Not Available | | | 5,880 | 5,537 | 5,414 | 5,196 | 5,200 | 5,281 | 82 | 1.6% |

Bus operators and Nexus continue to monitor and respond to demand for individual services, replacing and reorganising services in response to the demand, plus external factors that affect services such as road closures.

b. Local authority area level overview

The estimated number of passenger boardings and mileage operated for secured services provided in each local authority area is shown in the bar charts below.



3) Concessionary Travel on Bus (ENCTS)

a. Background

English National Concessionary Travel Scheme (ENCTS) pass holders have had their journeys on bus recorded using smart-enabled technology since October 2011. These journeys are stored in a database which can be interrogated and analysed alongside Continuous Monitoring Survey data. Passenger numbers below are based upon survey data to maintain consistency with estimates for other passenger groups. The smartcard data compliments this by estimating the proportion of trips made by residents from each area.

b. Proportion of ENCTS journeys made by residents from each local authority area

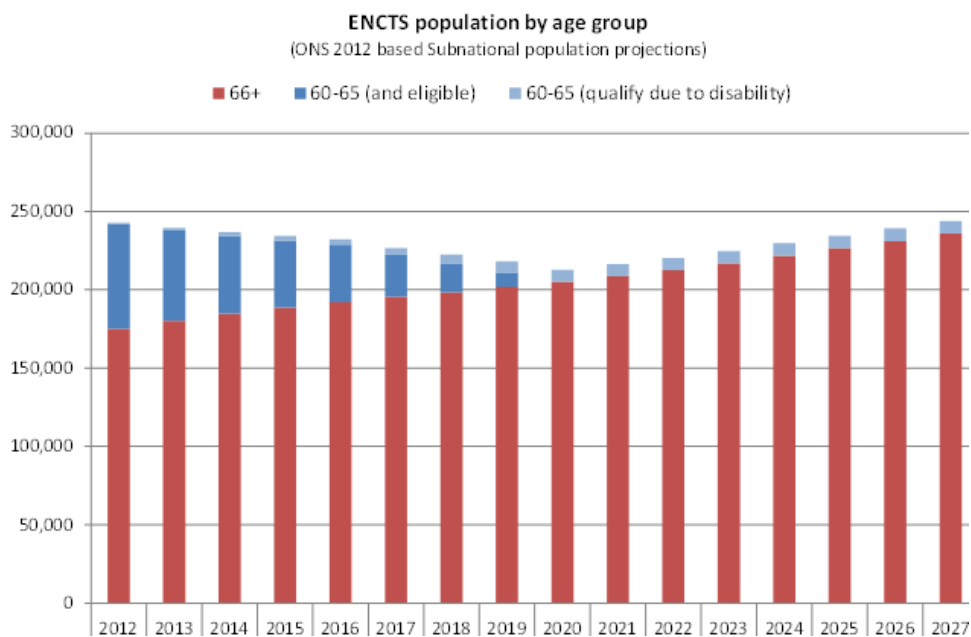
Analysis of the passenger's home local authority area for each ENCTS journey made gives the following results:-

| Resident of | Journeys 2018/19 (000s) | Journeys 2019/20 (000s) | Change % | 2018/19 Proportion of all trips by T&W resident in... | 2019/20 Proportion of all trips by T&W resident in... |
|-------------------|-------------------------------|-------------------------------|--------------|--|--|
| Sunderland | 11,031 | 10,837 | -1.8% | 28.4% | 28.4% |
| Gateshead | 7,877 | 7,764 | -1.4% | 20.3% | 20.3% |
| Newcastle | 9,360 | 9,164 | -2.1% | 24.1% | 24.0% |
| North Tyneside | 5,259 | 5,272 | 0.3% | 13.6% | 13.8% |
| South Tyneside | 5,253 | 5,140 | -2.2% | 13.5% | 13.5% |
| T&W residents | 38,781 | 38,178 | -1.6% | 100% | 100% |
| Non T&W residents | 2,358 | 2,145 | -9.1% | | |
| Total | 41,139 | 40,323 | -2.0% | | |

c. Pass holders and take up

The age of eligibility for an ENCTS pass was gradually increased in line with changes in the retirement age for women as outlined in the Pensions Act 2014. Between 2010 and 2020 it has increased from 60 to 66. This caused the eligible population to gradually reduce, although this trend will be reversed from next year which is expected to place a pressure on Concessionary Travel reimbursement as the number of journeys made under the Scheme could increase.

The following graph estimates the ENCTS eligible population through to 2027:-

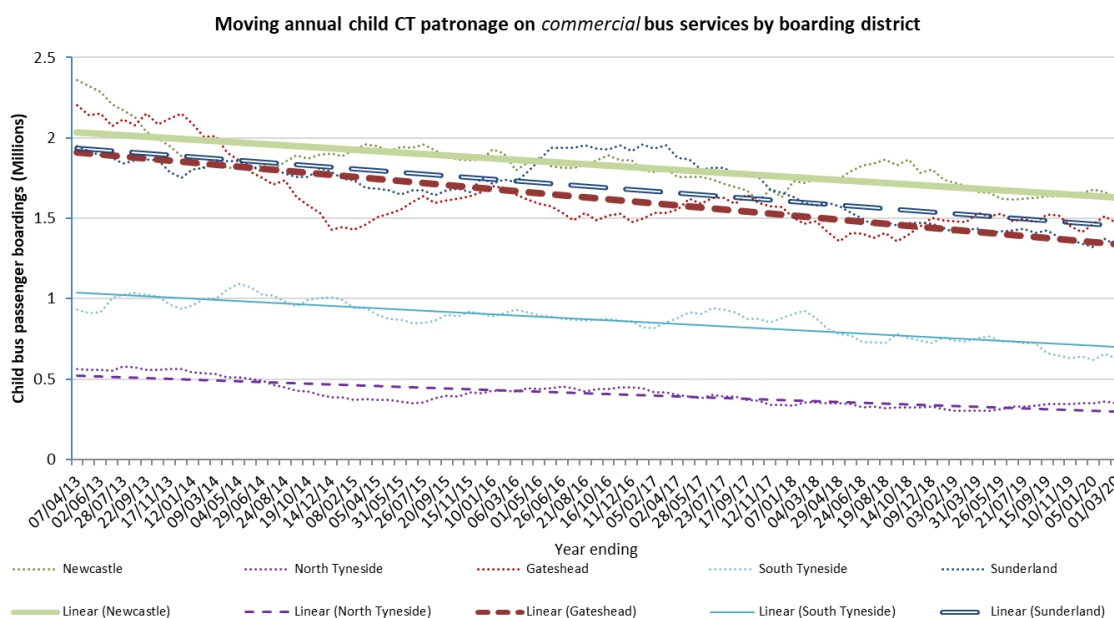


The following table shows the take up rate for the active ENCTS (elderly only) pass holders against the eligible population in each local authority area. This table now only includes active card holders. Before 2015/16, reported figures included cards belonging to people who have since passed away or moved out of the area.

| ENCTS pass issues | | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|-------------------|---------------|---------|---------|---------|---------|---------|---------|---------|
| Sunderland | Passes issued | 55,437 | 58,246 | 50,358 | 50,671 | 37,911 | 41,559 | 41,209 |
| | Take up (%) | 89% | 94% | 84% | 87% | 67% | 76% | 76% |
| Gateshead | Passes issued | 40,986 | 40,013 | 37,589 | 37,790 | 28,750 | 31,172 | 30,965 |
| | Take up (%) | 90% | 89% | 86% | 89% | 69% | 78% | 79% |
| Newcastle | Passes issued | 44,536 | 47,661 | 43,331 | 43,586 | 32,390 | 35,418 | 35,258 |
| | Take up (%) | 88% | 96% | 89% | 93% | 71% | 80% | 82% |
| North Tyneside | Passes issued | 42,186 | 45,659 | 39,841 | 40,313 | 29,918 | 33,095 | 32,707 |
| | Take up (%) | 90% | 98% | 88% | 92% | 70% | 79% | 79% |
| South Tyneside | Passes issued | 31,143 | 33,231 | 29,775 | 30,013 | 22,033 | 24,371 | 24,174 |
| | Take up (%) | 89% | 96% | 89% | 92% | 70% | 80% | 80% |
| Tyne & Wear | Passes issued | 214,288 | 224,810 | 200,894 | 202,373 | 151,002 | 165,615 | 164,313 |
| | Take up (%) | 89% | 94% | 87% | 90% | 69% | 78% | 79% |

4) Under 16 (U16) Concessionary Travel on Bus

During 2019/20, the Under 16 Child Concessionary Travel market made 6.9 million journeys on bus in Tyne and Wear, a decrease of 2% on the previous year. The chart below shows the number of child concessionary journeys made on commercial services within Tyne and Wear over time. These figures are based upon boarding locations derived from the Continuous Monitoring passenger surveys for commercial services, as no smartcard usage data is available for children.



The number of passes issued and estimated take up rates of Under 16 Pop cards are shown in the table below:

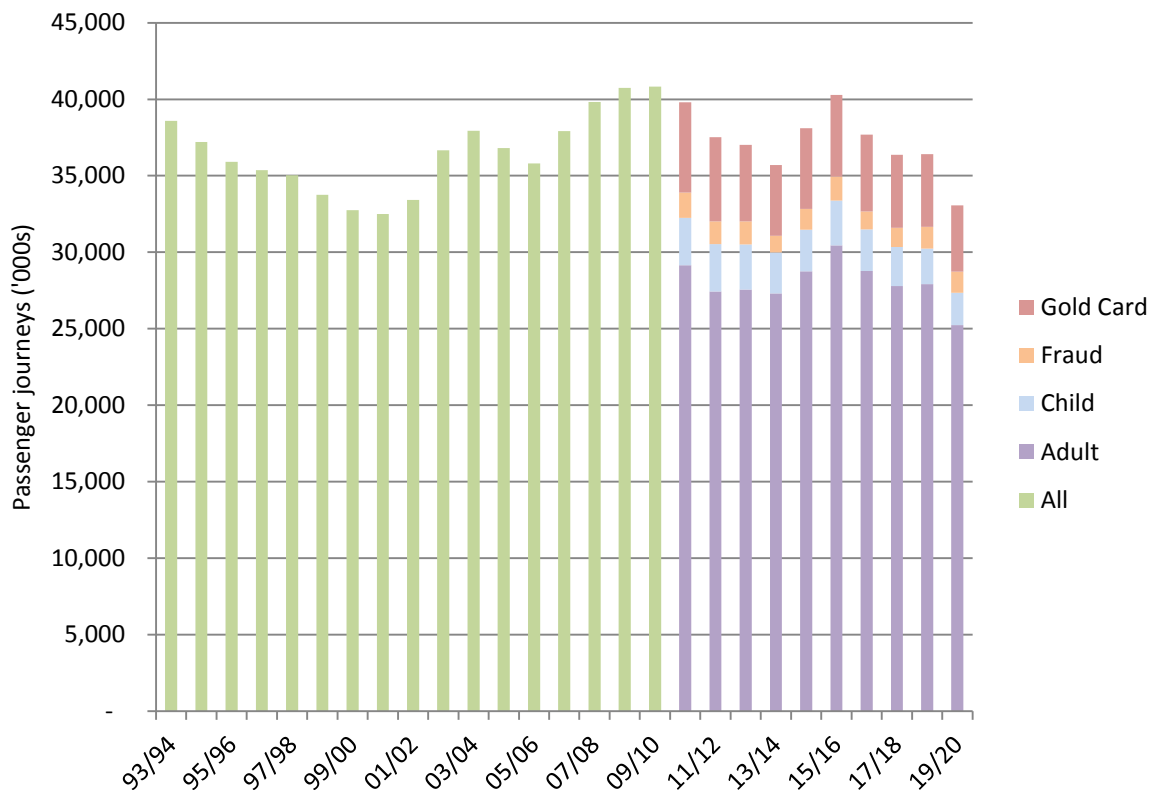
| Under 16 passes issued | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|------------------------|------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Sunderland | Passes issued | 12,489 | 13,023 | 13,021 | 13,110 | 13,150 | 11,304 | 10,595 | 10,025 | 9,546 |
| | Take up rate (%) | 34% | 36% | 37% | 37% | 37% | 32% | 29% | 27% | 25% |
| Gateshead | Passes issued | 11,415 | 11,757 | 11,633 | 11,374 | 11,317 | 9,974 | 9,295 | 9,015 | 8,801 |
| | Take up % | 46% | 45% | 45% | 44% | 44% | 38% | 35% | 34% | 33% |
| Newcastle | Passes issued | 10,913 | 11,751 | 12,148 | 12,526 | 12,820 | 11,588 | 11,393 | 11,182 | 11,248 |
| | Take up % | 32% | 34% | 35% | 35% | 35% | 31% | 30% | 29% | 29% |
| North Tyneside | Passes issued | 7,455 | 7,746 | 7,666 | 7,394 | 7,122 | 5,945 | 5,596 | 5,417 | 5,280 |
| | Take up % | 29% | 29% | 29% | 28% | 27% | 22% | 21% | 20% | 19% |
| South Tyneside | Passes issued | 7,320 | 7,574 | 7,555 | 7,403 | 7,277 | 6,320 | 6,008 | 5,788 | 5,681 |
| | Take up % | 37% | 39% | 40% | 39% | 38% | 33% | 31% | 29% | 28% |
| Tyne & Wear | Passes issued | 49,592 | 51,851 | 52,023 | 51,807 | 51,686 | 45,131 | 42,887 | 41,427 | 40,556 |
| | Take up % | 35% | 37% | 37% | 36% | 36% | 31% | 29% | 28% | 27% |

Take up of Under 16 passes has remained relatively steady in 2019/20 with take up declining by approximately 2%

5) Metro patronage

a. Overview of Metro passenger boardings

During 2019/20, just over 33 million journeys were made on Metro, down 3.4 million from the previous year equating to a drop of 9.2%. Some of this can be explained by the early effects of the COVID-19 virus which saw patronage reduce by 1.2 million journeys in March 2020 however, even discounting the fall in patronage as a result of COVID-19 lockdown restrictions patronage was still down by 6.3%. There are a number of factors which may have contributed to this fall in patronage including industrial action which took place in December 2019 along with more general reliability issues relating to the aging fleet, and Train Crew shortages along with external factors like declining retail footfall.

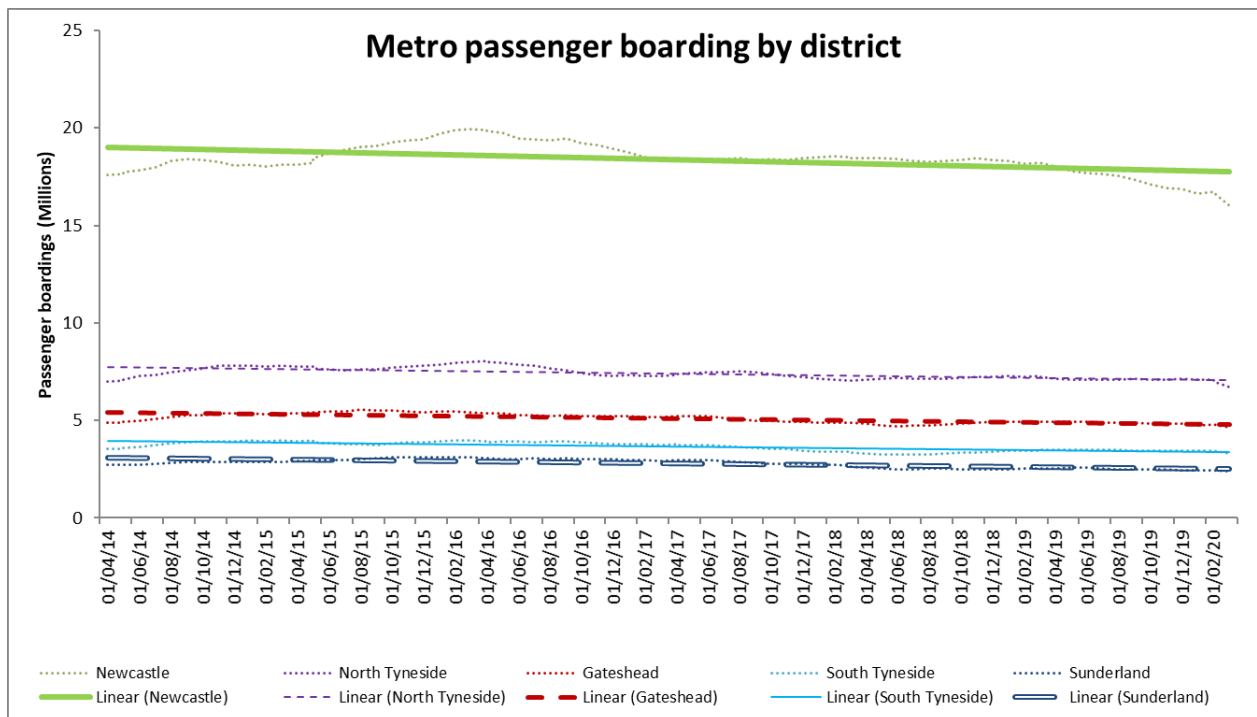


The table below provides a breakdown of the passenger numbers in more recent years with the change in 2019/20 compared to the previous year.

| Metro Patronage by Ticket Type (000s) | | | | | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Passenger Type (Boardings 000s) | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | Change Vol | Change % |
| Adult | 28,748 | 30,446 | 28,769 | 27,801 | 27,910 | 25,236 | -2,674 | -9.58% |
| Gold Card | 5,271 | 5,339 | 5,017 | 4,755 | 4,748 | 4,331 | -0,417 | -8.78% |
| Child | 2,722 | 2,922 | 2,726 | 2,546 | 2,339 | 2,124 | -0,215 | -9.17% |
| Fraud | 1,373 | 1,582 | 1,176 | 1,262 | 1,417 | 1,377 | -0,040 | -2.82% |
| Total | 38,114 | 40,290 | 37,688 | 36,364 | 36,414 | 33,069 | -3,345 | -9.19% |

b. Metro passenger boardings by local authority area

The chart below shows the long term trends for Metro boardings in each local authority area.



c. All Metro passenger boardings – Resident local authority area versus boarding local authority area

As Metro is a static system, unlike the more fluid bus network, data is more consistent which allows for better comparison of boardings within each local authority area. However, the same considerations are still relevant, in that those boarding in one local authority area could live elsewhere. The proportion of people boarding the Metro in the same area they live in is lower compared to bus, highlighting the cross-boundary nature of the system. For example, just under 60% of those who board in Gateshead live within Gateshead.

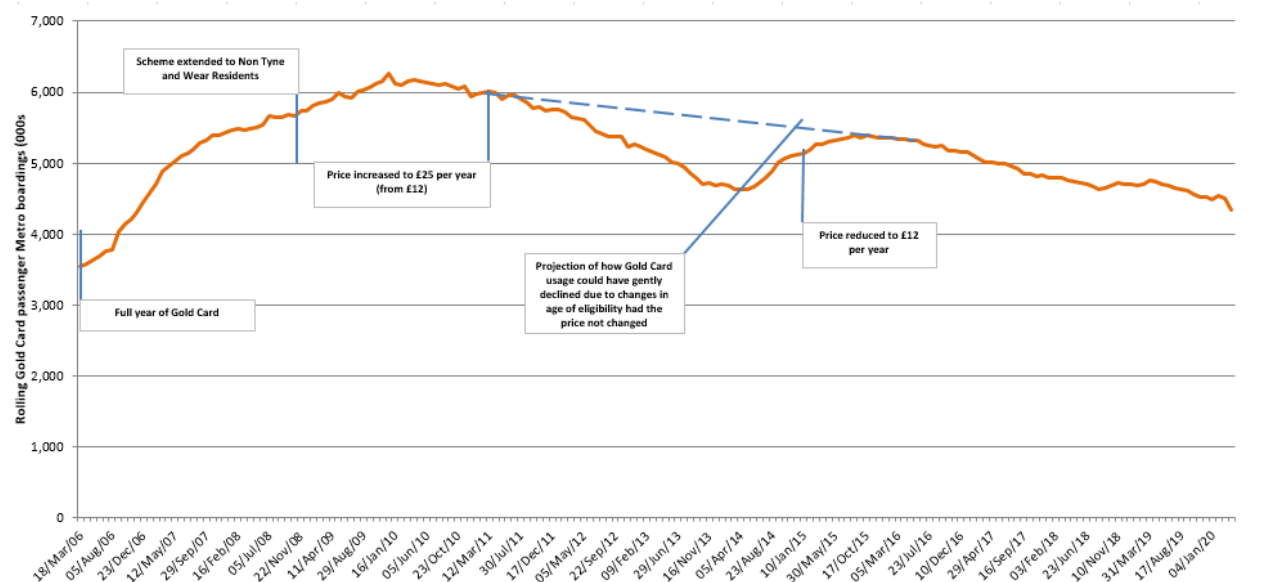
| | | Board in | | | | |
|---------|-------------|----------|-------|-------|-------|-------|
| | | GH | NC | NT | SL | ST |
| Live in | GH | 59.3% | 9.2% | 2.3% | 4.3% | 4.2% |
| | NC | 6.5% | 51.3% | 9.0% | 5.9% | 3.1% |
| | NT | 2.4% | 15.1% | 81.4% | 1.2% | 0.8% |
| | SL | 9.0% | 6.0% | 1.0% | 77.1% | 4.1% |
| | ST | 19.5% | 10.0% | 2.2% | 7.2% | 86.2% |
| | Outside T&W | 3.3% | 8.4% | 4.2% | 4.2% | 1.6% |
| | Check | 100% | 100% | 100% | 100% | 100% |

6) Gold Card Concessionary Travel on Metro

a. Overview of Metro Gold Card passenger boardings

The statutory English National Concessionary Travel Scheme does not include light rail, Ferry or heavy rail systems. However, in order to extend customer choice and provide parity with bus, Nexus provides the Gold Card, which allows subsidised travel on Metro for those with a valid ENCTS pass. ENCTS passengers could purchase a Metro Gold Card, which allows unlimited off peak travel, for £12.00 during 2019/20 (for Tyne and Wear residents) or £24 (for residents of Durham and Northumberland), the income from which assists with operating costs. As the fee for the Gold Card has changed historically, so has demand.

During 2019/20, Gold Card Concessionary pass holders made just over 4.3 million journeys on Metro in Tyne and Wear which represents a decrease of 8.8% on the previous year. As with Metro patronage more broadly, this decline can be explained by a number of factors including COVID-19 lockdown restrictions, industrial action, weekend line closures for renewal works and poor Metro reliability.



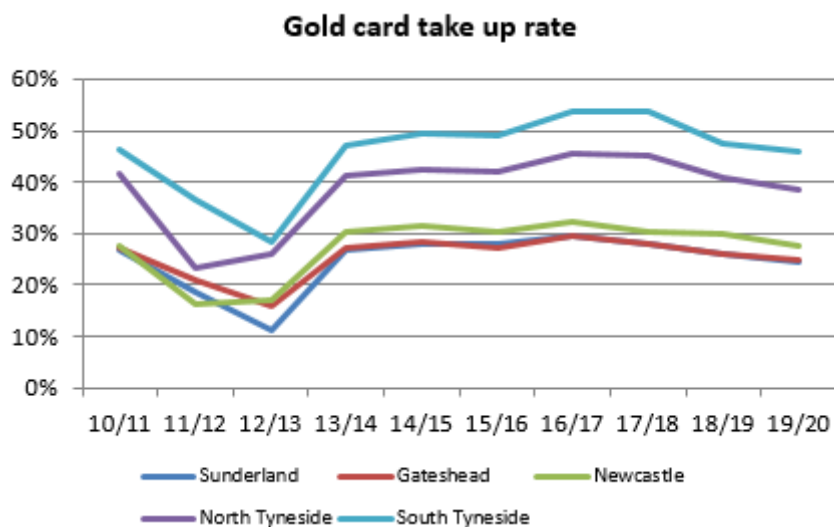
The eligible population has been in decline due to increases in the eligible age since 2010.

b. Metro Gold Card take up rate

In the 2016 public consultation on services Nexus provides, "Have Your Say", the provision of the Metro Gold Card was ranked as the top priority for eligible ENCTS pass holders, compared to other local voluntary concessions offered by Nexus.

The table below shows Gold Card sales by authority area along with demographics and pass take up compared to previous years. Sales have marginally decreased this year to 31.1% of eligible passengers for 32.8% the previous year.

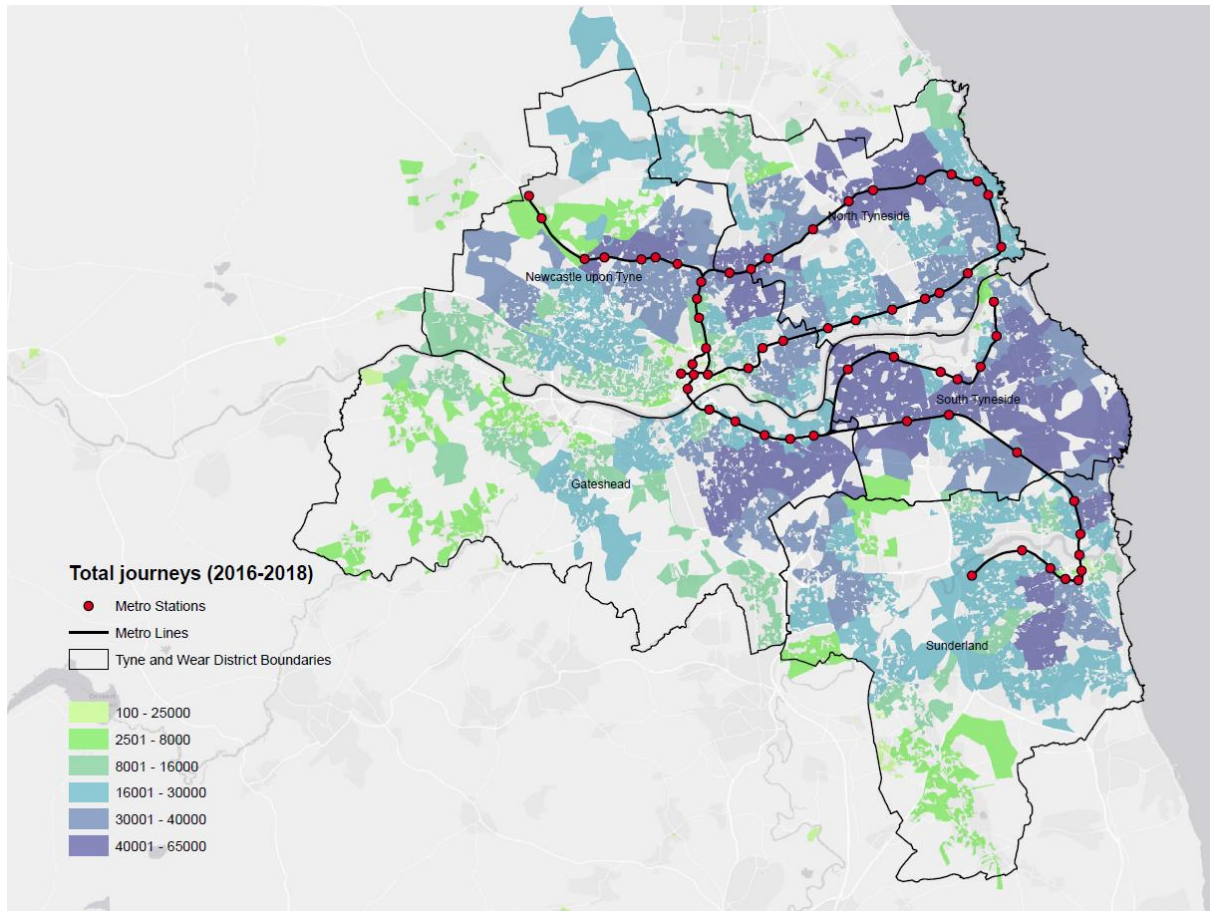
| Gold card holder district | | 10/11 | 11/12 | 12/13 | 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|---------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Sunderland | Card sales | 17,175 | 11,861 | 7,185 | 16,724 | 17,263 | 16,707 | 17,115 | 15,768 | 14,228 | 13,303 |
| | Take up (%) | 27% | 19% | 11% | 27% | 28% | 28% | 29% | 28% | 26% | 25% |
| Gateshead | Card sales | 12,610 | 9,435 | 7,462 | 12,409 | 12,809 | 11,895 | 12,518 | 11,504 | 10,385 | 9,715 |
| | Take up (%) | 27% | 21% | 16% | 27% | 28% | 27% | 29% | 28% | 26% | 25% |
| Newcastle | Card sales | 15,119 | 8,700 | 8,744 | 15,263 | 15,755 | 14,638 | 15,127 | 13,898 | 13,187 | 11,938 |
| | Take up (%) | 28% | 16% | 17% | 30% | 32% | 30% | 32% | 31% | 30% | 28% |
| North Tyneside | Card sales | 19,785 | 10,968 | 12,442 | 19,232 | 19,852 | 19,041 | 19,924 | 19,394 | 17,003 | 15,912 |
| | Take up (%) | 42% | 23% | 26% | 41% | 43% | 42% | 45% | 45% | 41% | 38% |
| South Tyneside | Card sales | 17,018 | 13,212 | 10,108 | 16,589 | 17,124 | 16,421 | 17,488 | 16,963 | 14,604 | 13,851 |
| | Take up (%) | 46% | 36% | 28% | 47% | 49% | 49% | 54% | 54% | 48% | 46% |
| Tyne & Wear | Card sales | 81,707 | 54,176 | 45,941 | 80,217 | 82,802 | 78,702 | 82,172 | 77,527 | 69,407 | 64,719 |
| | Take up (%) | 32.7% | 22.1% | 18.8% | 33.4% | 34.8% | 34.1% | 36.6% | 35.6% | 32.8% | 31.1% |



Gold Card continues to be advertised across all of Tyne and Wear, including key corridors and transport interchanges. Advertising has been employed in available local authority newsletters as well as in local press titles and Nexus are working in partnership with Age UK to allow Gold Card to become a recommended product.

The map below shows the Metro trips made using Gold card since the beginning of 2016, plotted by resident's home post code showing higher concentrated usage

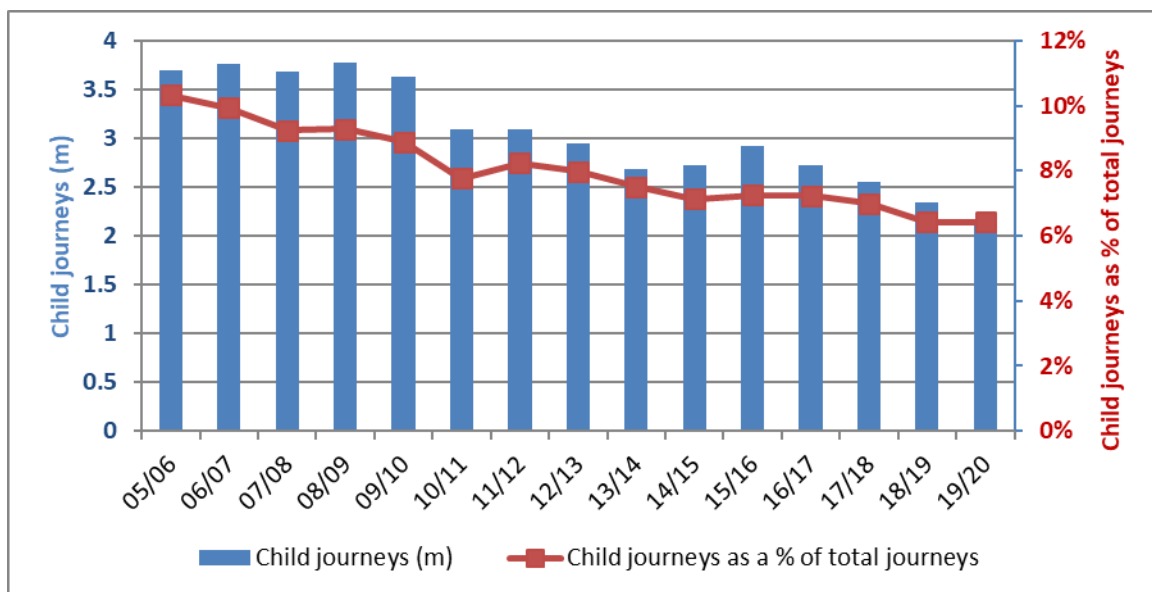
(darker purple) across the region closer to the Metro line (stations shown as red dots).



7) Under 16 (U16) Concessionary Travel on Metro

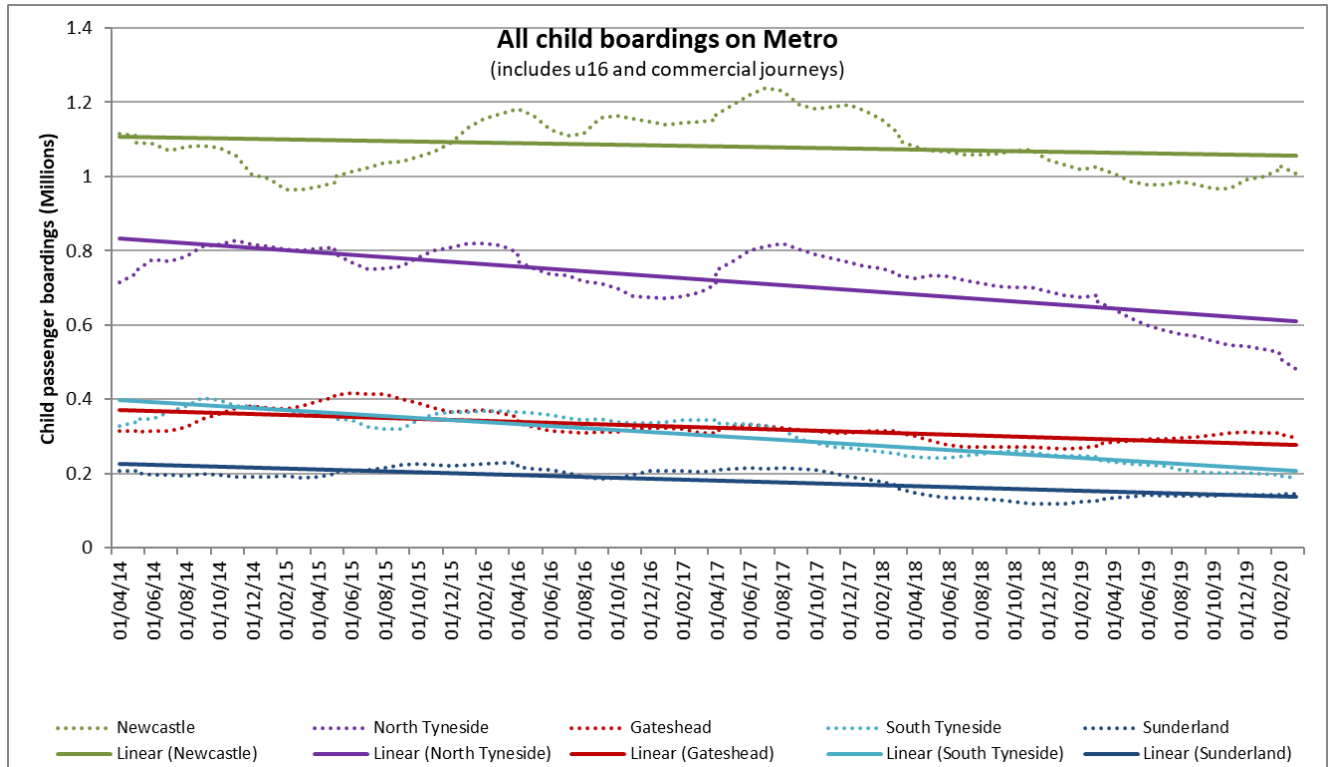
During 2019/20, there were just under 750,000 journeys made on Metro in Tyne and Wear using the child concessionary products. This equates to a 17.2% decrease compared to the previous year. As with the previous year, a higher number of child journeys (1.4 million) were made using the commercial Metro product, a 4.2% decrease on last year.

In 2005/06, child journeys made up 10% of all journeys, this year the child market on Metro has remained broadly consistent with the previous year at 6.4% of all journeys.



Although there has been a reduction of child journeys on Metro, we believe there has been a degree of migration to the bus network following the realignment and simplification of fares and ticketing in 2016/17.

The chart below illustrates that over the past four years, the trend in all Under 16 journeys made has been relatively consistent in each local authority area. The exception to this is in North Tyneside where boardings have dropped by 27% in 2019/20.



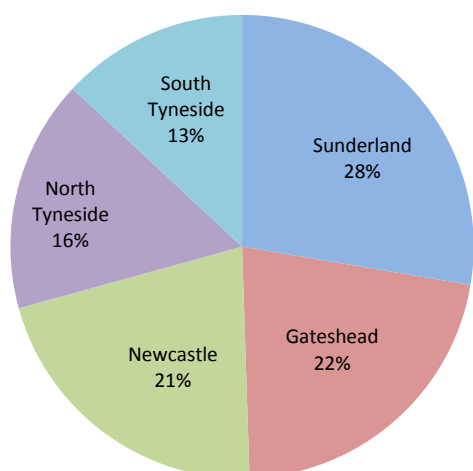
8) Bus Infrastructure

Nexus provides nearly 6,000 bus stops in Tyne & Wear. This includes 2,000 bus shelters in four of the local authorities, which it manages by arranging their cleaning and maintenance. Newcastle City Council have contracted out all of their bus shelters to an independent commercial contractor; in the other four local authorities, a number of bus shelters are provided through a contract where a commercial entity provides the infrastructure and in return generates advertising revenues to cover its costs.

Nexus also manages a number of bus stations and interchanges across Tyne and Wear. Since it is the actual bus stop that primarily determines the access point to this mode, the chart below provides a breakdown of bus stops across Tyne and Wear by local authority area. The table provides a breakdown of the active stops in 2019/20 and sets these in context by also showing the trend when compared to the previous year 2018/19.

Despite minimal change in these physical assets year on year, changes to bus services have impacted on how many bus stops are in use. This fluctuates as bus operators change routes in response to residential developments and changing working/social requirements.

| District | Active stops | VLY % | Stations | VLY % |
|------------------------|--------------|---------------|-----------|------------|
| Sunderland | 1,613 | ↓0.12% | 4 | 0% |
| Gateshead | 1,274 | ↓3.04% | 4 | -20% |
| Newcastle | 1,238 | ↓2.37% | 4 | 33% |
| North Tyneside | 947 | ↓1.25% | 4 | 0% |
| South Tyneside | 762 | ↓3.42% | 4 | 100% |
| Tyne & Wear | 5,834 | ↓1.87% | 20 | 11% |





In 2019/20 there has been minimal change in the number of bus stops in the region.










9) Information

Nexus also provides a wide range of public transport information in a variety of formats at bus stops, Bus and Metro stations, Travelshops, online and over the telephone.

a. Online

Nexus provides a Metro app that provides live travel alerts, which has been downloaded to 84,000 devices, as well as a number of social media profiles with a growing number of followers.

| Metro App downloads | |
|--|---------------|
| iOS  | 61,086 |
| Android  | 23,646 |
| Total | 84,732 |

| Social Media Followers | |
|---|----------------|
|   | 130,220 |
|   | 48,773 |
|   | 3,885 |
|   | 4,558 |
|  | 3,864 |
| Total | 191,300 |

Due to changes in data protection legislation it is no longer possible to report accurately on the number of website visits received by Nexus.

b. Bus stop timetables

Information provided at bus stops was ranked as the most important aspect of information provision across all respondent groups in the "Have Your Say" consultation.

The table below shows the number of new bus liners produced through the year by local authority area. Nexus will produce new liners if there are service or timetable changes at a stop during the year. With over 10,000 new liners replacing old ones in 2019/20, on average there were around 28 liners replaced per day.

| District | New Liners | % of liners | Last year | % of liners |
|------------------------|---------------|-------------|--------------|-------------|
| Sunderland | 2235 | 22% | 1,690 | 20% |
| Gateshead | 2347 | 23% | 1,501 | 18% |
| Newcastle | 1974 | 20% | 2,831 | 33% |
| North Tyneside | 2035 | 20% | 1,338 | 16% |
| South Tyneside | 1501 | 15% | 1,127 | 13% |
| Tyne & Wear | 10,092 | 100% | 8,487 | 100% |

c. Call Centre

The Nexus 'One Stop Shop' received 102,792 calls during 2019/20, down from around 120,000 calls the previous year. The bulk of this reduction in calls comes from a drop in abandoned calls which were down by 15,000 (55%) in comparison to 2018/19 which saw a spike in calls in Period 1 due to a high number people contacting the One Stop Shop to renew their ENTCS card.

10) Ferry

During 2019/20 there were just under 0.374 million journeys on the cross Tyne Ferry service, which represents a decrease of 62,069 on the previous year, a 14.2% decline.

| Passenger type | 2017/18 | 2018/19 | 2019/20 | Change Vol | Change % |
|----------------|----------------|----------------|----------------|-----------------|---------------|
| Adult | 307,163 | 317,145 | 274,679 | - 42,466 | -13.4% |
| Gold Card | 89,604 | 93,374 | 76,730 | - 16,644 | -17.8% |
| Child | 25,083 | 26,085 | 23,126 | - 2,959 | -11.3% |
| Total | 421,850 | 436,604 | 374,535 | - 62,069 | -14.2% |

Patronage fell considerably this year, this was contributed to by the North Shields ferry landing being closed for urgent repairs in November 2019, a larger than number of cancellations due to poor weather as well as significant drop in patronage in March 2020 as a result of COVID-19 restrictions.

While this service provides a key cross Tyne link between South Tyneside and North Tyneside which is reflected in the figures below, the benefit of this service also spreads to other local authority areas of Tyne & Wear and beyond. The table below shows the percentage split of Ferry users by home local authority area based on Nexus 2019/20 Ferry User Profile research, acquired during routine customer interviews on the ferry.

| District | % Total |
|------------------------|-------------|
| North Tyneside | 37.6% |
| South Tyneside | 45.4% |
| Newcastle | 4.0% |
| Gateshead | 1.3% |
| Sunderland | 4.8% |
| Other | 6.9% |
| Tyne & Wear | 100% |

11) Rail Services

During 2019/20 there were over 1.1 million journeys on local Rail services in Tyne and Wear. This figure only includes journeys on Northern Rail services travelling on the Newcastle to Sunderland or Newcastle to Blaydon lines. The table below provides a breakdown of the figures relevant to the Rail market across Tyne and Wear in 2019/20 and sets these in context by also showing the trend when compared to the previous year.

| Rail: Tyne & Wear by District 2019/20 | | | | | | |
|---------------------------------------|------------|---|------|----------|---------------|------|
| District | Pax (000s) | | VLV | Stations | Track (miles) | VLV |
| Sunderland | 73 | ↓ | -16% | 1 | 6 | ⇒ 0% |
| Gateshead | 220 | ↑ | 19% | 4 | 10 | ⇒ 0% |
| Newcastle | 809 | ↓ | -3% | 1 | 1 | ⇒ 0% |
| North Tyneside | - | - | - | - | - | - |
| South Tyneside* | - | - | - | - | 5 | ⇒ 0% |
| Tyne & Wear | 1,103 | ↓ | 0% | 6 | 21 | ⇒ 0% |

* NOTE: 5 miles of track on the Sunderland and Newcastle line is actually in South Tyneside

The Office for Rail Regulation record the number of entries/exits at all stations across the country. The latest data is for 2017/18. Outside of London, Newcastle is the 21st busiest station. It accounts for just over 40% of all passenger movements in the region (up from 39%).

Passenger movements (entries & exits) at the stations within Tyne and Wear are shown below;

| Station | Passengers 2017/18 | Passengers 2018/19 | North East Rank (of 55 stations) | UK rank (of 2,563 stations) |
|-------------|--------------------|--------------------|----------------------------------|-----------------------------|
| Newcastle | 8,756,828 | 8,913,554 | 1 | 52 |
| Sunderland | 447,702 | 441,554 | 9 | 965 |
| MetroCentre | 335,088 | 301,738 | 13 | 1,181 |
| Heworth | 21,064 | 22,588 | 44 | 2,193 |
| Blaydon | 14,116 | 21,428 | 45 | 2,210 |
| Dunston | 12,966 | 16,488 | 46 | 2,255 |
| Manors | 9,068 | 12,980 | 48 | 2,288 |

12) TaxiCard Services

TaxiCard is a social inclusion transport initiative which is provided for disabled people who have difficulty in accessing mainstream public transport services. At the end of 2019/20 the had declined to 2608 members with the majority of lost memberships coming from Gateshead.

| Taxicards Active Membership 2019-20 | | | | |
|-------------------------------------|---------------------|-------------|---------------------|-------------|
| District | 2018/19 Memberships | % Share | 2019/20 Memberships | % Share |
| Newcastle | 104 | 4% | 98 | 4% |
| Gateshead | 873 | 30% | 702 | 27% |
| North Tyneside | 156 | 5% | 70 | 3% |
| South Tyneside | 126 | 4% | 118 | 5% |
| Sunderland | 1618 | 56% | 1620 | 62% |
| Tyne and Wear | 2877 | 100% | 2608 | 100% |

| Local Authorities | Journeys 2019/20 | % Share 2019/20 | Trips per member 2019/20 |
|----------------------|------------------|-----------------|--------------------------|
| Newcastle | 1870 | 2% | 19 |
| Gateshead | 23342 | 25% | 33 |
| North Tyneside | 491 | 1% | 7 |
| South Tyneside | 2841 | 3% | 24 |
| Sunderland | 66312 | 70% | 41 |
| Tyne and Wear | 94856 | 100% | 25 |

Membership remains low in Newcastle, North Tyneside and South Tyneside in comparison to Gateshead and Sunderland. When the scheme was last put out to tender the contract for Gateshead, Newcastle and North Tyneside was grouped together to generate more interest however only one tender was received which from a company based in Gateshead. As a result, the availability of taxis in areas like North Tyneside is limited which may explain lower levels of demand in the authority.

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

Date: 5 November 2020

Subject: Nexus Corporate Risk Update – September 2020

Report of: Chief Operating Officer

Executive Summary

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

A detailed explanation of the risks for 2020/21 is provided in the appendix including the current Red/Amber/Green (RAG) status and the direction of travel, where applicable. Each risk has a detailed explanation of the nature of the risk, together with controls, milestone/next steps.

Following review in September there has been no change to any of the risk ratings. The **Public transport network improvements** risk has now been transferred to Transport North East.

Recommendations

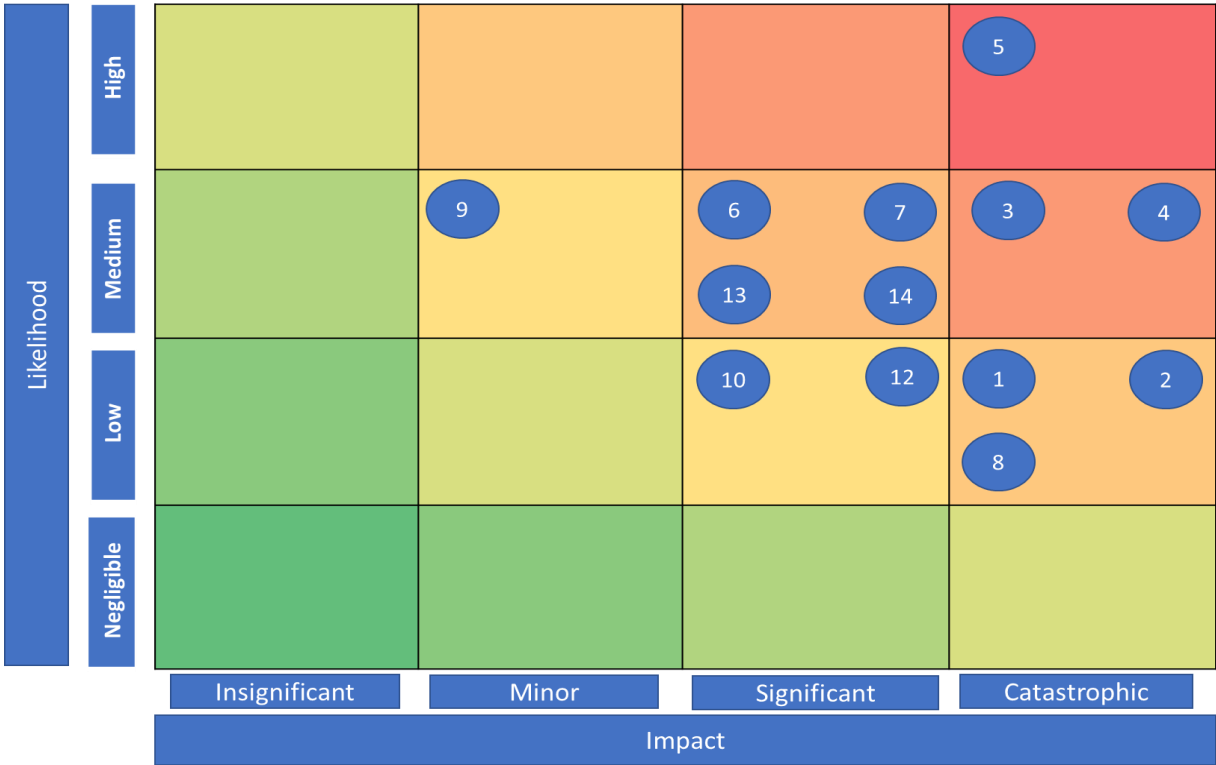
The North East Joint Transport Committee, Tyne and Wear Sub-Committee is recommended to receive and note this update on Nexus' Corporate Risk Register for 2020/21 and note the ongoing impact of COVID-19 on Nexus' business.

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 September 2020. The Sub-Committee receives an update on Nexus' Corporate Risks at each of its meetings.

2. Proposals

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



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

| | Risk | Summary of Changes | RAG status |
|---|---|---|---------------|
| 1 | Catastrophic security event | Change of risk owner to Chief Operating Officer | ↔ (stable) |
| 2 | Catastrophic Infrastructure or operations event | Change of risk owner to Chief Operating Officer Amended to focus on Infrastructure and operations events rather than COVID-19. | ↔ (stable) |
| 3 | Metro Performance | New next steps added relating to the introduction of a winter timetable, asset improvement plans and 'asset at a glance' drawings. | ↔ (stable) |
| 4 | Long Term funding for Metro | No change from previous review. | ↔ (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) | Updated to include approval of programme of project development. | ↔ (stable) |
| 8 | Cybersecurity | No change from previous review. | ↔ (stable) |
| 9 | Deliver technological improvements, which will benefit our customers are | No change from previous review. | ↔ (stable) |

| | | | |
|----|--|--|---------------|
| | encourage wider use of public transport. | | |
| 10 | Public transport Network improvements | Updated to reflect the current position on funding bids and the development of a programme for the Regional Transport Plan of Nexus Capital and Revenue schemes. | ↔ (stable) |
| 11 | Metro and Local Rail Strategy | Risk transferred to Transport North East. | Transferred |
| 12 | Aspirations for Heavy rail initiatives | No change from previous review. | ↔ (stable) |
| 13 | Delivery of Metro Flow | Minor amendments to schedule of project. | ↔ (stable) |
| 14 | Local Rail Devolution | Update on next steps following announcement of 'recovery' contracts for train operators. | ↔ (stable) |

2.3 Nexus will provide the Sub-Committee with an update on the position of the Corporate Risks at each of its meetings throughout 2020/21.

3. Reasons for the Proposals

3.1 Risk management is an important aspect of overall performance management, and reporting on Nexus' Corporate Risks complements the high-level summary of Nexus' performance also presented to each scheduled meeting. Together these reports support the Sub-Committee in meeting its delegation under the JTC's Standing Orders (Part 4.1 refers) to monitor and oversee the performance of Nexus.

4. Alternative Options Available

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

5. Next Steps and Timetable for Implementation

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

6. Potential Impact on Objectives

6.1 Nexus' CRR will not impact directly on the objectives of the Authority's policies and

priorities however, Nexus' approach to risk management will support delivery of aims and ambitions by acknowledging the biggest threats and putting plans in place to manage and mitigate them.

7. Financial and Other Resources Implications

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

8. Legal Implications

8.1 There are no direct legal considerations arising from this risk monitoring update report

9. Key Risks

9.1 The report identifies what are considered to be the key corporate risks to the achievement of Nexus' Corporate Plan for 2020/21.

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

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

13. Other Impact of the Proposals

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

14. Appendices

14.1 Appendix 1 details each of Nexus' 14 risks for 2020/21.
Appendix 2 Details the controlled and uncontrolled risk scores each risk
Appendix 3 shows the risk matrix applied by Nexus

15. Background Papers

15.1 None

16. Contact Officers

16.1 Name: Martin Kearney

Designation: Chief Operating Officer
E-mail Martin.Kearney@nexus.org.uk
Tel: 0191 203 3500

17. Sign off

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

18. Glossary

18.1 CRR – Corporate Risk Register

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

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

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

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

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

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

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

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

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

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

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

Appendix 1

| | | |
|--|--|---|
| <p>CP Theme: Deliver public transport today</p> <p>CP Workstream: Improve our customers journey experience</p> | | |
| <p>Risk Area: Catastrophic security related event</p> <p>Risk Owners: Chief Operating Officer</p> <p>Risk Actionees: Head of Health, Safety, Quality & Environment.</p> | <p>RAG Status (Amber)</p> <p>8(2x4)</p> | <p>Direction of Travel</p> <p>↔ (stable)</p> |
| <p>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.</p> | | |
| <p>Impact/Consequence(s):</p> <p>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.</p> | | |
| <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. • 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.

| | | |
|--|--|---|
| <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: Chief Operating Officer</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>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 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. Continuously monitoring & controlling the precursors of these events with 4-weekly safety reporting to Nexus’ Senior Leadership Team and a weekly SLT briefing. Produce and implement an annual safety plan for approval by Nexus Executive Board. 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:

- Continue to deliver on the actions outlined in the 2020/21 Safety Plan.
- Consulting on single-line Life Saving Rules.
- Developing a programme to reduce planned work using unassisted Lookout protection.

CP Theme: **Deliver public transport today**

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

Risk Area: **Metro performance**

Risk Owners: **Chief Operating Officer**

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

**RAG Status
(Red)**

**Direction of
Travel**

12(3x4)

↔
(Stable)

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

Impact/Consequence(s):

If Metro's operational performance were to decline for an extended period, with a fall in punctuality and reliability, this could have an adverse impact on customer satisfaction and ridership.

Control(s):

- 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 such as punctuality, excess headway minutes and asset reliability.
- Ensuring appropriate levels of communication and support between Nexus Rail, Metro services and Stadler.
- Implement better performance management processes such as "right time" departure monitoring.
- Delivery of the Metro Asset Renewals Programme, and prepare for the delivery of the Essential Renewals programme from 2021-22.
- Development of a performance awareness and improvement workstream to heighten awareness across the organisation and promote improvement.
- Implement plans to ensure resilience of digital assets associated with the operation of Metro.
- Working closer with the new Network Rail North Eastern structure to address performance issues from Pelaw to South Hylton.
- OLE Renewal Programme has been reprioritised for efficacy of delivery.
- Funding has been agreed to support essential renewals beyond March 2021 and work to secure further funding is ongoing.
- Increased levels of driver training will commence in September allowing for 90 new drivers to be trained each year if required.
- Implement plans to regain patronage outlined in Nexus Recovery Plan.

Key Milestones/Next Steps:

- Introduce new winter timetable in November 2020 to reduce impact of Train Crew shortages.
- Implement comprehensive communications plan with staff, stakeholders and staff
- Principal Engineers and Engineering Managers to work to establish improvement plans for key assets such as lifts and escalators and signal track circuits by December 2020
- Produce and update a drawing showing “Assets at a Glance” which identify specific problem areas and single points of failure. December 2020.
- 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.
- 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 to allow greater flexibility of Train Crew resource.

| | | |
|---|---------------------|------------------------|
| 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 26 October 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 26 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 26 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 | | |
| 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 | 9 (3x3) | ↔ (stable) |
| Risk Actionee: Metro Development Director | | |
| 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. | | |
| 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): <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • 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: **Major Projects Director, Head of Programme Assurance**

**RAG Status
(Amber)**

**Direction
of Travel**

9 (3x3)

↔
(stable)

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

Impact/Consequence(s):

The funding agreement with DfT 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 Asset Renewal Programme (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 certainly and develop options to enable Nexus to respond effectively to any additional funding – either in 2021/22 or subsequent years. A revised programme including project development was approved in August and actions are being progressed to ensure delivery by March 21.

| | | |
|--|---------------------------|----------------------------|
| 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. | | |
| <p>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.</p> | | |
| <p>Control(s):</p> <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 Risk Owner: Chief Operating Officer Risk Actionee: Head of Corporate Planning | RAG Status (Green) | Direction of Travel |
| | 6(2x3) | ↔ (stable) |
| Risk: That opportunities to secure additional funding for public transport improvements through competitive funding bids are not successful | | |
| <p>Impact/Consequence(s):</p> <p>Nexus will rely external funding opportunities to implement enhancements to the public transport infrastructure that it is responsible for. Without this funding existing resources will at best only be able to maintain assets to their current condition and in some cases assets will deteriorate due to lack of funding. This will impact on customer perceptions as public transport will not meet expectations leading to reduced patronage and revenue.</p> | | |
| <p>Control(s):</p> <ul style="list-style-type: none"> • 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. • Develop a prioritisation process for the 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 Transport Strategy Unit to provide project updates and ensure that schemes are developed in line with wider regional objectives. • Regular liaison with other external stakeholders to ensure alignment with other projects and local objectives. <p>Match funding has been identified for live bidding opportunities</p> | | |

Next Steps/Key Milestones:

- Develop full business cases for Transforming Cities Fund Scheme, in line with scheme development
- Develop full business cases for Ferry landing relocation and secure match funding. Full business case submitted to NELEP 30th September, awaiting feedback. EOI for match funding under development for November 2020
- Secure development funding and resources to develop the Nexus capital programme to stagegate 3 / outline business case. Prioritisation process to be completed Oct/Nov.
- Develop strategic outline business cases for Metro extensions in line with the programme being developed by TSU.
- Development commenced on a package of cycling parking schemes at Metro stations in anticipation of the launch of the £2bn cycling and walking fund

| | | |
|--|----------------------------------|-----------------------------------|
| <p>CP Theme: 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>Direction of Travel</p> |
| | <p>Transferred</p> | <p>Transferred</p> |
| <p>Risk: Expansion of the Metro and local rail services does not progress.</p> | | |
| <p>Transport North East is taking the lead on the development of network extensions for Metro and Local Rail on behalf of the region. Nexus will continue to provide technical support and advice as appropriate and the TNE will report project progress to the JTC.</p> <p>As a result of these changes this risk is now transferred to Transport North East and will no longer be reported on by Nexus.</p> | | |

| | | |
|---|--|---|
| <p>CP Theme: 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 | | |

| | | |
|--|---------------------------|---|
| 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 – April 22 – Mar 23 (Blockade Sept – Dec 2022) • Uplifted service commences December 2024 to align with the fleet programme | | |

CP Theme: **Prepare for the future**
 CP Key Priority: **Establish effective management structures to improve local rail services**

| | | |
|---|---------------------------|---|
| Risk Area: Local Rail Devolution Risk Owner: Chief Operating Officer Risk Actionee: Head of Heavy Rail | RAG Status (Amber) | Direction of Travel |
| | 9(3x3) |  (stable) |

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

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

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

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

Appendix 2

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

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

Appendix 3: Risk Score Matrix

Assess the impact if the risk occurred:

Impact:

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

Assess the likelihood of the risk occurring:

Likelihood:

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

Assess the impact should the risk occur e.g.

| | On objectives: | On service delivery: | On finances: | On reputation: |
|---------------|--|--|---|--|
| Critical | <ul style="list-style-type: none"> 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 | |

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

Date: 5 November 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;
2. The operation of the Tyne Pedestrian and Cyclist Tunnels (TPCT); and
3. The costs of the Tyne Pedestrian and Cyclist Tunnels refurbishment and operation.

The report identifies that traffic is still below normal levels due to Covid-19 measures. The report also provides an update on the usage and operation of the Pedestrian and Cyclist tunnels and an update on costs since reopening in August 2019.

Recommendations

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

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

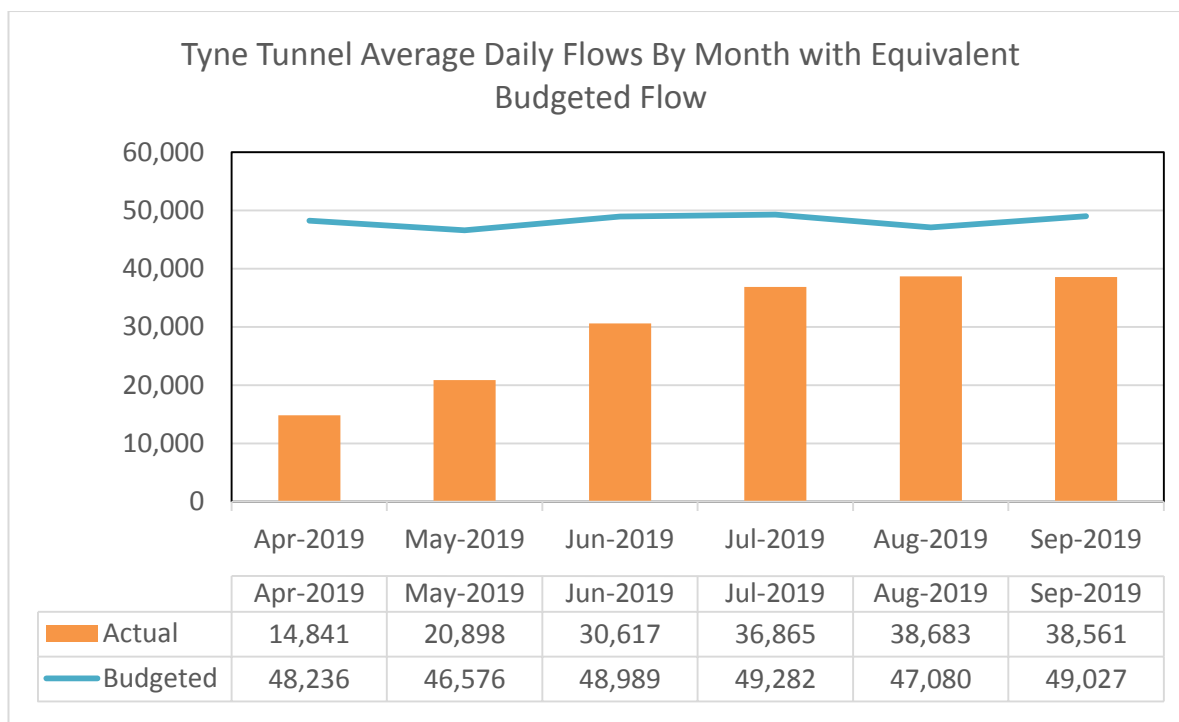
1. Background Information

- 1.1 The Tyne Tunnels are jointly owned by the North East Combined Authority (NECA) and the North of Tyne Combined Authority (NTCA). They comprise two vehicle tunnels (one northbound and one southbound) and the pedestrian and cyclist tunnels. The Tyne Tunnels receive no government or local funding and costs are met from the tolls charged to users of the vehicle tunnels.
- 1.2 TT2 Ltd as Concessionaire is responsible for the day-to-day management and operation of the Tunnels in accordance with the Project Agreement which is in place from 2007 to 2037. This is monitored by the Tyne Tunnels Manager on behalf of NECA (as accountable body for the Joint Transport Committee (JTC)).

2. Traffic Tunnels Update

Traffic Flows

- 2.1 Traffic flows through the Tyne Tunnels are reviewed daily by TT2 and Transport North East. The normal level of traffic pre-Covid was approx. 55,000 vehicles per day. As a result of Covid-19 lockdown measures, traffic levels dropped drastically during March and April 2020 to approximately 17,000 vehicles per day which is 30% of normal levels. This is the lowest level of traffic seen during the life of the TT2 contract.
- 2.2 During the summer months traffic was gradually increasing and by the end of August was up to 85% of normal levels. The return of schools, universities and many businesses saw traffic pick up further at the start of September, however the local Covid-19 restrictions put in place from mid-September saw levels drop off again. Weekend traffic especially has dropped over the last few weeks as people have cut back on leisure and social visits at weekends under the current restrictions. Traffic is currently at 74% of normal levels.



2.3 TT2 is therefore suffering a continuing shortfall in revenue which seems likely to be ongoing through into 2021. Following the March lockdown, forecasts for traffic over the rest of 2020 were produced. These forecasts have proved correct in terms of an increase in traffic over the summer, but it was forecast that by October/November traffic would be back to 95% of normal levels. This now seems unlikely as traffic is currently 74% of normal levels and is likely to continue at this level for November and December. Further revisions of forecasts and projections for the rest of the financial year will continue to take place.

Tyne Pass Scheme update

2.4 At the last meeting on 5th September, members approved the implementation of the Tyne Pass Scheme for barrierless charging which is due to be put in place at the end of 2021. This scheme will bring benefits to the region in terms of reduced carbon emissions and the creation of new local jobs.

The scheme is now progressing and TT2 are procuring services relating to the design and operation of the scheme. Officers are paying particular interest to the signage design, in order to ensure that the signage is clear and informative for drivers to understand the new processes for payment of the toll in a barrierless, free-flow system.

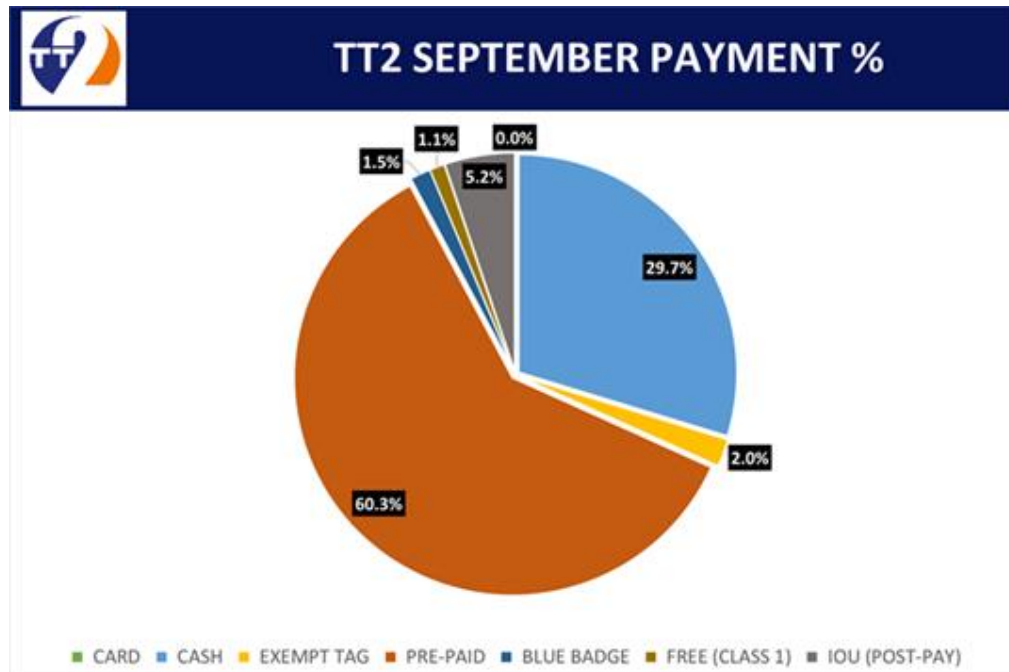
Methods of payment of tolls

2.5 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 their journey or use the Pay-Later system to pay after their journey.

The preferred method of payment for users is Pre-Pay as it not only provides a 10% discount for users, but also speeds up the journey time through the toll plazas. The number of pre-payment transactions is running at 60.3% for September which is an

increase from the July level of 56.4%.

Graph 2.5 Payment profile of Tunnels users



2.6 Post-pay users now make up 5.2% 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.

Toll Increase

2.7 A toll increase of 10p for Class 2 vehicles (cars) will take place in May 2021 if members approve the increase. This proposed increase will be brought to this committee for decision in January 2021. In terms of the formal process for the increase in Tolls, if the level of RPI has reached the point at which an increase is possible, a decision to increase tolls needs to be taken by the Tyne and Wear Sub Committee.

2.8 Taking into account the latest published RPI data (September 2020) an increase in the tolls for Class 2 vehicles will be triggered in 2021/22, but no changes will be necessary for Class 3 vehicles. Using provisions of the 2011 Order, a year on year increase of £0.10 (5.6%) is required for Class 2 vehicles. The toll for Class 2 vehicles was last increased in April 2019.

2.9 If a decision to increase the tolls is taken, officers from NECA as the Accountable Body for the JTC will follow the process set out in the Tyne Tunnels Order 2005 to implement the decision of the committee. This will involve advertising the proposed

increase in at least one local newspaper and notifying the Department for Transport. Once notified, the Department has 21 days to determine whether to take the order and, if so, the order will be made 28 days before it comes into effect.

Carbon Neutral Status for TT2

2.10 Throughout 2020 TT2 Ltd have been working with the Carbon Trust to move towards achieving Carbon Neutral status. The aim was to become an industry leader with the backing of a recognised third-party expert. TT2’s objective was to ensure that their Carbon Neutral status was certified according to PAS2060. This standard has been developed by the British Standards Institute (BSI) to help businesses to demonstrate carbon neutrality according to an international standard.



2.11 The verification of TT2’s carbon footprint for the July/August 2020 reporting period was completed on the 17/09/2020. The Carbon Trust completed the full verification of all TT2’s documents and confirmed that TT2 had successfully achieved carbon neutral status.

Tyne Pedestrian and Cyclist Tunnels Update

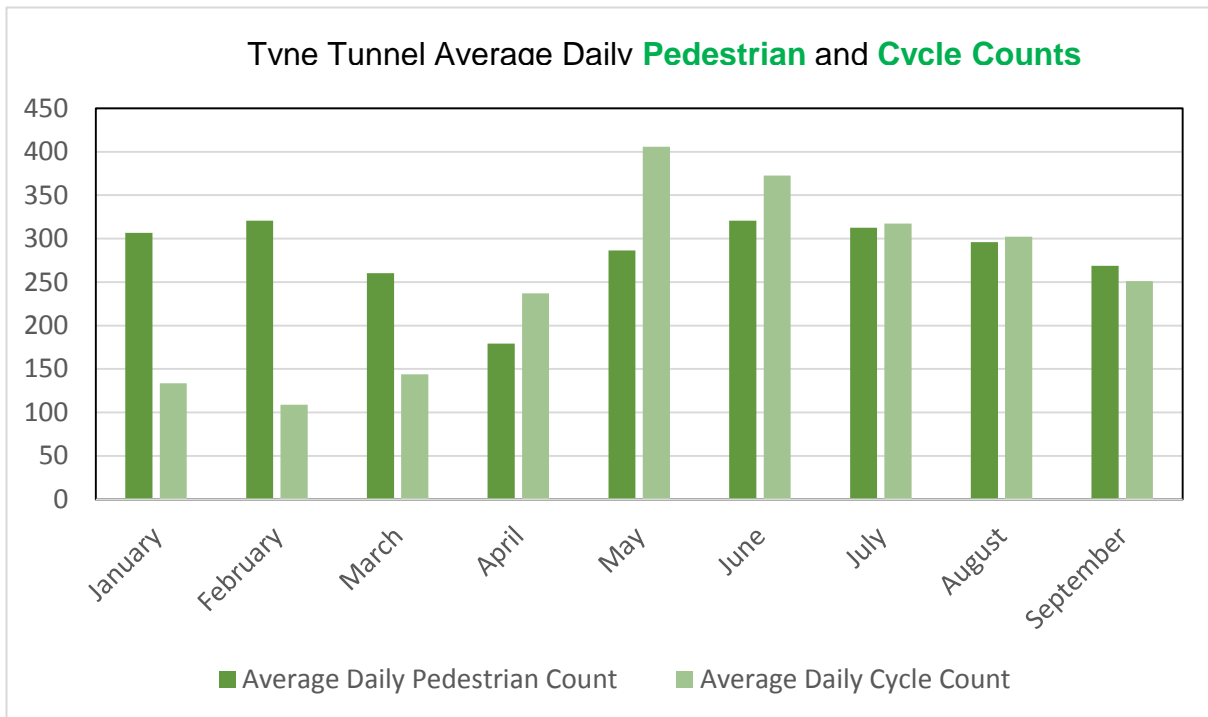
2.12 The Tyne Pedestrian and Cyclist Tunnels reopened for public use in August 2019 after being closed for six years for refurbishment. They have remained open to the public since then at no charge to users.

To access the tunnels pedestrians and cyclists can use the vertical lift at both ends. 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.

2.13 The tunnels were closed for 1 week in late October due to failure of the vertical lift.

The lift engineers required a part which could not be sourced immediately therefore the tunnels were closed until the part could be obtained and the lift repaired. During the period of closure, a replacement minibus with bike trailer was in operation between Jarrow and Howdon to allow users to cross the Tyne.

- 2.14 The tunnels usage has remained steady throughout August and September, dropping slightly in autumn as expected when the weather becomes colder. Overall use of the tunnels has increased this year and approximately 500 people per day are currently using the facility.



- 2.15 Social distancing measures at the Pedestrian and Cycle Tunnels continue to be in place and are monitored via CCTV by the 24 hour security presence on-site. There are also signs in place and website information to inform users of the measures in place.

Update on Tyne Pedestrian and Cyclist Tunnels costs

- 2.16 At a meeting in September 2019, members were given full details of the cost to date of the refurbishment of the Pedestrian and Cyclist tunnels. This was at the stage when the Tunnels were re-opened to the public. The report from the September 2019 meeting is attached to this report. Costs at that stage for the 6 year refurbishment project totalled £16.2 million.
- 2.17 Whilst this total was more than originally envisaged when the refurbishment project began, there were a number of reasons for the project cost. Due to the listed building status of the tunnels and the discovery of extensive asbestos, the re-design and refurbishment were not straightforward and required specialist contractors and specialist works. There were also unexpected issues with building and electrical contractors going into administration which caused delay and additional cost. The details of the lengthy refurbishment have been explained previously to this

committee by Newcastle Council project officers.

- 2.18 The Tunnels refurbishment has continued over the last 14 months with the facility being open to the public at the same time. Refurbishment costs up to 31st August 2020 total £16,989,390. Operational costs since the tunnel has been open to the public, including on-site security, maintenance contracts, cleaning and utilities total £433,140. Detailed cost breakdown will be presented to Audit Committee in December 2020.
- 2.19 In terms of the refurbishment works, the completion and certification of the inclined lifts is now the only outstanding work required to complete the full refurbishment. Once this is completed the Tunnels will be handed over from the Newcastle Council project 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.
- 2.20 The completion of the inclined lifts has been delayed throughout 2020 due to Covid-19 travel restrictions. The Italian lift engineers (Maspero) were last on site in January 2020 and were due to return in February 2020, however their visit was cancelled due to the position in Italy at that time, when Covid-19 cases were rising rapidly. Since then travel restrictions in place have not allowed the specialist staff to travel to the UK.
- 2.21 Whilst officers are frustrated at the lack of progress in 2020 and have put pressure on the contractor to return to site, it is difficult to force them back to site with the quarantine restrictions in place and the workers concerns regarding a 10 week stay in the UK, given the rising levels of Covid-19. It is estimated that there are 10 weeks of outstanding works, testing and certification to complete the lifts and put them into operation. All options are being considered, given the delays suffered to these works and the desire to bring the inclined lifts and the tunnels into full and complete operation.
- 2.22 The forecast of outturn for 2020/21 indicates that capital expenditure on the tunnels, principally the Pedestrian and Cycle Tunnels, is expected to be £800,000 due to the refurbishment project continuing for longer than expected. Costs are being incurred in respect of 24/7 on-site security, maintenance contracts, cleaning and utilities whilst the project remains incomplete and the outturn includes circa £350,000 of costs to finalise lift works.

3. Reasons for the Proposals

Not applicable.

4 Alternative Options Available

Not applicable.

5. Next Steps and Timetable for Implementation

- 5.1 Officers are pursuing all options as stated above to enable the Tyne Pedestrian and Cyclist Tunnels inclined lifts to be brought into operation.

6. Potential Impact on Objectives

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

The attainment of carbon neutral status by TT2, a key JTC contractor, is in line with objectives on carbon reduction.,

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.

The financial implications of a toll increase for Class 2 vehicles will be considered in the January 2021 report for a decision.

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

8. Legal Implications

There are no legal implications arising directly from this report.

9. Key Risks

There are no key risks associated with this report.

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

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

13. Other Impact of the Proposals

Not applicable.

14. Appendices

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
Report dated 5 September 2020 – Tyne Tunnel Update

16. Contact Officers

- 16.1 John Hewitt, Chief Finance Officer, john.hewitt@durham.gov.uk, Tel:0300026194
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Fiona Bootle, Tyne Tunnels Manager, Fiona.bootle@transportnortheast.gov.uk.

17. Sign off

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

18. Glossary

- 18.1 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: 5 November 2020

Subject: Budget Update 2020/21 and Initial Budget Proposals 2021/22

Report of: Chief Finance Officer

Executive Summary

This report provides members of the Tyne and Wear Sub-Committee (TWSC) with an updated forecast of outturn against the 2020/21 budgets agreed in January 2020 and the key issues in relation to Tyne and Wear impacting on next year's budgets, which will be considered by the Joint Transport Committee (JTC) on 17 November 2020.

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

As members will be aware, the COVID-19 pandemic has had a significant and continuing impact on transport activity, with decreases in income on Metro and the Tyne Tunnels in particular being experienced.

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

The impact of COVID-19 is profound. On 20 October 2020, the Joint Transport Committee considered a report providing an update in relation to Nexus financial performance, based on the position as at September 2020 together with forecasts to the year end to inform budget planning for 2021/22. At that time the continuation of the LRRRG was uncertain, however, the LRRRG has subsequently been extended to 18 January 2021 and discussions with DfT would indicate that it is probable that this support will be extended again to 31 March 2021 given the expected continuing impacts into the New Year.

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

In terms of the Tyne Tunnels, traffic reduced significantly in the period from mid-March onwards but steadily increased following the national lockdown ending, though not back to pre-Covid levels and has dropped back down to 74% since the recent local lockdown measures were put in place. The structure of the project agreement means that the net position on the JTC Tyne Tunnels Account is forecast to be in line with the budget due to reduced toll income being offset by reduced contract payments to TT2 Ltd

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

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

Nexus is still anticipating significant budget pressures over the medium term, with budget pressures only exacerbated by the Covid-19 pandemic in the current year. In terms of medium-term financial planning, Nexus will need to factor a levy freeze into its planning assumptions for 2021/22 and over the medium term.

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

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

Recommendations

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

- i. Note the updated forecast of outturn against the 2020/21 budgets agreed in January 2020;
- ii. Note the initial budget proposals for next year and issues that will require consideration in finalising the 2021/22 transport budgets, specifically:
 - a) To consider an increase in tolls for Class 2 vehicles from £1.80 to £1.90 to take effect from May 2021;

- b) To consider and agree the continuation of the 10% discount for permit holders;
- c) Agree that recommendations are brought back to the North East Joint Transport Committee, Tyne and Wear Sub-Committee in January 2021 in relation to the tolls on the Tyne Tunnels.

1. Background Information

- 1.1 The North East Joint Transport Committee receives funding from a variety of sources including the levies on Durham, Northumberland and Tyne and Wear councils. Funding is also received from Tyne Tunnels tolls income, grant funding and interest earned on its reserves and balances. This funding is used to deliver the transport objectives of the Committee through the relevant bodies and as set out in this report.
- 1.2 In line with the Transport Levying Bodies Regulations 1992, the transport levies must be issued by 15 February preceding the commencement of the financial year in respect of which they are to be issued.
- 1.3 This report considers the levies and other budgets relating to the North East Joint Transport Committee, Tyne and Wear Sub-Committee. It provides members of the Tyne and Wear Sub-Committee (TWSC) with an updated forecast of outturn against the 2020/21 budgets agreed by the JTC in January 2020 and the key issues in relation to Tyne and Wear impacting on next year's budgets, which will be considered by the Joint Transport Committee (JTC) on 17 November 2020 and sets out initial proposals for these budgets.
- 1.4 The proposals in this report will be further developed and consulted upon in the coming months and build on the Tyne and Wear Levy and Nexus Medium Term Financial Strategy report to the JTC on 20 October 2020.
- 1.5 Decisions on the levies and other aspects of the Transport budget will be taken by the JTC on 19 January 2021. Decisions on the Tyne Tunnels tolls will be taken by the TWSC on 14 January 2021.

2. Proposals

Transport Levies

- 2.1 The main area of income and expenditure in the JTC revenue budget is the Transport levies and the revenue grants paid to Durham County Council, Northumberland County Council and Nexus for the delivery of public transport services.
- 2.2 The JTC area, unlike other Combined Authority areas, includes three distinct county areas with different levels of service provision, cost and different levels of grant funding.
- 2.3 The difference in costs across the areas is primarily related to concessionary travel reimbursement (including discretionary concessionary travel), which is higher in the Tyne and Wear area because of high levels of travel on the urban transport network, the Metro and Shields Ferry, and historic public transport borrowing costs.
- 2.4 This is reflected in the grants paid to Tyne and Wear authorities within the revenue support grant. It is not therefore possible to have a single transport levy covering the whole JTC area and the levy arrangements established three

separate levies through legislation for Durham County Council, one for Northumberland County Council and one for Tyne and Wear.

- 2.5 As the transport levies and revenue grants are fixed for the year there is no change in the levies receivable and grants payable between the original budget and the forecast outturn, and minimal change in the retained transport levy budget. Any surplus or deficit against the budgets for the three main delivery agencies (Durham County Council, Northumberland County Council and Nexus) is retained or managed within the reserves of that organisation.
- 2.6 A proportion of the levies is retained to support the work of the JTC and to meet historic costs relating to the former Tyne and Wear Integrated Transport Authority (TWITA). This area of the budget is expected to underspend slightly in the current year due to lower than anticipated interest costs on historic Tyne and Wear Transport debt and the forecast underspend will be transferred to the JTC retained reserves at year end.
- 2.7 There is however forecast to be a significant overspend against the budgeted position for the Tyne Tunnels. This is a planned overspend and reflects the financial framework agreed by the JTC at its meeting on 15 September 2020 in support of the introduction of the Tyne Pass scheme. This framework includes the offer of a payment of £6.7million to TT2 which, if the contract is agreed, will be repaid by TT2 Limited with interest over the life of the Concession, to 2037.
- 2.8 The updated forecast of outturn for the current year, together with the initial budget proposals for 2021/22 is set out in table 1 below, with a detailed explanation provided in the sections that follow.

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

| | 2020/21 Original Budget | Spend to Date (to 30 September 2020) | 2020/21 Forecast Outturn | 2020/21 Variance (Budget vs Forecast) | 2021/22 Initial Draft Budget |
|--|-------------------------|--------------------------------------|--------------------------|---------------------------------------|------------------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Transport Levy | (82,800) | (41,400) | (82,800) | 0 | (82,826) |
| Grant to Durham | 15,456 | 7,728 | 15,456 | 0 | 15,475 |
| Grant to Northumberland | 6,224 | 3,112 | 6,224 | 0 | 6,231 |
| Grant to Nexus | 59,000 | 29,500 | 59,000 | 0 | 59,000 |
| Retained levy budget | 2,120 | 1,060 | 2,100 | (20) | 2,120 |
| Tyne Tunnels Revenue account | (2) | (691) | 6,670 | 6,672 | 0 |
| Contribution (to)/from JTC Reserves | (2) | (691) | 6,650 | 6,652 | 0 |

Tyne and Wear Levy

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

Table 2: Tyne and Wear Levy Apportionment 2021/22

| | 2018 Population | 2019 Population | 2020/21 Levy £ | 2021/22 Levy £ | Movement £ |
|----------------------|------------------|------------------|-------------------|-------------------|------------|
| Gateshead | 202,508 | 202,055 | 10,888,380 | 10,815,502 | -72,877 |
| Newcastle | 300,196 | 302,820 | 16,140,834 | 16,209,202 | 68,368 |
| North Tyneside | 205,985 | 207,913 | 11,075,330 | 11,129,066 | 53,737 |
| South Tyneside | 150,265 | 150,976 | 8,079,396 | 8,081,370 | 1,974 |
| Sunderland | 277,417 | 277,705 | 14,916,061 | 14,864,859 | -51,202 |
| Tyne and Wear | 1,136,371 | 1,141,469 | 61,100,000 | 61,100,000 | 0 |

Nexus

- 2.13 Up until the Coronavirus impacted earlier this year, Metro fare revenue had grown by £3.7m (or 9%) over the last six years whilst Metro Rail Grant (MRG) from the Department for Transport (DfT) had increased by £1.2m (or 5%) over the same period.
- 2.14 In 2020/21, £2.8m (5%) of the Tyne and Wear Levy relates to Metro, whilst Metro's gross budget in 2020/21 is circa £105m. The infographic at Appendix 1 provides an overview of the Nexus budgets for 2020/21.
- 2.15 Over the past few years, Nexus has delivered a range of efficiency savings in order to protect frontline services. Most notably:
- Headcount reduced by 20%;
 - The cost of operating Metro has reduced by circa £2m per annum after

the concession with DB Regio ended in March 2017; and

- A range of other savings have been achieved e.g. in tendered bus services and concessionary fares reimbursement.

2.16 In addition, since 2014, Nexus has generated surpluses of £12.2m, of which £8.5m has been invested in transport infrastructure, with the balance increasing usable reserves, which are available to support frontline services.

2.17 The current financial year has been dominated by the continuing impacts of the Covid-19 pandemic, with significant and unprecedented losses of fare and commercial revenues being experienced.

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

Table 3: Nexus' MTFs Forecasts – JTC January 2020

| | 2020/21 £m | 2021/22 £m | 2022/23 £m |
|---|---------------|---------------|---------------|
| Forecast (Surplus)/Deficit before use of reserves | 0 | 3.7 | 6.5 |
| Planned use of reserves | 0 | (3.7) | (3.3) |
| Estimated Savings Required | 0 | 0 | 3.2 |

2.19 Common with other public sector bodies, Nexus is legally obliged to set a balanced budget, hence the need to have a sustainable MTFs that does not rely on the use of reserves as a long-term measure. The Covid-19 outbreak has exacerbated the financial challenges Nexus has and the underlying budget deficit remains, even before the effects of Covid-19 are considered.

Impact of the Covid-19 outbreak

2.20 The effect of the nationwide lockdown led to patronage on the Metro immediately declining by around 95%. The nature of Metro's operation is such that many of its costs are fixed and cannot be reduced at short notice. Therefore, during the lockdown period, the system was operating at a loss of approximately £0.9m per week, excluding costs associated with making the system Covid secure e.g. deep cleaning of trains and stations. A more recent partial recovery has seen this reduce to a loss of approximately £0.5m per week, although the recovery has since stalled because of the imposition of local restrictions in late September 2020.

2.21 In-depth discussions were held with the government over several months alongside transport authorities who were in a similar predicament caused by severe losses on their light rail systems. As a result, the government introduced a new short-term emergency grant called "Light Rail Revenue Restart Grant (LRRRG)". This grant covers all of Metro's Covid-related net losses.

- 2.22 On 20 October 2020, the Joint Transport Committee considered a report providing an update in relation to Nexus financial performance, based on the position as at September 2020 together with forecasts to the year end to inform budget planning for 2021/22. At that time the continuation of the LRRRG was uncertain, however, the LRRRG has subsequently been extended to 18 January 2021 and discussions with DfT would indicate that it is probable that this support will be extended again to 31 March 2021 given the expected continuing impacts into the New Year. The confirmed grant provided to Nexus has been paid in four tranches, covering the period 16 March to 18 January 2021. In total, £33.2m has been provided in LRRRG and this is subject to an audit process. The audit process established by DfT will help determine whether any grant needs to be clawed back.
- 2.23 Bus services were similarly impacted by the national lockdown, and a government grant called “Coronavirus Bus Services Support Grant (CBSSG)” has been provided to commercial bus operators on a broadly similar basis to the light rail funding. Unlike LRRRG, CBSSG is now open-ended with a 10-week notice period and an explicit link to social distancing measures, meaning bus funding for commercial operators will continue.
- 2.24 CBSSG was predicated on an assumption made by government that local transport authorities (in this case Nexus) would continue to make payments for Concessionary Travel and Secured Bus Services at pre-Covid levels, even though those services were not being provided (as demand for them had evaporated). The JTC and TWSC have been briefed on this matter on several occasions over the last six months and for as long as LRRRG is being paid to Nexus, were broadly satisfied that such payments were necessary and could be justified, given the extraordinary circumstances this year.
- 2.25 A separate bus grant aimed at local authorities to cover lost fare income on secured bus services was implemented at the same time, called “LACBSSG”. To date, Nexus has attracted £1.2m in LACBSSG to assist with fare revenue losses.
- 2.26 Nexus has however also had to contend with increased costs arising when various secured bus service contracts were renewed earlier in the year, together with the need to introduce additional buses for schools returning in the Autumn. The pressure that has arisen is around £0.6m in the current year, although part of this is being funded from grant allocated to the region by the Department for Education and from an earlier, pre-Covid grant support known as the ‘Better Bus Fund’.

Nexus Updated Forecast Outturn and MTFS Impacts

- 2.27 Nexus revenue monitoring and forecasts to year end (estimated at September 2020), shows the following:

Table 4: Nexus Forecast Outturn 2020/21

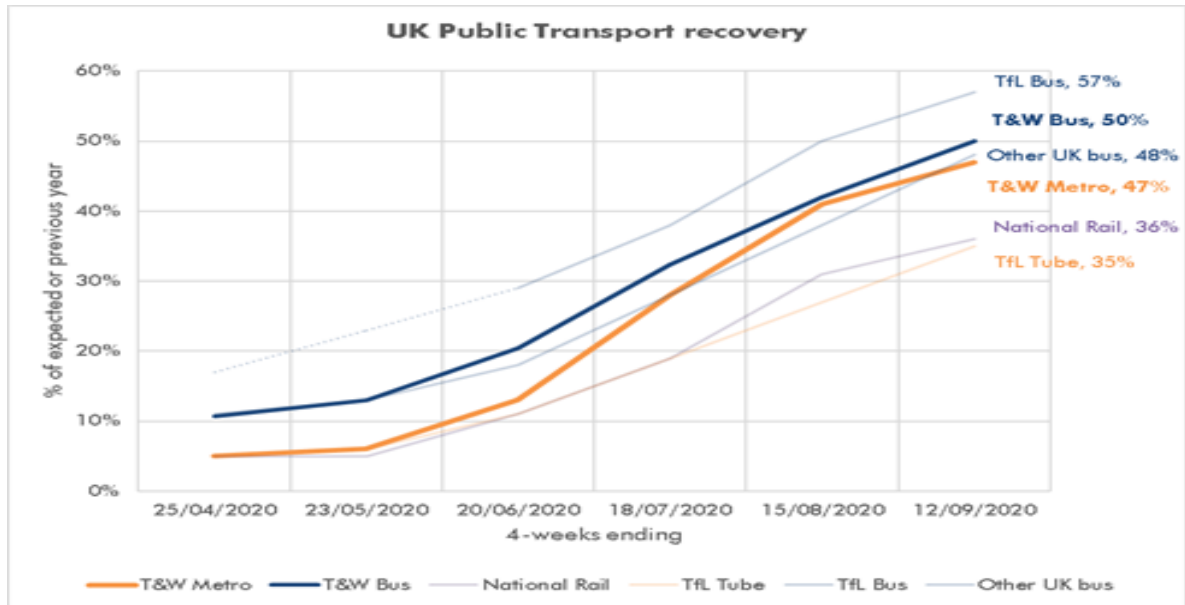
| | ACTUAL to Sep | | | FORECAST to Year End | | |
|---------------------|---------------|-----------------------------|----------------|----------------------|-----------------------------|----------------|
| | Budget £m | Forecast ¹ £m | Variance £m | Budget £m | Forecast ² £m | Variance £m |
| Metro | 1.284 | 1.284 | - | 2.840 | 2.840 | - |
| Bus Services | 6.729 | 7.077 | 0.348 | 14.885 | 15.833 | 0.948 |
| Other | 18.659 | 18.807 | 0.148 | 41.275 | 41.575 | 0.300 |
| Net Position | 26.672 | 27.168 | 0.496 | 59.000 | 60.248 | 1.248 |
| Levy / JTC | 26.672 | 26.672 | - | 59.000 | 59.000 | - |
| Variance | - | 0.496 | 0.496 | - | 1.248 | 1.248 |

- 2.28 The position to 30 September shows a deficit of £496,000 to the end of the reporting period. A combination of the continuation of Covid emergency funding to the year end, continued curtailing all non-essential expenditure and use of reserves in-year means Nexus will be able to balance its budget in 2020/21. Clearly, the major risk is that Covid emergency funding, particularly LRRRG does not continue after the fourth tranche of this funding expires on 18 January 2021. The forecast presented in the table above assumes that LRRRG will continue until 31 March 2021.
- 2.29 The uncertainty of the shape of the UK recovery that lies ahead, together with government messaging about only using public transport where essential, makes projections and forecasts equally uncertain.
- 2.30 The following graph shows Nexus' experience against other UK based operators, which shows how well Metro is doing in attracting back customers, even with local restrictions³:

¹ Including £16.4m Metro and £1.0m Bus emergency funding for COVID-19 applied to date

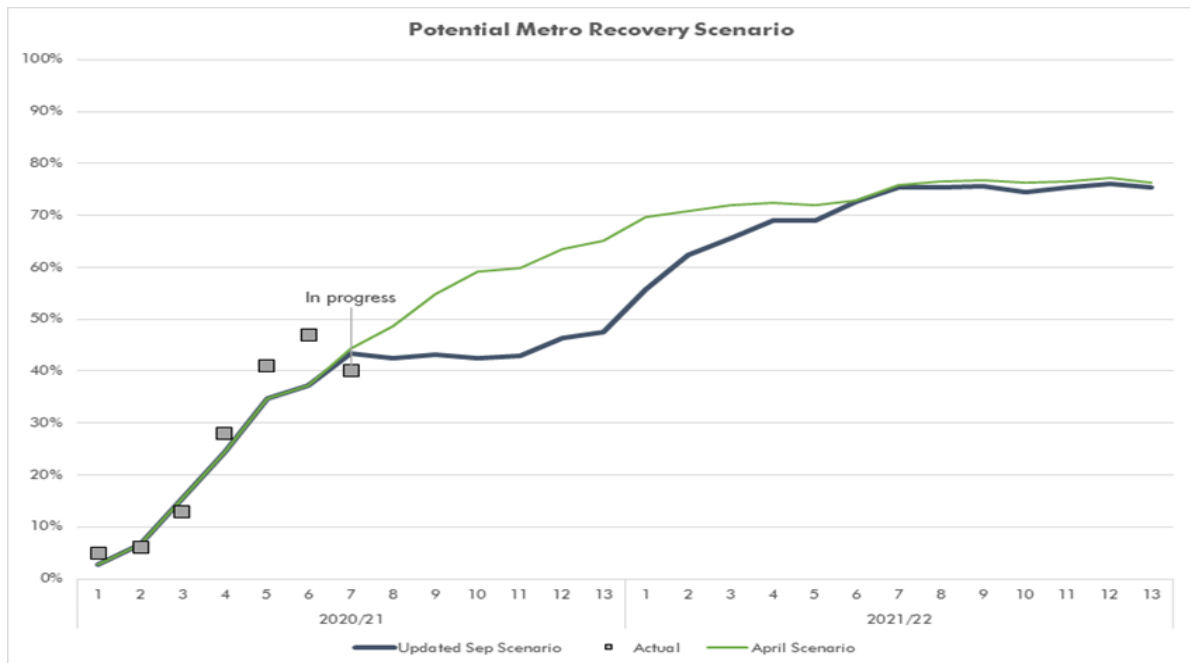
² Including £33.2m Metro and £1.8m Bus emergency funding for COVID-19 confirmed up to 18 January 2021 and assumed to continue to 31 March 2021

³ Up to the point that local restrictions were imposed in September. The analysis broadly shows Metro's experience lags European Metro systems but is broadly in line with North and South American Metro systems



2.31 The imposition of local restrictions in September has adversely affected recovery to the extent that passenger demand for Metro fell back to around 40% in late September, having broken through the 50% mark earlier in the month. Nonetheless, Nexus has identified potential scenarios based on current experience and from what is occurring elsewhere. Given this forecast is based more on a judgement than what has been observed in the past (because of the unprecedented situation that Covid has brought about), the forecasts will need to adapt as more information is available.

2.32 A likely scenario for the recovery in Metro patronage has been developed and is set out in the graph below. It shows the difference in the forecast having observed the reaction to the imposition of local restrictions in September:



2.33 Including all other sources of fare and commercial revenues, this would mean a

potential gap in Nexus' income of between £16.5m and £22.0m per annum if patronage only reached between 60% and 70% of pre-Covid levels averaged across the year.

2.34 In the current year, the Tyne and Wear transport levy is £59m whilst a combination of ongoing (not Covid related) Metro Rail, Bus Service Operator and Rail Administration grants amount to £28.4m (of which the majority, £27.1m relates to Metro).

2.35 It is envisaged that at least this level of central government grant will still be available in 2021/22, although this is still dependent on the Spending Review outcome in the medium term. It is uncertain however whether central government Covid emergency funding in the form of LRRRG and LACBSSG, will continue beyond the current year. However, it is understood that DfT and HM Treasury will require Nexus (and other light rail operators) to develop a recovery plan by 31 December 2020, aimed at Metro becoming more financially sustainable and less reliant on this additional government grant support. Details of the required content of the recovery plan are awaited

2.36 A potential worst and best-case scenario for 2021/22 has been developed. In the best case scenario, it has been assumed that all government emergency support continues to be paid throughout the coming year, the T&W levy and other central government grants are cash flat next year and the recovery in terms of patronage is at the higher end of current modelling. Under this scenario the previously reported budget deficit of £3.7m will broadly remain⁴ in 2021/22.

2.37 In a worst-case scenario, LRRRG and LACBSSG does not continue in its current guise, the recovery in terms of patronage is at the lower end of current modelling and there is a cut in local / central grants to Nexus. In such a scenario the budget deficit would be circa £30.1m, necessitating consideration of very difficult savings options to ensure the budget could be balanced. Given the scale of savings required, it is likely that they would impact significantly on service provision.

Table 5: Nexus Forecast Deficit 2021/22

| | Worst Case £m | Best Case £m |
|---|--------------------------|-------------------------|
| Nexus MTFS Underlying deficit 2021/22 | 3.7 | 3.7 |
| Fare/Commercial losses | 22.0 | 16.5 |
| Local and central grants change (-5% or flat) | 4.4 | 0.0 |
| Covid emergency funding | 0.0 | -16.5 |
| Nexus Revised deficit | 30.1 | 3.7 |

2.38 Although Covid emergency funding is at this stage only guaranteed until 18 January 2021, Nexus is preparing its initial budget proposals for 2021/22 from the best case scenario in which Covid support from government continues and both

⁴ Nexus is undertaking analysis as part of its budget work for 2021/22 to determine whether this earlier forecast remains robust. Some of its fare and commercial revenue losses are not covered by government emergency support e.g. the ferry service between North and South Shields.

the Tyne and Wear levy and (non-Covid) central government grants are assumed to be frozen at 2020/21 levels. This would make the projected deficit for 2021/22 broadly similar to the level previously forecast.

- 2.39 This planning assumption clearly demonstrates the importance of Covid emergency funding continuing, without which the consequences for Nexus' budget will be catastrophic (as shown in the worst-case scenario at Table 5).
- 2.40 This (best case) budget planning assumption has been endorsed by the Joint Transport Committee at its meeting on 20 October 2020 and will be used as the basis for developing the NEXUS budget for 2021/22 and the updated medium-term financial strategy.
- 2.41 In the absence of increased income, this will necessarily include consideration of efficiency savings and planned use of reserves. Savings proposals, likely to include service reductions will need to be developed although these will only be implemented in 2021/22 if the best-case planning scenario does not transpire. Options will most likely include a review of concessionary fares reimbursement and secured bus services, together with a review of the Metro and ferry timetables and the provision of public transport information and key facilities.

Tyne Tunnels Tolls

- 2.42 The Tyne Tunnels are accounted for as a ring-fenced account within the JTC/NECA budgets, meaning that all costs relating to the tunnels are wholly funded from the toll's income received and Tyne Tunnels reserves, with no call on the levy or other external government funding.
- 2.43 The JTC receives all the toll income from the vehicle tunnels, and a payment under the contract with TT2 is determined based on traffic levels. The balance retained by the JTC is to meet other costs associated with the Tyne Tunnels namely interest and principal repayments on borrowing taken out to fund the New Tyne Crossing project and client costs associated with the management of the contract with the concessionaire.
- 2.44 The 2020/21 tolls income budget included an increase in tolls charges to £3.70 for Class 3 vehicles in line with inflation as measured by the Retail Price Index (RPI) – a year on year increase of £0.10 (2.6%). The tolls for Class 2 vehicles were not increased in 2020/21. These are also triggered by the increase in RPI and they were not anticipated to increase until 2021/22, as increases can only be applied in 10p increments. These charges therefore remained at £1.80 in 2020/21.
- 2.45 The tolls increase for Class 3 vehicles was not implemented until August 2020 due to the Covid-19 pandemic. The delayed implementation of these increases has been factored into the updated forecasts.
- 2.46 Until mid-March 2020, traffic levels and corresponding tolls income were strong and had seen a marked improvement since the completion of Highways England works at Silverlink. From March 2020 however the impact of the Covid-19 lockdown took effect.

- 2.47 TT2 and Transport North East constantly review the traffic flows through the Tyne Tunnels. Normal levels of traffic are approx. 55,000 vehicles per day. As a result of Covid-19 lockdown measures, traffic levels dropped drastically during March and April 2020 to approx.17,000 vehicles per day which is 30% of normal levels. This is the lowest level of traffic seen during the life of the TT2 contract.
- 2.48 During May, June, July and August traffic was gradually increasing and by mid-September was up to 85% of normal levels. However, this has dropped back down to 74% since the recent local lockdown measures were put in place. Latest forecasts suggest that traffic may not return to expected levels for many more months, particularly if further restrictions are imposed as a result of local lock down arrangements and the continued impact of many employees continuing to working from home and therefore fewer vehicle journeys taking place around the region.
- 2.49 The structure of the project agreement with TT2 means that the JTC retains the first proportion of traffic income per month, with the traffic risk overwhelmingly borne by TT2. This 'Band 0' income represents approximately 30% of journeys, so the JTC is expected to retain the full budgeted income for the year which will enable all costs to be met.
- 2.50 At its meeting on 15 September 2020 JTC approved a financial framework which included an offer to support TT2 in the introduction of the Tyne Pass scheme. This has been factored into the updated forecasts. This framework includes the offer of payment of £6.67million to TT2 from Tyne Tunnel reserves which, if the contract is agreed, will be repaid with interest by TT2 Limited over the life of the Concession, to 2037.
- 2.51 The forecast outturn position for the Tyne Tunnels includes updated forecasts in terms of reduced toll income as a result of the reduced traffic and delay in implementing toll increases, offset by reduced payments to TT2 under the contract. An increase is forecast in the supplies and services budget to reflect the need for additional engineering advice in relation to the vehicle tunnels and professional advice in relation to the Tyne Pass project during the year.
- 2.52 The first 'Concession Toll' was implemented on 1 January 2014, at a level of £1.60 for cars and £3.20 for HGVs with a 10% discount for permit holders. After that date, the Concession Toll could be adjusted by an amount to reflect actual Retail Price Index (RPI) inflation over time.
- 2.53 Payments to the concessionaire, TT2 Ltd., increase with RPI inflation and the financial model for the Tyne Tunnels assumes that tolls will be maintained in real terms to match. Inflationary increase in tolls is also necessary to service the debt financing on the tunnels.
- 2.54 Levels of inflation (measured by RPI in accordance with the 2011 Order) were such that an increase for Class 3 vehicles was implemented in 2020/21, but no changes were triggered for Class 2 vehicles. Increases are only applied in 10p increments.

- 2.55 Taking into account the latest published data (September 2020) an increase in the tolls for Class 2 vehicles will be triggered in 2021/22, but no changes will be necessary for Class 3 vehicles. Using provisions of the 2011 Order, a year on year increase of £0.10 (5.6%) is required for Class 2 vehicles next year. The toll for Class 2 vehicles was last increased in May 2019.
- 2.56 In terms of the formal process for the increase in Tolls, if the level of RPI has reached the point at which an increase is possible, a decision to increase tolls needs to be taken by the Tyne and Wear Sub Committee.
- 2.57 If a decision to increase the tolls is taken, officers from NECA as the Accountable Body for the JTC will follow the process set out in the Tyne Tunnels Order 2005 to implement the decision of the committee.
- 2.58 This will involve advertising the proposed increase in at least one local newspaper and notifying the Department for Transport. Once notified, the Department has 21 days to determine whether to take the order and, if so, the order will be made 28 days before it comes into effect.
- 2.59 A decision on the specific date for implementation will need to be taken in conjunction with TT2, taking into account operational considerations. The increase, if approved by the Tyne and Wear Sub Committee in January 2021, would come into effect in May 2021.
- 2.60 The proposal is to increase the tolls from £1.80 to £1.90 for Class 2 vehicles, from a proposed implementation date in May 2021 which will enable the necessary process to be followed with the Secretary of State, in line with the Order, following approval by the Joint Transport Committee Tyne and Wear Sub Committee. The toll structure would therefore be as follows next year:

Table 6: Proposed Tyne Tunnel Toll Charges 2021/22

| Vehicle Class | Toll [Non-Permit Holders] | Description |
|---------------|---------------------------|---|
| 2 | £1.90 (£0.10 increase) | Motor vehicles (Cars), 2 axles and height 2m or less; Motor vehicles (Cars/Vans) 2 axles and height less than 3m; Articulated motor vehicles with tractor 2m or less and trailer less than 3m |
| 3 | £3.70 (no change) | Motor vehicle 2 or more axles and height 3m or more |

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

Table 6: Proposed Tyne Tunnel Toll Charges: Permit Holders 2021/22

| Vehicle | Toll [Permit | Description |
|---------|--------------|-------------|
|---------|--------------|-------------|

| Class | Holders] | |
|-------|------------------------|--|
| 2 | £1.71 (£0.05 increase) | Motor vehicles (Cars), 2 axles and height 2m or less; Motor vehicles (Cars/Vans) 2 axles and height less than 3m; Articulated motor vehicles with tractor 2m or less and trailer less than 3m |
| 3 | £3.33 (no change) | Motor vehicle 2 or more axles and height 3m or more |

2.62 For 2020/21 all SLAs were documented and formalised however the values attached to existing and new providers of services were maintained at 2019/20 levels and which had remained unchanged for many years. It was agreed that an exercise would be undertaken to review the SLAs to more accurately reflect the support to NECA and the JTC.

2.63 An exercise has now been concluded with all local authorities providing services to NECA and the JTC to reflect the cost of these services for 2021/22. Costings have been based on officer time engaged in providing support with no provision for additional on-costs such as premises related costs. The updated costings reflect the resources currently committed by the local authorities providing the support to NECA and the JTC which includes oversight and support to the Tyne Tunnels.

2.64 The updated forecast outturn and indicative budget for 2021/22 is set out below:

Table 7: Tyne Tunnels Account Forecast of Outturn 2020/21 and Indicative 2021/22 Budget

| | 2020/21 Original | Spend to Date (to 30 September 2020) | 2020/21 Forecast Outturn | Variance (Budget vs Forecast) | 2021/22 Initial Draft Budget |
|-------------------------|------------------|--------------------------------------|--------------------------|-------------------------------|------------------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Tolls Income | (28,441) | (9,611) | (21,014) | 7,427 | (28,314) |
| TT2 Contract | 21,653 | 6,378 | 14,200 | (7,453) | 21,870 |
| TT2 Advance (Tyne Pass) | 0 | 0 | 6,670 | 6,670 | 0 |
| Employees | 62 | 34 | 69 | 7 | 70 |
| Pensions | 53 | 26 | 53 | 0 | 53 |
| Premises | 0 | 0 | 1 | 1 | 1 |
| Support Services | 100 | 3 | 100 | 0 | 129 |
| Supplies & Services | 45 | 8 | 65 | 20 | 65 |
| Financing Charges | 6,816 | 2,471 | 6,816 | 0 | 6,416 |
| Interest /Other Income | (50) | 0 | (50) | 0 | (50) |

| | | | | | |
|--|------------|--------------|--------------|--------------|----------|
| Repayment from TWITA for temporary use of reserves | (240) | 0 | (240) | 0 | (240) |
| (Surplus) / Deficit on Tyne Tunnels revenue account | (2) | (691) | 6,670 | 6,672 | 0 |

Tyne Tunnel Reserves

2.65 The Tyne Tunnel reserves are held to help cushion the impact of any uneven cash flows and avoid unnecessary temporary borrowing, as a contingency to cushion the impact of any unexpected events or emergencies, deal with any changes which may arise from changes in accounting treatments. and as a means of building up funds to meet known or predicted future liabilities. The Tyne Tunnels reserves have been used to meet the majority of the costs relating to the Tyne Pedestrian and Cycle Tunnels refurbishment in recent years. The table below summarises the forecast position against the Tunnels reserves:

Table 8: Tyne Tunnels Reserves:

| | 2020/21 Original Budget | 2020/21 Actual / Forecast | Variance | 2021/22 Initial Draft Budget |
|---|-------------------------------|---------------------------------|--------------|---------------------------------------|
| | £000 | £000 | £000 | £000 |
| Tyne Tunnels Reserves b/f 1 April 2020 | (16,763) | (17,163) | (400) | (9,541) |
| Deficit (Surplus) on Tyne Tunnels revenue account met from reserves | (2) | 6,670 | 6,672 | 0 |
| Capital Expenditure funded from Reserves | 100 | 800 | 700 | 0 |
| NESTI Expenditure funded from Reserves | 305 | 152 | (153) | 0 |
| Tyne Tunnels Reserves c/f 31 March 2021 | (16,360) | (9,541) | 6,519 | (9,541) |

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

2.67 The forecast of outturn indicates that capital expenditure on the tunnels, principally the Pedestrian and Cycle Tunnels, is expected to be £800,000 due to the refurbishment project continuing for longer than expected. This is due to the effect of Covid-19 travel restrictions on the contractors who have been delayed from accessing the site for most of 2020, and therefore have not been able to complete the outstanding works on the inclined lifts. Costs including on-site security, maintenance contracts, cleaning and utilities are being incurred whilst

the project remains incomplete and the outturn includes circa £350,000 of costs for lift works. The Tyne Tunnels Manager is focussing efforts on resolving this situation and a separate report will be brought to the Tyne and Wear Sub Committee at a future meeting to set out proposals to resolve this situation. Expenditure on NESTI will be lower at £152,000 as this represents the balance outstanding to be funded from the Tyne Tunnels Reserve to complete this initiative.

3. Reasons for the Proposals

3.1 The NECA Constitution requires that consultation on budget proposals be undertaken at least two months prior to the budget being agreed. The information included in this report is presented to update the TWSC on the work on the preparation of the 2021/22 Transport Budgets and to start the consultation process. The report also provides updated forecasts for the current year based on the latest information available.

3.2 In terms of the formal process for the increase in Tolls, if the level of RPI has reached the point at which an increase is possible, a decision to increase tolls needs to be taken by the Tyne and Wear Sub Committee. Based on the RPI rates at September 2020 an increase in the Class 2 vehicle toll will be triggered in 2021/22 and proposals will be brought to this committee in January to formally consider this. The draft budgets included in this report have factored in a 10p increase in the Class toll from May 2021.

4. Alternative Options Available

4.1 This report is provided for information with no decision required at this stage.

5. Next Steps and Timetable for Implementation

5.1 The NECA Constitution requires that consultation on budget proposals be undertaken at least two months prior to the budget being agreed. The draft proposals will be subject to consultation with the Overview and Scrutiny Committees, Audit and Standards Committees and relevant officer groups, alongside the JTC Tyne and Wear Sub Committee and constituent councils. Comments raised as part of the consultation process will be considered in the preparation of the final reports

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

6. Potential Impact on Objectives

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

7. Financial and Other Resources Implications

7.1 The financial and other resource implications are summarised in detail in the body of the report where they are known. Further details which are developed as part of the budget development and consultation process will be identified in reports to the November 2020 and January 2021 reports to the Committee.

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

8. Legal Implications

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

9. Key Risks

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

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

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

12.2 The extent of public consultation will be proportionate to the impact that the proposals would have on services to the public. At this stage no significant service reductions or implications are expected in 2021/22, however, if the Tyne and Wear levies were not frozen, or there was a cut in government grant support, this would provide a significant challenge to Nexus. Proposals will be published on the website for comment and included in any budget consultation undertaken by constituent authorities.

13. Other Impact of the Proposals

13.1 There are no other impacts arising from this report.

14. Appendices

14.1 Appendix 1 – Nexus 2020-21 Budget Infographic

Appendix 2 – Tyne and Wear Levy and Nexus Medium Term Financial Strategy.

15. Background Papers

15.1 JTC Budget 2020/21 - Report to JTC 21 January 2020

<https://northeastca.gov.uk/wp-content/uploads/2020/01/TWSC-Public-Agenda-16.1.20.pdf>

15.2 Tyne Tunnels Update – Report to Tyne and Wear Sub Committee 16 January 2020

<https://northeastca.gov.uk/wp-content/uploads/2020/01/TWSC-Public-Agenda-16.1.20.pdf>

16. Contact Officers

16.1 Paul Darby, NECA Deputy Chief Financial Officer/s73 Officer,

NECA.pauldarby@durham.gov.uk

16.2 Eleanor Goodman, NECA Finance Manager

eleanor.goodman@northeastca.gov.uk

16.3 Patsy O'Reagan, NECA Principal Accountant

patsy.oreagan@northeastca.gov.uk,

17. Sign Off

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

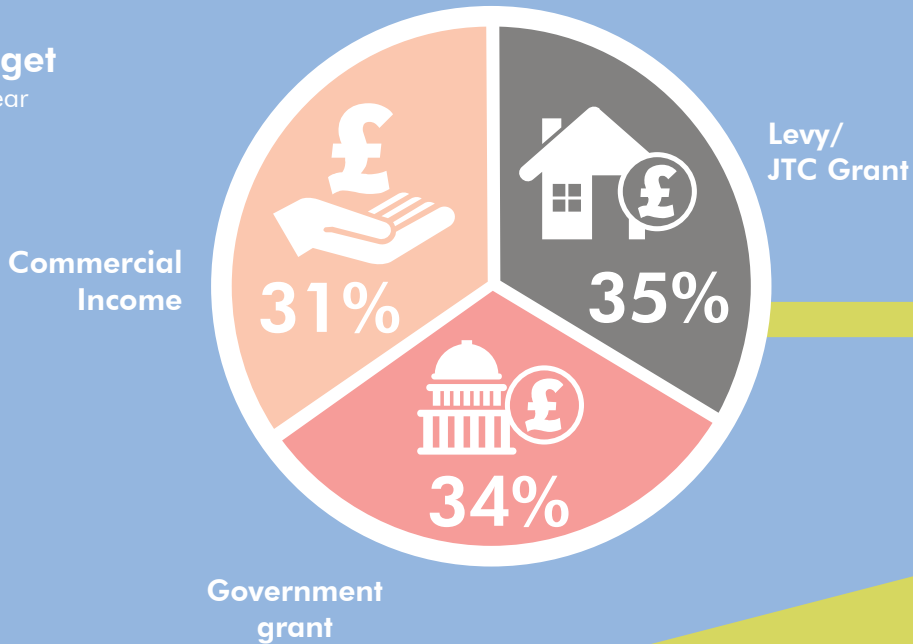
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Nexus' Revenue Budget 2020/21



Gross budget

in the current year
is £167m

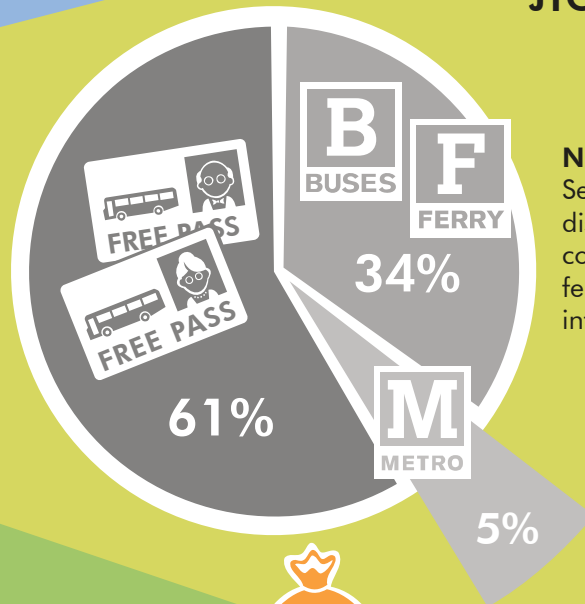


Government grant

Levy/
JTC Grant



Statutory Concessionary fares
Nexus has no control over price or demand



**Levy/
JTC Grant**

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

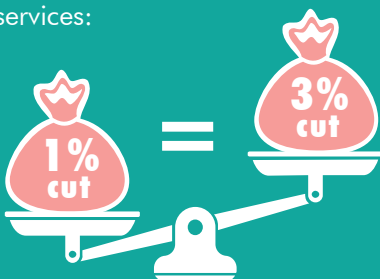
Metro

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

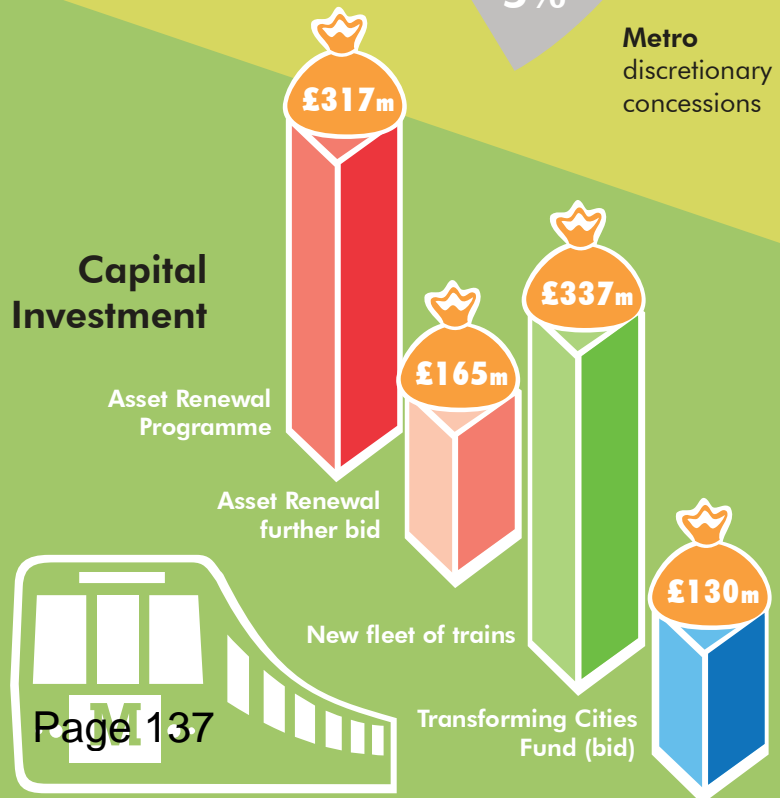


Levy cuts

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



Capital Investment



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

Date: 5 November 2020

Subject: Tyne and Wear Levy and Nexus Medium Term Financial Strategy

Report of: Managing Director, Transport North East

Executive Summary

Attached is the report considered by the Joint Transport Committee (JTC) meeting held on 20 October 2020. A verbal update will be provided to the Sub-Committee in regards any comments made by the JTC.

This covering report provides some context to how Nexus' revenue budget is financed, together with how the major sources of funding available to Nexus have fluctuated over the past decade.

Recommendations

The Tyne and Wear Sub Committee is recommended receive this report for consideration and comment, which will inform the Transport Budget Proposals 2021/22 report from the NECA Chief Finance Officer to the next meeting of the Joint Transport Committee.

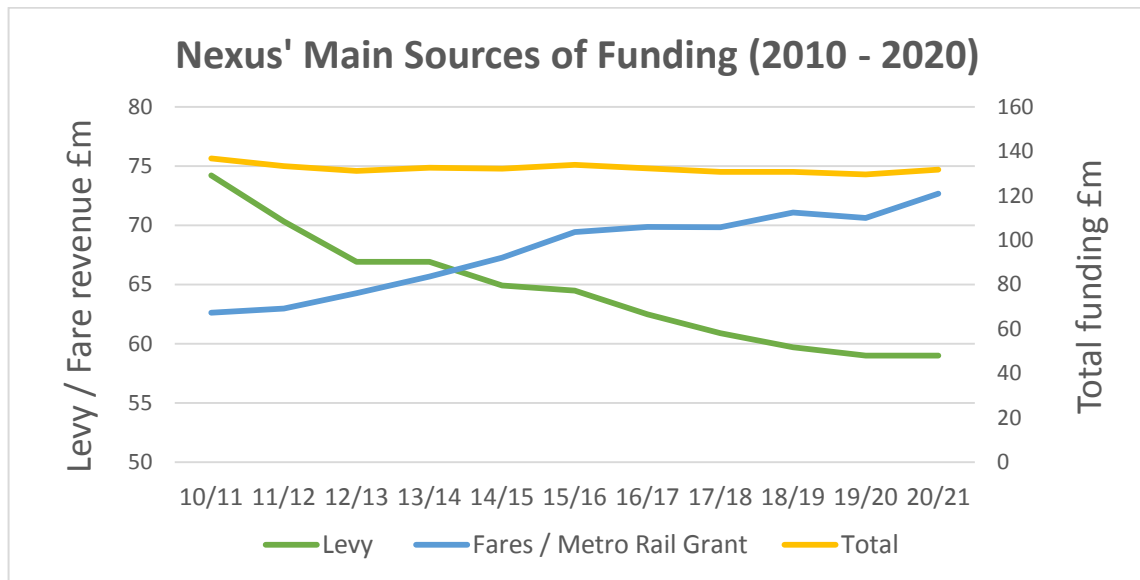
1. Background

- 1.1 The following table shows Nexus' original budget for 2020/21, including its gross expenditure requirement for individual service areas together with fare and commercial revenues and government grant:

| | Gross Expenditure £m | FUNDED BY: | | | % of T&W levy |
|------------------------------------|-------------------------|--------------------------|------------------------|----------------|---------------|
| | | Commercial Revenue £m | Government Grant £m | T&W Levy £m | |
| CT - Statutory | 35.8 | 0.1 | - | 35.7 | 61% |
| CT - Discretionary | 3.3 | 0.5 | - | 2.8 | 5% |
| Metro | 104.5 | 48.1 | 53.6 | 2.8 | 5% |
| Ferry | 1.7 | 0.5 | - | 1.2 | 2% |
| Local Rail | 0.5 | - | 0.2 | 0.3 | - |
| Bus Services | 15.9 | 2.2 | 1.2 | 12.5 | 21% |
| Bus Infrastructure | 3.5 | 1.2 | - | 2.3 | 4% |
| Public Transport | 1.5 | 0.1 | - | 1.4 | 2% |
| TOTAL | 166.7 | 52.7 | 55.0 | 59.0 | 100% |
| Proportion of Gross Expend. | | 32% | 33% | 35% | |

- 1.2 Whilst 35% of the gross expenditure by Nexus is funded by the Tyne and Wear Levy, the majority of this funding underpins statutory concessionary travel (61%) and subsidised bus routes and bus infrastructure (25%), with a smaller proportion funding discretionary concessionary travel (5%), the Metro (5%) and local ferry / rail services.
- 1.3 Nexus' main sources of funding have reduced by £5m, from £136m to £131m since 2010 (in real terms, this reduction is estimated at around £45m).
- 1.4 In 2010, the JTC grant (levy) was £74.2m. In 2020 it is £59.0m, so it has reduced by £15.2m or 20% over the last 10 years.
- 1.5 By contrast, Metro's funding has increased. In the past decade, Metro fare revenue has grown by £8.6m (or 23%) whilst Metro Rail Grant (MRG)¹ from the Department for Transport (DfT) has increased by £1.5m (or 6%). Consequently, only £2.8m of Nexus' net funding requirement in 2020/21 relates to Metro, even though Metro's gross budget in 2020/21 is in excess of £100m.
- 1.6 The graph below illustrates this:

¹ Revenue grant only



- 1.7 Over this time, Nexus has delivered a range of efficiency savings in order to protect frontline services. Most notably:
- Headcount has reduced by 20%;
 - The cost of operating Metro reduced by circa £2m per annum after the concession with DB Regio ended in March 2017; and
 - A range of other savings have been achieved e.g. in tendered bus services and concessionary fares reimbursement.
- 1.8 At the same time, Nexus has delivered a significant asset renewal programme on the Tyne and Wear Metro. Key assets have been replaced, some of which with new technology which has increased, not reduced maintenance costs and overheads e.g. ticket vending machines and gatelines, radio and other communications systems including the rail traffic management system (RTMS) and sophisticated back office software.
- 1.9 Through a combination of efficiency savings and by attracting additional income, Nexus has generated surpluses of £11.0m since 2014, of which £7.0m has been invested in transport infrastructure, with the balance increasing usable reserves and therefore available to support frontline services
- 1.10 When the JTC approved Nexus' 2020/21 budget, it also considered the medium-term financial forecast, which assuming expenditure commitments remained in line with those being delivered in the current year and with no further growth or reduction in either Metro Rail Grant or the Tyne and Wear transport levy, showed that in order to continue protecting frontline services, a deficit of £3.7m would arise in 2021/22, increasing to £6.5m in 2022/23². The JTC had agreed to the use of reserves to tackle most of this deficit.

² This was before the impact of the Coronavirus pandemic which is explained further within the attached JTC report.

2. Next Steps and Timetable for Implementation

2.1 Refer to JTC report of 20 October 2020.

3. Potential Impact on Objectives

3.1 The budget assumptions presented in this report is designed to support the achievement of the Transport policy objectives of the JTC in the Tyne and Wear area.

4. Financial and Other Resources Implications

4.1 The financial and other resource implications are summarised in detail in the body of the JTC report where they are known. Further details which are developed as part of the budget development and consultation process will be identified in reports to the November 2020 and January 2021 reports to the JTC.

5. Legal Implications

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

6. Key Risks

6.1 Appropriate risk management arrangements are put in place in each budget area. Should Covid emergency support from central government not be maintained there is a significant risk that Nexus' services will need to be reduced. Reserves are maintained to help manage financial risk, but the application of these to balance the budget is not a sustainable long-term solution and can only be considered as a temporary measure whilst savings or other efficiencies / sources of income are secured to ensure the base budget deficit position is addressed.

6.2 It is recognised that there are significant financial challenges facing local government too, which places pressure on the ability of the Tyne and Wear authorities to maintain let alone increase the levies for transport.

7. Equality and Diversity

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

8. Crime and Disorder

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

9. Consultation/Engagement

9.1 The NECA Constitution (in its role as accountable body for the JTC) requires that consultation on its budget proposals be undertaken at least two months prior to the budget being agreed. Nexus' budget proposals will feature as part of these proposals alongside the other Transport related revenue and capital budgets. This paper underpins the Transport Budget for 2021/22.

10. Other Impact of the Proposals

10.1 There are no other impacts arising from this report at this stage.

11. Appendices

11.1 Appendix 1 – Report to the Joint Transport Committee, 20 October 2020 – Tyne and Wear Levy and Nexus Medium Term Financial Strategy.

12. Background Papers

12.1 N/A

13. Contact Officers

13.1 John Fenwick, Director of Finance and Resources, Nexus – 07500 993588
john.fenwick@nexus.org.uk

14. Sign off

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

15. Glossary

DfT – Department for Transport

MRG – Metro Rail Grant

MTFS – Medium Term Financial Strategy

RTMS – Rail Traffic Management System

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North East Joint Transport Committee

Date: 20 October 2020

Subject: Tyne and Wear Levy and Nexus Medium Term Financial Strategy

Report of: Managing Director, Transport North East

Executive Summary

This report provides an update in relation to Nexus financial performance, based on the position as at September 2020 together with forecasts to the year end to inform budget planning for 2021/22.

The report demonstrates that the financial outlook for Nexus remains challenging. Nexus has been and is still heavily dependent on continuation of Covid emergency financial support from central government and this is forecast to continue to be the case throughout 2021/22. The challenges posed by the pandemic have accentuated an already difficult financial position for Nexus, where an emerging budget deficit in 2021/22 has previously been reported.

The report highlights that although Covid emergency funding is, at this stage, only guaranteed until 26 October 2020, Nexus proposes to work from a scenario in which Covid support from government continues. In terms of budget planning at this stage both the Tyne and Wear levy and (non-Covid) central government grants are assumed to be frozen at 2020/21 levels next year.

Even with these assumptions there are underlying base budget challenges in 2021/22 and beyond that will need to be considered in due course to produce a sustainable balanced budget going forwards.

This report underpins the development of the Transport Budget Proposals 2021/22, which will be brought to the next meeting

Recommendations

The North East Joint Transport Committee is recommended receive this report for consideration and comment, which will inform the Transport Budget Proposals 2021/22 report from the NECA Chief Finance Officer to the next meeting of this committee.

1. Background

- 1.1 The Tyne and Wear Levy for 2020/21 was agreed by the JTC at its meeting in January 2020. The levy agreed was £61.1m, of which £59m formed the revenue grant to Nexus and £2.1m was retained to fund Tyne and Wear transport costs (primarily relating to the former Tyne and Wear Integrated Transport Authority). The following table shows Nexus' original budget for 2020/21, including its gross expenditure requirement for individual service areas together with fare and commercial revenues and government grant:

| | Gross Expenditure £m | FUNDED BY: | | | % of T&W levy |
|------------------------------------|-------------------------|-----------------------------|---------------------------|-------------------|------------------|
| | | Commercial Revenue £m | Government Grant £m | T&W Levy £m | |
| CT - Statutory | 35.8 | 0.1 | - | 35.7 | 61% |
| CT - Discretionary | 3.3 | 0.5 | - | 2.8 | 5% |
| Metro | 104.5 | 48.1 | 53.6 | 2.8 | 5% |
| Ferry | 1.7 | 0.5 | - | 1.2 | 2% |
| Local Rail | 0.5 | - | 0.2 | 0.3 | - |
| Bus Services | 15.9 | 2.2 | 1.2 | 12.5 | 21% |
| Bus Infrastructure | 3.5 | 1.2 | - | 2.3 | 4% |
| Public Transport | 1.5 | 0.1 | - | 1.4 | 2% |
| TOTAL | 166.7 | 52.7 | 55.0 | 59.0 | 100% |
| Proportion of Gross Expend. | | 32% | 33% | 35% | |

- 1.2 Whilst 35.4% of the gross expenditure by Nexus is funded by the Tyne and Wear Levy, the majority of this funding underpins statutory concessionary travel (61%) and subsidised bus routes and bus infrastructure (25%), with a smaller proportion funding discretionary concessionary travel (5%), the Metro (5%) and local ferry / rail services.
- 1.3 When the JTC approved Nexus' 2020/21 budget, it also considered the medium-term financial forecast, which assuming expenditure commitments remained in line with those being delivered in the current year and with no further growth or reduction in either Metro Rail Grant or the Tyne and Wear transport levy, showed the following:

| | 2020/21 £m | 2021/22 £m | 2022/23 £m |
|--|---------------|---------------|---------------|
| Forecast (Surplus)/Deficit before use of reserves | 0 | 3.7 | 6.5 |
| Planned use of reserves | 0 | (3.7) | (3.3) |
| Estimated Savings Required | 0 | 0 | 3.2 |

- 1.4 Common with other public sector bodies, Nexus is legally obliged to set a balanced budget, hence the need to have a sustainable MTFs that does not rely on the use of reserves as a long-term measure. The Covid-19 outbreak has exacerbated the financial challenges Nexus has and the underlying budget deficit remains, even before the effects of Covid-19 are considered.

2. Proposals / Updated Position

The effects of the Covid-19 outbreak

- 2.1 The effect of the nationwide lockdown led to patronage on the Metro immediately declining by around 95%. The nature of Metro's operation is such that many of its costs are fixed and cannot be reduced at short notice. Therefore, during the lockdown period, the system was operating at a loss of approximately £0.9m per week, excluding costs associated with making the system Covid secure e.g. deep cleaning of trains and stations. A more recent partial recovery has seen this reduce to a loss of approximately £0.5m per week, although the recovery has since stalled because of the imposition of local restrictions in late September 2020.
- 2.2 In-depth discussions were held with the government over a number of months alongside transport authorities who were in a similar predicament caused by severe losses on their light rail systems. As a result, the government introduced a new short-term emergency grant called "Light Rail Revenue Restart Grant (LRRRG)". This grant covers all of Metro's Covid-related net losses. The grant provided to Nexus has been paid in three tranches, covering the period 16 March to 26 October. In total, £23.5m has been provided in LRRRG and this is subject to an audit process.
- 2.3 Given the partial recovery experienced to date, it is anticipated that the grant will cover Nexus' net losses in full up to 26 October 2020. The audit process established by DfT will help determine whether any grant needs to be clawed back. However, further support will be required after 26 October and representations are being made to government to extend this grant for as long as the Metro's fare and commercial revenues are negatively impacted by Covid-19 and social distancing requirements.
- 2.4 Bus services were similarly impacted by the national lockdown, and a government grant called "Coronavirus Bus Services Support Grant (CBSSG)" has been provided to commercial bus operators on a broadly similar basis to the light rail funding, although unlike LRRRG, CBSSG is now open-ended with a 10-week notice period and an explicit link to social distancing measures, meaning bus funding for commercial operators will definitely continue beyond 26 October 2020.
- 2.5 CBSSG was also predicated on an assumption made by government that local transport authorities (in this case Nexus) would continue to make payments for Concessionary Travel and Secured Bus Services at pre-Covid levels, even though those services were not being provided (as demand for them had evaporated). The JTC and TWSC have been briefed on this matter on several occasions over the last six months and for as long as LRRRG is being paid to

Nexus, were broadly satisfied that such payments were necessary and could be justified, given the extraordinary circumstances.

2.6 A separate bus grant aimed at local authorities to cover lost fare income on secured bus services was implemented at the same time, called “LACBSSG”. To date, Nexus has attracted £1.2m in LACBSSG to assist with fare revenue losses.

2.7 Nexus has however also had to contend with increased costs arising when various secured bus service contracts were renewed earlier in the year, together with the need to introduce additional buses for schools returning in the Autumn. The pressure that has arisen is around £0.6m in the current year, although part of this is being funded from grant allocated to the region by the Department for Education and from an earlier, pre-Covid grant support known as the ‘Better Bus Fund’.

Nexus Updated Forecast Outturn and MTFs Impacts

2.8 Nexus revenue monitoring and forecasts to year end (estimated at September 2020), shows the following:

| | ACTUAL to Sep | | | FORECAST to Year End | | |
|---------------------|---------------|-----------------------------|----------------|----------------------|-----------------------------|----------------|
| | Budget £m | Forecast ¹ £m | Variance £m | Budget £m | Forecast ² £m | Variance £m |
| Metro | 1.284 | 1.284 | - | 2.840 | 7.740 | 4.900 |
| Bus Services | 6.729 | 7.077 | 0.348 | 14.885 | 15.833 | 0.948 |
| Other | 18.659 | 18.807 | 0.148 | 41.275 | 41.575 | 0.300 |
| Net Position | 26.672 | 27.168 | 0.496 | 59.000 | 65.148 | 6.148 |
| Levy / JTC | 26.672 | 26.672 | - | 59.000 | 59.000 | - |
| Variance | - | 0.496 | 0.496 | - | 6.148 | 6.148 |

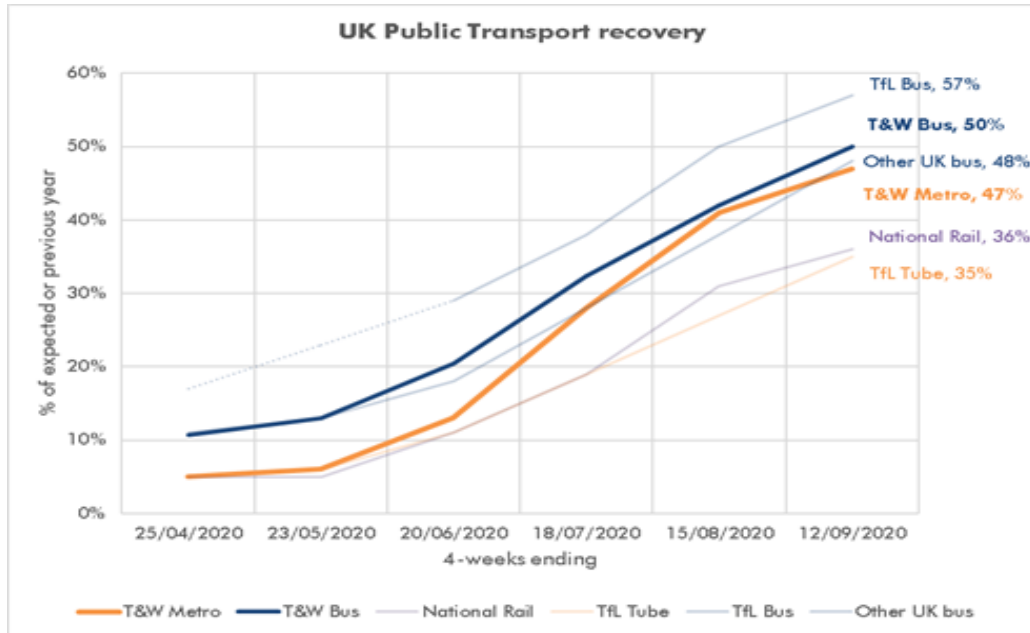
2.9 The above table shows a deficit of £496,000 to the end of the reporting period. In the event Covid emergency funding is withdrawn after 26 October 2020, a deficit for the year of £6.1m is forecast. A combination of the continuation of Covid emergency funding beyond this date, curtailing all non-essential expenditure and use of reserves in-year means Nexus will be able to balance its budget in 2020/21. Clearly, the major risk is that Covid emergency funding, particularly LRRRG does not continue after the third tranche of this funding expires on 26 October 2020.

2.10 The uncertainty of the shape of the UK recovery that lies ahead, together with government messaging about only using public transport where essential, makes projections and forecasts equally uncertain.

2.11 The following graph shows Nexus’ experience against other UK based operators, which shows how well Metro is doing in attracting back customers, even with local restrictions³:

¹ Including £16.4m Metro and £1.0m Bus emergency funding for COVID-19 applied to date

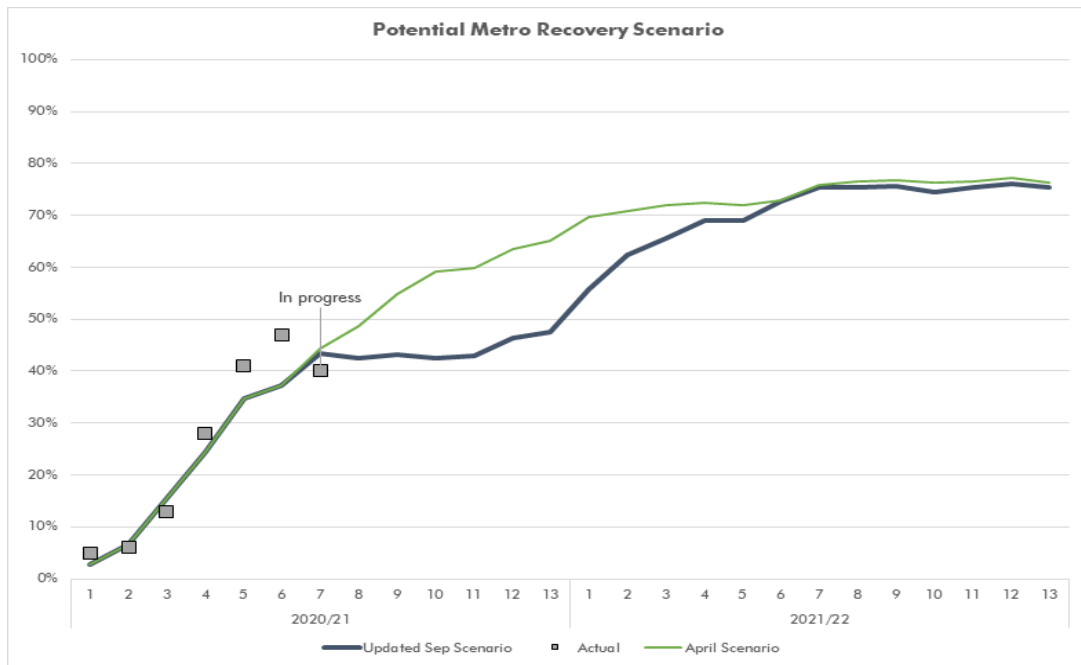
² Including £23.5m Metro and £1.2m Bus emergency funding for COVID-19 up to 26 October



2.12 The imposition of local restrictions in September has adversely affected recovery to the extent that passenger demand for Metro fell back to around 40% in late September, having broken through the 50% mark earlier in the month. Nonetheless, Nexus has identified potential scenarios based on current experience and from what is occurring elsewhere. Given this forecast is based more on a judgement than what has been observed in the past (because of the unprecedented situation that Covid has brought about), the forecasts will need to adapt as more information is available.

2.13 A likely scenario for the recovery in Metro patronage has been developed and is set out in the graph below. It shows the difference in the forecast having observed the reaction to the imposition of local restrictions in September:

³ Up to the point that local restrictions were imposed in September. The analysis broadly shows Metro's experience lags European Metro systems but is broadly in line with North and South American Metro systems



- 2.14 Including all other sources of fare and commercial revenues, this would mean a potential gap in Nexus' income of between £16.5m and £22.0m per annum if patronage only reached between 60% and 70% of pre-Covid levels averaged across the year.
- 2.15 In the current year, the Tyne and Wear transport levy is £59m whilst a combination of ongoing (not Covid related) Metro Rail, Bus Service Operator and Rail Administration grants amount to £28.4m (of which the majority, £27.1m relates to Metro).
- 2.16 It is envisaged that at least this level of central government grant will still be available in 2021/22, although this is still dependent on the Spending Review outcome. It is uncertain however whether central government Covid emergency funding in the form of LRRRG and LACBSSG, will continue
- 2.17 The following table shows a potential worst and best case scenario for 2021/22, starting from the premise that in the best case scenario, all government emergency support continues to be paid throughout the year and the recovery in terms of patronage is at the higher end of current modelling, the previously agreed deficit of £3.7m will broadly remain⁴.
- 2.18 The table also shows the impact, in the event that LRRRG and LACBSSG does not continue in its current guise, the recovery in terms of patronage is at the lower end of current modelling and there is cut in local / central grants to Nexus,, of a savings gap of circa £30.1m. This would necessitate the consideration of difficult savings options to ensure the budget could be balanced. Given the scale of savings required, it is likely that they would

⁴ Nexus is undertaking analysis as part of its budget work for 2021/22 to determine whether this earlier forecast remains robust. Some of its fare and commercial revenue losses are not covered by government emergency support e.g. the ferry service between North and South Shields.

impact significantly on service provision.

| | Worst Case £m | Best Case £m |
|---|--------------------------|-------------------------|
| Nexus MTFS Underlying deficit 2021/22 | 3.7 | 3.7 |
| Fare/Commercial losses | 22.0 | 16.5 |
| Local and central grants change (-5% or flat) | 4.4 | 0.0 |
| Covid emergency funding | 0.0 | -16.5 |
| Nexus Revised deficit | 30.1 | 3.7 |

- 2.19 Although Covid emergency funding is at this stage only guaranteed until 26 October 2020, Nexus is preparing its initial budget proposals for 2021/22 from the best case scenario in which Covid support from government continues and both the Tyne and Wear levy and (non-Covid) central government grants are assumed to be frozen at 2020/21 levels. This would make the projected deficit for 2021/22 broadly similar to the level previously forecast.
- 2.20 This planning assumption clearly demonstrates the importance of Covid emergency funding continuing, without which the consequences for Nexus' budget will be catastrophic (as shown in the worse case scenario above).
- 2.21 This (best case) budget planning assumption has been discussed with the Transport Strategy Board and subject to endorsement by the JTC, it will be used as the basis for developing the NEXUS budget for 2021/22 and the medium-term financial strategy.
- 2.22 In the absence of increased income, this will necessarily include consideration of efficiency savings and planned use of reserves. Savings proposals, likely to include service reductions will need to be developed although these will only be implemented in 2021/22 if the best-case planning scenario does not transpire. Options will most likely include a review of concessionary fares reimbursement and secured bus services, together with a review of the Metro and ferry timetables and the provision of public transport information and key facilities.

Population Updates – Tyne and Wear Levy Distribution

- 2.23 In accordance with the Transport Levying Bodies Regulations, the Tyne and Wear Levy for 2021/22 must be apportioned in line with the 2019 Mid-Year Population. The latest estimates show population increases in each Tyne and Wear council area except Gateshead, with increases in the relative population in Newcastle, North Tyneside and South Tyneside. On a cash freeze basis, this would give the following apportionment for the 2021/22 Levy:

| | 2018 Population | 2019 Population | 2020/21 Levy | 2021/22 Levy | Movement |
|-----------|----------------------------|----------------------------|-------------------------|-------------------------|-----------------|
| Gateshead | 202,508 | 202,055 | 10,888,380 | 10,815,502 | -72,877 |
| Newcastle | 300,196 | 302,820 | 16,140,834 | 16,209,202 | 68,368 |
| North | 205,985 | 207,913 | 11,075,330 | 11,129,066 | 53,737 |

| | | | | | |
|----------------------|------------------|------------------|-------------------|-------------------|----------|
| Tyneside | | | | | |
| South Tyneside | 150,265 | 150,976 | 8,079,396 | 8,081,370 | 1,974 |
| Sunderland | 277,417 | 277,705 | 14,916,061 | 14,864,859 | -51,202 |
| Tyne and Wear | 1,136,371 | 1,141,469 | 61,100,000 | 61,100,000 | 0 |

3. Next Steps and Timetable for Implementation

- 3.1 Discussions will continue with Government with regards to continuation of the Covid grant support that is currently being received and for (non-Covid) central government grants to at least be frozen at 2020/21 levels.
- 3.2 The financial forecasts will be updated as further Government announcements, particularly the outcome of the Comprehensive Spending Review, are made and more detail will be presented to the JTC at its meeting on 17 November 2020, with a view to recommending formal agreement to the budget and levies in January 2021.

4. Potential Impact on Objectives

- 4.1 The budget assumptions presented in this report is designed to support the achievement of the Transport policy objectives of the JTC in the Tyne and Wear area.

5. Financial and Other Resources Implications

- 5.1 The financial and other resource implications are summarised in detail in the body of the report where they are known. Further details which are developed as part of the budget development and consultation process will be identified in reports to the November 2020 and January 2021 reports to the JTC.

6. Legal Implications

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

7. Key Risks

- 7.1 Appropriate risk management arrangements are put in place in each budget area. Should Covid emergency support from central government not be maintained there is a significant risk that Nexus' services will need to be reduced. Reserves are maintained to help manage financial risk, but the application of these to balance the budget is not a sustainable long-term solution and can only be considered as a temporary measure whilst savings or other efficiencies / sources of income are secured to ensure the base budget deficit position is addressed.
- 7.2 It is recognised that there are significant financial challenges facing local government too, which places pressure on the ability of the Tyne and Wear authorities to maintain let alone increase the levies for transport.

8. Equality and Diversity

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

9. Crime and Disorder

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

10. Consultation/Engagement

10.1 The NECA Constitution (in its role as accountable body for the JTC) requires that consultation on its budget proposals be undertaken at least two months prior to the budget being agreed. Nexus' budget proposals will feature as part of these proposals alongside the other Transport related revenue and capital budgets. This paper underpins the Transport Budget for 2021/22.

11. Other Impact of the Proposals

11.1 There are no other impacts arising from this report at this stage.

12. Appendices

12.1 N/A

13. Background Papers

13.1 N/A

14. Contact Officers

14.1 John Fenwick, Director of Finance and Resources, Nexus – 07500 993588
john.fenwick@nexus.org.uk

15. Sign off

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

16. Glossary

LACBSSG – Local Authority Coronavirus Bus Services Support Grant

LRRRG – Light Rail Revenue Re-start Grant

MTFS – Medium Term Financial Strategy

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

Date: 5th November 2020
Subject: Nexus Corporate Business Plan 2021-2025
Report of: Chief Operating Officer, Nexus

Executive Summary

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

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

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

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

By 2025 we will be

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

Along with our mission:

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

This is articulated through five themes:

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

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

The themes are underpinned by 14 Key Performance Indicators:

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

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

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

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

| | | |
|--|--|--|
| | | <ul style="list-style-type: none">• Customer perception of safety and security• Reliability of assets |
|--|--|--|

The Corporate Business Plan will be monitored on a weekly basis by Nexus Senior Leadership Team and report to TWSC at each of its meetings.

Recommendations

The Tyne and Wear Sub-Committee is recommended to comment on Nexus’ draft Corporate Plan for 2021-2025. A further report will be brought to the Sub-Committee in January 2021 once the Joint Transport Committee has agreed Nexus’ budget for 2021-22 and subject to confirmation of revenue support from Central Government.

1. Background Information

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

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

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

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

2. Proposals

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

3. Reasons for the Proposals

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

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

4. Alternative Options Available

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

5. Next Steps and Timetable for Implementation

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

6. Potential Impact on Objectives

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

7. Financial and Other Resources Implications

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

8. Legal Implications

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

9. Key Risks

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

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

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

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

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

13. Other Impact of the Proposals

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

14. Appendices

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

15. Background Papers

- 15.1 None

16. Contact Officers

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

Tel: 0191 203 3500

17. Sign off

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

18. Glossary

Nexus Vision

By 2025 we will be

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

Nexus Mission

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

Executive Summary

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

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

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

Our performance is measured via fourteen Key Performance Indicators:

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

Our Business Planning process

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

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

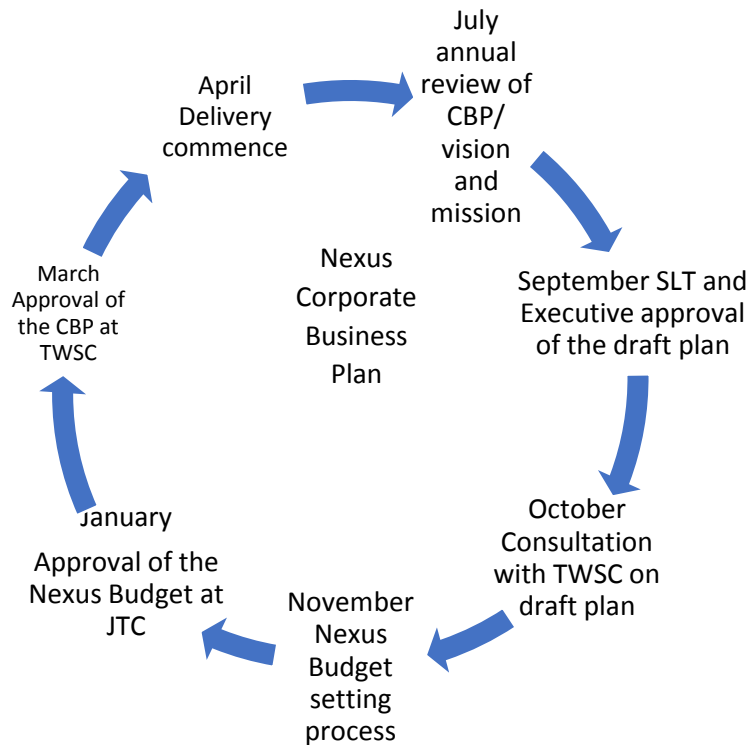
The objectives of the Regional Transport Plan are:

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

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

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

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



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

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

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

Our Corporate Plan

Nexus' Vision is

By 2025 we will be

Nimble in our processes and use of technology, an Engaged and inclusive
place to work, providing eXcellent customer service, Uncompromising safety
in our standards and Sustainable in all we do.

Our Mission

Making Public Transport great for our environment, economy and communities

To achieve our vision our plan is structured around five themes:

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

Theme 1: Put safety and security at the heart of everything we do

Performance indicators

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

In 2021 we will:

Embed a 'Safety First' Culture

We will develop and embed a culture which puts safety at the heart of everything we do. This will include developing 'Just Culture' principles and implementing lifesaving rules. This will be supported by a programme of communications and activities including a programme of safety stand down days tailored to job roles and safety moments at appropriate meetings.

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

Reduce incidents of Signals Passed at Danger (SPADs)

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

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

Reduce anti-social behaviour

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

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

By 2025 we will have:

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

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

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

Theme 2: Grow patronage and improve our customer experience

Performance indicators

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

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

In 2021 we will:

Invest in our infrastructure

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

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

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

Products and Payments

We will deliver our objectives as set out in our products and payments strategy. Customers expectations of technology continue to accelerate, our customers expect simple, hassle-free,

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

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

Customer Services

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

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

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

Without intervention we estimate the public transport patronage will only return to 70-80% of the pre-pandemic levels, during 2021 we will be implementing our recovery plan to put public transport at the heart of our communities and attract a new generation of customer to public transport

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

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

By 2025 we will:

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

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

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

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

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

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

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

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

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

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

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

Theme 3: Exploit technology, safeguard our assets and improve our processes

Performance indicators

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

In 2021 we will:

Improve our physical assets

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

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

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

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

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

Technology

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

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

By 2025 we will

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

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

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

Theme 4: Become a sustainable organisation

Performance indicators

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

In 2021 we will:

Improve environmental performance

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

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

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

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

Manage our financial standing

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

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

By 2025 we will:

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

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

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

Theme 5: Transform our organisation to be agile, innovative and inclusive.

Performance indicators

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

In 2021 we will:

Represent the communities we serve

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

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

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

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

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

Learning and Development

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

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

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

Engagement

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

Strategy

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

By 2025 we will:

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

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

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

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

Summary

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

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

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