



Joint Transport Committee Tyne and Wear Sub-Committee

Thursday, 21st November, 2019 at 2.00 pm

Meeting to be held in the Reception Room, South Shields Town Hall

AGENDA

	Page No
1. Apologies	
2. Declaration of Interests	
Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.	
3. Minutes of the Inquorate Meeting held on 19 September 2019	5 - 8
4. Monitoring Nexus' Performance	9 - 16
5. Nexus Annual Activity and Expenditure Report 2018/19	17 - 54
6. Nexus Corporate Business Plan 2020-21	55 - 76
7. Budget Proposals	77 - 98
8. Celebrating 40 Years of Tyne and Wear Metro - Marketing and Commemorative Events	99 - 104
9. Revision to Metro and Ferry Fares	105 - 120
10. Nexus Ferry Strategy	121 - 186
11. Tyne Tunnels Update	187 - 204
12. Tyne Tunnels Byelaws	205 - 222

13. Exclusion of the Press and Public

The Tyne and Wear Sub-Committee may wish to exclude the press and public from the meeting during the consideration of the following item on the grounds indicated:

Item 1972	Paragraphs of Schedule 12A to the Local Government Act
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14	3
15	2&3

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| 14. | Confidential Minutes of the Inquorate Meeting held on 19 September 2019 | 223 - 224 |
| 15. | Appointment of Non-Executive Directors to the Nexus Board | 225 - 230 |

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NORTH EAST JOINT TRANSPORT COMMITTEE, TYNE AND WEAR SUB-COMMITTEE

DRAFT MINUTES OF INQUORATE MEETING FOR APPROVAL

19 September 2019

Meeting held in the Blaydon Room, Gateshead Civic Centre, Regent Street, Gateshead, NE8 1HH

Present:

Councillor: G Hobson (Chair)

Councillors: C Johnson, J McElroy

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillor J McCarty and Councillor A Wilson.

2. DECLARATIONS OF INTEREST

No declarations of interest were received.

3. ANNOUNCEMENT RE PROCUREMENT OF NEW METRO FLEET

Tobyn Hughes provided a statement to the Committee outlining the current position with regards to the Metro fleet procurement process. Nexus expect to be able to announce the winning bidder early in the New Year.

4. MINUTES OF THE PREVIOUS MEETING HELD ON 4 JULY 2019

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

Matters Arising from the Minutes:

- (i) The new interchange at South Shields opened in August. It was noted that there had been a lot of positive feedback from users of the Interchange and that snagging works have been largely completed.

- (ii) The Great North Run, which is the busiest day of the year, took place following the opening of the new station. Everything worked really well on the day. There were no incidents or accidents reported and everything was well managed.
- (iii) There have been some concerns raised about Anti-Social Behaviour and Crime Management on the Metro between Jesmond and the airport on a Friday evening, in particular airport staff being harassed. Toby Hughes to action.

5. NEXUS CORPORATE RISK REGISTER 2019/20: UPDATE

Nexus have twelve corporate risks which were previously reported and noted by the sub-committee at its meetings in April and July 2019. Ten of the corporate risks have remained stable with no changes reported since the previous update to the Sub-Committee in July 2019. The exceptions are the risks entitled:

- **Long Term Funding for Metro** - where the RAG score has increased from 9 to 12 because of uncertainty surrounding DfT's response to Nexus' SR19 submission; and
- **Efficiency of delivery** – where the RAG score had increased from 6 to 9 because of the increase in Nexus' in-year budget deficit.

Nexus are still waiting for a response from the DfT in relation to its submission for revenue and capital grant funding post 2020 and 2021 respectively. Although there have been some encouraging discussions with civil servants, huge uncertainty over funding from the DfT remains. In relation to revenue funding, it is envisaged that a one year settlement for 2020/21 will be announced shortly.

With regards to efficiency of delivery, Nexus will still fulfil the commitment to maintain services, despite the in-year budget deficit worsening. This is because Metro fare revenue is £1m behind budget, which is not solely because of performance where it is felt that levels of car ownership and footfall in key retail centres is also adversely affecting patronage and fare revenue. The pay award also came in slightly above the level, which had been budgeted along with the high voltage power bill likely to be more than budget.

It was noted that the situation is concerning with regards to long term funding, any form of public transport is crucially important for Local Authorities in particular given that they are tasked with the plans from government on Air Quality. Local Authorities have to ensure there is clean air zones.

If we want to encourage people to use public transport it needs to be sorted, it is not acceptable the government not producing funding for the metro. It was noted that the comments of the Sub-Committee would be reflected back to the Civil Servants.

RESOLVED - That the Tyne and Wear Sub-Committee note the report.

6. MONITORING NEXUS' PERFORMANCE

Consideration was given to a report providing a summary update on Nexus' performance in the delivery key priorities of within the Corporate Plan for 2019/20 for the 4 periods to 20 July 2019.

The latest Metro customer satisfaction score of 7.8 (August 2019) is meeting the target of 7.8. It is envisaged that actions being taken to improve punctuality and reliability should further increase the overall satisfaction score.

Metro ridership moving annual total is 35.591m which is 0.9% below the equivalent figure for 2018/19. Punctuality for Periods 3 & 4 has improved to 85.9% from the average of 80.9% achieved over the first two periods of 2019/20 but was still below the target of 90%. Financially, a number of budgetary pressures remain. Metro farebox revenue for 2019/20 is forecast to be 2.1% lower than the base budget of £46.80m.

Nexus is in the closing stages of evaluating the Best and Final Offers from the three shortlisted train manufacturers prior to the submission of the final business case to Department for Transport (DfT).

RESOLVED: that the Tyne and Wear Sub-Committee note the report.

7. DRAFT NEXUS EQUALITY AND DIVERSITY STRATEGY

The Committee received a presentation on Nexus' draft Equality and Diversity Strategy. Nexus as a public authority and the owner and operator of Tyne and Wear Metro, has a series of obligations and duties set out in the Equalities Act 2010.

As a service provider Nexus is committed to providing the best, simplest and easiest to access service to all its customers, and want public transport and Metro in particular to be the transport mode of choice for all society.

Nexus also seeks to be an organisation that represents the communities we serve throughout Tyne and Wear and across the North East. In order to achieve this Nexus is in the process of revising its Equality and Diversity Strategy to ensure that equality and accessibility is embedded in its projects, services and the decisions it takes.

The Strategy sets out a series of actions to:

- Train and upskill Nexus staff
- Embed equality in the culture of the organisation
- Engage with the local community
- Improve the accessibility of all the services which are offered
- Ensure our workforce is representative of local communities

The overall aim is that accessibility is the first thought throughout the organisation so that everyone who uses public transport feels confident and safe and can access all of the services and facilities on offer.

RESOLVED: that the Tyne and Wear Sub-Committee note the report.

8. TYNE TUNNELS UPDATE

Consideration was given to a report which provide an update on the activities on the Tyne Tunnels.

Traffic flows are recovering slightly from the works at Silverlink. The toll income does affect the JTC budget.

ANPR has gathered a good foundation, this is an evolving customer proposition.

There was a single attempt at a fraud.

The Chair did write to the staff which was appreciated.

The pedestrian cycle tunnels are now open. They are not fully open work is needed on the inclined lift. There has been a phased re-opening. The night shuttle is continuing in the short term.

The report contained a request with regards to a lease of land as the meeting was inquorate the Chair and members present agreed to the proposal subject to other members being contacted by email and gaining their agreement.

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

9. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED that under section 100A and Schedule 12A Local Government Act 1972 the press and public be excluded because except information is likely to be disclosed and the public interest test against disclosure is satisfied.

10. DATE AND TIME OF THE NEXT MEETING

The next meeting will take place on Thursday 21 November 2019, 2.00pm at South Shields Town Hall.

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

Date: 21 November 2019

Subject: Monitoring Nexus' Performance

Report of: Managing Director, Transport North East

Executive Summary

The report provides a summary update on Nexus' performance in delivering the key priorities of its Corporate Plan for 2019/20 to 12th October 2019 with a particular focus on the period from 21st July. In particular:

- **Metro Customer Satisfaction:** The most recent score of 7.8 (August 2019) is meeting the target of 7.8. Actions being taken to improve punctuality and reliability should further increase the overall satisfaction score. The next survey results are due in November 2019.
- **Metro Ridership:** the moving annual total is now 34.962m, 3.4% below the equivalent figure for 2018/19. Punctuality is higher than last year but still below target.
- **Financial Management:** a number of budgetary pressures remain. Metro farebox revenue for 2019/20 is forecast to be 2.6% less than the base budget of £46.80m and a deficit on the revenue budget of £4.1m is now forecast.
- **New Metro Fleet:** Best and Final Offer (BAFO) bids have been received and evaluated from the three shortlisted tenderers - Stadler, CAF and Hitachi. Moderation has taken place to identify the preferred bidder. Contract award is expected in January 2020.

Recommendations

The Tyne and Wear Sub-Committee is recommended to note Nexus' performance in realising the key priorities in its Corporate Plan for 2019/20, 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 2019/20 over the 12 weeks from 21st July to 12th October 2019.
- 1.2 For 2019/20 the CP has three main themes and ten key priority work-streams.
- 1.3 Applying a RAG (Red/Amber/Green) status to each of these workstreams the overall performance is summarised below:

Theme 1: Deliver public transport today.		Status
Key priority	<p>Improve the Metro customer journey experience</p> <ul style="list-style-type: none"> The most recent Metro Customer Satisfaction Survey in August 2019 saw an improvement in the overall score to 7.8 from the May 2019 score of 7.5. The Metro ridership moving annual total at the end of Period 7 is 34.962m, 3.4% below the equivalent figure for 2018/19. Over the period from 21st July to 12th October ridership at 7.915m was 7.2% below the target of 8.537m. The Metro fare revenue forecast for 2019/20 is now 2.6% below the base budget target of £46.80m. Punctuality from 21st July to 12th October was 84.0%, which was higher than the same period last year which was 81.3% but below the target of 88.66%. The current annual punctuality for the year to date is 83.7%, higher than the same period last year which was 81.7%, but below the target of 87.3%. Peak fleet availability has improved to 79.5% from the previously reported level of 66.7%. 	Amber
	<p>Protect levy funded frontline services</p> <ul style="list-style-type: none"> The 2019/20 current forecast is a deficit of £4.1m. However, this will not impact frontline services in 2019/20. 	Green
	<p>Deliver technological improvements</p> <ul style="list-style-type: none"> Smart Ticketing: Host Card Emulation: ('your phone becomes your smartcard'). Nexus is supporting ITSO (the Smart Ticketing National Standards body) in the Host Card Emulation trial on Metro. Technical development is complete and the necessary legal and 	Amber

	<p>commercial agreements are now in place. Preparations are complete for the trial phase, which will commence w/c 4 November</p> <ul style="list-style-type: none"> • Ticketing and Gating: Full rollout of the upgraded Bank Card Readers (“PEDs”) will be completed in November 2019. The final ‘period of continuous operation’ (POCO) is expected to complete in February 2020 to allow project closure. 	
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Theme 2: Prepare for the Future		Status
Key priority	<p>Award contracts to design, build and maintain a new train fleet.</p> <ul style="list-style-type: none"> • Best and Final Offer (BAFO) bids have been received and evaluated from the three shortlisted tenderers - Stadler, CAF and Hitachi. Moderation has taken place to identify the preferred bidder. Contract award is expected early in 2020. 	Green
	<p>Ensure the North East’s priorities are reflected in TfN’s plans.</p> <ul style="list-style-type: none"> • The TfN draft proposition to the Williams review reflects the JTC position on rail devolution. 	Green
	<p>Develop plans to expand Metro and local rail services</p> <ul style="list-style-type: none"> • Metro’s Flow project: The Outline Business Case is being finalised 	Green
	<p>Develop plans to improve the local public transport network and the use of new mobility services</p> <ul style="list-style-type: none"> • Development of the Nexus elements of the Transforming Cities Fund bids to outline business case is progressing to plan. 	Green

Theme 3: Focus on organisational effectiveness		
Key priority	<p>Implement change and pursue continuous improvement</p> <ul style="list-style-type: none"> • Progress continues on the new organisation structure, aligning with the Fleet maintenance contracts, the TUPE transfer of NEMOL staff into Nexus that happened on 1st November and the revised senior management 	Green

	arrangements following the appointment of the Chief Operating Officer who commences in January 2020.	
	Deliver the new Nexus' Learning Centre in South Shields <ul style="list-style-type: none"> Construction remains on programme for occupancy in March 2020. 	Green
	Continue the planned Asset Renewal Programme <ul style="list-style-type: none"> The next phase of track work - re-railing in the tunnels between the QEII Bridge and Gateshead Stadium will start in November 2019. Procurement is underway for works at South Shields in April 2020 and full track renewal between Heworth and Pelaw planned for summer 2020. The Overhead Line Equipment renewal programme continues to plan with two further weekend wire renewals scheduled in November. 	Green

- 1.4 **Metro Customer Satisfaction Survey (CSS):** The overall score in the latest August 2019 survey is on target at 7.8. Actions being taken to improve punctuality and reliability should further increase the overall satisfaction score. Within the CSS, 23 areas of Metro service are split into six categories. The level of overall customer satisfaction is also included in the survey. Compared with the May 2019 results, scores improved across all categories surveyed. The survey takes place in November.
- 1.5 **Metro Punctuality:** Punctuality from 21st July to 12th October was 84.0%, which was higher than the same period last year which was 81.3% but below the target of 88.66%. The current annual punctuality for the year to date is 83.7%, higher than the same period last year which was 81.7%, but below the target of 87.3%. Several factors which impacted punctuality, particularly in the last 4 weeks included a tree on an overhead line and a depot substation failure in addition to general service disruptions. There are several underlying factors impacting punctuality including Temporary Speed Restrictions. Work to address these is progressing.
- 1.6 **Peak Fleet Availability:** Peak fleet availability over the period from 21st July to 12th October reached full availability on 84 of the 118 peaks which is an improved 79.5% compared to the average 54% achieved in the year to 20th July. This still remains fragile with long-term stopped cars continuing to pose a challenge. Investment in the existing fleet is continuing and there is evidence that this is beginning to improve reliability.
- 1.7 **Metro Patronage:** From 21st July to 12th October Metro's patronage totalled 7.916m which is 7.2% below the target of 8.537m. The moving annual total is now 34.962m which is 3.4% below the figure for the same period in 2018/19 of 36.205m.
- 1.8 **Metro Revenue** As at the end of Period 7, the 2019/20 forecast Metro fare box revenue is £45.6m which although £0.1m higher than the 2018/19 actual, is £1.2m

(2.6%) adrift from the original base budget of £46.80m.

1.9 **Financial Position:** Due to a number of emerging pressures that have manifested themselves in the run up to and shortly after the beginning of the new financial year the 2019/20 current forecast is a deficit of £4.1m. These can mainly explained by:

- A reduction in Metro fare revenue of £1.2m (this equates to over 2% of the farebox) and broadly reflects the outturn position in 2018/19 also;
- A reduction in secured bus services fare revenue of £0.3m (this equates to circa 10% of the farebox);
- The April 2019 pay award for Nexus (and NEMOL) employees were both 0.5% in excess of the budget provision, adding a £0.3m pressure; contract inflation relating to high voltage power and cleaning, which are forecast to be £0.5m and £0.2m in excess of budget respectively;
- Responses to catastrophic overhead line failures in May 2019 have added a £0.3m budget pressure;
- Train crew overtime has added a £0.5m pressure; and
- These cost pressures have been mitigated by:
 - The reclassification of capital grant as revenue grant (£0.5m);
 - A reduction in contract costs relating to the secured bus network (£0.3m); and
 - An increase in investment income (£0.2m).

2. Proposals

2.1 There are no proposals arising from this performance monitoring update.

3. Reasons for the Proposals

3.1 Not applicable to a performance monitoring update report.

4. Alternative Options Available

4.1 No alternatives arise in respect of this performance monitoring 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 report.

11. Crime and Disorder

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

12. Consultation/Engagement

12.1 There are no specific consultation or engagement considerations arising from this performance monitoring update report.

13. Other Impact of the Proposals

13.1 There are no direct proposals arising from this performance monitoring update report, and therefore no consequential impacts.

14. Appendices

14.1 None

15. Background Papers

15.1 Nexus' Corporate Plan 2019/20 as considered and approved at the Sub-Committee's meeting in January 2019.

16. Contact Officers

16.1 Toby Hughes,
Managing Director, Transport North East
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Tel: 0191 203 3246

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.

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

Date: 21 November 2019

Subject: Nexus Annual Activity and Expenditure Analysis Report 2018/19

Report of: Managing Director, Transport North East

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 2018-19".

1. Background Information

- 1.1 This report provides members with an analysis of Nexus expenditure and activity at district level during 2018/19. 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 2018-19' 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 2018/19 was some £161.4m. Of this, £52.2m was funded from commercial revenues, whilst £109.2m 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 £56.4m of grant income, more than 60% 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 This report does not contain any proposals.

3. Reasons for the Proposals

3.1 This report does not contain any proposals.

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

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 2018-19.

15. Background Papers

15.1 None.

16. Contact Officers

16.1 Philip Meikle
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17. Sign off

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

18. Glossary

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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 LTP related to the LTA'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 a few years ago from which Metro customers buy Metro Tickets.
VLV	"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.

Correction Notice

In compiling the 2018/19 report an error has been identified in the 2017/18 figures relating to secured bus passenger journeys.

To address this we have made relevant corrections to the 2017/18 bus patronage data in the following sections:

- Overview of bus passenger boardings
- Secured bus services
- Proportion of ENCTS journeys made by residents from each district

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:

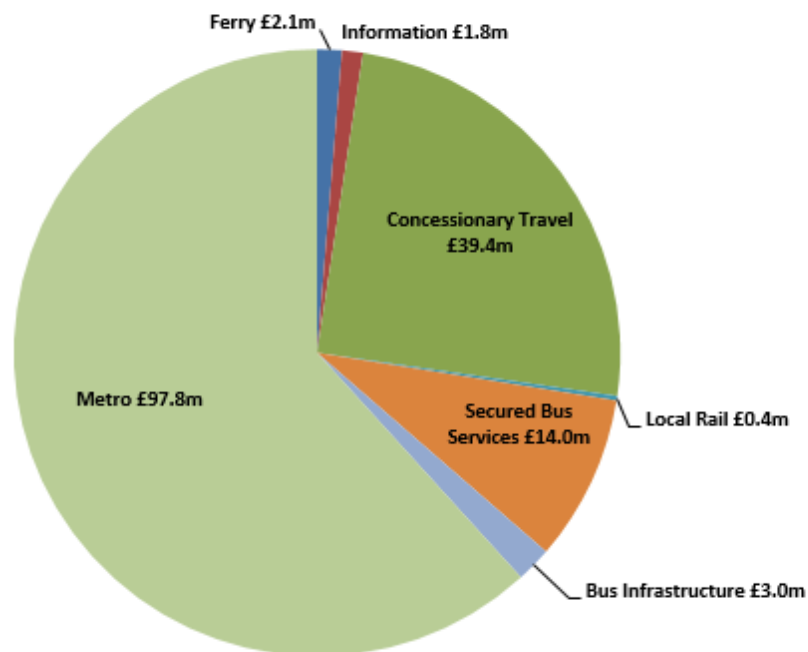
- **Deliver public transport today**
- **Prepare for the future, and**
- **Focus on organisational effectiveness.**

Nexus Gross Revenue Expenditure 2018/19

Nexus' gross revenue expenditure during 2018/19 amounted to £158.5m.

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 Revenue Expenditure 2018/19 (£158.5m)



Nexus Gross Income 2018/19

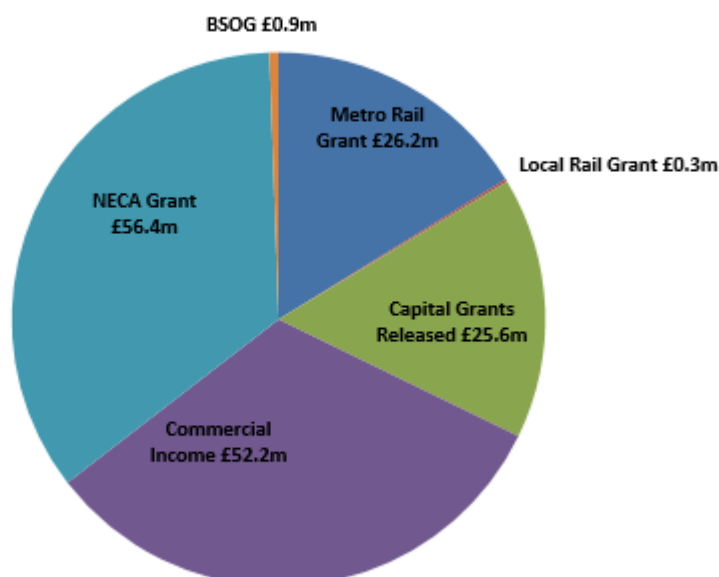
Nexus' gross income in 2018/19 amounted to £161.4m, comprising:-

- 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 (Rail Administration Grant)
- Commercial revenue generated from customers who use our services (the majority of which is generated through metro fare revenue)
- Revenue funding for the NESTI activities carried out within the year
- 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:-

Nexus Gross Income 2018/19 (£161.4m)



The Tyne and Wear Transport Levy 2018/19

In January 2018, 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 2018/19. 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 2018/19 of £61.1m, of which £59.7m was allocated as a grant to Nexus in order to execute the policy decisions of the Joint Transport Committee. £3.33m of the grant to Nexus was retained as a contribution for the new Metro fleet.

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 2018/19, 120.4 million passenger boardings were made on bus services in Tyne and Wear, which represents an overall increase of 0.7% on the previous year.

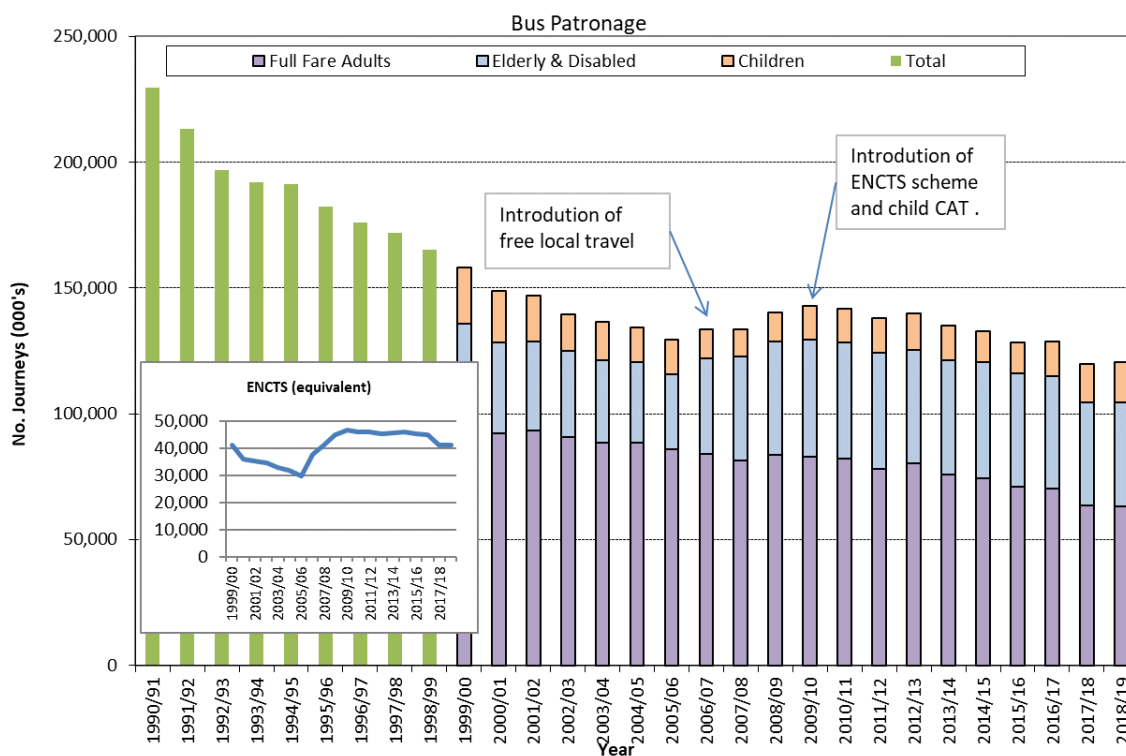
The table below provides a more detailed breakdown of the bus market across Tyne and Wear in recent years.

Passenger Type (Boardings m)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	Change Vol	Change %
Adult	75.721	74.392	70.875	70.240	63.611	63.155	-0.456	-0.7%
ENCTS	45.574	45.940	45.179	44.753	40.939	41.139	+0.200	0.5%
Child	13.681	12.388	12.339	13.703	15.045	16.154	+1.109	7.4%
Total	134.977	132.720	128.393	128.696	119.596	120.448	+0.852	0.7%

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There has been very little relative change in bus usage by adults and ENCTS card holders, while patronage from children has continued to grow. This is due largely to the major operators extending eligibility for child tickets to 16 or 18 years and some of them capping child fares at £1.00 per trip. This is continuing to have a positive impact on child patronage.

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

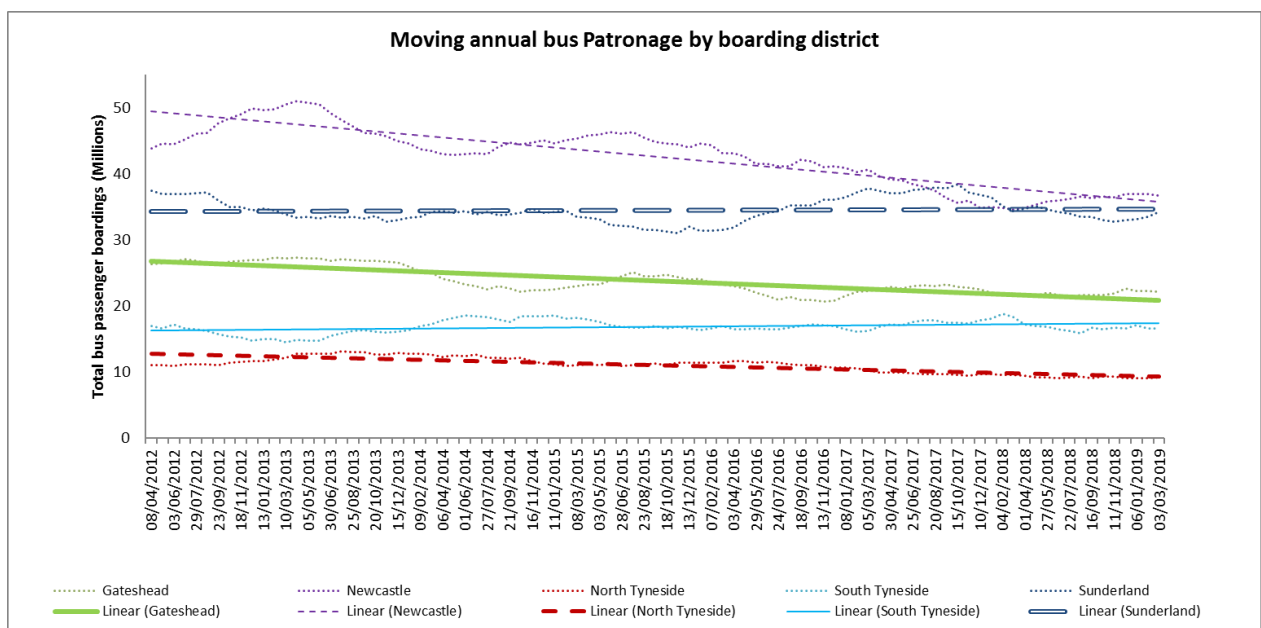


¹ 2017/18 patronage adjusted as described in the Correction Notice

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 district, 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 six-year linear trend as well as the moving annual patronage.

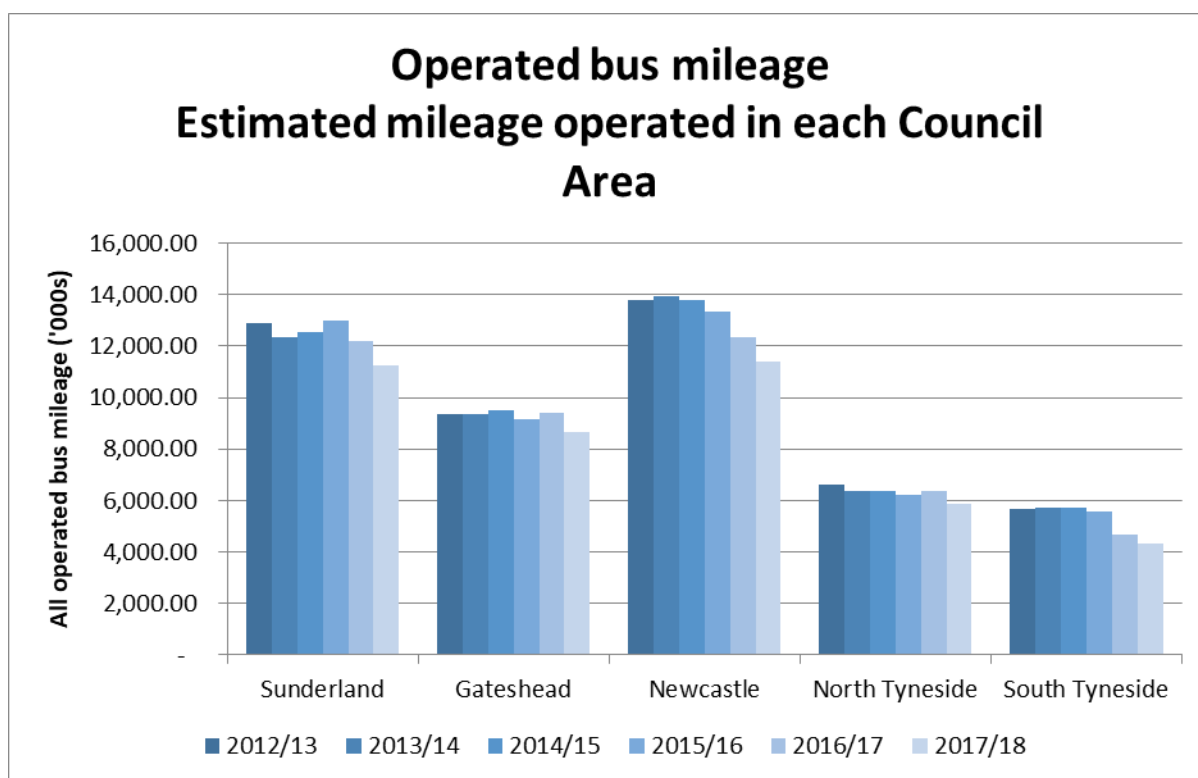


Nexus has analysed the local authority area that passengers live in, compared to the location they boarded and it is evident that a sizeable number of 'cross boundary' journeys are undertaken. This is shown in the table below and includes trips made by residents from outside of Tyne and Wear, highlighting 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	89.3%	6.7%	1.4%	0.5%	0.8%	7.1%
	NC	3.6%	67.4%	11.5%	0.3%	0.5%	5.2%
	NT	0.6%	10.7%	79.7%	0.0%	0.4%	12.7%
	SL	2.3%	1.6%	0.6%	90.9%	3.9%	6.4%
	ST	2.9%	1.4%	1.5%	2.9%	93.9%	1.0%
	Outside T&W	1.4%	12.2%	5.2%	5.4%	0.5%	67.6%
	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 2018/19 figures in late 2019 and this report will be retrospectively updated at that time.



2) Secured bus services

a. Tyne & Wear overview

Nexus continually monitors cost and usage of secured bus services. During 2018/19, the number of journeys made on secured bus services stayed roughly the same across Tyne and Wear as a whole, as did the overall bus ridership. The total mileage operated on a secured service basis has remained roughly the same.

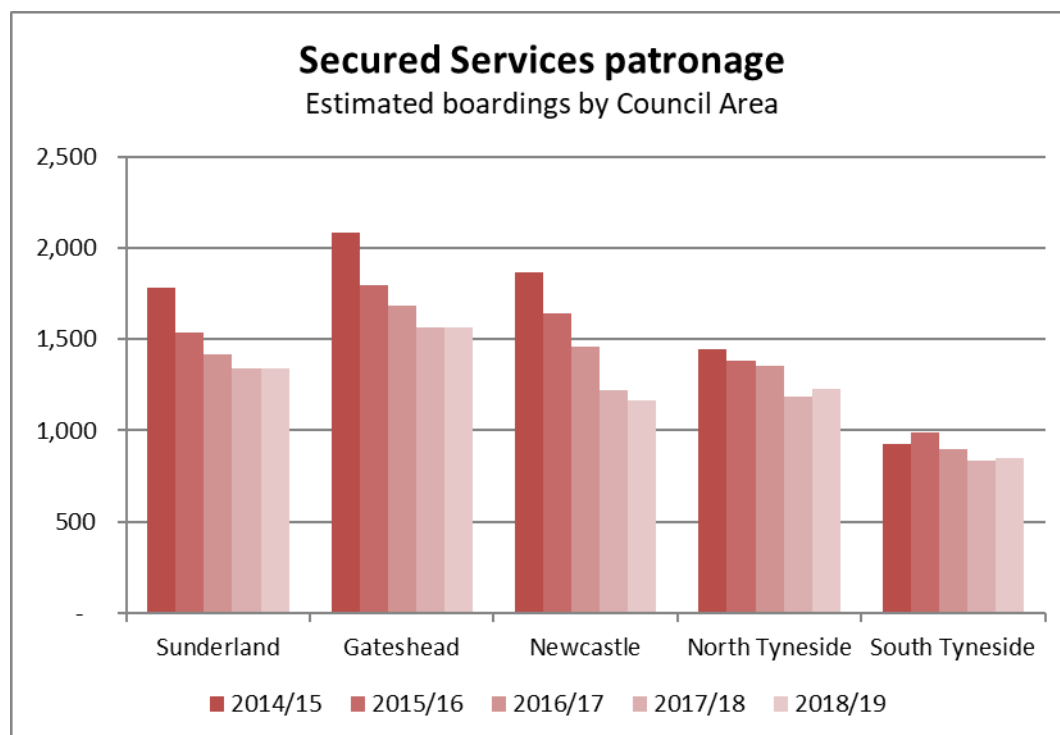
Bus operators and Nexus continue to monitor and respond to demand for individual services, replacing and reorganising services in response to the demand, plus external factors that affect services such as road closures.

Passenger type	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	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	98	3.7%
ENCTS	2,878	3,062	2,383	2,462	2,180	1,903	1,672	1,619	1,654	35	2.1%
Child	2,066	2,222	2,160	2,361	2,127	1,951	1,881	1,866	1,740	-126	-6.8%
Total	8,977	9,612	8,494	8,769	8,104	7,341	6,817	6,138	6,146	7	0.1%
Total mileage (miles 000's)	Not Available				5,880	5,537	5,414	5,196	5,200	4	0.1%

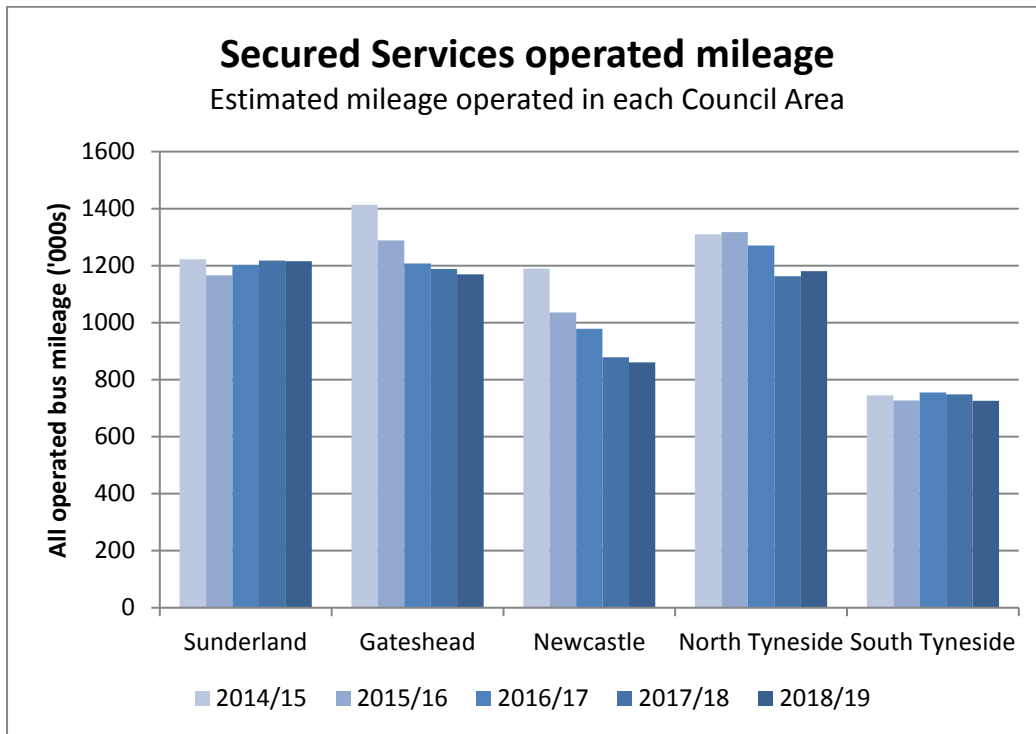
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b. District level overview

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.



² 2017/18 patronage adjusted as described in the Correction Notice



As illustrated, there have been very slight reductions in mileage in most areas. Very few services have changed significantly. The main changes are described below.

- In North Tyneside, the service 51 was extended by about 22,000 miles and the number 5 service has been extended by 61,000 miles. Certain other services were reduced in response to this. Cumulatively, these have led to an increase of around 17,000 miles
- In South Tyneside there has been a reorganisation of some routes that has allowed us to make a slight reduction to the mileage. Services 88 and 88A have been withdrawn and the 26 and 9 have been extended to compensate, leading to an overall reduction of 22,000 miles.
- In Sunderland there have been increases of 21,000 miles due to reorganisation of services 81, 82, 83 and 84 which has been offset by a number of smaller reductions.
- In Gateshead, evening services of the Q1 and Q2 have been reduced by 22,000 miles. There have also been reductions in the 82 and 83 services (13,000 miles). This has been offset by some smaller increases in other services.
- Changes in Newcastle include reductions in the 42 and 42A (16,000 miles) and withdrawal of the Q3 (19,000 miles).

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 complements this by estimating the proportion of trips made by residents from each area.

b. Proportion of ENCTS journeys made by residents from each district

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

Resident of	Journeys 2017/18 (000s)	Journeys 2018/19 (000s)	Change %	2017/18 Proportion of all trips by T&W resident in...	2018/19 Proportion of all trips by T&W resident in...
Sunderland	10,786	11,031	2.3%	28.5%	28.4%
Gateshead	7,716	7,877	2.1%	20.4%	20.3%
Newcastle	8,986	9,360	4.2%	23.8%	24.1%
North Tyneside	5,134	5,259	2.4%	13.6%	13.6%
South Tyneside	5,194	5,253	1.1%	13.7%	13.5%
T&W residents	37,817	38,781	2.5%	100%	100%
Non T&W residents	3,122	2,358	-24.5%		
Total	40,939	41,139	0.5%		

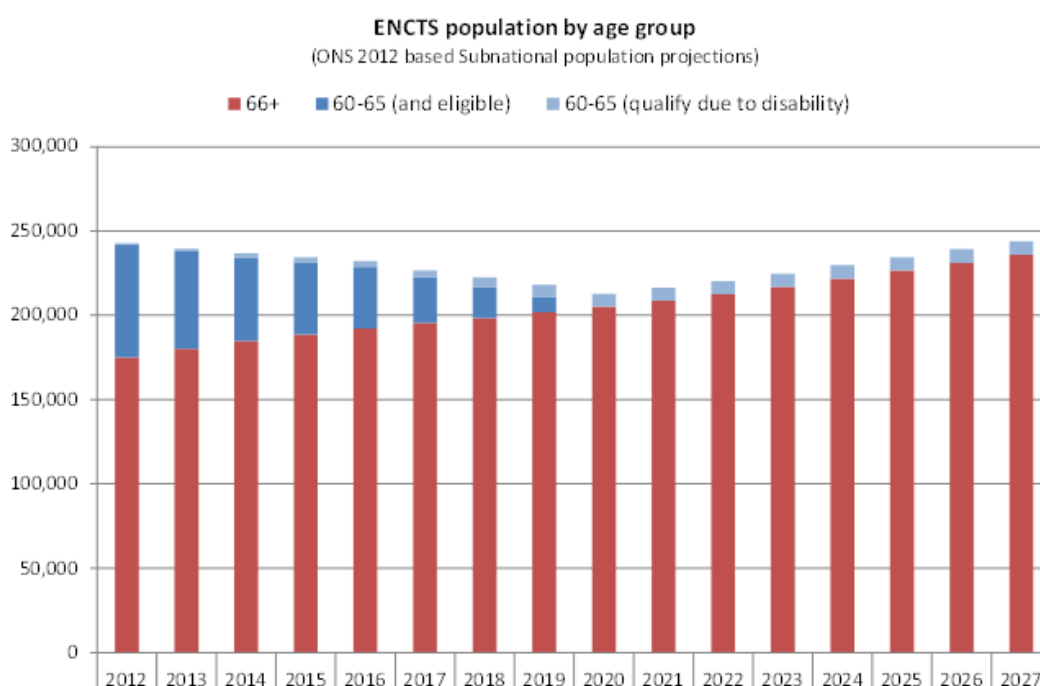
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c. Pass holders and take up

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

³ 2017/18 patronage adjusted as described in the Correction Notice

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 district. 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		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Sunderland	Passes issued	54,495	59,622	59,795	55,445	55,437	58,246	50,358	50,671	37,911	41,559
	Take up (%)	86%	93%	94%	88%	89%	94%	84%	87%	67%	76%
Gateshead	Passes issued	37,258	40,403	40,555	38,322	40,986	40,013	37,589	37,790	28,750	31,172
	Take up (%)	81%	87%	90%	83%	90%	89%	86%	89%	69%	78%
Newcastle	Passes issued	42,620	44,771	46,607	45,567	44,536	47,661	43,331	43,586	32,390	35,418
	Take up (%)	78%	82%	87%	89%	88%	96%	89%	93%	71%	80%
North Tyneside	Passes issued	41,414	44,453	44,786	43,372	42,186	45,659	39,841	40,313	29,918	33,095
	Take up (%)	88%	93%	96%	91%	90%	98%	88%	92%	70%	79%
South Tyneside	Passes issued	30,438	32,650	32,985	31,669	31,143	33,231	29,775	30,013	22,033	24,371
	Take up (%)	83%	89%	91%	89%	89%	96%	89%	92%	70%	80%
Tyne & Wear	Passes issued	206,225	221,899	224,728	214,375	214,288	224,810	200,894	202,373	151,002	165,615
	Take up (%)	83%	89%	92%	88%	89%	94%	87%	90%	69%	78%

4

At the end of March 2018, around half of the ENCTS cards expired as a consequence of it being the 10 year anniversary of the commencement of the scheme under which passes last for 5 years. This is referred to as the “bulk renewal”. At the 2013 bulk renewal, all passes were automatically renewed and distributed to passholders.

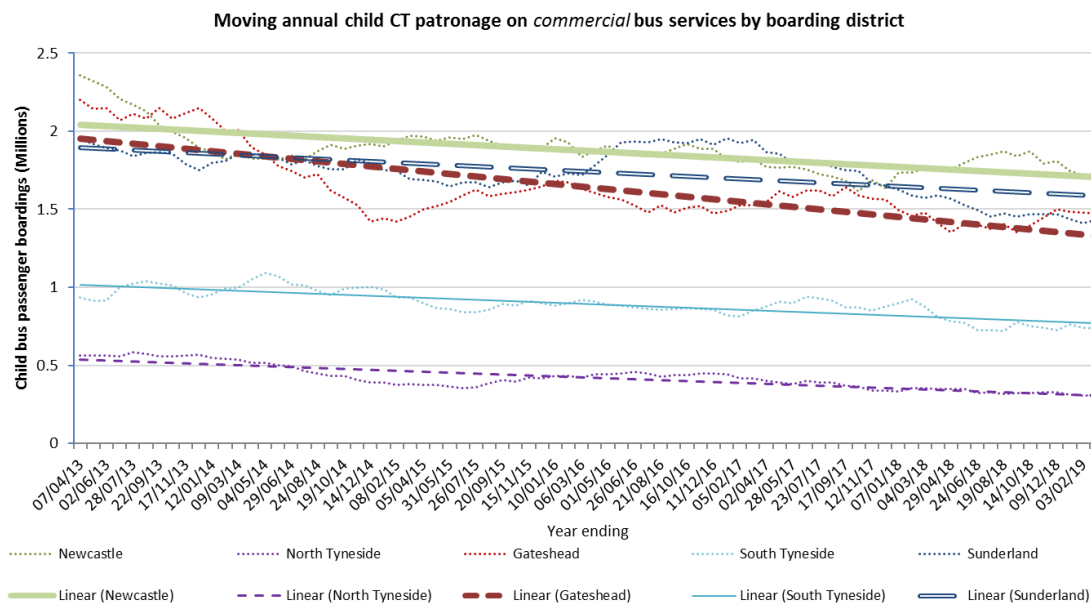
⁴ Eligible Population was extracted from ONS 2016-based Subnational Population Projections for England

In 2018, measures were taken to reduce the number of passes being issued unnecessarily, thereby reducing costs. Only passes which had been used recently were replaced and those cardholders who had used their card less recently were contacted asking them to respond if they wanted to renew their pass.

Many of the cardholders whose card was about to expire did not request a replacement until after the year end. Their replacements were issued early in 2018/19. This accounts for the increased take up for this year.

4) Under 16 (U16) Concessionary Travel on Bus

During 2018/19, the Under 16 Child Concessionary Travel market made almost 7.1 million journeys on bus in Tyne and Wear, a decrease of 6.9% on the previous year. As with last year, the decline is more than offset by the growth in commercial child patronage. 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:

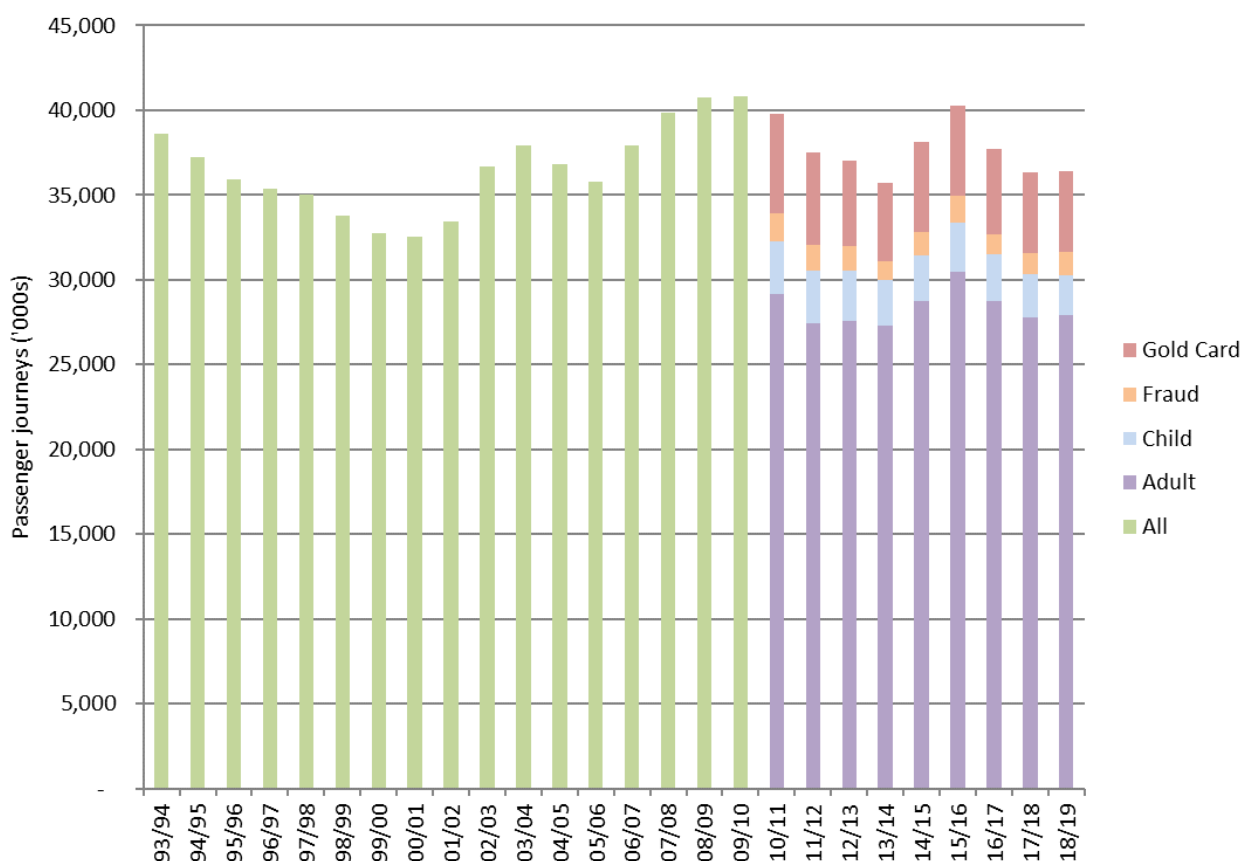
Under 16 passes issued		2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Sunderland	Passes issued	12,489	13,023	13,021	13,110	13,150	11,304	10,595	11,964
	Take up rate (%)	34%	36%	37%	37%	37%	32%	29%	33%
Gateshead	Passes issued	11,415	11,757	11,633	11,374	11,317	9,974	9,295	12,716
	Take up %	46%	45%	45%	44%	44%	38%	35%	48%
Newcastle	Passes issued	10,913	11,751	12,148	12,526	12,820	11,588	11,393	15,038
	Take up %	32%	34%	35%	35%	35%	31%	30%	39%
North Tyneside	Passes issued	7,455	7,746	7,666	7,394	7,122	5,945	5,596	6,075
	Take up %	29%	29%	29%	28%	27%	22%	21%	22%
South Tyneside	Passes issued	7,320	7,574	7,555	7,403	7,277	6,320	6,008	7,210
	Take up %	37%	39%	40%	39%	38%	33%	31%	36%
Tyne & Wear	Passes issued	49,592	51,851	52,023	51,807	51,686	45,131	42,887	53,003
	Take up %	35%	37%	37%	36%	36%	31%	29%	36%

After a decline over a number of years, the take up rates of the Under 16 Pop card have recovered during 2018/19. It is thought that a contributing factor could be the publicity of the Pop blue card which could have raised the profile of products for young travellers in general, leading to an increase in new applications.

5) Metro patronage

a. Overview of Metro passenger boardings

During 2018/19, just over 36.4 million journeys were made on Metro, broadly flat on the previous year.



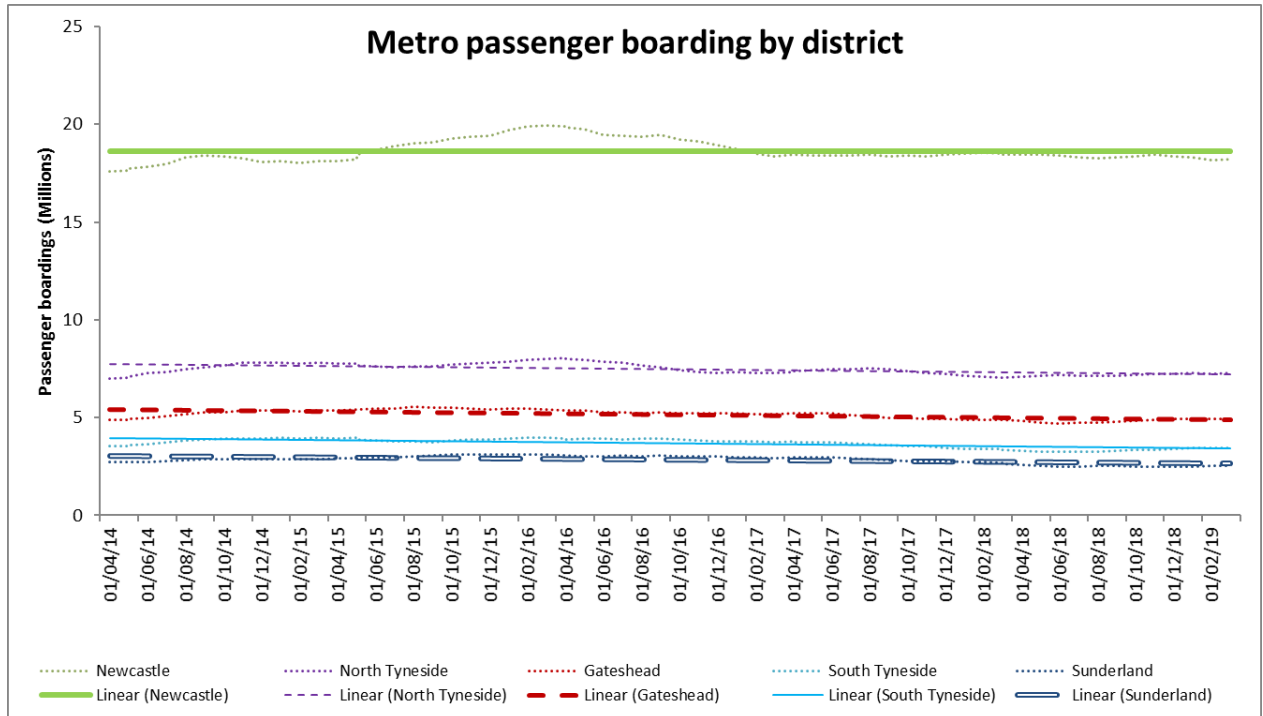
The table below provides a breakdown of the passenger numbers in more recent years with the change in 2018/19 compared to the previous year.

Metro Patronage by Ticket Type (000s)								
Passenger Type	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	Change Vol	Change %
Adult	27,318	28,748	30,446	28,769	27,801	27,910	+0.109	0.39%
Gold Card	4,629	5,271	5,339	5,017	4,755	4,748	-0.007	-0.15%
Child	2,680	2,722	2,922	2,726	2,546	2,339	-0.207	-8.13%
Fraud	1,077	1,373	1,582	1,176	1,262	1,417	+0.155	12.31%
Total	35,703	38,114	40,290	37,688	36,364	36,414	+0.050	0.14%

Following significant decreases since 2015/16, the overall patronage has remained roughly stable on the previous year. However, a number of factors have been identified (including low customer confidence, low retail footfall and low business confidence) which generally have a negative impact on Metro patronage. This could present challenges for Metro in the future.

b. Metro passenger boardings by district

The chart below shows the long term trends for Metro boardings in each district.



c. All Metro passenger boardings - Resident district versus boarding district

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 district. However, the same considerations are still relevant, in that those boarding in one district 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 over 60% of those who board in Gateshead live within Gateshead and less than 55% who board in Newcastle also live in Newcastle.

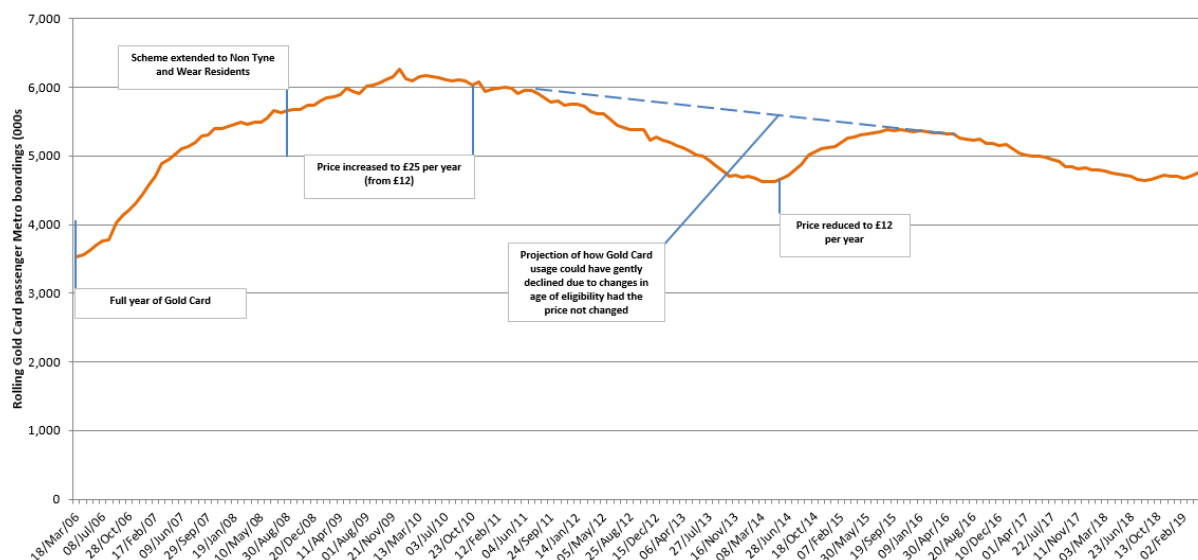
		Board in				
		GH	NC	NT	SL	ST
Live in	GH	60.5%	8.9%	2.8%	3.3%	4.5%
	NC	6.4%	54.1%	11.1%	5.2%	2.7%
	NT	2.8%	13.8%	79.1%	1.1%	1.1%
	SL	8.4%	5.9%	1.0%	80.7%	5.1%
	ST	19.2%	9.3%	2.5%	6.6%	85.4%
	Outside T&W	2.8%	8.0%	3.5%	3.1%	1.3%
	Check	100%	100%	100%	100%	100%

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 2018/19 (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 2018/19, Gold Card Concessionary pass holders made just under 4.75 million journeys on Metro in Tyne and Wear which represented a broadly flat position on the previous year.



The eligible population has been in decline due to increases in the eligible age since 2010. The financial year 2019/20 will mark the last such year of decline in the eligible population.

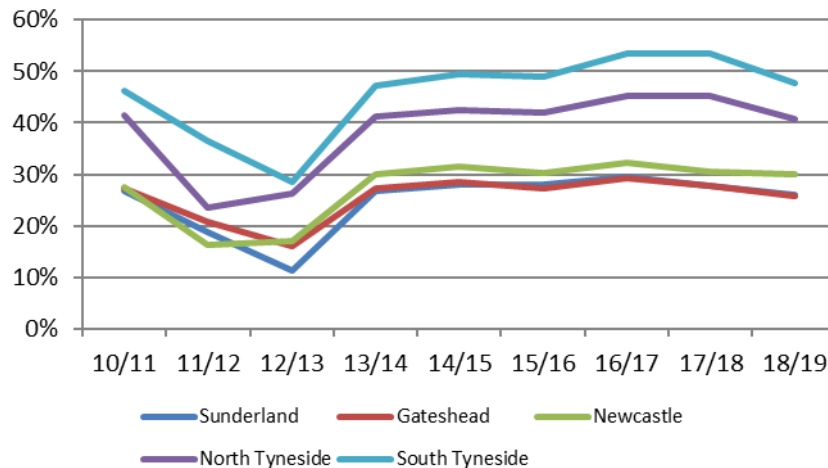
b. Metro Gold Card take up rate

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 decreased by 10%, and take up rate is down at 32.8% of the eligible population compared to 35.6% in the previous year.

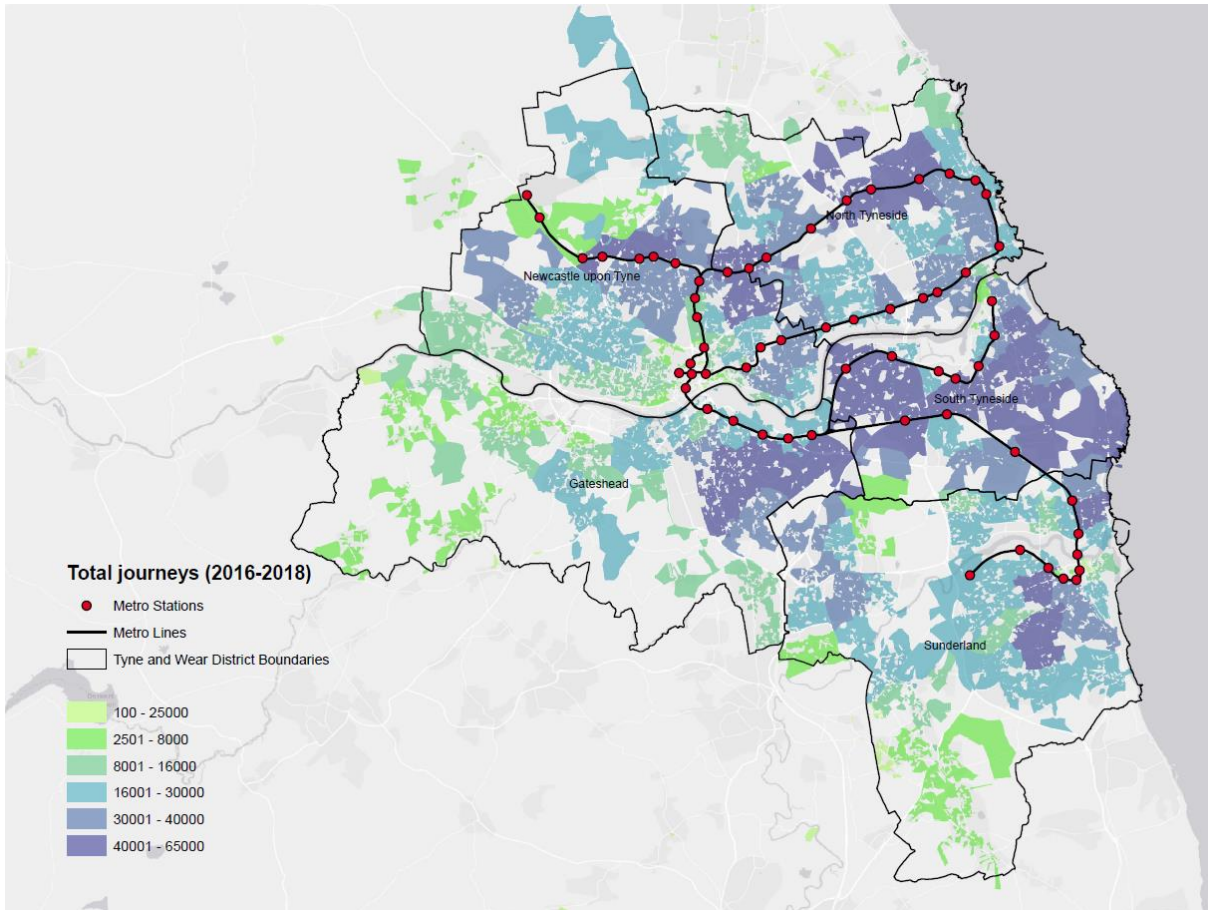
Gold card holder district		10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
Sunderland	Card sales	17,175	11,861	7,185	16,724	17,263	16,707	17,115	15,768	14,228
	Take up (%)	27%	19%	11%	27%	28%	28%	29%	28%	26%
Gateshead	Card sales	12,610	9,435	7,462	12,409	12,809	11,895	12,518	11,504	10,385
	Take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

Gold card take up rate



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.

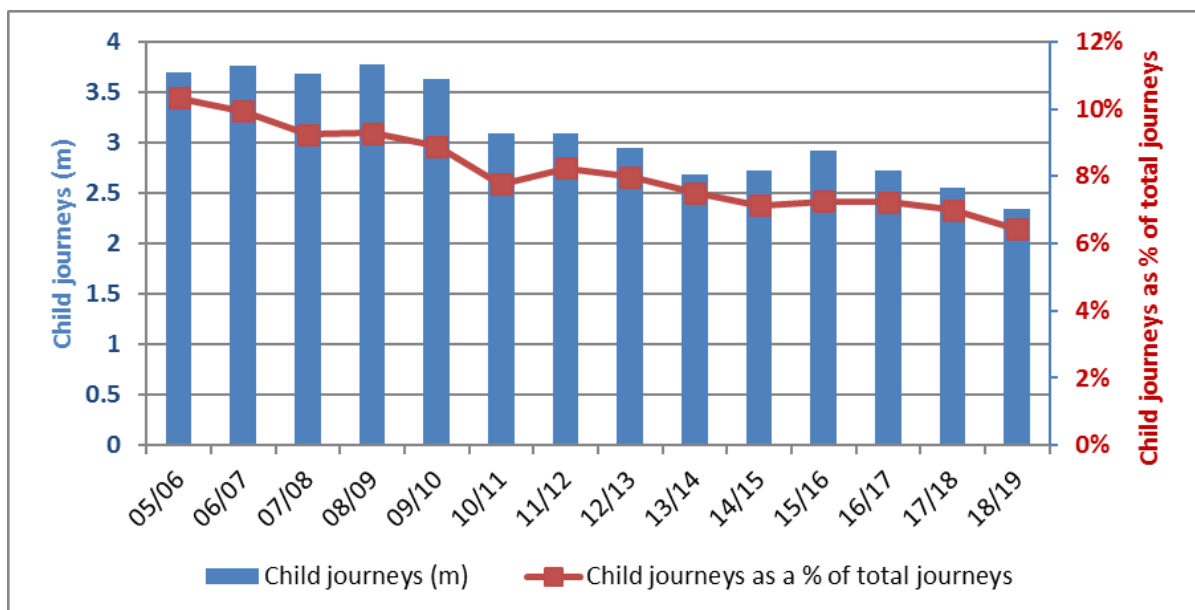
The map below shows the Metro trips made using Gold card since the beginning of 2016, plotted by resident's home post code showing higher concentrated usage (darker purple) across the region closer to the Metro line (stations shown as red dots).



7) Under 16 (U16) Concessionary Travel on Metro

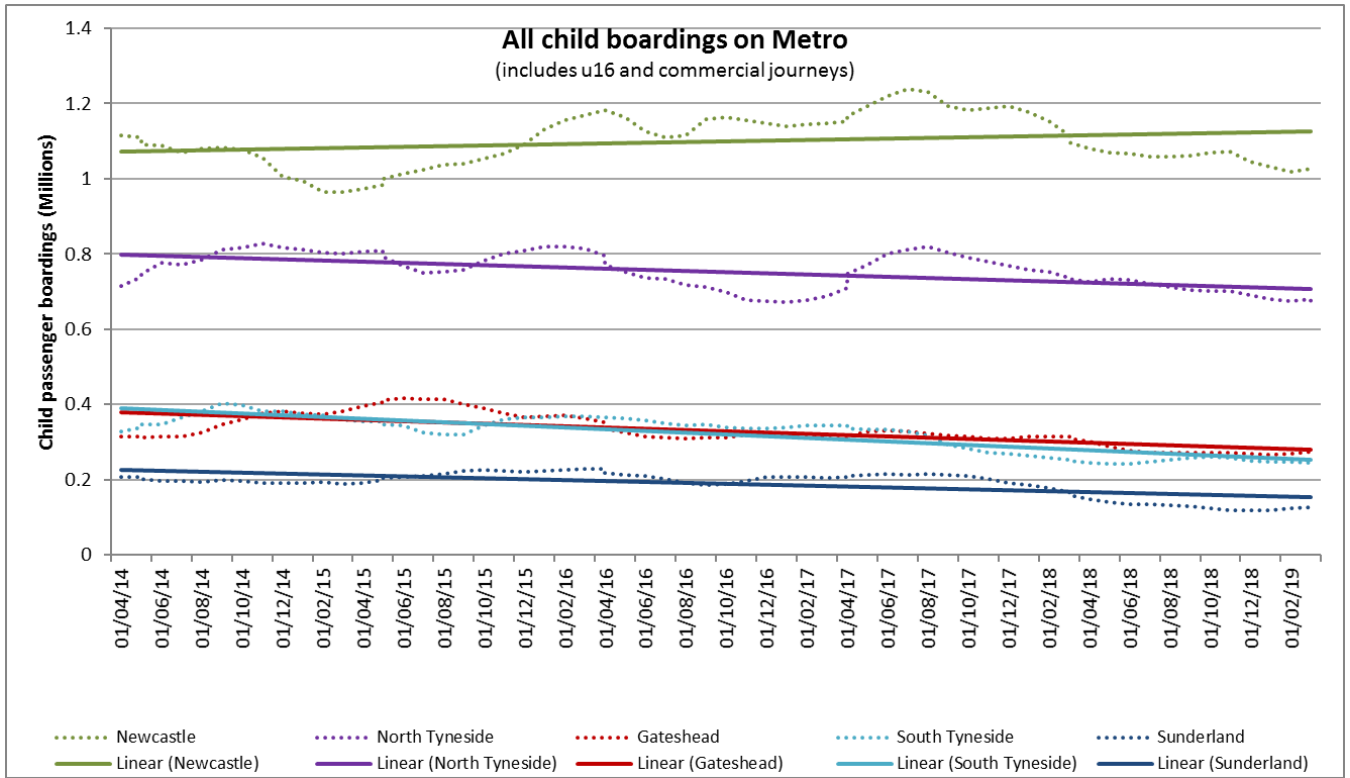
During 2018/19, there were just under 901,000 journeys made on Metro in Tyne and Wear using the child concessionary products. This equates to a 2.9% decrease compared to the previous year. As with the previous year, a higher number of child journeys (1.4 million) were made using the commercial Metro product, an 11.1% decrease on last year.

In 2005/06, child journeys made up 10% of all journeys, compared to around 7.0% in recent years. The chart below shows that in the last year, the child market on Metro has declined a little.



The red line shows how child journeys have dropped and now account for 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 across boardings in each district. The exception to this is boardings in Newcastle which have been subject to more fluctuation, largely because of the major line closure in 2014.

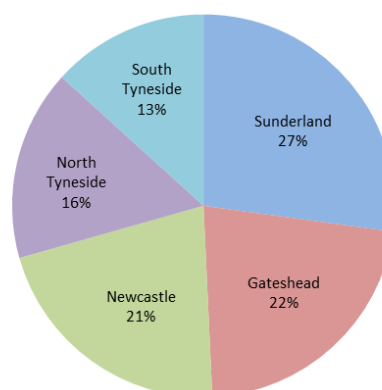


8) Bus Infrastructure

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 district. The table provides a breakdown of the active stops in 2018/19 and sets these in context by also showing the trend when compared to the previous year 2017/18.

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	1,615	↑ 2%	4	0%
Gateshead	1,314	↑ 3%	5	0%
Newcastle	1,268	↑ 3%	3	0%
North Tyneside	959	↑ 3%	4	0%
South Tyneside	789	↑ 1%	2	0%
Tyne & Wear	5,945	↑ 3%	18	0%



During 2018/19, a number of inactive bus stops have been brought into use so that the public can access the new services introduced during this year.

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

The following table shows the year-on-year changes in the number of web site hits on the various sites maintained by Nexus.









Web page loads (millions)

Site	2017/18	2018/19	Change	VLV %
www.nexus.org.uk	10.80	10.96	↑ 0.16	↑ 1.5%
Pop Shop	1.12	1.08	↓ -0.04	↓ -3.6%
Live Travel Map	0.32	0.28	↓ -0.04	↓ -13.3%
Nexus Online Store	0.16	0.11	↓ -0.04	↓ -28.2%
Total	12.40	12.43	↑ 0.03	↑ 0.3%

The use of mobile devices to access the website continues to exceed the use of desktops/laptops, accounting for 73% of the usage over the year (up from 67% last year).

Nexus provides a Metro app that provides live travel alerts, which has been downloaded to 47,000 devices, as well as a number of social media profiles with a growing number of followers.

Metro App downloads	
iOS 	27,000
Android 	20,000
Total	47,000

Social Media Followers	
 Twitter 	125,000
 Facebook 	46,000
 Instagram 	2,000
 Facebook 	4,000
Total	177,000

We are now reporting on the number of page loads per year, since the recent GDPR regulations have prevented us from using cookies as a reliable method of counting web sessions.

In the Nexus “Have Your Say” public consultation, the provision of public transport information was ranked as the 2nd most important service provided by Nexus. Within this category, finding information online at nexus.org.uk was ranked as the 2nd most important priority across all respondent groups.

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 district. Nexus will produce new liners if there are service or timetable changes at a stop during the year. With almost 8,500 new liners replacing old ones in 2018/19, on average there were around 23 liners replaced per day.

District	New Liners	% of liners	Last year	% of liners
Sunderland	1,690	20%	2,837	23%
Gateshead	1,501	18%	2,469	20%
Newcastle	2,831	33%	3,857	31%
North Tyneside	1,338	16%	2,023	16%
South Tyneside	1,127	13%	1,280	10%
Tyne & Wear	8,487	100%	12,466	100%

Once again, Newcastle has been the area where bus liners have been the most heavily affected by service changes during 2018/19. Around 1,000 of the Newcastle reprints can be attributed to changes made in September. At this time a number of new Night services were introduced, and extensive changes were made to other Newcastle routes by Stagecoach and Go North East.

c. Call Centre

The Nexus ‘One Stop Shop’ received just under 121,000 calls during 2018/19, down from around 138,000 calls the previous year. Last year’s total was unusually high due to calls

concerning the bulk renewal of CT passes, an event which occurs every 5 years. During a bulk renewal, around half of the ENCTS cards in circulation expire and need to be replaced. The 2018 bulk renewal caused an increase of 18,000 calls during the last 5 periods of 2017/18 and an extra 5,000 calls in the first period of 2018/19 (when people realised they were no longer able to travel and their call to Nexus was overdue).

Traveline calls have declined by 5,000 over the year (about 20%). This can be attributed to there being additional Traveline calls the previous year occurring in the same periods as the calls for ENCTS renewals. During other periods, Traveline calls remained about the same as the previous year.

The volume of calls can increase significantly during periods of extreme weather, service disruptions and special events, the aforementioned bulk renewal being the principal cause of such increases recently. Despite taking around 330 calls on average per day (down from 380), there have been 5 days during 2018/19 where the number of daily calls exceeded 1000.

10) Ferry

During 2018/19 there were just under 0.437 million journeys on the cross Tyne Ferry service, which represents an increase of 3.5% on the previous year.

Passenger type	2016/17	2017/18	2018/19	Change Vol	Change %
Adult	315,823	307,163	317,145	9,982	3.2%
Gold Card	98,788	89,604	93,374	3,770	4.2%
Child	26,700	25,083	26,085	1,002	4.0%
Total	441,311	421,850	436,604	14,754	3.5%

Patronage has recovered considerably since last year, where there was a decline due to poor weather in the early part of 2018. Gold Card ridership has fluctuated notably but has partially recovered after last year's unusually steep decline.

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 districts of Tyne & Wear and beyond. The table below shows the percentage split of Ferry users by home district based on Nexus 2018/19 Ferry User Profile research, acquired during routine customer interviews on the ferry.

Ferry Users by District 2018/19	
District	% Total
North Tyneside	39.3%
South Tyneside	40.3%
Newcastle	3.5%
Gateshead	2.2%
Sunderland	6.0%
Other	8.8%
Tyne & Wear	100%

11) Rail Services

During 2018/19 there were over 1.1 million journeys on local Rail services in Tyne and Wear, which represents an increase of 12% on the previous year. 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 2018/19 and sets these in context by also showing the trend when compared to the previous year 2017/18.

Rail: Tyne & Wear by District 2018/19						
District	Pax (000s)		VLV	Stations	Track (miles)	VLV
Sunderland	87	↓	-6%	1	6	⇒ 0%
Gateshead	185	↑	4%	4	10	⇒ 0%
Newcastle	835	↑	16%	1	1	⇒ 0%
North Tyneside	-		-	-	-	-
South Tyneside*	-		-	-	5	⇒ 0%
Tyne & Wear	1,106	↑	12%	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 continues to rank as the 19th 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 2016/17	Passengers 2017/18	North East Rank (of 55 stations)	UK rank (of 2,563 stations)
Newcastle	8,426,644	8,756,828	1	52
Sunderland	483,836	447,702	8	956
MetroCentre	350,376	335,088	13	1,120
Heworth	20,784	21,064	43	2,214
Blaydon	15,128	14,116	45	2,275
Dunston	10,618	12,966	47	2,287
Manors	9,404	9,068	49	2,334

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 2018/19 the number of active members of the scheme stayed just below 2,900.

TaxiCard Active Membership 2018/19				
District	2017/18	% Share	2018/19	% Share
Sunderland	1,618	56%	1,760	61%
Gateshead	873	30%	808	28%
Newcastle	104	4%	103	4%
North Tyneside	156	5%	82	3%
South Tyneside	126	4%	121	4%
Tyne & Wear	2,877	100%	2,874	100%

TaxiCard Trips Made 2018/19			
District	2018/19	% Share	Trips per person
Sunderland	67,426	66%	38
Gateshead	27,916	27%	35
Newcastle	2,039	2%	20
North Tyneside	1,078	1%	13
South Tyneside	3,071	3%	25
Tyne & Wear	101,530	100%	35

There has been a notable drop in membership in North Tyneside. This is thought to be connected with this area being serviced by a new operator since the previous one is no longer running. This has been less practical due to the geographical distance between North Tyneside and the new operator's depot, leading to issues with the satisfaction level of North Tyneside members.

To address this, we will be undergoing a new tender process to appoint a new operator for the scheme. Extra emphasis is to be placed on the quality of service that can be provided to each council area.

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

Date: 21st November 2019
Subject: Nexus Corporate Business Plan 2020-21
Report of: Managing Director, Transport North East

Executive Summary

The Nexus Corporate Business Plan for 2020/21 provides the framework for Nexus to deliver services, prepare for the future and manage its business effectively.

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

Making public transport great for our environment, economy and communities

This is articulated through three central themes:

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

This is further developed into 16 workstreams which sets out in detail what Nexus aims to achieve in the year.

The Corporate Business Plan will direct Nexus' actions over the 2020-21 financial year and lead up to the publication of a new Transport Plan for the area.

The new Transport Plan will provide the context for Nexus' Corporate Business plan from 2021/22 onwards and allow a longer term plan to be developed.

The Corporate Business Plan will be monitored on a periodic basis by Nexus Senior Leadership Team and report to TWSC.

Recommendations

The North East Joint Transport Committee, Tyne and Wear Sub-Committee is recommended to comment on Nexus' draft Corporate Plan for 2020/21. A further report will be brought to the Sub-Committee in January 2020 once the Joint Transport Committee has agreed Nexus' budget for 2020/21.

1. Background Information

- 1.1 The Nexus Corporate Business Plan for 2020/21 set out 16 workstreams under 3 themes 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 periodic basis by Nexus Senior Leadership Team to ensure progress and will report to TWSC.
- 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 **deliver public transport today**. Through this theme we will seek to respond to the climate emergency, recently declared by a number of our partners, through working to ensure that public transport is a viable alternative to the private car and continually improve the environmental standards of public transport.
- 1.5 This theme seeks to improve our customers' journey experience on Metro, continuing to take steps to improve the punctuality and reliability of the existing fleet and well as improve overall satisfaction with the service. We will also seek to improve the ticketing offer through piloting a weekend family deal (subject to TWSC agreement in the separate report on fares on this agenda) and promote Metro through the 40 year anniversary of the service. We will additionally ensure that our infrastructure is fit for purpose and our operations are safe. We will seek to reduce Metro's energy consumption and increase the amount generated from renewables.
- 1.6 We will continue to protect our front line services and where possible leverage funding to improve and enhance service provision, we will work closely with the Local Authorities to improve air quality through promoting public transport as a viable alternative to the car.
- 1.7 We have a programme of new technology to help make public transport easier, simpler and more appealing and will roll out new apps for integrated journey planning, ticketing and tracking.
- 1.8 A major priority will be progressing the delivery of the new fleet for Metro once our preferred bidder is announced and working to deliver a new depot at Gosforth and open the satellite facility at Howdon. These projects, once delivered, will improve the environmental performance of Metro through reduced energy consumption.
- 1.9 Subject to funding we will deliver the 'Metro Flow' project (previously known as 'track dualling') and enhancements to our Park and Ride offer for the region. These projects will improve access to public transport and Metro Flow in particular will allow us to enhance service frequency across Tyne and Wear.
- 1.10 For buses we will seek to improve local services and passenger facilities, including working together with the bus operators to identify a pipeline of bus corridor investment schemes. We will develop plans and seek funding to improve the quality, accessibility and environmental credentials of bus services and bus

infrastructure, stops and stations. We will work with bus operators to accelerate the move towards more environmentally friendly vehicles, securing external funding to support this work and seek to improve the environmental performance of the secured network.

- 1.11 Our second theme is around **preparing for the future** where we will develop plans and project to enhance public transport and make it more attractive for work, education and leisure, seeking external funding to allow delivery.
- 1.12 Specifically we will consider developments to the local bus network and begin a pilot of flexible and demand responsive services and well as continuing to improve information and ticketing across public transport.
- 1.13 We will develop a pipeline of capital projects for public transport so we are in a strong position to secure funding when opportunities arise, including the expansion and enhancement of the Metro and local rail network. We will also investigate with local authority partner's ways to better integrate walking and cycling to public transport interchanges and increase the provision of cycle parking at stations.
- 1.14 For local rail we will contribute to the JTC's response to the forthcoming Williams Rail Review, working closely with Transport for the North and other agencies to maximise the benefits of investment in the heavy rail network and ensure local ambitions are developed and achieved
- 1.15 Our third theme is **focus on organisational effectiveness**; we will focus on being an economic, effective and efficient organisation. We will proactively ensure that our processes are fit for purpose and we will investigate invest to save and pilot innovations and technologies.
- 1.16 We will continue to modernise the Metro, focusing on the successful delivery of the final year of the Asset Renewal Programme as well as continuing to push for certainty of long-term ongoing funding for our Essential Renewals programme from 2021 onwards.
- 1.17 The opening of the new Learning Centre in South Shields will be the catalyst for a step change in how we develop the skills and competencies of our employees to ensure we have the capabilities to deliver now and in the future.
- 1.18 We want Nexus to be an employer of choice and will take steps to improve the diversity of our workforce, ensuring it reflects the communities we serve. To achieve this we will engage with colleges, schools and universities and proactively seek to attract applicants from under-represented groups.
- 1.19 Once approved the Corporate Business Plan will be monitored on a periodic 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 reflects the aspirations set out in the Local Transport Plan for the LA7 area.

2. Proposals

- 2.1 It is proposed that the TWSC offers comments on the Nexus Corporate Business

Plan 2020-21.

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 2020, it will be implemented from the 1st of April 2020 and monitored on a four 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 the corporate plan is aligned with the Nexus budget, which is agreed by the Joint Transport Committee.
- 7.2 It is anticipated that what is set out in this report can be accommodated from within the 2020/21 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 Local 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, most crucially Essential Renewals and Metro Flow.

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 2019-20 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 2019, following which a number of adjustments were made including specifically referencing the climate change emergency and including more specific actions to improve the environmental performance of the public transport network. More specific reference was included on improving cycle and walking access to public transport and the provision of cycle parking at Metro Stations.

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 2020-21

15. Background Papers

- 15.1 None

16. Contact Officers

- 16.1 Name: Helen Mathews
Designation: Head of Corporate Planning
E-mail: Helen.Mathews@nexus.org.uk
Tel: 0191 203 3455

17. Sign off

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

18. Glossary

**Nexus vision: 'Making public transport great for our
environment, economy and communities'.**

Executive Summary

Our Corporate Plan for 2020/21 provides the framework for Nexus to deliver services, prepare for the future and manage effectively.

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

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

The content of our Corporate Plan sets out in more detail how we will achieve these priorities.

Nexus' business planning framework

Nexus is the statutory Passenger Transport Executive for Tyne and Wear, a public body formed under provisions made in the Transport Act 1968 (as amended). Originally formed under the Tyneside Passenger Transport Area (Designation) Order 1969 the geographic area was extended by the Tyneside Passenger Transport (Designation of Additional Area) Order 1973 to align with the formation of the then metropolitan county of Tyne and Wear.

Nexus' is an officer of region's two Combined Authorities; the North East Combined Authority (Durham, Gateshead, South Tyneside and Sunderland) and the North of Tyne Combined Authority (Newcastle, North Tyneside and Northumberland). The committee is supported by the Managing Director – Transport Operations and strategic direction is provided by a Transport Strategy Board.

Our primary business remit is to deliver the policy aims and objectives set for us by the Joint Transport Committee and as guided by its Tyne and Wear Sub Committee. We own and operate the Tyne and Wear Metro light rail system and the Shields Ferry service as well as procuring socially necessary bus services across the five local authority areas in Tyne and Wear.

We also administer the English National Concessionary Travel Scheme for Tyne and Wear, provide information about local public transport, promote the use and convenience of local public transport services and facilities. We deliver various discretionary concessionary travel schemes, which are locally funded by the district councils through the transport levy for the authorities in Tyne and Wear. The levy is set by the Joint Transport Committee in consultation with the Leadership Boards of the combined authorities.

We also act as agents for the Joint transport Committee in respect to Heavy Rail matters. We work closely with TfN, Network Rail and the train operating companies to seek improved local, regional and national rail services for the North East.

Nexus' business mandate

The Joint Transport Committee intends to publish a single Transport Plan for the North East (the Transport Plan), focussing on shared priorities agreed by the two Combined Authorities. This will be a comprehensive statutory document, setting out the policy aims and objectives for us to deliver. Nexus will develop a suite of operational strategies to set out how we will deliver the policy aims set out in the Transport Plan.

Implications for Nexus' corporate planning processes

Our Corporate Plan will align with the emerging policies, aims and objectives of the 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 take account of the feedback we receive. We will publish a Consultation, Engagement and Market Research Strategy which will set out how we will engage with our customers and stakeholders and incorporate feedback within our plans.

Our strategies will also align with our vision and as such the proposals we develop will seek to obtain economic, environmental and community benefits. We seek to play an active part within the communities we serve at all times, and be a good neighbour to those who live close to the Metro line.

2. Corporate Plan

Nexus' vision is:

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

Our corporate values are central as we drive performance improvement and deliver economic, environmental and community benefits in accordance with our vision.

These values are for the organisation, and our employees, to be:

- **Passionate** about the communities we serve;
- **Positive** in our approach; and
- **Professional** in our conduct.

Our people bring our vision to life, and applying these values across the organisation will form an integral part of our achievements, enabled through our performance management framework.

To achieve the vision, our Corporate Plan for 2020/21 is built around three central themes and key priorities:

Deliver public transport today

- Improve our customers' journey experience on Metro
- Protect and enhance our services to make public transport an attractive choice
- Exploit new technological improvements, to make public transport easier, simpler and more appealing
- Progress the delivery of a new fleet for Metro
- Deliver Metro Flow and enhance public transport through Transforming Cities fund
- Improve local bus services and passenger facilities

Prepare for the future

- Develop plans to improve the local bus network and the role of new, flexible, on demand services
- Develop a pipeline of capital projects for future funding opportunities
- Establish effective management structures to improve local rail services
- Develop plans to expand and enhance the Metro and local rail networks

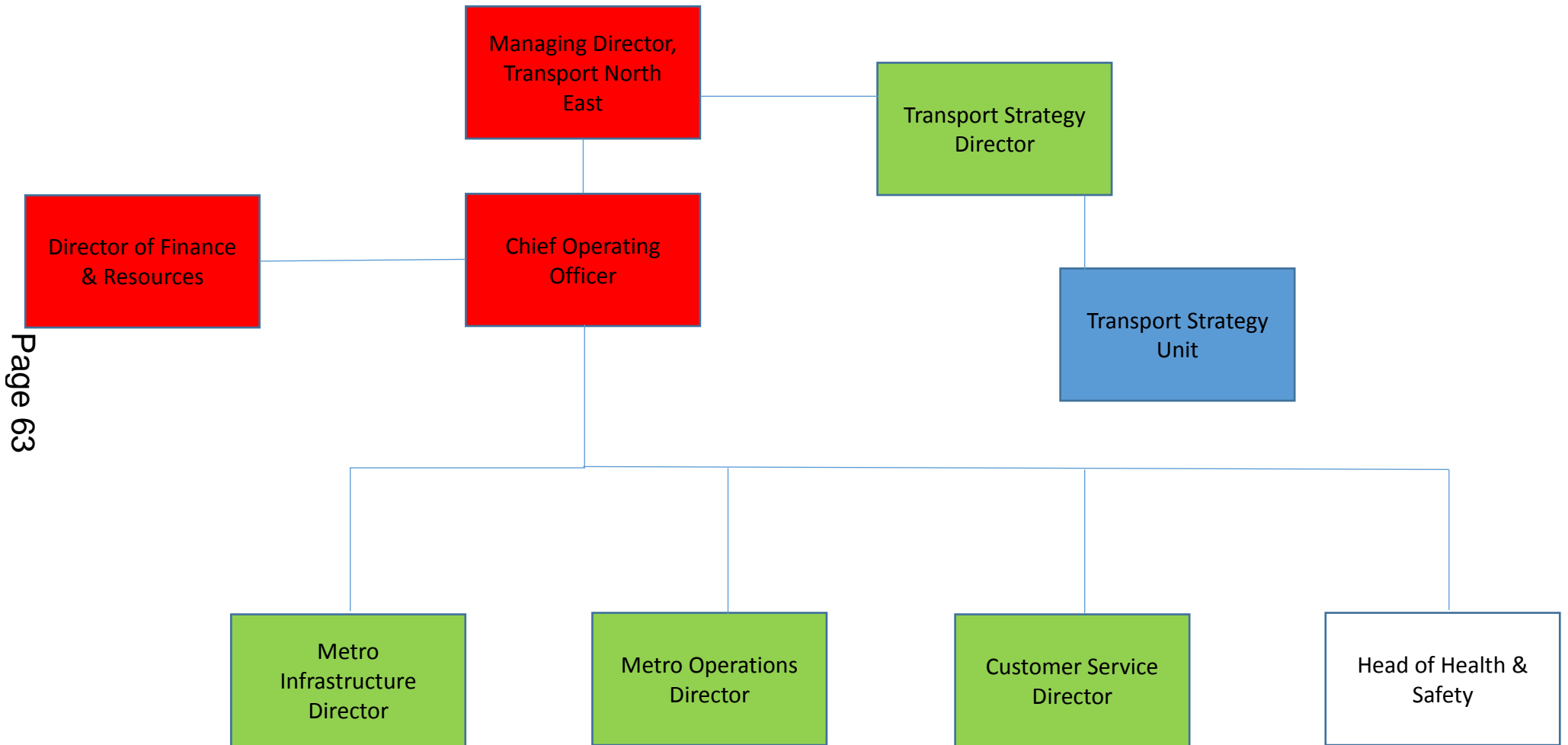
Focus on organisational effectiveness

- Implement organisational change to ensure we are an efficient and effective organisation, achieving value for money in everything we do
- Seek external funding to enhance the customer experience
- Continue to modernise the Metro
- Ensure our people have the skills to deliver our vision
- Provide opportunities with schools, colleges and universities to promote Nexus as an employer of choice
- Increase the diversity of the workforce to reflect the communities we serve.

In 2019 we implemented a new corporate structure (see diagram on the following page) to ensure our business was aligned to meet the regional governance and deliver on the priorities of the Transport Plan.

Nexus' performance management framework, which monitors progress in delivering milestones and targets, includes reporting every four weeks to Nexus' Senior Leadership Team. This ultimately fulfils the governance requirements set by the Joint Transport Committee for monitoring Nexus' performance through the Tyne and Wear Sub-Committee.

Chart showing high level outline of Nexus' departmental structure:



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Deliver public transport today

This theme is about improving public transport as currently provided. We cannot aim to do better tomorrow if we haven't first got right what we do today. Through this theme we will seek to respond to the climate emergency, recently declared by a number of our partners, through working to ensure that public transport is a viable alternative to the private car and continually improve the environmental standards of public transport.

- **Improve our customers' journey experience on Metro**

Punctuality and reliability of services is a high priority for Metro customers, and the main driver of customer satisfaction. Metro Services aims to achieve and exceed a moving annual average of 87.2% Charter Punctuality in 2020/21. The key to this will be investing in the existing Metro fleet whilst working to introduce the new cars as soon as possible. We will also implement real time information across the Metro network to ensure that passengers have reliable information on their journeys. We will also seek to improve the ticketing offer through piloting a weekend family deal and promote Metro through the 40 year anniversary of the service

Operational safety is a crucial consideration for Metro Services, keeping Signals Passed at Danger (SPaDs) to a minimum, reducing as far as reasonably practicable operational risks, improving the safety and security of passengers and employees and further reducing the overall level of incidents at the Platform Train Interface.

Customer satisfaction is of paramount importance and we will strive to achieve the target score of 7.8 when averaged over the quarterly Customer Satisfaction Surveys in May, August, November and February. We will implement improvements to information and ticketing to help make travel on Metro as simple and easy as possible.

High quality infrastructure provision is essential to the smooth running of a railway. Nexus Rail (the division of Nexus responsible for providing and maintaining the Metro infrastructure including the track and stations owned by us) strives to ensure that the required infrastructure is available at a specified standard on which to run the Metro service including control of external third party works which interface with our infrastructure. We will seek external funding to enhance passenger facilities at stations. We will investigate opportunities, through invest to save, initiatives to reduce Metro's energy consumption and increase the amount generated from green and renewable sources.

- **Protect and enhance our services to make public transport an attractive choice**

Having experienced cuts to the grant we receive through the local transport levy, we will do whatever is reasonably practicable to ensure delivery of frontline services dependent on such discretionary funding including:

- The Shields Ferry operation between North and South Shields.
- Socially necessary bus services secured under contract by Nexus.
- Online information, journey planning and ticketing facilities at www.nexus.org.uk
- Advice and customer support provided through various channels e.g. the One Stop Shop on 0191 2020747.
- Tailored bus service timetable information at around 6,000 bus stops throughout Tyne and Wear.
- Management of around 2,000 bus shelters in the area.
- Management of bus stations and public transport interchanges.
- Administration of various local discretionary concessionary travel Schemes including Metro Gold Card, Companion Card, TaxiCard and Under 16 travel.

We will identify resources to develop schemes, projects and invest to save initiatives that will help us to leverage other sources of grant funding to help improve our services, become more efficient and effective and/or reduce costs. We will work closely with the Local Authorities to improve Air Quality through promoting public transport as a viable alternative to the car.

- **Embrace new technological improvements, to make public transport easier, simpler and more appealing**

We will apply technology to make the use of public transport simple and attractive for customers for example:

- Improving digital connectivity whilst travelling on Metro
- Improving ticketing systems
- Exploiting real time bus and Metro passenger information

We will continue to investigate options for providing information for customers in new and innovative ways and improve the use of real time across all public transport. We will ensure that our information is accessible.

These developments complement the local aspiration for a fully multi-modal smart ticketing and transport information network across the North East, and align with the

plans of Transport for the North on the implementation of integrated smart ticketing across the North.

We will roll out an integrated journey planning, journey ticketing and journey tracking app for Metro which uses online connectivity and smartphone technology to deliver a comprehensive service that can satisfy the total travel needs of the travelling public, not just individual journeys. We will explore ways to extend the reach of this development beyond Metro to other transport modes.

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

Following the completion of the procurement process and approval of our business case by Central Government we will award contracts and work with our successful supplier to start the detailed design of the new fleet of trains. Along with our supplier we will consult with our passengers on the detailed look and feel of our new fleet.

Work will also commence on the design and construction of the new depot in Gosforth and we will open the satellite depot at Howdon to ensure the smooth introduction of the new trains. These projects, once delivered, will improve the environmental performance of Metro through reduced energy consumption.

- **Deliver Metro Flow and enhance public transport through Transforming Cities fund**

If the regional bid to the Transforming Cities fund is successful, we will deliver Metro Flow, expand the Park and Ride Carpark at Callerton Parkway Metro station, build a new bus based Park and Ride site at Follingsby, to service IAMP and any future development of the Leamside Line and we will modernise our car park ticketing offer.

Metro Flow will help to improve the reliability and resilience of the whole Metro network, creating potential opportunities for new stations across Tyne and Wear and helping to ensure the deliverability of extensions to the system

Delivering Metro Flow, along with delivery of the new fleet, will allow us to implement a new higher frequency service across the Metro network throughout the operational day, creating more frequent links to work, education and leisure.

- **Improve local bus services and passenger facilities**

For buses we will seek to improve local services and passenger facilities, including working together with the bus operators to identify a pipeline of bus corridor investment schemes.

We will develop plans and seek funding to improve the quality, accessibility and environmental credentials of bus services and bus infrastructure, stops and stations.

We will work with bus operators to accelerate the move towards more environmentally friendly vehicles, securing external funding to support this work and seek to improve the environmental performance of the secured network

We will undertake a review of our secured services network and seek ways to enhance connectivity within existing resources ensuring that it still fit for purpose and will promote poorly performing services to endeavour to grow patronage.

Working with our local authority and police partners we will implement initiatives to improve perceptions of safety and security on and around the bus network.

Prepare for the future

Although budgets are stretched we recognise that if public and sustainable transport is to play its full role in supporting and developing the region we must not stand still. Therefore we will bring forward plans and projects to enhance public transport and make it an attractive offer for work, education and leisure, seeking external funding to allow delivery where necessary.

- **Develop plans to improve the local bus network and the role of new, flexible, on demand services**

We will work collaboratively with local authorities and bus companies to develop and implement a new Bus Strategy for the area. The strategy will set out ways in which the quality and attractiveness of buses can be improved and growth in bus usage can be achieved. It will also consider how buses can generally contribute to the improvement of the environment, particularly in respect of air quality, the economy and local communities.

We will design and pilot a series of flexible, demand responsive services in order to understand how these types of services work and in which scenario's they offer better services and/or greater value for money. We will work to ensure the appropriate funding, partnership and resources are in place to allow these trials to take place

We will explore information and ticketing to ensure that flexible services are easy to understand and access and they integrate effectively with the Metro system.

- **Develop a pipeline of capital projects for future funding opportunities**

We will continually seek sources of external funding to develop public transport services across Tyne and Wear.

We will develop a capital programme pipeline and invest resources to develop schemes for potential future funding opportunities and will develop business cases for large-scale strategic asset improvements including the expansion and enhancement of the Metro and local rail network.

Business cases will also be developed to seek network wide improvements to enhance our customers' travel experience.

We will continue to proactively seek external funding to enhance public transport across the region. We will also investigate with local authority partners ways to better integrate walking and cycling to public transport interchanges and increase the provision of cycle parking at stations.

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

We will contribute to the JTC's response to the forthcoming Williams Rail Review, working closely with Transport for the North and other agencies to maximise the benefits of investment in the heavy rail network and ensure local ambitions are developed and achieved.

Through the NERMU, we will continue to work with colleagues from across the North East of England to monitor the Northern rail franchise operator and help it develop and promote services.

Further afield, we will continue to pursue the following:

- Invest and work with Network Rail, HS2 Limited and Transport for the North, to grow capacity, resilience and reliability of services including for our main line to London and Scotland.
- Improvement in long-distance connections to and from economic centres in the region.
- Reducing journey times and increase the number of trains to core cities from the region, including Leeds, Manchester, Edinburgh and Birmingham.
- Lobbying to ensure the North East is part of the High Speed Rail network.
- Further devolution of the local rail services.

We will do this by representing the local interests in TfN (Rail) to Network Rail, HS2 Limited and the DfT.

- **Develop plans to expand and enhance the Metro and local rail networks**

We intend to develop the Metro network, the local rail network and the passenger trains that operate on both of them as a single local rail system when developing expansion plans for the future. The intention is to create a locally-managed network of passenger services that is integrated and provides a high quality journey experience for passengers.

To progress this journey we will develop and deliver a 'Blueprint' for the extensions programme, having assessed the feasibility of rail route extensions, leading ultimately to the development of business cases for initiatives to support the aspirations contained in the Metro and Local Rail Strategy.

As a first step on this journey, subject to funding we will deliver the Metro Flow project. This will allow us to enhance Metro frequency and unlock constraints in the network for when the new fleet arrives.

Using the knowledge and information collated through this work we will identify schemes for inclusion in a 'bid ready' pipeline.

We will also develop and seek funding for small projects to enhance the Metro and Local Rail network including strategic park and ride, new stations and timetable enhancements.

We will continue to work with Northumberland County Council and Network Rail for the introduction of passenger services on the Northumberland to Newcastle line.

Focus on organisational effectiveness

Revenue spending in the public sector will continue to be constrained. Therefore we must focus on being an economic, effective and efficient organisation that delivers value for money to our customers and stakeholders.

- **Implement organisational change to ensure we are an efficient and effective organisation, achieving value for money in everything we do**

Organisational efficiency is not just about doing more for less, we will also proactively review how we do things to ensure our processes are fit for purpose. This will include considering invest to save proposals and piloting innovations and technologies. We will seek innovation funding to support our ideas.

A key priority has been for us to negotiate local transport levy grant support throughout the medium term. Our financial objective is to deliver a balanced budget without placing reliance on reserves.

All our capital projects will be overseen by our Programme Management Office and delivered through our established and effective stage-gate control processes to ensure that time, cost and quality objectives are met.

We purchase many millions of pounds worth of goods and services each year and will therefore ensure that we continue to obtain value for money through robust processes including adherence to public procurement regulations and our own standing orders, procurement processes & financial regulations.

- **Continue to modernise the Metro**

Financial year 2020/21 is the final year of the current 11 year Asset Renewal Programme (ARP) to upgrade and replace many of the assets across the Tyne and Wear Metro system. Expenditure on the ARP has been in accordance with the criteria set out in the Department for Transport (DfT) grant offer letter of February 2010.

Obtaining further essential renewals funding for 2021/22 and later years is being discussed with the Department for Transport and HM Treasury, we will complete the business case for the Essential Renewals programme.

Our planned intention is for a total ARP expenditure, including over-programming, of just over £92m phased over the next three years as follows:

- 2020/21 - £21m
- 2021/22 - £42m*
- 2022/23 - £41m*

* Essential Renewals submission subject to DfT & Treasury approval.

Projects during the year ahead include:-

Civils:

- We will be carrying out refurbishment works to the Sunderland and Leamside line bridges between Pelaw and Hebburn / Fellgate including concrete repairs and bearing replacement.

Permanent Way:

- Major track works from Heworth to Pelaw and at Crossgate Viaduct in South Shields.

Overhead Line:

- Works to replace the overhead line between Tynemouth to Jesmond will take place.

Stations:

- Localised improvements at stations around the network to improve track and platform alignment in preparation for the arrival of the new fleet.
- Working with Network Rail (the owner of the Sunderland station) and the City Council we will continue with plans to progress the redevelopment of the station.

Communications:

- We will complete the replacement all of our CCTV cameras across the Metro system.

Signalling:

- Key works continue include targeted track circuit replacements, cable degradation works, relay replacement, rewiring of location cases and replacement of point motors.

Fleet Investment:

- Ahead of introducing our new fleet, we will continue to invest in our aging fleet in order that it continues to provide required levels of performance

It is vital that long term government funding, whether in the form of revenue grant to help support Metro operations or capital grant necessary to continue to make the sustained investment in the Metro infrastructure is secured: we will continue to work closely with the Department for Transport and HM Treasury on this key strategic issue.

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

During 2020 we will open our new Learning Centre in South Shields, this will be the catalyst for a step change in how we develop the skills and competencies of our employees.

Most importantly, we will ensure that our staff have the skills and knowledge to deliver our key strategic objectives. To support the new fleet we will train our drivers for the new facilities at Howdon and South Shields and make preparations so we have the facilities and employees in place to deliver training for the new fleet. We

will ensure we have the skills and competencies to managing the contracts with our suppliers and delivering large-scale infrastructure investment such as Metro Flow and the Essential Renewal programme.

We will ensure we have the skills, knowledge and capabilities to continue to successfully attract grant funding into the business to support our aspirations for public transport. We will continue to integrate Metro Services and Nexus as one organisation and prepare for future organisational changes to support the introduction of the new fleet

We will invest in our frontline employees to ensure they provide the best possible to our customers and develop and pilot succession and talent development to help support Nexus as an employer of choice.

To support this we will develop a new Learning and Development policy. We will also review our delivery methods to ensure the most effective methods are used and we will develop Nexus Know-how to enhance online learning.

- **Provide opportunities with schools, colleges and Universities to promote Nexus as an employer of choice**

We will work with our local schools, colleges and Universities to provide opportunities for students to gain experience with Nexus to help them into employment. This will include work experience and offering students the opportunity to work on real life projects to support their studies.

We will continue to offer apprenticeship and evaluate opportunities for graduate positions in response to business needs and will support open days and taster sessions to raise awareness of careers with Nexus and Metro.

We will support and promote career progression and development to position Nexus and Metro as a career, not just a job.

- **Increase the diversity of the workforce to reflect the communities we serve**

An organisational aim is for the make-up of our workforce to reflect the diversity in the communities that we serve. We will seek to increase the number of people working for us from under-represented groups through effective recruitment, appropriate reward and personal development. In particular we will develop and take

forward a programme of activities to encourage women and young people into our business, both attracting these groups to apply for jobs at Nexus and to support their career progression.

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

Date: 21 November 2019

Subject: Budget Proposals

Report of: Chief Finance Officer

Executive Summary

The purpose of this report is to provide a summary of the budget proposals in relation to Tyne and Wear to be considered by the Joint Transport Committee (JTC) on 19 November and to seek feedback from the Tyne and Wear Sub-Committee (TWSC) which will be considered in updating the final proposals.

The TWSC briefing in August 2019 provided an update on the Nexus medium-term financial position. Following feedback from JTC meeting on 23 October 2019 on initial proposals, a range of options are presented in this report for the Tyne and Wear levy.

Nexus has recently received information from the Pension Actuary that impacts positively on medium-term financial planning forecasts. This, and the impact of a range of options for the Tyne and Wear levy, are considered in this report and will be subject to discussion at the JTC meeting on 19 November.

The Tyne Tunnels revenue account forecast for 2019/20 is a breakeven position. The Tyne Tunnel estimates for 2020/21 build in the full year costs of the new Tyne Tunnels Manager and indicate a breakeven position also. Provision has been made for one-off costs of the Tyne Pass Project. The draft budget estimates for 2020/21 have been prepared on the basis that increases in the Retail Price Index (RPI) measure of inflation will trigger an increase in the toll for Class 3 vehicles (HGVs) next year.

The contribution from the Tyne and Wear levy to fund central activity is dependent on the final levy position that is agreed. At this stage it is assumed that the contribution remains at 2019/20 levels. This funding 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 receive this report for consideration and comment as part of the on-going budget setting process.

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 income. 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 A report was considered by the JTC on 23 October which included initial budget proposals for 2020/21 and future years. Following feedback from the meeting on the initial proposals, a range of options are presented in this report for the Tyne and Wear levy together with further information that is now available, particularly in relation to the Nexus budget.
- 1.3 Decisions on the levies and other aspects of the Transport budget will be taken by the JTC in January 2020. Decisions on the Tyne Tunnels tolls will be taken by the TWSC in January 2020.

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 county areas with different levels of service provision, cost and different levels of grant funding. 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. 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.
- 2.3 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 with minimal change in the retained transport levy budget. Any surplus or deficit against the budgets for the three main delivery agencies is retained or managed within the reserves of that organisation.
- 2.4 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 budget is expected to underspend slightly in the current year due to lower than anticipated interest costs on historic Tyne and Wear Transport debt. The forecast underspend will be transferred to the JTC retained reserves at year end.

2.5

Table 1: 2019/20 Transport Levies and Grants

	2019/20 Original Budget	2019/20 Forecast Outturn	2019/20 Forecast Variance
	£000	£000	£000
Total Transport Levies	(82,766)	(82,766)	0
Grant to Durham	15,552	15,552	0
Grant to Northumberland	6,094	6,094	0
Grant to Nexus	55,667	55,667	0
Contribution to Metro Fleet Replacement reserve	3,333	3,333	0
Retained Transport Levy budget	2,120	2,091	(29)
Net	-	(29)	(29)
Contribution to/ (from) JTC unearmarked reserves	-	29	29

Tyne and Wear

2.6

The JTC meeting on the 23 October requested further modelling of Tyne and Wear levy options and the impact of different scenarios on the Nexus medium term financial plan position.

2.7

The distribution of the levy within Tyne and Wear is based on population, in accordance with the Transport Levying Bodies Regulations 1992. The amounts levied on each individual authority need to be adjusted to reflect the mid-year population estimate for 2018. Increases in the share of the population for Newcastle and North Tyneside mean that the share of the levy for these authorities will increase in 2020/21, while there will be compensating small decreases for Gateshead, South Tyneside and Sunderland in 2020/21.

2.8

The following options for the Tyne and Wear levy have been modelled:

- a) A 2% increase in all three years 2020/21-2022/23
- b) A 2% increase in 2020/21 with a cash freeze thereafter
- c) A 1% increase in 2020/21 with a cash freeze thereafter
- d) A cash freeze in all three years
- e) A 1% reduction in 2020/21 and a cash freeze thereafter
- f) A 2% reduction in 2020/21 and a cash freeze thereafter

2.9

A 1% increase or decrease in the levy equates to £611,000. Detailed tables setting out the impact of each proposal on the Tyne and Wear councils are shown in Appendix 1, with a summary of the total impact shown in the table below:

2.10

Table 2: Options for Tyne and Wear Levy 2020/21-2022/23

	2019/20	2020/21	2021/22	2022/23
	£000	£000	£000	£000
a) 2% increase in all 3 years	61,100	62,322	63,568	64,840
Year on Year Increase / (Decrease)		1,222	1,246	1,272
Cumulative Increase / (Decrease)		1,222	2,468	3,740
b) 2% increase in 2020/21 and cash freeze thereafter	61,100	62,322	62,322	62,322
Year on Year Increase / (Decrease)		1,222	0	0
Cumulative Increase / (Decrease)		1,222	1,222	1,222
c) 1% increase in 2020/21 and cash freeze thereafter	61,100	61,711	61,711	61,711
Year on Year Increase / (Decrease)		611	0	0
Cumulative Increase / (Decrease)		611	611	611
d) Cash freeze in all three years	61,100	61,100	61,100	61,100
Year on Year Increase / (Decrease)		0	0	0
Cumulative Increase / (Decrease)		0	0	0
e) 1% reduction in 2020/21 and cash freeze thereafter	61,100	60,489	60,489	60,489
Year on Year Increase / (Decrease)		(611)	0	0
Cumulative Increase / (Decrease)		(611)	(611)	(611)
f) 2% reduction in 2020/21 and cash freeze thereafter	61,100	59,878	59,878	59,878
Year on Year Increase / (Decrease)		(1,222)	0	0
Cumulative Increase / (Decrease)		(1,222)	(1,222)	(1,222)

Nexus

- 2.11 The majority of the Tyne and Wear levy is paid as a revenue grant to Nexus for the delivery of public transport services. An update on the 2019/20 revenue budget position was provided in the JTC report on 23 October 2019.
- 2.12 At the JTC meeting on 23 October 2019, Nexus' medium-term financial forecasts was discussed. This showed the following deficits across the years 2019/20 to 2022/23, assuming a freeze in the grant Nexus receives from the JTC via the Tyne and Wear levy, together with planned use of reserves. This position assumed the existing pension contributions were maintained in the next valuation from 2020/21 and assumed continuation of the current service provision, factoring in pressures arising from pay and price inflation, the Metro fare box and the Metro Fleet

replacement programme.

2.13 **Table 3: Summary of Nexus medium term financial forecast at 23 October 2019**

Position presented to JTC: 23/10/19	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	2.40	6.00	5.80		
Movement in reserves		(4.40)	(2.40)	(3.00)	(2.90)		
Deficit/(Surplus) after use of reserves		0.00	0.00	3.00	2.90		
Gap		0.00	0.00	(3.00)	(2.90)	(5.90)	
Remaining reserves	16.00	11.60	9.20	6.20	3.30		21%

2.14 Nexus' gross budget in the current year is £170m, funded as follows:

- 31% by government grant;
- 36% from commercial revenues; and

33% from the Tyne and Wear levy

2.15 The levy funds the following services:

- Statutory Concessionary Fares (62% of the levy)
Legal reimbursement to bus operators for the 'free bus pass' – the English National Concessionary Travel Scheme (ENCTS). Nexus has no control over the prices of, or demand for this service and with eligibility age now settling at 66 years, there is likely to be greater pressure on this budget during the next decade
- Metro (2.5% of the levy)
The Metro gross budget in the current year is £103million with 1.5% of this being funded from the levy
- Other Services (35.5% of the levy)

Secured buses, discretionary concessions, the ferry, bus infrastructure, provision of public Transport information etc.

2.16 Metro revenue has grown by 12% over the past 5 years, meaning that reliance on the grant from the levy for Metro services has been reduced whilst the levy funds a

higher proportion of the other services that are provided by Nexus.

2.17 The 2019 pension valuation results for Nexus were received after the JTC meeting on 23 October 2019 and there is a forecast financial benefit compared to the position reported to the JTC on 23 October. The Nexus' pension fund position has improved and can be used to reduce its employer's future service contribution rate.

2.18 The maximum saving from the valuation is estimated at £3.4m per annum, assuming the surplus is amortised. This improves the Medium-Term Financial Plan (MTFP) forecasts presented to the JTC on 23 October 2019 as set out in the revised MTFP table below. This table uses the same assumptions as set out in paragraph 2.20 (and as reported to the JTC at the last meeting i.e. a cash freeze in the levy) but updated to show the estimated impact of the improved pension valuation position:

2.19 **Table 4: Updated Nexus medium term financial forecast November 2019**

Position presented to JTC: 23/10/19 (Updated to show impact of Pension Saving)	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	(1.00)	2.60	5.40		
Movement in reserves		(4.40)	1.00	(2.60)	(2.70)		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	2.70		
Gap		0.00	0.00	0.00	(2.70)	(2.70)	
Remaining reserves	16.00	11.60	12.60	9.99	7.29		46%

2.20 Under a scenario of a cash freeze in the levy in 2020/21 and factoring in the impact of the updated pension fund forecasts, there is now a £1m surplus forecast in 2020/21, though there remains significant budget shortfalls in 2021/22 (£2.6m) and 2022/23 (£5.4m) which will need to be addressed. The table above factors in some prudent assumptions around utilising reserves to offset these pressures in the short term. This is not a sustainable position and spending will need to reduce and/or income increased by circa £5.4m to ensure a balanced budget beyond this medium term financial planning period. More detailed modelling of various scenarios and the impact on these forecasts is included in Appendix 2 to this report. The different scenarios are set out below:

- Increasing the levy by 2% across all three years, 2020/21 to 2022/23 (a);
- Increasing the levy by 2% and 1% in 2020/21 only, with a freeze thereafter (b);
- Freezing the levy across all three years (c);
- Reducing the by 1% and 2% in 2020/21 only, with a freeze thereafter (d);

- In all scenarios, introducing a 9.3% pension contribution rate, together with how taking a 'stepped' approach to the rate (in order to mitigate the risk of a significant increase at the 2022 valuation)¹;

In all scenarios no reductions in services.

2.21 The following table summarises the modelling set out in Appendix 2:

Table 5: Summary of Nexus levy grant options modelling

Scenario	Deficit by 2022/23 £m	Reserves at 31/03/23
Levy increased by 2% in all 3 Years / 9.3% Pension	1.86	11.67
Levy +2% / 9.3% Pension	4.22	10.24
Levy +2% / Stepped Pension	5.16	9.31
Levy +1% / 9.3% Pension	4.81	8.77
Levy +1% / Stepped Pension	5.75	7.83
Levy Freeze / 9.3% Pension	5.40	7.29
Levy Freeze / Stepped Pension	6.34	6.36
Levy -1% / 9.3% Pension	5.99	5.82
Levy -1% / Stepped Pension	6.93	4.88
Levy -2% / 9.3% Pension	6.58	4.34
Levy -2% / Stepped Pension	7.52	3.41

2.22 As an illustration, to eradicate the estimated deficit purely through the Tyne and Wear levy would require a levy increase of around 5% in both 2021/22 and 2022/23 assuming a levy freeze in 2020/21.

Tyne Tunnels

2.23 The Tyne Tunnels are fully funded from tolls paid by tunnel users. No government funding was made available for the construction of the second Tyne Tunnel (which opened in 2011) and the refurbishment of the first tunnel which was completed in the same year. The works were funded by a combination of public sector and private sector borrowing, through a Public Private Partnership contract with a private sector concessionaire who designed and built the new tunnel and operate the tunnels under a contract which runs until 2037. The public sector borrowing was taken out by the then Tyne and Wear Integrated Transport Authority and is to be repaid over a 50-year period. The total current balance of borrowing associated with the Tyne Tunnels is £126.823m.

2.24 Contract payments to TT2 are calculated with reference to the traffic using the tunnels and increase with RPI inflation. As a result, actual tolls levied on users are required to increase to keep pace with increases in the contract payments, so the toll is maintained in real terms over the life of the contract. Under the River Tyne (Tunnels) (Modification) Order 2011, tolls can be increased in increments of 10p. Toll increases to date have been in line with expectations presented at the

¹ The rate has been adjusted from 9.3% in 2020/21 to 10.4% in 2021/22 to 11.6% in 2022/23

development stage of the New Tyne Crossing project.

- 2.25 As reported to the JTC on 23 October, the forecast outturn for 2019/20 is for a small surplus of around £52,000 which is mainly as a result of additional interest income on balances held by the JTC. Traffic levels have been largely in line with forecasts, slightly higher than in 2018/19 but traffic flow levels remain less than the levels experienced in 2016/17 prior to the commencement of Highways England works at Silverlink in North Tyneside. The forecasts include the costs of the new Tyne Tunnel Manager.
- 2.26 The tables below provide a summary of the forecast for 2019/20 and the indicative budget for 2020/21 and future years.

Table 6: Tyne Tunnels Budget 2019/20 and 2020/21 and initial forecasts to 2022/23

	2019/20 Original Budget	2019/20 Forecast	2020/21 Proposed Budget	2021/22 Estimate	2022/23 Estimate
	£000	£000	£000	£000	£000
Tolls Income	(28,090)	(28,141)	(28,422)	(28,919)	(29,642)
TT2 Contract	21,197	21,221	21,633	22,505	22,942
Employees	-	16	62	63	65
Pensions	52	52	53	55	56
Support Services	95	145	100	102	104
Supplies & Services	45	35	46	47	48
Financing Charges	6,966	6,988	6,756	6,416	6,673
Interest /Other Income	(50)	(128)	(50)	(50)	(50)
Repayment from TWITA for temporary use of reserves	(240)	(240)	(240)	(240)	(240)
(Surplus)/Deficit on Tyne Tunnels revenue account	(25)	(52)	(61)	(22)	(45)

- 2.27 A new post of Tyne Tunnels Contract Manager was approved by the JTC in September. This role will manage the client-side aspects of the Tyne Tunnel Project Agreement with TT2 and act as the principle point of liaison with the Concessionaire so that contractual matters are dealt with in a timely and efficient manner. The part-year costs of the post are built into the revised forecast for 2019/20 and the full year costs from 2020/21 onwards, which is the reason for the variance in Employee costs in the 2019/20 forecast. Once this post is filled and handover has been completed there will be a reduction in the budget for support services, as support has

previously been provided by the NECA Chief Finance Officer and Monitoring Officer and individuals at Newcastle City Council.

- 2.28 As previously reported to the Tyne and Wear Sub Committee, TT2 have brought forward proposals to introduce a Tyne Pass process using Automatic Number Plate Recognition as a pre-cursor to a longer term aim of having a free flow system in place in the future where there would be no toll booths on the plazas.
- 2.29 These proposals would require changes to the Tyne Tunnels Byelaws, the Project Agreement and financial model for the contract. A temporary increase in the support services budget for the Tyne Tunnels is therefore proposed for the 2019/20, 2020/21 and 2021/22 financial years to meet the additional costs from the client side of implementing the project, such as external professional advice. This can be met from within the Tyne Tunnels budget and will be kept under review as the project progresses.
- 2.30 The 2020/21 tolls income estimate assumes an increase in tolls to £3.90 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%). It is not anticipated that an increase in the tolls for Class 2 vehicles will have been triggered by the increase in RPI until the 2021/22 financial year, as increases can only be applied in 10p increments. These charges are therefore likely to remain at £1.80 in 2020/21.
- 2.31 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 will be taken by the Tyne and Wear Sub Committee in January 2020. 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. A decision on the specific date for implementation will be taken in conjunction with TT2, taking into account operational considerations. The increase, if implemented, would come into effect after May 2020 and will be discussed in greater detail with the Tyne and Wear Sub Committee.
- 2.32 Reserves are held to manage risks associated with ownership of the tunnels, to meet any in-year deficits which may arise on the tunnels revenue account and to deal with any changes which may arise from changes in accounting treatments in future years. The forecast position against the Tyne Tunnels reserves is set out in the table below:

Table 7: Tyne Tunnels Reserves 2020/21 Forecast

	2019/20 Original	2019/20 Forecast	2020/21 Original
	£000	£000	£000
Tyne Tunnels Reserves b/f	(18,452)	(21,150)	(17,961)
(Surplus)/Deficit on Tyne Tunnels revenue account met from reserves	(25)	(52)	(61)
Capital Expenditure funded from Reserves	260	854	-
NESTI Expenditure funded from Reserves	300	342	305
Repayment of LGF funding swap	-	2,045	-
Tyne Tunnels Reserves c/f	(17,917)	(17,961)	(17,717)

3. Reasons for the Proposals

- 3.1 The proposals are presented here to update the TWSC on the work on the preparation of the 2020/21 Transport Budget and continue the consultation process. The report provides updated forecasts based on the latest information available, scenario modelling in terms of the Tyne and Wear Levy and grant to Nexus.

4. Alternative Options Available

- 4.1 This report is provided for information with no decision required.

5. Next Steps and Timetable for Implementation

- 5.1 Proposals are at a draft stage and still subject to consultation. Taking into account the results of consultation, firm recommendations will be presented to the JTC for formal agreement in January 2020. .

6. Potential Impact on Objectives

- 6.1 The budgets presented in this report are aligned to 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 January 2020 meeting of the Committee.

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 implications for equalities and diversity arising directly from this report.

11. Crime and Disorder

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

12. Consultation/Engagement

- 12.1 The 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 2020/21, however, if the Tyne and Wear levies are frozen again in 2021/22 or reduced this will provide a 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 - Tyne and Wear Levy Options 2020/21-2022/23
Appendix 2 – Modelled impacts on Nexus MTFP Forecasts 2020/21-2022/23

15. Background Papers

- 15.1 JTC Budget 2019/20 report 22 January 2019
JTC Initial Budget Proposals 2020/21 report 23 October 2019

16. Contact Officers

- 16.1 Eleanor Goodman, Finance Manager, eleanor.goodman@northeastca.gov.uk, 0191 277 7518

17. Sign off

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

18. Glossary

DfT – Department for Transport

NECA – North East Combined Authority

NTCA – North of Tyne Combined Authority

TfN – Transport for the North

TSU – Transport Strategy Unit

TT2 – TT2 Ltd., Tyne Tunnels concessionaire

Appendix 1 - Tyne and Wear Levy Options 2020/21-2022/23

1. At the Joint Transport Committee on 23 October 2019, members requested some additional information about the impact of various options for the levy on the Tyne and Wear councils. The following scenarios have been modelled and are set out in the tables below:
 - a) A 2% increase in all three years 2020/21-2022/23
 - b) A 2% increase in 2020/21 with a cash freeze thereafter
 - c) A 1% increase in 2020/21 with a cash freeze thereafter
 - d) A cash freeze in all three years
 - e) A 1% reduction in 2020/21 and a cash freeze thereafter
 - f) A 2% reduction in 2020/21 and a cash freeze thereafter
2. Apportionment of the levy is based upon the 2018 ONS Mid-Year population estimates in 2020/21, as per the Transport Levying Bodies Regulations.
3. Since the populations in each council area change each year, the apportionment of the levy must be updated each year so there will be changes to the amounts payable by each individual council even in a cash freeze scenario.
4. For 2021/22 and 2022/23 the population figures are not yet available so the apportionment for these years is as per the 2018 Mid-Year figures.
5. The Retained Levy relates primarily to former Tyne and Wear Integrated Transport Authority (TWITA) costs (mainly historic financing charges) and contributions towards supporting the JTC including the Transport Strategy Unit (TSU). Any increase or decrease in the Retained Levy amount will be managed through the Tyne and Wear Transport reserve.

Modelling of Options

a) A 2% increase in all three years 2020/21-2022/23

	2019/20 Levy (£)	2018 Population	2020/21 Levy (£)	2021/22 Levy (£)	2022/23 Levy (£)
Gateshead	10,949,433	202,508	11,106,147	11,328,270	11,554,836
Newcastle	16,002,955	300,196	16,463,651	16,792,924	17,128,782
North Tyneside	11,060,540	205,985	11,296,836	11,522,773	11,753,229
South Tyneside	8,089,866	150,265	8,240,984	8,405,804	8,573,920
Sunderland	14,997,206	277,417	15,214,382	15,518,669	15,829,043
Tyne & Wear Total	61,100,000	1,136,371	62,322,000	63,568,440	64,839,810
Year on Year Increase / (Decrease)			1,222,000	1,246,440	1,271,370
Cumulative Increase / (Decrease)			1,222,000	2,468,440	3,739,810

Retained Levy	2,100,000	2,142,000	2,184,840	2,228,540
Grant to Nexus	59,000,000	60,180,000	61,383,600	62,611,270

b) A 2% increase in 2020/21 only and a cash freeze thereafter

	2019/20 Levy (£)	2018 Population	2020/21 Levy (£)	2021/22 Levy (£)	2022/23 Levy (£)
Gateshead	10,949,433	202,508	11,106,147	11,106,147	11,106,147
Newcastle	16,002,955	300,196	16,463,651	16,463,651	16,463,651
North Tyneside	11,060,540	205,985	11,296,836	11,296,836	11,296,836
South Tyneside	8,089,866	150,265	8,240,984	8,240,984	8,240,984
Sunderland	14,997,206	277,417	15,214,382	15,214,382	15,214,382
Tyne & Wear Total	61,100,000	1,136,371	62,322,000	62,322,000	62,322,000
Year on Year Increase / (Decrease)			1,222,000	0	0
Cumulative Increase / (Decrease)			1,222,000	1,222,000	1,222,000

Retained Levy	2,100,000	2,142,000	2,142,000	2,142,000
Grant to Nexus	59,000,000	60,180,000	60,180,000	60,180,000

c) A 1% increase in 2020/21 only and a cash freeze thereafter

	2019/20 Levy (£)	2018 Population	2020/21 Levy (£)	2021/22 Levy (£)	2022/23 Levy (£)
Gateshead	10,949,433	202,508	10,997,263	10,997,263	10,997,263
Newcastle	16,002,955	300,196	16,302,242	16,302,242	16,302,242
North Tyneside	11,060,540	205,985	11,186,083	11,186,083	11,186,083
South Tyneside	8,089,866	150,265	8,160,190	8,160,190	8,160,190
Sunderland	14,997,206	277,417	15,065,221	15,065,221	15,065,221
Tyne & Wear Total	61,100,000	1,136,371	61,711,000	61,711,000	61,711,000
Year on Year Increase / (Decrease)			611,000	0	0
Cumulative Increase / (Decrease)			611,000	611,000	611,000

Retained Levy	2,100,000
Grant to Nexus	59,000,000

2,121,000	2,121,000	2,121,000
59,590,000	59,590,000	59,590,000

d) A cash freeze in all three years

	2019/20 Levy (£)	2018 Population	2020/21 Levy (£)	2021/22 Levy (£)	2022/23 Levy (£)
Gateshead	10,949,433	202,508	10,888,380	10,888,380	10,888,380
Newcastle	16,002,955	300,196	16,140,834	16,140,834	16,140,834
North Tyneside	11,060,540	205,985	11,075,330	11,075,330	11,075,330
South Tyneside	8,089,866	150,265	8,079,396	8,079,396	8,079,396
Sunderland	14,997,206	277,417	14,916,061	14,916,061	14,916,061
Tyne & Wear Total	61,100,000	1,136,371	61,100,000	61,100,000	61,100,000
Year on Year Increase / (Decrease)			0	0	0
Cumulative Increase / (Decrease)			0	0	0

Retained Levy	2,100,000
Grant to Nexus	59,000,000

2,100,000	2,100,000	2,100,000
59,000,000	59,000,000	59,000,000

e) A 1% reduction in 2020/21 and a cash freeze thereafter

	2019/20 Levy (£)	2018 Population	2020/21 Levy (£)	2021/22 Levy (£)	2022/23 Levy (£)
Gateshead	10,949,433	202,508	10,779,496	10,779,496	10,779,496
Newcastle	16,002,955	300,196	15,979,426	15,979,426	15,979,426
North Tyneside	11,060,540	205,985	10,964,576	10,964,576	10,964,576
South Tyneside	8,089,866	150,265	7,998,602	7,998,602	7,998,602
Sunderland	14,997,206	277,417	14,766,900	14,766,900	14,766,900
Tyne & Wear Total	61,100,000	1,136,371	60,489,000	60,489,000	60,489,000
Year on Year Increase / (Decrease)			(611,000)	0	0
Cumulative Increase / (Decrease)			(611,000)	(611,000)	(611,000)

Retained Levy	2,100,000
Grant to Nexus	59,000,000

2,079,000	2,079,000	2,079,000
58,410,000	58,410,000	58,410,000

f) A 2% reduction in 2020/21 and a cash freeze thereafter

	2019/20 Levy (£)	2018 Population	2020/21 Levy (£)	2021/22 Levy (£)	2022/23 Levy (£)
Gateshead	10,949,433	202,508	10,670,612	10,670,612	10,670,612
Newcastle	16,002,955	300,196	15,818,017	15,818,017	15,818,017
North Tyneside	11,060,540	205,985	10,853,823	10,853,823	10,853,823
South Tyneside	8,089,866	150,265	7,917,808	7,917,808	7,917,808
Sunderland	14,997,206	277,417	14,617,739	14,617,739	14,617,739
Tyne & Wear Total	61,100,000	1,136,371	59,878,000	59,878,000	59,878,000
Year on Year Increase / (Decrease)			(1,222,000)	0	0
Cumulative Increase / (Decrease)			(1,222,000)	(1,222,000)	(1,222,000)

Retained Levy	2,100,000
Grant to Nexus	59,000,000

2,058,000	2,058,000	2,058,000
57,820,000	57,820,000	57,820,000

Appendix 2 – Nexus MTFP Forecasts – Updated November 2019

a) Levy increase of 2% across all 3 years

Scenario: Levy +2% (all 3 years) / 9.3% Pension	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	-2.18	0.24	1.86		
Movement in reserves		-4.40	2.18	-0.24	-0.93		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	0.93		
Savings required		0.00	0.00	0.00	-0.93	-0.93	
Remaining reserves	16.0	11.60	13.78	13.53	12.60		79%

Scenario: Levy +2% (all 3 years) / Stepped Pension	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	-2.18	0.71	2.80		
Movement in reserves		-4.40	2.18	-0.71	-1.40		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	1.40		
Savings required		0.00	0.00	0.00	-1.40	-1.40	
Remaining reserves	16.0	11.60	13.78	13.07	11.67		73%

b) Levy increase of 1% and 2% in 2020/21

Scenario: Levy +2% / 9.3% Pension	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	-2.18	1.42	4.22		
Movement in reserves		-4.40	2.18	-1.42	-2.11		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	2.11		
Savings required		0.00	0.00	0.00	-2.11	-2.11	
Remaining reserves	16.0	11.60	13.78	12.35	10.24		64%

Scenario: Levy +2% / Stepped	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	-2.18	1.89	5.16		
Movement in reserves		-4.40	2.18	-1.89	-2.58		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	2.58		
Savings required		0.00	0.00	0.00	-2.58	-2.58	
Remaining reserves	16.0	11.60	13.78	11.89	9.31		58%

Scenario: Levy +1% / 9.3% Pension	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	-1.59	2.01	4.81		
Movement in reserves		-4.40	1.59	-2.01	-2.41		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	2.41		
Savings required		0.00	0.00	0.00	-2.41	-2.41	
Remaining reserves	16.0	11.60	13.19	11.17	8.77		55%

Scenario: Levy +1% / Stepped	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	-1.59	2.48	5.75		
Movement in reserves		-4.40	1.59	-2.48	-2.87		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	2.87		
Savings required		0.00	0.00	0.00	-2.87	-2.87	
Remaining reserves	16.0	11.60	13.19	10.71	7.83		49%

c) Levy freeze in 2020/21

Scenario: Levy Freeze / 9.3% Pension	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	-1.00	2.60	5.40		
Movement in reserves		-4.40	1.00	-2.60	-2.70		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	2.70		
Savings required		0.00	0.00	0.00	-2.70	-2.70	
Remaining reserves	16.00	11.60	12.60	9.99	7.29		46%

Scenario: Levy Freeze / Stepped Pension	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	-1.00	3.07	6.34		
Movement in reserves		-4.40	1.00	-3.07	-3.17		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	3.17		
Savings required		0.00	0.00	0.00	-3.17	-3.17	
Remaining reserves	16.00	11.60	12.60	9.53	6.36		40%

d) Levy reduction of 1% and 2% in 2020/21

Scenario: Levy -1.0% / 9.3% Pension	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	-0.41	3.19	5.99		
Movement in reserves		-4.40	0.41	-3.19	-3.00		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	3.00		
Savings required		0.00	0.00	0.00	-3.00	-3.00	
Remaining reserves	16.00	11.60	12.01	8.81	5.82		36%

Scenario: Levy -1.0% / Stepped Pension	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	-0.41	3.66	6.93		
Movement in reserves		-4.40	0.41	-3.66	-3.46		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	3.46		
Savings required		0.00	0.00	0.00	-3.46	-3.46	
Remaining reserves	16.00	11.60	12.01	8.35	4.88		31%

Scenario: Levy -2.0% / 9.3% Pension	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	0.18	3.78	6.58		
Movement in reserves		-4.40	-0.18	-3.78	-3.29		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	3.29		
Savings required		0.00	0.00	0.00	-3.29	-3.29	
Remaining reserves	16.00	11.60	11.42	7.63	4.34		27%

Scenario: Levy -2.0% / Stepped Pension	Reserves as at 31/03/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total Savings £m	Reserves as at 31/03/23 %
Deficit/(Surplus)		4.40	0.18	4.25	7.52		
Movement in reserves		-4.40	-0.18	-4.25	-3.76		
Deficit/(Surplus) after use of reserves		0.00	0.00	0.00	3.76		
Savings required		0.00	0.00	0.00	-3.76	-3.76	
Remaining reserves	16.00	11.60	11.42	9.29	3.41		21%

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

Date: 21st November 2019

Subject: Celebrating 40 years of the Tyne and Wear Metro – marketing and commemorative events

Report of: Managing Director, Transport North East.

Executive Summary

The purpose of this report is to inform the sub-committee of plans being developed to mark the 40th anniversary of the Tyne and Wear Metro; an opportunity to celebrate the system's impact on the lives of local people, profile its future role and inspire new journeys.

Recommendations

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

1. Background Information

- 1.1 Metro has carried almost 1.5 billion passengers since it opened in August 1980. More than that, it has helped shape the fabric of our modern society and economy. It is hard to imagine the region without a convenient and good value publicly-owned urban transit system linking our towns and city centres. Metro is part of everyday life, and its 40th anniversary comes at a turning point in the system's history as Nexus unveils a new train design and prepares for its introduction.
- 1.2 Nexus plans to celebrate this anniversary through marketing and cultural activities delivered with major regional partners. These will inspire new journeys, celebrate our communities and explore future investment and opportunities to expand the system's reach. The programme will be supported from the existing marketing budget plus grant application to external cultural bodies. A number of major external partners are also planning activity which will complement those elements led by Nexus.
- 1.3 The anniversary year will be built around three key themes which are detailed below. These are:
- Heritage – the story of Metro's construction and growth into one of Britain's busiest urban transit systems.
 - Community – the role Metro plays today in the social and economic life of North East England, celebrated through media and cultural projects.
 - Future – the plans we have for the years ahead, including a new train fleet, potential expansion of the system and inspiring new generations towards engineering and transport careers.

Throughout 2020 local people will have the opportunity to participate, explore and relate their own stories about Metro. As a whole the activities will be focused on marketing the enduring appeal of Metro and inspiring journeys to the destinations it serves.

- 1.4 Heritage:
- Metro's existing South Gosforth depot will stage a public open day for the last time in August, before the current building is replaced by a new £80m state-of-the-art facility to house a new train fleet.
 - Nexus will launch a public consultation on how some of its existing Metro fleet can be recycled for heritage or community use when they exit passenger service
 - Metrocar 4001 (one of the original prototype cars) will bear a special anniversary livery, with changing display panels inside to reflect the three themes of the year.
 - An interactive website will encourage people to share film, photos and memories from construction in the 1970s through to the present day, building a 'people's history' of Metro.
 - The anniversary provides an opportunity for museums, media and heritage groups to mount their own explorations of the role Metro has played in the

railway and social history of North East England.

1.5 Community:

- Nexus is partnering with cultural organisations and people from the diverse communities we serve to commission new community-driven visual and performance art. An application has been made to Arts Council England to fund this programme.
- ITV is to broadcast the first ever behind-the-scenes documentary following Metro's staff and passengers through a busy summer of events including this year's Spice Girls concert and Great North Run.
- Metro will play a role with events to celebrate the 40th staging of the Great North Run, and UK Pride 2020, taking place in Newcastle.
- Digital talent in the region will be invited to enter a competition to create apps and trail experiences which encourage people to explore Metro destinations.

1.6 The Future:

- Nexus will unveil the fully-realised design for its new £362m train fleet, designed through consultation with passengers.
- A mock-up carriage will tour town and city centres to allow people to test out passenger areas as we finalise detailed design.
- The tour will be an opportunity to engage with stakeholders on wider MetroFutures ambitions to expand the reach of Metro and drive higher frequency and reliability through the Metro Flow project.
- The new Nexus Learning Centre will open in South Shields – a base for staff development and a space to inspire young people to consider careers in railways and engineering.

2. Proposals

2.1 The committee is asked to note the plans for 2020 and suggest any further activities.

3. Reasons for the Proposals

3.1 The anniversary programme will complement and add value to the core Metro marketing plan which encourages people to choose Metro as a convenient, value-for-money mode of transport, as well as a source of local pride.

4. Alternative Options Available

4.1 The report is for noting but feedback from the committee will be incorporated into our final planning process.

5. Next Steps and Timetable for Implementation

- 5.1 Nexus will be holding an event for stakeholders in the cultural and visitor marketing sectors to build wider interest and partnerships.

The anniversary events will begin early in the new year with the launch of a fully-realised design for Metro's new train fleet. Activities will continue from then into the autumn of 2020.

6. Potential Impact on Objectives

- 6.1 Metro has a vital role to play in the region's ambitious plans for economic growth and tackling the climate change emergency, as a clean and environmentally-friendly form of transport, as set out in the Strategic Economic Plan and emerging Regional Transport Plan. Profiling Metro's place in the region's past, present and future through engagement with local people is a way of promoting both its current role and future potential.

7. Financial and Other Resources Implications

- 7.1 Nexus' Director of Finance and Resources confirms that costs associated with the anniversary programme will be funded through the revenue budget being proposed for 2020/21.

8. Legal Implications

- 8.1 There are no legal implications to this report.

9. Key Risks

- 9.1 The cultural/community activities in this programme are dependent on achieving external grant funding. In the event funding applications are unsuccessful a revised low-cost programme will be delivered.

10. Equality and Diversity

- 10.1 Metro has a broad and diverse passenger base, and our programme is designed to reflect this, and to target harder-to-reach groups and those with protected characteristics for engagement in cultural/community activities.

11. Crime and Disorder

- 11.1 There are no specific implications in this report. Some outputs from the cultural/community activities will be used in future projects with young people at risk of falling into the criminal justice system.

12. Consultation/Engagement

- 12.1 The anniversary programme has been developed based on consultation with Metro passengers and stakeholders in the cultural sector; this forms the basis for wider engagement in the delivery of activities.

Nexus built its specification for a new train fleet around the results of widespread

consultation carried out in 2016/17. We will continue to consult with stakeholders in 2020 as we move from a fully-realised design to final production, to ensure new trains reflect the differing needs of our passengers.

13. Other Impact of the Proposals

13.1 Effective marketing of Metro helps encourage more people to make journeys which are sustainable and take them to attractions and businesses at the destinations we serve.

14. Appendices

14.1 None

15. Background Papers

15.1 None

16. Contact Officers

16.1 Huw Lewis, Nexus Customer Services Director; huw.lewis@nexus.org.uk; 0191 203-3112

17. Sign off

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

18. Glossary

None

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

Date: 21 November 2019

Subject: Revision to Metro and Ferry Fares 2020

Report of: Managing Director, Transport North East

Executive Summary

Nexus undertakes a review of Metro and Ferry fares on an annual basis. This year's review is set against a backdrop of a number of challenges that are contributing to a reduction in overall patronage. However, there are also opportunities on the horizon that can help to counter this decline.

Metro's role as a rapid public transport system is increasingly important given concerns around air quality and the state of the climate. In order to address these issues, Metro must offer a compelling package in order to attract passengers and ticketing plays a crucial role in the attractiveness of that package.

For 2020, it is proposed that Metro introduce a new offer for families by allowing children aged 11 and under to travel for free at weekends if accompanied by a fare paying adult. This will help enhance the attractiveness of choosing Metro for family leisure activities at weekends, helping to grow Metro use and get people out and about in the region.

Fares for young people aged 18 and under are proposed to be frozen to help aide young people in making the choice to use Metro. Adult fares would see an increase by an average of 3% but the overall fares package presented represents an overall increase of 1.9%, which is in line with the prevailing rate of CPI as at July 2019 (2.0%) as well as Tyne and Wear wage growth (2.0% in 2018).

Under the proposed scenario in this report, changes to Ferry fares would mirror those of the Metro and will also include the extension of the family offer to the Ferry.

This fares review proposal aims to tackle the challenges the region faces head on by making the Metro a more attractive option for passengers. Whilst some fares will rise in order to tackle the increasing cost pressures faced, families and young people would be helped out by new offers and fare freezes.

Recommendations

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

- I. Approve the Metro and Ferry fares proposal to be implemented from 2nd January 2020 which includes:
 - a. The introduction of a new family offer;
 - b. A fares freeze for tickets for those aged 18 and under; and
 - c. An overall increase in the weighted basket of fares of 1.9%.
- II. Approve a freeze in the price of concessionary products (paragraph 2.10 refers);
- III. Approve a freeze in the price of car parking at Metro stations where a parking charge of £1.00 per day is currently applied (paragraph 2.18 refers); and
- IV. Note the alternative options explored as part fares review process (Section 4 refers).

1. Background Information

- 1.1 With multiple authorities across the region setting out their position on tackling air quality and climate change, it is important for Metro to seek ways to continually improve its customer offer and attract more people to use public transport.
- 1.2 Metro already offers a competitive range of affordable tickets. On Pop PAYG, passengers can undertake an unlimited number of journeys in a day across the whole network for less than on a standard ticket. Passengers who buy a Corporate Metro season ticket through their employer can travel across all zones for as little as £1.53 per day if they travel daily. Young people with a Pop Blue card can make a single trip on the Metro for only £1.00.
- 1.3 Whilst Metro prides itself on great value tickets for passengers, continuing cost pressures must also be factored into the fares review process. With fleet performance below passenger expectations and passengers wishing to see more enhancements to their level of service, the fares review must look to mitigate against budgetary pressures that are currently faced in order to strike a balance between maximising fare revenue and avoiding further reductions in passenger journeys.
- 1.4 These budgetary pressures are set against a challenging backdrop of factors influencing performance levels. A variety of factors is fuelling lower retail footfall and less need to travel. At the same time, car costs continue to be relatively low. Easy access to cars is further exacerbated by the need for a new Metro fleet to improve stability of service levels.
- 1.5 The 2020 fares review aims to address the issues that are faced in a balanced way that ensures budgetary pressures do not increase but also helps to make Metro the mode of choice for people across the region. The policy objectives underpinning the pricing proposals contained in this report and to be implemented, subject to approval, on 2nd January 2020 are therefore:
- Attract new passengers by targeting the family market and therefore encouraging less car use.
 - Grow revenue from established products.
 - Increase fares in line with CPI which also equates to recent growth in wages in Tyne and Wear.
 - Encourage further transition to smart means of payment.
- 1.6 The scope of the fares review for January 2020 covers the commercial ticket ranges of both Metro and Ferry which encompass the following ticket types:
- Adult commercial tickets (Single/Day/Transfare/Metro Season);
 - Pay As You Go (PAYG);
 - Child commercial tickets (Single/Day/Transfare);
 - Discounted tickets for students and young people aged 18 and under;
 - Discounted season tickets allowing cheaper travel for employees of

registered companies who purchase season tickets in bulk and;

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

2. Proposals - Metro

2.1 The 2020 fares review is underpinned by the following core proposals;

- A new offer for families, allowing free weekend travel for up to three children aged 11 and under when accompanied by an adult fare payer;
- A freeze on all fares for young people aged 18 and under, including the Pop Blue smartcard;
- Overall fares increase aligned with the Consumer Price Index (CPI) measure of inflation and;
- Continue to encourage the take up of smart means of payment on PAYG by implementing a further increase in the differential between standard fares and Pay As You Go ('PAYG') fares.

2.2 Based on current ticket prices, for a family made up of two adults and three children, it can cost up to £14.60 to take a family day trip out using the Metro. Given concerns around air quality in our urban centres, it is therefore important to ensure that families are appropriately incentivised to try Metro for day trips out and leave the car at home.

2.3 It is proposed to introduce a new offer for families, allowing free weekend travel for up to three children aged 11 and under when accompanied by a fare paying adult. The adult will need to be aged 18 and over and have a valid ticket, which includes all single and day tickets (including Pop PAYG), all season tickets (including Corporate) and also Gold Card.

2.4 The offer for families would run at weekends throughout 2020 as a special offer to help celebrate Metro's 40th anniversary alongside other events taking place to mark the occasion. The offer would be continuously reviewed and further updates, subject to approval by TWSC, would be submitted to TWSC to assess whether the scheme should continue beyond 2020.

2.5 Further to supporting family based travel, this year's fares proposal aims to support future generations by freezing prices for all tickets for those aged 18 and under. This includes child commercial tickets, Pop Blue, 18 and under season tickets, and class passes. This will help make Metro attractive to young people who have growing concerns around air quality and will also help young people with the cost of travel.

2.6 This proposal, however, is made against a backdrop of a financial pressure on Nexus' budget. Metro's fare revenue in the current year is forecast to be significantly lower than the budgeted target, and the costs of delivering the service are expected to rise in the year ahead. Therefore it is proposed that Metro fares from 2nd January 2020 should increase by a weighted average of 1.9%. This increase would be broadly in line with the Consumer Price Index (CPI) as at July 2019 (2.0%) and wage growth in 2018 (2.0%). More detail on what this means for passengers aged 18 and over is outlined below.

2.7 *Adult Single and Day Fares*

As part of the overall proposal to increase Metro fares by a weighted average of 1.9%, the price of adult single and daily-capped fares would increase by £0.05 for passengers travelling with a smartcard using 'Pay As You Go' (PAYG). Single and day fares purchased without a smartcard will be subject to a £0.10 increase as will Transfare and add-zone ticket prices as outlined in appendix B. With the price differential increasing once again between Pop PAYG and tickets purchased without a smartcard, switching from single and day tickets to PAYG represents a great value proposition for passengers under these proposals. Passengers switching to PAYG will be able to take advantage of its immediate and significant savings with each journey proposed to offer a saving of £0.45 versus the equivalent single ticket price and a saving of £0.55 versus the equivalent day ticket price.

2.8 To date in 2019/20, 10.4% of adult short-term passengers have opted to use PAYG over single and day tickets, an increase of over 1.4% since the same time last year. The fares proposition for January 2020 assumes this take up will grow by up to a further 4.2%.

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

The price of One Week, Four Week, Annual, Corporate and Student Metro season tickets are proposed to increase by an average of 3.0% as shown in appendix C. The price of season tickets offered to students retains the minimum of a 30% discount versus the equivalent adult fare as shown in appendix D.

2.10 *Concessionary Products*

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

2.11 *Miscellaneous tickets*

The following miscellaneous ticket types will increase by an average of 3.5% as part of the proposals outlined in appendix E:

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

2.12 Please see appendix A for a visual summary of the proposed changes to Metro prices.

Proposals - Ferry

2.13 The offer for families on Metro will also be extended to the Ferry, with up to 3 children aged 11 and under traveling with an accompanied adult fare payer on the Ferry for free at weekends throughout 2020. In addition, all tickets for those 18 and under are proposed to be frozen in price for 2020.

- 2.14 For standard tickets, the prices of Adult single, day and transfare tickets are proposed to increase in parallel with equivalent Metro tickets. Tickets purchased without a smartcard will increase by a minimum of £0.10, whilst prices for passengers using a PAYG smartcard will increase by £0.05. Therefore, passengers who make the switch to PAYG will continue to benefit from significant discounts over standard tickets under the proposals.
- 2.15 The constraint of only increasing standard cash based tickets in multiples of ten pence does result in percentage increases above the level of inflation and in the case of Ferry, with the majority of its tickets having this constraint, result in an overall weighted fares basket above the level of inflation at 3.5% versus CPI of 2.0%.
- 2.16 The Ferry carnet product will increase in line with the proposed single ticket price to maintain its structure of a book of ten single tickets for the price of eight. The price of 1 Week and 4 Week season tickets will increase by £0.20 and £0.70 respectively.
- 2.17 With a weighted average basket of 3.5% across the Ferry ticket range, this proposal can be expected to generate additional revenue of £0.009m in 2019/20. Prices of Ferry tickets are shown in appendix F.

Proposals – Car Parks

- 2.18 In addition to the price of Metro and Ferry tickets, consideration has also been given to the fees charged at Nexus' six pay and display car parks on the Metro network (Bank Foot, Callerton Parkway, Four Lane Ends, Northumberland Park, Regent Centre, and Stadium of Light). The current fee has been £1 a day per car since 2012, a real terms price reduction when factoring inflation.
- 2.19 Work is currently underway to identify funding that would allow for the introduction of an app based ticketing system for car park users. Therefore, it is proposed to freeze prices at car parks for 2020 whilst work continues on this project. A freeze for car park users will also help with promoting Park and Ride to drivers across the region, which may help dissuade them from driving into urban centres.

3. Reasons for the Proposals

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

4. Alternative Options Available

- 4.1 Two alternative fares proposals were considered as part of the review. This included a fares freeze to generate additional demand as well as a proposal with a weighted fares basket above the level of inflation to prioritise revenue above the other policy objectives set out in paragraph 1.5.
- 4.2 A fares freeze was considered but discounted due to the fact that although it protects against patronage loss, it would lead to an overall reduction in revenue of £0.109m (mainly caused by the continued migration from standard ticket types

to the discounted PAYG fare). Given the budget situation outlined in paragraph 2.6, a fares freeze scenario is therefore not considered to be affordable.

- 4.3 A scenario to prioritise revenue by proposing a weighted fares basket above the level of inflation was discounted as a result of its impact on patronage. Whilst a 5.6% weighted basket scenario could be expected to generate an additional £0.454m above the recommendation contained in this report, this would come at the expense of 0.696m fewer journeys. The proposals contained in this report are therefore designed to adopt the most balanced approach to incorporating all of the policy objectives.
- 4.4 Option 1 – The North East Joint Transport (Tyne and Wear) Sub-Committee may accept the recommendations set out in section 2 of this report.
- 4.5 Option 2 – The North East Joint Transport (Tyne and Wear) Sub-Committee may not accept the recommendations as set out in section 2 and instead accept an alternative option which would see a weighted fares basket above the level of inflation implemented (as set out in paragraph 4.3 of this report).
- 4.6 Option 3 - The North East Joint Transport (Tyne and Wear) Sub-Committee may not accept the recommendations as set out in section 2 of this report and as such opt not to implement any increase to Metro and Ferry fares from 2nd January 2020 (as set out in paragraph 4.2 of this report)

5. Next Steps and Timetable for Implementation

- 5.1 Should the Sub-Committee approve the proposed fare changes set out in this report, the new fare levels will come into force on 2nd January 2020.

6. Potential Impact on Objectives

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

7. Financial and Other Resources Implications

- 7.1 The 2019/20 base budget for the Metro farebox i.e. including Nexus' own product range, the Gold card concessionary ticket sales and third party tickets, predominantly Network One, is £46.842m. Forecasts based on recent data are showing a forecast outturn of £45.626m which is a shortfall on the 2019/20 budget of £1.216m. This deficit is predominantly made up of Nexus' own products (£1.087m), rather than 3rd party products such as NTL ticketing (£0.129m).
- 7.2 Whilst the fares proposal that is recommended will result in an overall increase in the weighted basket of fares of 1.9%, the impact on the Metro fare revenue budget is estimated at £0.469m, which represents a 1.0% increase on this year's forecast outturn. This is because of the differential change in price across each ticket type, including the proposal to freeze the price of some tickets together with the expected switch between products where customers are incentivised to

buy an alternative because of the discount being offered e.g. PAYG.

7.3 The following table shows how this positive impact will affect Nexus' budget proposal for 2020/21:

	£m
2019/20 Base Budget	46.842
<u>Less:</u> 2019/20 Forecast	45.626
2019/20 Shortfall against Base Budget	-1.216
Impact of 2020/21 Fare proposal impact	0.469
Movement against 2019/20 Base Budget	-0.747
2020/21 Base Budget	46.095

8. Legal Implications

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

9. Key Risks

9.1 There are no specific risk management considerations arising from this report.

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

12.1 There are no specific consultation / community engagement considerations.

13. Other Impact of the Proposals

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

14. Appendices

14.1 Appendix A – Poster summarising changes to Metro prices.

Appendix B – Proposed single and day ticket prices.

Appendix C – Proposed season ticket prices.

Appendix D – Proposed 18 and under ticket prices.

Appendix E – Proposed miscellaneous Metro ticket prices.

Appendix F – Proposed Ferry prices.

15. Background Papers

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

16. Contact Officers

16.1 Huw Lewis, Customer Services Director, Nexus

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Stephen Bellamy, Fares & Revenue Manager (Secondment), Nexus

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17. Sign off

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

18. Glossary

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

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

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

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

Appendix A – Poster summarising changes to Metro prices



NEW Family offer

Up to 3 children aged 11 and under travel for **FREE** at weekends with an accompanying fare paying adult

Young people aged 18 and under

Pop blue, 18 and Under Metro Season Ticket, Metro Child Fare **All frozen**

Adults - occasional travellers

- PAYG single **5p** ↑
- PAYG daily cap **5p** ↑
- Single ticket **10p** ↑
- DaySaver ticket **10p** ↑

Pop - now 45p cheaper than buying a single ticket, 55p cheaper than a DaySaver ticket

Adults - all adult season tickets

Metro Season Ticket **3.0%** weighted average ↑

Corporate

Corporate **3.0%** weighted average ↑

UP TO 16% DISCOUNT on standard commercial price

Students

Student Metro Season Ticket **30% discount** on standard commercial price → **2.9%** weighted average ↑

We calculate the average fare for our passengers will rise 1.9% in 2020, taking into account the amount each ticket price changes and the number of people buying that ticket.

Appendix B – Single / Day Ticket price changes from 2nd January 2020

Single / Day Tickets - Prices Effective 2nd January 2020

Product	2019 Price	2020 Price	Change £	Change %	% of Metro market
Single 1 Zone (A, B, C)	£1.90	£2.00	£0.10	5.3%	13.7%
Single 2 Zone (A+B, B+C)	£2.80	£2.90	£0.10	3.6%	
Single All Zones (A+B+C)	£3.50	£3.60	£0.10	2.9%	
Single 1 Zone PAYG	£1.50	£1.55	£0.05	3.3%	5.4%
Single 2 Zone PAYG	£2.40	£2.45	£0.05	2.1%	
Single All Zones PAYG	£3.10	£3.15	£0.05	1.6%	
Daily Cap 1 Zone PAYG	£2.60	£2.65	£0.05	1.9%	
Daily Cap 2 Zone PAYG	£3.70	£3.75	£0.05	1.4%	
Daily Cap All Zones PAYG	£4.70	£4.75	£0.05	1.1%	
Day 1 Zone (A, B, C)	£3.10	£3.20	£0.10	3.2%	34.7%
Day 2 Zone (A+B, B+C)	£4.20	£4.30	£0.10	2.4%	
Day All Zones (A+B+C)	£5.20	£5.30	£0.10	1.9%	
Transfare 1 Zone (T1)	£2.90	£3.00	£0.10	3.4%	0.4%
Transfare 2 Zone (T2)	£3.80	£3.90	£0.10	2.6%	
Transfare 3 Zone (T3)	£4.50	£4.60	£0.10	2.2%	
Child Commercial Single (A+B+C)	£0.90	£0.90	£0.00	0.0%	1.1%
Child DaySaver (A+B+C)	£1.40	£1.40	£0.00	0.0%	4.5%
Child Transfare (T3)	£1.10	£1.10	£0.00	0.0%	0.1%
Add Zone 1 Day 1 Zone (Season add on)	£3.10	£3.20	£0.10	3.2%	~
Add Zone 1 Day 2 Zone (Season add on)	£4.20	£4.30	£0.10	2.4%	~

Appendix C – Season Ticket price changes from 2nd January 2020

Season Tickets - Prices Effective 2nd January 2020					
Product	2019 Price	2020 Price	Change £	Change %	% of Metro market
Metro Season 1 Week 1 Zone (A, B, C)	£11.10	£11.40	£0.30	2.7%	13.9%
Metro Season 1 Week 2 Zone (A+B, B+C)	£16.50	£17.00	£0.50	3.0%	
Metro Season 1 Week All Zones (A+B+C)	£22.40	£23.10	£0.70	3.1%	
Metro Season 4 Week 1 Zone (A, B, C)	£39.10	£40.30	£1.20	3.1%	7.5%
Metro Season 4 Week 2 Zone (A+B, B+C)	£57.50	£59.20	£1.70	3.0%	
Metro Season 4 Week All Zones (A+B+C)	£76.00	£78.30	£2.30	3.0%	
Metro Season Annual 1 Zone (A,B,C)	£432.50	£445.50	£13.00	3.0%	11.8%
Metro Season Annual 2 Zone (A+B, B+C)	£604.00	£622.10	£18.10	3.0%	
Metro Season Annual All Zones (A+B+C)	£668.00	£688.00	£20.00	3.0%	
Corporate Metro Season (1 - 19 tickets)	£571.00	£588.00	£17.00	3.0%	
Corporate Metro Season (20-39 tickets)	£566.00	£583.00	£17.00	3.0%	
Corporate Metro Season (40+ tickets)	£561.00	£578.00	£17.00	3.0%	

Appendix D – 18 and under and Student price changes from 2nd January 2020

18 and under and Students - Prices Effective 2nd January 2020					
Product	2019 Price	2020 Price	Change £	Change %	% of Metro market
Pop blue Single (A+B+C)	£1.00	£1.00	£0.00	0.0%	1.6%
Pop blue Daily Cap (A+B+C)	£2.00	£2.00	£0.00	0.0%	
16 - 18 MetroSaver 1 Week All Zones (A+B+C)	£7.90	£7.90	£0.00	0.0%	0.4%
16 - 18 MetroSaver 4 Week All Zones (A+B+C)	£29.90	£29.90	£0.00	0.0%	
Student MetroSaver 4 Week Inner Newcastle	£26.90	£27.70	£0.80	3.0%	5.0%
Student MetroSaver 4 Week Inner Sunderland	£26.90	£27.70	£0.80	3.0%	
Student MetroSaver 4 Week All Zones (A+B+C)	£52.30	£53.80	£1.50	2.9%	
Student MetroSaver Annual Inner Newcastle	£299.00	£308.00	£9.00	3.0%	
Student MetroSaver Annual Inner Sunderland	£299.00	£308.00	£9.00	3.0%	
Student MetroSaver Annual All Zones (A+B+C)	£385.00	£396.00	£11.00	2.9%	

Appendix E – Misc ticket price changes from 2nd January 2020

Misc tickets - Prices Effective 2nd January 2020					
Product	2019 Price	2020 Price	Change £	Change %	% of Metro market
Business Pass	£179.50	£185.00	£5.50	3.1%	~
Conference Pass	£2.80	£2.90	£0.10	3.6%	~
Class Pass - 1 Pass 1 Day	£33.10	£33.10	£0.00	0.0%	~
Class Pass - 2 Passes 1 Day	£52.30	£52.30	£0.00	0.0%	~
Class Pass - 1 Pass 1 Term	£100.50	£100.50	£0.00	0.0%	~
Class Pass - 2 Passes 1 Term	£165.70	£165.70	£0.00	0.0%	~
Class Pass - 1 Pass Annual	£258.50	£258.50	£0.00	0.0%	~
Class Pass - 2 Passes Annual	£458.60	£458.60	£0.00	0.0%	~
Single Inner Zone Rail Add On	£1.70	£1.80	£0.10	5.8%	~
Return Inner Zone Rail Add On	£2.40	£2.50	£0.10	4.1%	~
7 Day Inner Zone Rail Add On	£9.40	£9.70	£0.30	3.2%	~
Single Outer Zone Rail Add On	£2.70	£2.80	£0.10	3.7%	~
Return Outer Zone Rail Add On	£4.20	£4.30	£0.10	2.4%	~
7 Day Outer Zone Rail Add On	£17.20	£17.50	£0.30	1.7%	~

Appendix F – Ferry price changes from 2nd January 2020

Ferry Tickets - Price Effective 2nd January 2020					Journeys (000s)
Product	2019 Price	2020 Price	Change £	Change %	
Pop blue (18 and Under) Ferry Single	£1.00	£1.00	£0.00	0.00%	437
Pop blue (18 and Under) Ferry Day Ticket	£2.00	£2.00	£0.00	0.00%	
Ferry Single	£1.70	£1.80	£0.10	5.60%	
Ferry Single – PAYG	£1.30	£1.30	£0.00	0.00%	
Ferry Day Ticket	£2.90	£3.00	£0.10	3.30%	
Ferry Day Ticket – PAYG	£2.40	£2.40	£0.00	0.00%	
Ferry Season Ticket 1 Week	£10.40	£10.60	£0.20	1.90%	
Ferry Season Ticket 4 Week	£36.50	£37.20	£0.70	1.90%	
Ferry Carnet (10 single trips)	£13.60	£14.40	£0.80	5.60%	
1 Zone Transfare	£2.90	£3.00	£0.10	3.30%	
2 Zone Transfare	£3.80	£3.90	£0.10	2.60%	
3 Zone Transfare	£4.50	£4.60	£0.10	2.20%	
Child Commercial Single	£0.70	£0.70	£0.00	16.70%	
Child Transfare	£1.10	£1.10	£0.00	10.00%	

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

Date: 21st November 2019

Subject: Nexus Ferry Strategy

Report of: Managing Director, Transport North East

Executive Summary

Nexus, on behalf of the local authorities in Tyne and Wear, owns and operates the Shields Ferry service which provides a crossing every 20 minutes between North and South Shields. The Ferry plays an important role in the local area, particularly for the leisure market, but also providing onwards connectivity to employment site and tourist destinations in the wider region.

We need to investigate ways to grow income from services as well as helping to achieve our overarching objectives of growing public transport patronage and improving customer satisfaction with the service.

Patronage on the ferry has fluctuated over recent years, but customer satisfaction remains strong, indicating there are opportunities to attract more passengers to the service.

This strategy sets out key steps Nexus wish to take to increase the attractiveness of the Ferry service, particularly to the leisure market, which make up a large percentage of the patronage, as well as making the service financially and environmentally sustainable.

The strategy also sets out steps to consider the location or locations of the Ferry landings on the north side of the river to support ongoing economic regeneration and ensure the service continue to meet the needs of its passengers.

If approved, the recommendations set out in this strategy will be delivered through the Nexus Corporate Business Planning process and delivery monitored and report to committee through the regular reporting cycle.

Recommendations

The North East Joint Transport Committee, Tyne and Wear Sub-Committee is recommended to approve the Nexus Ferry strategy.

1. Background Information

- 1.1 The Ferry is valued as a historic and sustainable Tyne crossing, there has been a Ferry across the Tyne since 1377 and it provides important links between North and South Shields as well as onwards to employment sites in North Tyneside and Sunderland.
- 1.2 In recent times the market for the Ferry service has shifted from commuting towards leisure use, due to the changes in the attractors surrounding the Ferry Landings. However it is important that the Ferry still continues to appeal to the commuter market as 15% of passengers use the service for this purpose.
- 1.3 Satisfaction amongst users with the Ferry services is high at 9.4 in 2017-18 with a net promoter score of +84¹. Patronage is broadly stable, with over 437k passenger trips in 2018-19 with seasonal fluctuations.
- 1.4 Investment is however required if the service is to be maintained in the medium to long term.
- 1.5 The vision for this strategy is:
“To provide a financially and economically sustainable service for our customers, maintaining high satisfaction levels and enabling local economic regeneration”
- 1.6 For the future there are numerous plans on each side of the river that the Ferry can play a part in ensuring are successful. These include the redevelopment of the North Shields Fish Quay with improved access by public transport, the residential development at Smith Dock, South Shields 365 and further afield supporting onward travel to the coasts and business parks.
- 1.7 The objectives set out in the strategy are:
- Stabilise patronage in the short term, then increase patronage by an average of 11% across the medium term to return to 2014/15 levels;
 - Maintain high levels of customer satisfaction;
 - Rebuild the North Shields jetty either at the current location, or at the Fish Quay based on the results of a feasibility study;
 - Explore options to upgrade or replace vessels within this strategy period, including zero emission technology; and
 - Reduce emissions and position the Shields Ferry as an environmental exemplar.

It should be noted that, in conjunction with North Tyneside Council, Nexus is also investigating the Royal Quays site as a potential Ferry Landing point.

¹ Net Promoter Score (NPS) is a widely used metric for assessing customer loyalty. Respondents are asked how likely they are to recommend a product or service on a scale of 1 to 10, where 1 is very unlikely and 10 is very likely. Respondents giving a score of 1-6 are categorised as detractors, those giving a score of 9-10 are called promoters, and those giving a score of 7-8 are described as passive. NPS is calculated by taking the percentage of detractors away from the percentage of promoters.

- 1.8 The recommendations set out in the strategy are:
- Introduce card payment facilities for Ferry customers, including the facility to cap daily fare payments made by contactless bank cards and POP 'Pay As You Go' (PAYG);
 - Further explore the various options of upgrading or replacing one or both vessels;
 - Ensure that harmful emissions are reduced, particularly once vessels have been upgraded or replaced;
 - Rebuild or re-site the North Shields landing – either in its current locations or at the Fish Quay, with the option of a third landing and Royal Quays, based on the outcome of the feasibility study and in collaboration with North Tyneside Council; and
 - Target marketing of the core crossing service at Leisure travellers and link this to local attractions in order to increase patronage.

2. Proposals

- 2.1 It is proposed that the strategy is agreed by TWSC, for implementation by Nexus.

3. Reasons for the Proposals

- 3.1 The strategy will help to ensure that the Ferry is financially and environmentally sustainable for the long term
- 3.2 The strategy will help to support economic regeneration in the local area as well as supporting onward trips for employment and leisure to the wider region.

4. Alternative Options Available

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

5. Next Steps and Timetable for Implementation

- 5.1 The Strategy once approved by Nexus SLT will be embedded into the Corporate Business Plan and implemented over the next five years. At this point the strategy will be refreshed.

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, helping to provide access to employment and leisure.

The Ferry Strategy will link to the new Transport Plan that is under development by the Joint Transport Committee.

7. Financial and Other Resources Implications

- 7.1 Nexus' Director of Finance and Resources confirms that the proposed revenue budget for 2020/21 will maintain ferry services in line with the current timetable

but that any initiatives associated with the implementation of this strategy are currently unfunded and will be subject to future reports to the Joint Transport Committee and/or the Sub-Committee.

8. Legal Implications

- 8.1 The operation of the Ferry is regulated by the Maritime and Coastguard Agency (MCA). All operations of the Shields Ferry must comply with the MCA national regulations for the purpose of passenger and crew safety.

9. Key Risks

- 9.1 The main risk is that the actions set out in this strategy do not have the effect of growing patronage and revenue and that the service becomes financially unsustainable
- 9.2 Another risk is that the relocation of the Ferry Landing does not proceed and significant investment is required in the existing landing to maintain services.
- 9.3 These risks will be addressed through the Nexus Corporate Business Planning and Budget setting process which balances the competing demands on Nexus' resources against its aspirations. Nexus will also continue to seek additional sources of funding to improve its assets.

10. Equality and Diversity

- 10.1 Increase availability of ticketing and payment methods will assist in making the Ferry service as accessible as possible.
- 10.2 Accessibility of the new Ferry landing(s) will be integral to the project as will be the provision for onwards travel from the landing site.

11. Crime and Disorder

- 11.1 Nexus will work North Tyneside Council on the design of the new landings and the surrounding public realm to ensure designing out crime and disorder is a core consideration.

12. Consultation/Engagement

- 12.1 TWSC was consulted on the draft strategy at a policy seminar in October 2019, at which members were eager to emphasise the importance of the Ferry and its future development to the local economy; members also wanted to ensure that plans are in place to reduce harmful emissions from the Ferry as soon as technology and funding can permit.
- 12.2 The strategy builds on market research, customer feedback and best practice from elsewhere which can be applied to Nexus and Metro services.
- 12.3 Both North Tyneside Council and South Tyneside Council officers were consulted during the development of this strategy.

13. Other Impact of the Proposals

- 13.1 The proposals aim to grow the use of public transport, particularly in this case on the Ferry, helping to reduce car journeys on the local road network, helping to reduce congestion and improve air quality.

14. Appendices

- 14.1 Ferry Strategy

15. Background Papers

- 15.1 Ferry strategy presentation 25th October 2019

16. Contact Officers

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17. Sign off

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

18. Glossary

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Nexus Ferry Strategy 2019 - 2024

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Executive summary

This strategy explores proposals for the future of the Shields Ferry. The ferry operates a daily timetabled crossing service as well as a limited number of leisure-based private hires, in order to maximise the revenue that can be generated from ferry assets.

To provide a financially and economically sustainable service for our customers, maintaining high satisfaction levels and enabling local economic regeneration.

The strategic vision for the ferry is:

Key facts¹

The aims of this strategy are to ensure the longevity of the ferry, increase patronage whilst maintaining customer satisfaction, support the regeneration of North and South Tyneside, and

Patronage has fluctuated since 2014-15, and currently stands at 437,198 passenger trips for the year 2018-19

The vast majority of passengers use the service for leisure purposes, with only 15% of passengers travelling to or from work

¹ Net Promoter Score (NPS) is a widely used metric for assessing customer loyalty. Respondents are asked to rate their likelihood of recommending the service to others on a scale of 1 (not at all) to 10 (very much). Scores of 9-10 are promoters, 7-8 are passives, and 6 and below are detractors. In 2018-19 a net promoter score of +84 was achieved.

Customer satisfaction in 2018-19 was rated at 9.4 out of 10

In 2018-19 a net promoter score of +84 was achieved

to seek opportunities to become an exemplar of sustainable transport.

The key recommendations made in this strategy are to:

- Introduce card payment facilities for ferry customers, including the facility to cap daily fare payments made by contactless bank cards and Pop PAYG cards
- Further explore the various options of upgrading or replacing one or both vessels
- Ensure that harmful emissions are reduced, particularly once vessels have been upgraded or replaced
- Rebuild or re-site the North Shields landing – either in its current location or at Fish Quay, with the option of a third landing at Royal Quays, based on the outcome of the feasibility study and in collaboration with North Tyneside Council
- Target marketing of core crossing service at leisure travellers and link this to local attractions in order to increase patronage

Introduction

Project scope

The Shields Ferry is the only cross-Tyne ferry, and has a long history dating back to 1377. The service was taken over by Nexus (Tyne and Wear Passenger Transport Executive) in 1972. The ferry provides a vital link between North and South Tyneside for work, leisure and tourism, and has also become a popular icon for those living in the region. Currently two vessels, Pride of the Tyne and Spirit of the Tyne, operate on the river between North Shields and South Shields, with a crossing time of approximately seven minutes. One vessel operates the crossing at a time, with the other vessel held in reserve to be used in the event of a breakdown, or for private charters. Figure 1 shows the current timetable for the Shields Ferry. The ferries and landings are owned by Nexus, and 16 staff are employed in the operations and maintenance of the ferry service.

The Maritime and Coastguard Agency (MCA) sets requirements by which the Shields Ferry must abide, including the need for all employees each hour on the ferry to undergo annual safety training and for each vessel to undergo a hull inspection each year. The Port of Tyne Authority also sets regulations for the number of staff on board the ferry, and sets the speed limit on the river at six

Timetable from North Shields						Timetable from South Shields					
Monday to Wednesday		Thursday to Saturday		Sunday		Monday to Wednesday		Thursday to Saturday		Sunday	
Hour	Mins past each hour	Hour	Mins past each hour	Hour	Mins past each hour	Hour	Mins past each hour	Hour	Mins past each hour	Hour	Mins past each hour
07	00 30	07	00 30	10	30	06	45	06	45	10	15 45
08	00 30	08	00 30	11	00 30	07	15 45	07	15 45	11	15 45
09	00 30	09	00 30	12	00 30	08	15 45	08	15 45	12	15 45
10	00 30	10	00 30	13	00 30	09	15 45	09	15 45	13	15 45
11	00 30	11	00 30	14	00 30	10	15 45	10	15 45	14	15 45
12	00 30	12	00 30	15	00 30	11	15 45	11	15 45	15	15 45
13	00 30	13	00 30	16	00 30	12	15 45	12	15 45	16	15 45
14	00 30	14	00 30	17	00 30	13	15 45	13	15 45	17	15 45
15	00 30	15	00 30	18	00	14	15 45	14	15 45		
16	00 30	16	00 30			15	15 45	15	15 45		
17	00 30	17	00 30			16	15 45	16	15 45		
18	00 30	18	00 30			17	15 45	17	15 45		
19	00 30	19	00 30			18	15 45	18	15 45		
20	00	20	00 30			19	15 45	19	15 45		
		21	00 30					20	15 45		
		22	00 30 50					21	15 45		
								22	15 40		

Figure 1 - Shields Ferry timetable

knots.

Methodology

The strategy has been developed in collaboration with a range of internal and external stakeholders. This ensures the strategy is relevant and the vision and objectives are both ambitious and achievable. Stakeholders have been mapped according to interest and influence, and a strategy consultation completed to guide stakeholder engagement throughout the development of the strategy. Equality and environmental impact assessments have been produced upon completion of the final draft.

Stakeholders

The following table identifies the key stakeholder groups, and how they will be engaged in the process of implementing this strategy:

Stakeholder group	Internal / external	RACI
Ferry Manager	Internal	Responsible
Head of Customer Services	Internal	Accountable
Customer Services Director (sponsor)	Internal	Accountable
Local authorities (North Tyneside and South Tyneside)	External	Consulted
Port of Tyne Authority	External	Consulted
Bus operators in the local area (Go North East, Stagecoach)	External	Consulted

Ferry passengers	External	Informed
Ferry staff	Internal	Informed
Local residents	External	Informed
Major employers in close proximity to the ferry landings	External	Informed
Tourism boards (Visit North Tyneside, Visit South Tyneside)	External	Informed
Trades Unions	External	Informed

Vision:

To provide a financially and economically sustainable service for our customers, maintaining high satisfaction levels and enabling local economic regeneration.

Aim 1:

Support regeneration of the local area by investing in one or more new landings and upgrading vessels

Aim 2:

Increase patronage and maintain high levels of satisfaction, thereby increasing revenue

Aim 3:

Seek opportunities to become an exemplar of sustainable transport

Objectives:

- Stabilise patronage in the short term (0-2 years), then increase patronage by an average of 11% across the medium term future (2-5 years), to return to 2014-15 levels
- Maintaining high levels of customer satisfaction (9.4 out of 10)
- Rebuild the North Shields landing either at the current location (New Quay) or at Fish Quay, based on the results of the feasibility study and collaboration with North Tyneside Council
- Explore options to upgrade or replace vessels within this strategy period, including zero emission technology
- Reduce emissions and position the Shields Ferry as an

Roles and responsibilities

The strategy will mainly impact Customer Services and staff based at the Ferry Office, who will be responsible for making plans to deliver the strategy. Responsibilities are more fully set out in the Stakeholders section.

The SLT owner for the strategy is the Customer Services Director.

Interfaces and interdependencies

This strategy links to several other Nexus strategies, projects and business cases:

- Environment strategy
- Fares and ticketing
- Smart ticketing
- Equality and Diversity
- Mobility as a Service
- Safety and security
- South Shields transport interchange

Background

Delivering the vision

The Shields Ferry is not only a popular and historic institution, but is an important part of the region's sustainable transport network. This strategy is vital to increase passenger numbers and make the ferry more sustainable, and to ensure that a managed decline of the ferry is avoided. As demonstrated below by Figure 3, patronage of the ferry amongst adult fare-paying passengers is fluctuating, indicating that without a strategy to help guide improvements, the subsidy required to continue the service would become more difficult to justify.

Using ferries to provide this Tyne crossing offers a level of flexibility not available with other more static solutions such as a bridge or cable cars. The use of ferries allows for potential changes to the route either for the crossing service or for private hires, and means the Tyne can be kept clear when necessary for cruise liners and other large ships entering Port of Tyne. Continuing with using ferries to provide the crossing will make best use of assets already owned by Nexus.

The strategy will protect the core operations of the ferry, and will also consider the diversification of the service in the following ways:

- **Destination:** moving the North Shields ferry landing to the Fish Quay area, and looking into the possibility of it also serving Royal Quays
- **Operations:** dependent on demand, extending the ferry's Thursday to Saturday hours of operation (06:45 - 22:50) to the rest of the week, or reducing the Thursday to Saturday hours of operation to 06:45 - 20:00 in line with the Monday to Wednesday timetable
- **Products:** at present the marketing of private hires has been scaled back, as this has not proved to be value for money in the recent past. Therefore the crossing service provided by the ferry will be the focus of marketing, in terms of a commuter service but also as a leisure activity either in its own right or as part of a day out in the region

Benchmarking

Patronage and revenue

The Shields Ferry runs a daily timetabled river crossing service as a sustainable mode of transport for pedestrians and cyclists, offering a valued alternative to the Tyne Tunnels. A private hire option is also available, allowing some additional revenue to be generated through leisure-based options. As the ferry is now predominantly leisure based, patronage numbers are particularly dependent on weather.

Figure 2 shows fluctuating ferry patronage since 2014-15, with total passenger numbers falling by over 80,000 since 2010-11.² Lower passenger numbers in 2012-13 could be explained by the opening of the second vehicular Tyne Tunnel and the nature of the leisure market. The ferry is currently on track to deliver against a £10k increase in revenue target.

Figure 2 - Ferry patronage

² Nexus Business Intelligence, (April 2018)

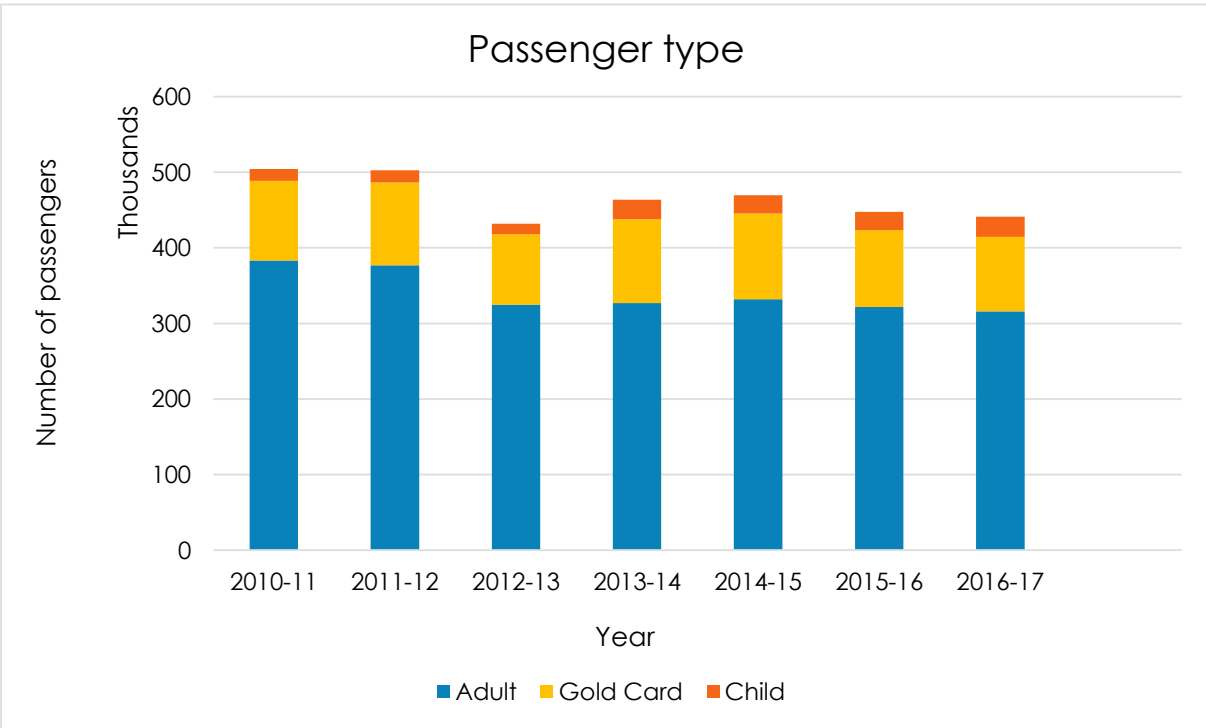
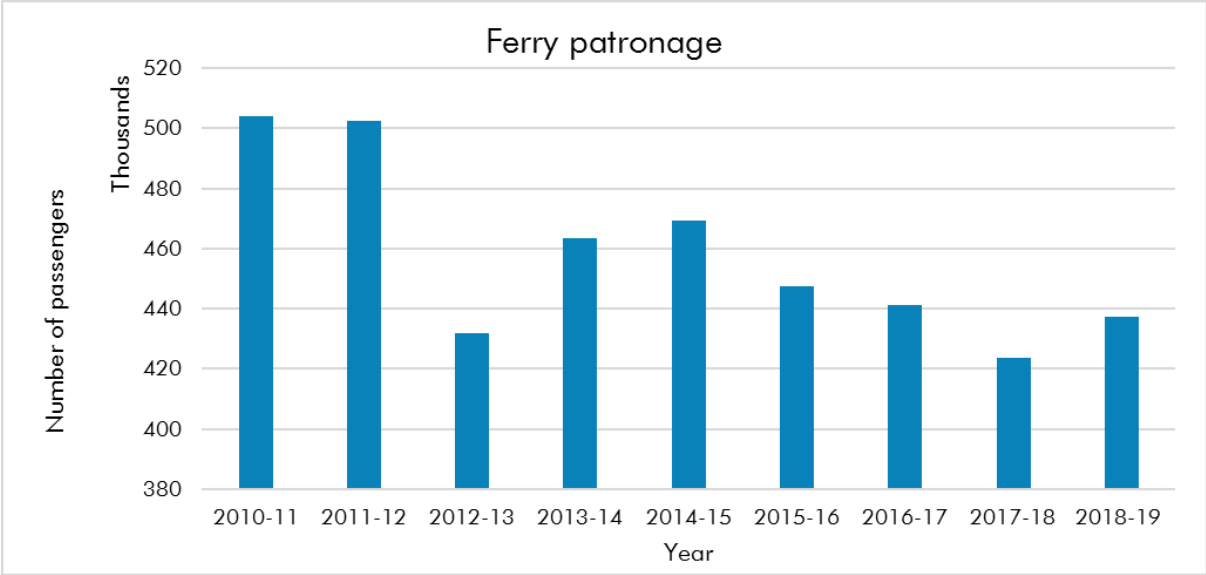


Figure 3 - Passenger type

Figure 3 demonstrates that there has been a fall in the number of adult fare paying passengers over the last seven year period, though there has been a slight rise in children using the ferry. The number of Gold Card passengers is also in decline.³

Satisfaction with the ferry service is particularly high, with overall satisfaction rated a score of 9.4 out of 10 and value for money rated 9.5 out of 10. The ferry also achieved a net promoter score of +84. By comparison, the net promoter score for bus is +17 and for Metro is -42.⁴

³ Nexus Business Intelligence, (April 2018)

⁴ Nexus Business Intelligence, (September 2018)

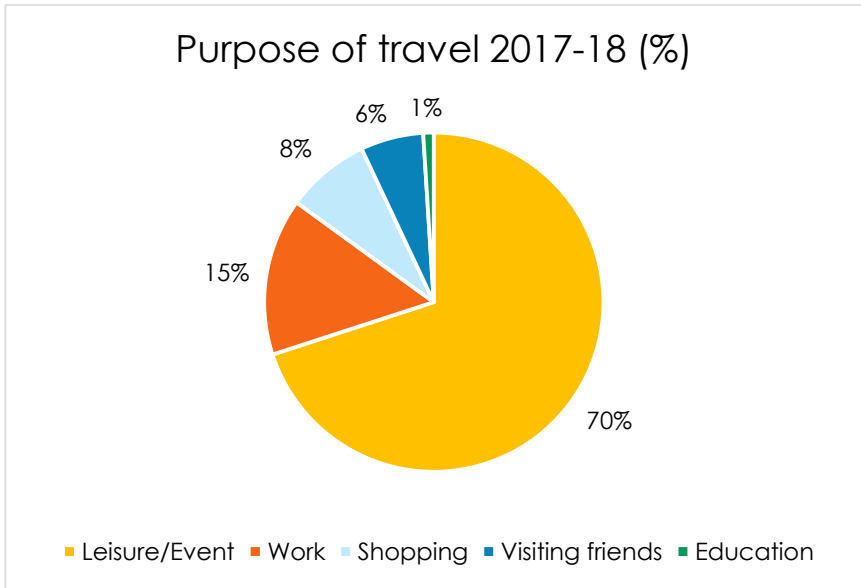
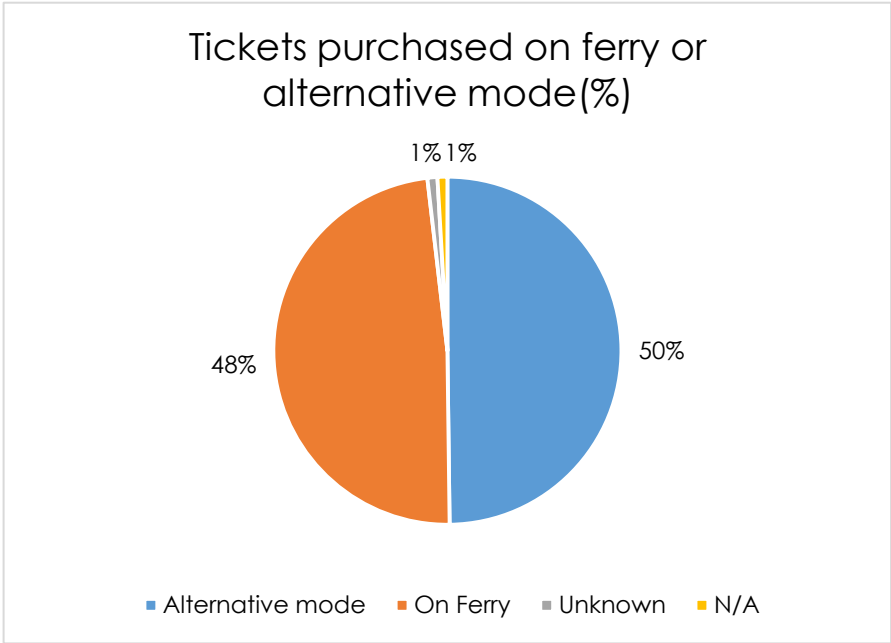


Figure 4 - Purpose of travel 2017-18

The vast majority of passengers who travelled on the ferry in 2017-18 used it for leisure and events (70%). 15% of passengers were commuting to their place of work. 8% were shopping, 6% were visiting friends and 1% were travelling to a place of education.⁵

Less than half (48%) of passengers purchased their ticket on board the ferry, with 50% doing so on an alternative mode, for example using a three zone Metro DaySaver to board the ferry.



⁵ Ibid.

**Figure 5 - Tickets
purchased on ferry or
alternative mode**

Patronage has fluctuated over the past four year period, increasing slightly during 2018/19. The recent costs of operating the Shields Ferry are detailed below in Table 1. In 2018/19, the ferry was subsidised by Nexus to the tune of £716,000. The subsidy per passenger has risen over the past three years but currently remains well under £2.00.

In order to minimise the subsidy required from Nexus, measures need to be taken to increase the revenue generated by the ferry by working towards a modest rise in patronage figures, particularly amongst fare-paying adult passengers.

Table 1 - Ferry costs (2013-19)

	Revenue £000	Cost £000	Subsidy £000	Subsidy per Passenger
2013/14	(477)	1,314	837	£1.74
2014/15	(593)	1,164	571	£1.22
2015/16	(543)	1,215	672	£1.50
2016/17	(578)	1,260	682	£1.55
2017/18	(537)	1,270	733	£1.73
2018/19	(615)	1,334	719	£1.64

Source: Nexus Finance

- An income transfer of £75,000 per annum from Metro to the ferry commenced in 2014/15, to account for sales of Metro products which can also be used on the ferry. This partly explains the higher revenue from 2014/15 onwards, when compared to the year 2013/14
- Costs do not include the works to the ferry landings carried out in 2016/17, 2017/18 and 2018/19
- Subsidy per passenger is based on the number of passengers using the core crossing service, and excludes river trips and private charter
- Over the two years from 2019/20 to 2020/21 it is proposed to carry out refurbishment of the mechanical components and propulsion units as well as seating, lighting and heating on the vessels at a cost of £0.476m. Further work to upgrade cladding, windows and external lighting and to refurbish fuel tanks is required in 2019/20 at an estimated cost of £0.154m

Best practice case studies

Mersey Ferries

Mersey Ferries, operated and owned by Merseytravel, runs a passenger ferry service on the River Mersey between Pierhead (Liverpool), Seacombe (Wallasey), and Woodside (Birkenhead). A timetabled commuter service runs during peak times only, and between these times River Explorer cruises are operated on an hourly basis. Manchester Ship Canal (MSC) cruises are also a popular leisure offering. Like the Shields Ferry, a private hire option is also available.⁶

⁶ Map sourced from Mersey Ferries website: [<https://www.merseyferries.co.uk/cruises/river-explorer-cruise/Pages/Directions.aspx>]

The Mersey Ferries Long-Term Strategy 2015/16-2034/35 was published in 2016, and sets out the challenges and action plan for the future of the Mersey ferry service. Much of the strategy focuses on tourism, as the Mersey ferry features heavily in popular culture at a national as well as regional level. As such, the themes of the strategy might not apply directly to the Shields Ferry, however key developments can serve to highlight good practice elsewhere in the market.

Overall passenger numbers on commuter and leisure services increased by 15.4% between 2016 and 2017 to 127,000. The annual subsidy which supports ferry operations is around £625,000, or £4.60 per passenger per trip.



Figure 6 - Mersey Ferries route map

Mersey Ferries has set out plans to introduce a new vessel to replace one of the existing vessels (which were all launched in 1959) in 2021-2022. This will be followed by the introduction of a second new vessel in 2031-2032. This is designed to avoid the increased risk of mechanical failure and rising operating costs associated with ageing vessels, something which is also more likely to occur with the Shields Ferry as time passes.

It is also proposed to withdraw the ferry landing at Woodside due to extensive capital investment being necessary in the near future to maintain it, and arrangements will be made for overnight berthing facilities on the Manchester Ship Canal. This will facilitate more opportunities to run MSC cruises by avoiding the tidal constraints imposed by the River Mersey.

The Mersey Ferries operation receives ongoing financial support from the revenues received from motorists using the Mersey Tunnels between Liverpool and the Wirral.

In terms of marketing, Mersey Ferries plans to reinvigorate links with local tourist attractions, with improved branding and renewing joint ticketing offers. The commuter services will continue despite low passenger numbers, and although patronage is expected to rise as the result of targeted marketing campaigns at commuters and visitors in the Liverpool City Region, this will be reviewed against a minimum threshold for passenger numbers throughout the period covered by the strategy. Mersey Ferries will explore options to diversify and develop the market for private hire with an aim to move towards a higher value offer. Nexus can learn from the shift in marketing focus seen at Mersey Ferries, to better integrate promotion of the Shields Ferry with nearby attractions as a leisure activity, though still protected core commuter services.

Woolwich Ferries

The Woolwich Ferry has been identified by strategy stakeholders as a case study that demonstrates how advancing technology is changing the maritime industry. The Woolwich Ferry transports vehicles and pedestrians across the Thames between two landings, at Woolwich and Newham. The service is free to passengers, and is run by Briggs Marine and Environmental on behalf of Transport for London. The ferry runs every five to ten minutes Monday to Friday, and

every 15 minutes over the weekend. From 2018 the service is undergoing a renovation as two new vessels, new landings and a new ferry office are constructed. The two new hybrid vessels are being introduced at a total cost of £20 million, and use a lithium-ion battery pack which is charged by the engine when it is not powering the propulsion. The service will also make use of automatic mooring technology, which means the power to the thruster units can be turned off when the ferry is in berth, reducing fuel consumption.⁷ This technology could be considered aspirational for the Shields Ferry for the longer term future, with the potential to make the service more financially efficient and better for the environment, although in the short term a large capital investment would be necessary.

Strategic Context

Economic background

The economic context of the local area can have a significant impact on patronage. Table 2 shows the levels of employment and unemployment in the two local authorities directly involved with the ferry, as well as a comparison to national figures. Unemployment levels in both North Tyneside and South Tyneside were higher than for the country as a whole in the year 2016-17.

However, significant regeneration work is being undertaken in both areas, with the £20 million redevelopment of the Fish Quay area of North Shields to build housing and office accommodation, and South Shields 365, a £100 million redevelopment of South Shields town centre. Phase 1, the opening of the new cultural venue The Word, has been completed, and the

⁷ 'Woolwich ferry replacements', Maritime Journal, [<http://www.maritimejournal.com/news101/industry-news/woolwich-ferry-replacements>]

project has now entered Phase 2, involving the construction of a new transport interchange.⁸ In line with the 'North East Strategic Economic Plan' (2014), the ferry connects its passengers to job opportunities in priority areas for economic growth on both sides of the river.

Table 2 - Employment and unemployment (Oct 2016 - Sept 2017)

	North Tyneside (%)	South Tyneside (%)	Great Britain (%)
In employment	76.8	68.6	74.5
Unemployed (model- based)	5.4	7.7	4.5

Source: ONS annual population survey

Strategic drivers

This strategy is largely driven by the need to ensure that the subsidy provided by Nexus to run the Shields Ferry is justified, and to maximise the use of ferry assets to generate increased

⁸ 'North Shields Fish Quay', North Tyneside Council, [<https://my.northtyneside.gov.uk/category/772/north-shields-fish-quay>]
'South Shields Regeneration', South Tyneside Council, [<https://www.southtyneside.gov.uk/article/36058/South-Shields-regeneration>]

revenue. In addition, developments in North Shields and South Shields will potentially lead to a greater demand for leisure activities in the area and provide an opportunity to market the ferry in these areas. The regeneration of the Fish Quay area of North Shields which is currently being undertaken by North Tyneside Council is driving the suggested relocation of the ferry landing from its current position at New Quay to Western Quay at the North Shields Fish Quay.⁹

Whilst this option has its attractions, particularly when the potential redevelopment and regeneration of the area is taken into consideration, there are complex landownership issues around the site which will need to be resolved in conjunction with the Council if this option is to be progressed

National, regional and local context

On a national level, in the decade leading up to 2016 passenger numbers on river ferries increased by 11% to 20 million, according to a statistical release from the Department for Transport.¹⁰ Passenger numbers rose in 2016 after two consecutive years of decline.

The Maritime and Coastguard Agency (MCA), sponsored by the Department for Transport, produces legislation on maritime matters and provides certification such as Boatmasters' and Passenger licences. All operations of the Shields Ferry must comply with MCA national regulations for the purpose of passenger and crew safety.

⁹ 'North Tyneside Local Plan 2017-2032', North Tyneside Council, (July 2017)

¹⁰https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/661355/final-sea-passenger-statistics-2016.pdf

The Transport Plan for the North East Joint Transport Committee is expected to emphasise the value of the Shields Ferry in providing a sustainable mode of public transport connecting North Tyneside and South Tyneside, and is likely to suggest that measures are explored to develop the offering of the ferry service. Some such measures are proposed in the 'Existing offer' section below.

Competition

The ferry landings in North Shields and South Shields are owned by Nexus, and as the only cross-Tyne ferry service remaining in operation, the Shields Ferry has no direct competitors with regard to the daily timetabled service. The Tyne Tunnels form the biggest competition in this regard, particularly now that the iconic pedestrian and cyclist tunnels between Jarrow and Howdon have re-opened following extensive restoration. Another organisation, River Escapes, offers similar private hire options to the Shields Ferry.¹¹ River Escapes, established in 1990 and based at Newcastle Quayside, offers a range of sightseeing trips (Quay-to-Sea, Quay-to-Countryside, and Quay-to-City), as well as the option of private hire including for celebrations and corporate cruises. The company operates two vessels, the larger vessel with a capacity of up to 150 passengers and the smaller with a capacity 43 passengers, each featuring a bar and catering facilities.

The Shields Ferry already offers bar and catering facilities which can match those of the River Escapes vessels, and unlike River Escapes the ferry allows passengers to provide their own catering at no extra cost. The main difference between the two services is location, as River Escapes is based further upstream at Newcastle Quayside, whereas most Shields Ferry trips

¹¹ 'About us', River Escapes, [<https://riverescapes.co.uk/about-us/>]

depart from South Shields due to state aid regulations. However, some of the services provided by River Escapes could be emulated as long as the journeys depart from South Shields and follow different routes to those offered by River Escapes.

Existing offer and drivers of change

Key assets – vessels and landings

Currently there are two vessels operating the cross-Tyne route: the Pride of the Tyne, built in 1993, and the Spirit of the Tyne, built in 2007. The Pride of the Tyne has a capacity of 303 passengers for the daily crossing service and 240 passengers for private hire, while the Spirit of the Tyne can carry 200 passengers for any type of journey. Each vessel is driven by a Voith Schneider propeller unit powered by its own engine and gearbox, and electrical power is supplied by twin diesel engines. It has been proposed that both vessels undergo three years of specialist maintenance under a framework arrangement with Voith Turbo Engineering, in order to extend their operation for a further eight year period from 2019/20. Options to upgrade or replace one or both of the vessels will be explored during this strategy period, to be implemented in the medium term future dependent on the outcome of an in-depth condition survey in year 3 of the plan. This would help to combat regional challenges relating to air quality, by allowing the use of lower-emission vessels.

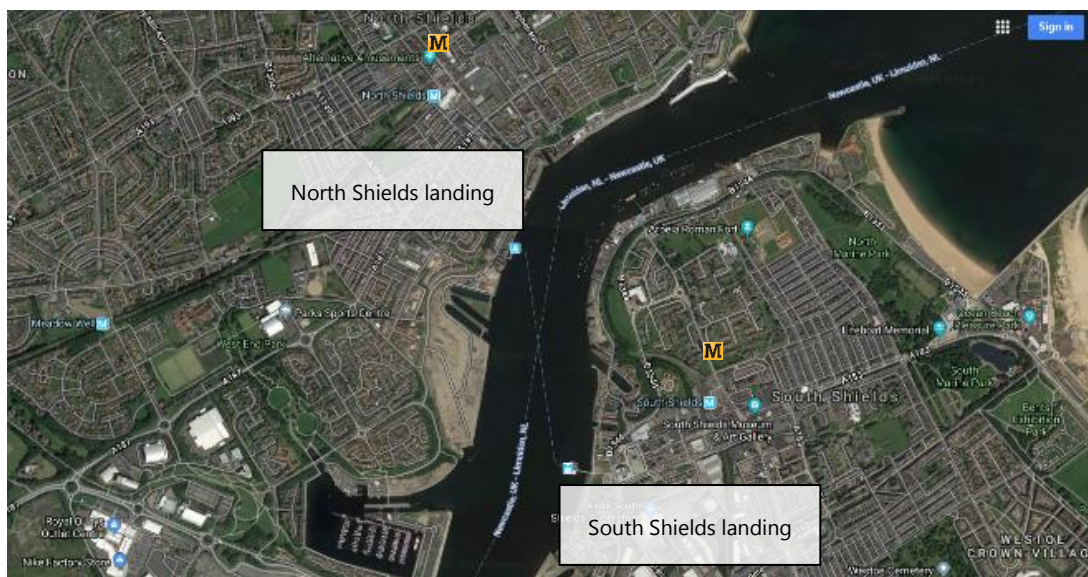


Figure 7 - Locations of Shields Ferry landings

The ferry serves two landings, one located in North Shields around a 10 minute walk from the Metro station and one in South Shields around a five minute walk from the Metro, as shown in Figure 5. The North Shields landing is served by a bus connecting it with the Metro station due to the landing being located at the bottom of a steep bank. Both landings underwent structural repair work in 2017 and 2018 to replace and repair parts of the steelwork, following urgent repairs to North Shields landing in 2016 due to storm damage. The pontoons and linkspan bridges are designed to adapt to rising and falling tides, but the age and condition of the jetty which supports the landing means it will need to be rebuilt in the relatively near future.¹²

The Shields Ferry and the Great North Run

The Shields Ferry is an extremely popular mode of travel for participants and spectators of the Great North Run, which takes place annually in September. The finish line of the race is located in South Shields, meaning thousands of people travel in and out of the area on race day. Due to the closure of major roads, increased demand for public transport is normally experienced. As a result, the ferry runs at full capacity with both vessels operating the cross-Tyne route, carrying up to 10,000 passengers in one day, and transporting 1,300 passengers per hour during



¹² North and South Shields Ferry Landings. Survey Report, Noble Denton Marine Services, (March 2016)

Sources:

<https://www.nexus.org.uk/news/item/extra-shields-ferry-services-great-north-run>

[Image source](#)

Several of the challenges currently faced by the Shields Ferry relate to the declining number of commuters using the service, particularly due to increased car ownership¹³ and the opening of the second Tyne Tunnel in 2011. Long term, the change in commuting patterns over recent decades, with destinations such as Cobalt and Nissan replacing riverside shipyards, has also had an impact on ferry patronage. However, significant opportunities are evident in terms of generating revenue from the leisure market, by promoting the core service of the ferry as part of a day out in the region. Generating revenue from this would ensure that the valuable cross-Tyne service upon which many commuters rely can continue.

What needs to change and what is driving the change?

Increase revenue and reduce costs

¹³, 'Car ownership rates per local authority in England and Wales', RAC Foundation, (2012), [https://www.racfoundation.org/assets/rac_foundation/content/downloadables/car%20ownership%20rates%20by%20local%20authority%20-%20december%202012.pdf]

Falling patronage and the increasing subsidies required from Nexus over the last few years are driving the need to capitalise on opportunities to generate revenue.

Specific leisure options such as river trips have not proved to be profitable in the past and so they have been brought to an end. The charging rates of private hires have increased to reflect actual costs and the marketing of them is currently being reduced in order to focus more on the core service provided by the ferry. The crossing service will however be promoted as a leisure activity in itself.

Special river trips could still be put on for large events in the region, although if vessels are to be taken onto the Wear staff would need to be retrained as the Boatmasters' licence only covers the Tyne. The ferry service could also be promoted more to people living outside of North Shields and South Shields who may be less familiar with it. More use should be made of social media marketing as this would reach a wider audience and keep costs down.

The regeneration being undertaken by both local authorities, as well as the potential to move the North Shields ferry landing to Fish Quay, might increase patronage by creating more reasons for people to visit the area. Improvements to the local economy in terms of increasing levels of employment might also expand the market of commuters using the ferry to travel to work, if landownership constraints in the area can be resolved.

Patronage and revenue could be increased by adjusting the ferry's hours of operation in response to demand. Extending these hours where there is demand would increase daily passenger numbers, while reducing hours where there is less demand would make the service more efficient. Data for 2017-18 indicates that the busiest period for the ferry is between 11:00 and 17:00, followed by a steep decline in passenger numbers from 17:00 onwards. There is another smaller peak at 07:00, most likely representing commuters. It might be possible to make

efficiencies by reducing the Thursday to Saturday hours from 22:50 to 20:00 in line with the Monday to Wednesday timetable, as demand for the service appears to be much lower in the evenings.¹⁴ Alternatively, if a new landing is constructed at Fish Quay, operating hours could be extended to coordinate with bars and restaurants in the area, according to demand.

Revenue from cyclists could be increased through a marketing campaign directly targeting those who are following or interested in following national cycle routes NCN 72 (Hadrian's Cycleway) and NCN 1 (Coasts and Castles).

Similar to the Mersey Ferries, the Shields Ferry could be linked to local tourist attractions either through joint ticketing or a joint marketing campaign. This might encourage visitors to the region to use the ferry to travel between attractions. Promotional guides have been created for the Nexus website, which link the ferry with various attractions in North and South Tyneside.¹⁵ Nexus could liaise with these attractions to ensure that the ferry is reciprocally promoted at their individual websites and venues. Attractions with which to collaborate include South Shields Museum and Art Gallery, Arbeia Roman fort, Customs House, The Word, and Old Low Light Heritage Centre (this is located at Fish Quay, so would be particularly appropriate if the North Shields ferry landing is moved there).

Fares and ticketing

A variety of tickets are available on the Shields Ferry, some of which link up with Metro services. All tickets bought on board the ferry must be purchased with cash or with a Pop PAYG card. Credit and debit cards can only be used to purchase tickets within the North and South Shields TravelShops, and any tickets that can be bought from ticket machines in Metro stations (such as

¹⁴ Nexus Business Intelligence, (June 2018)

¹⁵ Guides can be found here: <https://www.nexus.org.uk/ferry/places-visit-ferry>

three-zone Metro tickets which are valid on the ferry). Mobile card payment machines have been procured for use on the ferry as a short-term solution, bringing the ferry into line with the payment options available on Metro and most bus services. However, the slow process of using the machines due to a poor signal on the river has the potential to affect punctuality, so a longer-term solution is being pursued of upgrading the existing ticket machines to accept card and mobile phone payment methods.

The potential for peak or summer pricing on adult single and day tickets is currently being explored by Nexus Fares and Revenue. Periodic sales tend to rise significantly during the summer months and it is thought a seasonal price increase would provide an additional source of revenue to support the ferry service. It is recommended that fares for single and day tickets are increased in July, August and September up to the weekend of the Great North Run, with prices increasing by 25%. It is estimated that this would generate additional revenue of nearly £15000 per annum. Longer term tickets (such as FerrySavers and Carnet products), would not be affected by these changes. Another option would be to reduce ticket prices at times of very low demand and conduct marketing around this, to incentivise people to use the ferry who might not have done so before. There is also an issue with paper Ferry DaySaver tickets being shared, as passengers disembarking are able to pass their ticket to another person waiting to board. This is difficult to prevent without replacing the DaySaver with a return ticket which would allow two trips only. When compared with the fares charged by Mersey Ferries, fares on the Shields Ferry are significantly lower. A return journey for commuters on the Mersey ferry costs £3.50, whilst a DaySaver ticket on the Shields Ferry costs just £2.80 and can be used for an unlimited number of trips on the specified day, although this could be explained by the much longer journey time (20 minutes) on the Mersey Ferries.

Table 3 - Fares and ticketing

Type	Ticket	Fare
Adult	Single	£1.70

	Single PAYG	£1.30
	Ferry DaySaver	£2.90
	Ferry DaySaver PAYG	£2.40
	FerrySaver (one week)	£10.40
	FerrySaver (four weeks)	£36.50
	Carnet	£13.60
	Transfare (one zone)	£2.90
	Transfare (two zones)	£3.80
	Transfare (three zones)	£4.50
	Metro DaySaver	£5.20
	Network One Day Rover	£7.80
Young people aged 18 and under	18 and Under Ferry Single	£1.00
	18 and Under Ferry Day Ticket	£2.00
People aged over 60 or who are disabled (with a valid Tyne and Wear Concessionary Travel Pass)	Single	60p
	Return	£1.20
Children (aged under 16 with a valid Under 16 Pop card)	Concessionary single	60p
	Child All-Day Ticket	£1.10

Children (aged under 16 without an Under 16 Pop card)	Under 5	Free
	Single	70p
	Transfare	£1.10
	Metro Child DaySaver	£1.40
	Network One Junior Rover	£3.90

Source: <https://www.nexus.org.uk/news/item/metro-fares-2019-include-price-freeze-pay-you-go-customers>¹⁶

Onward travel and integration with other modes

The ferry landings are located no more than 10 minutes' walk away from the Metro stations in North Shields and South Shields. In terms of geography this should aid integration between the two modes, although additional signage might help to direct people to the landings, particularly in North Shields where the landing is not very obviously located.

Take-up of Pop PAYG cards on the ferry has been slower than on Metro, remaining at 4-5% in 2017/18 while Metro take-up is at 10% and rising steadily. Part of the reason for this might be that the ferry is not included in the Metro daily cap. Paper DaySaver tickets which cover all three Metro zones are accepted on the ferry, but if a passenger uses their Pop PAYG card they will be charged for their ferry ticket on top of their Metro fare, because on the ferry the Pop card functions as an alternative payment method to cash. Including the ferry within the cap would aid

¹⁶ Ticket types and fares correct as of January 2019

integration with the Metro system, enabling seamless travel across the Metro and ferry and allowing all passengers to take advantage of the discounted Pop card fares. This is currently being scoped by Business Change & Technology within Nexus.

Direct integration with local buses is limited to the 19 and 333 (Ferrylink) services in North Shields, which link the ferry landing with North Shields Metro station. The 333 is a secured service operated for Nexus by Go North East, and the 19 is partially secured to serve the ferry landing on evenings. Ferry tickets are valid for travel on these bus services from the ferry landing to North Shields Metro station, however ferry tickets are not available to purchase on the buses, meaning passengers travelling from North Shields Metro station to the ferry landing would have to buy a valid bus ticket, or purchase a ferry ticket in advance from the Nexus TravelShop in North Shields. There is no formal integration with bus services in South Shields, although a number of buses stop close to the ferry landing when passing through the town centre. Due to the proximity of the South Shields ferry landing with the Metro and tourist attractions, a dedicated bus service like the 333 would not be necessary, although discounted tickets for ferry passengers using existing bus services might encourage leisure travellers to incorporate the ferry into their journeys.

The ferry provides a link from North Tyneside to Nissan and a growing employment site at IAMP through interchange with the number 50 bus service provided by Go North East between South Shields town centre and Durham bus station via Nissan, Washington, and Chester-le-Street. The bus departs roughly every half an hour and takes around half an hour to reach Nissan. This link is expected to grow in importance as the IAMP site develops, and promoting this connection could help to boost commuter patronage on the ferry from North Tyneside in future. If a triangular ferry route was introduced serving Royal Quays, commuters based in the Meadow Well and Percy Main area would have better access to employment opportunities south of the Tyne. This could also provide further opportunities to interchange with Metro via these stations, or in the long term future a potential new station if there is a possibility of the Metro being extended to Port of Tyne. Introducing a new ferry landing at Royal Quays would also enable

better integration with the international ferry terminal there, allowing people to disembark from the international ferry and travel directly to South Tyneside using the Shields Ferry.

It has also been proposed that the new land train which operates along the North Tyneside coast could be extended to North Shields and could potentially serve the ferry landing, creating a link from the ferry to attractions at Tynemouth and Whitley Bay.

New or upgraded vessel(s)

The older vessel operating the Shields Ferry route is the Pride of the Tyne, launched in 1993, while the more modern vessel is the Spirit of the Tyne, built in 2007 at a cost of £1.9 million. It is envisaged that the vessels will need to be either replaced or overhauled in the medium to long term, as the typical operating life of vessels on the Tyne has been 20-30 years. If no changes are made to the current vessels, reliability is expected to suffer and an increasing number of mechanical failures will likely occur due to ageing components.

For both vessels, the condition of the hull has been described as extremely good, so in the short term it would be more efficient to repair the engines and propulsion systems rather than purchase complete new vessels.¹⁷ A recent report into the condition of the vessels gave rise to a range of options, including a mid-life overhaul and new engines and propulsion. The mid-life overhaul would retain the hulls and machinery setup, with a specialist company overhauling the engines, gearboxes, couplings and Voith thrusters. Alternatively, the current hulls could be retained but the engines, gearboxes and couplings replaced in both vessels. The latter option would allow for a commonality of spare components and would also bring up the possibility of installing electric or lower emission engines. However an attempt to re-engine the Pride of the

¹⁷ 'Nexus Shields Ferry Life Extension: Future Strategy Options', Noble Denton Marine Services, (December 2017)

Tyne was made in 2015 and was unsuccessful, so this option is unlikely to be taken forward. It has been proposed that both vessels undergo three years of specialist maintenance under a framework arrangement with Voith Turbo Engineering, in order to extend their operation for a further eight year period from 2019/20. An in-depth condition survey will take place in the third year, which would determine whether further intervention is required to extend the life of the vessels, or whether procurement of new vessels should be considered.

In the medium term, if one or two new vessels were purchased to replace either the Pride of the Tyne, or the Pride of the Tyne and the Spirit of the Tyne, the cost has been estimated at around £3.5 million per vessel, which would potentially be offset by the sale or trade in of the existing

vessels.¹⁸ The new vessels could be specified the same to allow a commonality of spares, and the engines would be emission compliant and could even be electric. New or refurbished vessels should make use of technology to enhance customer experience. For example, real-time

Hornblower Hybrid ferry, San Francisco

Hornblower Cruises and Events is based across California and in New York City, and is the parent company of Alcatraz Cruises, which operates a ferry transportation service to and from Alcatraz Island. In 2008, the company was the first in the USA to build and run a hybrid ferry, powered by a combination of diesel Tier 2 generators, electric motors, wind turbines and solar panels. The company's annual fuel consumption has been reduced by 235,292 gallons; according to their website, this is equivalent to taking 450 cars off the road and planting 718 acres of trees.

The use of hybrid technology within a potential new vessel for the Shields Ferry would greatly reduce pollution and would enable the ferry to become an exemplar of sustainable transport in the UK. The project could potentially be undertaken as a partnership between Nexus and local universities and manufacturers



¹⁸ Ibid.

information screens could be installed on board the ferry, giving updates on connecting bus and Metro services.

A short-term increase in patronage would be expected as the result of the novelty of a new vessel if one was purchased, however the improved reliability of new or upgraded vessels should also lead to more passengers using the ferry service for commuting and for leisure in the longer term. These options would also improve the environmental impact of the ferry, by moving away from traditional diesel powered vessels to more sustainable energy sources, making use of modern technology. The case studies of the Hornblower Hybrid in San Francisco and the 'Future of the Fjords' in Norway provide an insight into how this could be achieved.

'Future of the Fjords' zero emission ferry, Norway

In 2018, the Norwegian ferry operator The Fjords launched the world's first all-electric passenger catamaran built in carbon, named Future of the Fjords. The vessel operates a leisure cruise around the UNESCO World Heritage-listed Nærøyfjord. An advanced charging station charges the battery pack with approximately 800kWh during the 20 minute docking period, and the ferry is propelled by two 300kW electric motors, enabling a cruising speed of 16 knots. The vessel was built at a cost of around £12 million, and as well as being completely emission free, the hull has been designed to minimise the impact on the shoreline.

Sources: http://www.norwegiansj.com/news/view.the-fjords-reveals-all-electric-ferry-ifuture-of-the-fjordsi_47918.htm

<https://www.ship-technology.com/projects/future-of-the-fjords->



Another option for an upgraded ferry is the use of Liquid Natural Gas (LNG). This fuel is less efficient than diesel, but produces zero nitrous oxide emissions, can be obtained from UK shale gas sources, and is cheaper than diesel.¹⁹ While less environmentally friendly than a hybrid or fully electric vessel, this option is far more common amongst new build ferries and is an option currently being considered by Merseytravel as part of the move to introduce two new vessels on the Mersey.

¹⁹ 'Mersey Ferries Long Term Strategy 2015/16 to 2034/35', Liverpool City Region Combined Authority, (2016)

Changes to the North Shields ferry landing

The landing used for the ferry service at North Shields was found to be in poor condition by a visual survey that was carried out by Noble Denton Marine Services in February 2016. The support frame was not thought to be strong enough for the expected loads, and more than one safety critical issue needed to be addressed.²⁰ Short-term repairs have ensured the continued use of this landing, however a longer term solution will need to be implemented, whether the landing is reconstructed in its current position or elsewhere. The Noble Denton report on the visual survey also recommended the development of a regular monitoring regime to check the condition of both landings, and the introduction of a regular maintenance regime, in particular a bearing greasing schedule.

One option for the relocation of the North Shields ferry landing could be to place it further east of its current position, serving the Fish Quay area with the landing constructed at Western Quay (see Figure 7). A feasibility study²¹ confirms that such a move would be possible in principle subject to any mitigations to address wave action and the ability of the ferry service to maintain its current schedule. The study addressed the following issues:

- Possible location(s) for a landing on the individual Quays
- Budget costs
- Effects on the existing timetable and the best routes for the ferry service
- Effects on the running costs of the ferry
- Possible changes to the patronage

²⁰ 'North and South Shields Ferry Landings: Survey Report', Noble Denton Marine Services, (March 2016)

²¹ Feasibility Study for a Ferry Landing at North Shields Fish Quay and a Ferry Landing at the Royal Quays. Fairhurst and Partners 2019.

- Pros and cons of the location
- Whether the proposal will affect or be affected by other river users
- Recommendations on whether to take the proposals forward to an advanced design stage

The current bus links between North Shields Metro and the ferry landing would need to be adjusted accordingly. This relocation would align with the £multi-million regeneration of the Fish Quay area being planned by North Tyneside Council, which includes building office and residential accommodation and making improvements to Western Quay. It also ties in with the upcoming 'Ambition for North Tyneside' plan which includes the development of the Fish Quay as a food and drink destination and better connections between the North Shields centre and the riverside area.²² Nexus is currently working with North Tyneside Council on proposals to improve the accessibility of the Fish Quay area for buses, such as the raising of Tanners Bank Metro Bridge.²³

There are however landownership issues with the Western Quay site which would need to be overcome before this option could be progressed.

The study also confirms that a ferry landing could be constructed at Royal Quays and a 'triangular' route introduced, allowing the ferry to serve passengers from the cruise ships and European ferries docked there, as well as linking to the Royal Quays shopping outlet (see Figure 8). Like Mersey Ferries, a direct commuter crossing between two landings could be put in place

²² 'An ambition for North Tyneside', North Tyneside Council Report to Cabinet, (26 November 2018), [<https://my.northtyneside.gov.uk/sites/default/files/meeting/related-documents/6ci%20FINAL%20Cabinet%20Report%20-%20An%20Ambition%20for%20North%20Tyneside.pdf>]

²³ 'North Shields Town Centre & Fish Quay Transport & Connectivity Study', Capita, (December 2017)

until around 9:30am, at which point the third landing at Royal Quays would be introduced to create the triangular route. It is likely that a shuttle bus service would be needed to link the ferry landing with the Royal Quays shopping outlet, as they are separated by the Port of Tyne car park and the Royal Quays Marina

Possible changes to the north side landing are currently being evaluated, based on the results of the feasibility study. Any new landings and associated structures must be designed to minimise their negative environmental and ecological impact.

Introducing an electric or hybrid Shields Ferry would open up the option of installing an automated wireless induction charging system at the landings, to speed up the charging process when the ferries are docked. The technology allows for up to 20% more utilisation of the available charging time.²⁴ This would be particularly useful because the Shields Ferry can only dock for a relatively short period of time between crossings (around eight minutes). However, this technology is likely to be expensive and is only now being trialled in Norway, making this a very long term consideration.

As well as a new landing, the potential for developing a Nexus-owned dry dock could be investigated at the same time. There is only one existing dry dock on the Tyne, which is very busy and not guaranteed to be available to the ferries when maintenance is required. Currently the only other option would be to tug the ferry to the Wear or Tees for maintenance which would be an extremely costly operation. To mitigate this risk, a new dry dock could be built or an existing disused slipway could be regenerated for use as a dry dock. This could be done in conjunction with Port of Tyne or by Nexus alone, though the implications of using public money

²⁴ Maritime Executive, 'Induction Coils Used to Charge Ferry Wirelessly', (September 2017), [<https://maritime-executive.com/article/induction-coils-used-to-charge-ferry-wirelessly#gs.OdAsqsl>]

for this would need to be investigated. The dry dock could be hired out to others when not in use for the ferries, creating an additional revenue stream.

Figure 8 – Potential relocation of North Shields ferry landing

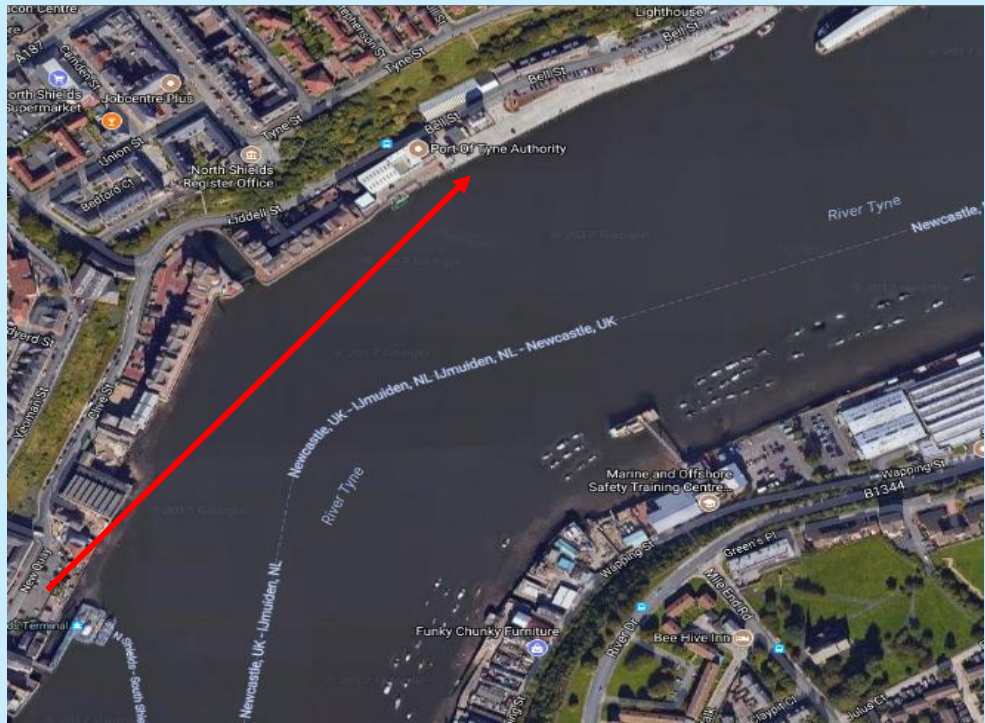
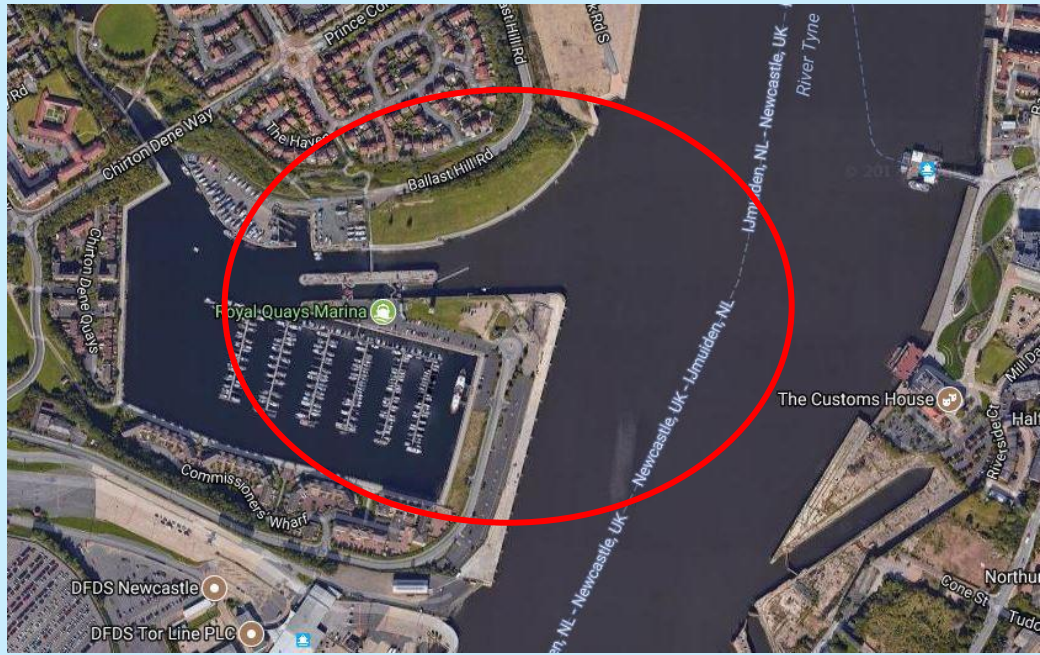


Figure 9 – Potential relocation of new ferry landing at Royal



Berth vessel at Newcastle Quayside

The option of moving the vessel being used for private hire to Newcastle Quayside while the other vessel continues to operate the daily timetabled crossing service has been explored, but is not felt to be viable due to the operational impact of this and difficulties around state aid legislation. The second ferry would need to be available to draft in as a replacement for the vessel operating the timetabled service should a mechanical breakdown occur, and this would only be possible if the replacement ferry was not in use at the Newcastle Quayside. Long delays would be experienced as the vessel travelled from Newcastle to South Shields to replace the broken down ferry. There are also legal implications because berthing a vessel at Newcastle Quayside would put the Shields Ferry in direct competition with River Escapes, which is not permissible under state aid legislation. Berthing a vessel at the Gateshead Quayside could be explored as an alternative option, depending on whether this would fall under the same state aid restrictions as the Newcastle side of the river.

Develop contingency plans for staffing levels

Currently there are 15 staff employed in ferry operations and maintenance:

- Nine staff with Boatmasters' licences
- Four second mates
- Two fitters

As part of effective succession planning, the number of staff with licences will be increased.

Some second mates are already working towards this.

An emergency staff cover procedure has also been suggested as a contingency plan in the event of a significant unplanned staff absence. This would involve drafting in experienced staff from Port of Tyne to provide cover. It is thought that River Escapes already has this sort of procedure in place. The process of organising this through Nexus processes would need to be streamlined to ensure the cover would arrive in time to make it worthwhile, and any trades union implications would need to be resolved prior to this procedure coming into effect.

Wear ferry

In previous years, a ferry service across the River Wear in Sunderland has been requested by councillors. There are now four bridges across the River Wear in Sunderland; a rail bridge, the Wearmouth Bridge, the Queen Alexandra Bridge, and the Northern Spire Bridge. A ferry service has been suggested in the past by local councillors as an option which would provide an alternative to these bridges for pedestrians and cyclists, as a sustainable means of crossing the Wear in the vicinity of the National Glass Centre. The potential landings for the ferry would be located at Sunderland University on the North bank of the river, and at Panns Bank on the South side (see Figure 10). A feasibility study was conducted some time ago which suggested that a single ferry with a 50 person capacity could operate on the Wear with a 30 minute frequency for 12 hours per day. The report concluded that a Wear ferry was technically possible but difficult to deliver. However, it is probable that the river would need dredging, as it is mostly too shallow to allow for a ferry. The tidal range is also problematic as it would make the construction of an accessible landing very challenging. It is doubtful that the demand would be sufficient to justify further consideration of this option at the present time.

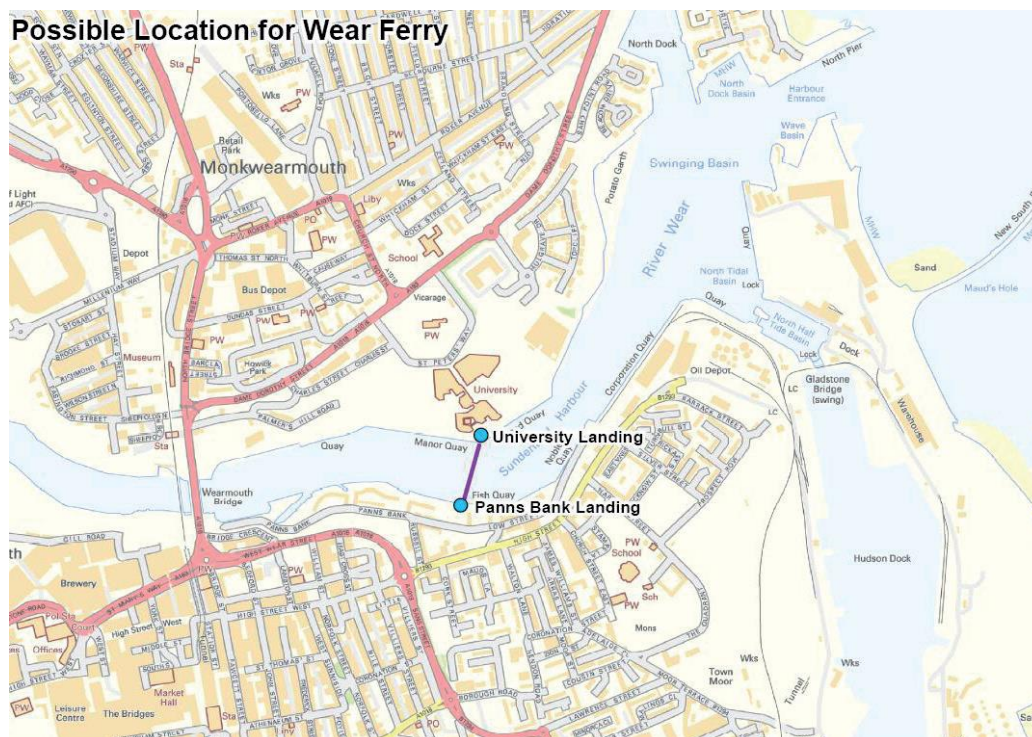


Figure 10 - Possible location for Wear Ferry

Promotion of Shields Ferry to cyclists

The Shields Ferry is incorporated into two national cycle routes: NCN 72 (Hadrian's Cycle Way) and NCN 1 (Coast and Castles). Bicycles can be taken on board the ferry at no additional cost. The ferry is already popular with cyclists but this market could be developed further through the targeted promotion of the ferry service directly at cyclists.

The Maritime and Coastguard Agency set regulations that no more than 16 bicycles can be carried on a single crossing, at the discretion of the skipper (more bicycles could be allowed on board as long as the walkways are clear and safety is assured). This will need to be taken into account when promoting the service to cyclists.

Cycle maintenance facilities could be installed at the ferry landings. This could include e-bike charging facilities, consisting of powered docking stations where charging automatically starts. Plans for these facilities would be incorporated into designs for a new North landing. Partnerships with cycle hire companies such as Mobike could provide a convenient mode of travel from the ferry to other destinations, by stationing the bicycles at the ferry landings. This would be particularly suitable at the South Shields landing to create a sustainable link to the town centre, bus interchange or foreshore area.

As examples of potential marketing initiatives that could be employed to boost leisure-based trips, Nexus could approach cycle hire companies based along the coast to raise awareness of the Shields Ferry amongst customers and encourage them to incorporate the ferry into their cycle route. As There is also scope to encourage greater use by cyclists of both the Shields Ferry

and the Tyne Pedestrian and Cyclist Tunnels via the promotion of a round-trip route maximising the area's heritage tourism assets, linking South Shields, North Shields, Willington Quay and Jarrow via the banks of the Tyne.

River bus

A Tyne river bus has been considered in the past as a possible new service that could be offered by Nexus alongside the Shields Ferry. This would travel from the ferry landing at either North Shields or South Shields up to the Metrocentre area of Gateshead, with stops that could include one at Newcastle Quayside. In 2012 it was suggested that up to 21 landings would need to be constructed.²⁵ This would provide a sustainable means of transport for residents and tourists, enabling them to easily access the Metrocentre shopping and leisure complex. A shuttle bus service, similar to the Ferrylink 333 service in North Shields, would be required to connect the river bus stop with the Metrocentre entrance, ideally synchronised with the river bus to avoid

London River Bus

It would take approximately one hour 45 minutes to travel by river bus from South Shields to Newcastle Quayside, and then longer to travel further upriver to the Metrocentre. This journey time could not compete with that offered by the Metro and bus network or by car, indicating that the primary purpose of the river bus would be for leisure. If a catamaran was purchased this would have a speed limit dispensation due to the low wash produced. However, this would need to be negotiated with Port of Tyne, and obtaining a new vessel would add to the already significant capital investment required to construct the new landings and operate the shuttle bus service. For these reasons it is suggested that the opportunity for a Tyne river bus service would be best explored by one or more private companies and not supported by Nexus.

London River Bus

Sources: <https://tfl.gov.uk/modes/river/about-river-bus>

²⁵ 'Nexus Ferry Strategy 2012/13', Nexus Transport Strategy, (2012)

Objectives and options

The following table sets out each objective along with the options that have been detailed above. An options appraisal report has been completed.

Objective	Options	Preferred option	Actions	Owner(s)	Timeframe	Priority
Changes to the North Shields ferry landing	<p>Construct a new ferry landing at Fish Quay and maintain the landing at New Quay until the new landing is operational;</p> <p>Construct two new landings, one at Fish Quay and one at Royal Quays;</p> <p>Rebuild the North Shields ferry landing at its current location at New Quay;</p> <p>Construct Nexus-owned</p>	<p>Move North Shields landing to Fish Quay and explore option of serving three landings in a triangular route – subject to land ownership issues</p> <p>Construct Nexus-owned dry docks at same time as building the new</p>	<p>Decide which location(s) are most suitable for a new ferry landing based on the feasibility study;</p> <p>Explore feasibility of constructing Nexus-owned dry docks on the Tyne</p> <p>Work with the Council to resolve landownership</p>	North Tyneside Council	After feasibility study into ferry landing locations has been completed (spring 2019)	Short- to medium-term

	dry docks on the Tyne; Continue using existing dry docks subject to availability	landing				
Explore options to upgrade or replace vessels	Upgrade engines and mechanical components of existing ferries; Purchase new build LNG or hybrid ferry or adapt an existing vessel; Purchase state of the art zero emission ferry or adapt an existing vessel; Do not replace Pride of the Tyne and continue service with one vessel; Do not replace either vessel and continue 'as is'	Carry out critical repairs to both vessels to ensure continued use in short term; Explore options for procuring one or two new vessels in the medium term; Explore the possibility of installing electric or lower emission engines; Maintain a two	Explore cost and practicability of various purchase and upgrade options; Look into viability of partnering with local universities or businesses to develop a zero emission vessel; Evaluate the impact of reducing the fleet to one vessel Develop a coherent	Finance/procurement Ferry manager Business development	By 2023	Medium-term

		vessel fleet	scheme for potential future funding applications			
Stabilise patronage, then increase patronage to return to 2014-15 levels (whilst maintaining customer satisfaction of 9.4 out of 10)	<p>Increase or reduce hours of operation;</p> <p>Link to tourist attractions;</p> <p>Integrate ticketing with Metro;</p> <p>Targeted marketing campaign at cyclists;</p> <p>Continue 'as is'</p>	<p>Approach local attractions to scope possibility of joint marketing with the ferry;</p> <p>Introduce facilities for card payment on the ferry;</p> <p>Integrate ferry with Pop PAYG Metro cap</p>	<p>Review hours of operation;</p> <p>Liaise with local tourist attractions to explore possibility of joint ticketing or marketing campaign;</p> <p>Integrate fares with Metro Pop PAYG cards, and introduce card payments on board</p>	Ferry manager Marketing Fares and Revenue	Arrest decline by 2021, increase by average of 11% across 2021-2023	Long-term

			the ferry; Explore further opportunities to promote the ferry to cyclists			
Reduce emissions and position the Shields Ferry as an environmental exemplar	Purchase one or two new LNG, hybrid or zero emission ferries; Retrofit emission reducing technology to existing vessels during a mid-life overhaul; Install new engines and propulsion systems that are more environmentally friendly or electric	Install new engines and propulsion systems that are more environmentally friendly or electric	Ensure environmental factors are considered if one or two new vessels are purchased; Explore feasibility and cost of retrofitting emission reducing technology to the vessels or installing electric engines; Compare the two	Finance/procurement Ferry manager Business development	At same time as upgrading vessels or purchasing new vessel	Long-term

			options of a mid-life overhaul and installing new engines and propulsion systems			
			Develop scheme for potential future funding applications			

Conclusions and recommendations

The Shields Ferry provides a valued link between North and South Tyneside as a sustainable alternative to the Tyne Tunnels, allowing passengers to travel for work, leisure and tourism. The vision for the ferry service throughout the next strategy period is to continue to provide a reliable and sustainable service for our customers, maintaining high satisfaction levels and enabling local regeneration. The aims of this strategy set out the future direction of the ferry in order to maintain and develop the service for future generations.

Aim 1: Support regeneration of the local area by investing in one or more new landings and upgrading vessels

The ferry will provide sustainable access to employment and leisure in line with the new opportunities being offered by the regeneration of South Shields town centre and North Shields Fish Quay. The North Shields landing may need to be rebuilt/relocated, with the location to be determined following discussions of the options presented by the feasibility study. Landings at Fish Quay or Royal Quays would facilitate access to the housing, businesses and cultural attractions located. The option of constructing dry docks at the same time as the new landing will also be explored, as this would minimise the current risk associated with the limited availability of dry docks on the Tyne for maintenance work. Options for purchasing new vessels or upgrading the existing vessels will be explored; this strategy recommends that for both vessels the current hulls are retained and the engines, gearboxes and couplings are replaced, possibly with electric or lower emission engines. This will be determined after critical repairs are carried out on both vessels between 2019/20 and 2020/21 to ensure short term continuity of service. A two-vessel fleet will be maintained for purposes of reliability.

Aim 2: Increase patronage and maintain high levels of satisfaction, thereby increasing revenue

Patronage will be increased, whilst maintaining high levels of passenger satisfaction, in a number of ways. Ticketing will be better integrated with the Metro system by including the ferry in daily fare cap guarantees linked to contactless payments and journeys made using POP cards.

This would encourage more people to travel on the ferry by making it easier to use and more economical for people using other forms of transport during the same day. Although the marketing of private hire trips has been reduced as they have not been profitable, the marketing of the ferry will focus on the leisure aspects associated with the timetabled crossing service. Partnering with local attractions would help to promote a crossing on the ferry as a leisure activity in itself or as part of a wider day out in the region.

Aim 3: Seek opportunities to become exemplar of sustainable transport

The environmental impact of the ferry will be reduced by upgrading or replacing the current vessels to cut harmful emissions such as nitrous oxide. If, as recommended, the engines, gearboxes and couplings of the vessels are replaced, electric or lower emission engines will be considered, following best practice as demonstrated by vessels like the Hornblower Hybrid and Future of the Fjords. Partnering with local universities or business to this end would present an opportunity for the ferry to gain national and international recognition as an example of environmental best practice.

Equalities and environmental impact assessment

Further assessment of the environmental impact would need to be undertaken for each option to replace or upgrade the vessels. A report into the impacts of each potential location for the ferry will be commissioned and the results will be taken into account when the final decision is made. The impact of the construction work undertaken to build a new landing and potentially dry docks will also be considered.

Accessibility will be kept in mind when moving and constructing a new ferry landing and upgrading or replacing the vessels. As described below, a public consultation would be necessary before making changes to the location and operating hours of the ferry; this will seek to engage with a wide range of respondents to ensure any changes would not have an adverse

effect on equality and accessibility. The ability to pay with cash will be retained alongside the introduction of card and contactless payments so as not to isolate people who rely on cash to make purchases. Equality issues will form part of the decision of what channels to employ for future marketing campaigns, in order to reach as diverse an audience as possible.

Separate equalities and environmental impact assessment documents have been completed.

Consultation and Communication requirements

Following SLT approval of the strategy, a consultation will be required to seek the views and feedback of key stakeholders and users of the ferry. This will be conducted in line with the Nexus Policy and Strategy for Consultation and Involvement.

Stakeholders will be involved in the consultation process in the capacities outlined in the RACI matrix above, and an Equality Assessment will take place at the beginning of the process to ensure equality and diversity requirements under the Public Sector Equality Duty are met. During the period of initial engagement, further stakeholders may be identified who will also be included in the process.

As per best practice a 12 week consultation period is recommended to allow adequate time for informed consideration and response. Nexus will ensure the responses gathered in the consultation exercise are conscientiously taken into account. A report summarising the responses received will be published on the Nexus website and on any other appropriate channels as soon as possible after any consultation exercise and within an agreed timescale.

Business case pipeline

Scheme	Estimated Costs	Source of funding identified y/n	Priority
Changes to North Shields landings	Dependent on outcome of feasibility study	N	Short-medium term
New vessel(s)	Around £7m for both vessels depending on specification	N	Long term

Monitoring and evaluation plan

Strategy KPIs and outcomes:

Objective	Measures and KPIs	Target year 1	Target year 2	Target year 3
Changes to the North Shields ferry landing	Progress on feasibility and design work for new landings	Award contract for feasibility study	Completion of feasibility study	Dependent on outcome of feasibility study
Explore options to upgrade or replace vessels	Condition of vessels	Operations can continue after essential repairs	Operations can continue after essential repairs	Evaluate condition of vessels and determine whether replacements needed

<p>Arrest decline in patronage, then increase patronage to return to 2014–15 levels (whilst maintaining customer satisfaction of 9.4 out of 10)</p>	<p>Annual patronage figures 2014-15 benchmark</p>	<p>Increase patronage in line with 2014-15 benchmark</p>	<p>Increase patronage in line with 2014-15 benchmark</p>	<p>Increase patronage in line with 2014-15 benchmark</p>
<p>Reduce emissions and position the Shields Ferry as an environmental exemplar</p>	<p>This will be set out when the decision has been made whether or not to procure replacement vessel(s) in the next strategy period.</p>			

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

Date: 21 November 2019
Subject: Tyne Tunnels Update
Report of: Managing Director, Transport North East

Executive Summary

The purpose of this report is to provide Members with an update on activities at the Tyne Tunnels relating to:

1. The operation of the New Tyne Crossing;
2. The Tyne Pedestrian and Cycle Tunnels (TPCT) - Phase 3 improvement works;

Recommendations

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

- i Note the contents of the New Tyne Crossing update
- ii Note the contents of the Tyne Pedestrian and Cycle Tunnels update and agree in principle to the JCT's consent to a Port of Tyne Authority (PoTA) lease of land above the tunnels as detailed in paragraph 2.6, the detailed wording to be approved by the Monitoring Officer.

1. Background Information

New Tyne Crossing

- 1.1 The Project Agreement (PA) for the New Tyne Crossing (NTC) was signed on 23 November 2007. Full operational commissioning was achieved on 21 November 2011. TT2 Ltd are responsible for the day to day management and operation of the New Tyne Crossing. This is monitored by the North East Combined Authority (NECA) (as Accountable Body for the North East Joint Transport Committee, which operates across the LA7 Area) in accordance with the terms of the Project Agreement.

Tyne Pedestrian and Cyclist Tunnels

- 1.2 The major maintenance liability for the Tyne Pedestrian and Cyclist Tunnels (TPCT) was retained by the NECA (formerly the Tyne and Wear Integrated Transport Authority) in the Project Agreement entered into with TT2. The TPCT has undergoing major refurbishment works.
- 1.3 The refurbishment works were substantially completed, and the tunnels were reopened to the public on the 7 August 2019.

2. Proposals/ Review

New Tyne Crossing – Operational Summary

Traffic Flows

- 2.1 TT2 are responsible for the day to day management and operation of the tunnels. As part of their duties they are required to provide a Quarterly Service Report to the NECA on operational issues, including inspections and details of any Health and Safety incidents which have occurred during the report period. In addition, TT2 submit a claim as part of the payment mechanism for the tunnels which identifies the number and type of vehicles using the tunnels.
- 2.2 TT2 and the NECA constantly review the traffic flows through the Tyne Tunnels. A review of the traffic flows, so far, this financial year shows that they are slightly higher than last year. This continues to be monitored by both the NECA and TT2 Ltd. See Appendix A.
- 2.3 The level of traffic using the tunnels has an impact on the revenue generated for TT2 and the NECA and the budgets for 2019-20 have been amended to reflect this.
- 2.4 The Advanced Number Plate Recognition Cameras are now in use at the Toll Plazas and are working well. TT2 continue to promote the use of pre-payment accounts. This not only provides a 10% discount for users but also speeds up the journey time through the toll plazas. The number of pre-payment transactions is running at 56% of users, and we would encourage more users to sign up to realise the benefits not only for themselves but all users of the tunnels.

The Tyne Pass Project

- 2.5 Members will recall that approval was given to TT2 to develop their proposals for the introduction of post pay arrangements at the tunnels and the eventual removal of the toll plazas to improve the traffic flow through the tunnels. Legal, Finance and Technical Officers have met with TT2 to progress these proposals and discussions are ongoing with regards to the changes to the Tyne Tunnel Byelaws, Legislation and the Project Agreement which would be required to allow these changes to be introduced. A separate report relating to the Byelaws is being presented to the Sub Committee. At this time, it is proposed to bring a detailed update report to the January 2020 Committee.

Port of Tyne Authority Land

- 2.6 The Port of Tyne Authority owns land at Tyne View Terrace, Howdon, at the northern end of the tunnel; the land is subject to a 'Caution' in favour of the JTC. A 'Caution' is a legal form of protection for interests affecting land.
- 2.7 The caution was put in place to protect the JTC's interests, pending rights protecting the tunnel being put in place with the Land Registry. Those rights are not yet noted on the title to that parcel of land, but this is in the process of being resolved (by solicitors at Womble Bond Dickinson, acting for JTC).
- 2.8 In the meantime, the Port of Tyne Authority (PoTA) wants to grant a lease of part of the land (see Appendix B, plan, 2018_L0168_0021 Rev 7) but requires the consent of the JTC before doing so. The proposed lease will be for a term of 15 years, granted to Lookers Motor Group Limited for car storage, Pre-Delivery Inspection and distribution or such other use within use classes B1, B2 and B8 as the landlord may approve.
- 2.9 The proposals have been reviewed by Technical Officers and they are satisfied that the proposal will not be to the detriment of the JTC. Committee approval is required to allow PoTA to accept their proposals.

Health and Safety

- 2.10 No significant Health and Safety issues have been identified during the last reporting period.

Tyne Pedestrian and Cyclist Tunnels

- 2.11 The refurbishment works on the TPCT were substantially completed earlier in the summer allowing them to be reopened to the public on the 7 August 2019.
- 2.12 Access to the tunnels is available to both pedestrian and cyclist via the vertical lifts and the fixed escalator. However, the commissioning of the new inclined lift is yet to be completed. During the commissioning phase some alterations to the door components were identified together with several other 'snagging' issues. Additional fabrication works have been completed and the snagging works are being addressed.

- 2.13 The inclined lifts are due to be presented for acceptance imminently and once they have completed their certification for use will be brought into service.
- 2.14 The tunnels are currently open to the public between 06:00 to 20:00, with TT2 providing the night shuttle between 20:00 to 06:00.
- 2.15 The reopening has been well received by the public and the facility is being well used by both pedestrians and cyclists. The numbers of pedestrians and cyclists using the tunnels in Sept and October are tabulated below.

	September	October
Pedestrians	10,446	10,109
Cyclist	5,728	4,667

- 2.16 The Bishop of Jarrow, the Rt Revd Sarah Clark, visited the tunnels on 17 October 2019 to see the refurbishment works and she blessed the Tunnels to celebrate their role in historically and symbolically linking communities across the Tyne.

The Rt Revd praised workers who were involved in the refurbishment project and said the tunnels were a testament to their labour and skills.

The ceremony was performed at the midpoint of the Tunnels next to the Northumberland and County Durham tiles.



The Right Reverend Sarah Clark and Councillor Gladys Hobson the deputy Mayor of South Tyneside along with staff who worked on the refurbishment of the Tyne Pedestrian and Cyclist Tunnels.

3. Reasons for the Proposals

Tyne Pedestrian and Cyclist Tunnels

- 3.1 The completion of the refurbishment works and the reopening of the TPCT is in line with the NECA objectives of providing specifically for pedestrians and cyclists, contributing positively to addressing climate change by encouraging non-motorised modes of travel.
- 3.2 The completion of the refurbishment works will meet the CA obligations under the Planning (Listed Buildings and Conservation Areas) Act 1990.

4. Alternative Options Available

Tyne Pedestrian and Cyclist Tunnels

- 4.1 The option not to reopen the TPCT was considered however, due to the Listed status of the structure, works to address its condition, deal with the asbestos and to maintain it in a safe state would still have been required. This would realise little reduction in cost compared with the completion of the works for reopening.

5. Next Steps and Timetable for Implementation

Tyne Pedestrian and Cyclist Tunnels

- 5.1 The operation of the reopened tunnels will continue to be overseen by the NTC team based in TT2 Ltd.'s offices over the coming months before being handed back to TT2 who will operate and monitor the tunnels for the remainder of the Concession period.
- The Lead Chief Executive for Transport reports regularly on progress to the Transport North East (Tyne and Wear) Sub-Committee.

6. Potential Impact on Objectives

- 6.1 The refurbishment of the TPCT has secured the future operation of this important transport link under the River Tyne. It provides specifically for pedestrians and cyclists and as such contributes positively to addressing climate change by encouraging non-motorised modes of travel. It also has the benefit of helping to reduce the number of motor vehicles on the roads – particularly on residential roads – to the benefit of local communities. The TPCT is also positive in terms of economic development and regeneration because it aids access to jobs in the A19 corridor for those who do not own a car. The works also protect this Grade II Listed structure for future generations.

7. Financial and Other Resources Implications

Tyne Pedestrian and Cyclist Tunnels

- 7.1 The cost of the refurbishment works has been funded from the Tyne Tunnel Reserves and from prudential borrowing in line with the original approval for the project. Borrowing repayments are included within the revenue budget for the Tyne

Tunnels for 2019/20. It is important to note that this reserve is ring-fenced for use on the tunnels, but it would have an opportunity cost, because once the Tunnel Financing costs are met the reserve can be used for other transport projects. If a source of grant funding for the works can be identified, this will be used and reduce the call on reserves.

7.2 The updated forecasts will be reflected in the budget update report for 2019/20. These remain broadly in line with previously reported estimates.

7.3 The adopted approach of the NECA carrying out the project management helped to minimise the delay in the completion of the project.

8. Legal Implications

Tyne Pedestrian and Cyclist Tunnels

8.1 The legal comments have been incorporated into the report.

9. Key Risks

9.1 The key risks associated with the completion of the project relate to:

Public safety – by addressing the reliability issues associated with the historic apparatus in the tunnels and dealing with the asbestos and other identified safety issues relating to the condition of the structure in the tunnel the CA are ensuring public safety

Time delays – by direct management of the completion of the works the CA are minimising the risk of further project delays which could be anticipated if a further tender process had been undertaken to engage a private Management Contractor.

Cost - by direct management of the completion of the works the CA are minimising the risk of further project cost and claims which could be anticipated from a Management Contractor. This is being borne out by the ongoing identification of additional work as the project progresses which could not have been envisaged at tender stage.

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

12.1 The Head of Paid Service, Monitoring Officer and Chief Finance Officer have been consulted. Regular updates are provided to the Joint Transport Committee (Tyne and Wear), Sub-Committee. Member visits have been arranged to the site to view the works. Updates are provided to the Howdon MAG and the Jarrow and Boldon CAF. A dedicated website is maintained and provides updates on progress.

13. Other Impact of the Proposals

- 13.1 The refurbishment of the TPCT will secure the future operation of this important transport link across the River Tyne. It provides specifically for pedestrians and cyclists and as such contributes positively to addressing climate change by encouraging non-motorised modes of travel. It also has the benefit of helping to reduce the number of motor vehicles on the roads – particularly on residential roads – to the benefit of local communities. The TPCT is also positive in terms of economic development and regeneration because it aids access to jobs in the A19 corridor for those who do not own a car.

14. Appendices

- 14.1 Appendix A: Traffic Figures for the New Tyne Crossing
Appendix B: 2018_L0168_0021 Rev 7: Howdon West Interim Tenancy Plan

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 as listed in the report to the Tyne and Wear Sub-Committee of the 31 January 2019
Report dated 4 July 2019 - Tyne Tunnel Update
Report dated 19 September 2019 – Tyne Tunnel Update

16. Contact Officers

- 16.1 John Hewitt, Chief Finance Officer, john.hewitt@durham.gov.uk, Tel:0300026194
Mike Barker, Strategic Director, Corporate Services & Governance
Gateshead Council, MikeBarker@Gateshead.Gov.Uk , Tel. No: 0191 433 2100
Alastair Swan, Principal Engineer, alastair.swan@newcastle.gov.uk , Tel: 0191 211 5931

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

NTC – New Tyne Crossing

TWITA – Tyne and Wear Integrated Transport Authority

PA – Project Agreement (relating to the contract for the provision of the New Tyne Crossing)

RPI – Retail Price Index

NELB – North East Leadership Board

TNE – Transport North East

TWSC – Transport North East (Tyne and Wear) Sub-Committee

BCE - Building and Commercial Enterprise Division

JTC – Joint Transport Committee

PoTA – Port of Tyne Authority

JCT – Joint Transport Committee

Appendix A: Traffic Figures for the New Tyne Crossing

1 Background Information

The Tyne Tunnels operation transferred to the Concessionaire, TT2 Ltd, on 1 February 2008. Their operational performance is monitored by the Engineer to the Tunnels.

2 Operational Performance

2.1 The following graphs give a breakdown of the traffic flows through the Tyne Vehicle tunnels for this financial year.

2.1.1 Table 1: TT2 Monthly Traffic Statistics. Contains the data used to create the Graphs A to C inclusive.

2.1.2 Graph A: Monthly Traffic Figures. Illustrates the total number of vehicles per month compared with the figures from last year.

2.1.3 Graph B: TT2 Monthly Total Traffic Figures by Vehicle Class. Illustrates the monthly traffic flows by Vehicle Type, for the period April 2019 and Oct 2019.

Class 1 – motorbikes, Class 2 Cars and Light Goods Vehicles under 3500kgs, Class 3 Heavy Goods Vehicles and Exempts

2.1.4 Graph C: TT2 Monthly Traffic Figures by Vehicle Class. Illustrates the monthly traffic flows by each Vehicle Class, for the period April 2019 and Oct 2019.

2.1.5 Graph D: TT2 Monthly Traffic Figures by Payment Type. Shows how customers met the toll requirements. Cash, Permit or Exempts.

TT2 MonthlyTraffic Statistics

Monthly	2019/2020												Total Vehicles	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
2019/2020	1,395,294	1,449,137	1,400,362	1,492,748	1,411,513	1,413,129	1,477,704	112,137	0	0	0	0	Forecast	16,652,591
2018/2019	1,367,609	1,444,185	1,386,578	1,430,684	1,404,416	1,363,760	1,456,535	1,407,025	1,230,254	1,320,239	1,257,168	1,398,018		16,466,471
Capacity	2,340,000	2,418,000	2,340,000	2,418,000	2,418,000	2,340,000	2,418,000	2,340,000	2,418,000	2,418,000	2,184,000	2,418,000		28,470,000

Traffic by Class	2019/2020												% ETC 2017/18	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
2019/2020	1,395,294	1,449,137	1,400,362	1,492,748	1,411,513	1,413,129	1,477,704	112,137	0	0	0	0		
2018/2019	1,367,609	1,444,185	1,386,578	1,430,684	1,404,416	1,363,760	1,456,535	1,407,025	1,230,254	1,320,239	1,257,168	1,398,018		
Capacity	2,340,000	2,418,000	2,340,000	2,418,000	2,418,000	2,340,000	2,418,000	2,340,000	2,418,000	2,418,000	2,184,000	2,418,000		
Class 1	15,358	17,334	17,441	18,858	16,387	16,285	12,746	625	0	0	0	0	C1 % ETC	0.00
Class 2	1,258,764	1,304,522	1,261,240	1,339,194	1,266,542	1,270,141	1,332,368	102,525	0	0	0	0	C2 % ETC	55.61
Class 3	66,873	70,749	66,289	74,934	70,720	70,677	75,414	4,220	0	0	0	0	C3 % ETC	85.55
Exempts	54,299	56,532	55,392	59,762	57,864	56,026	57,176	4,767	0	0	0	0	Ex % ETC	71.21
													Total %	57.07

Class,Cash,Permit	2019/2020												% ETC	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
2019/2020	1,395,294	1,449,137	1,400,362	1,492,748	1,411,513	1,413,129	1,477,704	112,137	0	0	0	0		
2018/2019	1,367,609	1,444,185	1,386,578	1,430,684	1,404,416	1,363,760	1,456,535	1,407,025	1,230,254	1,320,239	1,257,168	1,398,018		
Capacity	2,340,000	2,418,000	2,340,000	2,418,000	2,418,000	2,340,000	2,418,000	2,340,000	2,418,000	2,418,000	2,184,000	2,418,000		
Class 1 Cash	15358	17334	17441	18858	16387	16285	12746	625	0	0	0	0	C1	
Class 1 Permit	0	0	0	0	0	0	0	0	0	0	0	0	P1	
Class 2 Cash	588839	588519	558323	588931	600070	541479	536215	52872	0	0	0	0	C2	
Class 2 Permit	669925	716003	702917	750263	666472	728662	796153	49653	0	0	0	0	P2	
Class 3 Cash	9988	10698	9987	11169	10357	9750	9704	590	0	0	0	0	C3	
Class 3 Permit	56885	60051	56302	63765	60363	60927	65710	3630	0	0	0	0	P3	
Exempts	14956	15492	15464	16949	18337	16399	16637	1433	0	0	0	0	Ex	
Exempts Permit	39343	41040	39928	42813	39527	39627	40539	3334	0	0	0	0	P_Ex	

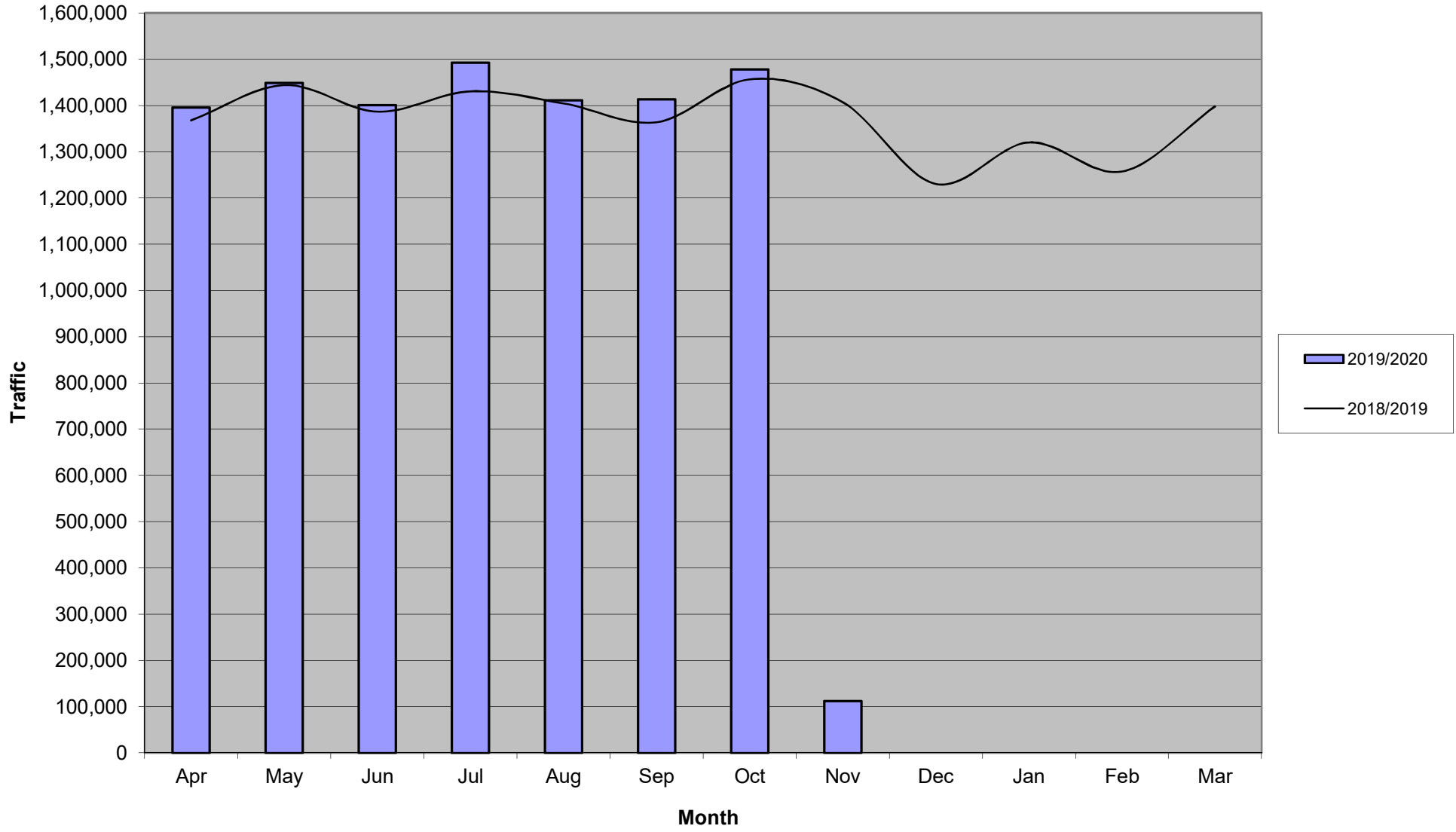
2018/2019 Traffic by Class													% ETC	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	C1 % ETC	C2 % ETC
Class 1 total	15,304	21,156	21,297	20,970	17,673	15,914	14,135	9,737	6,029	7,478	9,685	12,250	C1 % ETC	0.00
Class 2 total	1,231,393	1,296,794	1,241,573	1,279,188	1,259,266	1,226,204	1,313,527	1,274,841	1,121,625	1,197,151	1,135,634	1,262,732	C2 % ETC	51.10
Class 3 total	70,605	72,407	71,145	74,149	71,645	67,966	73,579	69,901	53,892	65,346	64,153	68,681	C3 % ETC	83.85
Exempts total	50,307	53,828	52,563	56,377	55,832	53,676	55,294	52,546	48,708	50,264	47,696	54,355	Ex % ETC	75.62

2018/2019 Class,Cash,Permit													TOTAL % ETC	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
Class 1 Cash	15304	21156	21297	20970	17673	15914	14135	9737	6029	7478	9685	12250		53.15
Class 1 Permit	0	0	0	0	0	0	0	0	0	0	0	0		
Class 2 Cash	626808	654675	620615	656538	680853	625891	637513	603025	563513	523279	503145	560318		
Class 2 Permit	604585	642119	620958	622650	578413	600313	676014	671816	558112	673872	632489	702414		
Class 3 Cash	11488	12279	11895	12654	12194	11107	12178	11781	8591	9533	9168	10095		
Class 3 Permit	59117	60128	59250	61495	59451	56859	61401	58120	45301	55813	54985	58586		
Exempts	12136	13813	13161	14214	15027	13312	13507	11953	11629	10636	11346	13207		
Exempts Permit	38171	40015	39402	42163	40805	40364	41787	40593	37079	39628	36350	41148		

Table 1: TT2 Monthly Traffic Statistics

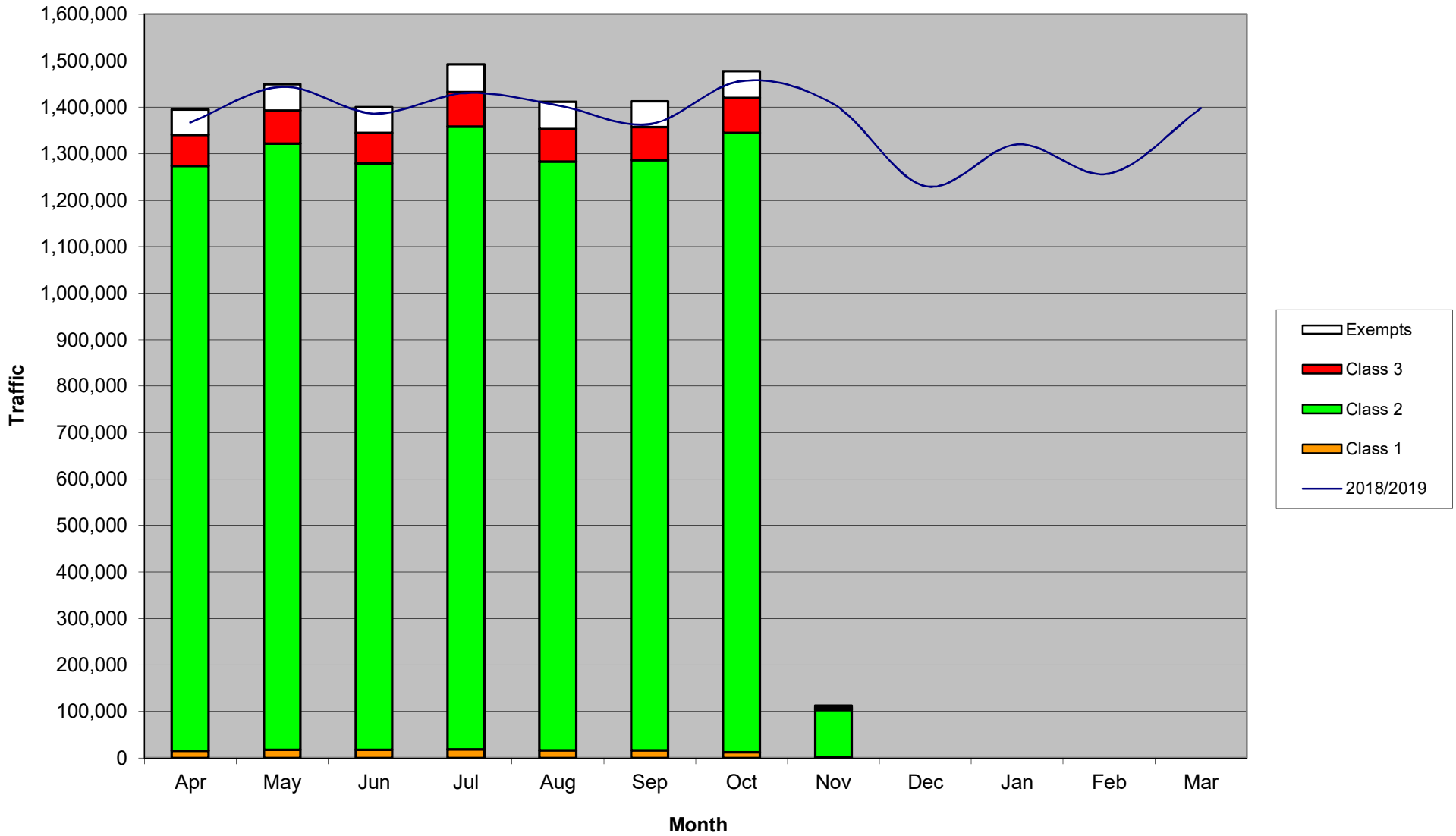
TT2 TRAFFIC FIGURES

Page 196



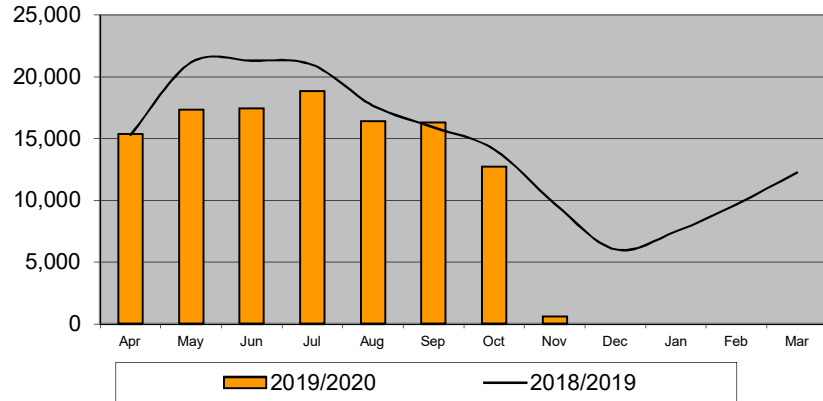
Graph A: TT2 Monthly Traffic Figures

TT2 TRAFFIC FIGURES

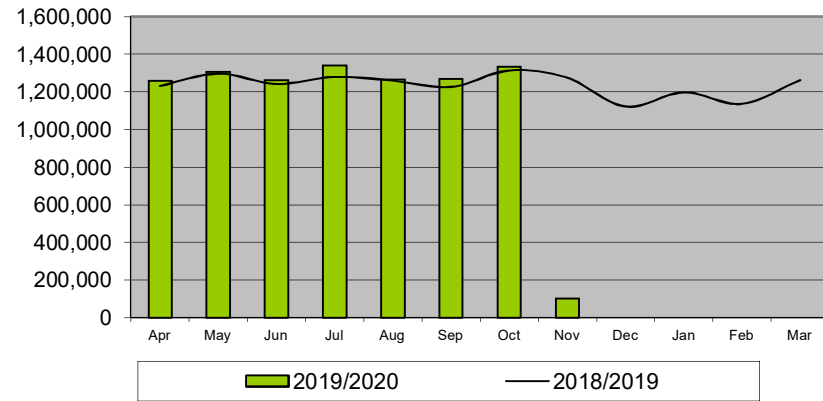


Graph B: TT2 Monthly Total Traffic Figures by Vehicle Class

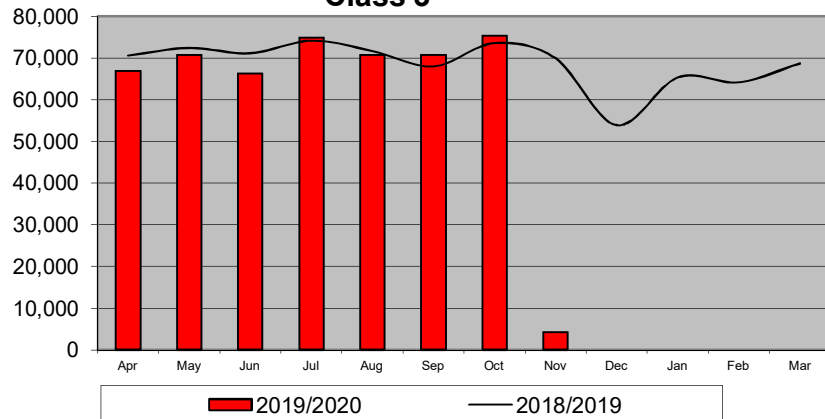
TT2 Monthly Traffic Class 1



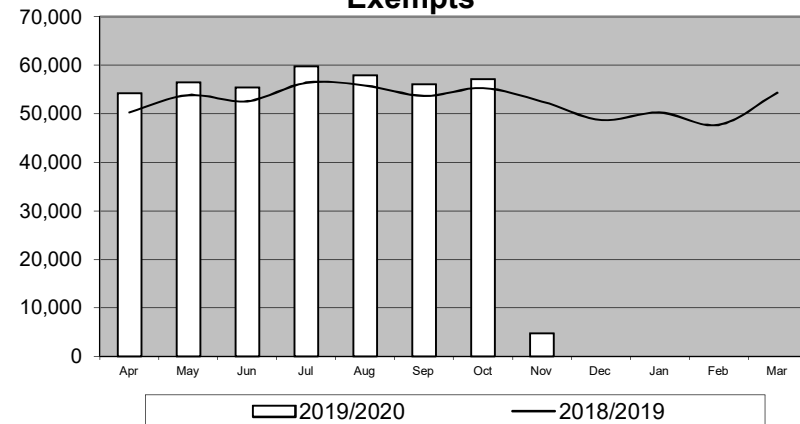
TT2 Monthly Traffic Class 2



TT2 Monthly Traffic Class 3

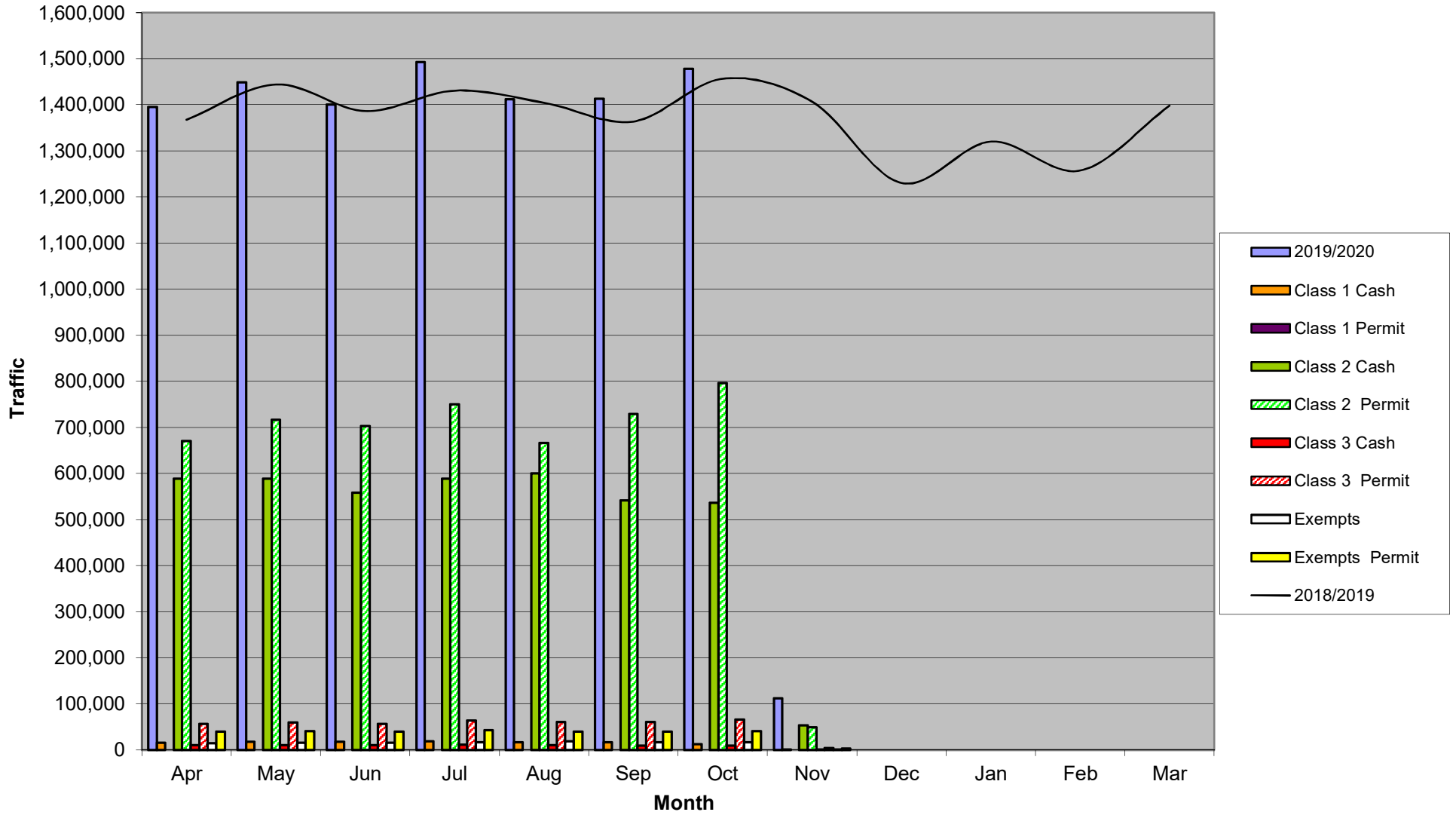


TT2 Monthly Traffic Exempts



Graph C: TT2 Monthly Traffic Figures by Vehicle Class

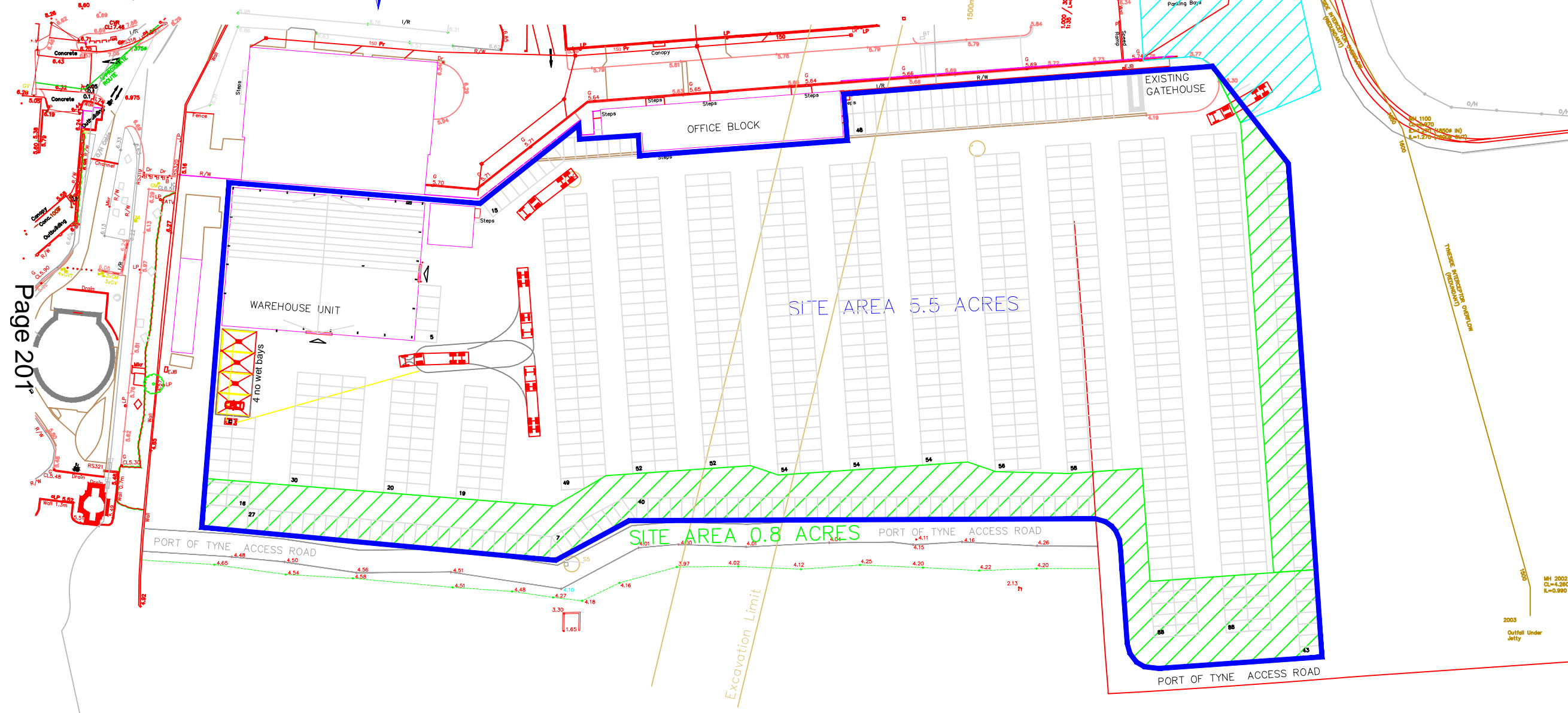
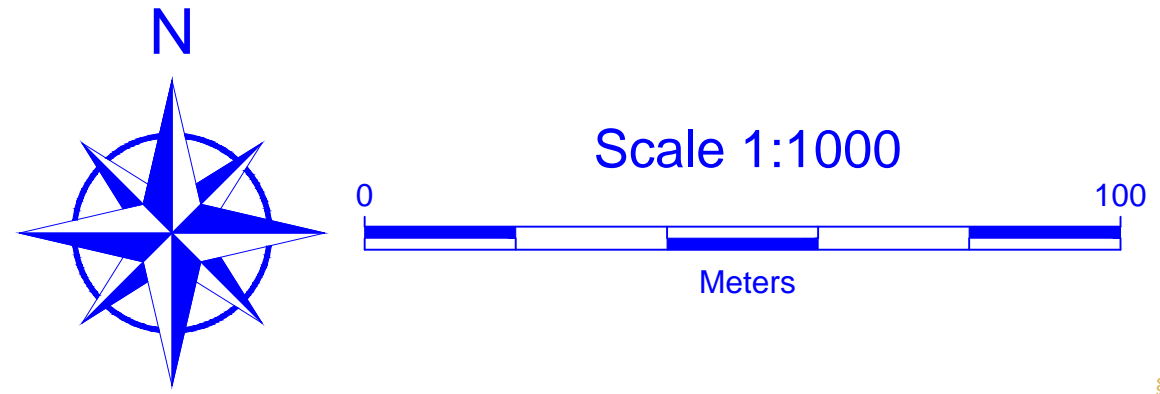
TT2 TRAFFIC FIGURES Class, Cash, Permit



Graph D: TT2 Monthly Traffic Figures by Payment Type

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NOTES



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K.EMMETT BEng, CEng, M.I.C.E. HEAD OF INFRASTRUCTURE DEVT.		
PREPARED BY	WMK	CHECKED BY ARK
DATE	08/01/19	DATE 08/01/19
SCALE	1:1000	CLIENT REF X
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North East Joint Transport Committee, Tyne and Wear Sub-Committee

Date: 21 November 2019
Subject: Tyne Tunnels Byelaws
Report of: Managing Director, Transport North East

Executive Summary

The purpose of this report is to provide Members with an update on the 'Tyne Pass Project'. Members are advised that progress has been made in relation to the first interim stage towards barrierless 'free flow' technology. The implementation of this stage will require amendment to the current byelaws so that they will reflect the new payment arrangements. Members are advised that the heads of terms for the full project have not yet been finalised and approval of this first interim stage will not fetter the discretion of the Members in relation to decision making and implementation of the whole project.

Recommendations

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

- (i) Authorise Interim Stage 1 to proceed;
- (ii) Approve the byelaws appended to this report; and
- (iii) Authorise officers to progress the statutory process for amending the byelaws.

1. Background Information

New Tyne Crossing

- 1.1 The Project Agreement (PA) for the New Tyne Crossing (NTC) was signed on 23 November 2007. Full operational commissioning was achieved on 21 November 2011. TT2 Ltd are responsible for the day to day management and operation of the New Tyne Crossing. This is monitored by officers acting on behalf of the North East Joint Transport Committee (JTC) in accordance with the terms of the Project Agreement.

Tyne Pass Project

- 1.2 In April 2019 a report was brought before Members of this committee relating to the Tyne Pass Project. At this meeting Members resolved to authorise officers to commence discussion to develop heads of terms for a potential change to the concession Project Agreement with TT2 and associated legislative changes (the 'Tyne Pass Project'). These heads of terms are still being developed with TT2 and these will be brought before Members in a future meeting.
- 1.3 In the meantime, it can be seen that the implementation of the full Tyne Pass Project can be split into 3 distinct stages as follows;
- (i) Interim Stage 1 – Post-Pay – this keeps the present toll plaza configuration and gives the option to a road user who does not have a means to pay the toll to take an invoice and make the payment by midnight the day following the date of the invoice;
 - (ii) Interim Stage 2 – Low Speed Barrierless Charging – this will allow vehicles travelling at a low speed to drive through the toll plazas without stopping and payment can be made using the invoice procedure in Post-Pay and also via account; and
 - (iii) Final Stage – Full-flow Barrierless Service – all payment barriers are removed and the road is re-aligned to maximise traffic flow in each direction.

Members are advised that approval and implementation of Interim Stage 1 will not provide consent for the full project to proceed to the Final Stage. Each stage will be brought back to Members for approval.

2. Proposals

- 2.1 TT2 aspire to move towards traffic flowing freely and payments being made electronically utilising Automatic Number Plate Recognition (ANPR). The first stage to achieve this is through Interim Stage 1 – Post-Pay. During this stage, the roadside configuration of barriers and payment options is retained but adds the option of a road user taking an invoice if they do not have the means to pay. It is anticipated that this shift will encourage road users to get used acquainted with the idea of not paying at the barrier. In addition to this, TT2 also proposed to pilot an 'enforcement' process for non-payment of an invoice.

- 2.2 A road user who takes an invoice will be informed when the invoice must be paid by, how to pay it and what will happen if they fail to pay it. The ANPR will record the Vehicle Registration Mark (VRM) and enter it onto a system so that payment can be monitored.
- 2.3 If a driver fails to pay an invoice, it will be flagged as a contravention and processed in accordance with TT2's non-payment process. This will involve sending a charge notice to the registered keeper which will be for the cost of the toll plus the additional costs incurred for external costs and an administration charge. The charge notice will specify how and when payment should be made and also details of how to make a representation against the notice if they do not feel they are liable. If a representation is refused or one is not received and the charge notice is still not paid, a second charge notice will be sent with a further increase in the amount payable to reflect the additional administration costs incurred. If still no payment is received within the 14 day payment period it will be passed to enforcement agents to recover the unpaid debt.
- 2.4 Prior to the implementation of Post-Pay, the Tyne Tunnels Byelaws 2010 will need to be amended to reflect the timing the toll is to be paid and by whom. Currently the byelaws provide for the driver of a vehicle to only proceed from the tunnel once the toll has been paid, unless it is exempted. The effect of amending the byelaws will be to revoke the 2010 byelaws and replace them with a new set of byelaws that will reflect how and when payment will be made at the Tyne Tunnels and also the consequences of non-payment.

3. Reasons for the Proposals

- 3.1 The implementation of Post-Pay is intended to move from a cash based toll system with barriers to free moving traffic with payments made electronically.

4. Alternative Options Available

- 4.1 There is the option to retain the existing tolling arrangements, however with advances in technology, making these changes will mean that delays will be reduced which helps congestion and air quality issues.

Option 1- The North East Joint Transport Committee, Tyne and Wear Sub-Committee may accept the recommendation set out above.

Option 2 – The North East Joint Transport Committee Tyne and Wear Sub-Committee may not accept the recommendations set out above.

Option 1 is the recommended option.

5. Next Steps and Timetable for Implementation

- 5.1 The draft byelaws are appended hereto and there is a statutory process that must be followed for the 2010 byelaws to be revoked and for these draft byelaws to come into effect. It can take approximately 3-6 months for this process to be completed and this requires consultation and the approval of the Secretary of State.

6. Potential Impact on Objectives

- 6.1 Improving the payment options for the Tyne Tunnels in the short term will improve the flow of traffic, potentially reducing congestion around the toll plazas. It will also help to make the tunnels more attractive to users, with a potential positive financial impact on income from tolls.

7. Financial and Other Resources Implications

- 7.1 Implementing a change from the current toll system to Post Pay requires specialist legal advice to assist with identifying where changes are required to the PA and also to assist with drafting the new byelaws. There are no amendments needed to the PA for this stage in the Tyne Pass project but there has been substantial work required to prepare new byelaws. The current estimate of costs that have been incurred is £720.00

Provision has been made within the Tyne Tunnels revenue budget for the costs of legal and other professional support for the implementation of the Tyne Pass project.

- 7.2 The Chief Finance Officer has been kept apprised of this project and the costs that are being incurred.

8. Legal Implications

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

9. Key Risks

- 9.1 The key risks associated with this project relate to:

- Delivery – project implementation will be managed by TT2 and therefore is not a risk for the JTC
- Finance – the capital costs of the works will be the responsibility of TT2 and therefore financial risks to the authority relate to the cost of professional advice required during the planning and implementation stages. This will be managed through careful monitoring of costs as they are incurred. Should the project require changes to the PA, the risk implications for the authority will be carefully considered at each stage.

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

12.1 The statutory process to amend the byelaws does not require formal consultation to be undertaken, however, as this is recognised as good practice, this will be undertaken.

The Head of Paid Service, Monitoring Officer and Chief Finance Officer have been consulted on this proposal.

The Joint Transport Committee members and Chief Executives have also been given a chance to discuss and review this proposal informally.

13. Other Impact of the Proposals

13.1 No other impacts of the proposals are foreseen.

14. Appendices

14.1 Appendix A – Draft Byelaws

15. Background Papers

15.1 Tyne Tunnels Byelaws 2010
<https://www.newtyne crossing.info/sites/default/files/Tyne-Tunnel-Byelaws.pdf>

16. Contact Officers

16.1 Brendan McNeany, Legal Manager, brendanmcneany@gateshead.gov.uk, Tel: 0191 433 2610

Umi Filby, Solicitor, umifilby@gateshead.gov.uk, Tel: 0191 433 2219

17. Sign off

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

18. Glossary

ANPR – Automatic Number Plate Recognition

DfT – Department for Transport

JTC – North East Joint Transport Committee

NTC – New Tyne Crossing

PA – Project Agreement

VRM – Vehicle Registration Mark

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Byelaws

Designed to ensure that
the Tyne Tunnels are as safe as
possible

31 October 2019
AMENDED DRAFT 2020 BYELAWS

TYNE TUNNELS
BYELAWS 2020

BYELAWS MADE BY THE TYNE AND WEAR INTEGRATED TRANSPORT AUTHORITY IN PURSUANCE
OF THE TRANSPORT AND WORKS ACT 1992 AND THE RIVER TYNE (TUNNELS) ORDER 2005.
THESE BYELAWS MAY BE CITED AS THE TYNE TUNNELS BYELAWS 2020

I. INTERPRETATION – In these Byelaws:

'2005 Order'	means the River Tyne (Tunnels) Order 2005;
'ADR'	means the European Agreement concerning the International Carriage of Dangerous Goods by Road;
'the Authority'	means the Tyne and Wear Integrated Transport Authority;
'the cyclist and pedestrian tunnels'	means and includes the two tunnels for use by cyclists and pedestrians constructed under the River Tyne between Jarrow and Howdon aforesaid in accordance with the Tyne Tunnel Act 1946 together with the access passages, escalators, lifts, buildings, approach paths and steps and other works or land used or connected therewith as shown hatched blue on the attached plan;
'domestic animal'	means a dog or a cat or another household pet;
'driver'	where a separate person acts as steersman of a motor vehicle, includes that person as well as any other person engaged in the driving of the vehicle and 'drive' and 'driving' shall be construed accordingly;
'flammable liquid'	means any liquid having a flash point of not more than 55 degrees Celsius;
'Free flow charging'	means the collection of tolls other than through causing vehicles to stop and pay a toll at the toll plaza;
'member of the tunnel staff'	includes any person employed by the Authority or its agents and engaged in the administration, operation, supervision, maintenance or repair of the tunnels;
'Schedule of Charge'	means a ticket provided to a driver of a vehicle that presents at the toll plaza without the means of payment of a toll that authorises passage through the vehicular tunnels and requires payment of the relevant toll no later than the end of the day following the date of passage of that vehicle through the vehicular tunnels;
'toll plaza'	means that part of the tunnel approaches at the north end of the tunnels dedicated to the provision of tolling booths and/or automatic number plate recognition cameras installed to facilitate free flow charging of vehicles passing through the vehicular tunnels;
'registered keeper'	means the person registered as the owner of a vehicle under section 21 of the Vehicle Excise and Registration Act 1994 ¹ ;
'the tunnel'	means one of the vehicular tunnels or the cyclist tunnel or the pedestrian tunnel;

¹ 1994 c.22

'the tunnel approaches'	means and includes approach roads and new streets constructed pursuant to the Tyne Tunnel Acts 1946 to 1960 and the 2005 Order except the portions thereof which are included in and form part of the tunnel, as shown edged black and shaded grey on the attached plan;
'the tunnel area'	means and includes the tunnels and the tunnels approaches;
'the Tunnel Manager'	means the Tunnel Manager appointed by the Authority or any person authorised by him under byelaw 6 to exercise any function or functions on his behalf;
'the tunnels'	means and includes the vehicular tunnels, the cyclist and pedestrian tunnels, the tunnel approaches, the landscaped areas adjacent thereto and the administration precinct and adjoining car park as shown edged green on the attached plan;
'tunnels officer'	means and includes the Tunnel Manager and any officer or servant or agent of the Authority authorised by the Tunnel Manager to carry out duties in relation to the regulation, direction and control of traffic in the tunnels;
'trailer'	means any vehicle designed or adapted to be towed by another;
'unpaid toll charges'	means a toll and charges payable under or by virtue of article 42(3) and (5) of the 2005 Order and applied to a vehicle in accordance with byelaw 54;
'vehicle'	means a mechanically propelled vehicle intended or adapted for use on roads including a trailer;
'the vehicular tunnels'	means and includes the two tunnels for vehicular traffic with tunnel approaches at each end constructed under the River Tyne between Jarrow and Howdon in the county of Tyne and Wear and described as Work No. 2 in the Tyne Tunnel Act 1960 and as the New Tunnel in the 2005 Order, together with the buildings, works and land used or connected therewith, as shown hatched red on the attached plan.

2. In byelaw 28 the expression 'duly authenticated document' means a document signed by the Clerk to the Authority or the Deputy Clerk and Legal Adviser or other person duly authorised by them in that behalf.
3. Unless the context otherwise requires:
 - (a) words importing the singular number shall include the plural and vice versa;
 - (b) words importing any particular gender shall include all other genders; and
 - (c) any reference in these byelaws to any statute or statutory provision shall be construed as referring to that statute or statutory provision as it may from time to time be amended modified extended re-enacted or replaced (whether before or after the date of this byelaw) and including all subordinate legislation from time to time made under it.
4. The Interpretation Act 1978 shall apply to the interpretation of these byelaws as it applies to the interpretation of an Act of Parliament.
5. Nothing in these byelaws shall apply so as to restrict the execution of duties or the carrying out of works or services in the tunnels by any officers or servants of the Authority or by any duly authorised agents or contractors of the Authority or by any police officer or fire officer.

6. For the purposes of exercising each of any of the functions conferred on him by these byelaws the Tunnel Manager may in his discretion authorise in writing such members of the tunnel staff as he may think fit to exercise such function or functions on his behalf.

II REGULATION OF TRAFFIC IN VEHICULAR TUNNELS

7. No person shall use the vehicular tunnels except for the purpose of travelling on or in a vehicle from the tunnel approaches on one side of the River Tyne to the tunnel approaches on the other side of that river.
8. The driver of a vehicle in the tunnel area shall comply with all signals and instructions given by a tunnels officer.
9. The driver of a vehicle in the vehicular tunnels shall keep to the centre of the lane as delineated by road markings, unless directed otherwise by the displayed road signs or a tunnels officer.
10.
 - (a) The maximum speed for a vehicle in the vehicular tunnels, shall be that which is indicated by the displayed road signs, and subject to paragraph (b) hereof, the minimum speed shall be 15 miles per hour except where prevented by other vehicles or at the toll booths and other places where stops or a lower speed are unavoidable or are permitted or directed by a tunnels officer.
 - (b) No person shall drive into the vehicular tunnels, except in accordance with such directions as shall be given to him by the Tunnel Manager, any vehicle which is incapable of maintaining a speed of 15 miles per hour.
11. Subject to the provisions of byelaws 27 and 28 the driver of a vehicle using the vehicular tunnels shall except in compliance with traffic signals or orders given by the tunnels officers, or unless prevented by traffic or other unavoidable cause:
 - (a) if approaching the tunnel from the north proceed without stopping and leave the tunnel at the opposite end from which he entered it, or
 - (b) if approaching the tunnel from the south proceed without stopping and leave the tunnel at the opposite end from which he entered it.
12. Except and subject as provided in byelaws 8 and 9, the driver of a vehicle in the tunnel or on the tunnel approaches shall proceed along the carriageway without stopping except to stop in a lay-by provided for emergency, inspection or breakdown so long as the vehicle stops for one of those purposes or if instructed to do so by a tunnels officer.
13. The driver of a vehicle in the tunnel shall not unless authorised by a tunnels officer or by the displayed road signs cause his vehicle to cross the lines or marks separating traffic lanes.
14. The driver of a vehicle in the vehicular tunnels shall maintain a safe and prudent distance between his own vehicle and the one immediately in front of it.
15. A vehicle may be towed into the vehicular tunnels provided it is secured by means of towing equipment which is sufficient for the purpose and provided the vehicle and towing equipment have been examined and approved by a tunnels officer.
16. No person shall drive into the vehicular tunnels any vehicle which is not provided with sufficient petrol or other fuel and mechanical power to ensure that it maintains the minimum speed specified in these byelaws and is able to traverse the tunnel and the tunnel approaches.
17. The driver of a vehicle in the vehicular tunnels shall use dimmed headlights at all times and shall not use any forward facing lamp other than dimmed headlights or sidelights.

18. No person shall refuel any vehicle in the vehicular tunnels.
19. No person shall except with the permission of a tunnels officer undertake any repairs to a vehicle or change a tyre or wheel of a vehicle in the vehicular tunnels.
20. If the driver of a vehicle in the tunnel area refuses to move the vehicle when ordered to do so by a tunnels officer or if a vehicle in the tunnel area is unable to proceed because of a breakdown it shall be lawful for it to be removed at the cost and expense of the owner or person in charge of the vehicle by members of the tunnel staff to a place in the tunnel area directed by the Tunnels Manager and no person shall obstruct any such member or members of the tunnels staff in carrying out such removal.
21. Any driver of a vehicle overtaken by sudden illness or incapacity of such a nature as to impair or impede his ability to drive or control the vehicle shall not drive the vehicle into the vehicular tunnels and if the driver of a vehicle is overtaken by such illness or incapacity when in the vehicular tunnels he shall stop his vehicle at once and remain in the vehicle and await the assistance of a person legally entitled to drive or remove the said vehicle.

III FIRE PRECAUTIONS

22. No person in the vehicular tunnels or the cyclist and pedestrian tunnels shall:
 - (a) smoke or carry a lighted pipe, cigar or cigarette;
 - (b) ignite any match or lighter or expose any flame;
 - (c) smoke in any vehicle awaiting escort or under escort through the tunnel.
23. In the event of a fire occurring in the tunnels, no person shall obstruct any member of the tunnel staff or the fire brigade in his efforts to extinguish it.
24. The use in the tunnels of any fire extinguishers other than those provided by the Authority, or Fire Services is prohibited. Provided that nothing in this byelaw shall prevent the driver of a vehicle or any passenger therein using any fire extinguisher carried on that vehicle to extinguish the fire.
25. No person shall drive into the tunnels any vehicle containing hay, straw or other similar combustible material unless the same be secured and covered to the satisfaction of the Tunnel Manager.
26. For the purpose of enforcing and satisfying the requirements of byelaws 25 to 30 inclusive all commercial vans, heavy goods vehicles, caravans, LPG vehicles and towed vehicles must stop at the examination lay-bys as delineated by road markings and signage when required by a tunnels officer for examination and inspection by a duly authorised tunnels officer prior to entry into the vehicular tunnels.

IV. DANGEROUS TRAFFIC

27. (1) No person shall, except with the consent of the Tunnel Manager, take or cause or permit to be taken into the vehicular tunnels any vehicle carrying any goods, substances or articles of a dangerous nature including the substances or articles identified in the current edition of the ADR or any replacement thereof and including (but without prejudice to the generality of the foregoing):
 - (a) any flammable liquid;
 - (b) corrosive substance;
 - (c) compressed gases (whether permanent or liquefiable) in cylinders;
 - (d) empty compressed gas cylinders;

- (e) loaded firearms or any explosives within the meaning of the Explosives Acts 1875 and 1923 or any Order in Council made thereunder, or any explosive substance as defined by the Explosives Substances Act 1883;
 - (f) petroleum or petroleum-spirit within the meaning of the Petroleum (Consolidation) Act 1928, the Road Traffic (Carriage of Explosives) Regulations 1989 or any Order in Council made thereunder (other than petroleum or oil carried by a vehicle for use only in connection with the propulsion of that vehicle);
 - (g) any empty petrol tank or empty drum or other tank wagons which have contained any inflammable liquid or materials.
- (2) The consignor of any goods, substances or articles referred to in paragraph (1) of this byelaw shall give or cause to be given to the Tunnel Manager on demand a written declaration as to the nature and quantity of such goods, substances or articles, and the person in charge of any empty petrol tank or empty drum or other tank wagon shall give or cause to be given to the Tunnel Manager a written declaration on demand as to the nature of the substance or substances last carried in such wagon and petrol drum.
- (3) The consent of the Tunnel Manager under paragraph (1) of this byelaw, if granted, shall be subject to the following conditions, namely:
- (a) no person shall drive into the vehicular tunnels any vehicle to which paragraph (1) of this byelaw applies except with such escort of tunnels officers as may be directed or required by the Tunnel Manager and the driver of every such vehicle shall take and comply with such precautionary measures as the Tunnel Manager shall consider to be expedient;
 - (b) any driver of a vehicle to which paragraph (1) of this byelaw applies not accompanied by a person legally entitled to drive the said vehicle shall, if the Tunnel Manager so requires, admit into the driving cab of the vehicle a duly authorised member of the tunnel staff duly authorised by the Tunnels Manager in writing who shall be capable of stopping the vehicle in the event of sudden illness or incapacity overtaking the driver while in the vehicular tunnels.
- (4) The driver of every vehicle to which paragraph (1) of this byelaw applies shall stop on arriving at the toll plaza and shall not proceed further into the vehicular tunnel until he has received the consent of the Tunnel Manager under this byelaw.
- (5) The driver of every vehicle to which paragraph (1) of this byelaw applies and which is approaching the tunnel from the south shall stop in that part of the tunnel approach which is designated as a vehicle inspection area and signed as such and shall not proceed further into this vehicular tunnel until he has received the consent of the Tunnel Manager under this byelaw.
28. For the purpose of enforcing byelaw 25 every person in the tunnels area shall allow the Tunnels Manager or staff to search any vehicle or package brought into the tunnels area and the Tunnels Manager or staff, on producing if required some duly authenticated document showing his authority, may open any such package if he has reason to suspect that such package contains any goods, substances or articles referred to in byelaw 27(1) without the necessary consent pursuant to byelaw 27(1).

V. EXCLUDED TRAFFIC

29. No person shall take or cause or permit to be taken in to the vehicular tunnels:
- (a) any horse drawn vehicle;
 - (b) any pedal cycle or tricycle,

except if conveyed as the load or part of the load of any vehicle; or

(c) any animals or livestock except domestic animals, unless transported in special containers or adapted vehicles and approved by the Tunnel Manager.

30. No person shall take or cause or permit to be taken into the vehicular tunnels any of the following vehicles:

(a) vehicles which emit smoke, visible vapour, grit, sparks, ashes, cinders or oily substance in a manner which contravenes any regulations for the time being in force under the Road Traffic Act 1988 or any amendment thereof relating to the construction and use of motor vehicles;

(b) vehicles which, in the opinion of the Tunnel Manager, are in such a condition or are so loaded, built or equipped as to be likely to retard traffic, injure persons or damage property;

(c) vehicles which are conveying faeces or offensive or noxious matter or substance which, in the opinion of the Tunnel Manager, are being carried or conveyed in such manner as to be the cause of or likely to give rise to injury or nuisance to any persons or damage property.

VI. SPECIAL TYPE VEHICLES

31. (1) No person shall take or permit to be taken into the vehicular tunnels, without the permission of the Tunnel Manager and subject to such conditions as he may direct, any vehicle whose height, length, width or weight (including load in each case) exceeds the following:

Height 4.878m

Length 12.20m, or in the case of vehicles and trailers a combined length (including loads or loads and drawbar) of 18.75m

Weight On any one wheel 6 tons or on any one axle 11 tons

Width 2.55m

(2) Application for permission of the Tunnel Manager under this byelaw shall be made in writing at least six clear days before the proposed arrival at the vehicular tunnels of the vehicle the subject of the application.

VII. CYCLIST AND PEDESTRIAN TUNNELS

32. No person shall use the cyclist and pedestrian tunnels except for the purpose of travelling as a pedestrian or a pedal cyclist from the entrance to the said tunnels on one side of the River Tyne to the exit from the said tunnels on the other side of that River.

33. No person shall drive, propel, lead or otherwise bring within the cyclist and pedestrian tunnels any vehicle other than a pram, pushchair, wheelchair, motorized scooter or pedal bicycle or tricycle (excluding any pedal bicycle or tricycle fitted with an auxiliary electrical or internal combustion engine), or any animal other than a domestic animal secured by a lead or carried clear of the ground.

34. No person shall travel on a moving escalator otherwise than in the direction in which such escalator is travelling or propel or carry a pram, pushchair, wheelchair or tricycle on an escalator or cause or permit an animal to travel on an escalator unless such animal be carried clear of the ground.

35. No person shall, when travelling on an escalator, sit, kneel or lie upon the treads or handrail of such escalator.

36. No person shall ride a bicycle or tricycle in any part of the pedestrian tunnels, or travel otherwise than on the left hand side of the said cyclist tunnel. Unless directed by a member of the tunnel staff, no person shall push or otherwise propel a bicycle or tricycle in the pedestrian tunnel as so marked nor shall any person other than a cyclist use the cyclist tunnels other than a duly authorised tunnels officer.
37. All persons using the cyclist and pedestrian tunnels shall observe and obey any instructions or signals given to them by members of the tunnel staff, including instructions given via the installed public address system, with regard to the way in which or the route by which they are to travel.

VIII. PREVENTION OF DAMAGE OR NUISANCE GENERALLY

38. No person in the tunnels shall climb upon, damage or remove any part of the structure of the tunnels, ventilating plant or shafts, toll booths, escalators, lifts, equipment, machinery, fittings or appurtenances thereof or any other property of the Authority, or post any bill, placard or notice, or write or stamp, cut, print, draw or make marks in any manner on any part thereof.
39. No person shall move, alter or deface or otherwise interfere with any notice, notice board or sign belonging to the Authority and exhibited or placed in the tunnels.
40. No person shall operate any machinery, switches, brakes, gates or other mechanism of the tunnels, escalators, lighting and ventilation plant other than:
- (a) to apply the escalator emergency stopping switch when necessary to prevent injury or damage to any person or any thing;
 - (b) to operate the fire fighting equipment in case of emergency;
 - (c) to use a telephone in case of emergency; and
 - (d) to operate the lift controls where such operation is permitted.
41. No person shall urinate or defecate within the tunnel area.
42. No person shall place or attempt to place any object not being current coin of the United Kingdom or current coin or Euro currency in any receptacle provided for the automatic payment of tolls payable under the Tyne and Wear Act 1976 and the 2005 Order.
43. No person shall throw or drop in any part of the tunnels anything whatsoever capable of injuring or damaging the tunnel or any person or property.
44. No person shall place or deposit or leave on or in the tunnels or precincts any vehicle or any glass, china, earthenware, tin, carton, paper, debris, oils, waste or other rubbish so as to create a litter or fire risk.
45. No person shall wilfully obstruct or impede any member of the tunnel staff in the execution of his duty in or about the tunnels.
46. No person shall offer for sale or sell any articles or produce of any description in the tunnels except without the express written permission of the Authority.
47. No person shall loiter or remain in the tunnels or its buildings or precincts or in any vehicle therein after having been requested by a member of tunnel staff to move therefrom.
48. No person in the tunnels whether on his own or against another person shall:
- (a) use any threatening, abusive or insulting words or behaviour; or

- (b) distribute or display any writing, sign or visible representation which is threatening, abusive or insulting or which in the opinion of the Tunnel Manager is likely to cause annoyance or offence.

49. No person in the tunnels shall use a vehicle music/sound system at such a volume as to cause nuisance to other users of the tunnels or to impede the tunnels safe operation.

IX. CLOSURE OF TUNNELS

50. During any period of closure of the vehicular tunnels and the cyclist and pedestrian tunnels pursuant to article 36 of the 2005 Order the passage of any vehicle or pedestrians through the vehicular tunnels and cyclist and pedestrian tunnels shall only be with the consent of the Authority whose decision shall be final.

X. POWER TO EXCLUDE

51. It shall be lawful for the Tunnel Manager and tunnels officers to prevent from entering in or upon the tunnels, the tunnels' approaches or the tunnel area the following persons:

- (a) the driver of any vehicle who that or any other officer has reasonable cause to believe is contravening, or will so if he proceeds, any of these byelaws; and
- (b) the driver or person in charge of any vehicle or animal referred to in byelaw 27.

XI. TOLLS AND CHARGES

52. A toll is charged for the passage of a vehicle through the vehicular tunnels as authorised to be demanded and taken pursuant to the provisions of the Tyne and Wear Act 1978 and the notice displayed at the toll plaza unless the vehicle is exempted from a requirement to pay a toll; and in respect of the passage of that vehicle through the vehicular tunnels payment of the toll may be made in any of the following ways:

- (a) by pre-payment of that toll;
- (b) by payment at the toll plaza; or
- (c) by payment of the toll following passage of that vehicle through the vehicular tunnels in accordance with a Schedule of Charge provided to the driver of that vehicle at the toll plaza;

and payment shall be in accordance with the levels of toll displayed on the approach to the vehicular tunnels and applicable to that vehicle and otherwise in accordance with the payment methods published from time to time by the Authority.

53. For the purposes of byelaw 52 (b) or (c) a vehicle may be required to stop at the toll plaza for the purposes of:

- (a) payment of a toll; or
- (b) the issuing of a Schedule of Charge to the driver of that vehicle authorising passage through the vehicular tunnels and requiring payment of the relevant toll no later than the end of the day following the date of passage of that vehicle through the vehicular tunnels;

in respect of that vehicle.

54. A liability to pay unpaid toll charges in respect of a vehicle arises where:

- (a) a liability to pay a toll under byelaw 52 has been incurred in respect of that vehicle;

- (b) a toll has not been paid in full by, or on behalf of, either the driver or registered keeper of that vehicle in respect of the passage by the vehicle through the vehicular tunnels; and
- (c) the toll remains unpaid beyond midnight on the day following passage of the vehicle through the vehicular tunnels pursuant to byelaw 52 ("the relevant date").

55. The level of unpaid toll charges to be applied to a vehicle in accordance with byelaw 54 shall be:

- (a) £30 in addition to the toll payable when paid in full within fourteen days beginning with the relevant date;
- (b) £60 in addition to the toll payable when paid in full between the relevant date and the expiry date of twenty eight days following the relevant date;
- (c) £100 in addition to the toll payable when paid in full after the expiry date of twenty eight days following the relevant date.

XII. PENALTY FOR OFFENCES

56. Any person who shall contravene or fail to comply with a provision of these byelaws shall be guilty of an offence and be liable on summary conviction to a fine not exceeding Level 3 on the standard scale.

57. The Authority wherever applicable in monitoring infringements of these byelaws and in the prosecution of offenders shall be entitled to rely where appropriate:

- (a) on the evidence of a device adapted for measuring by radar, laser or automatic number recognition or any other means the speed of vehicles as shall be approved by the Secretary of State; and
- (b) to make admissible as evidence recorded images from the flow of traffic or pedestrians or cyclists in the tunnels.

58. Any person reasonably suspected by a tunnels officer of breaching or attempting to breach any of the byelaws shall give his name and address when asked by a tunnels officer and if he fails to do so then he shall be guilty of an offence and shall be liable on summary conviction to a fine not exceeding Level 3 on the standard scale.

59. A tunnels officer requesting details under byelaw 58 must state the nature of the suspected breach of the byelaw in general terms at the time of the request.

XIII. REVOCATION OF EXISTING BYELAWS

60. The Tyne Tunnel Byelaws 2010 are hereby revoked.

The COMMON SEAL of the TYNE)
AND WEAR INTEGRATED TRANSPORT)
AUTHORITY was hereunto affixed in the)
presence of:)

Legal Advisor to the Authority

The foregoing byelaws are hereby confirmed by the Secretary of State for Transport and shall come into force on [date].

Signed by the Authority of the Secretary of State

Signed by a Senior Principal in the Department of Transport

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

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By virtue of paragraph(s) 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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