



Tyne & Wear ITA - Standards & Audit Committee

SUPPLEMENTAL AGENDA

Meeting to be held: Committee Room, Civic Centre, Newcastle upon Tyne, NE99 2BN
on Friday 18 March 2011 at 2.00 pm

Contact Officer: Victoria Miller (0191) 211 5118 victoria.miller@newcastle.gov.uk

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11. Risk Management Update	1 - 8
Report by the Deputy Clerk and Treasurer	

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Tyne and Wear Integrated Transport Authority

Date: 18 March 2011

TITLE: STRATEGIC RISK UPDATE
REPORT OF THE DEPUTY CLERK AND TREASURER
Not Confidential
District Implications across Tyne and Wear

1. Summary / Purpose of Report

- 1.1 This report provides an update on ITA strategic risks and opportunities as set out in the ITA Strategic Risk Strategy.
- 1.2 The formal risk process adopted by the ITA aims to provide assurance that significant risks and opportunities associated with the delivery of ITA business (as expressed in the Passenger Transport Policy Statement) are continually being identified, and appropriately managed and monitored to derive optimal performance.
- 1.3 The risk register has been updated by ITA Policy Officers together with colleagues from Nexus and material changes / issues are summarised within this report.
- 1.4 Risks fall into two general areas:
 - a) Significant threats, barriers or weaknesses that could cause substantial negative impacts on the delivery of ITA business / prevent the achievement of aims and objectives (and which therefore require attention to avoid or reduce); and / or
 - b) Significant opportunities that could cause substantial positive impacts on the delivery of ITA business / secure the delivery of aims and objectives (and which may require planning to exploit or enhance).

2. Recommendations

- 2.1 To review and challenge the outcomes of the update to the strategic risk review.
- 2.2 To identify any further significant risks or mitigating actions for consideration.

3. Strategic Risk Update

- 3.1 This update concentrates on:
 - (a) Summarising current activities and further mitigation in response to the highest priority risks and opportunities facing the ITA.

(b) An overview of all strategic risks and opportunities (as presented in **Appendix A**).

3.2 Since the last full review of the strategic risk register (September 2010, reported to ITA Standards and Audit Committee) a number of events have occurred that have mitigated (or changed the focus) of several of the ITA strategic risks.

- The ITA and Nexus have undertaken a budget review process to take account in the decrease in funding from the levy of 5% in 2011/12 and 5% in 2012/13.
- The Government has also confirmed the levels of reduction in funding for both local transport and major transport schemes, including the A19 Junctions.
- The LTP 3 is now close to being finalised and approved by the ITA following the consultation period.

3.3 Members of the Standards and Audit Committee are asked to comment on the proposal to close the risk titled “inability to bring forward A19 junction schemes to coincide with New Tyne Crossing completion, resulting in lost opportunities”, due to the fact that there the A19 junctions will not be taken forward until after 2014 through the loss of Government funding. However, it is suggested that this is reviewed closer to 2014, with a view of an opportunity.

4. **Next Steps**

4.1 The ITA Strategic Risk Register is regularly monitored and fully reviewed/reported to ITA Standards and Audit Committee every 6 months to ensure risk ratings reflect emerging risks and progress is being made in reducing current risks. The ITA will also continue to receive strategic risk updates on an annual basis.

5. **Further comments by the:**

- **Clerk** (none)
- **Treasurer** (none)
- **Legal Advisor** (none)
- **Director General** (none)

6. **Background Papers**

6.1 ITA Strategic Risk Register – Available from contact officers below.

7. **Contact Officer (s)**

7.1 Les Cain, Principal Auditor, Newcastle City Council (0191 211 6515)

Roger Gill, ITA Policy Manager, Newcastle City Council (0191 211 4805)

SUMMARY OF ALL STRATEGIC RISKS (March 2011)

ITA Risk at a glance

Strategic Risks			
Description	Priority	Direction of travel	Summary of progress
Policy Delivery and Integration			
Ineffective stakeholder management and ITA leadership on development of next Local Transport Plan (LTP3).	Amber 9	Improving	<p>There continues to be a strong focus and ongoing engagement with LTP Partners and stakeholders in the development and finalisation of the LTP3.</p> <p>The draft LTP underwent a public consultation period between October and December 2010, and final amendments and sign off process are taking place.</p> <p>Strong partnership working continues through various member and officer structures, including:</p> <ul style="list-style-type: none"> • ITA • ITA LTP Working Group • LTP Senior Officer Group (Chaired by the ITA Clerk) • Joint Transport Steering Group • Joint Transport Working Group

SUMMARY OF ALL STRATEGIC RISKS (March 2011)

Performance Management	
Ineffective performance management leading to ineffective decision making and inappropriate use of resources.	<p>Green 6</p> <p>Improving</p> <p>With the move to a new Local Transport Plan a coherent set of revised local transport indicators are being developed. This development offers the opportunity to streamline monitoring and performance arrangements at the Tyne and Wear level with a single monitoring framework reflecting the ITA's new vision, strategic objectives, LTP policies and interventions.</p>
Financial	
Future spending restrictions, impacting on key ITA projects and ability to deliver policy objectives.	<p>Red 12</p> <p>Static</p> <p>The Government decreased the amount of capital resources, resulting in Local Transport Plan funding being reduced in 2010/11 and 2011/12, 2012/13</p> <p>Affordability studies have been reported to the ITA for 2010/11 with work underway on reviewing year 2 (2011/12) and year 3 (2012/13).</p> <p>LTP3 has been developed to reflect the reduction in funding in the short-term, whilst acknowledging that the LTP is a ten year strategy.</p>
Joint Service Budget priorities may not fully support current ITA activities, leading to additional and unexpected financial demands on the ITA and the five Councils.	<p>Red 12</p> <p>Static</p> <p>The ITA and Nexus undertook a budget review process, which took account of the 5% reduction in the levy for 2011/12 and 2012/13</p>

SUMMARY OF ALL STRATEGIC RISKS (March 2011)

<p>Insufficient funding for Concessionary Fares resulting in restricted ITA ability to fund other transport services, reduction in some services and adverse publicity.</p>	<p>Amber 9</p>	<p>Static</p>	<p>The published Scheme for Tyne and Wear has been amended to take account of DfT guidance issued in late 2010. Funding for April 2011 onwards has been reviewed as part of Nexus budget which has recently been approved by the ITA.</p>
<p>Efficiency Targets 2008/2011 set at unrealistic levels.</p>	<p>Amber 9</p>	<p>Static</p>	<p>There continues to be a strong focus on delivery of efficiency savings in all aspects of Nexus activity.</p>
<p>Major Projects</p>			
<p>Failure to provide effective challenge and governance to the Metro Re-invigoration Project.</p>	<p>Amber 9</p>	<p>Static</p>	<p>The Coalition Government re-affirmed its support for the Metro Reinvigoration Phase II capital and revenue programme in June 2010. ITA continues to receive updates on programme progress from Nexus, and has set up an ITA Metro Sub Committee to consider Metro issues in further detail.</p>
<p>Impacts of NTC construction being poorly managed or perceived as being poorly managed resulting in damage to community relations and reputation damage to the ITA.</p>	<p>Amber 9</p>	<p>Static</p>	<p>The New Tyne Crossing Programme has been modified to take into account actual progress in the year. The new tunnel opened in February 2011 and the reopening of the existing tunnel, following renovation, is December 2011. Completion of the NTC programme remains</p>

SUMMARY OF ALL STRATEGIC RISKS (March 2011)

<p>Inability to bring forward A19 junction schemes to coincide with New Tyne Crossing completion, resulting in lost opportunities.</p>	<p>Amber 8</p>	<p>Static</p>	<p>December 2011. In June 2010, a statement made by the Secretary of State for Transport effectively suspended works on those major transport schemes without formal funding. A new framework and process for funding and prioritising major transport schemes was established after the Comprehensive Spending Review (CSR) in October, which confirmed that the A19 junctions will not proceed until after 2014. The Government has committed to an interim scheme at Silverlink which will enhance the capacity of the junction.</p>
<p>Equalities</p>			
<p>Equalities issues not fully considered in policy formulation and other activities of the ITA, resulting in potential legal challenge and/or failure to deliver ITA vision and objectives.</p>	<p>Green 6</p>	<p>Static</p>	<p>An Equalities Impact Assessment has been carried out as part of the LTP3 development process. ITA E&D Working Group established to consider equalities issues in further detail. Reviewing the ITA Policy Statement and Equalities Schemes to ensure that they comply with equalities legislation.</p>

SUMMARY OF ALL STRATEGIC RISKS (March 2011)

ITA Opportunities at a glance

Strategic Opportunities		
Description	Direction of travel	Summary of progress
Opportunity to deliver maximum benefits to bus users as a result of Local Transport Act 2008 provisions.	Improving	Work continues on the development of formal proposals for procuring bus networks in order to deliver objectives set out in the proposed LTP 3.
Opportunities presented by Smart Ticketing Initiative (NESTI)	Improving	The first public transport service to carry NESTI enabled smart ticketing equipment began on 6 th June 2010. Work is underway to develop the opportunities for using the NESTI scheme to deliver efficiencies to Local Authorities.
Opportunity for the ITA to play stronger role in Tyne and Wear Local Transport matters and demonstrate strategic leadership.	Improving	ITA is leading on LTP3 development in partnership and consultation with districts and Nexus. Also providing input to other regional and national transport activities including Delivering a Sustainable Transport System (DaSTS) and development of a City Region Transport Strategy. The ITA will be in a strong position to help advise and influence transport proposals in the new Local Enterprise Partnership. A review of the Authority's Policy Statement will reiterate the ITA's wider role, responsibilities, vision and key

SUMMARY OF ALL STRATEGIC RISKS (March 2011)

<p>Opportunity to further develop processes and arrangements for scrutiny.</p>		<p>Static</p>	<p>objectives for transport in Tyne and Wear. There continues to be a strong focus on aligning the ITA and ITA scrutiny forward programme to ensure relevant items and issues are considered by scrutiny committee and value is added to the process.</p>
<p>Opportunity for the ITA to develop and lead on bids for funding from Central Government to help deliver ITA objectives</p>		<p>Improving</p>	<p>The ITA is leading on a bid for funding for sustainable transport from Government, on behalf of Tyne and Wear partners.</p>
<p>Opportunity for the ITA to undertake a review to look at other models of operation.</p>		<p>Improving</p>	<p>As part of the budget review process, we committed ourselves to looking at how the ITA operates in the new LEP policy environment and how it tackles the localism agenda.</p>