

**Tyne and Wear Integrated Transport Authority Scrutiny Committee**

Thursday 18 March 2010 at 10.00 am

Meeting to be held in the Crowtree Leisure Centre, Crowtree Road, Sunderland

Contact Officer: Paul Staines - 0191 2777524

**Membership**

Councillors: Hunter, Councillor David Forbes, Councillor Bill Brady, Charlton, Councillor Malcolm Graham, Councillor Mrs J Macaulay, Councillor Graeme Miller, Councillor Brian Richmond and Lynch

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## SUPPLEMENTAL AGENDA

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## Tyne and Wear Integrated Transport Authority

### Scrutiny Committee

18<sup>th</sup> March, 2010

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**TITLE:** ITA Strategic Risks

**REPORT OF:** ITA Senior Policy Officer

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#### 1. Summary / Purpose of Report

- 1.1 This report provides Scrutiny members with a summary of strategic risks as identified and reported to the Tyne and Wear Integrated Transport Authority (ITA) in September 2009.
- 1.2 The formal risk process adopted by the ITA aims to provide assurance that significant risks associated with the delivery of ITA business (as expressed in the Passenger Transport Policy Statement 2007/08 to 2009/10) are continually being identified, and appropriately managed and monitored to derive optimal performance.

#### 2. Recommendation

- 2.1 Members are recommended to:
  - 1. note the content of report
  - 2. raise any questions relating to the ITA's strategic risks, which are to be reviewed and reported back to ITA Standards and Audit Committee in April 2010.

#### 3. Background

- 3.1 The ITA risk register is a 'live' document, which is held and reviewed by ITA officers on an ongoing basis. Material changes / issues are summarised in reports to the ITA Standards and Audit Committee (twice a year) and ITA Full Committee (once a year).
- 3.2 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).

#### 4. Information

4.1 The last update report provided to the September 2009 ITA meeting concentrated on:

- (a) Summarising current activities and further mitigation in response to the highest priority risks affecting the ITA (as outlined in Paragraph 4.3).  
 (b) Summarising new risks (as outlined in Paragraph 4.5); and  
 (c) An overview of all strategic risks (as contained within the diagram in **Appendix A**).

4.2 Generally, officers did not identify any changes in risk levels (either up or down), with the exception of two risks that were closed (as outlined in Paragraph 4.6).

4.3 The following risks are currently prioritised as having a high / red priority rating:

Risk Description	Risk Priority	Information / Update
<p>Future public spending restrictions and Delivering a Sustainable Transport System (DaSTS) re-prioritisation could lead to lack of delivery on Tyne and Wear schemes, impacting on key ITA projects and ability to deliver policy objectives.</p> <p>Risk Owner(s): ITA Clerk (Barry Rowland) / Nexus Director General (Bernard Garner)</p> <p>Risk Manager(s): ITA Deputy Clerk (Paul Woods) / Nexus Director of Finance and Resources (John Fenwick)</p>	<p>Red (12)</p> <p>NEW RISK</p>	<p>A new high priority risk has emerged concerning future levels of public spending and the future priority status of major schemes within Tyne and Wear. This risk is not unique to Tyne and Wear (it applies equally to all major schemes throughout England), but it could have significant implications for the delivery of ITA objectives and policies.</p> <p>A number of controls are already in place to minimise this risk - current mitigation includes: representation on the Transport RFA Working Group and DaSTS Steering Group; briefings to the Tyne and Wear representative on the Interim Regional Transport Board; and input to DaSTS programme work areas (particularly the City Region Accessibility Study). The City Region Governance Review is considering strengthened alignment / representation between the ITA, City Region and Regional structures.</p> <p>However, it is important that ITA and Nexus officers continue to champion Tyne and Wear schemes through existing forums/structures and lobbying of national agencies such as the Department for Transport. Further mitigation includes:</p> <ul style="list-style-type: none"> <li>- Championing the business cases for Tyne and Wear schemes through both member and officer RFA and DaSTS structures</li> <li>- Lobbying and influencing the Department for</li> </ul>

		Transport and regional representatives regarding priority Tyne and Wear transport challenges and opportunities.
<p>Failure to develop / secure delivery of “modal shift” within the current planning period (to 2011).</p> <p>Risk Owner(s): ITA Deputy Clerk (Paul Woods)</p> <p>Risk Manager(s): NCC Director of Strategic Housing, Planning and Transportation (Harvey Emms)</p> <p>Nexus Head of Strategy (Tobyn Hughes)</p>	Red (12)	<p>There is no change in risk priority. The action plan has been completely revised and further mitigation (for Nexus implementation) includes:</p> <ul style="list-style-type: none"> <li>– Delivery of the bus corridors major scheme</li> <li>– Implementation of a Sustainable Travel Cities programme (subject to funding and in conjunction with the Local Transport Plan Team)</li> <li>– Development of a Park and Ride Strategy</li> <li>– Development and implementation of Smart Ticketing</li> </ul>
<p>Failure to secure and deliver Metro Re- invigoration Project</p> <p>Risk Owner(s): Nexus Director General (Bernard Garner)</p> <p>Risk Manager(s): Nexus Director General (Bernard Garner)</p>	Red (12)	<p>There is no change in risk priority. Expansion of capital programme reporting to illustrate key performance / project milestones to the ITA and ITA Scrutiny Committee is now being carried out by Nexus.</p> <p>One new action has been identified:</p> <ul style="list-style-type: none"> <li>– Ongoing dialogue with DfT concerning the reference case for funding (Nexus)</li> </ul>

4.4 Seven new risks were also identified. A number of these are about the new powers granted to the ITA through the Local Transport Act 2008. Once again, much is already being done to minimise these risks (for example, the establishment of new ITA working groups), but further work is needed to fully assess how these new duties and powers can be best used to deliver the ITA’s objectives and policies.

4.5 The new risks raised are:

New Risk	Risk Priority
<p>Future public spending restrictions and DaSTS re-prioritisation could lead to lack of delivery on Tyne and Wear schemes, impacting on key ITA projects and ability to deliver policy objectives.</p> <p>(Information is as provided in Paragraph 4.3 above).</p>	Red (12)
<p>Opportunities presented by regional Smart Ticketing initiative (NESTI) to deliver</p>	Amber

ITA policy objectives around modal shift and network integration Risk Owner(s): Nexus Director General (Bernard Garner) Risk Manager(s): Nexus Director of Strategy (Tobyn Hughes)	(9)
Pandemic flu outbreak impacts on operational capacity of Nexus and ITA, with risk of severe disruption to public transport operations. Risk Owner(s): ITA Clerk (Barry Rowland) / Nexus Director General (Bernard Garner) Risk Manager(s): ITA Deputy Clerk (Paul Woods) / Nexus Director of Strategy (Tobyn Hughes)	Amber (8)
Poor CAA findings concerning transport across Tyne and Wear Risk Owner(s): Clerk (Barry Rowland) / Risk Manager(s): Deputy Clerk (Paul Woods)	Green (6)
Lack of engagement and buy in from local authorities and other stakeholders when preparing LTP3 Risk Owner(s): ITA Clerk (Barry Rowland) Risk Manager(s): NCC Director of Strategic Housing, Planning and Transportation (Harvey Emms)	Green (6)
Opportunities presented by wellbeing powers to better deliver ITA policy objectives Risk Owner(s): Clerk (Barry Rowland) Risk Manager(s): Deputy Clerk (Paul Woods)	Green (4)
Use/misuse of well being powers leading to financial pressures or legal challenge Risk Owner(s): Clerk (Barry Rowland) Risk Manager(s): Deputy Clerk (Paul Woods)	Green (3)

4.6 Two risks were closed:

Risk	Reason for closing
Inability to deliver prudential borrowing leads to necessity to renegotiate terms and associated increased costs	Actions completed
Failure to manage the outcome of TIF studies into a business case for congestion charging leading to loss of credibility, funding loss and risk to local transport investment.	TIF project closed by Government.

5. **Next steps**

5.1 The ITA Risk Register is regularly monitored and fully reviewed every 6 months to ensure risk ratings reflect emerging risks and progress is being made in reducing current risks.

5.2 ITA Standards and Audit Committee is responsible for providing independent challenge and assurance that ITA governance and internal management systems are effective and that risks are being effectively addressed. They will receive the next strategic risk update report for consideration on 16 April 2010.

## **6. Background Papers**

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

Strategic Risk Update report, ITA Full Committee Meeting 24 September 2009

## **11. Contact Officer(s)**

11.1 Scott Vincent, ITA Senior Policy Officer, tel: 0191 211 4805, email: [scott.vincent@newcastle.gov.uk](mailto:scott.vincent@newcastle.gov.uk)

Impact		Low	Medium	High
High	Inability to bring forward A19 junction schemes within Regional Funding Allocations to coincide with New Tyne Crossing completion			
Medium			<ul style="list-style-type: none"> <li>Governance opportunities presented in Local Transport Act 2008</li> <li>Failure to realise maximum benefits from bus provisions in the Local Transport Act 2008</li> <li>Failure of ITA to effectively broaden policy agenda to reflect wider ITA objectives beyond public transport</li> <li>Failure to influence National Government Policy</li> <li>Efficiency targets 2008/11 set at unrealistic level if they include Concessionary Fares</li> <li>Failure to balance income and expenditure (2010/11)</li> <li>Delays to 2010 opening of new tunnel and / or 2011 opening of existing tunnel</li> <li>Concessionaire termination event occurs</li> <li>Failure to identify and appropriately manage risks arising to the ITA under the concession period</li> <li>Nexus fails to negotiate a contract that adequately reflects ITA policy and objectives</li> <li>Opportunities presented by regional Smart Ticketing initiative (NESTI)</li> <li>Insufficient funding for Concessionary Fares</li> </ul>	<ul style="list-style-type: none"> <li>Failure to develop / secure delivery of "modal shift" within the current planning period (to 2011).</li> <li>Future public spending restrictions and DaSTS re-prioritisation could lead to lack of delivery on Tyne and Wear schemes, impacting on key ITA projects and ability to deliver policy objectives.</li> <li>Failure to secure and deliver Metro Re-invigoration Project</li> </ul>
Low	<ul style="list-style-type: none"> <li>Opportunities presented by wellbeing powers to better deliver ITA policy objectives</li> <li>Operational constraints on transport infrastructure</li> </ul>		<ul style="list-style-type: none"> <li>Failure to manage and monitor performance</li> <li>Poor CAA findings for transport across Tyne and Wear</li> <li>Failure by the Lead Authority to devise and implement the required level of service to the ITA</li> <li>Failure to balance income and expenditure (2008/09 – 2009/10)</li> <li>Failure of ITA to secure delivery of capital projects, to time, cost and quality agreements. Failure to make efficient use of the capital available</li> <li>Lack of engagement and buy in from local authorities and other stakeholders when preparing LTP3</li> <li>Failure to develop and maintain processes and arrangements for scrutiny</li> <li>ITA fails to maintain an effective governance framework</li> </ul>	<ul style="list-style-type: none"> <li>Impacts of NTC construction poorly managed or perceived as poorly managed</li> <li>Pandemic flu outbreak impacts on operational capacity of Nexus and ITA</li> </ul>
Nil			<ul style="list-style-type: none"> <li>Use/misuse of well being powers leading to financial pressures or legal challenge</li> </ul>	

Impact		Low	Medium	High
High	4	8	12	16
Medium	3	6	9	12
Low	2	4	6	8
Nil	1	2	3	4