

North East Joint Transport Committee, Audit Committee

Wednesday 19th December, 2018 at 10.00 am

Meeting to be held in a Committee Room, Civic Centre, Barras Bridge, Newcastle upon Tyne, NE1 8QH

AGENDA

Page No

1. **Apologies for Absence**

2. **Declarations of Interest**

Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.

3. **Joint Transport Committee, Audit Committee & Governance Changes** 1 - 12

4. **Budget Proposals 2019/20** 13 - 30

5. **Internal Audit Progress Report** 31 - 36

6. **Strategic Risk Register** 37 - 42

7. **Date and Time of Next Meeting**

Thursday 18 April 2019 at 10.00am

Contact Officer: Janet Howard Tel: 0191 211 5048 E-mail: janet.howard@newcastle.gov.uk

To All Members

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North East Joint Transport Committee, Audit Committee

Date: 19 December 2018

Subject: Joint Transport Committee, Audit Committee & Governance Changes

Report of: Monitoring Officer

Executive Summary

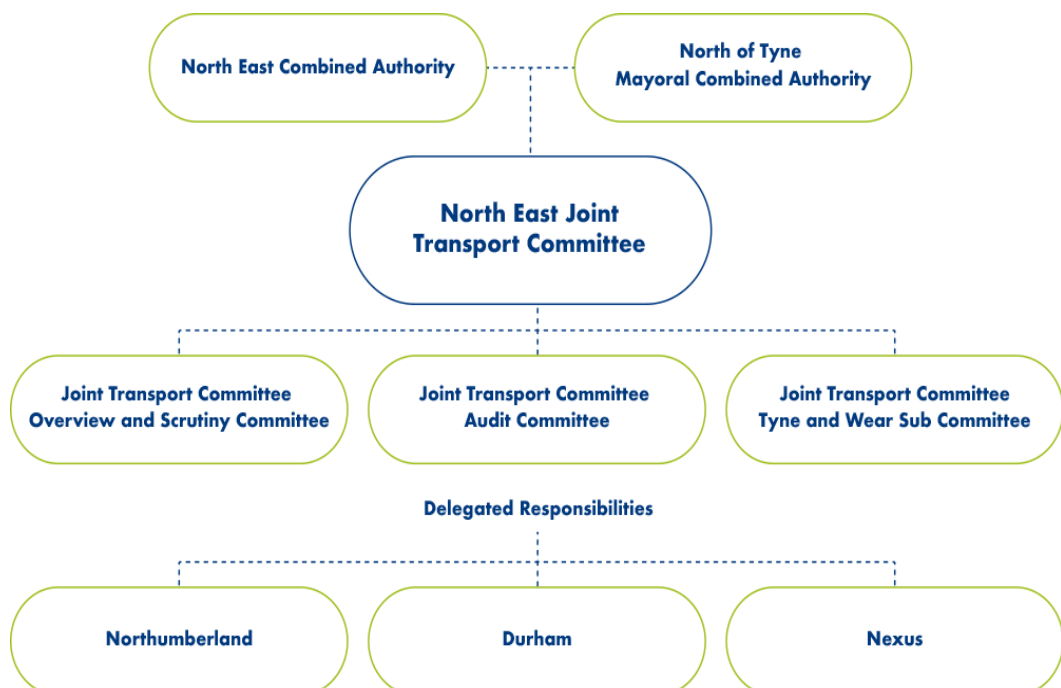
The purpose of this report is to provide members with information and an overview of the recent governance changes.

Recommendations

The Joint Transport Committee (JTC) Audit Committee is invited to note the new governance arrangements in relation to audit and standards in relation to North East transport matters.

1 Background Information

- 1.1 The Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018 created an obligation upon the North East Combined Authority and the North of Tyne Combined Authority to constitute a Joint Transport Committee. The same Order required the Joint Transport Committee to have an Audit Committee and an Overview and Scrutiny Committee and amended the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 to apply to these committees.
- 1.2 The same Order transferred transport property, rights and liabilities to be held jointly by the two Combined Authorities. Their accounts will be subject to formal consideration by the Audit Committees of the two Combined Authorities and by the external auditors of the Combined Authorities, who will produce external audit reports on the accounts for consideration by the two bodies. The JTC Audit Committee will receive a report on the Outturn Activity for each year from the Chief Finance Officer of the accountable body for the JTC, but will not have a full formal set of 'Accounts' for the JTC to inspect or comment on, as the JTC is not a 'local authority'. The JTC Audit Committee will receive internal audit reports and any comments from the external auditors in relation to transport activities.
- 1.3 In accordance with the responsibilities under the Order, the two Combined Authorities constituted the North East Joint Transport Committee at their inaugural meetings. In addition to the functions that the Order prescribes the North East Joint Transport Committee must discharge, the two Combined Authorities have delegated further functions to the North East Joint Transport Committee.
- 1.4 As a consequence of the above there are effectively three Audit Committees with a legitimate interest in North East transport assets and resources. The current structure is depicted as follows:



- 1.5 As suggested by the above diagram, the North East Joint Transport Committee has delegated the delivery of certain functions to Northumberland and Durham County Councils. By virtue of the 2018 Order, and the 2014 Order which created the North East Combined Authority (as amended) Nexus (the Tyne and Wear Passenger Transport Executive) is an Executive body of both Combined Authorities. In this capacity Nexus has also been delegated certain authority and, of course, the relationship between Nexus and the North East Joint Transport Committee, which through the Tyne and Wear Sub-Committee, also discharges the functions of the Integrated Transport Authority for Tyne and Wear in accordance with the obligations set out in the Transport Act 1968 and the 1969 (Designation) Order. As a consequence of this, the remit of the JTC Audit Committee can extend to obtaining assurance about the activities of these important delivery agencies.
 - 1.6 The role of the JTC Audit Committee does not extend to standards. It has been agreed that standards matters should be referred to the Audit and Standards Committees of each Combined Authority and, as necessary, to the relevant Constituent Authorities.
 - 1.7 The JTC Audit Committee was constituted by the North East Joint Transport Committee at its inaugural meeting on 20 November 2018. As this is the first meeting of the newly constituted Committee, it is timely for Members to consider how the Committee will operate and discharge its functions.
 - 1.8 The Joint Transport Committee was invited to approve the commencement of a process to appoint the independent Chair and Vice Chair of the JTC Audit Committee. A copy of that paper and its appendices are attached for information as an appendix to this paper.
 - 1.9 In addition to the three audit committees outlined above, there is a potential relationship/common interest with the three Audit Committees of the bodies delivering transport activities – Nexus, Durham County Council and Northumberland County Council. Given the reporting and governance arrangements in relation to Nexus and the need to incorporate the accounts of Nexus into the group accounts of both Combined Authorities, there is a stronger relationship/common interest with the Audit Committee of Nexus.
- 2. Proposals**
- 2.1 Members are invited to discuss the matters highlighted in this paper and to advise officers of their wishes in relation to the operation of the Committee and discharge of its functions. In particular, comments are welcome about effective joint working between the three Audit Committees and the co-ordination of their activities.
- 3. Reason for the Proposals**
- 3.1 Audit Committee fulfils an ongoing review and assurance role in relation to governance of transport and internal control issues.

4. Next Steps and Timetable for Implementation

- 4.1 The comments of the Committee will inform any further proposals in relation to streamlining or improving governance.

5. Potential Impact on Objectives

- 5.1 Effective governance is vital to support the achievements of the North East JTC's objectives and those of the Combined Authorities.

6. Finance and Other Resources Implications

- 6.1 There are no direct financial implications arising from this report. Risk Management work is supplied to NECA in 2018/19 through a Service Level Agreement with Newcastle City Council. However, those Service Level Agreements were put in place before the JTC Audit Committee was created and the SLAs will need to be amended to reflect this.

7. Legal Implications

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

8. Key Risks

- 8.1 There are no direct risk management implications from this report.

9. Equalities and Diversity

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

10. Crime and Disorder

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

11. Consultation /Engagement

- 11.1 The Head of Paid Service, Monitoring Officer and Chief Finance Officer for NECA have been consulted.

12. Other Impact of the Proposals

- 12.1 The proposals comply with the principles of decision making. Relevant consultation processes have been held where applicable.

13. Appendices

- 13.1 North East Joint Transport Committee Report – 20 November 2018

14. Background Documents

- 14.1 None

15. Contact Officers

15.1 Peter Judge, Monitoring Officer
peter.judge@northeastca.gov.uk.
Telephone - 0191 338 7455

16. Sign off

- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

17. Glossary

JTC – North East Joint Transport Committee

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North East Joint Transport Committee

Date: 20 November 2018

Subject: Appointment of Joint Transport Committee (JTC), Tyne and Wear Sub Committee; JTC, Overview and Scrutiny Committee and JTC, Audit Committee, including the Appointment of Chairs and Vice Chairs for the Municipal Year 2018/2019

Report of: Monitoring Officer

Executive Summary

This report seeks agreement and appointment to the establishment of the committees of the North East Joint Transport Committee's Tyne and Wear Sub Committee, Overview and Scrutiny Committee and Audit Committee. Including the appointment of Members to these committees. The report also seeks agreement to the appointment of Chairs and Vice Chairs for Overview and Scrutiny Committee and Audit Committee and Tyne and Wear Sub Committee for the Municipal Year 2018/19.

Recommendations

It is recommended that the Joint Transport Committee:

- i. Appoint committees and committee members for the municipal year 2018/19, as set out in Appendix A.
- ii. Note the need to appoint or confirm the appointment of Chairs and Vice Chairs for the JTC's Overview and Scrutiny Committee and JTC, Audit Committee for the municipal year 2018/19, or in the absence of an appointment delegate to the relevant committees where appropriate.
- iii. Appoint the Chair and Vice Chair(s) of the Tyne and Wear Sub Committee for the 2018/2019 municipal year.

1. Background Information

- 1.1 In accordance with the Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018 (the **Order**), the North East Combined Authority (**NECA**) and the Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority (**NTCA**) have appointed the Joint Transport Committee (JTC) to exercise functions as specific in the Order.
- 1.2 In accordance with the Order, each combined authority must appoint members to the Joint Transport Committee Overview and Scrutiny Committee, Audit Committee and Tyne and Wear Sub Committee.
- 1.3 Both combined authorities have made the appointments, and these are set out in Appendix A.

Joint Transport Committees - Municipal Year 2018/19

- 1.4 Listed below are the committees noted above for the municipal year 2018/19:
 - JTC's Tyne and Wear Sub Committee; focuses on the Tyne and Wear area and in particular on the issues that would have been formerly decided by the Tyne and Wear Integrated Transport Authority
 - JTC's Audit Committee; this Committee is a key component of the corporate governance arrangements and is an important source of assurance about the Joint Transport Committees arrangements for managing risk, maintaining an effective control environment; and reporting on financial and other performance
 - JTC's Overview and Scrutiny Committee; Providing effective scrutiny arrangements, ensuring accountability and transparency of decision making for the Joint Transport Committee
- 1.5 Relevant terms of reference of the above committees are set out in the Joint Transport Committee's standing orders, as outlined in a separate report to this Committee.

- 1.6 The new Order also requires the appointment of a JTC, together with the Overview and Scrutiny and Audit Committees as outlined above. Although the Combined Authorities are under an obligation to constitute a North East Joint Transport Committee, and the two other committees are constituted by statute, under the terms of a Deed of Co-operation signed on 4 July 2018 it is agreed that the North East Joint Transport Committee will also constitute a Tyne and Wear Sub-Committee.

Committee Membership, Municipal Year 2018/19

- 1.7 The nominations for the membership of the committees outlined in this report for the municipal year 2018/19, including substitute members where appropriate, are set out as Appendix A.

Chairs and Vice-Chairs of Committees

- 1.8 Members are asked to note the need to appoint or confirm the appointment of Chairs and Vice Chairs of the JTC Audit Committee, and the JTC Overview and Scrutiny Committee for the municipal year 2018/19, or in the absence of an appointment, delegate to the relevant committees where appropriate.
- 1.9 The JTC is also invited to appoint the Chair and Vice Chair(s) of the JTC, Tyne and Wear Sub Committee.

2. Proposals

- 2.1 The JTC is invited to approve the committees and confirm its membership proposed by the North East Combined Authority and North of Tyne Combined Authority.
- 2.2 The JTC is invited to note the need to appoint or confirm the appointment of Chairs and Vice Chairs for the JTC Audit Committee, and the JTC Overview and Scrutiny Committee for the municipal year 2018/19, or in the absence of an appointment delegate to the relevant committees where appropriate.
- 2.3 The JTC is also invited to appoint the Chair and Vice Chair(s) of the Tyne and Wear Sub Committee.

3. Reasons for the Proposals

- 3.1 The proposals will enable the Joint Transport Committee to operate effectively and in accordance with the Order and the Standing Orders.

4. Alternative Options Available

- 4.1 The proposals are set out in the recommendations of this report. The alternative would be that alternative members are nominated.

5. Next Steps and Timetable for Implementation

- 5.1 The committee structure will be published on NECA's website, the Joint Transport Committee page and all stakeholders informed, as soon as practicably possible.

6. Potential Impact on Objectives

- 6.1 The appointments will enable the Joint Transport Committee and its Committees to properly discharge its functions, thereby assisting in the delivery on its objectives.

7. Financial and Other Resources Implications

- 7.1 The provision of the support arrangements for the Joint Transport Committee(s) is contained within the existing financial resources available. Any allowances paid to Members from the constituent local authorities in attending a committee will be a matter for each of the constituent local authorities and their respective remuneration panels.
- 7.2 Independent Members fees will continue to be paid in line with current arrangements and will be reviewed.

8. Legal Implications

- 8.1 The Joint Transport Committee(s), is required to make arrangements to enable relevant decision-making responsibilities, overview and scrutiny arrangements, audit arrangements and associated functions to be fulfilled. These responsibilities arise under the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 and the Openness of Local Government Body Regulations 2014, as well as the provisions for the Order creating NECA and the recent Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018. The proposals set out in this report comply with these requirements.

9. Key Risks

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

10. Equality and Diversity

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

11. Other Impact of the Proposals

11.1 The proposals comply with the principles of decision-making. Relevant consultation processes have been held where applicable.

12. Appendices

12.1 Appendix A: Confirmed Committees and Membership 2018/19

13. Background Papers

13.1 Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018

13.2 The Durham, Gateshead, South Tyneside and Sunderland Combined Authority Order 2014 (SI 2014 No.1012) as amended by the Second Order

14. Contact Officers

14.1 Peter Judge, Monitoring Officer
E-mail: peter.judge@northeastca.gov.uk Tel: 0734 2069 371

15. Sign off

- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

16. Glossary

JTC – Joint Transport Committee
NECA – North East Combined Authority
NTCA – North of Tyne Combined Authority

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North East Joint Transport Committee Audit Committee

Date: 19 December 2018
Subject: Budget Proposals 2019/20
Report of: Chief Finance Officer

Executive Summary

The purpose of this report is to seek the views of the Joint Transport Committee (JTC) Audit Committee on proposals for the setting of the 2019/20 Transport budget, as part of its consultation process. A summary report on the 2019/20 Budget and Transport Levies was presented to the JTC on 20 November and is attached here as an appendix.

The views of the Audit Committee will be taken into account in the development of the detailed budget report and reported to the Joint Transport Committee when it sets the Budget and Transport Levies for 2019/20 in January 2019.

Recommendations

The Joint Transport Audit Committee is recommended to receive the report for information and provide comment for consideration as part of the 2019/20 budget consultation process.

1. Background Information

- 1.1 The purpose of this report is to seek the views of the Audit Committee on proposals for the 2019/20 JTC Transport Budget, as part of its consultation process. The summary report on the Draft Budget and Transport Levies presented to the JTC on 20 November is attached as an appendix.

2. Proposals

- 2.1 The budget proposals for 2019/20 for Transport activity are set out in the report attached as an appendix.
- 2.2 Key proposals (set out in detail in Appendix 1) presented to the Joint Transport Committee on 20 November include:
- a) The 2019/20 net Transport Budget and levy for Tyne and Wear is indicatively proposed to be set at £61.1m, which is a further reduction of £0.7m compared with the budget and levy for 2018/19. The budget savings needed to deliver this are expected to be made by Nexus in 2019/20 without significant impact on transport services, through efficiencies and temporary use of Nexus reserves.
 - b) The indicative Transport Budget and Levy for the Durham County Council area is expected to be £15.557m, which is a small reduction of £0.140m compared to 2018/19. At this point no significant reduction in services is envisaged.
 - c) The indicative Transport Budget and Levy for the Northumberland County Council area is expected to be £6.119m, which is a small reduction of £0.032m compared to 2018/19. At this point no significant reduction in services is envisaged.
 - d) The Tyne Tunnels Tolls are proposed to be increased to keep pace with inflation and the increase in the shadow toll payable to the concessionaire TT2, in line with the concession contract and the agreed approach to the funding of the Tyne Tunnels.

3. Reasons for the Proposals

- 3.1 As part of the process for setting its budget, the JTC must ensure appropriate and effective consultation takes place with all Members and other stakeholders on the content of the Budget. This includes consultation with the Audit Committee and this report provides an opportunity for such consultation to take place

4. Alternative Options Available

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

5. Next Steps and Timetable for Implementation

- 5.1 Comments made as part of the consultation process will be taken into account in the development of the final, detailed budget proposals for 2019/20 which will be presented to the JTC for approval in January 2019.

6. Potential Impact on Objectives

- 6.1 Impacts on objectives are set out in the individual reports contained as appendices.

7. Financial and Other Resources Implications

- 7.1 The financial and other resource implications are set out in detail in the individual reports contained as appendices.

8. Legal Implications

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

9. Key Risks

- 9.1 There are no risk management implications arising from this report.

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

- 12.1 The budget is subject to a period of consultation which includes this committee as well as other committees of the JTC and the two Combined Authorities, officer groups and the North East England Chamber of Commerce.

13. Other Impact of the Proposals

- 13.1 There are no other impacts arising from this report which is for information.

14. Appendices

- 14.1 Appendix 1: Transport Budget and Levies (report to Joint Transport Committee, 20 November 2018)

15. Background Papers

- 15.1 None

16. Contact Officers

16.1 Eleanor Goodman, Principal Accountant, eleanor.goodman@northeastca.gov.uk,
0191 277 7518

17. Sign off

- 17.1
- Head of Paid Service: ✓
 - Monitoring Officer: ✓
 - Chief Finance Officer: ✓



North East Joint Transport Committee

Date: 20 November 2018
Subject: Transport Budget and Levies
Report of: Chief Finance Officer

Executive Summary

The purpose of this report is to set out a summary of the proposed draft Transport revenue budget and levies for 2019/20, and provides an update on the transport revenue budget position in the current year.

Recommendations

The Joint Transport Committee is recommended to: -

- i. Receive this report for consideration and comment;
- ii. Note the position of the current year 2018/19 Transport Budget and Levies, as set out in sections 2.1, 2.2, and 2.3 of this report;
- iii. Agree the following proposals for the basis of consultation about the 2019/20 Transport Revenue Budget:
 - a. The 2019/20 net Transport Budget and levy for Tyne and Wear is indicatively proposed to be set at £61.1m which is a further reduction of £0.7m compared with the budget and levy for 2018/19. The budget savings needed to deliver this are expected to be made by Nexus in 2019/20 without significant impact on transport services, through efficiencies and temporary use of Nexus reserves.
 - b. The indicative Transport Budget and Levy for the Durham County Council area is expected to be £15.557m, which is a small reduction of £0.140m, compared to 2018/19. At this point no significant reduction in services is envisaged.

- c. The indicative Transport Budget and Levy for the Northumberland County Council area is expected to be £6.119m, which is a small reduction of £0.032m compared to 2018/19. At this point no significant reduction in services is envisaged.
 - d. That the Tyne Tunnel Tolls are proposed to be increased to keep pace with inflation and the increase in the shadow toll payable to the concessionaire TT2, in line with the concession contract and the agreed approach to the funding of the Tyne Tunnels, as set out in section 2.5.5.
- iv. Note that the budget proposals for Transport will be subject to a consultation process of two months, including reports to the Audit and Standards and Oversight and Scrutiny Committees and to the North East England Chamber of Commerce; as well as being available for comment on the web site and through individual councils' budget consultation processes, as considered necessary.
- v. Note the intention to consider and approve the Transport Revenue Budget and to set the Transport Levies for 2019/20 at a meeting in January (potentially 22 January) after taking into account any comments received on the proposals for 2019/20.

1. Background Information

- 1.1 This report sets out a summary of the proposed draft Transport revenue budget and levies for 2019/20, and an update on the revenue position in the current year.
- 1.2 The Transport budget for 2018/19 was agreed by the NECA Leadership Board at its meeting on 16 January 2018, when total transport levies of £83.648m were set.

2. Proposals

2.1 Transport Revenue Budgets 2018/19 Forecast and 2019/20 Proposals

- 2.1.1 As the Transport levies and revenue grants are normally fixed for the year there is no change in Levies payable and minimal change in the NECA revenue budget itself. Any surplus or deficit against the budgets for the three main delivery agencies (Durham County Council, Northumberland County Council and Nexus) is retained or managed within the reserves of that organisation. The significant change is a £3.333m reduction in the grant payable to Nexus later in the year, with £3.333m being paid instead to a Metro Fleet Replacement Reserve as a second year contribution towards the match funding contribution that is required by the Department for Transport.

Table 1: 2018/19 Transport Levies and Grants

	2018/19 Original Budget	2018/19 Forecast	Spend to date Oct 2018
	£000	£000	£000
Total Transport Levies	(83,648)	(83,648)	(41,824)
Grant to Durham	15,692	15,692	7,846
Grant to Northumberland	6,146	6,146	3,073
Grant to Nexus	59,700	56,367	29,850
Contribution to Metro Fleet Replacement Reserve		3,333	0
Retained Transport Levy Budget	2,110	2,108	879
Contribution (to)/from NECA Transport reserves	-	(2)	(176)

- 2.1.2 The overall total proposed net revenue budget for Transport in 2019/20 is £82.776m. This represents a net cash reduction of £0.872m (1.04%) on the budget for 2018/19 agreed by the NECA Leadership Board in January 2018. Information about the draft budget and the levies for each of the three areas covered by the Joint Transport Committee (JTC) are summarised in the table below and set out in more detail in the following sections.

Table 2: Summary of proposed transport budgets and levies 2019/20

Area	Transport Levy	Change from 2018/19
	£000	£000
Durham	15,557	(140)
Northumberland	6,119	(32)
Tyne and Wear	61,100	(700)
Total	82,776	(872)

2.2 Durham County Council

2.2.1 The budget and levy for public passenger transport activity in County Durham is expected to be in the region of £15.557m for 2019/20. This compares with a levy for 2018/19 of £15.697m.

Table 3: Draft Durham Transport Budget and Levy 2019/20

	2018/19 Original Budget	2018/19 Forecast	2019/20 Proposed Budget
	£000	£000	£000
Concessionary Fares	11,940	11,940	12,059
Subsidised Services	2,850	2,553	2,558
Bus Stations	144	152	163
Bus Shelters	19	27	19
Passenger Transport Information	89	85	90
Staffing	650	650	663
Share of NECA Transport Costs	5	5	5
Net Expenditure	15,697	15,412	15,557

2.2.2 For 2018/19 an underspend of £0.285m is forecast, which will be retained by Durham County Council at the year-end. The main reasons for the projected underspend are as follows:

1. Subsidised Services - £297k under budget – this relates mainly to medium term financial plan savings made early following changes to the procurement of bus services.
2. Bus Stations - £8k over budget – this results from increased Repairs and Maintenance and vandalism.
3. Bus Shelters – £8k over budget – this results from increased repairs and maintenance.

2.2.3 Durham Council is currently developing its 2019/20 budget proposals, but some draft figures are set in the table above. At the current time, net budgets are proposed to be largely in line with the current year, with no significant adverse impact on services anticipated at this point.

2.3 Northumberland County Council

2.3.1 The proposed budget and levy for public transport activity in Northumberland is £6.119m for 2019/20. This compares with a budget of £6.151m for 2018/19. The budget and levy for 2018/19 and 2019/20 is summarised in the table below. :

2.3.2 *Table 4: Draft Northumberland Transport Budget and Levy 2019/20*

	2018/19 Original Budget	2018/19 Forecast	2019/20 Proposed Budget
	£000	£000	£000
Concessionary Fares	4,722	4,720	4,690
Subsidised Services	1,230	1,230	1,230
Bus Stations	23	23	23
Passenger Transport Information	25	27	25
Staffing	145	145	145
Share of NECA Transport Costs	5	5	5
Net Expenditure	6,151	6,151	6,119

2.3.3 The main areas of expenditure operated by Northumberland are:

- i) Concessionary Fares – Although claims from operators are received monthly all adjustments are being reimbursed with an accurate overall rate. It is currently forecast that Concessionary Fares will break-even in 2018/19.
- ii) Subsidised Bus Services – The Council supports a range of socially necessary bus services, mainly in the rural North and West areas of the County but also some in the more urban South East. It is forecast that the Council will break-even at the end of the financial year. No new routes are currently being proposed to be added to the network.

The Council is currently drafting and assessing its 2019/20 budget proposals so figures remain draft at this stage. The final medium term financial plan and budget proposals will be subject to consultation and therefore the budget may be subject to further amendments. At the current time, budgets are proposed to be largely in line with the current year with no significant changes.

2.4 Tyne and Wear

2.4.1 The distribution of the levy within Tyne and Wear is based on population, in accordance with the Transport Levying Bodies Regulations. The amounts levied on each individual authority will reflect the midyear population estimate for 2017 as well as the reduction in the overall total. The proposed levy for 2019/20 for each of the Tyne and Wear councils is shown below:

2.4.2

Table 5: Distribution of Proposed Tyne and Wear Transport Levy

	2018/19 Levy	Proposed 2019/20 Levy	Proposed Reduction
	£000	£000	£000
Gateshead	11,037	10,949	(88)
Newcastle	16,232	16,003	(229)
North Tyneside	11,131	11,061	(70)
South Tyneside	8,181	8,090	(91)
Sunderland	15,219	14,997	(222)
Total	61,800	61,100	(700)

The proposed levy is based on discussions with councils and represents a reduction of £0.700m compared with 2018/19. It takes into account the fact that savings are being delivered in the Nexus budget in the current year and the pressures on councils' budgets. A levy reduction of this scale for 2019/20 was envisaged previously in 2017 and can be achieved without service reductions being needed in the next two years, through use of efficiency savings and Nexus reserves.

2.4.3

Tyne and Wear Levy Budget – Nexus

The budget proposal for Nexus for 2019/20 will be discussed in more detail by the Tyne and Wear Sub Committee. At its January 2018 meeting, the Leadership Board agreed that Nexus could run a budget deficit of up to £1.934m in 2018/19, which would be funded by using its reserves. In the Revenue Budget Monitoring Report presented to the NECA's Transport North East Committee on 11 October 2018, Nexus reported that it had made a permanent reduction to its base budget requirement and it was now reporting a £1.200m surplus for 2018/19.

2.4.4 The adjustments to Nexus' base budget for 2018/19 are shown in the table below.

Table 6: Adjustments to Nexus budget 2018/19

	£m	£m
Base budget deficit 2018/19		1.934
Budget Savings		
- Concessionary travel	(0.830)	
- Metro fare income	(0.800)	
- High voltage power	(0.500)	
- Secured services	(0.310)	
- Investment income	(0.080)	
- Scholars income	(0.200)	
- Employees	(0.300)	
- Other	(0.257)	(3.277)
Budget Pressures		
- Commission income	0.060	
- Inflationary adjustments	0.058	
- Departure charges	0.025	0.143
Revised base budget surplus 2018/19		(1.200)

2.4.5 The proposed reduction in the Tyne and Wear transport levy of £0.7m in 2019/20 will mean that the grant made available to Nexus in 2019/20 from the Joint Transport Committee will reduce by £0.7m. Notwithstanding this, because of Nexus' improved financial position in 2018/19, it will be able to maintain frontline services during 2019/20. As in previous years, it will be necessary to plan on the basis that Nexus will need to utilise reserves in order to prepare a balanced budget. In so doing, and without any improvement in its funding from April 2021, Nexus will need to work through the Sub-Committee (and the Joint Transport Committee) in regards possible service reductions during 2020/21.

2.4.6 Against a background of medium term financial uncertainty, but with the proposed objectives of its corporate plan for 2019/20 in mind, Nexus has considered its spending plans for 2019/20, assuming its budget is being set at 'stand-still' i.e. if it were to maintain service outcomes.

2.4.7 The budget proposal is based on estimates that have a degree of uncertainty in respect of some of Nexus' largest areas of expenditure. In particular:

- a. Nexus is currently in consultation with its four recognised Trades Unions (TUs) concerning pay awards for April 2018 and April 2019. Nexus' offer is the subject of a ballot at this time and the outcome is uncertain. However the 'gap' between the TUs pay claim and that which Nexus have offered (which is broadly in line with the local government settlement) is circa £0.500m in 2018/19 and £1.0m in 2019/20.
- b. Whilst Metro fare revenue collected to the end of period 6 in 2018/19 is £0.800m above the budget set in January 2018, we are continuing to see a

reduction in the sales by third parties, most notably Network Ticketing Limited. If fare revenues worsen during the remainder of the year, this will have a knock-on effect in future years. In addition, the Metro fares review scheduled to come into effect in January 2019 will be considered by Tyne and Wear Sub Committee on 21 November, which will consider and agree an approach based upon another report contained elsewhere on today's agenda.

- c. The estimate for High Voltage Power is based on intelligence provided by the specialist team at NEPO who assist Nexus in its procurement of this commodity. Previous estimates have proven to be conservative due to better prices being obtained and delays in the implementation of the governments' Electricity Market Reform agenda.
- d. Whilst the majority of the secured bus services budget is subject to contract price inflation, an element of the budget is dependent on contract renewals and the vagaries of tender returns being different to the previous contractual price.

At its February 2016 meeting, the Tyne and Wear Sub-Committee established the strategic objective that Nexus should be able to balance its revenue budget without placing reliance on its revenue reserves by 2019/20 (minute 65/2016 refers). However, at that time it was anticipated that Nexus' budget deficit would have grown to £7.0m by 2017/18. Through efficiency savings and by redirecting expenditure into priority areas, Nexus has successfully managed and averted this significant budget risk. It is therefore in a position to use reserves again in 2019/20 as a means of protecting services.

For the third year a contribution of £3.333m will be made to the Metro Fleet Renewal reserve, increasing the reserve to £10m to help to achieve the £25m match funding requirement.

Tyne and Wear Levy Transport Budget (non-Nexus)

- 2.4.8 This budget primarily relates to activity inherited from the former Tyne and Wear ITA along with central transport activity. The vast majority of the budget relates to financing charges on historic debt. Additionally, there is budget provision to meet the costs of support services and governance, external audit fees and a repayment to the Tyne Tunnels for use of reserves in 2013/14 to pay off the pension deficit.
- 2.4.9 At this point no saving in the £2.1m Tyne and Wear (non-Nexus) Transport budget has been identified, as the majority of the costs relate to capital financing and are largely fixed. Any saving is likely to be marginal and will not be known until the position and costs of a new Transport Officer post and the support needed for the new Joint Transport Committee and the Tyne and Wear Sub Committee is known.

Table 7: Tyne and Wear Transport Budget (non-Nexus)

	2018/19 Original Budget	2018/19 Forecast	2019/20 Proposed Budget
	£000	£000	£000
Support Services/Staffing	220	220	220
Administration and Governance	42	40	40
Financing Charges	1,798	1,795	1,785
Transport Joint Committee	50	50	50
Total Expenditure	2,110	2,108	2,095
Contribution from Levies*	(2,110)	(2,110)	(2,110)

2.5 Tyne Tunnels

2.5.1 The Tyne Tunnels are accounted for as a ring-fenced account within the NECA budget, meaning that all costs relating to the tunnels are wholly funded from the tolls and Tyne Tunnels reserves, with no call on the levy or government funding.

2.5.2 Table 8: Tyne Tunnels Budget 2018/19 and 2019/20

	2018/19 Original Budget	2018/19 Forecast	2019/20 Proposed Budget
	£000	£000	£000
Tolls Income	(25,970)	(26,730)	(28,090)
Contract payments to TT2	19,480	20,298	21,197
Employees	33	-	-
Pensions	54	50	52
Support Services	80	95	95
Supplies & Services	45	45	45
Financing Charges	6,579	6,594	6,966
Interest/Other Income	(50)	(50)	(50)
Repayment from TWITA for temporary use of reserves	(240)	(240)	(240)
(Surplus)/Deficit on Tyne Tunnels revenue account met from reserves	11	62	(25)

2.5.3 The forecast outturn position for 2018/19 is for a small deficit of £62k, which will be met from Tyne Tunnels reserves. The forecast for tolls income is slightly higher than the original budget, taking into effect the increase in the toll on HGV Class 3 vehicles, which came into effect in March 2018. This is offset by an increase in the contract

payments to TT2 whose “shadow toll” payment is due to increase by 10p in line with RPI inflation to £1.90 per vehicle from 1 January 2019. Traffic levels continue to be lower than previously experienced, which has been the case since commencement of the Silverlink works in August 2016.

2.5.4 The original budget for 2018/19 included provision for employee costs relating to the contract monitoring officer role. During 2018/19 this post has been vacant, with support provided instead by officers from Newcastle City Council and the support services forecast has been updated accordingly. It is assumed that this arrangement will continue into 2019/20.

2.5.5 The 2019/20 budget figures shown in Table 8 above assumes an increase in tolls for both Class 2 and Class 3 vehicles in line with inflation as measured by the Retail Price index. It is proposed that the toll for Class 2 Vehicles (cars and light goods vehicles) be increased by 10p from £1.70 to £1.80 and that the toll for Class 3 vehicles (Heavy Goods Vehicles) be increased by 20p from £3.40 to £3.60 in spring 2019. This is being discussed in greater detail with the Tyne and Wear Sub Committee.

2.5.6 The increase in toll income in 2019/20 as a result of the increase in tolls is estimated to be £1.56m. Without an increase in tolls the Tyne Tunnels account would operate at a deficit of £1.54m, next year which would be unsustainable over the life of the concession.

2.5.7 In terms of the formal process for the increase in Tolls, a decision to increase tolls will be taken by the Tyne and Wear Sub Committee in January. NECA as the Host Combined Authority for Transport will implement the proposed increase. This will involve advertising the proposed increase in at least one local newspaper and notifying the Department of Transport. Once notified, the Department has 21 days to determine whether to make 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 Ltd, taking into account operational considerations.

2.5.8 While the traffic through the Tunnels is likely to increase next year, once the Silverlink junction road work have been completed, there will also be some impact from the planned road works at Testos roundabout. While any increase in traffic will increase toll income this will result in an increase in the contract payments to TT2. Given the current uncertainty around the increase in traffic flow the original budget will be based on current traffic levels with the increase evidenced in summer 2019 being reflected in the revised estimate this time next year.

2.6 **Regional Transport Team**

2.6.1 The Regional Transport Team budget is to support the Joint Transport Committee and North East LEP as a whole, on a seven authority basis. The budget includes salary costs and the items required to ensure a functional central resource across the JTC area including the development of the Transport Manifesto and Transport Plan and various research projects where value can be added at a regional level including modelling works, major schemes bid development, including Transforming Cities fund, the Freight Quality Partnership and other research studies. During the year the team has also taken on the role of providing support to the Consortium of East Coast Main Line Authorities (ECMA), the costs of which are partly met through

a recharge to other member authorities. A summary of the revenue budget for 2018/19 and proposal for 2019/20 is set out in the table below.

Table 9: Regional Transport Team Budget 2018/19 and 2019/20

	2018/19 Original Budget	2018/19 Forecast	2019/20 Proposed Budget
	£000	£000	£000
Expenditure			
Staffing	516	406	531
LTP4 Development	50	11	50
Research and Grant Bid Development (including Transforming Cities Fund)	199	175	200
Miscellaneous	6	5	6
Go Smarter Legacy (Bid/Match Funding)	200	200	-
Total Expenditure	971	797	787
Funded by:			
LTP Integrated Transport Block	(500)	(500)	(500)
LGF Programme Management	(150)	(97)	(150)
Go Smarter Legacy Funding	(200)	(200)	-
Carried forward balances from 2017/18	(121)	-	(137)
Total Funding	(971)	(797)	(787)

2.7

Transforming Cities Fund

During October, NECA was announced as one of ten shortlisted areas to progress to the next stage of bidding for the government's £840m Transforming Cities Fund. The Budget 2018 announced additional money for the Fund, increasing the amount of the fund that we can bid into by £440m to £1,280m. An additional two areas would be allowed to bid for this fund, increasing the number of bidding areas to 12.

NECA will be working with DfT to develop plans which, if successful, will be used to tackle congestion and improve transport connections across the region.

There is a need to identify revenue resources to support the bidding process and initial project design costs, which may include the use of revenue budget savings in 2018/19, and this will be included in the budget report to the January meeting of the JTC.

2.8 Treasury Management - Borrowing

Currently all external borrowing held by NECA relates to historic Tyne and Wear Transport activities, and the financing of the borrowing debt is met from the Tyne and Wear levy and the Tyne Tunnels budgets and is included within the proposals set out above. While the JTC has an advisory role in connection with the borrowing limits relating to transport, the Treasury Management arrangements are managed by NECA as the accountable body for the JTC and are approved by the two Combined Authorities. A proportion of the outstanding balance of the loans and investments (based on the share of Tyne and Wear population in each combined authority area) will be shown in the balance sheets of the two Combined Authorities. A summary of the actual loans outstanding at the date of the change in governance is set out in the table below, which is less than the approved capital financing requirement:

Table 10: Historic Borrowing and the current Capital Financing Requirement

	Principal	Interest Due	Total	NECA Share	NoTCA Share
	£000	£000	£000	£000	£000
Capital Financing Requirement	193,665		193,665	107,883	85,782
Actual External Debt	167,333	2,274	169,607	94,482	75,125

3. Reasons for the Proposals

3.1 The proposals are presented here to inform the JTC of work on the preparation of the 2019/20 Transport Budget and to begin the two month consultation process.

4. Alternative Options Available

4.1 The JTC are recommended to agree the proposals set out in this report or suggest amendments or alternative proposals to be considered as part of the budget consultation process.

5. Next Steps and Timetable for Implementation

5.1 The Transport budget proposals will be consulted upon with constituent councils, Overview and Scrutiny Committee, Audit and Standards Committee and with the North East England Chamber of Commerce. Detailed budget proposals will be developed and responses to consultation will be taken into account in preparing the more detailed report to the January JTC meeting.

5.2 Under the new governance arrangements the Transport Budget and levies are to be set by the Joint Transport Committee (JTC) based on a unanimous decision. The Transport levy determined by the JTC will be formally issued by the two Combined Authorities. This needs to be done before the Statutory deadline of 15th February 2019.

6. Potential Impact on Objectives

- 6.1 The budget presented in this report is set to achieve the Transport policy objectives of the Authority.
- 7. Financial and Other Resources Implications**
- 7.1 The financial and other resource implications are summarised in this report where they are known. Further details which are developed as part of the budget development and consultation process will be identified in the budget report to the January 2019 Joint Transport Committee.
- 8. Legal Implications**
- 8.1 The JTC must approve the transport budget, levies and tolls unanimously. The Leadership Board must approve the final overall budget proposals unanimously (incorporating the budget approved by the JTC).
- 9. Key Risks**
- 9.1 Appropriate risk management arrangements are put in place in each budget area by the delivery agencies responsible. Reserves are maintained to help manage financial risk to the authority.
- 10. Equality and Diversity**
- 10.1 There are no equality and diversity implications arising from this report.
- 11. Crime and Disorder**
- 11.1 There are no crime and disorder implications arising from this report.
- 12. Consultation/Engagement**
- 12.1 The NECA Constitution requires that consultation on its budget proposals be undertaken at least two months prior to the budget being agreed. It is proposed that the 2019/20 Transport budget proposals be consulted upon including with the Overview and Scrutiny Committee, Audit and Standards Committee, constituent councils and the NEECC. 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 implications are expected.
- 13. Other Impact of the Proposals**
- 13.1 There are no other impacts arising from this report.
- 14. Appendices**
- 14.1 None
- 15. Background Papers**
- 15.1 NECA Leadership Board Budget 2018/19 and Transport Levies report 16 January 2018

16. Contact Officers

16.1 Paul Woods, Chief Finance Officer, paul.woods@northeastca.gov.uk,
07446936840

17. Sign off

- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓



North East Joint Transport Committee, Audit Committee

Date: 19 December 2018

Subject: Internal Audit Progress Report

Report of: Audit, Risk and Insurance, Service Manager

Executive Summary

The purpose of this report is to provide Members with:

- The current position with regard to the transport related audits in the 2018/19 NECA internal audit plan.

Recommendations

It is recommended that the Committee note the current position.

North East Joint Transport Committee, Audit Committee

1 The Internal Audit Process

- 1.1 The 2018/19 Internal Audit planning process for NECA developed a plan which aimed to support the organisation by providing assurance on the effectiveness of controls in place and identifying opportunities to improve value for money and efficiency. The risk based plan covered NECA's key processes and included 2 audits which related to transport activity. See section 2 below.
- 1.2 The plan was prepared by the Audit, Risk and Insurance Service Manager based on a risk assessment of NECA and after considering the following:-
- Review of the Strategic Risk Register, and risks identified in other documents such as committee reports
 - Consultations with:
 - Head of Paid Service
 - Chief Finance Officer
 - Monitoring Officer
 - NECA Audit and Standards Committee
 - Staff within the Internal Audit Service
 - Consideration of evidence for the 2017/18 Annual Governance Statement
 - Outcomes of audits undertaken in 2017/18
 - Known national developments and changes in legislation
- 1.3 The plan also includes time to enable the following:
- Advice and consultancy on the design, development and implementation of key business activities
 - Review of newly established arrangements to ensure they operate as expected and efficiently
 - Attendance at Committees
- 1.4 An audit plan covering the key risk areas for 2019/20, and beyond will be required which provides Members of the Joint Transport Committee, Audit Committee, and the Combined Authorities' Audit and Standards Committees, with assurance on the effectiveness of controls in place.

North East Joint Transport Committee, Audit Committee

2 2018/19 Internal Audit Plan

2.1 The following table shows the transport related audits planned for delivery in 2018/19 and the current status of each. These are also included in the NECA internal audit plan for 2018/19.

Audit	Status	Committee for Reporting
Pedestrian and Cycle Tunnels	Planned	See below
Tyne Tunnel Income	In Progress	Next meeting

2.2 The Pedestrian and Cycle Tunnel audit is intended to be a review of the project post-completion, however, as this stage has not yet been reached, this audit is yet to start. The Tyne Tunnel income audit is in progress and will be reported to the next Joint Transport Audit Committee.

2.3 The 2 audits will also be reported to the NECA’s Audit and Standards Committee when complete. The definitions of overall audit opinions used in Audit Reports are at Appendix 1.

3 Proposals

3.1 The Audit Committee are asked to note the position with regard to the audit work currently ongoing.

4 Reasons for the Proposals

4.1 Audit Committee continue to fulfil an ongoing review, challenge and assurance role in relation to governance and internal control issues.

5 Next Steps and Timetable for Implementation

5.1 Further update to be provided to the next meeting of Audit Committee following completion of the internal audit plan.

North East Joint Transport Committee, Audit Committee

6 Potential Impact on Objectives

6.1 No direct impact on objectives.

7 Finance and Other Resources Implications

7.1 Internal Audit is provided principally by Newcastle City Council in 2018/19 under an SLA with NECA that has been developed to cover audit, as well as risk management and preparation of the Annual Governance Statement.

8 Legal Implications

8.1 No direct legal implications arising specifically from the report.

9 Key Risks

9.1 No key risks are impacted by this report.

10 Equality and Diversity

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

11 Crime and Disorder

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

12 Consultation/ Engagement

12.1 The Head of Paid Service, Monitoring Officer, and Chief Finance Officer have consulted on the internal audit activity.

13 Other Impact of the Proposals

13.1 The proposals comply with the principles of decision making. Relevant consultation processes have been held where applicable.

North East Joint Transport Committee, Audit Committee

14 Appendices

14.1 Appendix 1 - Levels of Assurance

15 Background Papers

15.1 None

16 Contact Officers

16.1 Philip Slater, Audit, Risk and Insurance Service Manager
E-mail: philip.slater@newcastle.gov.uk
Tel: 0191 2116511

17 Sign Off

- Head of Paid Service ✓
- Monitoring Officer ✓
- Chief Finance Officer ✓

North East Joint Transport Committee, Audit Committee

Appendix 1 – Definitions

Internal Audit Overall Opinion

Full Assurance

There is a highly effective system of internal control in place designed to achieve the Authority's objectives with no issues being identified.

Substantial Assurance

There is an effective system of internal control in place designed to achieve the Authority's objectives with only minor issues being identified which require improvement.

Moderate Assurance

There is a sound system of internal control in place with some weaknesses being present which may put some of the Authority's objectives at risk. Issues require management attention.

Limited Assurance

The system of internal control in place has some major weaknesses which may put the achievement of the Authority's objectives at risk. Issues therefore require prompt management attention.

No Assurance

There are significant weaknesses in the system of control which could result in failure to achieve the Authority's objectives. Immediate management action is therefore required.

North East Joint Transport Committee, Audit Committee

Date: 19 December 2018

Subject: Strategic Risk Register – Approach and Next Steps

Report of: Audit, Risk and Insurance Service Manager

Executive Summary

The purpose of this report is to provide members with information on the development of a Strategic Risk Register for the North East Joint Transport Committee.

Recommendations

It is recommended that the Audit Committee note the current position and consider the potential risks the Joint Transport Committee will face.

North East Joint Transport Committee, Audit Committee

1 Background Information

- 1.1 It is required that Audit Committees consider the effectiveness of an authority's risk management arrangements and the control environment, and also review the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations
- 1.2 To comply with this the Joint Transport Committee will need to introduce a risk management process which identifies the key risks to the operation of the Joint Transport Committee and delivery of its objectives.
- 1.3 A model to do this is currently being used by NECA and can be adopted by the Joint Transport Committee. The risk management process involves quarterly reporting to the NECA's Audit and Standards Committee to allow members to gain assurance and monitor progress to mitigate the impact and likelihood of risks. Appendix 1 shows the format currently being used and appendix 2 shows a toolkit used to determine the risk priority for each risk.
- 1.4 To develop a risk register for the Joint Transport Committee work will be undertaken to discuss potential risks with the Proper Officer for Transport and other statutory officers. Some discussion has taken place with NECA statutory officers and the following risk has been identified:
 - The Joint Transport Committee does not have the necessary operational capacity and skills, to successfully deliver its objectives during transitional arrangements, with staff transferring to the host combined authority and uncertainty relating to the continuation of service level agreements.
- 1.5 This risk, and any others identified through future discussions, will be developed to establish the strategic risk register. Strategic transport related risks will also be reported to NECA and the North of Tyne Combined Authority.
- 1.6 The strategic risk register will contain strategic level risks covering the responsibilities of the Joint Transport Committee. Each Combined Authority and Nexus will continue to manage risks and opportunities within their own organisations and relevant committees. However, there will be continued collaboration with all stakeholders, to encourage transparent risk reporting and the escalation of the biggest transport related risks to the Joint Transport Committee Audit Committee. This will ensure the Committee has an awareness of the most significant risks and opportunities across both Combined Authority areas, which may influence their decision making.

North East Joint Transport Committee, Audit Committee

2. Proposals

- 2.1 To commence work with statutory officers to develop a strategic risk register for the Joint Transport Committee which will feed into the risk registers for both combined authorities. This will be reported to the Joint Transport Committee's Audit Committee on a quarterly basis to allow members to understand and monitor the risks and seek assurance that controls are in place.
- 2.2 In addition, operation of the governance arrangements for transport and the Joint Transport Committee Audit Committee will be further developed in the coming months. This will include the reporting of strategic transport related risks from other bodies.

3. Reason for the Proposals

- 3.1 Audit Committee continue to fulfil an ongoing review and assurance role in relation to governance and internal control issues.

4. Next Steps and Timetable for Implementation

- 4.1 Develop a strategic risk register and risk management strategy for the Joint Transport Committee in consultation with officers of NECA, and report on the outcomes of this work to the next meeting of the Joint Transport Committee, Audit Committee.

5. Potential Impact on Objectives

- 5.1 The development of the strategic risk register will not impact directly on the objectives of the Joint Transport Committee's policies and priorities, however the approach to strategic risk management will support delivery of aims and ambitions by acknowledging the biggest threats and putting plans in place to manage them.

6. Finance and Other Resources Implications

There are no direct financial implications arising from this report. Risk Management work is supplied to NECA in 2018/19 through a Service Level Agreement with Newcastle City Council.

7. Legal Implications

There are no direct legal implications arising specifically from this report.

8. Key Risks

North East Joint Transport Committee, Audit Committee

There are no direct risk management implications from this report. The approach to risk management will be documented within the agreed policy and strategy.

9. Equalities and Diversity

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

10. Crime and Disorder

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

11. Consultation /Engagement

The Head of Paid Service, Monitoring Officer and Chief Finance Officer for NECA have consulted on the Strategic Risk Register process.

12. Other Impact of the Proposals

The proposals comply with the principles of decision making. Relevant consultation processes have been held where applicable.

13. Appendices

Appendix 1 - Template Risk Register
Appendix 2 - Toolkit for assessing risks

14. Background Documents

None

15. Contact Officers

Philip Slater - Audit, Risk and Insurance Service Manager - Newcastle City Council. Philip.slater@newcastle.gov.uk.
Telephone - 0191 2116511


16. Sign off


- Head of Paid Service ✓
- Monitoring Officer ✓
- Chief Finance Officer ✓

North East Joint Transport Committee, Audit Committee

Template - Appendix 1

Risks at a glance		
Risk Title & Description	Risk Priority	Direction of Travel

Transport Related Risks		
<p><u>Risk Description</u></p> <p>The risk descriptions of all risks in the risk register will be listed together with their score and whether they are improving/ Static/ Deteriorating.</p>		<p>Improving/ Static/ Deteriorating</p>

Summary Risk Register for Committee	
<p>This will form a separate appendix in Committee Reports which provides some detail on each risk.</p>	
<p><u>Risk Description</u></p>	<p style="text-align: center;"><u>Risk Owner</u></p> <hr/> <p style="text-align: center;"><u>Risk Score (see toolkit appendix 2)</u></p> <div style="text-align: center;">  </div> <p style="text-align: center;">Likelihood – Impact -</p>
<p>Cause:</p>	
<p>Impact/Consequence:</p>	
<p><u>Controls (already in place)</u></p> <ul style="list-style-type: none"> • 	
<p>Next Steps and Deadlines</p> <ul style="list-style-type: none"> • 	<p>Lead Officer(s)</p>

North East Joint Transport Committee, Audit Committee

Risk Management Tool Kit

Appendix 2

Action plans must be developed for Red and Amber risks

Determine the risk priority					
Impact					
Likelihood		Insignificant	Minor	Significant	Critical
	High	4	8	12	16
	Medium	3	6	9	12
	Low	2	4	6	8
	Negligible	1	2	3	4

Assess the likelihood of the risk occurring	
High	Risk will almost certainly occur or is occurring at present
Medium	Risk is likely to occur in most circumstances
Low	Risk may occur
Negligible	Risk is unlikely to occur

Assess the impact should the risk occur

	Objective	Service Delivery	Financial	Reputational
Critical/Showstop Page 42	<ul style="list-style-type: none"> Over half the objectives/programmes affected More than one critical objective affected Partners do not commit to the Shared vision 	<ul style="list-style-type: none"> Significant change in partner services Relationship breakdown between major partners and stakeholders Serious impact on delivery of objectives Unplanned major re-prioritisation of resources and/or services in partner organisations Failure of a delivery programme/major project 	<ul style="list-style-type: none"> Inability to secure or loss of significant funding opportunity (£5m) Significant financial loss in one or more partners (£2m) Significant adverse impact on budgets (£3m – Transport; £0.2m Central Budget) 	<ul style="list-style-type: none"> Adverse national media attention External criticism (press) Significant change in confidence or satisfaction of stakeholders Significant loss of community confidence
Significant	<ul style="list-style-type: none"> One or more objectives/programmes affected One or more partners do not commit to shared vision Significant environmental impact 	<ul style="list-style-type: none"> Partner unable to commit to joint arrangements Recoverable impact on delivery of objectives Major project failure 	<ul style="list-style-type: none"> Prosecution Change in notable funding or loss of major funding opportunity (£2m) Notable change in a Partners contribution Notable adverse impact on budget (£0.5m-£1.5m Transport budgets) 	<ul style="list-style-type: none"> Notable external criticism Notable change in confidence or satisfaction Internal dispute between partners Adverse national/regional media attention Lack of partner consultation Significant change in community confidence
Minor	<ul style="list-style-type: none"> Less than 2 priority outcomes adversely affected Isolated serious injury/ill health Minor environmental impact 	<ul style="list-style-type: none"> Threatened loss of partner's commitment 	<ul style="list-style-type: none"> Minor financial loss in more than one partner Some/loss of funding or funding opportunity threatened 	<ul style="list-style-type: none"> Failure to reach agreement with individual partner Change in confidence or satisfaction Minor change in community confidence
Insignif.	<ul style="list-style-type: none"> Minor effect on priorities/service objectives Isolated minor injury/ill health No environmental impact 		<ul style="list-style-type: none"> Isolated/minor financial impact in a partner organisation 	

(Financial limits to be reviewed)