



Joint Transport Committee Audit Committee

Wednesday, 18th December, 2019 at 10.00 am

Meeting to be held in a Saltwell Room - Gateshead Civic Centre

AGENDA

Page No

1. **Apologies for Absence**

2. **Declaration of Interests**

Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (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 previous meeting held on 12 September 2019** **3 - 8**

4. **Budget Proposals** **To Follow**

5. **Joint Transport Committee Strategic Risk Register** **9 - 30**

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

The next meeting will take place on Thursday 9 April 2020 at 10am at Sunderland Civic Centre.

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JOINT TRANSPORT COMMITTEE, AUDIT COMMITTEE

DRAFT MINUTES FOR APPROVAL

12 September 2019

Meeting held Whickham Room, Gateshead Civic Centre, Regent Street, Gateshead, NE8 1HH

Present:

- Mark Scrimshaw (Chair)
- Stuart Green (Vice Chair)

Councillors:

- M Swinburn – Northumberland Council
- D Burnett - Gateshead Council
- B Kellett – Durham Council
- P Stewart – Sunderland City Council

Officers:

- Paul Darby – Durham Council
- Tracy Davis – Sunderland City Council
- Eleanor Goodman - NECA
- Stuart Turnbull – Newcastle City Council
- Mike Scott – Regional Transport Team

The meeting was inquorate and those members in attendance discussed the following issues.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor M Charlton (Gateshead), Councillor E Bell (Durham) and Councillor E Malcolm (South Tyneside).

2. DECLARATIONS OF INTEREST

None were received.

3. MINUTES OF THE PREVIOUS MEETING HELD ON 19 DECEMBER 2018

RESOLVED: The minutes of the meeting held on 19 December 2018 were agreed as a correct record.

Matters Arising

It was requested that detail of passenger usage over a number of years be provided so that trends could be identified. It was agreed that such information could be included for next years budget round.

4. REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

Committee received a report outlining the results of the Review of the Effectiveness of Internal Audit. Committee was advised that Sunderland City Council now provide the internal audit service for the Joint Transport Committee and that in order to provide assurance external assessments will be carried out every five years. The Council's External Auditor is Mazars.

The outcome of the review confirms compliance and provides a small number of recommendations.

RESOLVED: That Committee noted the outcome of the review and the positive opinion provided by Mazars.

5. JOINT TRANSPORT COMMITTEE INTERNAL AUDIT PLAN 2019/20

Committee received the proposed Internal Audit Strategy, Audit Plan and performance measures for 2019/20.

Committee was advised that as part of the Plan for 2019/20, two audits would be carried out in relation to; governance arrangements and project management and procurement arrangements.

It was noted that governance arrangements will be looked at because it is important to review the set up of the Committee in order to give a clear understanding of how it is working currently.

It was reported that more long-term activity would be identified and Committee informed accordingly.

It was questioned whether any external comparators would be used in the audit. It was confirmed that the team has covered Joint Committees previously and it is looking at how appropriate this Committee is. There is a set of standard arrangements that the audit will be looking for and evaluating how they have been complied with. It was also noted that some CIPFA recommendations would be used but that it would be more focussed around the organisation itself.

RESOLVED: That Committee noted the proposed Internal Audit Strategy and Audit Plan for 2019/20 and the key performance measures for the provision of the internal audit service.

6. JOINT TRANSPORT COMMITTEE DRAFT STRATEGIC RISK REGISTER

Committee was provided with an initial assessment of the strategic risks the Joint Transport Committee faces. It was noted that this is based on discussion with officers, it is a live document and therefore may change.

Strategic risks were identified which included;

- Funding available to the JTC may reduce
- Failure to secure the maximum amount of funding
- Funding may not be able to be used on a timely basis or be sufficient to complete projects

It was reported that an amber rating was given based on what is known at present and Committee was asked for its views.

The point was made that, as there is uncertainty around future funding, the likelihood scores are too low and should be increased to be more balanced with the impact that is categorised as critical, which is perhaps overstated on some.

Committee agreed that the risks identified are correct and the text alongside each strategic risk is extremely good.

RESOLVED: That the comments of the Committee on the draft Strategic Risk Register be noted.

7. REVIEW OF JOINT TRANSPORT AUDIT COMMITTEE TERMS OF REFERENCE

A report was presented to Committee outlining the outcomes of a review into the JTC Audit Committee Terms of Reference against the CIPFA Guidance for audit committees 2018.

It was reported that in the main there is compliance, however there does require some slight wording to be brought up to date.

It was confirmed that there is a requirement for internal audit to comply and be independently reviewed every five years. This wording has been included in the proposed Terms of Reference.

It was agreed that it is useful to receive an interim report on the work of internal and external audit and it was noted that Committee can ask for additional reports if it requires.

RESOLVED: Committee noted the changes to the Terms of Reference to be agreed when the meeting is quorate.

8. TRANSFORMING CITIES FUND – TRANCHE 2 BID

A report was presented on the process followed to identify and prioritise sustainable transport schemes included in the North East's Transforming Cities Fund (TCF) capital investment programme. It was noted that there is an opportunity within the 12 city regions for a share of £1.28bn, as a non-mayoral combined authority this JTC is required to go through a bidding process.

The key TCF requirements were outlined as;

- Sustainable transport, not roads
- Focus on economy and environment
- Delivery of schemes between 2020 and 2023
- Devolved funding with programme delivery managed locally

It was noted that the process began in June 2018 with a successful expression of interest. A draft tranche 2 bid was submitted to DfT in June 2019 and currently work is underway on the final bid to Government in November 2019. It is expected that funding will be released in March 2020, this will then give three years for the funding to be spent and the scheme to be delivered.

There is a lead team in place to develop the bid and coordinate the programme on behalf of the region.

Committee was advised that at the start of the process a list of schemes from local authorities, Nexus and regional stakeholders were compiled. Initial sifting was then undertaken against key TCF requirements and then prioritised based on fit to TCF objectives and what could be delivered by 2023.

Government guidance asked for three cost scenarios; high, medium and low. The JTC scenarios ranged from £330m to £380m, as a lot of the schemes fitted the criteria.

It was reported that the intention of the DfT is that most of the funding will be devolved to the region and frameworks will be in place to distribute the funding. Bid values in excess of £40m will be managed through Whitehall, although preferably more local control is desired, this will be addressed when funding is awarded.

It was noted that it is not currently clear as to what conditions will be attached to the devolved funding, a draft business case has been developed for each scheme. Committee was assured that any final decision on funding would be made by the JTC.

RESOLVED: That Committee noted the content of the report.

9. DATE AND TIME OF THE NEXT MEETING

The next meeting will take place on Thursday 12 December 2019 at 10am at South Shields Town Hall.

10. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED: That the press and public be excluded during consideration of the following item.

11. TYNE PEDESTRIAN TUNNEL UPDATE

Committee received a report and presentation on the refurbishment works undertaken at the Tyne Pedestrian and Cyclist Tunnels.

RESOLVED: That Committee noted the content of the report.

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Joint Transport Committee – Audit Committee

Date: 18 December 2019

Subject: Joint Transport Committee Strategic Risk Register

Report Of: Senior Manager – Assurance, Sunderland City Council

Executive Summary

The purpose of this report is to provide members with an up to date assessment of the strategic risks the North East Joint Transport Committee (JTC) faces as it seeks to achieve its objectives.

The JTC strategic risk register contains eight risks which were previously reported to the JTC Audit Sub-Committee during September 2019.

Seven of the strategic risks have remained stable with no changes reported since the previous update to the Sub-Committee in July 2019. The exception relates to the risk that sources and levels of funding available to the JTC to develop the North-East region's transport infrastructure within the region may reduce. The risk score has increased from 8 to 12 moving the risk level from 'amber' to 'red'.

The reason for the change in risk level is due to the continued uncertainty around possible future changes in UK government policy which may impact on economic and transport developments and the needs of the North-East region. While the JTC is taking action to mitigate the risk, the source of the risk is external to the organisation and as such is beyond its control.

Recommendations

The Audit Committee is asked to consider the strategic risk register and comment on its content.

Background Information

- 1.1 The North East Combined Authority (NECA) was established in April 2014 and brought together seven councils within the North East. As a result of the Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018 ('the Order') the North of Tyne Combined Authority (NoTCA) was created, and the boundaries of NECA changed on the 2 November 2018. NECA now covers the local authorities of Durham; Gateshead, South Tyneside and Sunderland; and NoTCA covers Newcastle, North Tyneside and Northumberland.
- 1.2 The two Combined Authorities have responsibility for transport; however, as the former Tyne & Wear passenger transport authority area (and its passenger transport executive, Nexus) straddle the two combined authorities, the Order also provided that they must establish a joint transport committee to exercise all transport functions. Hence the JTC was created.
- 1.3 The JTC defines its strategic risks as those matters which, if they were to occur, could have a material adverse impact upon the achievement of the JTC's objective to provide integrated, affordable, attractive, reliable, safe, healthy transport choices in the North East (LA7) area which meets the needs of businesses, residents and visitors, supports economic activity while enhancing the environment.
- 1.4 This report offers the JTC's Audit Committee the opportunity to consider the nature and level of risk the JTC faces in seeking to achieve its overall objective. The strategic risk register has been updated in light of the content of recent reports considered by the JTC Committee and its sub-committees and discussions with NECA and JTC officers.

2. Proposals

- 2.1 The Register identifies eight strategic risks. These are:
 - a) Sources and levels of funding available to the JTC to develop the North-East region's transport infrastructure within the region may reduce.
 - b) Failure of the JTC to secure the maximum amount of transport funding available to progress transport infrastructure in the North-East region.
 - c) Funding secured for transport initiatives within the North-East region by the JTC and its partners may not be able to be used on a timely basis or be sufficient to complete intended projects.
 - d) The governance arrangements of the JTC are not appropriate to allow effective and timely decision making and the achievement of its objectives.

- e) The JTC does not have the necessary operational capacity, skills and budget, to successfully deliver the JTC's objectives and plans.
- f) Projects which are funded through the JTC are delayed, are significantly overspent or do not deliver the intended product to meet the identified transport need.
- g) Transport assets, which are the responsibility of the JTC, are inadequately managed and maintained.
- h) Inadequate arrangements are in place to ensure that adequate levels of public transport services, for which the JTC has oversight, are maintained by the JTC's transport delivery partners.

2.2 The 'Strategic Risks Summary' at Appendix 1 shows the eight risk areas and for each risk provides a current RAG rating to provide a guide as to the level of risk the JTC currently faces for that risk. The direction of travel is also recorded together with reason for any changes to risk levels.

Appendix 2 'Strategic Risk - Details' provides a detailed description of the nature of each risk together with the relevant controls in place and controls and milestones.

Appendix 3 'Risk Analysis Toolkit' shows the risk scoring matrix that has been applied to assess the level of risk for each of the JTC strategic risks.

The Strategic Risk Register for regional transport will continue to be reviewed to records, monitor and report the strategic risks to the Audit Committee on a quarterly basis, with support from officers. Where appropriate, the risks will also be provided to NECA's Audit and Standards Committee and NoTCA for information.

3. Reason for the Proposals

3.1 The Audit Committee continues to fulfil an ongoing review and assurance role in relation to the governance, risk management and internal control issues of the JTC.

4. Next Steps and Timetable for Implementation

4.1 The Strategic Risk Register will be regularly reviewed. Update reports will be provided to the JTC Audit Committee.

5. Potential Impact on Objectives

5.1 The development of the Strategic Risk Register will not impact directly on the JTC's objectives, however the approach to strategic risk management will support the JTC by acknowledging the most significant threats to the achievement of its objectives and putting plans in place to manage them.

6. Finance and Other Resources Implications

6.1 There are no financial implications arising from this report.

7. Legal Implications

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

8. Key Risks

8.1 The report identifies what are considered to be the key strategic risks to the achievement of the JTC's overall objectives.

9. Equalities and Diversity

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

10. Crime and Disorder

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

11. Consultation /Engagement

11.1 The Head of Paid Service, Monitoring Officer, Chief Finance Officer and the JTC's Proper Officer for Transport have been consulted on the Strategic Risk Register.

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

Appendix A – 'Risks Summary' shows the JTC's strategic risks and the level of risk associated with each.

Appendix B – 'Strategic Risks – Details' provides a detailed assessment of the JTC's and actions identified to reduce the overall risk exposure.

Appendix C – Risk Analysis Toolkit determines the level of risk attached to each Risk.

14. Background Documents

14.1 The latest [Nexus Corporate Risk Register](#) can be found on the NECA website as part of the North East Joint Transport Committee, Tyne and Wear Sub-Committee, which focuses on transport issues for both NECA and the North of Tyne Combined Authority within the Tyne and Wear Area.

15. Contact Officers

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16. Sign off

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

Strategic Risks - Summary			
Risk Title & Description	Risk Level (RAG Rating)	Direction of Travel	Notes

JTC Strategic Risks			
<p><u>1 Future Availability of Funding</u></p> <p>Sources and levels of funding available to the JTC to develop the North-East regions transport infrastructure within the region may reduce.</p>	Red 12	Increasing	Change due to continued uncertainty over future funding available to JTC and key partners e.g. Nexus
<p><u>2 Funding Opportunities</u></p> <p>Failure of the JTC to secure the maximum amount of transport funding available to progress transport infrastructure in the North-East region.</p>	Amber 8	Static	N/a
<p><u>3 Use of Funding and Resources</u></p> <p>Funding secured for transport initiatives within the North-East region by the JTC and its partners may not be able to be used on a timely basis or be sufficient to complete intended projects.</p>	Amber 8	Static	N/a
<p><u>4 Governance Arrangements</u></p> <p>The governance arrangements of the JTC are not appropriate to allow effective and timely decision making and the achievement of its objectives</p>	Amber 8	Static	N/a
<p><u>5 Operational Capacity and Resourcing</u></p> <p>The JTC does not have the necessary operational capacity, skills and budget, to successfully deliver the JTC's objectives and plans.</p>	Amber 8	Static	N/a
<p><u>6 Delivery of Transport Improvement Projects/Programmes</u></p> <p>Projects which are funded through the JTC are delayed, are significantly overspent or do not</p>	Amber 8	Static	N/a

deliver the intended product to meet the identified transport need.			
<u>7 Transport Infrastructure Assets</u> Transport assets, which are the responsibility of the JTC, are inadequately managed and maintained.	Green 6	Static	N/a
<u>8 Service Delivery</u> Inadequate arrangements are in place to ensure that adequate levels of public transport services, for which the JTC has oversight, are maintained by the JTC's transport delivery partners.	Green 6	Static	N/a

Strategic Risks - Details

1 <u>Future Availability of Funding</u> Sources and levels of funding available to the JTC to develop the North-East regions transport infrastructure within the region may reduce.	<u>Risk Owner</u> Head of Paid Service
	<u>Risk Score</u>
	Red 12
	Likelihood – Medium 3 Impact – Critical 4
Possible Cause(s): 1 A downturn in the UK economy may result in reduced funds available for investment. 2 A change in future UK government policy may impact on economic and transport developments and needs of the North-East region. This may have an adverse effect on the achievement of goals in the North East e.g. investment and infrastructure funding to be concentrated in only certain geographic areas excluding the North East or certain types of schemes which may not be in line with NECA plans e.g. Strategic Economic Plan (SEP).	
Potential Impact/Consequence: The JTC would not able to deliver projects to either maintain infrastructure to ensure adequate public transport services are maintained or to improve infrastructure to enhance transport services. This would hinder future economic growth within the region.	
<u>Controls (already in place)</u> <ul style="list-style-type: none"> • JTC members, NECA officers supporting the JTC and partners of the JTC e.g. local councils continue to lobby and engage with the UK government at national and subnational level i.e. Transport for the North (TfN) to: <ul style="list-style-type: none"> a) ensure policy makers and decision makers are aware of the transport vision, plan and policies and needs for the North East are known and b) persuade government to make transport funding a priority. • JTC work with other potential partners to identify new non-government funding sources which may help to progress the delivery of the JTC transport plans. 	
<u>Further Mitigating Actions</u> A review is to be carried out to produce and publish an updated transport vision and transport plan which is evidence based and sets out how transport needs will be addressed taking into account relevant government policies.	<u>Lead Officer(s)</u> Tobyn Hughes Managing Director, North East

<p>2 <u>Funding Opportunities</u></p> <p>Failure of the JTC to secure the maximum amount of transport funding available to progress transport infrastructure in the North East region.</p>	<p style="text-align: center;"><u>Risk Owner</u> Head of Paid Service</p> <hr/> <p style="text-align: center;"><u>Risk Score</u></p> <p style="text-align: center; background-color: yellow;">Amber 8</p> <p style="text-align: center;">Likelihood – Low 2 Impact – Critical 4</p>
<p>Possible Cause(s):</p> <ol style="list-style-type: none"> 1. Funding opportunities are missed due to lack of awareness or missing relevant deadlines. 2. Poor quality of funding applications made by JTC 3. Funding may be made available through a competitive process. Strong applications from funding competitors may result in any funding application not being successful at all or only a proportion of the funds applied for being awarded. 	
<p>Potential Impact/Consequence:</p> <p>If opportunities are missed or not maximised by the JTC then progression of plans to deliver the transport improvements required by the region will be significantly delayed. Consequently, the benefits associated with the transport will not be fully realised or delayed e.g. supporting economic growth.</p>	
<p><u>Controls (already in place)</u></p> <ul style="list-style-type: none"> • JTC officers' horizon scan to identify upcoming funding opportunities. • JTC are in regular contact with the UK government and other funding bodies to identify funding opportunities early. • JTC has established relationships with other bodies at a sub national (e.g. TfN) and local level e.g. councils, universities etc to allow the JTC to work in partnership, where applicable, to exploit funding opportunities by submitting bids for transport funding to benefit the region. • JTC and its partners lobby relevant government bodies to persuade transport infrastructure schemes required for the North East to be included in key government schemes. • The Managing Director, Transport North East and officers of the Transport Strategy Unit (TSU) have experience, skills and knowledge to submit strong bids for funding. They are familiar with the requirements needed for submitting bids and the process to go through. • All projects included in a bid are subject to scrutiny using the TSU's 'Transport Assurance Framework' to ensure the proposed projects are in line with the JTC objectives and plans and meet the bid criteria. • During any application process the TSU liaises with the provider to understand clearly what it is looking for. 	
<p>Further Mitigating Actions</p> <p>A review is to be carried out to produce and publish an updated transport vision and transport plan which is evidence based and sets out how projects will be delivered to meet transport needs with a strong business case.</p>	<p>Lead Officer(s)</p> <p>Tobyn Hughes Managing Director, North East</p>

<p>3 <u>Use of Funding and Resources</u></p> <p>Funding secured for transport initiatives within the North-East region by the JTC and its partners may not be able to be used on a timely basis, not be sufficient to complete intended projects.</p>	<p><u>Risk Owner</u> Head of Paid Service</p>
	<p><u>Risk Score</u></p>
	<p>Amber 8</p>
	<p>Likelihood – Low 2 Impact – Critical 4</p>

Possible Cause(s):

- 1 Poor project management.
- 2 Inaccurate assessment of projects costs when submitting funding bids.
- 3 Delays and costs for a project due to unforeseen events.
- 4 Lack of understanding of funding conditions including timescales.
- 5 Insufficient capacity and skills to manage projects.
- 6 Fraud and corruption.

Potential Impact/Consequence:

- 1 Transport projects may not be completed or have to be delayed or the size of project reduced e.g. quality, quantity which may result in intended benefits not being realised and damage to the reputation of the JTC.
- 2 If the funding is not used by a deadline then funding may be lost.
- 3 Financial resources earmarked for other future purposes may need to be used to complete current projects causing postponement or delays in other JTC plans.

Controls (already in place)

- The Managing Director, Transport North East and officers of the Transport Strategy Unit (TSU) have experience, skills and knowledge to submit strong bids for funding. They are familiar with the requirements needed for submitting bids and the process to go through.
- All projects included in a bid are subject to scrutiny using the TSU’s ‘Transport Assurance Framework’ to ensure the proposed projects is in line with the JTC objectives and plans and meets the bid criteria.
- Projects delivered by the JTC directly are managed using recognised project management principles. The TSU has the experience and skills to manage projects.
- Where projects are delivered by the JTC’s partners e.g. Nexus, the JTC has arrangements in place to gain assurance that the projects are progressing as expected and where not, corrective actions are being taken to effectively manage the key issues e.g. regular reporting by partners.
- Where transport projects are to be delivered by an external supplier then any work let is subject to a competitive procurement process.
- Where funding is provided through the JTC to third parties to deliver a transport project all third parties have a funding agreement in place which includes the need for the third party to

provide details as to progress regarding costs and progress of the project. JTC officers monitor progress on an ongoing basis.

- Funding providers provide clear conditions as to the use of funds which is published to all relevant stakeholders.
- JTC officer are subject to relevant codes of conduct

Further Mitigating Actions

Lead Officer(s)

Delivery plans and programmes are to be kept under review in light of any issues which may affect funding secured to be used on a timely basis or may mean secured funding may not be sufficient to deliver the intended programmes. Appropriate prompt action is taken to address issues which may arise.

Tobyn Hughes
(Managing Director, North East)
John Hewitt
(NECA Finance Officer)

<p>4 Governance Arrangements</p> <p>The governance arrangements of the JTC are not appropriate to allow effective and timely decision making and the achievement of its objectives</p>	<p><u>Risk Owner</u> Head of Paid Service</p>
	<p><u>Risk Score</u></p>
	<p>Amber 8</p>
	<p>Likelihood – Low 2 Impact – Critical 4</p>
<p>Possible Cause(s): New organisational arrangements have been put in place as a result of the North East Combined Authority’s decision not to proceed with a Mayoral Combined Authority in September 2016 and the withdrawal of the devolution deal. Two new Combined Authorities have been established together with the North-East Transport Committee being responsible for regional transport which is accountable to the new Combined Authorities. As a result, new governance arrangements may not be effective due to:</p> <ul style="list-style-type: none"> • Lack of capacity to support the governance arrangements • Lack of clarity of roles and responsibilities • Lack of development of new working arrangements or delays in implementing proposed changes • Priorities not aligned to new arrangements. 	
<p>Potential Impact/Consequence: Poor decisions may be made which are not in the interest of the North-East region. Decisions may be delayed, not taken at the appropriate level or not based on the correct information. Lack of clarity of roles and responsibilities may lead to the JTC not adequately fulfilling its statutory functions adequately, not monitoring its finances, having a lack of clarity over its objectives, not ensuring adequate transport services delivered to the public and improvements in transport infrastructure not being delivered. This may lead to having a poor reputation, losing out on funds, poor value for money being achieved and poor transport service provision.</p>	
<p><u>Controls (already in place)</u></p> <ul style="list-style-type: none"> • The seven Local Authorities have approved a Deed of Cooperation which sets out operational working between the 7 Local Authorities and the two Combined Authorities. • The Combined Authorities Reconfiguration Programme (CARP) is overseeing the transformation including data/asset transfers, service and employee changes, updating legal documentation and financial transfers affecting each body including those affecting the JTC. • The Statutory Order provides for the existence of the JTC and specifies its current membership and functions. • Formal decision-making committees including Joint Transport Committee and sub-committees are operational. • The 7 LAs continue to work together using agreed joint working arrangements i.e. regular officer meetings of Chief Executives, Finance Directors, Monitoring Officers and Heads of Transport, plus formal Transport and Governance Committees. • All 7 LAs continue to support the JTC and its activities. • The JTC has its own Standing Orders outlining its functions and that of its sub committees, its rules of procedure and the roles of statutory officers. Decisions at committee meetings are based on a majority vote basis although the aim is to have a consensual approach whereby 	

all committee members agree on any decision.

- The statutory role of 'Proper Officer for Transport' was established by the Statutory Order. A job description has been developed which clarifies the role including leading the Transport Strategy Unit. The post incorporates not only the role of Proper Officer for Transport accountable to the JTC but also the Director General of Nexus, a key deliverer of transport policy and services in the region.

Further Mitigating Actions	Lead Officer(s)
The Combined Authorities Reconfiguration Programme (CARP) will continue to oversee the development of the arrangements within the combined authorities. The two combined authorities and the JTC are working together to implement the changes. This work will continue throughout 2019.	Martin Swales (NECA, Head of Paid Service)
Review of the powers delegated by the JTC to officers supporting its work e.g. statutory officers including Proper Officer for Transport; NECA, Transport Strategy Unit officers.	Tobyn Hughes (Managing Director Transport North East) Mike Harding (NECA Monitoring Officer)
Review of roles, responsibilities, and arrangements regarding the activities of the Transport Strategy Unit including business planning, performance management, project assurance, overseeing of delivery programmes etc. and implementation of revised arrangements.	Tobyn Hughes (Managing Director Transport North East) Mike Harding (NECA Monitoring Officer)

<p>5. <u>Operational Capacity and Resourcing</u></p> <p>The JTC does not have the necessary operational capacity, skills and budget, to successfully deliver the Committee's objectives and plans.</p>	<p><u>Risk Owner</u> Head of Paid Service</p>
	<p><u>Risk Score</u></p>
	<p>Amber 8</p>
	<p>Likelihood – Low 2 Impact – Critical 4</p>
<p>Possible Cause(s):</p> <p>Due to two Combined Authorities operating within the North-East region rather than one, by statutory order the JTC was formed to carry out the transport function responsibilities of the two Combined Authorities. NECA is the accountable body for the new JTC and has extra responsibility for implementing the decisions of the JTC, providing support to the JTC committees and managing the JTC's finances. It is uncertain how much resource will be needed by NECA officers and committee members moving forward therefore the current budget may be insufficient.</p> <p>Statutory officers to NECA, the accountable body for the JTC, need to carry out duties for their main employer in addition to their roles in NECA which may result in capacity issues. Likewise, the Managing Director, Transport North East fulfil two roles, one for the JTC and one for Nexus. Support services provided to NECA and the JTC are provided from Council's which are part of NECA</p>	
<p>Potential Impact/Consequence:</p> <p>Decisions may be delayed, or incomplete information provided as part of the decision-making process. Functions may not be carried out as quickly or as fully as they should be leading to loss of money, incorrect decisions, and loss of credibility of JTC.</p>	
<p><u>Controls (already in place)</u></p> <ul style="list-style-type: none"> • All statutory officers in NECA, accountable body for the JTC are in place. Deputy statutory officers are also in place for NECA. • The 'Proper Office for Transport' to the JTC is in place. • Representatives from the 7 councils in the North-East area have been appointed to the JTC and the Tyne Wear Sub Committee. Deputies have also been appointed. • The JTC have adopted a budget for 2019/20 to deliver JTC activities. • The Transport Strategy Unit, made of seconded officers from Councils and Nexus, is in place to support the delivery of the JTC objectives. • Partners continue to provide input to the work of the JTC via, for example, Council transport leads. • Where appropriate, external consultants, are employed to provide specialist expertise to support the work of the JTC and to protect its interests e.g. advice in respect of possible changes to the contract to manage and operate the Tyne Tunnel services. • A further finance officer has been employed by NECA to help meet the extra demands of NECA as the Accountable Body for the JTC. 	

Further Mitigating Actions	Lead Officer(s)
As part of a current review of roles, responsibilities, and arrangements regarding the activities of the Transport Strategy Unit an assessment is being made of its role and the capacity and skills required to meet the role.	Tobyn Hughes (Managing Director Transport North East)
As the new JTC arrangements are embedded a review is to be made of the effectiveness of the support provided to the JTC to ensure they are adequate.	John Hewitt (NECA Finance Officer) Tobyn Hughes (Managing Director Transport North East) Mike Harding (NECA Monitoring Officer)

<p>6 <u>Delivery of Transport Improvement Projects/Programmes</u></p> <p>Projects which are funded through the JTC are delayed, are significantly overspent or do not deliver the intended product to meet the identified transport need.</p>	<p><u>Risk Owner</u> Head of Paid Service</p>
	<p><u>Risk Score</u></p>
	<p>Amber 8</p>
	<p>Likelihood – Low 2 Impact – Critical 4</p>

Possible Cause(s):

- 1 Poor project management.
- 2 Inaccurate assessment of projects costs when submitting funding bids.
- 3 Delays and costs for a project due to unforeseen events.
- 4 Insufficient capacity and skills to manage projects.
- 5 Fraud and corruption.

Potential Impact/Consequence:

- 1 Transport projects may not be completed or have to be delayed or the size of project reduced e.g. quality, quantity which may results intended benefits not being realised and damage to the reputation of the JTC.
- 2 If the funding is not used by a deadline then funding may be lost.
- 3 Financial resources earmarked for other future purposes may need to be used to complete current projects causing postponement or delays in other JTC plans.

Controls (already in place)

- The Managing Director, Transport North East and officers of the Transport Strategy Unit (TSU) have experience, skills and knowledge to submit strong bids for funding. They are familiar with the requirements needed for submitting bid and the process to go through.
- All projects included in a bid are subject to scrutiny using the TSU’s ‘Transport Assurance Framework’ to ensure the proposed projects is in line with the JTC objectives and plans and meets the bid criteria.
- Projects delivered by the JTC directly are managed using recognised project management principles. The TSU has the experience and skills to manage projects.
- Where projects are delivered by the JTC’s partners e.g. Nexus, the JTC has arrangements in place to gain assurance that the projects are progressing as expected and where not, corrective actions are being taken to effectively manage the key issues e.g. regular reporting by partners.
- Where transport projects are to be delivered by an external supplier then any work let is subject to a competitive procurement process.
- Where funding is provided through the JTC to third parties to deliver a transport project all third parties have a funding agreement in place which includes the need for the third party to provide details as to progress regarding costs and progress of the project. JTC officers

<p>monitor progress on an ongoing basis.</p> <ul style="list-style-type: none"> • Funding providers provide clear conditions as to the use of funds which is published to all relevant stakeholders. • JTC officers are subject to relevant codes of conduct 	
Further Mitigating Actions	Lead Officer(s)
Monitoring of the delivery of the overall JTC programme of projects should be carried out on a regular basis.	Tobyn Hughes (Managing Director Transport North East)

<p>7 <u>Transport Infrastructure Assets</u></p> <p>Transport assets, which are the responsibility of the JTC, are inadequately managed and maintained</p>	<p><u>Risk Owner</u> Head of Paid Service</p> <p><u>Risk Score</u></p> <p style="background-color: #92d050; text-align: center;">Green 6</p> <p>Likelihood – Low 2 Impact – Significant 3</p>
<p>Possible Cause(s):</p> <ol style="list-style-type: none"> 1 Lack of awareness of the existence of the asset. 2 Lack of clarity as to who has responsibility for the management and maintenance of the assets. 3 Lack of clarity as to standards required. 4 Lack of resources to maintain the assets. 	
<p>Potential Impact/Consequence:</p> <ol style="list-style-type: none"> 1 Greater financial resources may be needed to rectify faults arising from poor maintenance. 2 Failures in transport infrastructure assets may affect services delivered to transport users leading to disruption and complaints and a drop in usage. If the funding is not used by a deadline then funding may be lost. 3 Financial resources earmarked for other future purposes may need to be used to complete current projects causing postponement or delays in other JTC plans. 	
<p><u>Controls (already in place)</u></p> <ol style="list-style-type: none"> 1 JTC’s constitution makes it clear it has overall responsibility and oversight for transport infrastructure assets owned by NECA and North of Tyne Combined Authority. 2 The JTC holds a record of assets it is responsible for. 3 Responsibility for the maintenance of assets and the standards required are included in the relevant agreements with third party providers e.g. TT2 Ltd. As part of the agreement reports need to be submitted to JTC to gain assurance the relevant maintenance is being carried out. 	
<p>Further Mitigating Actions</p>	<p>Lead Officer(s)</p>
<p>As part of a current review of roles, responsibilities, and arrangements regarding the activities of the JTC and the Transport Strategy Unit an assessment is being made of the capacity and skills within the JTC to carry out its contract management responsibilities.</p>	<p>Tobyn Hughes (Managing Director Transport North East)</p>

8 Service Delivery Inadequate arrangements are in place to ensure that adequate levels of public transport services, for which the JTC has oversight, are maintained by the JTC's transport delivery partners.	<u>Risk Owner</u> Head of Paid Service
	<u>Risk Score</u>
	Green 6
	Likelihood – Low 2 Impact – Significant 3
Possible Cause(s): <ol style="list-style-type: none"> Lack of clarity as to the responsibilities and duties regarding the oversight of public transport services within the region. Failure to appreciate the impact of maintaining adequate levels of transport services on the economic well-being and reputation of the region. Lack of resources and/or expertise to put in place effective arrangements to ensure adequate levels of transport services are provided. 	
Potential Impact/Consequence: <ol style="list-style-type: none"> Loss of confidence by stakeholders, e.g. government in the JTC's ability to meet its responsibilities. Loss of confidence by users of services. Without oversight by the JTC, public transport providers e.g. Nexus, may not provide the required services resulting in less use of public transport and greater congestion on the roads, which is contrary to the aims and objectives of the JTC. 	
<u>Controls (already in place)</u> <ol style="list-style-type: none"> JTC's constitution makes it clear it has overall responsibility and oversight for certain statutory public transport services. JTC committees i.e. Leadership Board and Tyne Wear Sub Committee receive regular reports as to the level of public transport services provided by the JTC's partners e.g. Nexus, Durham County Council, Northumberland County Council. 	
Further Mitigating Actions	Lead Officer(s)
An assessment needs to be made by the JTC of its arrangements to gain assurance that issues with transport service delivery causing poor service to the public faced by transport providers e.g. Nexus, are being addressed effectively.	Tobyn Hughes (Managing Director Transport North East)

Risk Analysis Toolkit

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 event occurring	
High	Risk will almost certainly occur
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/Showstopper	<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 key transport related investment plans Unplanned major re-prioritisation of resources and/or services in partner organisations Failure of a delivery programme/major project Serious impact on public transport services provided to users 	<ul style="list-style-type: none"> Inability to secure or loss of significant transport funding opportunity (£5m) Significant financial loss in one or more partners (£2m) Significant adverse impact on transport budgets (£3m)) 	<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 key transport related investment plans Major project failure Impact on public transport services provided to users 	<ul style="list-style-type: none"> Prosecution Change in notable funding or loss of major transport funding opportunity (£2m) Notable change in a Partners contribution Notable adverse impact on transport budget (£0.5m-£1.5m) 	<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 Minor impact on public transport services provided to users 	<ul style="list-style-type: none"> Minor financial loss in more than one partner Some/loss of transport 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 	

Critical/Showstopper
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Glossary of Terms

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

Strategic Risk - relates to those factors that might have a significant effect on the successful delivery of the JTC's objectives, plans, policies and priorities.

Risk - A probability or threat of damage, injury, liability, loss, or any other negative occurrence that is caused by external or internal vulnerabilities.

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

Risk Controls or Control Processes - are those actions and arrangements which are specifically identified to be taken to lower the impact of the risk or reduce the likelihood of the risk materialising, or both of these.

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

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

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

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

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

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

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