

## **Joint Transport Committee Audit Committee**

Wednesday, 1st July, 2020 at 10.00 am

Meeting to be held in a To be held virtually via Microsoft Teams

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## **AGENDA**

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**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 (and submit it to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.

3. **Minutes of the last meeting held on 18 December 2019** **3 - 6**

4. **Joint Transport Committee Internal Audit Annual Report 2019/20** **7 - 14**

5. **Joint Transport Committee Internal Audit Plan 2020/21** **15 - 24**

6. **Joint Transport Committee Strategic Risk Register** **25 - 48**

7. **Date of Next Meeting**

The next meeting will be held on 7 October 2020 at 10am





## **JOINT TRANSPORT COMMITTEE, AUDIT COMMITTEE**

### **DRAFT MINUTES FOR APPROVAL**

18 December 2019

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

#### **Present:**

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

#### **Councillors:**

- M Swinburn – Northumberland Council
- M Charlton – Gateshead Council
- E Bell – Durham Council
- P Stewart – Sunderland City Council
- E Malcolm – South Tyneside
- G Stone – Newcastle
- A McMullen – North Tyneside

#### **Officers:**

- Paul Darby – Durham Council
- Martin Harrison - Gateshead Council
- Tracy Davis – Sunderland City Council
- Angus Graham – Sunderland City Council
- Gavin Armstrong – NECA
- Tobyn Hughes – Transport North East

## **1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Eleanor Goodman (NECA).

## **2. DECLARATIONS OF INTEREST**

None were received.

## **3. MINUTES OF THE PREVIOUS MEETING HELD ON 12 SEPTEMBER 2019**

**RESOLVED:** The minutes of the meeting held on 12 September 2019 were agreed as a correct record.

### *Matters Arising*

Item 4 (Review of Effectiveness of Internal Audit) – It was requested that it be made clear that Mazars, who had completed the review, are Sunderland City Council's external auditors. They had been engaged to undertake an external peer review of the Internal Audit Service by Sunderland City Council.

Item 11 (Tyne Pedestrian Tunnel Update) – It was requested that a full public report be brought back to the next meeting on this matter, which will not include any commercially sensitive information.

## **4. BUDGET PROPOSALS**

Committee received reports on the draft 2020/21 Budget, as were presented to the JTC in October and November. Views were being sought to inform the final budget report and the Transport Levies for 2020/21. The reports also included details of the latest forecast outturn for 2019/20.

It is proposed that the levy remains at a standstill for the year 2020/21, overall the total will remain the same although Tyne and Wear authorities would have different shares based on population changes. There has been population growth in Newcastle and North Tyneside therefore they will see an increase in the amount they pay in, with reductions for the other Tyne and Wear authorities.

Nexus has forecast an overspend in the current year and a shortfall in resources due to factors such as inflationary impacts and the cost of the replacement fleet. The position has been improved following the outcome of the tri-annual review and the improved situation regarding pension funds, which has provided a £3m per annum reduction in costs from 2020/21. This had produced headroom to accommodate a range of feasibility studies for the future Metro coverage. Based on a prudent and planned use of reserves in 2020/21 and 2021/22 and a standstill levy it was therefore expected that there would be no need for any service reductions in 2020/21 and 2021/22.

Concerns were raised over the longer term position for Nexus and therefore the Tyne and Wear Authorities, beyond 2021/22 and it was questioned whether there has been any dialogue with central government around more investment.

It was noted that there was significant uncertainty around funding for local government beyond 2020/21 and that all authorities await the outcome of the Comprehensive Spending Review and the Fair Funding Review in 2020. Discussions and lobbying of government is ongoing in this regard, including representations

being made by Nexus themselves. It was highlighted that the vast majority of the levy funded statutory concessionary travel and discretionary bus services. For Tyne and Wear authorities this was commissioned through Nexus. The constituent local authorities are funded from central government independently and make their own budget and council tax setting decisions. It was a choice for the individual local authorities as to what they invest their resources on.

Committee felt it was sensible to maintain a standstill budget, assuming local authorities can maintain the same level of investment via their levy contributions. It was noted that in terms of the 2020/21 budget there is a sound position and members welcomed the planned investments in the feasibility studies and the managed use of reserves in Nexus to mitigate any need for service reductions.

It was suggested that the fleet replacement will lead to an improvement in service which in turn will increase usage and thus income. It was acknowledged that currently the number of trains has not reduced whereas the number of passengers has. Also, overall confidence in the service has eroded due to the condition of the old fleet. It is expected that by the end of 2024 there will be system stability and increased passenger numbers.

In terms of the drivers dispute, the offer made to them has been factored into the budget proposals and it was acknowledged that any additional pressures could make the budget go into deficit. It was also noted that industrial action has a big cost, including the impact on passenger confidence and it was felt that this should be built into the risk register.

It was proposed that this year proceeds on the basis of a standstill levy and next year the budget round is started early in the hope of more clarity regarding budgets for local authorities.

RESOLVED - That the comments of the North East Joint Transport Committee, Audit Committee be considered as part of the consultation process.

## **5. JOINT TRANSPORT COMMITTEE STRATEGIC RISK REGISTER**

Committee was provided with an updated assessment of the strategic risks faced by the JTC.

It was reported that there has been an increase in the risk around future availability of funding. This is due to the level of uncertainty moving past the next financial year.

In terms of operational capacity and resourcing risk it was confirmed that more needs to be understood about the impact of Nexus, for example regarding levy changes. Officers will be picking this up and altering the wording accordingly.

It was acknowledged that by April 2020 the outcome of the Transforming Cities bid should be known and this will cut across a number of risk areas.

Committee requested that any changes to the register before the next meeting in April be relayed to the Chair who will decide if an additional meeting has to be held.

RESOLVED - That Audit Committee considered and made comment on the strategic risk register.

## **6. ANY OTHER BUSINESS**

It was requested that alternative meeting days be looked at when arranging the schedule of meetings for the new municipal year.

## **7. DATE AND TIME OF THE NEXT MEETING**

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

## **Joint Transport Committee – Audit Committee**

**Date:** 1st July 2020

**Subject:** Joint Transport Committee Internal Audit Annual Report 2019/20

**Report Of:** Senior Manager – Assurance, Sunderland City Council

### **Executive Summary**

This report is to provide a summary of the Internal Audit work undertaken during 2019/20, provide an opinion on the Company's internal control arrangements, and the performance of Internal Audit against its agreed performance indicators.

### **Recommendations**

The Audit Committee is invited to consider and, if appropriate, make comment on the proposed Internal Audit Annual Report for 2019/20 which includes the key performance measures for the provision of the service.

## Joint Transport Committee – Audit Committee

### 1 Background Information

- 1.1 In September 2019 the Audit Committee agreed the Internal Audit Strategy and Internal Audit Plan for 2019/20, which included two audits for completion during the year. The audits were:
- Governance Arrangements, and
  - Project Management, Procurement and Contract Management Procedures.
- 1.2 Both of the audits were being conducted in the fourth quarter of the year and were due to be completed by the end of March 2020. Unfortunately, due to the Covid 19 outbreak the Sunderland City Council Internal Audit Team was stood down for a temporary period in order to support the response to the outbreak, clients were made aware of this. The two audits have since been completed and the draft reports have been issued and considered by Management.

### 2. Proposals

- 2.1 Appendix 1 provides a summary of the audits, including the scope, conclusion and opinion at draft stage. Both audit were considered to have substantial assurance at the draft stage.
- 2.2 Appendix 2 shows Internal Audit's current performance against the performance indicators, activity directly relevant to JTC is shown where it can be. The response to the Covid 19 outbreak has had a negative impact on the performance in relation to the timeliness of the completion of the audits. Under normal circumstances performance in these areas is usually within target.

### 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 results of the Internal Audit work in relation to the JTC will be reported to the NECA Audit and Standards Committee at the end of July 2020.

### 5. Potential Impact on Objectives

- 5.1 There will not be a direct impact on the JTC's objectives, however the report supports the JTC by providing assurance that the internal control arrangements in place to



## **Joint Transport Committee – Audit Committee**

manage risks are effective or where assurance cannot be given highlighting opportunities for improvement.

### **6. Finance and Other Resources Implications**

- 6.1 There are no financial implications arising from this report other than the agreed fee for the service to be delivered.

### **7. Legal Implications**

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

### **8. Key Risks**

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

### **9. Equalities and Diversity**

- 9.1 There are no equalities and diversity implications 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, Chief Finance Officer and the JTC's Proper Officer for Transport have been consulted on the Internal Audit Annual Report 2019/20.

### **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 1 – Summary of Internal Audit work undertaken during 2019/20.

Appendix 2 – Performance of Internal Audit for 2019/20 where available.

### **14. Background Documents**

- 14.1 JTC Standing Orders.

## Joint Transport Committee – Audit Committee

### 15. Contact Officers

Tracy Davis – Senior Manager – Assurance, Sunderland City Council.

[Tracy.Davis@sunderland.gov.uk](mailto:Tracy.Davis@sunderland.gov.uk)

### 16. Sign off

- Head of Paid Service ✓
- Monitoring Officer ✓
- Chief Finance Officer ✓
- Managing Director, Transport North East (Proper Officer for Transport)✓

## Joint Transport Committee – Audit Committee

### Summary of Internal Audit Work 2019/20

Appendix 1

Page 11

Audits 2019/20	Scope	Opinion	Overall Opinion
Governance Arrangements	<ul style="list-style-type: none"> <li>• Roles and responsibilities;</li> <li>• Development and Delivery of the JTC's Business Plan;</li> <li>• Decision making (including delegation scheme); and</li> <li>• Key company policies and procedures, e.g. performance management, procurement, financial procedures, business continuity, whistleblowing, fraud and corruption.</li> </ul>	The findings of the audit give substantial assurance. The controls evaluated are well designed, appropriate in scope and applied consistently and effectively. Any issues identified are minor in nature and should not prevent objectives being achieved. (Substantial Assurance)	S
Project Management, Procurement and Contract Management Procedures.	<ul style="list-style-type: none"> <li>• Project management;</li> <li>• Procurement;</li> <li>• Contract Management;</li> <li>• Financial monitoring and reporting; and</li> <li>• Benefits realisation.</li> </ul>	The findings of the audit give substantial assurance that key operational procedures surrounding project management, procurement and contract management arrangements are operating as expected. The controls evaluated are well-designed, appropriate in scope and applied consistently. Any issues identified are minor in nature and should not prevent objectives being achieved. (substantial Assurance)	

Assurance Level (Opinion) Key:

F – Full   S – Substantial   M – Moderate   L – Limited   N – None

## Joint Transport Committee – Audit Committee

Appendix 2

Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2019/20			
Efficiency and Effectiveness			
Objectives	KPI's	Targets	Progress
1) To ensure the service provided is effective and efficient.	1) Complete sufficient audit work to provide an opinion on the key risk areas identified.  2) Percentage of draft reports issued within 15 days of the end of fieldwork.  3) Percentage of audits completed by the target date (from scoping meeting to issue of draft report).	1) All key risk areas covered over a 3 year period  2) 90%  3) 85%	N/A  Behind target – 0%  Behind target – 0%

## Joint Transport Committee – Audit Committee

### Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2019/20

Quality			
Objectives	KPI's	Targets	Progress
<p>1) To maintain an effective system of Quality Assurance.</p> <p>2) To ensure recommendations made by the service are agreed and implemented.</p>	<p>1) Opinion of External Auditor</p> <p>2) Percentage of agreed high, significant and medium risk internal audit recommendations which are implemented.</p>	<p>1) Satisfactory opinion</p> <p>2) 100% for high and significant risk. 90% for medium risk</p>	<p>Achieved</p> <p>No Information Yet</p>
Client Satisfaction			
Objectives	KPI's	Targets	Progress
<p>1) To ensure that clients are satisfied with the service and consider it to be good quality.</p>	<p>1) Results of Post Audit Questionnaires</p> <p>2) Results of other Questionnaires</p> <p>3) Number of Complaints / Compliments</p>	<p>1) Overall average score of better than 1.5 (where 1=Good and 4=Poor)</p> <p>2) Results classed as 'Good'</p> <p>3) No target – actual numbers will be reported</p>	<p>No Information Yet</p> <p>N/A</p> <p>None in year</p>

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## **Joint Transport Committee – Audit Committee**

**Date:** 1st July 2020

**Subject:** Joint Transport Committee Internal Audit Plan 2020/21

**Report Of:** Senior Manager – Assurance, Sunderland City Council

### **Executive Summary**

The purpose of this report is to provide members with the proposed Internal Audit Plan and performance measures for 2020/21.

It is intended as part of the Audit Plan for 2020/21 to carry out two audits. These relate to the following areas:

- a) Regional Transport Plan.
- b) Contract Management Arrangements – TT2.
- c) Transforming Cities Programme.

### **Recommendations**

The Audit Committee is invited to consider and, if appropriate, make comment on the proposed Internal Audit Plan for 2020/21 which includes the key performance measures for the provision of the service.

## Joint Transport Committee – Audit Committee

### 1 Background Information

- 1.1 The Terms of Reference of the Audit Committee included within the Standing Orders of the North East Joint Transport Committee (JTC) state that the Audit Committee should receive on an annual basis, *'Internal Audit's Strategic Audit Plan, including Internal Audit's terms of reference, strategy and resources. The JTC Audit Committee will approve, but not direct, the JTC Strategic Audit Plan'*. The submission of this report seeks to allow the Audit Committee to fulfil this requirement.
- 1.2 The internal audit service is provided to JTC by the internal auditors of Sunderland City Council.

### 2. Proposals

- 2.1 The Internal Audit Strategy was agreed by the Committee in 2019/20 and as no changes have been made to it this report sets out only the proposed Internal Audit plan and performance measures for 2020/21.
- 2.2 The draft Internal Audit Plan for 2020/21 is set out in Appendix 1. The Audit Plan covers Internal Audit's key performance measures and outlines the proposed internal audit work for the JTC.
- 2.3 It was intended that a Strategic Audit Plan for the next three years would be developed during the previous financial year, however the outbreak of Covid 19 delayed such work as the Internal Audit service was made available to support other areas. This will be progressed during the current year.

### 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 Delivery of the audit plan will be monitored to ensure it is delivered together with any actions arising from audit work. Update reports will be provided to the JTC Audit Committee.



## **Joint Transport Committee – Audit Committee**

### **5. Potential Impact on Objectives**

- 5.1 The development of the audit plan 2020/21 will not impact directly on the JTC's objectives, however the delivery of the audit plan will support the JTC by providing assurance that the internal control arrangements in place to manage risks are effective or where assurance cannot be given highlighting opportunities for improvement.

### **6. Finance and Other Resources Implications**

- 6.1 There are no financial implications arising from this report other than the agreed fee for the service to be delivered.

### **7. Legal Implications**

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

### **8. Key Risks**

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

### **9. Equalities and Diversity**

- 9.1 There are no equalities and diversity implications 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, Chief Finance Officer and the JTC's Proper Officer for Transport have been consulted on the draft Internal Audit Plan 2020/21.

### **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 1 – Internal Audit Plan 2020/21 provides a description of the audit work to be carried out during the year.

## **Joint Transport Committee – Audit Committee**

### **14. Background Documents**

#### **14.1 JTC Standing Orders.**

### **15. Contact Officers**

Tracy Davis – Senior Manager – Assurance, Sunderland City Council.

[Tracy.Davis@sunderland.gov.uk](mailto:Tracy.Davis@sunderland.gov.uk)

### **16. Sign off**

- Head of Paid Service ✓
- Monitoring Officer ✓
- Chief Finance Officer ✓
- Managing Director, Transport North East (Proper Officer for Transport)✓

## Joint Transport Committee – Audit Committee

### Appendix 1

#### Internal Audit Plan 2020/21

#### 1. Introduction

This document presents the Internal Audit Plan for 2020/21 including the key performance measures for Internal Audit.

#### 2. Division of Responsibilities

- 2.1 It is management's responsibility to manage the systems of the JTC to ensure that risks are managed, an appropriate system of internal control is maintained, and its assets adequately protected. This includes ensuring that controls are in place to guard against error, potential fraud and corruption, and that there is efficiency and effectiveness in how the systems are operated.
- 2.2 Internal Audit independently reviews how effectively management discharges this aspect of its responsibilities by evaluating the effectiveness of systems and controls and providing objective analyses and suggesting areas for improvement. Management retains full ownership and responsibility for the implementation of any agreed actions within the agreed timescales.

#### 3. Development of the Plan

- 3.1. The plan was developed based on consultation with key officers within the JTC and consultation with the JTC's statutory officers and consideration of the key activities and risks relevant to the JTC. A three year strategic audit plan will be developed, in consultation with the JTC during the year.
- 3.2. As specific areas of concern or irregularity may require investigation as and when they arise, a small contingency is made for this work. Should a significant piece of work be required there may be a need to replace a planned audit, in consultation with the JTC.
- 3.1 Where individual audits cannot be undertaken as originally planned (e.g. service no longer provided), attempts will be made to replace the audit with a suitable replacement in consultation with the JTC's Chief Finance Officer. Where these changes are agreed this shall be considered a variation to this Plan for the purposes of performance reporting.

## **Joint Transport Committee – Audit Committee**

- 3.2 Time has also been allocated for the provision of advice and guidance on internal control matters.

### **4 Planned Audit Work for 2020/21**

- 4.1 The following audits are planned.

#### Regional Transport Plan

- 4.2 A review of the arrangements for the development and implementation of the Transport Regional Plan to ensure that it seeks to deliver the priorities of the region as a whole.

- 4.3 The scope of the audit includes the following:

Roles and responsibilities  
Process for the Plan's development  
Decision making  
Monitoring of the Plan's delivery  
Reporting arrangements

#### Contract Management Arrangements – TT2

- 4.4 Audit work in relation to the management of the contract with TT2 for the operation of the Tyne Tunnel.

- 4.5 The scope of the audit includes:

Roles and responsibilities  
Contract administration  
Decision making  
Performance management  
Financial monitoring and reporting

- 4.6 Transforming Cities – Programme Management

- 4.7 The scope of the audit includes:

Programme governance arrangements  
Roles and Responsibilities  
Monitoring and reporting  
Benefits realisation

## **Joint Transport Committee – Audit Committee**

### **5 Reporting Protocols**

- 5.1 At the conclusion of each individual audit a draft report and, if necessary, a proposed action plan will be forwarded to the appropriate manager. Once agreement has been reached, a final report (including any agreed action plan) will be forwarded to the relevant senior officer and the Head of Paid Service. Where audits highlight issues which need to be brought to the attention of the Chief Finance Officer they will be raised as and when necessary.
- 5.2 Senior Management and the Audit Committee will be updated on progress against the audit plan on a twice yearly basis.
- 5.3 An Annual Report will be prepared for the Audit Committee, in order to give assurance, or otherwise, regarding the JTC's internal control environment

### **6 Performance Management**

- 6.1 All work undertaken will be in accordance with the internal audit service's policies and procedures, which are based upon the Public Sector Internal Audit Standards.
- 6.2 The Key Performance Indicators which will be used to measure the performance of the service throughout the year are shown in Annexe 1.

## Joint Transport Committee – Audit Committee

### Annexe 1

Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2020/21		
Efficiency and Effectiveness		
<b>Objectives</b> 1) To ensure the service provided is effective and efficient.	<b>KPIs</b> 1) Complete sufficient audit work to provide an opinion on the corporate risk areas  2) Percentage of draft reports issued within 15 days of the end of fieldwork  3) Percentage of audits completed by the target date	<b>Targets</b> 1) All corporate risk areas covered over a 3 year period  2) 90%  3) 85%
Quality		
<b>Objectives</b> 1) To maintain an effective system of Quality Assurance  2) To ensure recommendations made by the service are agreed and implemented	<b>KPIs</b> 1) Opinion of External Auditor  2) Percentage of agreed high, significant and medium risk internal audit recommendations which are implemented	<b>Targets</b> 1) Satisfactory opinion  2) 100% for high and significant. 90% for medium risk
Client Satisfaction		
<b>Objectives</b> 1) To ensure that clients are satisfied with the service and consider it to be good quality	<b>KPIs</b> 1) Results of Post Audit Questionnaire  2) Results of Audit Questionnaire  3) Number of complaints and compliments	<b>Targets</b> 1) Overall average score of better than 1.5 (where 1=Good and 4=Poor) 2) Results classed as 'good'  3) No target – actual numbers will be reported

## **Joint Transport Committee – Audit Committee**

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## **Joint Transport Committee – Audit Committee**

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**Date:** 1<sup>st</sup> July 2020

**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 December 2019.

The risk level regarding the governance arrangements of the JTC has been reduced to 'green'. This is because further action has been taken to enhance the arrangements to ensure they are more appropriate to the needs of the JTC moving forward. These new arrangements include the establishment of a Transport Strategy Board and a Statutory Officer Oversight Group and the adoption of a scheme of delegation for the Proper Officer for Transport.

The level of risk associated with the remaining 7 JTC strategic risks has remained stable with no changes reported since the previous update to the Committee in December 2019. This includes the risk level of 'high' regarding the reduction of funding available to the JTC. While the UK government has the ambition to raise the level of economic performance in all parts of the country towards those of London i.e. to 'level up' the economy, the government's ability and willingness to invest in transport infrastructure may be reduced due to a financial recession caused by the Covid-19 pandemic.

### **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 whilst 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 regions 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 Strategic 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**

Tracy Davis – Senior Manager – Assurance, Sunderland City Council.  
[Tracy.Davis@sunderland.gov.uk](mailto:Tracy.Davis@sunderland.gov.uk)  
Telephone - 0191 5612861

## **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			
<b><u>1 Future Availability of Funding</u></b>  Sources and levels of funding available to the JTC to develop the North-East regions transport infrastructure within the region may reduce.	Red 12	Static	N/a
<b><u>2 Funding Opportunities</u></b>  Failure of the JTC to secure the maximum amount of transport funding available to progress transport infrastructure in the North-East region.	Amber 8	Static	N/a
<b><u>3 Use of Funding and Resources</u></b>  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.	Amber 8	Static	N/a
<b><u>4 Governance Arrangements</u></b>  The governance arrangements of the JTC are not appropriate to allow effective and timely decision making and the achievement of its objectives	Green 4	Decrease	Due to adoption of Delegation Scheme for Proper Officer for Transport. Also, establishment of Transport Strategy Board and Statutory Officer Oversight Group.
<b><u>5 Operational Capacity and Resourcing</u></b>  The JTC does not have the necessary operational capacity, skills and budget, to successfully deliver the JTC's objectives and plans.	Amber 8	Static	N/a

<b><u>6 Delivery of Transport Improvement Projects/Programmes</u></b>  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.	<b>Amber 8</b>	<b>Static</b>	<b>N/a</b>
<b><u>7 Transport Infrastructure Assets</u></b>  Transport assets, which are the responsibility of the JTC, are inadequately managed and maintained.	<b>Green 6</b>	<b>Static</b>	<b>N/a</b>
<b><u>8 Service Delivery</u></b>  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.	<b>Green 6</b>	<b>Static</b>	<b>N/a</b>

## Strategic Risks - Details

<b>1 <u>Future Availability of Funding</u></b>  Sources and levels of funding available to the JTC to develop the North-East regions transport infrastructure within the region may reduce.	<b><u>Risk Owner</u></b> Head of Paid Service (for Transport)
	<b><u>Risk Score</u></b>
	Red 12
	Likelihood – Medium 3 Impact – Critical 4
<b>Possible Cause(s):</b>  <ol style="list-style-type: none"> <li>1 A downturn in the UK economy may cause the UK government to reduce funds available for the development of transport infrastructure as part of expenditure cutting exercises nationally e.g. the Covid-19 pandemic will cause a major financial recession, which may reduce the government's ability and willingness to invest in transport infrastructure</li> <li>2 Uncertainty around the nature and level of future capital funding streams from Government. Some current government funding regimes are due to cease in the next 18 months e.g. Local Growth Fund. There is currently uncertainty as the nature and timing of any replacement funding initiatives e.g. UK Shared Prosperity Fund.</li> <li>3 A change in UK government transport policy, may mean:               <ol style="list-style-type: none"> <li>a) Government policy may not be aligned to support the transport developments and needs of the North East region. This may have an adverse effect on the achievement of transport goals in the North East e.g. transport funding to be concentrated in only certain geographic areas excluding the North East or certain types of transport scheme e.g. rail not road which may not be in line with JTC plans, and/or</li> <li>b) Government funding may be such that major transport projects may be unable to be funded e.g. the time limit put on the length of project funding may mean major projects may not meet funding criteria as projects cannot be completed within relevant time limits.</li> </ol> </li> <li>4 The exit of the UK from the EU may have a negative impact on the availability of funding previously provided from EU sources. Funding programmes from the EU will cease from 2020. Currently funds from the EU funding programmes allocated to the UK up to end of 2020 which have not yet been committed to specific projects are available for use. The UK Shared Prosperity Fund (UKSPF) is likely to replace these lost EU funding streams beyond 2021, however the consultation document expected from Government is delayed and therefore the future funding opportunities, both capital and revenue, are uncertain at this time. The longer the delay the greater the chance of a gap between the end of EU funding (2020) and the introduction of the UKSPF (current earliest start date April 2021) and the greater uncertainty.</li> </ol>	



**Potential Impact/Consequence:**

The JTC would not be 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.

**Controls (already in place)**

- 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:
  - 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.

**Further Mitigating Actions**

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.

**Lead Officer(s)**

Tobyn Hughes  
Managing Director,  
Transport North East

<b>2 <u>Funding Opportunities</u></b>  Failure of the JTC to secure the maximum amount of transport funding available to progress transport infrastructure in the North East region.	<b><u>Risk Owner</u></b> Head of Paid Service (for Transport)
	<b><u>Risk Score</u></b>
	<b>Amber 8</b>
	Likelihood – Low 2 Impact – Critical 4
<b>Possible Cause(s):</b>  <ol style="list-style-type: none"> <li>1. Funding opportunities are missed due to lack of awareness or missing relevant deadlines.</li> <li>2. Poor quality of funding applications made by JTC</li> <li>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.</li> </ol>	
<b>Potential Impact/Consequence:</b>  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.	
<b><u>Controls (already in place)</u></b>  <ul style="list-style-type: none"> <li>• JTC officers' horizon scan to identify upcoming funding opportunities.</li> <li>• JTC are in regular contact with the UK government and other funding bodies to identify funding opportunities early.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• During any application process the TSU liaises with the provider to understand clearly what it is looking for.</li> </ul>	
<b>Further Mitigating Actions</b>  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. A project 'pipeline' is also being developed.	<b>Lead Officer(s)</b>  Toby Hughes Managing Director, Transport North East

<b>3 <u>Use of Funding and Resources</u></b>  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 may not be sufficient to complete intended projects or maintain adequate levels of service delivery.	<b><u>Risk Owner</u></b> Head of Paid Service (for Transport)
	<b><u>Risk Score</u></b>
	<b>Amber 8</b>
	Likelihood – Low 2 Impact – Critical 4
<b>Possible Cause(s):</b>  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.	
<b>Potential Impact/Consequence:</b>  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.	
<b><u>Controls (already in place)</u></b>  <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• Projects delivered by the JTC directly are managed using recognised project management principles. The TSU has the experience and skills to manage projects.</li> <li>• 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.</li> <li>• Where transport projects are to be delivered by an external supplier then any work let is subject to a competitive procurement process.</li> <li>• 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</li> </ul>	

<p>provide details as to progress regarding costs and progress of the project. JTC officers monitor progress on an ongoing basis.</p> <ul style="list-style-type: none"> <li>• Funding providers provide clear conditions as to the use of funds which is published to all relevant stakeholders.</li> <li>• JTC officer are subject to relevant codes of conduct</li> </ul>	
<b>Further Mitigating Actions</b>	<b>Lead Officer(s)</b>
<p>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.</p>	<p>Tobyn Hughes (Managing Director, Transport North East) John Hewitt (NECA Chief Finance Officer)</p>

<p><b>4 Governance Arrangements</b></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><b><u>Risk Owner</u></b> Head of Paid Service (for Transport)</p> <p><b><u>Risk Score</u></b></p> <p>Green 4</p> <p>Likelihood – Negligible 1 Impact – Critical 4</p>
<p><b>Possible Cause(s):</b></p> <p>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"> <li>• Lack of capacity to support the governance arrangements</li> <li>• Lack of clarity of roles and responsibilities</li> <li>• Lack of development of new working arrangements or delays in implementing proposed changes</li> <li>• Priorities not aligned to new arrangements.</li> </ul>	
<p><b>Potential Impact/Consequence:</b></p> <p>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><b><u>Controls (already in place)</u></b></p> <ul style="list-style-type: none"> <li>• 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. This will be revised completely later in March 2020.</li> <li>• 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.</li> <li>• The Statutory Order provides for the existence of the JTC and specifies its current membership and functions.</li> <li>• Formal decision-making committees including Joint Transport Committee and sub-committees are operational.</li> <li>• 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.</li> <li>• All 7 LAs continue to support the JTC and its activities.</li> <li>• 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</li> </ul>	

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.
- A Delegation Scheme for the Proper Officer for Transport has been adopted. This allows prompt decision making to be made where necessary within certain limits (i.e. financial, subject to JTC internal rules e.g. financial procedures etc) and where appropriate requiring the involvement of other JTC statutory officers.
- A JTC Chief Executive Transport Strategy Board has been established which strengthens the decision making by providing challenge and scrutiny regarding reports being submitted to the JTC.
- A Statutory Officer Oversight Group has been established to oversee procurement, legal, financial and other management issues relating to JTC operations.

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 during 2020.	Martin Swales (NECA, Head of Paid Service)
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) Monitoring Officer)

<p><b>5. <u>Operational Capacity and Resourcing</u></b></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><b><u>Risk Owner</u></b> Head of Paid Service (for Transport)</p>
	<p><b><u>Risk Score</u></b></p>
	<p><b>Amber 8</b></p>
	<p>Likelihood – Low 2 Impact – Critical 4</p>
<p><b>Possible Cause(s):</b></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>Increased demand for, and changes in the nature and scope of, work re transport policy, funding bid submission and programme delivery</p>	
<p><b>Potential Impact/Consequence:</b></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, delay in development of transport policies and funding bids, weakened oversight re the delivery of transport programmes, and loss of credibility of JTC.</p>	
<p><b><u>Controls (already in place)</u></b></p> <ul style="list-style-type: none"> <li>• All statutory officers in NECA, accountable body for the JTC are in place. Deputy statutory officers are also in place for NECA.</li> <li>• The 'Proper Office for Transport' to the JTC is in place.</li> <li>• 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.</li> <li>• The JTC have adopted a budget for 2020/21 to deliver JTC activities.</li> <li>• The Transport Strategy Unit, with officers now employed by NECA and located centrally, is in place to support the delivery of the JTC objectives.</li> <li>• Partners continue to provide input to the work of the JTC via, for example, Council transport leads.</li> <li>• 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.</li> <li>• A further finance officer has been employed by NECA to help meet the extra demands of</li> </ul>	

<p>NECA as the Accountable Body for the JTC. Likewise, administration support has been enhanced for the TSU.</p> <ul style="list-style-type: none"> <li>• A Tyne Tunnels Manager has been employed by NECA with responsibility to the JTC.</li> <li>• A Transport North East Strategy Director has been employed to lead the Transport Strategy Unit developing long term transport policies, plans, analytical models and business cases to ensure that the North East's transport networks achieve the shared objectives and goals of NECA, NoTCA, their constituent councils and the North East Local Enterprise Partnership.</li> </ul>	
<b>Further Mitigating Actions</b>	<b>Lead Officer(s)</b>
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 e.g. communications, programme management	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 Chief Finance Officer) Tobyn Hughes (Managing Director Transport North East) Nicola Robason (NECA Deputy Monitoring Officer)



<b>6 <u>Delivery of Transport Improvement Projects/Programmes</u></b>  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.	<b><u>Risk Owner</u></b> Head of Paid Service (for Transport)
	<b><u>Risk Score</u></b>
	Amber 8
	Likelihood – Low 2 Impact – Critical 4
<b>Possible Cause(s):</b>  1 Poor programme/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.	
<b>Potential Impact/Consequence:</b>  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.	
<b><u>Controls (already in place)</u></b>  <ul style="list-style-type: none"><li>• 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.</li><li>• 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.</li><li>• Projects delivered by the JTC directly are managed using recognised project management principles. The TSU has the experience and skills to manage projects.</li><li>• 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.</li><li>• Where transport projects are to be delivered by an external supplier then any work let is subject to a competitive procurement process.</li><li>• 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.</li></ul>	

<ul style="list-style-type: none"> <li>• Funding providers provide clear conditions as to the use of funds which is published to all relevant stakeholders.</li> <li>• JTC officers are subject to relevant codes of conduct</li> </ul>	
<b>Further Mitigating Actions</b>	<b>Lead Officer(s)</b>
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)
Programme management and governance structures within the JTC and TSU are to be reviewed and developed to ensure they remain fit for purpose particularly in light of successful funding bids e.g. Transforming Cities Fund.	Tobyn Hughes (Managing Director Transport North East)

<b>7 <u>Transport Infrastructure Assets</u></b>  Transport assets, which are the responsibility of the JTC, are inadequately managed and maintained	<b><u>Risk Owner</u></b> Head of Paid Service (for Transport)	
	<b><u>Risk Score</u></b>	
	Green 6	
	Likelihood – Low 2 Impact – Significant 3	
<b>Possible Cause(s):</b>  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.		
<b>Potential Impact/Consequence:</b>  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.		
<b><u>Controls (already in place)</u></b>  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.  4 A Tyne Tunnels Manager has been employed by NECA with responsibility to the JTC. The post has oversight of the performance of third-party providers e.g. TT2 Ltd operating the Tyne Tunnels.		
<b>Further Mitigating Actions</b>		<b>Lead Officer(s)</b>
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.		Tobyn Hughes (Managing Director Transport North East)



<b>8 <u>Service Delivery</u></b> 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.	<b><u>Risk Owner</u></b> Head of Paid Service (for Transport)
	<b><u>Risk Score</u></b>
	Green 6
	Likelihood – Low 2 Impact – Significant 3
<b>Possible Cause(s):</b> <ol style="list-style-type: none"> <li>1 Lack of clarity as to the responsibilities and duties regarding the oversight of public transport services within the region.</li> <li>2 Failure to appreciate the impact of maintaining adequate levels of transport services on the economic well-being and reputation of the region.</li> <li>3 Lack of resources and/or expertise to put in place effective arrangements to ensure adequate levels of transport services are provided.</li> </ol>	
<b>Potential Impact/Consequence:</b> <ol style="list-style-type: none"> <li>1 Loss of confidence by stakeholders, e.g. government in the JTC's ability to meet its responsibilities.</li> <li>2 Loss of confidence by users of services.</li> <li>3 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.</li> </ol>	
<b><u>Controls (already in place)</u></b> <ol style="list-style-type: none"> <li>1 JTC's constitution makes it clear it has overall responsibility and oversight for certain statutory public transport services.</li> <li>2 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, TT2Ltd.</li> <li>3 The Managing Director, Transport North East appointed by the JTC is also Statutory Director General of Nexus, a key delivery partner to the JTC.</li> <li>4 Approval of appointees to the Nexus Executive Board of Directors is the responsibility of the JTC's TWSC. 4 Non-Executive Directors are on the Nexus Executive Board which strengthens oversight arrangements.</li> <li>5 Both NECA and NoTCA have representation both on Transport for the North's (TfN) Rail North committee which has oversight of Northern Rail and TPE's services, and on the TfN Board which governs TfN's investment programmes and its interfaces with national delivery partners (Network Rail and Highways England)</li> </ol>	

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

## 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.