

Audit and Standards Committee

Tuesday 25 January 2022 at 10.00am

Meeting to be held at: Reception Room, South Shields Town Hall, NE33 2RL

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AGENDA

Page No

1. Apologies for Absence

2. Declarations of Interest

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

3. Minutes of the meeting held on 7 September 2021 **1-4**

For approval as a correct record

4. Draft Statement of Accounts 2020/21 - Report to follow **5**

5. Decision to Opt-in to the National Scheme for Auditor Appointments managed by Public Sector Audit Appointments (PSAA) **7-18**

6. Audit Completion Report – Report to follow **19**

7. NECA Internal Audit Progress Report 2021/22 **21-26**

8. NECA Strategic Risk Register **27-62**

9. Date and Time of Next Meeting: Tuesday 5 April 2022 at 10.00am

Contact Officer: Toby Ord

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Audit and Standards Committee

DRAFT MINUTES TO BE APPROVED

7th September 2021

(10.00am – 10.55am)

Meeting held in the Whickham Room, Gateshead Civic Centre, NE8 1HH

Present:

Independent Members: G Clark (Chair)

Councillors: P Stewart (Sunderland), A Huntley (South Tyneside), R Beadle (Gateshead)

Officers: Ged Morton (representing the Monitoring Officer - Core NECA), Paul Darby (Chief Finance Officer – NECA), Tracy Davis (Senior Manager – Assurance - Sunderland City Council), Eleanor Goodman (Finance Manager - NECA), Adam Robson (Risk and Assurance Specialist – Sunderland City Council), Gavin Armstrong (Policy and Scrutiny Officer, NECA) Karen Connolly (Strategy and Democratic Services Officer – South Tyneside Council) and Toby Ord (Strategy and Democratic Services Assistant - NECA)

1 APOLOGIES FOR ABSENCE (MEMBERS)

Apologies for absence were received from M Scrimshaw.

2 DECLARATIONS OF INTEREST

G Clark (Chair) declared an interest as a Non-Executive Director of Nexus and Chair of the Nexus Audit Committee.

3 **MINUTES OF THE PREVIOUS MEETING HELD ON 22nd June 2021**

The minutes of the previous meeting held on 22nd June 2021 were approved as a correct record.

The Chair enquired as to whether officers from Nexus were declining to attend the committee or if they had not been invited. It was suggested that Nexus officers may still be constructing a plan which may not be at a presentable stage yet.

4 **Draft Statement of Accounts 2021/2022**

Submitted: Report of the Chief Finance Officer (previously circulated and copy attached to the official minutes).

The Chair opened by giving thanks to all staff involved with the production of the draft statement and commended them on their efforts.

Paul Darby, Chief Finance Officer, explained that the statement was published 30th June 2021 and was subsequently subject to public inspection.

Attention was drawn to four key statements which make up the foundations of the statement of accounts, these were:

- a) Movement in Reserves Statement
- b) Comprehensive Income and Expenditure
- c) Balance Sheet
- d) Cash Flow Statement

It was noted that group accounts are included in the draft which consolidated the financial results of Nexus.

It was noted that the decrease of total reserves from £125.139m to £99.316m between 31st March 2020 and 31st March 2021 reflected the LEP being assimilated into NoTCA.

It was made clear that the statement of accounts is now subject to external audit, however the sign-off would not be completed within the statutory deadline of late September and would instead be completed toward November ready for the final statements presentation at the next meeting of this Committee in December. A Member queried the impact of the delay, to which the response was that it may negatively impact the Combined Authority's reputation.

The experienced delay is the result of a lack of resources, most notably staff. It was explained that the external auditors are bringing in new apprentices and staff from foreign firms in order to make up for lost time. Confidence in the sign-off being completed by the new deadline was expressed, especially with the omission of the LEP.

A Member questioned whether penalisation clauses existed in auditor contracts in order to incentivise completion within the statutory deadline. It was stated that they did not currently exist and furthermore that non-performance clauses may be counterintuitive, making roles less attractive and subsequently making recruitment increasingly difficult.

RESOLVED that: -

- i. the report be noted

5 NECA Internal Audit Progress Report 2021/2022

Submitted: Report of the Senior Manager – Assurance, Sunderland City Council (previously circulated and copy attached to the official minutes).

Tracy Davis introduced the progress report, explaining that the report was split into two parts;

- a) a summary of audits completed in past years and the current year so far;
- b) a compilation of the internal audit's current performance against performance indicators

It was declared that all grants had their relevant order certificates in on time and the internal audit is currently hitting all targets. The Committee thanked the team for managing to successfully produce all grant statements.

RESOLVED that: -

- i. the report be noted.

6 NECA Strategic Risk Register 2021/2022

Submitted: Report of the Senior Manager – Assurance, Sunderland City Council (previously circulated and copy attached to the official minutes).

Tracy Davis introduced the risk register to the committee. Members were notified that risks for transport are usually attached to the risk register when transport risks affect the achievement of NECA's objectives, however the JTC has its own strategic risk register in which its own organisational risks are assessed separately.

Members were informed of updates to the risk register and the uncertainty and challenges caused by the ongoing COVID-19 pandemic and Brexit which have both impacted risk scores. In addition, NECA has recently been working collaboratively with the wider LA7 area in tackling the ongoing pandemic which is reflected within the risk register. It was also mentioned that £500m in support grants are to be supplied by the government in order to aid businesses in the fallout of the pandemic.

A Member suggested that little progress had been made in the way of resolving issues detailed within the register with little indication of when they'd be completed. The Senior Manager, Assurance, noted that these were long term issues and providing a deadline at this time would not be viable. The Chief Finance Officer added that the resolution to the issues in question will become clearer after the expenditure review is complete and that the aforementioned lack of resources also hinders completion. Members acknowledged the complexity of the issue.

Members expressed their concerns over the high level of detail within the register and questioned whether such a substantial volume of detail drowned out vital information. It was explained that such levels of detail are only presented to the committee. A Member suggested the inclusion of a headline document being developed alongside the existing document in the name of streamlining information for those who prefer succinctness.

Members discussed the usefulness of risk management. It was suggested that responses to many risks included in the register are out of the committee's control.

The Chair suggested that a final decision be considered by the Chair, however suggested that a summary document be produced ready for presentation to the committee at the next meeting. Officers agreed to reconvene between meetings to find a resolution.

Resolved that: -

- i. the report be noted.
- ii. a summary document is to be produced for presentation and consideration at the next meeting.

7 **Date and Time of Next Meeting:** Tuesday 7th December at 10.00am

Audit and Standards

Date: 25 January 2022

Subject: Draft Statement of Accounts 2020/21

Report of: External Auditor

Report to follow

Report to follow

Audit and Standards Committee

Date: 25 January 2022

Subject: Decision to Opt-in to the National Scheme for Auditor Appointments managed by Public Sector Audit Appointments (PSAA)

Report of: Chief Finance Officer

Executive Summary

The purpose of this report is to seek Members' approval to accept the invitation from Public Sector Audit Appointments (PSAA) to opt-in to the national sector-led arrangements for the appointment of external auditors with effect from 1 April 2023.

The current auditor appointment arrangements covers the period up to and including the audit of the 2022/23 accounts, after which they expire.

On 7 March 2017, the Leadership Board agreed to opt-in to the 'appointing person' national auditor appointment arrangements, established by PSAA for the period covering the accounts for 2018/19 to 2022/23.

PSAA is currently undertaking a procurement for the next appointing period, covering audits for five financial years from 2023/24 to 2027/28.

The Authority must now make a decision about its external audit arrangements from 2023/24 onwards.

Options for the Authority include arranging to carry out its own procurement process to appoint its external auditor, or do so in conjunction with other bodies, or join, and take advantage of, the national collective scheme administered by PSAA.

This report recommends that the sector-wide procurement conducted by PSAA will produce better outcomes and will be less burdensome for the Authority than a procurement undertaken locally for the following reasons:

- a) Collective procurement should reduce costs for the sector and for individual authorities compared to a multiplicity of smaller local procurements;

- b) If it does not use the national appointment arrangements, the Authority will need to establish its own auditor panel with an independent chair and independent members to oversee a local auditor procurement and ongoing management of an audit contract;
- c) It is the best opportunity to secure the appointment of a qualified, registered auditor – there are only nine accredited local audit firms, and a local procurement would be drawing from the same limited supply of auditor resources as PSAA’s national procurement; and
- d) Supporting the sector-led body offers the best way of ensuring there is a continuing and sustainable public audit market into the medium and long term.

Should the Authority wish to take advantage of the national auditor appointment arrangements, under the local audit regulations, a decision is required to be agreed by the Leadership Board. The opt-in period started on 22 September 2021 and closes on 11 March 2022. To opt-in to the national scheme from 2023/24, the Authority needs to return completed opt-in documents to PSAA by 11 March 2022, backed by a resolution of the Leadership Board to support these arrangements.

Recommendations

It is recommended that Members agree to accept the PSAA invitation to opt into the sector-led option for the appointment of external auditors for five financial years commencing 1 April 2023 and propose that the Leadership Board formally approves the decision at their meeting to be held on 1 March 2022.

1. Background Information

- 1.1 Under the Local Government Audit and Accountability Act 2014 (“the Act”), the authority is required to appoint an auditor to audit its accounts for each financial year. The authority has three options:
- a) To appoint its own auditor, which requires it to follow the procedure set out in the Act;
 - b) To act jointly with other authorities to procure an auditor following the procedures in the Act; or
 - c) To opt in to the national auditor appointment scheme administered by a body designated by the Secretary of State as the ‘appointing person’. The body currently designated for this role is PSAA.
- 1.2 To opt-in to the national scheme, the authority must make a decision at a meeting of the Leadership Board.

2 Proposals

The Appointed Auditor

- 2.1 The auditor appointed at the end of the procurement process will undertake the statutory audit of the authority’s Statement of Accounts and Best Value assessment of the authority in each financial year, in accordance with all relevant codes of practice and guidance. The appointed auditor is also responsible for investigating questions raised by electors and has powers and responsibilities in relation to Public Interest Reports and statutory recommendations.
- 2.2 The auditor must act independently of the authority and the main purpose of the procurement legislation is to ensure that the appointed auditor is sufficiently qualified and independent.
- 2.3 The auditor must be registered to undertake local audits by the Financial Reporting Council (FRC) who employ authorised Key Audit Partners to oversee the work. There is currently a shortage of registered firms and Key Audit Partners.
- 2.4 Auditors are regulated by the FRC, which will be replaced by a new body with wider powers, the Audit, Reporting and Governance Authority (AGRA) during the course of the next audit contract.
- 2.5 Local authorities therefore have very limited influence over the nature of the audit services they are procuring, the nature and quality of which are determined or overseen by third parties.

Options for NECA to appoint itself or via a joint arrangement

- 2.6 Should a local authority wish to appoint its own external auditor under the Act, it would need to:

- a) Establish an independent auditor panel to make a stand-alone appointment. The auditor panel would need to be set up by the authority itself, and the members of the panel would have to be wholly, or a majority, of independent members as defined by the Act. Independent members for this purpose are independent appointees, excluding current and former elected members (or officers) and their close families and friends. This means that elected members would not have a majority input to assessing bids and choosing to which audit firm to award a contract for the authority's external audit.
 - b) Manage the contract for its duration, overseen by the auditor panel.
- 2.7 Alternatively, the Act enables the authority to join with other local authorities to establish a joint auditor panel. Again, this will need to be constituted of wholly or a majority of independent appointees. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each authority under the Act and the authority would need to liaise with other local authorities to assess the appetite for such an arrangement.
- 2.8 These two options would be more resource-intensive and without the bulk buying power of the sector-led procurement service, would likely result in a more costly process for the authority to implement. It would also be more difficult to manage quality and independence requirements through a local appointment process. The authority would not be able to influence the scope of the audit and the regulatory regime would inhibit the authority's ability to affect quality.
- 2.9 The authority and its auditor panel would need to maintain ongoing oversight of the contract. Local contract management cannot, however, influence the scope or delivery of an audit.

The national auditor appointment scheme

- 2.10 PSAA is specified as the 'appointing person' for principal local government under the provisions of the Act and the Local Audit (Appointing Person) Regulations 2015. PSAA let five year audit services contracts in 2017 for the first appointing period, covering audits of the accounts from 2018/19 to 2022/23. It is now undertaking the work needed to invite eligible bodies to opt-in for the next appointing period, from the 2023/24 audit onwards, and to complete a procurement for audit services.
- 2.11 PSAA is a not-for-profit organisation whose costs are around 4% of the scheme. Any surplus generated is distributed back to scheme members.
- 2.12 The benefits of opting-in to the national scheme are as follows:
 - a) The appointment of a suitably qualified audit firm to conduct audits for five financial years commencing 1 April 2023;

- b) Appointing the same auditor to other opted-in bodies that are involved in formal collaboration or joint working initiatives to the extent this is possible with other constraints;
- c) Managing the procurement process to ensure both quality and price criteria are satisfied. PSAA has sought views from the sector to help inform its detailed procurement strategy;
- d) Ensuring suitable independence of the auditors from the bodies they audit and managing any potential conflicts as they arise during the appointment period;
- e) Minimising the scheme management costs and returning any surpluses to scheme members;
- f) Consulting with authorities on auditor appointments, giving the authority the opportunity to influence which auditor is appointed;
- g) Consulting with authorities on the scale of audit fees and ensuring these reflect scale, complexity and audit risk; and
- h) Ongoing contract and performance management of the contracts once these have been let.

2.13 The national offer provides the appointment of an independent auditor with limited administrative cost to the authority. By joining the scheme, the authority would be acting with other local authorities to optimise the opportunity to influence the market that a national procurement provides.

Pressures in the current local audit market and delays in issuing opinions

2.14 Much has changed in the local audit market since audit contracts were last awarded in 2017. At that time the audit market was relatively stable, there had been few changes in audit requirements and local audit fees had been reducing over a long period. 98% of bodies who were eligible, opted in to the national scheme and attracted very competitive bids from audit firms. The resulting audit contracts took effect from 1 April 2018.

2.15 During 2018, a series of financial crises and failures in the private sector led to questioning about the role of auditors and the focus and value of their work. Four independent reviews were commissioned by Government:

- a) Sir John Kingman's review of the Financial Reporting Council (FRC), the audit regulator;
- b) The Competition and Markets Authority review of the audit market;
- c) Sir Donald Brydon's review of the quality and effectiveness of audit; and
- d) Sir Tony Redmond's review of local authority financial reporting and external audit.

2.16 The recommendations are now under consideration by Government with the clear implication that significant reforms will follow. A new audit regulator (AGRA) is to be established, and arrangements for system leadership in local

audit are to be introduced. Further change will follow as other recommendations are implemented.

- 2.17 The Kingman review has led to an urgent drive for the FRC to deliver rapid, measurable improvements in audit quality. This has created a major pressure for audit firms to ensure full compliance with regulatory requirements and expectations in every audit they undertake. By the time firms were conducting 2018/19 local audits during 2019, the measures they were putting in place to respond to a more focused regulator were clearly visible.
- 2.18 To deliver the necessary improvements in audit quality, firms were requiring their audit teams to undertake additional work to gain deeper levels of assurance. However, additional work required more time, posing a threat to the firms' ability to complete all their audits by the target date for publication of audited accounts. Delayed opinions are not the only consequence of the FRC's drive to improve audit quality. Additional audit work must also be paid for. As a result, many more fee variation claims have been needed than in prior years.
- 2.19 This situation has been accentuated by growing auditor recruitment and retention challenges, the complexity of local government financial statements and increasing levels of technical challenges as bodies explore innovative ways of developing new or enhanced income streams to help fund services for local people. These challenges have increased in subsequent audit years, with COVID-19 creating further significant pressure for finance and audit teams.
- 2.20 None of these problems is unique to local government audit. Similar challenges have played out in other sectors, where increased fees and disappointing responses to tender invitations have been experienced during the last two years.

The invitation

- 2.21 PSAA is now inviting the council to opt in for the second appointing period, for 2023/24 to 2027/28, along with all other eligible authorities. Based on the level of opt-ins, it will enter into contracts with appropriately qualified audit firms and appoint a suitable firm to be the authority's auditor. A copy of the PSAA invitation to the authority is provided in Appendix 1 to this report.

The next audit procurement

- 2.22 The prices submitted by bidders through the procurement exercise will be the key determinant of the value of audit fees paid by opted-in bodies. PSAA will:
- a) Seek to encourage realistic fee levels and benefit from the economies of scale associated with procuring on behalf of a significant number of bodies;
 - b) Continue to pool scheme costs and charge fees to opted-in bodies in accordance with the published fee scale as amended following consultations with scheme members and other interested parties. Pooling means that everyone with the scheme will benefit from the prices

secured via a competitive procurement process – a key tenet of the national collective scheme;

- c) Continue to minimise its own costs, around 4% of scheme costs, and as a not-for-profit company will return any surplus funds to scheme members. (In 2019 it returned a total £3.5 million to relevant bodies and returned a further £5.6 million in 2021.)

2.23 PSAA will seek to encourage market sustainability in its procurement. Firms will be able to bid for a variety of differently sized contracts so that they can match their available resources and risk appetite to the contract for which they bid. They will be required to meet appropriate quality standards and reflect realistic market prices in their tenders, informed by the scale fees and the supporting information provided about each audit. Where regulatory changes are in train, which affect the amount of audit work suppliers must undertake, firms will be informed as to which developments should be priced into their bids.

2.24 The scope of a local audit is fixed. It is determined by the Code of Audit Practice (currently published by the National Audit Office), the format of the financial statements (specified by CIPFA/ LASAAC) and the application of auditing standards regulated by the FRC. These factors apply to all local audits irrespective of whether an eligible body decides to opt into PSAA's national scheme or chooses to make its own separate arrangements. The requirements are mandatory; they shape the work auditors undertake and have a bearing on the actual fees required.

2.25 There are currently nine audit providers eligible to audit local authorities and other relevant bodies under local audit legislation. This means that a local procurement exercise would seek tenders from the same firms as the national procurement exercise, subject to the need to manage any local independence issues. Local firms cannot be invited to bid. Local procurements must deliver the same audit scope and requirements as a national procurement, reflecting the auditor's statutory responsibilities.

3. Reasons for the Proposals

3.1 This report is presented to the Audit and Standards Committee in line with its Terms of Reference which include consideration of the scope and depth of external audit work and championing the audit process.

4. Alternative Options Available

4.1 Option 1 – the Audit Committee may recommend to the Leadership Board
Option 2 – the Audit Committee may recommend to the Leadership Board that it set up an independent procurement exercise, in line with the requirements.
Option 1 is the recommended option.

5. Next Steps and Timetable for Implementation

- 5.1 Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt-in must be made by a meeting of full Council (meeting as a whole), except where the authority is a corporation sole (e.g. Police and Crime Commissioner) in which case this decision can be taken by the holder of that office. For NECA, this means that a decision must be made by the Leadership Board.
- 5.2 Therefore, if Audit and Standards Committee Members are in agreement, it is intended that this report will be presented to the Leadership Board at its meeting on 1 March 2022, where it will be recommended that Members agree to become an opted-in authority.
- 5.3 The closing date to provide formal acceptance of the invitation to PSAA is 11 March 2022.
- 5.4 PSAA will commence the formal procurement process in early February 2022. It expects to award contracts in August 2022, then consult with authorities on the appointment of auditors in order to make appointments by the statutory deadline of 31 December 2022.

6. Potential Impact on Objectives

- 6.1 There are no other impacts on objectives arising from this report.

7. Financial and Other Resources Implications

- 7.1 There is a risk that current external audit fee levels could increase when the current contract ends. The scope of audit has increased, requiring more audit work. There are also concerns about capacity and sustainability in the local audit market.
- 7.2 Opting into a national scheme provides maximum opportunity to ensure fees are as realistic as possible, while ensuring the quality of audit is maintained, by entering into a large scale collective procurement arrangement.
- 7.3 If the national scheme is not used some additional resource may be needed to establish an auditor panel and conduct a local procurement. Until a procurement exercise is completed it is not possible to state what, if any, additional resource may be required for audit fees from 2023/24.

8. Legal Implications

- 8.1 Section 7 of the Local Audit and Accountability Act 2014 requires a relevant council to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year.
- 8.2 Section 8 governs the procedure for appointment including that the authority must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 8 provides that where a relevant authority is a local authority, operating executive arrangements, the function of

appointing a local auditor to audit its accounts is not the responsibility of an executive of the authority under those arrangements.

8.3 Section 12 makes provision for the failure to appoint a local auditor. The authority must immediately inform the Secretary of State, who may direct the authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the authority.

8.4 Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a sector-led body to become the appointing person. In July 2016 the Secretary of State specified PSAA as the appointing person.

9. Key Risks

9.1 Becoming an opted-in body would manage the risks associated with independence and contract management in relation to the procurement of an external auditor.

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

12.1 None.

13. Other Impact of the Proposals

13.1 There are no other impacts arising from these proposals.

14. Appendices

14.1 Appendix 1 – PSAA Invitation.

15. Background Papers

15.1 None

16. Contact Officers

16.1 Eleanor Goodman, NECA Finance Manager,
eleanor.goodman@northeastca.gov.uk, 0191 433 3860

17. Sign off

17.1

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

Appendix 1: Opt-in invitation issued by PSAA

Appendix 1

Appointing Period 2023/24 to 2027/28

Form of notice of acceptance of the invitation to opt in

(Please use the details and text below to submit to PSAA your body's formal notice of acceptance of the invitation to opt into the appointing person arrangements from 2023)

Email to: ap2@psaa.co.uk

Subject: **North East Combined Authority**

Notice of acceptance of the invitation to become an opted-in authority

This email is notice of the acceptance of your invitation dated 22 September 2021 to become an opted-in authority for the audit years 2023/2024 to 2027/2028 for the purposes of the appointment of our auditor under the provisions of the Local Audit and Accountability Act 2014 and the requirements of the Local Audit (Appointing Person) Regulations 2015.

I confirm that **North East Combined Authority** has made the decision to accept your invitation to become an opted-in authority in accordance with the decision-making requirements of the Regulations, and that I am authorised to sign this notice of acceptance on behalf of the authority.

Name: **[insert name of signatory]**

Title: **[insert role of signatory]** (authorised officer)

For and on behalf of: **North East Combined Authority**

Date: **[insert date completed]**

Audit and Standards

Date: 25 January 2022

Subject: Audit Completion Report

Report of: External Auditor

Report to follow

Report to follow



North East Combined Authority

DURHAM • GATESHEAD • SOUTH TYNESIDE • SUNDERLAND

Item 7

Audit and Standards Committee

Date: 25 January 2022

Subject: NECA Internal Audit Progress Report 2021/22

Report Of: Senior Manager – Assurance, Sunderland City Council

Executive Summary

This report provides an update in relation to the Internal Audit Plan for 2021/22 and the performance of Internal Audit against its agreed performance indicators.

Recommendations

The Audit and Standards Committee is invited to consider and, if appropriate, make comment on the Internal Audit Progress Report 2021/22 which includes the key performance measures for the provision of the service.

1 Background Information

1.1 In March 2021 the Audit and Standards Committee agreed the Internal Audit Plan for 2021/22, which included two audits for completion during the year. The audits were:

- Business Continuity Arrangements.
- Coordination of the Audit Certificate for the Local Transport Grant Claim.

1.2 The audit of the Coordination of the Audit Certificate for the Local Transport Grant Claim is complete and the audit of Business Continuity Arrangements is currently ongoing. A number of unplanned pieces of work have also been required in relation the verification of grant funding received regarding the Covid 19 pandemic and audit certificates have been provided to the funding government department, as follows:

- Home to School Transport 2nd half spring term – completed April 2021.
- Travel Demand Management – completed May 2021.
- Travel Demand Management top up – completed May 2021.
- Home to School Transport summer term – completed September 2021.
- Home to School Transport 2020/21 Academic year – completed November 2021.

2. Proposals

2.1 Appendix 1 provides a summary of the audits completed so far this year and in previous years. An overall opinion for each of the organisational risk areas is also included.

2.2 Appendix 2 shows Internal Audit's current performance against the performance indicators, activity directly relevant to NECA is shown where it can be.

3. Reason for the Proposals

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

4. Next Steps and Timetable for Implementation

4.1 The results of the Internal Audit work will be considered in drafting the Annual Governance Statement which will be included within the Statement of Accounts.

5. Potential Impact on Objectives

5.1 There will not be a direct impact on NECA's objectives, however the report supports NECA 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, and Chief Finance Officer have been consulted on the report.

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 for 2021/22.

Appendix 2 – Performance of Internal Audit for 2021/22.

14. Background Documents

14.1 NECA Standing Orders.

15. Contact Officers

Tracy Davis – Senior Manager – Assurance, Sunderland City Council.
Tracy.Davis@sunderland.gov.uk

16. Sign off

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

Summary of Internal Audit Work

Organisational Risk Areas	Audits 2019/20	Opinion	Audits 2020/21	Opinion	Audits 2021/22	Opinion	Overall Opinion
Future Availability of Funding							
Funding Opportunities							
Use of Funding and Resources	Local Transport Grant Claim	S	Local Transport Grant Claim	S	Local Transport Grant Claim	S	
					Home to School Transport 2 nd half spring term	S	
					Demand Travel Management	S	
					Demand Travel Management Top up	S	
					Home to School Transport summer term	S	
					Home to School Transport 2020/21 Academic year	S	
Governance Arrangements	Governance Arrangements	S	Information Governance/GDPR	M			
Operational Capacity and Resourcing	Financial Arrangements Assurance	M	Finance Service Relocation	S	Business Continuity Arrangements		
Delivery of Projects/Programmes							
Infrastructure Assets							

Assurance Level (Opinion) Key:

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

Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2021/22			
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.	1) Complete sufficient audit work to provide an opinion on the organisational risk areas	Achieved
	2) Percentage of draft reports issued within 15 days of the end of fieldwork.	2) 90%	Ahead of Target – 100%
	3) Percentage of audits completed by the target date (from scoping meeting to issue of draft report).	3) 85%	Ahead of Target – 100%
Quality			
Objectives	KPI's	Targets	Progress
1) To maintain an effective system of Quality Assurance.	1) Opinion of External Auditor	1) Satisfactory opinion	Achieved
2) To ensure recommendations made by the service are agreed and implemented.	2) Percentage of agreed high, significant and medium risk internal audit recommendations which are implemented.	2) 100% for high and significant risk. 90% for medium risk	High and significant risk – N/A Medium risk – 100%
Client Satisfaction			
Objectives	KPI's	Targets	Progress
1) To ensure that clients are satisfied with the service and consider it to be good quality.	1) Results of Post Audit Questionnaires	1) Overall average score of better than 1.5 (where 1=Good and 4=Poor)	Achieved – score of 1
	2) Results of other Questionnaires	2) Results classed as 'Good'	N/A
	3) Number of Complaints / Compliments	3) No target – actual numbers will be reported	None in year

Audit and Standards Committee

Date: 25 January 2022
Subject: North East Combined Authority Strategic Risk Register
Report Of: Senior Manager – Assurance, Sunderland City Council

Executive Summary

This report provides members with an up to date assessment of the strategic risks the North East Combined Authority (NECA) faces as it seeks to achieve its objectives.

No new risks have been added to the NECA Strategic Risk Register, which was previously reported to the Committee in September 2021. Consequently, the Strategic Risk Register still contains 13 risks.

The Strategic Risk Register has been under review and, as result, Appendix 2 is now in a revised, tabular format, with new elements added to provide further assurance, including timescales for mitigating actions and Target risk scores that those actions are expected to achieve. It is hoped that the new format is both easier to use and gives the Committee a clearer view of its current position.

As usual, any recent changes, developments or activities considered relevant to the assessment of NECA's strategic risks have been highlighted in blue italics in Appendix 1 and 2 attached to this report.

The current level of risk associated with NECA's risks regarding the achievement of its strategic objectives previously reported remain the same. Of these six risks, five are still assessed as having a 'high' risk level due to a combination of one or more of the following matters:

- a) the fact that the government's ability to invest in economic development infrastructure may be reduced due to the need to potentially reduce public sector expenditure to redress the public sector finances and a potential financial recession caused by the ongoing Covid-19 pandemic;
- b) the direct negative impact of the ongoing Covid pandemic on business activity;
- c) the need to change behaviour in society to achieve some of the objectives;
- d) funding ambitions not met for transport plans by the 2021 Autumn Budget and the Integrated Rail Plan for the North and Midlands, allocations to NECA Authorities from UK Community Renewal Fund and Levelling Up fund round one, and a continuing indication from government that NECA's non-mayoral governance structure is prohibitive to funding opportunities.

For the remaining seven 'organisational' risks previously reported relating to NECA the level of risk associated with Risk 2, relating to Funding Opportunities, has increased as the likelihood has increased from two to three due to the funding issues identified above at d). The other six have remained stable with no changes reported since the previous update to the Committee, including the continuing 'high' risk level for Risk 1 relating to the Future Availability of Funding.

While the UK government has the ambition to 'level up' the economy, the government's ability and willingness to invest in infrastructure, skills and growth may be reduced due to the financial consequences of the Covid-19 pandemic. Although there is still a level of uncertainty over future UK development funding, including the Shared Prosperity Fund, there are now some concerns for the changing funding arrangements that have been made available in the last few months based on the JTC's outcomes for transport from the Autumn 2021 Budget and Integrated Rail Plan for the North and Midlands, Allocations to NECA Local Authorities that have not been maximised, and the fact that as a non-mayoral combined authority NECA has been and continues to be excluded from new funding arrangements.

Although the Strategic Risk Register has been redesigned and significantly reduced in size it is felt that mitigating actions included require review prior to the inclusion of timescales and an assessment of target scores.

It is noted that The North East Joint Transport Committee (JTC) Strategic Risk Register was updated and last considered by the JTC Audit Committee in November 2021. The JTC's Risk Register is subject to the same development as outlined above, and as a result it is still under review; the updated version will be presented to the next meeting of the Audit and Standards Committee.

Recommendations

1. The Audit Committee is asked to consider and confirm their acceptance of the new format of the detailed risk register at Appendix 2
2. The Audit Committee is asked to consider and comment on the content of the Strategic Risk Register.

1. Background Information

- 1.1 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) straddles the two combined authorities, the Order also provided that they must establish a Joint Transport Committee (JTC) to exercise all transport functions. Hence the JTC was created. NECA also acts as the 'host authority' for the JTC. For these reasons NECA's Strategic Risk Register reflects risks around transport as they affect the achievement of NECA's draft objectives. However, it should be noted that organisational risks for NECA do not relate to the JTC. The JTC has its own strategic risk register which assesses its organisational risks separately.
- 1.3 While NECA no longer acts as the 'host authority' to the North East Local Enterprise Partnership (North East LEP), NECA's Strategic Risk Register reflects risks around economic development where there may be an impact on the achievement of NECA's objectives.
- 1.4 NECA defines its strategic risks as those matters which, if they were to occur, could have a material adverse impact upon the achievement of its ambition to create the best possible conditions for growth in jobs, investment and living standards, making the North East an excellent place to live and work.
- 1.5 In order to aid NECA to achieve its overall ambitions, NECA has drafted a Strategic Economic Plan. Six objectives have been identified that the plan will seek to achieve. These are:
 - i. Decarbonise the growing economy
 - ii. Further develop our international trade and investment
 - iii. Better skills and more quality jobs
 - iv. Draw many more of our residents into the economic mainstream
 - v. Become a sustainable well-connected region
 - vi. Shaping the Great North East
- 1.6 This report offers the NECA Audit and Standards Committee the opportunity to consider the nature and level of risk NECA faces in seeking to achieve its overall vision and objectives based on the draft Strategic Economic Plan.
- 1.7 For each of these six risks the possible causes of each of the risks and the factors affecting the likelihood of each of risk occurring originate from sources/actions both within and outside the control of NECA. Consequently, the management of the risk is not totally within the sole control of NECA itself. The further mitigating actions to manage the risks recorded in the

NECA Strategic Risk Register reflect only what NECA itself can do to manage the risks.

- 1.8 Following a request from Members at its previous meeting the Committee is aware that the risk register has been reviewed with assistance from NECA officers and, as result, the detailed risk register at Appendix 2 is provided in a more traditional tabular format. Following the Committee's requirements of reflecting factors that are regarded as outside of the NECA's control, likelihood factors have been split to identify where this is regarded as the case, with a further split where factors are regarded as directly related to Covid-19. It is also noted that likelihood factors are now colour coded to indicate their positive (green) or negative (amber or red) effect on the likelihood score. For clarification, other columns having an impact on the risk score have not been colour coded as they are otherwise all positive or negative in their effect. It is hoped that the new format is both easier to use and gives a clearer view of the causes, the current position of each risk and how the various factors identified effect their rating.
- 1.9 It is also noted that new elements have been added to the detailed risk register. The following have been proposed to provide further assurance:
- target dates for the implementation of mitigating actions;
 - Target score, reflecting the revised scoring of impact, likelihood and Risk Rating based on the expected effectiveness of the mitigating actions;
 - Direction of travel from the Current Risk Score to Target Score showing the expected improvement once the mitigating actions are implemented.
- 1.10 Although the detailed risk register at Appendix 2 has been completely redesigned and significantly reduced in size without losing any of the significant issues, the mitigating actions still require review prior to the inclusion of timescales and an assessment of target scores.

2. Proposals

- 2.1 The Register identifies 13 strategic risks. These are split into two categories:
- a) six risks relating to the achievement of NECA's strategic objectives included in NECA's draft Strategic Economic Plan, and
 - b) seven risks relating to the NECA organisation itself.
- 2.2 The risks relating to the objectives of NECA expressed in the draft Strategic Economic Plan are:
- a) Failure to achieve the planned outcomes to realise the decarbonisation of economic activity, infrastructure and housing within the NECA area.
 - b) Failure to achieve the planned outcomes to realise the diversification of the region's industrial base, and to maintain its high levels of exporting and direct inward investment.
 - c) Failure to achieve the planned outcomes to allow the labour market to work much more effectively to meet future employer demand, to grow the economy and secure good jobs by developing major investment sites and to extend the range of opportunities for individuals.

- d) Failure to achieve the planned outcomes to ensure that people of all ages can access timely and personalised support to overcome their educational, situational and motivational barriers to work and to equip them with the capabilities the economy needs so that they can find employment.
- e) Failure to achieve the planned outcomes to strengthen and extend transport networks in the NECA area while reducing pressure and encouraging green travel, to improve digital connectivity, and to achieve a high level of digital skill within the workforce.
- f) Failure to achieve the planned outcomes to ensure the NECA region is attractive to residents, businesses, visitors and new settlers by having a thriving economy, and being a green and prosperous place that offers an exceptional quality of life and improved opportunities for all.

2.3 The strategic risks relating to the NECA organisation itself (excluding JTC) are:

- a) Sources and levels of funding available to NECA may not be aligned to the Strategic Economic objectives of NECA.
- b) Failure of NECA to secure the maximum amount of funding available to progress projects which support the delivery of the Strategic Economic objectives of NECA.
- c) Funding secured for initiatives within the North-East region by NECA and its partners may not be able to be used on a timely basis, not be sufficient to complete intended projects or may be used inappropriately.
- d) The governance arrangements of NECA are not appropriate to allow effective and timely decision making and the achievement of its objectives.
- e) NECA does not have the necessary operational capacity, skills and budget, to successfully deliver its objectives, plans and responsibilities.
- f) Projects which are funded through NECA are delayed, are significantly overspent or do not deliver the intended product to meet the identified transport need.
- g) Infrastructure assets which are owned by NECA are inadequately managed and maintained.

2.4 The Strategic Risk Register is updated in light of the content of recent reports considered by the NECA Leadership Board and its sub-committees, information from other relevant bodies and discussions with NECA, JTC and NECA Member officers, as appropriate.

Any recent changes, developments or activities considered relevant to the assessment of NECA's strategic risks have been highlighted in *blue* in Appendix 1 and 2 attached to this report. It should be noted:

- a) No changes have been made to the number of risks, description of risk or the level of assessed risk.

b) A mix of positive and negative changes have been identified:

Negative **Likelihood** factors include:

- 2021 Autumn Budget included 5-year city region funding (around £600m) for transport but not for NECA: funding is now dependent on putting in place governance arrangements that include an elected mayor.
- No funding was received for the Leamside line in the Autumn 2021 budget/Integrated Rail Plan for the North and Midlands; only one of seven bids to Restoring Your Railway fund were successful for the region as Bensham Curve to Team Valley and Leamside Line reinstatement were unsuccessful; cancellation of expanded HS2, plus the above, contrasted with improvements for other regions may have a negative economic impact on the region.
- Significant cost pressures on JTC Budgets, specifically the Transport Levy for Tyne and Wear due to fall and expectation of limited recovery on Metro passenger numbers.
- Although NECA authorities are priority 1 level of need for the Levelling Up Fund only 5 projects have been successful in Round 1 as opposed to 17 for London/South East. Of 477 UK Community Renewal Fund awards on 12 have been received by LA7 area, only 6% of available funds.

Positive **Likelihood** factors include:

- Twice a day fully electric, cheaper East Mainline service introduced Kings Cross, Newcastle, Morpeth and Edinburgh.
- £20m first round Levelling Up funding allocated to plans for better rural connection, restoration/development of heritage sites and railways in Durham. £20m first round Levelling Up funding to support the development of a Housing Innovation and Construction Skills Academy and creation of new sustainable housing.
- Although the pandemic has had an impact on inward investment there have been regional successes: Just Eat in Sunderland; SSE/Equinor in South Tyneside; Envision and Nissan in Sunderland and South Tyneside; Amazon in Gateshead and Durham.
- National Living Wage rising from £8.91 to £9.50 per hour from April 2022 for over 23s.
- £6b funding over 3 years for DWP to help people gain skills and earn more, with targeted support to those needing extra support, including: workers who have left furlough and are receiving Universal Credit through Job Finding Support scheme; assistance to over 50s wishing to remain in work.
- JTC introducing of Capital Programme Management Framework to allow consistent and effective management of the programme as it becomes reliant on new/changing sources of funding

New **Current Controls** include:

- Tyne Pass Scheme allowing barrier free movement through Tyne Tunnels launched November 2021 to cut journey time and reduce carbon emissions from idling.

New Mitigation Actions have been proposed to support and enhance some of the above factors:

- Further indications that funding opportunities are limited for the current non-mayoral governance structure to be considered.

- Impact on funding from Autumn 2021 Budget, outcome of Integrated Rail Plan for the North and Midlands and bids to Restoring Your Railway fund to be considered and addressed through review of the Transport Plan for The North East.
- c) Combined, the likelihood factors above have resulted in the risk level for both the Strategic and Operational Risk remaining static other than for Risk 2 of the Operational Risks, relating to Funding Opportunities. Negative factors identified above relating to transport funding, cost pressures for JTC and concerns over the impact of NECA's non-mayoral governance structure prohibiting future funding opportunities have increased the likelihood rating from two to three, which had pushed the risk rating from medium to high. It is hoped that the new tabular format and the colour coding of the likelihood factors make it easier to understand the basis of these risk ratings and also to challenge if it is not felt that this is an accurate reflection. For clarification, the critical factors that are considered to be keeping the risk ratings up are:
- The high impact score for all of the risks to reflecting scope of the NECA's objectives.
 - The continued impact of Covid-19 on the economy, as a barrier to government action and its impact on public transport.
 - The significance of the NECA's reliance on government policy and funding to direct and support the achievement of its objectives.

2.5 The 'NECA Strategic Risks - Summary' at Appendix 1 identifies the NECA strategic risk areas and for each risk provides a current RAG rating to provide a guide as to the level of risk NECA current faces for that risk and the direction of travel.

Appendix 2 'Strategic Risk Register 2021-22' provides a detailed description of the nature of each risk together with the relevant controls in place and further proposed mitigating actions.

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

3. Reason for the Proposals

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

4. Next Steps and Timetable for Implementation

4.1 The NECA Strategic Risk Register will continue to be reviewed to record, monitor and report the strategic risks to the Audit and Standards Committee at 3 monthly intervals, with support from officers.

5. Potential Impact on Objectives

5.1 The development of the Strategic Risk Register will not impact directly on NECA's objectives, however the approach to strategic risk management will support NECA 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. The internal audit service is commissioned under a Service Level Agreement between NECA and Sunderland City Council. The service includes co-ordinating the strategic risk management process. The Internal Audit Service from Sunderland City Council will make available the relevant professionally qualified and experienced auditors to fulfil the requirements of the Audit Plan 2021/22 and strategic risk management.

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 NECA's overall objectives.

9. Equalities and Diversity

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

10. Crime and Disorder

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

11. Consultation /Engagement

- 11.1 The Head of Paid Service, Monitoring Officer, and the Chief Finance Officer 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 1 - 'NECA Strategic Risks - Summary' shows NECA's strategic risks and the level of risk associated with each.

Appendix 2 - 'NECA Strategic Risks – Details' provides a detailed assessment of NECA's and actions identified to reduce the overall risk exposure.

Appendix 3 - Risk Analysis Toolkit determines the level of risk attached to each risk.

14. Background Documents

- 14.1 None

15. Contact Officers

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16. Sign off

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

NECA Strategic Risks - Summary			
Risk Title & Description	Risk Level (RAG Rating)	Direction of Travel	Notes
Risks to Achievement of NECA Strategic Objectives			
<p><u>1 Decarbonise the growing economy in NECA area.</u></p> <p>Failure to achieve the planned outcomes to realise the decarbonisation of economic activity, infrastructure and housing within the NECA area.</p>	Red 12	Static	Due to possible negative impact of Covid-19 on future funding and need for behavioural change
<p><u>2 Further development of international trade and investment in the NECA area</u></p> <p>Failure to achieve the planned outcomes to realise the diversification of the region's industrial base, and to maintain its high levels of exporting and direct inward investment.</p>	Red 12	Static	Due to possible negative impact of Covid 19 on future funding/ investment downturn in world economy and impacts of EU Exit
<p><u>3 Better Skills and More Quality Jobs</u></p> <p>Failure to achieve the planned outcomes to allow the labour market to work much more effectively to meet future employer demand, to grow the economy and secure good jobs by developing major investment sites and to extend the range of opportunities for individuals</p>	Red12	Static	Due to possible negative impact of Covid-19 on future funding and economic activity and need for behavioural change
<p><u>4 Draw many more NECA residents into the economic mainstream</u></p> <p>Failure to achieve the planned outcomes to ensure that people of all ages can access timely and personalised support to overcome their educational, situational and motivational barriers to work and to equip them with the capabilities the economy needs so that they can find employment.</p>	Amber 9	Static	Due to possible negative impact of Covid-19 on future employment opportunities and on future funding
<p><u>5 Become a sustainable well-connected region</u></p> <p>Failure to achieve the planned outcomes to strengthen and extend transport networks in</p>	Red 12	Static	Due to possible negative impact of Covid 19 on public transport and future

<p>the NECA area while reducing pressure and encouraging green travel, to improve digital connectivity, and to achieve a high level of digital skill within the workforce.</p>			<p>funding</p>
<p><u>6 Shaping the Great North East</u></p> <p>Failure to achieve the planned outcomes to ensure the NECA region is attractive to residents, businesses, visitors and new settlers by having a thriving economy, and being a green and prosperous place that offers an exceptional quality of life and improved opportunities for all.</p>	<p>Red 12</p>	<p>Static</p>	<p>Due to possible negative impact of Covid-19 on funding and economic activity</p>

NECA Strategic Risks - Summary			
Risk Title & Description	Risk Level (RAG Rating)	Direction of Travel	Notes
NECA Organisation Risks			
<p><u>1 Future Availability of Funding</u></p> <p>Sources and levels of funding available to NECA may not be aligned to the Strategic Economic objectives of NECA.</p>	Red 12	Static	Uncertainty over future UK development funding due to EU Exit and the possible negative impact of Covid-19
<p><u>2 Funding Opportunities</u></p> <p>Failure of NECA to secure the maximum amount of funding available to progress projects which support the delivery of the Strategic Economic objectives of NECA.</p>	Red 12	Increasing	<i>Uncertainty over future UK development funding available to NECA/it's Local Authorities based on recent awards and NECA's status as a non-mayoral combined authority</i>
<p><u>3 Use of Funding and Resources</u></p> <p>Funding secured for initiatives within the North-East region by NECA and its partners may not be able to be used on a timely basis, not be sufficient to complete intended projects or may be used inappropriately.</p>	Amber 8	Static	N/a
<p><u>4 Governance Arrangements</u></p> <p>The governance arrangements of NECA 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>NECA does not have the necessary operational capacity, skills and budget, to successfully deliver its, objectives, plans and responsibilities.</p>	Amber 8	Static	N/a

<p><u>6 Delivery of Projects/Programmes</u></p> <p>Projects which are funded through NECA are delayed, are significantly overspent or do not deliver the intended product to meet the identified transport need.</p>	<p>Green 6</p>	<p>Static</p>	<p>N/a</p>
<p><u>7 Infrastructure Assets</u></p> <p>Infrastructure assets which are owned by NECA are inadequately managed and maintained.</p>	<p>Green 6</p>	<p>Static</p>	<p>N/a</p>

NECA Strategic Risk Register 2021/22

Risk Area	ID	Risk Description	Cause	Impact	Likelihood	Current Score				Mitigating Actions	Lead	Target score						
						Current Controls	Impact	Likelihood	Rating			Direction of Travel	Action Date	Impact	Likelihood	Rating	Direction of Travel	
Strategic Risks																		
Decarbonise the growing economy in NECA area	1	Failure to achieve the planned outcomes to realise the decarbonisation of economic activity, infrastructure and housing within the NECA area.	<ul style="list-style-type: none"> - Lack of engagement by the public and industry due to prohibitive high cost and reliability of currently available alternatives, including infrastructure and vehicles. - Lack of government political will to ensure change by industry and public through adequate legislation, including regulation and supporting funding. - Gaps in Public Transport provision and/or frequency for some areas coupled with appeal and personal safety concerns. - See also Strategic Risk 3 re Active Travel. 	<ul style="list-style-type: none"> - Unable to address the known effect of pollution on the health of the Public. - Pressure on the economy and the NHS due to the effect of pollution on the health of the Public. - Lack of impact on Climate Change. 	<ul style="list-style-type: none"> - Government's Clean Air Zone framework in the process of being adopted in Newcastle, Gateshead and North Tyneside. - Government committed to Carbon Neutrality by 2050, 78% by 2035. - New Petrol/Diesel cars ban by 2030. - Funding to support expansion of Ultra Low Emission Vehicle infrastructure. - <i>Twice a day fully electric, cheaper East Mainline service introduced Kings Cross, Newcastle, Morpeth and Edinburgh.(Green)</i> - <i>Network Rail strategy for carbon neutrality by 2040 includes an initial proposal for electrification of the North East line.</i> - <i>£20m first round Levelling Up funding allocated to plans for better rural connection, restoration/development of heritage sites and railways in Durham. (Green)</i> - <i>Government Policies introduced are mainly strategic and supportive rather than regulatory.</i> - <i>Bus Operators are operating some low emissions vehicles but not enough to meet requirements for Clean Air Zones. Funding available for modifications is less than that available for cars/vans.</i> - <i>2021 Autumn Budget included 5 year city region funding (around £600m) for transport but not for NECA: funding is now dependent on putting in place governance arrangements that include an elected mayor. (Red)</i> - <i>No funding was received for the Leamside line in the Autumn 2021 budget/Integrated Rail Plan for the North and Midlands. (Red)</i> - <i>Significant cost pressures on JTC Budgets, specifically the Transport Levy for Tyne and Wear due to fall and expectation of limited recovery on Metro passenger numbers. (Red)</i> - <i>Only one of seven bids to Restoring Your Railway fund were successful for the region; Bensham Curve to Team Valley and Leamside Line reinstatement were unsuccessful. (Red)</i> - <i>Cancelation of expanded HS2, plus the above, contrasted with improvements for other regions may have a negative economic impact on the region. (Red)</i> - Covid-19: - continued impact on the economy preventing economic and structural change; - decline in public transport usage, increase in use of cars. 	<ul style="list-style-type: none"> - Local Authorities have statutory powers to tackle air pollution, emission requirements and ensure Local Plans/planning proposals contribute to mitigation of climate change. Funding from Government's Air Quality Grant Scheme available. - NECA/Local Authorities have declared a climate emergency with aim to of carbon neutrality before the deadline. - Joint Transport Committee receive and allocate government and other funding to support of all LA7 to reduce carbon emissions - Joint Transport Committee's regional Transport Plan aims to achieve Carbon Neutrality for the Region by 2035. - Creation of Electric Vehicle Hub at Nissan supported by development of Sunderland/South Tyneside International Advanced Manufacturing Park and £1bn public/private funding. - <i>Tyne Pass Scheme allowing barrier free movement through Tyne Tunnels launched November 2021 to cut journey time and reduce carbon emissions from idling.</i> 	4	3	12	↔	<ul style="list-style-type: none"> - NECA and other local partners e.g. North East Local Enterprise Partnership (NELEP), continue to work with and lobby Government and influence emerging policy thinking. - NECA to continue to search for and apply for funding to support activities that further the aim of reducing carbon emissions in the NECA area. - <i>Further indications that funding opportunities are limited for the current non-mayoral governance structure to be considered.</i> - <i>Impact on funding from Autumn 2021 Budget, outcome of Integrated Rail Plan for the North and Midlands and bids to Restoring Your Railway fund to be considered and addressed through review of the Transport Plan For The North East.</i> 	<ul style="list-style-type: none"> Chair – NECA Leadership Board Chief Finance Officer/ Proper Officer for Transport Chair – NECA Leadership Board Chief Finance Officer/ Proper Officer for Transport 						

Risk Area	ID	Risk Description	Cause	Impact	Likelihood	Current Score				Target score									
						Current Controls				Impact	Likelihood	Rating	Direction of Travel	Mitigating Actions	Lead	Action Date	Impact	Likelihood	Rating
					- increase in cycling. - improvement in air quality due to Lockdown.														
Further development of international trade and investment in the NECA area	2	Failure to achieve the planned outcomes to realise the diversification of the region's industrial base, and to maintain its high levels of exporting and direct inward investment.	- Impact of Brexit, including: lack of preparation by business and UK government to meet the new EU exporting requirements; export licences, border controls and other administration for trading with the EU may result in delays affecting just-in-time supply and increase costs making exporting less attractive; international business using the UK as a base to export may transfer activity to the EU; international direct investors may reconsider investing in the UK or choose to locate operations in EU countries in order to be closer to EU markets; government may fail to secure new trade deals with non-EU countries, including those replacing EU negotiated trade deals, resulting in the imposition of tariffs and other less favourable trading terms, making the price of good and services less competitive. - Weaknesses in regional business awareness and skills relating to exporting, including lack of: knowledge, expertise and capacity within businesses (particularly SMEs); awareness export opportunities; advice, support and fincne for stating up and/or expanding exporting activity; understanding trading requirements in foreign markets, including laws and regulations, language and social and cultural norms. - Adverse exchange rates make the price of exported goods and services more expensive and less	- The NECA economy will be more susceptible than other regions to economic downturn resulting in greater loss of employment - The NECA economy will not be able to take full advantage of upswings in the economy - The region will not be able to increase employment and the wealth of the region - Less opportunity for good quality jobs in the area which may lead to migration.	- In relation to attracting direct inward investment, the region has an excellent track record of attracting and growing businesses with a global presence including Hitachi and Nissan. - Although the pandemic has impact on inward investment there have been regional successes: <i>Just Eat in Sunderland; SSE/Equinor in South Tyneside; Envision and Nissan in Sunderland and South Tyneside; Amazon in Gateshead and Durham (Green).</i> - In the next year Invest North East aim to focus on electrification (vehicles), renewables (offshore), life science and digital technology sectors, including Move On Up campaign, identifying opportunities for movement from South East. (Green) Outside of NECA Control: - Proven track record, exporting over £7billion/30% of output. - Trade deal with the EU covers 49% of UK/60% of North East exports, has been achieved with no tariffs/quotas. - At the end of 2020 the UK had completed 63 international trade deals covering approximately 10% of its export trade. - Dept for International Trade (DiT) team based in the region working with local partners to support exporters in developing international sales and entering new markets: the government can provide financing via the Export Credit Agency. - Government Export Growth Plan introduced in Oct 2020 aiming to grow UK overseas trade including: additional financial support, from £38 million Internationalisation Fund for small business; expertise from new international trade advisors and pilot 'export academies' to build the capabilities of smaller businesses; some of which is targeted towards specific regions that are most in need including Northern Powerhouse region. - Since Brexit the exchange rate with both the euro and dollar has been consistently low. - In relation to encouraging direct inward investment: the UK has a long history of international trade success, a widespread network of partners, mature industries in many sectors such as finance, and has international language benefits; operates an 'open' economy allowing both foreign and UK business access to markets , supported by	- NECA Councils have teams supporting to businesses to start exporting or increase their activity, including signposting businesses to Government, Growth Hub and North East Chamber of Commerce advice and dedicated EU Exit toolkits. - The region's North East Growth Hub provides information and support to businesses seeking to export. - NELEP are working on Internationalisation Strategy and, together with the NE Chamber of Commerce, developing a North East Trade and Export Strategy. - Eight new English Freeports were confirmed in the 2021 Budget with the closest one to the NECA region being Teesside. Freeports establish a Free Zone that reduces customs fees and tax for occupiers (incentivising exports) - Working alongside the LA7 Invest North East England operates a first point of contact for businesses looking to locate and invest in the region by providing connections, access to services, advice, skills, navigation of funding channels, provision of information about local economy and potential locations and promoting the region as prime location for businesses to locate, grow and prosper. - Each Council in the area operates Business Investment Teams which in part support businesses to invest in or relocate to the region. - The regional economic 'offer' includes the North East Enterprise Zones, made up of 21 sites, including 7 in the NECA region, offering financial incentives and other support to enable business expansion. This is in addition to other office space and industrial sites which have been developed in the NECA region which are competitively priced. - To support diversification, several agencies within the NECA region provide advice, support, training, mentoring and signposting funding both to businesses seeking to expand or individuals to start up new business, including Councils, North East Growth Hub, Scale Up North East, as well as private sector organisations, such as	4	3	12	↔	- NECA and other local partners e.g. NELEP continue to work with and lobby Government and influence emerging policy thinking. - NECA and other local partners continue to lobby Government on successor funds to ESIF (the UKSPF) that can help to support diversification, inward investment and exporting	Chair – NECA Leadership Board							

Risk Area	ID	Risk Description	Cause	Impact	Likelihood	Current Score				Mitigating Actions	Lead	Target score							
						Current Controls	Impact	Likelihood	Rating			Direction of Travel	Action Date	Impact	Likelihood	Rating	Direction of Travel		
			<p>competitive.</p> <ul style="list-style-type: none"> - Barriers created by international importing policies of the foreign countries may make exporting unattractive/difficult including; protectionism, quotas, embargos, subsidies provided to locally produced goods/services, licensing requirements, procurement favouring locally produced goods/services. - Global economic slowdown resulting in lower demand for exported goods and services in foreign markets. - A severe economic slowdown in the UK may result in the failure of businesses regularly exporting. - Inability to attracting direct inward investment due to a lack of: entrepreneurial culture; appropriately skilled and committed labour force; infrastructure to meet needs of potential investor, including accommodation for operations, transport, digital infrastructure/communication, support services and supply chains; financial incentive packages; quality of life offered to employees moving to the area; promotion of the region, including clarity on opportunities and how to engage. - The level of bureaucracy and the potential for delays for investors considering moving to the area. - The future economic prospects for the region are not promising. - The UK leaving the EU may make the UK/region less attractive for investment than EU 		<p>laws and regulations that are clear and applicable to all.</p> <ul style="list-style-type: none"> - The NECA region offers support to business with transport connectivity from 3 globally connected ports, access to international airports, access to 2 cities and 2 universities, a well-qualified pool of labour, well connected supply chains and a well-developed business support sector. - The NECA region offers a high-quality living environment. - The new EU/UK trade deal, through complex rules regarding the origin of parts, provides an opportunity to bring supply chains to the UK, such as those supporting Nissan, and for UK ports away from the south east to grow container traffic. - Eight new English Freeports were confirmed in the 2021 Budget with the closest one to the NECA region being Teesside. Freeports establish a Free Zone that reduces customs fees and tax for occupiers, incentivising exports. - Support for diversification includes: government providing support for business start-ups and scaling up by providing information through Department for Business, Energy and Industrial Strategy on where support can be found in a geographic region and financial support through tax reliefs, such as investing in start-up or scale up 'Enterprise Investment Scheme'; research; loans, including business start-up loans; and grants, such grants to start up/scale up in the technology/science sector available from Innovate UK. - 47 support schemes for business start-up/scale ups in the North East region published by the government and funding available from government schemes, such as Start Up Loan Scheme, to support businesses to develop/expand - £3.9 million Intensive Industrial Innovation Programme (IIIP) allows North East universities to work directly with SMEs to encourage growth by developing new services and products for the market. - The region has significant research and innovation centres and adaptable public infrastructure that providing access to cutting edge knowledge/test beds that facilitate commercialisation and innovation. These included national catapult centres for high value manufacturing, and a range of national 	<p>Federation of Small Businesses and CDC Enterprise Agency.</p> <ul style="list-style-type: none"> - NELEP's role is to promote and develop economic growth in the North East region, and it has established a Business Growth Board which seeks to progress the strategic implementation of NELEP's Business Growth ambitions expressed in its Strategic Economic Plan. - NELEP has set up: £2 million Incubator Support Fund to support the development of regional innovation incubation facilities to enable the start-up, expansion and preparation for growth and sale up of innovative businesses; £27 million Innovation Fund to provide early stage funding for development of innovative ideas and businesses at an early stage of development, including the Centre for Sustainable Advanced Manufacturing; 'High Growth Potential Business' campaign seeking to reach, engage and identify start-up businesses for sign up to a High Potential Start-up six-month Accelerator programme. - Councils in the NECA region continue to manage their own property portfolio which business enterprise centres suitable for start-up and scaling up businesses. The private sector also provides similar opportunities for start-ups and scale up, including Netpark Incubator in Durham. - Funding to allow businesses to develop/expand are available from local sources including Business Enterprise Fund, North East Fund, North East Investment Fund, NE Business Support Funds, Rural Growth Network. - NELEP's Strategic Economic Plan for the region is aligned to NECA improving diversification, increasing inward investment and exports. - NECA, NELEP and partners continue to engage with and lobby UK government nationally to promote the regions ambitions to develop trade, diversify and increase investment in the economy - Supported by LA7, the 'Covid North East Recovery and Renewal Deal' document was submitted to government in Autumn 2020 to influence the Comprehensive Spending Review 													

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			<p>countries.</p> <ul style="list-style-type: none"> - The 'offer' provided by other UK regions/countries may be more attractive to a potential investor than the NECA area. - Government policy may put off potential foreign investors, such as limitations on market access to certain sectors/markets, favouring local business, lack of well-defined laws and arbitration processes and foreign ownership limits. - Lack of aspiration and ambition for growth from businesses and potential entrepreneurs. <p>For SMEs: a lack of confidence, finance and knowledge to attempt start-up of SME; lack of support, advice, funding, facilities and mentoring for start-ups and expansion; lack of clear pathway to find support.</p> <ul style="list-style-type: none"> - Policy makers make it difficult for diversifying the industrial base in the region - An economic downturn may mean individuals seeking to start a business or SMEs seeking to grow may not have the financial resources to grow, may find it difficult to obtain finance or in the case of existing businesses, some may fail. - Lack of ability of businesses to access funding to grow due to the impact of Covid-19 on cash reserves and stockpiles. 		<p>innovation centres including NETPark in Durham.</p> <ul style="list-style-type: none"> - £20m first round Levelling Up funding to support the development of a Housing Innovation and Construction Skills Academy and creation of new sustainable housing. (Green) - Uncertainty over the effect of the UK leaving the EU in the longer term regarding north-east exporting activity. - Without free trade deals, the UK will trade on World Trade Organisation terms resulting in tariffs on UK exported goods, increased bureaucracy and possible delays in transport. - Concerns published in 2020 by the Institute for Government and the National Audit Office on the effectiveness of the government 'check, change, go' campaign to make businesses aware of requirements to continue smooth exporting and their subsequent level of preparedness. - No clarification on the future of Local Enterprise Partnerships (LEP) from Autumn 2021 Budget. (Amber) - Although NECA authorities are priority 1 level of need for the Levelling Up Fund only 5 projects have been successful in Round 1 as opposed to 17 for London/South East. (Red) - Significant non-tariff barriers to imports/exports including border/custom checks, import/export licences and duties, VAT leading to increased costs/reduced profitability which may make exporting less attractive under EU trade deal. - The region, comparative to others, has a lower productivity performance. - Threats to diversification include: the region is reliant on small number of large employers, and the SME sector is not as strong as other parts of the UK; new start-ups and businesses 'scaling up' in the North East is below the national average; historically the North East mindset has been that of a 'worker' with a dearth of resilient start-ups. <p>Covid-19:</p> <ul style="list-style-type: none"> - Government may be forced to redirect funding away from NECA to address the effects of the Pandemic which will affect its offer to attract new inward investment and diversify its economy. - The pandemic has caused a contraction in the economy, and may cause the failure of businesses/prevent expansion due to lack of resources or lack of market demand. In 20/21 	<p>requesting the powers, resources and funding to achieve NECA's objectives and to respond to the impact of the Covid pandemic on the North East economy.</p> <ul style="list-style-type: none"> - Creation of Electric Vehicle Hub at Nissan supported by development of Sunderland/South Tyneside International Advanced Manufacturing Park and £1bn public/private funding. This will be followed by a trailblazing Microgrid that aims to 100% renewable electricity as a power source saving 55,000 tonnes of carbon annually. 													

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					<p>inward investment activity was lower than in previous years.</p> <ul style="list-style-type: none"> - The negative impact of Covid-19 pandemic on the world economy has caused a significant contraction in economic activity causing a fall in market demand, contraction of businesses or businesses putting investment plans on hold. - The Office National Statistics has reported that UK exports of goods (other than precious metals) has dropped by 8.7% (£7 billion) on Quarter 1 of 2021 (Jan- March) - LA's have supported business through: Restart Grants; Open, Closed & Sector Local Restriction Support Grant schemes; Additional Restrictions Grants; Christmas Support Payments for Wet-led Pubs; Helping businesses to access Government loans; Signposting to support (particularly on import/export re EU Exit); Coordinating Kickstart six-month placements; Accessing Getting Building Funds to accelerate key projects. Over £500m of funding distributed to businesses across North East. 															
Better Skills and More Quality Jobs	3	Failure to achieve the planned outcomes to allow the labour market to work much more effectively to meet future employer demand, to grow the economy and secure good jobs by developing major investment sites and to extend the range of opportunities for individuals	<ul style="list-style-type: none"> - Poor communication to education/skills providers of skills needed for, and future job/career opportunities provided by business leading to training provision not meeting those requirements. - Students are not informed of/prepared for future career opportunities provided by business and the level and type of skills/education needed due to poor/incorrect/out of date careers advice. - Lack of capacity within education to teach/provide up to date skills and qualifications needed by business in the future, such as schools unable to keep pace with progress in digital changes to ensure curriculum continues to provide IT skills to meet future needs of digital businesses. - Lack of ambition/motivation by young people or adults to attain academically and/or 	<ul style="list-style-type: none"> - Less opportunities in the region for good quality, secure jobs which may: encourage economic migration; higher levels of unemployment, less wealth and income generated in the region. - businesses may invest in other regions instead of the NECA area. - Productivity rates in the NECA area do not increase making it relatively unattractive to investors and preventing residents increasing their income. 	<p>Outside of NECA Control:</p> <ul style="list-style-type: none"> - The Education and Skills Funding Agency (ESFA) provides funding to improve skills through adult education budget, traineeship scheme for 19–24-year-olds and the apprenticeship levy scheme, which requires the funding to be used on 'apprenticeship training at whatever level in an organisation. - In September 2020 The UK government introduced 'T' Levels as an alternative to A levels, apprenticeships and other 16 to 19 courses, equivalent to 3 A levels, focusing on vocational skills to help students into skilled employment, higher study or apprenticeships, involving both academic study and work placements. Three FE colleges in the NECA area will be early adopters of 'T' Levels during 20/21. - A White Paper, Skills for Jobs: Lifelong Learning for Opportunity and Growth has resulted from the government's review of the Further Education sector to ensure training reflects the needs of employers. Proposed changes support the Prime Minister's Lifetime Skills Guarantee, and include: developing higher-level technical qualifications that provide a valuable alternative to a university degree; Implementing the flexible Lifelong Loan Entitlement to the equivalent of four years of post-18 education from 2025; funding in part from new £2.5 million National Skills Fund 	<ul style="list-style-type: none"> - The North East Local Enterprise Partnership promotes skills and education through its: 'North East Ambition' programme supporting schools/colleges to achieve Good Career Guidance Benchmarks by 2024 so people are able to identify routes to a successful working life, make informed decisions about their future and be better prepared for the workplace; 'Education Challenge' programme supporting schools to integrate understanding of the world of work and career opportunities into their curriculum to ensure those entering the workforce have academic and employability skills to support a diverse economy and awareness of the progression routes available to make this happen; Employment and Skills Board/Skills Advisory Panel providing a single point of coordination for the North East local employers and providers to pool knowledge on current/future skills and labour market needs to understand and address key local challenges; initiatives in higher education to retain graduate talent, to understand local businesses future graduate skill level needs, work with universities to consider their future 'offer' and provision and encourage businesses to provide work experience 	4	3	12	↔	<ul style="list-style-type: none"> - NECA and other local partners e.g. NELEP continue to work with and lobby Government for funding etc and influence emerging policy thinking. - Round 1 bids to the Levelling Up Fund - Support LAs evaluation and implementation, as appropriate, of areas under consideration to address Further Education Reform 	<ul style="list-style-type: none"> Chair – NECA Leadership Board Local Authorities NECA Leadership Board 								

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			<p>gain skills/qualifications needed for the future employment market.</p> <ul style="list-style-type: none"> - Lack of will by employers to invest in their employees to gain the skills/qualifications needed to move their businesses forward. - Lack of public awareness of the available pathways to gain further employment skills and qualifications relevant to the workplace. Lack of opportunity to gain practical experience in the workplace and gain further work skills. - Lack of resources to access IT equipment to aid development of employment/digital skills. - Lack of government education and skills funding to provide better/different employment skills/qualifications - Education and skills funding is channelled into activity which does not equip individuals to be able to take up future opportunities of 'good quality' jobs. - Lack of employers' investment in employees to gain the skills/qualifications needed to move their businesses forward. - Rapid pace of change in the structure of the economy make some current labour market skills redundant leaving them without the skills to take up new employment opportunities provided by business. - Graduates from local universities do not remain in the region thus lowering the level of educational attainment and employment skills within the local labour market. - Local Council priorities for 	- Less opportunity for social mobility.	<p>programme, with £95 million available 2021/22.</p> <ul style="list-style-type: none"> - The government have stated that from 2022 the UK Shared Prosperity Fund will replace investment from EU Structural Funds with investment in people and skills tailored to local needs a priority area. - £47 million allocated to the North East from the Getting Building Fund to deliver shovel ready capital projects by the end of 2021. Part of these funds will be used to support major investment pipeline projects such as Aykley Heads in Durham. - For extend opportunities, including more business start-ups, please see likelihood relating to growth of local businesses under Strategic Risk 2. - The adult education budget is managed nationally by the ESFA rather than locally by policy makers in the NECA region and may not fully address local needs. - The apprenticeship levy scheme supports apprentice training costs but not wage costs which may be a barrier to take up. - Bids to the Levelling Up Fund must gain the support of the local MP, who can only support one project, and areas are allowed to submit one bid per MP constituency. NECA Local Authorities have submitted applications for the Fund under the first round but not for all constituencies. - No clarification on the future of Local Enterprise Partnerships (LEP) from Autumn 2021 Budget. (Amber) - Although educational attainment skill levels are increasing there is a relatively low skills base in the North East, poor outcomes in respect of qualifications/post school destinations and graduate qualifications are below the national average. - Historically employers in the North East have under invested in training and workforce development. - Although NECA authorities are priority 1 level of need for the Levelling Up Fund only 5 projects have been successful in Round 1 as opposed to 17 for London/South East. (Red) <p>Covid-19:</p> <ul style="list-style-type: none"> - Government may be forced to redirect funding away from NECA to address the effects of the Pandemic. - The pandemic has and may continue to cause failure of businesses/prevent business unable to expand and invest in skills and infrastructure. Confidence to start up new businesses in an economic recession may be 	<p>for students; investment in capital projects supporting education, skills and training provision, including specialist equipment for the delivery of essential technology skills at FE Institute of Technology, World of Work and Metro Skills Centre.</p> <ul style="list-style-type: none"> - Apprenticeship toolkit focusing on degree level apprenticeships developed and promoted to businesses by The North East Growth Hub. - Areas for development of Further Education currently under consideration by LAs: Strategic Development Funding to foster College-LA collaboration; create a further Institute of Technology (based around digital or green growth) and/or widen sector focus of current North East IoT at New College Durham; sector-specific Skills Bootcamp pilot linked to the National Retraining Strategy in a skills shortage area (i.e. manufacturing); marketing push from government on Lifetime Skills Guarantee across LA7 (and potentially piloting equivalent for higher level technical skills); offer to be a pilot the new Skills and Productivity Board to look at employment projections and labour market needs analysis (focusing on reskilling and progression); Dedicated College Business Centres linked to key business site; Prioritise North East bids to FE Capital Transformation Fund; AEB devolution across whole area LA7 so ensuring the whole of the North East can shape provision (with ability to tailor Skills Guarantee); DfE to work in partnership to ensure coherent place-based offer (by devolving Traineeship funds too); Raise 25% apprenticeship levy transfer threshold to 50% (to recycle levy underspend); funding for more trained and qualified careers guidance specialists in schools and communities (pilot more locally-based activity with the aim of reducing NEET levels); create an Adult Education Maintenance Allowance to meet living costs (if UC changes allowing people to train full time covers training costs); strengthen partnership with National Careers Service (beyond the new website being created) to support their aim of an all-age approach; further support for Furloughed employees who 													

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			<p>growing the economy by development may not be aligned to those of NECA.</p> <ul style="list-style-type: none"> - Sufficient appropriate sites are not available. - Planning permission may prevent or delay available sites. - Lack of sufficient public funding to develop the initial infrastructure of sites to allow private sector investment and occupation. - Policy makers do not develop or promote sites appropriately to attract enough employers/employers from sectors that can effectively increase employment and/or the number of 'good' and secure employment opportunities. - An economic downturn makes businesses unwilling or unable to take up opportunities offered by the development of these sites. - The overall 'offer' from major sites is not attractive enough to private sector investors. - The overall 'offer' provided by other UK or foreign locations may cause businesses to invest/locate elsewhere. - For extend opportunities, including more business start-ups, please see causes relating to growth of local businesses under Strategic Risk 2. - Lack of a coordinated, realistic NECA regional economic plan to support the upskilling of labour market in the region: to grow the economy by developing major investment sites; extend the range of opportunities for individuals - Lack of will or resources to deliver regional economic plan by all or any 		<p>reduced. The government are concerned that the downturn in economic activity and increase in unemployment due to Covid may be long term.</p> <ul style="list-style-type: none"> - In June the Leadership Board noted that young people may need support to catch-up due to the impact of Covid-19 on Education over the past two years. - The extent of the impact of Covid-19 on young people's education and employability may not be immediately realised. - The Covid-19 pandemic has impacted the provision of apprenticeship and training schemes and accentuated educational inequalities. - Reinvestment of anticipated surpluses from Enterprise Zones in future economic infrastructure is dependent on successful site occupation of these zones which, due to the current Covid-affected economy, is more uncertain. - To help combat the impact of Covid, the UK government have launched a national jobs recovery programme which includes £2 billion to provide 6-month work placements for 16 – 24 year olds, £1.6 billion for the scaling up of employment support scheme, training and apprenticeships and further investment in traineeships, the national careers service, and sector based work academies. 	will need to change jobs/retraining.												
						<ul style="list-style-type: none"> - Since 2012, 7 enterprise zones, including IAMP and Jade Business Park, have been identified and the delivery of the Enterprise Zone sites' infrastructure programme is in progress. - NELEP and NECA councils have contributed funding for other major investment sites including NetPark, Gateshead Quays and Integra 61. - NECA councils have identified approximately 27 major investment pipeline projects to contribute to the growth of the economy: bringing 31,000 new jobs to the region; requiring £3.4 billion including £1 billion from public funds; including Riverwalk Durham, National Innovation Centre, Gateshead and Riverside Sunderland. - Within their Local Plans, Councils have incorporated development of investment sites to complement NECA's strategic economic plans, and continue to liaise to identify and develop major investment sites. - For extend opportunities, including more business start-ups, please see current controls relating to growth of local businesses under Strategic Risk 2 - NELEP's Strategic Economic Plan for the North East region is aligned to NECA's objective re skills, business growth and greater opportunity. NELEP works with partners e.g. NECA, councils, education, business and voluntary sectors to develop a more competitive and growing economy for the North East. - NECA, NELEP and partners continue to engage with and lobby UK government nationally to promote the regions ambitions to develop skills, grow the economy and encourage more start-ups. - Supported by LA7, the 'Covid North East Recovery and Renewal Deal' document was submitted to government in Autumn 2020 to influence the Comprehensive Spending Review requesting the powers, resources and funding to achieve NECA's objectives and to respond to the impact of the Covid pandemic on the North East economy. - Creation of Electric Vehicle Hub at Nissan supported by development of 												

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			stakeholders.			Sunderland/South Tyneside International Advanced Manufacturing Park and £1bn public/private funding. This will be followed by a trailblazing Microgrid that aims to 100% renewable electricity as a power source saving 55,000 tonnes of carbon annually.													
Draw many more NECA residents into the economic mainstream	4	Failure to achieve the planned outcomes to ensure that people of all ages can access timely and personalised support to overcome their educational, situational and motivational barriers to work and to equip them with the capabilities the economy needs so that they can find employment.	<ul style="list-style-type: none"> - Individuals with barriers to employment may face: a lack confidence to enter the labour market or gain skills; dependency on benefits/fear of losing income by being employed; lack of coordination of support back to work from health and employability services; lack of awareness of employment opportunities available; increased competition for jobs due to economic downturn; employers' unwillingness to address barriers to entering the workplace, such as disability and mental health issues. - There may be a lack of availability of appropriate support and training; - Individuals with barriers to work maybe unaware of the employment, support and training opportunities available. - There may be a lack of understanding as to the need of a specific individual who has barriers to overcome to enter the workplace. - Support and training provided may be of poor quality. - Individuals with barriers to work may lack financial resources to access employment or support/training. - There may be a lack of funding to incentivise employers to offer employment and/or 	<p>If effective support/training is not available to address the needs of those in the regions with educational, situational and motivational barriers to employment:</p> <ul style="list-style-type: none"> - Improved and more secure incomes for those individual's households will not be achieved. - Increased levels of spending/ disposable income in the North East will not be realised. - A reduction in benefit dependency will not be achieved. - Levels of economic inactivity and long-term unemployment will not be reduced, and the levels will continue to be higher than the national average. - The opportunity for everyone to fulfil their potential and participate 	<p>Outside of NECA Control:</p> <ul style="list-style-type: none"> - The government benefits system is set up so any person moving from benefits into employment should not be financially worse off. - In 2017, the government set a goal to see 1 million more disabled people in work in the 10 years to 2027. - Government initiatives to provide timely and personalised support to overcome barriers to employment include: Employment and Support Allowance to support people back to work if they are able; Access to Work Grants support disabled people to remain employed or start employment by funding adjustments for the workplace, including equipment, health support, work related support; All employment benefit related claimants are supported by 'work coaches' to give support and identify pathways into employment; Flexible Support Fund provides local support to claimants by removing barriers to employment such as e.g. interview travel costs; Work and Health Programme, aimed at people close to readiness for work to gain skills and employment; £40 million Intensive Personalised Employment Support (IPES) aimed at helping people with complex needs at least 12 months away from work readiness to gain skills and employment; Disability Confident Scheme is a voluntary scheme to help employers make the most of the opportunities provided by employing disabled people; The Fuller Working Lives initiative aimed at people with long-term health conditions and disabilities, carers, and older claimants. - As part its 'Plan for Jobs' in response to the Covid19 pandemic, in July 2020 the government announced: a £2 billion 'Kickstart' Scheme for new six-month work placements for 16 to 24-year-olds at risk of long-term unemployment; £1.6 billion to boost work search, skills and apprenticeships 	<ul style="list-style-type: none"> - NELEP's Strategic Economic Plan recognises that some groups are more likely to be out of work than others and its' 'skills, employment, inclusion and progression' agenda includes activity to increase youth employment, improve labour market activation, and help deliver Fuller Working Live, including: 'Generation North East' (GENE) to provide employability and job search support to unemployed/inactive young people aged 18-29 years; provision of specialist intensive support for those most distant from the labour market because of disadvantage, poverty and poor physical and mental health; development of packages of support for those with health barriers to employment building on the Mental Health Trailblazer and Working Lives project; North East Growth Hub, promoting the Fuller Working Lives Strategy to encourage and help employers retain, retrain and recruit people aged 50 and over. - NECA Councils have objectives and activities to support those with barriers to employment such as: 'Durham Works' partnership, supported in part by Durham County Council, helping young people aged 18 -24 from County Durham into work, training, education or volunteering; Gateshead community grants to third sector organisations to help people into employment. - NECA, NELEP and partners continue to engage with and lobby UK government nationally to promote the regions ambitions for its economy and place offer. - Supported by LA7, the 'Covid North East Recovery and Renewal Deal' document was submitted to government in Autumn 2020 to influence the Comprehensive Spending Review requesting the powers, resources and funding to achieve NECA's objectives and to respond to the impact of the 	3	3	9	↔	- NECA and other local partners e.g. NELEP continue to work with and lobby Government and influence emerging policy thinking.	Chair – NECA Leadership Board							

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			individuals to take up employment or training and/or to fund appropriate support and training.	fully in society will be lost. - Businesses will be denied access to a larger and better workforce.	<p>comprising among other things extra payments to employers to hire apprentices, including those aged under 25 with an Education, Health and Care Plan; extra funding for National Careers Service; an expanded youth offer to support young job seekers into work; an expansion to the Work and Health Programme, the Flexible Support Fund and sector based work academies (SWAP).</p> <p>- Under Kickstart employers apply for funding which covers: 100% of the National Minimum Wage (or the National Living Wage depending on the age of the participant) for 25 hours per week for a total of 6 months; associated employer National Insurance contributions; employer minimum automatic enrolment contributions. <i>By November over 100,000 had started jobs.</i></p> <p>- In July Leadership Board reported that government figures showed that 400 people a day started work in May, with 200,000 new high-quality jobs created via the scheme.</p> <p>- In the Nov 2020 Spending Review, further funding of £3.7 million was added to fund the Plan for Jobs including £2.9 billion for the Restart programme to support over 1 million unemployed people across England and Wales who have been out of work between 12 and 18 months. Up to 12 months support will be provided in a partnership between Job Centre Plus and Reed across the North East and Humberside, with referrals to the programme planned to commence in July.</p> <p>- The £185 million Building Better Opportunities Fund, funded from National Lottery and EU sources, is a programme which helps individuals to overcome multiple complex needs who are furthest away from the labour market. This is due to cease in 2021.</p> <p>- Any underspend on remaining European Social Fund monies will be used to mitigate the impact of Covid prioritising young people, older workers, the self-employed, job creation and skills.</p> <p>- UKSPF available in 2022 aims for the availability of up to £1.5b nationally for investment in schemes tailored to the local needs for people and skills.</p> <p>- The government has provided the UK Community Renewal Fund, totalling £220 for</p>	Covid pandemic on the North East economy. - The NECA region has submitted proposals to the ESF reserve funds (managed by DWP) for new and existing issues relating to: Young People; Older Workers (50 plus); Self Employed; Job Creation Projects (for people excluded from national programmes such as Kickstart); Skills and Digital Skills Training.													

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					<p>2021, to help areas prepare for the launch of the UK Shared Prosperity Fund targeted to: ex-industrial communities; coastal communities; rural areas and deprived towns. It is focuses on the following investment priorities: Investment in skills; Investment for local business; Investment in communities and place; Supporting people into employment</p> <p>- National Living Wage rising from £8.91 to £9.50 per hour from April 2022 for over 23s. (Green)</p> <p>- £6b funding over 3 years for DWP to help people gain skills and earn more, with targeted support to those needing extra support, including: workers who have left furlough and are receiving Universal Credit through Job Finding Support scheme; assistance to over 50s wishing to remain in work. (Green)</p> <p>- In June the Leadership Board identified that: The North East unemployment rate and NECA claimant count is slowly falling and the vacancy rate is reaching close to pre-Pandemic levels; Youth unemployment is high and there is a rising number of long term unemployed.</p> <p>- Lack of certainty over availability and eligibility for funding due to delays in formalisation of new funding regimes/replacements for EU funding.</p> <p>- The UK Community Renewal Fund bidding process is closed to NECA as a non-Mayoral Combined Authority but open to NECA Local Authorities and NoTCA. This is likely an indication of the Government's future approach to funding.</p> <p>- No clarification on the future of Local Enterprise Partnerships (LEP) from Autumn 2021 Budget. (Amber)</p> <p>- Of 477 UK Community Renewal Fund awards on 12 have been received by LA7 area, only 6% of available funds. (Red)</p> <p>- According to the Office of National Statistics the Employment rate has dropped by 0.9% to 70.7% for the period April to June 2021, with the unemployment rate falling by 0.6% to 5.1% and the inactivity rate rising by 1.3% to 25.4% for the same period. The unemployment rate is still above the national average of 4.3%.</p> <p>Covid-19:</p>												

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					<ul style="list-style-type: none"> - Government may be forced to redirect funding away from NECA to address the effects of the Pandemic. - The pandemic has and may continue to cause failure of businesses/reduction of their workforce/increased unemployment with a specific, significant impact on youth employment. - Despite the heavy impact on the economy/employment, specifically in hospitality, leisure and non-supermarket retail, there is little sign that the employed from these sectors are reallocating to less-affected sectors. Self-employed continue to face a significant loss of income, with the impact across much broader sectors than that of employees. - Skills shortages in several areas with a large percentage of the working population expected to lack the skills required by 2030, including the digital sector. - Government has partially mitigated the impact on employment by supporting business through job retention scheme, business grants and rates relief. - The Coronavirus Job Retention Scheme (Furlough) has been in place since March 2020, running until 30 September 2021. In July Leadership Board reported HMRC figures of 1,058,600 employments eligible for Furlough in the North East, with 166,100 furloughed in July 2020 and 414,200 in May 2021. - Government's Job Entry Target Support Scheme (JETS) aims to support Universal Credit claimants out of work over 13 weeks as a result of Covid-19, looking at existing or new skills to move into growing sectors. In July the Leadership Board reported that the DWP estimate that nearly 500 jobseekers a day started on the scheme since its launch in October and the DWP was on course to supporting 250,000 by September. 														
Become a sustainable well-connected region	5	Failure to achieve the planned outcomes to strengthen and extend transport networks in the NECA area while reducing pressure and	<ul style="list-style-type: none"> - For Transport, see JTC Strategic Risk Register, Strategic Risks 1-4. Digital Connectivity and Skills - Regional Policy Makers/Business/Education providers fail to prioritize digital connectivity through 	- Residents, particularly low-income earners, in the region may not be able to access work or move into education and training that could improve	<p>Outside of NECA Control:</p> <ul style="list-style-type: none"> - For Transport, see JTC Strategic Risk Register, Strategic Risks 1-4. <p>Digital Connectivity and Skills</p> <ul style="list-style-type: none"> - From 2017 government adopted a UK Digital Strategy which includes; UK's telecoms industry to provide gigabit-capable infrastructure to 100% of premises by 2025 (subsequently reduced to 85%), with £5 	<ul style="list-style-type: none"> - For Transport, see JTC Strategic Risk Register, Strategic Risks 1-4. Digital Connectivity and Skills - NELEP's Strategic Economic Plan (SEP) includes the development of digital skills provision and local infrastructure. The LEP has also developed a Digital Strategy. - Each NECA Local Authority has 	4	3	12	↔	- NECA and other local partners will continue to work with the Managing Authorities (MHCLG, DWP and DEFRA) to ensure that the maximum unallocated EU funding will be	Head of Paid Service							

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		encouraging green travel, to improve digital connectivity, and to achieve a high level of digital skill within the workforce.	<p>a lack of awareness of its importance/ value.</p> <ul style="list-style-type: none"> - Lack of public awareness, particularly those with barriers to employment, of the employment/ inclusion benefits available from digital skills. - Public and Private Sector fail to adequately invest in digital infrastructure/ equipment and skills. - Digital Infrastructure fails to meet accessibility, reliability and data speed needs of business/the public. - Private Sector unwilling to invest in digital infrastructure through concerns over economic viability. - Lack of public access, particularly for those on low incomes, to required IT equipment. - Lack of awareness/ availability of accessible/affordable digital skills training provision, especially to those with d barriers to employment/low earners. 	<p>their prospects. Progress on social mobility in the region will be limited.</p> <ul style="list-style-type: none"> - Residents in some areas of the region may not be able to access health care and other essential services as a result of a poor connectivity or lack of digital skills. - Without appropriate connectivity infrastructure and digital skills within the workforce business may choose to locate, or start up, or expand business in other regions, resulting in loss of new employment opportunities for residents, loss of investment and income to the region. - Levels of transport inequality and/or social exclusion may not be reduced. - Improved resilience to the effects of the Covid pandemic may not be achieved. - The enhancement of productivity levels and the quality of public and private 	<p>billion subsidy for roll-out to the most difficult to reach/rural/remote 20% of premises; £1billion to accelerate and support private sector lead development and uptake of next generation digital infrastructure, including full fibre and 5G wireless including, 100% business rate relief for full fibre infrastructure, National Digital Infrastructure Fund, planning policies to consider digital infrastructure, an appropriate regulatory framework, and a national programme of 5G testbeds and trials to help create demand and capacity as uses are developed; the roll out of free wifi on trains and more public spaces; mandatory full fibre connections for new homes.</p> <ul style="list-style-type: none"> - The Digital Strategy also includes a focus on skills and training, including; a legal entitlement for adults with no/low digital skills to undertake new digital qualifications funded by Adult Education Budget; Digital Skills Partnership, focusing on bringing together technology companies, local businesses, local government and other organisations to identify digital job vacancies and take action to help people move into these jobs; coding in the National Curriculum from Key Stage One onwards; computer science degree courses to ensure focus on real-world, up to date skills required by the digital economy/work environment/the needs of employers; further funding for the Computing at School Network of Teaching Excellence in Computer Science of over 350 Master Teachers providing continued professional development to teachers; extra funding for the National Careers Service (NCS) to help more young people from a wider range of backgrounds consider a career in technology by piloting new ways to include digital skills and careers in NCS programmes. - The Dept for Education operate the 'Future Digital Inclusion programme' to support those who are hardest to reach to gain digital skills, focusing on the unemployed, low income and disabled people; delivered by Good Things Foundation from numerous centres in the NECA area. - From March 2020, the government introduced the Universal Service Order (USO) for broadband, a legal right for a property to request a decent, affordable broadband connection with funding available up to £3,400 per property. - The government's 'Building Digital UK' team aim to develop UK broadband networks, including; Gigabit Broadband Voucher 	<p>developed a digital strategy and programme to improve digital connectivity/skills for staff/businesses/residents. Activities include: Digital Durham, a £35 million initiative in Durham, Gateshead and South Tyneside to introduce fibre-based connectivity to properties where it would not otherwise be commercially viable; Infrastructure for free ultrafast public 5G wifi for Sunderland City centre, development of next generation digital connectivity/infrastructure to accelerate regeneration within the City Centre and Riverside supported by funding from government's Getting Building Fund, and to be the first UK local authority i to become a 'neutral host' for 5G and fibre connectivity, enabling telecoms operators to buy space from its infrastructure to offer their own 5G services; Durham Council operate a 'Digital Drive', £4million initiative to support SMEs in Co Durham to maximise potential through digital technology including the provision of 40% grant funding for digital projects, and 'Reboot', a partnership scheme that offers low-cost computer equipment to County Durham based registered charities/social enterprises; Supported by BDUK funding Gateshead Council are aiming to ensure that as many premises as possible will be high-speed broadband service enabled, and in the longer term that 100% of premises will be fibre enabled.</p> <ul style="list-style-type: none"> - In June the Leadership Board noted that: 87,000 premises in the NECA area can now access superfast broadband; coverage for superfast and ultrafast broadband is ahead of the national average but Gigabit-capable connectivity is behind. - NECA, NELEP and partners continue to engage with and lobby UK government nationally to promote the regions ambitions for its economy and place offer. - Supported by LA7, the 'Covid North East Recovery and Renewal Deal' document was submitted to government in Autumn 2020 to influence the Comprehensive Spending Review requesting the powers, resources and funding to achieve NECA's objectives 											

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				<p>services in the area may not be achieved.</p> <ul style="list-style-type: none"> - An opportunity to contribute towards the decarbonisation of the NECA area may be lost. 	<p>Scheme available to homes/businesses in rural areas of the UK, providing £1500 per home, £3500 per SME, to support the cost of installation when part of a group scheme.</p> <ul style="list-style-type: none"> - Government and mobile providers are providing 4G Shared Rural Mobile Network where not commercially viable. - Project Gigabit: Phase One Delivery Plan policy paper (April 2021) following Ofcom's publication of the Wholesale Fixed Telecoms Market Review 2021-26. Setting the regulatory environment for commercial delivery, the plan includes proposals to subsidise gigabit network build to get as close to 100% as possible: - Procurements have started for telecoms providers to compete for subsidies to deliver gigabit capable networks to specific areas across the UK. Phase 1a to include Durham, South Tyneside & Tees Valley areas extending into Northumberland, covering the local authority areas of Durham, Darlington, Stockton, Hartlepool, Middlesbrough, Redcar and Cleveland, Sunderland, Gateshead, South Tyneside and part of Northumberland. - Higher level digital apprenticeships are available and are being promoted. - <i>No clarification on the future of Local Enterprise Partnerships (LEP) from Autumn 2021 Budget. (Amber)</i> - In the North East over 97% have superfast broadband (>30mbps) but only around 80% in rural areas. Only 61% have access to ultrafast (>100mbps) and only 7% of properties have access to 'gigabit' infrastructure (>1000mbps) broadband (full fibre), the lowest rate in the UK. - Only 57% of UK premises that have access to superfast broadband are signed up to superfast packages. - 1 in 6 in North East (15%) do not have foundation level digital skills. - North East has low level of internet usage; 8th of 9 English regions. - In July the Leadership Board noted concerns, risk and uncertainty for medium term financial planning across the Public Sector relating to: delay in publication of the governments Comprehensive Spending Review to at least December 2021; delay in the implementation of the Fair Funding Review; uncertainties over the Shared Prosperity Fund; unknowns with regards to the Governments strategy to redress the public finances. <i>No firm details on the Shared Prosperity Fund was provided in the</i> 	<p>and to respond to the impact of the Covid pandemic on the North East economy.</p> <ul style="list-style-type: none"> - The NECA region has submitted proposals to the ESF reserve funds (managed by DWP) for new and existing issues relating to: Young People; Older Workers (50 plus); Self Employed; Job Creation Projects (for people excluded from national programmes such as Kickstart); Skills and Digital Skills Training. 													

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					<p><i>2021 Autumn Budget, and concerns over limited success for Community Renewal Fund projects was expressed in a report to the Leadership Board's December meeting. (Red)</i></p> <p>Covid 19:</p> <ul style="list-style-type: none"> - Government may be forced to redirect funding away from NECA to address the effects of the Pandemic. - decline in public transport usage, increase in use of cars. The impact on income may result in reduced levels of services. - Despite the heavy impact on the economy/employment, specifically in hospitality, leisure and non-supermarket retail, there is little sign that the employed from these sectors are reallocating to less-affected sectors. Self-employed continue to face a significant loss of income, with the impact across much broader sectors than that of employees. - Skills shortages in several areas with a large percentage of the working population expected to lack the skills required by 2030, including the digital sector. - There has been a societal change in the use of digital technology/mobile phone and video communications due to homeworking/social distancing/lockdown which supports an acceleration in the development of the infrastructure to meet demand. - Government's Job Entry Target Support Scheme (JETS) aims to support Universal Credit claimants out of work over 13 weeks as a result of Covid-19, looking at existing or new skills to move into growing sectors. In July the Leadership Board reported that the DWP estimate that nearly 500 jobseekers a day started on the scheme since its launch in October and the DWP was on course to supporting 250,000 by September. 												
Shaping the Great North East	6	Failure to achieve the planned outcomes to ensure the NECA region is attractive to residents, businesses, visitors and new settlers by having a thriving economy, and being a green	<ul style="list-style-type: none"> - Local policy makers in the area lack a clear vision/plan for the region's 'offer' to business, potential investors, residents and visitors - Poor understanding of the NECA area 'offer' and where improvements are needed. - No comprehensive/coordinated plan to deliver improvements in the region's 'offer' including 	<ul style="list-style-type: none"> - less opportunities for improving employment prospects causing migration, a barrier to immigration and reducing regional spending power. - loss and inability to 	<p>Outside of NECA Control:</p> <p>Attractiveness of the Region includes:</p> <ul style="list-style-type: none"> - cost of living, diverse housing offer, transport connectivity, cultural, leisure and natural environment offer; - three universities, two cities, three ports; - advance manufacturing and technology sector, business services hub, connected supply chains, diverse talent pool, development sites and Enterprise Zones, developing strength in global markets, digital connectivity and cost competitiveness. - As part of the Levelling Up agenda the government has: set up "Our Plan For The 	<ul style="list-style-type: none"> - NELEP's Strategic and Economic Plan (SEP) and Local Industrial Strategy: make the region a better place to live, learn and do business by supporting economic growth through investing in economic/assets and infrastructure including; investment sites such as International Advanced Manufacturing Park (IAMP), Follingsby, Holborn and Jade; increased housing provision, such as Sunderland South Strategic Growth Area. - NECA Local Authorities all have development plans, i.e. Local Plans/City 	4	3	12	↔	NECA and other local partners e.g. NELEP continue to work with and lobby Government and influence emerging policy thinking.	Chair – NECA Leadership Board					

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		and prosperous place that offers an exceptional quality of life and improved opportunities for all.	education and skills, employment opportunities, business infrastructure, critical to a thriving economy, and quality of life, including, housing, culture and leisure. - Priorities of government and other partners e.g. local are not aligned with NECA's. - Lack of funding to develop/improve the 'offer'	attract commercial and academic talent. - inability to attract/retain business investment and development - reduced tourism.	<p>High Street" programme, including £3.6b Towns Fund, with Bishop Auckland town centre regeneration being supported; £1b Future High Street Fund, including £55m to regenerate heritage high streets; cut business rates for a wide range of properties for two years, consultation to simplify planning to support the creation of more homes, jobs and choice for town centres; High Street Task Force to advise local leadership on adapting high streets.</p> <p>- Government policy to increase new home building including; £5b Housing Infrastructure scheme with £32m being awarded to Sunderland South and Newton Aycliffe Growth Areas; funding to support building social housing available from Homes England; short term New Homes Bonus programme to encourage awarding of planning permission for new homes.</p> <p>- UK national planning guidelines require local policies and decisions to contribute to/enhance natural/local environment.</p> <p>- UKSPF available in 2022 aims for the availability of up to £1.5b nationally for investment in schemes tailored to the local needs for people and skills.</p> <p>- In support of proposals for Green Industrial Revolution the government aims to create further National Parks and extend the Green Recovery Fund for conservation/restoration, focusing on the natural environment as a key to carbon emission reduction.</p> <p>- North East Culture Partnership developed and delivered a North East culture and arts offer plan, followed by A Recovery and Resilience Plan in response to Covid-19.</p> <p>- Restructuring of business sectors, including retail and contact centres, due to rapid change in digital technology.</p> <p>- Fragmented ownership of older industrial estates leading to a lack of responsiveness and dereliction.</p> <p>- The UK Community Renewal Fund bidding process is closed to NECA as a non-Mayoral Combined Authority but open to NECA Local Authorities and NoTCA. This is likely an indication of the Government's future approach to funding.</p> <p>- No clarification on the future of Local Enterprise Partnerships (LEP) from Autumn 2021 Budget. (Amber)</p> <p>- Of 477 UK Community Renewal Fund awards on 12 have been received by LA7 area, only 6% of available funds. (Red)</p> <p>- Although NECA authorities are priority 1</p>	<p>Plans, to improve economy and local attractiveness, looking at environment, housing, transport, recreation and leisure and tourism. Urban centres are being regenerated: Riverside Sunderland, South Shields 365 and Riverside.</p> <p>- LA7 planning authorities' collaborative approach for commercial and housing development to promote economic growth and enhancement of the natural environment.</p> <p>- Gateshead Council involvement in RIBA Future Place Programme to plan the future of its town centre.</p> <p>- £10m North East Property Fund to support regional house building for smaller scale housing/commercial development projects.</p> <p>- NECA Local Authorities; have programmes to support reduction of empty properties; declared climate emergency to ensure the environment is considered when making decisions.</p> <p>- Gateshead Quays International Conference and Exhibition Centre and Arena Venue to open by 2024.</p> <p>- NECA, NELEP and partners continue to engage with and lobby UK government nationally to promote the regions ambitions for its economy and place offer.</p> <p>- Supported by LA7, the 'Covid North East Recovery and Renewal Deal' document was submitted to government in Autumn 2020 to influence the Comprehensive Spending Review requesting the powers, resources and funding to achieve NECA's objectives and to respond to the impact of the Covid pandemic on the North East economy.</p> <p>- NECA Local Authorities have provided Covid recovery support to business through: Restart Grants; Open, Closed & Sector Local Restriction Support Grant schemes; Additional Restrictions Grants; Christmas Support Payments for Wet-led Pubs; helping businesses to access Government loans; signposting to support (particularly on import/export re EU Exit); coordinating Kickstart six-month placements; Accessing Getting Building Funds to accelerate key projects.</p> <p>- Over £500m of funding distributed to</p>													

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					<p><i>level of need for the Levelling Up Fund only 5 projects have been successful in Round 1 as opposed to 17 for London/South East. (Red)</i></p> <ul style="list-style-type: none"> - Region has too few employment opportunities, including too few high skilled occupations and lower levels of productivity, limiting opportunities for residents, business and attractiveness to investors. - Decline in High Street, vibrancy and attractiveness of town centres. - Under provision of housing stock including affordable housing. <p>Covid 19:</p> <ul style="list-style-type: none"> - Government may be forced to redirect funding away from NECA to address the effects of the Pandemic. - Unemployment and reduction in available opportunities, shop closures, decline in hospitality and tourism, culture and arts, with organisations closing and uncertainty about the recovery of these sectors. - Government support to the region has included £4.5m from Culture Recovery Fund, £47m from Getting Building Fund which has been targeted at regeneration sites in the NELEP area (Sunderland South Riverside/town centre, Gateshead Quays, Tyne Dock Enterprise Park, Aykley Heads Business Park) - Covid Recovery support also available for heritage organisations from National Lottery Heritage Fund. 	<p>businesses across North East region by LAS.</p> <ul style="list-style-type: none"> - LAs focusing on impact of reduced footfall in town and city centres us Government Welcome Back Fund: Durham £569k; Gateshead £178k; South Tyneside £198k; Sunderland £309k. 											
Operational Risks																	
Future Availability of Funding	1	<p>Sources and levels of funding available to NECA may not be aligned to the Strategic Economic objectives of NECA.</p>	<ul style="list-style-type: none"> - Economic downturn may force government to reduce funds available. - Uncertainty over future Capital scheme relating to those that are ending and their replacements, e.g. Local Growth Fund/EU Funding replaced by UK Shared Prosperity Fund (UKSPF). - Possible change in UK policy focus on other geographic areas or initiatives which may adversely affect the North East/not align to NECA Plans. - Future major local projects may not be tenable as government may have to reduce amount/timescale of funding schemes. 	<ul style="list-style-type: none"> - Funding levels may not be sufficient to meet NECA's plans. - Reduction in funding sources and levels would damage the delivery of local regeneration plans and stall infrastructure projects, business growth, employment and skills schemes and local growth projects. 	<p>Outside of NECA Control:</p> <ul style="list-style-type: none"> - The Government have set up the UK Infrastructure Bank with finances of £22bn to tackle climate change and support regional and local economic growth across the United Kingdom. - The Government's "Green Book" is a framework to inform decision making to ensure funding/investment spreads across the UK supporting the levelling up agenda. - UKSPF available in 2022 aims for the availability of up to £1.5b nationally for investment in schemes tailored to the local needs for people and skills. - Lack of certainty over availability and eligibility for funding due to delays in formalisation of new funding regimes/replacements for EU funding. - No clarification on the future of Local Enterprise Partnerships (LEP) from Autumn 2021 Budget (Amber) - The UK Community Renewal Fund bidding process is closed to NECA as a non-Mayoral 	<ul style="list-style-type: none"> - Previously EU funded projects within the NELEP area that continuing up to 2023 are eligible to funding from ERDF/ESF National Reserves. - During 2020 £25m was sourced from the government's Housing Infrastructure Fund to support further house building in a South Sunderland Strategic Growth Area. - Also in 2020 NELEP was awarded £47m million from the Getting Building Fund with part being used to development key economic growth sites in the NECA area. - NELEP manage the SEP on behalf of NECA and NoTCA. - NELEP is leading regional development of the Local Industrial Strategy which sets out future funding requirements to increase productivity in the North East. - A Special Purpose Vehicle has been set up by NECA to provide funding to 	4	3	12	↔	<ul style="list-style-type: none"> - NECA and other local partners will continue to work with the Managing Authorities (MHCLG, DWP and DEFRA) to ensure that the maximum unallocated EU funding will be allocated to the North East. - NECA and other local partners e.g. NELEP, local councils continue to work with and lobby Government and influence emerging policy thinking. - Further indications that funding opportunities are 	<p>Head of Paid Service</p> <p>Chair – NECA Leadership Board</p> <p>Chair – NECA Leadership Board</p>					

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			- Funding for non-Mayoral combined authorities may no longer be available.		<p>Combined Authority but open to NECA Local Authorities and NoTCA. This is likely an indication of the Government's future approach to funding.</p> <p>- 2021 Autumn Budget included 5 year city region funding (around £600m) for transport but not for NECA: funding is now dependent on putting in place governance arrangements that include an elected mayor. (Red)</p> <p>- Of 477 UK Community Renewal Fund awards on 12 have been received by LA7 area, only 6% of available funds. (Red)</p> <p>- Although NECA authorities are priority 1 level of need for the Levelling Up Fund only 5 projects have been successful in Round 1 as opposed to 17 for London/South East. (Red)</p> <p>- Significant cost pressures on JTC Budgets, specifically the Transport Levy for Tyne and Wear due to fall and expectation of limited recovery on Metro passenger numbers. (Red)</p> <p>Covid 19:</p> <p>- Government may be forced to redirect funding away from NECA to address the effects of the Pandemic.</p>	<p>SMEs based on £58.5m from ERDF JEREMIE 2 grant.</p> <p>- Supported by LA7, the 'Covid North East Recovery and Renewal Deal' document was submitted to government in Autumn 2020 to influence the Comprehensive Spending Review requesting the powers, resources and funding to achieve NECA's objectives and to respond to the impact of the Covid pandemic on the North East economy.</p> <p>- NECA work with partners to identify any new non-government funding sources.</p>					<p>limited for the current non-mayoral governance structure to be considered.</p> <p>- Impact on funding from Autumn 2021 Budget, outcome of Integrated Rail Plan for the North and Midlands and bids to Restoring Your Railway fund to be considered and addressed through review of the Transport Plan For The North East.</p>	<p>Chief Finance Officer/ Proper Officer for Transport</p>				
Funding Opportunities	2	Failure of NECA to secure the maximum amount of funding available to progress projects which support the delivery of the Strategic Economic Plan (SEP) for the North-East regions.	<p>- Funding opportunities are missed due to lack of awareness/missing relevant deadlines.</p> <p>- Poor quality of funding applications made by NECA and/or JTC.</p> <p>- Failure to obtain funding only available through competitive process leading to under allocation for priorities.</p> <p>- Failure to build and develop relationships with key partners to maximise funding opportunities.</p>	<p>- Delivery of planned economic improvements required by the region will be significantly delayed.</p> <p>- Consequently delivery of NECA's Strategic Objectives may significantly be affected.</p>	<p>- Significant funding awarded regarding the Transforming Cities Fund. (Green).</p> <p>- The UK Community Renewal Fund bidding process is closed to NECA as a non-Mayoral Combined Authority but open to NECA Local Authorities and NoTCA. This is likely an indication of the Government's future approach to funding.</p> <p>Outside of NECA Control:</p> <p>- A significant proportion of available funding is through a competitive process.</p> <p>- 2021 Autumn Budget included 5 year city region funding (around £600m) for transport but not for NECA: funding is now dependent on putting in place governance arrangements that include an elected mayor. (Red)</p> <p>- No funding was received for the Leamside line in the Autumn 2021 budget/Integrated Rail Plan for the North and Midlands. (Red)</p> <p>- Significant cost pressures on JTC Budgets, specifically the Transport Levy for Tyne and Wear due to fall and expectation of limited recovery on Metro passenger numbers. (Red)</p> <p>- Only one of seven bids to Restoring Your Railway fund were successful for the region; Bensham Curve to Team Valley and Leamside Line reinstatement were unsuccessful. (Red)</p> <p>- Cancellation of expanded HS2, plus the</p>	<p>- Officers horizon scan for upcoming funding opportunities.</p> <p>- Regular contact with the UK government and other funding bodies to identify funding opportunities early.</p> <p>- Relationships with other bodies at a local level, including councils and universities, to allow for partnership to maximize funding application opportunities.</p> <p>- NECA, JTC and partners lobby relevant government bodies promote schemes required for the North East to be included in key government schemes.</p> <p>- The officers of NECA and JTC have proven experience, skills and knowledge to submit strong bids.</p> <p>- All bids/projects are subject to scrutiny to ensure they are inline with NECA objectives and plans and meet the bid criteria.</p> <p>- NECA and JTC liaise with the provider during any application process to understand clearly what it is looking for.</p> <p>- Local councils and JTC have set up a number of partnership working groups to develop a portfolio of pipeline projects to work up a prioritised set of worked-up projects ready to feed into project calls.</p>	4	3	12	↑	<p>NECA are working with key stakeholders to develop and prepare pipeline projects ready for Government releasing further 'calls' for applications for funding.</p> <p>- Further indications that funding opportunities are limited for the current non-mayoral governance structure to be considered.</p> <p>- Impact on funding from Autumn 2021 Budget, outcome of Integrated Rail Plan for the North and Midlands and bids to Restoring Your Railway fund to be considered and addressed through review of the Transport Plan For The North East.</p>	<p>NECA Economic Directors/ Heads of Transport Officer Group</p> <p>Chair – NECA Leadership Board</p> <p>Chief Finance Officer/ Proper Officer for Transport</p>				

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					<i>above, contrasted with improvements for other regions may have a negative economic impact on the region. (Red)</i>	These projects focus on addressing local needs.												
Use of Funding and Resources	3	Funding secured for initiatives within the North-East region by NECA and its partners may not be able to be used on a timely basis, not be sufficient to complete intended projects or may be used inappropriately.	<ul style="list-style-type: none"> - Poor project management. - Inaccurate assessment of projects costs when submitting funding bids. - Delays and costs for a project due to unforeseen events. - Lack of understanding of funding conditions including timescales. - Insufficient capacity and skills to manage projects. - Fraud and corruption. - Failure by NECA to secure agreement on the priority of projects within the region it serves. 	<ul style="list-style-type: none"> - Programmes/projects may be delayed, reduced in size or not completed with intended benefits unrealised. - Funding may be lost through missed deadlines, project failure. - Reallocation of other earmarked funding to address gaps. - Reputational damage. 	<ul style="list-style-type: none"> - <i>Transport Strategy Unit in place to manage project delivery (Green).</i> - <i>JTC introducing of Capital Programme Management Framework to allow consistent and effective management of the programme as it becomes reliant on new/changing sources of funding. (Green)</i> - <i>Potential for resource issues through sickness or recruitment issues due to low number of Corporate staff.</i> - <i>No clarification on the future of Local Enterprise Partnerships (LEP) from Autumn 2021 Budget. (Amber)</i> 	<ul style="list-style-type: none"> - NECA officers and partners in JTC and NELEP have proven experience, skills and knowledge to submit strong bids. - All bids/projects are subject to scrutiny to ensure they are in line with NECA objectives and plans and meet bid criteria. - Projects managed directly by NECA and its partners are managed using recognised project management principles. - Projects delivered by contractors are let subject to a competitive procurement process. - Where projects are delivered by third parties arrangements are in place to gain assurance that the projects are progressing as expected. - Clear conditions of use are provided by funding providers. - NECA officers are subject to relevant codes of conduct. - Internal Audit and External Audit arrangements are in place. - Appropriate controls are in place in delivery of funded programmes. - Internal Audit have carried out a review of the project management arrangements within the JTC. 	4	2	8	↔	<ul style="list-style-type: none"> - 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. 	Head of Paid Service/ Chief Finance Officer						
Governance Arrangements	4	The governance arrangements of NECA are not appropriate to allow effective and timely decision making and the achievement of its objectives.	<ul style="list-style-type: none"> - Lack of capacity to support complex governance arrangements including lead authority status for JTC. - Lack of clarity on NECA's nature, objectives, roles and responsibilities or the importance of governance arrangements. - Lack of commitment or resources to support the development of working arrangements or delays in implementing proposed changes. - Conflicting priorities, not aligned to governance arrangements. 	<ul style="list-style-type: none"> - 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, responsibilities and objectives may lead to failures in statutory compliance, financial management and economic 	<ul style="list-style-type: none"> - <i>Internal Audits of both NECA and JTC Governance Arrangements resulted in an opinion of substantial assurance. (Green)</i> 	<ul style="list-style-type: none"> - The LA7 have approved a Deed of Cooperation which sets out operational working between the 7 Local Authorities and the two Combined Authorities. - Standing Orders describe membership functions, sub committees, rules of procedure and the roles of statutory officers. - Formal decision-making committees in place include Leadership Board, Overview and Scrutiny Committee, Economic Development and Regeneration Advisory Board and Joint Transport Committee and sub-committees. - Committee Decisions are by majority vote but with an aim for consensus. - LA7 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. 	4	2	8	↔	<ul style="list-style-type: none"> - NECA Leadership Board will develop and communicate a clear statement of the role, differentiating facts and working arrangements with NoTCA. 	Head of Paid Service						

Risk Area	ID	Risk Description	Cause	Impact	Likelihood	Current Score				Target score									
						Current Controls				Impact	Likelihood	Rating	Direction of Travel	Mitigating Actions	Lead	Action Date	Impact	Likelihood	Rating
				and infrastructure improvement.		- The NELEP manage the SEP on behalf of NECA and NoTCA. - A Strategic Partnership Register in place to identify all partnerships that are entirely or substantially responsible for delivering or managing an outcome for NECA. - Responsibilities for the delivery of support services to NECA by local authorities, including finance and legal services, that support governance arrangements have been allocated and are supported by Service Level Agreements. - NECA maintains an internal audit function which, as part of its remit provides assurance, as to the governance arrangements within NECA.													
Operational Capacity and Resourcing	5	NECA does not have the necessary operational capacity, skills and budget, to successfully deliver the objectives and plans.	- Budget may be insufficient as NECA's initial resource pool now required to support JTC and NoTCA - Potential for conflicting priorities for Members, Statutory Officers to NECA and other posts provided under Services Level Agreements as all have alternative main employments with partner organisations. - Retention and turnover of key staff within small resource pool - Lack of effective business continuity arrangements	- Decisions may be delayed or based on incomplete information. - Functions may be less effectively or timely leading to financial loss and flawed decisions. - Reputational damage.	- <i>Most recent Internal Audit relating to Financial Arrangements for NECA resulted in Substantial Assurance. (Green)</i> - <i>Transport Strategy Unit in place to manage project delivery. (Green)</i> - <i>Potential for resource issues through sickness or recruitment issues due to low number of Corporate staff.</i>	- Representation from NECA Local Authorities and Statutory Officers in post and supported by deputies. - Significant TUPE to NECA employment relating to Corporate NECA staff and Transport Strategy Unit. - Review and update of all SLAS has taken place with move to new Host Authority. - More finance support has been made available through SLA with new Host Authority. - Effective and timely arrangements for setting and approval of NECA and JTC revenue budget and Capital Programme in place. - Partners continue to engage through the formal meetings of the Combined Authority and LA7, including at Leader, Chief Executive, Economic Director, Chief Legal Officer and Finance Director levels. - External Resources are appointed where required to support JTC delivery priorities. - Each officer working for NECA is based within a local authority and is subject to its business continuity arrangements e.g. working from home. Officers are also receiving public health guidance.	4	2	8	↔	- Accountable Body Arrangements – NECA continue to be the accountable body for the Joint Transport Committee and the functions delegated to it. NECA host the Transport Strategic Unit including the Proper Officer for Transport. - A review of resource requirements for combined authority is underway.	Head of Paid Service Chief Finance Officer							
Delivery of Projects/ Programmes	6	Projects which are funded through NECA are delayed, are significantly overspent or do	- Poor programme/project management. - Inaccurate assessment of projects costs when submitting funding bids. - Delays and costs for a	- Projects may be delayed, reduced in size or not completed with intended	- <i>Introduction of JTC Capital Programme Management Framework to allow consistent and effective management of the programme as it becomes reliant on new/changing sources of funding. (Green)</i> - <i>Internal Audit review of the monitoring</i>	- NECA officers and partners in JTC and NELEP have proven experience, skills and knowledge to submit strong bids. - All bids/projects are subject to scrutiny to ensure they are in line with NECA objectives and plans and meet bid	3	2	6	↔	- Monitoring of the delivery of the overall JTC programme of projects should be carried out on a regular basis.	Managing Director Transport North East							

Risk Area	ID	Risk Description	Cause	Impact	Likelihood	Current Score				Target score									
						Current Controls				Impact	Likelihood	Rating	Direction of Travel	Mitigating Actions	Lead	Action Date	Impact	Likelihood	Rating
		not deliver the intended product to meet the identified transport need.	project due to unforeseen events. - Insufficient capacity and skills to manage projects. - Fraud and corruption.	benefits unrealised. - Funding may be lost through missed deadlines/ project failure. - Reallocation of other earmarked funding to address gaps. - Reputational damage.	<i>arrangements for the delivery the Transforming Cities Fund was positive in its design. Review of its actual operation due 2021/22. Green)</i> Outside of NECA Control: Covid 19: - Delays to delivery due to the impact of the Pandemic on the operation of projects. - No clarification on the future of Local Enterprise Partnerships (LEP) from Autumn 2021 Budget. (Amber)														
Infrastructure Assets	7	Infrastructure assets which are owned by NECA are inadequately managed and maintained.	- Lack of awareness of the existence of the asset. - Lack of clarity as to who has responsibility for the management and maintenance of the assets. - Lack of clarity as to standards required. - Lack of resources to maintain the assets.	- Greater financial resources may be needed to rectify faults arising from poor maintenance. - Failures in infrastructure assets may affect services delivered to users leading to disruption and complaints and a drop in usage. - Financial resources earmarked for other future purposes may need to be used to complete current projects causing postponement or delays in other NECA plans.	- Internal Audit of contract monitoring of TT2 contract for the Tyne Tunnel resulted in Substantial Assurance. Outside of NECA Control: Covid 19: - Potential threat to funding due to impact of the Pandemic on the economy.	3	2	6	↔	- The Orders relating to NECA and its Constitution makes it clear who has overall responsibility and oversight for infrastructure assets it owns. - NECA holds a record of assets it is responsible for. - 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 agreements' reports need to be submitted to NECA to enable to gain assurance the relevant maintenance is being carried out.	- 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.	Managing Director Transport North East							
											- Ensure Asset management arrangements continue to provide assurance over the maintenance of NECA's assets.	Head of Paid Service							

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Appendix 3

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 services provided to users 	<ul style="list-style-type: none"> Inability to secure or loss of significant funding opportunity (£5m) Significant financial loss in one or more partners (£2m) Significant adverse impact on budgets (£3m) 	<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

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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 services provided to users 	<ul style="list-style-type: none"> • Prosecution • Change in notable funding or loss of major funding opportunity (£2m) • Notable change in a Partners contribution • Notable adverse impact on budget (£0.5m-£1.5m) 	<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 services provided to users 	<ul style="list-style-type: none"> • Minor financial loss in more than one partner • Some/loss of funding or funding opportunity threatened 	<ul style="list-style-type: none"> • Failure to reach agreement with individual partner • Change in confidence or satisfaction • Minor change in community confidence
Insignif.	<ul style="list-style-type: none"> • Minor effect on priorities/service objectives • Isolated minor injury/ill health • No environmental impact 		<ul style="list-style-type: none"> • Isolated/minor financial impact in a partner organisation 	

Glossary of Terms

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

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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.