

Audit and Standards Committee

Tuesday 8 December 2020 at 10.00am

Meeting to be held virtually via Microsoft Teams

www.northeastca.gov.uk

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 27 October 2020 **1-6**

For approval as a correct record

4. Audit Completion Report: Conclusion of Outstanding Matters – Follow Up **7-20**

5. NECA Budget Proposals 2021/22 **21-32**

6. Internal Audit Progress Report 2020/21 **33-40**

7. Strategic Risk Register **41-135**

8. Date and Time of Next Meeting: Tuesday 09 March 2021 at 10.00am

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Audit and Standards Committee

Agenda Item 3

27 October 2020

10.00am – 10.30am

Meeting held virtually via Microsoft Teams

Present:

Independent Members: M Scrimshaw (Chair), G Clark (Vice Chair)

Councillors E Bell (Durham), G Hobson (South Tyneside), J Wallace (Gateshead), P Stewart (Sunderland)

Officers: Paul Darby (NECA – Deputy Chief Financial Officer), Tracy Davis (Senior Manager – Assurance - Sunderland City Council), Ged Morton (Deputy Monitoring Officer, Gateshead), Cameron Waddell (Mazars), Gavin Armstrong (NECA Policy and Scrutiny Officer), Jonathan Lunness (NECA Strategy and Democratic Services Assistant), Karen Connolly (Strategy and Democracy Officer, South Tyneside)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Nicola Robason – NECA Deputy Monitoring Officer.

2. DECLARATIONS OF INTEREST

Cllr G Hobson declared an interest as Chair of the JTC Tyne and Wear Sub-Committee.

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

3. MINUTES OF THE MEETING HELD ON 08 SEPTEMBER 2020

The minutes of the previous meeting held 8 September 2020 were approved as a correct record.

It was raised that on page 2 of the minutes, in the final paragraph reference was made to the grant from central Government received by Nexus. Members noted that £8.5m funding has now been confirmed until January 2021, after which a further sum will be provided until March 2021.

4. AUDIT COMPLETION REPORT 2019/20

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

Paul Darby briefly introduced the covering report of the Audit Completion Report 2019/20 which was completed by the Authority's External Auditors (Mazars). It was noted that auditors are still waiting on instructions to be issued by the National Audit Officer and therefore work is unable to be concluded at this stage. Officers highlighted that the instructions are expected to be released shortly.

Cameron Waddell presented the Audit Completion Report 2019/20 of the Authority's External Auditors. It was noted that at this stage no modifications are proposed to the audit report. A going concern continues to be discussed with Nexus, however due to the funding announcement this is of slightly less of concern than previously.

Members noted that work remains ongoing, particularly regarding the group accounts. An unqualified conclusion is offered on Value for Money in Appendix B. In regards Wider Powers, it was highlighted that no questions or objections were received from members of the public or local electors this year.

The Committee was informed that the response from the Pension Fund Auditor which was an outstanding matter had now been received. Members noted that this response is being examined to see if it has any impact on NECA's accounts. Work remains ongoing regarding tax and the Pension Fund Assurance in relation to Nexus. It was highlighted that the audit is almost complete and is on track to be signed off in November 2020.

It was highlighted that no significant issues were identified in Management Override of Controls or Revenue Recognition (in relation to Tyne Tunnel Tolls and grant income). A query was raised regarding what a 'substantive analytical review' consisted of. Members noted that it involves basing

predictions on observable data, calculating a tolerable threshold. It was also noted that issues with cash handling at the Tyne Tunnel should decrease after the implementation of number plate recognition.

Members noted that the impact of Covid-19 has been discussed with management, including potential impact on accounts and going concern. It was raised that slow response times to queries, in addition to the loss of key personnel had caused significant difficulties during the audit process.

A medium internal control recommendation was highlighted to the Committee regarding related party declarations.

Members noted that the Value for Money conclusion found no risks and arrangements are in place. It was also highlighted that the draft management representation letter mentions the impact of Covid-19.

The Chair thanked C Waddell for the report and the work of the auditors, particularly given the current circumstances due to Covid-19.

RESOLVED That:

- i. the report be noted.

5. ANNUAL GOVERNANCE STATEMENT 2019/20

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

T Davis presented the report which provided an updated Annual Governance Statement following the issue of the Audit Completion Report by the Authority's External Auditors.

It was noted that the Annual Governance Statement has been updated in two areas following the Audit Completion Report:

- the difficulties in the preparation and audit of the Statement of Accounts and;
- obtaining related party declarations from senior officers and Members.

It was highlighted to the Committee that the updated Annual Governance Statement was attached at Appendix 1 and an Action Plan for 2020/21 had been included at Appendix 2. Members noted that there were also some small changes to sections 7 and 8 in the conclusion of the Annual Governance Statement.

The Chair thanked T Davis for the report.

RESOLVED That:

- i. the report be noted.

6. STATEMENT OF ACCOUNTS 2019/20

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

Paul Darby presented the report which provided the Committee with the updated Statement of Accounts 2019/20, considering feedback from the External Auditor.

The Committee noted that the Statement of Accounts 2019/20 will be presented to the NECA Leadership Board on 3 November 2020 for approval, recommending delegated authority to the Chair and Chief Finance Officer to make any necessary final amendments. It is anticipated that the accounts will be signed off by 30 November 2020.

It was noted that following the establishment of the two-stage process for the Audit and Standards Committee to receive the Draft Statement of Accounts before receiving the finalised Statement of Accounts, updated and amended figures were highlighted in Appendix 2.

Members noted that there had been no discernable change in the useable reserves or the overall financial performance of NECA as a result of the audit.

The Chair thanked P Darby for the report.

RESOLVED That:

- i. the report be noted.

7. INDEPENDENT REVIEW OF LOCAL AUTHORITY FINANCIAL REPORTING AND AUDIT

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

Paul Darby presented the report which provided Members with information on the outcome of the Redmond Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting, published in September 2020.

The following points were highlighted from the Redmond Review:

- a new organisation was proposed, the Office of Local Audit and Regulation, to oversee and regulate local audit;
- existing arrangements could be improved to improve transparency;

- in Local Authorities an Annual Audit Report by the External Auditor be presented to Full Council meetings as well as Audit Committees.

It was highlighted that in NECA, the Constitution already requires that the Statement of Accounts be approved by the NECA Leadership Board.

The review recommended that the current fee structure be improved, with external audit fees increased in order to increase competition and the quality of audit work. Members noted that in the future this might impact the Combined Authority.

Members discussed the recommendation in the review to increase external audit fees, including if there was evidence to support this proposal. A Member raised an example of the low response rate for external audit work.

It was also highlighted to Members that a recommendation in the review was a standard outturn report to be contained in the Statement of Accounts, possibly from 20/21, which would be an audited statement. Members raised that they would like to be consulted on these proposed changes.

Members noted that the National Audit Office has established a new group including the Ministry of Housing, Communities and Local Government, the Institute of Chartered Accounts in England and Wales and the Chartered Institute of Public Finance and Accountancy to respond to issues arising in relation to the audit market.

RESOLVED That:

- i. the report be noted.

8.

DATE AND TIME OF NEXT MEETING

Tuesday 8 December 2020 at 10.00am.

Audit and Standards Committee

Agenda Item 4

Date: 08 December 2020

Subject: Conclusion of Outstanding Matters – Audit Completion Report Follow-Up

Report of: External Auditor

Executive Summary

This report confirms the completion of the matters that were marked as outstanding in the Audit Completion Report presented to the Committee at its last meeting. The confirmation received from the external Auditors (Mazars) is attached to this report.

Subsequent to the previous meeting, Mazars have received and considered the assurance from the Pension Fund auditor. The NECA and the Group Accounts, which have now been signed and published, included a disclosure in respect of material uncertainty due to Covid-19 for the pension fund's property investments. Mazars updated their auditor's report wording to draw attention to this in an Emphasis of Matter paragraph.

There are no other issues to report. The only outstanding matter relates to the Whole of Government Accounts return which is not audited but which the External Auditor needs to confirm has been done and successfully uploaded to the Government system. The return has been completed and the External Auditors have been notified and it is expected that their final certificate / completion report will be issued shortly.

Recommendations

The Audit and Standards Committee is recommended to receive the report for information.

1. Background Information

- 1.1 At the last meeting of the Audit and Standards Committee on 27 October 2020 it was noted that the Committee would receive a further update on the conclusion of the External Audit at its next meeting. Appended to this covering report are two follow-up letters, setting out the conclusion of the audit process for NECA and Nexus, save for the work required on the Whole of Government Accounts return, which is not subject to external audit, only verification that it has been completed.

2 Proposals

- 2.1 Appendices 1 and 2 contain the follow up letters from the External Auditor confirming the completion of the matters that were marked as outstanding in the Audit Completion Report presented to the Committee on 27 October. There is one matter to bring to the Committee's attention in respect of Pensions, where Mazars have updated their report wording to draw attention to this in an Emphasis of Matter paragraph.

- 2.2 At the conclusion of the External Audit of the Tyne and Wear Pension Fund the auditors identified several differences between

- Asset values submitted to the actuary, i.e. the actuary's values were higher than those per the ledger; and
- The assets in the ledger were higher than confirmations from fund managers.

- 2.3 This would appear to mean that assets submitted to the actuary were £26.665m higher than confirmations subsequently received from fund managers. Furthermore, it appears that there was an investment where they were unable to get a confirmation from the fund manager.

- 2.4 There was therefore a difference of circa £27 million in total across **all** employers in the fund. This is highlighted since these assets are pooled and as a result there is a potential unadjusted misstatement above triviality for NEMOL, Nexus and NECA.

- 2.5 No accounts have been adjusted in respect of these differences which are not material, and an appendix has been included in the Letter of Representation noting the issue, which states that:

- NECA accounts for approximately 0.54% of the overall scheme assets and this would imply that there is an unadjusted misstatement of approximately £0.144m for NECA but that this has not been corrected in the accounts on the grounds of materiality.
- With regards to Nexus and NEMOL, based upon their asset shares of 3.71% and 0.34% respectively, this would imply an unadjusted misstatement of £0.989m for Nexus and £0.091m for NEMOL,

where the NECA share would be 55.7%, representing £0.551m for Nexus and £0.051m for NEMOL. These implied misstatements have also not been corrected in the Group Accounts on the grounds of materiality.

3. Reasons for the Proposals

3.1 This report is provided for information and to provide assurance that the matters raised in the Audit Completion Report have been addressed and the External Audit is completed, with only confirmation of the completion of the Whole of Government Accounts return to be verified.

4. Alternative Options Available

4.1 The report is presented for information.

5. Next Steps and Timetable for Implementation

5.1 The audited Statement of Accounts for NECA are now published on the NECA website. At the time of this report, work is ongoing in relation to the Whole of Government Accounts return which is expected to be fully completed and signed off in advance of the deadline of 4 December 2020.

6. Potential Impact on Objectives

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

7. Financial and Other Resources Implications

7.1 There are no financial or other resources implications arising from this report.

8. Legal Implications

8.1 There are no legal implications arising from this report. It is a requirement of the Local Government Act 2003 and the Accounts and Audit (England) Regulations 2015 for the Statement of Accounts to be produced in accordance with proper accounting practices.

9. Key Risks

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

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

12.1 The accounts were subject to a period of public inspection from 1 July to 11 August 202. No enquiries or objections were raised during this time.

13. Other Impact of the Proposals

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

14. Appendices

14.1 Appendix 1: NECA Follow Up Letter
Appendix 2: Nexus Follow Up Letter

15. Background Papers

15.1 None

16. Contact Officers

16.1 Holly Madin, Assistant Manager Mazars LLP, 07881283718,
Holly.Madin@mazars.co.uk

17. Sign off

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

The Leadership Board
 North East Combined Authority
 c/o South Tyneside Council
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Direct line +44 (0)191 383 6314
 Email cameron.waddell@mazars.co.uk

12 November 2020

Conclusion of outstanding matters– Audit Completion Report

Following the meeting of the Leadership Board on 3 November 2020 and as required by International Standards on Auditing (UK and Ireland), we are writing to confirm the completion of the matters that were marked as outstanding in the Audit Completion Report we presented to the Committee.

The outstanding matters set out in our Audit Completion Report and the conclusions reached are shown below:

Matter	Conclusion
Pensions	We have received and considered the assurance from the Pension Fund auditor. NECA and the Group have included in its revised financial statements, a disclosure in respect of material uncertainty due to Covid-19 for the pension fund property investments. We have therefore updated our auditor’s report wording to draw attention to this in an Emphasis of Matter paragraph.
Group	Our work has provided the assurance sought, with no significant matters arising.
CIES LEP	Our work has provided the assurance sought, with no significant matters arising.
Audit closure procedures	Work complete – No issues to report.

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Registered by the Institute of Chartered Accountants in England and Wales to carry out audit work.



Our work is ongoing in relation to the audit of your Whole of Government Accounts return however we plan to complete this work in advance of the deadline of 4 December 2020.

If you wish to discuss these or any other points then please do not hesitate to contact me.

Yours sincerely

A handwritten signature in blue ink that reads 'C Waddell'.

Cameron Waddell, Partner
For and on behalf of Mazars LLP

Appendix 1

Significant matters discussed with management

McCloud Judgement

The McCloud judgement relates to potential age discrimination arising from transitional protections offered to some existing members of public service pension schemes that were not made available to younger members. In July 2019, Treasury confirmed that the difference in treatment between older and younger members of public service pension schemes would need to be removed in order to remove the discrimination. The impact of this was not deemed to be material in 2019/20 for NECA. For the financial year 2019/20 the respective actuarial reports included the likely impact.

In July 2020 Treasury initiated a consultation on the proposed remedy for public service pensions and MHCLG released a consultation into the proposed remedy for the LGPS, which set out the estimation basis for the impact of the judgement.

Management enquired of Aon Hewitt, in relation to the expected outcome of this change on the LGPS. Aon Hewitt confirmed that the estimate made in the 2019/20 IAS 19 report included a methodology not dissimilar to that in the consultation and as such your actuary does not expect there to be a material difference in the LGPS meaning that a recalculation based on the consultation remedies was not required.

Goodwin Case

A case was made against the Teachers Pensions Scheme in relation to sexual orientation discrimination. The discrimination occurs because there is a difference in survivor benefits payable depending upon whether the member was in a same-sex marriage or civil partnership or an opposite-sex marriage or civil partnership. The government concluded that changes are required to the Teachers' Pension Scheme to address the discrimination. The government believes that this difference in treatment will also need to be remedied in those other public service pension schemes, where the husband or male civil partner of a female scheme member is in similar circumstances.

Management enquired of Aon Hewitt, and they have confirmed that there will be an additional liability arising from the Goodwin judgement. Full information is not yet available to accurately calculate the impact, however, based on an estimation, it is expected to have a minor impact. As the impact of this is expected to be well below materiality, no adjustment to the financial statements has been made.

As the McCloud and Goodwin issues relate to the refinement of an estimate rather than an error, they have not been reported as unadjusted misstatements in Appendix 2.

Appendix 2

Summary of Misstatements

Materiality

NECA single entity materiality has not been amended from the information disclosed in our Audit Completion Report. Our final assessment of Group materiality, based on the final financial statements and qualitative factors is £12.196 million, using the same benchmark.

We set out below the misstatements identified for adjustment since the production of our Audit Strategy Memorandum, above the level of trivial threshold of £189k (Authority) and £366k (Group).

The first table outlines the misstatements that were identified which management has assessed as not being material either individually or in aggregate to the financial statements and does not plan to adjust.

The second table outlines the misstatements that have been adjusted by management during the course of the audit.

Additional Unadjusted Disclosure amendments

All additional single entity and Group amendments identified have been adjusted.

Additional adjusted misstatements 2019/20 - NECA

There has been no further single entity misstatement identified.

Additional adjusted misstatements 2019/20 – NECA Group

	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
Dr: Group Cash Equivalents			3,621	
Cr: Group Short term Investments				3,621
Cash equivalent in NECA with Newcastle Council has been incorrectly classified as a short term investment – identified in the NECA single entity audit.				
Dr: Group Short Term Debtors			172	
Cr: Group Short Term Creditors				172

Nexus highlighted understatement of Other Entities and Individuals - amendment is NECA's share.

Dr: Group Taxation and Non Specific Grant Income	248	248
Cr: Group North East LEP income		

Incorrect classification of LEP grants highlighted in NECA audit.

Dr: Group Transport Tyne & Wear Gross Expenditure	442	442
Cr: Group Transport Tyne & Wear Gross Income		

Rectifying the netting off of indirect income and expenditure highlighted in Nexus audit - amendment is NECA's share.

Dr: Group Financing and Investment Income	4,136	4,136
Cr: Group Financing and Investment Expenditure		

Amendment to ensure that the Group CIES is internally consistent with the notes to the accounts.

Cr: Group gain on revaluation of property	988
Cr: Group remeasurement of defined benefit liability	10,648

Information was not available for the initial draft Group accounts.

Dr: Group Transport Tyne & Wear gross expenditure	1,694
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Amendment to ensure Group accounts reflects the single entity accounts.

Dr: Group Short Term Debtors	20
Dr: Group Deferred Taxation	417

Cr: Taxation of Group	437
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Information was not available for the initial draft Group accounts - amendment is NECA's share. Note: this has also been credited to the Group usable reserves as impacted CIES.

Additional Adjusted Disclosure amendments – NECA

Our audit identified a number of presentational and disclosure errors which have been amended. Only those which are considered significant have been listed here:

Note 19 Pensions and Note 29 Assumptions of estimation uncertainty – both notes have been amended to include an additional narrative regarding the material uncertainty in respect of Tyne and Wear Pension Fund's investments (direct property valuations and pooled residential property funds).

Additional Adjusted Disclosure amendments – NECA Group

Within the group financial statements, a number of amendments have been made to the draft figures as a consequence of errors being identified during the Nexus and NECA audit. There has also been other minor disclosure amendments that do not require to be disclosed separately have also been adjusted. Nexus and NEMOL's Audit Completion Report and Follow Up letters have been included in the agenda to show further details of errors found in the audits that will impact the Group accounts. Only those errors which are considered significant have been listed here:

Numerous amendments have been made to the Group Cashflow Statement and supporting notes (note G16-18) to ensure it is internally consistent with information in the financial statements. In addition, the Group omitted the new disclosure requirement for changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Group MIRS and Note G14 Usable Reserves – amendments made due to error found in the Nexus audit.

Note G1 Group Accounts and Note G12 Pensions – both notes have been amended to include an additional narrative regarding the material uncertainty in respect of Tyne and Wear Pension Fund's investments (direct property valuations and pooled residential property funds).

Note G2 and G2a Expenditure and Funding Analysis – numerous amendments have been made to this note to ensure the information is internally consistent with the amendment Group accounts.

Note G5 Grant Income – it was highlighted through the Group EFA audit work that Nexus non-specific grants (included in G4) are not included in this table but NECA's are therefore amended table for 18/19 and 19/20 to include Nexus non-specific grants so G2a can agree directly back to this note. A footnote has been included for 18/19 restatement to explain why the note has been amended.

Note G6 Property, Plant and Equipment – amendment made due to error found in the Nexus audit.

Note G8 Financial Instruments - numerous amendments have been made to this note to ensure the information is internally consistent with the amendment single entity and Group accounts. Income, Expense, Gains and Losses table has been amended as it omitted Nexus Group figures. Short term creditors has also been amended as the full Nexus creditor was included in non-financial assets but should have been partly included in amortised creditors per Nexus' accounts.

Note G12 Pensions – numerous amendments have been made to this note to reflect changes highlighted in the Nexus audit. Numerous amendments have also been made to ensure the information is consistent with the actuary reports for instance categories of members, weighted average durations, assumptions etc.

Note G13 Deferred Taxation – this note has been completed as information was not available at draft accounts.



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17 November 2020

Dear Mr Hughes

Conclusion of outstanding matters – Audit Completion Report

Following the meeting of the Audit Committee on 3 September 2020 and as required by International Standards on Auditing (UK and Ireland), we are writing to confirm the completion of the matters that were marked as outstanding in the Audit Completion Report we presented to the Committee.

The outstanding matters set out in our Audit Completion Report and the conclusions reached are shown below:

Matter	Conclusion
Tax	Our work has provided the assurance sought, with no significant matters arising.
Pensions	We have received and considered the assurance from the Pension Fund auditor. Nexus and Group has included in its revised financial statements, a disclosure in respect of material uncertainty due to COVID-19 for the pension fund property investments. We have therefore updated our auditor's report wording to draw attention to this in an Emphasis of Matter paragraph.
Consolidated accounts	Our work on the group accounts has provided the assurance sought, with no significant matters arising.
Financial Statements - Audit closure procedures	Work complete – No issues to report.

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VAT number: 839 8356 73

mazars

If you wish to discuss these or any other points then please do not hesitate to contact me.

Yours sincerely

A handwritten signature in blue ink that reads "C Waddell". The signature is written in a cursive, flowing style.

Cameron Waddell
Key Audit Partner

For and on behalf of Mazars LLP

Appendix 1 - Significant matters discussed with management

McCloud Judgement

The McCloud judgement relates to potential age discrimination arising from transitional protections offered to some existing members of public service pension schemes that were not made available to younger members. In July 2019, Treasury confirmed that the difference in treatment between older and younger members of public service pension schemes would need to be removed in order to remove the discrimination. The impact of this was not deemed to be material in 2019/20 for Nexus. For the financial year 2019/20 the respective actuarial reports included the likely impact.

In July 2020 Treasury initiated a consultation on the proposed remedy for public service pensions and MHCLG released a consultation into the proposed remedy for the LGPS, which set out the estimation basis for the impact of the judgement.

Management enquired of Aon Hewitt, in relation to the expected outcome of this change on the LGPS. Aon Hewitt confirmed that the estimate made in the 2019/20 IAS 19 report included a methodology not dissimilar to that in the consultation and as such your actuary does not expect there to be a material difference in the LGPS meaning that a recalculation based on the consultation remedies was not required.

Goodwin Case

A case was made against the Teachers Pensions Scheme in relation to sexual orientation discrimination. The discrimination occurs because there is a difference in survivor benefits payable depending upon whether the member was in a same-sex marriage or civil partnership or an opposite-sex marriage or civil partnership. The government concluded that changes are required to the Teachers' Pension Scheme to address the discrimination. The government believes that this difference in treatment will also need to be remedied in those other public service pension schemes, where the husband or male civil partner of a female scheme member is in similar circumstances.

Management enquired of Aon Hewitt, and they have confirmed that there will be an additional liability arising from the Goodwin judgement. Full information is not yet available to accurately calculate the impact, however, based on an estimation, it is expected to have a minor impact. As the impact of this is expected to be well below materiality, no adjustment to the financial statements has been made.

As the McCloud and Goodwin issues relate to the refinement of an estimate rather than an error, they have not been reported as unadjusted misstatements in Appendix 2.

Appendix 2 - Summary of Misstatements

Materiality

Nexus single entity materiality has not been amended from the information disclosed in our Audit Completion Report. Our final assessment of Group materiality, based on the final financial statements and qualitative factors is £3.640 million, using the same benchmark.

We set out below the misstatements identified for adjustment since the production of our Audit Strategy Memorandum, above the level of trivial threshold of £109k (Nexus) and £109k (Group).

The first section outlines the misstatements that were identified which management has assessed as not being material either individually or in aggregate to the financial statements and does not plan to adjust.

The subsequent sections outline the misstatements that have been adjusted by management during the course of the audit.

Additional Unadjusted Disclosure amendments

None

Additional adjusted misstatements 2019/20 - Nexus

There have been no further single entity misstatements identified.

Additional adjusted misstatements 2019/20 – Nexus Group

There have been no further group misstatements identified.

Additional Adjusted Disclosure amendments – Nexus

Note 4 Significant Accounting Judgements, Estimates and Assumptions – this note has been amended to include an additional narrative regarding the material uncertainty in respect of Tyne and Wear Pension Fund's investments (direct property valuations and pooled residential property funds).

Additional Adjusted Disclosure amendments – Nexus Group

None

Audit and Standards Committee

Agenda Item 5

Date: 08 December 2020
Subject: NECA Budget Proposals 2021/22
Report of: Chief Finance Officer

Executive Summary

This report provides the Audit and Standards Committee with an update on the NECA Budget Proposals for 2021/22 and future years as part of the budget consultation process.

A report on the draft 2021/22 Budget was presented to the Leadership Board on 3 November 2020. That report is attached as an appendix for consideration and comment. Included in the report is an updated forecast of outturn for the current year against the budget agreed in January 2020.

The views of the Audit and Standards Committee will be considered in the development of the final budget report and reported to the NECA Leadership Board when it sets the budgets for 2021/22 at its meeting in February 2021.

Recommendations

The Audit and Standards Committee is recommended to receive the report for information and provide comment for consideration as part of the consultation process.

1. Background Information

- 1.1 The purpose of this report is to seek the views of the Audit and Standards Committee on the proposals for the 2021/22 NECA budget, as part of the consultation process. The report on the draft budget was presented to the Leadership Board on 3 November and is attached to this report.

2 Proposals

- 2.1 The draft budget proposals for 2021/22 set out in the report attached at Appendix 1.
- 2.2 Key proposals presented to the NECA Leadership Board on 3 November include:
- a) The contribution from the NECA constituent authorities to NECA corporate costs be set at £25,000 per authority next year (currently £22,857 per authority). This is the first time that an increase has been requested since the establishment of NECA in 2014 as is required to meet staff costs which have been increasing over time through pay awards and incremental progression, and Service Level Agreements (SLAs) which are also largely driven by staff costs. The SLAs underpinning NECA and the Joint Transport Committee (JTC) have all been subject to review by the relevant lead authorities during the last six months; and
 - b) The £70,000 contribution towards the costs of the JTC Accountable Body role is continued in 2021/22 through an equal contribution of £10,000 from the seven local authority members of the JTC though there will be a need to review these contributions in 2022/23.

3. Reasons for the Proposals

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

4. Alternative Options Available

- 4.1 The report is presented for information.

5. Next Steps and Timetable for Implementation

- 5.1 Comments made as part of the consultation process will be considered in the development of the final, detailed budget proposals for 2021/22 which will be presented to the NECA Leadership Board for approval in February 2021.

6. Potential Impact on Objectives

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

7. Financial and Other Resources Implications

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

8. Legal Implications

8.1 There are no legal implications arising from this report.

9. Key Risks

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

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

12.1 The budget is subject to a period of consultation which includes this committee as well as other committees of NECA, constituent local authorities and officer groups.

13. Other Impact of the Proposals

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

14. Appendices

14.1 Appendix 1: NECA Leadership Board 3 November 2020 – 2021/22 Budget

15. Background Papers

15.1 None

16. Contact Officers

16.1 Eleanor Goodman, NECA Finance Manager,
eleanor.goodman@northeastca.gov.uk, 07546 653402

17. Sign off

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

Leadership Board

Item 5 - Appendix 1

Date: 3 November 2020

Subject: NECA Budget 2021/22

Report of: Chief Finance Officer

Executive Summary

This report sets out high level budget proposals for 2021/22 for the NECA Corporate Budget including fulfilment of its Accountable Body role for the North East Joint Transport Committee.

The report highlights that the initial budget estimates for 2021/22 are in line with the forecasts set out as part of the Medium-Term Financial Strategy (MTFS) presented to the Leadership Board in February 2020.

It is anticipated that, as set out in February 2020, NECA Corporate contributions will increase to £25,000 per authority next year (currently £22,857 per authority). This is the first time that an increase has been requested since the establishment of NECA in 2014 and is required to meet staff costs which have been increasing over time through inflationary pay awards and incremental progression, and Service Level Agreements (SLAs) which are also largely driven by staff costs. The Service Level Agreements underpinning NECA and the Joint Transport Committee have all been subject to review by the relevant lead authorities during the last six months.

It is anticipated that contributions to the Joint Transport Committee (JTC) Accountable Body role can be maintained at the current level of £10,000 per authority in 2021/22, though there will be a need to review these contributions in 2022/23.

The budget proposals will be subject to further discussion and consultation and a report presented to the next meeting of the Leadership Board.

Recommendations

The Leadership Board is recommended to receive the report for information and comment.

1. Background Information

- 1.1 A report was presented to the Leadership Board in July setting out the proposed budget setting timetable for 2021/22.
- 1.2 This report sets out initial budget proposals for the NECA Corporate budget and the Joint Transport Committee (JTC) Accountable Body budget.

2. Proposals

NECA Corporate Costs

- 2.1 The NECA budget for corporate costs is required to support operational costs including staffing employed by NECA, Service Level Agreements (SLAs), independent members allowances and expenses and supplies and services costs.
- 2.2 The report to the Leadership Board on 4 February 2020 set a net NECA Corporate budget for 2020/21 of £192,780, which provided for NECA corporate capacity and to fulfil the JTC Accountable Body role. This is funded from contributions from NECA constituent authorities totalling £91,428 (£22,857 per authority), contributions from JTC constituent authorities totalling £70,000 (£10,000 per authority) and interest income on short term investments.
- 2.3 A forecast outturn for 2020/21 was presented to the Leadership Board in July 2020. The forecast for income includes additional investment income which is expected to be received due to higher cash and short-term investments balances being held at the beginning of the financial year. This allows a small contingency to be available in the NECA corporate budget to meet any costs that may not have been anticipated at the time of setting the budget.
- 2.4 The expenditure forecast includes grant funded activity. As previously reported to the Leadership Board, NECA allocated £95,000 of grant funding received from MHCLG to support the North East Brexit Work Programme, including Trade Facilitation and Free Zone work and a joint coordinating post with the North East LEP and the North of Tyne Combined Authority. £34,000 of the amount allocated was claimed by the LEP at the end of the financial. The remaining £61,000 is included in the updated forecasts for 2020/21 and is expected to be drawn down to support expenditure this year.
- 2.5 The budget agreed in February 2020 also set out initial proposals for years 2 and 3 of the Medium Term Financial Plan for NECA, which included a small increase in contributions to keep pace with increases in staff costs due to pay awards, and Service Level Agreements (which are also largely driven by staff costs).

- 2.6 For 2021/22, an initial budget of £201,520 is proposed, to be met from NECA corporate contributions totalling £100,000 (£25,000 per authority – representing an increase of £2,143 per authority) and JTC Accountable Body contributions totalling £70,000, plus interest income on short term investments. This is the first time that an increase has been requested for the NECA corporate contributions since the establishment of NECA in 2014.
- 2.7 Appendix 1 sets out the proposed budget for 2021/22 along with an initial estimate for 2022/23 and the updated forecast for 2020/21.

SLA Review

- 2.8 For 2020/21 all SLAs were documented and formalised however the values attached to existing and new providers of services were maintained at 2019/20 levels and which had remained unchanged for many years. It was agreed that an exercise would be undertaken to review the SLAs to more accurately reflect the support to NECA and the JTC.
- 2.9 An exercise has now been concluded with all local authorities providing services to NECA and the JTC to reflect the cost of these services for 2021/22. Costings have been based on officer time engaged in providing support with no provision for additional on-costs such as premises related costs.
- 2.9 The additional costs associated with the NECA corporate and JTC accountable body role will be accommodated from the planned increase in the NECA corporate contributions from the four constituent authorities (an increase from £22,857 per authority to £25,000 per authority). The contributions to the JTC are proposed to remain in line with the existing contribution levels (£10,000 per authority) in 2021/22. This position will be reviewed in 2022/23.

3. Reasons for the Proposals

- 3.1 This report sets out the initial high-level budget proposals for 2021/22 for the NECA Corporate budget, including fulfilment of its Accountable Body role for the North East Joint Transport Committee.
- 3.2 The report identifies that, as set out in February 2020, NECA Corporate contributions need to increase to £25,000 per authority next year (currently £21,430 per authority). Contributions to the Joint Transport Committee (JTC) Accountable Body can be maintained at the current level of £10,000 per authority in 2021/22 and will be reviewed for 2022/23.

4. Alternative Options Available

- 4.1 The increase in the corporate contributions are required to reflect the outcome of the review of Service Level Agreements that underpin and support NECA and the JTC.
- 4.2 The report is presented for information with no decision required at this stage – the information set out will be included in the 2021/22 NECA budget setting report which has agreed in February 2022.
- 4.3 In considering the content of this report the Leadership Board may:
- (a) Note and accept the budget forecasts, which seek to set a balanced budget that accurately reflects the costs of providing the support to NECA and the JTC.
 - (b) Retain the existing budget provisions for corporate contributions and SLAs which do not reflect the resources currently committed by the local authorities providing the support to NECA.

5. Next Steps and Timetable for Implementation

- 5.1 The NECA Constitution requires that consultation on budget proposals be undertaken at least two months prior to the budget being agreed. The draft proposals will be subject to consultation with the Leadership Board, Overview and Scrutiny Committee, Audit and Standards Committee and officer groups. In its Accountable Body role for the JTC, Transport proposals will also be subject to consultation with the JTC Overview and Scrutiny Committee, JTC Audit Committee, the JTC Tyne and Wear Sub Committee and constituent councils. Comments raised as part of the consultation process will be taken into account in the preparation of the final reports.

6. Potential Impact on Objectives

- 6.1 The budget and medium-term financial strategy will be prepared to reflect the objectives of the Authority. Future reports will set out the revenue and capital budget proposals in more detail that will help deliver the objectives of the Authority.

7. Financial and Other Resources Implications

- 7.1 The financial and other resources implications are set out in the main body of the report.

8. Legal Implications

8.1 The budget must be approved unanimously in accordance with the requirements of the NECA Order and the NECA Constitution.

9. Key Risks

9.1 Appropriate risk management arrangements are put in place in each budget area by the delivery agencies responsible. Reserves are maintained to help manage financial risk to the authority.

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

12.1 The NECA Constitution requires that consultation on budget proposals be undertaken at least two months prior to the budget being agreed. The draft proposals will be subject to consultation with the Leadership Board, Overview and Scrutiny Committee, Audit and Standards Committee and officer groups. In its Accountable Body role for the JTC, Transport proposals will also be subject to consultation with the JTC Overview and Scrutiny Committee, JTC Audit Committee, the JTC Tyne and Wear Sub Committee and constituent councils. Comments raised as part of the consultation process will be taken into account in the preparation of the final reports.

13. Other Impact of the Proposals

13.1 There are no other impacts arising from these proposals.

. Appendices

14.1 Appendix 1 - NECA Corporate and JTC Accountable Body Budget Forecast 2020/21 and initial proposals 2021/22-2022/23

15. Background Papers

15.1 NECA Budget 2020/21 – Leadership Board 4 February 2020
<https://northeastca.gov.uk/wp-content/uploads/2020/01/Leadership-Board-4-February-2020-Public-Agenda-Pack.pdf>

16. Contact Officers

16.1 Eleanor Goodman, NECA Finance Manager,
Eleanor.goodman@northeastca.gov.uk

16.2 Patsy O'Regan, NECA Principal Accountant,
Patsy.oreagan@northeastca.gov.uk

17. Sign Off

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

Appendix 1 – NECA Corporate and JTC Accountable Body Budget Proposals 2020/21-2022/23

	2020/21 Forecast			2021/22 [Draft] Budget			2022/23 Initial Budget		
	NECA Corporate	JTC Accountable Body	Total	NECA Corporate	JTC Accountable Body	Total	NECA Corporate	JTC Accountable Body	Total
Expenditure									
Employees	19,040	39,960	59,000	19,710	40,470	60,180	20,105	41,265	61,370
Service Level Agreements	74,300	46,580	120,880	82,450	45,850	128,300	82,450	45,850	128,300
Independent Members Allowances	7,000	0	7,000	7,140	0	7,140	7,280	0	7,280
Supplies and Services	5,900	0	5,900	5,900	0	5,900	5,900	0	5,900
Other Grant-Funded Activity	60,900	0	60,900	0	0	0	0	0	0
Total Expenditure	167,140	86,540	253,680	115,200	86,320	201,520	115,735	87,115	202,850
Income									
NECA Corporate Contributions	(91,430)	0	(91,430)	(100,000)	0	(100,000)	(100,000)	0	(100,000)
JTC Accountable Body Contributions	0	(70,000)	(70,000)	0	(70,000)	(70,000)	0	(77,000)	(77,000)
Interest Income	(20,000)	(20,000)	(40,000)	(15,000)	(15,000)	(30,000)	(10,000)	(10,000)	(20,000)
Government Grants (received in previous years)	(60,900)	0	(60,900)	0	0	0	0	0	0
Total Income	(172,330)	(90,000)	(262,330)	(115,000)	(85,000)	(200,000)	(110,000)	(87,000)	(197,000)
Net (to)/from Corporate Reserve	(5,190)	(3,460)	(8,650)	200	1,320	1,520	5,735	115	5,850

Date: 8 December 2020

Subject: NECA Internal Audit Progress Report 2020/21

Report Of: Senior Manager – Assurance, Sunderland City Council

Executive Summary

This report provides an update in relation to the Internal Audit Plan for 2020/21 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 2020/21 which includes the key performance measures for the provision of the service.

1 Background Information

1.1 In September 2020 the Audit and Standards Committee agreed the Internal Audit Plan for 2020/21, which included two audits for completion during the year. The audits were:

- General Data Protection Regulations – Data Protection Officer Role.
- Finance Service Relocation.

1.2 In discussion with the relevant client officers it has been agreed that the General Data Protection Regulations audit will be undertaken in the last quarter of the year. The Finance Service Relocation audit is due to start before Christmas and should be completed early in the New Year. It is expected that both of these audits will be completed by the end March 2021.

2. Proposals

2.1 Appendix 1 provides a summary of the audits, including the scope, conclusion and opinion at draft stage.

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. The response to the Covid 19 outbreak has resulted in a delay to getting agreement of the Internal Audit Plan and therefore starting the audit work. As no audits have been completed yet for the year there is no performance information available.

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 – Update of Internal Audit work for 2020/21.

Appendix 2 – Performance of Internal Audit for 2020/21 where available.

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 2020/21

Audits 2019/20	Opinion	Audits 2020/21	Scope	Opinion	Overall Opinion
Governance Arrangements	S	General Data Protection Regulations – Data Protection Officer role	<ul style="list-style-type: none"> • Role of Data Protection Officer; • Schedule of compliance checks; • Reporting arrangements; and • Investigating and reporting of breaches and required improvements. 		M
Financial Arrangements Assurance	M	Finance Service Relocation	<ul style="list-style-type: none"> • Roles and responsibilities • Accounting Arrangements • Access Arrangements • Financial Monitoring and reporting 		

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 2020/21			
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) All key risk areas covered over a 3-year period	N/A (at this time)
	2) Percentage of draft reports issued within 15 days of the end of fieldwork.	2) 90%	None available
	3) Percentage of audits completed by the target date (from scoping meeting to issue of draft report).	3) 85%	None available
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	None Available
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)	None Available
	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

Date: 8 December 2020

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.

Six new risks have been added to the NECA Strategic Risk Register which was previously reported to the Committee in December 2019. Consequently, the Strategic Risk Register now contains 13 risks.

The six new risks have been added to reflect the objectives that NECA aims to achieve.

A Strategic Economic Plan has been drafted, although not formally adopted, setting out these objectives and this has been used to develop risks of a more strategic nature. Of these six risks, five are currently assessed as having a 'high' risk level due to a combination of 1 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 a financial recession caused by the ongoing Covid-19 pandemic;
- b) the direct negative impact of the ongoing Covid pandemic on business activity; and
- c) the need to change behaviour in society to achieve some of the transport objectives.

The level of risk associated with the remaining seven 'organisational' risks previously reported relating to NECA has remained stable with no changes reported since the previous update to the Committee in December 2019. This includes the risk level of 'high' regarding the level of funding available to NECA.

While the UK government has the ambition to raise the level of economic performance in all parts of the country towards those of London, i.e. to 'level up' the economy, the government's ability and willingness to invest in transport infrastructure may be reduced due to a financial recession caused by the Covid-19 pandemic. There also continues uncertainty over future UK development funding.

The North East Local Enterprise Partnership (North East LEP) Strategic Risk Register was also included in the report considered by the Committee at its meeting during

December 2019. As NECA is no longer the accountable body and host authority to the North East LEP, the Strategic Risk Register for the North East LEP has been removed from this report. Responsibility has passed to the North of Tyne Combined Authority.

The North East Joint Transport Committee (JTC) Strategic Risk Register was updated and last considered by the JTC Audit Committee in October 2020 and is attached to this report. A further update is scheduled for consideration by the JTC Audit Committee on 9 December 2020.

Recommendations

The Audit and Standards Committee is asked to consider the NECA Strategic Risk Register (noting the Strategic Risk Register of the JTC) and comment on its content.

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.
- 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 ambition as described in paragraph 1.4 above, NECA has drafted a Strategic Economic Plan. As part of this six objectives have been identified that the plan will seek to achieve. These are:
- Decarbonise the growing economy
 - Further develop our international trade and investment
 - Better skills and more quality jobs
 - Draw many more of our residents into the economic mainstream
 - Become a sustainable well-connected region
 - 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. The Strategic Risk Register has been updated in light of the content of recent reports considered by the NECA Leadership Board and its sub-committees, information from other relevant bodies e.g. North East LEP, Joint Transport Committee etc, and discussions with NECA and JTC officers.
- 1.7 It should be noted for each of the six new 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.

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 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 '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 'NECA Strategic Risk - Details' 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.

Appendix 4 contains the report prepared for the JTC Audit Committee in October 2020 regarding the JTC Strategic Risk Register.

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 2020/21 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.

Appendix 4 - Report prepared for JTC Audit Committee in October 2020 regarding the JTC Strategic Risk Register

14. Background Documents

14.1 None

15. Contact Officers

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Telephone - 0191 5612861

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	New	New - 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	New	New – Due to possible negative 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	New	New - 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	New	New - 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 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>	Red 12	New	New – Due to possible negative of Covid 19 on future funding

NECA Strategic Risks - Summary			
Risk Title & Description	Risk Level (RAG Rating)	Direction of Travel	Notes
Risks to Achievement of NECA Strategic Objectives			
<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>	Red 12	New	New - Due to possible negative impact of Covid-19 on funding and economic activity
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>	Amber 8	Static	N/a
<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

NECA Strategic Risks - Summary			
Risk Title & Description	Risk Level (RAG Rating)	Direction of Travel	Notes
Risks to Achievement of NECA Strategic Objectives			
<u>6 Delivery of Projects/Programmes</u> Projects which are funded through NECA are delayed, are significantly overspent or do not deliver the intended product to meet the identified transport need.	Green 6	Static	N/a
<u>7 Infrastructure Assets</u> Infrastructure assets which are owned by NECA are inadequately managed and maintained.	Green 6	Static	N/a

Strategic Risks - Details

Risks to the Achievement of NECA Strategic Risks	
<p>1 <u>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>	<p><u>Risk Owner</u> Head of Paid Service</p>
	<p><u>Risk Score</u></p>
	<p>Red 12</p>
	<p>Likelihood – Medium 3 Impact – Critical 4</p>
<p>Possible Cause(s):</p> <ol style="list-style-type: none"> 1 Lack of effective carbon offset schemes. 2 Lack of prioritisation of carbon neutral agenda by policy decision makers e.g. UK government resulting in the: <ol style="list-style-type: none"> a) lack of ambitious targets being set for renewable/clean energy use and energy efficiency goals e.g. timescales not ambitious. b) decisions relating to carbon reduction being made for short term expediency e.g. elections rather than for long term benefits. c) lack of regulation to encourage decarbonisation e.g. imposition of emission standards for products, processes, vehicles etc; imposition of energy efficiency standards for vehicles, appliances, buildings/houses etc; lack of carbon pricing and taxation etc d) lack of procurement which favours low/no carbon emission products so supporting new emerging clean industries and leading by example. e) lack of effective funding arrangements to facilitate the move to cleaner energy e.g. lack of investment in research and development into clean energy technologies where it is not commercially attractive to do so; not eliminating/reducing subsidies related to fossil fuels; lack of funding to subsidise the price of energy efficient appliances/measures to those on low incomes and to help them not be disadvantaged by decarbonisation; lack of funding to subsidise the cost of deploying low/no emission technology where it is not currently cost effective as high carbon alternatives; lack of tax reliefs to encourage business to develop and introduce new cleaner technologies. f) lack of 'structural' assistance finance packages to support communities where decarbonisation has a negative economic impact to enable for example, workers in declining industries to retrain. g) the 'propping up' of industries which are being displaced by the move to cleaner energy. h) lack of incentives to encourage business investment in new cleaner technologies. i) lack of arrangements to facilitate the transition away from fossil fuels e.g. lack of agencies to help kickstart investment in and set up of new 'green' industries. j) lack of provision of information to the public and business to inform them of ways to save energy or move to other alternative cleaner energy sources. 3 Lack of committed well targeted long-term funding at local, regional or national government level for the activity to transition to a decarbonised economy. 4 Council/other public and private sector delivery partners' policies and priorities are not aligned to NECA aims/plans re carbon neutrality for the economy 5 The potential effect of the activities planned by NECA, North East Joint Transport Committee and its delivery partners to achieve carbon neutrality are over-stated. 6 Lack of a coordinated realistic regional plan and vision to achieve the decarbonisation objectives in the NECA region and/or lack of will/'buy in' or resources to deliver plan by all or some stakeholders. 7 As 80% of world energy sources is currently fossil fuel, the sheer scale of change to decarbonise an economy may mean the rate of change is slow and the planned timescales to achieve this are overoptimistic. 8 The cost of alternative clean energy e.g. solar, wind etc remains high relative to the cost of fossil fuels making it unattractive to energy users, both business and domestic. 	

- 9 The relatively large up-front cost of renewable energy infrastructure, equipment means it may be unattractive to users, both business and domestic, to switch from fossil fuel technology e.g. installation of solar panels, cost of electric vehicle
- 10 Lack of availability of transformative clean energy technologies to enable all users, both business and domestic, to move to clean energy
 - a) for use in all activity where fossil fuels are currently used e.g. fuel for aeroplanes, other industrial applications, and
 - b) which is lower priced, as convenient, as reliable and as safe as fossil fuels.
- 11 Due to a financial recession, e.g. caused by Covid 19 pandemic, organisations, both energy users and producers, may cut back on, or do not have, the resources, e.g. finance, hr, skills etc to
 - a) invest in research and innovation to develop new clean energy sources or new processes, infrastructure or equipment to distribute new clean energy, or
 - b) adapt to and embrace the use and application of new clean energy technologies in all aspects of production, movement and supply, or
 - c) make processes, using energy sourced from fossil fuels, more energy efficient, or
 - d) manufacture, market and install new renewable or alternative energy technologies.
- 12 Lack of available funding to develop or maintain infrastructure for new clean energy technologies and to allow a transition of the economy as a whole from reliance on fossil fuels to new cleaner energy.
- 13 The impact of alternative energy sources e.g. renewable electricity on the environment e.g. wind turbines, land needed for solar panels etc may cause opposition leading to the cessation of development of, or delays in the delivery of, decarbonising arrangements.
- 14 The potential negative economic impact of communities hit by the removal of carbon producing industries as part of the decarbonisation process may lead to opposition to stop or slow down the transition process e.g. politicians protecting interests of the people they represent.
- 15 Business and energy users' unwillingness (e.g. due to fear, lack of knowledge/information about alternative energy sources and impact of carbon emissions on the environment, scepticism etc) or inability (e.g. due to lack of finance, infrastructure, etc) to change behaviours to take action to reduce their use of fossil fuel energy further or their activity indirectly causing carbon emission (e.g. diet, recycling etc) or to switch to new clean energy.
- 16 Lack of skills and personnel required to carry out the work necessary to achieve decarbonisation within the private sector (e.g. industrial, energy, housing, agricultural, transport sectors etc) and public sector (e.g. public transport).
- 17 Lack of fully developed technologies e.g. carbon capture and storage.
- 18 Lack of infrastructure to support adoption of new energy technologies e.g. electric car charging points.
- 19 Lack of planning to achieve decarbonisation goals in the north east area.

(* 'Decarbonising the economy' is defined as the activity to reduce and eliminate carbon emissions into the environment to improve its quality.

Potential Impact/Consequence

Without the reduction and/or elimination of carbon emissions into the atmosphere, the levels of carbon dioxide, nitrogen dioxide, other greenhouse gases and air particulates will remain high so:

- a) contributing to climate change with potential for extreme weather events.
- b) continuing to effect adversely the health of the population by increasing symptoms of respiratory (e.g. asthma) and cardiovascular disease (e.g. lung cancer, strokes, heart disease) in some cases leading to death. Air pollution can also an impact of child development and development of dementia. This increases pressure on NHS resources e.g. increase hospital admissions.
- c) contributing to lower productivity in the region due to work absence for health reasons
- d) exacerbating health inequalities as certain groups in society are more susceptible to high levels of air pollution e.g. elderly, children, those with disabilities, lower income groups who tend to live in housing in urban areas near roads

Likelihood (including controls already in place)

- As part of climate change legislation, Climate Change Act 2008, the UK government has committed to a goal that the country achieves carbon neutrality by 2050.
- The UK has reduced its carbon emission by 42% from 1990 to 2017, with progress particularly within

the power and waste sectors

- As part of the government's carbon neutrality commitment and to drive a significant acceleration in the pace of decarbonisation, as part of the UK Industrial Strategy, a 'Clean Growth' strategy has been adopted which sets out the action the UK government will take to cut emissions, increase efficiency, help lower the amount consumers and businesses spend on energy across the country and put cleaner growth at the centre of its industrial strategy. The strategy includes action across all sectors i.e. business/industry, transport, power, natural resources, homes, and public sector. However, progress in some areas, e.g. home energy efficiency, is based on the condition 'where practical, cost-effective and affordable'
- UK government has adopted measure to reduce carbon emissions. These include:
 - a) Committing funds into research re low carbon technologies across all sectors.
 - b) Energy Entrepreneurs Fund offers funding to businesses for the development and demonstration of state-of-the-art technologies, products and processes in the areas of energy efficiency, power generation and electricity storage.
 - c) Energy Innovation Programme which aims to accelerate the commercialisation of innovative clean energy technologies and processes through the 2020s and 2030s e.g. Clean Growth Fund offers funding for start-up for new businesses seeking to commercialise promising technologies
 - d) intention to ban sale of new petrol and diesel cars by 2040
 - e) investment in technological innovation re road vehicles e.g. batteries.
 - f) introduction of an 'Air Quality Plan' to reduce air pollution. As part of this plan funding schemes have been made available for extending the charging infrastructure for ultra-low emission vehicles (ULEV) including fast charging, putting low emission buses and taxis on the road, and improving cycling and walking infrastructure.
 - g) Levies and tax reliefs to encourage business to move to technologies that do not use fossil fuels e.g. Climate Change Levy, CRC Energy Efficiency Scheme, Landfill Tax, capital allowances on energy efficient items.
 - h) Climate Change Agreements i.e. voluntary agreements between high carbon emission business sectors and UK government to reduce carbon dioxide emission and energy use in return for reduction in Climate Change Levy on energy bills.
 - i) Building regulations have been put in place to ensure homes are more energy efficient e.g. from 2016 all newly built homes must be net carbon zero, from 2020 all privately rented properties must have a minimum energy efficiency rating. (However, there are still approximately 62% of homes in England not meeting the long-term target for minimum energy efficiency standards)
- NECA and all four Local Authorities in the region have declared a 'climate emergency' undertaking to
 - a) make each Council almost/totally carbon neutral by 2030
 - b) develop and deliver carbon reduction action plans to reduce the use of fossil fuels both by themselves e.g. LED street lighting, new/refitted energy efficient buildings, and, working with partners, residents and business, the council area each serves e.g. heat network development, awareness re recycling/reusing, measures to reduce energy consumption, development of enterprise zones supporting low carbon innovation e.g. the A19 Ultra Low Carbon Vehicles Corridor
 - c) make environmental considerations as part of decision making and working to reduce carbon emissions.
- The Home Energy Conservation Act 1995 recognises a local authority's ability to improve energy efficiency in all residential accommodation in its area e.g. by area-based initiatives to improve energy efficiency or promoting awareness of partner schemes.
- One of the North East Joint Transport Committee (JTC) objectives for the JTC area is to reduce the level of carbon emissions from transport. The JTC is currently developing plans to achieve this goal e.g. greater usage of public transport and reduction in use of vehicles.
- NECA members via its membership of the North East Joint Transport Committee (JTC) continues to receive funding for transport initiatives which help to reduce carbon emissions e.g. part of Transforming Cities Funding funded schemes to encourage more travel by bus, cycling and walking improve the frequency and reliability of the Metro, speed up urban buses, make rail services more reliable, extend the cycling network and improve Park and Ride facilities; funding has been received for expanding the electric charging infrastructure in the north east; the Active Travel fund is enabling measures to support and encourage the increase in cycling and walking in the north east.
- Local councils have the powers to tackle air pollution and emission requirements.
- In accordance with provisions of planning legislation and national planning guidance, Local Planning

Authorities have a duty to ensure approved Local Plans and planning proposals should contribute to the mitigation of, and adaptation to, climate change.

- The Covid -19 pandemic has caused:
 - a) A switch to the use of cars (high greenhouse gas emitters), a growth in cycling and walking and a decline in public transport patronage. This is possibly due to the need for social distancing, increased home working reducing the need to travel and a fear of catching the virus
 - b) There has been a huge reduction in the use of public transport including bus services and the Metro causing a severe loss in income. Without appropriate funding this may result in a future reduction in service level provision in low carbon emitting public transport services.
 - c) Air quality improved during the lockdown due in part to less transport activity.
 - d) Increased rates in recycling of waste.
 - e) Severe drop in economic activity.
- The effect and cost of the Covid-19 pandemic on the UK economy may cause the UK government to reduce the level of funding available to the region to enable it to achieve its' decarbonisation objectives.
- To help the UK economy recover from the effects of the Covid pandemic the UK government introduced the £2billion Clean Homes Grant Scheme to aid domestic users make energy efficiency home improvements to their homes. Of this £500 million made available to Local Authorities to help low income households to improve energy efficiency in their homes. However, the scheme is due to end in 2021.
- NECA, its constituent Councils and its partners in the North East region e.g. North of Tyne Combined Authority, North East LEP continue to lobby and engage with the UK government to:
 - a) ensure policy makers and decision makers are aware of the decarbonisation vision, plan and policies and needs for the NECA and North East region e.g. submission of Covid North East Recovery and Renewal Deal.
 - b) provide the necessary powers, resources and funding to achieve NECA's decarbonisation agenda.
- The government's Energy Company Obligation Scheme (ECO) obligates energy suppliers to promote measures which improve the ability of low income, fuel poor and vulnerable households to heat their homes.
- Promotion of smart meter scheme for domestic and business users.
- Introduction of schemes to reduce one-off use of plastics e.g. plastic bags
- Ofgem, the government energy market regulator working on behalf of domestic and business customers, promotes environmental programmes to help users move towards low carbon emission technologies e.g. Renewable Heating Initiative
- The costs of many low carbon technologies: renewable power sources like solar and wind are becoming more comparable in cost to coal and gas.

Further Mitigating Actions

NECA and other local partners e.g. NELEP continue to work with and lobby Government and influence emerging policy thinking.

Chair – NECA Leadership Board

<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>	<p><u>Risk Owner</u> Head of Paid Service</p>
	<p><u>Risk Score</u></p>
	<p>Red 12</p>
	<p>Likelihood – Medium 3 Impact – Critical 4</p>
<p>Possible Causes</p>	
<p>Maintaining Level of Exports</p>	
<ol style="list-style-type: none"> 1 A trade deal between the UK and the EU is not secured resulting in a 'no deal' Brexit with the introduction of tariffs when trading with the EU from Jan 2021. This makes the price of UK goods and services less competitive, particularly impacting the manufacturing and automotive industries. 2 A trade deal is secured, but the increased bureaucracy around trading (export licences, border controls) results in delays that impact upon just-in-time supply chains (again hitting the manufacturing and automotive sectors in particular) 3 Foreign business based in the UK/north east using the UK as a base to export to the EU may transfer some or all of their activity to the EU region should a 'no deal' Brexit occur 4 Foreign director investors may reconsider investing in the UK or choose to locate operations in EU countries in order to be closer to EU markets 5 The UK government fails to secure new trade deals with non-EU countries by the end of the 'transition' period, including those replacing EU negotiated trade deals, resulting in less favourable trading terms e.g. imposition of tariffs making the price of goods and services less competitive (currently 50 such deals have been rolled over, but around 15 have not been, including the likes of Australia, New Zealand and Canada) 6 Lack of preparation by business and UK government to meet the new exporting requirements after the UK leave the EU at the end of 2020. 7 Lack of knowledge, expertise and capacity within businesses (particularly SMEs) regarding exporting e.g. processes, regulations etc 8 Lack of awareness of businesses regarding export opportunities in foreign countries. 9 Lack of advice support (e.g. from government) for businesses who wish to begin exporting and expand exporting activity. 10 Lack of finance by business to meet the costs of setting up to export. 11 Adverse exchange rates make the price of exported goods and services more expensive and less competitive 12 Policy of the foreign countries with regard to importing foreign goods and services e.g. protectionism may mean exporters face exporting barriers making it less attractive to export e.g. quotas, embargos on goods/services, subsidies provided to locally produced goods/services, licensing requirements, procurement favouring locally produced goods/services. 13 Lack of understanding by business of the differences in a foreign country when transacting business e.g. language, social and cultural norms, laws and regulations etc. 14 Global economic slowdown resulting in lower demand for exported goods and services in foreign markets 15 A severe economic slowdown in the UK may result in the failure of businesses regularly exporting. 	
<p>Attracting Direct Inward Investment</p>	
<ol style="list-style-type: none"> 1 Lack of entrepreneurial culture in the region 2 Lack of appropriately skilled and committed labour force 3 Lack of infrastructure to meet needs of potential investor e.g. accommodation for operations, transport, digital infrastructure/communication, support services, supply chains. 4 Lack of attractiveness of financial incentive package to expand into the area. 5 The level of bureaucracy and the potential for delays when moving to the area. 6 Lack of quality of life for new personnel moving to the area e.g. housing, environment 	

- 7 The future economic prospects for the region are not promising
- 8 The prospect of the UK leaving the EU without a trade deal may make the UK/NECA area less attractive than other countries within the EU for businesses seeking to trade with EU countries as well as the UK.
- 9 Lack, or poor promotion, of the north east/NECA area. Lack of clarity as to how a potential investor may explore opportunities in the NECA area
- 10 The 'offer' provided by other UK regions/countries may be more attractive to a potential investor than the NECA area.
- 11 Government policy makes its less attractive to potential foreign investors e.g. regulations limiting market access to certain business sectors/markets or favouring local business, lack of well-defined laws and arbitration processes, foreign ownership limits,

Diversifying Industrial Base

Diversification can be achieved in 2 ways by a) attracting new direct investment into the region or b) developing and growing businesses within the NECA area.

Direct Inward Investment

- 1 Re direct inward investment, see possible causes above

Growth of Local Businesses

- 2 Lack of aspiration and ambition from businesses and potential entrepreneurs
- 3 For persons considering starting their own business, a lack of confidence, finance and knowledge
- 4 Lack of support, advice, funding, facilities and mentoring for new business start-ups and those SME seeking to expand
- 5 Lack of clear pathway for SMEs and person starting a new business to find support.
- 6 Policy makers make it difficult for diversifying the industrial base in the region
- 7 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
- 8 Lack of ability of businesses to access funding to grow given the hit to cash reserves and stockpiles from the CV19 pandemic

Potential Impact/Consequence

Without the maintenance of inward investment and export levels and the diversification of the industrial base in the NECA region:

- a) the NECA economy will be more susceptible than other regions to economic downturn resulting in greater loss of employment
- b) the NECA economy will not be able to full advantage of upswings in the economy
- c) the region will not be able to increase the number of persons in employment and consequently the wealth of the region
- d) there will be less of an opportunity of good quality jobs in the areas for its citizens which may in turn cause person seeking employment to move away from the area.

Likelihood (including controls already in place)

Exporting

- The area has a proven track record for exporting. Businesses in the NECA region export over £7billion of their output, approximately 30% of its output.
- The UK government is currently negotiating free trade deals with countries around the world to come into force when the UK leaves the EU, however only deals covering approximately 8% of its export trade have been completed to date (source: <https://www.bbc.co.uk/news/uk-47213842>). A trade deal with the EU, accounting for 49% of UK exports and 60% of all North East exports, has yet to be achieved. 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.

- In preparation for leaving the EU, the UK government has begun a 'check, change, go' campaign to make businesses aware of what they need to do to continue to export smoothly (with HMRC writing to exporters and a series of EU Exit webinars held and advice by sector published). There are concerns that some of the preparations put in place by the government will not be completed by end of 2020 nor that the campaign will be effective (concerns flagged in reports published in Oct/Nov by the Institute for Government and the National Audit Office).
- The Dept for International Trade (DiT) has a team based in the NECA region working with local partners to support all businesses, whether first time or experienced exporters, in the North East to develop their international sales and enter new markets. NELEP are working on an Internationalisation Strategy. The UK government can provide financing via the Export Credit Agency.
- The UK Government has introduced in Oct 2020 its Export Growth Plan which aims to support businesses to grow their overseas trade. Measures include additional financial support (i.e. £38 million Internationalisation Fund for small business) and expertise (e.g. new international trade advisors, pilot 'export academies' to build the capabilities of smaller businesses) some of which is targeted towards specific regions that are most in need e.g. Northern Powerhouse region.
- Councils with its partners within the NECA area have teams which provide support to businesses from all sectors to start exporting or increase their activity and such teams are 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, together with the NE Chamber of Commerce, is currently developing a North East Trade and Export Strategy.
- NECA are working closely with NELEP, Ports, Nissan, IAMP and others on a North East bid to the Government's Freeport competition (bid deadline is Feb 2021) which would establish a Free Zone that reduces customs fees and tax for occupiers (incentivising exports)

Direct Inward Investment

- The UK as a whole has a long history of international trade, has a widespread network of other partners, has mature industries in many sectors such as finance, and the workforce speaks an international language.
- The UK operates an 'open' economy which allows access to markets by foreign and UK business alike. Its laws and regulations are clear and applicable to all.
- The NECA region has an excellent track record of attracting and growing businesses with a global presence e.g. Hitachi, Nissan.
- Within the North East, the Invest North East England service operates as a first point of contact for businesses looking to locate and invest in the region including NECA. Working alongside the region's seven local authorities, its aim is to support new inward investment, e.g. connections, access to services, advice, skills, navigation of funding channels, provision of information about local economy and potential locations et) and promote the region as prime location for businesses to locate, grow and prosper.
- Each Council in the NECA area operates Business Investment Teams which in part support businesses to invest in or relocate to Sunderland.
- In terms of the NECA region economic 'offer' in terms of facilities the area is part of the North East Enterprise Zone which is made up of 21 sites of which 7 are located in the NECA region e.g. IAMP etc. These offer 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.
- In terms of support for business, the NECA region offers transport connectivity e.g. 3 globally connected ports, access to international airports, as well as 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 region, comparative to others, has a lower productivity performance.

Diversification

- The NECA region is reliant on small number of large employers, and the SME sector is not as strong as other parts of the UK.
- The number of 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.
- The UK government provide support for business start-ups and scaling up by a) providing information as to where support can be found in a geographic region (Department for Business, Energy and Industrial Strategy) and b) providing financial support e.g. tax reliefs e.g. investing in start-up or scale up 'Enterprise Investment Scheme', research; loans e.g. business start-up loans; and grants e.g. Innovate UK provides grants to start up/scale up in the technology/science sector.
- There are currently 47 support schemes for business start-up/scale ups in the North East region published by the government.
- Several agencies within the NECA region provide advice, support, training, mentoring and signposting funding to both to businesses seeking to expand or individuals to start up new business e.g. local Councils, North East Growth Hub, Scale Up North East, as well as private sector organisations e.g. Federation of Small Businesses, CDC Enterprise Agency.
- The role of NELEP is to promote and develop economic growth in the North East region. To this end 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:
 - a) a £2 million Incubator Support Fund to support the development of the innovation incubation facilities in the North East LEP area to enable the start-up, expansion and preparation for growth and sale up of innovative businesses.
 - b) a £27 million Innovation Fund to provide funding at an early stage of development for innovative ideas and businesses at an early stage of development e.g. Centre for Sustainable Advanced Manufacturing:
 - c) a 'High Growth Potential Business' campaign will seek to reach, engage and identify start-up businesses to sign up to a High Potential Start-up six-month Accelerator programme
- The £3.9 million Intensive Industrial Innovation Programme (IIIP) allows North East universities to work directly with small and medium sized enterprises (SMEs) to encourage growth by developing new services and products for the market.
- Within the NECA area are significant research and innovation centres and adaptable public infrastructure that provide business with access to cutting edge knowledge and test beds that facilitate commercialisation and innovation. These included national catapult centres e.g. high value manufacturing, and a range of national innovation centres e.g. NETPark in Durham,
- 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. An example is the development of the Netpark Incubator in Durham.
- Funding to allow businesses to develop/expand are available from local sources e.g. Business Enterprise Fund, North East Fund, North East Investment Fund, NE Business Support Funds, Rural Growth Network, as well government schemes e.g. Start Up Loan Scheme.

Other

- NELEP's Strategic Economic Plan for the region is aligned to NECA improving diversification, increasing inward investment and exports.
- The effect and cost of the Covid-19 pandemic on the UK economy may cause the UK government to reduce the level of funding available to the region to enable it to achieve its objective of developing its 'offer' to attract new inward investment and to diversify its economy has caused a contraction in the economy, and may cause the failure of businesses or cause businesses to be unable to expand due to lack of resources or lack of market demand. In 20/21 so far, inward investment activity is lower than in previous years.

- 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.
- NECA, its constituent Councils and its partners in the North East region e.g. North of Tyne Combined Authority, North East LEP continue to lobby and engage with the UK government to:
 - a) ensure policy makers and decision makers are aware of the ambition of both NECA and North East region to develop trade, diversify and increase investment in the economy e.g. submission of Covid North East Recovery and Renewal Deal and
 - b) provide the necessary powers, resources and funding to achieve NECA's objectives.

Further Mitigating Actions

NECA and other local partners e.g. NELEP continue to work with and lobby Government and influence emerging policy thinking.	Chair – NECA Leadership Board
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

3 Better Skills and More Quality Jobs 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	Risk Owner Head of Paid Service
	Risk Score
	Red 12
	Likelihood – Medium 3 Impact – Critical 4

Possible Causes

Better Skilled Labour Market to meet Future Employer Demand

1. Poor communication leading to a lack of understanding within education of skills needed for, and future job/career opportunities provided by, business
2. Education and skills provision provided by education institutions do not meet the future needs of business
3. Poor or incorrect/out of date careers advice is provided to students so they are not fully informed of future career opportunities to be provided by business and the level and type of skills/education needed
4. Lack of capacity within education to teach/provide up to date skills and qualifications needed by business in the future e.g. schools unable to keep pace with progress in digital changes to ensure curriculum continue provide IT skills to meet future needs of digital businesses.
5. Lack of ambition/motivation by young people or adults to attain academically and/or gain skills/qualifications needed for the future employment market
6. Lack of resources by some young people/adults to access equipment to aid development of employment skills e.g. IT to develop digital skills.
7. Lack of education and skills funding, whether for young people or adults, provided by government to allow an individual to gain better or different employment skills/qualifications
8. 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 provided by employers in the future.
9. Lack of will/funding by employers to invest in their employees to gain the skills/qualifications needed to move their businesses forward.
10. Lack of awareness by individuals of the available pathways to gain further employment skills and qualifications relevant to the workplace
11. Sudden changes in the structure of the economy mean some of the skills of current labour market may in part become redundant leaving them without the skills to take up new employment opportunities provided by business.
12. Highly educated and skilled graduates developed within the area do not remain thus lowering the level of educational attainment and employment skills within the local labour market.
13. Lack of opportunity for people to gain practical experience in the workplace and gain further work skills.

Grow Economy by Development of Major Investment Sites

1. Council priorities are not aligned to those of NECA.
2. Sufficient appropriate sites are unable to be located or acquired.
3. The need for planning permission may not allow sites to be developed as required or delays in development of sites.
4. Lack of sufficient public funding to develop the initial infrastructure of sites to allow private sector investment and occupation.
5. Policy makers do not develop or promote sites in a way to attract sufficient employers or employers in business sectors which will provide the expected a) increase in employment and/or b) number of 'good' and secure employment opportunities.
6. An economic downturn may cause businesses to be unwilling or unable to take up opportunities offered by the development of these sites.
7. The overall 'offer' to potential private sector investors in these major sites provided by councils in the

NECA region may not be sufficient to attract the investors.

8. The overall 'offer' provided other UK or foreign locations may cause businesses to invest/locate elsewhere.

Extend Opportunities i.e. more business start ups

For causes see Strategic Risk 2 under 'Growth of Local Businesses'

Other

- 1 Lack of a coordinated realistic NECA regional economic plan to support the upskilling of labour market in the NECA area, to grow the economy by developing major investment sites and to extend the range of opportunities for individuals and/or lack of will or resources to deliver plan by all or any stakeholders.

Potential Impact/Consequences

Without the upskilling of the labour market in the NECA area, the development of major investment sites and the extending of the range of opportunities for individuals then:

- a) there will be less of an opportunity of good quality jobs in the areas for its citizens which may in turn cause person seeking employment to move away from the area.
- b) insufficient good quality and secure jobs may be created in the area leading to higher level of unemployment and less wealth and income being generated in the region
- c) individuals will be unable to take up opportunities of good quality jobs leading to them gaining less wealth, thus having less spending power for the region to benefit from.
- d) businesses may invest in other regions instead of the NECA area.
- e) productivity rates in the NECA area will not increase making it relatively unattractive to investors and not allowing individuals to gain increases in income due to greater productivity.
- f) there will be less opportunity for social mobility.

Likelihood (including controls already in place)

Better Skilled Labour Market to meet Future Employer Demand

- Although skill levels are increasing there is a relatively low skills base in the North East.
- Within the North East, while educational attainment is increasing, there are relatively poor outcomes re secondary school in respect of qualifications and post school destinations.
- Graduate qualifications within the North East are below the national average.
- Historically employers in the North East have under invested in training and workforce development.
- The Covid-19 pandemic has impacted a) the provision of apprenticeship and training schemes, b) the provision of education in schools. It has also accentuated educational inequalities.
- The UK government, via the Education and Skills Funding Agency, currently provides funding for several initiatives to improve skills, e.g. i.e. adult education budget, traineeship scheme for 19-24 year olds, apprenticeship levy scheme which requires the funding to be used on 'apprenticeship training at whatever level in an organisation. .
However, it should be noted the adult education budget is managed nationally rather than by policy makers in the NECA areas so it may not address fully local needs. Similarly, the apprenticeship levy scheme support training costs only but not wage costs of the apprentice which may be a barrier to take up.
- 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
- The UK government are in the process of introducing 'T' Levels as an alternative to A levels, apprenticeships and other 16 to 19 courses. Equivalent to 3 A levels, a 'T' Level focuses on vocational skills and can help students into skilled employment, higher study or apprenticeships. They involve both academic study and work placements. 3 FE colleges in the NECA area will be

among the first in the UK to provide 'T' Levels during 20/21.

- The North East Local Enterprise Partnership promotes skills and education through its:
 - a) 'North East Ambition' programme which aims to support every school and college in the North East to be achieving the Good Career Guidance Benchmarks by 2024. By doing this, every young person should be able to identify routes to a successful working life, make more informed decisions about their future and be better prepared for the workplace.
 - b) 'Education Challenge' programme to support schools to integrate understanding of the world of work and career opportunities into their curriculum to ensure those entering the workforce have the skills, both academics and employability, to support our diverse economy and are fully aware of the progression routes available to make this happen.
 - c) operation of an Employment and Skills Board/Skills Advisory Panel to provide a single point of coordination in the North East region to bring together local employers and skills providers to pool knowledge on skills and labour market needs, both current and future, and to work together to understand and address key local challenges.
 - d) initiatives in higher education to retain graduate talent locally, to encourage businesses to provide work experience to university students, to work with business to understand their future graduate skill level needs and with universities to consider their future 'offer' and provision.
 - e) investment in capital projects to support education, skills and training provision e.g. specialist equipment to enable delivery of essential technology skills at FE Institute of Technology in NECA area, World of Work, Metro Skills Centre.
- The North East Growth Hub has developed an apprenticeship toolkit which is promoted to business in the north east with a particular focus on degree level apprenticeships

Grow Economy by Development of Major Investment Sites

- Since 2012, 7 enterprise zones e.g. IAMP, Jade Business Park in the NECA region have been identified and the delivery of the Enterprise Zone sites' infrastructure programme is in progress. In addition, NELEP and councils in the NECA region have contributed funding for other major investment sites e.g. NetPark, Gateshead Quays, Integra 61.
- Councils in the NECA region have identified approximately 27 major investment pipeline projects to develop to contribute to the growth of the economy by attracting 31,000 new jobs to the region. The anticipated investment required is £3.4 billion, of which public funding requires if £1 billion. Some are being delivered by private investors e.g. Riverwalk Durham, some by public funds e.g. National Innovation Centre, Gateshead but most are being funded partly by public funds and partly private investors e.g. Riverside Sunderland. The sites are at various stages of development.
- Councils within their local plan have incorporated development of investment sites to complement NECA's strategic economic plans.
- Councils in the NECA region continue to liaise to identify and develop major investment sites.
- In June 2020, the UK government allocated £47 million to the North East from the Getting Building Fund, a fund set up to deliver shovel ready capital projects by the end of 2021. Part of these funds will be used to move forward some major investment pipeline projects which NECA has identified e.g. Aykley Heads site, Durham.

Extend Opportunities i.e. more business start ups

For likelihood see Strategic Risk 2 under 'Growth of Local Businesses'

Other

- 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.
- In spite the government aspiration of levelling up the UK economy, the effect and cost of the Covid-19 pandemic on the UK economy may cause the UK government to reduce the level of funding available to the NECA region to enable it to achieve its objectives re skills, investment in key sites and extending opportunity e.g. if public funds are not available to complete infrastructure enabling works on major investment sites then private investment in the site will not be forthcoming.

- The impact of the Covid pandemic on business in the UK and elsewhere may cause the failure of businesses or cause businesses to be unable to expand and invest due to lack of resources, lack of market demand or lack of access to external funding e.g. banks reluctant to lend. It may cause businesses to put investment plans on hold. Confidence to start up new businesses in an economic recession may be reduced.
- NECA, its constituent Councils and its partners in the North East region e.g. North of Tyne Combined Authority, North East LEP continue to lobby and engage with the UK government to ensure policy makers and decision makers are aware of the ambition of both NECA and North East region to develop the skills of its labour pool, grow the economy by developing major investment sites and encouraging more business start-ups e.g. submission of Covid North East Recovery and Renewal Deal requesting funding and the provision of the necessary powers, resources and funding to achieve NECA's objectives.

Further Mitigating Actions

NECA and other local partners e.g. NELEP continue to work with and lobby Government for funding etc and influence emerging policy thinking.

Chair – NECA Leadership Board

<p>4 <u>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>	<p><u>Risk Owner</u> Head of Paid Service</p>
	<p><u>Risk Score</u></p>
	<p>Amber - 9</p>
	<p>Likelihood – Medium 3 Impact – Significant 3</p>
<p>Possible Cause(s):</p> <ol style="list-style-type: none"> 1. Employers have an unwillingness to offer employment to people who have barriers to overcome to enter the workplace e.g. people with disabilities, mental health problems etc. 2. Individuals with barriers to employment lack confidence to enter the labour market or gain skills. 3. A lack of availability of appropriate support and training. 4. Individual with barriers to work are unaware of the employment, support and training opportunities available. 5. Individuals with barriers to work lack financial resources to access employment or support/training. 6. Lack of funding to incentivise employers to offer employment and/or individuals to take up employment or training and/or to fund appropriate support and training. 7. Individuals have a dependency on benefits or fear losing income by being employed. 8. Lack of understanding as to the need of a specific individual who has barriers to overcome to enter the workplace. 9. The support and training provided is of poor quality. 10. Individuals are unaware of the employment opportunities available. 11. A lack of coordination between health and employability services in supporting individuals back to work. 12. An economic downturn causing unemployment causes increased competition from others when an individual who has barriers to overcome applies for a job. 	
<p>Potential Impact/Consequence</p> <p>If people of all ages cannot 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 then:</p> <ol style="list-style-type: none"> a) Improved and more secure incomes for those individual's households will not be achieved. b) Increased levels of spending/disposable income in the North East will not be realised. c) A reduction in benefit dependency will not be achieved. d) Levels of economic inactivity and long-term unemployment will not be reduced, and the levels will continue to be higher than the national average. e) The opportunity for everyone to fulfil their potential and participate fully in society will be lost. f) Businesses will be denied access to a larger and better workforce. 	
<p>Likelihood (including controls already in place)</p> <ul style="list-style-type: none"> • Despite significant improvements in recent years, the levels of unemployment and economic inactivity rates for people of working age, young and older people (50 – 66) in the North East are above the national rate (excluding London). • In 2017, the government set a goal to see 1 million more disabled people in work in the 10 years to 2027. • The government benefits system is set up so any person moving from benefits into employment should not be financially worse off. • The government have several initiatives specifically aimed to help people access timely and personalised support to overcome their barriers to work and to equip them with the capabilities so that they can find employment, including: <ol style="list-style-type: none"> a) Employment and Support Allowance which is aimed in part to support people back to work if they 	

are able.

- b) Access to Work Grants support disabled people to remain employed or start employment by funding adjustments for the workplace e.g. equipment, health support, work related support.
- c) All employment benefit related claimants are supported by 'work coaches' to give support and identify pathways into employment.
- d) Flexible Support Fund which allows local support to claimants by removing barriers to employment e.g. interview travel costs.
- e) Work and Health Programme which is aimed at helping people with barriers to work to gain skills and employment. It is aimed at people close to readiness for work.
- f) £40 million Intensive Personalised Employment Support (IPES) which is aimed at helping people with complex needs at least 12 months away from work readiness to gain skills and employment.
- g) Disability Confident Scheme is a voluntary scheme aimed at employers to help them make the most of the opportunities provided by employing disabled people.
- h) The Fuller Working Lives initiative in which government is committed to giving more support to people with long-term health conditions and disabilities, carers, and older claimants.
- As part its 'Plan for Jobs' in response to the Covid19 pandemic, government has announced:
 - a) a £2 billion 'Kickstart' Scheme to pay for new six-month work placements for 16 to 24-year-olds at risk of long-term unemployment.
 - b) £1.6 billion to boost work search, skills and apprenticeships comprising among other things extra payments to employers to hire apprentices including and 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, and an expansion to the Work and Health Programme, the Flexible Support Fund and sector based work academies (SWAP).
- 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.
- The North East LEP, as part of the region's Strategic Economic Plan, has as part of its aims, the aspiration to reduce the level of unemployment and economic inactivity, recognises that some groups are more likely to be out of work than others and as part of its 'skills, employment, inclusion and progression' agenda includes activity to increase youth employment, improve labour market activation, and help deliver Fuller Working Lives. Activities include:
 - a) Delivery of 'Generation North East' (GENE) which provides employability and job search support to unemployed or inactive young people aged 18-29 years, helping them to progress towards and into employment. It operates within part of the NECA region.
 - b) Provision of specialist intensive support for those most distant from the labour market because of disadvantage, poverty and poor physical and mental health.
 - c) Development of packages of support for people facing barrier to employment due to health problems building on Mental Health Trailblazer and Working Lives project.
 - d) North East Growth Hub is promoting the Fuller Working Lives Strategy to encourage and help employers retain, retrain and recruit people aged 50 and over.
- Councils within the NECA region have objectives and activities to support people with barriers to employment e.g. 'Durham Works' is a partnership supported in part by Durham County Council to help young people aged 18 -24 from County Durham progress into work, training, education or volunteering. This is funded until 2021 with part funding from the EU; Gateshead have provided community grants to help third sector organisations to help people into employment.
- In spite the government aspiration of levelling up the UK economy, the effect and cost of the Covid-19 pandemic on the UK economy may cause the UK government to reduce the level of long term funding available to the NECA region to enable it to achieve its objectives re drawing NECA residents into the mainstream.
- The impact of the Covid pandemic on the economy and business in the UK and elsewhere may cause the failure of businesses or cause businesses to reduce their workforce resulting in increased unemployment. The Covid 19 pandemic has had a significant impact on employment among the young people.
- The exit of the UK from the EU means a significant funding source is lost to support NECA's objectives. There is currently uncertainty over the long-term capital and revenue UK funding streams which will replace the EU funding sources e.g. UK Shared Prosperity Fund.

- NECA, its constituent Councils and its partners in the North East region e.g. North of Tyne Combined Authority, North East LEP .continue to lobby and engage with the UK government to ensure policy makers and decision makers are aware of the ambition of both NECA and North East region to draw its residents into the mainstream e.g. submission of Covid North East Recovery and Renewal Deal requesting funding and the provision of the necessary powers, resources and funding to achieve NECA's objectives.

Further Mitigating Actions

NECA and other local partners e.g. NELEP continue to work with and lobby Government and influence emerging policy thinking.

Chair – NECA Leadership Board

<p>5 <u>Become a sustainable well-connected region</u></p> <p>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.</p>	<p><u>Risk Owner</u> Head of Paid Service</p>
	<p><u>Risk Score</u></p>
	<p>Red 12</p>
	<p>Likelihood – Medium 3 Impact – Critical 4</p>
<p>Possible Cause(s):</p> <p>Transport</p> <p>Refer to Appendix 2 North East Joint Transport Committee (JTC) Strategic Risk Register Report, Risks to Achievement of JTC Strategic Objectives, risks 1 - 4.</p> <p>Improve Digital Connectivity/Digital Skills</p> <ol style="list-style-type: none"> 1. Lack of understanding of the importance and value of digital connectivity by policy makers, business and education so it is not considered a priority. 2. Lack of funding, both from public and private sector, for investment in digital infrastructure, IT equipment and skills. 3. Lack of economic viability may mean the private sector may not be willing to invest in new digital infrastructure. 4. The digital infrastructure does not meet individual or business needs e.g. accessibility, reliability, data transfer speeds. 5. Lack of access by individuals or organisations (e.g. schools) to appropriate IT equipment e.g. individuals on low incomes may be unable to purchase IT equipment. 6. Lack of available teaching resources re digital skills or the teaching capacity available is insufficient to meet demand. 7. Lack of awareness by individuals/businesses of digital skills teaching resources available. 8. Appropriate digital skills are not taught by learning providers. Consequently, digital skills/teaching resources do not provide the appropriate skills business require or the digital skills taught do not keep pace with employer/business requirements. 9. Lack of motivation or understanding as to the importance and value of digital skills by individuals and the potential opportunities e.g. employment, removal of social exclusion those skills could bring. 	
<p>Potential Impact/Consequence</p> <p>If transport networks cannot be strengthened and extended in the NECA area while encouraging green travel, digital connectivity not improved and digital skill within the workforce is not improved then:</p> <ol style="list-style-type: none"> 1. Residents, particularly low-income earners, in the NECA region will not be able to access work or move into education and training that could improve their prospects e.g. economic, health. Progress on social mobility in the region will be limited. 2. Residents in some areas of the NECA region will not be able to access health care and other essential services as a result of a poor connectivity or lack of digital skills. 3. Without appropriate connectivity infrastructure and digital skills within the workforce business may choose to locate, or start up, or expand business in locations other than the north east resulting in loss of new employment opportunities for its residents, and loss of investment and income to the region. 4. Levels of transport inequality and/or social exclusion may not be reduced. 5. Improved resilience to the effects of the Covid pandemic may not be achieved. 6. The enhancement of productivity levels in the NECA area and the quality of public and private services may not be achieved. 7. An opportunity to contribute towards the decarbonisation of the NECA area may be lost. 	

Likelihood (including controls already in place)

Transport

Refer to Appendix 2 North East Joint Transport Committee (JTC) Strategic Risk Register Report, Risks to Achievement of JTC Strategic Objectives, risks 1 - 4.

Improve Digital Connectivity/Digital Skills

- In the North East region, overall 97.8% of properties have access to 'superfast' (≥ 30 mbps) broadband. However, generally in rural areas, the level of access is lower – for the UK as a whole only 80% of rural properties have access to superfast broadband.
- In the North East region 61% of properties have access to ultrafast broadband (>100 mbps) only 7% of properties have access to 'gigabit' (>1000 mbps) broadband, the lowest rate in the UK
- To meet future demand for gigabit broadband internet connectivity, 'full fibre' connections (i.e. fibre cables into properties) are needed. Currently the internet infrastructure in the North East only has 7% full fibre connectivity.
- In the North East nearly one in six people (approximately 15%) do not are not achieving all expected digital foundation skill levels.
- Internet usage in the North East is comparatively low, the region currently ranking eighth out of nine English regions.
- Only 57% of UK premises that have access to superfast broadband are signed up to superfast packages.
- The UK government in 2017 adopted a UK Digital Strategy which among other things includes:
 - a) a requirement for the UK's telecoms industry to provide gigabit-capable infrastructure to 100% of premises by 2025. This is challenging for areas with rural populations and will require a four-fold increase in building rates by the telecoms industry from previous levels.
 - b) an allocation of £5 billion for its UK gigabit programme (the Future Programme) to subsidise roll-out of gigabit infrastructure to the most difficult to reach 20% of premises.
 - c) the complete roll out of 4G technology by 2020.
 - d) £1billion to accelerate the development and uptake of next generation digital infrastructure - including full fibre and 5G wireless mobile phone technology although it is acknowledged that the vast majority of the capital investment required for full fibre and 5G rollout will need to come from the private sector where there is an economic case for the telecoms industry to do so. Action to accelerate development includes the introduction of 100% business rate relief for full fibre infrastructure, the set-up of a National Digital Infrastructure Fund, the introduction of planning policies to consider digital infrastructure, an appropriate regulatory framework, and a national programme of 5G testbeds and trials to help create demand for a demand for 5G capacity as uses for 5G technology are developed e.g. AI, automated logistics.
 - e) the roll out of free wifi on trains and more public spaces.
 - f) the policy that adults who lack core digital skills do not have to pay to access basic digital skills training. From 2020 there is a legal entitlement for adults with no or low digital skills to undertake new digital qualifications. Funding is provided from within the Adult Education Budget.
 - g) the setting up of new Digital Skills Partnership where the government will work with partners to tackle the digital skills gap. The Partnership will play a crucial role in helping people access digitally-focused jobs at a local level, 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.
 - h) the introduction of coding in the National Curriculum from Key Stage One onwards.
 - i) changes to computer science degree courses to ensure computer science students have the real-world, up to date skills needed in the digital economy and work environment to meet the needs of employers.
 - j) extra funding for the Computing at School Network of Teaching Excellence in Computer Science, whose network of over 350 Master Teachers can provide continuing professional development to teachers needing to further develop their computing expertise.
 - k) extra funding for the National Careers Service (NCS) to help more young people from a wider range of backgrounds to consider a career in technology by piloting new ways to include digital skills and careers in NCS programmes.

- l) making it mandatory to have full fibre connections for new homes.
- m) The Digital Strategy is due to be revised in 2020 to adapt to the impact of the Covid 19 pandemic and to accelerate Britain's economic recovery by aiding the development of a skilled digital workforce.

- The Dept for Education operate the 'Future Digital Inclusion programme'. It is aimed at supporting those who are hardest to reach in the community to gain digital skills with a focus on unemployed people, people on a low income and people with a disability. The programme is delivered by Good Things Foundation who have numerous centres in the NECA area.
- From March 2020, the government introduced the Universal Service Order (USO) for broadband. This measure provides a legal right for a property to request a decent broadband connection to those premises that do not have access to a decent and affordable connection. There is funding available up to a cost threshold of £3,400 per property.
- The UK government has set up a 'Building Digital UK' team. Its' aim is to deliver broadband networks to the UK. Programmes it runs includes:
 - a) Gigabit Broadband Voucher Scheme. This scheme is available to homes and businesses in rural areas of the UK when part of a group scheme and provides funding (£1500 per home, £3500 per SME) to support the cost of installing gigabit-capable broadband.
 - b) Shared Rural Mobile Network where the government and mobile providers are providing 4G coverage in areas (e.g. rural where it is not commercially viable to do so).
- The North East LEP's Strategic Economic Plan for the North East region sets out all of the activities that need to take place to improve the North East economy. This includes the development of digital skills provision and local digital infrastructure. The LEP has also developed a Digital Strategy.
- Each of the councils within the NECA region have developed a digital strategy and are delivering a programme to improve digital connectivity and skills for businesses and residents within their area as well as for the council itself. Activities undertaken have included, among others:
 - a) 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. Further phases are planned.
 - b) Upgrades to digital infrastructure within Sunderland city centre to allow access to free ultrafast public 5G wifi, and ultra-fast connectivity to social housing tower blocks and a school. Sunderland also has gained funding as part of government's Getting Building Fund for the development of next generation digital connectivity and infrastructure to accelerate regeneration within the City Centre and Riverside. It further plans to be the first local authority in the country to become a 'neutral host' for 5G and fibre connectivity aiming to enable telecoms operators to buy space from its infrastructure to offer their own 5G services.
 - c) Durham Council operate a) 'Digital Drive' a £4million initiative to support SMEs in Co Durham to maximise their potential through digital technology including the provision of 40% grant funding for digital projects and b) 'Reboot', a partnership scheme that offers low-cost computer equipment to County Durham based registered charities and social enterprises
 - d) Gateshead Council has secured funding from BDUK to ensure that as many premises as possible will be able to obtain a high-speed broadband service. In the long term, Gateshead Council are aiming to roll out fibre-based broadband to 100% of premises.
- In Oct 20 the Government announced a new scheme called JETS (Job Entry Targeted Support) which is aimed at people who are unemployed due to the effects of COVID-19. It will offer the training needed to pivot into new roles through the Sector Based Work Academy Programme and will include digital skill support.
- Higher level digital apprenticeships are available which are being promoted.

Other

- In spite the government aspiration of levelling up the UK economy, the effect and cost of the Covid-19 pandemic on the UK economy may cause the UK government to reduce the level of long-term funding available to the NECA region to enable it to achieve its objectives re connectivity.
- The impact of the Covid pandemic has resulted in significant reductions in the use of public transport e.g. Metro, train and bus in the NECA region with a consequence loss of income. There is uncertainty as to the future levels of public transport use which may result in reduction in services. However, the Covid pandemic has increased the use of digital technology due to homeworking which may cause an acceleration in digital infrastructure to meet demand.

- NECA, its constituent Councils and its partners in the North East region e.g. North of Tyne Combined Authority, North East LEP .continue to lobby and engage with the UK government to ensure policy makers and decision makers are aware of the ambition of both NECA and North East region to improve connectivity e.g. submission of Covid North East Recovery and Renewal Deal requesting the provision of the necessary powers, resources and funding to achieve NECA's objectives.

Further Mitigating Actions

NECA and other local partners e.g. NELEP continue to work with and lobby Government and influence emerging policy thinking.

Chair – NECA Leadership Board

<p>6 <u>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 style="text-align: center;"><u>Risk Owner</u> Head of Paid Service</p> <hr/> <p style="text-align: center;"><u>Risk Score</u></p> <p style="text-align: center; background-color: red; color: white;">Red 12</p> <hr/> <p style="text-align: center;">Likelihood – Medium 3 Impact – Critical 4</p>
<p>Possible Cause(s):</p> <ol style="list-style-type: none"> 1. Policy makers in the area do not have a clear vision or plan as to the ‘offer’ they wish the NECA area to make to business, potential investors, residents and visitors 2. There is a poor understanding of the current NECA area ‘offer’ and where improvements are needed. 3. There is a lack of a comprehensive coordinated plan for the NECA region to deliver improvements in the region’s ‘offer’ which does not address issues which are critical to a thriving economy (e.g. education and skills, employment opportunities, business infrastructure etc) and being a place which offers an exceptional quality of life (housing, culture, leisure etc) 4. Lack of funding, either private or public, to deliver the changes necessary to improve the ‘offer’ 5. The priorities of central government and other partners e.g. local authorities within NECA are not aligned with those of NECA. 	
<p>Potential Impact/Consequence</p> <p>Without a thriving economy, and a green and prosperous place that offers an exceptional quality of life and improved opportunities for all:</p> <ol style="list-style-type: none"> 1. there will be less of an opportunity of good quality jobs in the areas for its citizens which may in turn cause residents seeking employment to move away from the area and people considering moving to the NECA area to live somewhere else. Thus, there would be less spending power for the region to benefit from 2. the lack of opportunity to experience an excellent quality of life in the region may mean talent for commerce and academia to strengthen and grow key activity sectors in the NECA area may not be attracted and/or talent living in the area currently may leave. 3. businesses may find the region relatively unattractive for its business and employees and invest in other regions instead of the NECA area. 4. The area may be less attractive to tourists, with the area missing out on the associated income generation 	
<p>Likelihood (including controls already in place)</p> <ul style="list-style-type: none"> • The NECA area is currently an attractive place to live, learn, build a career, and to carry out business, business and invest. It has a competitively priced and diverse housing, good transport connectivity, a rich culture and leisure offer and a varied and beautiful natural environment. The NECA area is home to three universities, two cities, three world-class ports. It has a thriving economy and home to home to the region’s world-leading advanced manufacturing and technology sectors and a thriving hub of business services and innovative creative and cultural firms. These factors together with globally connected supply chains, diverse talent pool, development sites, Enterprise Zones, strength in global growth markets, digital connectivity, and cost competitiveness makes the region an attractive place to operate. • The NECA economy faces two ongoing challenges which are too few employment opportunities including too few jobs in high skilled occupations and lower levels of productivity. These factors continue to limit opportunities for residents and businesses and reduce attractiveness to investors. • The impact of changes in patterns of consumer retail behaviour has had a negative impact on ‘high street’ retailers and the vibrancy and attractiveness of town centres e.g. empty shop units • There is under provision in the housing stock to meet demand including affordable homes and to 	

respond to demographic change.

- NECA other place shaping challenges, including
 - a) the restructuring of entire sectors such as retail and contact centres – both undergoing rapid change as a result of digital technologies.
 - b) older industrial estates in the NECA area are frequently in fragmented ownership, which means that market solutions can take too long to take effect and dereliction threatens.
- As part of the 'levelling up' agenda, the government have set up a programme, 'Our Plan for the High Street' to support the regeneration and repurposing of city and town centres. These include:
 - a) £3.6 billion Towns Fund to support towns to build prosperous futures. Part of this funding is being used to support the regeneration of Bishop Auckland town centre.
 - b) £1 billion for Future High Street Fund to support the transformation of the high street including £55 million to regenerate heritage high streets.
 - c) a cut in business rates by up to a third for a wide range of retail properties for two years.
 - d) a consultation on planning reform to make it simpler to create more homes, jobs and choice in our town centres.
 - e) the setting up a High Streets Task Force which will support local leadership with expert advice on helping local high streets to adapt and thrive.
- As part of the Government's policy to increase new home building it
 - a) has provided a £5 billion Housing Infrastructure scheme to allow infrastructure to be built to unlock new home building. As part of this programme, £32 million has been awarded to support house building in the Sunderland South Growth Area and Newton Aycliffe Growth Area.
 - b) through Homes England, funding for building of new homes for social housing is available.
- The North East LEP's Strategic Economic Plan and Local Industrial Strategy seeks to make the North East an even better place to live, learn and to do business by supporting economic growth. This includes investing in economic assets and infrastructure like sites for investment to encourage economic growth and housing and as such is aligned to NECA's objectives. As part of these plans strategic investment sites within the NECA area have been identified and are being developed to attract business investment to further economic development e.g. enterprise zones including IAMP, Follingsby, Holborn, Jade, and increase housing provision e.g. Sunderland South Strategic Growth Area.
- Local councils within the NECA region have or are developing delivering plans e.g. Local Plans, City Plans etc which seek to improve the area both to help its local economy and to make their areas more attractive to live addressing matters such as the environment, housing, transport, recreation and leisure, tourism etc. As part of these plans urban centres are being regenerated e.g. Riverside Sunderland, South Shields 365 and Riverside.
- The seven local planning authorities in the North East are adopting a collaborative approach to spatial planning to ensure the planning and delivery of both commercial and housing development across the North East including the NECA region is coordinated to promote economic growth alongside the enhancement of the natural environment.
- UK national planning guidelines require that planning policies and decisions should contribute to and enhance the natural and local environment.
- Gateshead Council have taken part in the RIBA Future Place Programme, a place making initiative, to help plan the future of Gateshead town centre.
- A £10 million North East Property Fund is available to supporting smaller scale North East housing and commercial property development projects. The purpose of the fund is to support house building in the north east.
- Each of the councils in the NECA area:
 - a) operate programmes to support the reduction of empty homes
 - b) have declared a climate emergency to ensure environmental considerations are taken into account when making decisions.
- The North East Culture Partnership has developed and deliver a plan to develop the culture and arts offer in the North East. In response to the Covid pandemic it has developed a Recovery and Resilience Plan.
- To support the NECA economy and business tourism a conference centre is being constructed on the Gateshead Quays site.

- In spite the government aspiration of levelling up the UK economy, the effect and cost of the Covid-19 pandemic on the UK economy may cause the UK government to reduce the level of long term funding available to the NECA region to enable it to achieve its objectives re its 'place offer' and to maintain its current 'offer' e.g. public services.
- The impact of the Covid pandemic in the NECA area has resulted in significant reductions in a) employment levels and opportunities and b) the level in economic activity especially in the retail sector (with people moving 'on-line') resulting in shop closures, tourism, hospitality, and in culture and arts. In the long term it is uncertain if organisations will survive and if so, how long they will take to recover. It is also uncertain if they will have reserves or access to finance to make investments to expand or change their business models. There may also be a long-term impact on new housing development and an increased demand for affordable housing.
- NECA, its constituent Councils and its partners in the North East region e.g. North of Tyne Combined Authority, North East LEP .continue to lobby and engage with the UK government to ensure policy makers and decision makers are aware of the ambition of both NECA and North East region to improve the economy and improve the NECA 'place offer' e.g. submission of Covid North East Recovery and Renewal Deal requesting the provision of the necessary powers, resources and funding to achieve NECA's objectives.
- As part of UK government's package of support to the economy during the Covid pandemic e.g. business rate support, business grants, job furlough scheme etc, is:
 - a) a £1.57 billion Culture Recovery Fund has been set up to safeguard cultural and heritage organisations. To date, approximately £4.5 million has been provided to organisations in the NECA area e.g. Beamish Museum, Customs House etc.
 - b) A £900 million Getting Building Fund has been set up to support housebuilding and improve high streets. Of this £47 million has been awarded to accelerate the regeneration of sites in the North East LEP area including Sunderland South Riverside and town centre, Gateshead Quays, Tyne Dock Enterprise Park and Aykley Heads Business Park Durham.
- The National Lottery Heritage Fund provide financial grants to heritage organisations and are providing Covid Recovery support funding

Further Mitigating Actions

NECA and other local partners e.g. NELEP continue to work with and lobby Government and influence emerging policy thinking.

Chair – NECA Leadership Board

NECA Organisation Risks

1 Future Availability of Funding

Sources and levels of funding available to NECA may not be aligned to the Strategic Economic objectives of NECA.

Risk Owner
Head of Paid Service

Risk Score

Red 12

Likelihood – Medium 3
Impact – Critical 4

Possible Cause(s):

- 1 A downturn in the UK economy may cause the UK government to reduce funds available for investment as part of expenditure cutting exercises nationally.
- 2 The exit of the UK from the EU may have a negative impact on the availability of funding previously provided from EU sources. Currently funds from the EU funding programmes, e.g. European Structural and Investment Funding (ESIF) Programme, allocated to the UK up to end of 2020 which have not yet been committed to specific projects are available for use. The UK Shared Prosperity Fund (UKSPF) is likely to replace the ESIF Programmes beyond 2021, however the consultation document expected from Government is delayed and therefore the future funding opportunities beyond ESIF, both capital and revenue, are uncertain at this time. The longer the delay the greater the chance of a gap between the end of EU funding (2020) and the introduction of the UKSPF (current earliest start date April 2021) and the greater uncertainty.
- 3 Uncertainty in relation to the UK political environment. A change in future UK government policy may mean Government policy may not be aligned to support the economic and transport developments and needs of the North-East region. This may have an adverse effect on the achievement of goals in the North East e.g. investment and infrastructure funding to be concentrated in only certain geographic areas excluding the North East or certain types of schemes which may not be in line with NECA plans e.g. Strategic Economic Plan (SEP).
- 4 There is uncertainty around the current UK government regarding the design, function and level of future regional/local strategic capital funding sources from Government. The UK Shared Prosperity Fund which is due to fill the gap after the UK government's 'Local Growth Fund' capital funding scheme is proposed to come into effect in April 2021, but the Government consultation has been delayed.

Potential Impact/Consequence:

A 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. This could result in the success of the Strategic Economic Plan being adversely affected and outcomes delayed or not achieved. Funding levels may not be sufficient to meet NECA's plans.

Controls (already in place)

- Latest Government figures show that circa £130m remains to be allocated in the North East

- NECA secured £58.5m of JEREMIE 2 grant funding (part of the European Regional Development Fund) and a Special Purpose Vehicle has been established to deliver funding for small and medium sized enterprises.
- The SEP has been updated and relaunched in 2019 to acknowledge the significant changes in the global and national economy.
- NECA members and officers and partners of NECA, e.g. local councils, North East LEP etc continue to lobby and engage with the UK government to:
 - a) ensure policy makers and decision makers are aware of the economic and transport vision, plan and policies and needs for the North East are known and to influence policy thinking;
 - b) persuade government to make economic development and transport funding a priority;
 - c) track and discuss the progress of the development of the UKSPF.

In Autumn 2020 the submission of the 'Covid North East Recovery and Renewal Deal' document was submitted to government, as part of its Comprehensive Spending Review, requesting the provision of the necessary powers, resources and funding to achieve NECA's objectives and to respond to the impact of the Covid pandemic on the North East economy.
- NECA work with other potential partners to identify new non-government funding sources which may help to progress the delivery of the SEP.
- The North East LEP is leading the regional development of the Local Industrial Strategy which will also set out future funding requirements to increase productivity in the North East.
- In spite the government aspiration of levelling up the UK economy, the huge negative effect and cost of the Covid-19 pandemic on the UK economy may cause the UK government to reduce the level of medium/long term funding available to the NECA region to enable it to achieve its objectives and to minimise the effect of the Covid pandemic.
- 'One off' funding has become available during 2020 to NECA or its partners to support the objectives of NECA. This has included:
 - a) £25 million from the government's Housing Infrastructure Fund to support infrastructure work to further house building in a strategic site in the NECA area i.e. South Sunderland Strategic Growth Area.
 - b) As part of the £47 million from the government's Getting Building Fund was awarded to the North East LEP. Part of this funding has been allocated to fund the development of key economic growth sites in the NECA area.

Further Mitigating Actions	Lead Officer(s)
NECA and other local partners will continue to work with the Managing Authorities (MHCLG, DWP and DEFRA) to ensure that the maximum funding will be allocated to the North East, in line with the notional allocation of €560m.	Head of Paid Service
NECA and other local partners e.g. NELEP, local councils continue to work with and lobby Government and influence emerging policy thinking.	Chair – NECA Leadership Board

<p>2 <u>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 Plan for the North-East regions.</p>	<p><u>Risk Owner</u> Head of Paid Service</p>
	<p><u>Risk Score</u></p>
	<p>Amber 8</p>
	<p>Likelihood – Low 2 Impact – Critical 4</p>
<p>Possible Cause(s):</p> <ol style="list-style-type: none"> 1. Funding opportunities are missed due to lack of awareness or missing relevant deadlines or lack of development of appropriate projects. 2. Poor quality of funding applications made by NECA and/or North East Joint Transport Committee (JTC). 3. Funding may be made available through a competitive process e.g. there is also a significant risk that funding for ‘Innovation’ capital projects will be allocated via national competitions. Strong applications from funding competitors may result in any funding application not being successful at all or only a proportion of the funds applied for being awarded. 4. Failure by NECA to build and develop relationships with key partners to maximise funding opportunities. 	
<p>Potential Impact/Consequence:</p> <p>If opportunities are missed or not maximised by NECA then progression of plans to deliver the economic improvements required by the region will be significantly delayed. Consequently, the benefits associated with the transport will not be fully realised or delayed e.g. supporting economic growth.</p>	
<p><u>Controls (already in place)</u></p> <ul style="list-style-type: none"> • NECA and JTC officers horizon scan to identify upcoming funding opportunities. • NECA and JTC are in regular contact with the UK government and other funding bodies to identify funding opportunities early. • NECA and JTC have established relationships with other bodies e.g. councils, universities etc to allow NECA to work in partnership, where applicable, to exploit funding opportunities by submitting bids for funding to benefit the region. • NECA and JTC and its partners lobby relevant government bodies to promote schemes required for the North East to be included in key government schemes. • The officers of NECA and JTC have the experience, skills and knowledge to submit strong bids for funding. It is familiar with the requirements needed for submitting bid and the process to go through. • All projects included in a bid are subject to scrutiny to ensure the proposed projects is in line with NECA objectives and plans and meets the bid criteria. • During any application process NECA and JTC liaise with the funding provider to understand clearly what it is looking for. • 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 in to project calls. These projects focus on addressing local needs. 	
<p>Further Mitigating Actions</p>	<p>Lead Officer(s)</p>

NECA are working with key stakeholders to develop and prepare pipeline projects ready for Government releasing further 'calls' for applications for funding.

NECA Economic
Directors/Heads of
Transport Officer Group

<p>3 <u>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>	<p style="text-align: center;"><u>Risk Owner</u> Head of Paid Service</p> <hr/> <p style="text-align: center;"><u>Risk Score</u></p> <p style="text-align: center; background-color: yellow;">Amber 8</p> <p style="text-align: center;">Likelihood – Low 2 Impact – Critical 4</p>
<p>Possible Cause(s):</p> <ol style="list-style-type: none"> 1 Poor project management. 2 Inaccurate assessment of projects costs when submitting funding bids. 3 Delays and costs for a project due to unforeseen events. 4 Lack of understanding of funding conditions including timescales. 5 Insufficient capacity and skills to manage projects/programmes. 6 Fraud and corruption. 7 Failure by NECA to secure agreement on the priority of projects within the region it serves. 	
<p>Potential Impact/Consequence:</p> <ol style="list-style-type: none"> 1 Programmes/projects may not be completed or have to be delayed or the size of project reduced e.g. quality, quantity which may results intended benefits not being realised and damage to the reputation of NECA and its partners e.g. JTC/North East LEP. 2 If the funding is not used by a deadline then funding may be lost. 3 Financial resources earmarked for other future purposes may need to be used to complete current projects causing postponement or delays in other NECA plans. 	
<p><u>Controls (already in place)</u></p> <ul style="list-style-type: none"> • NECA officers and its partner’s e.g. JTC/North East LEP have experience, skills and knowledge to submit strong bids for funding. It is familiar with the requirements needed for submitting bid and the process to go through. • All projects included in a bid are subject to scrutiny to ensure the proposed projects are in line with NECA objectives and plans and meets the bid criteria. • Projects delivered by NECA and its partners directly are managed using recognised project management principles. NECA and its partners have the experience and skills to manage projects. • Where projects to be delivered involves a procurement exercise then this must be carried out on a competitive basis. • Where funding is provided through NECA to third parties to deliver a project all third parties must provide details as to progress regarding costs and progress of the project. NECA monitor progress on an ongoing basis together with the legitimacy of spend. • Funding providers provide clear conditions as to the use of funds which is published to all relevant stakeholders. • 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. 	

Further Mitigating Actions	Lead Officer(s)
<p>Delivery plans and programmes are to be kept under review in light of any issues which may affect funding secured to be used on a timely basis or may mean secured funding may not be sufficient to deliver the intended programmes. Appropriate prompt action is taken to address issues which may arise.</p>	<p>Head of Paid Service Chief Finance Officer</p>

<p>4 Governance Arrangements</p> <p>The governance arrangements of NECA are not appropriate to allow effective and timely decision making and the achievement of its objectives</p>	<p>Risk Owner Deputy Monitoring Officer</p>
	<p>Risk Score</p>
	<p>Amber 8</p>
	<p>Likelihood – Low 2 Impact – Critical 4</p>
<p>Possible Cause(s):</p> <ul style="list-style-type: none"> • Changes in the environment in which NECA work render the current governance arrangements out of date e.g. membership, structures, geographical spread. The North East Combined Authority’s decision not to proceed with a Mayoral Combined Authority in September 2016 and the withdrawal of the devolution deal has resulted in the seven local authorities (LAs) that made up a single Combined Authority splitting and forming two combined authorities (CAs). NECA now constitutes the four Local Authorities, south of the River Tyne. The North of Tyne Mayoral Combined Authority (NoTCA) was established and constitutes the three LAs north of the River Tyne. The change happened on 2 November 2018. Regional transport continues to operate and be governed at the seven LA geography through the newly formed Joint Transport Committee. • Lack of understanding of nature and objectives and roles of NECA or importance of governance arrangements. • Lack of commitment and/or organisation or resource to support the set-up of governance arrangements or changes to it. 	
<p>Potential Impact/Consequence:</p> <ul style="list-style-type: none"> • Poor decisions may be made which are not in the interest of NECA region. • Decisions may be delayed, not taken by the most appropriate body or not based on the correct information. • Lack of clarity of roles and responsibilities may lead to NECA not adequately fulfilling its statutory functions, not monitoring its finances, having a lack of clarity over its objectives, not ensuring adequate transport services delivered to the public and improvements in economic and infrastructure not being delivered. This may lead to having a poor reputation, losing out on funds, poor value for money being achieved and the economic benefits of infrastructure projects not being achieved. 	
<p>Controls (already in place)</p> <ul style="list-style-type: none"> • The seven Local Authorities have approved a Deed of Cooperation which sets out operational working between the 7 Local Authorities and the two Combined Authorities. This will be revised completely later in March 2020. • The Statutory Orders provides for the existence of NECA and specifies its current membership, functions and procedures. • Formal decision-making committees including NECA Leadership Board, NECA Overview and Scrutiny Committee, NECA Economic Development and Regeneration Advisory Board etc and Joint Transport Committee and sub-committees are operational. • The 7 Local Authorities 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 • The Strategic Economic Plan (SEP) has been refreshed in 2019 by the North East LEP to ensure the economic priorities remain current, reflecting the region’s economic position • All 7 LAs continue to support the North East LEP and the SEP and are working together to develop the regional Local Industrial Strategy (LIS). 	

- A Strategic Partnership Register has been agreed which identifies all partnerships that are entirely or substantially responsible for delivering or managing an outcome for NECA
- A revised Constitution has been adopted by NECA Leadership Board.
- Responsibilities for the delivery of support services to NECA by local authorities e.g. finance, legal etc to enable NECA's governance arrangements to function effectively have been agreed.
- NECA maintains an internal audit function which, as part of its remit provides assurance, as to the governance arrangements within NECA.

Further Mitigating Actions	Lead Officer(s)
NECA Leadership Board will develop and communicate a clear statement of the role, differentiating facts and working arrangements with NoTCA.	Head of Paid Service

<p>5. <u>Operational Capacity and Resourcing</u></p> <p>NECA does not have the necessary operational capacity, skills and budget, to successfully deliver the objectives and plans.</p>	<p><u>Risk Owner</u> Head of Paid Service</p>
	<p><u>Risk Score</u></p>
	<p>Amber 8</p>
	<p>Likelihood – Low 2 Impact – Critical 4</p>
<p>Possible Cause(s):</p> <ul style="list-style-type: none"> • Lack of full appreciation of resources needed for NECA to: <ul style="list-style-type: none"> a) Develop and deliver its objectives and plans. especially in light of the recent change to two Combined Authorities operating within the North-East region rather than one. b) Act as the accountable body to North East Joint Transport Committee (JTC). NECA is the accountable body for the JTC and has extra responsibility for implementing the decisions of the JTC, providing support to the JTC committees and managing the JTC's finances. It is uncertain how much resource will be needed by NECA officers and committee members moving forward therefore the current budget may be insufficient. • Statutory officers to NECA, the accountable body for the JTC, need to carry out duties for their main employer in addition to their roles in NECA which may result in capacity issues. • Insufficient financial resources are allocated for the operation of NECA. • Lack of commitment by local councils providing support services to NECA. • Key senior officers of NECA and JTC leave their posts. • Severe epidemic widely affecting population including NECA officers. • Lack of effective business continuity arrangements. 	
<p>Potential Impact/Consequence:</p> <p>Decisions may be delayed, or incomplete information provided as part of the decision-making process. Functions may not be carried out as quickly or as fully as they should be leading to loss of money, incorrect decisions, complaints and loss of credibility of NECA.</p> <p>The JTC operations may be interrupted by a failure of NECA to provide essential support services.</p>	
<p><u>Controls (already in place)</u></p> <ul style="list-style-type: none"> • All statutory officers in NECA have been appointed and are in post with the exception of the Head of Paid Service. Deputy statutory officers are also in place for NECA • Representatives from the 4 councils in NECA region have been appointed to NECA and its sub committees. Deputies have also been appointed. • NECA have adopted a budget for 2019/20 and 2020/21 to meet the costs of the capacity, skills and expertise need to deliver JTC activities. 	

- A further finance officer has been employed by NECA to help meet the extra demands of NECA's role place as the Accountable Body for the JTC.
- 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.
- Economic Directors' Group have put in place a programme of work looking at the impact of the Covid pandemic, Brexit on the economy, Local Authority finances, developing a NECA strategic plan as well as looking at the and the region more widely.
- NECA Leadership Board has agreed a budget for its capital programme for 2020/21.
- As part of the budget process Chief Executive's and the Head of Paid Service identified the risks relating to capacity and political commitment. The four local authority Chief Executives are reviewing the capacity required for the future.
- 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.
- All 4 member Local Authorities continue to support NECA and its activities. Service Level Agreements are in place between NECA and the 4 member Local Authorities for support services e.g. legal, finance etc provided by the latter.

Further Mitigating Actions	Lead Officer(s)
Accountable Body Arrangements – NECA continue to be the accountable body for the Joint Transport Committee and the functions delegated to it. NECA will host the Transport Strategic Unit including the Proper Officer for Transport.	Head of Paid Service
A review of resource requirements for the new combined authority is underway.	Chief Finance Officer

North East Combined Authority Audit and Standards Committee

<p>6 <u>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><u>Risk Owner</u> Head of Paid Service</p>
	<p><u>Risk Score</u></p>
	<p>Green 6</p>
	<p>Likelihood – Low 2 Impact – Significant 3</p>
<p>Possible Causes(s):</p> <ol style="list-style-type: none"> 1 Poor project management. 2 Inaccurate assessment of projects costs when submitting funding bids. 3 Delays and costs for a project due to unforeseen events. 4 Insufficient capacity and skills to manage projects. 5 Fraud and corruption. 	
<p>Potential Impact/Consequence:</p> <ol style="list-style-type: none"> 1 Projects may not be completed or have to be delayed or the size of project reduced e.g. quality, quantity which may results intended benefits not being realised and damage to the reputation of NECA. 2 If the funding is not used by a deadline then funding may be lost. 3 Financial resources earmarked for other future purposes may need to be used to complete current projects causing postponement or delays in other NECA plans. 	
<p><u>Controls (already in place)</u></p> <ul style="list-style-type: none"> • NECA officer and its partner’s e.g. North East LEP have experience, skills and knowledge to submit strong bids for funding. It is familiar with the requirements needed for submitting bid and the process to go through. • All projects included in a bid are subject to scrutiny to ensure the proposed projects is in line with NECA objectives and plans and meets the bid criteria. • Projects delivered by NECA and its partners directly are managed using recognised project management principles. NECA and its partners have the experience and skills to manage projects • Where projects to be delivered involves a procurement exercise then this must be carried out on a competitive basis. • Where funding is provided through NECA to third parties to deliver a project all third parties must provide details as to progress regarding costs and progress of the project. • Funding providers provide clear conditions as to the use of funds which are published to all relevant stakeholders. 	
<p>Further Mitigating Actions</p>	<p>Lead Officer(s)</p>
<p>Monitoring of the delivery of the overall programme of projects should be carried out on a regular basis.</p>	<p>Head of Paid Service</p>

North East Combined Authority Audit and Standards Committee

<p>7 <u>Infrastructure Assets</u></p> <p>Infrastructure assets which are owned by NECA are inadequately managed and maintained.</p>	<p><u>Risk Owner</u> Head of Paid Service</p>
	<p><u>Risk Score</u></p>
	<p>Green 6</p>
	<p>Likelihood – Low 2 Impact – Significant 3</p>
<p>Possible Cause(s):</p> <ol style="list-style-type: none"> 1 Lack of awareness of the existence of the asset. 2 Lack of clarity as to who has responsibility for the management and maintenance of the assets. 3 Lack of clarity as to maintenance standards required. 4 Lack of resources to maintain the assets. 	
<p>Potential Impact/Consequence:</p> <ol style="list-style-type: none"> 1 Greater financial resources may be needed to rectify faults arising from poor maintenance. 2 Failures in infrastructure assets may affect services delivered to users leading to disruption and complaints and a drop-in usage. If the funding is not used by a deadline then funding may be lost 3 Financial resources earmarked for other future purposes may need to be used to complete current projects causing postponement or delays in other JTC plans. 	
<p><u>Controls (already in place)</u></p> <ol style="list-style-type: none"> 1 The Orders relating to NECA and its Constitution makes it clear who has overall responsibility and oversight for infrastructure assets it owns. 2 NECA holds a record of assets it is responsible for. 3 Responsibility for the maintenance of assets and the standards required are included in the relevant agreements with third party providers e.g. TT2 Ltd. As part of the agreements reports need to be submitted to NECA to enable to gain assurance the relevant maintenance is being carried out. 	
<p>Further Mitigating Actions</p> <p>Asset management arrangement continue to provide assurance over the maintenance of NECA's assets.</p>	<p>Lead Officer(s)</p> <p>Head of Paid Service</p>

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
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 	

North East Combined Authority Audit and Standards Committee

Glossary of Terms

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

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

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

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

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

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

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

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

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

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

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

Date: 7th October 2020
Subject: Joint Transport Committee Strategic Risk Register
Report Of: Senior Manager – Assurance, Sunderland City Council

Executive Summary

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

Six new risks have been added to the JTC strategic risk register which was reported to the JTC Audit Sub-Committee during July 2020. Consequently, the strategic register contains 14 risks.

Five of the new risks relate to the achievement of the 5 specific strategic objectives adopted by the JTC as part of the development of the JTC's North East Transport Plan. Of these 5 risks, 4 are currently assessed as having a 'high' risk level due to a combination of mainly of 1 or more of the following matters: a) the fact that the government's ability to invest in transport infrastructure may be reduced due to a financial recession caused by the ongoing Covid-19 pandemic b) the current drop in usage of public transport due to the impact of the ongoing Covid-19 pandemic and c) the need to change behaviour in society to achieve some of the transport objectives.

A further risk has also been added to the 'organisation risks' which relates to the risk of 'catastrophic' event occurring and the impact on the transport system in the North East. e.g. public health emergency, security incident, infrastructure collapse (e.g. power, fuel)

The level of risk associated with the remaining 8 JTC strategic risks previously reported relating to the JTC organisation has remained stable with no changes reported since the previous update to the Committee in July 2020. This includes the risk level of 'high' regarding the reduction of funding available to the JTC. While the UK government has the ambition to raise the level of economic performance in all parts of the country towards those of London i.e. to 'level up' the economy, the government's ability and willingness to invest in transport infrastructure may be reduced due to a financial recession caused by the Covid-19 pandemic.

Recommendations

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

Background Information

North East Combined Authority Audit and Standards Committee

- 1.1 The North East Combined Authority (NECA) was established in April 2014 and brought together seven councils within the North East. As a result of the Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018 ('the Order') the North of Tyne Combined Authority (NoTCA) was created, and the boundaries of NECA changed on the 2 November 2018. NECA now covers the local authorities of Durham; Gateshead, South Tyneside and Sunderland; and NoTCA covers Newcastle, North Tyneside and Northumberland.
- 1.2 The two Combined Authorities have responsibility for transport; however, as the former Tyne & Wear passenger transport authority area (and its passenger transport executive, Nexus) straddle the two combined authorities, the Order also provided that they must establish a joint transport committee to exercise all transport functions. Hence the JTC was created.
- 1.3 The JTC defines its strategic risks as those matters which, if they were to occur, could have a material adverse impact upon the achievement of the JTC's vision to provide integrated, affordable, attractive, reliable, safe, healthy transport choices in the North East (LA7) area which meets the needs of businesses, residents and visitors, supports economic activity whilst enhancing the environment.
- 1.4 In order to aid the JTC to achieve its overall vision as described in paragraph 1.3 above, the JTC is currently developing its North East Transport Plan. As part of the planning process the JTC Committee has agreed five objectives that the plan will seek to achieve. These are:

Carbon-neutral transport;
Overcome inequality and grow the North East economy;
Healthier North East;
Appealing sustainable transport choices; and
Safe, secure transport network
- 1.5 This report offers the JTC's Audit Committee the opportunity to consider the nature and level of risk the JTC faces in seeking to achieve its overall vision and objectives. The strategic risk register has been updated in light of feedback from the last JTC Audit Committee meeting in July 2020, the content of recent reports considered by the JTC Committee and its sub-committees including those reporting progress on the North East Transport Plan and discussions with NECA and JTC officers.
- 1.6 As a result the JTC Strategic Risk Register has had 6 new risks added. 5 of these relate to the achievement of the 5 objectives adopted as part of the development of the JTC's North East Transport Plan. This allows an overall picture to be seen of the possible factors affecting the achievement of these objectives, both internal and external to the JTC, including among other things the current Covid-19 pandemic.

A further risk has also been added to the 'organisation risks' which relates to the risk of 'catastrophic' event occurring and the impact on the transport system in the North East. e.g. public health emergency, security incident, infrastructure collapse (e.g. power, fuel)
- 1.7 It should be noted for each of these 6 new risks the causes of each of the risks and the factors affecting the likelihood of each of risk occurring originate from sources/actions both inside and outside the JTC organisation. Consequently, the management of the risk is not

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totally within the sole control of the JTC itself. The further mitigating actions to manage the risk recorded in the JTC strategic risk register reflect only what the JTC is further planning to manage the risk.

2. Proposals

- 2.1 The Register identifies fourteen strategic risks. These are split into 2 categories:
- a) five risks relating to the achievement of the JTC's strategic objectives to be included in the JTC's North East Transport Plan being developed, and
 - b) nine risks relating to the JTC organisation itself.
- 2.2 The risks relating to the objectives to be expressed in the North East Transport plan are:
- a) Failure to achieve the aspiration of a fully carbon neutral transport network within the JTC area by 2035.
 - b) Failure of the transport system to achieve the planned outcomes to overcome inequality and support the growth of the economy in the JTC area
 - c) Failure of the transport system to achieve the planned outcomes to contribute to the improvements in health of the population in the JTC area.
 - d) The transport network within the JTC area fails to achieve the planned outcomes regarding the offer of appealing sustainable transport choices to people living or working in the area or visiting or travelling through the area.
 - e) The transport system within the JTC area fails to achieve the planned outcomes regarding its safety and security
- 2.3 The risks relating to the JTC organisation itself are:
- a) Sources and levels of funding available to the JTC to develop the North-East regions transport infrastructure within the region may reduce.
 - b) Failure of the JTC to secure the maximum amount of transport funding available to progress transport infrastructure in the North-East region.
 - c) Funding secured for transport initiatives within the North-East region by the JTC and its partners may not be able to be used on a timely basis or be sufficient to complete intended projects.
 - d) The governance arrangements of the JTC are not appropriate to allow effective and timely decision making and the achievement of its objectives.
 - e) The JTC does not have the necessary operational capacity, skills and budget, to successfully deliver the JTC's objectives and plans.

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- f) Projects which are funded through the JTC are delayed, are significantly overspent or do not deliver the intended product to meet the identified transport need.
- g) Transport assets, which are the responsibility of the JTC, are inadequately managed and maintained.
- h) Inadequate arrangements are in place to ensure that adequate levels of public transport services, for which the JTC has oversight, are maintained by the JTC's transport delivery partners.
- i) Inadequate arrangements are in place should a 'catastrophic' event occur which seriously impacts the transport system in the North East. e.g. public health emergency, security incident, infrastructure collapse (e.g. prolonged loss of power, prolonged fuel shortage)

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

Appendix 2 'Strategic Risk - Details' provides a detailed description of the nature of each risk, the possible causes of each risk, an assessment of the impact of each risk should it occur, the factors which affect the likelihood of each risk occurring together with the relevant controls in place, or being put in place to mitigate each risk to an appropriate level.

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

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

3. Reason for the Proposals

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

4. Next Steps and Timetable for Implementation

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

5. Potential Impact on Objectives

- 5.1 The development of the Strategic Risk Register will not impact directly on the JTC's objectives, however the approach to strategic risk management will support the JTC by acknowledging the most significant threats to the achievement of its objectives and putting plans in place to manage them, e.g. the development of the North East Transport Plan and its subsequent delivery should incorporate measures to manage the key risks appropriately.

6. Finance and Other Resources Implications

- 6.1 There are no financial implications arising from this report.

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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 risks to the achievement of the JTC's overall objectives.

9. Equalities and Diversity

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

10. Crime and Disorder

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

11. Consultation /Engagement

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

12. Other Impact of the Proposals

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

13. Appendices

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

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

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

14. Background Documents

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

15. Contact Officers

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

Tracy.Davis@sunderland.gov.uk

16. Sign off

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

Strategic Risks - Summary			
Risk Title & Description	Risk Level (RAG Rating)	Direction of Travel	Notes
Risks to Achievement of JTC Strategic Objectives			
<p><u>1 Carbon Neutral Transport</u></p> <p>Failure to achieve the aspiration of carbon neutral transport network within the JTC area by 2035.</p>	Red 12	N/a	New - Due to possible negative impact of Covid-19 on future funding and need for behavioural change
<p><u>2 Inequality and Growth of the Economy</u></p> <p>Failure to achieve the planned outcomes to overcome inequality and support the growth of the economy in the JTC area</p>	Red 12	N/a	New - Due to possible negative impact of Covid-19 on future funding and cost and service availability users of public transport
<p><u>3 Health</u></p> <p>Failure of the transport system to achieve the planned outcomes to contribute the improvements in health of the population in the JTC area.</p>	Amber 8	N/a	New – Positive impact of Covid-19 on active travel counterbalanced by possible negative impact of Covid-19 on future funding and need for behavioural change
<p><u>4 Appealing Sustainable Transport</u></p> <p>The transport network within the JTC area fails to achieve the planned outcomes regarding the offer of appealing sustainable transport choices to people living or working in the area or visiting or travelling through the area.</p>	Red 12	N/a	New - Due to possible negative impact of Covid-19 on future funding and cost and service availability to users of public transport
<p><u>5 Safety and Security</u></p> <p>The transport system within the JTC area fails to achieve the planned outcomes regarding its safety and security</p>	Amber 8	N/a	New- Arrangements in place but possible negative impact of Covid-19 on future funding

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JTC Organisation Risks			
<p><u>1 Future Availability of Funding</u></p> <p>Sources and levels of funding available to the JTC to develop the North-East regions transport infrastructure within the region may reduce.</p>	Red 12	Static	N/a
<p><u>2 Funding Opportunities</u></p> <p>Failure of the JTC to secure the maximum amount of transport funding available to progress transport infrastructure in the North-East region.</p>	Amber 8	Static	N/a
<p><u>3 Use of Funding and Resources</u></p> <p>Funding secured for transport initiatives within the North-East region by the JTC and its partners may not be able to be used on a timely basis or be sufficient to complete intended projects.</p>	Amber 8	Static	N/a
<p><u>4 Governance Arrangements</u></p> <p>The governance arrangements of the JTC are not appropriate to allow effective and timely decision making and the achievement of its objectives</p>	Green 4	Static	N/a
<p><u>5 Operational Capacity and Resourcing</u></p> <p>The JTC does not have the necessary operational capacity, skills and budget, to successfully deliver the JTC's objectives and plans.</p>	Amber 8	Static	N/a
<p><u>6 Delivery of Transport Improvement Projects/Programmes</u></p> <p>Projects which are funded through the JTC are delayed, are significantly overspent or do not deliver the intended product to meet the identified transport need.</p>	Amber 8	Static	N/a
<p><u>7 Transport Infrastructure Assets</u></p> <p>Transport assets, which are the responsibility of the JTC, are inadequately managed and maintained.</p>	Green 6	Static	N/a
<p><u>8 Service Delivery</u></p> <p>Inadequate arrangements are in place to ensure that adequate levels of public transport services, for which the JTC has oversight, are maintained by the JTC's transport delivery partners.</p>	Green 6	Static	N/a

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<p>9 'Catastrophic Event'</p> <p>Inadequate arrangements are in place should a 'catastrophic' event occur which seriously impacts the transport system in the North East. e.g. public health emergency, security incident, infrastructure collapse (e.g. power, fuel)</p>	<p style="text-align: center;">Amber 8</p>	<p style="text-align: center;">N/a</p>	<p style="text-align: center;">New risk- Arrangements in place but always uncertainty re nature of event and potential impact.</p>
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Strategic Risks - Details

Risks to Achievement of JTC Strategic Objectives	
<p>1 <u>Carbon Neutral Transport</u></p> <p>Failure to achieve the aspiration of a fully carbon neutral transport network within the JTC area by 2035.</p>	<p><u>Risk Owner</u> Head of Paid Service (for Transport)</p>
	<p><u>Risk Score</u></p>
	<p>Red 12</p>
	<p>Likelihood – Medium 3 Impact – Critical 4</p>
<p>Possible Cause(s):</p> <ol style="list-style-type: none"> 1 Growing demand for car travel and freight as economy grows 2 Road vehicle owners holding on to current more polluting vehicles for longer e.g. people may be less reluctant to increase personal spending, commit to loans during recession or if people have been furloughed or lost their job as a result of Covid-19 they may be unable to afford a new car 3 Drivers' unwillingness or inability to give up the use of their car and use more sustainable forms of transport e.g. walking, cycling or public transport for reasons such as convenience, independence, no practical alternative mode of sustainable transport available to meet needs 4 'Range anxiety' and lack of awareness resulting in consumers opting to purchase diesel/petrol vehicles instead of Electric Vehicles (EVs) 5 Lack of charging infrastructure to support increase in uptake of EVs and lack of EV charging infrastructure to support EV owners who do not have off street parking 6 High cost of Electric Vehicles when compared to diesel/petrol cars/vans. 7 Lack of incentives (e.g. financial) for road users to adopt zero/low emission vehicles 8 Public health concerns/fears, e.g. spread of Covid-19 during pandemic, about use of alternative modes of transport e.g. bus, train, Metro and associated inconvenience e.g. limited numbers/capacity due to need for social distancing, use of face mask causing greater use of road vehicles may put off people using low emission public transport 9 Public reluctance to use public transport following government's advice during Covid-19 lockdown to only use public for essential journeys that cannot be made by walking, cycling or by car. Public may have interpreted this message to mean that public transport is unsafe/ people are at risk of Covid-19 when using public transport. 10 Increased road traffic volumes and/or poor road infrastructure/traffic flow management causing congestion 11 Lack of effective carbon offset schemes 12 Poor infrastructures for cycling, walking and lack of segregated cycleways. 13 Reluctance to cycle instead of using the car over perceptions that cycling is unsafe. 	

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- 14 Lack of expansion in, public transport network meaning that some communities are not served by the public transport network and therefore need to rely on car travel
- 15 Withdrawal of some bus routes or service frequencies resulting in some communities not being served by public transport.
- 16 Lack of committed long term funding at local, regional or national government level.
- 17 Lack of regular funding for EV infrastructure
- 18 Lack of prioritisation of carbon neutral agenda by transport policy decision makers
- 19 Safety and security concerns about using public transport, cycling or walking at particular times of day
- 20 Council/transport delivery partners policies and priorities are not aligned to JTC aims/plans re carbon neutrality for transport.
- 21 The potential effect of the activities planned by JTC and its delivery partners to achieve carbon neutrality are over-stated.
- 22 Road building/widening schemes in North East e.g. A19 will attract greater road usage.
- 23 Lack of a coordinated realistic regional plan and vision to achieve a carbon neutral transport network in the North East region and/or lack of will or resources to deliver plan by all or any stakeholder in transport.
- 24 Lack of confidence by residents in the use of public transport e.g. fear for safety, harassment.

Potential Impact/Consequence:

The levels of carbon dioxide, nitrogen dioxide, other greenhouse gases and air particulates will remain high so:

- a) contributing to climate change with potential for extreme weather events.
- b) continuing to effect adversely the health of the population by increasing symptoms of respiratory (e.g. asthma) and cardiovascular disease (e.g. lung cancer, strokes, heart disease) in some cases leading to death. Air pollution can also an impact of child development and development of dementia. This increases pressure on NHS resources e.g. increase hospital admissions.
- c) contributing to lower productivity in the region due to work absence for health reasons
- d) exacerbating health inequalities as certain groups in society are more susceptible to high levels of air pollution e.g. elderly, children, those with disabilities, lower income groups who tend to live in housing in urban areas near roads

Likelihood (including controls already in place)

- Under climate change legislation UK government has goal that the country achieves carbon neutrality by 2050. Legal limits are in place re levels of air pollution
- UK government has adopted measure to improve air quality. These include:
 - a) intention to ban sale of new petrol and diesel cars by 2040
 - b) investment in technological innovation re road vehicles e.g. batteries.
 - c) Introduction of an 'Air Quality Plan' to reduce air pollution. As part of this plan funding schemes have been made available for extending the charging infrastructure for ultra-low emission vehicles (ULEV) including fast charging, putting low emission buses and taxis on the road, and improving cycling and walking infrastructure
- Both Combined Authorities and all seven Local Authorities in the region have declared a 'climate emergency' undertaking to make environmental considerations as part of decision making and working to reduce carbon emissions.
- The JTC received £10m from Tranche 1 of Transforming Cities Fund (TCF) for the funding of schemes that encourage more travel by bus, cycling and walking, improving connectivity to city centres and key employment sites.
- Award of £198m from Tranche 2 of the TCF to JTC will be used to deliver 27 transformational schemes that will improve the frequency and reliability of the Metro, speed up urban buses, make rail

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services more reliable, extend the cycling network and improve Park and Ride facilities.

- The region received £3m (from ERDF and Office for Low Emission Vehicles) to deliver the Go Ultra Low Programme is JTC's Transport Strategy Unit (TSU) are completing a project to deliver ULEV charging stations and points.
- The JTC has been awarded £100,000 from the Local Growth Fund to carry out an enabling study to identify 25 strategic sites for the installation of EV charging infrastructure. £500,000 LGF has been reserved to take forward between 4-6 priority EV hubs by summer 2021. This will increase the availability of EV charging infrastructure in the region.
- The JTC has received £2.262m from Tranche 1 of the Department for Transport's Emergency Active Travel Fund. The funding has been used to install 'pop up' measures to support and encourage the increase in cycling and walking experienced during lockdown.
- The JTC has submitted a bid to Tranche 2 of the Emergency Active Travel Fund requesting £15.7m to install an ambitious programme of measures to reallocate road space to cycling and walking.
- 10 UK government has introduced Clean Air Zone (CAZ) framework for cities. As part of this Newcastle, Gateshead and North Tyneside Council are in the process of adopting a clean air zone.
- Councils have a responsibility to assess levels of air quality and if necessary, adopt a remedial plan and powers to tackle air pollution. Councils also have access to funding via the Air Quality Grant Scheme.
- Councils can use licensing powers to introduce emission requirements on taxi/private hire vehicles.
- Bus operators within the region are using greater numbers of low emission buses. However, these are not in sufficient numbers to meet the stringent requirements for Clean Air Zones. This is partly because the funding for modifications for buses is less than for vans or taxis.
- Nexus are in the process of upgrading the Metro' infrastructure and rolling stock to provide improved services and reliability.
- The Covid -19 pandemic has caused:
 - a) A switch to the use of cars (high greenhouse gas emitters), a growth in cycling and walking and a decline in public transport patronage. This is possibly due to the need for social distancing, increased home working reducing the need to travel and a fear of catching the virus
 - b) There has been a huge reduction in the use of public transport including bus services and the Metro causing a severe loss in income. Without appropriate funding this may result in a future reduction in service level provision in public transport services
 - c) Air quality improved during the lockdown due in part to less transport activity.
- JTC members, Transport North East officers and partners of the JTC e.g. local councils continue to lobby and engage with the UK government at national and subnational level i.e. Transport for the North (TfN) to:
 - a) ensure policy makers and decision makers are aware of the transport vision, plan and policies and needs for the North East are known and
 - b) persuade government to make transport funding a priority
- Electric charging infrastructure for taxis is currently being installed at appropriate sites across the region.
- The effect and cost of the Covid-19 pandemic on the UK economy may cause the UK government to reduce the level of funding available to the region to enable it to achieve it transport carbon neutral objective.

Further Mitigating Actions	Lead Officer(s)
A North East Transport Plan is planned to be adopted by the JTC in 2021. One of the plan's objectives is to achieve transport carbon neutrality with associated targets attached. The document will provide the planned activity necessary to achieve this goal.	Tobyn Hughes Managing Director, Transport North East
Capital projects funded by TCF Phase 2 to delivered in line with timescales	Tobyn Hughes Managing Director, Transport North East

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Go Ultra Low taxi project to be delivered, improving access to electric vehicle charging infrastructure for the taxi trade	Tobyn Hughes Managing Director, Transport North East
Scheme promoters to deliver schemes funded through Emergency Active Travel Fund. Schemes will deliver improvements for cycling and walking.	Tobyn Hughes Managing Director, Transport North East
The Go Ultra Low North East programme is to be delivered by January 2021. The aim of the programme is to increase the uptake of ultra-low emission vehicles (ULEVs) in the North East	Tobyn Hughes Managing Director, Transport North East

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<p><u>2 Inequality and Growth of the Economy</u></p> <p>Failure of the transport system to achieve the planned outcomes to overcome inequality* and support the growth of the economy in the JTC area</p>	<p style="text-align: center;"><u>Risk Owner</u> Head of Paid Service (for Transport)</p> <hr/> <p style="text-align: center;"><u>Risk Score</u></p> <p style="text-align: center; background-color: red; color: white; font-weight: bold;">Red 12</p> <p style="text-align: center;">Likelihood – Medium 3 Impact – Critical 4</p>
<p>Possible Cause(s):</p> <p>Transport Inequality*</p> <ol style="list-style-type: none"> 1 Transport network does not adequately allow all residents to access transport to meet their needs e.g. transport is not available or not reachable, or if it is, the service is unreliable, or is not frequent enough or runs at the wrong times. This could be due to: <ol style="list-style-type: none"> a) Poor planning where transport infrastructure to support new housing or business development is not adequately considered. b) Inadequate understanding of transport needs of residents and businesses c) The geographic spread of communities in rural areas means it may not be cost effective to provide public transport d) Lack of funding from government (central or local) due to policy or financial necessity due to economic downturn to operate current transport service provision or to develop new or alternative public transport provision e) Lack of resources to maintain transport infrastructure and fleets to service users 2 Costs to users of public transport provision is prohibitive due to: <ol style="list-style-type: none"> a) High fares e.g. as a result of inflation b) Reduction in subsidies/concessions to users of public transport as a result of government policy or financial necessity due to an economic downturn or public investment priority is road and rail rather than bus/Metro which affects those on low incomes disproportionately more. 3 Inadequate communication between providers of public transport in different area resulting in a lack of integration of services causing users to be unable to complete journeys in a reasonable time. 4 Lack of integrated and partnership working between organisation responsible for transport policy and service delivery and other stakeholders e.g. those responsible for employment, education, skills, housing and economic development policy; alternative public transport service providers e.g. community transport etc. 5 Council/transport delivery partners policies and priorities are not aligned to JTC aims/plans re transport inequality and economic growth. 6 Residents are not aware of all the public transport services available and do not know where to go to access public transport information. 7 Lack of innovative transport solutions to address transport inequality 8 Lack of flexible ticketing options for public transport e.g. tickets that allow travel on services provided by more than one operator, lack of saver tickets which do not require passengers to travel daily to get the best value. <p>Growth of the Economy</p>	

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- 1 Insufficient capacity within the transport infrastructure to allow businesses to connect to suppliers, and consumers either at a local, regional, national and/or international level. Causes could be:
 - a) A failure to understand the current and future transport needs of north east businesses and to develop and deliver clear overall plans to meet those needs
 - b) Poor design of transport solutions e.g. wrong place or wrong mode of transport
 - c) Lack of funding from government (central or local) due to policy or financial necessity due to an economic downturn to develop and deliver transport improvement projects leading to inaction, delay or cancellation.
 - d) Lack of involvement by relevant North East bodies in regional, national transport initiatives and central government to put forward transport case re connectivity to the north east region
 - e) Lack of agreement as to the prioritisation of transport improvement projects.
- 2 Transport routes available are not sufficiently efficient for business needs e.g. long journey times, lack of safety of goods, unreliable. Causes could be:
 - a) Poor management of transport networks causing congestion on roads, poor timetabling of services e.g. rail
 - b) Lack of prioritisation for adequate maintenance e.g. roads, rail, rolling stock
 - c) Lack of adequate funding to deliver improvements to the transport network.
- 3 The transport infrastructure does not allow businesses to access the employment pool available within the region that they require. The possible causes are as those for transport inequality above.

Other

- 1 Lack of a coordinated realistic regional transport plan and vision to overcome transport inequality and to support the growth of the economy in the North East region and/or lack of will or resources to deliver plan by all or any stakeholder in transport

(* 'Transport inequality' is defined as the failure to provide adequate public transit options for low income residents making it difficult for a) residents to find and commute to higher paying jobs, or education and training, that would help them improve their economic status and/or b) residents to travel to key services to meet their needs whether business, medical or leisure)

Potential Impact/Consequence:

- 1 Residents, particularly low-income earners, in the north east will not be able to access work or move into education and training that could improve their prospects e.g. economic, health. Progress on social mobility in the region will be limited.
- 2 Residents in some areas of the region will not be able to access health care and other essential services as a result of a poor transport network.
- 3 Without appropriate transport infrastructure business may choose to locate or expand business in locations other than the north east resulting in loss of new employment opportunities for its residents, and loss of investment and income to the region.

Likelihood (including controls already in place)

- Currently there is no commitment to invest to grow the capacity and resilience of the East Coast Mainline corridor between York and Newcastle to link the region to HS2 and other Northern Powerhouse rail routes. The East Coast Main Line is unable to cope with existing demand, let alone that of the future. If the line is not invested in the economic gap between the north and south will widen and 'levelling up' won't be achieved.
- Government measures as a result of the Covid-19 pandemic has resulted in the reduction of public transport services e.g. bus, Metro, rail and a lack of capacity due to the need to socially distance.

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This impacts to a greater extent those on lower incomes and those without access to a car.

- Local councils continue to contribute to a transport levy to the Joint Transport Committee to fund concessionary fares schemes and subsidies for bus services in the region and the Tyne and Wear Metro service. However due to financial pressure on councils in recent years this has remained fairly static. With the reduced use of public transport, the demand for increases in subsidies may rise if current service levels are to be maintained.
- The JTC has recently been awarded £198.483m from Tranche 2 of the Transforming Cities Fund. The funding will be used to deliver 27 transformational schemes that will improve the frequency and reliability of the Metro, speed up urban buses, make rail services more reliable, extend the cycling network and improve Park and Ride facilities.
- Significant major road schemes are currently being undertaken on the strategic road network e.g. A19, A1 improvements to improve traffic flows.
- The Covid-19 pandemic has reduced Metro and bus patronage resulting in financial losses. These losses have been supported by a short-term funding grant from government. If this funding ceased and patronage levels do not increase bus companies and Nexus will be making a loss which could result in the need to reduce/ withdraw some services.
- Nexus are currently completing a programme of Metro infrastructure improvements and are starting a programme of replacing its rolling stock.
- The area served by the JTC has approximately a third of its population living in rural communities.
- JTC members, Transport North East officers supporting the JTC and partners of the JTC e.g. local councils continue to lobby and engage with the UK government at national and subnational level i.e. Transport for the North (TfN) to:
 - a) ensure policy makers and decision makers are aware of the transport vision, plan and policies and needs for the North East are known and
 - b) persuade government to make transport funding a priority
- East-west connectivity from the region is slow via road and rail
- The Metro is currently accessible to 40% of the population with bus use per household the highest in England outside London.
- Projects have recently been completed to enhance accessibility e.g. opening of new railway station at Horden and improvements in traffic management systems and bus prioritisation
- The JTC has received £2.262m from Tranche 1 of the Department for Transport's Emergency Active Travel Fund. The funding has been used to install 'pop up' measures to support and encourage the increase in cycling and walking experienced during lockdown.
- The JTC has submitted a bid to Tranche 2 of the Emergency Active Travel Fund requesting £15.7m to install an ambitious programme of measures to reallocate road space to cycling and walking.
- The region has come together to focus its attention on recovery with transport and digital being a key element. A Mobility and Connectivity Blueprint is being developed to make the case for investment in the region to aid recovery from the pandemic.

Further Mitigating Actions	Lead Officer(s)
Development of the Mobility and Connectivity Blueprint which makes a compelling narrative and description of our needs available within accelerated timescales to recover from the pandemic.	Tobyn Hughes Managing Director, Transport North East
Continue to make the case to government for urgent investment in the East Coast Main Line north of York	Tobyn Hughes Managing Director, Transport North East

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<p>A North East Transport Plan is currently being produced. One of the Plan's objectives is to 'overcome inequality and grow our economy'. The Transport Plan will be accompanied by an Intervention Plan which will set out how objectives will be achieved.</p>	<p>Tobyn Hughes Managing Director, Transport North East</p>
<p>Capital projects funded by TCF Phase 2 to be delivered in line with timescales.</p>	<p>Tobyn Hughes Managing Director, Transport North East</p>
<p>Scheme promoters to deliver schemes funded through Emergency Active Travel Fund. Schemes will deliver improvements for cycling and walking</p>	<p>Tobyn Hughes Managing Director, Transport North East</p>

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<p><u>3 Health</u></p> <p>Failure of the transport system to achieve the planned outcomes to contribute to the improvements in health of the population in the JTC area.</p>	<p style="text-align: center;"><u>Risk Owner</u> Head of Paid Service (for Transport)</p> <hr/> <p style="text-align: center;"><u>Risk Score</u></p> <p style="text-align: center; background-color: yellow;">Amber 8</p> <hr/> <p style="text-align: center;">Likelihood – Low 2 Impact – Significant 4</p>
<p>Possible Cause(s):</p> <p>The transport system can contribute to the health improvement of the population in 2 ways by a) increasing the amount of 'active travel'* and b) reducing the amount of air pollution. Causes which may prevent progress in these 2 areas are:</p> <p>Active Travel</p> <ol style="list-style-type: none"> 1 Fear for personal safety, perceived or real. 2 Lack of time to make journeys using active travel 3 Convenience and comfort of using the car (e.g. carrying heavy/bulky items, avoiding bad weather) 4 Unwillingness to take part in active travel. 5. Lack of facilities to support active travel e.g. changing/showering/locker facilities, secure cycle parking 6 Lack of fit for purpose, well maintained walking/cycling infrastructure e.g. lack of segregated cycle lanes, lack of continuous routes between home and workplace/school/community service. 7 Impracticality for journey purpose, e.g. school drop off on way to work, shopping on way home from work, may not be suitable for people with disabilities 8 Plans and policies, e.g. council Local Plans, do not take into account the active travel agenda. 9 Lack of support/confidence to change travel behaviour to active modes and lack of confidence in ability to cycle, particularly on roads 10 Insufficient promotion and knowledge of existing walk/cycle routes <p>Air Quality</p> <p>Refer to possible causes re Strategic Risk 1, Carbon Neutral Transport</p> <p>Other</p> <ol style="list-style-type: none"> 1 Lack of available funding to develop or maintain infrastructure 2 Policies of JTC and other stakeholders e.g. councils are not aligned. 3 Competing priorities e.g. improving journey times for vehicles to aid economic activity yet reducing speed of traffic for cyclists/walkers; need for essential road maintenance when desire to improve/develop active travel facilities. 4 Lack of a coordinated realistic regional plan and vision to achieve the planned outcomes to contribute to the improvements in health of the population in the North East region and/or lack of will or resources to deliver plan by all or any stakeholder in transport 5 Lack of committed long term funding at local, regional or national government level <p style="background-color: yellow;">**'Active travel' is defined as the use of walking and cycling as a means of transport to get to a particular destination e.g. work, shopping, visit friends. Active travel can be used for a complete journey or part of a journey e.g. walk to get on a bus</p> <p>Potential Impact/Consequence:</p>	

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- 1 Continued overcrowding of public transport e.g. trains and buses exacerbated by social distancing due to the Covid-19 pandemic will continue
- 2 Levels of congestion on roads will not be reduced, therefore air quality will not improve.
- 3 Road casualties will not be reduced.
- 4 The benefits of physical activity in the area will not be realised e.g. lower death rates; lower rates of cardiovascular disease, cancer, obesity, diabetes; better mental health so maintaining the pressure on NHS services and costs
- 5 Levels of absenteeism from work due to ill health will be not reduced so productivity declines.
- 6 Improvements in quality of life in the area will not be achieved i.e. better air quality, lower carbon emissions from transport, reduced noise pollution from transport

Likelihood (including controls already in place)

Active Travel

- July 2020 Government published 'Gear Change: a bold vision for cycling and walking.' The document sets out actions required by government to make England a great cycling and walking nation.
- Government has also provided funding to:
 - a) Improve cycling facilities at railway stations
 - b) Provide programmes to support walking to school
 - c) Cycling UK to provide bike maintenance and cycling classes.
- The government operates a 'cycle to work' scheme which is a tax exemption initiative to promote cycling to work. Employers can loan cycles to employees as a tax-free benefit.
- There has been a recent increase in the uptake of cycling and walking during the Covid-19 pandemic period. With the ongoing need for social distancing including public transport this uptake is likely to be maintained for the foreseeable future.
- Post Covid-19 pandemic the Government has announced a £250 million emergency active travel fund which is to be used to:
 - a) adopt a bike voucher repair scheme to get unused bikes owned by the public repaired. Its effectiveness will be monitored to see if scheme will be continued.
 - b) provide initially pop-up measures to create a safer environment for walking and cycling in England. The North East received £2.262m from Tranche 1 of the Fund to quickly deliver temporary improvements. The JTC has submitted a bid to Tranche 2 of the Emergency Active Travel Fund requesting £15.7m to install an ambitious programme of measures to reallocate road space to cycling and walking. These measures will improve safety for pedestrians and cyclists and encourage active travel. This emergency active travel fund is part of a £2 billion funding package nationally for investment in cycling and walking.
- Councils have received government guidance e.g. 'Working Together to Promote Active Travel', National Planning Policy Framework which encourages them to shape and create an environment to encourage active travel via a basket of measures e.g. via planning process to allow the built environment to encourage cycling/walking; 20 mph speed limit zones; improving infrastructure for cycling; school travel plan development; access to green spaces; good street lighting; road crossing points etc.
- Government issued in May 2020 statutory guidance for Local Authorities on the reallocating of road space in response to COVID-19. The aims of the reallocation of road space is to increase in the number of cyclists and pedestrians and enable social distancing.
- The JTC area contains many cycling routes, some of which are part of the national cycling network.

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Air Pollution

- Refer to 'likelihood' section re Strategic Risk 1, Carbon Neutral Transport.

Other

- JTC members, Transport North East officers supporting the JTC and partners of the JTC e.g. local councils continue to lobby and engage with the UK government at national and subnational level i.e. Transport for the North (TfN) to:
 - a) ensure policy makers and decision makers are aware of the transport vision, plan and policies and needs for the North East are known and
 - b) persuade government to make transport funding a priority
- Lack of a coordinated realistic regional plan to achieve a carbon neutral transport network in the North East region which contributes to improvements in health outcomes, and/or lack of will or resources to deliver plan by all or any stakeholder in transport.

Further Mitigating Actions	Lead Officer(s)
A North East Transport Plan is currently being produced. One of the Plan's objectives is to 'contribute to health improvements of the population'. The Transport Plan will be accompanied by an Intervention Plan which will set out how objectives will be achieved.	Tobyn Hughes Managing Director, Transport North East
Capital projects funded by TCF Phase 2 to be delivered in line with timescales	Tobyn Hughes Managing Director, Transport North East
Delivery of projects funded by Emergency Active Travel Fund. Projects will provide improvements for pedestrians and cyclists and will support the increase in cycling and walking experience during the pandemic.	Tobyn Hughes Managing Director, Transport North East

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<p><u>4 Appealing Sustainable Transport</u></p> <p>The transport network within the JTC area fails to achieve the planned outcomes regarding the offer of appealing sustainable transport* choices to people living or working in the area or visiting or travelling through the area.</p>	<p style="text-align: center;"><u>Risk Owner</u> Head of Paid Service (for Transport)</p> <hr/> <p style="text-align: center;"><u>Risk Score</u></p> <p style="text-align: center; background-color: red; color: white; font-weight: bold;">Red 12</p> <p style="text-align: center;">Likelihood – Medium 3 Impact – Critical 4</p>
<p>Possible Cause(s):</p> <ol style="list-style-type: none"> 1 Lack of understanding, when developing the sustainable transport offer, of what potential users i.e. citizens or visitors, consider to be important and 'appealing' when considering whether to use alternatives to the car. 2 Infrastructure for sustainable transport does not address potential users' fears, perceived or otherwise, regarding their personal safety and security e.g. injury, illness e.g. Covid-19, harassment/personal attack. The infrastructure e.g. separate cycle lanes, lighting, security measures etc may be absent completely or insufficient. 3 Transport provision currently in place or to be developed does not adequately allow citizens and visitors to access sustainable transport options to meet their needs e.g. sustainable transport is not available or not reachable, or if it is, the service is unreliable, does not have sufficient capacity or is not frequent enough or runs at the wrong times or does not take them to destination they require. This could be due to: <ol style="list-style-type: none"> a) Poor planning where sustainable transport infrastructure to support citizen/visitor needs, and appeal to, is not adequately considered. b) Inadequate understanding of transport needs of residents and visitors c) The geographic spread of communities in rural areas means it may not be economic for the provision of appropriate sustainable transport options e.g. bus services in rural areas are often poor or non-existent because they are not commercially viable for bus operators. d) Lack of funding from government (central or local) to operate sustainable transport service provision or to develop new or alternative sustainable transport provision. As a result, for example, vehicles breakdown more often and become unreliable or cycle routes are not maintained so they are less likely to be used. e) Lack of resources to maintain sustainable transport infrastructure and fleets to potential users 4 Costs to users of sustainable public transport provision, e.g. buses, trains, Metro, is perceived to be high relative to the use of a car due to: <ol style="list-style-type: none"> a) Level of fares and b) Reduction in subsidies/concessions to users of public transport as a result of government (national/local) policy or financial necessity due to an economic downturn e.g. Covid-19 impact. 5 Inadequate communication between providers of sustainable transport in different areas resulting in a lack of integration of services/routes causing users to be unable to complete journeys in a reasonable time. 6 Policies and priorities of council/transport delivery partners are not aligned to JTC aims/plans re offer of appealing sustainable transport choices. 7 Road user's unwillingness to give up the use of their current vehicles for other sustainable transport 	

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options e.g. bike, walking, train, Metro, buses for reasons such as convenience, independence, perceived cost, journey time etc. This may mean no sustainable alternative mode of transport will be considered 'appealing' a citizen, visitor.

- 8 Lack of an overall sustainable transport plan for the area as a whole to deliver an appealing sustainable transport offer which provides a blueprint for the north east area overall to which all transport delivery partners e.g. councils, Nexus, rail providers etc can support and help to deliver.
- 9 Inability to plan journeys and purchase tickets seamlessly across all modes of transport and operators.
- 10 Residents are not aware of all the public transport services available and do not know where to go to access public transport information.

* Sustainable transport is defined as alternative modes of transport to the car which do not use or rely on dwindling natural resources e.g. renewable energy. This includes walking and cycling as well as other forms of public transport but excludes cars.

Potential Impact/Consequence:

- 1 Levels of congestion on roads and road casualties will not be reduced.
- 2 Health of population does not improve so maintaining the pressure on NHS services and costs.
- 3 The benefits of physical activity in the area will not be realised e.g. lower death rates; lower rates of cardiovascular disease, cancer, obesity, diabetes; better mental health.
- 4 Levels of absenteeism from work due to ill health will be not reduced so reducing productivity.
- 5 Improvements in quality of life in the area will not be achieved i.e. better air quality, lower carbon emissions from transport, reduced noise pollution from transport
- 6 The number of tourists may be reduced.
- 7 Investment in region may be reduced.

Likelihood (including controls already in place)

- Currently no commitment to invest to grow the capacity and resilience of the East Coast Mainline corridor between York and Newcastle ensuring that the line is 'HS2/NPR ready' by the 2030s. The East Coast Main Line is unable to cope with existing demand, let alone that of the future. If the line is not invested in the economic gap between the north and south will widen and 'levelling up' won't be achieved
- The JTC has received £2.262m from Tranche 1 of the Department for Transport's Emergency Active Travel Fund. The funding has been used to install 'pop up' measures to support and encourage the increase in cycling and walking experienced during lockdown.
- The JTC has submitted a bid to Tranche 2 of the Emergency Active Travel Fund requesting £15.7m to install an ambitious programme of measures to reallocate road space to cycling and walking.
- In July 2020 Government published their cycling and walking plan 'Gear Change; a bold vision for cycling and walking.' The document sets out actions required by government to make England a great cycling and walking nation. Actions are grouped under 4 themes:
 - a) better streets for cycling and people
 - b) cycling and walking at the heart of decision-making
 - c) empowering and encouraging local authorities
 - d) enabling people to cycle and protecting them when they do
- The UK government has also provided funding to improve cycling facilities at railway stations, provide

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programmes to support walking to school and, via Cycling UK, to provide bike maintenance and cycling classes.

- Local Authorities have also developed schemes to improve cycling and walking infrastructure. There are a number of cycling schemes in the Local Growth Fund Local Sustainable Transport Fund (LSTF) capital package
- Funding from the Transforming Cities Fund has recently been awarded to the JTC for delivery of transport schemes within the north east. This has, via Tranche 1, provided to the JTC capital funding for schemes to encourage travel by bus, cycling and walking. Urban traffic management centres have been expanded to manage traffic and provide bus prioritisation. The £198.483m received for Tranche 2 will be used to deliver 27 transformational schemes that will improve the frequency and reliability of the Metro, speed up urban buses, make rail services more reliable, extend the cycling network and improve Park and Ride facilities.
- Bus operators within the region are using greater numbers of low emission buses. However, these are not in sufficient numbers to meet the stringent requirements for Clean Air Zones. This is partly because the funding for modifications for buses is less than for vans or taxis.
- Nexus are in the process of upgrading the Metro' infrastructure and rolling stock to provide improved services and reliability.
- Local councils continue to contribute to a transport levy to the Joint Transport Committee to fund concessionary fares schemes and subsidies for bus services in the region and the Tyne and Wear Metro service. However due to financial pressure on councils this has remained fairly static over recent years. This, together with the reduced use of public transport due to Covid- 19, the demand for increases in subsidies may rise if current service levels are to be maintained otherwise fares may have to rise
- Measures to control the spread of the Covid-19 virus include social distancing and wearing of face masks in enclosed spaces. Social distancing has meant the capacity of sustainable public transport has been significantly reduced.
- Due to the Covid -19 virus the public use of sustainable public transport, although increasing, has not returned to pre-Covid 19 levels. People are either staying at home e.g. working from home or are seeking either the car or walking/cycling as alternative safer modes of transport where possible.
- During the Covid-19 lockdown public funding e.g. central government funding has been provided to support sustainable transport services e.g. buses, Metro however it is uncertain in the longer term if this funding is to continue and if user numbers/income do not return to pre Covid-19 levels quickly then this may result in fewer sustainable public transport services being offered.
- JTC members, Transport North East officers supporting the JTC and partners of the JTC e.g. local councils continue to lobby and engage with the UK government at national and subnational level i.e. Transport for the North (TfN) to:
 - a) ensure policy makers and decision makers are aware of the transport vision, plan and policies and needs for the North East are known and
 - b) persuade government to make transport funding a priority.
- East-west connectivity from the region is slow via road and rail
- The Metro is currently accessible to 40% of the Tyne and Wear population with bus use per household the highest in England outside London.

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- Projects have recently been completed to enhance accessibility e.g. opening of new railway station at Horden, road improvements to ease congestion and improve traffic flow, resulting in more reliable journey times, delivery of 'pop up' cycling and walking schemes funded by Emergency Active Travel Fund
- The Transport Strategy Unit at the JTC carry out research to get a better understanding of needs of users and potential users.
- Most transport operators are now very good at communicating with customers, particular via social media.
- Transport operators are improving arrangements to allow users to purchase tickets seamlessly across all modes of transport and operators.

Further Mitigating Actions	Lead Officer(s)
Continue to make the case to government for urgent investment in the East Coast Main Line	Tobyn Hughes Managing Director, Transport North East
A review is to be carried out to produce and publish an updated transport vision and transport plan which is evidence based and sets out how transport needs will be addressed taking into account relevant government policies.	Tobyn Hughes Managing Director, Transport North East
Capital projects funded by TCF Phase 2 to be delivered in line with timescales	Tobyn Hughes Managing Director, Transport North East

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<p><u>5 Safety and Security</u></p> <p>The transport system within the JTC area fails to achieve the planned outcomes regarding its safety and security</p>	<p><u>Risk Owner</u> Head of Paid Service (for Transport)</p> <hr/> <p><u>Risk Score</u></p> <p style="background-color: yellow; text-align: center; padding: 2px;">Amber 8</p> <p>Likelihood – Low 2 Impact – Critical 4</p>
<p>Possible Cause(s):</p> <ol style="list-style-type: none"> 1 Lack of understanding, when developing the transport network, of what users and potential users consider to be important when considering safety and security aspects. 2 Poor design of transport infrastructure regarding safety and security of users and employees providing public transport services e.g. road layouts, traffic management e.g. speed limits, safety features on rail/Metro rolling stock and buses, lack of segregation between road users e.g. cars, lorries and cyclists, lack of street lighting or CCTV etc. 3 Competing priorities may compromise safety and security e.g. quicker journey times for vehicles and protection of pedestrians, cyclists. 4 Lack of funding to incorporate the appropriate relevant safety and security features to protect all users of the transport network and provide assurance to them 5 Lack of awareness of, or unwillingness of transport system users e.g. vehicle drivers, pedestrians, cyclists, rail/Metro users to abide by, rules designed to protect them when travelling e.g. highway code, user guidance/warning notices at stations 6 Poor maintenance of transport infrastructure and vehicles leading to accidents and failures in systems to protect transport users. This could be due to poor maintenance regimes or lack of adequate funding. 7 The public perceive public transport to less safe and secure than it actually is. This perception is partially informed by all forms of media, in particular social media e.g. only tend to hear in the news about safety incidents that occur on public transport rather than hear about all of the journeys that are made safely on public transport each day without any incidents. 	
<p>Potential Impact/Consequence:</p> <ol style="list-style-type: none"> 1 Current rate of death and injuries will not be reduced 2 Fear of use of public transport with consequent impact on air quality, congestion, and inequality e.g. if residents are too concerned to travel then this could limit job opportunities and access to further education. 3 Improvements in health will not be achieved e.g. Potential ‘active travel’ users will not transfer due to fears re safety and security. 	
<p>Likelihood (including controls already in place):</p> <ul style="list-style-type: none"> • UK government law and guidance puts an onus on both transport providers, transport user, councils and other transport stakeholders regarding safety and security. • In July 2020 Government published their cycling and walking plan ‘Gear Change; a bold vision for 	

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cycling and walking.' The document sets out actions required by government to make England a great cycling and walking nation. Actions are grouped under 4 themes:

- a) better streets for cycling and people
- b) cycling and walking at the heart of decision-making
- c) empowering and encouraging local authorities
- d) enabling people to cycle and protecting them when they do

- The UK government has also provided funding to provide bike maintenance and cycling classes.
- Funding from the Transforming Cities Fund has recently been awarded to the JTC for delivery of transport schemes within the north east. This has provided to the JTC capital funding for schemes to improve and extend dedicated cycling networks and improved walking infrastructure.
- Post Covid-19 pandemic the Government has announced a £250 million emergency active travel fund which is to be used in part to provide initially pop-up measures to create a safer environment for walking and cycling in England. Approximately £2.62m is available to the JTC from Tranche 1 of the fund and is to be spent on schemes that meaningfully alter the status quo on the road to allocate space to cyclists and pedestrians. The JTC has submitted a bid to Tranche 2 of the Emergency Active Travel Fund requesting £15.7m to install an ambitious programme of measures to reallocate road space to cycling and walking.
- Councils have received government guidance e.g. 'Working Together to Promote Active Travel', National Planning Policy Framework which encourages them to shape and create an environment to encourage active travel via a basket of measures e.g. via planning process to allow the built environment to encourage cycling/walking; 20 mph speed limit zones; improving infrastructure for cycling; good street lighting; road crossing points etc.
- Council issued in May 2020 with statutory guidance requiring Councils to reallocate road space to allow the increase in the number of cyclists and pedestrians.
- JTC members, Transport North East officers supporting the JTC and partners of the JTC e.g. local councils continue to lobby and engage with the UK government at national and subnational level i.e. Transport for the North (TfN) to:
 - a) ensure policy makers and decision makers are aware of the transport vision, plan and policies and needs for the North East are known and
 - b) persuade government to make transport funding a priority
- Nexus continues to operate legally required safety management systems for buses, Metro and the Ferry accredited by relevant enforcement agency. They include compliance with robust engineering standards, liaison with police re anti-social behaviour, security patrols, use of CCTV, promoting a safety and security culture and development of security plans for individual Metro stations and the Metro as a whole.
- Nexus are currently completing a programme of Metro infrastructure improvements and are starting a programme of replacing its rolling stock.
- The possibility of Covid-19 transmission when using public transport network together with the need to maintain social distancing rules has meant reduced numbers using public transport. Cars, motorcycles and active travel become more attractive to use however new users may not have the skills and knowledge to keep themselves and others safe.
- In 2019 the UK government started a 2-year initiative to reduce road deaths and injuries.

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- Since the easing of lockdown due to the Covid-19 pandemic, measures have been put in place by Nexus, bus and rail companies to ensure that public transport is a safe and secure environment for people to travel, e.g. passengers are required to wear face-coverings on all public transport. Public transport providers in the North East are meeting the Government's Covid-secure standard for public transport. Promotion of public transport that the network is Covid-secure to encourage public transport use is starting e.g. Nexus have website explaining what measures are in place.

Further Mitigating Actions	Lead Officer(s)
A North East Transport Plan is currently being produced. One of the Plan's objectives is to achieve the planned outcomes regarding the safety and security of the transport network. The Transport Plan will be accompanied by an Intervention Plan which will set out how objectives will be achieved	Tobyn Hughes Managing Director, Transport North East
Capital projects funded by TCF Phase 2 to be delivered in line with timescales	Tobyn Hughes Managing Director, Transport North East
Delivery of projects funded by Emergency Active Travel Fund. Projects will provide improvements for pedestrians and cyclists and will support the increase in cycling and walking experience during the pandemic.	Tobyn Hughes Managing Director, Transport North East

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JTC Organisation Risks						
<p><u>1 Future Availability of Funding</u></p> <p>Sources and levels of funding available to the JTC to develop the North-East regions transport infrastructure within the region may reduce.</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; padding: 5px;"><u>Risk Owner</u></td> </tr> <tr> <td style="text-align: center; padding: 5px;">Head of Paid Service (for Transport)</td> </tr> <tr> <td style="text-align: center; padding: 5px;"><u>Risk Score</u></td> </tr> <tr style="background-color: #ff0000; color: white;"> <td style="text-align: center; padding: 5px;">Red 12</td> </tr> <tr> <td style="text-align: center; padding: 5px;">Likelihood – Medium 3 Impact – Critical 4</td> </tr> </table>	<u>Risk Owner</u>	Head of Paid Service (for Transport)	<u>Risk Score</u>	Red 12	Likelihood – Medium 3 Impact – Critical 4
<u>Risk Owner</u>						
Head of Paid Service (for Transport)						
<u>Risk Score</u>						
Red 12						
Likelihood – Medium 3 Impact – Critical 4						
<p>Possible Cause(s):</p> <ol style="list-style-type: none"> 1 A downturn in the UK economy may cause the UK government to reduce funds available for the development of transport infrastructure as part of expenditure cutting exercises nationally e.g. the Covid-19 pandemic will cause a major financial recession, which may reduce the government's ability and willingness to invest in transport infrastructure 2 Uncertainty around the nature and level of future capital funding streams from Government. Some current government funding regimes are due to cease in the next 18 months e.g. Local Growth Fund. There is currently uncertainty as the nature and timing of any replacement funding initiatives e.g. UK Shared Prosperity Fund. 3 A change in UK government transport policy, may mean: <ol style="list-style-type: none"> a) Government policy may not be aligned to support the transport developments and needs of the North East region. This may have an adverse effect on the achievement of transport goals in the North East e.g. transport funding to be concentrated in only certain geographic areas excluding the North East or certain types of transport scheme e.g. rail not road which may not be in line with JTC plans, and/or b) Government funding may be such that major transport projects may be unable to be funded e.g. the time limit put on the length of project funding may mean major projects may not meet funding criteria as projects cannot be completed within relevant time limits. 4 The exit of the UK from the EU may have a negative impact on the availability of funding previously provided from EU sources. Funding programmes from the EU will cease from 2020. Currently funds from the EU funding programmes allocated to the UK up to end of 2020 which have not yet been committed to specific projects are available for use. The UK Shared Prosperity Fund (UKSPF) is likely to replace these lost EU funding streams beyond 2021, however the consultation document expected from Government is delayed and therefore the future funding opportunities, both capital and revenue, are uncertain at this time. The longer the delay the greater the chance of a gap between the end of EU funding (2020) and the introduction of the UKSPF (current earliest start date April 2021) and the greater uncertainty. 						
<p>Potential Impact/Consequence:</p> <p>The JTC would not able to deliver projects to either maintain infrastructure to ensure adequate public transport services are maintained or to improve infrastructure to enhance transport services. This would hinder future economic growth within the region.</p>						

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Likelihood (including controls already in place):

- JTC members, NECA officers supporting the JTC and partners of the JTC e.g. local councils continue to lobby and engage with the UK government at national and subnational level i.e. Transport for the North (TfN) to:
 - a) ensure policy makers and decision makers are aware of the transport vision, plan and policies and needs for the North East are known and
 - b) persuade government to make transport funding a priority.
- JTC work with other potential partners to identify new non-government funding sources which may help to progress the delivery of the JTC transport plans.

Further Mitigating Actions

A review is to be carried out to produce and publish an updated transport vision and transport plan which is evidence based and sets out how transport needs will be addressed taking into account relevant government policies.

Lead Officer(s)

Tobyn Hughes
Managing Director,
Transport North East

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<p>2 <u>Funding Opportunities</u></p> <p>Failure of the JTC to secure the maximum amount of transport funding available to progress transport infrastructure in the North East region.</p>	<p><u>Risk Owner</u> Head of Paid Service (for Transport)</p>
	<p><u>Risk Score</u></p>
	<p>Amber 8</p>
	<p>Likelihood – Low 2 Impact – Critical 4</p>
<p>Possible Cause(s):</p> <ol style="list-style-type: none"> 5. Funding opportunities are missed due to lack of awareness or missing relevant deadlines. 6. Poor quality of funding applications made by JTC 7. Funding may be made available through a competitive process. Strong applications from funding competitors may result in any funding application not being successful at all or only a proportion of the funds applied for being awarded. 	
<p>Potential Impact/Consequence:</p> <p>If opportunities are missed or not maximised by the JTC then progression of plans to deliver the transport improvements required by the region will be significantly delayed. Consequently, the benefits associated with the transport will not be fully realised or delayed e.g. supporting economic growth.</p>	
<p>Likelihood (including controls already in place):</p> <ul style="list-style-type: none"> • JTC officers' horizon scan to identify upcoming funding opportunities. • JTC are in regular contact with the UK government and other funding bodies to identify funding opportunities early. • JTC has established relationships with other bodies at a sub national (e.g. TfN) and local level e.g. councils, universities etc to allow the JTC to work in partnership, where applicable, to exploit funding opportunities by submitting bids for transport funding to benefit the region. • JTC and its partners lobby relevant government bodies to persuade transport infrastructure schemes required for the North East to be included in key government schemes. • The Managing Director, Transport North East and officers of the Transport Strategy Unit (TSU) have experience, skills and knowledge to submit strong bids for funding. They are familiar with the requirements needed for submitting bids and the process to go through. • All projects included in a bid are subject to scrutiny using the TSU's 'Transport Assurance Framework' to ensure the proposed projects are in line with the JTC objectives and plans and meet the bid criteria. • During any application process the TSU liaises with the provider to understand clearly what it is looking for. 	
<p>Further Mitigating Actions</p> <p>A review is to be carried out to produce and publish an updated transport vision and transport plan which is evidence based and sets out how projects will be delivered to meet transport needs with a strong business case. A project 'pipeline' is also being developed.</p>	<p>Lead Officer(s)</p> <p>Tobyn Hughes Managing Director, Transport North East</p>

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<p>3 <u>Use of Funding and Resources</u></p> <p>Funding secured for transport initiatives within the North-East region by the JTC and its partners may not be able to be used on a timely basis or may not be sufficient to complete intended projects or maintain adequate levels of service delivery.</p>	<p><u>Risk Owner</u> Head of Paid Service (for Transport)</p> <hr/> <p><u>Risk Score</u></p> <p style="background-color: yellow; padding: 2px;">Amber 8</p> <hr/> <p>Likelihood – Low 2 Impact – Critical 4</p>
<p>Possible Cause(s):</p> <ol style="list-style-type: none"> 1 Poor project management. 2 Inaccurate assessment of projects costs when submitting funding bids. 3 Delays and costs for a project due to unforeseen events. 4 Lack of understanding of funding conditions including timescales. 5 Insufficient capacity and skills to manage projects. 6 Fraud and corruption. 	
<p>Potential Impact/Consequence:</p> <ol style="list-style-type: none"> 1 Transport projects may not be completed or have to be delayed or the size of project reduced e.g. quality, quantity which may result in intended benefits not being realised and damage to the reputation of the JTC. 2 If the funding is not used by a deadline then funding may be lost. 3 Financial resources earmarked for other future purposes may need to be used to complete current projects causing postponement or delays in other JTC plans. 	
<p>Likelihood (including controls already in place):</p> <ul style="list-style-type: none"> • The Managing Director, Transport North East and officers of the Transport Strategy Unit (TSU) have experience, skills and knowledge to submit strong bids for funding. They are familiar with the requirements needed for submitting bids and the process to go through. • All projects included in a bid are subject to scrutiny using the TSU’s ‘Transport Assurance Framework’ to ensure the proposed projects is in line with the JTC objectives and plans and meets the bid criteria. • Projects delivered by the JTC directly are managed using recognised project management principles. The TSU has the experience and skills to manage projects. • Where projects are delivered by the JTC’s partners e.g. Nexus, the JTC has arrangements in place to gain assurance that the projects are progressing as expected and where not, corrective actions are being taken to effectively manage the key issues e.g. regular reporting by partners. • Where transport projects are to be delivered by an external supplier then any work let is subject to a competitive procurement process. • Where funding is provided through the JTC to third parties to deliver a transport project all third parties have a funding agreement in place which includes the need for the third party to provide details as to progress regarding costs and progress of the project. JTC officers monitor progress on an ongoing basis. • Funding providers provide clear conditions as to the use of funds which is published to all relevant stakeholders. • JTC officer are subject to relevant codes of conduct 	

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Further Mitigating Actions	Lead Officer(s)
Delivery plans and programmes are to be kept under review in light of any issues which may affect funding secured to be used on a timely basis or may mean secured funding may not be sufficient to deliver the intended programmes. Appropriate prompt action is taken to address issues which may arise.	Tobyn Hughes (Managing Director, Transport North East) John Hewitt (NECA Chief Finance Officer)

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<p>4 <u>Governance Arrangements</u></p> <p>The governance arrangements of the JTC are not appropriate to allow effective and timely decision making and the achievement of its objectives</p>	<p><u>Risk Owner</u> Head of Paid Service (for Transport)</p> <hr/> <p><u>Risk Score</u></p> <p style="background-color: #92d050; padding: 2px;">Green 4</p> <p>Likelihood – Negligible 1 Impact – Critical 4</p>
<p>Possible Cause(s):</p> <p>New organisational arrangements have been put in place as a result of the North East Combined Authority’s decision not to proceed with a Mayoral Combined Authority in September 2016 and the withdrawal of the devolution deal. Two new Combined Authorities have been established together with the North-East Transport Committee being responsible for regional transport which is accountable to the new Combined Authorities. As a result, new governance arrangements may not be effective due to:</p> <ul style="list-style-type: none"> • Lack of capacity to support the governance arrangements • Lack of clarity of roles and responsibilities • Lack of development of new working arrangements or delays in implementing proposed changes • Priorities not aligned to new arrangements. 	
<p>Potential Impact/Consequence:</p> <ol style="list-style-type: none"> 1 Poor decisions may be made which are not in the interest of the North-East region. 2 Decisions may be delayed, not taken at the appropriate level or not based on the correct information. 3 Lack of clarity of roles and responsibilities may lead to the JTC not adequately fulfilling its statutory functions adequately, not monitoring its finances, having a lack of clarity over its objectives, not ensuring adequate transport services delivered to the public and improvements in transport infrastructure not being delivered. This may lead to having a poor reputation, losing out on funds, poor value for money being achieved and poor transport service provision. 	
<p>Likelihood (including controls already in place):</p> <ul style="list-style-type: none"> • The seven Local Authorities have approved a Deed of Cooperation which sets out operational working between the 7 Local Authorities and the two Combined Authorities. This will be revised completely later in March 2020. • The Combined Authorities Reconfiguration Programme (CARP) is overseeing the transformation including data/asset transfers, service and employee changes, updating legal documentation and financial transfers affecting each body including those affecting the JTC. • The Statutory Order provides for the existence of the JTC and specifies its current membership and functions. • Formal decision-making committees including Joint Transport Committee and sub-committees are operational. • The 7 LAs continue to work together using agreed joint working arrangements i.e. regular officer meetings of Chief Executives, Finance Directors, Monitoring Officers and Heads of Transport, plus formal Transport and Governance Committees. • All 7 LAs continue to support the JTC and its activities. • The JTC has its own Standing Orders outlining its functions and that of its sub committees, its rules of procedure and the roles of statutory officers. Decisions at committee meetings are based on a majority vote basis although the aim is to have a consensual approach whereby all committee members agree on any decision. 	

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- The statutory role of 'Proper Officer for Transport' was established by the Statutory Order. A job description has been developed which clarifies the role including leading the Transport Strategy Unit. The post incorporates not only the role of Proper Officer for Transport accountable to the JTC but also the Director General of Nexus, a key deliverer of transport policy and services in the region.
- A Delegation Scheme for the Proper Officer for Transport has been adopted. This allows prompt decision making to be made where necessary within certain limits (i.e. financial, subject to JTC internal rules e.g. financial procedures etc) and where appropriate requiring the involvement of other JTC statutory officers.
- A JTC Chief Executive Transport Strategy Board has been established which strengthens the decision making by providing challenge and scrutiny regarding reports being submitted to the JTC.
- A Statutory Officer Oversight Group has been established to oversee procurement, legal, financial and other management issues relating to JTC operations.

Further Mitigating Actions	Lead Officer(s)
The Combined Authorities Reconfiguration Programme (CARP) will continue to oversee the development of the arrangements within the combined authorities. The two combined authorities and the JTC are working together to implement the changes. This work will continue during 2020.	Martin Swales (NECA, Head of Paid Service)
Review of roles, responsibilities, and arrangements regarding the activities of the Transport Strategy Unit including business planning, performance management, project assurance, overseeing of delivery programmes etc. and implementation of revised arrangements.	Tobyn Hughes (Managing Director Transport North East) Monitoring Officer)

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<p>5. <u>Operational Capacity and Resourcing</u></p> <p>The JTC does not have the necessary operational capacity, skills and budget, to successfully deliver the Committee's objectives and plans.</p>	<p style="text-align: center;"><u>Risk Owner</u> Head of Paid Service (for Transport)</p> <hr/> <p style="text-align: center;"><u>Risk Score</u></p> <p style="text-align: center; background-color: yellow;">Amber 8</p> <p style="text-align: center;">Likelihood – Low 2 Impact – Critical 4</p>
<p>Possible Cause(s):</p> <ol style="list-style-type: none"> 1 Due to two Combined Authorities operating within the North-East region rather than one, by statutory order the JTC was formed to carry out the transport function responsibilities of the two Combined Authorities. NECA is the accountable body for the new JTC and has extra responsibility for implementing the decisions of the JTC, providing support to the JTC committees and managing the JTC's finances. It is uncertain how much resource will be needed by NECA officers and committee members moving forward therefore the current budget may be insufficient. 2 Statutory officers to NECA, the accountable body for the JTC, need to carry out duties for their main employer in addition to their roles in NECA which may result in capacity issues. Likewise, the Managing Director, Transport North East fulfil two roles, one for the JTC and one for Nexus. Support services provided to NECA and the JTC are provided from Council's which are part of NECA 3 Increased demand for, and changes in the nature and scope of, work re transport policy, funding bid submission and programme delivery 	
<p>Potential Impact/Consequence:</p> <p>Decisions may be delayed, or incomplete information provided as part of the decision-making process. Functions may not be carried out as quickly or as fully as they should be leading to loss of money, incorrect decisions, delay in development of transport policies and funding bids, weakened oversight re the delivery of transport programmes, and loss of credibility of JTC.</p>	
<p>Likelihood (including controls already in place):</p> <ul style="list-style-type: none"> • All statutory officers in NECA, accountable body for the JTC are in place. Deputy statutory officers are also in place for NECA. • The 'Proper Office for Transport' to the JTC is in place. • Representatives from the 7 councils in the North-East area have been appointed to the JTC and the Tyne Wear Sub Committee. Deputies have also been appointed. • The JTC have adopted a budget for 2020/21 to deliver JTC activities. • The Transport Strategy Unit, with officers now employed by NECA and located centrally, is in place to support the delivery of the JTC objectives. • Partners continue to provide input to the work of the JTC via, for example, Council transport leads. • Where appropriate, external consultants, are employed to provide specialist expertise to support the work of the JTC and to protect its interests e.g. advice in respect of possible changes to the contract to manage and operate the Tyne Tunnel services. • A further finance officer has been employed by NECA to help meet the extra demands of NECA as the Accountable Body for the JTC. Likewise, administration support has been enhanced for the TSU. • A Tyne Tunnels Manager has been employed by NECA with responsibility to the JTC. 	

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- A Transport North East Strategy Director has been employed to lead the Transport Strategy Unit developing long term transport policies, plans, analytical models and business cases to ensure that the North East's transport networks achieve the shared objectives and goals of NECA, NoTCA, their constituent councils and the North East Local Enterprise Partnership.
- Approval has been given by the Transport Strategy Board for the appointment of programme management resources to coordinate the delivery of the Transforming Cities Fund Tranche 2 programme

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

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<p>6 <u>Delivery of Transport Improvement Projects/Programmes</u></p> <p>Projects which are funded through the JTC are delayed, are significantly overspent or do not deliver the intended product to meet the identified transport need.</p>	<p style="text-align: center;"><u>Risk Owner</u> Head of Paid Service (for Transport)</p> <hr/> <p style="text-align: center;"><u>Risk Score</u></p> <p style="text-align: center; background-color: yellow;">Amber 8</p> <p style="text-align: center;">Likelihood – Low 2 Impact – Critical 4</p>
<p>Possible Cause(s):</p> <ol style="list-style-type: none"> 1 Poor programme/project management. 2 Inaccurate assessment of projects costs when submitting funding bids. 3 Delays and costs for a project due to unforeseen events. 4 Insufficient capacity and skills to manage projects. 5 Fraud and corruption. 	
<p>Potential Impact/Consequence:</p> <ol style="list-style-type: none"> 1 Transport projects may not be completed or have to be delayed or the size of project reduced e.g. quality, quantity which may results intended benefits not being realised and damage to the reputation of the JTC. 2 If the funding is not used by a deadline then funding may be lost. 3 Financial resources earmarked for other future purposes may need to be used to complete current projects causing postponement or delays in other JTC plans. 	
<p>Likelihood (including controls already in place):</p> <ul style="list-style-type: none"> • The Managing Director, Transport North East and officers of the Transport Strategy Unit (TSU) have experience, skills and knowledge to submit strong bids for funding. They are familiar with the requirements needed for submitting bid and the process to go through. • All projects included in a bid are subject to scrutiny using the TSU’s ‘Transport Assurance Framework’ to ensure the proposed projects is in line with the JTC objectives and plans and meets the bid criteria. • Projects delivered by the JTC directly are managed using recognised project management principles. The TSU has the experience and skills to manage projects. • Where projects are delivered by the JTC’s partners e.g. Nexus, the JTC has arrangements in place to gain assurance that the projects are progressing as expected and where not, corrective actions are being taken to effectively manage the key issues e.g. regular reporting by partners. • Where transport projects are to be delivered by an external supplier then any work let is subject to a competitive procurement process. • Where funding is provided through the JTC to third parties to deliver a transport project all third parties have a funding agreement in place which includes the need for the third party to provide details as to progress regarding costs and progress of the project. JTC officers monitor progress on an ongoing basis. • Funding providers provide clear conditions as to the use of funds which is published to all relevant stakeholders. • JTC officers are subject to relevant codes of conduct 	

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Further Mitigating Actions	Lead Officer(s)
Monitoring of the delivery of the overall JTC programme of projects should be carried out on a regular basis.	Tobyn Hughes (Managing Director Transport North East)
Programme management and governance structures within the JTC and TSU are to be reviewed and developed to ensure they remain fit for purpose particularly in light of successful funding bids e.g. Transforming Cities Fund.	Tobyn Hughes (Managing Director Transport North East)

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

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<p>8 <u>Service Delivery</u> Inadequate arrangements are in place to ensure that adequate levels of public transport services, for which the JTC has oversight, are maintained by the JTC's transport delivery partners.</p>	<p><u>Risk Owner</u> Head of Paid Service (for Transport)</p>
	<p><u>Risk Score</u></p>
	<p>Green 6</p>
	<p>Likelihood – Low 2 Impact – Significant 3</p>
<p>Possible Cause(s):</p> <ol style="list-style-type: none"> 1 Lack of clarity as to the responsibilities and duties regarding the oversight of public transport services within the region. 2 Failure to appreciate the impact of maintaining adequate levels of transport services on the economic well-being and reputation of the region. 3 Lack of resources and/or expertise to put in place effective arrangements to ensure adequate levels of transport services are provided. 	
<p>Potential Impact/Consequence:</p> <ol style="list-style-type: none"> 1 Loss of confidence by stakeholders, e.g. government in the JTC's ability to meet its responsibilities. 2 Loss of confidence by users of services. 3 Without oversight by the JTC, public transport providers e.g. Nexus, may not provide the required services resulting in less use of public transport and greater congestion on the roads, which is contrary to the aims and objectives of the JTC. 	
<p>Likelihood (including controls already in place):</p> <ul style="list-style-type: none"> • JTC's constitution makes it clear it has overall responsibility and oversight for certain statutory public transport services. • JTC committees i.e. Leadership Board and Tyne Wear Sub Committee receive regular reports as to the level of public transport services provided by the JTC's partners e.g. Nexus, Durham County Council, Northumberland County Council, TT2Ltd. • The Managing Director, Transport North East appointed by the JTC is also Statutory Director General of Nexus, a key delivery partner to the JTC. • Approval of appointees to the Nexus Executive Board of Directors is the responsibility of the JTC's TWSC. 4 Non-Executive Directors are on the Nexus Executive Board which strengthens oversight arrangements. • Both NECA and NoTCA have representation both on Transport for the North's (TfN) Rail North committee which has oversight of Northern Rail and TPE's services, and on the TfN Board which governs TfN's investment programmes and its interfaces with national delivery partners (Network Rail and Highways England) 	

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Further Mitigating Actions	Lead Officer(s)
An assessment needs to be made by the JTC of its arrangements to gain assurance that issues with transport service delivery causing poor service to the public faced by transport providers e.g. Nexus, are being addressed effectively.	Tobyn Hughes (Managing Director Transport North East)

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<p><u>9 'Catastrophic Event'</u></p> <p>Inadequate arrangements are in place should a 'catastrophic' event occur which seriously impacts the transport system in the North East. e.g. public health emergency, security incident, infrastructure collapse (e.g. prolonged loss of power, prolonged fuel shortage)</p>	<p><u>Risk Owner</u> Head of Paid Service (for Transport)</p>
	<p><u>Risk Score</u></p>
	<p>Amber 8</p>
	<p>Likelihood – Possible 2 Impact – Critical 4</p>
<p>Possible Cause(s):</p> <ol style="list-style-type: none"> 1 Lack of clarity as to the responsibilities and duties of the relevant stakeholders e.g. JTC, Nexus, councils, Highways England, rail authority and providers etc regarding the oversight of public transport services within the region in the event of a 'catastrophic event'. 2 Failure to appreciate and understand the possible catastrophic events that could occur affecting transport system and the consequent impact they may have e.g. inability to get to work. 3 Lack of resources and/or expertise to ensure adequate arrangements are in place to respond effectively to a 'catastrophic event' significantly impacting transport activity in the region, and that they are regularly reviewed. 	
<p>Potential Impact/Consequence:</p> <ol style="list-style-type: none"> 1 Excessive death or people suffering injury 2 Economic activity excessively reduced due to inability of employees to carry out employment duties/activity 3 Loss of reputation to the region. 	
<p>Likelihood (including controls already in place):</p> <ol style="list-style-type: none"> 1 Councils have a legal duty under the Civil Contingencies Act 2004 (CCA) to be prepared and able to respond to any civil emergency occurring within its boundary. 2 Within the JTC area all Councils are members of a Local Resilience Forum (LRF) (either Durham or Northumbria) as are the JTC's transport delivery partners i.e. Nexus, Highways England, Network Rail. The LRF allows the effective delivery of the Council's duties under the CCA that need to be developed in a multi-disciplinary environment and enables each Council to develop its understanding of the possible risks it faces, and to take action to address the risk and to plan for civil emergencies and business continuity planning should they occur. 3 Providers of public transport services e.g. Nexus have developed their own risk plans, emergency response plans and business continuity plans which will allow them to respond quickly and effectively to a catastrophic event 4 TT2 Ltd have risk, emergency response and business continuity plans in place which would allow them to respond effectively to a catastrophic event. Regular emergency/safety training exercises take place which include North and South Tyneside Councils, Tyne and Wear Fire and Rescue and the other emergency services. 	

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Further Mitigating Actions	Lead Officer(s)
The JTC's own disaster recovery and business continuity arrangements are to be reviewed to ensure they remain fit for purpose.	Tobyn Hughes (Managing Director Transport North East)

Risk Analysis Toolkit

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

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

Assess the impact should the risk occur

	Objective	Service Delivery	Financial	Reputational
Critical/Showstopper	<ul style="list-style-type: none"> Over half the objectives/programmes affected More than one critical objective affected Partners do not commit to the Shared vision 	<ul style="list-style-type: none"> Significant change in partner services Relationship breakdown between major partners and stakeholders Serious impact on delivery of key transport related investment plans Unplanned major re-prioritisation of resources and/or services in partner organisations Failure of a delivery programme/major project Serious impact on public transport services provided to users 	<ul style="list-style-type: none"> Inability to secure or loss of significant transport funding opportunity (£5m) Significant financial loss in one or more partners (£2m) Significant adverse impact on transport budgets (£3m) 	<ul style="list-style-type: none"> Adverse national media attention External criticism (press) Significant change in confidence or satisfaction of stakeholders Significant loss of community confidence
Significant	<ul style="list-style-type: none"> One or more objectives/programmes affected One or more partners do not commit to shared vision Significant environmental impact 	<ul style="list-style-type: none"> Partner unable to commit to joint arrangements Recoverable impact on delivery of key transport related investment plans Major project failure Impact on public transport services provided to users 	<ul style="list-style-type: none"> Prosecution Change in notable funding or loss of major transport funding opportunity (£2m) Notable change in a Partners contribution Notable adverse impact on transport budget (£0.5m-£1.5m) 	<ul style="list-style-type: none"> Notable external criticism Notable change in confidence or satisfaction Internal dispute between partners Adverse national/regional media attention Lack of partner consultation Significant change in community confidence

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Minor	<ul style="list-style-type: none"> • Less than 2 priority outcomes adversely affected • Isolated serious injury/ill health • Minor environmental impact 	<ul style="list-style-type: none"> • Threatened loss of partner's commitment • Minor impact on public transport services provided to users 	<ul style="list-style-type: none"> • Minor financial loss in more than one partner • Some/loss of transport funding or funding opportunity threatened 	<ul style="list-style-type: none"> • Failure to reach agreement with individual partner • Change in confidence or satisfaction • Minor change in community confidence
Insignif.	<ul style="list-style-type: none"> • Minor effect on priorities/service objectives • Isolated minor injury/ill health • No environmental impact 		<ul style="list-style-type: none"> • Isolated/minor financial impact in a partner organisation 	

Glossary of Terms

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

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

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

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

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

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

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

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



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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.