

Joint Transport Committee Audit Committee

Wednesday, 23rd March, 2022 at 10.00 am

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

AGENDA

Page No

1. **Apologies for Absence**

2. **Declaration of Interests**

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

3. **Minutes of the inquorate meeting held on 24 November 2021** **3 - 6**

4. **JTC Internal Audit Plan 2022/23** **7 - 16**

5. **JTC Strategic Risk Register** **17 - 46**

6. **Tyne Pedestrian and Cycle Tunnels** **47 - 54**

7. **Exclusion of the Press and Public**

The Joint Transport Audit Committee may wish to exclude the press and public from the meeting during consideration of the following item on the grounds indicated:

Item 8 Tyne Pedestrian and Cycle Tunnels Update

By virtue of paragraph(s) 5 of Part 1 of Schedule 12A of the Local Government Act 1972.

8. **Tyne Pedestrian and Cycle Tunnels Update**

55 - 58

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

To be confirmed



JOINT TRANSPORT COMMITTEE, AUDIT COMMITTEE

DRAFT MINUTES FOR APPROVAL

24 November 2021

Meeting held in the Blaydon Room, Gateshead Civic Centre, Regent Street, Gateshead NE8 1HH

Present:

- Stuart Green (Vice Chair)

Councillors:

- M Charlton – Gateshead Council
- A Watson – Durham County Council
- E Malcolm – South Tyneside Council

Officers:

- Paul Darby – NECA Chief Financial Officer, Durham County Council
- Tracy Davis – Senior Manager – Assurance, Sunderland City Council
- Ged Morton – Deputy Monitoring Officer, Gateshead Council
- Philip Meikle – Transport Strategy Director, Transport North East
- Adam Robson – Sunderland City Council

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

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Mark Scrimshaw, Cllr Paul Stewart (Sunderland City Council) and Cllr Williams (substitute at Sunderland City Council).

2. DECLARATIONS OF INTEREST

None were received.

3. MINUTES OF THE PREVIOUS MEETING HELD ON 16 JUNE 2021

RESOLVED: The minutes of the meeting held on 16 June 2021 were agreed as a correct record.

4. JTC INTERNAL AUDIT PROGRESS REPORT

Committee received an update report on the delivery of the Internal Audit Plan for 2021/22 and performance.

This Committee previously agreed the three audits to be completed during the year as;

- Transport Assurance Framework
- Contract Management Arrangements – TT2
- Transforming Cities Programme – Compliance

It was confirmed that the Contract Management Arrangements – TT2 audit has been completed and the other two audits will be completed by the end of March 2022.

A summary of audits since 2019/20 was provided within the report. In terms of the Transforming Cities Programme it was noted that, because this was newly received last year and no spend had gone through, this was about system set up.

In terms of the KPI's it was noted that all are on target so far.

It was questioned as to whether there were any plans as to what audits would be considered for next year. It was confirmed that officers will be consulted on this soon around key issues and a proposed programme would be brought back to this Committee in March.

The suggestion was made that issues around bus subsidy and bus operators be looked at in a future audit. It was confirmed that officers are currently waiting for government advice.

The point was raised that the lack of bus drivers has meant that buses are not being ran efficiently, this was linked to the strategic risk register in particular the JTC not having the necessary operational capacity to deliver objectives and sustainable transport.

Committee was advised that as from the end of March 2022 there will be no Covid government support, with Nexus anticipating usage at 80% of pre-pandemic levels this leaves a shortfall for Nexus of £20m. JTC at its meeting last week looked at a potential budget strategy to close the gap. Potentially this could mean redirecting funding for concessionary travel to the Metro which would lead to a £7.5m cut to bus companies and bus services. In terms of the Audit Plan there are key risks around the bus network and the Bus Improvement Plan. Committee felt therefore that there

was a heightened need to do more work on supporting commercial and non-commercial bus services and the Metro in terms of the risk register.

The point was made that the lack of bus drivers is a separate issue with bus operators facing pressures to retain employees. It was suggested that the JTC OSC be asked to look at this as it has the scope to invite outside bodies to its meetings. This would allow JTC to scrutinise and undertake enquiry work as to how bus operators are managing and delivering services. It was noted that in terms of this Committee audit can look at mechanisms and how officers are tackling issues but it cannot question or change policy. Whereas OSC has the power to challenge policy issues and the mechanisms in place.

It was agreed that officers would draft a letter to the Chair of the OSC notifying of the issues raised at this Committee, regarding sufficiency of bus drivers, and asking the OSC to take this forward.

RESOLVED: That the Audit Committee considered the Internal Audit Progress Report for 2021/22 and the key performance measures for the provision of the service.

5. JTC STRATEGIC RISK REGISTER

Committee received a report providing an up to date assessment of the strategic risks the JTC faces in seeking its objectives.

Following on from the last meeting an initial meeting was held where it was decided that holding a workshop would be difficult because of the length of the register. Instead members were keen to make the register more user-friendly. It was noted that there has been no changes to the number of risks or the descriptions but the format is now more relevant and makes scoring clearer.

Committee was advised that there has been a specific focus on the North East Transport Plan and any recent changes, developments or activities have been highlighted in blue.

The content of the register remains the same but is now in tabular form and the likelihood column is RAG rated. It was noted that some activities are longer-term and therefore need to be managed in stages so it was suggested that the current score and the target score be included, i.e. where we would like to be.

It was suggested that a distinction be maintained between strategic risks and organisational risks.

Committee was asked to consider for the next meeting whether the register should be reported on a less frequent basis, given the amount of time it takes for some activity to take place.

Committee gave its thanks to the officers involved in reformatting the register.

- RESOLVED:
- (i) The Committee considered the proposed format of the detailed risk register.
 - (ii) The Committee considered the content of the Strategic Risk Register.

6. ANY OTHER BUSINESS

It was suggested that Committee may want to receive an update on the Pedestrian Cycle Tunnel at a future meeting.

Committee was advised that at its next meeting Committee will be required to be quorate to ensure it can formally approve business.

7. DATE AND TIME OF THE NEXT MEETING

The next meeting will take place on Wednesday 23 March 2022 at 10am.

Joint Transport Committee – Audit Committee

Date: 23 March 2022

Subject: Joint Transport Committee Internal Audit Plan 2022/23

Report Of: Senior Manager – Assurance, Sunderland City Council

Executive Summary

This report provides members with the proposed Internal Audit Plan and performance measures for 2022/23

As part of the Audit Plan for 2022/23 it is proposed that four audits, covering the following areas are undertaken:

- a) Bus Services Partnership.
- b) Business Continuity Arrangements.
- c) Service Level Agreements with External Providers.
- d) Active Travel Fund Grant.

Recommendations

The Audit Committee is invited to consider and, if appropriate, make comment on the proposed Internal Audit Plan for 2022/23 which includes the key performance measures for the provision of the service.

Joint Transport Committee – Audit Committee

1 Background Information

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

2. Proposals

- 2.1 The Internal Audit Strategy was agreed by the Committee in 2019/20 and as no changes have been made to it this report only sets out the proposed Internal Audit plan and performance measures for 2022/23.
- 2.2 The draft Internal Audit Plan for 2022/23 is set out in Appendix 1. The Audit Plan covers Internal Audit's key performance measures and outlines the proposed internal audit work for the JTC.

3. Reason for the Proposals

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

4. Next Steps and Timetable for Implementation

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

Joint Transport Committee – Audit Committee

5. Potential Impact on Objectives

- 5.1 The development of the audit plan 2022/23 will not impact directly on the JTC's objectives, however the delivery of the audit plan will support the JTC by providing assurance that the internal control arrangements in place to manage risks are effective or where assurance cannot be given highlighting opportunities for improvement.

6. Finance and Other Resources Implications

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

7. Legal Implications

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

8. Key Risks

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

9. Equalities and Diversity

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

10. Crime and Disorder

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

11. Consultation /Engagement

- 11.1 The Head of Paid Service, Monitoring Officer, Chief Finance Officer and the JTC's Proper Officer for Transport have been consulted on the draft Internal Audit Plan 2022/23.

12. Other Impact of the Proposals

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

13. Appendices

Appendix 1 – Internal Audit Plan 2022/23 provides a description of the audit work to be carried out during the year.

Joint Transport Committee – Audit Committee

14. Background Documents

14.1 JTC Standing Orders.

15. Contact Officers

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

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16. Sign off

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

Joint Transport Committee – Audit Committee

Appendix 1

Internal Audit Plan 2022/23

1. Introduction

This document presents the Internal Audit Plan for 2022/23 including the key performance measures for Internal Audit.

2. Division of Responsibilities

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

3. Development of the Plan

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

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

4 Planned Audit Work for 2022/23

- 4.1 A summary of internal audit work against each of the organisational risk areas is shown in Annexe 1. The following audits are planned for 2022/23.

Bus Services Partnership

- 4.2 Audit work will review the arrangements to manage the Bus Services Partnership to ensure that the bus services improvement plan and Key Performance Indicators are delivered. This will include the governance arrangements of the partnership, performance monitoring and reporting and delivery of improvement actions.

Business Continuity Arrangements

- 4.3 Advice and guidance will be provided to the JTC in relation to the development of their business continuity plan. An audit later in the year will review the effectiveness of the plan should a resource be unavailable for a significant period of time.

Service Level Agreements with External Providers

- 4.4 The audit will review whether the content of the Service Level Agreements are sufficient for the JTC's needs and the level of detail setting out what services will be provided, relevant key performance indicators and monitoring arrangements.

Active Travel Fund Grant

- 4.5 The audit will review the arrangements in place to manage the Active Travel Fund Grant in accordance with the grant conditions. This will include processes to gather the relevant data, data quality and submissions of relevant reports/returns.

5 Reporting Protocols

- 5.1 At the conclusion of each individual audit a draft report and, if necessary, a proposed action plan will be forwarded to the appropriate manager. Once agreement has been reached, a final report (including any agreed action plan) will be forwarded to the relevant senior officer and the Head of Paid Service. Where audits highlight issues which need to be brought to the attention of the Chief Finance Officer they will be raised as and when necessary.

Joint Transport Committee – Audit Committee

- 5.2 Senior Management and the Audit Committee will be updated on progress against the audit plan mid-way through the year.
- 5.3 An Annual Report will be prepared for the Audit Committee, in order to give assurance, or otherwise, regarding the JTC's internal control environment

6 Performance Management

- 6.1 All work undertaken will be in accordance with the internal audit service's policies and procedures, which are based upon the Public Sector Internal Audit Standards.
- 6.2 The Key Performance Indicators which will be used to measure the performance of the service throughout the year are shown in Annexe 2.

Joint Transport Committee – Audit Committee

Summary of Internal Audit Work

Annexe 1

Organisational Risk Areas	Audits 2019/20	Opinion	Audits 2020/21	Opinion	Audits 2021/22	Opinion	Audits 2022/23	Opinion	Overall Opinion
Future Availability of Funding									
Funding Opportunities			Regional Transport Plan	S					
Use of Funding and Resources					Transport Assurance Framework		Active Travel Fund Grant		
Governance Arrangements	Governance Arrangements	S					Service Level Agreements		
Operational Capacity and Resourcing							Business Continuity Arrangements		
Delivery of Transport Improvement Projects/Programmes	Project Management, Procurement and Contract Management	S	Transforming Cities Fund	M	Transforming Cities Programme - Compliance		Bus Services Partnership		
Transport Infrastructure Assets					Contract Management – TT2	S			
Service Delivery			Bus Services Grant Claim	S	Bus Services Grant Claim	S	Active Travel Fund Grant		
Catastrophic Event							Business Continuity Arrangements		

Assurance Level (Opinion) Key: F – Full S – Substantial M – Moderate L – Limited N – None

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Annexe 2

Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2021/22		
Efficiency and Effectiveness		
Objectives 1) To ensure the service provided is effective and efficient.	KPIs 1) Complete sufficient audit work to provide an opinion on the organisational risk areas 2) Percentage of draft reports issued within 15 days of the end of fieldwork 3) Percentage of audits completed by the target date	Targets 1) Audit opinion provided at year end 2) 90% 3) 85%
Quality		
Objectives 1) To maintain an effective system of Quality Assurance 2) To ensure recommendations made by the service are agreed and implemented	KPIs 1) Opinion of External Auditor 2) Percentage of agreed high, significant and medium risk internal audit recommendations which are implemented	Targets 1) Satisfactory opinion 2) 100% for high and significant. 90% for medium risk
Client Satisfaction		
Objectives 1) To ensure that clients are satisfied with the service and consider it to be good quality	KPIs 1) Results of Post Audit Questionnaire 2) Results of Audit Questionnaire 3) Number of complaints and compliments	Targets 1) Overall average score of better than 1.5 (where 1=Good and 4=Poor) 2) Results classed as 'good' 3) No target – actual numbers will be reported

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Joint Transport Committee – Audit Committee

Date: 23 March 2022

Subject: Joint Transport Committee 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 Joint Transport Committee (JTC) faces as it seeks to achieve its objectives.

There have been no additions or deletions to the risks included in the JTC Strategic Risk Register which was reported to the JTC Audit Committee in November 2021. Consequently, therefore the Strategic Risk Register still contains the same 14 risks.

Following a recent review of the Strategic Risk Register, Appendix 2 is now in a revised, tabular format, with new elements added to provide further assurance, including timescales for mitigating actions and Target risk scores that those actions are expected to achieve. Since the previous meeting a high-level review has taken place which has allowed for Lead officers to be identified for each of the mitigating actions along with the inclusion of the date of the next significant action effecting each one.

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

The current level of risk associated with the JTC's achievement of its strategic objectives previously reported remain the same.

Officers will continue to review the Strategic Risk Register on a quarterly basis prior to presentation to the Audit Committee.

Recommendations

1. The Audit Committee is asked to consider and comment on the content of the Strategic Risk Register.

1. Background Information

- 1.1 The North East Combined Authority (NECA) was established in April 2014 and brought together seven councils within the North East. As a result of the Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018 ('the Order') the North of Tyne Combined Authority (NoTCA) was created, and the boundaries of NECA changed on the 2 November 2018. NECA now covers the local authorities of Durham; Gateshead, South Tyneside and Sunderland; and NoTCA covers Newcastle, North Tyneside and Northumberland.
- 1.2 The two Combined Authorities have responsibility for transport; however, as the former Tyne & Wear passenger transport authority area (and its passenger transport executive, Nexus) straddle the two combined authorities, the Order also provided that they must establish a joint transport committee to exercise all transport functions. Hence the JTC was created.
- 1.3 The JTC defines its strategic risks as those matters which, if they were to occur, could have a material adverse impact upon the achievement of the JTC's vision of "moving to a green, healthy, dynamic and thriving North East"
- 1.4 On 16 March 2021, the JTC formally adopted a new North East Transport Plan, the first to cover the entire LA7 area. The Plan seeks to achieve five objectives. 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 is reviewed in light of feedback from previous Audit Committee meetings, recent reports considered by the JTC Committee and its sub-committees and discussions with JTC/STU and NECA officers where required.
- 1.6 For Each of the 5 risks relating to the achievement of the JTC's strategic objectives and the 'organisational' risks, the causes of each of the risks and the factors affecting the likelihood of each risk occurring originate from sources/actions both inside and outside the JTC organisation. Consequently, the management of the risk is not 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.
- 1.7 As the committee is aware the risk register has been reviewed and the detailed risk register at Appendix 2 is now provided in a tabular format. Following the

Committee's requirements of reflecting factors that are considered to be outside of the JTC's control, likelihood factors are split to identify where this is regarded as the case, with a further split where factors are regarded as directly related to Covid-19. Likelihood factors are also colour coded to indicate their positive (green) or negative (amber or red) effect on the likelihood score.

1.8 As agreed at the previous meeting a high-level review has been carried out with assistance of nominated officers within Transport North East on the new elements added to the detailed risk register, as follows:

- Significant dates for activity effecting the implementation of mitigating actions.
- Target score, reflecting the revised scoring of the impact of the mitigating actions on the Current Risk Score.
- Direction of travel from the Current Risk Score to Target Score showing the expected effect once the mitigating actions are implemented.

1.9 The review has also identified the Lead officers for each of the mitigation actions. The upkeep of the risk register will include ongoing discussions with officers as well as the review of relevant documentation and minutes of meetings.

2. Proposals

2.1 The Register identifies 14 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.
- 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 Risk Register is updated in light of the content of recent reports considered by the North East Joint Transport Committee and its sub-committees, information from other relevant bodies, e.g. Nexus etc, and discussions with JTC officers, as appropriate.

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

- a) No changes have been made to the number of risks or the description of risks.
- b) A mix of positive and negative changes have been identified:

Negative **Likelihood** factors outside of the control of JTC include:

- 2021 Autumn Budget included 5-year city region funding (around £600m) for transport but not for NECA: funding is now dependent on

putting in place governance arrangements that include an elected mayor.

- No funding was received for the Leamside line in the Autumn 2021 budget/Integrated Rail Plan for the North and Midlands; only one of seven bids to Restoring Your Railway fund were successful for the region as Bensham Curve to Team Valley and Leamside Line reinstatement were unsuccessful; cancellation of expanded HS2, plus the above, contrasted with improvements for other regions may have a negative economic impact on the region.
- Difficult budget position for Metro due to reduction in patronage/end of Covid Grant, including significant rise in Transport Levy 2022/23 to partly/ temporarily address: this may not be sustainable in the medium term.

Positive Likelihood factors outside of the control of JTC include:

- British Railways Call for Evidence (Whole Industry Strategy) 8 week consultation from December 2021 on a 30 year UK strategy with objectives: meeting customers' needs, delivering financial sustainability, contributing to long term growth, levelling up & connectivity, delivering environmental sustainability.
- May 2023 East Coast Mainline Timetable consultation and Newcastle to Northallerton Strategic Outline Business Case initial findings due May 2022
- £800,000 Safer Streets funding to provide: App to improve safety on public transport allowing real time contact with authorities while travelling and up to date travel information; body-worn cameras for transport staff; Street Pastor-style safety volunteers patrolling the Metro network; and extra CCTV linked to control rooms.

Positive **Likelihood** factors within the control of JTC include:

- Transport for the North, A Transport Decarbonisation Strategy for the North of England launched December, with a target of near-zero emissions by 2045.
- Expectation that Metro income could rise to over 100% of pre-Covid levels by 2024/25 due to positive impact of new trains and Metro Flow project.

For **Current Controls** this includes:

- Public consultation on North East Rail and Metro Strategy from February. Strategy encourages further regional devolution with commitments to:
 - Increasing capacity/resilience of the East Coast Main Line/Durham Coast Line improving connectivity for passengers and freight;
 - Extending the reach of local rail and Metro, upgrading existing networks & services, adding new routes & stations including the Northumberland and Leamside lines;
 - Working with Great British Rail for greater influence over local rail to match flexibility and accountability of Metro;
 - Maintaining/updating the Metro assets
 - Introducing new/more efficient electric Metro trains and sustainably fuelled on local rail. Shift from road to rail freight;

- Improvement of existing stations and development of new stations;
- Aimed to ensure a more secure financial future to operate key services.

The high-level review of **Mitigating Actions** currently included in the risk register has allowed for:

- A number of mitigating actions to be slightly amended for context.
 - Arrangements for the monitoring and reporting of KPIs that feature in a number of controls and mitigating actions have been clarified and as a result the mitigating actions have been amended.
 - The mitigating action for Operational Risk 8, relating to JTC's arrangements on gaining assurance that transport service delivery quality is satisfactory has been removed as two current controls of, i) JTC's forum with regional bus operators, and ii) reporting on public transport services levels provided to committees, including Leadership Board, Tyne and Wear Sub Committee and Overview and Scrutiny are regarded as in place and addressing this risk.
 - For all of the above please see Appendix 2 for details.
- c) Combined, the likelihood factors above have resulted in the risk level for the Strategic Risks remaining static. In relation to Risk 1 of the Operational Risks, relating to Funding Availability, negative factors identified above relating to transport funding, cost pressures for JTC and concerns over the impact of NECA's non-mayoral governance structure prohibiting future funding opportunities have increased the likelihood rating from two to three, which had pushed the risk rating from medium to high.
- d) It is noted that the inclusion of Target Risk Scores as part of the high-level review has resulted in no change from the Current Risk Scores, but this has highlighted a number of important issues when considering the static nature of both JTC's Strategic and Operational risks:
- The difficulty of improving the risk score due to high impact scores that reflect the scope of the JTC's objectives is compounded by the significant negative factors outside of the control the JTC that keep the likelihood scores up.
 - The high level of turbulence in negative factors outside of the JTC's control, particularly in relation to government funding and policy, further compounds this difficulty and negates the impact of positive factors, controls and actions that the JTC continue to maintain and develop. Specifically this continues to keep the risk rating for Strategic Risks 1, 2 and 5 at a high level.
 - As many of the mitigating actions currently identified within the risk register relate to planning, strategies and bids, which is the nature of the JTC's role, they are key gateway activities to actions that may address the risks but cannot do this themselves.
 - Given the above, the relatively low likelihood scores for most of the Operational Risks allows them to be considered as stable rather than static. For example although Risk 8 relating to Public Transport

Service Delivery is still open it has a relatively low score that is unlikely to be reduced any further.

- e) To address the factors above the mitigating actions will be reviewed and refreshed as the Regional Transport Plan is delivered. As plans are delivered the Target Risk Scores can be reduced and the impact of activity can be reflected in the Current Risk Score.

- 2.5 The 'Strategic Risks Summary' at Appendix 1 shows the 14 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 Register 2021-22 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.

- 2.7 The Strategic Risk Register for regional transport will continue to be reviewed to record, monitor and report the strategic risks to the Audit Committee on a quarterly basis. 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 reviewed quarterly. 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.

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

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16. Sign off

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

Strategic Risks - Summary			
Risk Title & Description	Risk Level (RAG Rating)	Direction of Travel	Notes
Risks to Achievement of JTC Strategic Objectives			
<u>1 Carbon Neutral Transport</u> Failure to achieve the aspiration of carbon neutral transport network within the JTC area by 2035.	Red 12	Static	Due to possible negative impact of Covid-19 on future funding and need for behavioural change
<u>2 Inequality and Growth of the Economy</u> Failure to achieve the planned outcomes to overcome inequality and support the growth of the economy in the JTC area.	Red 12	Static	Due to possible negative impact of Covid-19 on future funding and cost and service availability to users of public transport
<u>3 Health</u> Failure of the transport system to achieve the planned outcomes to contribute the improvements in health of the population in the JTC area.	Amber 8	Static	Positive impact of Covid-19 on active travel counter balanced by possible negative impact of Covid-19 on future funding and need for behavioural change
<u>4 Appealing Sustainable Transport</u> 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.	Red 12	Static	Due to possible negative impact of Covid-19 on future funding and cost and service availability to users of public transport

Strategic Risks - Summary			
Risk Title & Description	Risk Level (RAG Rating)	Direction of Travel	Notes
<u>5 Safety and Security</u> The transport system within the JTC area fails to achieve the planned outcomes regarding its safety and security.	Amber 8	Static	Arrangements in place but possible negative impact of Covid-19 on future funding
JTC Organisation Risks			
<u>1 Future Availability of Funding</u> Sources and levels of funding available to the JTC to develop the North-East regions transport infrastructure within the region may reduce.	Red 12	Increasing	Reduced opportunities for Non-mayoral Authorities
<u>2 Funding Opportunities</u> Failure of the JTC to secure the maximum amount of transport funding available to progress transport infrastructure in the North-East region.	Amber 8	Static	N/a
<u>3 Use of Funding and Resources</u> Funding secured for transport initiatives within the North-East region by the JTC and its partners may not be able to be used on a timely basis or be sufficient to complete intended projects.	Amber 8	Static	N/a
<u>4 Governance Arrangements</u> The governance arrangements of the JTC are not appropriate to allow effective and timely decision making and the achievement of its objectives.	Green 4	Static	N/a
<u>5 Operational Capacity and Resourcing</u> The JTC does not have the necessary operational capacity, skills and budget, to successfully deliver the JTC's objectives and plans.	Amber 8	Static	N/a
<u>6 Delivery of Transport Improvement Projects/Programmes</u> 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.	Amber 8	Static	N/a

Strategic Risks - Summary			
Risk Title & Description	Risk Level (RAG Rating)	Direction of Travel	Notes
<u>7 Transport Infrastructure Assets</u> Transport assets, which are the responsibility of the JTC, are inadequately managed and maintained.	Green 6	Static	N/a
<u>8 Service Delivery</u> Inadequate arrangements are in place to ensure that adequate levels of public transport services, for which the JTC has oversight, are maintained by the JTC's transport delivery partners.	Green 6	Static	N/a
<u>9 'Catastrophic Event'</u> 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).	Amber 8	Static	N/a

JTC Strategic Risk Register 2021/22

Risk Area	ID	Risk Description	Cause	Impact	Likelihood	Current Score				Direction of Travel	Target Score							
						Current Controls					Impact	Likelihood	Rating	Mitigating Actions			Lead	Action Date
Strategic Risks																		
Carbon Neutral Transport	1	Failure to achieve the planned outcomes to realise the decarbonisation of economic activity, infrastructure and housing within the <i>North East</i> .	- Lack of engagement by the public and industry due to prohibitive high cost and reliability of currently available alternatives, including infrastructure and vehicles. - Lack of government political will to ensure change by industry and public through adequate legislation, including regulation and supporting funding. - Gaps in Public Transport provision and/or frequency for some areas coupled with appeal and personal safety concerns. - See also Strategic Risk 3 re Active Travel.	- Unable to address the known effect of pollution on the health of the Public. - Pressure on the economy and the NHS due to the effect of pollution on the health of the Public. - Lack of impact on Climate Change.	- Government's Clean Air Zone framework in the process of being adopted in Newcastle, Gateshead and North Tyneside. - Tranche 2 of TCF is for frequency and reliability improvements for Metro, speeding up urban buses, train reliability and extensions to cycling network and park and ride. - Bid to be submitted to Zero Emission Bus Regional Areas schemes for 73 buses for 5 strategic bus corridors. - Bus Service Improvement Plan (BSIP) (October 2021) outlining a 3-year plan to recover and significantly grow usage from impact of Covid-19, improve services, satisfaction and reducing emissions. - Zero Emissions Vehicle Policy aligned with LA7 authorities' policies to be submitted to JTC for approval March 2022. - Transport for the North, A Transport Decarbonisation Strategy for the North of England launched December, with a target of near-zero emissions by 2045. (Green) Outside of JTC Control: - Government committed to Carbon Neutrality by 2050, 78% by 2035. - New Petrol/Diesel cars ban by 2030. - Funding to support expansion of Ultra Low Emission Vehicle infrastructure. - Twice a day fully electric, cheaper East Mainline service introduced Kings Cross, Newcastle, Morpeth and Edinburgh. - Network Rail strategy for carbon neutrality by 2040 includes an initial proposal for electrification of the North East	- JTC and partner Local Authorities continue to engage with and lobby UK government nationally and sub nationally to further North East transport vision, plan and needs. - JTC receive and allocate government and other funding to support all LA7 members to reduce carbon emissions. - £10m received from Transforming Cities Fund (TCF) Tranche 1 for encouraging bus travel, Active Travel and connectivity of key employment sites to city centres schemes. - JTC has access to TCF Tranche 2 (£198.483m) and Emergency Active Travel Fund (£15.7m) to increase and improve cycling and walking networks. - Local Authorities have statutory powers to tackle air pollution, emission requirements and ensure Local Plans/planning proposals contribute to mitigation of climate change. Funding from Government's Air Quality Grant Scheme available. - NECA/Local Authorities have declared a climate emergency with aim to of carbon neutrality before the deadline. - Public consultation on North East Rail and Metro Strategy from February. Strategy encourages further regional devolution with commitments to: <ul style="list-style-type: none">Increasing capacity/resilience of the East Coast Main Line/Durham Coast Line improving connectivity for passengers and freight;Extending the reach of local rail and Metro, upgrading existing networks & services, adding new routes & stations including the Northumberland and Leamside lines;Working with Great British Rail for greater influence over local rail to match flexibility and accountability of Metro;Maintaining/updating the Metro assetsIntroducing new/more efficient electric Metro trains and	4	3	12	Static	Private Transport - Continue to progress Zero Emission Vehicle Policy subject to JTC approval. Public Transport including Rail - With JTC approval, a supplier to install, operate and maintain the 7 additional EV Infrastructure sites identified by Local Growth EV Enabling Study will be procured. - Continue to progress North East Rail and Metro Strategy. - Continue to progress Bus strategy. - If ZEBRA scheme funding bid is unsuccessful adjust future bus strategy plans to reflect this. - Once National Bus Strategy Funding has been offered, any gaps are to be identified, and the impact on the deliverability of the plan is to be assessed and remedial action taken. - Capital projects funded by TCF Phase 2 to be delivered in line with timescales. Active Travel - Scheme promoters to deliver schemes funded through Emergency Active Travel Fund. Schemes will deliver improvements for cycling and walking: Tranche 2 Further Tranches Transport Plan - Requirement of moving Transport Plan KPIs from direction of travel to identifying required performance levels and timescales to be reviewed as part of refresh exercise.	Strategic Transport Lead Strategic Transport Lead Head of Heavy Rail Transport Strategy Director Head of Funding and Programmes Transport Strategy Director Head of Funding and Programmes Head of Funding and Programmes	March 2022 Autumn 2022 Summer 2022 Summer 2022 March 2022 May 2022 March 2023 March 2022 TBC	4	3	12	Static	

[illegible]

					walking and cycling networks. - Twice a day fully electric, cheaper East Mainline service introduced Kings Cross, Newcastle, Morpeth and Edinburgh. - BSIP bid requires £803.9m from a total National Bus Strategy fund of £3bn.	<i>lines;</i> <ul style="list-style-type: none">• <i>Working with Great British Rail for greater influence over local rail to match flexibility and accountability of Metro;</i>• <i>Maintaining/updating the Metro assets</i>• <i>Introducing new/more efficient electric Metro trains and sustainably fuelled on local rail. Shift from road to rail freight;</i>• <i>Improvement of existing stations and development of new stations.</i> <i>Aimed to improve outcomes by incorporating active travel as part of the journey (Green)</i>											
Appealing Sustainable Transport	4	Failure to achieve the planned outcomes to ensure that people of all ages can access timely and personalised support to overcome their educational, situational and motivational barriers to work and to equip them with the capabilities the economy needs so that they can find employment.	- Failure to understand and address users' requirements for sustainable transport to be considered as a replacement for current private vehicles. - Transport provision is regarded as inaccessible, unreliable, poorly scheduled, lacks coverage and or does not have the capacity to address transport requirements of residents and visitors including personal safety. - Cost of using/changing to sustainable transport is perceived as too high. - Failure to adequately integrate services across providers to ensure that users can reach their destination in a reasonable time. - Lack of portability of tickets across providers for whole journey/destination. - Information on transport options is not adequately accessible to residents and visitors.	- Reduced impact on road congestion and accidents. - Unable to address the known effect of pollution on the health of the Public. - Reduced health benefits from physical activity from Active Travel. - Improvements in quality-of-life benefits for residents missed. - Opportunity to reduce pressure on the economy and the NHS through potential health improvements missed. - Possible negative impact on tourism. - Less effective sustainable transport network may affect investment in the region.	- Tranche 2 of TCF is for frequency and reliability improvements for Metro, speeding up urban buses, train reliability and extensions to cycling network and park and ride. - Metro is accessible by 40% of the region and bus use is highest outside of London. - Bid to be submitted to Zero Emission Bus Regional Areas schemes for 73 buses for 5 strategic bus corridors. - Bus Service Improvement Plan (BSIP) (October 2021) outlining a 3-year plan to recover and significantly grow usage from impact of Covid-19, improve services, satisfaction and reducing emissions. - Expectation that Metro income could rise to over 100% of pre-Covid levels by 2024/25 due to positive impact of new trains and Metro Flow project. (Green) - Difficult budget position for Metro due to reduction in patronage/end of Covid Grant, including significant rise in Transport Levy 2022/23 to partly/ temporarily address: this may not be sustainable in the medium term. (Amber) Outside of JTC Control: - Transport operators communicate well with customers including through social media and are improving arrangements to allow ticket purchases across all operators and services.	- JTC has fulltime support form Transport North East that has designed and is the delivering the Transport Plan for the North East, and who continue to carry out ongoing research to understand transport users' needs. - Transport Plan for the North East includes an objective of achieving appealing, sustainable transport choices and set's out how this will be achieved in its Intervention Plan. - The JTC's North East Transport Plan identifies a planned investment of £6bn in transport infrastructure that is evidence based and reflects government policy requirements. - North East Transport Plan Progress Report to JTC include progress on KPIs for Sustainable Travel, Public Transport Accessibility, Network Performance and Motor Vehicle Traffic every two months. - North East Transport Plan Progress Report provides assurance that projects relating to achieving appealing sustainable transport choices objective are on track to timescales. - JTC has access to TCF Tranche 2 (£198.483m) and Emergency Active Travel Fund (£15.7m) to increase and improve cycling and walking networks. - Public consultation on North East Rail and Metro Strategy from February. Strategy encourages further regional devolution with commitments to: <ul style="list-style-type: none">• Increasing capacity/resilience of the East Coast Main Line/Durham Coast Line improving connectivity for passengers and freight;• Extending the reach of local rail and Metro, upgrading existing networks & services, adding new	4	3	12	s t a t i c	Rail - Continue to make the case to government for urgent investment in the East Coast Main Line. - Requirement of moving Transport Plan KPIs from direction of travel to identifying required performance levels and timescales to be reviewed as part of refresh exercise. - Continue to progress North East Rail and Metro Strategy. Other Public Transport - Capital projects funded by TCF Phase 2 to be delivered in line with timescales. - As Part of the Bus strategy for the North East, JTC are working with North East Bus Operators to complete development of 'local bus partnership' to, in the longer term, improve the bus work network for the community. - Continue to progress Bus strategy. - If ZEBRA scheme funding bid is unsuccessful has adjust future bus strategy plans to reflect this. - Once National Bus Strategy Funding has been offered, any gaps are to be identified, and the impact on the deliverability of the plan is to be assessed and remedial action taken. Active Travel - Unallocated Active Travel	Head of Heavy Rail	May 2022	4	3	12	s t a t i c

Page 37		security.	transport re efficiency of infrastructure and safety and security. - Lack of funding to improve, enhance or maintain safety and security. - Users' noncompliance and infringement. - Gaps in maintenance. - Public perception, which may be ill informed.	pollution, congestion and accessibility. - Adverse impact on Active Travel take up due to safety and security concerns.	safety and security on transport providers, users and other transport stakeholders. - Government's "Gear Change; a bold vision for cycling and walking" plan, July 2020, focuses on encouraging improvements for both including safer infrastructure. - Government have issued statutory requirements and guidance to Local Authorities on increasing and improving walking and cycling networks. Covid 19: Social distancing reduced use of public transport but, outside of lockdown, greatly increased active travel .	- Nexus have introduced a new Customer Support team to tackle anti-social behaviour and noncompliance with conditions of travel on the Metro. - Nexus is completing a widescale programme of infrastructure improvements for the Metro and will soon be replacing all trains. - Nexus and other North East providers have established and are maintaining the government's Covid-secure standard for public transport. - The JTC's North East Transport Plan identifies a planned investment of £6bn in transport infrastructure that is evidence based and reflects government policy requirements. - North East Transport Plan Progress Report to JTC include progress on KPIs for Sustainable Travel, Motor Vehicle Traffic. Road safety: numbers killed and seriously injured and number of slight injuries every two months. - North East Transport Plan Progress Report provides assurance that projects relating to contributing to health improvements of the population objective are on track to timescales.				increase in cycling and walking experience during the pandemic. Public Transport including Rail - Capital projects funded by TCF Phase 2 to be delivered in line with timescales Transport Plan - Requirement of moving Transport Plan KPIs from direction of travel to identifying required performance levels and timescales to be reviewed as part of refresh exercise.	Head of Funding and Programmes Strategic Transport Lead	March 2023 March 2023					
	Operational Risks																
Future Availability of Funding	1	Sources and levels of funding available to the JTC to develop the North-East regions transport infrastructure within the region may reduce.	- Reaction to economic downturn may force government to cut funding to transport schemes. - Uncertainty over future Capital scheme relating to those that are ending and their replacements, e.g. Local Growth Fund/EU Funding replaced by UK Shared Prosperity Fund (UKSPF). - Possible change in UK transport policy focus on other geographic areas or certain types of transport initiatives which may adversely affect the North East/not align to JTC Plans. - Future major local projects may not be tenable as government may have to reduce	- Inability to improve infrastructure to enhance transport services. - Potential inability to maintain infrastructure to ensure adequate public transport services. - Potential inability to promote future economic growth within the region.	Outside of JTC Control: - The Government have set up the UK Infrastructure Bank with finances of £22bn to tackle climate change and support regional and local economic growth across the United Kingdom. - The Government's "Green Book" is a framework to inform decision making to ensure funding/investment spreads across the UK supporting the levelling up agenda. - Lack of certainty over availability and eligibility for transport related funding due to delays in formalisation of new funding regimes/replacements for EU funding. - The UK Community Renewal Fund, the forerunner of the UKSPF, is based on a competitive bidding process that is closed to NECA as a non-Mayoral Combined Authority but open to NECA Local Authorities and NoTCA. This is likely an indication of the Government's future	- JTC and partner Local Authorities continue to engage with and lobby UK government nationally and sub nationally to further North East transport vision, plan and needs. - JTC work with partners to identify any new non-government funding sources. - The JTC's North East Transport Plan identifies a planned investment of £6bn in transport interculture that is evidence based and reflects government policy requirements. - Public consultation on North East Rail and Metro Strategy from February. Strategy encourages further regional devolution with commitments to: • Increasing capacity/resilience of the East Coast Main Line/Durham Coast Line improving connectivity for passengers and freight; • Extending the reach of local rail and Metro, upgrading existing networks & services, adding new routes & stations including the Northumberland and Leamside lines; • Working with Great British Rail for greater influence over local rail to match flexibility and accountability of Metro;	4	3	12	I n c r e a s i n g	- JTC Members and Officers, together with its partners e.g. Councils continue to lobby government for resources financial resources to enable delivery of the North East Transport Plan.	Managing Director, Transport North East	Ongoing	4	3	12	I n c r e a s i n g

		intended projects.	understanding of funding conditions including timescales. - Insufficient capacity and skills to manage projects. - Fraud and corruption.	missed deadlines, project failure. - Reallocation of other earmarked funding to address gaps. - Reputational damage.	- Potential for resource issues through sickness or recruitment issues due to low number of Corporate staff.	- Where projects are delivered by partners arrangements are in place to gain assurance that the projects are progressing as expected. - Projects delivered by contractors are let subject to a competitive procurement process. - All third-party projects are based on funding agreements which include performance monitoring and reporting requirements. - Clear conditions of use are provided by funding providers. - JTC officers are subject to relevant codes of conduct. - Internal Audit have received the project management arrangements for the JTC.					which may arise.						
Governance Arrangements	4	The governance arrangements of the JTC are not appropriate to allow effective and timely decision making and the achievement of its objectives.	- Lack of capacity to support complex governance arrangements with accountability to two combined authorities, with one as lead. - Lack of clarity of roles and responsibilities. - Lack of development of new working arrangements or delays in implementing proposed changes. - Conflicting priorities, not aligned to governance arrangements.	- Poor decisions may be made which are not in the interest of the North-East region. - Decisions may be delayed, not taken at the appropriate level or not based on the correct information. - Lack of clarity of roles and responsibilities may lead to failures in statutory compliance, financial management and transport services delivery.	- Internal Audit of the JTC Governance Arrangements resulted in an opinion of substantial assurance.	- All 7 LAs continue to support the JTC and its activities. - Autonomous JTC Standing Orders outline functions, sub committees, rules of procedure and the roles of statutory officers. - Committee Decisions are by majority vote but with an aim for consensus. - Statutory role of 'Proper Officer for Transport' was established by the Statutory Order. including delegated powers. - JTC Chief Executive Transport Strategy Board supports/strengthens decision making providing challenge and scrutiny. - A Statutory Officer Oversight Group is in place to oversee procurement, legal, financial and other management issues relating to JTC operations. - Service Level agreements are in place for support services provided to the JTC.	4	1	4	s t a t i c	- On going Review of roles, responsibilities, and arrangements regarding the activities of Transport North East including business planning, performance management, project assurance, overseeing of delivery programmes etc. and implementation of revised arrangements.	Managing Director Transport North East	Ongoing	4	1	4	s t a t i c
Operational Capacity and Resourcing	5	The JTC does not have the necessary operational capacity, skills and budget, to successfully deliver the JTC's objectives and plans.	- Budget may be insufficient as NECA's initial resource pool now required to support JTC and NoTCA - Potential for conflicting priorities for Members, Statutory Officers to NECA, Proper Officer for Transport and other posts provided under Services Level Agreements as all have alternative main employments with partner organisations.	- Weakened oversight over the delivery of transport programmes - Decisions may be delayed or based on incomplete information - Functions may be less effectively or timely leading financial loss, flawed decisions, delay in development of transport policies and	- Transport North East including the Transport Strategy Unit in place to manage project delivery. - Most recent Internal Audit relating to Financial Arrangements for NECA resulted in Substantial Assurance. - Potential for resource issues through sickness or recruitment issues due to low number of Corporate staff.	- Representatives from LA7, Statutory Officers and Proper Officer for Transport all have support from deputies. - Significant TUPE to NECA employment relating to TSU and Corporate NECA staff. - Review and update of all SLAS has taken place with move to new Host Authority. - Increased senior officer support from TNE Strategy Director and Tyne Tunnel Manager. - TNE Strategy Director has responsibility for long term transport policies, plans, analysis and business cases. - More finance support has been made available through SLA with new Host Authority.	4	2	8	s t a t i c	- Continuous assessment of skills and capacity within Transport North East's to meet its support role to JTC, including addressing any gaps through recruitment or external support as required. e.g. communications, programme management.	Managing Director Transport North East	Ongoing	4	2	8	s t a t i c

			- Increased demand for rapidly changing work requirements for transport policy, funding bid submission and programme delivery.	funding bids. - Reputational damage.		- External Resources are appointed where required to support JTC delivery priorities.												
Delivery of Transport Improvement Projects/ Programmes	6	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.	- Poor programme/project management. - Inaccurate assessment of projects costs when submitting funding bids. - Delays and costs for a project due to unforeseen events. - Insufficient capacity and skills to manage projects. - Fraud and corruption.	- Transport projects may be delayed, reduced in size or not completed with intended benefits unrealised. - Funding may be lost through missed deadlines, project failure. - Reallocation of other earmarked funding to address gaps. - Reputational damage.	- Introduction of Capital Programme Management Framework to allow consistent and effective management of the programme as it becomes reliant on new/changing sources of funding. - Internal Audit review of the monitoring arrangements for the delivery the Transforming Cities Fund was positive in its design. Review of its actual operation due 2021/22. Outside of JTC Control: Covid 19: - Delays to delivery due to the impact of the Pandemic on the operation of projects.	- MD TNE and TSU staff have proven experience, skills and knowledge to submit strong bids. - All bids/projects are subject to scrutiny using the TSU's Transport Assurance Framework to ensure they are in line with the JTC objectives and plans and meet bid criteria. - Directly managed projects are managed using recognised project management principles. - Where projects are delivered by partners arrangements are in place to gain assurance that the projects are progressing as expected. - Projects delivered by contractors are let subject to a competitive procurement process. - All third-party projects are based on funding agreements which include performance monitoring and reporting requirements. - Clear conditions of use are provided by funding providers. - JTC officers are subject to relevant codes of conduct. - Internal Audit have received the project management arrangements for the JTC.	4	2	8	s t a t i c	- Monitoring of the delivery of the overall JTC programme of projects should be carried out on a regular basis. - Programme management and governance structures within the JTC and TN are to be reviewed and developed to ensure they remain fit for purpose particularly in light of successful funding bids e.g. Transforming Cities Fund.	Managing Director Transport North East Managing Director Transport North East	Ongoing Ongoing	4	2	8	s t a t i c	
Transport Infrastructure Assets	7	Transport assets, which are the responsibility of the JTC, are inadequately managed and maintained.	- Lack of awareness of the existence of the asset. - Lack of clarity as who has responsibility for the management and maintenance of the assets. - Lack of clarity as to standards required. - Lack of resources to maintain the assets.	- Greater financial resources may be needed to rectify faults arising from poor maintenance. - Failures in transport infrastructure assets may affect services delivered to transport users leading to disruption and complaints and a drop in usage. - If available funding is not used by a deadline it may be lost. - Financial resources earmarked for	- Internal Audit of contract monitoring of TT2 contract for the Tyne Tunnel resulted in Substantial Assurance. Outside of JTC Control: Covid 19: - Potential threat to funding due to impact of the Pandemic on the economy.	- JTC's constitution includes 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 standards are included in service provider agreements including assurance reporting requirements. -Tyne Tunnels Manager has oversight of the performance of service provider.	3	2	6	s t a t i c	- As part of the ongoing review of roles, responsibilities, and arrangements regarding the activities of the JTC and Transport North East capacity and skills available to the JTC's to carry out its contract management responsibilities is continuously assessed.	Managing Director Transport North East	Ongoing	3	2	6	s t a t i c	

				other future purposes may need to be used to complete current projects causing postponement or delays in other JTC plans.															
Service Delivery	8	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.	- Lack of clarity as to the responsibilities, duties and interface regarding the oversight of public transport services within the region. - Failure to appreciate and provide appropriate levels of transport services to adequately support the economic well-being and reputation of the region. - Lack of resources and/or expertise to put in place effective arrangements to ensure adequate levels of transport services are provided.	- Loss of confidence by stakeholders, including government, in the JTC's ability to meet its responsibilities. - Loss of confidence by users of services. - Failure of JTC oversight of public transport providers may lead to inadequate services resulting in less use of public transport and greater congestion on the roads.	- Service provision governance and monitoring arrangements with transport providers were established and successfully operated under NECA prior to the split in to two combined authorities which required the creation of the JTC. Outside of JTC Control: - Many transport service providers are independent, private sector bodies that require profit from service provision.	- JTC's constitution makes it clear it has overall responsibility and oversight for certain statutory public transport services. - JTC committees, i.e. Leadership Board, Tyne Wear Sub Committee and Overview and Scrutiny 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 and bus provision. - 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). - Local Oversight through North East Rail Management Unit for Rail North - JTC forum with bus operators in place that allows greater oversight of delivery: moving to an Enhanced Partnership as required by National Bus Strategy. - Draft Rail and Metro Strategy under consultation to identify new delivery structures.	3	2	6	Stat				3	2	6	Stat		
'Catastrophic Event'	9	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,	- Lack of clarity over responsibilities and duties of the relevant stakeholders with partner agencies for oversight of public transport services within the region in the event of a 'catastrophic event'. - Failure to anticipate	- Excessive death or injury - Economic activity excessively reduced due to inability of employees to carry out employment duties/activity.	Outside of JTC Control: - 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. - Current changes in the way the rail infrastructure and contracts for carriage are managed.	- JTC Councils membership of Local Resilience Forums (LRF) along with transport delivery partners; (Nexus, Highways England, Network Rail) allows for effective delivery of multi-disciplinary planning for Major Incidents as required by the CCA - JTC public transport providers have developed their own risk, emergency response and business continuity plans	4	2	8	Stat	- The JTC's own disaster recovery and business continuity arrangements are to be reviewed to ensure they remain fit for purpose.	Managing Director Transport North East	March 2023	4	2	8	Stat		

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Risk Analysis Toolkit

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

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

Assess the impact should the risk occur

	Objective	Service Delivery	Financial	Reputational
Critical/Showstopper	<ul style="list-style-type: none"> Over half the objectives/programmes affected More than one critical objective affected Partners do not commit to the Shared vision 	<ul style="list-style-type: none"> Significant change in partner services Relationship breakdown between major partners and stakeholders Serious impact on delivery of key transport related investment plans Unplanned major re-prioritisation of resources and/or services in partner organisations Failure of a delivery programme/major project Serious impact on public transport services provided to users 	<ul style="list-style-type: none"> Inability to secure or loss of significant transport funding opportunity (£5m) Significant financial loss in one or more partners (£2m) Significant adverse impact on transport budgets (£3m)) 	<ul style="list-style-type: none"> Adverse national media attention External criticism (press) Significant change in confidence or satisfaction of stakeholders Significant loss of community confidence

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

Glossary of Terms

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

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

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

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

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

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

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

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

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

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

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

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North East Joint Transport Committee Audit Committee

Date: 23 March 2022

Subject: Tyne Pedestrian and Cycle Tunnels Update

Report of: Managing Director, Transport North East

Executive Summary

The purpose of this report is to provide an update to JTC Audit Committee on the refurbishment and operation of the Tyne Pedestrian and Cyclist Tunnels. The report details the history of the refurbishment, the reopening of the tunnels in 2019 and the extended opening hours put in place in 2021.

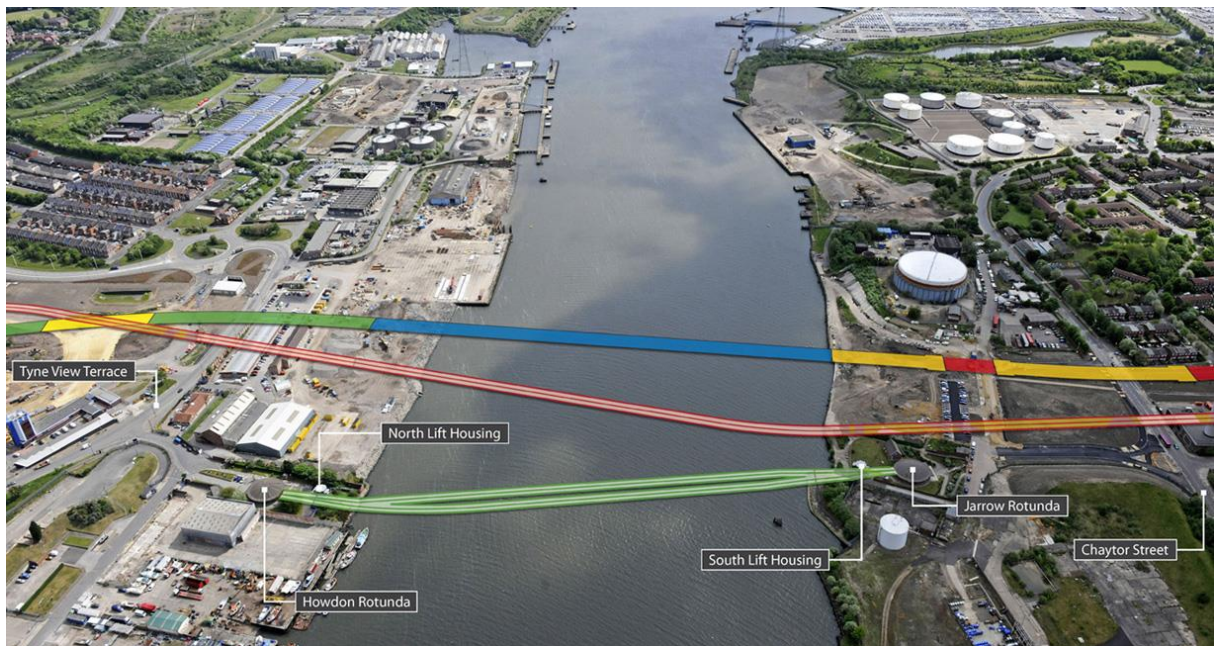
The report also provides information on the contractor issues encountered in the refurbishment of the inclined lifts and details the appointment of new contractors in 2021 to work on completion of the lifts.

Recommendations

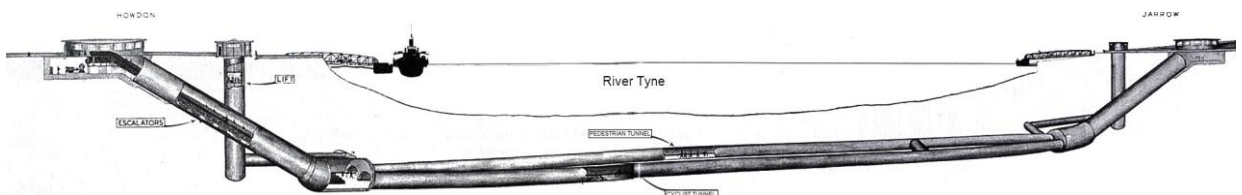
The JTC Audit Committee is recommended to note the information in this report which is provided as an update.

1. Background Information

- 1.1 The Tyne Pedestrian and Cyclist Tunnel is 70 years old and was Britain's first purpose-built cycle tunnel. It runs under the River Tyne between Howdon and Jarrow, and was opened in 1951, to coincide with the Festival of Britain. In the 1950's the tunnel was used by 20,000 people a day, mainly workers heading to the many shipyards on both sides of the Tyne. The tunnel is a Grade II listed building due to its historical and architectural significance.



- 1.2 Unlike the new traffic tunnel which sits on the river bed, the Pedestrian and Cyclist Tunnel runs deep under the river bed, and therefore there is a steep incline to travel down to tunnel level from the surface. In 1951 when it opened, the tunnel was accessed from ground level by two wooden escalators and a vertical lift. The wooden escalators remain the longest wooden escalators in the world.
- 1.3 Whilst the Pedestrian and Cyclist Tunnel is one tunnel structure, underground it separates into two tunnels at the lower level in order for cyclists and pedestrians to be safely separated for the length of their journey through the lower section of the tunnels:



Operation and Maintenance Responsibility

- 1.4 As part of the Project Agreement (PA) between TT2 Ltd and NECA signed in 2007, TT2 Ltd are responsible for the operation and “routine maintenance” of the pedestrian and cycle tunnels. However, the “major maintenance” liability for the TPCT was retained by the Tyne & Wear PTA (and now NECA, as accountable body for the Joint Transport Committee).
- 1.5 In 2013 Newcastle Council project officers on behalf of NECA took over responsibility for the operation and maintenance of the pedestrian and cyclist tunnels for the duration of the refurbishment project. Once the tunnels are fully operational and the refurbishment is finalised, TT2 will take back responsibility for operation and routine maintenance as intended in the PA.

Refurbishment Works

- 1.6 Refurbishment was originally considered in the late 2000’s due to the dilapidated state of the asset. The tunnels were nearly 60 years old at that time and showing signs of significant wear and tear, with the following issues:
- The escalators and lifts were regularly failing and were out of use for significant periods.
 - Tiled surfaces were damaged showing discolouration, cracking and some missing tiling.
 - Water ingress was evident throughout the tunnels.
 - The pavements in the tunnels were uneven and showed signs of deterioration.
- 1.7 In September 2008 the delegated committee at that time, the Tyne Tunnel Working Group, approved the development of proposals for the refurbishment of the Tyne Pedestrian and Cyclist Tunnels, with an originally estimated cost of £6.5m and a contract period of 57 weeks.
- 1.8 The refurbishment works began in May 2013 led by Newcastle Council officers. The works were originally limited in scope concentrating on the installation of two new inclined lifts capable of carrying cycles and associated refurbishment works. However, during the initial stages of the contract additional structural and safety works were identified. The various issues identified by 2016 resulted in approval of an increase in the project budget (to £11.92m in September 2016) and an extension of the original contract duration (to 60 months).
- 1.9 The tunnels were ultimately closed from 2013 to August 2019 for the refurbishment works to be undertaken. This was substantially longer than originally envisaged in the early proposals. The delay resulted from a number of issues which also led to escalated costs including:
- removal of asbestos, the scale of which was greater than anticipated;
 - the necessity of additional structural works replacing steelwork and concrete;

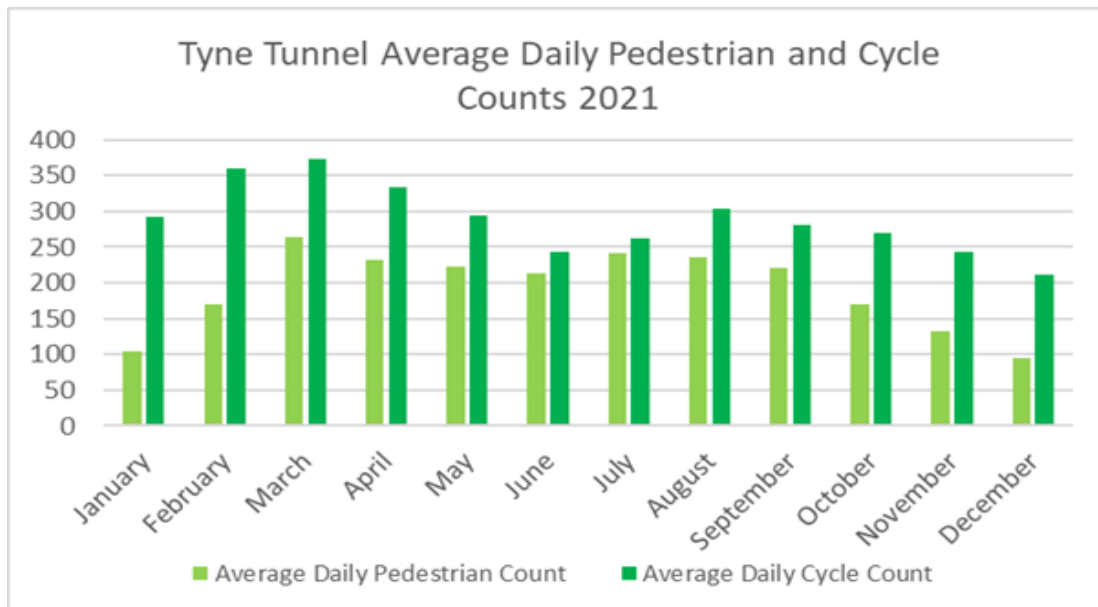
- the extent of water ingress and tiling repairs which were more than estimated in original plans;
- the main building contractor entering administration resulting in the project being halted for over 18 months;
- a specialist contractor being required to deal with asbestos contamination following the departure of the main contractor;
- the electrical contractor entering administration;
- operational issues with the specialist inclined lifts; and
- the listed building status of the tunnels which required specialist input as all replacement materials had to reflect the original style of the 1951 tunnels.

1.10 Despite the difficulties encountered, the project was successful in the refurbishment and the Newcastle Council project team completed the necessary structural repairs including the replacement of tiling, paving, and tunnel lining and refurbishment of the two rotunda buildings at each end. In addition, the mechanical and electrical systems in the tunnels, including integration to the TT2 systems, have been completely renewed. These works should help maintain and protect this historic listed structure for future generations of walkers and cyclists.

2. Tyne Cyclist and Pedestrian Tunnels Update

Reopening of the tunnels

- 2.1 The tunnels were reopened to the public in August 2019 with access 6am to 8pm for pedestrians and cyclists. The reopening was welcomed by the local communities and workers based at each end of the tunnel who had been using the replacement bus service during the closure. Numbers of users increased throughout 2019 and into 2020, with cyclists in particular, using the tunnels in greater numbers.
- 2.2 Throughout 2021 between 300 and 600 people per day used the tunnels with the most popular times of year being spring and summer. The increase in usage is welcomed and is in line with the objectives of the Transport Plan which aims to increase and promote Active Travel.



2.3 In December 2020 a trial was proposed to open the tunnels 24/7 to allow shift workers to use the tunnel in the night. Until then the opening hours had been 6am to 8pm. The trial was successful and there were no serious issues of anti-social behaviour at night which had been a potential concern. Following the trial it was approved by the Tyne & Wear Subcommittee that throughout 2021 the tunnels could remain open 24/7 with security staff on site throughout the day and night.

2.4 The extended opening hours were welcomed by users and although usage numbers are relatively low at night, the 24/7 opening is invaluable for workers who have no other means of getting to work for night shifts or early start shifts. Tunnel users have reported on social media the value of the night time opening explaining that there is no other public transport available during the night, so the only alternative would be to use a car or taxi.

Inclined glass lifts

2.5 One of the main modern features planned as part of the refurbishment was the replacement of the 1950's escalators (which were unreliable and were unsuitable for cyclist use) with an inclined glass lift at each end of the tunnels to carry cyclists and pedestrians. Italian contractors Maspero Elevatori were procured to design, build and install the bespoke lifts which had to be designed and manufactured to fit the exact space and incline of the existing tunnel structure.

2.6 Maspero carried out work in 2018 and 2019 on the inclined glass lifts but completion was delayed for various reasons from 2019 onwards. The details of the issues encountered with Maspero are set out in the confidential appendix attached to this report.

2.7 A new contractor was appointed in 2021 called Lift Design Limited who specialise in the design and installation of lifts. The engineers started works in August 2021 and continued throughout Autumn 2021. They have completed the full programme of works proposed with the exception of the final stage involving works on the doors and cabin. They have been reliable and diligent in the work carried out.

They have uncovered some unexpected problems as the work has gone on, but have proposed solutions to all issues encountered and have carried out additional works as required.

2.8 The outstanding final stage works to be completed relate to the cabin, doors and the door operating mechanisms. New parts are required but due to supply chain issues there has been a delay to the works until the bespoke parts can be provided, therefore it is planned that bringing the lifts into full operation will be in later in 2022. The specific date will be known once the door parts have been delivered successfully as the final programme will be the fitting of the door parts and the testing and certification. Once operational each of the new lifts will be able to carry up to 6 cyclists and their bikes in one journey.

2.9 Whilst the lift works are ongoing, discussions are underway with TT2 to plan the handover of the operation of the tunnels to TT2 for the remainder of the Concession (end date is 2037). Following handover TT2 will be responsible for daily operation and routine maintenance. Transport North East will continue to be responsible for capital maintenance.

3. **Reasons for the Proposals**

Not applicable.

4. **Alternative Options Available**

Not applicable.

5. **Next Steps and Timetable for Implementation**

5.1 The outstanding works will be completed as soon as the final door parts are supplied. It is expected that the parts will be supplied within the next 14 weeks as this is the supplier lead time from order. Once the parts are supplied the final works to fit the parts will take place. The testing and certification will be programmed to take place as soon as possible thereafter.

5.2 Officers will continue to work with TT2 to put in place the arrangements including staff training plan and legal agreement for handover of the tunnels to TT2 as soon as the lifts are operational.

6 **Potential Impact on Objectives**

6.1 The continued availability of the tunnels for pedestrians and cyclists and the 24/7 opening is in line with the Combined Authorities' policies and priorities on sustainable transport as identified in the Strategic Economic Plan and Local Transport Plan.

7. **Financial and Other Resources Implications**

7.1 The cost of the refurbishment has been funded from Tyne Tunnel reserves and from prudential borrowing in line with the original approval for the project. It is important to note that this reserve is ring-fenced for use on the tunnels specified to be used "in paying the costs and expenses incurred in designing, constructing,

managing, operating and maintaining the tunnel crossing.”¹ Therefore, the funding was intended to be used for this purpose in the first instance, on a project relating directly to the maintenance and operation of the Tyne Tunnels.

- 7.2 The cost incurred on contracted works on the inclined lifts in the financial year 2021/2022 is £292,103. There are further works to be completed in the next financial year estimated at £281,097 which includes the supply of the door parts, installation, testing and final certification by an independent notified body.
- 7.3 Should recovery of the costs from Maspero under a legal claim be possible, this would reduce the amount required by reimbursing the tunnels reserve.
- 7.4 The forecast of outturn for 2021/22 includes capital expenditure on the tunnels, principally the Pedestrian and Cycle Tunnels, of £0.828m. This includes annual costs in respect of the 24/7 on-site security, maintenance contracts for the mechanical and electrical equipment, cleaning and utilities and the costs of the lift works.

8. Legal Implications

- 7.1 The legal implications have been addressed in the body of the report.

9. Key Risks

- 9.1 Financial and reputational risk – if the completion of the inclined glass lifts is further delayed this impacts on the users of the tunnels in that there is less capacity in the vertical lift at busy times. It also creates a financial risk as it means that handover to TT2 is delayed.
- 9.2 These risks are being addressed by working closely with the lift contractors to obtain the final parts required to complete the works and to plan a programme to install the doors, carry out safety testing and obtain certification of the lifts as soon as possible.

10. Equality and Diversity

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

11. Crime and Disorder

There are no implications for Crime and Disorder arising directly from this report.

12. Consultation/Engagement

The Head of Paid Service, Monitoring Officer and Chief Finance Officer have been consulted. Regular updates are provided to the Transport North East (Tyne and Wear) Sub-Committee. TT2 website and the Pedestrian and Cycle Tunnel website both provide updates to the public on all matters related to the Tunnels.

¹ The River Tyne (Tunnels) Order 2005

13. Other Impact of the Proposals

Not applicable.

14. Appendices

None

15. Background Papers

None.

16. Contact Officers

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Fiona Bootle, Tyne Tunnels Manager, Fiona.bootle@transportnortheast.gov.uk.

17. Sign off

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

Glossary

18. TPCT – Tyne Pedestrian and Cyclist Tunnel

PA – Project Agreement (relating to the contract for the provision of the New Tyne Crossing)

JTC – Joint Transport Committee

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