

Audit and Standards Committee

Tuesday 28 June at 10.00am

Meeting to be held at: Whickham Room, Gateshead Civic Centre, NE8 1HH

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 5 April 2022 **1-4**

For approval as a correct record

4. External Audit Progress Report **5-22**

5. Consideration of 'Going Concern Status' for the Statement of Accounts for the year ended 31 March 2022 **23-32**

6. North East Combined Authority Strategic Risk Register **33-106**

7. NECA Annual Governance Statement 2021/22 **107-138**

8. Draft Statement of Accounts 2021/22 - Report to follow **139**

9. Date and Time of Next Meeting: 27 September 2022 at 10.00am.

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Audit and Standards Committee

DRAFT MINUTES TO BE APPROVED

5 April 2022

(10.00am – 10.25am)

Meeting held at: Mayor's Parlour, Sunderland City Hall, SR1 3DP

Present:

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

Councillors: A Huntley (South Tyneside), A Mullen (Sunderland), J Wallace (Gateshead), T Smith (Durham)

Officers: John Rumney (representing the Monitoring Officer, NECA), Eleanor Goodman (Finance Manager, NECA), Tracy Davis (Senior Manager of Assurance, Sunderland City Council), Gavin Barker (Audit Director, Mazars), Toby Ord (Strategy and Democratic Services Assistant, NECA)

1 APOLOGIES FOR ABSENCE (MEMBERS)

Apologies for absence were received from Cllr Beadle, Paul Darby, Nicola Robason and Gavin Armstrong.

2 DECLARATIONS OF INTEREST

None.

3 **MINUTES OF THE PREVIOUS MEETING HELD ON 7 SEPTEMBER 2021**

The minutes of the meeting held on 7 September 2021 were approved as a correct record.

The Chair reiterated queries of whether Nexus Officers are yet to have been reinvited to attend a recent meeting. It was clarified that invites have been sent however no response was received.

RESOLVED that: -

- i. Nexus Officers be once again requested to attend to an upcoming meeting.

4 **MINUTES OF THE MEETING HELD ON 5 JANUARY 2022**

The minutes of the meeting held on 5 January 2022 were approved as a correct record.

The Chair questioned whether the Treasury has yet to provide an update regarding the audit deadlines. It was indicated that the deadline has been pushed back from Christmas time 2021 to no sooner than July 2022.

5 **FOLLOW UP LETTER**

Submitted: Report of the External Auditor (previously circulated and copy attached to the official minutes).

The Audit Director from Mazars delivered his Follow Up Letter which aimed to provide some clarity on the position of the 2020/21 audit and issues / conclusions arising from the matter.

Members were assured that Mazars are determined to conclude the audit, however Treasury software issues are preventing all Government accounts from being finalised, affirming that this is a national issue. Until this issue is resolved, a certificate of completion cannot be designated. The Chair queried if the delays stemming from such issues will cause effect on anything further, however Members were assured that while this will cause increased workload this will not be insurmountable.

Another issue was raised by the Audit Director - a technical problem relating to accounting for infrastructure restraining the Auditors ability to fully sign off on the audit. It was assured that this is a purely technical issue existing outside of the public domain and occurs within all audits for Authorities with significant infrastructure. It was noted that it has become standard practice for accounts to be accepted in this state, and that these issues stretch back to 19/20 accounts.

There was said to be an expectation for a task and finish group to come to a resolve for subverting these technical practices to fully complete the accounts, however this will have to be reviewed and approved by the relevant governing bodies. Multiple solutions were listed, including a retrospective action to change technical rules to avoid such obstacles. Members identified this as the most sensible.

When questioned whether this was affecting next years audit, it was noted that the relevant Audit Officer who regularly assists with preliminary work is currently unable due to sickness. Despite this, some progress was said to have been made in audit planning.

RESOLVED that: -

- i. the report be noted

6 NECA INTERNAL AUDIT PLAN 2022/23

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

The Senior Manager of Assurance at Sunderland delivered her report, outlining planned audit work for the upcoming year of 2022/23.

Members were informed that there is only one audit currently being undertaken: 'Coordination of the Audit Certificate for the Local Transport Grant Claim', under which each Local Authority's relevant audit services shall ensure that their grants are in line with the relevant conditions under which they must be applied.

It was noted that a report is usually produced follow the completion of each audit, however for the aforementioned, one is only to be produced should there be any improvements which require notification, otherwise this step will be omitted, and a completion certificate will be designated.

The Chair expressed concern over the number of 'substantial's' outlined in Annex 2, although it was clarified that these are a reference to assurance levels, and not risk factor, and are therefore positive.

RESOLVED that: -

- i. the report be noted.

7 ACCOUNTING POLICIES

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

The Finance Manager presented the report providing an update on proposed changes to accounting policies for the upcoming year.

It was stated that there are no proposals to update the current accounting policies. It was noted that there was an exceptional consultation held for the consideration of time limiting changes in order to offset delays to financial statements, however it was said that this is not going to be progressed further.

Members were made aware that any further proposals will be reviewed by the Chief Finance Officer and brought back to the Committee. Attention was also drawn to a missing tick under the 'No Change' column on page 40.

RESOLVED that: -

- i. the report be noted.

8 AGREEMENT OF ACCOUNTING POLICIES FOR 2021/22 STATEMENT OF ACCOUNTS

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

The Finance Manager delivered a swift update on changes to code of practice, reiterating the consultation issue discussed during the previous item. It was noted that updates proposed by the Government in December 2021 to support the completion of the Local Government Audit have yet to materialise. As well, NECA has received £9k to support audit work.

Attention was drawn to deadlines within the report, with a summary of changes to the code at the rear, although none of these were said to be significant.

RESOLVED that: -

- i. the report be noted.

9 DATE AND TIME OF NEXT MEETING: To be confirmed.

Audit and Standards Committee

Date: 28 June 2022
Subject: External Audit Progress Report
Report of: External Auditor

Executive Summary

The report provides Members of the Audit and Standards Committee with a copy of the External Auditor's Progress Report.

The report provides the Committee with updates on:

- The 2020/21 audit work;
- The 2021/22 audit planning process; and
- Recent relevant reports and publications for information.

Recommendations

The Committee is recommended to receive the report for information.

1. Background Information

- 1.1 Appendix 1 is the External Audit Progress Report provided by the external auditors, Mazars. This provides the Committee with updates on the 2020/21 audit work, the 2021/22 audit planning process and recent relevant national reports and publications for information.

2 Proposals

- 2.1 The Progress Report is attached as Appendix 1.

3. Reasons for the Proposals

- 3.1 The Progress Report is presented to the committee in line with its terms of reference, which include to receive reports from the External Auditor in relation to the statement of accounts.

4. Alternative Options Available

- 4.1 There are no alternative options arising from this report.

5. Next Steps and Timetable for Implementation

- 5.1 The External Auditor is unable to issue their audit opinion on the financial statements of the Authority and Group until the issue set out in the report is resolved, which is anticipated to be through steps taken by CIPFA in the near future to determine and implement a national solution.
- 5.2 The 2021/22 Audit Strategy Memorandum will be presented to the Committee at a future meeting, and the main external audit work will take place later this year, currently indicatively planned for late Summer 2022.

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 direct financial implications arising for NECA as a result of this report.

8. Legal Implications

- 8.1 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 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 Consultation has taken place with NECA statutory officers.

13. Other Impact of the Proposals

13.1 There are no other impacts arising from these proposals.

14. Appendices

14.1 Appendix 1 – External Audit Progress Report

15. Background Papers

15.1 None

16. Contact Officers

16.1 Jim Dafter, Senior Manager – Mazars, jim.dafter@mazars.co.uk

17. Sign off

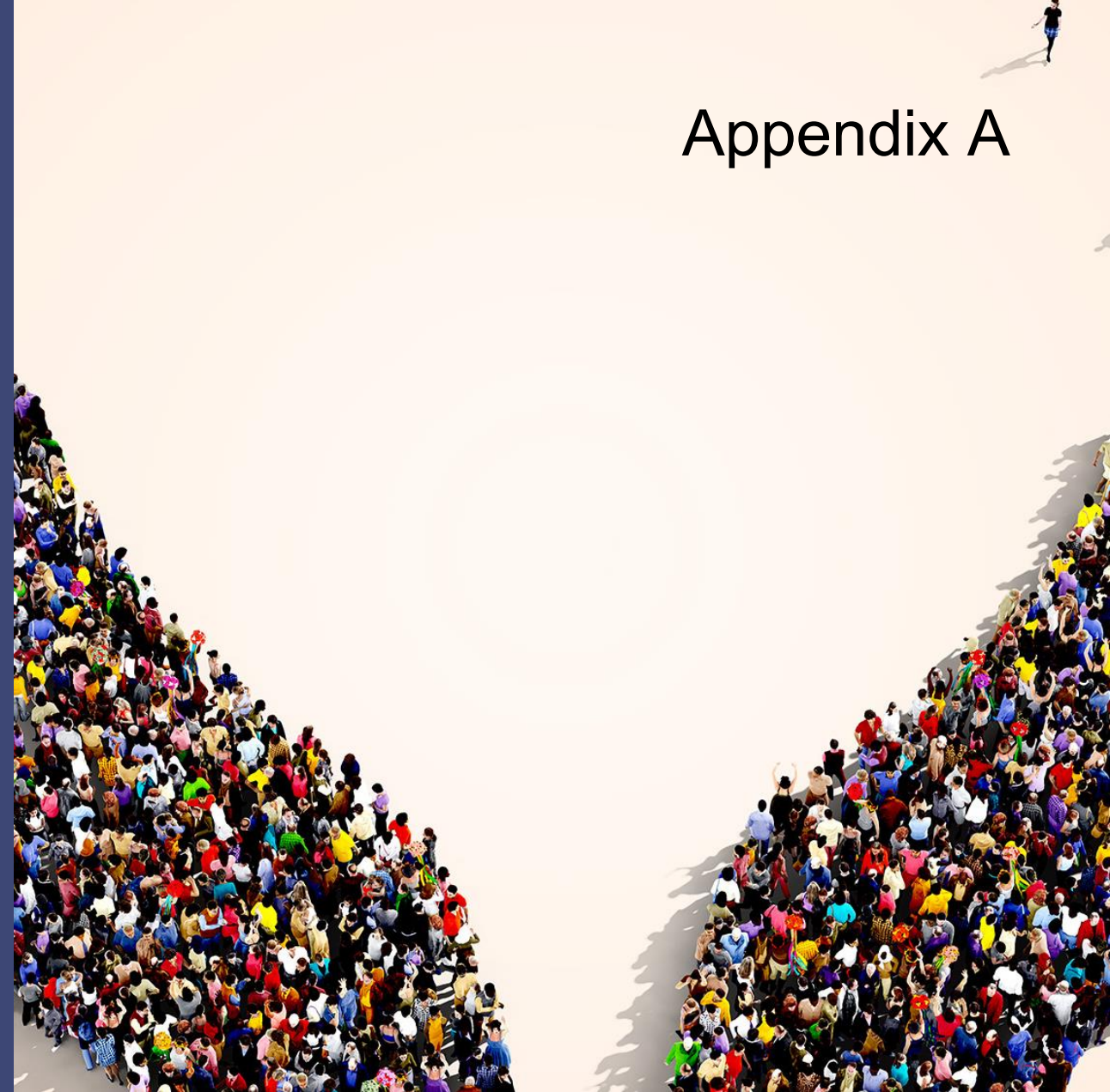
- 17.1
- Head of Paid Service: ✓
 - Monitoring Officer: ✓
 - Chief Finance Officer: ✓

Appendix A

External Audit Progress Report

North East Combined Authority

June 2022



1. Audit Progress
2. National publications

01

Section 01: **Audit Progress**

Audit Progress

Purpose of this report

This report provides the Committee with updates on:

- the 2020/21 audit work;
- the 2021/22 audit planning process; and
- recent relevant reports and publications for your information (Section 2).

2020/21 Audit

Members will recall that we presented our Audit Completion Report to the Audit and Standards Committee on 25 January 2022 and to the Leadership Board on 1 February 2022. We then presented a Follow Up Letter to the Audit and Standards Committee on 5 April 2022 within which we outlined a national issue in relation to infrastructure assets which was preventing us from giving the 2020/21 audit opinion. Unfortunately, this issue is still ongoing and CIPFA have introduced an Urgent Task and Finish Group to resolve this issue.

We are yet to complete our work in respect of your value for money arrangements for the year ended 31 March 2021. At the time of preparing this report, we have not identified any significant weaknesses in arrangements that require us to make a recommendation, however, we continue to undertake work on NECA's arrangements. We are required to report our findings in this area within 3 months of the audit opinion date.

Finally, we are yet to receive group instructions from the National Audit Office to allow us to carry out work on the Whole of Government Accounts. The timescale for this now appears to have moved towards the summer of 2022.

All of the above has resulted in us being unable to give our certificate closing the 2020/21 audit.

Audit Progress

2021/22 Audit

We will present our 2021/22 Audit Strategy Memorandum with the Committee at a future meeting. At this stage we do not expect any significant changes to the audit risk profile and the overall audit approach required under the NAO Code of Audit Practice, and we have not identified any significant changes to the financial reporting requirements under the 2021/22 CIPFA Accounting Code. The operating and financial environment continues though to be challenging and its important our audit plan is properly tailored to NECA's risks and issues.

We held our annual Local Government Accountant's workshops in February 2022, which were attended by members of the finance team.

We have continued to update our planning and our audit visit, including our normal system walkthroughs and audit of the financial statements, is planned for late Summer 2022. We will follow up any specific issues with management

We have not identified any specific significant concerns from the value for money risk assessment to date. The scope of the assessment is largely unchanged through the latest NAO guidance and the work carried out in 2020/21, helped by the management self assessment with supporting evidence, provides a good platform for the 2021/22 assessment. We are continuing to carry out desk top procedures to update our assessment and will report any matters arising if required. The Financial Stability theme is, as expected, an area where we expect at all bodies to have to continue to keep our assessment up to date, given amongst other things the continuing uncertainty over future funding and cost pressures.

02

Section 02: **National publications**

National publications

| | Publication/update | Key points |
|---|---|---|
| Chartered Institute of Public Finance and Accountability (CIPFA) | | |
| 1. | Urgent Task and Finish Group – infrastructure, March 2022 | Technical accounting issue; until this national issue is resolved, audit firms are pausing issuing opinions which are outstanding for 2020/21. |
| 2. | Local Authority Controlled Companies: a good practice guide, May 2022 | A good practice guide published in May 2022; highlighted for potential interest to Committee Members, noting the full guide needs to be purchased. |
| National Audit Office (NAO) | | |
| 3. | Investigation into government’s actions to combat waste crime in England, April 2022 | This investigation responds to concerns about government’s oversight of the waste industry and how action is taken to address illegal activity. |
| Public Sector Audit Appointments Limited (PSAA) | | |
| 4. | Annual Quality Monitoring Report 2019/20, April 2022 | This covers the work of local auditors appointed by PSAA for the 2019/20 financial year. The report provides information from PSAA’s quality monitoring arrangements throughout the year, survey results and findings from professional regulation and contractual compliance. The report details how the Financial Reporting Council reviewed four Mazars financial statements audits and all were assessed as meeting the required standard. |

NATIONAL PUBLICATIONS

CIPFA

1. CIPFA Urgent Task and Finish Group – infrastructure, March 2022

CIPFA has established a task and finish group to address an issue regarding the derecognition of parts of infrastructure assets following 'replacement' expenditure. This is a complex and serious issue. The group will consider the issues arising, and how it might assist in their resolution. Such assistance might take the form of producing additional guidance on this issue or including clarifications in the accounting code.

CIPFA LASAAC has instead agreed in principle to issue a consultation paper on a temporary solution so that local authorities and auditors can progress the issue and to ensure that there are no unintended consequences emanating from any options pursued. A more in-depth consultation on the issue will follow as a part of the consultation on the 2023/24 code. The consultation on the temporary solution was issued in early May 2022.

Until this national issue is resolved, audit firms are pausing issuing opinions which are outstanding for 2020/21.

Description of the issue

The issue is a technical accounting one and arises principally because of information availability relating to these assets.

Accounting for infrastructure in local government has not historically been considered to be an area of significant audit risk, due to the inalienable nature of the assets and the use of a historical cost basis of accounting. However, concerns raised by a local government auditor that some authorities are not applying component accounting requirements appropriately have recently come to light via audit network discussions convened by the National Audit Office.

The issue raised by auditors is in relation to the derecognition (removal of the carrying amount) of parts of infrastructure assets when replacement expenditure is undertaken. There are also related issues for the reporting of gross historical cost and accumulated depreciation. Infrastructure assets are one of the few categories of property, plant and equipment assets measured at historical cost rather than at an asset measurement described as 'current value'. The valuation process for these assets was deemed to be too costly and, therefore, infrastructure assets are held in local authority balance sheets at depreciated historical cost.

Normal custom and practice for (highways) infrastructure assets is that derecognition does not affect asset balances because the assets are expected to have been fully used up before the replacement expenditure takes place; this does require that assets are properly depreciated in line with the requirements of the Accounting Code. This issue arises in part because of limitations on historical information relating to when the assets were first recorded on balance sheets in the early 1990s, and where there have been transfers of assets because of local authority reorganisations. It is also extremely difficult to clearly identify the parts of the assets which are being replaced.

<https://www.cipfa.org/policy-and-guidance/urgent-task-and-finish-group-local-authority-infrastructure-assets>

NATIONAL PUBLICATIONS

CIPFA

2. CIPFA Local Authority Controlled Companies: a good practice guide, May 2022

In recent years, the potential risk associated with local authority trading companies and joint ventures has increased. Nothing is risk free, but it is important to learn lessons from others and access support.

<https://www.cipfa.org/policy-and-guidance/publications//local-authority-owned-companies-a-good-practice-guide>

NATIONAL PUBLICATIONS

National Audit Office

3. Investigation into government's actions to combat waste crime in England, April 2022

A range of organisations are involved in combatting waste crime in England. The Department for Environment, Food & Rural Affairs (Defra) has policy responsibility for waste, including waste crime, within government. The Environment Agency (the Agency) is responsible for investigating certain types of waste crime and taking action against the perpetrators, including illegal waste sites, illegal dumping (the most serious fly-tipping incidents) and breaches of environmental permits and exemptions. Responsibility for clearing waste ultimately sits with the landowner or land manager, including local authorities and other public bodies such as National Highways. Local authorities also have powers and duties relating to fly-tipping, and deal with the majority of smaller incidents. HM Revenue & Customs (HMRC) has responsibility for pursuing the evasion of landfill tax in England.

In 2018, the government published a range of documents setting the course for waste crime policy. The 25-Year Environment Plan set the ambition to eliminate waste crime and illegal waste sites within 25 years. The Resources and Waste Strategy reiterated that goal and set out government's approach and planned action to combat waste crime over the short to medium term. The 2021 Environment Act includes changes to elements of the law on waste enforcement and regulation

This investigation responds to concerns expressed by MPs about government's oversight of the waste industry and how action is taken to address illegal activity. Concerns related partly to a HMRC investigation into suspected systematic abuse of the landfill tax system referred to as Operation Nosedive, which cost more than £3 million but ended in plans to pursue prosecutions being abandoned.

While Defra and the Agency have a good understanding of the nature and complexity of waste crime, the Agency does not currently have the data it needs to identify and assess the full extent of all waste crime, which makes it difficult to prioritise its response effectively. The Agency acknowledges that the more it looks for incidents of non-compliance with waste regulations, the more waste crime it finds, and that for some types of waste crime the reported statistics understate the true extent. Available evidence indicates that the incidence and cost of dealing with waste crime across England is increasing. Landfill tax changes have, as intended, led to a reduction in landfill volumes but have also increased the financial incentives to commit waste crime. Barriers to operators entering the waste sector are low, and sanctions and prosecutions for committing waste crime may not be acting as effective deterrents.

Reported fly-tipping incidents have been increasing over the past decade. The number of fly-tipping incidents reported by local authorities has been broadly increasing since 2012/13, reaching more than 1.13 million incidents in 2020/21. In 2020/21: most fly-tipping incidents involved household waste; the most common place for fly-tipping to occur was on highways; and incidents equivalent in size to a 'small van load' were the commonest category. Local authorities reported that clearing the largest categories of fly-tipped waste cost them £11.6 million in 2020/21.

NATIONAL PUBLICATIONS

National Audit Office

3. Investigation into government's actions to combat waste crime in England, April 2022 (continued)

Local authorities make extensive use of fixed penalty notices against fly-tippers. Between 2014/15 and 2020/21, local authorities recorded seven million incidents of fly-tipping and investigated 31% (2.2 million) of these, although the proportion investigated fell from 35% to 28% over the period. Of nearly one million actions taken in response by local authorities, the most common were issuing a fixed penalty notice (43%) or a warning letter (39%). In contrast, only 2.4% resulted in a caution or prosecution. Nearly three-quarters of prosecutions led to a fine of £500 or less, but there were 10 fines of more than £20,000, 163 custodial sentences, and 1,494 vehicles were seized.

The goal of eliminating waste crime provides the Agency with a clear vision to inform its strategy and performance management. The introduction of the Resources and Waste Strategy in 2018 was an important step forward although it was not intended to include all the actions needed to eliminate waste crime. Government's progress with implementing the actions has been slower than it had hoped. However, the Joint Unit for Waste Crime is showing early signs of progress, and Defra has strengthened requirements for obtaining environmental permits and is planning further reforms. The government plans to review progress regularly and consider what further actions are needed, but it does not yet have appropriate performance indicators to support this.

<https://www.nao.org.uk/report/investigation-into-governments-actions-to-combat-waste-crime-in-england/#>

NATIONAL PUBLICATIONS

Public Sector Audit Appointments Ltd

4. Annual Quality Monitoring Report 2019/20

This covers the work of local auditors appointed by PSAA for the 2019/20 financial year, which was undertaken during a difficult time for all concerned. The systemic issues that were highlighted in Sir Tony Redmond's Review continued and were compounded by the pandemic.

In September 2020 Sir Tony Redmond's review of local authority financial reporting and external audit was published. The report highlighted the significant challenges and turbulence within the new system of local audit, emphasising that at present local government audit is under-resourced, undervalued and is not having impact in the right areas. The report made a number of recommendations in relation to external audit regulation, smaller authorities' audit regulation, the financial resilience of local authorities and the transparency of financial reporting.

In December 2020 the Ministry of Housing, Communities and Local Government (MHCLG) delivered its initial response to the Redmond Review setting out proposed actions to implement the majority of the recommendations made in the report. This was followed by a further announcement in May 2021 which proposed that the Audit, Reporting and Governance Authority (ARGA) would carry out the hugely important role of the local audit systems leader. ARGA is the new regulator being established to replace the FRC and will contain a dedicated local audit unit which will play a key leadership and coordination role in the local audit framework. MHCLG consulted in Summer 2021 on how the new arrangements would function.

The next year is likely to continue to be very challenging for all involved in local audit, but DLUHC (formerly MHCLG) will take forward and refine its proposals in its role as interim systems leader until ARGA is created, and the FRC will create a local audit unit in shadow form.

The problems that Sir Tony Redmond reported on continue to impact significantly on the timely completion of local government audits. Only 45% of audit opinions were completed by the publishing date of 30 November 2020, compared with 58% in the previous year. This has now fallen even further with only 9% for 2020/21 audits of financial statement opinions completed (noting the reversion to a 30 September publishing date). Delayed audit opinions have a real public-facing impact, undermining the ability of local bodies to account effectively for their stewardship of public money to taxpayers. It is imperative that the whole system works together to restore timely completion of audits in order to rebuild public confidence and trust, especially as the lack of a statutory deadline for the audit opinion means that co-operation is essential to make the system work as the public has the right to expect it to.

<https://www.psa.co.uk/managing-audit-quality/annual-audit-quality-reports-from-2018-19/annual-reports/audit-quality-monitoring-report-2019-20/>

Contact

Mazars

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

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Audit and Standards Committee

Date: 28 June 2022

Subject: Consideration of 'Going Concern Status' for the Statement of Accounts for the year ended 31 March 2022

Report of: Chief Finance Officer

Executive Summary

NECA is required to assess whether it should be considered as a 'going concern' organisation and whether the authority's annual accounts should be prepared on that basis. This report considers NECA's status as a going concern and recommends that Members approve this.

When preparing the annual statement of accounts, NECA complies with the Code of Practice on Local Authority Accounting 2021/22 (the Code) as published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code requires the accounts to be prepared on a going concern basis.

This report details the reasons why it is recommended that NECA be considered as a going concern and it is appropriate for the statement of accounts to be prepared on that basis. In summary those reasons are:

- a) The financial position of the authority remains healthy;
- b) As at 31 March 2022 NECA held general reserves of £9.489m (provisional) and reserves earmarked for specific future purposes, including those held on behalf of Nexus, of £11.305m (provisional);
- c) Net assets at 31 March 2022 amounted to £139.897m (provisional);
- d) The authority has been able to set a balanced budget for 2022/23 and has a clear plan in place to continue to deliver transport services up to (at least) 2023/24;
- e) The authority has a history of stable finance and ready access to financial resources in the future; and
- f) There are no significant financial, operating or other risks that would jeopardise the authority's continuing operation.

Recommendations

The Committee is recommended to note the opinion of the Chief Finance Officer that NECA be considered as a going concern and the statement of accounts be prepared on that basis.

1. Background Information

- 1.1 The general principles adopted in compiling the statement of accounts are in accordance with the Code of Practice on Local Authority Accounting 2021/22 (the Code) as published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code defines proper accounting practices for local authorities in England, Wales, Scotland and Northern Ireland.
- 1.2 The Code requires that a local authority's statement of accounts is prepared on a going concern basis; that is, the accounts should be prepared on the assumption that the authority will continue in operational existing for the foreseeable future. This means that the Comprehensive Income and Expenditure Statement and Balance Sheet assume no intention to curtail significantly the scale of the operation.
- 1.3 An inability to apply the going concern concept can have a fundamental impact on the financial statements. In reality, it would be highly unusual for a local authority to have a going concern problem. There may be cases where part of an authority's operations cease to be viable or affordable. However, this will not give rise to a going concern issue for the authority given that the impact would be restricted to only that part of the operation.
- 1.4 Transfers of services under combinations of public sector bodies similarly do not negate the presumption of going concern. The government's Levelling Up White Paper published earlier this year committed to extending devolution in England, including taking forward negotiations for an expanded Mayoral Combined Authority deal for the North East. County Durham was named as one of nine areas selected to take forward proposals for devolved powers through a County Deal. These negotiations with government are likely to lead to changes in the scope and functions of NECA, however this is not expected to have an impact on its status as a going concern.

2 Proposals

- 2.1 The assumption that a local authority's services will continue to operate for the foreseeable future is made because local authorities carry out functions essential to the local community and are themselves revenue raising bodies (with limits on their revenue raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are therefore that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year.
- 2.2 Local authorities, including Combined Authorities, derive their powers from statute and their financing and accounting framework is closely monitored by primary and secondary legislation. It is a fundamental concept of local authority accounting that wherever accounting principles and legislative requirements are in conflict, the legislative requirements then apply.

- 2.3 An organisation must consider its financial performance to assess its ability to continue as a going concern. This assessment should cover historical, current and future performance.

Historical Position

- 2.4 The following table shows the net assets of the authority for the last five years:

| Year ended 31 March | Net Assets £ million |
|----------------------------|-----------------------------|
| 2018 | 163.599 |
| 2019 | 114.283 |
| 2020 | 125.141 |
| 2021 | 99.316 |
| 2022 (provisional) | 139.897 |

The significant reduction in net assets between 31 March 2018 and 31 March 2019 was due to the changes to the boundaries of NECA and the establishment of the NTCA in that year. From this point onwards the net assets of the North East Joint Transport Committee (JTC) were split between the accounts of NECA and NTCA. Similarly, the reduction between 31 March 2020 and 31 March 2021 is due to the transfer of the net assets of the North East LEP to NTCA. As set out in paragraph 1.4 above, these transfers of functions do not negate the going concern presumption.

- 2.6 The external auditor provides a ‘Value for Money’ conclusion at each year end providing their opinion on whether the authority has put arrangements in place for securing economy, efficiency and effectiveness in its use of resources. The authority’s arrangements are considered against one overall criterion which is made up of three sub criteria as set out by the National Audit Office (NAO).
- 2.7 The overall criterion is ‘in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people’. The three sub-criteria are: informed decision-making; sustainable resource deployment; and working with partners and other third parties.
- 2.8 The last Audit Completion Report related to 2020/21 and was reported to the Audit and Standards Committee on 25 January 2022. Within that report the external auditor stated that although there was a delay in issuing the audit opinion, they anticipated having no significant weaknesses to report in relation to the arrangements that NECA has in place to secure economy, efficiency and effectiveness in its use of resources.

Current Position

- 2.9 At 31 March 2022 the authority held general reserves of £9.489m (provisional) and reserves earmarked for specific future purposes, including those held on behalf of Nexus, of £11.305m (provisional).
- 2.10 The financial position of the authority remains healthy. Net assets at 31 March 2022 amounted to £139.897m (provisional), an increase of £40.580m during 2021/22.

Future Plans

- 2.11 The authority approved its budget for 2022/23 and Medium Term Financial Strategy (MTFS) to 2024/25, at the Leadership Board meeting on 1 February 2022.

Medium Term Financial Strategy – 2022/23 to 2024/25

- 2.12 The financial outlook for the constituent local authorities that form NECA will continue to be extremely uncertain until the Fair Funding Review is concluded and the long term impact of the pandemic and of the UK exit from the European Union and associated impacts arising from the Trade Deal are fully understood.
- 2.13 It is uncertain when there will be clarity on these areas, with the local government minister confirming that councils will not receive multi-year funding settlements until the Fair Funding Review is concluded, for which a revised date has not been set. This continues to make medium term financial planning difficult because NECA is largely funded by government grants and the constituent local authority contributions in the form of the Transport Levy and contributions to the Corporate costs of the authority.
- 2.14 Recovery from the COVID-19 pandemic will also continue to have a significant financial impact on the constituent authorities and NECA in 2022/23 and future years. NECA and the JTC began to experience the impact of the pandemic in March 2020 when levels of traffic using the Tyne Tunnels and the passengers using the Tyne and Wear Metro reduced significantly. Although traffic and patronage recovered somewhat during 2020/21 and 2021/22 depending on the periods lockdowns and local restrictions were in place, it still remains significantly below budgeted levels. Nexus and constituent local authorities have received significant grant funding from DfT to manage and offset the additional costs and reduced income arising from the pandemic, however, future funding is uncertain and local authorities may still be expected to use their own reserves to fund any shortfall in future funding.
- 2.15 The authority continues to have a robust financial standing with sound and continuously improving financial management procedures and processes in place. During 2020/21 the NECA financial management and accounting systems were transferred on the Durham County Council platform and during 2021/22 these arrangements received ‘substantial’ assurance from internal audit.

- 2.16 The authority continues to face a range of budget pressures including general inflation and increases in staff costs for directly employed staff and for services provided through Service Level Agreements with constituent local authorities.
- 2.17 The MTFS sets out the authority's approach to achieving a sustainable budget over the medium term whilst ensuring that all revenue resources are directed towards corporate priorities. The MTFS describes the financial direction of the authority over the planning period and outlines the financial pressures it will face.
- 2.18 In general, the authority has been accurate in forecasting the level of budget pressures and savings required, which has allowed the development of strong plans and enabled the authority to robustly manage the implementation and delivery on time. This has put the authority in as strong a position as possible to meet the ongoing financial challenges across this MTFS and beyond.
- 2.19 After taking into account base budget pressures, additional investment and savings and specific government grants, the authority's net budget requirement for 2022/23 is £87.371m. The financing of the net budget requirement is detailed in the following table:

Financing of the 2022/23 Budget

| Funding Stream | Amount £m |
|---|----------------------|
| JTC Transport Levies | 87.201 |
| Contributions from constituent local authorities – NECA Corporate | 0.100 |
| Contributions from constituent local authorities – JTC Accountable Body | 0.070 |
| Total | 87.371 |

Capital Funding

- 2.20 On 18 January 2022, the JTC agreed the revised 2021/22 revised capital budget and the capital programme for the period 2022/23 to 2024/25.

| | 2022/23 £m | 2023/24 £m | 2024/25 £m |
|--|-------------------|-------------------|-------------------|
| Transforming Cities Fund Tranche 2 | 70.618 | 0.000 | 0.000 |
| Active Travel Fund | 3.186 | 0.000 | 0.000 |
| Electric Vehicle Charging Infrastructure | 0.175 | 0.000 | 0.000 |
| Ultra-Low Emission Vehicles – Taxi Project | 0.043 | 0.000 | 0.000 |
| Metro Asset Renewal Plan | 32.762 | 38.300 | 38.300 |
| Metro Fleet Replacement | 69.808 | 99.000 | 42.300 |
| Nexus non-Metro Capital Programme | 8.345 | 6.300 | 0.000 |
| Metro Flow | 83.498 | 1.100 | 0.000 |
| Local Transport Plan | 11.339 | 11.339 | 11.339 |
| Total | 279.774 | 156.039 | 91.939 |

- 2.21 The capital programme delivers some of the investment in transport infrastructure necessary to work towards the JTC's aspirations in its North East Transport Plan 2021-2035 of "moving to a green, healthy, dynamic and thriving North East".
- 2.22 The authority has been able to set a balanced budget for 2022/23 and has a clear plan in place to continue to deliver services up to 2025. Based upon this, it is evident that the authority is a going concern.

Financial Reserves

- 2.23 Reserves are held as a:
- Working balance to help cushion the impact of any uneven cash flows and avoid unnecessary temporary borrowing – this forms part of the general reserves;
 - Contingency to cushion the impact of any unexpected events or emergencies – this also forms part of general reserves;
 - Means of building up funds, earmarked reserves to meet known or predicted future liabilities and fund future capital expenditure.
- 2.24 Based on the level of reserves held, the authority has demonstrated robust financial management that underpins its status as a going concern.

Risk

- 2.25 The authority has previously recognised that a wide range of financial risks need to be managed and mitigated across the medium term. All risks will be assessed continually throughout the budget period. Some of the key risks identified include:
- Ensuring the achievement of a balanced budget and financial position across the MTFS period;
 - Ensuring savings plans are risk assessed across a range of factors e.g. impact upon customers, stakeholders, partners and employees;
 - There is no certainty over the quantum of government funding available for local government beyond 2022/23. Given the pressures faced, particularly from social care, it is imperative that the quantum is increased and that a long-term settlement is agreed as part of the expected 2021 Comprehensive Spending Review;
 - The outcome of the government's Fair Funding Review which has been delayed from 2020 with no clear implementation date. This review could result in significant changes to the distribution of government funding;
 - Sources and levels of funding available to the JTC to develop the North East region's transport infrastructure may reduce;
 - Failure of the JTC to secure the maximum amount of transport funding available to progress transport infrastructure in the North East region;

- 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;
- The impact of future increases in inflationary factors such as pay awards. Levels of inflation are currently extremely high and forecast to remain so for some time.
- It is not possible to be clear at this point as to any long-term impact from the covid-19 pandemic on NECA costs and sources of income. This will be closely monitored in the coming months with any ongoing impact needing to be built into future MTFS plans;
- The impact of Brexit, which could affect future government finance settlements, business rate income, price inflation and European funding.

2.26 Based up on the above there are no risks which would indicate that the authority is not a going concern

Conclusion

2.27 When considering and approving the accounts the Leadership Board, being those charged with governance for the authority, will need to consider which of the following three basic scenarios is the most appropriate:

- a) The body is clearly a going concern and it is appropriate for the accounts to be prepared on the going concern basis;
- b) The body is a going concern but there are uncertainties regarding future issues which should be disclosed in the accounts to ensure the true and fair view;
- c) The body is not a going concern and the accounts will need to be prepared on an appropriate alternative basis.

2.28 Based upon the assessment undertaken, in my view:

- The authority has a history of stable finance and ready access to financial resources in the future;
- There are no significant financial, operating or other risks that would jeopardise the authority's continuing operation.
- The authority is therefore a going concern and it is appropriate for the statement of accounts to be prepared on that basis.

3. Reasons for the Proposals

3.1 This report is presented to the Audit and Standards Committee as per point 12 of its terms of reference: "the Audit and Standards Committee will review key information relating to NECA's Statement of Accounts".

4. Alternative Options Available

4.1 This report is provided for information.

5. Next Steps and Timetable for Implementation

5.1 The draft accounts and the audited statement of accounts will be presented to the Audit and Standards Committee for consideration and to the Leadership Board for approval following the conclusion of the audit later this financial year.

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 report considers NECA as a 'going concern'.

8. Legal Implications

8.1 Compliance with the Accounts and Audit Regulations 2015 and the CIPFA Code of Practice on Local Authority Accounting 2021/22 which is based upon approved accounting standards in England and Wales and constitutes proper accounting practice under the terms of section 21(2) of the Local Government Act 2003.

9. Key Risks

9.1 There are no risk implications arising from this report. Key financial risks to the authority are set out in the main body of the 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 statement of accounts will be subject to a public inspection period during July and August 2022.

13. Other Impact of the Proposals

13.1 There are no other impacts arising from these proposals.

14. Appendices

14.1 None

15. Background Papers

15.1 None

16. Contact Officers

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

17. Sign off

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

Audit and Standards Committee

Date: 28 June 2022
Subject: North East Combined Authority Strategic Risk Register
Report Of: Senior Manager – Assurance, Sunderland City Council

Executive Summary

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

No new risks have been added to the NECA Strategic Risk Register, which was previously reported to the Committee in January 2022. Consequently, the Strategic Risk Register still contains 13 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 with lead officers to update Mitigation Actions including the addition of timescales and target scores.

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

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

- a) the fact that the government's ability to invest in economic development infrastructure may be reduced due to the need to potentially reduce public sector expenditure to redress the public sector finances and a potential financial recession caused by the Covid-19 pandemic and in reaction to the Cost of Living Crisis resulting from the effect on trade of the war in Ukraine, Inflationary and interest rate increases;
- b) the direct negative impact of the Covid pandemic on business activity;
- c) the need to change behaviour in society to achieve some of the objectives;
- d) funding ambitions not met for transport plans by the 2021 Autumn Budget and the Integrated Rail Plan for the North and Midlands, allocations to NECA Authorities from UK Community Renewal Fund and Levelling Up fund round one,

with a continuing indication from government that NECA's non-mayoral governance structure is prohibitive to funding opportunities.

The further seven 'organisational' risks previously reported relating to NECA remained stable with no changes reported since the previous update to the Committee, including the continuing 'high' risk level for Risk 1 relating to the Future Availability of Funding and Risk 2, relating to Funding Opportunities.

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

The North East Joint Transport Committee (JTC) Strategic Risk Register was updated and last considered by the JTC Audit Committee in March 2022 and is attached to this report. A further update is scheduled for consideration by the JTC Audit Committee in July 2022.

Recommendations

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

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

- 1.8 As the Committee is aware the risk register has been reviewed, attached at Appendix 2, and is now provided in a more traditional tabular format. Following the Committee's requirements of reflecting factors that are considered to be outside of the NECA'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. For clarification, other columns having an impact on the risk score have not been colour coded as they are otherwise all positive or negative in their effect; Impact factors have a negative effect on the score and Current Controls and Mitigating Actions are positive. The new format is both easier to use and gives a clearer view of the causes, the current position of each risk and how the various factors identified effect their rating.
- 1.9 As agreed at the previous meeting a high-level review has been carried out, with assistance of the Chief Finance Officer and the Policy and Scrutiny Officer, on the new elements added to the detailed risk register, including:
- Significant dates for activity effecting the implementation of mitigating actions where appropriate;
 - Target score, reflecting the revised scoring of impact, likelihood and Risk Rating based on the assessed effect 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.
- 1.10 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 13 strategic risks. These are split into two categories:
- a) six risks relating to the achievement of NECA's strategic objectives included in NECA's draft Strategic Economic Plan, and
 - b) seven risks relating to the NECA organisation itself.
- 2.2 The risks relating to the objectives of NECA expressed in the draft Strategic Economic Plan are:
- a) Failure to achieve the planned outcomes to realise the decarbonisation of economic activity, infrastructure and housing within the NECA area.
 - b) Failure to achieve the planned outcomes to realise the diversification of the region's industrial base, and to maintain its high levels of exporting and direct inward investment
 - c) Failure to achieve the planned outcomes to allow the labour market to work much more effectively to meet future employer demand, to grow

the economy and secure good jobs by developing major investment sites and to extend the range of opportunities for individuals

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

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

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

2.4 The Strategic Risk Register is updated in light of the content of recent reports considered by the NECA Leadership Board and its sub-committees, information from other relevant bodies and discussions with NECA, JTC and NECA Member officers, as appropriate. Since the last update a specific exercise has taken place with the assistance of the Chief Finance Officer and the Policy and Scrutiny Officer to update the risk register and this included:

- A review of Leads for each Mitigating Action.
- Dates of activity that will impact on the implementation of Mitigating Actions.

- Target Scores reflecting the effect of current Mitigating Actions on the Current Risk Score.
- The Direction of Travel from Current Risk Score to Target Risk Score.

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

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

Significant negative **Likelihood** factors include:

- Negative impact of Cost of Living Crisis, resulting from the effect on trade of the war in Ukraine, rises in inflation and interest rates on local business, consumers and the local, national and global economy as a whole in relation to spending, investment and employment.
- Current predictions are that the lack of recovery in public transport usage following the impact of the Pandemic may require service reductions, especially in relation to bus services.
- Government measures and continued impact of Cost of Living Crisis will have a significant impact on government funds and investment.
- Negative impact on Public Transport providers and users due to Cost of Living Crisis resulting from the effect on trade of the war in Ukraine, and rises in inflation and interest rates. Significant cost pressures on JTC Budgets, specifically the Transport Levy for Tyne and Wear due to fall and expectation of limited recovery on Metro passenger numbers.
- Employment levels in the NECA area are beneath pre-pandemic rates believed to be due to a rise in economic inactivity levels through illness and carer responsibilities.
- Government's Clean Air Zone framework adoption in Newcastle, Gateshead and North Tyneside has been delayed.
- The UKSPF bidding process is closed to NECA as a non-Mayoral Combined Authority but open to NECA Local Authorities and NoTCA. This is an indication of the Government's future approach to funding.

Positive **Likelihood** factors include:

- Society has opened up and is recovering from the societal and economic impact of the Pandemic.
- Zero Emissions Vehicle Policy aligned with LA7 authorities' policies to submitted to JTC for approval.
- Transport for the North, A Transport Decarbonisation Strategy for the North of England launched December, with a target of near-zero emissions by 2045.
- Government policy to encourage fuel and energy industry to invest in sustainable fuel through tax reduction scheme announced end of May as part of windfall tax/Cost of Living Crisis measures.
- In May NECA region awarded £9.924M of Local Transport Funding as a successor to Bus Recovery Grant and Light Rail and Tram Recovery Grant: £7.3M for Light Rail and £2.664M for Buses. Proposals will go to July's JTC.
- Indicative allocation of £163.5m for 2022-25 with £73M Capital and £90M revenue for Joint Transport Committee Bus Service Improvement Plan (BSIP) outlining a 3-year plan to recover and

significantly grow usage from impact of Covid-19, improve services, satisfaction and reducing emissions.

- UKSPF allocations to the NECA Local Authorities total circa £72.7M for the three years 2022-25.
- Project Gigabit procurement exercises drawing to a close, with contracts starting Summer to November 2022, leading to the connection of uncommercial premises for the three regional Lots as follows: Teesdale 4100, North Northumberland 3900, North East England 61800 from summer 2022.
- 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.
- 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.

New **Current Controls** include:

- Transport Levy from Councils increased.
- The Transport Plan's Progress Report to JTC includes progress on KPIs for Sustainable Travel, Public Transport Accessibility, Climate Action, Take Up of ULEVs and Air Quality every two months: this provides assurance that projects relating to transport carbon neutrality objective are on track to timescales.
- 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 reduce Carbon emissions through more efficient transfer of people and goods.
- NECA Local Authorities are submitting Investment Plans for their UKSPF allocations with approval due in October 2022.
- Joint Transport Committee forum with bus operators in place to discuss service provision/inform Enhanced Partnership/develop BSIP bid for £803.9m as required by the National Bus Strategy. Draft EP Scheme and Plan to be agreed by JTC and submitted to DfT by end of June.

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

- Devolution Deals/Bids to be considered based on further Indications that funding opportunities are limited for the current non-mayoral governance structure.
- Impact on funding from Autumn 2021/Spring 2022 Budget Announcements, outcome of Integrated Rail Plan for the North and Midlands and bids to Restoring Your Railway fund to be

considered and addressed through review of the Transport Plan For The North East.

- Levelling Up Round 2 bids under development for be submission.
 - NECA and other local partners ensure creating employment opportunities and tackling poverty are at the heart of the UKSPF bids.
 - NECA and other local partners will continue to work with the Managing Authorities (MHCLG, DWP and DEFRA) to attract grant funding to Region and maximise funding opportunities allocated to the North East.
 - A review of resource requirements for combined authority is underway as part of the 2023/24 budget setting process.
- c) Combined, the likelihood factors and current controls above have resulted in the risk level for both the Strategic and Operational Risk remaining static, with five Strategic Risks and two Operational Risk rated as high. It is hoped that the new tabular format and the colour coding of the likelihood factors make it easier to understand the basis of these risk ratings and also to challenge if it is not felt that this is an accurate reflection. For clarification, the critical factors that are considered to be keeping the risk ratings up are:
- The high impact score for all of the risks to reflecting scope of the NECA's objectives.
 - The continued impact of Covid-19 and potential impact of the Cost Of Living Crisis on the economy as a barrier to government action and its impact on public transport.
 - The significance of the NECA's reliance on government policy and funding to direct and support the achievement of its objectives.
 - The Government's indication that funding is only directly accessible by Mayoral Combined Authorities, Unitary or Local Authorities.
- 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 NECA's Strategic and Operational risks:
- The difficulty of improving the risk score due to high impact scores that reflect the scope of the NECA's objectives is compounded by the significant negative factors outside of NECA's control that keep the likelihood scores up.
 - The high level of turbulence in negative factors outside of NECA'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 NECA continue to maintain and develop.
 - As many of the mitigating actions currently identified within the risk register relate to planning, strategies and bids, which is the nature of NECA'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.

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

Appendix 2 'Strategic Risk Register 2022/23' provides a detailed description of the nature of each risk together with the relevant controls in place and further proposed mitigating actions.

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

3. Reason for the Proposals

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

4. Next Steps and Timetable for Implementation

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

5. Potential Impact on Objectives

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

6. Finance and Other Resources Implications

- 6.1 There are no financial implications arising from this report. The internal audit service is commissioned under a Service Level Agreement between NECA and Sunderland City Council. The service includes co-ordinating the strategic risk management process. The Internal Audit Service from Sunderland City Council will make available the relevant professionally qualified and experienced auditors to fulfil the requirements of the Audit Plan 2022/23 and strategic risk management.

7. Legal Implications

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

8. Key Risks

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

9. Equalities and Diversity

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

10. Crime and Disorder

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

11. Consultation /Engagement

11.1 The Head of Paid Service, Monitoring Officer, and the Chief Finance Officer have been consulted on the Strategic Risk Register.

12. Other Impact of the Proposals

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

13. Appendices

Appendix 1 - 'NECA Strategic Risks - Summary' shows NECA's strategic risks and the level of risk associated with each.

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

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

14. Background Documents

14.1 None

15. Contact Officers

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Telephone - 07342704254

16. Sign off

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

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

| | | | |
|--|----------------------|----------------------|---|
| <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>of Covid 19/<i>Cost Of Living Crisis</i> on public transport and future funding</p> |
| <p><u>6 Shaping the Great North East</u></p> <p>Failure to achieve the planned outcomes to ensure the NECA region is attractive to residents, businesses, visitors and new settlers by having a thriving economy, and being a green and prosperous place that offers an exceptional quality of life and improved opportunities for all.</p> | <p>Red 12</p> | <p>Static</p> | <p>Due to possible negative impact of Covid-19/<i>Cost Of Living Crisis</i> on funding and economic activity</p> |

| NECA Strategic Risks - Summary | | | |
|--|-------------------------|---------------------|--|
| Risk Title & Description | Risk Level (RAG Rating) | Direction of Travel | Notes |
| NECA Organisation Risks | | | |
| <p><u>1 Future Availability of Funding</u></p> <p>Sources and levels of funding available to NECA may not be aligned to the Strategic Economic objectives of NECA.</p> | Red 12 | Static | Uncertainty over future UK development funding due to EU Exit and the possible negative impact of Covid-19/ <i>Cost Of Living Crisis</i> |
| <p><u>2 Funding Opportunities</u></p> <p>Failure of NECA to secure the maximum amount of funding available to progress projects which support the delivery of the Strategic Economic objectives of NECA.</p> | Red 12 | Static | Uncertainty over future UK development funding available to NECA/it's Local Authorities based on recent awards and NECA's status as a non-mayoral combined authority |
| <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 |

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

| Risk Area | ID | Risk Description | Cause | Impact | Likelihood | Current Score | | | | Mitigating Actions | Lead | Target score | | | | | | | | |
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| | | | | | | Current Controls | Impact | Likelihood | Rating | | | Direction of Travel | Action Date | Impact | Likelihood | Rating | Direction of Travel | | | |
| Strategic Risks | | | | | | | | | | | | | | | | | | | | |
| Decarbonise the growing economy in NECA area | 1 | Failure to achieve the planned outcomes to realise the decarbonisation of economic activity, infrastructure and housing within the NECA area. | <p>- Lack of engagement by the public and industry due to prohibitive high cost and reliability of currently available alternatives, including infrastructure and vehicles.</p> <p>- Lack of government political will to ensure change by industry and public through adequate legislation, including regulation and supporting funding.</p> <p>- Gaps in Public Transport provision and/or frequency for some areas coupled with appeal and personal safety concerns.</p> | <p>- Unable to address the known effect of pollution on the health of the Public.</p> <p>- Pressure on the economy and the NHS due to the effect of pollution on the health of the Public.</p> <p>- Lack of impact on Climate Change.</p> | <p><i>- Zero Emissions Vehicle Policy aligned with LA7 authorities' policies to be submitted to JTC for approval March 2022. (Green)</i></p> <p><i>- 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)</i></p> <p><i>- Government's Clean Air Zone framework adoption in Newcastle, Gateshead and North Tyneside has been delayed. (Amber)</i></p> <p>Outside of NECA Control:</p> <p><i>- Government committed to Carbon Neutrality by 2050, 78% by 2035.</i></p> <p><i>- New Petrol/Diesel cars ban by 2030.</i></p> <p><i>- Funding to support expansion of Ultra Low Emission Vehicle infrastructure.</i></p> <p><i>- Twice a day fully electric, cheaper East Mainline service introduced Kings Cross, Newcastle, Morpeth and Edinburgh.</i></p> <p><i>- Network Rail strategy for carbon neutrality by 2040 includes an initial proposal for electrification of the North East line.</i></p> <p><i>- £20m first round Levelling Up funding allocated to plans for better rural connection, restoration/development of heritage sites and railways in Durham.</i></p> <p><i>- Government policy to encourage fuel and energy industry to invest in sustainable fuel through tax reduction scheme announced end of May as part of windfall tax/Cost Of Living Crisis measures. (Green)</i></p> <p><i>- In May NECA region awarded £9.924M of Local Transport Funding as a successor to Bus Recovery Grant and LightRail and Tram Recovery Grant: £7.3M for Light Rail and £2.664M for Buses. Proposals will go to July's JTC. (Green)</i></p> <p><i>- Government Policies introduced are mainly strategic and supportive rather than regulatory.</i></p> <p><i>- Bus Operators are operating some low emissions vehicles but not enough to meet requirements for Clean Air Zones. Funding available for modifications is less than that available for cars/vans.</i></p> <p><i>- 2021 Autumn Budget included 5 year city region funding (around £600m) for transport but not for NECA: funding is now dependent on putting in place governance arrangements that include an elected mayor.</i></p> <p><i>- No funding was received for the Leamside line in the Autumn 2021 budget/Integrated</i></p> | <p>- 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.</p> <p>- NECA/Local Authorities have declared a climate emergency with aim to of carbon neutrality before the deadline.</p> <p>- Joint Transport Committee receive and allocate government and other funding to support of all LA7 to reduce carbon emissions.</p> <p><i>- Transport Levy from Councils increased.</i></p> <p>- Joint Transport Committee's regional Transport Plan aims to achieve Carbon Neutrality for the Region by 2035. <i>The Plan's Progress Report to JTC includes progress on KPIs for Sustainable Travel, Public Transport Accessibility, Climate Action, Take Up of ULEVs and Air Quality every two months: this provides assurance that projects relating to transport carbon neutrality objective are on track to timescales</i></p> <p>- Creation of Electric Vehicle Hub at Nissan supported by development of Sunderland/South Tyneside International Advanced Manufacturing Park and £1bn public/private funding.</p> <p>- Tyne Pass Scheme allowing barrier free movement through Tyne Tunnels to launch November 2021 to cut journey time and reduce carbon emissions from idling.</p> <p><i>- Public consultation on North East Rail and Metro Strategy from February. Strategy encourages further regional devolution with commitments to:</i></p> <ul style="list-style-type: none"> <i>Increasing capacity/resilience of the East Coast Main Line/Durham Coast Line improving connectivity for passengers and freight;</i> <i>Extending the reach of local rail and Metro, upgrading existing networks & services, adding new routes & stations including the Northumberland and Leamside lines;</i> | 4 | 3 | 12 | Static | <p>- NECA and other local partners e.g. North East Local Enterprise Partnership (NELEP), continue to work with and lobby Government and influence emerging policy thinking.</p> <p>- NECA to continue to search for and apply for funding to support activities that further the aim of reducing carbon emissions in the NECA area.</p> <p>- Devolution Deals/Bids to be considered based on further Indications that funding opportunities are limited for the current non-mayoral governance structure.</p> <p><i>- Impact on funding from Autumn 2021/Spring 2022 Budget Announcements, outcome of Integrated Rail Plan for the North and Midlands and bids to Restoring Your Railway fund to be considered and addressed through review of the Transport Plan For The North East.</i></p> | <p>Chair – NECA Leadership Board</p> <p>Chief Finance Officer/ Proper Officer for Transport</p> <p>Chair – NECA Leadership Board</p> <p>Chief Finance Officer/ Proper Officer for Transport</p> | Ongoing | Ongoing | Summer /Autumn 2022 | Autumn 2022 | 4 | 3 | 12 | Static |

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| | | | | | | Current Controls | Impact | Likelihood | Rating | | | Direction of Travel | Action Date | Impact | Likelihood | Rating | Direction of Travel |
| | | | | | <p>Rail Plan for the North and Midlands.</p> <ul style="list-style-type: none"> - Significant cost pressures on JTC Budgets, specifically the Transport Levy for Tyne and Wear due to fall and expectation of limited recovery on Metro passenger numbers. - Only one of seven bids to Restoring Your Railway fund were successful for the region; Bensham Curve to Team Valley and Leamside Line reinstatement were unsuccessful. - Cancellation of expanded HS2, plus the above, contrasted with improvements for other regions may have a negative economic impact on the region. - Government measures and continued impact of Cost of Living Crisis will have a significant impact on government funds and investment in decarbonization (Red) - Negative impact on Public Transport providers and users due to Cost of Living Crisis resulting from the effect on trade of the war in Ukraine, and rises in inflation and interest rates. (Red) <p>Covid-19:</p> <ul style="list-style-type: none"> - Society has opened up and is recovering from the societal and economic impact of the Pandemic. (Green) - continued impact on the economy preventing economic and structural change; - decline and lack of recovery in public transport usage, increase in use of cars. - Current predictions are that lack of recovery in public transport usage may require service reductions, especially in relation to bus services. (Red) - increase in cycling. | <ul style="list-style-type: none"> • 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. <p>Aimed to reduce Carbon emissions through more efficient transfer of people and goods.</p> | | | | | | | | | | | |
| Further development of international trade and investment in the NECA area | 2 | Failure to achieve the planned outcomes to realise the diversification of the region's industrial base, and to maintain its high levels of exporting and direct inward investment. | - Impact of Brexit, including: lack of preparation by business and UK government to meet the new EU exporting requirements; export licences, border controls and other administration for trading with the EU may result in delays affecting just-in-time supply and increase costs making exporting less attractive; international business using the UK as a base to export may transfer activity to the EU; international direct investors may reconsider | - The NECA economy will be more susceptible than other regions to economic downturn resulting in greater loss of employment - The NECA economy will not be able to take full advantage of upswings in the economy - The region will not be able to | - In relation to attracting direct inward investment, the region has an excellent track record of attracting and growing businesses with a global presence including Hitachi and Nissan. - Although the pandemic has impact on inward investment there have been regional successes: Just Eat in Sunderland; SSE/Equinor in South Tyneside; Envision and Nissan in Sunderland and South Tyneside; Amazon in Gateshead and Durham. - In the next year Invest North East aim to focus on electrification (vehicles), renewables (offshore), life science and digital technology sectors, including Move On Up campaign, identifying opportunities for movement from South East. | - NECA Councils have teams supporting to businesses to start exporting or increase their activity, including signposting businesses to Government, Growth Hub and North East Chamber of Commerce advice and dedicated EU Exit toolkits. - The region's North East Growth Hub provides information and support to businesses seeking to export. - NELEP are working on Internationalisation Strategy and, together with the NE Chamber of Commerce, developing a North East Trade and Export Strategy. - Eight new English Freeports were confirmed in the 2021 Budget with the closest one to the NECA region being | 4 | 3 | 12 | Static | - NECA and other local partners e.g. NELEP continue to work with and lobby Government and influence emerging policy thinking. | Chair – NECA Leadership Board | Ongoing | 4 | 3 | 12 | Static |

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| | | | <p>investing in the UK or choose to locate operations in EU countries in order to be closer to EU markets; government may fail to secure new trade deals with non-EU countries, including those replacing EU negotiated trade deals, resulting in the imposition of tariffs and other less favourable trading terms, making the price of good and services less competitive.</p> <ul style="list-style-type: none"> - Weaknesses in regional business awareness and skills relating to exporting, including lack of: knowledge, expertise and capacity within businesses (particularly SMEs); awareness export opportunities; advice, support and finance for starting up and/or expanding exporting activity; understanding trading requirements in foreign markets, including laws and regulations, language and social and cultural norms. - Adverse exchange rates make the price of exported goods and services more expensive and less competitive. - Barriers created by international importing policies of the foreign countries may make exporting unattractive/difficult including; protectionism, quotas, embargos, subsidies provided to locally produced goods/services, licensing requirements, procurement favouring locally produced goods/services. - Global economic slowdown resulting in lower demand for exported goods and services in foreign | <p>increase employment and the wealth of the region</p> <ul style="list-style-type: none"> - Less opportunity for good quality jobs in the area which may lead to migration. | <p>Outside of NECA Control:</p> <ul style="list-style-type: none"> - Proven track record, exporting over £7billion/30% of output. - Trade deal with the EU covers 49% of UK/60% of North East exports, has been achieved with no tariffs/quotas. - At the end of 2020 the UK had completed 63 international trade deals covering approximately 10% of its export trade. - Dept for International Trade (DiT) team based in the region working with local partners to support exporters in developing international sales and entering new markets: the government can provide financing via the Export Credit Agency. - Government Export Growth Plan introduced in Oct 2020 aiming to grow UK overseas trade including: additional financial support, from £38 million Internationalisation Fund for small business; expertise from new international trade advisors and pilot 'export academies' to build the capabilities of smaller businesses; some of which is targeted towards specific regions that are most in need including Northern Powerhouse region. - Since Brexit the exchange rate with both the euro and dollar has been consistently low. - In relation to encouraging direct inward investment: the UK has a long history of international trade success, a widespread network of partners, mature industries in many sectors such as finance, and has international language benefits; operates an 'open' economy allowing both foreign and UK business access to markets, supported by laws and regulations that are clear and applicable to all. - The NECA region offers support to business with transport connectivity from 3 globally connected ports, access to 2 cities and 2 universities, a well-qualified pool of labour, well connected supply chains and a well-developed business support sector. - The NECA region offers a high-quality living environment. - The new EU/UK trade deal, through complex rules regarding the origin of parts, provides an opportunity to bring supply chains to the UK, such as those supporting Nissan, and for UK ports away from the south east to grow container traffic. - Eight new English Freeports were confirmed in the 2021 Budget with the closest | <p>Teesside. Freeports establish a Free Zone that reduces customs fees and tax for occupiers (incentivising exports)</p> <ul style="list-style-type: none"> - Working alongside the LA7 Invest North East England operates a first point of contact for businesses looking to locate and invest in the region by providing connections, access to services, advice, skills, navigation of funding channels, provision of information about local economy and potential locations and promoting the region as prime location for businesses to locate, grow and prosper. - Each Council in the area operates Business Investment Teams which in part support businesses to invest in or relocate to the region. - The regional economic 'offer' includes the North East Enterprise Zones, made up of 21 sites, including 7 in the NECA region, offering financial incentives and other support to enable business expansion. This is in addition to other office space and industrial sites which have been developed in the NECA region which are competitively priced. - To support diversification, several agencies within the NECA region provide advice, support, training, mentoring and signposting funding both to businesses seeking to expand or individuals to start up new business, including Councils, North East Growth Hub, Scale Up North East, as well as private sector organisations, such as Federation of Small Businesses and CDC Enterprise Agency. - NELEP's role is to promote and develop economic growth in the North East region, and it has established a Business Growth Board which seeks to progress the strategic implementation of NELEP's Business Growth ambitions expressed in its Strategic Economic Plan. - NELEP has set up: £2 million Incubator Support Fund to support the development of regional innovation incubation facilities to enable the start-up, expansion and preparation for growth and sale up of innovative businesses; £27 million Innovation Fund to provide early stage funding for development of innovative ideas and | | | | | | | | | | | |

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| | | | | | | Current Controls | Impact | Likelihood | Rating | | | Direction of Travel | Action Date | Impact | Likelihood | Rating | Direction of Travel |
| | | | <p>markets.</p> <ul style="list-style-type: none"> - A severe economic slowdown in the UK may result in the failure of businesses regularly exporting. - Inability to attracting direct inward investment due to a lack of: entrepreneurial culture; appropriately skilled and committed labour force; infrastructure to meet needs of potential investor, including accommodation for operations, transport, digital infrastructure/communication, support services and supply chains; financial incentive packages; quality of life offered to employees moving to the area; promotion of the region, including clarity on opportunities and how to engage. - The level of bureaucracy and the potential for delays for investors considering moving to the area. - The future economic prospects for the region are not promising. - The UK leaving the EU may make the UK/region less attractive for investment than EU countries. - The 'offer' provided by other UK regions/countries may be more attractive to a potential investor than the NECA area. - Government policy may put off potential foreign investors, such as limitations on market access to certain sectors/markets, favouring local business, lack of well-defined laws and arbitration processes and foreign ownership limits. - Lack of aspiration and ambition for growth from | | <p>one to the NECA region being Teesside. Freeports establish a Free Zone that reduces customs fees and tax for occupiers, incentivising exports.</p> <ul style="list-style-type: none"> - Support for diversification includes: government providing support for business start-ups and scaling up by providing information through Department for Business, Energy and Industrial Strategy on where support can found in a geographic region and financial support through tax reliefs, such as investing in start-up or scale up 'Enterprise Investment Scheme'; research; loans, including business start-up loans; and grants, such grants to start up/scale up in the technology/science sector available from Innovate UK. - 47 support schemes for business start-up/scale ups in the North East region published by the government and funding available from government schemes, such as Start Up Loan Scheme, to support businesses to develop/expand - £3.9 million Intensive Industrial Innovation Programme (IIIP) allows North East universities to work directly with SMEs to encourage growth by developing new services and products for the market. - The region has significant research and innovation centres and adaptable public infrastructure that providing access to cutting edge knowledge/test beds that facilitate commercialisation and innovation. These included national catapult centres for high value manufacturing, and a range of national innovation centres including NETPark in Durham. - £20m first round Levelling Up funding to support the development of a Housing Innovation and Construction Skills Academy and creation of new sustainable housing. - Uncertainty over the effect of the UK leaving the EU in the longer term regarding north-east exporting activity. - Without free trade deals, the UK will trade on World Trade Organisation terms resulting in tariffs on UK exported goods, increased bureaucracy and possible delays in transport. - Concerns published in 2020 by the Institute for Government and the National Audit Office on the effectiveness of the government 'check, change, go' campaign to make | <p>businesses at an early stage of development, including the Centre for Sustainable Advanced Manufacturing; 'High Growth Potential Business' campaign seeking to reach, engage and identify start-up businesses for sign up to a High Potential Start-up six-month Accelerator programme.</p> <ul style="list-style-type: none"> - Councils in the NECA region continue to manage their own property portfolio which business enterprise centres suitable for start-up and scaling up businesses. The private sector also provides similar opportunities for start-ups and scale up, including Netpark Incubator in Durham. - Funding to allow businesses to develop/expand are available from local sources including Business Enterprise Fund, North East Fund, North East Investment Fund, NE Business Support Funds, Rural Growth Network. - NELEP's Strategic Economic Plan for the region is aligned to NECA improving diversification, increasing inward investment and exports. - NECA, NELEP and partners continue to engage with and lobby UK government nationally to promote the regions ambitions to develop trade, diversify and increase investment in the economy - Supported by LA7, the 'Covid North East Recovery and Renewal Deal' document was submitted to government in Autumn 2020 to influence the Comprehensive Spending Review requesting the powers, resources and funding to achieve NECA's objectives and to respond to the impact of the Covid pandemic on the North East economy. - Creation of Electric Vehicle Hub at Nissan supported by development of Sunderland/South Tyneside International Advanced Manufacturing Park and £1bn public/private funding. This will be followed by a trailblazing Microgrid that aims to 100% renewable electricity as a power source saving 55,000 tonnes of carbon annually. | High | High | High | Stable | | | | High | High | High | Stable |

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| | | | <p>businesses and potential entrepreneurs. For SMEs: a lack of confidence, finance and knowledge to attempt start-up of SME; lack of support, advice, funding, facilities and mentoring for start-ups and expansion; lack of clear pathway to find support.</p> <ul style="list-style-type: none"> - Policy makers make it difficult for diversifying the industrial base in the region - An economic downturn may mean individuals seeking to start a business or SMEs seeking to grow may not have the financial resources to grow, may find it difficult to obtain finance or in the case of existing businesses, some may fail. - Lack of ability of businesses to access funding to grow due to the impact of Covid-19 on cash reserves and stockpiles. | | <p>businesses aware of requirements to continue smooth exporting and their subsequent level of preparedness.</p> <ul style="list-style-type: none"> - <i>Government White Paper March 2022 confirms that LEPs should integrate into Mayoral Combine Authorities or remain while a devolution deal is developed or find a local solution which may mean part of the LEP remains. (Amber)</i> - Although NECA authorities are priority 1 level of need for the Levelling Up Fund only 5 projects have been successful in Round 1 as opposed to 17 for London/South East. - Significant non-tariff barriers to imports/exports including border/custom checks, import/export licences and duties, VAT leading to increased costs/reduced profitability which may make exporting less attractive under EU trade deal. - The region, comparative to others, has a lower productivity performance. - Threats to diversification include: the region is reliant on small number of large employers, and the SME sector is not as strong as other parts of the UK; new start-ups and businesses 'scaling up' in the North East is below the national average; historically the North East mindset has been that of a 'worker' with a dearth of resilient start-ups. - <i>Negative impact of Cost of Living Crisis, resulting from the effect on trade of the war in Ukraine, rises in inflation and interest rates on local business, consumers and the local, national and global economy as a whole in relation to spending, investment and employment. (Red)</i> <p>Covid-19:</p> <ul style="list-style-type: none"> - <i>Society has opened up and is recovering from the societal and economic impact of the Pandemic (Green)</i> - Government may be forced to redirect funding away from NECA to address the effects of the Pandemic which will affect its offer to attract new inward investment and diversify its economy. - The pandemic has caused a contraction in the economy, and may cause the failure of businesses/prevent expansion due to lack of resources or lack of market demand. In 20/21 inward investment activity was lower than in previous years. - The negative impact of Covid-19 pandemic on the world economy has caused a | | | | | | | | | | | | | | | |

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| | | | | | <p>significant contraction in economic activity causing a fall in market demand, contraction of businesses or businesses putting investment plans on hold.</p> <p>- The Office National Statistics has reported that UK exports of goods (other than precious metals) has dropped by 8.7% (£7 billion) on Quarter 1 of 2021 (Jan- March)</p> <p>- LA's have supported business through: Restart Grants; Open, Closed & Sector Local Restriction Support Grant schemes; Additional Restrictions Grants; Christmas Support Payments for Wet-led Pubs; Helping businesses to access Government loans; Signposting to support (particularly on import/export re EU Exit); Coordinating Kickstart six-month placements; Accessing Getting Building Funds to accelerate key projects. Over £500m of funding distributed to businesses across North East.</p> | | | | | | | | | | | | | |
| Better Skills and More Quality Jobs | 3 | Failure to achieve the planned outcomes to allow the labour market to work much more effectively to meet future employer demand, to grow the economy and secure good jobs by developing major investment sites and to extend the range of opportunities for individuals | <p>- Poor communication to education/skills providers of skills needed for, and future job/career opportunities provided by business leading to training provision not meeting those requirements.</p> <p>- Students are not informed of/prepared for future career opportunities provided by business and the level and type of skills/education needed due to poor/incorrect/out of date careers advice.</p> <p>- Lack of capacity within education to teach/provide up to date skills and qualifications needed by business in the future, such as schools unable to keep pace with progress in digital changes to ensure curriculum continues to provide IT skills to meet future needs of digital businesses.</p> <p>- Lack of ambition/motivation by young people or adults to attain academically and/or gain skills/qualifications needed for the future</p> | <p>- Less opportunities in the region for good quality, secure jobs which may: encourage economic migration; higher levels of unemployment, less wealth and income generated in the region.</p> <p>- businesses may invest in other regions instead of the NECA area.</p> <p>- Productivity rates in the NECA area do not increase making it relatively unattractive to investors and preventing residents increasing their income.</p> <p>- Less opportunity for</p> | <p>Outside of NECA Control:</p> <p>- The Education and Skills Funding Agency (ESFA) provides funding to improve skills through adult education budget, traineeship scheme for 19–24-year-olds and the apprenticeship levy scheme, which requires the funding to be used on 'apprenticeship training at whatever level in an organisation.</p> <p>- In September 2020 The UK government introduced 'T' Levels as an alternative to A levels, apprenticeships and other 16 to 19 courses, equivalent to 3 A levels, focusing on vocational skills to help students into skilled employment, higher study or apprenticeships, involving both academic study and work placements. Three FE colleges in the NECA area will be early adopters of 'T' Levels during 20/21.</p> <p>A White Paper, Skills for Jobs: Lifelong Learning for Opportunity and Growth has resulted from the government's review of the Further Education sector to ensure training reflects the needs of employers. Proposed changes support the Prime Minister's Lifetime Skills Guarantee, and include: developing higher-level technical qualifications that provide a valuable alternative to a university degree; Implementing the flexible Lifelong Loan Entitlement to the equivalent of four years of post-18 education from 2025; funding in part from new £2.5 million National Skills Fund programme, with £95 million available 2021/22.</p> | - The North East Local Enterprise Partnership promotes skills and education through its: 'North East Ambition' programme supporting schools/colleges to achieve Good Career Guidance Benchmarks by 2024 so people are able to identify routes to a successful working life, make informed decisions about their future and be better prepared for the workplace; 'Education Challenge' programme supporting schools to integrate understanding of the world of work and career opportunities into their curriculum to ensure those entering the workforce have academic and employability skills to support a diverse economy and awareness of the progression routes available to make this happen; Employment and Skills Board/Skills Advisory Panel providing a single point of coordination for the North East local employers and providers to pool knowledge on current/future skills and labour market needs to understand and address key local challenges; initiatives in higher education to retain graduate talent, to understand local businesses future graduate skill level needs, work with universities to consider their future 'offer' and provision and encourage businesses to provide work experience for students; investment in capital projects supporting education, skills and | 4 | 3 | 12 | Static | <p>- NECA and other local partners e.g. NELEP continue to work with and lobby Government for funding etc and influence emerging policy thinking.</p> <p>- Levelling Up Round 2 bids under development for be submission</p> <p>- Support LAs evaluation and implementation, as appropriate, of areas under consideration to address Further Education Reform</p> | <p>Chair – NECA Leadership Board</p> <p>Local Authorities</p> <p>NECA Leadership Board</p> | Ongoing | 4 | 3 | 12 | Static | |

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| | | | <p>employment market.</p> <ul style="list-style-type: none"> - Lack of will by employers to invest in their employees to gain the skills/qualifications needed to move their businesses forward. - Lack of public awareness of the available pathways to gain further employment skills and qualifications relevant to the workplace. Lack of opportunity to gain practical experience in the workplace and gain further work skills. - Lack of resources to access IT equipment to aid development of employment/digital skills. - Lack of government education and skills funding to provide better/different employment skills/qualifications - Education and skills funding is channelled into activity which does not equip individuals to be able to take up future opportunities of 'good quality' jobs. - Lack of employers' investment in employees to gain the skills/qualifications needed to move their businesses forward. - Rapid pace of change in the structure of the economy make some current labour market skills redundant leaving them without the skills to take up new employment opportunities provided by business. - Graduates from local universities do not remain in the region thus lowering the level of educational attainment and employment skills within the local labour market. - Local Council priorities for growing the economy by | social mobility. | <ul style="list-style-type: none"> - The government have stated that from 2022 the UK Shared Prosperity Fund will replace investment from EU Structural Funds with investment in people and skills tailored to local needs a priority area. - £47 million allocated to the North East from the Getting Building Fund to deliver shovel ready capital projects by the end of 2021. Part of these funds will be used to support major investment pipeline projects such as Aykley Heads in Durham. - For extend opportunities, including more business start-ups, please see likelihood relating to growth of local businesses under Strategic Risk 2. - The adult education budget is managed nationally by the ESFA rather than locally by policy makers in the NECA region and may not fully address local needs. - The apprenticeship levy scheme supports apprentice training costs but not wage costs which may be a barrier to take up. - Bids to the Levelling Up Fund must gain the support of the local MP, who can only support one project, and areas are allowed to submit one bid per MP constituency. NECA Local Authorities have submitted applications for the Fund under the first round but not for all constituencies. - Government White Paper March 2022 confirms that LEPs should integrate into Mayoral Combine Authorities or remain while a devolution deal is developed or find a local solution which may mean part of the LEP remains. (Amber) - Employment levels in the NECA area are beneath pre-pandemic rates believed to be due to a rise in economic inactivity levels through illness and carer responsibilities. (Amber) - Although educational attainment skill levels are increasing there is a relatively low skills base in the North East, poor outcomes in respect of qualifications/post school destinations and graduate qualifications are below the national average. - Historically employers in the North East have under invested in training and workforce development. - Although NECA authorities are priority 1 level of need for the Levelling Up Fund only 5 projects have been successful in Round 1 as opposed to 17 for London/South East. - Negative impact of Cost of Living Crisis, | <p>training provision, including specialist equipment for the delivery of essential technology skills at FE Institute of Technology, World of Work and Metro Skills Centre.</p> <ul style="list-style-type: none"> - Apprenticeship toolkit focusing on degree level apprenticeships developed and promoted to businesses by The North East Growth Hub. - Areas for development of Further Education currently under consideration by LAs: Strategic Development Funding to foster College-LA collaboration; create a further Institute of Technology (based around digital or green growth) and/or widen sector focus of current North East IoT at New College Durham; sector-specific Skills Bootcamp pilot linked to the National Retraining Strategy in a skills shortage area (i.e. manufacturing); marketing push from government on Lifetime Skills Guarantee across LA7 (and potentially piloting equivalent for higher level technical skills); offer to be a pilot the new Skills and Productivity Board to look at employment projections and labour market needs analysis (focusing on reskilling and progression); Dedicated College Business Centres linked to key business site; Prioritise North East bids to FE Capital Transformation Fund; AEB devolution across whole area LA7 so ensuring the whole of the North East can shape provision (with ability to tailor Skills Guarantee); DfE to work in partnership to ensure coherent place-based offer (by devolving Traineeship funds too); Raise 25% apprenticeship levy transfer threshold to 50% (to recycle levy underspend); funding for more trained and qualified careers guidance specialists in schools and communities (pilot more locally-based activity with the aim of reducing NEET levels); create an Adult Education Maintenance Allowance to meet living costs (if UC changes allowing people to train full time covers training costs); strengthen partnership with National Careers Service (beyond the new website being created) to support their aim of an all-age approach; further support for Furloughed employees who will need to change jobs/retraining. | | | | | | | | | | | |

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

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| | | | stakeholders. | | | Nissan supported by development of Sunderland/South Tyneside International Advanced Manufacturing Park and £1bn public/private funding. This will be followed by a trailblazing Microgrid that aims to 100% renewable electricity as a power source saving 55,000 tonnes of carbon annually. | | | | | | | | | | | |
| Draw many more NECA residents into the economic mainstream | 4 | Failure to achieve the planned outcomes to ensure that people of all ages can access timely and personalised support to overcome their educational, situational and motivational barriers to work and to equip them with the capabilities the economy needs so that they can find employment. | <ul style="list-style-type: none"> - Individuals with barriers to employment may face: a lack confidence to enter the labour market or gain skills; dependency on benefits/fear of losing income by being employed; lack of coordination of support back to work from health and employability services; lack of awareness of employment opportunities available; increased competition for jobs due to economic downturn; employers' unwillingness to address barriers to entering the workplace, such as disability and mental health issues. - There may be a lack of availability of appropriate support and training; - Individuals with barriers to work maybe unaware of the employment, support and training opportunities available. - There may be a lack of understanding as to the need of a specific individual who has barriers to overcome to enter the workplace. - Support and training provided may be of poor quality. - Individuals with barriers to work may lack financial resources to access employment or support/training. - There may be a lack of | <p>If effective support/training is not available to address the needs of those in the regions with educational, situational and motivational barriers to employment:</p> <ul style="list-style-type: none"> - Improved and more secure incomes for those individual's households will not be achieved. - Increased levels of spending/ disposable income in the North East will not be realised. - A reduction in benefit dependency will not be achieved. - Levels of economic inactivity and long-term unemployment will not be reduced, and the levels will continue to be higher than the national average. - The opportunity for | <ul style="list-style-type: none"> - <i>Joint Transport Committee 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. Indicative allocation of £163.5m for 2022-25 with £73M Capital and £90M revenue (Green)</i> Outside of NECA Control: - The government benefits system is set up so any person moving from benefits into employment should not be financially worse off. - In 2017, the government set a goal to see 1 million more disabled people in work in the 10 years to 2027. - Government initiatives to provide timely and personalised support to overcome barriers to employment include: Employment and Support Allowance to support people back to work if they are able; Access to Work Grants support disabled people to remain employed or start employment by funding adjustments for the workplace, including equipment, health support, work related support; All employment benefit related claimants are supported by 'work coaches' to give support and identify pathways into employment; Flexible Support Fund provides local support to claimants by removing barriers to employment such as e.g. interview travel costs; Work and Health Programme, aimed at people close to readiness for work to gain skills and employment; £40 million Intensive Personalised Employment Support (IPES) aimed at helping people with complex needs at least 12 months away from work readiness to gain skills and employment; Disability Confident Scheme is a voluntary scheme to help employers make the most of the opportunities provided by employing disabled people; The Fuller Working Lives initiative | <ul style="list-style-type: none"> - NELEP's Strategic Economic Plan recognises that some groups are more likely to be out of work than others and its' 'skills, employment, inclusion and progression' agenda includes activity to increase youth employment, improve labour market activation, and help deliver Fuller Working Live, including: 'Generation North East' (GENE) to provide employability and job search support to unemployed/inactive young people aged 18-29 years; provision of specialist intensive support for those most distant from the labour market because of disadvantage, poverty and poor physical and mental health; development of packages of support for those with health barriers to employment building on the Mental Health Trailblazer and Working Lives project; North East Growth Hub, promoting the Fuller Working Lives Strategy to encourage and help employers retain, retrain and recruit people aged 50 and over. - NECA Councils have objectives and activities to support those with barriers to employment such as: 'Durham Works' partnership, supported in part by Durham County Council, helping young people aged 18 -24 from County Durham into work, training, education or volunteering; Gateshead community grants to third sector organisations to help people into employment. - NECA, NELEP and partners continue to engage with and lobby UK government nationally to promote the regions ambitions for its economy and place offer. - Supported by LA7, the 'Covid North East Recovery and Renewal Deal' document was submitted to government in Autumn 2020 to influence the Comprehensive Spending Review | 3 | 3 | 9 | Static | <ul style="list-style-type: none"> - NECA and other local partners e.g. NELEP continue to work with and lobby Government and influence emerging policy thinking. - NECA and other local partners ensure creating employment opportunities and tackling poverty are at the heart of the UKSPF bids - NECA and other local authority partners seek to maximise funding opportunities and investment into the North East. | <ul style="list-style-type: none"> Chair – NECA Leadership Board Chair – NECA Leadership Board Chair – NECA Leadership Board | Ongoing | 3 | 3 | 9 | Static |

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| | | | funding to incentivise employers to offer employment and/or individuals to take up employment or training and/or to fund appropriate support and training. | everyone to fulfil their potential and participate fully in society will be lost. - Businesses will be denied access to a larger and better workforce. | aimed at people with long-term health conditions and disabilities, carers, and older claimants. - As part its 'Plan for Jobs' in response to the Covid19 pandemic, in July 2020 the government announced: a £2 billion 'Kickstart' Scheme for new six-month work placements for 16 to 24-year-olds at risk of long-term unemployment; £1.6 billion to boost work search, skills and apprenticeships comprising among other things extra payments to employers to hire apprentices, including those aged under 25 with an Education, Health and Care Plan; extra funding for National Careers Service; an expanded youth offer to support young job seekers into work; an expansion to the Work and Health Programme, the Flexible Support Fund and sector based work academies (SWAP). - Under Kickstart employers apply for funding which covers: 100% of the National Minimum Wage (or the National Living Wage depending on the age of the participant) for 25 hours per week for a total of 6 months; associated employer National Insurance contributions; employer minimum automatic enrolment contributions. By November over 100,000 had started jobs. - In July Leadership Board reported that government figures showed that 400 people a day started work in May, with 200,000 new high-quality jobs created via the scheme. - In the Nov 2020 Spending Review, further funding of £3.7 million was added to fund the Plan for Jobs including £2.9 billion for the Restart programme to support over 1 million unemployed people across England and Wales who have been out of work between 12 and 18 months, . Up to 12 months support will be provided in a partnership between Job Centre Plus and Reed across the North East and Humberside, with referrals to the programme planned to commence in July. - 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 | requesting the powers, resources and funding to achieve NECA's objectives and to respond to the impact of the Covid pandemic on the North East economy. - The NECA region has submitted proposals to the ESF reserve funds (managed by DWP) for new and existing issues relating to: Young People; Older Workers (50 plus); Self Employed; Job Creation Projects (for people excluded from national programmes such as Kickstart); Skills and Digital Skills Training. - NECA Local Authorities are submitting Investment Plans for their UKSPF allocations with approval due in October 2022. - Joint Transport Committee forum with bus operators in place to discuss service provision/inform Enhanced Partnership/develop BSIP bid for £803.9m as required by the National Bus Strategy. Draft EP Scheme and Plan to be agreed by JTC and submitted to DfT by end of June. | | | | | | | | | | | | |

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| | | | | | <p>2021.</p> <ul style="list-style-type: none"> - Any underspend on remaining European Social Fund monies will be used to mitigate the impact of Covid prioritising young people, older workers, the self-employed, job creation and skills. - UKSPF allocations to the NECA Local Authorities total circa £72.7M for the three years 2022-25 (Green) - The government has provided the UK Community Renewal Fund, totalling £220 for 2021, to help areas prepare for the launch of the UK Shared Prosperity Fund targeted to: ex-industrial communities; coastal communities; rural areas and deprived towns. It is focuses on the following investment priorities: Investment in skills; Investment for local business; Investment in communities and place; Supporting people into employment - National Living Wage rising from £8.91 to £9.50 per hour from April 2022 for over 23s. - £6b funding over 3 years for DWP to help people gain skills and earn more, with targeted support to those needing extra support, including: workers who have left furlough and are receiving Universal Credit through Job Finding Support scheme; assistance to over 50s wishing to remain in work. - <i>At this is time last year the Leadership Board identified that: The North East unemployment rate and NECA claimant count was slowly falling with the vacancy rate is reaching close to pre-Pandemic levels; Youth unemployment is was high and the number of long term unemployed rising. At June Leadership Board it was noted that employment levels in the NECA area are beneath pre-pandemic rates believed to be due to a rise in economic inactivity levels through illness and carer responsibilities. (Amber)</i> - <i>Government White Paper March 2022 confirms that LEPs should integrate in to Mayoral Combine Authorities or remain while a devolution deal is developed or find a local solution which may mean part of the LEP remains. (Amber)</i> - <i>Of 477 UK Community Renewal Fund awards on 12 have been received by LA7</i> | | | | | | | | | | | | |

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| | | | | | <p>area, only 6% of available funds.</p> <ul style="list-style-type: none"> - According to the Office of National Statistics the Employment rate has dropped by 0.9% to 70.7% for the period April to June 2021, with the unemployment rate falling by 0.6% to 5.1% and the inactivity rate rising by 1.3% to 25.4% for the same period. The unemployment rate is still above the national average of 4.3%. - <i>The UKSPF Community Renewal Fund bidding process is closed to NECA as a non-Mayoral Combined Authority but open to NECA Local Authorities and NoTCA. This is likely an indication of the Government's future approach to funding. (Red)</i> - <i>Negative impact of Cost of Living Crisis, resulting from the effect on trade of the war in Ukraine, rises in inflation and interest rates on local business, consumers and the local, national and global economy as a whole in relation to spending, investment and employment. (Red)</i> <p>Covid-19:</p> <ul style="list-style-type: none"> - <i>Society has opened up and is recovering from the societal and economic impact of the Pandemic (Green)</i> - <i>Government may be forced to redirect funding away from NECA to address the effects of the Pandemic.</i> - <i>The pandemic has and may continue to cause failure of businesses/reduction of their workforce/increased unemployment with a specific, significant impact on youth employment.</i> - <i>Despite the heavy impact on the economy/employment, specifically in hospitality, leisure and non-supermarket retail, there is little sign that the employed from these sectors are reallocating to less-affected sectors. Self-employed continue to face a significant loss of income, with the impact across much broader sectors than that of employees.</i> - <i>Skills shortages in several areas with a large percentage of the working population expected to lack the skills required by 2030, including the digital sector.</i> - <i>Government has partially mitigated the impact on employment by supporting business through job retention scheme, business grants and rates relief.</i> | | | | | | | | | | | | |

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| | | | | | <ul style="list-style-type: none"> - The Coronavirus Job Retention Scheme (Furlough) has been in place since March 2020, running until 30 September 2021. In July Leadership Board reported HMRC figures of 1,058,600 employments eligible for Furlough in the North East, with 166,100 furloughed in July 2020 and 414,200 in May 2021. - Government's Job Entry Target Support Scheme (JETS) aims to support Universal Credit claimants out of work over 13 weeks as a result of Covid-19, looking at existing or new skills to move into growing sectors. In July the Leadership Board reported that the DWP estimate that nearly 500 jobseekers a day started on the scheme since its launch in October and the DWP was on course to supporting 250,000 by September. | | | | | | | | | | | | | |
| Become a sustainable well-connected region | 5 | Failure to achieve the planned outcomes to strengthen and extend transport networks in the NECA area while reducing pressure and encouraging green travel, to improve digital connectivity, and to achieve a high level of digital skill within the workforce. | <ul style="list-style-type: none"> - For Transport, see JTC Strategic Risk Register, Strategic Risks 1-4. Digital Connectivity and Skills - Regional Policy Makers/Business/Education providers fail to prioritize digital connectivity through a lack of awareness of its importance/ value. - Lack of public awareness, particularly those with barriers to employment, of the employment/ inclusion benefits available from digital skills. - Public and Private Sector fail to adequately invest in digital infrastructure/ equipment and skills. - Digital Infrastructure fails to meet accessibility, reliability and data speed needs of business/the public. - Private Sector unwilling to invest in digital infrastructure through concerns over economic viability. - Lack of public access, particularly for those on low incomes, to required IT | <ul style="list-style-type: none"> - Residents, particularly low-income earners, in the region may not be able to access work or move into education and training that could improve their prospects. Progress on social mobility in the region will be limited. - Residents in some areas of the region may not be able to access health care and other essential services as a result of a poor connectivity or lack of digital skills. - Without appropriate connectivity infrastructure and digital skills within the workforce business may | <p>Outside of NECA Control:</p> <ul style="list-style-type: none"> - For Transport, see JTC Strategic Risk Register, Strategic Risks 1-4. <p>Digital Connectivity and Skills</p> <ul style="list-style-type: none"> - From 2017 government adopted a UK Digital Strategy which includes; UK's telecoms industry to provide gigabit-capable infrastructure to 100% of premises by 2025 (subsequently reduced to 85%), with £5 billion subsidy for roll-out to the most difficult to reach/rural/remote 20% of premises; £1billion to accelerate and support private sector lead development and uptake of next generation digital infrastructure, including full fibre and 5G wireless including, 100% business rate relief for full fibre infrastructure, National Digital Infrastructure Fund, planning policies to consider digital infrastructure, an appropriate regulatory framework, and a national programme of 5G testbeds and trials to help create demand and capacity as uses are developed; the roll out of free wifi on trains and more public spaces; mandatory full fibre connections for new homes. - The Digital Strategy also includes a focus on skills and training, including; a legal entitlement for adults with no/low digital skills to undertake new digital qualifications funded by Adult Education Budget; Digital Skills Partnership, focusing on bringing together technology companies, local businesses, local government and other organisations to identify digital job vacancies and take action to help people move into these jobs; coding | <ul style="list-style-type: none"> - For Transport, see JTC Strategic Risk Register, Strategic Risks 1-4. <p>Digital Connectivity and Skills</p> <ul style="list-style-type: none"> - NELEP's Strategic Economic Plan (SEP) includes the development of digital skills provision and local infrastructure. The LEP has also developed a Digital Strategy. - Each NECA Local Authority has developed a digital strategy and programme to improve digital connectivity/skills for staff/businesses/residents. Activities include: Digital Durham, a £35 million initiative in Durham, Gateshead and South Tyneside to introduce fibre-based connectivity to properties where it would not otherwise be commercially viable; Infrastructure for free ultrafast public 5G wifi for Sunderland City centre, development of next generation digital connectivity/infrastructure to accelerate regeneration within the City Centre and Riverside supported by funding from government's Getting Building Fund, and to be the first UK local authority i to become a 'neutral host' for 5G and fibre connectivity, enabling telecoms operators to buy space from its infrastructure to offer their own 5G services; Durham Council operate a 'Digital Drive', £4million initiative to support SMEs in Co Durham to maximise potential through digital | 4 | 3 | 12 | Static | <ul style="list-style-type: none"> - NECA and other local partners will continue to work with the Managing Authorities (MHCLG, DWP and DEFRA) to attract grant funding to Region and maximise funding opportunities allocated to the North East. - NECA and other local partners e.g. NELEP, local councils continue to work with and lobby Government and influence emerging policy thinking. | Head of Paid Service Chair – NECA Leadership Board | Ongoing Ongoing | 4 | 3 | 12 | Static | |

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| | | | <p>equipment.</p> <ul style="list-style-type: none"> - Lack of awareness/availability of accessible/affordable digital skills training provision, especially to those with barriers to employment/low earners. | <p>choose to locate, or start up, or expand business in other regions, resulting in loss of new employment opportunities for residents, loss of investment and income to the region.</p> <ul style="list-style-type: none"> - Levels of transport inequality and/or social exclusion may not be reduced. - Improved resilience to the effects of the Covid pandemic may not be achieved. - The enhancement of productivity levels and the quality of public and private services in the area may not be achieved. - An opportunity to contribute towards the decarbonisation of the NECA area may be lost. | <p>in the National Curriculum from Key Stage One onwards; computer science degree courses to ensure focus on real-world, up to date skills required by the digital economy/work environment/the needs of employers; further funding for the Computing at School Network of Teaching Excellence in Computer Science of over 350 Master Teachers providing continued professional development to teachers; extra funding for the National Careers Service (NCS) to help more young people from a wider range of backgrounds consider a career in technology by piloting new ways to include digital skills and careers in NCS programmes.</p> <ul style="list-style-type: none"> - The Dept for Education operate the 'Future Digital Inclusion programme' to support those who are hardest to reach to gain digital skills, focusing on the unemployed, low income and disabled people; delivered by Good Things Foundation from numerous centres in the NECA area. - From March 2020, the government introduced the Universal Service Order (USO) for broadband, a legal right for a property to request a decent, affordable broadband connection with funding available up to £3,400 per property. - The government's 'Building Digital UK' team aim to develop UK broadband networks, including; Gigabit Broadband Voucher Scheme available to homes/businesses in rural areas of the UK, providing £1500 per home, £3500 per SME, to support the cost of installation when part of a group scheme. - Government and mobile providers are providing 4G Shared Rural Mobile Network where not commercially viable. - Project Gigabit: Phase One Delivery Plan policy paper (April 2021) following Ofcom's publication of the Wholesale Fixed Telecoms Market Review 2021-26. Setting the regulatory environment for commercial delivery, the plan includes proposals to subsidise gigabit network build to get as close to 100% as possible: - Procurements have started for telecoms providers to compete for subsidies to deliver gigabit capable networks to specific areas across the UK. Phase 1a to include Durham, South Tyneside & Tees Valley areas extending into Northumberland, covering the local authority areas of Durham, Darlington, Stockton, Hartlepool, Middlesbrough, Redcar and Cleveland, Sunderland, Gateshead, | <p>technology including the provision of 40% grant funding for digital projects, and 'Reboot', a partnership scheme that offers low-cost computer equipment to County Durham based registered charities/social enterprises; Supported by BDUK funding Gateshead Council are aiming to ensure that as many premises as possible will be high-speed broadband service enabled, and in the longer term that 100% of premises will be fibre enabled.</p> <ul style="list-style-type: none"> - In June the Leadership Board noted that: 87,000 premises in the NECA area can now access superfast broadband; coverage for superfast and ultrafast broadband is ahead of the national average but Gigabit-capable connectivity is behind. - NECA, NELEP and partners continue to engage with and lobby UK government nationally to promote the regions ambitions for its economy and place offer. - Supported by LA7, the 'Covid North East Recovery and Renewal Deal' document was submitted to government in Autumn 2020 to influence the Comprehensive Spending Review requesting the powers, resources and funding to achieve NECA's objectives and to respond to the impact of the Covid pandemic on the North East economy. - The NECA region has submitted proposals to the ESF reserve funds (managed by DWP) for new and existing issues relating to: Young People; Older Workers (50 plus); Self Employed; Job Creation Projects (for people excluded from national programmes such as Kickstart); Skills and Digital Skills Training. | | | | | | | | | | | | |

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| | | | | | <p>South Tyneside and part of Northumberland. Teesdale (4,100 uncommercial premises) and North Northumberland (3,900 uncommercial properties) procurement submissions under evaluation by BDUK/Local Authorities with contract due to start August 2022. North East England (61,800 uncommercial properties across Northumberland and Durham) submissions to be evaluated from summer 2022 with contract start estimated as November 2022. (Green)</p> <p>- Higher level digital apprenticeships are available and are being promoted.</p> <p>- Government White Paper March 2022 confirms that LEPs should integrate in to Mayoral Combine Authorities or remain while a devolution deal is developed or find a local solution which may mean part of the LEP remains. (Amber)</p> <p>- In the North East over 97% have superfast broadband (>30mbps) but only around 80% in rural areas. Only 61% have access to ultrafast (>100mbps) and only 7% of properties have access to 'gigabit' infrastructure (>1000mbps) broadband (full fibre), the lowest rate in the UK.</p> <p>- Only 57% of UK premises that have access to superfast broadband are signed up to superfast packages.</p> <p>- 1 in 6 in North East (15%) do not have foundation level digital skills.</p> <p>- North East has low level of internet usage; 8th of 9 English regions.</p> <p>- In July the Leadership Board noted concerns, risk and uncertainty for medium term financial planning across the Public Sector relating to: delay in publication of the governments Comprehensive Spending Review to at least December 2021; delay in the implementation of the Fair Funding Review; uncertainties over the Shared Prosperity Fund; unknowns with regards to the Governments strategy to redress the public finances.</p> <p>- Negative impact of Cost of Living Crisis, resulting from the effect on trade of the war in Ukraine, rises in inflation and interest rates on local business, consumers and the local, national and global economy as a whole in relation to spending, investment and employment. (Red)</p> <p>Covid-19:</p> <p>- Society has opened up and is recovering</p> | | | | | | | | | | | | | |

| Risk Area | ID | Risk Description | Cause | Impact | Likelihood | Current Score | | | | Mitigating Actions | Lead | Target score | | | | | | |
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| | | | | | <p><i>from the societal and economic impact of the Pandemic (Green)</i></p> <ul style="list-style-type: none"> - Government may be forced to redirect funding away from NECA to address the effects of the Pandemic. - decline <i>and lack of recovery</i> in public transport usage, increase in use of cars. - Current predictions are that lack of recovery in public transport usage may require service reductions, especially in relation to bus services. (Red) - Despite the heavy impact on the economy/employment, specifically in hospitality, leisure and non-supermarket retail, there is little sign that the employed from these sectors are reallocating to less-affected sectors. Self-employed continue to face a significant loss of income, with the impact across much broader sectors than that of employees. - Skills shortages in several areas with a large percentage of the working population expected to lack the skills required by 2030, including the digital sector. - Skills Director, NELEP report to March Leadership Board underlines problem of Digital Exclusion, notably for the elderly, socially disadvantaged and exacerbated for young people by the closure of public facilities during the Pandemic. Research data from local businesses/employers suggests a fifth of applicants lack basic IT skills. (Amber) - There has been a societal change in the use of digital technology/mobile phone and video communications due to homeworking/social distancing/lockdown which supports an acceleration in the development of the infrastructure to meet demand. - Government's Job Entry Target Support Scheme (JETS) aims to support Universal Credit claimants out of work over 13 weeks as a result of Covid-19, looking at existing or new skills to move into growing sectors. In July the Leadership Board reported that the DWP estimate that nearly 500 jobseekers a day started on the scheme since its launch in October and the DWP was on course to supporting 250,000 by September. | | | | | | | | | | | | | |
| Shaping the Great North East | 6 | Failure to achieve the planned outcomes to | - Local policy makers in the area lack a clear vision/plan for the region's 'offer' to business, potential | - less opportunities for improving employment | <p>Outside of NECA Control:</p> <p>Attractiveness of the Region includes:</p> <ul style="list-style-type: none"> - cost of living, diverse housing offer, transport connectivity, cultural, leisure and | - NELEP's Strategic and Economic Plan (SEP) and Local Industrial Strategy: make the region a better place to live, learn and do business by supporting | 4 | 3 | 12 | St a t | NECA and other local partners e.g. NELEP continue to work with and lobby | Chair – NECA Leadership Board | Ongoing | 4 | 3 | 12 | St a t | |

| Risk Area | ID | Risk Description | Cause | Impact | Likelihood | Current Score | | | | Mitigating Actions | Lead | Target score | | | | | |
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| | | 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. | investors, residents and visitors - Poor understanding of the NECA area 'offer' and where improvements are needed. - No comprehensive/ coordinated plan to deliver improvements in the region's 'offer' including education and skills, employment opportunities, business infrastructure, critical to a thriving economy, and quality of life, including, housing, culture and leisure. - Priorities of government and other partners e.g. local are not aligned with NECA's. - Lack of funding to develop/improve the 'offer' | prospects causing migration, a barrier to immigration and reducing regional spending power. - loss and inability to attract commercial and academic talent. - inability to attract/retain business investment and development - reduced tourism. | natural environment offer; - three universities, two cities, three ports; - advance manufacturing and technology sector, business services hub, connected supply chains, diverse talent pool, development sites and Enterprise Zones, developing strength in global markets, digital connectivity and cost competitiveness. - As part of the Levelling Up agenda the government has: set up "Our Plan For The High Street" programme, including £3.6b Towns Fund, with Bishop Auckland town centre regeneration being supported; £1b Future High Street Fund, including £55m to regenerate heritage high streets; cut business rates for a wide range of properties for two years, consultation to simplify planning to support the creation of more homes, jobs and choice for town centres; High Street Task Force to advise local leadership on adapting high streets. - Government policy to increase new home building including: £5b Housing Infrastructure scheme with £32m being awarded to Sunderland South and Newton Aycliffe Growth Areas; funding to support building social housing available from Homes England; short term New Homes Bonus programme to encourage awarding of planning permission for new homes. - UK national planning guidelines require local policies and decisions to contribute to/enhance natural/local environment. - UKSPF allocations to the NECA Local Authorities total circa £72.7M for the three years 2022-25 (Green) - In support of proposals for Green Industrial Revolution the government aims to create further National Parks and extend the Green Recovery Fund for conservation/restoration, focusing on the natural environment as a key to carbon emission reduction. - North East Culture Partnership developed and delivered a North East culture and arts offer plan, followed by A Recovery and Resilience Plan in response to Covid-19. - Restructuring of business sectors, including retail and contact centres, due to rapid change in digital technology. - Fragmented ownership of older industrial estates leading to a lack of responsiveness and dereliction. - Government White Paper March 2022 confirms that LEPs should integrate in to | economic growth through investing in economic/assets and infrastructure including; investment sites such as International Advanced Manufacturing Park (IAMP), Follingsby, Holborn and Jade; increased housing provision, such as Sunderland South Strategic Growth Area. - NECA Local Authorities all have development plans, i.e. Local Plans/City Plans, to improve economy and local attractiveness, looking at environment, housing, transport, recreation and leisure and tourism. Urban centres are being regenerated: Riverside Sunderland, South Shields 365 and Riverside. - LA7 planning authorities' collaborative approach for commercial and housing development to promote economic growth and enhancement of the natural environment. - Gateshead Council involvement in RIBA Future Place Programme to plan the future of its town centre. - £10m North East Property Fund to support regional house building for smaller scale housing/commercial development projects. - NECA Local Authorities; have programmes to support reduction of empty properties; declared climate emergency to ensure the environment is considered when making decisions. - Gateshead Quays International Conference and Exhibition Centre and Arena Venue to open by 2024. - NECA, NELEP and partners continue to engage with and lobby UK government nationally to promote the regions ambitions for its economy and place offer. - Supported by LA7, the 'Covid North East Recovery and Renewal Deal' document was submitted to government in Autumn 2020 to influence the Comprehensive Spending Review requesting the powers, resources and funding to achieve NECA's objectives and to respond to the impact of the Covid pandemic on the North East economy. - NECA Local Authorities have provided Covid recovery support to business through: Restart Grants; Open, Closed | | | | i c | Government and influence emerging policy thinking. - NECA and other local partners will continue to work with the Managing Authorities (MHCLG, DWP and DEFRA) to attract grant funding to Region and maximise funding opportunities allocated to the North East. | Chair – NECA Leadership Board | Ongoing | | | | i c |

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| | | | | | <p><i>Mayoral Combine Authorities remain while a devolution deal is developed or find a local solution which may mean part of the LEP remains. (Amber)</i></p> <ul style="list-style-type: none"> - Of 477 UK Community Renewal Fund awards on 12 have been received by LA7 area, only 6% of available funds. - Although NECA authorities are priority 1 level of need for the Levelling Up Fund only 5 projects have been successful in Round 1 as opposed to 17 for London/South East. - Region has too few employment opportunities, including too few high skilled occupations and lower levels of productivity, limiting opportunities for residents, business and attractiveness to investors. - Decline in High Street, vibrancy and attractiveness of town centres. - Under provision of housing stock including affordable housing. - The UKSPF bidding process is closed to NECA as a non-Mayoral Combined Authority but open to NECA Local Authorities and NoTCA. This is likely an indication of the Government's future approach to funding. (Red) - Negative impact of Cost of Living Crisis, resulting from the effect on trade of the war in Ukraine, rises in inflation and interest rates on local business, consumers and the local, national and global economy as a whole in relation to spending, investment and employment. (Red) <p>Covid 19:</p> <ul style="list-style-type: none"> - Society has opened up and is recovering from the societal and economic impact of the Pandemic (Green) - Government may be forced to redirect funding away from NECA to address the effects of the Pandemic. - Unemployment and reduction in available opportunities, shop closures, decline in hospitality and tourism, culture and arts, with organisations closing and uncertainty about the recovery of these sectors. - Government support to the region has included £4.5m from Culture Recovery Fund, £47m from Getting Building Fund which has been targeted at regeneration sites in the NELEP area (Sunderland South Riverside/town centre, Gateshead Quays, Tyne Dock Enterprise Park, Aykley Heads Business Park) | <p>& Sector Local Restriction Support Grant schemes; Additional Restrictions Grants; Christmas Support Payments for Wet-led Pubs; helping businesses to access Government loans; signposting to support (particularly on import/export re EU Exit); coordinating Kickstart six-month placements; Accessing Getting Building Funds to accelerate key projects.</p> <ul style="list-style-type: none"> - Over £500m of funding distributed to businesses across North East region by LAS. - LAs focusing on impact of reduced footfall in town and city centres us Government Welcome Back Fund: Durham £569k; Gateshead £178k; South Tyneside £198k; Sunderland £309k. - NECA Local Authorities are submitting Investment Plans for their UKSPF allocations with approval due in October 2022. | Red | Yellow | Red | | | | | Red | Yellow | Red | |

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| | | | | | - Covid Recovery support also available for heritage organisations from National Lottery Heritage Fund. | | | | | | | | | | | | | |
| Operational Risks | | | | | | | | | | | | | | | | | | |
| Future Availability of Funding | 1 | Sources and levels of funding available to NECA may not be aligned to the Strategic Economic objectives of NECA. | <ul style="list-style-type: none"> - Economic downturn may force government to reduce funds available. - Uncertainty over future Capital scheme relating to those that are ending and their replacements, e.g. Local Growth Fund/EU Funding replaced by UK Shared Prosperity Fund (UKSPF). - Possible change in UK policy focus on other geographic areas or initiatives which may adversely affect the North East/not align to NECA Plans. - Future major local projects may not be tenable as government may have to reduce amount/timescale of funding schemes. - Funding for non-Mayoral combined authorities may no longer be available. | <ul style="list-style-type: none"> - Funding levels may not be sufficient to meet NECA's plans. - Reduction in funding sources and levels would damage the delivery of local regeneration plans and stall infrastructure projects, business growth, employment and skills schemes and local growth projects. | <p>Outside of NECA Control:</p> <ul style="list-style-type: none"> - The Government have set up the UK Infrastructure Bank with finances of £22bn to tackle climate change and support regional and local economic growth across the United Kingdom. - The Government's "Green Book" is a framework to inform decision making to ensure funding/investment spreads across the UK supporting the levelling up agenda. - UKSPF allocations to the NECA Local Authorities total circa £72.7M for the three years 2022-25 (Green) - In May NECA region awarded £9.924M of Local Transport Funding as a successor to Bus Recovery Grant and Light Rail and Tram Recovery Grant: £7.3M for Light Rail and £2.664M for Buses. Proposals will go to July's JTC.(Green) - Government White Paper March 2022 confirms that LEPs should integrate into Mayoral Combine Authorities or remain while a devolution deal is developed or find a local solution which may mean part of the LEP remains. (Amber) - 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. - Of 477 UK Community Renewal Fund awards on 12 have been received by LA7 area, only 6% of available funds. - Although NECA authorities are priority 1 level of need for the Levelling Up Fund only 5 projects have been successful in Round 1 as opposed to 17 for London/South East. - Significant cost pressures on JTC Budgets, specifically the Transport Levy for Tyne and Wear due to fall and expectation of limited recovery on Metro passenger numbers. - The UKSPF bidding process is closed to NECA as a non-Mayoral Combined Authority but open to NECA Local Authorities and NoTCA. This is likely an indication of the Government's future approach to funding. (Red) - Government measures and continued | <ul style="list-style-type: none"> - Previously EU funded projects within the NELEP area that continuing up to 2023 are eligible to funding from ERDF/ESF National Reserves. - During 2020 £25m was sourced from the government's Housing Infrastructure Fund to support further house building in a South Sunderland Strategic Growth Area. - Also in 2020 NELEP was awarded £47m million from the Getting Building Fund with part being used to development key economic growth sites in the NECA area. - NELEP manage the SEP on behalf of NECA and NoTCA. - NELEP is leading regional development of the Local Industrial Strategy which sets out future funding requirements to increase productivity in the North East. - A Special Purpose Vehicle has been set up by NECA to provide funding to SMEs based on £58.5m from ERDF JEREMIE 2 grant. - Supported by LA7, the 'Covid North East Recovery and Renewal Deal' document was submitted to government in Autumn 2020 to influence the Comprehensive Spending Review requesting the powers, resources and funding to achieve NECA's objectives and to respond to the impact of the Covid pandemic on the North East economy. - NECA work with partners to identify any new non-government funding sources. | 4 | 3 | 12 | Static | <ul style="list-style-type: none"> - NECA and other local partners will continue to work with the Managing Authorities (MHCLG, DWP and DEFRA) to maximise funding opportunities and investment in the North East. - NECA and other local partners e.g. NELEP, local councils continue to work with and lobby Government and influence emerging policy thinking. - Devolution Deals/Bids to be considered based on further indications that funding opportunities are limited for the current non-mayoral governance structure. - Impact on funding from Autumn 2021/Spring 2022 Budget, outcome of Integrated Rail Plan for the North and Midlands and bids to Restoring Your Railway fund to be considered and addressed through review of the Transport Plan For The North East. | Head of Paid Service Chair – NECA Leadership Board Chair – NECA Leadership Board Chief Finance Officer/ Proper Officer for Transport | Ongoing Ongoing Autumn 2022 | 4 | 3 | 12 | Static | |

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| | | | | | <p><i>impact of Cost of Living Crisis will have a significant impact on government funds and investment (Red).</i></p> <p>Covid 19:</p> <ul style="list-style-type: none"> - Society has opened up and is recovering from the societal and economic impact of the Pandemic (Green) - Government may be forced to redirect funding away from NECA to address the effects of the Pandemic. | | | | | | | | | | | | | |
| Funding Opportunities | 2 | Failure of NECA to secure the maximum amount of funding available to progress projects which support the delivery of the Strategic Economic Plan (SEP) for the North-East regions. | <ul style="list-style-type: none"> - Funding opportunities are missed due to lack of awareness/missing relevant deadlines. - Poor quality of funding applications made by NECA and/or JTC. - Failure to obtain funding only available through competitive process leading to under allocation for priorities. - Failure to build and develop relationships with key partners to maximise funding opportunities. | <ul style="list-style-type: none"> - Delivery of planned economic improvements required by the region will be significantly delayed. - Consequently delivery of NECA's Strategic Objectives may significantly be affected. | <ul style="list-style-type: none"> - Significant funding awarded regarding the Transforming Cities Fund. - In May NECA region awarded £9.924M of Local Transport Funding as a successor to Bus Recovery Grant and LightRail and Tram Recovery Grant: £7.3M for Light Rail and £2.664M for Buses. Proposals will go to July's JTC.(Green) - 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) - The UK Community Renewal Fund bidding process is closed to NECA as a non-Mayoral Combined Authority but open to NECA Local Authorities and NoTCA. This is likely an indication of the Government's future approach to funding. Outside of NECA Control: - A significant proportion of available funding is through a competitive process. - Significant cost pressures on JTC Budgets, specifically the Transport Levy for Tyne and Wear due to fall and expectation of limited recovery on 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) - 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. (Red). - Only one of seven bids to Restoring Your Railway fund were successful for the region; Bensham Curve to Team Valley and Leamside Line reinstatement were unsuccessful. - Cancellation of expanded HS2, plus the | <ul style="list-style-type: none"> - Officers horizon scan for upcoming funding opportunities. - Regular contact with the UK government and other funding bodies to identify funding opportunities early. - Relationships with other bodies at a local level, including councils and universities, to allow for partnership to maximize funding application opportunities. - NECA, JTC and partners lobby relevant government bodies promote schemes required for the North East to be included in key government schemes. - The officers of NECA and JTC have proven experience, skills and knowledge to submit strong bids. - All bids/projects are subject to scrutiny to ensure they are inline with NECA objectives and plans and meet the bid criteria. - NECA and JTC liaise with the provider during any application process 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 into project calls. These projects focus on addressing local needs. | 4 | 3 | 12 | Static | <p>NECA are working with key stakeholders to develop and prepare pipeline projects ready for Government releasing further 'calls' for applications for funding.</p> <p>- Devolution Deals/Bids to be considered based on further indications that funding opportunities are limited for the current non-mayoral governance structure</p> <p>- Impact on funding from Autumn 2021/Spring 2022 Budget outcome of Integrated Rail Plan for the North and Midlands and bids to Restoring Your Railway fund to be considered and addressed through review of the Transport Plan For The North East.</p> | <p>NECA Economic Directors/ Heads of Transport Officer Group</p> <p>Chair – NECA Leadership Board</p> <p>Chief Finance Officer/ Proper Officer for Transport</p> | <p>Ongoing</p> <p>Summer /Autumn 2022</p> <p>Autumn 2022</p> | 4 | 3 | 12 | Static | |

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| | | | | | above, contrasted with improvements for other regions may have a negative economic impact on the region. (Red) | | | | | | | | | | | | | |
| Use of Funding and Resources | 3 | Funding secured for initiatives within the North-East region by NECA and its partners may not be able to be used on a timely basis, not be sufficient to complete intended projects or may be used inappropriately. | <ul style="list-style-type: none"> - Poor project management. - Inaccurate assessment of projects costs when submitting funding bids. - Delays and costs for a project due to unforeseen events. - Lack of understanding of funding conditions including timescales. - Insufficient capacity and skills to manage projects. - Fraud and corruption. - Failure by NECA to secure agreement on the priority of projects within the region it serves. | <ul style="list-style-type: none"> - Programmes/projects may be delayed, reduced in size or not completed with intended benefits unrealised. - Funding may be lost through missed deadlines, project failure. - Reallocation of other earmarked funding to address gaps. - Reputational damage. | <ul style="list-style-type: none"> - Transport Strategy Unit in place to manage project delivery. - JTC introducing of Capital Programme Management Framework to allow consistent and effective management of the programme as it becomes reliant on new/changing sources of funding. - Potential for resource issues through sickness or recruitment issues due to low number of Corporate staff. - Government White Paper March 2022 confirms that LEPs should integrate in to Mayoral Combine Authorities or remain while a devolution deal is developed or find a local solution which may mean part of the LEP remains. (Amber) - Impact of Cost of Living Crisis, resulting from the effect on trade of the war in Ukraine, inflation and interest rates rises may result in significant unplanned project costs. (Amber) | <ul style="list-style-type: none"> - NECA officers and partners in JTC and NELEP have proven experience, skills and knowledge to submit strong bids. - All bids/projects are subject to scrutiny to ensure they are in line with NECA objectives and plans and meet bid criteria. - Projects managed directly by NECA and it's partners are managed using recognised project management principles. - Projects delivered by contractors are let subject to a competitive procurement process. - Where projects are delivered by third parties arrangements are in place to gain assurance that the projects are progressing as expected. - Clear conditions of use are provided by funding providers. - NECA officers are subject to relevant codes of conduct. - Internal Audit and External Audit arrangements are in place. - Appropriate controls are in place in delivery of funded programmes. - Internal Audit have carried out a review of the project management arrangements within the JTC. | 4 | 2 | 8 | Statitic | <ul style="list-style-type: none"> - Delivery plans and programmes are to be kept under review in light of any issues which may affect funding secured to be used on a timely basis or may mean secured funding may not be sufficient to deliver the intended programmes. - Appropriate prompt action is taken to address issues which may arise. | Head of Paid Service/ Chief Finance Officer | Ongoing | 4 | 2 | 8 | Statitic | |
| Governance Arrangements | 4 | The governance arrangements of NECA are not appropriate to allow effective and timely decision making and the achievement of its objectives. | <ul style="list-style-type: none"> - Lack of capacity to support complex governance arrangements including lead authority status for JTC. - Lack of clarity on NECA's nature, objectives, roles and responsibilities or the importance of governance arrangements. - Lack of commitment or resources to support the development of working arrangements or delays in implementing proposed changes. - Conflicting priorities, not aligned to governance arrangements. | <ul style="list-style-type: none"> - Poor decisions may be made which are not in the interest of the North-East region. - Decisions may be delayed, not taken at the appropriate level or not based on the correct information. - Lack of clarity of roles, responsibilities and objectives may lead to failures in statutory compliance, financial | <ul style="list-style-type: none"> - Internal Audits of both NECA and JTC Governance Arrangements resulted in an opinion of substantial assurance. | <ul style="list-style-type: none"> - The LA7 have approved a Deed of Cooperation which sets out operational working between the 7 Local Authorities and the two Combined Authorities. - Standing Orders describe membership functions, sub committees, rules of procedure and the roles of statutory officers. - Formal decision-making committees in place include Leadership Board, Overview and Scrutiny Committee, Economic Development and Regeneration Advisory Board and Joint Transport Committee and sub-committees. - Committee Decisions are by majority vote but with an aim for consensus. - LA7 continue to work together using agreed joint working arrangements i.e. regular officer meetings of Chief Executives, Finance Directors, Monitoring Officers and Heads of | 4 | 2 | 8 | Statitic | <ul style="list-style-type: none"> - NECA Leadership Board will develop and communicate a clear statement of the role, differentiating facts and working arrangements with NoTCA. | Head of Paid Service | Ongoing | 4 | 2 | 8 | Statitic | |

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| | | | | management and economic and infrastructure improvement. | | Transport, plus formal Transport and Governance Committees. - The NELEP manage the SEP on behalf of NECA and NoTCA. - A Strategic Partnership Register in place to identify all partnerships that are entirely or substantially responsible for delivering or managing an outcome for NECA. - Responsibilities for the delivery of support services to NECA by local authorities, including finance and legal services, that support governance arrangements have been allocated and are supported by Service Level Agreements. - NECA maintains an internal audit function which, as part of its remit provides assurance, as to the governance arrangements within NECA. | | | | | | | | | | | |
| Operational Capacity and Resourcing | 5 | NECA does not have the necessary operational capacity, skills and budget, to successfully deliver the objectives and plans. | - Budget may be insufficient as NECA's initial resource pool now required to support JTC and NoTCA - Potential for conflicting priorities for Members, Statutory Officers to NECA and other posts provided under Services Level Agreements as all have alternative main employments with partner organisations. - Retention and turnover of key staff within small resource pool - Lack of effective business continuity arrangements | - Decisions may be delayed or based on incomplete information. - Functions may be less effectively or timely leading to financial loss and flawed decisions. - Reputational damage. | - Most recent Internal Audit relating to Financial Arrangements for NECA resulted in Substantial Assurance. - Transport Strategy Unit in place to manage project delivery. - Potential for resource issues through sickness or recruitment issues due to low number of Corporate staff. - Impact of Cost of Living Crisis, resulting from the effect on trade of the war in Ukraine, inflation and interest rates rises may result in significant unplanned costs. (Amber) | - Representation from NECA Local Authorities and Statutory Officers in post and supported by deputies. - Significant TUPE to NECA employment relating to Corporate NECA staff and Transport Strategy Unit. - Review and update of all SLAS has taken place with move to new Host Authority. - More finance support has been made available through SLA with new Host Authority. - Effective and timely arrangements for setting and approval of NECA and JTC revenue budget and Capital Programme in place. - Partners continue to engage through the formal meetings of the Combined Authority and LA7, including at Leader, Chief Executive, Economic Director, Chief Legal Officer and Finance Director levels. - External Resources are appointed where required to support JTC delivery priorities. - Each officer working for NECA is based within a local authority and is subject to its business continuity arrangements e.g. working from home. Officers are also receiving public health guidance. | 4 | 2 | 8 | Static | - Accountable Body Arrangements – NECA continue to be the accountable body for the Joint Transport Committee and the functions delegated to it. NECA host the Transport Strategic Unit including the Proper Officer for Transport. - A review of resource requirements for combined authority is underway as part of the 2023/24 budget setting process. | Head of Paid Service Chief Finance Officer | Ongoing February 2023 | 4 | 2 | 8 | Static |

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|----------------------------------|----|---|--|---|--|---------------|------------|--------|---------------------|---|---|--------------|---------|------------|--------|---------------------|--------|
| | | | | | | Impact | Likelihood | Rating | Direction of Travel | | | Action Date | Impact | Likelihood | Rating | Direction of Travel | |
| Delivery of Projects/ Programmes | 6 | Projects which are funded through NECA are delayed, are significantly overspent or do not deliver the intended product to meet the identified transport need. | <ul style="list-style-type: none"> - 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. | <ul style="list-style-type: none"> - Projects may be delayed, reduced in size or not completed with intended benefits unrealised. - Funding may be lost through missed deadlines/ project failure. - Reallocation of other earmarked funding to address gaps. - Reputational damage. | <ul style="list-style-type: none"> - Introduction of JTC Capital Programme Management Framework to allow consistent and effective management of the programme as it becomes reliant on new/changing sources of funding. - 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. (Green) <p>Outside of NECA Control:</p> <p>Covid 19:</p> <ul style="list-style-type: none"> - Society has opened up and is recovering from the societal and economic impact of the Pandemic (Green) - Delays to delivery due to the impact of the Pandemic on the operation of projects. - Government White Paper March 2022 confirms that LEPs should integrate in to Mayoral Combine Authorities or remain while a devolution deal is developed or find a local solution which may mean part of the LEP remains. (Amber) - Impact of Cost of Living Crisis, resulting from the effect on trade of the war in Ukraine, inflation and interest rates rises may result in significant unplanned project costs. (Amber) | 3 | 2 | 6 | Static | <ul style="list-style-type: none"> - NECA officers and partners in JTC and NELEP have proven experience, skills and knowledge to submit strong bids. - All bids/projects are subject to scrutiny to ensure they are in line with NECA objectives and plans and meet bid criteria. - Projects managed directly by NECA and it's partners are managed using recognised project management principles. - Projects delivered by contractors are let subject to a competitive procurement process. - Where projects are delivered by third parties arrangements are in place to gain assurance that the projects are progressing as expected. - Clear conditions of use are provided by funding providers. | <p>Managing Director Transport North East</p> <p>Managing Director Transport North East</p> | Ongoing | Ongoing | 3 | 2 | 6 | Static |
| Infrastructure Assets | 7 | Infrastructure assets which are owned by NECA are inadequately managed and maintained. | <ul style="list-style-type: none"> - Lack of awareness of the existence of the asset. - Lack of clarity as to who has responsibility for the management and maintenance of the assets. - Lack of clarity as to standards required. - Lack of resources to maintain the assets. | <ul style="list-style-type: none"> - Greater financial resources may be needed to rectify faults arising from poor maintenance. - Failures in infrastructure assets may affect services delivered to users leading to disruption and complaints and a drop in usage. - Financial resources earmarked for other future purposes may need to be used to complete current projects causing postponement | <ul style="list-style-type: none"> - Internal Audit of contract monitoring of TT2 contract for the Tyne Tunnel resulted in Substantial Assurance. - Impact of Cost of Living Crisis, inflation and interest rates rises may result in significant unplanned costs. (Amber) <p>Outside of NECA Control:</p> <p>Covid 19:</p> <ul style="list-style-type: none"> - Society has opened up and is recovering from the societal and economic impact of the Pandemic (Green) - Potential threat to funding due to impact of the Pandemic on the economy. | 3 | 2 | 6 | Static | <ul style="list-style-type: none"> - Ensure Asset management arrangements continue to provide assurance over the maintenance of NECA's assets. | Head of Paid Service | Ongoing | Ongoing | 3 | 2 | 6 | Static |

| Risk Area | ID | Risk Description | Cause | Impact | Likelihood | Current Score | | | | Mitigating Actions | Lead | Target score | | | | | | | |
|-----------|----|------------------|-------|--------------------------------|------------|------------------|--------|------------|--------|--------------------|------|---------------------|-------------|--------|------------|--------|---------------------|--|--|
| | | | | | | Current Controls | Impact | Likelihood | Rating | | | Direction of Travel | Action Date | Impact | Likelihood | Rating | Direction of Travel | | |
| | | | | or delays in other NECA plans. | | | | | | | | | | | | | | | |

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Appendix 3

Risk Analysis Toolkit

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

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

Assess the impact should the risk occur

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

Audit and Standards Committee

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

Glossary of Terms

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

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

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

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

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

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

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

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

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

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

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

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:

- h) Sources and levels of funding available to the JTC to develop the North-East regions transport infrastructure within the region may reduce.
- i) Failure of the JTC to secure the maximum amount of transport funding available to progress transport infrastructure in the North-East region.
- j) 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.
- k) The governance arrangements of the JTC are not appropriate to allow effective and timely decision making and the achievement of its objectives.
- l) The JTC does not have the necessary operational capacity, skills and budget, to successfully deliver the JTC's objectives and plans.

- m) 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.
- n) Transport assets, which are the responsibility of the JTC, are inadequately managed and maintained.
- o) 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) 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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Telephone - 07342704254

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 |

| | | | |
|--|-----------------------|----------------------|-------------------|
| <p><u>7 Transport Infrastructure Assets</u></p> <p>Transport assets, which are the responsibility of the JTC, are inadequately managed and maintained.</p> | <p>Green 6</p> | <p>Static</p> | <p>N/a</p> |
| <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> | <p>Green 6</p> | <p>Static</p> | <p>N/a</p> |
| <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. power, fuel).</p> | <p>Amber 8</p> | <p>Static</p> | <p>N/a</p> |

JTC Strategic Risk Register 2021/22

| Risk Area | ID | Risk Description | Cause | Impact | Likelihood | Current Score | | | | Target Score | | | | | | | |
|--------------------------|----|---|---|--|--|---|------------|--------|---------------------|--------------------|---|--------------------------|------------|------------|--------|---------------------|--------|
| | | | | | | Impact | Likelihood | Rating | Direction of Travel | Mitigating Actions | Lead | Action Date | Impact | Likelihood | Rating | Direction of Travel | |
| Strategic Risks | | | | | | | | | | | | | | | | | |
| Carbon Neutral Transport | 1 | Failure to achieve the planned outcomes to realise the decarbonisation of economic activity, infrastructure and housing within the North East . | <ul style="list-style-type: none"> - Lack of engagement by the public and industry due to prohibitive high cost and reliability of currently available alternatives, including infrastructure and vehicles. - Lack of government political will to ensure change by industry and public through adequate legislation, including regulation and supporting funding. - Gaps in Public Transport provision and/or frequency for some areas coupled with appeal and personal safety concerns. - See also Strategic Risk 3 re Active Travel. | <ul style="list-style-type: none"> - Unable to address the known effect of pollution on the health of the Public. - Pressure on the economy and the NHS due to the effect of pollution on the health of the Public. - Lack of impact on Climate Change. | <ul style="list-style-type: none"> - Government's Clean Air Zone framework in the process of being adopted in Newcastle, Gateshead and North Tyneside. - 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) <p>Outside of JTC Control:</p> <ul style="list-style-type: none"> - 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 | <ul style="list-style-type: none"> - 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. - <i>Public consultation on North East Rail and Metro Strategy from February. Strategy encourages further regional devolution with commitments to:</i> <ul style="list-style-type: none"> • <i>Increasing capacity/resilience of the East Coast Main Line/Durham Coast Line improving connectivity for passengers and freight;</i> • <i>Extending the reach of local rail and Metro, upgrading existing networks & services, adding new routes & stations including the Northumberland and Leamside lines;</i> • <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</i> | 4 | 3 | 12 | Static | <p>Private Transport</p> <ul style="list-style-type: none"> - <i>Continue to progress Zero Emission Vehicle Policy subject to JTC approval.</i> <p>Public Transport including Rail</p> <ul style="list-style-type: none"> - 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 <i>North East Rail and Metro Strategy.</i> - Continue to progress Bus strategy. - <i>If ZEBRA scheme funding bid is unsuccessful adjust future bus strategy plans to reflect this.</i> - 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. <p>Active Travel</p> <ul style="list-style-type: none"> - Scheme promoters to deliver schemes funded through Emergency Active Travel Fund. Schemes will deliver improvements for cycling and walking: Tranche 2 Further Tranches <p>Transport Plan</p> <ul style="list-style-type: none"> - <i>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.</i> | Strategic Transport Lead | March 2022 | 4 | 3 | 12 | Static |
| | | | | | | | | | | | | | | | | | |

| Risk Area | ID | Risk Description | Cause | Current Score | | | | Target Score | | | | | | | | |
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| | | | | <p>line.</p> <ul style="list-style-type: none"> - Local Authorities licensing powers can be used to introduce emissions requirements on private hire vehicles. - £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. (Green) - Government Policies introduced are mainly strategic and supportive rather than regulatory. - Bus Operators are operating some low emissions vehicles but not enough to meet requirements for Clean Air Zones. Funding available for modifications is less than that available for cars/vans. - BSIP bid requires £803.9m from a total National Bus Strategy fund of £3bn. - 2021 Autumn Budget included 5 year city region funding (around £600m) for transport but not for NECA: funding is now dependent on putting in place governance arrangements that include an elected mayor. (Red) - No funding was received for the Leamside line in the Autumn 2021 budget/Integrated Rail Plan for the North and Midlands. (Red) - Only one of seven bids to Restoring Your Railway fund were successful for the region; Bensham Curve to Team Valley and Leamside Line reinstatement were unsuccessful. (Red) <p>Covid 19:</p> <ul style="list-style-type: none"> - continued impact on the | <p>assets</p> <ul style="list-style-type: none"> • 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 reduce Carbon emissions through more efficient transfer of people and goods. <p>- Nexus is are completing a widescale programme of infrastructure improvements for the Metro and will soon be replacing all trains.</p> <p>- Transport Plan for the North East includes an objective of transport carbon neutrality and set's out how this will be achieved in its Intervention Plan.</p> <p>- 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.</p> <p>- North East Transport Plan <i>Progress Report</i> to JTC includes progress on KPIs for Sustainable Travel, Public Transport Accessibility, Climate Action, Take Up of ULEVs and Air Quality every two months.</p> <p>- North East Transport Plan <i>Progress Report</i> provides assurance that projects relating to transport carbon neutrality objective are on track to timescales</p> <p>- £3m for Go Ultra Low Programme supported by £0.1m for study to identify 25 strategic EV charging sites and £0.5m to deliver 4-6 priority sites from Local Growth Fund.</p> <p>--8 of 10 rapid chargers for the Go Ultra Low taxi project have been installed and are in operation.</p> <p>- Creation of Electric Vehicle Hub at Nissan supported by development of Sunderland/South Tyneside International Advanced Manufacturing Park and £1bn public/private funding.</p> <p>- Tyne Pass Scheme allowing barrier free movement through Tyne Tunnels to launch November 2021 to cut journey time and reduce carbon emissions from idling.</p> | High | High | High | Stable | | | | High | High | High | Stable |

| Risk Area | ID | Risk Description | Cause | Impact | Current Score | | | | Target Score | | | | | | | | |
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| | | | | | Likelihood | Current Controls | Impact | Likelihood | Rating | Direction of Travel | Mitigating Actions | Lead | Action Date | Impact | Likelihood | Rating | Direction of Travel |
| | | | | | <p>economy preventing economic and structural change;</p> <ul style="list-style-type: none"> - decline in public transport usage, increase in use of cars. - Target funding made available to maintain public transport during the Pandemic but once this is removed, and if levels of use do not improve, public transport may reduce as some services may no longer be sustainable. - Specific government funding has been provided on the basis that the Metro becomes self-sufficient with income matching services which is likely to lead to a reduction of services. - increase in cycling. - improvement in air quality due to Lockdown. | | | | | | | | | | | | |
| Inequality and Growth of the Economy | 2 | Failure to achieve the planned outcomes to overcome inequality and support the growth of the economy in the JTC area. | <ul style="list-style-type: none"> - Transport network and provision does not meet the needs of residents as in some areas it is inaccessible, unreliable, poorly scheduled and lacks coverage. - Inadequate understanding of the transport requirements of residents, business and visitors. - housing development and/or business improvement needs are not addressed by transport infrastructure planning. - Cost of public transport is increasingly prohibitive, particularly to low-earners. - Failure to adequately integrate services across providers to ensure that users can reach | <ul style="list-style-type: none"> - Improvement in economic, health and social mobility prospects impaired for residents, particularly low earners, through limited transport access to work, education and training. - Residents in some areas are unable to access essential services including health care. - Business may relocate or expand outside of the region resulting in a loss of employment, investment and income. | <ul style="list-style-type: none"> - Metro is accessible by 40% of the region and bus use is highest outside of London. - 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. - 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) <p>Outside of JTC Control:</p> <ul style="list-style-type: none"> - 7 major road improvements | <ul style="list-style-type: none"> - 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 forum with bus operators in place to discuss service provision/inform Enhanced Partnership/develop BSIP bid for £803.9m as required by the National Bus Strategy. - Agreement of staff resource to support development of Enhance Partnership/ Draft Partnership Plan and Scheme for presentation to operators agreed. - "Connected North East: Our Blueprint" making a case for investment in the North East for recovery from the pandemic has been submitted to the Government focusing on transport and digital. - 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 | 4 | 3 | 12 | Static | <p>Transport Plan</p> <ul style="list-style-type: none"> - Transport Plan KPIs from direction of travel to identifying required performance levels and timescales to be reviewed as part of refresh exercise <p>Rail</p> <ul style="list-style-type: none"> - Continue to make the case to government for urgent investment in the East Coast Main Line north of York - Continue to progress North East Rail and Metro Strategy. <p>Other Public Transport</p> <ul style="list-style-type: none"> - 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. - Once National Bus Strategy Funding has been | <p>Strategic Transport Lead</p> <p>Head of Heavy Rail</p> <p>Head of Heavy Rail</p> <p>Head of Funding and Programmes</p> <p>Transport Strategy Director</p> <p>Transport Strategy Director</p> <p>Transport Strategy</p> | <p>March 2023</p> <p>May 2022</p> <p>Summer 2022</p> <p>March 2023</p> <p>May 2022</p> <p>Summer 2022</p> <p>May 2022</p> | 4 | 3 | 12 | Static |

| Risk Area | ID | Risk Description | Cause | Current Score | | | | | | | Target Score | | | | | | |
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| | | | | Impact | Likelihood | Current Controls | Impact | Likelihood | Rating | Direction of Travel | Mitigating Actions | Lead | Action Date | Impact | Likelihood | Rating | Direction of Travel |
| | | their destination in a reasonable time. - Lack of portability of tickets across providers for whole journey/destination. - Issues of transport inequality are not understood and addressed. - Information on transport options is not adequately accessible to residents and visitors. | | <p>relating to A1 and A19 by 2025.</p> <ul style="list-style-type: none"> - Twice a day fully electric East Mainline service introduced Kinds Cross, Newcastle, Morpeth and Edinburgh. - 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. (Green). - May 2023 East Coast Mainline Timetable consultation and Newcastle to Northallerton Strategic Outline Business Case initial findings due May 2022 (Green). - Metro is accessible by 40% of the region and bus use is highest outside of London. - One third of North East residents live in less accessible rural areas. - BSIP bid requires £803.9m from a total National Bus Strategy fund of £3bn. - Network Rail reviewing East Coast Mainline May 2022 Timetable change which has identified a desperate shortage of capacity. - East-west connectivity is slow via road and rail. - 2021 Autumn Budget included 5 year city region funding (around £600m) for transport but not for NECA: funding is now dependent on putting in place governance arrangements that include an elected mayor. (Red) - No funding was received for the Leamside line in the Autumn 2021 budget/Integrated Rail Plan for the North and Midlands. (Red) - Significant cost pressures on JTC Budgets, specifically the Transport Levy for Tyne and | <ul style="list-style-type: none"> 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 improve connectivity to opportunities for work, training, education and leisure. (Green) | | | | | | <p>offered, any gaps are to be identified, and the impact on the deliverability of the plan is to be assessed and remedial action taken.</p> <p>Active Transport</p> <ul style="list-style-type: none"> - Scheme promoters to deliver schemes funded through Emergency Active Travel Fund. Schemes will deliver improvements for cycling and walking. - Unallocated Active Travel Fund Tranche 2 to be used for a programme for Summer 2021 to capitalise on move to cycling and walking during lock down and staycations with the planned relaxation of measures, supporting all of the objectives of the Transport Plan. | <p>Director</p> <p>Head of Funding and Programmes</p> <p>Head of Funding and Programmes/ Strategic Transport Lead</p> | <p>March 2022</p> <p>April 2022</p> | | | | |

| Risk Area | ID | Risk Description | Cause | Impact | Current Score | | | | Direction of Travel | Target Score | | | | | | | |
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| | | | | | Likelihood | Current Controls | Impact | Likelihood | | Rating | Mitigating Actions | Lead | Action Date | Impact | Likelihood | Rating | Direction of Travel |
| | | | | | <p><i>Wear due to fall and expectation of limited recovery on Metro passenger numbers. (Red)</i></p> <ul style="list-style-type: none"> - Only one of seven bids to Restoring Your Railway fund were successful for the region; Bensham Curve to Team Valley and Leamside Line reinstatement were unsuccessful. (Red) - Potential for "Levelling Up" between North and South reduced for the North East due to Cancellation of expanded HS2 plus the above, contrasted with improvements for other regions may have a negative economic impact on the region. (Red) <p>Covid-19:</p> <ul style="list-style-type: none"> - Reduced accessibility of public transport due to lockdown/social distancing disproportionately affecting mobility of low-earners; - Potential reduction in public transport services due to reduced patronage will disproportionately affect low-earners. | free movement through Tyne Tunnels to launch November 2021 to cut journey time and reduce carbon emissions from idling. | | | | | | | | | | | |
| Health | 3 | Failure of the transport system to achieve the planned outcomes to contribute to the improvements in health of the population in the JTC area. | <ul style="list-style-type: none"> - See also Strategic Risk 1 for causes affecting Air Quality improvement. - Lack of funding to develop/maintain infrastructure. - Lack of support from alignment of policies and plans with other stakeholders. - Conflicting priorities between improving road and Active Travel networks. <p>Lack of engagement in Active Travel due to:</p> <ul style="list-style-type: none"> - Inadequate cycling and walking network between required | <ul style="list-style-type: none"> - Continued overcrowding on Public Transport. - 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. | <ul style="list-style-type: none"> - JTC area already contains many cycling routes including parts of the national cycling network. - Bid to be submitted to f 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. <p>Outside of JTC Control:</p> <p>See also Strategic Risk 1 for likelihood factors affecting Air</p> | <ul style="list-style-type: none"> - JTC has access to TCF Tranche 2 (£198.483m) and Emergency Active Travel Fund (£15.7m) to increase and improve cycling and walking networks. - 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. - 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 <i>Progress Report</i> to JTC include progress on KPIs for Sustainable Travel, Public Transport Accessibility, Climate Action, Take Up of ULEVs and Air Quality, | 4 | 2 | 8 | Static | <p>Transport Plan</p> <ul style="list-style-type: none"> - 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 <p>Public Transport including Rail</p> <ul style="list-style-type: none"> - Capital projects funded by TCF Phase 2 to be delivered in line with timescales. - If ZEBRA scheme funding bid is unsuccessful has been offered, assess how many buses will be fundable and adjust future bus strategy plans to address any shortfalls reflect this. - Once National Bus Strategy Funding has been | <p>Strategic Transport Lead</p> <p>Head of Funding and Programmes</p> <p>Head of Funding and Programmes</p> <p>Transport Strategy Director</p> | <p>March 2023</p> <p>March 2023</p> <p>March 2022</p> <p>May 2022</p> | 4 | 2 | 8 | Static |

| Risk Area | ID | Risk Description | Cause | Impact | Current Score | | | | Target Score | | | | | | | | |
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| | | | | | Likelihood | Current Controls | Impact | Likelihood | Rating | Direction of Travel | Mitigating Actions | Lead | Action Date | Impact | Likelihood | Rating | Direction of Travel |
| | | | <p>destinations.</p> <ul style="list-style-type: none"> - Regional and Council policies and plans do not adequately promote, support and enhance Active Travel. - A lack of accessible information and promotion including existing routes. - Impracticality for purpose of journeys, i.e. passengers, luggage, shopping. - Time. - Weather. - Fear for personal safety. - Unwillingness, inability, lack of confidence. - Lack of supporting facilities, e.g. showers at work. | <ul style="list-style-type: none"> - Opportunity to reduce pressure on the economy and the NHS through potential health improvements missed. | <p>Quality improvement.</p> <ul style="list-style-type: none"> - Government's "Gear Change; a bold vision for cycling and walking" plan, July 2020, focuses on encouraging improvements for both including safer infrastructure. - Government funding available to improve cycling facilitates at railway stations, support for walking to school and bike maintenance and cycling classes. - "Cycle to work" scheme allows employers to loan bicycles to employees as a tax-free benefit. - Increase in cycling and walking post lockdown during the Pandemic. - £2.1m Capability Fund allocation to the North East to improve access to public and active travel. - Government have issued statutory requirements and guidance to Local Authorities on increasing and improving 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. | <p>Road safety: numbers killed and seriously injured and number of slight injuries <i>every two months</i>.</p> <ul style="list-style-type: none"> - <i>North East Transport Plan Progress Report provides assurance that projects relating to contribute to health improvements of the population objective are on track to timescales.</i> - <i>Tyne Pass Scheme allowing barrier free movement through Tyne Tunnels to launch November 2021 to cut journey time and reduce carbon emissions from idling.</i> - <i>Public consultation on North East Rail and Metro Strategy from February. Strategy encourages further regional devolution with commitments to:</i> <ul style="list-style-type: none"> • <i>Increasing capacity/resilience of the East Coast Main Line/Durham Coast Line improving connectivity for passengers and freight;</i> • <i>Extending the reach of local rail and Metro, upgrading existing networks & services, adding new routes & stations including the Northumberland and Leamside lines;</i> • <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> <p><i>Aimed to improve outcomes by incorporating active travel as part of the journey (Green)</i></p> | | | | | <p>offered, any gaps are to be identified, and the impact on the deliverability of the plan is to be assessed and remedial action taken.</p> <p>Active Travel</p> <ul style="list-style-type: none"> - 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. - Unallocated Active Travel Fund Tranche 2 to be used for a programme for Summer 2021 to capitalise on move to cycling and walking during lock down and staycations with the planned relaxation of measures, supporting all of the objectives of the Transport Plan. | <p><i>Head of Funding and Programmes</i></p> <p><i>Head of Funding and Programmes/ Strategic Transport Lead</i></p> | <p><i>March 2022</i></p> <p><i>April 2022</i></p> | | | | |
| Appealing Sustainable Transport | 4 | Failure to achieve the planned outcomes to ensure that people of all ages can access timely | <ul style="list-style-type: none"> - Failure to understand and address users' requirements for sustainable transport to be considered as | <ul style="list-style-type: none"> - Reduced impact on road congestion and accidents. - Unable to address the | <ul style="list-style-type: none"> - 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 | <ul style="list-style-type: none"> - 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 | 4 | 3 | 12 | s t a t i | <p>Rail</p> <ul style="list-style-type: none"> - Continue to make the case to government for urgent investment in the East Coast Main Line. - <i>Requirement of moving</i> | <i>Head of Heavy Rail</i> | <i>May 2022</i> | 4 | 3 | 12 | s t a t i |

| Risk Area | ID | Risk Description | Cause | Impact | Current Score | | | | Target Score | | | | | | | | |
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| | | | | | Likelihood | Current Controls | Impact | Likelihood | Rating | Direction of Travel | Mitigating Actions | Lead | Action Date | Impact | Likelihood | Rating | Direction of Travel |
| | | 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. | 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. | 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. | 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. - Government funding committed to development of Northumberland Rail line. - Government's "Gear Change; a bold vision for cycling and walking" plan, July 2020, focuses on encouraging improvements for both including safer infrastructure. - Government funding available to improve cycling facilitates at railway stations, support for walking to school and bike maintenance and cycling classes. - Twice a day fully electric, cheaper East Mainline service introduced Kings Cross, | 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: • 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. | | | | C | <p><i>Transport Plan KPIs from direction of travel to identifying required performance levels and timescales to be reviewed as part of refresh exercise.</i></p> <p>- Continue to progress <i>North East Rail and Metro Strategy.</i></p> <p>Other Public Transport</p> <p>- Capital projects funded by TCF Phase 2 to be delivered in line with timescales.</p> <p>- 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.</p> <p>- Continue to progress Bus strategy.</p> <p>- If ZEBRA scheme funding bid is unsuccessful has adjust future bus strategy plans to reflect this.</p> <p>- 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.</p> <p>Active Travel</p> <p>- Unallocated Active Travel Fund Tranche 2 to be used for a programme for Summer 2021 to capitalise on move to cycling and walking during lock down and staycations with the planned relaxation of measures, supporting all of the objectives of the Transport Plan.</p> | <p><i>Strategic Transport Lead</i></p> <p><i>Head of Heavy Rail</i></p> <p><i>Head of Funding and Programmes</i></p> <p><i>Transport Strategy Director</i></p> <p><i>Transport Strategy Director</i> <i>Head of Funding and Programmes</i></p> | <p><i>March 2023</i></p> <p><i>Summer 2022</i></p> <p><i>March 2023</i></p> <p><i>May 2022</i></p> <p><i>Summer 2022</i> <i>March 2022</i></p> | | | | C |

| Risk Area | ID | Risk Description | Cause | Current Score | | | | Target Score | | | | | | | | | |
|-----------|----|------------------|-------|--|--|------------------|--------|--------------|--------|---------------------|--------------------|------|-------------|--------|------------|--------|---------------------|
| | | | | Impact | Likelihood | Current Controls | Impact | Likelihood | Rating | Direction of Travel | Mitigating Actions | Lead | Action Date | Impact | Likelihood | Rating | Direction of Travel |
| | | | | <p>Newcastle, Morpeth and Edinburgh.</p> <ul style="list-style-type: none"> - 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 (Green) - May 2023 East Coast Mainline Timetable consultation and Newcastle to Northallerton Strategic Outline Business Case initial findings due May 2022 (Green). - May 2022 East Coast Mainline Timetable changes have been abandoned - Bus Operators are operating some low emissions vehicles but not enough to meet requirements for Clean Air Zones. Funding available for modifications is less than that available for cars/vans. - BSIP bid requires £803.9m from a total National Bus Strategy fund of £3bn. - Network Rail reviewing East Coast Mainline May 2022 Timetable change which has identified a desperate shortage of capacity. - East-west connectivity is slow via road and rail. - 2021 Autumn Budget included 5 year city region funding (around £600m) for transport but not for NECA: funding is now dependent on putting in place governance arrangements that include an elected mayor. (Red) - No funding was received for the Leamside line in the Autumn 2021 budget/Integrated Rail Plan for the North and Midlands. (Red) - Significant cost pressures on JTC Budgets, specifically the Transport Levy for Tyne and | <p>Shift from road to rail freight;</p> <ul style="list-style-type: none"> • Improvement of existing stations and development of new stations. Aimed to improve connectivity to opportunities for work, training, education and leisure. (Green) - Nexus is completing a widescale programme of infrastructure improvements for the Metro and will soon be replacing all trains. - Transport Levy from Councils increased. - JTC forum with bus operators in place to discuss service provision/inform Enhanced Partnership/develop BSIP bid for £803.9m as required by the National Bus Strategy. - Agreement of staff resource to support development of Enhance Partnership/ Draft Partnership Plan and Scheme for presentation to operators agreed. - 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. - Recent Transport Network projects including Horden station, various road improvements, "pop -up" cycling and walking schemes. - Local Authorities have also developed cycling and walking improvement schemes. | High | High | High | High | | | | | High | High | High | High |

| Risk Area | ID | Risk Description | Cause | Impact | Current Score | | | | Target Score | | | | | | | | |
|---------------------|----|---|---|--|---|--|--------|------------|--------------|---------------------|--|--------------------------------|-------------|--------|------------|--------|---------------------|
| | | | | | Likelihood | Current Controls | Impact | Likelihood | Rating | Direction of Travel | Mitigating Actions | Lead | Action Date | Impact | Likelihood | Rating | Direction of Travel |
| | | | | | <p><i>Wear due to fall and expectation of limited recovery on Metro passenger numbers. (Red)</i></p> <ul style="list-style-type: none"> - Only one of seven bids to Restoring Your Railway fund were successful for the region; Bensham Curve to Team Valley and Leamside Line reinstatement were unsuccessful. (Red) - Potential for "Levelling Up" between North and South reduced for the North East due to Cancellation of expanded HS2 plus the above, contrasted with improvements for other regions may have a negative economic impact on the region. (Red) <p>Covid 19:</p> <ul style="list-style-type: none"> - Use of public Transport has not recovered to pre-Pandemic levels and may never due to the move to working at home during Pandemic. Cars, cycling and walking are also regarded as safer than public transport by some. - Target funding made available to maintain public transport during the Pandemic but once this is removed, and if levels of use do not improve, public transport may reduce as some services may no longer be sustainable. - Specific government funding has been provided on the basis that the Metro becomes self-sufficient with income matching services which is likely to lead to a reduction of services. | | | | | | | | | | | | |
| Safety and Security | 5 | The transport system within the JTC area fails to achieve the planned outcomes regarding its safety and security. | <ul style="list-style-type: none"> - Lack of understanding of users' priorities for safety and security. - Poor design of infrastructure. - Competing priorities for different types of transport re efficiency of infrastructure and safety and security. | <ul style="list-style-type: none"> - Injury and/or death rate does not improve. - Fear of use of public transport puts off users and affects ambitions for air pollution, congestion and accessibility. - Adverse | <ul style="list-style-type: none"> - JTC has access to Transforming Cities Fund and Emergency Active Travel Fund to increase and improve cycling and walking networks. Outside of JTC Control: - Government law and guidance puts responsibility for safety and security on transport providers, users and other transport stakeholders. - Government's "Gear Change; | <ul style="list-style-type: none"> - 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. - Nexus continues to operate required safety systems across it's estate in relation to maintenance and security. - Nexus have introduced a new Customer Support team to tackle anti-social behaviour and noncompliance with conditions of travel on the Metro. | 4 | 2 | 8 | statistic | <p>Active Travel</p> <ul style="list-style-type: none"> - 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. <p>Public Transport</p> | Head of Funding and Programmes | March 2022 | 4 | 2 | 8 | statistic |

| Risk Area | ID | Risk Description | Cause | Impact | Likelihood | Current Score | | | | Target Score | | | | | | | |
|-----------|----|------------------|---|--|---|--|--------|------------|--------|---------------------|---|--|------------------------------|--------|------------|--------|---------------------|
| | | | | | | Current Controls | Impact | Likelihood | Rating | Direction of Travel | Mitigating Actions | Lead | Action Date | Impact | Likelihood | Rating | Direction of Travel |
| | | | - 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. | impact on Active Travel take up due to safety and security concerns. | 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 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 <i>Progress Report</i> to JTC include progress on KPIs for Sustainable Travel, Motor Vehicle Traffic. Road safety: numbers killed and seriously injured and number of slight injuries <i>every two months</i> . - <i>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.</i> | 4 | 3 | 12 | Increasing | including Rail - Capital projects funded by TCF Phase 2 to be delivered in line with timescales Transport Plan - <i>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.</i> | Head of Funding and Programmes Strategic Transport Lead | March 2023 March 2023 | 4 | 3 | 12 | Increasing |

| 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 | - 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. | - 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. - <i>Public consultation on North East Rail and Metro Strategy from February. Strategy encourages further regional devolution with commitments to:</i> • <i>Increasing capacity/resilience of the East Coast Main Line/Durham Coast Line improving connectivity for passengers and freight;</i> • <i>Extending the reach of local rail and Metro, upgrading existing networks & services, adding new routes & stations including the Northumberland and Leamside lines;</i> | 4 | 3 | 12 | Increasing | - 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 | Increasing |

| Risk Area | ID | Risk Description | Cause | Impact | Current Score | | | | Target Score | | | | | | | | |
|-----------------------|----|---|--|---|--|--|--------|------------|--------------|---------------------|--|--------------------------------|-------------|--------|------------|--------|---------------------|
| | | | | | Likelihood | Current Controls | Impact | Likelihood | Rating | Direction of Travel | Mitigating Actions | Lead | Action Date | Impact | Likelihood | Rating | Direction of Travel |
| | | | government may have to reduce amount/timescale of funding schemes. - Funding for non-Mayoral combined authorities may no longer be available. | | This is likely an indication of the Government's future approach to funding. - 2021 Autumn Budget included 5 year city region funding (around £600m) for transport but not for NECA: funding is now dependent on putting in place governance arrangements that include an elected mayor. (Red) - No funding was received for the Leamside line in the Autumn 2021 budget/Integrated Rail Plan for the North and Midlands. (Red) - Significant cost pressures on JTC Budgets, specifically the Transport Levy for Tyne and Wear due to fall and expectation of limited recovery on Metro passenger numbers. (Red) - Only one of seven bids to Restoring Your Railway fund were successful for the region; Bensham Curve to Team Valley and Leamside Line reinstatement were unsuccessful. (Red) | <ul style="list-style-type: none"> 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. (Green) | 4 | 2 | 8 | | | | | 4 | 2 | 8 | |
| Funding Opportunities | 2 | Failure of the JTC to secure the maximum amount of transport funding available to progress transport infrastructure in the North-East region. | - Funding opportunities are missed due to lack of awareness/missing relevant deadlines. - Poor quality of funding applications made by JTC. - Failure to obtain funding only available through competitive process leading to under allocation for priorities. | - Delivery of planned transport improvements required by the region will be significantly delayed. - Consequently delivery of JTC's Strategic Objectives may significantly be affected. | - Significant funding awarded regarding the Transforming Cities Fund. - Some recent funding frameworks are not open to non-Mayoral Combined Authorities. Outside of JTC Control: - A significant proportion of funding available for transport projects is through a competitive process. | - Officers horizon scan for upcoming funding opportunities. - Regular contact with the UK government and other funding bodies to identify funding opportunities early. - 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. - JTC and partners lobby relevant government bodies to persuade transport infrastructure schemes required for the North East to be included in key government schemes. - 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. - TSU liaises with the provider during any application process to understand clearly what it is looking for. | 4 | 2 | 8 | Static | - As part of the delivery of the North East Transport Plan, a 'project pipeline' is to be maintained. As part of this work each project will be assessed using the JTC's 'Transport Assurance Framework' to ensure each planned project has a strong business case and will help meet the Transport needs of the region. | Head of Funding and Programmes | Ongoing | 4 | 2 | 8 | Static |
| Use of Funding and | 3 | Funding secured for transport | - Poor project management. | - Transport projects may be | - Transport North East including the Transport | - MD TNE and TSU staff have proven experience, skills and knowledge to | 4 | 2 | 8 | S | - Delivery plans and programmes are to be kept | Head of Funding and Programmes | Ongoing | 4 | 2 | 8 | S |

| Risk Area | ID | Risk Description | Cause | Impact | Current Score | | | | Target Score | | | | | | | | |
|-------------------------------------|----|---|--|--|--|---|--------|------------|--------------|----------------------------|--|--|-------------|--------|------------|--------|----------------------------|
| | | | | | Likelihood | Current Controls | Impact | Likelihood | Rating | Direction of Travel | Mitigating Actions | Lead | Action Date | Impact | Likelihood | Rating | Direction of Travel |
| Resources | | 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. | <ul style="list-style-type: none"> - Inaccurate assessment of projects costs when submitting funding bids. - Delays and costs for a project due to unforeseen events. - Lack of understanding of funding conditions including timescales. - Insufficient capacity and skills to manage projects. - Fraud and corruption. | <ul style="list-style-type: none"> delayed, reduced in size or not completed with intended benefits unrealised. - Funding may be lost through missed deadlines, project failure. - Reallocation of other earmarked funding to address gaps. - Reputational damage. | <ul style="list-style-type: none"> - Strategy Unit in place to manage project delivery. - 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. - Potential for resource issues through sickness or recruitment issues due to low number of Corporate staff. | <ul style="list-style-type: none"> 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 | 1 | 4 | t a t i c | 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. | | | 4 | 1 | 4 | t a t i c |
| 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. | <ul style="list-style-type: none"> - 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. | <ul style="list-style-type: none"> - Poor decisions may be made which are not in the interest of the North-East region. - Decisions may be delayed, not taken at the appropriate level or not based on the correct information. - Lack of clarity of roles and responsibilities may lead to failures in statutory compliance, financial management and transport services delivery. | <ul style="list-style-type: none"> - Internal Audit of the JTC Governance Arrangements resulted in an opinion of substantial assurance. | <ul style="list-style-type: none"> - 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 | <ul style="list-style-type: none"> - 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 | <ul style="list-style-type: none"> - Budget may be insufficient as NECA's initial resource pool now | <ul style="list-style-type: none"> - Weakened oversight over the delivery of transport | <ul style="list-style-type: none"> - Transport North East including the Transport Strategy Unit in place to manage project delivery. | <ul style="list-style-type: none"> - Representatives from LA7, Statutory Officers and Proper Officer for Transport all have support from deputies. | 4 | 2 | 8 | s t a | <ul style="list-style-type: none"> - Continuous assessment of skills and capacity within Transport North East's to meet its support role to | Managing Director Transport North East | Ongoing | 4 | 2 | 8 | s t a |

| Risk Area | ID | Risk Description | Cause | Impact | Current Score | | | | Target Score | | | | | | | | |
|--|----|--|---|--|--|--|--------|------------|--------------|----------------------------|--|--|------------------------|--------|------------|--------|----------------------------|
| | | | | | Likelihood | Current Controls | Impact | Likelihood | Rating | Direction of Travel | Mitigating Actions | Lead | Action Date | Impact | Likelihood | Rating | Direction of Travel |
| | | capacity, skills and budget, to successfully deliver the JTC's objectives and plans. | 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. - Increased demand for rapidly changing work requirements for transport policy, funding bid submission and programme delivery. | 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 funding bids. - Reputational damage. | - 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. | - 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. - External Resources are appointed where required to support JTC delivery priorities. | 4 | 2 | 8 | t i c | JTC, including addressing any gaps through recruitment or external support as required. e.g. communications, programme management. | | | 4 | 2 | 8 | t i c |
| 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 | - Lack of awareness of the existence of the asset. - Lack of clarity as | - Greater financial resources may be needed to | - Internal Audit of contract monitoring of TT2 contract for the Tyne Tunnel resulted in Substantial Assurance. | - JTC's constitution includes overall responsibility and oversight for transport infrastructure assets owned by NECA and North of Tyne Combined | 3 | 2 | 6 | s t a | - As part of the ongoing review of roles, responsibilities, and arrangements regarding the | Managing Director Transport North East | Ongoing | 3 | 2 | 6 | s t a |

| Risk Area | ID | Risk Description | Cause | Impact | Current Score | | | | Target Score | | | | | | | | |
|------------------|----|---|---|--|--|---|--------|------------|--------------|----------------------------|---|------|-------------|--------|------------|-------------|----------------------------|
| | | | | | Likelihood | Current Controls | Impact | Likelihood | Rating | Direction of Travel | Mitigating Actions | Lead | Action Date | Impact | Likelihood | Rating | Direction of Travel |
| | | inadequately managed and maintained. | 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. | 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 other future purposes may need to be used to complete current projects causing postponement or delays in other JTC plans. | Outside of JTC Control: Covid 19: - Potential threat to funding due to impact of the Pandemic on the economy. | 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. | | | | t i c | activities of the JTC <i>and Transport North East</i> capacity and skills <i>available to the JTC's to carry out its contract management responsibilities is continuously assessed.</i> | | | | | t i c | |
| 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 | - <i>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.</i> Outside of JTC Control: - <i>Many transport service providers are independent, private sector bodies that require profit from service provision.</i> | - 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 <i>and Overview and Scrutiny Committee</i> 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 <i>and bus provision.</i> - 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. | 3 | 2 | 6 | s t a t i c | | | | 3 | 2 | 6 | s t a t i c |

| Risk Area | ID | Risk Description | Cause | Impact | Likelihood | Current Score | | | | Target Score | | | | | | | |
|----------------------|----|---|---|--|--|---|---|--------|------------|----------------------------|--|--|------------|-------------|--------|------------|----------------------------|
| | | | | | | Current Controls | | Impact | Likelihood | Rating | Direction of Travel | Mitigating Actions | Lead | Action Date | Impact | Likelihood | Rating |
| | | | | the roads. | | - 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. | | | | | | | | | | | |
| '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, security incident, infrastructure collapse (e.g. power, fuel). | - 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 and plan response to the impact of possible catastrophic events on the transport system - 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. | - Excessive death or injury - Economic activity excessively reduced due to inability of employees to carry out employment duties/activity. - Loss of reputation to the region. | 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 - TT2 Ltd have risk, emergency response and business continuity plans in place. Regular emergency/safety training exercises take place which include Tyneside Councils, TWFRS and the other emergency services. | 4 | 2 | 8 | s t a t i c | - 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 | s t a t i c |

Risk Analysis Toolkit

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

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

Assess the impact should the risk occur

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

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

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.

Audit and Standards Committee

Date: 28 June 2022

Subject: Draft Annual Governance Statement 2021/22

Report of: Senior Manager – Assurance (Sunderland City Council)

Executive Summary

This report presents the outcome of the annual review of the Authority's governance and internal control arrangements. The review highlighted no areas requiring improvement. Actions planned during 2020 to address two areas requiring improvement regarding the arrangements for preparing the Statement of Accounts and supporting the audit of them and related party declarations have been undertaken.

A copy of the draft Annual Governance Statement is provided at Appendix 1.

Recommendation

It is recommended that the Committee:

- I. Agree the draft 2021/22 Annual Governance Statement narrative and consider the evidence provided to support its production.
- II. Acknowledge that the Statement will be subject to further review following the completion of the external audit of the accounts and before it is signed by the Head of Paid Service and Chair of the Combined Authority.

Audit and Standards Committee

1 Background Information

- 1.1 The North East Combined Authority has a statutory duty under the Accounts and Audit Regulations 2015 (Amended 2020) to do the following on an annual basis:
- Conduct a review of the effectiveness of its governance framework, including the system of internal control.
 - Prepare an Annual Governance Statement.
 - Through a relevant committee review and approve the Annual Governance Statement.
- 1.2 The final Statement of Accounts and Annual Governance Statement (AGS) will ultimately be approved by the Leadership Board following the conclusion of the external audit. The Audit and Standards Committee is requested to consider the draft 2021/22 AGS appended to this report at today's meeting, alongside the draft Statement of Accounts, to ensure that the AGS is made available for external audit review at the earliest possible opportunity and that reporting deadlines are met.

2 2021/22 Annual Governance Statement

- 2.1 The 2021/22 Annual Governance Statement, at Appendix 1, is based on a framework of assurance from a number of areas and in preparing it, it was necessary to review evidence from the following sources. This approach complies with the Chartered Institute of Public Finance and Accountancy's (CIPFA) recommended practice:
- Governance Arrangements, e.g. the Authority's Constitution
 - Statutory Officers - Completion of assurance statements
 - Members – The Audit and Standards Committee
 - Internal Audit Activity – including annual opinion
 - Risk Management
 - Performance Management - Outcomes reported during 2021/22
 - Views of the external auditor and other external inspectorates
 - Key Partnerships
 - Nexus – Completion of assurance statement and also opinion from Head of Nexus' Internal Audit function.

Audit and Standards Committee

- 2.1 **Governance Arrangements** - The Combined Authority has in place a Constitution which was updated in 2018 to reflect the change in the NECA boundary, following removal of the three north of Tyne constituent authorities. The Constitution defines the roles and responsibilities of those charged with Governance within the Authority. This evidence and the information below provides assurance that governance arrangements have been defined.
- 2.2 **Statutory Officers** – The Monitoring Officer and Chief Finance Officer have provided signed assurance statements setting out the mechanisms they have in place and concluding that they can provide assurance that effective controls are in place. The Monitoring Officer as the Senior Information Risk Owner (SIRO), has also certified an appropriate assurance statement. The signed statements can be found at Appendix 2.
- 2.3 **Members** – The Audit and Standards Committee have reviewed evidence throughout 2021/22 relevant to the control and governance arrangements in place for the Combined Authority. This has included internal and external audit activity, financial records relevant to budgets and the accounts, risk management and other assurance information. Members can draw on this when giving a view of the effectiveness of control and governance arrangements in place.
- 2.4 **Internal Audit Activity** – The Internal Audit Plan included two audits which were agreed to be undertaken in relation to Business Continuity Arrangements Coordination of the Audit Certificate for the Local Transport Grant Claim. Both audits are complete, in addition, a further six audits were undertaken in relation to Covid 19 grant claims which required and audit certificate. All of these grants regarded transport arrangements. Based on this audit activity the overall internal audit opinion for the year provides independent assurance that the Authority has good control arrangements in place.
- 2.5 **Risk Management** – A risk management policy and strategy is in place and a strategic risk register has been developed, which monitors the most significant risks and opportunities to the Combined Authority. The strategic risk register is included on this meeting's agenda and provides evidence that there is a sound process in place for managing strategic risks and opportunities within the Combined Authority.
- 2.6 **Performance Management** – Performance information from each theme is reported to the Leadership Board on a regular basis and has not identified any issues which would suggest a significant weakness in the control environment.

Audit and Standards Committee

- 2.7 **External auditor** – The external auditor Mazars has not yet issued an opinion on the NECA 2020/21 accounts due to a delay in receiving guidance regarding the Whole of Government Accounts. This impacts on all Local Authority audits for 2020/21.
- 2.8 **Key Partnerships** – There is a register of significant partnerships which sets out associated partners to NECA, the purpose of the partnerships, link officer and review dates for each one.
- 2.9 **Nexus** - Nexus is not included in the significant partnership register due to its status as an officer of the Combined Authority, however a separate assurance statement has been signed by their Director of Finance and Resources, which states Nexus have an effective control environment in place. A copy of the Statement can be found at Appendix 3. Also the overall opinion of Nexus' chief internal auditor for the year states "*The opinion of the Chief Internal Auditor (Nexus), based on the internal audit work undertaken in year, is that there is an adequate and effective framework of governance, risk management and control.*"

3. Outcomes of the Review of Assurances

- 3.1 The review highlighted no significant weakness in the internal control environment during 2021/22 that merits disclosure in the Annual Governance Statement 2021/22.

4. Proposals

- 4.1 The Committee are asked to agree the draft 2021/22 Annual Governance Statement (attached at Appendix 1) and the evidence provided to support its production. The Committee are also asked to acknowledge that the Statement will be subject to a further review, following the completion of the external audit of the accounts and before it is signed by the Head of Paid Service and Chair of the Combined Authority.

5. Reason for the Proposals

- 5.1 Audit and Standards Committee's role is to provide an ongoing review, challenge and assurance role in relation to governance and internal control issues. The Committee therefore reviews the Annual Governance Statement process and supporting evidence before the Statement is approved and certified.

Audit and Standards Committee

6. Next Steps and Timetable for Implementation

- 6.1 The final Annual Governance Statement will be considered by the Audit and Standards Committee in December 2022, before it is included in the 2021/22 Statement of Accounts and presented to the Leadership Board following the conclusion of the external audit. This is to consider any significant weaknesses should they arise before the 2021/22 accounts are fully audited and finalised.
- 6.2 The final Annual Governance Statement will then be presented to the Leadership Board and signed by the Chair of the Combined Authority and the Head of Paid Service, before being published with the final accounts.

7. Potential Impact on Objectives

- 7.1 No direct impact on objectives.

8 Financial and Other Resources Implications

- 8.1 This work to develop the Annual Governance Statement has been carried out by Sunderland City Council's Internal Audit Service under the SLA for 2021/22.

9. Legal Implications

- 9.1 No direct legal implications arising specially from this report.

10. Key Risks

- 10.1 Risk management will be considered as part of the production of the Annual Governance Statement. There are no specific risk implications directly arising from this report.

11. Equalities and Diversity

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

Audit and Standards Committee

12. Crime and Disorder

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

13. Consultation/Engagement

13.1 The Head of Paid Service, Monitoring Officer and Chief Finance Officer have been consulted on the draft Statement.

14. Other Impact of the Proposals

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

15. Appendices

15.1 Appendix 1 - Annual Governance Statement

Appendix 2 – Assurance Statements signed by Monitoring Officer/Senior Information Risk Owner/Chief Finance Officer

Appendix 3 – Nexus Director of Finance Assurance Statement

Appendix 4 – Nexus Internal Audit Assurance Statement

16. Background Papers

16.1 The Annual Governance Framework and completed Partnership Assurance Statements are available.

17. Contact Officers

17.1 Tracy Davis, Senior Manager - Assurance
E mail: tracy.davis@sunderland.gov.uk
Mobile: 07342704254

18. Sign off

Audit and Standards Committee

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



ANNUAL GOVERNANCE STATEMENT 2021/22

In partnership with



Durham County Council



Gateshead Council



South Tyneside Council



Sunderland City Council



North East LEP



NEXUS

Annual Governance Statement 2021/22

| | |
|------------------|---|
| Section 1 | Introduction |
| Section 2 | Scope of Responsibility |
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| Section 4 | The Governance Framework |
| Section 5 | Annual Review of Effectiveness of Governance Framework |
| Section 6 | North East Joint Transport Committee and North of Tyne Combined Authority |
| Section 7 | Significant Weaknesses in Governance and Internal Control |
| Section 8 | Conclusion |

Section 1: Introduction

This Annual Governance Statement provides an overview of how the North East Combined Authority's governance arrangements operate, including how they are reviewed annually to ensure they remain effective.

Section 2: Scope Of Responsibility

The North East Combined Authority (NECA) was established in April 2014 and brought together the seven councils which serve Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland.

Following the establishment of a North of Tyne Mayoral Combined Authority (NTCA), On 2 November 2018 the boundaries of NECA were changed. As a result of these governance changes the boundaries of NECA now cover the Local Authorities of Durham, Gateshead, South Tyneside and Sunderland.

NECA and the NTCA continue to work together on a number of areas to support the region, including transport. To oversee strategic transport functions a new North East Joint Transport Committee has been established with members from both Combined Authorities. All seven Local Authorities will remain members of the North East Local Enterprise Partnership to deliver the objectives of the regions Strategic Economic Plan, which is the North East's plan for growing and developing a more productive, inclusive and sustainable regional economy.

NECA is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It is also responsible for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

In discharging this overall responsibility, the Authority's Leadership Board and Statutory Officers are responsible for putting in place proper arrangements (known as a Governance Framework) for:

- (i) the governance of our affairs and
- (ii) facilitating the effective exercise of our functions, including arrangements for the management of risk

In relation to (ii) the Authority has put in place a system of internal control designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to:

- a) identify and prioritise the risks to the achievement of our aims and objectives; and
- b) evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently, effectively and economically.

The Combined Authority has developed a Risk Management Strategy and Strategic Risk Register, which is reported to regular meetings of the Authority's Audit and Standards Committee. This information can be found under the [Audit and Standards Committee on the Authority's web-site](#).

Section 3: Purpose Of The Governance Framework

In addition to the above the Authority's Governance Framework comprises the systems, processes, culture, values and activities through which we are directed and controlled and through which we account to, engage with, creating the conditions of economic growth and investment. It enables us to monitor the achievement of the Authority's objectives and to consider whether those objectives have led to the delivery of appropriate services which represent value for money.

The Governance Framework has been in place for the year ended 31 March 2022 and up to the date of approval of the Authority's Annual Report and Accounts.

This Annual Governance Statement meets the requirements of the Accounts and Audit Regulations 2015 (Amended 2020) to conduct a review of the effectiveness of the system of internal controls and prepare an Annual Governance Statement.

Section 4: The Governance Framework

The core principles and outcomes of our Governance framework are set out below and through these we will aim to provide strong governance to achieve our objectives:

1. Ensuring openness and comprehensive stakeholder engagement

1.1 We ensure that we are clear on delivering the objectives of the Combined Authority and intended outcomes of our [Strategic Economic Plan, January 2019](#), to create the best possible conditions for growing and developing a more productive, inclusive and sustainable regional economy.

1.2 We ensure we assess and review our vision and the implications for our governance arrangements through the budget and performance management framework.

1.3 Meetings, agendas and minutes are accessible via [NECA's website](#). A Forward Plan is available which contains matters which are expected to be the subject of key decisions taken by the Leadership Board. All meetings are held in public (other than where consideration of confidential or exempt information)

1.4 All meetings have been held in person during 2021/22.

1.5 We publish a register of key decisions to notify the public of the most significant decisions it is due to take. Details of each decision are included on the [Forward Plan](#) 28 days before the report is considered and any decision is taken. This allows an opportunity for people to find out about major decisions that the Combined Authority is planning to take.

1.6 Our [Freedom of Information Scheme](#) is published on our website.

1.7 The Authority maintains a list of significant partners which set out the purpose of the partnerships, link officers and review dates.

1.8 Transport is of strategic importance to the North East and together with the North of Tyne Mayoral Combined Authority a [North East Joint Transport Committee](#) is in place bringing together members from both Combined Authorities, allowing effective decision making across the region to ensure that the local needs and transport priorities are delivered.

2. Developing the entity's capacity, including the capability of its leadership and the individuals within it

2.1 We have defined and documented in our [Constitution](#) the roles and responsibilities of the Board, Scrutiny and 'proper' officer functions (Head of Paid Service, Monitoring Officer, Chief Finance Officer), with clear delegation arrangements and protocols for effective communication. The collective and individual roles and responsibilities of the Leadership Board, Members and Officers have been agreed by the Combined Authority.

2.2 We identify and aim to address the development needs of members and officers in relation to their strategic roles, and support these with appropriate training.

3. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

3.1 We review and update our standing orders, standing financial instructions, scheme of delegation and supporting procedure notes/manuals – these clearly define how decisions are taken and the processes and controls required to manage risks. We ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. The Monitoring Officer advises on compliance with our policy framework, ensuring that decision making is lawful, fair and ethical. Our financial management arrangements conform to the CIPFA Statement on the Role of the Chief Finance Officer and are the responsibility of the Chief Finance Officer.

3.2 We develop, communicate and embed codes of conduct set out in the Constitution, defining standards of behaviour for Members and Officers working on behalf of the Authority. Audit and Standards Committee deals with issues of conduct and generally promotes high

standards among officers and members, reporting annually to Leadership Board. The [Constitution is available on the NECA website](#).

3.3 We ensure that there are effective arrangements for “Whistle-blowing” and for receiving and investigating complaints from the public. Administration of the Authority’s policies on anti-fraud and corruption is undertaken by Internal Audit. [Whistleblowing policy and procedure is at Part 6.5 of our Constitution](#)

3.4 A [Deed of Cooperation](#) was made on the 4 July 2018 between the seven Constituent Authorities in the area that outlines a framework for collaborative working across the region.

3.5 A register of Members’ interests (including gifts and hospitality) is also maintained.

4. Determining the interventions necessary to optimise the achievement of the intended outcomes

4.1 Our scrutiny arrangements enhance accountability and transparency of decision making, The Overview and Scrutiny Call-in Sub Committee acts in accordance with the principles of decision making as set out in our Constitution (Part 13.3) and will call-in decisions where there is evidence which suggests that the decision was not taken in accordance with the principles.

4.2 The Authority’s procurement procedures are carried out in line with financial regulations set out in Part 5 of the Constitution through Service Level Agreements.

4.3 The [Accounts and Transparency](#) page of our website contains the most recent accounts of the North East Combined Authority, and includes monthly spending reports, procurement procedures, lists and registers.

5. Managing risks and performance through robust internal control and strong public financial management

5.1 Our Risk Management Policy and Strategy outlines our arrangements for managing risk. Risk management is an integral part of our decision-making processes. To inform decision making all committee reports include a section which highlights the key risks to the decisions or proposed recommendations and how they are being addressed.

5.2 We have an information governance strategy and framework in place to ensure the effective safeguarding, collection, storage and sharing of the Authority's data. A Data Protection Officer has been appointed to oversee the data protection strategy and its implementation to ensure compliance with the General Data Protection Regulations.

5.3 We have arrangements in place to manage significant change evidenced by the establishment of the Combined Authorities Reconfiguration Programme to oversee the implementation of the governance arrangements for NECA following its split with the North of Tyne Authorities.

5.4 The control and financial management arrangements are reviewed by Internal and External Audit throughout the year. The outcome for 2021/22 are noted in Section 5 of this Statement - Annual Review of Effectiveness of Governance Framework.

5.5 The Authority has a robust internal control process in place which supports the achievement of its objectives while managing risks. The Audit and Standards Committee acts as principle advisory committee to NECA, providing independent assurance on the adequacy of the risk management framework and internal control environment.

5.6 An assessment of the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the Authority's internal auditors. The chief internal auditor will provide an annual opinion for 2021/22 to support this AGS.

6. Defining outcomes in terms of sustainable economic social and environmental benefits

6.1 The North East LEP works with its partners to produce and deliver the Strategic Economic Plan (SEP). The SEP was updated January 2019 at a time of significant change for the global and national economy. New opportunities in technology and areas such as ageing, and the management of climate risks provide potential for economic growth.

6.2 We incorporate good governance arrangements in our partnerships and reflect these in our overall governance arrangements.

7. Implementing good practices to transparency, reporting and audit to deliver effective accountability

7.1 Section 5 of this Annual Governance Statement provides the views of our internal and external auditors. Auditors report regularly to Audit and Standards Committee and provide their annual opinion on the adequacy and effectiveness of our governance, risk and control framework.

7.2 We publish details of [delegated decisions on our website](#).

7.3 We ensure that our Audit and Standards Committee undertakes the core functions identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities 2018.

Section 5: Annual Review Of Effectiveness Of Governance Framework

We have a legal responsibility to conduct an annual review of the effectiveness of our governance framework, including the system of internal control. The review is led by Officers and Members of Audit and Standards Committee who provide independence and challenge. The outcomes of the review will be reported to the Audit and Standards Committee.

The review is informed by:

- (a) The views of our internal auditors, reported to Audit and Standards Committee through regular progress reports, and the Annual Internal Audit Opinion. The Annual Internal Audit Opinion for 2021/22 is that the authority has good control arrangements in place. The internal Audit service complies with the CIPFA Statement on the Role of the Head of Internal Audit (2010) and the Public Sector Internal Audit Standards. The service receives a regular independent review against these standards, the last being in December 2018 which concluded:

'We conclude that the IA is compliant with the requirements of the PSIAS and the CIPFA Application Note.'
- (b) A regular review of the effectiveness of internal audit (as required by Public Sector Internal Audit Standards).
- (c) The views of our external auditors, reported to Audit and Standards Committee through regular progress reports, the Annual Audit Letter and Annual Completion Report.
- (d) The activities and operations of the themes (economic development and regeneration, employability & inclusion, and transport & digital connectivity) and significant partnerships through written assurance statements.
- (e) The views of the Authority's Monitoring Officer, Chief Finance Officer and Senior Information Risk Owner, through written statements (Appendix 2 of the Annual Governance Review 2021/22 Report).
- (f) The views of Members through the ongoing activities of Audit and Standards Committee (providing independent assurance on the effectiveness of the governance and internal control environment). And an Overview and Scrutiny Committee who review and scrutinise Leadership Board decisions as well as other Transport committee's decisions.

- (g) The Risk Management process, particularly the Strategic Risk Register.
- (h) Performance information which is reported to Leadership Board and other meetings on a regular basis.
- (i) The assurance framework that is in place to ensure Local Growth Fund monies are subject to appropriate levels of internal control and are focussed on the delivery of the Combined Authority's objectives and delivery of the Strategic Economic Plan.
- (j) An Assurance Statement from Nexus has been obtained and is attached at Appendix 4 of the Annual Governance Statement 2021/22 Report. The opinion of the Nexus Chief Internal Auditor for 2021/22 is "*The opinion of the Chief Internal Auditor (Nexus), based on the internal audit work undertaken in year, is that there is an adequate and effective framework of governance, risk management and control.*"

Section 6: North East Joint Transport Committee and North of Tyne Combined Authority

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 that made up a single Combined Authority splitting and forming two combined authorities. This change happened on 2 November 2018. NECA now constitutes the four Local Authority areas south of the River Tyne. The North of Tyne Mayoral Combined Authority now constitutes the three Local Authority's north of the River Tyne, Newcastle, North Tyneside and Northumberland.

Regional transport remains to operate and be governed at the seven Local Authority geography through a newly formed North East Joint Transport Committee, bringing together the two Combined Authorities which allows effective decision-making across the region to ensure that the local needs and transport priorities are delivered.

NECA as accountable body for the Joint Transport Committee and the functions delegated to it, are responsible for overseeing the legal and financial management of all regional transport

resources, recognising that the assets are, in many cases jointly owned by the two Combined Authorities. NECA will also host the Transport Strategic Unit (formerly named the Regional Transport Team), including the Proper Officer for Transport.

Section 7: Significant Weaknesses In Governance and Internal Control

The system of governance (including the system of internal control) can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period, that value for money is being secured and that significant risks impacting on the achievement of our objectives have been mitigated.

The review highlighted no significant weaknesses in governance or internal control during 2021/22.

Section 8: Conclusion

We consider the governance and internal control environment operating during 2021/22 to provide reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact.

Systems are in place to continually review and improve the governance and internal control environment. Mid-year checks are undertaken to provide assurance that improvements are being implemented and that the assessment is improving.

The annual review has shown that the arrangements for 2021/22 are in place and operating as planned.

We have been advised on the implications of the review by the Audit and Standards Committee and propose over the coming year to continue to improve our governance and internal control arrangements.

Head of Paid Service

Chair of the North East Combined Authority

Full Name:

Full Name:

Signature:

Signature:

Date:

Date:



Monitoring Officer (Core) Assurance Statement for 2021/22

The Monitoring Officer is a statutory appointment under Section 5 of the Local Government and Housing Act 1989 and has a key role in ensuring the ethical governance of the North East Combined Authority (NECA). The responsibilities of the Monitoring Officer are set out in part 3.6 (B) of the North East Combined Authority's Constitution.

Within NECA the following processes have been in place during 2021/22 to provide the Monitoring Officer with assurance on the NECA's governance arrangements:

- The NECA Constitution is in place and has been reviewed and updated following establishment of the North of Tyne Mayoral Combined Authority. Standing Orders have also been developed and adopted for the new North East Joint Transport Committee and its structures.
- The Monitoring Officer for NECA Core attends meetings of NECA Leadership Board, Overview and Scrutiny Committee and the Economic Development and Digital Advisory Board and the Audit and Standards Committee.
- Similar arrangements are in place for the Joint Transport arrangements with the Monitoring Officer (Transport) attending JTC Board, JTC Overview and Scrutiny Committee and the JTC Audit and Standards Committee.
- Reports to the NECA Leadership Board and other committees include a section on the legal implications of the report and the Monitoring Officer (NECA Core) signs-off all reports in advance of each committee, together with other Statutory officers.
- The Monitoring officer (NECA Core) may arrange to attend North East LEP Board, Investment Board and Technical Officers Group to observe.
- A register of Members' interests (including gifts and hospitality) is maintained.

I confirm that based on this evidence the internal control, risk management and governance arrangements in relation to NECA's governance are in place and are operating effectively.

Monitoring Officer (NECA Core) Signature:

Full Name (in capitals): NICOLA ROBASON

A handwritten signature in black ink, appearing to read 'N Robason', written over a light blue horizontal line.

Date: 27 May 2022

Chief Finance Officer Assurance Statement for 2021/22

Section 73 of the Local Government Act 1985 requires Combined Authorities to make arrangements for the proper administration of their financial affairs and appoint a Chief Finance Officer to have responsibility for those arrangements.

In addition, CIPFA have produced a Statement on the Role of the Chief Finance Officer which sets out how the requirements of legislation and professional standards should be fulfilled by officers in the carrying out of their role.

For the North East Combined Authority an appointment has been made of Chief Finance Officer.

Within the Authority the following processes have been in place throughout 2021/22 to provide the Chief Finance Officer with assurance on financial affairs:

- Monitoring of all budgets by appropriate officers;
- Leadership Board received regular finance updates;
- Audit and Standards Committee review of Statement of Accounts, budget reports and other financial governance matters;
- High level financial risk assessment set out in budget report;
- Strategic and operational risk registers are maintained and regularly reviewed, with updates provided to the Audit and Standards Committee;
- Annual budget sign-off processes are robust and effective;
- Review of financial implications/risks within individual Leadership Board and other committee reports and engagement/sign off of all reports by the key statutory officers;
- Overview and Scrutiny review of the budget proposals and other matters;
- Delivery of the Internal Audit Plan and specifically financial systems audit work; and
- North East Joint Transport Committee received regular finance updates in respect of its transport responsibilities and that there are robust Audit and Standards and Overview and Scrutiny arrangements in place to review the activities of the Joint Transport Committee.

I confirm that based on this evidence the internal control, risk management and governance arrangements operating in relation to the Authority's financial affairs are in place and operating effectively.

Chief Finance Officer Signature:



Paul Darby

Date: 27.05.22

Senior Information Risk Owner Assurance Statement for 2021/22

The Senior Information Risk Owner's (SIRO) role is to take ownership of North East Combined Authority (NECA) information risk policy and provide advice in respect of information risk. The SIRO must support the implementation of international/government standards for information management and security in NECA. The legislation to support this role is within the following:

- Data Handling Procedures in Government - 2008
- ISO/IEC 27001:2013 – International Standard for Information Security
- Government Connect (4.1) Code of Connection for IT Security
- General Data Protection Regulation (EU) 2016/679

The SIRO's responsibilities are listed below:

- Ultimately accountable for assurance of information security at the Authority
- Champions information security at a senior level
- Implementation of General Data Protection Regulations (GDPR)
- Provides this Annual Statement on the security of information assets for the Annual Governance Statement

For NECA the officer holding the position of SIRO is the Monitoring Officer. Currently the SIRO role is being provided by Nicola Robason, Monitoring Officer (NECA Core).

Within NECA the following processes have been in place during 2021/22 to provide the SIRO with assurance on Information Governance:

- Information security of NECA's information is provided through the systems of control within all four Constituent Authorities providing support in accordance with the standards as set out in Service Level Agreements.
- A Data Protection Officer has been appointed. Sunderland City Council provides a dedicated Data Protection Officer to NECA and Sunderland City Council also provide internal audit and risk management support to NECA.
- NECA's Information Governance and Data Protection policies are in place.

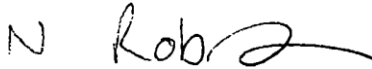
Whilst NECA policies do require further updating considering the transitional and accountable body changes in relation to the North East Local Enterprise Partnership, they remain fit for purpose.

- All NECA Information Governance policies will be further reviewed, updated but do include appropriate KPI measures. These demonstrate that the policies are being followed and controls are effective.

I confirm that based on this evidence the internal control, risk management and governance arrangements in relation to NECA's information are in place and are operating effectively.

Senior Information Risk Owner Signature:

Full Name (in capitals): NICOLA ROBASON

A handwritten signature in black ink, appearing to read 'N Robason', with a stylized flourish at the end.

Date: 27 May 2022

NEXUS

Assurance Statement for 2021/22

On 2nd November 2018 an Order was created to form the North of Tyne Combined Authority. As part of these revised arrangements the North East Joint Transport Committee (NE JTC) was established which brought together a total of seven members for each of the Constituent Authorities of the region; four Members for the North East Combined Authority and three Members from the North of Tyne Combined Authority.

- The Tyne and Wear Sub-Committee of the North East Joint Transport Committee has a specific remit to supervise and oversee Nexus' delivery of its Corporate Plan which is developed in accordance with the North East Joint Transport Committee's policy objectives, the LTP and Nexus' overall resourcing. On 14th January 2021 the Tyne and Wear Sub-Committee of the North East Joint Transport Committee approved the Nexus Corporate Plan for 2021/22.
- In addition, Nexus reports its financial performance to the North East Joint Transport Committee as part of a composite report prepared by the Chief Finance Officer to the NECA. The North East Joint Transport Committee approves Nexus' revenue and capital budgets annually. The budgets for 2021/22 were approved by the North East Joint Transport Committee on 19th January 2021.
- Nexus is also subjected to scrutiny of its performance through the North East Joint Transport Committee's Overview and Scrutiny Committee. Nexus is also required periodically to attend and account for its performance at the North East Joint Transport Committee's Audit Committee.

Within Nexus, the following arrangements have been in place during 2021/2022 which enables Nexus to provide further assurance on its governance arrangements.

- The Executive Board met every other month and its meetings were minuted, recording all delegated decisions taken in accordance with Nexus' Standing Orders and Financial Regulations;
- Fortnightly meetings of the Senior Leadership Team took place and were minuted, recording all delegated decisions taken in accordance with Nexus' Standing Orders and Financial Regulations;

- The 2021/22 Internal Audit Plan was kept under review by Nexus' Audit Committee which comprises three non-Executive Board members.
- Nexus has published the audited Statement of Accounts for the year ended 31 March 2021 which includes an unqualified audit opinion. The external auditor's report concludes that the financial statements gave a true and fair view of Nexus's financial position as at 31 March 2021 and of its expenditure and income for the year, and that the accounts had been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21. The external auditor has not yet completed their work in respect of the value for money arrangements due to the availability of key audit resource which is not due to the actions of Nexus and entirely relates to the auditor. This has delayed the issue of the Auditor's Annual Report formally concluding the audit and it is expected to be published no later than 14 April 2022;
- Effective partnership and contracting arrangements were in place;
- The Corporate Risk Register is reviewed at each meeting of the Tyne and Wear Sub-Committee of the North East Joint Transport Committee, having been reviewed by the Nexus Senior Leadership Team. The Corporate Risk Register is approved annually by the Executive Board and kept under review at each meeting of the Nexus Audit Committee;
- The COVID-19 pandemic adversely affected Nexus on an unprecedented scale. Emergency financial support has been provided from the DfT and HM Treasury and Nexus expects to at least break-even this financial year; and
- Nexus has continued to respond to the COVID-19 pandemic in the following ways: increased frequency of cleaning across the network and in our offices, the employment of additional Customer Engagement Team members and making our offices COVID secure working environments for employees.

I confirm that based on this evidence the internal control, risk management and governance arrangements at Nexus are in place and operating effectively.

Director of Finance & Resources Signature:



Name in full: John Fenwick

Date: 30th March 2022



The person dealing with this matter is:

Philip Slater
Audit, Insurance and Risk
Newcastle City Council
6TH Floor, Civic Centre
Newcastle upon Tyne, NE1 8QH

Phone: 0191 211 6511

Email: Philip.slater@newcastle.gov.uk

www.newcastle.gov.uk

Date: 30 May 2022

Dear Tracy

Annual Governance Statement NECA/JTC 2021-22

Further to your e-mail of 27 May 2022 please accept this letter providing the required overall internal audit opinion in line with Standards to cover Nexus's systems for 2021/22 for inclusion in NECA/JTC's Annual Governance Statement.

The opinion of the Chief Internal Auditor (Nexus), based on the internal audit work undertaken in year, is that there is an adequate and effective framework of governance, risk management and control. No system of control can give absolute assurance against material misstatement or loss and, accordingly, this opinion does not provide such absolute assurance.

This opinion is based on Internal Audit work undertaken and reported to Audit Committee during the year including assurance audits, consultancy services such as advice and guidance and grant certification provided by Internal Audit covering control and efficiency issues, in addition other sources of external assurance known to the internal audit service have been considered.

Your sincerely

A handwritten signature in black ink, appearing to be "P Slater", written over a horizontal line.

Philip Slater

Chief Internal Auditor (Nexus)

NECA Audit and Standards Committee

Date: 28 June 2022
Subject: Draft Statement of Accounts 2021/22
Report of: Chief Finance Officer

Report to follow

Report to follow