

**Meeting:** Transport for the North Audit & Governance Committee

**Subject:** Corporate Risk Register Report

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## **1. Background:**

- 1.1 Transport for the North has undertaken a comprehensive review of the Corporate Risk Register ("CRR") in line with TfN's change in organisational environment and it reflects the scope and size of TfN moving forward. As part of this process, the Risk Manager has worked with Directors and the Senior Leadership Team to review, assess, and update risks, including identifying new risks and closing risks where applicable. Key changes are included in Appendix 3.
- 1.2 The CRR was presented at the Audit and Governance Committee on 25 February 2022 and was last presented to TfN Board on 29 September 2021.
- 1.3 The Audit and Governance Committee's role in relation to risk is included in the broader detail of the constitution, which is defined below.
- 1.4 "Audit and Governance Committee is a key component of corporate governance providing an independent, high-level focus on the audit, assurance and reporting framework underpinning financial management and governance arrangements. Its purpose is to provide independent review and assurance to Members on governance, risk management and control frameworks. It oversees financial reporting, the Annual Governance Statement process and internal and external audit, to ensure efficient and effective assurance arrangements are in place".
- 1.5 The terms of reference for the Audit and Governance Committee includes the requirement for the committee to "monitor Transport for the North's risk and performance management arrangements including review of the risk register, and progress with mitigating action".
- 1.6 Transport for the North's corporate risks stem from the agreed KPIs and from a range of other sources, some of which are beyond Transport for the North's direct control. The challenges and uncertainty faced by Transport for the North create both threats that need to be addressed, and opportunities that can potentially be exploited. Transport for the North's Corporate Risk Register is presented at Appendix 2.

## **2. High level changes for Audit and Governance to acknowledge are:**

- 2.1 Updated Corporate Risk Report format, including the addition of both current and target scores and an Executive Summary.
- 2.2 The Risk Management Strategy has been updated to reflect the transition to the risk 5x5 matrix in Tables 2, 3, 4 and 5, and Appendix 7 includes the updated scoring criteria. The organisation's use of Predict risk management software is included in section 3.2 - 3.5. Appendix 2

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2.3 TfN transitioned to the risk 5x5 matrix and updated scoring criteria on 15 March 2022. This was presented as a draft to Audit and Governance in February and has since been updated and finalised to incorporate feedback received from TfN employees. Training has been provided to relevant staff. Updates include:

- All risk areas have quality as a new impact to consider.
- Cost impact has been updated to include a new tier system depending on budgets.
- Time impacts have been updated to be consistent across the organisation.
- Text has been updated for reputational, external relationships, and quality impacts.

### 3. TfN Themes

3.1 As part of the risk register review, there have been several changes to the TfN corporate risk themes.

3.2 New Themes: TfN cyber-security, Co-sponsorship, Technical Appraisal, Modelling and Economics (TAME), TfN Funding, and TfN Resources

3.3 Closed Themes:

The COVID-19 pandemic prevents or delays TfN from delivering its objectives:

Closed now that covid restrictions have been lifted, the TfN offices have reopened, and the recovery phase has commenced.

Northern Powerhouse Rail Business Case Delivery Programme Development:

Closed and risks transferred to the DfT as the programme transitioned to a single client arrangement with co-sponsorship between DfT and TfN starting 1 April 2022.

TfN Operations: Closed and replaced with two new themes; funding and resources.

3.4 The top 5 risk themes are currently:

- TfN funding
- TfN resources
- Embedding TfN's Strategic Transport Plan (STP) across programmes
- Technical appraisal, modelling and economics (including an opportunity)
- Rail operations - franchise management and investment

### 4. TfN Issues

4.1 An issue has been identified regarding TfN Funding; TfN have received a one-year funding settlement and no indicative funding beyond March 2023. Further details, including resolution actions can be found in the Corporate Risk Register.

### 5. TfN Opportunities

5.1 A new opportunity has been added to the corporate risk register. TAME is an area where TfN can offer more analytical services to partners both nationally and locally, as a centre of excellence that is user centred, place-based and outcome focused.

### 6. Recommendation:

6.2 That the committee **consider** the report and provide assurance to the board on 30 June 2022, that efficient and effective processes are in place. This would include but is not limited to the updates to the Risk Management Strategy, 5x5 risk matrix and scoring criteria.

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## **7. Consideration:**

- 7.1 Transport for the North's approach to managing risk is described in its Risk Management Strategy ("RMS") which sets out guidance for how risks are identified, assessed, managed, and reported. The RMS has been applied in updating the Corporate Risk Register.
- 7.2 It is essential that Transport for the North and its programme teams recognise, understand, and manage the risks that could negatively impact on its ability to achieve its objectives and priorities.
- 7.3 This report provides the Committee with an update on the organisational risks and issues relating to the business KPIs/objectives which can be found in the Corporate Risk Register.
- 7.4 The Risk Manager will lead future discussions on the following potential opportunities for TfN.
- Simplification of and reduction in processes, overheads and services arising from reshaping of TfN.
  - Developing further TfN's role as a centre of excellence in support of its partners at local, city-region and national levels.
  - Using the revision of the Strategic Transport Plan to strengthen linkages between economic growth, the environment, and social communities as part of the commitment to pursuing user-centred, place-based, outcome focused solutions.

## **8. Corporate Considerations**

### ***Financial Implications***

- 8.1 The financial implications are detailed within individual risks where applicable.

### ***Resource Implications***

- 8.2 The resource implications are detailed within individual risks where applicable.

### ***Legal Implications***

- 8.3 The legal implications are detailed within individual risks where applicable.

### ***Risk Management and Key Issues***

- 8.4 The Corporate Risk Register is part of this report.

### ***Environmental Implications***

- 8.5 A full impact assessment has not been carried out because it is not required for this report.

### ***Equality and Diversity***

- 8.6 A full impact assessment has not been carried out because it is not required for this report.

### ***Consultations***

- 8.7 A consultation has not been carried out because it is not necessary for this report.

## **9. Background Papers**

- 9.1 The Corporate Risk Registers presented as a standing item at each Audit & Governance Committee provide the background papers and context for this report

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**10. Appendices**

- 10.1 Item 9.1 – Corporate Risk Register May 2022
- 10.2 Item 9.2 – Risk Management Strategy
- 10.3 Item 9.3 – Corporate Risk Register – Key Changes