

Corporate Risk 310 – TfN could have a reduced role in the rail industry

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Risk Manager: Daniella Della-Cerra-Smith

Rail Strategy Manager: David Worsley

The Audit and Governance Committee are encouraged to review the following risks prior to the meeting to allow for feedback during the corporate risk review/deep dive.

Purpose of Deep Dives:

- Allow the Audit and Governance Committee to undertake a comprehensive review of selected risks
- Provide the opportunity to check and challenge selected risks in more detail to ensure completeness, integrity and accuracy of data
- Demonstrate that the Audit and Governance Committee provide due diligence in the assurance of risk management
- Recommend areas for consideration, if required.

Sample Deep Dive Questions:

1. Is the risk description, cause and impacts articulated clearly?
2. Is the risk scored against TfN's Risk Management Criteria?
3. Are there controls, actions and fallbacks in place?
4. Are the controls, actions and fallbacks effective enough to achieve the target score?
5. Any additional comments/ areas for consideration?

5 x 5 Threat Impact Scoring Criteria

Likelihood Criteria	Very Low	Low	Medium	High	Very High
	≤5%	6-25%	26-50%	51-74%	>75%
Impact Criteria	Very Low	Low	Medium	High	Very High
Cost (Tier 1 - £0-£2m Budget)	£0 - £10k	£10k - £20k	£20k - £50k	£50k - £80k	£80k - £100k
Reputation	Minimal negative local media coverage quickly remedied /loss of trust and credibility	Minor negative local media coverage quickly remedied /loss of trust and credibility	Moderate negative regional media coverage/loss of trust and credibility	National short – term negative media coverage/considerable loss of trust and credibility	National long – term negative media coverage, significant loss of trust and credibility
External Relationship	Minimal strained relationship with partners/third parties	Minor strained relationship with partners/third parties	Moderate strained relationship with partners/third parties	Evidence of relationship issues with partners/third parties	Severe relationship issues with partners/third parties
Quality	Work is fit for purpose but may require minimal changes	Work is fit for purpose but may require minor changes	Moderate changes or specialist resource required to provide high quality outputs	Scope changes required to provide high quality outputs	Project outputs are not credible/robust, with no assurance and partners do not endorse reports
Time	0 – 1 month	1 – 3 months	3 – 9 months	9 – 12 months	12 – 18 months

5 x 5 Opportunity Scoring Criteria

Likelihood Criteria	Very Low	Low	Medium	High	Very High
	≤5%	6-25%	26-50%	51-74%	>75%
Impact Criteria	Very Low	Low	Medium	High	Very High
Cost (Tier 1 - £0-£2m Budget)	£0 - -£10k	-£10k - -£20k	-£20k - -£50k	-£50k - -£80k	-£80k - -£100k
Reputation	Minimal positive local media coverage/ increase of trust and credibility	Minor positive local media coverage/increase of trust and credibility	Moderate positive regional media coverage/increase of trust and credibility	National short – term positive media coverage/considerable increase of trust and credibility	National long – term positive media coverage, significant increase of trust and credibility.
External Relationship	Minimal increase in TfN's relationships with partners/third parties	Minor increase in TfN's relationships with partners/third parties	Moderate increase in TfN's relationships with partners/third parties	There is considerable evidence that TfN's relationships with partners/third parties is increasing	Relationships with partners/third parties significantly increased, benefitting TfN's credibility
Quality	Work is high quality with minimal changes	Work is high quality with minor changes	Moderate changes and no additional specialist resource to provide very high-quality outputs	Scope changes not required to exceed high quality outputs	Exceeds credible/robust project output expectations, with assurance & partners endorse reports
Time	0 – -1 month	-1 – -3 months	-3 – -9 months	-9 – -12 months	-12 – -18 months

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Description						Actions						Owner	Due Date
There is a risk that TfN could have a reduced role in the rail industry following the implementation of rail reform including the role with Great British Railways.						<ol style="list-style-type: none"> TfN is working with the GBR transition team to work on a more detailed proposal as to how the white paper might be delivered in the North and are working to develop TfN proposition to define what our role would be in the rail industry going forward to present to GBR Transition team. TfN has established a rail-reform programme board from April 22 chaired by TfN's CEO. The programme board provides a programme of work to develop the partnership between TfN and GBR, defining TfN's future role on rail and its interface with the WISP (whole industry strategic plan). Rail North committee has agreed the establishment of a North-west business unit and currently in the process of implementing that business unit. Fallback Plan use rail-reform programme to strengthen TfN's relationships and position with GBRTT. 						1. DO	1. 31 Dec
Cause												2. DO	2. Ongoing
The government published a white paper which does not make clear the future role of TfN under Great British Railway												3. DO	3. 31 Mar
Impact												4. DO	4. 31 Aug
The franchise system is being replaced by service contracts directly funded by the Treasury through Great British Railway, potentially diminishing TfN's role and influence over operations (although this also represents an opportunity for TfN to make a case for further involvement in the management of the rail network).												Current Score	Target Score
												19	17
Current Assessment						Target Assessment							
Probability Rating	External Relationship	Reputation	Financial Rating	Quality	Time Rating	Probability Rating	External Relationship	Reputation	Financial Rating	Quality	Time Rating		
Medium	Very High	Very High	n/a	n/a	n/a	Low	Very High	Very High	n/a	n/a	n/a		

Background to TfN's approach to Rail Reform

- The way our railways are managed is changing, with a 'single guiding mind' in the form of Great British Railways (GBR) working with relevant bodies, such as combined authorities; GBR headquarters has been announced in Derby, but a legislative slot has not yet been secured.
- Partners within the North are progressing on partnership arrangements with GBR and devolution 'trailblazer' arrangements, such as in Greater Manchester.
- TfN Board position is that existing devolution – as set out in the Rail North Partnership arrangements (including establishment of sub-regional business units) – is the minimum expectation moving forward: creation of GBR should be viewed as opportunity to seek further devolution.
- Further devolution needs to recognise that the rail system operates on three levels, and decision making should therefore be aligned.
 - National networks which should be specified nationally
 - Pan-regional, which is appropriate for TfN to specify (using sub-regional business units as appropriate, and acting as convening body or 'glue' across the system)
 - Local networks, which should be locally specified
- Rail reform must also recognise/deliver better integration between public transport modes, and fare/ticketing.

Background to TfN's approach to Rail Reform

- Rail reform must reflect how our railways are now being used, providing the reliability and service that meets growing leisure/tourism demand outside of traditional (peak) travelling times.
- Transformation of the Northern 'rail offer' – as exemplified by TfN Board commitment to NPR 'in full' – remains at the heart of the draft STP. [But the TfN voice must be protected and amplified]
- There are risks around inaction over rail reform, namely GBR becoming increasingly centralised and eroding local control over passenger services and investment priorities.
- Post-COVID rail demand has recovered strongly in the North, but it has changed in nature (for example, more weekend and tourism). Delivering significant rail growth is fundamental to decarbonisation of the North's transport system. We need to take a 'whole system' approach that re-energise stations as places, enables modal shift, enables greater freight use, support growing sectors (such as the visitor economy) and reduces transport related social exclusion.

The Rail North Committee (advised by the Rail North Partnership) has already approved TfN's principles for rail reform, to help guide what is needed:

1. Build on the existing devolved arrangements through the Rail North Partnership;
2. Include the next stage of 'double devolution' to provide city regions and other local areas with even greater autonomy to deliver fully integrated public transport networks with common fares and local accountability;
3. The industry structured with a single region for the North with a single North of England train operator (to provide economies of scale but internally structured around locally accountable business units);
4. A separately identified budget for the North (which the North can prioritise against) with the ability to invest to grow revenue and recycle it in the North;
5. A statutory role on rail investment, so that Transport for the North (and partners) are involved at every stage of development and delivery of investment projects; and
6. Transport for the North's statutory Strategic Transport Plan to underpin a growth plan for the North which links the role of the railway with wider economic growth, decarbonisation and social exclusion.