

Meeting: Transport for the North Board
Subject: Section 1 Corporate Risk Register and Risk Management Strategy Report
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Meeting Date: Wednesday 27 September 2023

1. Purpose of the Report:

1.1 As stated in the risk management strategy, the Board will receive a high-level summary of TfN's risk environment, (section 1 Corporate Risk Register Appendix 1). This report provides the Board with an update on the key organisational risks, which reflect the KPI's, and business objectives outlined in the business plan for financial year 2023/24.

1.2 The Audit and Governance Committee's role in relation to risk is included in the broader detail of the Constitution, which is defined below:

"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".

1.3 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".

2. Recommendations:

2.1 TfN Board is invited to:

note TfN's corporate risks and the updates to the Risk Management Strategy in relation to reporting changes and inclusion of the TfN - Three Lines of defence assurance model.

3. Context:

3.1 The format of the CRR has been updated with a focus on all individual corporate risks.

The Corporate Risk Register was presented to the Audit and Governance Committee on 15 September 23. The Audit and Governance Committee have delivered against the terms of reference which included discussions in relation to TfN's risk management practices.

An update to the risk management strategy was given to the Committee to reflect reporting changes. Functional risk continues to be managed at functional levels. In addition, functional risk is now considered individually and holistically at OBT quarterly. The new functional risk report has been produced which shows the risk profile across the organisation and key updates within the quarter. This report is to be presented to OBT (Operations Board – chaired by the Chief Executive) quarterly.

Risk deep dives took place at Audit and Governance Committee in August and September for corporate risk 643 (recruitment and retention of staff) and risk 310 (TfN could have a reduced role in the rail industry following the implementation of rail reform including the role with Great British Railway). There were detailed

discussions with committee members. TfN's Head of Human Resources and Rail Strategy Manager also attended to discuss the risks in more detail.

Risk is a standing item at Audit and Governance Committee meetings and the Corporate Risk Register and Risk Management Strategy have been updated systematically during the year. This is highlighted in the Chair of Audit and Governance Committee report to the Board, which provides assurance for TfN that efficient and effective risk management practice and processes are in place.

3.2 Following on from one of the actions identified by RSM as part of the risk maturity audit in September 22, the Risk Management Strategy has been updated to include TfN - Three Lines of defence assurance model. This provides a guide on how responsibilities should be divided and allows TfN to ensure effective controls are in place and managed appropriately. The next step is to review the key corporate risks with owners to ensure the framework is embedded and applied.

3.3 Risk workshops have taken place with Directors across TfN and all existing risks and mitigation actions have been reviewed and updated.

3.4 The two very high corporate risks are:

- Material variations from the funding Planning assumptions that underpin medium term sustainability
- TfN could have a reduced role in the rail industry following the implementation of rail reform including the role with Great British Railways.

OBT use their quarterly review of the Corporate Risk Register to track progress against very high corporate risks.

4. Corporate Considerations:

4.1 *Financial Implications*

The financial implications are detailed within individual risks where applicable.

4.2 *Resource Implications*

The resource implications are detailed within individual risks where applicable.

4.3 *Legal Implications*

The legal implications are detailed within individual risks where applicable. Governance processes adopted are explained within the report.

4.4 *Risk Management and Key Issues*

The Corporate Risk Register is part of this report.

4.5 *Environmental Implications*

There are no environmental implications associated with this report. An environmental impact assessment is not required for this report.

4.6 *Equality and Diversity*

A full impact assessment is not required for this report.

4.7 *Consultations*

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

5. Background Papers:

5.1 The Corporate Risk Register presented as a standing item at each Audit & Governance Committee provide the background papers and context for this report.

6. Appendices:

