

Report to: **Partnership Board –Transport for the South East**

Date of meeting: **22 July 2024**

By: **Chair of the Audit and Governance Committee**

Title of report: **Audit and Governance Committee Update**

Purpose of report: **To provide an update on the Audit and Governance Committee**

RECOMMENDATIONS:

- (1) The members of the Partnership Board are recommended to note the discussions and actions arising at the meeting of the Audit and Governance Committee; and**
- (2) Members are also asked to agree the Strategic Risk Register.**

1. Overview

1.1 As previously agreed by the Board, Transport for the South East (TfSE) has established an Audit and Governance Committee. This recognises the increasing responsibilities that TfSE holds for management of government grant funding.

1.2 The Committee recently met on Friday 12 July 2024. This report provides a summary of the discussions and actions to take forward.

2. Audit and Governance Committee

2.1 The Committee reviewed the TfSE final budget for 2024/25, which officers revised following the Department for Transport (DfT) signing off the Business Plan but granting TfSE funding of £175k less than had been initially profiled for.

2.2 The Committee agreed with the plan of protecting priority work areas and splitting the reductions between three workstreams. The Committee's view was that this was the most efficient way to reduce the budget and said that we had chosen the right workstreams to reduce. The Committee endorsed the final budget to the Partnership Board for their consideration.

2.3 The Committee also reviewed plans for the Business Plan 2025/26. The Committee endorsed the initial priorities for the Business Plan, but asked officers to ensure these reflect any changes to Government policy that are announced in the King's Speech.

2.4 The Committee commended the planned focus on the Centre of Excellence in 2024/25, as essential to TfSE's work. The Committee asked TfSE to use the Centre of Excellence to provide a strategic direction to Local Transport Authorities across the TfSE region, to help areas that are controlled by different political parties work together on a unified agenda for transport.

2.5 The Committee asked officers to prepare a timeline of key DfT workstreams and funding decisions, such as RIS and RNEP, so that TfSE can be prepared to influence DfT work at the right moment. The Committee asked for TfSE's timeline of work to be drawn up alongside the expected DfT timeline.

2.6 The Committee discussed the next steps for TfSE paper. The Committee agreed to play a role in supporting the Chief Officer on this work, starting with the next meeting of the Audit and Governance Committee, due to take place in October. The Committee also endorsed the workshop with Board Members in early September.

3. Strategic Risk Register

3.1 The Committee reviewed the Strategic Risk Register which has been maintained by TfSE since its inception in 2017. The risk register is used for quarterly reporting purposes to the Department for Transport (DfT) and for internal management processes.

3.2 It was agreed in the terms of reference for the Audit and Governance Committee that they should have oversight and that the Partnership Board should consider the risk register on a bi-annual basis.

3.3 The risk register is focused on strategic risks facing the organisation and includes some high level risks and is attached as Appendix 1.

3.4 The Committee at the last meeting asked for an updated scoring matrix and for it to be updated to a 5x5 style. The Committee reviewed the updated risk matrix and have approved the 5x5 style and matrix.

3.5 The Committee discussed the General Election result in relation to the risk register and asked officers to update this accordingly.

3.6 There are 7 new risks that have been identified by officers and added to the risk register. They are:

- Risk 22 – The election of a new government could lead to shifts in transport policies and funding allocations.
- Risk 23 – The election of a new government could cause uncertainty and delays.
- Risk 24 – Constituent authorities do not support the Transport Strategy Refresh and does not agree to support the 'missions'.
- Risk 25 – Central government does not support the Transport Strategy Refresh and does not sign off the 'missions'.
- Risk 26 – Constituent Authorities are not able to pay Local Contributions going forward.
- Risk 27 – The lack of devolution in the South East means that the South East does not receive the same level of policy focus as the North and Devolved Administrations. The South East is currently not represented in groups such as the Council of Regions and Nations.

- Risk 28 – The impacts of the Government’s plans for rail reform are uncertain. TfSE’s role may need to develop to provide strategic advice and democratic accountability to a new Great British Railways body.

3.7 There were 3 risks that have been completed from the risk register:

- Local contributions are not secured from constituent authorities for 2024 onwards - all local authorities have paid / in the process of paying for 2024/25.
- Levelling Up & Regeneration bill received royal ascent in October 2023. Provisions of Act may have implications for TfSE's activities - The impact of the levelling up and regeneration bill is understood and following the General Election we will continue to monitor changes to the devolution policy.
- Frequent changes in government policies and priorities in the run up to a general election lead to uncertainty in long-term transport planning and infrastructure investment for the South East region. This results in suboptimal outcomes, wasted resources, and inability to meet strategic goals - The General Election was confirmed for July 4. We will continue to monitor developments after the election.

3.8 The risk register contains 6 risks have high impact and probability after mitigation activity. 3 risks remain medium impact and probability after mitigation. The mitigation measures for there are reviewed regularly.

4. Conclusions and Recommendations

4.1 The Partnership Board are recommended to note the discussions at the meeting of the Audit and Governance Committee.

4.2 Members are also asked to agree the Strategic Risk Register.

Councillor Joy Dennis
Chair - Audit and Governance Committee
Transport for the South East

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Risk Register

Programme Overview

June 2024



#	Risk Description	Score if no action taken (1-5)		LxI =	Mitigating action	Score post action (1-5)			Owner	Review date	Escalation route
		Impact	Probability	Risk score		Impact	Probability	Risk score			
2	Government policy around STBs is uncertain, particularly in light of other changes to government policy.	3	3	9	Continue to monitor developments. Work with other STBs to produce a strategy for potential changes to government policy.	1	2	2	All	Ongoing	SOG
3	Local MPs do not support TfSE and its strategy.	3	2	6	Regular MP briefings to be scheduled.	1	1	1	DB	Ongoing	PB
4	Maintaining the TfSE partnership without statutory status.	2	3	6	Ongoing engagement with Leaders. Secure indicative funding for future years to demonstrate DfT commitment to TfSE.	2	1	2	RC	Ongoing	PB
6	Wider stakeholders do not recognise value of TfSE.	2	2	4	Use appropriate stakeholder forums as a route to engage stakeholders. Communication and Engagement Plan 2024/25 to be implemented.	1	2	2	DB/JMS	Ongoing	SOG
8	Reduced funding in 2024/25 may impact on work programme as set out in Business Plan.	4	3	12	£200k reduction from the ask set out within the Business Plan for 2024/25. The Work Plan is being revised and will be brought to Audit and Governance Committee and Partnership Board to approve.	2	2	4	All	Ongoing	PB
9	Focus on regional inequality directs investment away from the South East. Grouping of London & SE not an accurate representation.	4	4	16	Continue to make the case for investment in the South East. We will continue to monitor distribution of project funding across STB regions as part of our value for money work within our Annual Report.	4	3	12	SOG/ Secretariat	Ongoing	PB
11	Retaining staff in TfSE and plans to replace staff if the need arises.	2	2	4	Ensure succession planning is in place. Regular supervisions with staff, opportunities for further development and training. Advertising roles in key publications. Making roles region-wide and flexible approach to working. Using recruitment consultants as and when appropriate.	2	1	2	SV / MV & KW	Ongoing	PB

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		Impact	Probability	Risk score		Impact	Probability	Risk score			
12	Procurement unable to respond to adhoc needs from TfSE	1	2	2	Develop forward plan with procurement for future work. Majority of work will go through the technical call off contract.	1	1	1	Secretariat	Ongoing	PB
13	Constituent authorities do not support the SIP delivery plan.	2	2	4	Continued engagement with SIP delivery partners.	1	2	2	SV	Ongoing	SOG
14	Additional work is identified that has not been accounted for in the budget.	3	2	6	Prioritisation process to be put in place. Small contingency allocated in budget.	2	2	4	MV, SV & KW	Ongoing	TSWG
15	Challenge to infrastructure investment proposals from stakeholders.	3	4	12	Robust evidence and processes to demonstrate approach. Exploring how to unlock private investment through our Funding & Finance Working group	2	4	8	KW	Ongoing	SOG
18	Managing the 24/25 Budget to ensure the DfT grant and carry forward from 23/24 is fully spent	3	3	9	Effective budget monitoring on a monthly basis and demonstrate TfSE's performance to DfT through regular review meetings and annual report.	2	2	4	KW	Ongoing	SOG / PB
19	Transport Forum members engagement with the new proposal	2	3	6	Members received their first digital engagement in February. The first face to face event took place with 32 attending. Advisory Panel have met for the first time, a forward programme is to be created for them to remain focussed. Engagement Manager is reviewing the membership of the group and preparing a refresh.	2	2	4	JL & JMS	Ongoing	PB
20	TfSE members are not prepared to be scheme promoters to larger schemes with large risks. This could lead to failing to deliver the TfSE transport strategy.	5	4	20	Report on the impact of inflation on schemes, we will use the report to continue discussions with DfT and advocate for a resolution. Officers will explore private sector funding for schemes through the funding and finance meetings. Centre of Excellence work will support early scheme development. Continue development of the common analytical framework with other STBs.	4	3	12	RC	Ongoing	PB

#	Risk Description	Score if no action taken (1-5)		LxI =	Mitigating action	Score post action (1-5)			Owner	Review date	Escalation route
		Impact	Probability	Risk score		Impact	Probability	Risk score			
21	The dissolution of Local Enterprise Partnerships (LEPs) in March 2023 leaves a gap in business representation within the Transport for the South East governance structure.	3	4	12	<p>Chief Officer is preparing a Business Advisory Group Terms of Reference for the Board to approve.</p> <p>The BAG will ensure that the business representation is at future Board meetings. The plan for the BAG is going to July PB for approval.</p>	1	1	2	RC	Jul-24	PB
NEW 22	The election of a new government could lead to shifts in transport policies and funding allocations.	5	3	15	Maintain open and regular communication with DfT to ensure we are informed about any potential policy changes.	5	2	10	RC	Ongoing	PB
NEW 23	<p>The election of a new government could cause uncertainty and delays.</p> <p>There could be delays in decision-making processes that could impact the timely implementation of our work programme.</p>	5	3	15	<p>Ensure we maintain open communication with local authorities, stakeholders and the public to manage any expectations and address any concerns promptly.</p> <p>Ensure we are building in flexible timelines within our work in the programme.</p>	5	2	10	RC	Ongoing	PB
NEW 24	Contituent Authorities do not support the Transport Strategy Refresh and does not agree to support the 'missions'.	5	4	20	<p>Changes to local government control mean that the Transport Strategy Refresh will need the sign-off of different stakeholders than the original Transport Strategy.</p> <p>To win their support, we will increase engagement with Members, including through a Transport Strategy Task and Finish Group and an additional Partnership Board meeting in December.</p>	4	3	8	RC, MV & KW	Oct-25	PB
NEW 25	<p>Central government does not support the Transport Strategy Refresh and does not sign off the 'missions'.</p> <p>Potential changes to central government control mean that the Transport Strategy Refresh needs the sign-off of a different Government than the original Transport Strategy.</p>	5	3	15	<p>Ensure we continue to engage with DfT officials, and engage with new Ministers following the election.</p> <p>Ensure the transport strategy and missions are aligned with the new Government's policies.</p>	5	2	10	RC, MV & KW	Oct-25	PB

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		Impact	Probability	Risk score		Impact	Probability	Risk score			
NEW 26	Constituent authorities are not able to pay Local Contributions from 2025 onwards.	5	4	20	<p>Early agreement at Partnership Board. SOG members advised to work into operational budgets.</p> <p>Certainty from DfT grant allocation received May 2024, £200k reduction.</p> <p>Officers produced work on demonstrating how TfSE delivers value for partners.</p>	5	2	10	KW / Secretariat	Ongoing	SOG / PB
NEW 27	<p>The lack of devolution in the South East means that the South East does not receive the same level of policy focus as the North and Devolved Administrations.</p> <p>The South East has no representation in groups such as the Council of Regions and Nations.</p>	4	3	12	<p>Transport for the South East will engage with DfT Ministers and Officials to ensure the South East and Local Authorities in the South East remain high on the Government's agenda.</p>	3	2	6	KW / Secretariat	Ongoing	SOG / PB
NEW 28	<p>The impacts of the Government's plans for rail reform are uncertain.</p> <p>TfSE's role may need to develop to provide strategic advice and democratic accountability to a new Great British Railways body.</p>	4	2	8	<p>TfSE will continue to monitor Government plans and continue to engage with DfT, Network Rail and Great British Railways as plans develop.</p> <p>TfSE will explore options for playing a bigger role in rail, as part of next year's Business Plan.</p>	4	1	4	KW / Secretariat	Ongoing	SOG / PB

Risk Register - COMPLETED

Programme Overview

July 2024

Risk Description	Score if no action taken (1-5)		Lxl =	Mitigating action	Score post action (1-5)		Lxl =	Owner	Review date	Escalation route
	Likelihood	Impact	Risk score		Likelihood	Impact	Risk score			
Stakeholders are not fully engaged in SIP development	3	4	12	Stakeholder and Communication Plan developed at start of process. Consultation plan implemented	2	3	6	LDT	Mar-23	TSWG
Ability to scale up quickly in year one to deliver sizable technical programme	4	4	16	Revised recruitment process planned for autumn. Utilise temporary resource to deliver against key projects in technical and analytical teams	2	4	8	RF	Autumn 2022	SOG
Funding for analytical framework and Centre of Excellence not released in financial year	2	4	8	Work with DfT to develop proposals and draw down part of the funding to continue background research	1	4	4	RF	Autumn 2022	SOG

Technical team resource is insufficient to deliver additional work streams.	3	4	12	Review recruitment process and utilise temporary resource.	2	4	8	MV/ SV/ RF	Autumn 2023	SOG
Programme Manager is vacant, post could remain vacant a significant length of time.	4	4	16	Interviews will be taking place October 2023	3	4	12	RC	Oct-23	SOG
Managing 23/24 budget to ensure DfT Grant allocation and carry forward from 2022/23 is fully spent.	4	4	16	Effective budget monitoring on a monthly basis and demonstrate TfSE's performance to DfT through regular review meetings and annual report.	3	4	12	MV & SV	Ongoing	PB
Transport Forum members become disengaged.	2	4	8	Transport Forum review.	1	3	3	JL	Ongoing	PB
Local Contributions are not secured from constituent authorities for 2023 onwards.	2	4	8	Early agreement at Partnership Board. SOG members advised to work into operational budgets. Certainty from DfT re: ongoing grant.	2	3	6	SV / Secretariat	Jan-24	SOG
Levelling Up & Regeneration bill received royal ascent in October 2023. Provisions of Act may have implications for TfSE's activities	3	3	9	Briefing to be prepared on potential impact TfSE activities and any actions required.	2	2	4	RC	Ongoing	PB

<p>Frequent changes in government policies and priorities in the run up to a general election lead to uncertainty in long-term transport planning and infrastructure investment for the South East region. This results in suboptimal outcomes, wasted resources, and inability to meet strategic goals.</p>	4	4	16	<p>Maintain open and regular communication with DfT to get early insight into emerging policies and priorities.</p> <p>Develop scenario plans for policies and priorities.</p> <p>Discussions with senior officers through Senior Officers Group for appropriate actions</p>	4	3	12	RC	Oct-24	SOG
<p>Local Contributions are not secured from constituent authorities for 2024 onwards.</p>	4	3	12	<p>Early agreement at Partnership Board. SOG members advised to work into operational budgets.</p> <p>Certainty from DfT grant allocation received May 2024, £200k reduction.</p> <p>Officers produced work on demonstrating how TfSE delivers value for partners.</p>	3	2	6	KW / Secretariat	Ongoing	SOG / PB

Completed risk notes

Updated plan completed

Tech team fully staffed

completed 2022

Completed recruitment for technical team

Programme Manager starts 01 December, Keir Wilkins DfT secondment for 2 years.

Business plan for 24/25 has been submitted to DfT Dec 2023. Updated budgets to reflect this

Transport Forum review has been completed, AGC signed off the completion of the review Oct 2023

2023 contributions secured

Impact of Levelling Up & Regeneration Bill understood. Following the 2024 General Election, we will continue to monitor changes to devolution policy.

General Election is now taking place on July 4. Will gain more certainty on parties' plans for transport in their manifestos. Will continue to monitor developments to Government policy after the General Election.

All Constituent Authorities paid (or due to pay) Local Contributions in 2024/25.

Risk Impact		
Severe	5	Significant consequences
Major	4	Critical consequences
Significant	3	Manageable consequences, requiring short term interventions
Minor	2	Minimal consequences
Insignificant	1	Negligible consequences

Overall Risk score

Acceptable (1-4) requires no further action

Adequate (5-9) requires further observation and assessment

Tolerable (10-16) requires regular monitoring and improvement interventions

Unacceptable (17-25) Enact corrective actions

Risk Probability		
Almost Certain	5	Highly probable to happen with over 80% chance of occurrence
Likely	4	More possible to happen, 60-80% chance of occurrence
Moderate	3	Likely to occur, 50% chance
Unlikely	2	Can possibly happen, less than 50% chance of occurring
Rare	1	Has less than 10% chance of the risk occurring

Probability
Almost Certain (5)
Likely (4)
Moderate (3)
Unlikely (2)
Rare (1)

Impact				
Insignificant (1)	Minor (2)	Significant (3)	Major (4)	Severe (5)
Medium 5	High 10	Very high 15	Extreme 20	Extreme 25
Medium 4	Medium 8	High 12	Very High 16	Extreme 20
Low 3	Medium 6	Medium 9	High 12	Very High 15
Very low 2	Low 4	Medium 6	Medium 8	High 10
Very low 1	Very low 2	Low 3	Medium 4	Medium 5