

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

Date of meeting: **3 July 2023**

By: **Lead Officer, Transport for the South East**

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

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

RECOMMENDATIONS:

The members of the Partnership Board are recommended to:

- (1) Note the discussions at the first meeting of the Audit and Governance Committee;**
- (2) Agree membership of the Audit and Governance Committee; and**
- (3) Agree the strategic risk register.**

1. Overview

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

1.2 The Audit and Governance Committee will ensure an independent, high-level focus on audit, assurance and reporting issues underpinning financial management and governance arrangements for TfSE. It will provide independent review and assurance to Members on governance, risk management and control frameworks. It will oversee financial reporting and audit, to ensure efficient and effective assurance arrangements are in place and will assist the Partnership Board in providing leadership, direction and oversight of the overall risk appetite and risk management strategy.

1.3 The Committee met for the first time in April 2023. This report provides a summary of the discussions and presents the proposed strategic risk register for agreement by the Partnership Board.

2. Audit and Governance Committee

2.1 The Audit and Governance Committee met for the first time on 25 April 2023. The Committee agreed that due to changes in composition of the Partnership Board, it was appropriate for the Board to consider the membership of the committee as part of its Annual General Meeting. The committee also agreed to invite a representative from the Department for Transport to future meetings, which aligns with the Terms of Reference.

2.2 The Committee also considered the end of year financial report and proposed budget, which are reported to the Partnership Board in agenda item 11.

2.3 As agreed by the Partnership Board in January 2023, the Committee is overseeing the review of the Transport Forum. The review is underway with various proposals being explored. A full report will be presented to the Partnership Board at the meeting in October 2023.

3. Strategic Risk Register

3.1 TfSE has maintained a strategic risk register 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 As TfSE progresses into the delivery stage of the Strategic Investment Plan (SIP) and receives greater levels of public funding, it is important that the appropriate accountability processes are put in place. As agreed in the terms of reference, it is considered that the Audit and Governance Committee should have oversight of the strategic risk register 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, but also includes some high level risks that may impact on the delivery of the technical programme.

3.4 The risk register is updated on a quarterly basis and is attached as Appendix 1.

3.5 The risk register contains three risks that remain high probability and impact after mitigation activity. These are:

- Indicative funding from DfT not released – although TfSE has an indicative funding allocation from DfT for 2023/24 and 2024/25, the impact of this funding not being made available would have significant issues for the organisation. The TfSE secretariat have regular meetings with DfT to minimise the likelihood of this occurring. TfSE's track record in delivery against agreed DfT projects also helps to mitigate this risk.
- The focus on levelling up detracts from investment in the south east – the government focus on levelling up in the north has the potential to detract from investment from the south east. The collective influence of the TfSE Partnership Board, particularly using one voice, and the strong, compelling SIP will help to mitigate this impact. However, it does remain a high risk that the Committee and Board may wish to monitor.
- Recruitment – like many organisations, TfSE has struggled to recruit transport planners and analysts. The team continue to work with the HR team at the accountable body and recruitment specialists to ensure that roles are appealing and job descriptions are attractive to candidates. However, it remains challenging for TfSE and reflects the wider picture on recruitment of transport planners.

3.6 Three risks remain medium probability and impact after mitigation, including engagement with MPs, maintaining the partnership without statutory status and local

contributions. All three have a low likelihood but would have a significant impact on the organisation. The mitigation measures for these are reviewed regularly and will be updated in future reports to the Committee.

4. Conclusions and Recommendations

4.1 The Partnership Board are recommended to note the discussions at the first meeting of the Audit and Governance Committee and agree membership of the Committee in light of recent board representative changes.

4.2 Members are also asked to agree the Strategic Risk Register and to receive bi-annual reports on the register.

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Risk Register

Programme Overview

May 2023



#	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				
		1	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	Government policy around STBs is uncertain, particularly in light of national changes	2	4	8	Continue to monitor developments. Secure early meeting with new minister	1	4	4	All	Ongoing	SOG		
3	Local MPs do not support TfSE and its strategy	2	4	8	Regular MP briefings to be scheduled. Members of Partnership Board to undertake engagement activities on regular basis.	2	3	6	LDT	Ongoing	PB		
4	Maintaining the TfSE partnership without statutory status	3	3	9	Ongoing engagement with Leaders. Secure indicative funding for future years to demonstrate DfT commitment to TfSE.	2	3	6	RC	Ongoing	PB		

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		Likelihood	Impact	Risk Score			Likelihood	Impact	Risk Score				
		5	Transport Forum members become disengaged	2			4	8	Transport Forum review				
6	Wider stakeholders do not recognise value of TfSE	2	3	6	Use appropriate stakeholder forums as a route to engage stakeholders. Communications Strategy to be implemented.	1	2	2	LDT/DB	Ongoing	SOG		
7	Indicative funding for future years not realised – impacting on staff retention and ability to deliver technical programme	4	5	20	Demonstrate TfSE's performance to DfT through regular review meetings and annual report.	3	4	12	RF	Dec 2023	PB		
8	Focus on levelling up directs investment away from the South East. Grouping of London & SE not an accurate representation	4	5	20	Continue to make the case for investment in the South East.	4	3	12	SOG/ Secretariat	Ongoing	PB		

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		Likelihood	Impact	Lxl = Risk Score		Likelihood	Impact	Lxl = Risk Score			
9	Levelling Up White Paper / Levelling Up & Regeneration Bill 2022-23 provides alternative focus for constituent authorities, e.g. County Deals	2	4	8	Use the SIP and evidence base to make a strong case to government.	1	3	3	RC	Ongoing	PB
10	Unable to recruit staff to new positions	4	4	16	Advertising roles in key publications. Making roles region-wide and flexible approach to working	2	4	12	RF	Autumn 2023	PB
11	Procurement unable to respond to increasing needs from TfSE and timeliness of funding decisions impacts on procurement programme	2	4	8	Develop forward plan with procurement for future work. Also procure a technical call off contract to commission some of the work programme.	1	4	4	RF / MV / SV	Ongoing	PB
12	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

Risk Register

Technical Programme

May 2023



#	Risk Description	Score if no action taken (1-5)			Lxl =	Mitigating action	Score post action (1-5)			Lxl =	Owner	Date due	Escalation route
		Likelihood	Impact	Risk Score			Likelihood	Impact	Risk Score				
		13	Constituent authorities do not support the SIP delivery plan	2			4	8	Pre-engagement with SOG and Board members				
14	Additional work is identified that has not been accounted for in the budget	4	2	8	Prioritisation process to be put in place. Small contingency allocated in budget	2	2	4	MV	March 2024	TSWG		
15	Challenge to infrastructure investment proposals from stakeholders	3	5	15	Robust evidence and processes to demonstrate approach	2	5	10	SV/LDT	March 2024	SOG		