



# Item 7, Appendix 1

**TfN Corporate Level Risks  
Financial Year 2018/19**





## Transport for the North's Corporate Level Risks



It is essential that Transport for the North (TfN) recognises, understands and manages the range of risks that could negatively impact on its ability to achieve the objectives set out in the Business Plan and Draft Strategic Transport Plan (STP). TfN's approach to managing risk is set out in its Risk Management Strategy which provides guidance for how risks are identified, assessed, managed and reported. Each programme and corporate function within TfN has its own risk register that is updated on either a monthly or fortnightly cycle, with clear reporting in line with governance arrangements. At the apex of these arrangements is the reporting to the TfN Board of corporate level risks every six months.

TfN uses programme information to identify cross cutting risk themes that are sufficiently significant, either in their own right or in aggregate, to be reported to and discussed by the Board as risks requiring corporate focus. TfN's corporate risks stem from a range of sources, some of which are beyond TfN's direct control. The challenges and uncertainty faced by TfN create both threats that need to be addressed, and opportunities that can potentially be exploited.

Table 1 summarises TfN's corporate level risks and the senior owner. Table 2 outlines TfN's defined Probability Impact Criteria to undertake the qualitative assessment of the risks in order to produce a risk exposure score for each risk. Table 3 provides a detailed analysis of each risk and mitigating actions that have been adopted.



# Table 1: Summary of TfN's Corporate Risk Themes, Probability / Impact Assessments and Ownerships

Corporate Risk Theme	Risk Probability	Nature of Risk Impact	Risk Proximity	Executive Risk Owner	Current Level of Risk Impact	Post Mitigation Level of Risk Impact	Risk Mitigation Strategy Owner
Political / Organisational	High	<ul style="list-style-type: none"> <li>➤ Financial</li> <li>➤ Reputation/Credibility</li> <li>➤ Relationship</li> </ul>	Ongoing	TfN CE (Barry White)	High	High	<b>HR and Mobilisation Director</b> (Dawn Madin / Iain Craven)
Compelling Arguments for Investments	Medium	<ul style="list-style-type: none"> <li>➤ Reputation/Credibility</li> <li>➤ Reputation</li> </ul>	Medium - Term	TfN CE (Barry White)	High	Medium	<b>TfN Programme Directors</b> (Tim Wood, Alastair Richards, Peter Molyneux, David Hoggarth)
TfN Operations	Low	<ul style="list-style-type: none"> <li>➤ Reputation/Credibility</li> <li>➤ Financial</li> </ul>	Ongoing	TfN CE (Barry White)	Medium	Low	<b>Finance Director / HR &amp; Mobilisation Director</b> (Iain Craven / Dawn Madin)
Delivery of Integrated Smart Travel (IST)	Medium	<ul style="list-style-type: none"> <li>➤ Reputation/Credibility</li> <li>➤ Reputation</li> </ul>	Medium - Term	TfN CE (Barry White)	High	Medium	<b>IST Programme Director</b> (Alastair Richards)
Delivery of Northern Powerhouse Rail SOBC (NPR)	Medium	<ul style="list-style-type: none"> <li>➤ Relationship</li> <li>➤ Reputation/Credibility</li> </ul>	Ongoing	TfN CE (Barry White)	Very High	Medium	<b>NPR Programme Director</b> (Tim Wood)
TfN and Franchise Commitments	Very High	<ul style="list-style-type: none"> <li>➤ Reputation/Credibility</li> <li>➤ Relationship</li> </ul>	Ongoing	TfN CE (Barry White)	Very High	Very High	<b>Strategic Rail Programme Director</b> (David Hoggarth)



## Table 2: Transport for the North's Probability Impact Scoring Criteria

TfN's Probability Impact Criteria as illustrated below, is a risk management tool that enables the risk likelihood and impact to be calculated to produce an aggregated risk severity and exposure for each risk. The corporate risks are plotted according to the probability of occurrence and the impact upon an activity should the risk happen.

The qualitative risk ranking (risk score) could be generated by multiplying the probability with the maximum of the impacts (i.e. financial, reputation etc.) for each risk.

Rating Number	Probability (%)	Rating	Impact Rating Definition
4	81 - 100	Very High	<ul style="list-style-type: none"><li>Financial Implication: <b>£&gt;2m</b></li><li>Schedule Implication: <b>&gt; 12 (months)</b></li><li>National long-term negative media coverage, significant loss of trust and credibility</li><li>Severe relationship issues with partners and/or third parties (such as Local Authorities, public)</li></ul>
3	51 - 80	High	<ul style="list-style-type: none"><li>Financial Implication: <b>£1m - £2m</b></li><li>Schedule Implication: <b>9 - 12 (months)</b></li><li>National short-term negative media coverage</li><li>There is evidence of relationship issues with partners/or and third parties (such as Local Authorities, public)</li></ul>
2	21 - 50	Medium	<ul style="list-style-type: none"><li>Financial Implication: <b>£500K - £1m</b></li><li>Schedule Implication: <b>3 - 9 (months)</b></li><li>Local media damage</li><li>No or minor strained relationship with partners and/or third parties (such as Local Authorities, public)</li></ul>
1	< = 20	Low	<ul style="list-style-type: none"><li>Financial Implication: <b>£0 - £500K</b></li><li>Schedule / Time delay Implication: <b>0 - 3 (months)</b></li><li>Local media attention quickly remedied</li><li>No strain relationship with partners and/or third parties (such as Local Authorities, public)</li></ul>



## Table 3: Qualitative Risk Analysis of TfN's Corporate Level Risks

Risk ID:  
TCR001

<b>Risk Theme</b>	Political / Organisational
<b>Risk Description</b>	<p>Given the range of priorities across TfN's local partners and central government and other stakeholders, there is a risk that TfN fails to achieve support for its programmes at a national / local level preventing the organisation from fulfilling its objectives and delivering its programme of works.</p> <p>There is a risk of a mismatch between the expectations placed upon TfN and its ability to influence events / decisions in the short to medium term that is not aligned to the formal powers that have been granted.</p>
<b>Risk Proximity</b>	On-going
<b>Risk Probability</b>	High
<b>Assessed Risk Impact</b>	High
<b>Potential Impact (Qualitative Description)</b>	<ul style="list-style-type: none"> <li>• Failure to achieve and maintain support for programmes may make it very difficult for TfN to "speak with one voice", influence decisions, or access funding.</li> <li>• Failure to make timely decisions with regard to projects and programmes, could delay or prevent the benefits of strategic transport infrastructure from being delivered.</li> <li>• TfN's credibility could be negatively impacted by being unable to deliver across an "expectation gap".</li> </ul>
<b>Action Plans / Mitigation Strategies</b>	<p>In order to be successful, TfN requires continuous 'buy-in' at a high level from a number of stakeholders. One voice for the North is the fulcrum with which the strategic direction of corporate engagement activity is built. Activity includes:</p> <ol style="list-style-type: none"> <li>1) Continuous engagement with Northern leaders at a political and officer level</li> <li>2) Structured engagement with Westminster officials and decision makers</li> <li>3) Continuous involvement and engagement with stakeholders and partners</li> <li>4) Comprehensive communications and engagement programme plans</li> <li>5) TfN to continue to use the "soft" influence at its disposal to allow the influence activity and decision making to benefit partners and stakeholders.</li> <li>6) TfN to highlight where necessary the limits of its powers and seek to extend them for greater decision making.</li> <li>7) Developing the funding framework to respond to the requirement of the STP to identify how transport inventions aspirations will be paid for.</li> </ol>
<b>Executive Owner</b>	Barry White
<b>Mitigation Strategy Owner</b>	Dawn Madin / Iain Craven



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Risk ID:  
TCR005

Risk Theme	TfN's Compelling Arguments for Investments (STP)
<b>Risk Description</b>	There is a risk that TfN faces challenges in making credible evidence based business cases for 2019/2020 and beyond, restricting the ability to deliver agreed outputs outlined in the Strategic Transport Plan (STP).
<b>Risk Proximity</b>	Medium- Term
<b>Risk Probability</b>	Medium
<b>Assessed Risk Impact</b>	High
<b>Potential Impact (Qualitative Description)</b>	<ul style="list-style-type: none"> <li>An insufficiently compelling evidence based, particularly around the programme level economic and strategic cases may delay or prevent strategic transport infrastructure investments being made, with consequential impacts on TfN's deliver of its objectives.</li> <li>The inability to make timely and effective decisions prevents TfN from delivering its outputs in line with required timescales. The credibility of the North as a working partnership could be eroded with key stakeholders, including central Government, national agencies, businesses and the public.</li> </ul>
<b>Action Plans / Mitigation Strategies</b>	<ol style="list-style-type: none"> <li>The development of business cases for TfN programmes is done by appropriately skilled, broad based teams, including Constituent Members and other Stakeholders.</li> <li>Development of innovative analytical tools (NoRMs, NELUM) and systems to produce credible and meaningful economic outputs to further support the transformative interventions and programmes.</li> <li>Internal and external assurance to provide robust challenge and ensure quality of TfN products.</li> <li>Robust governance at programme and project level with regular meetings and appropriate attendance. Six weekly executive board meetings and Quarterly TfN meetings to provide oversight and direction for ongoing activity and approach.</li> </ol>
<b>Executive Owner</b>	Barry White
<b>Mitigation Strategy Owner</b>	Programme Directors



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**Risk ID:  
TCR007**

Risk Theme	TfN Operations
<b>Risk Description</b>	<p>Transport for the North is now a legal entity with statutory obligations approved by the government with certain powers to make strategic decisions for the operations of the organisation. There is a risk that TfN fails to be compliant with the relevant laws and regulations.</p> <p>In addition, it may fail to deliver its outputs in a way that achieves Value for Money (VfM) in TfN expenditure.</p> <p>There is a risk that TfN fails to attract and retain sufficiently skilled and capable staff to deliver TfN's programmes.</p>
<b>Risk Proximity</b>	On-going
<b>Risk Probability</b>	Low
<b>Assessed Risk Impact</b>	Low
<b>Potential Impact (Qualitative Description)</b>	<ul style="list-style-type: none"> <li>• If TfN fails to adhere to relevant compliance rules, there could be reputational impacts with both stakeholders and the public which may impact its ability to meet its objectives.</li> <li>• Failure to achieve Value for Money could impact on TfN's ability to access funding in the future.</li> <li>• Failure to recruit and retain the right people with the right skills could negatively impact on TfN's ability to deliver its objectives.</li> </ul>
<b>Action Plans / Mitigation Strategies</b>	<ol style="list-style-type: none"> <li>1) TfN has suitably qualified officers in all senior positions, particularly the HoPS, S151 and Monitoring officers, but also including critical programme and back office roles.</li> <li>2) Clear and well documented processes and procedures in place.</li> <li>3) Ongoing training and communication across the organisation.</li> <li>4) Commissioning processes include OBT sign-off of expenditure, and explicit approval for expenditure against a schedule of delegations.</li> <li>5) Comprehensive People Strategy for TfN developed and in place covering reward, workforce/skills planning, succession planning, recruitment and selection, talent and performance management.</li> </ol>
<b>Executive Owner</b>	Barry White
<b>Mitigation Strategy Owner</b>	Iain Craven / Dawn Madin / Sasha Wayne



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Risk ID:  
TCR009

Risk Theme	Delivery of Integrated Smart Travel (IST)
Risk Description	TfN's Integrated Smart Travel is complex and an ambitious programme. Failure to deliver elements of the programme (i.e. Smart is late, over budget or fails to meet customer expectations) may impact on TfN's reputation as this an early opportunity for TfN to demonstrate that it can benefit passengers, customers, businesses and other stakeholder in the North.
Risk Proximity	Medium-Term
Risk Probability	Medium
Assessed Risk Impact	Medium
Potential Impact (Qualitative Description)	Failure to deliver the proposed services on time and budget may result in a negative impact on TfN's credibility with Northern partners, Central Government, DfT, operators and the wider public.
Action Plans / Mitigation Strategies	<ol style="list-style-type: none"><li>1) Close and joint working with the TOCs, RDG and DfT to ensure scope, joint deliverables and benefits are agreed and delivered on time. In addition, the programme team continues to foster the successful relationship with the bus operators and CPT.</li><li>2) Ensure business cases address the requirements and produces high quality of responses.</li><li>3) Ensure efficient project management techniques are applied to ensure successful delivery through phases enables testing of technical solutions as well as customer responses.</li><li>4) To deliver 'Quick Wins' by early 2019 to build confidence and momentum as well as provide customer benefits and raise the profile of TfN.</li><li>5) Governance changes enacted to include regular meetings at steering board with the Combined Authority Smart Meetings.</li><li>6) Internal assurance processes and an independent expert peer review panel have been embedded to ensure the robustness of results are achieved.</li></ol>
Executive Owner	Barry White
Mitigation Strategy Owner	Alastair Richards





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**Risk ID:  
TCR010**

<b>Risk Theme</b>	Delivery of Northern Powerhouse Rail SOBC (NPR)
<b>Risk Description</b>	<p>NPR is a high-profile programme that involves northern partners, DfT, NR and HS2. TfN undertakes a “co-client” role, alongside DfT. There is a risk that there is disagreements over the form of elements of the network or the required touchpoints with HS2.</p> <p>In addition, there is a risk that if the required evidence based analysis is not completed on time to support the technical work, TfN could not be able to demonstrate transformational economic outputs. Likewise, if cost information is produced late or is inaccurate, there is a risk that TfN could not be able to meet its milestones for delivery, or could not be able to demonstrate a robust business case.</p>
<b>Risk Proximity</b>	Short-Term
<b>Risk Probability</b>	Medium
<b>Assessed Risk Impact</b>	High
<b>Potential Impact (Qualitative Description)</b>	<ul style="list-style-type: none"> <li>• Failure to agree on the form or scope of the network, including touchpoints, could cause delays and possible relationship issues.</li> <li>• Failure to demonstrate value for money through the business case process, either as a result of the failure to capture all the benefits, or the overestimation of costs, could result in plans being scaled back or not going ahead.</li> </ul>
<b>Action Plans / Mitigation Strategies</b>	<ol style="list-style-type: none"> <li>1) Ongoing engagement with local partners regarding the proposed options.</li> <li>2) Governance processes in place between TfN, DfT, Treasury, NIC, Infrastructure Projects Authority (IPA) and other stakeholders.</li> <li>3) Structured engagement with HS2 and NR including requests that they advise on the potential impacts and driving efficiencies.</li> <li>4) Well-resourced team, including access to NR staff via a DSA (and Mott MacDonald via an NR sub-contract).</li> <li>5) Suitably qualified technical and engineering support to manage and challenge the output of contractors.</li> <li>6) Regular meetings with consultants on all milestones and deliverables to ensure key output dates are aligned.</li> <li>7) There is a deep dive meeting taking place on Thursday to discuss one of the HS2 touchpoints Stourton Junction with partners including Network Rail and a senior delegation from WYCA.</li> </ol>
<b>Executive Owner</b>	Barry White
<b>Mitigation Strategy Owner</b>	Tim Wood



## Table 3: Qualitative Risk Analysis of TfN's Corporate Level Risks

Risk ID:  
TCR011

Risk Theme	TfN and Franchise Commitments
Risk Description	Transport for the North is co-managing Northern and Trans Pennine Express franchises with the Department for Transport to ensure that operators deliver what they have promised. There is a risk that the franchises underdeliver against franchise commitments, resulting in planned service improvements not being delivered.
Risk Proximity	Immediate
Risk Probability	Very High
Assessed Risk Impact	Very High
Potential Impact (Qualitative Description)	<ul style="list-style-type: none"><li>Short-term - drop in performance for customers, adverse reputational impact on TfN profile and credibility, and as a result, reduction in political support locally and nationally.</li><li>Medium-term - the delivery of TfN's Strategic Transport Plan may be negatively impacted as the delivery of the LTRS is predicated on the franchise outputs being delivered.</li></ul>
Action Plans / Mitigation Strategies	<ol style="list-style-type: none"><li>1) Joint Partnership Response Team established to deal with 2018 timetable issues, including daily monitoring meetings.</li><li>2) In the medium-term, to continue to use our influence in the monthly Rail North Partnership Board to shape the management of services, decisions on new rolling stock and infrastructure developments.</li><li>3) To continue with the close working relationship and communication with member parties on planned business activities and deliverables and feeding back information through TfN governance structures.</li><li>4) Track franchise performance and delivery of services via data dashboards. This information is used to support TfN engagement with the Rail North Partnership, which in turn manages the contracts with Northern and Trans Pennine Express.</li></ol>
Executive Owner	Barry White
Mitigation Strategy Owner	David Hoggarth



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