

## North East Joint Transport Committee, Tyne and Wear Sub-Committee

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Date: 19 September 2019

Subject: Nexus' Corporate Risk Register 2019/20: Update

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Report of: Managing Director, Transport North East  
Summary

The report provides an update on Nexus' Corporate Risk Register for 2019/20, based on the approved Corporate Plan, and demonstrates that these risks are being properly managed and controlled.

Nexus has twelve corporate risks which were previously reported to and noted by the Sub-Committee at its meetings in April and July 2019.

The appendices to the report provide details on each of the twelve risk areas with links to the themes in the Nexus Corporate Plan for 2019/20. The appendices provide details on the current Red/Amber/Green (RAG) status and the direction of travel where applicable. A detailed explanation of the nature of each risk, together with controls and milestones, is set out in Appendix 2 to the report.

Ten of the corporate risks have remained stable with no changes reported since the previous update to the Sub-Committee in July 2019. The exceptions are the risks entitled:

- **Long term funding for Metro** – where the RAG score has increased from 9 to 12 because of the uncertainty surrounding DfT's response to Nexus' SR19 submission; and
- **Efficiency of delivery** – where the RAG score has increased from 6 to 9 because of the increase in Nexus' in-year budget deficit.

### Recommendations

The North East Joint Transport Committee's Tyne and Wear Sub-Committee is recommended to receive and note this update on Nexus' Corporate Risk Register for 2019/20.

## **1. Background Information**

1.1 Nexus defines its corporate risks as those matters which, if the risk occurred, could have adverse consequences for the achievement of its Corporate Plan (the Plan). The Plan for 2019/20 was reported to and noted by the Sub-Committee at its meeting on April 2019 following which the resulting Corporate Risk Register (CRR) was received and noted at the Sub-Committee's meeting in July 2019. The Sub-Committee receives an update on Nexus' CRR at each subsequent meeting.

## **2. Proposals**

2.1 The Register for 2019/20 has twelve Corporate Risks:

### **Register Description prepared for the TWSC meeting on 19 September 2019**

The Register for 2019/20 deals with twelve Corporate Risks:

- i. In running any operational railway there is an inherent risk that a catastrophic safety or security related event may occur,
- ii. That the ageing fleet, or an unexpected and prolonged reduction in infrastructure asset condition could result in a decline in performance.
- iii. Any reduction in Metro external funding will lead to a diminution in service and failing infrastructure
- iv. That, in protecting frontline services and discretionary travel schemes in 2019/20, Nexus commits more than the approved £0.700m use of reserves as approved by the Joint Transport Committee
- v. The possibility of costs escalating, the potential for delays, the opportunity for challenge, and the prospect of protracted negotiations to obtain technical approvals could combine to adversely impact on affordability and deliverability of a new fleet of trains and the design and build of a new depot for the Tyne and Wear Metro. In this respect continuing uncertainty about Brexit outcomes poses a significant threat.
- vi. That the planned outcomes from the Asset Renewal Programme, and other significant capital projects, are compromised,
- vii. That the Learning Centre is not delivered to time/budget/quality requirements, potentially compromising grant funding arrangements, and once opened, there is a potential for failure to make best use of the facility,
- viii. Failure to adequately secure and protect Nexus' ICT infrastructure from a cyber-attack could have a severe adverse impact on the delivery of services and potentially preventing critical actions and day-to-day work from being carried out,
- ix. That the public transport services we provide or procure lose market share in a competitive environment,
- x. That bids to secure improvements to the local public transport network through the DfT's Transforming Cities Fund (TCF) and other identified funding opportunities are not successful,
- xi. Expansion of the Metro and local rail services does not progress,
- xii. That the North East's aspirations for heavy rail initiatives are not sufficiently developed in time to take the opportunity for implementation as

and when it arises.

- 2.2 The table at Appendix 1 (attached) identifies each of the twelve risk areas involved in turn, links to the themes in the Plan for 2019/20, the current RAG status and the direction of travel where applicable (comparing the current RAG status with that previous reported). A detailed explanation of the nature of each risk, together with controls and milestones, is set out in Appendix 2 to the report. Appendix 3 shows the risk scoring matrix that has been applied.

### **3. Reasons for the Proposals**

- 3.1 Risk management is an important aspect of overall performance management, and reporting on Nexus' Corporate Risks complements the high-level summary of Nexus' performance also presented to each scheduled meeting. Together these reports support the Sub-Committee in meeting its delegation under the JTC's Standing Orders (Part 4.1 refers) to monitor and oversee the performance of Nexus.

### **4. Alternative Options Available**

- 4.1 The report is for noting: no alternative options are presented.

### **5. Next Steps and Timetable for Implementation**

- 5.1 Nexus will continue to manage its CRR to record and monitor any changes, and provide update reports to each subsequent scheduled meeting of the Sub-Committee and to meetings of Nexus' Audit Committee.

### **6. Potential Impact on Objectives**

- 6.1 Nexus' CRR will not impact directly on the objectives of the Authority's policies and priorities; however Nexus' approach to risk management will support delivery of aims and ambitions by acknowledging the biggest threats and putting plans in place to manage and mitigate them.

### **7. Financial and Other Resources Implications**

- 7.1 There are no direct financial implications for the NECA regarding the management of Nexus' CRR.

### **8. Legal Implications**

- 8.1 There are no specific legal implications for the NECA arising directly from this report, other than ensuring compliance with the Constitution and Standing Orders.

### **9. Key Risks**

- 9.1 The report identifies what are considered to be the key corporate risks to the achievement of Nexus' Corporate Plan for 2019/20 which was previously reported

to and noted by the Sub-Committee at its meeting on 29 January 2019.

**10. Equality and Diversity**

10.1 There are no equalities and diversity implications directly arising from this report.

**11. Crime and Disorder**

11.1 There are no crime and disorder implications directly arising from this report.

**12. Consultation/Engagement**

12.1 All risk owners and the respective actionees have been consulted in the preparation of this report.

**13. Other Impact of the Proposals**

13.1 There are no other impacts anticipated to arise from the proposal.

**14. Appendices**

14.1 Appendix 1 provides a summary table listing Nexus' twelve corporate risks.

14.2 Appendix 2 details each of Nexus' twelve corporate risks.

14.3 Appendix 3 shows the risk matrix applied.

**15. Background Papers**

15.1 Nexus' Corporate Plan 2019/20 as submitted to and noted by the Sub-Committee at its meeting on 14 July 2019.

**16. Contact Officers**

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**17. Sign off ✓**

- The Proper Officer for Transport: ✓
- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

**18. Glossary**

**Abbreviations:**

**CRR – Corporate Risk Register**

**RAG** – Red/Amber/Green (denoting an assigned performance status)

**Corporate Risk** - relates to those factors that might have a significant effect on the achievement of workstreams in Nexus' Corporate Plan and therefore the successful delivery of the JTC's policies and priorities.

**Risk** - A probability or threat of damage, injury, liability, loss, or any other negative occurrence that is caused by external or internal vulnerabilities, and that may be avoided through pre-emptive action.

**Risk appetite** - The level of risk that an organisation is prepared to accept in pursuit of its objectives, and before action is deemed necessary to reduce the risk.

**Risk Controls or control processes** - are those pre-emptive actions which are specifically identified to be taken to lower the impact of the risk or reduce the likelihood of the risk materialising, or both of these.

**Risk Matrix** - a graphical representation of the Risk Severity and the extent to which the Controls mitigate it.

**Risk Owner** - has overall responsibility for the management and reporting of the risk.

**Risk Actionee(s)** – given delegated responsibility from the Risk Owner to take action and manage the risk through application of the appropriate risk controls and processes.

**Risk Impact** - indicates the potential seriousness should the risk materialise.

**Risk Likelihood** - indicates the chance of a risk materialising in the time period under consideration.

**Risk Score** - the product of the Impact score multiplied by the Likelihood score.

CP Theme: Deliver public transport today

**Appendix 1 – Status Table as at 19<sup>th</sup> September 2019**

Risk area Corporate Plan Theme	RAG Status	Direction of Travel
<b>Catastrophic safety or security event on Metro</b> Deliver public transport today	Amber	↔ (stable)
<b>Metro performance</b> Deliver public transport today	Amber	↔ (stable)
<b>Long term funding for Metro</b> Prepare for the future	Red	↓ (worsening)
<b>Frontline services &amp; discretionary travel schemes</b> Deliver public transport today	Green	↔ (stable)
<b>Contracts for the new fleet, related maintenance and depot requirements</b> Prepare for the future	Amber	↔ (stable)
<b>Efficiency of delivery</b> Focus of organisational effectiveness	Amber	↓ (worsening)
<b>Nexus' Learning Centre</b> Focus of organisational effectiveness	Amber	↔ (stable)
<b>Cybersecurity</b> Focus of organisational effectiveness	Amber	↔ (stable)
<b>Customer facing technology</b> Deliver public transport today	Green	↔ (stable)
<b>Plan to improve the public transport network</b> Prepare for the future	Green	↔ (stable)
<b>Plan to expand Metro and local rail services</b> Prepare for the future	Amber	↔ (stable)
<b>Aspirations for heavy rail initiatives</b> Prepare for the future	Green	↔ (stable)

Risk Area: <b>Catastrophic safety or security related event</b>  Risk Owners: <b>Acting Director of Rail &amp; Infrastructure and the Metro Services Director</b>  Risk Actionees: <b>Head of Health, Safety, Quality &amp; Environment, Metro Security Manager</b>	RAG Status (Amber)  8(2x4)	Direction of Travel  ↔ (stable)
<b>Risk:</b> In running any operational railway there is an inherent risk that a catastrophic safety or security related event may occur.		
<p><b>Impact/Consequence(s):</b>  The impact/consequences should a catastrophic safety or security related event occur on Metro could potentially be very significant, including the possibility for multiple loss of life, lengthy loss of service, protracted legal issues to resolve, fines to pay, impact on insurance, other cost increases and likely loss of business.</p>		
<p><b>Control(s):</b></p> <ul style="list-style-type: none"> <li>• A safety management system which is independently accredited by the Office of Rail and Road - a legal requirement to operate a railway.</li> <li>• Robust arrangements for the selection and management of contractors working on Metro infrastructure.</li> <li>• Maintaining a comprehensive suite of engineering standards in all relevant railway safety disciplines based on industry best practice</li> <li>• Identification of the top 3 potentially catastrophic safety events we aim to avoid and strive to control: collision, derailment, and fire.</li> <li>• Continuously monitoring &amp; controlling the precursors of these events with 4-weekly safety reporting to Nexus' Senior Leadership Team.</li> <li>• Undertaking in-house safety assurance activity as part of everyday safety management practice.</li> <li>• Participating in joint emergency preparedness exercises with the blue-light services and other interested parties.</li> <li>• Application of DfT's best practice guidance for security arrangements on light rail systems.</li> <li>• Receiving regular updates on the current threat from international terrorism.</li> <li>• Continuing to engender an organisational safety and security culture.</li> </ul>		
<p><b>Next Steps/Key Milestones:</b></p> <ul style="list-style-type: none"> <li>• Providing individual security plans for each Metro station: Individual station security plans have now been completed for all 60 stations in accordance with the Department for Transport requirements.</li> <li>• Securing DfT approval to an overall security plan for the Metro: Security plan is drafted and undergoing checking by Head of Customer Service – Metro Operations prior to submission to DfT Land Transport Security Team.</li> <li>• Developing an organisational security manual. This has been drafted. Finalisation of the report is dependent on DfT confirmation of certain security requirements – this is expected by the end of September 2019.</li> <li>• Engagement has been maintained throughout with the DfT to ensure these plans are</li> </ul>		

fully aligned with the new section 7 of the Light Rail Security Recommended Best Practice (expected to be released in December 2019).

<p><b>CP Theme: Deliver public transport today</b></p> <p><b>CP Key Priority: Improve our customers' journey experience on Metro</b></p>		
<p>Risk Area: <b>Metro performance</b></p> <p>Risk Owners: <b>Acting Director of Rail and Infrastructure &amp; Metro Services Director</b></p>	<p><b>RAG Status (Amber)</b></p> <p>8(2x4)</p>	<p><b>Direction of Travel</b></p> <p>↔ (stable)</p>
<p><b>Risk: That the ageing fleet, or an unexpected and prolonged reduction in infrastructure asset condition, could result in a decline in performance.</b></p>		
<p><b>Impact/Consequence(s):</b></p> <p>If Metro's operational performance were to decline for an extended period, with a fall in punctuality and reliability, this could have an adverse impact on customer satisfaction and ridership.</p>		
<p><b>Control(s):</b></p> <ul style="list-style-type: none"> <li>• Metro Services embedded into Nexus' Group performance reporting arrangements.</li> <li>• Close monitoring of key business results.</li> <li>• Ensuring appropriate levels of communication and support between Nexus Rail and Metro services.</li> <li>• Applying a set of established quality assurance arrangements.</li> <li>• Implementing better performance management processes.</li> <li>• Investment of £1.3m in the current fleet of Metrocars.</li> <li>• Delivery of the Metro Asset Renewals Programme.</li> <li>• Development of a performance awareness and improvement workstream to heighten awareness across the organisation and promote improvement.</li> <li>• Reorganisation of the Metro Control Room.</li> <li>• Working closer with the new Network Rail North Eastern structure to address performance issues from Pelaw to South Hylton.</li> </ul>		
<p><b>Key Milestones/Next Steps:</b></p> <ul style="list-style-type: none"> <li>• Quarterly review of Asset Condition Reliability Improvement Plans where Nexus Rail's Principal Engineers and Maintenance Managers jointly review the performance of Metro assets.</li> <li>• 4-weekly meetings of Metro Services' Performance Leadership Group to review aspects critical to improving service delivery.</li> <li>• Periodic review by Metro Services of progress against its Performance Plans.</li> <li>• Implement actions to improve awareness of performance matters with immediate effect.</li> <li>• Reviewing the Critical Assets/Single Point of Failure Register.</li> <li>• Implement a more resilient timetable in October 2019. This will improve speed of recovery in the event of incidents.</li> <li>• Optimisation of Multifunctional Relay Settings (commissioning completed in July 2019 giving improved resilience in fault conditions).</li> </ul>		

- Upgrades to the RTMS system (further release completed on 21 July)

Introduction of mitigation plans for Metro driver resource availability.

CP Theme: Prepare for the future		
Risk Area: <b>Long term funding for Metro</b> Risk Owner: <b>Director of Finance and Resources</b>	RAG Status (Amber)	Direction of Travel
	12 (3x4)	↓ (worsening)
<b>Risk: There is no long-term funding agreement in place to sustain Metro's current operations, replace life expired capital assets and allow future expansion.</b>		
Impact/Consequence(s):  Any reduction in Metro external funding will lead to a diminution in service and failing infrastructure.		
Control(s): <ul style="list-style-type: none"> <li>Effective liaison with DfT including 4-weekly progress reporting on the current Asset Renewal Plan and quarterly reviews.</li> <li>Procurement strategy &amp; contractual arrangements that minimise risk and deliver Value for Money.</li> <li>Engaging with national government, local councillors &amp; MPs and building public support.</li> <li>DfT/Nexus Programme Board met in November 2017 to consider future grant funding for both essential renewals and operational subsidy.</li> <li>Development of a business case for extensions has commenced, following confirmation of funding for the new fleet.</li> <li>On 15th October 2018 the Chair of the Joint Transport Committee's Tyne and Wear Sub Committee (TWSC) wrote to the Secretary of State for Transport seeking an early decision in regards future funding: the response, dated 18th November , indicated that the mechanism for agreeing funding is the forthcoming cross-government Spending Review 2019, and the Secretary of State was confident of being able to present a strong case for ongoing revenue and capital support as part of the Transport Department's submission.</li> </ul>		
Key Milestones/Next Steps: <ul style="list-style-type: none"> <li>Spending Review 2019 - bid submitted on 29<sup>th</sup> March 2019 but no agreement from DfT forthcoming as yet.</li> <li>DfT Rail Investment Board met on 13<sup>th</sup> August with follow up discussions on the merits of 5 and 10 year funding agreements to be arranged – timescales to be confirmed.</li> </ul>		

<p><b>CP Theme: Deliver public transport today</b></p> <p><b>CP Key Priority: Protect levy funded frontline services</b></p>		
<p><b>Risk Area: Frontline services and discretionary travel schemes</b></p> <p><b>Risk Owner: Director of Finance and Resources</b></p> <p><b>Risk Actionee: Head of Finance</b></p>	<p><b>RAG Status (Green)</b></p> <p>6 (2x3)</p>	<p><b>Direction of Travel</b></p> <p>↔ (Stable)</p>
<p><b>Risk: That in protecting front-line services and discretionary travel schemes in 2019/20, Nexus commits more than the £0.700m of reserves as approved by the North East Joint Transport Committee (JTC).</b></p>		
<p><b>Impact/Consequence(s):</b></p> <p>Due to unforeseen budget pressures that could arise, Nexus may need to consider implementing some reductions in frontline services and/or curtailment of discretionary travel schemes during 2019/20 to deliver a balanced budget.</p>		
<p><b>Control(s):</b></p> <ul style="list-style-type: none"> <li>• Discussions with Chief Executives and Treasurers in August 2018 in order to obtain strategic financial guidance for 2019/20.</li> <li>• The JTC's approval of the 2019/20 transport levy/budget in January 2019.</li> <li>• The JTC Tyne and Wear Sub-Committee's approval of Nexus' Corporate Plan for 2019/20 in January 2019.</li> <li>• The achievement of a range of efficiency savings in 2018/19 has placed Nexus in a good position for 2019/20.</li> <li>• At the time of setting the 2019/20 budget, Nexus would have been able to set a balanced budget without any call on reserves, save for the £0.700m cut to its grant from the JTC, which will be funded from revenue reserves.</li> <li>• In February 2019, Nexus responded to the Ministry of Housing, Communities &amp; Local Government's consultation on needs and resources highlighting the quite serious deficiencies in both the quantum and distribution of funding that government makes available for the English National Concessionary Travel Scheme that applies to local bus services.</li> </ul>		
<p><b>Next Steps/Key Milestones:</b></p> <ul style="list-style-type: none"> <li>• 4-weekly periodic financial monitoring by Nexus' Senior Leadership Team.</li> <li>• Nexus' input to the quarterly monitoring of the Revenue Budget and Capital Programme expenditure reports submitted to the JTC.</li> <li>• Briefings of the TWSC and JTC planned for August and September 2019.</li> <li>• Budget and service planning preparations underway within Nexus.</li> </ul>		

<p><b>CP Theme: Prepare for the Future</b></p> <p><b>CP Key Priority: Award contracts to design, build and maintain a new fleet of trains for the Tyne and Wear Metro and to design and build a new depot.</b></p>		
<p><b>Risk Area: Procurement of the new design, build, maintain and provide contract for the fleet/depot.</b></p> <p><b>Risk Owner: Director of Finance and Resources</b></p> <p><b>Risk Actionee: Metro Development Director</b></p>	<p><b>RAG Status (Amber)</b></p> <p>9 (3x3)</p>	<p><b>Direction of Travel</b></p> <p>↔ (stable)</p>
<p><b>Risk:</b> The possibility of costs escalating, the potential for delays, the opportunity for challenge, and the prospect of protracted negotiations to obtain technical approvals could combine to adversely impact on affordability and deliverability of the project. In this respect continuing uncertainty about Brexit outcomes poses a significant threat.</p>		
<p><b>Impact/Consequence(s):</b></p> <p>Delays to obtaining the new fleet or having to find additional funding could place reliance on extending operation of the old deteriorating fleet or else funding being diverted from other areas of need. Such affordability issues could result in Nexus having to reconsider the scale of the procurement.</p>		
<p><b>Control(s):</b></p> <ul style="list-style-type: none"> <li>• Metro Business Development team established with external support commissioned.</li> <li>• Ministerial decision to provide £337m government funding obtained.</li> <li>• Ongoing dialogue with the Departments for Transport and Business, Energy and Industrial Strategy.</li> <li>• Keeping key stakeholders informed regarding progress of the procurement.</li> <li>• Planning permission requirements have been satisfied for both the main and satellite depots.</li> <li>• All individual bidder meetings have taken place with the bidders as part of the agreed procurement process.</li> <li>• Monitoring the progress of the Brexit discussions.</li> </ul>		
<p><b>Key Milestones/Next Steps:</b></p> <ul style="list-style-type: none"> <li>• Impact that the UK exiting the European Union will have on this procurement and the affordability of the programme.</li> <li>• Regular meetings of the joint Nexus/DfT Programme Board.</li> <li>• Periodic progress reporting to Nexus' Senior Leadership Team and JTC.</li> <li>• Best and Final Offers were received from 3 tenderers in August 2019 and will be evaluated by mid-September 2019.</li> <li>• Submission of draft final business case to DfT in July 2019 with approval decision expected in December 2019 leading to contract award in January 2020.</li> </ul>		

**CP Theme: Focus on organisational effectiveness**

**CP Key Priority: Continue the programme to modernise the Metro with track renewal, replacement of overhead power lines and the opening of a new Transport Interchange in South Shields.**

Risk Area: <b>Efficiency of delivery</b>	<b>RAG Status (Green)</b>	<b>Direction of Travel</b>
Risk Owner: <b>Director of Finance and Resources</b>		
Risk Actionee: <b>Head of Programme Assurance</b>	9 (3x3)	↓ (worsening)

**Risk: That the outcomes being sought from capital investment are compromised.**

**Impact/Consequence(s):**

Increased pressure on the funding for and affordability of the final years of this phase of the Metro Asset Renewal Programme (ARP), and other significant capital projects, could mean a further scaling back of the work programme through to 2020/21 and potentially compromise delivery of key elements.

Delayed confirmation of Post ARP Funding resulting in suboptimal programme delivery and inefficiencies including loss of key skills and resources.

**Control(s):**

- Bidding for additional funding in relation to the current investment programme.
- Effective programme management, project prioritisation, delivery and budget control processes.
- Value engineering, technology choice, option analysis, specification and scope.
- Active stakeholder engagement to obtain involvement and co-operation of third/interested parties e.g. Metro Services, Network Rail, highway authorities, utility companies etc.
- Providing sufficient programme/project management resource.
- Close and proficient management of all contracts relating to ARP and other works in the capital programme.
- Re-phasing of capital grant funding to 2020/21 agreed by DfT.

Periodic Affordability Review meetings: September 2019, January 2020

<p><b>CP Theme: Focus on organisational effectiveness</b></p> <p><b>CP Key Priority: Open our new Learning Centre in South Shields, to provide a step change in how we develop our people and make Nexus an employer of choice.</b></p>		
<p><b>Risk Area: New Learning Centre</b></p> <p><b>Risk Owner: Director of Finance and Resources</b></p> <p><b>Risk Actionees: Head of Renewals (construction works) and the Head of Learning (operations)</b></p>	<p><b>RAG Status (Amber)</b></p> <p>9 (3x3)</p>	<p><b>Direction of Travel</b></p> <p>↔ (stable)</p>
<p><b>Risk:</b> Initially that the Learning Centre is not delivered to time/budget/quality requirements, potentially compromising grant funding arrangements. Thereafter, once opened, there is a potential for failure to make best use of the facility.</p>		
<p><b>Impact/Consequence(s):</b></p> <p>That completion of the Learning Centre is unduly delayed, costs escalate or delivery is compromised, with a resulting increase in cost pressures due to loss of grant funding. Once opened, failure to make optimal use of the facility will result in the investment failing to provide optimum value.</p>		
<p><b>Control(s)</b></p> <ul style="list-style-type: none"> <li>• Contract awarded for the design and construction of a new Learning Centre in South Shields.</li> <li>• Ensuring provision of the appropriate level of project management and supporting disciplines.</li> <li>• Having appropriate project controls, governance structures and assurance arrangements in place.</li> <li>• Financial controls and close monitoring in place to ensure compliance with Local Growth Fund eligibility arrangements</li> <li>• Appointment made to the new Head of Learning post to develop proposals for making optimal use of the facility.</li> </ul>		
<p><b>Next Steps/Key Milestones:</b></p> <p><b>Construction:</b></p> <ul style="list-style-type: none"> <li>• Periodic project management and control meetings</li> </ul> <p><b>Operations:</b></p> <ul style="list-style-type: none"> <li>• Development of an implementation plan for Learning Centre operations including fit out, logistical requirements concerning personnel working from/attending the new facility as well as managing IR related matters</li> <li>• Equipping the Learning Centre with appropriate training facilities and materials for courses.</li> <li>• Development of proposals for Nexus new approach to education, training and development across the organisation</li> </ul>		

CP Theme: Focus on organisational effectiveness		
Risk Area: Cybersecurity Risk Owner: Director of Finance and Resources Risk Actionee: Head of Business Change & Technology	RAG Status (Amber) 8(2x4)	Direction of Travel ↔ (stable)
<b>Risk: A successful cyber-attack on Nexus ICT infrastructure.</b>		
Impact/Consequence(s): Nexus' ICT infrastructure is key to all the functions and activities we carry out. Failure to adequately secure and protect this from a cyber-attack could have a severe adverse impact on the delivery of services and potentially preventing critical actions and day-to-day work from being carried out.		
Control(s): <ul style="list-style-type: none"> <li>Nexus utilise a modern supportable resilient firewall, with a subscription to identify and protect against existing and emerging threats.</li> <li>We subscribe to governmental cyber-threat awareness bulletins and are active members of local security working groups.</li> <li>We participated in a local multi-party cyber-resilience event with local authorities and the emergency services to test the systems in place.</li> <li>Should a system fail or be rendered unusable by a cyber-attack, we regularly back-up of all essential systems and data so service can be returned safely and efficiently.</li> <li>Nexus employs security specialists to implement governance and controls.</li> <li>A cyber-security training standard has been implemented to train all Nexus staff in the basic requirements.</li> <li>Nexus raises awareness of security threats through the use of internal communications such as Nexus Times &amp; global emails.</li> <li>Nexus measure awareness through different mediums such as fake Phishing attacks.</li> <li>All changes to Nexus security assets are subject to tight control.</li> <li>We have a suite of policies on security controls and an acceptable use.</li> <li>A security incident response policy is in place.</li> <li>We utilise segregation to protect critical systems particularly rail based systems.</li> <li>We manage security risks within Business Change and Technology using a specific risk management process.</li> <li>Provision of second internet connection to help withstand a cyber-attack.</li> </ul>		
Next Steps/Key Milestones: <ul style="list-style-type: none"> <li>A staff training module for delivery via Nexus know-how has been rolled-out through 2019. Approximately 50% of staff have now completed this training by 20<sup>th</sup> August 2019.</li> <li>Annual phishing exercises will continue, with additional exercises as deemed appropriate to the level of threat being experienced.</li> </ul>		

<p><b>CP Theme: Deliver public transport today</b></p> <p><b>CP Key Priority: Deliver technological improvements, which will benefit our customers and encourage wider use of public transport.</b></p>		
<p>Risk Area: <b>Customer facing technology</b></p> <p>Risk Owner: <b>Customer Services Director</b></p> <p>Risk Actionees: <b>Head of Business Change and Technology, Fares and Revenue Manager</b></p>	<p><b>RAG Status (Green)</b></p> <p>6(3x2)</p>	<p><b>Direction of Travel</b></p> <p>↔ (stable)</p>
<p><b>Risk: That the public transport services we provide or procure lose market share in a competitive environment.</b></p>		
<p><b>Impact/Consequence(s):</b></p> <p>Customer facing technologies being implemented by Nexus could be overtaken by technological developments and customer experience elsewhere leading to the offer being perceived as inadequate or outdated and unable to deliver the intended benefits for customers and stakeholders, leading to a decline in market share.</p>		
<p><b>Control(s):</b></p> <ul style="list-style-type: none"> <li>• Continuation of support to Transport for the North in the development of technologies for bank card use in smart ticketing gates and validators.</li> <li>• Continuous review of retail trends with market research carried out to establish product development proposals.</li> <li>• Annual review of fares and sales channels.</li> <li>• Provision made in the Fares and Ticketing budget in order to support research into the development of new products.</li> <li>• Seeking opportunities to work with partners and explore the potential for attracting external funding.</li> </ul>		
<p><b>Next Steps/Key Milestones:</b></p> <ul style="list-style-type: none"> <li>• Technology partner legal and commercial agreements are expected to conclude by September 2019 to enable the Host Card Emulation (phone becomes pop card) app to move into the 'Production' environment for testing.</li> <li>• Subject to funding being sanctioned, carrying out local enabling works (replacing readers on ticket gates to accept contactless smart transactions) that facilitate delivery of the wider TfN project.</li> <li>• Development of a Product and Payment Strategy: target – submission to Nexus Senior Leadership Team by end of 2019.</li> </ul>		

<b>CP Theme: Prepare for the future</b> <b>CP Theme: Develop plans to improve the local public transport network</b>		
<b>Risk Area: Public transport network improvements</b>  <b>Risk Owner: Transport Strategy Director</b> <b>Risk Actionee: Head of Corporate Planning</b>	<b>RAG Status</b> <b>Green</b>  (2x3)	<b>Direction of Travel</b>   (stable)
<b>Risk:</b> That the bids being developed for the Department for Transport's Transforming Cities Fund (TCF) and other identified funding opportunities are not successful.		
<b>Impact/Consequence(s):</b>  Nexus will rely on TCF funding for a number of schemes. An unsuccessful bid will prevent us from accessing this funding.  A joint HMCF (Highways Maintenance Challenge fund) bid is planned to assist with funding of the life expired Tanners' Bank bridge. If this bid is unsuccessful cost pressures will result elsewhere in the ARP programme.  Our region has been unsuccessful in The Future Mobility Zone component of the Transforming Cities fund; meaning that other avenues should be explored to find funding to develop new mobility solutions for the region.		
<b>Control(s):</b> <ul style="list-style-type: none"> <li>• Resources, both people and financial, are allocated to the development of Nexus' schemes to ITT by November 2019 to ensure the best possible chance of their inclusion in the regional Transforming Cities bid.</li> <li>• A Future Mobility Strategy, as part of the Transport Plan, will be developed to ensure that there is a strong proposition for any future rounds of funding.</li> <li>• Nexus resources, both people and financial, are allocated to the development of Tanners Bank Bridge renewal in order to ensure delivery within HMCF timescales.</li> <li>• A pipeline of capital schemes aligned with the Nexus Corporate Plan will be developed for as yet unspecified funding opportunities</li> <li>• Schemes will be developed and governed under the Nexus' Stage-gate control processes.</li> <li>• Regular liaison with the Regional Transport Team to provide project updates and ensure that schemes are developed in line with wider regional objectives.</li> <li>• Regular liaison with other external stakeholders to ensure alignment with other projects and local objectives.</li> <li>• Match funding has been identified for live bidding opportunities.</li> </ul>		
<b>Next Steps/Key Milestones:</b> <p><b>TCF</b></p> <ul style="list-style-type: none"> <li>• Stage gate 2 – end March 2019 (Complete)</li> </ul>		

- Stage gate 3 – early May 2019 (Part Complete)
- Submission to the Regional team in May 2019 for inclusion in the draft bid prepared for mid-2019 (complete)
- Final bid ready for submission in November 2019
- DfT decision of funding expected early 2020
- Future Mobility bid to be agreed by July 2019 (Unsuccessful)

#### **HMCF**

##### Timescales

- Scheme developed to stage-gate 3 Option selection (complete)
- Internal approval to bid (August 2019)
- EOI (October 31<sup>st</sup> 2019)
- Funding announcement (December 2019)

<p><b>CP Theme: Prepare for the future</b></p> <p><b>CP Key Priority: Develop plans to expand Metro and local rail services, connecting communities not currently served by either Metro or local rail services</b></p>		
<p><b>Risk Area: Metro and local rail strategy</b></p> <p><b>Risk Owner: Transport Strategy Director</b></p> <p><b>Risk Actionee: Head of Network Extensions</b></p>	<p><b>RAG Status (Amber)</b></p>	<p><b>Direction of Travel</b></p>
<p><b>Risk: Expansion of the Metro and local rail services does not progress.</b></p>		
<p><b>Impact/Consequence(s):</b></p> <p>Should the project be unable to identify suitable options for expansion of the Metro and local rail systems this will have adverse implications for the local economy and the environment. Studies have established that each additional passenger journey generates £8.50 benefits to the local economy. Failure to obtain this benefit may limit the potential for economic growth and prosperity across the NECA area.</p>		
<p><b>Control(s):</b></p> <ul style="list-style-type: none"> <li>• Development of the Metro Flow business case and consideration of other active schemes.</li> <li>• Identification of the circumstances in which schemes could be viable.</li> <li>• Embed those schemes and relevant circumstances in the Transport Plan.</li> <li>• Generally, embed expansion of the Metro and local rail network within the SEP and the Transport Plan for the North East.</li> <li>• Establish strong contacts and working relationships with relevant stakeholders.</li> <li>• Develop an appropriate communications strategy to ensure key decision makers are kept informed and enthused.</li> <li>• Utilise the technical and demand contract frameworks to develop best practice and knowledge in scheme development.</li> <li>• Utilise Nexus Stage Gate project control process and Green Book business case protocols to ensure effective scheme development.</li> <li>• Establish effective programme management disciplines to identify and manage cost and risk.</li> <li>• Extensive market consultation has established an understanding of the market appetite for schemes; keep this fresh.</li> <li>• Identify and adopt best practice in the development and delivery of extensions.</li> <li>• Establish an understanding of the legal and regulatory framework governing light and heavy rail.</li> <li>• Establish an understanding of planning frameworks and principles that will impact on light and heavy rail development.</li> <li>• Delivery of a new Metro fleet to underpin expansion and improvement schemes.</li> </ul>		

**Key Milestones/Next Steps:**

- Draft OBC for Metro's Flow Project submitted to TCF in June 2019 and a completed OBC will be prepared by 26 November.
- Production of an initial assessment for Follingsby rail scheme in Q3 2019/20.
- Assessment of Leamside connections to the Wearside Loop in Q3 2019/20.

<p><b>CP Theme: Prepare for the future</b></p> <p><b>CP Key Priority: Ensure the North East's priorities for transport are properly reflected in Transport for the North's (TfN's) investment plans.</b></p>		
<p>Risk Area: <b>Aspirations for heavy rail initiatives</b></p> <p>Risk Owner: <b>Transport Strategy Director</b></p> <p>Risk Actionee: <b>Head of Heavy Rail</b></p>	<p><b>RAG Status (Green)</b></p>	<p><b>Direction of Travel</b></p>
<p><b>Risk: That the North East's aspirations for heavy rail initiatives are not sufficiently developed in time to take the opportunity for implementation as and when it arises.</b></p>		
<p><b>Impact/Consequence(s):</b></p> <p>Transformational improvements in transport provision for the area are being sought working through TfN. Failure to secure these improvements in respect of heavy rail could reduce transport connectivity and economic prosperity.</p>		
<p><b>Control(s):</b></p> <ul style="list-style-type: none"> <li>• Active participation in Transport for the North, in particular the following workstreams: <ul style="list-style-type: none"> <li>○ the Strategic Transport Plan and accompanying Long Term Investment Programme,</li> <li>○ the Northern Powerhouse Rail (NPR) project,</li> <li>○ Strategic Development Corridor studies, and</li> <li>○ the Long Term Rail Strategy.</li> </ul> </li> <li>• Ensuring the Joint Transport Committee's (JTC) Lead Member for Transport is fully briefed.</li> <li>• Retaining and developing the North East Rail Management Unit (NERMU).</li> <li>• Approval to the Strategic Outline Business Case for NPR from both the TfN Board and DfT.</li> </ul>		
<p><b>Next Steps/Key Milestones:</b></p> <ul style="list-style-type: none"> <li>• Take an active role in the development of the Outline Business Case for Northern Powerhouse Rail</li> <li>• Take an active role in the development of the strategic corridors business cases as they affect rail in the North East.</li> <li>• To support the TfN Long Term Rail Strategy develop local delivery plans for the North East, through the development of a North East Rail Strategy</li> </ul>		