

Transport for the North Audit & Governance Committee Agenda

Date of Meeting	Thursday 19 November 2020
Time of Meeting	11.00 am
Venue	MS Teams

Item No.	Agenda Item	Page
1.0	<p>Welcome & Apologies</p> <p>The Chairman to welcome members to the meeting.</p>	
2.0	<p>Declarations of Interest (V)</p> <p>Members are required to declare any personal, prejudicial or disclosable pecuniary interest they may have relating to items on the agenda and state the nature of such interest.</p>	
3.0	<p>Minutes from the Previous Committee (R)</p> <p>To approve as a correct record the Minutes of the meeting of the Audit & Governance Committee held on 24 September 2020.</p>	3 - 12
4.0	<p>Monthly Operating Report (R)</p> <p>To provide the Committee with TfN's Monthly Operating Report for September 2020.</p>	13 - 38
5.0	<p>Budget Revision 2 & Mid-Year TM Update (R)</p> <p>To review the Revision 2 statement as presented to TfN Board on 18 November 2020.</p>	39 - 62
6.0	<p>Internal Audit Reports (R)</p> <p>To consider the reports from Internal Audit:</p> <ul style="list-style-type: none"> a) Internal Audit Progress Report b) Cyber Security c) HR Recruitment & Selection 	63 - 114

<p>7.0</p>	<p>Annual Governance Review (R)</p> <p>To consider the updates to the Annual Governance Statement, including the requirement to review the Anti-Fraud and Corruption Policy.</p>	<p>115 - 122</p>
<p>8.0</p>	<p>Draft Corporate Risk Register Report (R)</p> <p>To consider and approve the draft register report from the Risk Manager in relation to TfN Corporate Risks.</p>	<p>123 - 160</p>
<p>9.0</p>	<p>Next Committee Dates (V)</p> <p>To note that the next Committee will take place on Thursday 18 February 2021 from 11am-2pm, with meeting arrangements (remote vs face-to-face) still TBC.</p>	

Transport for the North Audit & Governance – Minutes

Meeting: Transport for the North Audit and Governance Committee

Date: Thursday 24 September 2020, 11:00am – 12:30pm

Venue: MS Teams remote meeting

Attendees:

Chris Melling, CM (Chair)	Independent Member
Cllr Keith Little, KL (Vice-Chair)	Cumbria County Council
Cllr Heather Scott, HS	Darlington Borough Council
David Pevalin, DP	Independent Member
Kevin Brady, KB	Independent Member
Cllr Chris Brewis, CB	Lincolnshire County Council
Cllr Allen Brett, AB	Rochdale MBC

Invitees:

Nicole Watson, NW	Department for Transport
Campbell Dearden, CD	External Audit, Mazars
Karen Murray, KM	External Audit, Mazars
Alex Hire, AH	Internal Audit, RSM, UK

Officers:

Dawn Madin, DM	Business Capabilities Director
Iain Craven, IC	Finance Director
Paul Kelly, PK	Financial Controller
James Lyon, JL	Legal Assistant
Julie Openshaw, JO	Head of Legal
Haddy Njie, HN	Risk Manager
David Hughes, DH	Strategy and Programme Director
Deborah Dimock, DD	Solicitor

Apologies:

Cllr Liam Robinson, LR	Liverpool City Region
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1.0 Welcome and Apologies

Action

- 1.1 Colleagues were welcomed to the meeting and apologies noted. The two new members of the Committee, Cllr Heather

Scott and Cllr Allen Brett were introduced. The Chair also extended his thanks to the previous members stepping down, Cllr Mark Winnington and Cllr Simon Blackburn.

- 1.2 The first item arising was the need to elect a new Chair and Vice Chair for the Committee. Head of Legal, Julie Openshaw took the Chair for this part of the meeting.

Cllr Chris Brewis and Cllr Keith Little nominated the existing Chair, Chris Melling to continue in his post if he was willing to accept. The motion was carried unanimously.

Chris Melling re-took the Chair to elect the position of Vice Chair. Cllr Chris Brewis nominated Cllr Keith Little to continue in post. Again, the motion was carried unanimously.

RESOLVED: Chris Melling re-elected as Chairman of the Committee.
Keith Little re-elected as Vice Chair of the Committee.

2.0 Declarations of Interest

- 2.1 There were no declarations of interest.

3.0 Minutes of the Last Meeting and Matters Arising

- 3.1 The minutes of the meeting on 16 July 2020 were considered.
- 3.2 It was noted that the two actions contained within them were to be covered on the agenda for this meeting.

RESOLVED: To accept the minutes of the meeting held on 16 July 2020 as a true and accurate record.

4.0 Audit Committee Annual Progress Report (R)

- 4.1 The Audit & Governance Committee provides an annual progress report to the TfN Board which includes its recommendation in relation to the statutory accounts. The report from the Chair summarised the work done by the Committee over the previous year, including the reports received from internal and external audit and work that the committee had requested be carried out, for consideration by the Committee.
- 4.2 The Committee's terms of reference, and the work done to address these, were included in the appendices. The terms of reference have guided the work done by the Committee over the year in relation to risk, governance and the internal

audit programme and also give it the flexibility to request specific work to be undertaken, such as the review of NPR Governance that resulted in a revised MOU with the DfT being presented to the TfN Board in March 2020. The work programme going forwards to 2020/21 is also covered.

- 4.3 The Chair noted the Internal Audits brought to the Committee over the year and recognised the positive levels of assurance in relation to TfN's control environment contained within these reports.
- 4.4 The Chair stated that the process of finalising the accounts was substantially complete by end of July in line with normal statutory deadlines. However, the audit of the pension fund had been delayed due to Covid-19 and this had a consequential impact on the ability of the auditors to sign off the accounts. TfN had therefore utilised the extended statutory deadlines to bring the 2019/20 financial statements to the Committee in September so that it could consider them and recommend them for approval at the TfN Board in November.
- 4.5 While Mazars will not formally report its audit findings until the release of ISA 260 audit opinion, subsequent to the TfN Board approving the statutory accounts, the report Committee has sufficient confidence in the accounts to recommend approval to TfN Board (subject to the satisfactory conclusion of Items 6 and 7).
- 4.6 CB noted that the Committee might be required some short-notice changes over the next financial year due to high levels of uncertainty caused by the pandemic.

RESOLVED: The committee recommended that TfN Board sign off the 2019/20 accounts.

5.0 Monthly Operating Report (P)

- 5.1 IC presented the report, taking it as read but welcomed any questions arising.
- 5.2 CB thanked TfN for the comprehensive nature of the report and noted that the long-term recovery process could take many years. IC agreed that TfN was currently facing high levels of uncertainty and added that this was covered more fully in the Risk Report (Item 10).
- 5.3 KB mentioned the remote working arrangements within the report and IC updated the Committee, noting that TfN had been in the process of moving towards re-opening its offices by the end of the year. However, the latest advice from

Government meant that this was no longer appropriate. TfN had therefore communicated to staff that remote working would now continue until February 2021. This update would be reflected in the next Operating Report and IC stressed that TfN was still working as normal and indeed had coped well with the shift to full remote working, backed up by a comprehensive staff wellbeing programme.

RESOLVED: The Committee noted the report.

6.0 External Audit (R)

- 6.1 KM presented the Audit Completion report on behalf of Mazars. She noted her thanks to the Finance Team who had worked very hard both to compile the accounts and to assist with the audit under full remote working conditions acknowledging that, while far from ideal, it had worked very well under the circumstances.
- 6.2 The report noted an outstanding item, assurance from the Pension Fund Auditor. KM noted that the finalised audit had been received from the pension fund auditors yesterday (i.e. 23 September) and that this was satisfactory. KM noted that TfN's reporting of its Pension liability had been amended slightly from the draft issue in June as a result of it having received information from the pension fund and did not present any issues or concerns.
- 6.3 KM noted the key change in the accounts vis-à-vis the draft presented in June. This related to the accounting for the write off of the intangible asset previously recognised in relation to Phase 3 of the IST Programme. KM noted the complexity of the technical accounting involved and in particular the impact on the disclosure notes in the accounts. Finally, KM advised the Committee that the issues had been comprehensively worked through by TfN and Mazars and that she was content with the resolution that had been achieved.

RESOLVED: The Committee noted the report and thanked Mazars for their work and reassuring outcome.

7.0 Year End Statutory Accounts (P)

- 7.1 Further to the explanation from the external auditors, PK took the Committee through a series of slides that detailed the process and changes that has resulted in the final accounts to be submitted to the TFN Board for approval. This presentation also highlighted the main items within the 2019/20 accounts being the impairment of historical Phase 3 expenditure and pensions accounting.

- 7.2 PK explained the modification of the accounting for the write-off of Phase 3 expenditure that arose as a consequence of technical accounting discussions during the external audit. This was conveyed as essentially a movement between two reserves as the capital reserve entry was reversed and the revenue reserve entry created to represent grant reserves for future years. It was noted that, due to the interdependencies within notes, this would also affect a number of other notes within the accounts.

It was noted that this modification and minor drafting changes, were the changes to the accounts as presented to the committee on 12 June 2020.

- 7.3 Due to the material nature of the entries, PK reiterated pension accounting to members which highlighted the effect of Covid-19 on bond markets in / around 31 March 2020 and the resultant effect on pension liabilities.

It was noted that accounting entries relating to pensions were unchanged from the accounts presented on 12 June 2020.

- 7.4 AB asked about the pension contribution at 25%; IC clarified that the figure was a combination of Employer and Employee contribution with Employee being 17.4%.

RESOLVED: The Chair thanked the Finance Team and the External Auditors for their diligence in working through the year end process and the production of the TfN financial statements and it was noted there were no further questions that would prevent the accounts being presented to TFN Board for approval (approval noted in item 4 above).

8.0 Internal Audit Reports (R)

- 8.1 RSM, TfN's internal audit provider, updated the Committee and presented two reports, Follow Up and Contract Management. AH noted that one draft report, covering Recruitment & Selection has been issued and one audit, Cyber Security, is currently in progress. The Recruitment & Selection and Cyber Security Audits will both be presented at the November Audit & Governance Committee. KB enquired if RSM foresaw any issues in completing the Cyber Security Audit in light of the remote working. AH responded that she did not envisage any problems and noted that there was good engagement with the IT team to date on the audit.

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- 8.2 A number of changes related to the Audit Plan were noted; the intended audit to the Flexitime system is postponed until 2021 to allow the new system coming in to be properly embedded. It was proposed that this should be replaced by an audit of Income Management. A further planned audit, covering the revised E-Commissioning and payment process was deferred from July until October, again to allow the new system time to bed in. That audit will be starting next month.
- 8.3 The Contract Management report noted two low and two medium priority actions, predominantly focussing on monitoring of contracts. Overall, it was noted that contracts were being managed efficiently.
- 8.4 The Follow-Up audit, looking at how actions included in previous reports had been implemented and embedded had resulted in four action points being outstanding (two medium, one low and one advisory). The reasoning behind these delays was explained and revised dates for implementation had been provided to TfN. RSM noted that it was content with TfN's response.
- 8.5 RSM thanked TfN for the cooperation received throughout the audit processes that it had undertaken.

RESOLVED: The Committee noted the reports and thanked RSM for its work.

9.0 Assurance Framework Update(R)

- 9.1 A report on this matter was specifically requested by the Committee at the previous meeting. A brief paper had been circulated and David Hughes, Strategy and Programme Director provided a verbal update.
- 9.2 The Assurance Framework has been developed to manage TfN's Long Term Investment Programme (LTIP). When TfN had developed and formally adopted its Strategic Transport Plan, the LTIP had been developed alongside it to guide and phase the investment. The Assurance Framework addresses the measures required to manage the LTIP.
- 9.3 The LTIP has been continually refined and developed into a phased delivery process; currently the Assurance Framework is at a crossroads and is awaiting further devolved powers in order to deliver that. DH noted that further development of the Assurance Framework at this stage, without any guarantees of the devolved powers necessary to deliver on the LTIP would be largely theoretical and therefore inappropriate.

- 9.4 KB referred back to the previous meeting when the matter of Assurance Framework had first been raised, expecting it to be more about addressing matters of risk and mitigating actions.
DH acknowledged that the nomenclature was not clear and could be thought of as both “assurance framework” being the general set of rules, processes and governance that TfN used on a day-to-day basis to manage its activities and “Assurance Framework” as a specific set of arrangements which sought to manage an Investment Programme as was the case here.
- 9.5 DH further clarified that the LTIP is a pipeline of schemes but TfN has no control over what is brought forward due to the funding being controlled by DfT and its agencies. TfN was actively seeking further devolved powers to better manage the investment pipeline. The Assurance Framework as it stands at the moment is an outline plan of measures to be taken to assure the management of the proposed LTIP.
- 9.6 The terminology used was again referenced with regards to the Risk Register which referred to the “assurance framework”; the Committee stated that it was vital to distinguish between the assurance of the Investment Programme and the assurance of TfN’s normal activities.
- 9.7 IC acknowledged this and stated that the original thinking behind the Assurance Framework was to demonstrate to Constituent Authorities that a defined and consistent set of rules and assessments was being applied to all projects being put to TfN. This was separate from the system of policies, procedures and controls that constituted the framework through which TfN operates – which might be collectively described as its “assurance framework”. He agreed that steps should be taken to address the confusion within the naming, and also that references to the Assurance Framework / assurance framework in the risk register would be individually considered and amended if necessary.

RESOLVED: The Committee noted the report and requested that it be kept informed of the process as it developed. The Chair welcomed TfN thinking ahead to the governance and processes that might be required in future and asked for further updates as the LTIP and the governance surrounding its management progressed.

10.0 Corporate Risk Register (R)

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- 10.1 HN presented the Risk Report, summarising the three main changes to the report. She advised that the responsibility for the Political and Reputational Risk item which had previously sat with Dawn Madin (Director of Business Capabilities) and Iain Craven (Finance Director) had been amended so that Dawn Madin had been replaced by Barry White (CEO).
- 10.2 The attention of the Committee was drawn to the high level of risk across many of the programmes, and HN noted that as had previously been discussed, this is caused by the lack of direct control that TfN has over many of the matters that are included in its key objectives.
- 10.3 Risk within the NPR Programme had been revised to include the cost increases and the consequential impact on the benefit/cost ratios. HN also noted the risk that TfN might miss the March 2021 deadline for submission of the SOC due to the reduced time that partners had to engage with the sifting process, and also noted the mitigations that had been put in place to manage this risk.
- 10.4 Finally, HN noted that one of the mitigating factors in relation to the Decarbonisation risk, the employment of an Environmental and Sustainability Officer, had now been done. HN also mentioned TfN's increasingly comprehensive modelling capabilities which counted as high-mitigation inputs to the risk register. DH added that an update on decarbonisation and the related modelling work would be presented to TfN Board in November. The Chair said that the Decarbonisation was of significant interest to Scrutiny Committee as well and requested regular updates within the Risk Register.
- 10.5 HN briefly mentioned the ongoing updates to the risk process including the planned move from a 4x4 risk matrix to a more comprehensive 5x5 matrix.

RESOLVED: The Committee noted the Risk Report and thanked HN for the detail within it.

11.0 Next Committee Dates

- 11.1 The Committee noted the next meeting of 19th November.
- 11.2 In line with recent Government announcements around remote working, it would be a virtual meeting and an invitation would be sent shortly.

12.0 Any Other Business

- 12.1 No other items of business were raised.

The meeting concluded at 12:25pm

r = report; p = presentation; v = verbal

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Transport for the North Monthly Operating Report September 2020



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Introduction

Summary from the Chief Executive

The September Board meeting focused on the initial agreement of phasing for Northern Powerhouse Rail (NPR). This allowed TfN to write to the National Infrastructure Commission to provide a confidential update on plans for NPR. Following the Board we also wrote to the Secretary of State for Transport summarising TfN's Northern Transport Charter proposals.

Development of the NPR Strategic Outline Case (SOC) has continued and remains on track to submit to TfN Board in March 2021. The past month has been focused on sift workshops, member briefings, and work on technical modelling. The exploration of site survey opportunities have also progressed with intention of starting line speed surveys between Garforth to Hull in Q4 of financial year 20/21..

TfN continues to support Covid recovery planning on the North's rail network in conjunction with other key organisations including the Department for Transport (DfT) and the Manchester Recovery Task Force (MRTF). Following a successful service uplift in early September, work with Operators continues towards further timetable uplifts in December 2020. However, there is ongoing uncertainty about future passenger numbers. Passenger numbers had climbed over the summer but the introduction of local Covid restrictions in recent weeks has seen numbers fall to 27% of pre Covid levels for TransPennine Express and 30% for Northern.

Work on the Integrated and Smart Travel (IST) programme continues, but advice received from the Department for Transport has noted that a decision on funding for Phase 3 (Contactless on Rail) and Phase 4 (Local Smart Schemes) will be delayed until the outcome of the Comprehensive Spending Review (CSR). In the meantime, the majority of focus has been on readying the innovation partnership procurement to go to market.

Work is ongoing to finalise the commission for Investment Programme Benefits Analysis. This work is due to start in April 2021, and be completed by summer 2022; it will identify the benefits of our 30-year investment programme and provide a compelling evidence base for greater investment in the region's road and rail networks.

A review of TfN's working arrangements due to Covid was carried out in September. Given the revised government advice on working from home, the decision was made to continue remote working until early 2021. The organisation continues to monitor the evolving Covid situation and will review arrangements again in January 2021.

Northern Powerhouse Rail (NPR)

Monthly Summary

Development of the Strategic Outline Case (SOC) has continued at pace in the month and remains on track to submit to TfN Board in March 2021. The programme gained initial agreement on the phasing paper presented at the TfN Board meeting held on 17 September, whilst noting the intention to re-confirm the preferred phasing scenario following decisions and agreement of the preferred network when the Board meets in November.

Sift workshops for all corridors are being delivered to programme board this period. The outcomes of the sift meetings will be taken to the TfN November Board allowing for the shortlist of corridor options, the preferred way forward for each of the corridors, and therefore the preferred network, to be presented for agreement.

Activity Update

Infrastructure

An infrastructure remit review has taken place for Sequence 4.1, which captures delivery of SOC and OBC transition activities, to ensure priorities and sequencing remain up-to-date to support on-time delivery of SOC. The review captured additional activities that have emerged as the delivery of intermediate sift has progressed. Infrastructure costs substantiation and reassurance in support of SOC is a key focus activity of this work. TfN and DfT have agreed the approach to be taken in the development of procurement scenarios for OBC delivery.

Development has commenced with the work being led by a joint team consisting of TfN, DfT, Network Rail (NR) and HS2. The work will continue through the remainder of the Financial Year (FY) and will ensure decisions made at TfN Board and IRP conclusions are captured.

Accelerated site survey opportunities continue to be explored, with line speed surveys between Garforth and Hull being targeted to start in this Financial Year. Further surveys are also being identified for Barnsley Dearne Valley Parkway (BDVP) and Rotherham Midland Main Line (RMML) station, with traffic surveys scheduled to take place in October 2020.

Technical Assurance, Modelling and Economics (TAME)

A review of the updated Northern Rail Modelling System (NoRMS) model (1D), which is to be used to support SOC development, took place between TfN and DfT in the month and the updates applied to the model have been agreed. The model has now been formally handed over to the TfN Rail Modelling & Appraisal Partner (RMAP) for commencement of network testing. Whilst network testing is taking place on NoRMS 1D, iteration 2 of NoRMS is in development and will complete the development of the NoRMS model in line with SOC delivery. Iteration 2 is scheduled to be delivered in December and is to be used for sensitivity tests for the SOC.

Partner Engagement

Thirteen Member briefings were held during the last governance cycle. The meetings have been positive, providing Partners with updates on emerging evidence and enabling them to share their views in advance of the sift process. There has been concern about the timescales in which to make decisions, but this

is balanced with a recognition that the North needs to make its choice and have its voice heard.

Risks		
Issue Summary	Summary of Mitigating Measures	KPI
<p>Issue: Infrastructure costs – The infrastructure costs for route/hub options have increased through Sequence 4 (SOC) development. The increased costs are contributing to reduced Benefit Cost Ratio (BCR) values vs the same options at SOBC, and negatively impact the ability to make a positive case.</p>	<ol style="list-style-type: none"> 1. TfN is working with NR on a series of efficiency overlay reviews to try to minimise or reduce costs. 2. Agreement with NR that the network would be re-assured and a new assured cost plan will be created. 3. Additional estimating resources are being procured to support management of this issue. 	2
Risk Summary	Summary of Mitigating Measures	KPI
<p>Risk: BCR development - There is a risk that low BCRs will be generated, following further development since SOBC, across infrastructure and modelling and appraisal. This may result in NPR struggling to present a viable business case to Government.</p>	<ol style="list-style-type: none"> 1. Continue to share with co-client and through governance the strong NPR strategic case which aligns with the Government’s agenda. 2. Iteration 1D to support SOC will provide further enhancements, alongside NeLUM which provides transformation Level 3 BCRs. 3. A final iteration of NoRMS, iteration 2, will include a 2018 demand uplift and should also increase overall benefits. 	2
<p>Risk: Partner engagement - There may be a lack of understanding and buy-in by Partners of emerging and/or final information to support sifting and decision-making for SOC. This will impact on the time Partners have available to fully review emerging final information and endorse/challenge to SOC submission timescales/failure to meet board dates.</p>	<ol style="list-style-type: none"> 1. Pre and post-sift engagement with Partner organisations at a Member level, involving NPR working group throughout the sifting process. 2. One-to-one briefings are taking place by the NPR Director, Tim Wood, with Leaders and Executive Board Members. 3. NPR has extended the stakeholder management capacity within the NPR PMO to support Partner engagement. 	2
<p>Risk: Integrated Rail Plan – There is a risk that the outcome of the Integrated Rail Plan (IRP) could have consequences to the SOC if its recommendations do not align with decisions made by TfN Board on the Preferred Phasing. As such, conclusions may result in a need to review decisions and late edits to the SOC.</p>	<ol style="list-style-type: none"> 1. TfN has set up a working group to develop its response to the IRP and ensure that it is effectively communicated to Partners and stakeholders, and that interfaces and interdependencies between IRP and NPR (including SOC) are closely managed. 	2

Programme and look ahead

TfN Board	Recommendations
18.11.20	Note SOC 2 nd Partial Draft, agree shortlist of corridor options to be progressed, agree the current preferred way forward on the each of the corridors, agree the current NPR preferred network, subject to network-wide tests, agree , following initial agreement at September TfN Board, current preferred NPR phasing plan.
14.01.21	Note SOC Near Final Draft, advise on essential changes to support approval.
10.03.21	Agree SOC, agree submission of SOC to Government, agree Statutory Advice, agree comms strategy and handling.

Integrated and Smart Travel (IST)

Monthly Summary

Passengers continue to benefit from the rollout of flexi season tickets which are now available at some non-gated as well as some gated stations, which are detailed in the report below. Advice was received from DfT that a decision on funding to progress business cases for Phase 3 (contactless on Rail) and Phase 4 (Local Smart Schemes) will be delayed until the outcome of the CSR. In the meantime, most LTAs have submitted Expressions of Interest (EOI) for local smart schemes should there be a positive CSR decision.

The main focus has been readying the innovation partnership procurement to go to market next month. This will deliver innovation demonstrators to support the development of Phase 4 and inform future projects.

Activity Update

Phase 1: (Smartcards on Rail): On-site Platform Validator (PVal) installation civils work (ready for PVal heads) for both Northern (Phase 1) and Merseyrail are respectively approximately 66% complete. Northern have installed 28% of (Phase 1) PVal Heads (devices which validate cards) and Merseyrail 16%. In addition to gated stations where smart flexi seasons were reported as available to customer last month (Leeds-Harrogate, Skipton-Leeds, Huddersfield-Dewsbury-Leeds, Blackburn-Bolton) they are now available from Leeds to Knaresborough and Leeds to Ilkley and stations in between, through the enablement PVals.

Phase 2: (Improving Passenger Information) **Fares Tool:** TfN and DfT have agreed technical governance and have progressed discussions on commercial transition of the tool for national use by DfT. Delivery remains on schedule. The tool now enables bus operators and LTAs to create fares information (in NeTEx, a new technical standard for exchanging public transport information) which can be hosted on the Bus Open Data Platform (the national fares information tool) or on their own platforms.

Disruption Messaging Tool: The supplier has signed off on the contract and started the final phase of development - social and reporting enhancements. Transport for Greater Manchester (TfGM), West Yorkshire Combined Authority (WYCA) and MerseyTravel continue to publish their disruptions through the tools. Novation of the tools to LTAs has been paused pending the outcome of the CSR which proposes further development.

Phase 3: (Contactless on Rail) and **Phase 4:** (Local Smart Schemes) consideration of the North's proposal to accelerate the national rollout of contactless on rail and the Strategic Outline Case for local schemes (outstanding from June 2020) has been deferred until the outcome of CSR. IST is inputting to Rail Delivery Group (RDG) working groups on technical and business design aspects of any national solution for contactless on rail. Most LTAs have submitted draft proposals for local smart schemes to IST and key themes have been captured in a briefing note. Activities have focused on preparing procurement documentation for innovation partnership demonstrators.

Risks

Risk/Issue Summary	Summary of Mitigating Measures	KPI
Risk: Phase 1 - the challenges faced with validation equipment may delay the introduction of smart flexi-seasons in Greater Manchester and the Bradford areas, which could result in not attaining the KPI and costs running into 2021/22.	<ol style="list-style-type: none"> 1. TfN working with Northern to ensure that there is a route into Manchester which is not reliant on the supplier, S&B, to complete upgrades to gates and a workaround for the Bradford stations. TfN is working with Northern to appoint a troubleshooter and report to project boards progress on upgrades to gates. 2. Network Rail is giving Manchester Piccadilly planning consents priority, which will expedite progress. 3. TfGM to provide a date for completion of works to update their validators. 	3
Risk: Phase 2 – developers do not consume disruptions data in the Open Data Hub (ODH) and publish it in their live applications and as a consequence those LTAs who are currently using the DMT and ODH do not use the tools in the long term.	<ol style="list-style-type: none"> 1. Influence five City Region LTAs to use the DMT for all disruptions across all modes, as required by data consumers. 2. Act upon data consumers survey responses about the ODH and their plans for SIRI SX (standard for exchanging real time information) data. 3. Support collaboration between LTAs and data consumers. 	4
Risk: Phase 3 – funding of Contactless on Rail in the North may not be secured and therefore customers in the North do not benefit from seamless train travel.	<ol style="list-style-type: none"> 1. Submission to fund delivery was included in the CSR submission. 2. Continue to engage with DfT and RDG about the role of TfN in any national scheme and prepare to progress following a CSR decision. 	5
Risk: Phase 4 – marketing approach or lack of clarity might lead to supplier bids for the Innovation Partnership being not viable causing a lack of direction for the future business cases and possible cancellation of the innovation work.	<ol style="list-style-type: none"> 1. Ensure clear and robust tender proposal documentation to ensure suppliers understand requirements. 2. Undertake wide communications and early market engagements to ensure market is aware of and able to respond to the procurement challenge. 	

Programme and look ahead

Phase 1

- Go live between Leeds – Skipton
- Merseyrail and Northern continue PVal installation civils work and fitting heads.
- Progress remaining 26 consents for on Phase 2 (next tranche of stations).

Phase 2

Fares Tool:

- Complete Multi Operator Tickets and conclude testing for Assisted Digital (for people with low digital skills).
- Complete DfT Technical Governance, 14 October and Government Digital Service Standard assessment, 28 October.

Phases 3 and 4

- Local Smart Schemes: Contact seven LTAs who have not yet submitted an Expression of Interest to bring forward a scheme (13 responses received).
- Innovation Demonstrators: Finalise procurement approach and commercial documents and deliver market engagement webinar.

Investment Programme

Monthly Summary

In September TfN continued finalising the tender requirements, and associated procurement documents, for the Investment Programme’s Benefit Analysis (IPBA) project, so that suppliers can be commissioned by April 2021. The IPBA commission is critical to understanding the economic, social and environmental benefits of the Northern Investment Programme. The analysis will use DfT’s conventional growth scenario and the four future scenarios agreed with partners to assess the three investment programme strategies agreed by TfN Board in July. This work will enable TfN to make a strong evidence based case for transport investment and only through completing this analysis will we have a clear picture of potential the impact of the Investment Programme on carbon emissions. This includes reference case schemes including Northern Powerhouse Rail.

Activity Update

During this month:

- An update on the IPBA proposals and timetable was presented to the Strategic Oversight Group (SOG) on 9 September.
- Draft IPBA Requirements documents have been circulated to SOG members for final comments.
- Work has progressed on updating the TfN Interventions Log, which maps the road and rail schemes in the Investment Programme.

Risks

Risk/Issue Summary	Summary of Mitigating Measures	KPI
Innovative Modelling – Risk: The IPBA project has been delayed until 2021, however, it still relies on a set of innovative models to provide evidence for the North’s business case, which require thorough testing and assurance. If the models are not ready on time, there is a risk that we might not meet the Business Plan commitments and the sequencing outputs may have low assurance.	<ol style="list-style-type: none"> 1. Hold regular interdependencies forum from September. 2. TAME to provide monthly updates on the framework’s development and state of readiness. 3. Hold point has been built into commission; a gateway allows us to review the scope of work vs progress and need. 	10
NPR Alignment – Risk: A number of interdependencies with NPR have been identified e.g. ref case, model development, resource requirements, and freight modelling. If delivery of NPR and IPBA are not aligned there are potential financial and time risks (if rework is required), potential programme delays (if IPBA has to wait for NPR to complete their programme first), resource implications if NPR priority leaves skills gap (particularly within TAME) that prevents IPBA from proceeding, as well as reputational impacts if the technical assumptions are not consistent.	<ol style="list-style-type: none"> 1. Monitoring the NPR programme and implications for IPBA via monthly programme reviews. 2. Hold regular resource meetings with NPR managers to consider TAME resource requirements. 3. TAME to provide bi-monthly technical updates to ensure consistency of NPR and IPBA delivery. 	10

Programme and look ahead

- A supplier presentation is planned for 14 October to inform the market of our proposals.
- IPBA procurement documents will be completed and approved in November 2020.
- IPBA tenders will be issued to the market during the first week of December 2020.

Major Road Network (MRN)

Monthly Summary

This month, TfN and Partners continue to monitor the progress of Major Road Network and Large Local Major interventions. We are also working closely with Highways England (HE) to have greater engagement and collaboration in the development of Road Investment Strategy 3 and supporting colleagues in the NPR team with discussions with Partners on the highway implications of new upgraded stations.

Activity Update

- The team has finalised the requirements document to acquire a 2020 set of mobile phone data that will provide useful monitoring information on the Major Road Network. Our plan is to go to the market in October and initiate work on the commission in January.
- The team have started work on updating the Major Roads Report, which is planned to be published spring 2021.
- We are continuing to monitor the impacts of COVID-19 on travel, and are engaging with DfT, Highways England and TfN Partners on sharing transport data.
- We are working with TAME on finalising the Future Travel Scenarios Report, including engagement with and challenge from a panel of technical experts on the draft report and on assumptions within the future scenario modelling.

Risks

Risk/Issue Summary	Summary of Mitigating Measures	KPI
<p>Risk: Negative perceptions - Due to the environmental and sustainability impacts of traffic and congestion, stakeholders assume that road investments could be worsening the situations e.g. greenhouse gas (GHG) emissions. There is a risk that the road schemes might not get the investment needed to deliver the Strategic Transport Plan.</p>	<ol style="list-style-type: none"> 1. Working with comms to update the webpages and include FAQs that address these issues. 2. TfN is inputting into the review of national modelling appraisal guidance to include social inclusion etc. 3. Work to address this topic in the Major Roads Report and work with comms to develop an appropriate comms plan. 4. Await the outcome of DfT's decarb plan (autumn); use this to develop TfN's Decarbonisation Pathway. 5. Monitor impacts of COVID-19 on travel behaviours, patterns and flows; use this to inform scenario work and communications. 	6

<p>Risk: Major Roads Report (MRR) dependencies</p> <p>The MRR is being updated following the completion of TfN’s Decarbonisation Strategy work. Should the work on the strategy be delayed, we will be unable to publish the MRR update on time.</p>	<ol style="list-style-type: none"> 1. In the event that the inputs for the completion of the MRR update are delayed, TfN will consider delaying the publication of the MRR, noting that this will not have any negative implications for other programmes and keeping Partners informed to manage expectation. Keep in regular contact with the Strategy team to monitor any programme fluctuations. 2. The technical work on the Decarbonisation Strategy is progressing which will support getting partners to endorse a “Northern” Decarbonisation trajectory. 	<p>6</p>
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Programme and look ahead

- The team continue work on updating the Major Roads Report, taking account of the emerging evidence from development of the Future Travel Scenarios and Decarbonisation workstreams.
- The team plan to issue the commission for 2020 mobile phone data and continue to monitor data impacts of COVID-19 on travel.
- The team will start to develop the Major Roads Business Plan for 2020-2021.

Strategic Rail

Monthly Summary

The operational focus remains on supporting COVID-19-related work and recovery planning and the continued strong joint working between TfN, DfT, the Rail North Partnership (RNP) and the train companies working through the North of England Contingency Group to 'build back better'.

Following a successful service uplift in early September work has been ongoing with Operators for further timetable uplifts in December 2020 and May 2021. Rail usage had steadied at about 40% but has recently started to fall again following the implementation of additional local COVID restrictions with TransPennine Express passenger numbers 27% of pre COVID levels and Northern at 30%.

Activity Update

TfN continues to work closely with the DfT and Network Rail on investment plans across the North of England, including schemes to address congestion hotspots in Central Manchester (including through the Manchester Recovery Task Force (MRTF)) and at Leeds. Analysis of initial options for the December 2021 timetable change from the MRTF indicated minimal performance gains as delays would continue to be imported into Manchester by trains from elsewhere. A revised programme has been proposed to accommodate further refinement which would likely result in incremental changes in December 2021 followed by more substantial options at future changes. TfN has submitted a comprehensive list of potential enhancements in and around Manchester which will be analysed at an industry workshop in early October and which will consider the ongoing and future impacts of COVID-19.

As part of the Government's commitment to invest in and accelerate infrastructure across the UK we understand the TransPennine Route Upgrade (TRU) now forms part of Project Speed. Decisions on future TRU project scope are expected to be formulated this autumn and progressed through a further Outline Business Case for investment in spring 2021.

Risks

Risk/Issue Summary	Summary of Mitigating Measures	KPI
Risk: The long-term effect of COVID-19 on viability of franchises - There is a risk that the demand for rail may continue to take a significant amount of time to recover to pre-COVID-19 levels, impacting on the future of train service investment decisions which might affect TfN's ability to achieve its ambition for the North of England.	<ol style="list-style-type: none">1. TfN is currently awaiting a response from DfT on the ambitious programme of work as part of the Economic Recovery Plan which was submitted in July 2020.2. Messaging and communications will continue to promote safe usage of public transport despite recent changes in Government strategy.	9

	3. The next timetable uplift is scheduled for December 2020 where there will be a further uplift in services.	
Risk: DfT reprioritisation and the Williams Review - The coronavirus pandemic has meant DfT has had to focus its resources on responding to the pandemic. This has led to the delay in the publication of the Williams Review. Government may choose to focus on centrally deliverable initiatives such as franchise delivery and focus less on devolution. As a result, this may not align with the strategy of Members and would require a wider response from TfN.	<ol style="list-style-type: none"> 1. TfN will continue to make the case for reform that supports the North's ambitions and will respond to the Williams White Paper once published. 2. To mitigate the risk further TfN has allocated some resource in Quarter 3 (October - December) to respond to any Williams and related policy proposals. External support is currently going through the procurement process with the successful bidder expected to start in October 2020. 	9
Risk: The short-term effect of COVID-19 on the reintroduction of services on to the network – Services could be further impacted by resource levels among Operators and restrictions around training for staff. This will impact on localised areas which will see reductions in direct connectivity and frequency until driver training is delivered. Rollout of further new trains will also be delayed leading to a reliance on older rolling stock.	<ol style="list-style-type: none"> 1. TfN continues to work closely with regions and Operators to review timetables in advance of changes and to feed in key areas of concern to be addressed. 2. Limited driver training has recommenced and TfN continues to work with Operators to understand the impact and appropriate mitigations. 3. TfN is working with Operators to understand train crew sickness levels following the recent increase in COVID-19 cases and any regional impacts this could have on services. 	

Programme and look ahead

- Support, monitor and help shape the industry recovery from COVID-19 to rebuild services and passenger confidence.
- Work with Operators for further timetable uplifts in December 2020 and May 2021.
- Working through the Rail North Committee and TfN Board, respond to industry proposals for mitigating cross-Manchester performance issues.
- Continue preparations for the Williams Review White Paper publication (or related proposals) and link this to the implementation of the Blake-Jones Action Plan.
- Produce a draft report on how Strategic Rail can prioritise and develop proposals for addressing Network Gaps linked to the Long-Term Rail Strategy (LTRS).
- Produce a delivery plan for the TfN Stations Strategy as set out in the LTRS.
- Work with DfT and East Midlands Rail on improvements to the Liverpool – Nottingham service in consultation with all Partners.
- Continue to input to work on the Integrated Rail Plan (IRP).
- Continue to work closely with the DfT and Network Rail to secure delivery of the project outcomes including full electrification, investment at all stations along the corridor and a fully gauge-cleared freight path to support intermodal freight movements across the Pennines.

Operations Summary

Monthly Introduction

Operational teams in August have focused on: continued promotion of TfN's work by Comms; work on various procurements most notably IST's Innovation Partnership Procurement and multiple procurements for TAME by the Finance & Procurement team; the introduction of Modern.Gov software by TfN's Legal team; work on the Integrated Rail Plan (IRP), TfN's Freight Strategy and TfN's Decarbonisation Strategy by the Strategy team; and support of the NPR sift process and development of various tools by the TAME team.

Activity Update

Summary updates on key actions from TfN operational teams are as follows:

Stakeholder Engagement & Communications

- The Stakeholder Engagement and Communications team has continued to promote TfN's work across its various channels proactively, as well as responding to regional and national developments.
- Activity has included: promoting the September TfN Board meeting, broadcast online, as well as editorial content regarding the future of rail franchises and new industry agreements; naming of Tees Valley as a hydrogen transport hub; the Budget statement by the Chancellor; and recommendations on future devolution to the region from NPP.
- With regard to proactive external communication, several key subjects have been highlighted by the CEO as being sensitive. As such, external comms output has been less than previous months.
- The team has also continued to support TfN's programmes, with Partner engagement ongoing regarding Northern Powerhouse Rail ahead of key decisions being made for the network, as well as early promotion of the new IST procurement, supporting the team's pre-market engagement. Elsewhere, the team has continued to grow online social following, as well as launching and promoting new specific parts of the website including decarbonisation.
- Internally, the team is continuing to play a key role in facilitating full remote working through new wellbeing and internal communication initiatives.

Finance & Procurement

- 2019/20 Statutory Accounts approved by Audit & Governance committee for submission to TfN Board for approval on 18 November 2020.
- Budget Revision 2 scheduled to be completed for approval by TfN Board on 18 November 2020.
- The Procurement department continues to support the business around COVID-19 work activities.

- The team is working closely with TAME colleagues to manage the procurement pipeline and 10 new TAME procurement activities have been identified for action. In addition, a number of procurements are currently being evaluated, including External Forecast Systems, Strategic Rail Support and Risk Management Software. These are expected to be let in the near future.
- There has been active engagement with the IST team to support taking Innovation Partnership Procurement to market, including assuring the procurement approach and required documentation.

Legal & Democratic

- Virtual public meetings continue to be held, with the Constitution updated to include formal procedure rules for this purpose. Current regulations allowing virtual meetings expire in May 2021 and the position continues to be monitored.
- The modern.gov software system (to streamline governance and meeting management arrangements and as used by a number of constituent authorities) has undergone testing and partial implementation through meeting agendas being produced within the system as a single pack. A pilot rollout of an internal meeting using the system fully for users to access agendas has been delayed for a short period to improve the forward facing website, and the first public meeting is tentatively expected to be Scrutiny Committee on 28 October, followed by the November Board meeting. All system users will be sent log in details and instructions in good time.
- The Legal team has continued to support Procurement in a high level of commissioning activity from all departments and to support Finance in the finalisation of the NPR, IST and Core Grant Funding Agreements.

Strategy, Policy, Economics & Research

- The initial TfN position on the Integrated Rail Plan for the North and Midlands was agreed by the Board in September and the CEO has provided a confidential update to the National Infrastructure Commission on plans for Northern Powerhouse Rail (NPR). The final position will be agreed at the TfN Board in November alongside decisions on NPR, following further work with rail officers.
- Work is progressing on the TfN Freight Strategy, due to be agreed by Board at the end of the financial year. TfN is leading efforts to coordinate freight planning across the Sub-national Transport Bodies through the 'Freight Community of Practice' which includes representatives from the Department for Transport, Highways England and Network Rail. The work programme includes themes on data, decarbonisation and future mobility for freight.
- The team continues to support the CEO and Directors in various aspects of long-term strategic planning, including the work to finalise the Northern Transport Charter, TfN's input into the Spending Review and internal TfN business planning for the next financial year.
- Development of TfN's Decarbonisation Strategy continues with a strong focus on modelling pathway scenarios as part of the programme on travel

scenarios. Initial proposals for the strategy will be considered at the November Partnership Board.

- A number of new research projects have been developed with Partners and are about to be commissioned. This includes work on transport-related social exclusion, a study on the Northern visitor economy, and further insight research. We are also working towards publication of a number of completed research reports.

TAME (Technical Assurance, Modelling & Economics)

- The TAME team has been working intensively in the past few weeks to support the ongoing NPR Sift programme and to contribute to the Sift workshops which culminate on the 9 October.
- Initial modelling and assessment of the full network NPR scheme has begun, using the Northern Rail Modelling System (NoRMS) with modelling and analysis being carried out both by internal TAME teams and suppliers.
- A further version of NoRMS has been developed by TAME suppliers, and this is now in use in initial testing of the network-wide NPR scheme for SOC. TAME has secured technical assurance from the DfT on this version of the model, with the new model version providing a more robust capturing of benefits for the NPR scheme.
- Further development of NoRMS and the Northern Economy and Land-Use Model (NELUM) is taking place both in-house within TAME and through suppliers to update the baseline model conditions within the Analytical Framework to a 2018 base year from 2015, which will improve the validity of the modelling suite. These model versions will be used to support the SOC programme in the later stages of work.
- Work within TAME is underway to contribute to the Wider Analysis of the NPR scheme for SOC, this will feed into the Economic Impact Report (EIR). TAME are currently assessing NPR under the Accessibility Framework, and work will commence imminently on the Distributional Impact Assessment.
- TAME has also recently commenced work with a key supplier to undertake modelling and analysis of the Future Freight Scenarios, this rail freight scheme testing will be included within the NPR SOC programme and contribute to making the case for the NPR scheme as a whole.
- TAME is continuing to develop the Northern Highway Assignment Model (NoHAM), to prepare the model for application on the IPBA in 2021/22. Recent work has involved further enhancement of the car demand matrices and update to the base year validation of the model. Further development of the analytical framework to integrate NoRMS and NoHAM will take place towards the end of the year to improve multi-modal modelling capabilities for both NPR and IPBA programmes.
- TAME analysts are providing significant support and analysis to the publication of TfN's Future Travel Scenarios and Decarbonisation Pathways, two key pieces of work that will contribute towards TfN's Northern Transport Charter. This work will be brought to Executive Board and TfN Board in October and November.
- TAME is fielding increasing levels of requests from other programmes and Partners for data and modelling tools. A data sharing strategy containing

a number of scenarios and estimating resource impacts is under development.

Financial Performance

Financial Update

Summary

Expenditure incurred in September (Period 6): £4.75m

Variance to September monthly budget: Underspend of £2.37m

Year-to-date expenditure: £26.27m

Year-to-date variance to budget: Underspend of £3.16m

Headlines

- Financial position for Period 6 is monitored against Revision 1 budget.

Programmes:

- Expenditure of £4.21m represented an underspend of £1.74m (29%) in the month.
- Underspend is driven by NPR (£1.32m) and IST Phase 1 (£0.35m).

Integrated & Smart Travel:

- Programme-wide expenditure of £1.16m with an underspend of £0.40m (26%) in the month.

Phase 1

- Expenditure of £0.73m in the month, represented an underspend of £0.35m against budget.
- An underspend arose in relation to Transpennine Express (£0.16m) - pending confirmation of final costs, savings are expected in relation to this activity. This will be considered further in Budget Revision 2.
- Underspend on Northern and Merseytravel reflects profiling differences.

Phase 2/4 and Programme Team

- Expenditure of £0.43m represented an underspend of £0.06m (12%) in the month
- Phase 2 underspend of £0.03m (8%) in month.
- Expenditure on Phase 4 remains limited to internal staff costs pending approval to proceed.

Northern Powerhouse Rail

- Expenditure of £3.01m represented an underspend of £1.32m (30%) in the month. YTD expenditure of £17.81m is within 6% under the Revision 1 forecast.

- Expenditure in relation to the Network Rail contract was £0.86m under budget in the month. This is the largest single TfN outgoing and was the result of anticipated level of ramp not yet being achieved.
- Underspend on modelling work of £0.23m in the month, reflecting a delay in the ramping up of new contracts.
- Programme support costs were within 10% of budget.
- No expenditure to-date on communications & stakeholder engagement activity, pending commitment.

Strategic Development Corridors (SDC)

- Expenditure of £0.04m in the month, an underspend of £0.02m, relates to delay to the Major Roads Report and reduced costs of attendance/participation at the Highways UK event as a result of it being held online.

Operations:

Rail Operations

- Expenditure of £0.18m represented an underspend of £0.11m (38%) in the month. This is driven by vacancies for Blake Jones roles pending additional funding.

Operational Areas

- Expenditure was £0.36m in the month, an underspend of £0.52m against budget as a result of both slipped activity and savings.
- Slipped activity which has been reprofiled in the rev2 budget includes:
 - Professional service commissions in the Strategy & Policy directorate (£0.10m)
 - Purchase of mobile device data (£0.06m)
 - New flexi-system development (£0.05m)
 - Implementation of risk software (£0.05m)
 - Organisation design review (£0.05m)
 - Accommodation & ICT costs associated with reopening of the offices (0.02m)
 -
- Savings were realised in the following areas:
 - Vacant posts and reduced recruitment fees due to recruitment freeze (£0.04m)
 - Communications & SH engagement, reduced costs in the current environment (£0.05m)

Activity Dashboard

TRANSPORT FOR THE NORTH FINANCE DASHBOARD					PERIOD BUDGET CYCLE	6 REVISION 1	SEPT 2020/21	
PERIOD ACTUALS VERSUS BUDGET								
	Actuals £m	Budget £m	Var. £m	Var. %				
Integrated and Smart Ticketing	£1.16	£1.56	£0.40	26%				
Northern Powerhouse Rail	£3.01	£4.33	£1.32	30%				
Major Roads	£0.04	£0.06	£0.02	37%				
Programmes	£4.21	£5.95	£1.74	29%				
Rail Operations	£0.18	£0.29	£0.11	38%				
Operational Areas	£0.36	£0.88	£0.52	59%				
	£4.75	£7.12	£2.37	33%				
PERIOD ACTUALS VERSUS BUDGET: PROGRAMMES								
	Actuals £m	Budget £m	Var. £m	Var. %				
IST: Phase 1	£0.73	£1.08	£0.35	32%				
IST: Phase 2	£0.29	£0.32	£0.03	8%				
IST: Phase 3	£0.00	£0.00	£0.00	-				
IST: Phase 4	£0.01	£0.03	£0.01	51%				
IST: Programme	£0.13	£0.14	£0.02	11%				
Northern Powerhouse Rail	£3.01	£4.33	£1.32	30%				
Major Roads	£0.04	£0.06	£0.02	37%				
	£4.21	£5.95	£1.74	29%				
YEAR TO-DATE ACTUALS VERSUS BUDGET								
	Actuals £m	Budget £m	Var. £m	Var. %				
Integrated and Smart Ticketing	£4.63	£5.79	£1.16	20%				
Northern Powerhouse Rail	£17.81	£18.93	£1.12	6%				
Major Roads	£0.27	£0.30	£0.02	7%				
Programmes	£22.71	£25.01	£2.30	9%				
Rail Operations	£1.07	£1.28	£0.21	16%				
Operational Areas	£2.49	£3.14	£0.65	21%				
	£26.27	£29.43	£3.16	11%				
YEAR TO-DATE ACTUALS VERSUS FORECAST TO OUTTURN								
	Actuals £m	F/cast £m	Var. £m	Var. %				
Integrated and Smart Ticketing	£4.63	£9.73	£5.10	52%				
Northern Powerhouse Rail	£17.81	£47.31	£29.50	62%				
Major Roads	£0.27	£0.83	£0.55	67%				
Programmes	£22.71	£57.86	£35.16	61%				
Rail Operations	£1.07	£2.82	£1.75	62%				
Operational Areas	£2.49	£7.76	£5.27	68%				
	£26.27	£68.44	£42.17	62%				
FUNDING YEAR TO DATE					FUNDING FORECASTS TO OUTTURN			
Funding Stream	Actuals £m	Budget £m	Var. £m	Var. %	Actuals £m	F/cast £m	Var. £m	Va
TDF - Rail	£17.33	£18.45	£1.12	6%	£17.33	£46.36	£29.03	63%
IST - Capital and Revenue	£4.62	£5.79	£1.17	20%	£4.62	£9.73	£5.11	52%
Core Grant	£3.55	£4.35	£0.81	19%	£3.55	£10.73	£7.18	67%
Rail North Grant & Contributions	£0.65	£0.68	£0.03	5%	£0.65	£1.32	£0.67	51%
TDF - Roads	£0.00	£0.00	£0.00	-	£0.00	£0.00	£0.00	-
Trading Income	£0.12	£0.16	£0.04	26%	£0.12	£0.31	£0.19	62%
	£26.27	£29.43	£3.16	11%	£26.27	£68.44	£42.17	62%

HR Update

Human Resources Update

Salaried Establishment as at **6 October 2020**

Established/ Fixed-term (Transition) Posts

Area	Established Posts (Over 2 years)	Fixed-term (Transition) Posts (Up to 2 Years)	Total
CEO/Chair	2 (1.17 FTE)	-	2 (1.17 FTE)
Support Services	30 (29.32 FTE)	6 (6.00 FTE)	36 (35.32 FTE)
Operational & Delivery	91 (87.90 FTE)	38 (37.50 FTE)	135 (133.40 FTE)
Total Establishment	123 (120.39 FTE)	44 (43.50 FTE)	167 (163.89 FTE)
Strength (in post)	108 (106.07 FTE)	28 (27.50 FTE)	136 (133.57 FTE)
Appointed (start date pending)	0 (0.00 FTE)	0 (0.00 FTE)	0 (0.00 FTE)
Active/Pending Recruitment	0 (0.00 FTE)	2 (2.00 FTE)	2 (2.00 FTE)
Vacant – On-hold	15 (14.32 FTE)	14 (14.00 FTE)	29 (28.32 FTE)

Agency Resource - Covering Vacant Posts

Area	Posts (FTE's)
Support Services	3 Post (2.12 FTE)
Operational & Delivery	2 Posts (2.00 FTE)
Total	5 Posts (4.12 FTE)

Consultancy Resource - Covering Vacant Posts

Area	Posts (FTE's)
Support Services	0 Post (0.00 FTE)
Operational & Delivery	9 Posts (8.80 FTE)
Total	9 Posts (8.80 FTE)

HR Metrics – 2020/21 Year to Date

Corporate Sickness Level:	3.0%
Employment Policy Application:	3.6%
Employee Turnover (Voluntary Leavers):	7.2%
% of Employees from an Ethnic Minority Background:	15%
% of Employees declaring a Disability:	11%
Gender Mix - % of Female Employees:	39%
% of Male Employees:	61%

KPIs

Key Performance Indicators

Transport for the North's Key Performance Indicators (KPIs) are outlined in the published Business Plan for 2020-21. The below table outlines the programme and organisational KPIs and provides a summary of the year-end position.

Key

Achieved	
On Track	
In Progress	
Delay	
Delay – beyond this year end (BTYE)	

Area	KPI	Detail	Progress	Status
Corporate	1	Agree with Government the phasing and prioritisation of the Integrated Rail Plan for High Speed North. December 2020	In Progress	
			An initial TfN position was agreed at Board in September and submitted to the NIC. This will be re-confirmed alongside NPR decisions at Board in November.	
Northern Powerhouse Rail	2	Agree and submit Strategic Outline Case to Government. January 2021	Delay	
			The SOC timeline has been rephased due to the impacts of COVID-19 and was approved at TfN Board on 29 April 2020. The next step is to complete a re-baselining activity of the programme for the SOC submission in March 2021.	
Integrated and Smart Travel	3	Complete the delivery of the Integrated and Smart Travel on Rail Project (Phase 1). November 2020	Delay	
			There are likely to be delays to completion for Northern and Merseyrail because of the three-month delay to on-site works as a consequence of COVID-19. Currently there is no delay that will impact on the achievement of the KPI and risks that may cause delay to the KPI are being robustly managed	
Integrated and Smart Travel	4	Complete the delivery of Phase 2 of the Integrated and Smart Travel Programme (informed customers). March 2021	On Track	
			The phase remains on track to meet the KPI. DMT (Disruption Messaging Tool) and ODH (Open Data Hub) are now in BAU with the core development work now complete. Further enhancements to DMT have been commissioned for delivery in December 2020. The prototype of the Fares Tool is being developed in the second stage (beta private) and is now publicly available for testing by a select group of operators working with the project team.	
	5		Delay	

Integrated and Smart Travel		Agree a plan for the delivery of contactless payments on rail, in collaboration with the DfT and Rail Delivery Group (Phase 3). December 2020	A paper outlining the North's proposals to accelerate contactless on rail in the North has been presented to the June's meeting of DfT's Investment Committee but a decision on future funding has been deferred until the outcome of the Comprehensive Spending Review.
Major Roads	6	Agree and approve the Transport for the North Major Roads Report. March 2021	On track The technical report has been completed and the Major Roads Report will be updated following the completion of the decarbonisation workstream.
Strategic Rail	7	Implement the recommendations in the Blake-Jones review. June 2020	Achieved The Blake-Jones Action Plan was presented and approved at the 12 May 2020 Rail North Committee meeting and a final report was approved at Rail North Committee in July 2020 and the team is now embedding the actions into the business as usual operating model. The slight delay was due to attention focused on responding to the rail operational aspects COVID-19 crisis. There are longer term issues on funding for additional resource, and a response is awaited from DfT.
Strategic Rail	8	Develop a TfN response to the Williams Review. Within three months of publication	On Track A response to the Williams Review will be developed within three months of its publication; the date of which is yet to announced.
Strategic Rail	9	Support the industry and Rail North Partnership in the response to and recovery from COVID-19, including a strong focus on the needs of passengers and businesses, together with the short-term investment needed to support the recovery. March 2021	In Progress Strategic Rail is proactively supporting the industry through the crisis and recovery, for example through the North of England Contingency Group. A plan to support the economic recovery by investment in infrastructure has been developed and submitted to DfT as part of the TfN Economic Recovery Plan.
Investment Programme (formerly SDCs)	10	Update and refresh the TfN Investment Programme, based on an agreed Assurance Framework and using the outputs of the SDC Qualitative Sequencing process. September 2020	Achieved The update of the Investment Programme following the qualitative sequencing process, and applying the developing Assurance Framework, has been achieved.
Strategy	11	Develop a Decarbonisation Strategy for approval by the TfN Board and ensure that this is embedded in TfN's	On Track Analytical work on Decarbonisation Pathways is nearing completion. Initial conclusions and outline proposals for decarbonisation strategy will be

		Investment Programme Assurance Framework. March 2021	considered by TfN Partnership Board in November.
Strategy	12	Develop an inclusive and sustainable growth framework that will sit alongside the Strategic Transport Plan and ensure that this is embedded in TfN's Investment Programme Assurance Framework. March 2021	<p>In Progress</p> <p>Following completion of KPI 16, work has now begun to develop the short-medium-term actions that will support development of the inclusive and sustainable growth ambition, as agreed by July Board in approving the Northern Transport Charter.</p>
Strategy	13	Develop a Freight Strategy for approval by the TfN Board and ensure that this is embedded in TfN's Investment Programme Assurance Framework. March 2021	<p>On Track</p> <p>In progress. Additional resources to support the development of the TfN Freight Strategy are now in place. Work will be managed through the Strategic Oversight Group and progress reported to Members later in the year.</p>
Modelling and Analysis	14	Complete and deploy the Analytical Framework throughout TfN's programmes. March 2021	<p>Delay</p> <p>Substantial progress has been made in preparation of the Analytical Framework for NPR and IPBA programmes, with the programme of activities to March 2021 fully mapped. Delivery is still subject to risk, as evidenced by the recent change to the NPR open-year assumption which creates a number of remedial tasks. These risks are being proactively managed by TAME programme leads</p>
Organisation	15	Develop and provide a Comprehensive Spending Review submission to Government. At date set by HMT	<p>Achieved</p> <p>A CSR submission was provided to the DfT on 28 August in line with departmental deadlines. The CSR process itself is ongoing, with the date for an announcement uncertain but expected towards the end of this year.</p>
Organisation	16	Develop and adopt the Northern Transport Charter. June 2020	<p>Achieved</p> <p>The team completed work on the remaining Northern Transport Charter (NTC) proposals which were endorsed and adopted by the Board in July. There is now ongoing follow-on work about how to best to progress these proposals with Government.</p>



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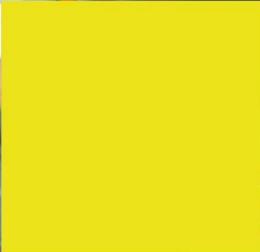
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Transport for the North

Audit and Governance Committee

Item 5

Subject: YTD / Budget Revision 2 and Mid-Year Treasury Management Update

Author: Paul Kelly, Financial Controller

Sponsor: Iain Craven, Finance Director

Meeting Date: Thursday 19 November 2020

1. Purpose of the Report:

- 1.1 This report, including the graphs and charts in Appendix 5.1, set out the financial performance of Transport for the North (TfN) over the first six months of the financial year 2020/21 and provides the Budget Revision 2 reforecast through to the end of the year. The Budget Revision was adopted by the TfN Board at its meeting on 18 November.
- 1.2 Detail is also provided with regard to TfN's performance against its Treasury Management Strategy as required by the TfN Constitution.
- 1.3 This report has been considered in Scrutiny Committee and Executive Board and approved by the TfN Board.

2. Executive Summary:

Year to-date Monitoring

- 2.1 Year to-date expenditure at the half-year was £26.27m, £3.16m below the forecast set out in Budget Revision 1. The majority of this variance relates to programme activity, with underspends of £1.12m in NPR and £1.16m in IST. In addition, there was an underspend of £0.65m in operational areas. In addition to a number of specific drivers for these variances, it can be seen with hindsight that TfN underestimated the impact of Covid-19 when preparing Budget Revision 1.

Budget Revision 2

- 2.2 The total expenditure (excluding contingency) included in Budget Revision 2 is £67.12m. This is a reduction of £1.32m from Revision 1.

This reflects a net impact, where reductions in forecast activity in the IST programme and operational areas are offset by increases in the NPR programme, and in particular the transfer of items from contingency into specific expenditure lines.

- 2.3 The total forecast including contingencies has decreased by £10.34m to £76.16m compared to Revision 1. This reflects the deferral of £8.50m of NPR expenditure into 2021/22 that was previously identified as specific contingency for activity that was intended to be carried out in 2020/21. This includes amounts for ground investigation works (£3.6m), NR Gap Analysis / Sequencing activity (£4.25m) and modelling (£0.65m).
- 2.4 The outturn for the first 6 months and Budget Revision 2 are both showing expenditure profiles that are lower than originally expected. This is part due to the extended effects of COVID 19 and the previous underestimation of the impact on TfN's ongoing expenditure. However, TfN is also being impacted by the uncertainty in relation to its funding for 2021/22 and beyond.
- 2.5 The impact of COVID 19 was considered in Budget Revision 1 but the longer-term impact has only become apparent over time. This has meant a number of activities have slipped into future periods and, in some cases, potentially into the next budget year.
- 2.6 TfN currently lacks any funding certainty with regard to either its Core operations or its programmes. Whilst the recent announcement that the proposed CSR will be replaced with a "rollover" is potentially helpful, at the time of writing no confirmation had been received regarding the levels of Core funding for 2021/22. In addition, the delay to the CSR potentially inhibits a long-term commitment to the revised IST programme by government, whilst the future structure of the NPR programme is still likely to hinge on the recommendations in the Integrated Rail Plan.
- 2.7 This uncertainty regarding funding beyond the end of 2020/21 has required action to be taken within TfN to limit the organisation's exposure to new commitments into 2021/22. This has included holding vacant posts open until such time as the new funding arrangements are confirmed, and the deferral of consultancy expenditure where this can be delayed without any impact on TfN's in-year objectives.

Mid-Year Treasury Management Update

- 2.8 TfN has operated within the parameters set out in its Treasury Management Strategy.

3. Summary Position

-
- 3.1 Over the first six months of the financial year TfN has incurred expenditure of £26.27m. This level of expenditure is £3.16m behind the Budget Revision 1.
 - 3.2 Underspend has principally accrued in TfN's programme areas (£2.30m), accounting for 73% of the overall underspend.
 - 3.3 The £1.2m underspend within the IST programme mainly relates to savings on the TPE programme and timing differences on the Northern and Merseyrail Platform Validator installation. The programmes are reaching their conclusion and are expected to be substantially, if not fully complete, by the year end.
 - 3.4 The £1.1m underspend within the NPR programme is mainly due to Network Rail expenditure falling behind the Revision 1 profile and delays to the contracting of modelling activity. It is expected that these activity shortfalls will be recovered during the remainder of the year.
 - 3.5 The £0.65m underspend within operational areas is mainly due to reduced costs due to COVID 19 (including for example reductions in stakeholder engagement and communications activity due to remote working) and savings arising from the measures set out in 2.7 above.
 - 3.6 Recognising the year-to-date position TfN has produced Budget Revision 2, the reforecast its expenditure to the end of the financial year.
 - 3.7 This exercise has returned a full-year forecast expenditure position of £67.12m. This level of expenditure is £1.33m higher than the opening base budget and £1.32m lower than Budget Revision 1 that was adopted in July.
 - 3.8 The Revision 2 forecast including contingency has reduced by £10.33m to £76.16m. This reflects the deferral of £8.50m of NPR expenditure into 2021/22 that was previously identified as specific contingency for activity that was intended to be carried out in 2020/21. This includes amounts for ground investigation works (£3.6m), NR Gap Analysis / Sequencing activity (£4.25m) and modelling (£0.65m). The ground investigation work was scheduled to accelerate the delivery of the OBC and the NR gap sequencing activity was contingent on having a single option to progress. These works are anticipated to be delivered in the next financial year.
 - 3.9 There is currently a level of uncertainty with regard to the NPR outturn forecast, which is sensitive both to the periodic forecasts received from key contractors (specifically Network Rail) and the scope and extent of the work that is agreed between the co-clients. TfN is confident that it can deliver the intended activity within the revised budget envelop. In addition, TfN is currently discussing the utilisation of the remaining NPR contingency balances with Department for Transport. If any

amendments to forecasts are made, they will be reported to the TfN Board.

- 3.10 Further detail on the year-to-date position and the Revision 2 forecast is given in Appendix A.
- 3.11 TfN's constitution obliges officers to report to Board at the mid-year mark on performance against the Treasury Management Strategy. This strategy prescribes how TfN will manage cash and investments. Unlike partner bodies, TfN is prohibited from accessing credit, so no rules are set around borrowing.
- 3.12 Appendix A highlights performance against key parameters. It shows that TfN has managed cash and investments within its counterparty criteria, placing cash deposits with secure bodies and institutions on liquid terms. Yield on investments has marginally exceeded target without compromising on security.
- 3.13 It is worth noting that the interest rate environment that currently persists is resulting in very low returns on cash invested. Whilst TfN will continue to keep the position under review there is no intention at present to change the focus of our Treasury Management Strategy and its prioritisation on security and liquidity over yield.

4. Conclusion:

- 4.1 This sets out the performance to date and Budget Revision 2 for noting by the committee.
- 4.2 Adoption of Budget Revision 2 will align financial profiling to the latest delivery assumptions from the programmes and operational teams.
- 4.3 This report also notes that TfN has complied with its Treasury Management Strategy at the mid-year mark, with no exception issues to report.

5. Recommendation:

- 5.1 Consider and note the performance to date and Revision 2 budget.
- 5.2 Note the compliance with the Treasury Management Strategy.

6. Appendices:

- 6.1 Appendix A – TfN Finance Mid-Year Update, Budget Revision 2 and Treasury Management Strategy.

Required Considerations

Equalities:

Age	Yes	No
Disability	Yes	No
Gender Reassignment	Yes	No
Pregnancy and Maternity	Yes	No
Race	Yes	No
Religion or Belief	Yes	No
Sex	Yes	No
Sexual Orientation	Yes	No

Consideration	Comment	Responsible Officer	Director
Equalities	A full Impact assessment has not been carried out because it is not required due to the nature of the report.	Paul Kelly	Iain Craven

Environment and Sustainability

Yes	No
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Consideration	Comment	Responsible Officer	Director
Sustainability / Environment – including considerations regarding Active Travel and Wellbeing	A full impact assessment has not been carried out because it is not required due to the nature of the report.	Paul Kelly	Iain Craven

Legal

Yes	No
-----	----

Consideration	Comment	Responsible Officer	Director
Legal	The legal implications have been considered and are included in the report.	Julie Openshaw	Dawn Madin

Finance

Yes	No
-----	----

Consideration	Comment	Responsible Officer	Director
Finance	The financial implications have been considered and are included in the report.	Paul Kelly	Iain Craven

Resource

Yes	No
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Consideration	Comment	Responsible Officer	Director
Resource	The HR Team have confirmed there are no direct resource implications as a result of this report.	Stephen Hipwell	Dawn Madin

Risk

Yes	No
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Consideration	Comment	Responsible Officer	Director
Risk	A risk assessment has been carried out and the key risks are included in the risk report.	Haddy Njie	Iain Craven

Consultation

Yes	No
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Consideration	Comment	Responsible Officer	Director
Consultation	A consultation has not been carried out because it is not required.	Paul Kelly	Iain Craven

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Appendix 5.1 Finance Update

Audit & Governance Committee

19 November 2020



Contents

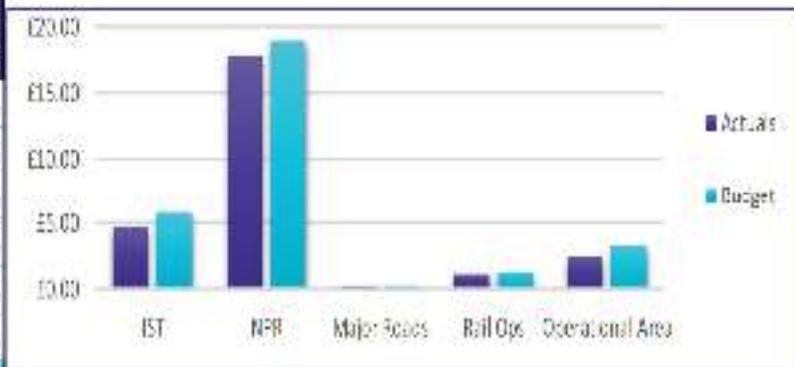
- Period 1 – 6 Year-to-Date Monitoring
- Revision 2 Forecast to Outturn
- Funding Update
- Mid-Year Treasury Management Update



Year to-date Monitoring: Periods 1 - 6

- Total expenditure to-date £26.27m
- Underspend against Revision 1 budget of £3.16m, of which 73% (£2.30m) is in the programme areas

	Actuals £m	Budget £m	Var. £m	Var. %
Integrated and Smart Ticketing	£4.63	£5.79	£1.15	20%
Northern Powerhouse Rail	£17.81	£18.93	£1.12	6%
Major Roads	£0.27	£0.30	£0.02	7%
Programmes	£22.71	£25.01	£2.30	9%
Rail Operations	£1.07	£1.28	£0.21	16%
Operational Areas	£2.49	£3.14	£0.65	21%
	£26.27	£29.43	£3.16	11%





Year to-Date Monitoring: Programmes



IST Programme:

- P1 underspend reflects savings on the TPE programme and timing differences on Northern and Merseyrail P.Val installations due to later than expected delivery.
- Minor variances on other phases.

NPR Programme:

- Network Rail expenditure has fallen behind the Revision 1 profile but is expected to recover in the second half of the year.
- Delays to the contracting of modelling activity have resulted in deferred activity but this is expected to be undertaken by the year-end to support the delivery of the SOC.

Major Roads Programme:

- The deferral of the IPBA work into 2021/22 has resulted in minimal activity in year. Expected communications activity, including participation in industry events has not been undertaken due to the ongoing impact of Covid-19.

IST Programme	YTD Actuals		YTD Budget		Variance		
	£m		£m		£m		
					Variance %		
Phase 1	£	2.34	£	3.41	£	1.07	31%
Phase 2	£	1.21	£	1.24	£	0.03	3%
Phase 3	£	0.12	£	0.12	£	0.00	1%
Phase 4	£	0.18	£	0.21	£	0.03	15%
Programme Costs	£	0.78	£	0.81	£	0.03	4%
	£	4.63	£	5.79	£	1.16	20%
NPR Programme	YTD Actuals		YTD Budget		Variance		
	£m		£m		£m		
					Variance %		
Network Rail	£	12.19	£	12.63	£	0.44	3%
Programme Development	£	2.74	£	2.65	-£	0.09	-3%
TAME	£	1.37	£	1.90	£	0.53	28%
Communications	£	0.00	£	0.09	£	0.08	95%
Programme Support	£	1.50	£	1.62	£	0.12	7%
	£	17.81	£	18.89	£	1.08	6%
Major Roads Programme	YTD Actuals		YTD Budget		Variance		
	£m		£m		£m		
					Variance %		
Major Roads Team	£	0.21	£	0.21	£	0.00	1%
SDC Studies	£	0.02	£	0.02	£	-	0%
Major Roads Network	£	0.04	£	0.04	£	-	0%
Communications	£	0.00	£	0.09	£	0.08	95%
	£	0.27	£	0.36	£	0.09	24%



Year to-date Monitoring: Rail Operations



Rail Operations

- Year to date expenditure of £1.07m against a budget of £1.28m representing savings of £0.21m.
- This mainly consists:
 - £0.09m as a result of vacant / delayed recruitment of Blake Jones and TRU posts,
 - £0.06m for professional services which are expected to be incurred by year-end and
 - £0.04m of recharges due to lower recruitment fees and office costs.



Year to-date Monitoring: Operational Areas



Operational areas

- Year-to-date underspends have arisen due to the ongoing effects of Covid-19 and includes:
 - Professional services commissions in Strategy and Policy
 - Purchase of mobile device data
 - Flexi system and risk software development
 - Accommodation and ICT costs
- Savings were realised in:
 - Vacant posts and recruitment costs due to recruitment management process
 - Reduced communication and stakeholder engagement costs with lower activity in this area

	YTD Actuals		YTD Budget		Variance		Variance
	£	£m	£	£m	£	£m	%
Leadership	£	0.15	£	0.15	£	0.00	1%
Finance & Business Systems	£	0.42	£	0.48	£	0.06	12%
Business Capabilities	£	1.39	£	1.70	£	0.31	18%
Programme Management Office	£	0.09	£	0.10	£	0.01	10%
Strategy & Policy	£	0.94	£	1.21	£	0.27	22%
Gross Expenditure	£	2.99	£	3.64	£	0.65	18%
- Recharges to Programmes	-£	0.50	-£	0.50	-£	0.00	0%
	£	2.49	£	3.14	£	0.65	21%



Revision 2 Forecasts: Summary £67.12m



- The full year forecast of expenditure, excluding contingency, is £67.12m, a reduction from Revision 1 of £1.32m.
- This is largely driven by underspends of £0.36m reduction in Rail Operations (mainly relating to deferred and delayed recruitment, and associated fees) and £1.19m other operational areas mainly relating to staffing and professional services within Business Capabilities and Strategy and Policy
- However, the Revision 2 forecast including contingency has reduced by £10.33m to £76.16m. This reflects the deferral of £8.50m of NPR expenditure into 2021/22 that was previously identified as specific contingency for activity that was intended to be carried out in 2020/21. This includes amounts for ground investigation works (£3.6m), NR Gap Analysis / Sequencing activity (£4.25m) and modelling (£0.65m).



Forecast Expenditure <i>*exclusive of contingency</i>	Budget £m	Variance £m	R1 Forecast £m	Variance £m	R2 Forecast £m	R2 vs Base £m
Programmes	£55.35	£2.52	£57.86	£0.23	£58.09	£2.74
Rail Operations	£2.98	-£0.15	£2.82	-£0.36	£2.46	-£0.52
Operational Areas (net)	£7.46	£0.30	£7.76	-£1.19	£6.57	-£0.89
	£65.78	£2.66	£68.44	-£1.32	£67.12	£1.33

Forecast Expenditure <i>*including contingency</i>	Budget £m	Variance £m	R1 Forecast £m	Variance £m	R2 Forecast £m	R2 vs Base £m
Programmes	£77.62	-£1.70	£75.92	-£8.78	£67.13	-£10.48
Rail Operations	£2.98	-£0.15	£2.82	-£0.36	£2.46	-£0.52
Operational Areas (net)	£7.46	£0.30	£7.76	-£1.19	£6.57	-£0.89
	£88.05	-£1.56	£86.50	-£10.33	£76.16	-£11.89



Revision 2 Forecasts: Programmes



Programmes	Budget £m	Variance £m	R1 Forecast £m	Variance £m	R2 Forecast £m
Phase 1 - ITSO on Rail	£3.49	£1.41	£4.90	£0.29	£5.19
Phase 2 - Customer Information	£2.66	-£0.08	£2.58	-£0.06	£2.52
Phase 3 - Contactless on Rail	£0.94	-£0.83	£0.12	£0.01	£0.12
Phase 4 - Local Schemes	£0.93	-£0.58	£0.35	-£0.11	£0.24
Programme Costs	£1.66	£0.12	£1.79	-£0.09	£1.70
IST Programme	£9.69	£0.04	£9.73	£0.04	£9.77
NPR Programme	£43.78	£3.53	£47.31	£0.31	£47.62
Major Roads Programme	£1.88	-£1.05	£0.83	-£0.13	£0.69
Total Programme Expenditure	£55.35	£2.52	£57.86	£0.23	£58.09

IST Programme

There has been a marginal (£0.04m) overall increase in the forecast expenditure for the year, driven by the estimated final costs to complete platform validator installation across the Northern network. This is offset by small variances across the other phases as the phases of the programme are concluded.



NPR Programme: Revision 2 Forecast To be updated



Northern Powerhouse Rail

Activity	Budget £m	Variance £m	R1 Forecast £m	Variance £m	R2 Forecast £m
NPR Team	£0.95	£0.00	£0.95	£0.00	£0.95
Rail Studies	£34.17	£4.58	£38.75	£0.97	£39.72
TAME	£5.68	-£1.04	£4.64	-£0.35	£4.29
Programme Support	£2.97	-£0.01	£2.96	-£0.30	£2.66
Forecast Expenditure	£43.78	£3.53	£47.31	£0.31	£47.62
Contingency Reserve	£16.17	-£3.53	£12.64	-£8.81	£3.83
Total Resource Requirement	£59.95	£0.00	£59.95	-£8.50	£51.45

The Revision 2 expenditure forecast, excluding contingency, has increased by £0.31m as follows:

- Rail studies – additional forecast expenditure of £0.60m for Ground Investigation surveys and £0.50m for early contractor engagement has been offset by lower estimating costs.
- TAME - £0.35m slippage into 2021/22 relating to non critical elements of the Rail Modelling Appraisal Partner (RMAP) contract.
- Programme support – savings of £0.30m mainly due to lower levels of consultation / stakeholder engagement and savings on recruitment fees.

The Revision 2 forecast including contingency has reduced by £8.50m to £51.45m. This reflects the deferral of expenditure into 2021/22 that was previously identified as specific contingency for activity that was intended to be carried out in 2020/21. This includes amounts for ground investigation works (£3.6m), NR Gap analysis and sequencing activity (£4.25m) and modelling (£0.65m).





Operational Areas Revision 2 Forecast



Operational Areas

The Revision 2 forecast expenditure for TfN's Operational Areas has reduced by £1.19m compared to Revision 1.

This has mainly been driven by savings totalling £0.90m, made up of staffing and recruitment savings (£0.50m) due to the vacancy management process, reduced travel related costs (£0.10m) and reduction in external services (£0.20m) due to remote working / Covid-19.

In addition, there has been slippage of £0.29m into 2021/22, mainly consisting of deferred modelling work supporting rail operations.



Operational Areas	Budget £m	Variance £m	R1 Forecast £m	Variance £m	R2 Forecast £m
Leadership	£0.32	-£0.01	£0.30	£0.00	£0.30
Finance & Business Systems	£1.35	£0.00	£1.35	£0.03	£1.38
Business Capabilities	£3.78	-£0.01	£3.76	-£0.51	£3.25
Programme Management Office	£0.32	£0.02	£0.35	-£0.19	£0.16
Strategy & Policy	£2.70	£0.29	£3.00	-£0.51	£2.48
Gross Expenditure	£8.46	£0.30	£8.76	-£1.19	£7.57
- Recharges to Programmes	-£1.00	£0.00	-£1.00	£0.00	-£1.00
Net Expenditure	£7.46	£0.30	£7.76	-£1.19	£6.57



In- Year Funding Position

- Savings and slippage mitigate the need to use reserves to support 2020/21 Core expenditure as set out in the TfN Budget. TfN will continue to manage its reserves in line with the reserves strategy adopted by the Board.
- The reduction in the NPR funding requirement as a result of the £8.5m of slipped activity noted above was reported to the DfT through normal mid-year processes.
- The forecast includes elements of retained contingency across IST and NPR programmes.

Funding Profile	Revision 2 £m	Base Budget £m	Variance £m	Variance %
Total Forecast Expenditure	£76.16	£88.05	£11.89	14%
Funded by:				
TDF - Rail	£50.50	£59.00	£8.50	14%
TDF - Roads	£0.00	£0.00	£0.00	0%
Core Grant	£10.00	£10.00	£0.00	0%
IST - Resource	£4.57	£6.25	£1.68	27%
IST - Capital	£10.42	£9.53	-£0.89	-9%
RNP Grant & Contribution	£1.58	£1.95	£0.37	19%
-Surplus/Deficit	-£0.91	£1.33	£2.23	51%
Use of Reserves	-£0.91	£1.46	£2.37	162%





Residual Funding Drawdowns in 2020/21



- £42.29m of resource required to the year-end
- This excludes £9.05m of contingency across IST and NPR programmes.
- IST Resource reserve represents the non-utilised element of the £4.33m RDEL grant received to facilitate the re-categorisation of Phase 3 Abbot intangible assets.



Funding Requirements	Core Reserve £m	IST Capital £m	IST Resource £m	TDF - Rail £m	TDF - Roads £m	RNP £m	Total £m
Balances brought forward	£6.96	£1.00	£3.93	£0.00	£0.01	£0.00	£11.90
In Year Expenditure	£9.09	£6.06	£3.71	£46.67	£0.00	£1.58	£67.12
Contingency	£0.00	£4.36	£0.85	£3.83	£0.00	£0.00	£9.05
Surplus/-Deficit before Funding	-£2.13	-£9.42	-£0.64	-£50.50	£0.01	-£1.58	-£64.26
Grant Received Year to-date	£0.00	£3.56	£3.40	£16.21	£0.00	£0.68	£23.85
DfT Grant Request to Outturn	£10.00	£1.83	£0.00	£30.46	£0.00	£0.00	£42.29
Contingency	£0.00	£4.36	£0.85	£3.83	£0.00	£0.00	£9.05
Local Grant Request to Outturn	£0.00	£0.00	£0.00	£0.00	£0.00	£0.90	£0.90
	£10.00	£9.75	£4.25	£50.50	£0.00	£1.58	£76.09
Balances carried	£7.87	£0.33	£3.62	£0.00	£0.01	£0.00	£11.83



Mid-Year Treasury Management Update



TfN is required to report on its treasury management performance at mid-year. TfN continues to operate in compliance with the TfN Treasury Management Strategy previously approved by the Board.

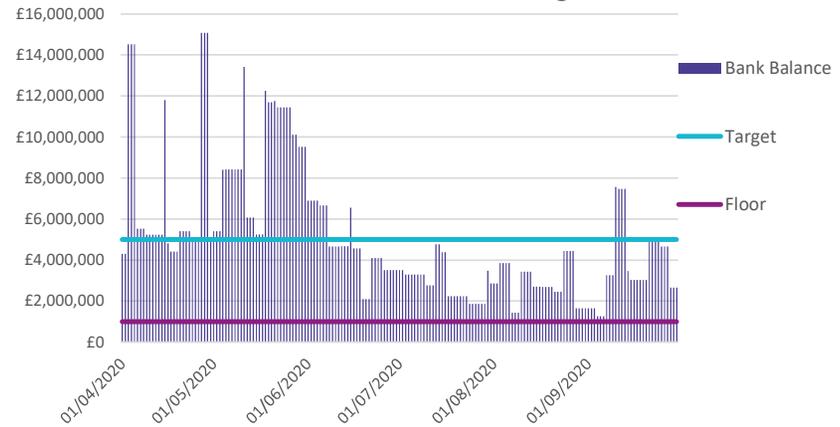
As per, the approach to treasury management is governed by a hierarchy of considerations:

- 1. Security of investments;
- 2. Liquidity of investments; and
- 3. Yield on investments

Cash Balances: Grants Received



Bank Balance: Floor & Target



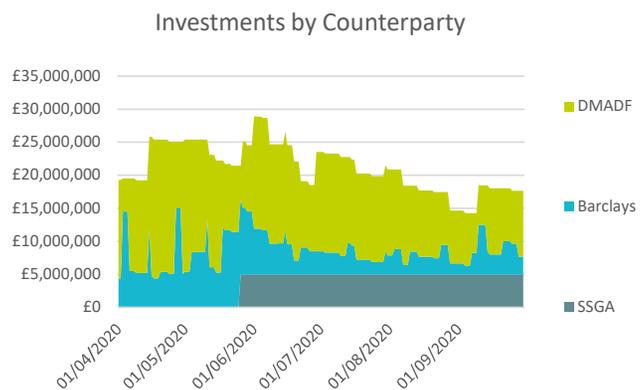
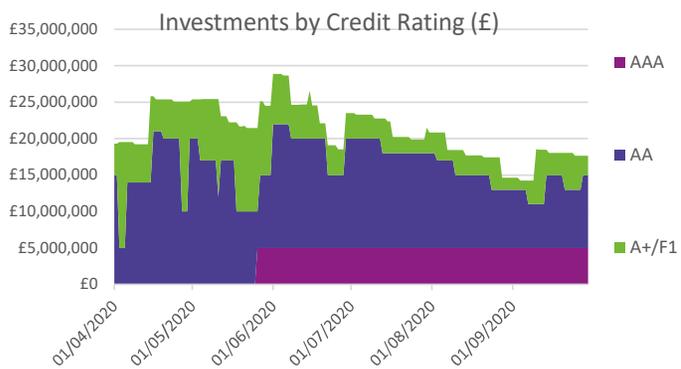


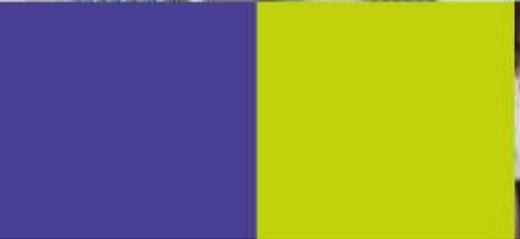
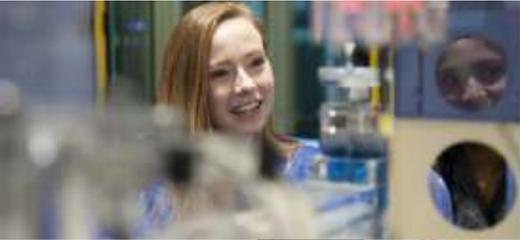
Treasury Management



- Cash profiles sensitive to grant receipt and expenditure profiles
- Investments are with credit-worthy counterparties
- Investments are liquid

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Transport for the North Audit & Governance Committee – Item 6

Subject: Internal Audit Update
Author: James Lyon
Sponsor: Iain Craven
Meeting Date: Thursday 19 November 2020

1. Purpose of the Report:

- 1.1 To enable RSM, as TfN's Internal Auditor, to report upon the progress of the annual audits of TfN's systems and governance.

2. Executive Summary:

- 2.1 The Internal Audit Reports produced by RSM are attached as Items 7a, 7b and 7c
- 2.2 RSM may provide a further verbal update of the Internal Audits during the Audit & Governance Committee.

3. Recommendation:

- 3.1 That the Committee notes the Internal Audit Update.

4. Appendices:

- 4.1 Item 6.1 – Internal Audit Progress Report
Item 6.2 – Cyber Security
Item 6.3 – HR Recruitment and Selection.

List of Background Documents:

There are no background documents.

Required Considerations
Equalities:

Age		No
Disability		No
Gender Reassignment		No
Pregnancy and Maternity		No
Race		No
Religion or Belief		No
Sex		No
Sexual Orientation		No

Consideration	Comment	Responsible Officer	Director
Equalities	A full Impact assessment has not been carried out because it is not required for this report	Julie Openshaw	Dawn Madin

Environment and Sustainability

	No
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Consideration	Comment	Responsible Officer	Director
Sustainability / Environment	A full impact assessment has not been carried out because it is not required for this report.	Julie Openshaw	Dawn Madin

Legal

Yes	
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Consideration	Comment	Responsible Officer	Director
Legal	The legal implications have been considered and are included in the report.	Julie Openshaw	Dawn Madin

Finance

Yes	
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Consideration	Comment	Responsible Officer	Director
Finance	There financial implications are detailed in the report.		Iain Craven

Resource

	No
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Consideration	Comment	Responsible Officer	Director
Resource	There are no resource implications as a result of the report.	Julie Openshaw	Dawn Madin

Risk

	No
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Consideration	Comment	Responsible Officer	Director
Risk	There are no risks associated with the content of this report.	Julie Openshaw	Dawn Madin

Consultation

	No
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Consideration	Comment	Responsible Officer	Director
Consultation	A consultation has not been carried out because it is not necessary for this report.	Julie Openshaw	Dawn Madin

TRANSPORT FOR THE NORTH

Internal Audit Progress Report

19 November 2020

This report is solely for the use of the persons to whom it is addressed.
To the fullest extent permitted by law, RSM Risk Assurance Services LLP
will accept no responsibility or liability in respect of this report to any other party.

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1 Key messages

The internal audit plan for 2020/21 was approved by the Audit and Governance Committee at the February 2020 meeting. As the developments around Covid-19 will continue to impact on all areas of the organisation's risk profile, we will work closely with management to deliver an internal audit programme which remains flexible and 'agile' to ensure it meets your needs in the current circumstances.

This report provides an update on progress against that plan and summarises the results of our work to date.



Two audit assignments have been completed since the last Audit and Governance Committee meeting. These relate to the Human Resources – Recruitment and Selection review (4.20/21) which concluded that 'substantial assurance' could be taken (one 'low' priority management action agreed) and the IT Audit – Cyber Security review (5.20/21) review which concluded that 'reasonable assurance' could be taken (two 'low' priority and two 'medium' priority management actions agreed). A summary of the outcomes of these audits is provided in section 2. [\[To discuss and note\]](#)



Fieldwork dates have been agreed for the remaining internal audit reviews for 2020/21. The fieldwork for the New Payment (Commissioning) Process review has been completed in line with agreed dates. A full schedule for these reviews is provided at Appendix B. [\[To note\]](#)



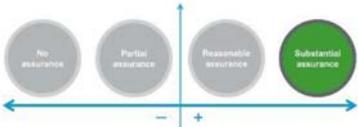
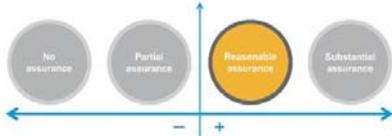
No changes to the internal audit plan 2020/21 have been made since the last Audit and Governance Committee meeting. [\[To note\]](#)

2 Reports

2.1 Summary of final reports being presented to this committee

This section summarises the reports that have been finalised since the last meeting.

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Assignment	Opinion issued	Actions agreed			
		A	L	M	H
<p>Human Resources – Recruitment and Selection (4.20/21)</p> <p>Through our work we confirmed that TfN has an established control framework in place to support its recruitment and selection activities, which includes controls for the management and retention of employee recruitment records. In addition to this, through our sample testing of new starters we confirmed that compliance in this area with TfN’s Recruitment and Selection Policy.</p> <p>The Covid-19 pandemic has not had a significant impact on the design and application of TfN’s recruitment and selection controls, other than during the lockdown period, applicant interviews have been undertaken using video calls, as opposed to using face-to-face meetings. In addition to this, with remote working management have not been able to access some of the related documentation, which is held in the TfN offices (e.g. applicant interview notes). This has had an impact on the data retention timeframes in some cases.</p> <p>One management action is included in this report based on our observations, which relates to the updating of the Recruitment and Selection Policy to reflect current Disclosure and Barring Service (DBS) requirements. However, this matter has not impacted upon the positive assurance opinion provided.</p>	<p>Substantial Assurance</p> 	0	1	0	0
<p>IT Audit – Cyber Security Review (5.20/21)</p> <p>Our review has highlighted positive areas of good practice and some controls that are missing or require enhancing. TfN has established regular steering group meetings to review the Risk Management Strategy and implemented some strong technical controls to help maintain a secure IT environment. However, the controls requiring enhancement or that are missing include controls over user access, reviews of permissions, external vulnerability testing, policy review and Business Continuity and IT Disaster Recovery planning and testing. A number of control improvements are</p>	<p>Reasonable Assurance</p> 	0	2	2	0

Assignment**Opinion issued****Actions agreed**

A L M H

required to enhance TfN's cyber security controls. Two medium and two low priority management actions have been raised in order to strengthen the control environment.

2.2 Themes arising from control observations

	Advisory	Low	Medium	High
Policies and / or procedures	0	2	1	0
Non-compliance with policies / procedures	0	0	2	0
Design of the control framework	0	1	1	0
Management or performance information	0	2	0	0
Poor record keeping	0	1	0	0
Board Assurance Framework	0	0	0	0
Training	0	0	0	0
Governance	0	0	0	0
Information Governance	0	0	0	0
Follow Up of management actions raised in previous audits	1	1	2	0
Total	1	7	6	0

We have not identified any themes that indicate areas of concern through the work completed to date.

Appendix A – Progress against the internal audit plan 2020/21

Assignment and Executive Lead	Status / Opinion issued	Actions agreed				Target Audit and Governance Committee (as per IA plan 2020/21 / change control)	Actual Audit and Governance Committee
		A	L	M	H		
Risk Management - Risk Register Deep Dive (1.20/21) (Executive Director of Finance and Operations)		0	1	0	0	June 2020	June 2020
Contract Management (2.20/21) (Executive Director of Finance and Operations)		0	2	2	0	September 2020	September 2020
Follow up (3.20/21) (Executive Director of Finance and Operations)	Good progress	1	1	2	0	March 2021 / September 2020 Please refer to Appendix B below.	September 2020
Human Resources – Recruitment and Selection (4.20/21) (Executive Director of Finance and Operations)		0	1	0	0	December 2020	November 2020
IT Audit – Cyber Security Review (5.20/21) (Executive Director of Finance and Operations)		0	2	2	0	March 2021 / December 2020	November 2020
New Payment (Commissioning) Process	Fieldwork completed (originally scheduled for July 2020)				-	September 2020 / February 2021	-

Assignment and Executive Lead	Status / Opinion issued	Actions agreed				Target Audit and Governance Committee (as per IA plan 2020/21 / <i>change control</i>)	Actual Audit and Governance Committee
		A	L	M	H		
(Executive Director of Finance and Operations)							
Risk and Governance - Assurance Framework (Executive Director of Finance and Operations)	Due to commence 11 January 2021			-		March 2021	-
Income Management¹ (Executive Director of Finance and Operations)	Due to commence 25 January 2021			-		N/A / <i>March 2021</i>	-

¹ This review replaced the cancelled Flexi-time review.

Appendix B – Other matters

On-going liaison and other matters

Ongoing liaison has taken place between RSM and Iain Craven throughout the year to discuss progress against the internal audit plan 2020/21 and ongoing developments at TfN.

Updates, briefings and invites

The following updates, briefings and invites have been issued since the last Audit and Governance Committee meeting:

- Employment Matters (August 2020) – this is summarised below and we have incorporated a link to the full newsletter for further reading;
- Making Tax Digital - Is your VAT return spreadsheet and process really MTD compliant? (September 2020) – this is summarised below;
- Why cybercrime is increasing – and how to stay secure' (September 2020 – issued separately);
- HR update (Autumn 2020 – appended to this report);
- We invited management at TfN to our:
 - 'Employment Matters and CJRS update' webinar that took place 22 July 2020;
 - 'VAT Update' webinar that took place 28 July 2020; and
 - 'IR35/Off-payroll working webinar with speaker from HMRC' webinar that took place 17 September 2020.
 - 'RSM and HMRC webinar: Are you sure your CJRS claims are correct?' webinar that took place 12 October 2020.
- We also informed management at the TfN to the 'Directors' & Officers' Insurance – what am I protecting myself against?' seminar provided by Gallagher's on 11 September.

Employment Matters – August 2020

Coronavirus Job Retention Bonus

Government considers it important that people who have been furloughed are supported back to work seeing it as beneficial for everyone, including the individual, to prevent skills from fading and to maintain strong employment relationships. Therefore, the government is introducing a new Job Retention Bonus to reward, incentivise and to provide additional support to employers who keep on their furloughed employees in meaningful employment, after the government's Coronavirus Job Retention Scheme ends on 31 October 2020.

Following the Job Retention Bonus announcement on 8 July as part of the Government's Plan for Jobs, a Policy Paper was issued on 31 July with further detail. Full guidance will be available at the end of September 2020.

The government will pay a one-off payment of £1,000 to UK employers for every furloughed employee who remains continuously employed through to the end of January 2021. Employers will need to have maintained enrolment for PAYE online and a UK bank account.

The criteria for payment of the Job Retention Bonus are that an employee, will need to:

- earn above £520 per month (the Lower Earnings Limit) on average for November 2020, December 2020 and January 2021;
- have received some earnings in each of the three calendar months that have been paid and reported to HMRC via Real Time Information (RTI), although the employee does not have to have been paid £520 in each month from November 2020 to January 2021. (Detailed guidance on this will be published by the end of September 2020);
- have been furloughed and had a Coronavirus Job Retention Scheme claim submitted for them that meets all relevant eligibility criteria for the CJRS;
- have been continuously employed by the relevant employer from the time of the employer's most recent claim for that employee until at least 31 January 2021;
- have up to date RTI records for the period to the end of January 2021; and
- not be serving a contractual or statutory notice period that started before 1 February 2021 from the employer making a claim for Job Retention Bonus.

Employers can claim the Job Retention Bonus for all employees who meet the above criteria, including office holders, company directors and agency workers, including those employed by umbrella companies. The above criteria must be met regardless of the frequency of the employee's pay periods, their hours worked and rate of pay.

Global mobility at a crossroads: what is the future for business travel?

Lockdown has given many mobile employees time to consider their 'ordinary' working patterns. Whether they were hot desking from a number of UK offices or living out of a suitcase and spending hours at airports, many have questioned whether it has all been necessary.

Some have found it easy to maintain productivity, retain and even build client relationships without leaving their own home. But others long for a return to familiar working patterns and miss the day-to-day, face-to-face interaction with colleagues and clients.

Before we consider what long-term impact the pandemic will have on global mobility, we should examine the reasons for such significant growth in cross-border business travel in recent decades.

Learning from lockdown – ensuring employee engagement

2020 has been a year that nobody could ever have predicted. It has been a year of uncertainty, lockdown and navigating the 'new normal' which has brought many challenges for organisations worldwide. In March 2020, UK businesses were forced to close their doors and working from home became the default position. Five months on we are now easing out of lockdown and looking to bring employees back to the office or explore new hybrid ways of working that bring together the best of home and office working practices. As employers consider their options, effectively prioritising employee engagement will be key to navigating our way towards a work environment that best meets both the desires of the business and its employees.

A recent article in Forbes magazine suggests we are likely to see enduring change in a number of areas including:

- corporate flexibility;
- our office set up and operations (social distancing, hygiene, temperature checking);
- home-ready working (technology and physical set-up);
- e-learning becoming the norm;
- business attire (acceleration in acceptance of casual attire); and

- video virtuosos (long term adoption of these new ways of communicating).

Now, more than ever, the importance of engagement and gathering feedback is crucial to the future success of the organisation. Collating employee feedback will help to create traction in planning and reactivating the future workplace, so that we don't remain in a temporary state, immobilised by uncertainty. Granted some employers will have more flexibility than others in such decisions, but even the smallest bits of information relating to employee and customer preferences, concerns or restrictions will be instrumental in understanding and, reassuring those individuals of how you can reintegrate them into the workplace and the services you provide.

Of course, it's been well publicised that for the many employees who have discovered the benefits of working at home such as, less travel, more flexibility and a better work life balance, they will want to try and retain some of those benefits in the long term. However, it's not just about exploring alternatives for the future, organisations have a perfect opportunity now to also look back and learn how employees have viewed the response of the organisation to lockdown – what worked and what didn't – the good, the bad and the ugly! It has been said that feedback is the breakfast of champions, and it would be naïve to believe that society will not face challenges of this magnitude in future, whether or not it comes in the form of a global pandemic or not, gathering feedback to ensure our contingency and disaster recovery plans are refined for future is a valuable exercise in itself.

Employers who are best prepared and are proactive in this approach will be in a better position to navigate the new and hopefully better normal. Investing time in surveying the workforce and conducting staff feedback forums and focus groups is the best way to solicit open and honest feedback from employees, before memories fade. A survey allows employers to gain insight, invite suggestions and develop involvement in decision making, helping to shape the future of the organisation, and embed a culture of collaboration and trust.

Summary of HMRC bulletin for August 2020

Every two months HMRC share a bulletin of updates for employers to keep up to date with any changes or upcoming changes that may impact them. Keeping informed, especially in the current climate, is critical to ensure compliance and avoiding any issues arising later.

The full bulletin can provide full detail however we have summarised the key points below.

Coronavirus Job Retention Scheme (CJRS) - As of 1 August the CJRS will not be covering furloughed employees National Insurance (NI) or pension contributions. This must be covered as by the Employer going forward. It has also been announced that as of 1 September the CJRS will reduce furlough payments to 70 per cent whilst the Employer will need to make up the 10 per cent to meet the 80 per cent of wages. The bulletin also explained how to ensure readiness for the claim process and made confirmation that workplace pension responsibilities remained for Employers for all employees even if on furlough.

Redundancy payments - It has been confirmed that all employees to receive any termination payments will be paid at the employees' usual rate and not the 80 per cent received if on furlough.

IR35 - A reminder had been provided that as of April 2021 the changes of off-payroll working will be in effect. HMRC provide detail on how to prepare for the changes including the use of the Check Employment Status Tool (CEST) which assists employers to review their workforce employment status.

PAYE online service for reporting - HMRC have confirmed that the PAYE Expenses and Benefits service is being redesigned in line with the Government Design standards and is focusing on making the process more user focused and friendly. They are asking for employers with 5-250 employee to volunteer to participate in user research. More detail about the changes will be provided late this year before release is expected in last quarter of 2020.

Loans - The deadline for reporting of outstanding disguised remuneration loans is 30 September. Anyone affected must complete the online HMRC form and 2018/2019 tax form to report the loans.

Making Tax Digital - Is your VAT return spreadsheet and process really MTD compliant?

Ensuring digital links between data in large Excel spreadsheets as part of an efficient VAT return process can be challenging, with the risk of penalties due to the soft landing period ending.

A MTD digital link assessment and process review can help ensure full compliance with the Making Tax Digital for VAT (MTD) digital link requirement, which is often the most challenging element of MTD.

Why?

There is a soft landing period to allow companies time to put in place digital links. These need to span the entire end to end VAT return process, linking the original digital recording of a transaction through to the digital submission of the final VAT return numbers.

Failure to take reasonable care and errors are major contributors to missing VAT. By ensuring a digital audit trail throughout the VAT return, HMRC are aiming to minimise errors.

Many businesses have complicated spreadsheets featuring some of the following:

- Numerous worksheets;
- Pivot tables;
- Multiple different spreadsheets; and
- Complicated formulas.

Often spreadsheets are rolled forwards and completed in the same format year after year. Updating current processes and redesigning the spreadsheet approach to be fully MTD digital link compliant can therefore be challenging.

When is this required?

Businesses should review the digital link requirements well in advance of the soft landing deadline this was previously 12 months after the original MTD start date however has been extended.

The first VAT return period starting on or after 1 April 2021 must be digital link compliant.

This includes MTD VAT mandated businesses for whom the previous digital link deadline was 1 October 2020.

What is a digital link assessment and process review?

A detailed end to end review of the entire VAT return spreadsheets and VAT compliance processes to:

- Check MTD digital link requirements;
- Suggest improvements to become MTD compliant; and
- Make recommendations to help improve the general efficiency of the wider VAT return compliance process.

Who will this benefit?

Businesses with a number of spreadsheet based steps or activities as part of their VAT return preparation and who rely heavily on spreadsheets for calculating or consolidating the final VAT return numbers.

What does it involve?

An on-site review which typically lasts ½ to 1 day to walk through all of the spreadsheets in detail and the processes used to create the VAT return.

A subsequent high-level report will outline the key findings including recommendations.

Who will need to be involved?

The on-site review will need to involve VAT return preparers and reviewers to step through all stages of the VAT return process.

Post assignment surveys

We are committed to delivering an excellent client experience every time we work with you. Your feedback helps us to improve the quality of the service we deliver to you. Currently, following the completion of each product we deliver we attached a brief survey for the client lead to complete.

We would like to give you the opportunity to consider how frequently you receive these feedback requests; and whether the current format works. Options available are:

- After each review (current option).
- Monthly / quarterly / annual feedback request.
- Executive lead only, or executive lead and key team members.

For more information contact

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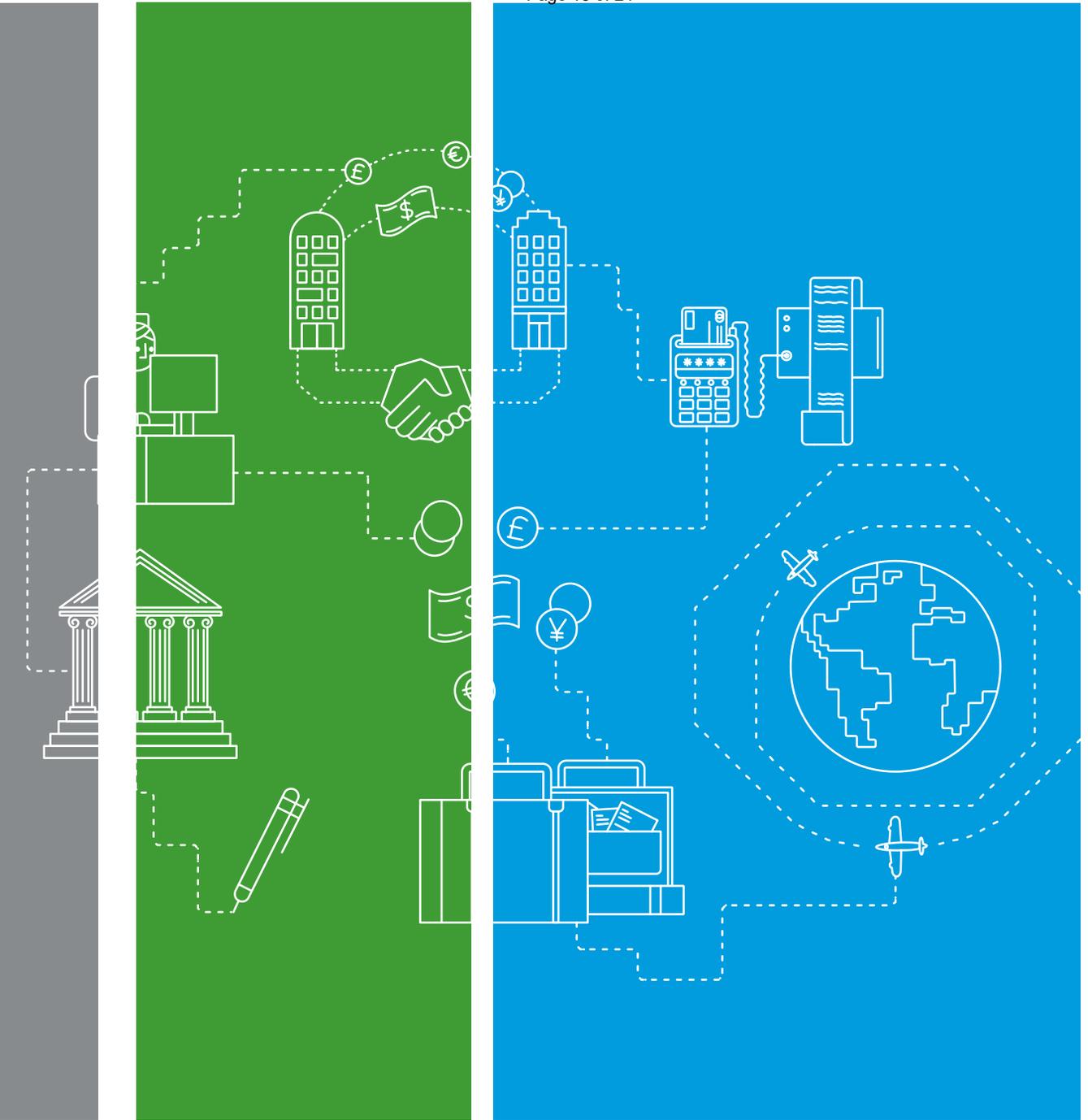
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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

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HR UPDATE

Employer Services

Autumn 2020

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

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Welcome to our October 2020 HR update

Our previous update earlier this year was published in March ahead of the April changes, and just before lockdown due to Covid-19 was formally confirmed. The UK had left the EU in January and we were all wondering what the transition period and resulting agreements would look like. We couldn't have anticipated that we would have greater concerns ahead.

As we continue to transition back into work, within this update we include some topical articles on combating inequality in the workplace, how to support your employees' mental health and the importance of employee engagement in the current pandemic. We also include some other key information relating to Gender Pay Gap and Ethnicity Pay Gap reporting, a payroll update, a reminder of the employment law changes in 2020, also an update to changes to Optional Remuneration Arrangement from 6 April 2021.

If you would like more information or require support for HR matters, or support from within our wider experienced legal, payroll or tax advisory teams, please do get in touch with your usual RSM contact.

RSM Coronavirus Hub

Firstly, a reminder about our [Coronavirus Hub](#). Throughout the Coronavirus pandemic, our legal, HR, payroll, tax, risk assurance, accounting, and consulting teams have collaborated to bring clear insights, advice and support via our Coronavirus Hub. This information has been available to businesses to help them navigate their way through the business support measures announced by the government, and their complex procedures and deadlines. As we move towards the end of the Coronavirus Job Retention Scheme (CJRS) and some important deadlines, we continue to provide you with the latest information.

How do you combat inequality in the workplace?

Combating inequality in the workplace is a topic that requires ongoing awareness and attention. We know it's important, but how do we start those discussions in the workplace? Here is a reminder of some positive steps you can take now; and they link in neatly with your Gender Pay Gap and Ethnicity Pay Gap reporting preparations. [Read more.](#)

Mental health awareness – a focus on kindness

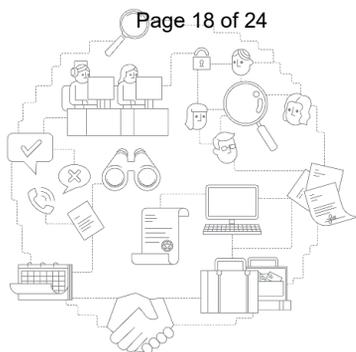
Taking care of our own mental health and being aware of those around us is crucial, particularly as we

approach the final quarter of what has been a difficult year for many. The United Nations (2020) states that, "Good mental health is critical to the functioning of society at the best of times. It must be front and centre of every country's response to and recovery from the Covid-19 pandemic. The mental health and wellbeing of whole societies have been severely impacted by this crisis and are a priority to be addressed urgently" (UN, Policy Brief, 2020). October 10 is World Mental Health Day, with a timely focus on Mental Health for All - Greater Investment, Greater Access, highlighting the gap between the mental health services available and the need for those services. During mental health awareness week we focussed on kindness at work and steps that you can take to contribute towards protecting the mental health of your employees. [Read here.](#)

Employee engagement

Talking to employees and giving them a voice has always been important for building good working relationships and nurturing employee engagement.





As some workers are in the process of returning to the workplace, employee engagement is even more important. It will become a crucial step in managing an effective transition back to work and to the future success of the organisation. [Our article](#) 'Learning from lockdown' provides some key pointers to managing engagement and feedback.

Payroll update

Our regular [payroll updates](#) contain key information to keep you informed, ensure compliance and help you to avoid issues arising at a later date. In August we included key updates in the following areas:

- CJRS – key changes as we move towards the end of the scheme;
- redundancy payments and CJRS claims;
- IR35 – off payroll working;
- PAYE online service – HMRC require user research volunteers; and
- disguised remuneration loans

Gender Pay Gap and Ethnicity Pay Gap

The requirement to produce a Gender Pay Gap report has been removed for the 2019-2020 year as a result of the Coronavirus (Covid-19) pandemic. Whilst there will be no penalty for not reporting, it would be advisable to keep your pay gap monitoring and analysis on track. Producing a report and analysis voluntarily demonstrates that an organisation is committed to meaningful change and is taking steps to improve results in advance of the next 2020-2021 data report requirement. With the focus on equality continuing and the Ethnicity Pay Gap reporting potentially coming down the line, organisations have the ability to take steps in advance to analyse results and take proactive steps where necessary. [Read](#)

[about](#) the steps you can take to begin preparing now.

Employment law changes in 2020

[April 2020](#) brought some changes to employment law, although as we were already in the midst of lockdown uncertainty, they may have gone largely unnoticed. In summary:

- new legal requirements for employment contracts;
- how to calculate holiday pay changes;
- new requirements for agency workers; and
- new rights for parents suffering a child bereavement.

The HR team is in the process of managing documentation updates for clients, but if you have any questions in the meantime, please do speak with your usual HR contact.

Optional Remuneration Arrangements (OpRA) from 6 April 2021

The OpRA rules have been in place since 6 April 2017 and can apply when an employee gives up the right to an amount of earnings in return for a benefit. The rules potentially affect salary sacrifice arrangements and other arrangements where an employee or director has a choice between taking a benefit or an amount or earnings. Subject to transitional rules and certain exemptions, when the rules apply, the value of the benefit for tax and Class 1A NIC purposes is the greater of the cash earnings given up and the value of the benefit in kind calculated under normal benefit rules. As the transitional rules for OpRAs first entered into before 6 April 2017 for certain benefits will come to an end on 5 April 2021, now is a good time to review such arrangements to prepare for the changing tax and NIC treatment from 6 April 2021. [Read here.](#)

People Advisory Services

RSM's dedicated People Advisory services group will help you develop the potential of your people, bringing multiple benefits to your organisation wherever you are in the world.

Be it in the UK or overseas, our teams collaborate to address complex issues with your people, designing, implementing and maintaining the right strategies for you. Our practical support covers a host of areas, from payroll and compliance, to HR and legal advice, helping you get the best value from your investment in people.

Our areas of expertise include:



Payroll services

We process over 3,500 payrolls across our client portfolio, generating 3.5m payslips per year with a BACs value of circa £5bn per annum.



HR support

Providing your business all the protection, advice and operational support you need to be fully compliant with all areas of HR and employment law.



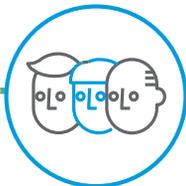
Employment law advice and contracts

We guide you through business set up, business changes involving issues like workforce integration/separation or legal and regulatory change.



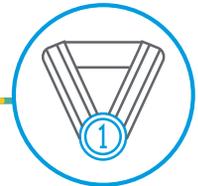
Global expatriate services

With our global expertise in tax and social security, our tailored expatriate services are suitable for handling the affairs of any number of assignees.



Planning of employee benefit packages

We support employers to design, and efficiently structure, their reward offering to attract, develop, retain and incentivise their employees.



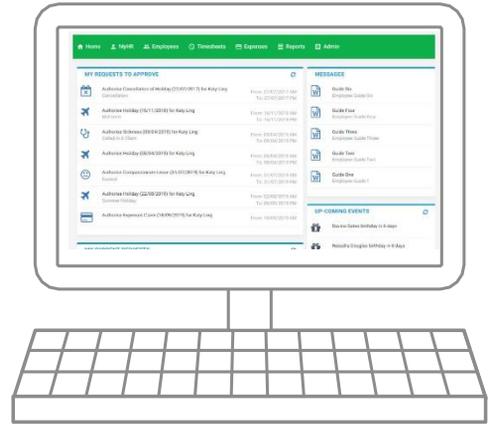
Share, reward and incentivisation

We work with you to design and implement the right scheme for your business.

Our software solutions

People Manager

People Manager gives you a secure setting for recruitment, development and management of your employees with the opportunity to integrate with other essential business systems.



RSM's approach to understanding your requirements means we deliver the solution that you need. The software outputs data that you can easily upload into your existing payroll software - or simply combine it with our Pay Manager software for a fully integrated and automated HR solution.

Key functionality:

People Manager centralises all of your data - saving you time searching through a variety of spreadsheets. By ensuring all of your data is giving you a real time view of the status of your employees, you are able to make better, more accurate decisions – saving time and cost.



Manages employee absence for example holidays, sickness and study leave



Keeps accurate learning and development records with alerts for expiring certificates etc



You can upload unlimited customised templates such as contracts and offer letters



Built in auto-enrolment information and calculators



Provides entirely customisable reports, with auto-generation functionality



Data can easily be exported into excel when needed



Integrates with our payroll module – Pay Manager - to provide a complete employee data record in one place

People Manager enables better management of your human resource processes

Below are just some of the benefits you can expect through the use of the software:

- cost and time savings through a simplified process;
- secure data storage through our cloud software; and
- peace of mind that our HR consultants are available for any additional advice that is needed.

Our HR software service is relationship led - providing technology supported by our experienced payroll and HR industry experts.

For more information about People Manager please visit: www.rsmuk.com/peoplemanager

Learning from lockdown workforce survey

Securing employee engagement post-Covid 19

As lockdown eases and we begin to return to our workplaces, employees and employers alike are keen to find a 'better normal' which harnesses the best parts of homeworking and office life.

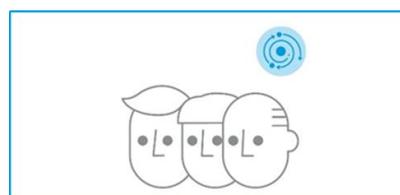
RSM's 'Learning from Lockdown' survey is designed for employers to better understand their people's perspective on what's worked well and what hasn't, what employees are keen to get back to and what working practices they want to leave behind, as well as understanding any fears or concerns they have regarding returning to office-life post-pandemic.



Looking Back

Helps you to:

- understand your strengths in managing change, and celebrate your successes;
- mitigate risk for similar future scenarios or other situations of rapid change;
- develop robust plans and practices for crisis management, homeworking, and managing a remote workforce;
- address oversights and disappointments appropriately; and
- strengthen engagement for the future.



Looking Forward

Helps you to:

- shape the culture of your organisation;
- plan effectively;
- manage expectations;
- respond appropriately to employee concerns and desires for change;
- develop your employee health and wellbeing offering; and
- find win-win solutions that benefit the business and your employees.

Survey Input and Analysis

Surveys are sent and responses analysed using RSM's 4Questionnaire technology

Choose from our pre-prepared set of questions with the option to include additional questions relevant your organisation

Results will be presented in an attractive and easy-to-understand report, including charts, tables and summary output from your employees

Further analysis by location, department or other categories can be included for an additional fee

Reports will be delivered by one of HR specialists via a video conference call which can include one or more appropriate members of your management and leadership teams

Example data output

Headline Findings

Most positively responded to questions	#	%	Most negatively responded to questions	#	%
I have the right level of information to enable me to work well from home	235	94	I am being kept well informed of the impact and company response to the pandemic	65	26
My manager has been accessible and supportive	235	94	I expect to return to working in the office 100% of the time	58	23
My safety and wellbeing are important to my employer	230	92	I intend to travel to work in the same way as I did previously	30	12

Area to celebrate success	Area to make improvements
Health & Wellbeing	Leadership & internal communications
Teamwork and management	Safety in the workplace
Flexible working	Changes in the workforce

Comments
 Survey engagement was excellent with a 89% response rate. Overall employees experience of the pandemic and homeworking has been positive, with natural concerns around returning to the office space, losing colleagues to redundancy and reintegrating those returning from furlough. Transparency in communications will be vital to ensure engagement is secured during the next phase.

Why RSM

For many organisations, it is vital that survey participants are reassured that their responses will be confidential and anonymous. Using an external, impartial firm like RSM to design, execute and analyse the data means that the participants have that certainty.

Our 4Questionnaire technology, is widely used for employee engagement and surveys, leadership reviews and organisational audit research.

Following completion of the survey our team focuses on helping you to build practical action plans based on the data. Plans which are shaped to ensure that your priority objectives are achieved.

Health & Wellbeing

Statements	Strongly Disagree (%)	Disagree (%)	Neither (%)	Agree (%)	Strongly Agree (%)
My safety and wellbeing are important to my employer	0	1	7	44	48
My workload is manageable	0	11	23	42	22
I know who to go to if I have a problem	2	4	7	36	51
Total % Score per section	1%	8%	12%	41%	41%

Health & Wellbeing by Country: Australia, US/Canada, UK. Health & Wellbeing by Department: Sales & Marketing, Purchasing, Operations.

Health & Wellbeing

"I have thoroughly enjoyed the different virtual fitness classes and team quizzes that we are now doing"

"Juggling work and childcare has been extremely challenging over the last three months but being able to flex my hours and take some periods of leave at short notice has really helped"

"I was starting to feel low and isolated but used the employee assistance helpline to connect with the counselling service which has been brilliant"

"Working from home and eliminating the commute means that I can spend that time connecting with my family, eating evening meals with my children and exercising more than I have in years, I'm in no rush to return to work life as I was before lockdown"

RSM

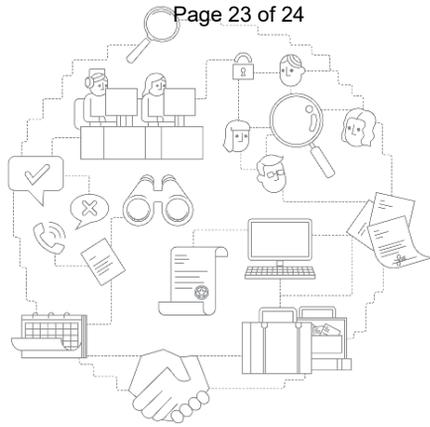
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Forthcoming Employment Matters events

Please contact sonal.naik@rsmuk.com for more information.

Date	Title
21 October 2020 Live webinar	Employment Matters Autumn update (details to become available in the beginning of October)
December 2020 Live webinar	Employment Matters Winter update (details to become available in November)

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TRANSPORT FOR THE NORTH

Cyber Security Review

Internal audit report 5.20/21

Final

5 November 2020

This report is solely for the use of the persons to whom it is addressed.
To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

1. EXECUTIVE SUMMARY

With the use of secure portals for the transfer of information, and through electronic communication means, remote working has meant that we have been able to complete our audit and provide you with the assurances you require. It is these exceptional circumstances which mean that 100 per cent of our audit has been conducted remotely. Based on the information provided by you, we have been able to undertake sample testing.

Why we completed this audit

An audit of Transport for the North's (TfN) cyber security control environment was undertaken as part of the annual internal audit plan. The audit assessed the technology, governance and processes control framework designed to protect TfN's computers, systems and data from attack, damage or unauthorised access.

With technology becoming increasingly integrated within the processes of all organisations, it is important to consider the risks it presents to the processes themselves, the protection of organisational assets and information, and to the people the organisation serves. Additionally, given the legal requirements of the General Data Protection Regulation (GDPR), the importance of data security has become an important focus for many organisations. Ensuring strong cyber security controls are in place will help to minimise the risk of personal data breaches for which the Information Commissioner's Office (ICO) can impose severe penalties under GDPR.

This is particularly relevant for TfN who have established an entirely cloud based network in Azure. TfN operate primarily on Infrastructure as a Service (IaaS) and a Software as a Service (SaaS) cloud models. Whilst this does help to streamline the IT department and the services it offers, it poses its own, new challenges where security risks are heightened over traditional servers due to the potential for an attack or a compromised hypervisor to gain access to key infrastructure services.

The audit was primarily carried out through sample-based testing, meetings with the Head of IT and Information and the IT Security and Data Compliance Officer and the review of key documentation.

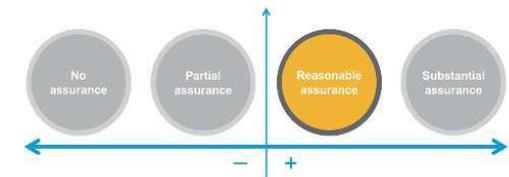
Conclusion

Our review has highlighted positive areas of good practice and some controls that are missing or require enhancing. TfN has established regular steering group meetings to review the Risk Management Strategy and implemented some strong technical controls to help maintain a secure IT environment. However, the controls requiring enhancement or that are missing include controls over user access, reviews of permissions, external vulnerability testing, policy review and Business Continuity and IT Disaster Recovery planning and testing. A number of control improvements are required to enhance TfN's cyber security controls. Two medium and two low priority management actions have been raised in order to strengthen the control environment.

Internal audit opinion:

Taking account of the issues identified, the Board can take reasonable assurance that the controls in place to manage this risk are suitably designed and consistently applied.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk.



Key findings

We identified the following key findings:



There are a number of contractors whose user accounts are not being deactivated when they leave TfN. Their user accounts remain active for days and sometimes weeks after they have ceased to work for TfN. Given TfN's SharePoint site can be accessed from any personal device, this issue increases the risk of unauthorised access of sensitive data. Additionally, there are no periodic reviews of user access and permissions to ensure it remains up to date.



TfN has not conducted a penetration test for over 18 months. Given the fast-changing nature of cyber risks, it is important that a penetration test is conducted at least annually. Not doing increases the risk of TfN not being aware of vulnerabilities to the IT network making them susceptible to a cyber-attack.

Good Practice

We identified the following areas of good practice:



The IT risk register is reviewed quarterly as part of the IT and Facilities Steering Group and the Risk Management Strategy is reviewed annually by the Risk Manager and approved by the Audit and Risk Committee. Additionally, TfN use risk acceptance forms, which provide detail on the risk description (risk, root cause, impact), risk owner, mitigation action owner and mitigating actions. We were informed accepted risks are to be reviewed by the IT and Facilities Steering Group or on an ad hoc basis should the security environment change as new threats emerge.



TfN has established a hardened automatic standard build using Autopilot. Autopilot has allowed TfN to build a hardened configuration that can be used to build new laptops quickly and consistently. Through review of the standard build specifications,

we noted this includes security practices expected such as encryption.



TfN has developed a Patching Policy that is up to date, regularly reviewed and subject to testing was shown to be compliant in practice. The policy makes the distinction between security and functionality patches, helping to ensure security patches are tested and rolled out more quickly. We verified that patching is configured such that security and functionality patches are installed as the patches are released to be tested on a small number of laptops. Then after 14 days security patches are installed automatically on the IT estate and functionality patches after 120 days, unless required sooner.



There are a variety of different security applications in use. These include Windows Defender which provides anti-virus, a personal firewall and Intrusion Detection System (IDS) and spam filters. This is positioned alongside a proxy server for each laptop and added anti-virus and spam protection provided by Azure that is present on SharePoint.



Due to TfN primarily operating off Infrastructure as a Service (IaaS) and Software as a Service (SaaS) models they rarely have to grant third-parties access to TfN's network. When they do the user at the third-party must submit a request including who will use the user account and then gain approval from TfN's IT management. The account will be set with a short expiry date that will depend on what work is to be completed, normally ranging from 24 to 48 hours.



TfN use Azure Information Protection (AIP) which enables them to classify all data stored and processed on SharePoint and to set levels of confidentiality against data. It also allows IT management to track who uses and alters data.

2. DETAILED FINDINGS AND ACTIONS

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Area: Managing User Privileges		Assessment		
Control	<p>There is a leavers procedure for the submission of leavers requests to IT for contractors and permanent staff. In particular, TfN has implemented a process for leavers whereby HR update their 'TALENT' records and submit a leaver request to the Service Desk.</p> <p>However, there is no policy or procedure to ensure periodic review of user access permissions.</p>	Design	x	
		Compliance	N/A	
Findings / Implications	<p>Our testing identified a number of leaver requests for contractors that were submitted over three and four months after the individuals had ceased working for TfN.</p> <p>For the sample we tested, we noted when a leaver request is submitted to IT, it was actioned straight away, and their user access removed. We found that the delay in the submission of leavers requests had not affected permanent TfN employees, just contractors. By not submitting a leaver request to IT via the Service Desk, contractors login details are not being deactivated and they can access TfN's SharePoint site. The SharePoint site can be accessed from a personal device meaning that the contractor will have read access to TfN's applications and data despite their contract having ended as permissions are all managed through SharePoint. This significantly increases the risk of non-compliance with GDPR and potential data breaches.</p> <p>We noted that contractors are employed by a third-party with which TfN has an ongoing non-disclosure agreement in place. However, the risk of unauthorised access remains as the contractors could still have access to TfN's systems and data.</p> <p>Through discussion with the Head of IT and Information we were informed that SharePoint owners are responsible for reviewing permissions and access to their folders on SharePoint. However, there is no formal control to ensure that this review is taking place on a continuous or periodic basis.</p> <p>This increases the risk that inappropriate access rights are not removed when an employee changes role within TfN. In addition, there is the risk that that staff may not have appropriate permissions for their role.</p> <p>We were informed by the Head of IT and Information that there was an ad hoc review of access permissions at the start of 2020 (January 2020) which identified a leaver that had not been processed correctly and retained system access. This was not followed up with implementing the same review on a periodic basis.</p>			
Management Action 1	<p>Management will review the current leavers process for employees and contractors and ensure that leaver forms are approved and submitted in a timely manner to enable their system access to be revoked.</p>	Management Comment:	Date:	Priority:
		<p>Leaver process to be reiterated to all line managers with additional focus to be placed on those with contractors in site.</p>	<p>31 October 2020</p>	<p>Medium</p>

<p>Management will review the leavers procedure and document that a leavers request needs to be submitted to IT prior to that individual leaving TfN. This will clearly state the responsibilities of the stakeholders in the leavers process to ensure the timely submission of leavers requests.</p> <p>Management will also establish a periodic review control to identify users with access to SharePoint who are no longer employed or contracted by TfN, or whose roles and approval for access may have changed within TfN.</p>	<p>SharePoint Access review to be established as a quarterly process confirming site ownership, access levels granted and who has access.</p> <p>Responsible Owner: Head of IT and Information</p>
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Area: Network Security		Assessment	
Control	There is no formal policy in place that sets out the requirement for an independent, external penetration test to completed on a periodic basis.	Design	×
		Compliance	N/A
Findings / Implications	<p>The Head of IT and Information informed us that TfN last undertook an independent penetration test 18 months ago. We were informed the budget had been set aside for the planned penetration test. However, we were informed by the Head of IT and Information that this has not yet been conducted due to TfN being unable to allow safe site access to their Manchester and Leeds offices.</p> <p>It is good practice to undertake penetration tests on an annual basis, or when significant changes are applied to the network components and to rotate the vendors performing penetration tests. This should be followed up with the completion and monitoring of a remediation plan to address the weaknesses identified.</p> <p>In failing to undertake a penetration test, TfN increases the risk that there are vulnerabilities within the network security environment that they are unaware of, making the network more susceptible to a data breach or cyber-attack.</p>		
Management Action 2	<p>Management will ensure an independent penetration test is planned, scoped and conducted. This will be accompanied by a written policy stating how often an independent penetration test should be conducted and in what timeframe vulnerabilities of differing severity need to be addressed.</p> <p>Following this, a remedial action plan will be completed to plan and monitor the implementation of actions required to remediate any identified weaknesses. Priority should be given to address any critical or high vulnerabilities.</p>	<p>Management Comment:</p> <p>Budget had been set aside for the penetration test; however, this has not yet been conducted due to logistical obstacles raised by Covid-19. Once safe site access can be established formal penetration tests of both Manchester and Leeds will commence.</p> <p>Responsible Owner: Head of IT and Information</p>	<p>Date:</p> <p>TBC depending on return to site access</p> <p>Priority:</p> <p>Medium</p>

Area: Information Risk Management		Assessment		
Control	<p>A number of IT policies and procedures are in place designed to provide governance for IT activities such as the: Information Technology (IT) Policy, the Data Protection Policy, the Security Policy and the Social Media Policy.</p> <p>Some IT policies and procedures contain an incomplete version control whereas others do not, nor do they state how often the policies are to be reviewed.</p>	Design	x	
		Compliance	N/A	
Findings / Implications	<p>Upon review of the IT Policy we found that it was up to date, having last been revised on 24 January 2020. We noted that the contents of the policy covered areas such as personal use and responsibility, system access, internet access, use of social media and data protection amongst others.</p> <p>However, the IT Policy did not have clear version control, stating the policy review and approval process and timescale. This increases the risk that the policies or procedures, such as the IT Policy, Information Security Policy and Data Protection Policy, may be outdated and do not reflect the current practices expected to operate on TfN's IT network.</p> <p>We were informed by the Head of IT and Information that staff are required to formally acknowledge the organisation's policies and procedures at their induction. However, we were unable to validate this with evidence from the HR team.</p> <p>In not formally acknowledging the IT Policy staff may be unaware that their actions are endangering TfN's systems and sensitive data, thus increasing the risk of a data breach. Additionally, by not updating existing staff with the revised version of the IT Policy it would be hard to hold them to account for a breach of the policy.</p>			
Management Action 3	<p>Management will ensure all policies and procedures contain the following details for version control:</p> <ul style="list-style-type: none"> • Date of approval and who by; • Date of most recent and next review and who by; and • Version control to track any changes. <p>Management will also ensure that all staff have read the IT Policy and have agreed to work according to it and are made aware of any updates to it.</p>	Management Comment:	Date:	Priority:
		All IT Policies are to be reviewed and updated in line with the recommendation.	31 October 2020	Low
		Responsible Owner: Head of IT and Information		

Area: Business Continuity and Disaster Recovery		Assessment		
Control	There is no complete and signed-off Disaster Recovery or Business Continuity Plan: <ul style="list-style-type: none"> • Not all Business Impact Assessments (BIA) have been completed and some will now be out of date; • Critical systems have not been put in order of criticality; and • Contact details for staff or third-parties are not included. 	Design	x	
		Compliance	N/A	
Findings / Implications	<p>The Disaster Recovery and Business Continuity Plan for TfN was initially drafted in July 2018. Whilst the plans have been through several iterative updates since, the last being 3 March 2020, they are still not complete or approved and require the completion of key information such as the results of business impact assessments and recovery procedures.</p> <p>This increases the risk that TfN would not be able to react effectively in the event of a disaster which could lead to a loss of operations and data.</p> <p>However, to provide a level of mitigation, TfN only operate a small number of non-critical systems such as the HR system Nitro. Based on the latest BIA the maximum tolerable downtime of this system was 7 days. This shows that should TfN suffer a disaster they have a full week to recover Nitro. The majority of services are cloud based, operated on a Software as a Service (SaaS) or Infrastructure as a Service (IaaS) model.</p> <p>TfN's network is primarily based on SharePoint, in Azure. TfN's network is replicated across two different Azure datacentres, Azure South and West. We have also obtained certification demonstrating the cloud provider's business continuity capabilities including ISO 9001 and ISO 22301. This has been reflected in the priority of our management action.</p>			
Management Action 4	<p>Management will assign resources for the completion of the Disaster Recovery and Business Continuity Plan. The wider business will be consulted with, a test plan formulated and formally approved.</p> <p>Where systems are hosted by a third party, management will include disaster recovery procedures in the contract and document them in TfN's disaster recovery plan.</p>	Management Comment:	Date:	Priority:
		BCP to be fully reviewed in light of Covid-19 enforced remote working and new Ways of Working principles to be shortly introduced within TfN. As per the draft plan formal testing will then commence once return to site access is possible.	30 November 2020	Low
		Responsible Owner: Head of IT and Information		

APPENDIX A: CATEGORISATION OF FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

The following table highlights the number and categories of management actions made as a result of this audit.

Risk	Control design not effective*		Non-Compliance with controls*		Agreed actions		
	Low	Medium	High	Low	Medium	High	
Failure to manage cyber risks effectively could lead to the loss of systems confidentiality and availability, together with a potential financial impact including fines or other penalties for breach of statutory obligations such as data protection.	4	(28)	0	(28)	2	2	0
Total					2	2	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

APPENDIX B: SCOPE

The scope below is a copy of the original document issued.

Scope of the review

1.1 Objectives relevant to the scope of the review

Objective of the review	Risks relevant to the scope of the review
To review select cyber security controls to ensure computer systems and data are resilient to threats resulting from connection to the Internet.	Failure to manage cyber risks effectively could lead to the loss of systems confidentiality and availability, together with a potential financial impact including fines or other penalties for breach of statutory obligations such as data protection.

1.2 Additional management concerns

Management had requested as part of the annual audit plan that the following IT controls are reviewed:

- IT security policies and procedures;
- Network User registration / De-registration procedures for staff;
- The Password policy is in place and user account security settings governing access to the TFN network;
- System backups; and
- Virus protection software.

1.3 Scope of the review

The following areas will be considered as part of the review:

The remit of the review will include an evaluation of a sample of the ten control areas that have been identified by the National Cyber Security Centre of UK Government (formerly Communications Electronics Security Group (CESG) as key control areas for cyber risk management. These are:

Information Risk Management

- Completion of any risk assessments or business impact assessments.
- Senior management oversight of and responsibility for Information/ Cyber Risk Management.

Secure Configuration

- Policies and procedures in place for the application of security patches applied to software or network devices.
- Standard build of PCs.
- Restrictions on use of removable media.

Malware Protection

- Use and upkeep of anti-virus software.
- Use of file scanning.

Network Security

- Policy on the management of the firewall rules and settings.
- Intrusion detection and prevention.
- Security over physical access to core IT infrastructure (servers and cabling).

Home and Mobile Working

- Inspection of remote working approvals for employees working remotely.
- The relevant policies and procedures regarding home and mobile working.
- The methods and security measures in place for staff who connect remotely into the network.

User Education and Awareness

- User education and awareness in respect of cyber risk.

Incident Management

- Documented incident management procedures including.
- Detection of security breaches or unauthorised access attempts.
- Investigation, escalation and including lessons learned.

Managing User Privileges

- Process for user account creation, deletion and amendment.
- Process for approving user account security settings governing access to the TfN network.
- How access rights are defined and authorised for different individuals.
- Restrictions on access to administrative accounts.
- Password rules for end user and administrative accounts.
- Monitoring of user access.
- Rules around remote and third-party access to network.

Removable Media Controls

- Inspection of policies and procedures for the use of removable media.
- The technical controls in place around the security of removable media.

Monitoring

- The monitoring and reporting processes in respect of incidents and near misses (including successful and unsuccessful attempts to access data).
- Whether monitoring solutions have been put in place to continuously monitor inbound and outbound traffic.

The following limitations apply to the scope of our work:

- The results of our work are reliant on the quality and completeness of the information provided to us.
- The scope of our work will be limited only to those areas that have been examined and reported and is not to be considered as a comprehensive review of all aspects of Cyber Security Risk.
- The approach taken for this review will be to validate the design of controls and will not include all monitoring controls.
- We will be testing key controls and on a sample basis and for the financial year 2020-2021 only.
- The information provided in the final report should not be considered to detail all errors or risks that may currently or in the future exist within the Cyber Security environment, and it will be necessary for management to consider the results and make their own judgement on the risks affecting Transport for the North and the level of specialist computer audit coverage they require in order to provide assurance that these risks are minimised.

Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Debrief held 9 September 2020
Draft report issued 29 September 2020
Responses received 5 November 2020

Final report issued 5 November 2020

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

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TRANSPORT FOR THE NORTH

Human Resources – Recruitment and Selection

Internal audit report 4.20/21

FINAL

25 September 2020

This report is solely for the use of the persons to whom it is addressed.

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1. EXECUTIVE SUMMARY

With the use of secure portals for the transfer of information, and through electronic communication means, remote working has meant that we have been able to complete our audit and provide you with the assurances you require. It is these exceptional circumstances which mean that 100 per cent of our audit has been conducted remotely. Based on the information provided by management, we have been able to complete the work in line with the agreed scope.

Background

Transport for the North (TfN), utilises the 'Talent' module of the Dynamics 365 software for the recording of staff employment data. At the time of our review (7 September 2020), TfN had 141 current employees recorded on the Dynamics 365 system.

TfN has a contractual arrangement in place with an external recruitment system provider (Vacancy Filler) to support its employee recruitment and applicant tracking processes. Vacancy Filler is responsible for advertising the posts and for screening the applications for shortlisting.

The structure of the TfN Human Resources function is reflected in the following diagram:



Our review was designed to assess the controls that support TfN's employee recruitment and selection processes. This included an assessment of compliance against the key elements of TfN's Recruitment and Selection Policy.

Conclusion

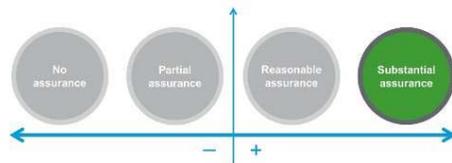
Through our work we confirmed that TfN has an established control framework in place to support its recruitment and selection activities, which includes controls for the management and retention of employee recruitment records. In addition to this, through our sample testing of new starters we confirmed that compliance in this area with TfN's Recruitment and Selection Policy.

The Covid-19 pandemic has not had a significant impact on the design and application of TfN's recruitment and selection controls, other than during the lockdown period, applicant interviews have been undertaken using video calls, as opposed to using face-to-face meetings. In addition to this, with remote working management have not been able to access some of the related documentation, which is held in the TfN offices (e.g. applicant interview notes). This has had an impact on the data retention timeframes in some cases (further details of this matter are included in the 'Key findings' section below).

One management action is included in this report based on our observations, which relates to the updating of the Recruitment and Selection Policy to reflect current Disclosure and Barring Service (DBS) requirements. However, this matter has not impacted upon the positive assurance opinion provided below.

Internal audit opinion:

Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage the identified area are suitably designed and are being consistently applied.



All vacant posts are advertised through the Vacancy Filler system once a recruitment need has been identified by management. All applicants are then subject to standardised shortlisting and interview/assessment processes (the applicant screening and shortlisting processes are undertaken by Vacancy Filler). The advertised post is typically awarded to the highest scoring applicant following the interview/assessment process. Any exceptions to this must be approved by the relevant senior manager.

As part of the audit, we tested a sample of 10 staff who commenced their employment with TfN during the current financial year to determine whether each appointment had been made in accordance with the process stated in the Recruitment and Selection Policy. This included the production of a role profile (including a person specification), an advertisement placed through Vacancy Filler, the completion of a shortlisting process, and the recording of interview notes.

Key findings

We identified the following findings:



TfN has a Recruitment and Selection Policy, which is subject to annual review in consultation with the union representative from Unison. We confirmed that the Recruitment and Selection Policy is within its review timeframes (the Policy was last reviewed in February 2020) and is available for staff to access on the intranet. We also confirmed that the Policy clearly describes the steps involved in the employee recruitment and selection process. However, we noted that the Policy makes out-dated references to the Criminal Record Bureau (CRB) checking process (the CRB process has now been replaced by the Disclosure and Barring Service (DBS) checking process). A management action relating to this matter is included in section 2 of this report.



In six of the 10 cases, the applicant interviews had taken place prior to lockdown/remote working, and therefore management were unable to access the interview notes and scoring records at the time of our review (i.e. as the notes/records were physically held in the TfN offices). This has also impacted on the timeframes with which the notes are destroyed (i.e. in accordance with General Data Protection Regulation (GDPR) guidelines). This is considered reasonable given the circumstances, and therefore no management action has been raised in this report relating to this matter.



The TfN staffing establishment is reviewed and approved as part of the annual business planning cycle. A 'Summary Establishment Report' is produced as part of this process which details all staffing posts, amendments, deletions and additions for each of the different departmental areas. This is used to inform decisions relating to the organisation's recruitment and staffing activities throughout the year.



No other exceptions were noted as part of this testing.

Once a decision has been made regarding which applicant to appoint, a formal offer of employment letter is issued to all successful candidates, which must be signed and returned to TfN prior to a contract of employment being issued.

Appointments are only made following the receipt of two acceptable references, medical clearance, DBS checks (where applicable), and confirmation/evidence of relevant qualifications and right to work in the UK.

For the sample of 10 employee new starters selected above, we performed testing to determine whether letters of employment and signed contracts were in place in each case, and that evidence was available to demonstrate that all pre-employment checks were undertaken as required. No exceptions were noted as part of this testing.

Good practice

The following example of good practice was identified during our review:

- The use of the Vacancy Filler system for the advertising of roles and the screening of applications is considered to be an area of good practice identified during the audit. The shortlisting process is completed by Vacancy Filler on an anonymised and independent basis, specifically using the required and desirable skills, experience and qualifications stated in the role profile. This helps to ensure that the shortlisting process is undertaken in a fair and consistent manner in all cases.

2. DETAILED FINDINGS AND ACTIONS

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Area: Strategic recruitment and selection processes

Control	Recruitment and Selection Policy	Assessment:		
	<p>TfN has a Recruitment and Selection Policy, which is subject to annual review in consultation with the union representative from Unison. The Policy describes the steps involved in the recruitment and selection process. This includes, but is not limited to, information relating to the following key areas:</p> <ul style="list-style-type: none"> • Advertising; • Selection; and • Appointment. 	Design	✓	
		Compliance	x	
Findings / Implications	<p>We confirmed that the Recruitment and Selection Policy is within its review timeframes (the Policy was last reviewed in February 2020) and is available for staff to access on the intranet. We also confirmed that the Policy clearly describes the steps involved in the recruitment and selection process. However, we noted that the Policy makes out-dated references to the Criminal Record Bureau (CRB) checking process (the CRB process has now been replaced by the Disclosure and Barring Service (DBS) checking process).</p> <p>If the Recruitment and Selection Policy does not accurately reflect current standards and requirements in relation to pre-employment disclosure checks, this could result in the required standards being incorrectly applied by management during the recruitment and selection process.</p>			
Management Action 1	Management will update the Recruitment and Selection Policy to remove any references to CRB checks, and to replace these with the requirements in relation to DBS checks.	Responsible Owner:	Date:	Priority:
		Stephen Hipwell, Head of HR	30.10.20	Low

APPENDIX A: CATEGORISATION OF FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

The following table highlights the number and categories of management actions made as a result of this audit.

Area	Agreed actions		
	Low	Medium	High
Strategic recruitment and selection processes	1	0	0
Operational recruitment and selection processes	0	0	0
Total	1	0	0

APPENDIX B: BENCHMARKING

We have included some comparative data to benchmark the number of management actions agreed, as shown in the table below:

Level of assurance	Percentage of reviews	Results of the audit
Substantial assurance	28.6%	✓
Reasonable assurance	35.7%	
Partial assurance	28.6%	
No assurance	7.1%	

Management actions	Average number in similar audits	Number in this audit
Number of management actions	4.7	1

The above data demonstrates that TfN is performing well in this area when compared with other organisations where we have undertaken similar reviews.

APPENDIX C: SCOPE

Scope of the review

The scope was planned to provide assurance on the controls and mitigations in place relating to the following objectives:

Objective of the area under review

To ensure there is a framework in place for appropriate and suitably skilled individuals are appointed to staff positions to support the on-going performance and reputation of TfN.

When planning the audit the following areas for consideration were agreed:

We have reviewed compliance against TfN's Recruitment and Selection Policy, and we have considered the organisation's processes in terms of the General Data Protection Regulations (GDPR) and the associated handling, storage and use of personal data. The following areas were considered as part of our review:

Strategic Level

- Policies and procedures in relation to HR / recruitment processes.
- How TfN identifies candidates, advertises posts (where applicable), and how recruitment is undertaken based upon the future needs of TfN.

Operational Level

We have undertaken sample testing to ensure that key HR recruitment policies and procedures are being adhered to throughout the recruitment process, including:

- Identification and approval to recruit.
- Development and approval of person specification and job description.
- Advertisement of vacant posts.
- Long listing and short listing, including the criteria used to assess applications against the person specification and job description.
- We have also assessed whether documentation for unsuccessful candidates has been retained in accordance with the General Data Protection Regulation (GDPR).
- Obtaining and following up references.
- Undertaking medical checks.
- Verifying qualifications.
- Undertaking right to work checks.

- Undertaking DBS checks (and risk assessments if the DBS is not received prior to the employment commencement date).
- Issue and follow up of contracts of employment.

Limitations to the scope of the audit assignment:

- Our work focussed on selected key controls in respect of recruitment and selection. No other areas of human resources were considered as part of this review.
- Our work does not confirm compliance with human resources related regulation and/or legislation.
- We have undertaken an assessment of the adequacy of aspects of the control framework and we have performed limited testing to confirm its operation in practice.
- We have not reviewed the design of the Vacancy Filler recruitment system and we have not reviewed the contractual arrangements in place between TfN and Vacancy Filler. Furthermore, we have not considered whether TfN is obtaining 'value for money' through its contract with Vacancy Filler.
- We have not commented on the suitability or appropriateness of staff appointments made by TfN.
- We have not provided an opinion on the effectiveness or design of electronic systems that support HR processes.
- We have not reviewed TfN's employee performance management processes as part of this audit.
- We have not commented on the appropriateness of all elements of the TfN HR policies, but we have considered the overall framework in place.
- The results of our work were reliant on the quality and completeness of the information provided to us.
- Any testing undertaken during the audit has been performed on a sample basis only.
- Our work does not provide absolute assurance that material errors, loss or fraud do not exist

Debrief held 11 September 2020
Draft report issued 21 September 2020
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Final report issued 25 September 2020

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Transport for the North Audit and Governance Committee - Item 7

Subject: Corporate Governance Review and Preparation of the Annual Governance Statement

Author: Deborah Dimock

Sponsor: Iain Craven

Meeting Date: Thursday 19 November 2020

1. Purpose of the Report:

- 1.1 To advise Members of the need for Transport for the North to carry out a corporate governance review and to prepare an Annual Governance Statement for the financial year 2020/2021.

2. Executive Summary:

- 2.1 Under Regulation 6(1) of the Accounts and Audit Regulations 2015, Transport for the North is required to carry out an annual review of the effectiveness of its system of internal controls and to publish a report of the review in its Annual Governance Statement.
- 2.2 This report is an initial step in carrying out this review.

3. Discussion:

- 3.1 The Annual Governance Statement must be published before the beginning of June in each year along with the Statement of Accounts and Narrative Statement.
- 3.2 The system of internal controls are all the measures taken together which Transport for the North has put in place to safeguard the expenditure of public money and to ensure value for money. These include Transport for the North's financial regulations and contract procurement rules which are set out in the Constitution. It also includes the risk management framework through which Transport for the North ensures that risks to its operations are identified and

managed. The controls also include the oversight exercised by the Audit and Governance Committee.

3.3 Since the Inaugural Meeting we have continuously reviewed the policies and procedures that Transport for the North has put in place in relation to procurement, financial management and risk management in order to identify areas for improvement. This year the governance review will include monitoring and a review of the anti-fraud strategy.

3.4 In carrying out this annual review, Transport for the North is required to comply with the guidance issued by CIPFA in its guidance "Delivering Good Governance". The Guidance sets out seven principles of good governance:

- A) Behaving with integrity, demonstrating strong commitment to ethical values and respect for the rule of law*
- B) Ensuring openness and comprehensive stakeholder engagement*
- C) Defining outcomes in terms of sustainable economic, social and environmental benefits*
- D) Determining the interventions necessary to optimise the achievement of the intended outcomes*
- E) Developing the organisation's capacity including the capacity of its leaders and the individuals within it*
- F) Managing risks and performance through robust internal control and strong public financial management*
- G) Implementing good practices in transparency, reporting and audit to deliver effective accountability*

3.5 In carrying out the review we will assess our activities against the seven principles of good governance and provide evidence of the way in which Transport for the North has conducted itself in accordance with these principles. The review will be carried out by a small team made up of Paul Kelly, the Financial Controller, Haddy Njie, the risk manager and Deborah Dimock, Solicitor. The team will:

- Consider the extent to which TfN complies with the principles of good governance
- Identify systems processes and documentation that provide evidence of good governance
- Identify the individuals and committees responsible for monitoring and reviewing the systems, processes and documentation identified
- Identify any issues that have not been addressed and consider how they should be addressed
- Identify the individuals responsible for carrying out any identified actions

3.6 The Audit and Governance Committee have a key role to play in oversight of the work of the Review Team and the review team will report back to the next meeting of the Audit and Governance Committee and a first draft of the Annual Governance Statement will be brought to a future meeting of the Committee for Members to review.

3.7 The review team will also consider the future governance challenges identified in the Annual Governance Statement prepared for 2019/20 and assess the extent to which these challenges have been met during the current financial year. The challenges previously identified are set out in the table below:

Governance Challenges for 2020/21 and beyond Action Plan

Subject	Action	Responsible Officer	Target Completion Date
Review of the Constitution	To review the Constitution to bring in changes flowing from the Blake-Jones Review and the wider Members' review of the role of Transport for the North.	Monitoring Officer	31/07/21
Adoption of the Assurance Framework	Implement and embed the Assurance Framework in Transport for the North decision making processes	Strategy & Programmes Director	31/07/21
Board Reporting	Embed and refine the Monthly Operating Report to ensure alignment of quantitative and qualitative reporting.	Strategy & programmes Director	31/07/21
Virtual Meetings in response to the Covid-19 Pandemic	Enable remote attendance by both Members and the public at meetings of the Transport for the North Board other Committees	Monitoring Officer	01/05/20
Remote Working	Providing assurance of internal controls and cyber security	Finance Director	01/07/21

- 3.8 The review will also look at the highest rated risks identified in the corporate risk assessment and review the effectiveness of TfN's management of these risks.

4. Proposed Timetable for carrying out the Review

- 4.1 Following this introductory report, a Draft Annual Governance Statement will be presented to the Committee for consideration and review. The final Annual Governance Statement will be brought to the Committee for approval and recommendation to TfN Board before it is published at the end of May 2021.

5. Recommendation:

- 5.1 It is recommended that the Audit and Governance Committee receive the report.

6. Appendices:

None

List of Background Documents:

Annual Governance Statement 2019/20

Required Considerations

Equalities:

Age	No
Disability	No
Gender Reassignment	No
Pregnancy and Maternity	No
Race	No
Religion or Belief	No
Sex	No
Sexual Orientation	No

Consideration	Comment	Responsible Officer	Director
Equalities	A full Impact assessment has not been carried out because the report does not propose any new strategy or service provision	Deborah Dimock	Julie Openshaw

Environment and Sustainability

Yes	No
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Consideration	Comment	Responsible Officer	Director
Sustainability / Environment – including	A full impact assessment has not been carried out because the report does	Deborah Dimock	Julie Openshaw

considerations regarding Active Travel and Wellbeing	not propose any new strategy or service provision		
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Legal

Yes

Consideration	Comment	Responsible Officer	Director
Legal	The legal implications have been considered and are included in the report.	Deborah Dimock	Julie Openshaw

Finance

No

Consideration	Comment	Responsible Officer	Director
Finance	TfN Finance Team has confirmed there are no new financial implications.	Paul Kelly	Iain Craven

Resource

No

Consideration	Comment	Responsible Officer	Director
Resource	TfN HR Team has confirmed there are no	Stephen Hipwell	Dawn Maden

	new resource implications.		
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Risk

No

Consideration	Comment	Responsible Officer	Director
Risk	There are no new risks identified as a result of this report.	Haddy Njie	Iain Craven

Consultation

Yes

Consideration	Comment	Responsible Officer	Director
Consultation	No consultation has been carried since no new policies are being proposed.	Deborah Dimock	Julie Openshaw

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Transport for the North Audit & Governance Committee - Item 8

Subject: Updated Corporate Risk Register

Author: Haddy Njie, Risk Manager

Sponsor: Iain Craven, Finance Director

Meeting Date: Thursday 19 November 2020

1. Purpose of the Report:

- 1.1 Transport for the North has updated the Corporate Risk Register (CRR) to continue to reflect the Key Performance Indicators (KPIs) and business objectives outlined in the Business Plan for Financial Year 2020/21. The update of the CRR includes the re-assessments of risk and impact scores, revision of risk descriptions and updates on the associated mitigation action plans. In addition to the principal risks associated with the organisation's KPIs, the business continues to manage the impacts of the coronavirus pandemic and the government's second national lockdown restrictions.
- 1.2 The intention of the report is to provide the Audit and Governance Committee Members with an update on the organisational risks relating to the business KPIs/objectives which can be found in the Corporate Risk Register.
- 1.3 Paragraph 19.1 of Transport for the North's constitution states that Audit and Governance committee is to "provide independent review and assurance to members on risk management and control framework". This report will assist committee members in discharging that duty.

2. Executive Summary:

- 2.1 It is essential that Transport for the North recognises, understands and manages the range of corporate risks that could negatively impact on its ability to achieve its objectives. The terms of reference for the Audit and Governance Committee includes the requirement to "monitor Transport for the North's risk and performance management arrangements including review of the risk register, and progress with mitigating actions".

- 2.2 Transport for the North's corporate risks stem from the agreed KPIs and from a range of other sources, some of which are beyond Transport for the North's direct control. The challenges and uncertainty faced by Transport for the North create both threats that need to be addressed, and opportunities that can potentially be exploited. Transport for the North's Corporate Risk Register is presented at Appendix 8.1.

3. Consideration:

- 3.1 Transport for the North's approach to managing risk is described in its Risk Management Strategy ("RMS") which sets out guidance for how risks are identified, assessed, managed and reported. The RMS has been applied in updating the Corporate Risk Register.
- 3.2 It is essential that Transport for the North and its programme teams recognise, understand and manage the risks that could negatively impact on the ability to achieve the objectives and priorities.
- 3.3 The Audit and Governance Committee Members are asked to consider the internal and external corporate risks that the organisation is facing. In addition, Transport for the North is seeking feedback from the Committee on the Corporate Risk Register in line with 1.3 above.

4. Recommendation:

- 4.1 Committee Members are asked to consider the report and provide comments regarding the information provided.

5. Appendices:

- 5.1 Item 8.1 – Transport for the North's Corporate Risk Register.

Required Considerations

Equalities:

Age	Yes	No
Disability	Yes	No
Gender Reassignment	Yes	No
Pregnancy and Maternity	Yes	No
Race	Yes	No
Religion or Belief	Yes	No
Sex	Yes	No
Sexual Orientation	Yes	No

Consideration	Comment	Responsible Officer	Director
Equalities	A full impact assessment has not been carried out because it is not required for this report.	Haddy Njie	Iain Craven

Environment and Sustainability

Yes	No
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Consideration	Comment	Responsible Officer	Director
Sustainability / Environment – including considerations regarding Active Travel and Wellbeing	A full impact assessment has not been carried out because it is not required for this report.	Haddy Njie	Iain Craven

Legal

Yes	No
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Consideration	Comment	Responsible Officer	Director
Legal	A full legal impact assessment has been carried out and can be found in the report.	Debbie Dimmock	Julie Openshaw

Finance

Yes	No
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Consideration	Comment	Responsible Officer	Director
Finance	The Finance Team has reviewed this report and confirmed that the financial implications are included within the report.	Paul Kelly	Iain Craven

Resource

Yes	No
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Consideration	Comment	Responsible Officer	Director
Resource	There are resource considerations and can be in the report.	Stephen Hipwell	Dawn Madin

Risk

Yes	No
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Consideration	Comment	Responsible Officer	Director
Risk	A full corporate risk assessment activity took place which can be found in Item 8.1.	Haddy Njie	Iain Craven

Consultation

Yes	No
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Consideration	Comment	Responsible Officer	Director
Consultation	A consultation has not been carried out because it is not required for this report.	Haddy Njie	Iain Craven

Draft Transport for the North Corporate Risk Register

Financial Year 2020/21

Updated: 11/11/20



Introduction to 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 2020/2021 Business Plan. 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 annual reporting of the corporate level risks to TfN Board.

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.

The 2020/21 corporate risk register presents the corporate risks that might directly have an impact on TfN's business plan objectives. To ensure effective management of risks, the reports provides full risk information such as the proximity of the risk, potential consequences on TfN's objectives and priorities and the mitigation measures in place to manage the downside risks.

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 guideline in regard to the assessment of TfN's level of control on the proposed mitigation risk plans. **Table 4** provides a detailed analysis of each risk, the mitigating actions that have been adopted and the mitigation level of controllability as it is important to understand the extent to which TfN is able to influence or control the risk outcomes.

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

Corporate Risk Theme	Risk Probability	Nature of Risk Impact	Current Risk Impact	Post Mitigation Risk Impact	Risk and Mitigation Strategy Owner
The Covid-19 Pandemic prevents or delays TfN from delivering its objectives	Medium	<ul style="list-style-type: none"> • Business deliverables may not be completed on time if: • (i) a significant number of staff within TfN or its supply chain are affected by COVID-19 • (ii) TfN decision making / governance processes are impacted by the availability of Constituent Authority or departmental colleagues. • (iii) Covid-19 related uncertainty causes wider policy announcements to be delayed. • There is the potential for additional costs to be incurred through the measures that might be put in place to address the issues caused by Covid-19. 	High	Medium	TfN Chief Executive (Barry White)
TfN Reputational and Political Engagement	High	<ul style="list-style-type: none"> • TfN could lack the powers or the influence to deliver the economic, social and sustainability benefits to the North that it set out in the Strategic Transport Plan. • Inadequate funding for core functions or programmes may make it difficult for TfN to “speak with one voice”, influence decisions, or access infrastructure funding. • Failure to make timely decisions with regard to projects and programmes, and could delay or prevent the benefits of strategic transport infrastructure from being delivered. 	Very High	High	TfN Chief Executive / Finance Director (Barry White / Iain Craven)

Corporate Risk Theme	Risk Probability	Nature of Risk Impact	Current Risk Impact	Post Mitigation Risk Impact	Risk and Mitigation Strategy Owner
Embedding the Strategic Transport Plan across Programmes (STP)	Low	Programmes of work develop in a way that does not contribute to, or runs counter to, the overall objectives and plan set out in the STP, resulting in the failure to achieve the aims of the STP.	High	Medium	Strategy and Programme Director (David Hughes)
Delivery of Robust and Compelling Evidence to Support Investment Programmes	Medium	<ul style="list-style-type: none"> An insufficiently compelling evidence base, particularly around the programme level economic case may delay or prevent strategic transport infrastructure investments being made, with consequential impacts on TfN's ability to deliver its objectives. The inability to make a transformational case could damage TfN's reputation with partners as an organisation who's key objective is to take a leadership role in delivering innovative business cases to secure investments. 	Medium	Low	Strategy and Programme Director / TfN Programme Directors (David Hughes / Tim Wood, Peter Molyneux, David Hoggarth, Jeremy Acklam)
Transport Decarbonisation and Climate Change Emergencies	Medium	<ul style="list-style-type: none"> There is a risk that TfN falls behind in developing appropriate and timely policy positions to support decarbonisation of transport, and thereby fails to integrate them into its strategic transport development plans. This would potentially result in an investment programme that is misaligned to partner / central government policies. 	Medium	Low	Strategy and Programme Director (David Hughes)
TfN Operations	High	<ul style="list-style-type: none"> TfN has insufficient funding from 2021/22 onwards, preventing it from delivering on the aspirations of its members. 	High	High	Finance Director / Business Capabilities Director

Corporate Risk Theme	Risk Probability	Nature of Risk Impact	Current Risk Impact	Post Mitigation Risk Impact	Risk and Mitigation Strategy Owner
		<ul style="list-style-type: none"> Failure to achieve Value for Money could impact on TfN's ability to access funding in the future. Failure to recruit and retain the right people with the right skills could negatively impact on TfN's ability to deliver its objectives. 			(Iain Craven / Dawn Madin)
TfN Compliance with Relevant Laws and Regulations	Low	<ul style="list-style-type: none"> Potential reputational impacts with both stakeholders and the public. Financial impact including fines or other penalties for breach of statutory obligations such as Data Protection, Freedom of Information or Health and Safety legislation. The ICO may issue a decision notice or the HSE may issue an enforcement notice if it found that TfN was in breach of the legislation. 	High	Medium	Business Capabilities Director / Head of Legal Services (Dawn Madin / Julie Openshaw)
Revised Framework - Delivery of Contactless on Rail and Local Smart Ticketing	High	<ul style="list-style-type: none"> Failure to roll out Contactless on Rail across the North, or to support local schemes is likely to result in failure to deliver even part of TfN's multi-operator, multi-mode ticketing aspirations and consequential low levels of customer satisfaction for the passengers in the North of England. This may lead to a reputational damage as it is likely that TfN's strategic objectives will not be met. 	Very High	High	IST Programme Director (Jeremy Acklam)
The Northern Powerhouse Rail (NPR) Strategic Outline Case (SOC)	Very High	<ul style="list-style-type: none"> The assured cost increase will affect the BCRs and therefore likely to unfavourably impact the delivery of a business case in March 2021. If TfN is unable to submit and receive endorsement for the SOC, it may impact on future funding as Government would not want to 	High	High	NPR Programme Director (Tim Wood)

Corporate Risk Theme	Risk Probability	Nature of Risk Impact	Current Risk Impact	Post Mitigation Risk Impact	Risk and Mitigation Strategy Owner
		<p>approve the SOC without TfN Board endorsement.</p> <ul style="list-style-type: none"> The delay and outcome of the IRP may influence the Northern Powerhouse Rail programme, the timing of submission of SOC, the next sequence of delivery and the OBC. 			
Rail Operations (Franchise Management and Investment)	Very High	<ul style="list-style-type: none"> Passenger volumes reduced due to social distancing measures and government guidance leads to nervousness in passengers returning to pre-COVID levels leading to reduced case for investment. 	Very High	Very High	<p>Strategic Rail Programme Director (David Hoggarth)</p>

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
5	100% likelihood that the risk will materialise	An Issue	One or more of the implications will have an effect on business plan objectives.
4	81-100	Very High	<ul style="list-style-type: none"> Financial Implication: £>2m Schedule Implication: > 12 (months) National long-term negative media coverage, significant loss of trust and credibility Severe relationship issues with partners and/or third parties (such as Local Authorities, public)
3	51-80	High	<ul style="list-style-type: none"> Financial Implication: £1m - £2m Schedule Implication: 9 - 12 (months) National short-term negative media coverage There is evidence of relationship issues with partners/or and third parties (such as Local Authorities, public)
2	21-50	Medium	<ul style="list-style-type: none"> Financial Implication: £500K - £1m Schedule Implication: 3 - 9 (months) Local media damage No or minor strained relationship with partners and/or third parties (such as Local Authorities, public)
1	< = 20	Low	<ul style="list-style-type: none"> Financial Implication: £0 - £500K Schedule / Time delay Implication: 0 - 3 (months) Local media attention quickly remedied No strain relationship with partners and/or third parties (such as Local Authorities, public)

Table 3: Qualitative Assessment of the Levels of Controllability on the Mitigation Action Plans

In order to assist the user to understand how TfN's key risks are impacted by the mitigation activities set out in this document, TfN has assessed the level of control on the mitigation risk action plans and the extent to which TfN is able to influence or control those risk outcomes.

The following corporate risks have been subject to an evaluation by identifying the:

- **Controllable Mitigations:** these are mitigation strategies that TfN has the power / ability to implement and as a result, contribute to the successful mitigation of the associated risk.
- **Dependency Mitigations (Controllable):** The identified mitigations require a collaborative effort with relevant partners or other stakeholders in order to be successful in the management of the action plans. Although, the mitigations are deemed as dependency, TfN may be able to deploy additional resources to increase its ability to influence risk outcomes.
- **Dependency Mitigations (Limited Control):** The identified mitigations must be a collaboration with the relevant internal and external parties and requires a buy-in. For example, national and local political buy-in. Without joint involvement, the likelihood of the risk materialising increases. Whilst TfN can attempt to influence the factors impacting on these risks, it has a low level of control over if/how these mitigations are implemented.

Guideline: Level of Mitigation Controllability

Mitigation Control Level	Mitigation Control Level Assessment
Controllable Mitigations	High
Dependency Mitigations (Controllable)	Medium
Dependency Mitigations (Limited Control)	Low

Table 4: Qualitative Risk Analysis of TfN's Corporate Level Risks

Risk ID: TCR01 Risk: The COVID-19 Pandemic Prevents or Delays TfN from Delivering its Objectives	
Risk Description	<p>The coronavirus pandemic is a threat that is directly impacting upon the delivery of TfN's programmes and Business Plan Key Performance Indicators (KPIs). The continued lockdown and associated measures to prevent the disease from spreading have resulted in homeworking across the entire organisation (as well as the country as a whole including significant supply chains). This has created four key risks for Transport for the North (TfN) business operations:</p> <ol style="list-style-type: none"> 1) The potential for significant number of staff within TfN or its supply chain might be affected by the coronavirus, or by steps taken by suppliers to respond to the economic pressures caused by the pandemic; 2) TfN decision making / governance processes might be impacted by the availability of Constituent Authority or departmental colleagues; 3) The COVID-19 related uncertainty causes wider policy announcements to be delayed; and 4) The pandemic reduces the efficiency with which certain activities can be delivered and therefore increases the costs associated with delivering them.
Risk Proximity	Short-Term to Medium-Term
Risk Probability	(1) Low (2) Medium (3) An Issue (4) Low
Assessed Risk Impact	(1) High (2) High (3) High (4) Medium
Potential Impact (Qualitative Description)	<ul style="list-style-type: none"> • TfN's key programme and business deliverables may not be completed on time if the number of staff affected by the COVID-19 is significant. • In addition, TfN's ability to take forward its programmes will be affected if partner officers and other stakeholders are unable to fully engage in Client Reference groups and other TfN governance processes.

	<ul style="list-style-type: none"> Impacts on central government decision-making in key areas such as the Integrated Rail Plan, the Environment Bill, the Williams Review and the CSR will also impact upon TfN's ability to drive programmes.
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Mitigation Action Plans and Level of Controllability

Mitigation No.	Mitigation Strategies / Action Plans	Mitigation Control Level Assessment	Mitigation Control Level
1	Organisational and Individual Directorate Contingency Plans have been developed and are now in place. These are further underpinned by TfN Corporate Business Continuity Plan (BCP). This includes identification of a core Crisis Management Team to coordinate all business-critical activities should these plans need to be instigated, and to maintain effective communication with employees.	High	Controllable Mitigations
2	Programme and policy teams to identify and focus on the critical organisational outputs and deploy the available resources in the achievement of those priorities.	High	Controllable Mitigations
3	Programme teams continue to re-programme delivery plans and communicate changes to partners; continue to work with consultants and partners and where possible provide support.	High	Dependency Mitigations (controllable)
4	To continue to deliver the TfN Business Plan where possible so as to minimise delays in delivering outputs an allow activity to be expedited once policy decisions by central Government have been communicated.	High	Dependency Mitigations (Limited Control)

Corporate Risk and Mitigation Owners	Risk Owner (Barry White) Mitigation Ownership (Heads of Services) – Departmental Contingency Plans
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Risk ID: TCR02**Risk Theme: Transport for the North's Reputational and Political Engagement**

Risk Description	<p>Given the range of priorities facing central government, local partners, and other stakeholders, including the challenges of the COVID-19 pandemic, there is a risk that:</p> <p>(1) There is a lack of clarity with regard to the function of, and the funding arrangements for, Sub-national Transport Bodies which prevents the organisation from fulfilling its objectives and delivering its programme of works. The risk has been heightened by the creation of the Northern Transport Acceleration Council and the uncertainty regarding its role and Transport for the North's relationship to it. This may result in the ambitions set out in the Northern Transport Charter not being delivered and not forming part of TfN's longer-term corporate objectives.</p> <p>(2) That Transport for the North does not achieve a funding settlement in the Spending Review that allows it to successfully deliver its stated objectives and that its funding arrangements might leave it unable to act in a way that delivers the aspirations of its members.</p> <p>(3) There is a mismatch between the expectations placed upon TfN regarding its ability to deliver improvements to the Northern transport system in the short to medium term, and the limited extent of its statutory powers and functions that focus on the provision of strategic advice rather than infrastructure delivery.</p>
Risk Proximity	Short to Medium term
Risk Probability	(1) High (2) High (3) High
Assessed Risk Impact	(1) Very High (2) Very High (3) Very High
Potential Impact (Qualitative Description)	<ul style="list-style-type: none"> TfN could lack the powers or the influence to deliver the economic, social and sustainability benefits to the North that it set out in the Strategic Transport Plan. Inadequate funding for core functions or programmes may make it difficult for TfN to "speak with one voice", influence decisions, or access infrastructure funding. Failure to make timely decisions with regard to projects and programmes, and could delay or prevent the benefits of strategic transport infrastructure from being delivered. TfN's credibility could be negatively impacted by being unable to deliver across an "expectation gap" between its actual statutory responsibilities and powers and its perceived role. TfN's funding arrangements prevent it from deploying resources to mirror northern priorities.

Mitigation Action Plans and Level of Controllability

In order to be successful, TfN requires continuous 'buy-in' at a high level from a number of stakeholders. The "One Voice" for the North approach is the key foundation upon which TfN's ability to influence government is built, and a central organisational objective. Activities include:

Mitigation No.	Mitigation Strategies / Action Plans	Mitigation Control Level Assessment	Mitigation Control Level
1	TfN aspirations in relation to its future role and associated powers have been set out in the Northern Transport Charter. TfN will engage with DfT officials and decision makers to make the case for the Northern Transport Charter proposals and to seek further clarity from government on the future role of STBs and its appetite for further devolution.	Medium	Dependency Mitigations (Controllable)
2	Engagement with Members and constituent authorities at a political and officer level, stakeholders and partners, to continue to represent the 'one voice'.	Medium	Dependency Mitigations (Limited Control)
3	Structured engagement with central government officials and decision-makers.	Medium	Dependency Mitigations (Controllable)
4	TfN focus on contributing to the recovery phase of the Covid-19 pandemic by engaging with the DfT to promote the Economic Recovery Plan proposals.	Medium	Dependency Mitigations (Limited Control)
5	TfN to highlight where necessary the limits of its powers and when directed to seek to extend its influence for greater decision making.	Medium	Dependency Mitigations (Limited Control)

Corporate Risk and Mitigation Owners	Barry White / Iain Craven
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Risk ID: TCR03**Risk Theme: Embedding the Strategic Transport Plan (STP) across Programmes**

Risk Description	The Strategic Transport Plan (STP) was adopted by TfN in February 2019. It sets out the “Why, What and How” of TfN’s approach to facilitating inclusive and sustainable transformational economic growth across the North. If TfN programmes (and research) are not aligned with the STP, it would prove difficult to contribute to the delivery of the STP. In addition, it could impact on the development of additional detailed policy positions resulting in sub-optimal outputs from investments when measured against TfN’s overarching objectives.
Risk Proximity	On-going
Risk Probability	Low
Assessed Risk Impact	High
Potential Impact (Qualitative Description)	<ul style="list-style-type: none"> Programmes of work develop in a way that does not contribute to, or runs counter to, the overall objectives and plan set out in the STP, resulting in the failure to achieve the aims of the STP or leads to sub-optimal impacts from transport investments.

Mitigation Action Plans and Level of Controllability

Mitigation No.	Mitigation Strategies / Action Plans	Mitigation Control Level Assessment	Mitigation Control Level
1	Co-ordination mechanisms have been established within TfN and with partners (such as the Strategic Oversight Group) to facilitate the co-ordination of programmes of work.	High	Controllable Mitigations
4	An assurance framework which will allow the organisation to manage changes in the investment programme consistent with the vision of the STP is in the development phase.	High	Controllable Mitigations
5	A robust benefits realisation framework is being developed to enable the evaluation of programme KPIs and allow the assessment of outcomes in relation to STP objectives.	High	Controllable Mitigations

Corporate Risk and Mitigation Owner	David Hughes
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Risk ID: TCR04**Risk Theme: Delivery of Robust & Compelling Evidence to Support Investment**

Risk Description	<p>One of the objectives of the developing the analytical framework is to allow capture of economic impacts of transformational transport schemes. Further developments are underway to ensure robust evidence of economic transformation can be captured and quantified or qualified through the Analytical Framework.</p> <p>There is a risk that TfN might be unable to make a timely, robust, credible, evidence-based case to support NPR and the wider Investment Programme. This risk could lead to either delays to the delivery of business cases or limited powers to represent transformational benefits which could thus be discounted by decision makers due to a reduction in the quality and assurance rating of the analysis. This could limit TfN’s ability to deliver agreed outputs outlined in the Strategic Transport Plan (STP).</p>
Risk Proximity	Medium-Term
Risk Probability	Medium
Assessed Risk Impact	High
Potential Impact (Qualitative Description)	<ul style="list-style-type: none"> • An insufficiently compelling evidence base, particularly around the programme level economic case may delay or prevent strategic transport infrastructure investments being made, with consequential impacts on TfN’s ability to deliver its objectives. • The inability to make a transformational case could damage TfN’s reputation with partners as an organisation who’s key objective is to take a leadership role in delivering innovative business cases to secure investments.

Mitigation Action Plans and Level of Controllability

Mitigation No.	Mitigation Strategies / Action Plans	Mitigation Control Level Assessment	Mitigation Control Level
1	TAME staff are working closely with DfT officials to build confidence in the robustness of Analytical Framework tools, dedicating resources to responding to requests for information in a professional and timely manner. Independent peer reviews of Analytical Framework tools are being commissioned through TAME's new Expert Panel, helping to provide evidence of quality to DfT.	Medium	Controllable Mitigations
2	Programme timescales have been adjusted where it is sensible to make those adjustments without significantly impacting delivery against TfN's core objectives.	High	Controllable Mitigations
3	Scope is being managed in consultation with DfT, TfN Partners and Peer Reviewers to ensure essential functionality for robustly representing transformation is prioritised and added value functionality is deprioritised where appropriate. This will ensure that the approach is proportionate for the stage of scheme development.	Medium	Dependency Mitigations (Limited Control)
4	Added value work will be brought into programmes at a later date in the form of sensitivity analysis, ensuring that work undertaken to date can still provide value to TfN programmes.	High	Controllable Mitigations
5	The new TAME team structure and additional senior resources have been introduced with improved engagement with TfN programmes to ensure Analytical Framework development and application activities meet the needs of the programmes.	High	Controllable Mitigations

Corporate Risk and Mitigation Owners

David Hughes and Programme Directors

Risk ID: TCR05**Risk Theme: Transport Decarbonisation and Climate Change Emergencies**

Risk Description	<p>The UK government has set a climate change ambition that the UK will have net zero greenhouse gas emissions by 2050, this is an ambitious target which moves from the previous government position of 80% reduction. Within the Strategic Transport Plan (STP), TfN has committed to develop a "Pathway to 2050" which will manifest itself within a decarbonisation strategy outlining how net zero emissions can be delivered within the North and the trajectory for change. The impact of the Covid-19 pandemic has been accounted for within our Future Travel Scenario.</p> <p>In order to deliver on this ambition, TfN needs to collaborate with and gain consensus from partners to identify a target and policies for TfN to accelerate carbon reductions from the transport sector. There is a risk that TfN falls behind in developing appropriate and timely policy positions to support decarbonisation of transport, and thereby fails to deliver on the decarbonisation commitment made in the STP. This would potentially result in an investment programme that is misaligned to partner / central government policies.</p>
Risk Proximity	Long-Term
Risk Probability	Medium
Assessed Risk Impact	Medium (Reputation), Medium (Time), High (Relationship)
Potential Impact (Qualitative Description)	<ul style="list-style-type: none"> • There is a risk that TfN falls behind in developing appropriate and timely policy positions to support decarbonisation of transport, and thereby fails to integrate them into its strategic transport development plans. This would potentially result in an investment programme that is misaligned to partner / central government policies. • Failure to develop relevant policy positions adversely impacts on TfN credibility and influence as a Sub-National Transport Body. • In the absence of an agreed policy framework with regard to decarbonisation and sustainability, TfN's programmes may not be adequately addressing decarbonisation and climate change issues. This would adversely impact upon TfN's ability to deliver successful business cases. • In the absence of an agreed decarbonisation and sustainability policy frameworks, TfN's programmes may not be adequately addressing decarbonisation and climate change issues. In the medium to long term, this might contribute towards an excess of agreed global temperature rise (as defined by the Paris Agreement) and climate change which might impact upon the resilience of the North's transport infrastructure.

Mitigation Action Plans and Level of Controllability

Mitigation No.	Mitigation Strategies / Action Plans	Mitigation Control Level Assessment	Mitigation Control Level
1	The "Pathway to 2050" is in development and will form part of the Decarbonisation Strategy to be consulted on in Spring 2021. It will set out to outline specifically how TfN plans to deal with the climate emergencies in the transport field.	High	Controllable Mitigations
2	TfN has appointed an Environmental and Sustainability Officer responsible for developing the environmental policy; and to ensure the integration of the work into the development of TfN's transport strategies.	High	Controllable Mitigations
3	To ensure that the decarbonisation and broader sustainability / environmental policies that are developed by TfN are properly reflected in both strategic and project level decision making, including through the IPBA process, and therefore appropriately weighted within TfN decision making processes.	High	Controllable Mitigations

Corporate Risk and Mitigation Owners	David Hughes
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Risk ID: TCR06**Risk Theme: Transport for the North's Business Operations**

Risk Description	<p>TfN is fully funded through the Department for Transport (DfT) but it is responsible for its own financial affairs. There is a requirement for the business to demonstrate Value for Money (VfM) to ensure the delivery of programmes are achieved efficiently and effectively. As a result:</p> <ol style="list-style-type: none"> (1) There is a risk of the failure to deliver programmes' outputs in a way that achieves VfM in TfN expenditure; (2) Additionally, there is a risk that TfN has insufficient funding to support its operation and programmes after the end of 2020/21; and (3) In order to deliver the programmes efficiently and effectively, the 2020/21 business plan has outlined its continued ambition to recruit qualified and competent officers to support the success of the organisation's objectives. Therefore, there is a continued risk that TfN fails to attract and retain suitably qualified staff.
Risk Proximity	(1&2) On-going, but current Core and Programme Funding run out at the end of FY20/21 (3) On-going
Risk Probability	(1) Medium (2) High (3) Medium
Assessed Risk Impact	(1) High (2) High (3) High
Potential Impact (Qualitative Description)	<ul style="list-style-type: none"> • TfN has insufficient funding from 2021/22 onwards, preventing it from delivering on the aspirations of its members. • Failure to achieve Value for Money could impact on TfN's ability to access funding in the future. • Failure to recruit and retain the right people with the right skills could negatively impact on TfN's ability to deliver its objectives.

Mitigation Action Plans and Level of Controllability

Mitigation No.	Mitigation Strategies / Action Plans	Mitigation Control Level Assessment	Mitigation Control Level
1	To make a clear case for funding during the Spending Review based on the outcome of the Members Working Group activity and the Northern Transport Charter, supporting TfN operations and programmes.	Medium	Dependency Mitigations (Limited Control)
2	Clear and well documented processes and procedures to be in place. VfM and governance to be undertaken by both internal and external audits.	High	Controllable Mitigations
3	Commissioning processes include OBT sign-off of expenditure, and explicit approval for expenditure against a schedule of delegations.	High	Controllable Mitigations
4	Engagement with stakeholders to ensure the case for TfN's funding is supported by members, business and in Parliament.	High	Controllable Mitigations
5	TfN continues to hire suitable qualified officers in all senior positions, but also including critical programme and back office roles. There is on-going training and communication across the organisation.	High	Controllable Mitigations
6	A comprehensive People Strategy has been developed and in place covering reward, workforce/skills planning, succession planning, recruitment and selection, talent and performance management.	High	Controllable Mitigations
7	A leadership programme is being delivered in the final two quarters of FY 2020/21 to further support the leadership capability within the organisation.	High	Controllable Mitigations

Corporate Risk and Mitigation Owners	Iain Craven / Dawn Madin
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Risk ID: TCR07**Risk Theme: Compliance with the Relevant Laws and Regulations**

Risk Description	Transport for the North is a statutory body with limited statutory powers and duties. There is a risk that in carrying out its functions, TfN fails to comply with applicable law or exceed its powers.
Risk Proximity	On-going
Risk Probability	Low
Assessed Risk Impact	Financial (High) , Reputation (High)
Potential Impact (Qualitative Description)	<ul style="list-style-type: none"> • If TfN fails to adhere to applicable law, or acts outside its powers, there could be reputational impacts with both stakeholders and the public which may impact its ability to meet its objectives and/or legal proceedings against TfN. • There is also a potential financial impact including fines costs and/or other penalties for breach of regulatory laws such as Data Protection, Freedom of Information, Health and Safety or Procurement. • The ICO may issue a decision notice or the HSE may issue an enforcement notice if it found that TfN was in breach of information or health and safety legislation. • TfN could be subject to substantial financial damages for breach of the Public Contracts Regulations. • Important work may be delayed by a failure to comply with necessary obligations such as statutory consultation.

Mitigation Action Plans and Level of Controllability

Mitigation No.	Mitigation Strategies / Action Plans	Mitigation Control Level Assessment	Mitigation Control Level
1	TfN has suitably qualified officers in all senior positions, particularly the HoPS, S151 and Monitoring officer. In addition, TfN has employed an in-house legal team.	High	Controllable Mitigations
2	TfN ensures there are clear and well documented processes and procedures in place.	High	Controllable Mitigations
3	Ongoing training on laws and legislations and communication across the organisation.	High	Controllable Mitigations
4	To ensure that there is continuous legal review to TfN's Boards and Committees.	High	Controllable Mitigations
5	TfN employs in house legal and procurement specialists and regularly procures external legal advice on commissioning and procurement.	High	Controllable Mitigations

Corporate Risk and Mitigation Owners	Dawn Madin / Julie Openshaw
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Risk ID: TCR08**Risk Theme: Revised Framework - Delivery of Contactless on Rail and Local Smart Ticketing**

Risk Description	The DfT IPDC has delayed the decision on Phase 3 (contactless on Rail) and TfN's proposals to mitigate the failure of the major bus operators to engage with its ABBOT proposals – namely the proposal to provide support to local schemes until the completion of the impending Spending Review. The government has set aside the proposed three-year spending review in favour of a one-year exercise to allow it to be better able to respond to the challenges arising from the COVID-19 pandemic. This has increased uncertainty as to whether the necessary funding will be secured in a timely manner to progress on to the development of Phase 3 and Phase 4 initiatives.
Risk Proximity	Short-Term
Risk Probability	High
Assessed Risk Impact	Very High
Potential Impact (Qualitative Description)	<ul style="list-style-type: none">• Failure to roll out Contactless on Rail across the North, or to support local schemes is likely to result in failure to deliver even part of TfN's multi-operator, multi-mode ticketing aspirations and consequential low levels of customer satisfaction for the passengers in the North of England.• This may lead to a reputational damage as it is likely that TfN's strategic objectives will not be met.

Mitigation Action Plans and Level of Controllability

Mitigation No.	Mitigation Strategies / Action Plans	Mitigation Control Level Assessment	Mitigation Control Level
1	To ensure funding, development and delivery of the Innovation pathfinders, as agreed with DfT are achieved and to continue to sight and engage with DfT on progress of work.	Medium	Dependency Mitigations (Limited Control)
2	To agree with DfT the on-going input of TfN's intellectual capital and learning into the national Contactless on Rail scheme to support value for money and the pace of delivery in readiness for a Comprehensive Spending Review decision.	Medium	Dependency Mitigations (Limited Control)
3	To continue the discussions with DfT to understand the options to secure funding. Once funding is secured, there is a requirement to agree TfN's funding role, responsibilities and accountabilities with DfT and HMT in order to inform consultations with LTAs in the north.	Medium	Dependency Mitigations (Limited Control)
4	To continue to discuss with the LTAs their submissions for local smart schemes (phase 4) and support the extension of the Open Data Hub (phase 5)	Medium	Dependency Mitigations (Limited Control)
5	In advance of the Spending Review decision, TfN to present to DfT the 'Quick Wins' that can be delivered within the one-year Spending Review period (FY 2021-22). This activity will support the progression of Contactless on Rail (Phase 3), local smart schemes (Phase 4) and support key agendas including post COVID recovery, levelling up and the green agenda.	Medium	Dependency Mitigations (Limited Control)

Corporate Risk and Mitigation Owners	Jeremy Acklam
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Risk ID: TCR09

Risk Theme: Northern Powerhouse Rail (NPR) Strategic Outline Case Delivery

Risk Description

Northern Powerhouse Rail is a high-profile programme that involves Northern partners, DfT, NR and HS2. TfN is due to submit a Strategic Outline Business Case (SOC) for NPR, which includes reduced options from that at SOBC, phasing scenarios and a preferred NPR network. To support SOC submission and approval by TfN Board, TfN must secure partner endorsement of a maximum of four (4) phasing scenarios for the SOC, agreement to sifting outputs and collective agreement to a preferred network. If these agreements cannot be reached, it is likely to cause a delay in finalising the SOC and achieving approval at TfN Board.

There are risks and issues that might affect the successful delivery of the SOC. These are listed below:

1. **Infrastructure costs:** Network Rail's assured costs have demonstrated an increase of costs for NPR preferred network to £45bn (Q1 2015 including 66% OB), which is an increase of 15% from the SOBC level. This increase is due to several factors and it is both an issue as well as making it more challenging to develop a compelling and viable Strategic Outline Case to be submitted in March 2021.
2. **Benefit Cost Ratios (BCRs):** There is a risk that the BCRs associated with the transformational programme previously endorsed by members (SOBC Feb 2019) will show a reduction relative to the previous business case, making it more reliant on the quality of the Strategic Case.
3. **Partner engagement to support decision making:** The mitigation of the infrastructure costs and BCRs have resulted to an increased challenge to achieve a March 2021 SOC submission date. This has led to a reduced period of engagement with partners on emerging evidence, the output of sifting and leading up to TfN Board dates. Consequently, this may result in TfN Board not able to make decisions in support of the SOC delivery (March 2021) if the evidence base prove to be insufficient and/or partners did not have the sufficient time and engagement to review the evidences.
4. **Integrated Rail Plan (IRP) conclusion:** The IRP is due to be published by the government in December 2020, however, there is a risk of a delay for its publication. This may impact on TfN's ability to submit the NPR SOC in March 2021. The later the IRP conclusions are made available to TfN, the less time NPR will have to understand the impacts and/or update the SOC to capture the IRP conclusions. If NPR is unable to capture the IRP conclusions in the SOC, this could cause confusion within Government where two documents (IRP & SOC) may be stating different ways to deliver NPR.

In addition to the IRP possibly impacting on TfN's ability to submit a SOC for NPR in March 2021, there is a risk that the outcome of IRP could impact the next stage of the NPR programme sequence of delivery and in particular the Outline Business Case (OBC). Therefore, uncertainty around IRP outcomes presents a significant risk to the programme.

Finally, in addition to risks listed above, the coronavirus pandemic has also played a significant part in delivery over the past few months, which has resulted in the programme re-phasing SOC delivery in FY 20/21. It is also worth noting the existing issues for Manchester Piccadilly in relation to making decision making.

Risk Proximity	Short to Medium term
Risk Probability	(1) An Issue (2) High (3) Medium (4) Very High
Assessed Risk Impact	(1) Very High (2) Very High (3) Very High (4) Very High
Potential Impact (Qualitative Description)	<ul style="list-style-type: none"> • The assured cost increase will affect the BCRs and therefore likely to unfavourably impact the delivery of a compelling business case in March 2021. • If TfN is unable to submit and receive endorsement for the SOC, it may impact on future funding as Government would not want to approve the SOC without TfN Board endorsement. • The outcome of the IRP may influence the Northern Powerhouse Rail programme, the timing of submission of SOC, the next sequence of delivery and the OBC.

Mitigation Action Plans and Level of Controllability

Mitigation No.	Mitigation Strategies / Action Plans	Mitigation Control Level Assessment	Mitigation Control Level
1	The programme team continues to work on the development of the phasing criteria set out in the Management Case. These include the powers, constructability, affordability and benefits realisation.	High	Controllable Mitigations
2	Engagement with TfN Board Members on phasing scenarios, including continued justification of the preferred phasing scenario (C) as indicatively agreed at September TfN Board, is mapped out leading up to all key TfN Board dates.	Medium	Dependency Mitigations (Limited Control)
3	In constructing the roadmap, to include review and input by DfT as co-client, partners and delivery partners. The Roadmap activity is to be broken out into two areas: (1) Business Case Roadmapping, and (2) Life-Cycle programming. This is currently being planned as part of the NPR Business Planning process. Early thoughts on each may be used in this FY.	Medium	Dependency Mitigations (Limited Control)
4	The programme team has received the assured costs from Network Rail and are now working through them in detail. Receipt of the assured costs has now allowed a full cost review exercise to commence with TfN working closely alongside DfT and NR in identifying opportunities for potential cost reductions and efficiency overlays across the network. The engineering and cost review exercise is now ongoing and whilst emerging opportunities can be referenced at sift, it will be programmed to inform the finalisation of the SOC.	High	Controllable Mitigations
5	The TfN Modelling & Analysis team is continuing to enhance the NoRMS model to provide further enhancements to Level 1 benefits, which capture direct benefits to rail users. The Level 2 benefits which captures the static wider economic benefits, where it is assumed that NPR doesn't change the location of households and	High	Controllable Mitigations

	<p>businesses is also being enhanced. These enhancements are done alongside NeLUM which provides the transformational Level 3 benefits, which capture the dynamic wider economic impacts where it is estimated how much relocation takes place as a result of NPR.</p> <p>A final iteration of NoRMS, iteration 2 will include a 2018 demand uplift and should also increase overall benefits. It will be used to run sensitivity tests and where appropriate, results will be captured in the SOC. To support the required pace of the model development programme, a model development 'call-off' arrangement has been put in place to protect SOC timescales.</p>		
6	TfN is continuing to work with DfT to ensure the strategic case and wider economic impacts of the scheme are based on robust, compelling analysis in order to increase the prominence and recognition of these elements of the case relative to the conventional BCR.	Medium	Dependency Mitigations (Limited Control)
7	TfN has set up a working group to develop its response to the Integrated Rail Plan and ensure that is effectively communicated to members, partners, stakeholders and government, and that interfaces and interdependencies between IRP and NPR (including SOC) are closely managed.	Medium	Dependency Mitigations (Limited Control)

Corporate Risk and Mitigation Owner	Tim Wood (NPR) / David Hughes (IRP)
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Risk ID: TCR10**Risk Theme: Rail Operations – Franchise and Delivery**

Description	<p>Despite government guidance changes to encourage use of public transport and return to city centre offices, there is likely to be future suppressed demand as passenger behaviour moves to private vehicles and active travel. The effects of the coronavirus pandemic on demand may take many years to recover to previous levels which could lead to the following risks:</p> <ul style="list-style-type: none"> (1) There remains a risk that the passenger enhancements (such as the completion of new train programmes and additional services) will be delayed as driver training takes longer due to new working practises. (2) There is a risk that future schemes could be less viable as they have to be assessed against lower demand forecasts. (3) DfT Re-prioritisation and the Williams Review: The coronavirus pandemic has meant DfT had to prioritise its focus and resources in responding to the pandemic. This has led to the delay in the publication of the Williams Review. In addition, the government may choose to focus on centrally deliverable initiatives such as franchise delivery and focus less on devolution. As a result, this may not align with the strategy of Members and would require a wider response from TfN.
Risk Proximity	Short, Medium and Long-term
Risk Probability	(1) Very High (2) Very High (3) Very High
Assessed Risk Impact	<p>(1) Very High (2) Very High (3) Very High</p> <p>Note: The post-mitigation risk assessment is rated Very High (VH) following the adoption of some of the identified mitigations. This is the same rating as the current risk assessment as TfN does not have the full range of levers within its current powers and responsibilities to implement the mitigations i.e. in order to effectively</p>

	<p>carry out the mitigations. The avoidance and reduction of the assessed impacts are contingent on partners and members taking further actions.</p>
<p>Potential Impact (Qualitative Description)</p>	<ul style="list-style-type: none"> • If there is a delay in investment and delayed rolling stock, passenger frustration will continue to be frustrated and experience poor quality services. Severe adverse reputational impact and pressure from partners. • Less investment in services and infrastructure as a result of weaker business cases. • It could affect TfN's reputation by impacting on a significant part of its rail transformational programmes and overall agenda. • The franchise system is being replaced by service contracts directly funded by HMT, potentially diminishing TfN's role and influence over operations.

Mitigation Action Plans and Level of Controllability

Mitigation No.	Mitigation Strategies / Action Plans	Mitigation Control Level Assessment	Mitigation Control Level
1	To continue to use our influence in the monthly Rail North Partnership Board, Rail North Committee and North of England Contingency Group to shape the re-introduction of services, new rolling stock and infrastructure developments and re-build passenger confidence.	Medium	Dependency Mitigations (Limited Control)
2	To continue with the close working relationship and communication with TfN member authorities on deliverables and risks - feeding back information through TfN governance structures.	Medium	Dependency Mitigations (Limited Control)
3	To continue to track train service performance and delivery via regular reporting dashboards.	Medium	Dependency Mitigations (Limited Control)
4	Strategic Rail and Rail North Partnership (RNP) to work together to support Network Rail and Operators in producing recovery plans that meet passengers' needs and rebuild confidence.	Medium	Dependency Mitigations (Limited Control)
5	To implement Blake Jones action plan to provide greater focus on passengers and ensure transparency with members as the COVID19 restrictions ease.	Medium	Dependency Mitigations (Limited Control)
6	TfN will continue to make the case for reform that supports the North's ambitions and will respond to the Williams White Paper once published.	High	Controllable Mitigations

Corporate Risk and Mitigation Owner	David Hoggarth
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