

Transport for the North Audit & Governance Committee Agenda

Date of Meeting	Thursday 10 June 2021
Time of Meeting	11.00 am
Venue	

Filming and broadcast of the meeting

Meetings of the Transport for the North are 'webcast'. These meetings are filmed and broadcast live on the Internet. If you attend this meeting you should be aware that you might be filmed and included in that transmission.

Item No.	Agenda Item	Page
1.0	<p>Welcome & Apologies</p> <p>The Chairman to welcome members to the consultation call.</p> <p>This meeting is not a formal meeting of the Audit and Governance Committee but is being held as a Consultation Call by the Finance Director under the delegated powers of the Finance Director to take action in consultation with Members of the Committee further delegated to the Financial Controller in the absence of the Finance Director. Following the Consultation Call the Finance Director will take delegated actions having regard to the consultation.</p> <p>The agenda and reports for the Consultation Call are being made available to the public and the Call is being livestreamed on the Transport for the North website to ensure openness and transparency. Members of the Committee will attend the Call virtually.</p> <p>This Consultation Call will replace the Audit and Governance Committee Meeting scheduled for 10 June 2021 but which has been cancelled due to ongoing Covid-19 restrictions.</p>	Verbal Report
2.0	<p>Declarations of Interest</p> <p>Members are required to declare any personal, prejudicial</p>	Verbal Report

	or disclosable pecuniary interest they may have relating to items on the agenda and state the nature of such interest.	
3.0	<p>Minutes from the Previous Committee</p> <p>To consider the minutes from the meeting held on 18 February 2021 and, if thought fit, to approve as a correct record.</p>	127 - 134
4.0	<p>Monthly Operating Report (April)</p> <p>To note the Transport for the North Monthly Operating Report.</p>	135 - 160
5.0	<p>Financial Outturn Report</p> <p>To consider the summary of the draft balance sheet as at 31 March 2021 and to receive an update from Greater Manchester Pension Fund.</p>	161 - 182
6.0	<p>Review of Value for Money Self-Assessment</p> <p>To consider the Value for Money Self-Assessment, part of the annual external audit.</p>	183 - 200
7.0	<p>External Audit Progress Report</p> <p>To note the reports and update from Mazars.</p>	201 - 216
8.0	<p>Internal Audit Update</p> <ul style="list-style-type: none"> a. Follow Up Audit b. Progress Report June 2021 c. Annual Summary 2020/21 <p>To note the reports from RSM Risk Assurance Services.</p>	217 - 254
9.0	<p>Corporate Risk Register</p> <p>To highlight the significant risks associated with Transport for the North's ongoing transformational programmes.</p>	255 - 286

Transport for the North Audit & Governance – Minutes

Meeting: Transport for the North Audit and Governance Committee

Date: Thursday 18 February 2021, 11:00am – 12:15pm

Venue: MS Teams remote meeting

Attendees:

Chris Melling, CM (Chair)
Cllr Keith Little, KL (Vice-Chair)
Cllr Heather Scott, HS
Kevin Brady, KB
David Pevalin, DP
Cllr Chris Brewis, CB
Cllr Liam Robinson, LR
Cllr Allen Brett, AB

Independent Member
Cumbria County Council
Darlington Borough Council
Independent Member
Independent Member
Lincolnshire County Council
Liverpool City Region
Rochdale MBC

Invitees:

Campbell Dearden, CD
Karen Murray, KM
Lisa Randall, LR

External Audit, Mazars
External Audit, Mazars
Internal Audit, RSM, UK

Officers:

Dawn Madin, DM
Iain Craven, IC
Paul Kelly, PK
James Lyon, JL
Julie Openshaw, JO
Deborah Dimock, DD

Business Capabilities Director
Finance Director
Financial Controller
Legal Assistant
Head of Legal
Solicitor

Apologies:

1.0 Welcome and Apologies

Action

- 1.1 There were no apologies received and the meeting was quorate.

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 19 November 2020 were considered.
- 3.2 Action point 4.4 from the minutes concerning a TAME report, was noted to be contained within the Operating Report. The action points of Annual Governance Review and dates of future meetings are addressed in this meeting.

RESOLVED: To accept the minutes of the meeting held on 19 November 2020 as a true and accurate record.

4.0 Monthly Operating Report (R)

- 4.1 The report was noted, and Iain Craven advised that the January report, published after the Audit & Governance papers had been circulated, could be found on the Transport for the North website. The matter of funding cuts to TfN, both Core and IST, were highlighted to the Committee. IC invited any questions arising from the Operating Report.
- 4.2 Cllr Allen Brett enquired about a rail issue, however as it was not directly related to Committee business, IC advised that he would pass the matter onto the Strategic Rail Director to be picked up offline.
- 4.3 Kevin Brady asked if the cessation of IST funding impacted other areas of the business: IC advised that TfN was actively considering how to retain some IST capacity / capability as this was an important priority for members.

RESOLVED: The report was noted.

5.0 Internal Audit Update (R)

- 5.1 Lisa Randall advised that the remaining work for 2020/21 had been completed with the presentation of the three audit reports today and good progress made with the plan for 2021/22 (to be covered in Item 6).
- 5.2 She acknowledged the support of the management team within TfN for enabling full completion of the audits in spite of full remote working.

5.3 Investment Programme Assurance Review

The report was positive, with some context in terms of the sequencing of the framework as well as background information on the process and governance arrangements.

The one medium-term action arising from it was requesting integration of the outcomes from Northern Transport Charter, the investment programme and the Business Plan KPIs. TfN had agreed that this would form part of the business planning cycle for 2021/22 and a follow-up audit would be conducted.

5.4 New Payment (Commissioning) Process

The transition to a fully automated system, especially under full remote working, was noted as exceptional. Compliance and data analytics testing had revealed no areas of concern and the work to embed and integrate the system was praised.

5.5 Income and Debtor Management

A low priority action point regarding the cyclical updating of the grant acceptance and management policies was noted. However, the overall audit had provided substantive assurance.

- 5.6 The Chair thanked RSM for its work under full remote working conditions, adding that its reports were very reassuring to the Committee.

RESOLVED: The Committee noted the reports.

6.0 Internal Audit Strategy 2021/22 (R)

- 6.1 LR highlighted the main areas for audit in the next financial year including governance and risk management reviews, the new flexi-time system and follow-up audits based on previous year's management actions.
- 6.2 KB asked about the review of governance arrangements during and post-Covid; LR reassured the Committee that the aim was to ensure that good governance and adherence to the constitutional arrangements had prevailed throughout the period of remote working and as the organisation transitioned back to normal working as restrictions were gradually eased. IC added that the exact objectives and scope would be agreed prior to the audit.
- 6.3 It was noted that a review of risk management contained many aspects that were unique to TfN in terms of deliverables and programme activity. On this basis, the audit would look at the overall framework and benchmark that rather than focussing on individual risks.

- 6.4 Liam Robinson questioned the audit plan based on the resourcing required and cross-referencing that to the funding cuts; IC replied that the overall scale of TfN's operations was driven by the NPR programme and that the level of activity in 2021/22 was currently budgeted to be broadly consistent with 2020/21.
- 6.5 KB requested that the second paragraph (page 98 in the pack) was re-phrased to cover the cybersecurity and GDPR follow up audit matters.

Action: RSM to re-phrase the wording to better describe the plan for ongoing cybersecurity audits.

7.0 External Audit Update (R)

7.1 Annual Audit Letter

Karen Murray presented the Annual Audit Letter noting that TfN's accounts had been signed off on 18th November 2020, including a VfM conclusion.

- 7.2 The report also contained the summary of the audit completion work discussed in detail at the November meeting. An additional payment to Mazars of £4,200 was charged as a result of complexities introduced into the audit due to changes in the IST programme which had caused significant amendments to the accounts and the way in which the changes were managed.

7.3 Audit Strategy Memorandum

This officially opened the work for the 2021/22 financial year, setting out the work that Mazars expected to do in order to deliver a compliant audit and the timeline required, the main points being the accounts ready by end of July for to enable the audit to be completed by the end of September.

- 7.4 The Memorandum also noted the potential risk areas identified that the planned work would seek to address, although KM added that the revenue recognition risk had been rebutted as not applying to TfN due to the grant-funded nature of the organisation. There remained two significant risks and one enhanced risk; management override of controls, pension liability valuation and Phase 2 of the IST scheme. The final risk concerned the novation and complex transactional nature of the scheme.

- 7.5 The report outlined the three criteria to be considered in the Value for Money audit, and the materiality that would apply in conducting the financial statements audit.

7.6 Audit Progress Report

Campbell Dearden highlighted the reporting changes for the new financial year advising that a commentary in the annual report would be given rather than a formal conclusion and this would replace the Annual Audit Letter.

- 7.7 He also noted some supplemental reports included in the pack which covered the wider nature of audit work and detailed ongoing changes in the sector which Mazars had either adopted already or were incorporating into their future work.

RESOLVED: The Chair thanked Mazars for their work, especially the inclusion of the supplemental reports.

8.0 Treasury Management Strategy (R)

- 8.1 Paul Kelly provided a brief overview of both the Treasury Management Strategy and the Accounting Policies (Item 9) advising that they were reviewed every year, with additional progress reports on the TMS that occurred mid-year.
- 8.2 He reminded the Committee that TfN is a solely grant-funded organisation that does not have access to credit (including overdrafts) and that creditworthiness and the ability to pay contracts, especially multi-year arrangements, remained the key driving force behind the treasury strategy. The main change from the previous year concerned the very low yields that were available in the market, even against a background of sustained low interest rates. PK noted that the strategy would remain focused on creditworthiness, rather than pursuing marginal yield.
- 8.3 The chair raised the possibility of negative yield going forward. PK reaffirmed TfN would prioritise creditworthiness in these circumstances, i.e. accepting a marginal cost for the security of low risk counterparties.
- 8.4 TfN's 2021/22 budget will include the release of general fund reserves to present a funded budget and this would require Board approval.

RESOLVED: The Committee approved the Treasury Management Strategy.

9.0 Accounting Policies (R)

- 9.1 PK then presented the Committee with the proposed accounting policies. These policies, driven by IFRS and CIPFA code requirements, detail how TfN will account for transactions that it undertakes in the discharge of its responsibilities and form part of the overall accounts.
- 9.2 The matter of IST programme accounting was noted as Phase 2 assets are transferred out of TfN's books to their end user which could be DfT or a Local Transport Authority. It was recognised these transactions could occur within 2020/21 but are more likely to occur in 2021/22. Technical advice will be sought to confirm accounting treatment.

This cross-referenced the point made by External Audit (minute 7.4).

RESOLVED: The Committee noted the report

10.0 Annual Governance Statement (R)

- 10.1 Deborah Dimock presented the first draft of the Annual Governance Statement. The final version, due for publication in May would include feedback from members including the Audit & Governance Committee.
- 10.2 A review of the Anti-Fraud and Corruption Policy has also been completed and DD also outlined the ongoing staff training around the recently revised Whistleblowing Policy. The Anti-Fraud & Corruption Policy is contained in the terms of reference for the Committee and DD summarised the roles of the statutory officers, the financial controls within the system, the data protection methods and the supporting policies (e.g. Whistleblowing) that formed the overall Anti-Fraud & Corruption Policy
- 10.3 The forced move to full remote working and virtual meetings was noted as proceeding with no issues and formed an important part of TfN's commitment to transparency. Cllr Brewis added that TfN's webinars and online conferences had provided an essential service in publicising TfN's work and he expressed the desire to see these continued.
- 10.4 A review of the Constitution is being held in abeyance until publication of the Williams Review in order to incorporate any changes arising. The further development of the Assurance Framework is also held pending the anticipated Government white paper on devolution.
- 10.5 DD noted that in the Governance Challenges for the year 2021/22 a review of TfN Board and Committees was

planned, in particular the General Purposes Committee (a review having been requested by TfN Board members). A review of the working of the Scrutiny function was also planned with detailed consideration of the Scrutiny First policy which had been adopted by TfN.

RESOLVED: The Committee approved the draft, and there were no questions arising at this time. The Committee acknowledged that it had received and was satisfied with the measures outlined in the Anti-Fraud & Corruption Policy.

11.0 Corporate Risk Report (R)

- 11.1 IC presented the Risk Report noting the increase in high risk items and advising that some of this was a consequence of the extent to which TfN was tasked with delivering objectives in the absence of more than limited control over the environment in which it operates.
- 11.2 The issues were being reported through and addressed by TfN governance processes, including reports to TfN Board, and IC summarised some of the underlying causes behind the risks, including Covid-19 and funding cuts. For example, the Covid-19 had impacted the Strategic Rail objectives in terms of both service improvements being delivered across the North and the ability to justify infrastructure improvements.
- 11.3 The risks connected with TfN's two flagship programmes, IST and NPR, were described in more detail. Withdrawal of funding for the IST programme essentially rendered TfN incapable of delivering any of its stated objectives which in turn meant that the risks were now a certainty.
- 11.4 The request from DfT that the publication of the NPR SOC be delayed until after the Integrated Rail Plan is published, meaning that the target date for submission will be missed (albeit at the request of the DfT as co-client on the programme).
- 11.5 The Committee acknowledged the difficulty of resolving the risks due to the lack of direct control. However, the detail with the report and the governance measures alongside it were noted and welcomed.
- 11.6 The revised format of the Corporate Risk Report was presented for comment, with IC noting that the current format was proving problematic for ongoing updates. The revised format was intended to be more user-friendly and

easier to read and IC commented that it was based on reviews of risk registers from other organisations.

- 11.7 KB asked if it could include a measure of how the risk was shared between TfN and DfT to better indicate the areas that TfN had little control over. David Pevalin asked for further split between the central risk theme and related sub-themes noting that a range of smaller minor risks could combine to form an accumulated risk that had a much higher rating. The comments were noted, although IC explained that some of the risk was due to the matters that TfN was being asked to do on behalf of members and the governance framework within which it was operating, specifically the lack of devolved powers.
- 11.8 The aim was to move to the revised format in time for presentation at the TfN Board meeting in July and the Committee was asked to give any feedback via email.

12.0 Any Other Business (V)

- 12.1 The Chair requested that dates for the rest of the calendar years were set and, following a brief summary of related governance dates, the Audit & Governance Committee dates were set as:

Thursday 10th June 2021
Thursday 15th July 2021
Thursday 16th September 2021

Holding slots would be sent out until there was greater certainty around virtual meetings vs a potential return to in person meetings.

- 12.2 KM advised that the consultation from MHCLG had again extended the deadline for accounts (and therefore the publication of the Annual Governance Statement) to end of July rather than May as was normal, therefore the final draft would be presented to the Committee at the June meeting.

The meeting concluded at 12:40pm

r = report; p = presentation; v = verbal

Transport for the North Monthly Operating Report April 2021



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Introduction

Summary from the Chief Executive

As of April 2021, the Business Plan and TfN's 26 new KPIs (covering the financial year 2021/22) are in place. This report covers progress in the first month of the new financial year against the programme set out in the 2021/22 Business Plan.

Rail service recovery continues to be a major priority with services being monitored by the Rail North Partnership (RNP). On 12 April restrictions were eased and non-essential retail and leisure reopened. This led to an increase in passenger demand, with Northern seeing an increase in demand to 30-40% of pre-Covid levels and TransPennine Express (TPE) an initial increase to 20-25%.

Transport for the North is also actively working on the actions flowing from the work of the Manchester Recovery Task Force to deliver the best possible outcome for passengers using the Central Manchester rail network. This has included a briefing for members of the Rail North Committee, and subsequently requesting and preparing for a meeting of the Northern Transport Acceleration Council (NTAC).

TfN's Northern Powerhouse Rail programme has continued at pace, focusing on work that is likely to be required irrespective of the outcome of the Integrated Rail Plan (IRP) expected to be published shortly. The Strategic Outline Case (SOC) has continued to be updated, and the Business Case team is progressing areas that will support a range of potential IRP outcomes in the longer term. The team has also continued to undertake stakeholder engagement, and the engagement plan will be updated after the publication of the IRP. Modelling work by TfN's TAME team has also progressed, including Iteration 2 of the Northern Rail Modelling System (NoRMS) and the new version of the Northern Economic Land Use Model "NeLUM3".

Work also commenced in April on the Investment Programme Benefit Analysis (IPBA) programme. The inception report has been received, and a baseline programme has been agreed. The first Technical Assurance Group (TAG) for IPBA has also been held.

Colleagues continue to prepare materials for TfN's Decarbonisation Strategy public consultation, with a consultation launch date set for 7 June and a planned run of 12 weeks. The Freight & Logistics Strategy continues to be developed, and we intend to seek approval from a future TfN Board following IRP publication. Work also continues in other key strategic areas including the Northern Transport Charter (NTC), the TfN research programme linked to the Strategic Transport Plan evidence base, and the research programme on Transport-Related Social Exclusion (TRSE) in the North of England.

In response to ongoing funding being withdrawn, the decision was taken by the Board on 18 February to close the IST programme. Activity is continuing to bring Phases 1 and 2 of the programme to a conclusion and we continue to monitor the delivery of this work, the details of which are included in the Operations section of this report.

Northern Powerhouse Rail (NPR)

Monthly Summary

The Strategic Outline Case (SOC) has continued to be updated by the Business Case team to include feedback from working group partners and the Department for Transport (DfT) Centre of Excellence (CoE). Uncertainty remains regarding the timeline and content of the Integrated Rail Plan (IRP) which makes longer term planning very challenging. The Business Case team is, however, progressing areas that will support longer term delivery and both the Infrastructure and Technical Assurance, Modelling and Economics (TAME) teams are progressing activity that has been endorsed by TfN and DfT at the NPR Programme Board in February 2021 for financial year (FY) 21/22. Engagement has continued in the month ensuring programme-wide understanding of currently endorsed activity, planning for future work and preparation for activity post IRP. Regarding the latter, the partner engagement plan will be reviewed and updated when the IRP has been published.

Activity Update

Infrastructure

The NPR team is currently reviewing evidence presented by HS2 in relation to Manchester Piccadilly underground station options to inform upcoming decisions. An instruction has been agreed by TfN and DfT to explore Manchester – Sheffield opportunities to accelerate some further design development of the Hope Valley Line and look at value engineering on the route. The remit was submitted to Network Rail (NR) on 23 April 2021 with work targeted to commence in May 2021. On the Manchester – Leeds corridor, the Bradford station location report was received in the month, which analysed potential costs and benefits of various station locations. The study has identified which options are most likely to be feasible from a cost and journey time perspective. The Leeds – Hull survey works have continued during the month with the forecast finish date of August 2021 being maintained. Further work on both Rotherham Mainline (RML) and Barnsley Dearne Valley (BDV) stations will be planned post IRP publication.

Technical Assurance, Modelling and Economics (TAME)

Work has progressed well on the Northern Rail Modelling System (NoRMS) Iteration 2 Model, with the model pending release following expert review this month. The updated model will support final drafting of the SOC. In addition to NoRMS development, the new version of the Northern Economic Land Use Model, NeLUM3, is continuing to be developed and will be available to support the SOC programme post IRP publication. Procurement for the remaining activity, which was endorsed by TfN and DfT in February 2021, is nearing completion with the Wider Economic & Social Impacts Partner and Stations Analysis partner contracts expected to be awarded in May 2021 and the two remaining contracts, Northern Rail Transport Modelling System (NoRTMS) Development Partner and Freight Partner, expected to be awarded by June 2021.

Commercial Management

The Estimating team has continued to support in the analysis of the costs to support decision-making on options for the Liverpool - Manchester corridor as well as providing support on the Manchester – Sheffield deep dive cost reduction exercise.

Risks

Risk Summary	Summary of Mitigating Measures	KPI
Integrated Rail Plan outcomes delay the next stage of the programme - The conclusions of the Integrated Rail Plan (IRP) could have consequences for the SOC if its recommendations on funding envelope, phasing and/or specifying route options are different from those agreed by TfN Board. This would result in delays to the next stage of the NPR programme.	<ol style="list-style-type: none"> 1. IRP response team to be created. A rapid review of IRP to take place to understand impact on the SOC and 21/22 Business Plan. 2. Work is underway on scope activity that has been agreed between co-clients. 3. Engagement with partner organisations on proposed programme team activity to take place for post IRP review (see item 1 above). 	7-10
Integrated Rail Plan decision-making - IRP is expected to recommend a way forward on the scope, phasing and sequencing of delivery of NPR (and other proposed rail investments upon which NPR is dependant). This may be different from TfN's preferred network and phasing, and therefore creates a risk that partners may not agree with the IRP outcomes. This could affect ways of working and result in programme delays.	<ol style="list-style-type: none"> 1. IRP response team to be created. A rapid review of IRP to take place to understand impact to SOC and 21/22 Business Plan. 2. Scenario planning is underway to understand the implications of IRP scenarios on NPR and the SOC. 3. Subsequent briefings are to be planned between TfN and partners. 	7-10
Co-client agreement of 2021/22 scope - There is a risk that TfN may be unable to agree as co-clients all the activity for 2021/22 scheduled to start from April 2021. This would result in delays to proposed programme activity for 21/22, as well as impacts to commissioning and mobilising programme teams.	<ol style="list-style-type: none"> 1. Following the publication of IRP, review scope between co-clients with a view to instructing on hold items. 2. Ongoing discussions at a senior level. 3. Review impact of delays on each work package's ability to reach single option and develop response plan. 	9 & 10
Infrastructure output to support decision-making - If further slippage within the Network Rail programme for single route option does occur, for example if suppliers are not instructed in time, this may impact TfN's ability to explore opportunities to ensure the most robust case possible is presented to Board and, ultimately, the Government.	<ol style="list-style-type: none"> 1. Ensure key milestones are being tracked and slippages challenged on a fortnightly basis. 2. Continued protection and refinement of delivery schedule to support decision-making timescales. 3. Review interdependent milestones following a confirmed new SOC date post IRP. 	7-10
TRU integration - The NPR programme may become misaligned from the Network Rail Transpennine Route Upgrade (TRU) programme during Sequence 4.1 as a result of lack of integration between NPR and NR TRU programmes; irregular forums or channels of communication (facilitated through NR); no representation of opposite programme within governance, resulting in misalignment of designs/approaches, leading to rework or duplication of effort; negative impacts on benefits and business case development where programmes are working in silos.	<ol style="list-style-type: none"> 1. Escalation to be tracked at the NPR Level-0 Board (Delivery team meeting). 2. Review NR TRU representation at governance groups following publication of IRP. 3. Review information shared by NR TRU and raise further requests to NR following this. 4. Preparing a proposal for how we integrate with NR TRU for agreement at Senior TfN/NR level – at least monthly. 5. Initial meeting held between NPR and TRU directors. This is to become a monthly reoccurrence. 	7 & 8

Programme and Look Ahead

TfN Board

The timing and content of briefings to TfN Board will be shaped by the eventual publication of the Integrated Rail Plan.

Investment Programme

Monthly Summary

Work is ongoing on the Investment Programme Benefit Analysis (IPBA) project. This commission is critical to understanding the economic, social and environmental benefits of the TfN Investment Programme. The analysis will use DfT's conventional growth scenario, and TfN's four Future Travel Scenarios, to assess the Investment Programme against three different funding strategies. This work will enable TfN to make a strong evidence-based case for transport investment and provide a clear picture of the potential impact of the Investment Programme on carbon emissions.

Activity Update

- The inception report for IPBA has been received for comment and the baseline programme has been agreed.
- The project team, including road and rail specialists, has reviewed the IPBA reference case assumptions, which will provide a baseline for transport modelling. The outputs of this review will be shared with Strategic Oversight Group (SOG) members for agreement in May.
- The project team has held the first Technical Assurance Group (TAG), which sets out expectations and identified approaches to modelling, which will be recorded in the Appraisal Specification Report (ASR).

Risks

Risk/Issue Summary	Summary of Mitigating Measures	KPI
NPR alignment – Risk: A number of interdependencies with NPR and TAME have been identified – including the reference case, model development, internal resource requirements, and freight modelling. The delay in publishing the IRP increases the risk that the final IPBA outputs might not be fully aligned with the preferred NPR network (when agreed), the final design of High Speed 2 (HS2), and the Transpennine Route Upgrade. If not addressed, all of these issues could lead to increasing costs and delays in the IPBA programme, as well as reputational impacts for TfN.	<ol style="list-style-type: none"> 1. Identify the latest date for NPR/HS2/TRU decisions to feed into IPBA project, noting in the Appraisal Specification Report (ASR) where key assumptions have been made. 2. Finalise IPBA reference case assumptions with partners in May, to ensure there is an agreed baseline to work with. 3. Management capacity is being strengthened within the modelling team to manage the allocation of TAME resources between TfN programmes. This will give TAME flexibility to respond to short-term resource requests from NPR and protect allocation of key TAME resources to IPBA. 4. Regular updates are to be provided to Strategic Oversight Group (SOG) members to manage expectations, should there be any further delays to the IRP publication. 	12
Managing interdependencies – Risk: The completion of deliverables relies on inputs from several parties. There is a risk that delays to these inputs could hinder the delivery and assurance of key products. This could result in additional costs, programme delays, and not meeting the	<ol style="list-style-type: none"> 1. Dedicated TfN resources in place to manage information on interdependencies. 2. Technical inception meeting agreed arrangements with the supplier to identify any outstanding interdependency 	12

commitments set in TfN's 2021/22 Business Plan, which could damage TfN's reputation.	challenges. Actions will filter through to weekly calls action log.	
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Programme and Look Ahead

- The Inception Report and Reference Case scheme assumptions will be agreed at SOG in May.
- TAG will agree the Appraisal Specification Report.
- We are continuing to monitor and prepare for the potential impact of the Integrated Rail Plan on the IPBA programme. The timing and scale of the impact is unknown.

Major Road Network (MRN)

Monthly Summary

Further work to complete the Major Roads Report (MRR) is awaiting publication of DfT's Transport Decarbonisation Plan and the outcome of TfN's Decarbonisation Strategy consultation.

The team is engaging with partners to develop the scope of work to develop recommendations for zero emissions vehicle infrastructure and work on providing a 2020 dataset monitoring the MRN.

Activity Update

- The team is continuing to track progress, via quarterly updates from Partners, on the delivery of projects recommended for MRN funding in the 2020-2025 period.
- The team is continuing to monitor the impacts of Covid-19 on travel, and is engaging with DfT, Highways England (HE) and TfN partners on sharing transport data.
- The team has received Executive Board (29 April 2021) approval to proceed with our approach to develop a pan-Northern Zero Emission Vehicle Infrastructure Strategy, including the launch of external supplier procurement to deliver an Electric Vehicle Charging Infrastructure (EVCI) evidence base.
- The Mobile Device Data project started 6 April 2021, which will provide TfN with a 2020 dataset on the performance of the Major Road Network for the North. This will be particularly useful in reviewing the short and long-term impacts of Covid-19 on the North's travel patterns. The inception report and programme have now been finalised.
- The team is working with Highways England and other Sub-national Transport Bodies (STBs) to agree an engagement framework setting out minimum expectations for two-way communication and involvement in scheme development.
- The team is attending discussions between DfT, HE and partners on potential trunking and de-trunking proposals across the North.
- The team has provided Highways England with feedback and evidence to feed into the SRN in Urban Area Strategic Study.
- The team has provided evidence and support for Tees Valley Combined Authority on its work to strengthen the Strategic Case for the new Tees Crossing.
- The management of long-term risks is ongoing and monitored on a regular basis with the project team and Risk Manager.
- The team is chairing the STB Liaison Group and following up meeting actions with other STBs, including joint working opportunities.
- The team is supporting TAME on the development of the Intervention Log through manually mapping schemes in GIS.

Risks

Risk/Issue Summary	Summary of Mitigating Measures	KPI
Risk: Negative perceptions - Due to the environmental and sustainability impacts of traffic and congestion, there is a reluctance to invest (from the public and decision-makers) in roads. As a result, there is a risk that the road schemes might not get the investment needed to deliver the Strategic Transport Plan (STP).	<ol style="list-style-type: none"> 1. Continuing work with the Stakeholder Engagement & Communications Team (SECT) to develop a clear narrative on why roads are a critical part of the transport network, and how future management of, and investment in, roads can support the North's vision for a sustainable future. 2. Work to address this topic in the Major Roads Report and work with SECT to develop an appropriate comms plan. 3. Use our Future Travel Scenarios evidence to inform work and communications, and monitor impacts of Covid-19 on travel behaviours, patterns and flows. 4. Await the outcome of DfT's Transport Decarbonisation Plan and TfN's Decarbonisation Strategy consultation and use this to help inform the Major Roads Report. The Investment Programme Benefit Analysis project will enable TAME to build the Analytical Framework, which can be used to demonstrate the impact of road investment and different policy measures. 	18/21
Risk: Major Roads Report - Should the work on the publication of the DfT Transport Decarbonisation Plan be delayed, TfN may need to defer publication of the MRR. If realised, TfN will be unable to meet the Business Plan KPI for completing the MRR updates by March 2022.	<ol style="list-style-type: none"> 1. Monitor and apply decarbonisation work and delay the completion of the MRR if DfT's Transport Decarbonisation Plan is postponed again. Keep partners informed to manage expectations. 2. Proceed at risk if the DfT's decarbonisation work is delayed beyond summer. 3. Keep in regular contact with the Strategy team to monitor any programme fluctuations. 4. Update the MRR programme as changes are announced. 5. Cross-reference the MRR and TfN's Decarbonisation Strategy to ensure alignment, prior to publishing. 	18

Programme and Look Ahead

- TfN attended a workshop on 13 May 2021 to review evidence for the Trans-Pennine Tunnel (TPT) and discuss the next steps.
- The team is continuing to support the development of TfN's draft Freight & Logistics, and Decarbonisation Strategies.
- Highways England has asked TfN to support the statutory public consultation events for the A66 dualling project, which will take place late summer 2021.
- The team is continuing to engage on the RIS3 pipeline studies.
- The commission for the Electric Vehicle (EV) Infrastructure Strategy development project will be going out to tender on 18 May 2021, with a targeted project start date of 5 July 2021.

Strategic Rail

Monthly Summary

The team has been focusing on the actions flowing from the work of the Manchester Recovery Task Force, including preparing for a meeting of the Northern Transport Acceleration Council (NTAC) on 18 May 2021. Members are seeking re-assurance on the infrastructure roadmap with an 'end-state' that will be adequate to meet the need for reliability and future growth in the context of short-term service changes to support better reliability.

As the easing of lockdown restrictions continues, the operational focus remains on supporting Covid-19-related work and working with the industry to support the recovery.

TfN continues to work closely with DfT and Network Rail (NR) on a range of investment plans across the North of England, including train lengthening (capacity) and Network Rail's decarbonisation plan as part of the Manchester and North West Transformation Programme, and a number of projects around Leeds.

Activity Update

Rail Operations

On 12 April 2021 restrictions were eased to allow the reopening of non-essential retail and leisure which has led to an increase in passenger demand. Northern saw an increase in demand to 30-40% of pre-Covid levels and TransPennine Express (TPE) an initial increase to 20-25%. Services continue to operate at a high level of reliability compared to pre-Covid levels and demand and capacity are being closely monitored by the Rail North Partnership (RNP).

Rail Investment

A Transpennine Route Upgrade (TRU) officer briefing session was held on 21 April 2021 with presentations from NR and the DfT. The session provided an opportunity for our partner authorities to stress the importance of delivering an hourly freight path to support large intermodal container traffic, the need for further engagement on the timetable, and the need to ensure TRU and Northern Powerhouse Rail deliver their respective outputs without compromise.

TfN also continues to support partner authorities on local schemes, including the Energy Coast Rail Upgrade in Cumbria, a new Skelmersdale rail link, reinstatement of the Skipton-Colne line, and station capacity improvements at Darlington, Middlesbrough and Leeds.

A presentation of the TfN Stations Strategy - The Case for Inclusive and Sustainable Interventions, was given to TfN partner organisations in April and the next stage of the strategy is being progressed. A high-level pan-Northern trip rate model to assess the potential number of trips made as a result of a new station or new line has been completed which will allow a quick assessment of new station proposals using TfN's Northern Rail Model System (NoRMS).

Risks

Risk/Issue Summary	Summary of Mitigating Measures	KPI
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<p>Risk: The short-term effect of Covid-19 on the reintroduction of services on to the network – Services could continue to be impacted by resource levels among operators and restrictions around driver training. This will impact local areas which will see a reduced level of service frequency and potential reliance on older trains until driver training is delivered in full.</p>	<ol style="list-style-type: none"> 1. TfN continues to work closely with operators and partners to review timetables in advance of changes and to feed in key areas of concern to be addressed. 2. Driver training continues and operators are planning future service uplifts based on their known resource plans which RNP is keeping under review. 3. Now that a roadmap to lifting restrictions is being implemented by the Government the focus from TfN and RNP will be on short-term recovery while still focusing on supporting the recovery of demand as restrictions ease. 	<p>1</p>
<p>Risk: The long-term effect of Covid-19 on viability of train services – The gradual lifting of restrictions on travel is likely to continue to affect the time it will take for the industry to recover to pre-Covid-19 levels. This may impact on the future of train service investment decisions which might affect TfN's ability to achieve its ambition for the North of England.</p>	<ol style="list-style-type: none"> 1. Messaging and communications will continue to promote safe use of public transport in line with Government guidelines. 2. Rail North Committee has endorsed a Roadmap to Recovery. The team is working with train companies identifying ticketing/marketing/offers to rebuild confidence, attract passengers back, and entice new passengers when appropriate. 	<p>1</p>
<p>Issue: Delayed publication of the Williams Review - The coronavirus pandemic has meant DfT has had to focus its resources on the response. This has led to the continued delay in the publication of the Williams Review. TfN had planned to provide a response to the Williams Review as a KPI for the previous financial year. This was not possible in the absence of the report but should be undertaken in the 2021/22 year. In parallel, franchise agreements have been replaced with alternatives that pass revenue risk to Government.</p>	<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 is working with partners and external consultants to shape our response when the White Paper is published. 3. TfN continues to work with RNP to shape the delivery commitments for the new service agreements. 4. To mitigate delays, TfN is working with partners to begin preparatory work in advance of expected publication in Q1 2021/22. 	<p>3</p>

Programme and look ahead

- Support, monitor and assist the industry to rebuild services, passenger demand and confidence.
- Prepare for an initial response to the expected Williams White Paper.
- Working through the Rail North Committee and TfN Board, continue to consider the outcome of the Manchester Recovery Task Force consultation and identify the right infrastructure enhancements for Manchester.
- Develop proposals for addressing network gaps linked to the Long-Term Rail Strategy (LTRS) and produce the next stage of the TfN Stations Strategy.
- Continue to support TfN input/response to the Integrated Rail Plan.
- Continue to work closely with DfT and NR to secure successful delivery of the TRU project objectives.
- Draft priority interventions agreed with NR, TPE and Northern that will improve reliability and resilience and further work to secure funding to assess the feasibility of interventions.

Operations Summary

Monthly Introduction

Operational activities during April have included; the Communications Team confirming the appointment of Martin Tugwell as TfN's new Chief Executive across media channels; the upload of the 2021/22 budget to finance systems and implementation of a revised budget monitoring process; continuing work around the ongoing use of virtual meetings due to the current circumstances by the Legal and Democratic team; preparation of materials for the Decarbonisation Strategy public consultation, and involvement with a roadshow alongside the Treasury with Northern stakeholders to explore the revised Green Book by the Strategy team; and further work on various models including the Development Log, as well as continued work on outputs for NPR Strategic Outline Case (SOC) by TAME.

Activity Update

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

Stakeholder Engagement & Communications Team (SECT)

- SECT has been promoting TfN's activity across external and internal channels where possible, within constraints of it being both the pre-election period and observing the national mourning period for HRH Prince Philip.
- Proactive opportunities have included confirmation of Martin Tugwell as the permanent Chief Executive of Transport for the North. This was issued to the media and shared across TfN's channels following Board approval of the appointment.
- TfN's Business Plan for 2021/22 was finalised and published online, with supporting online content promoting the organisational objectives and activities for the year ahead.
- Elsewhere, the team has continued to promote ongoing initiatives externally, including research into the link between social exclusion and connectivity; human interest case studies on why infrastructure investment is essential; and an update on the use of more open data by Citymapper to enhance passenger information in Northern communities.
- Preparation is underway for several milestones in the coming months, including the launch of the consultation on the Decarbonisation strategy - currently scheduled for June - and the Integrated Rail Plan, anticipated to be published by the Government this spring. The latter will likely have an impact on the next stage of engagement regarding development of the Northern Powerhouse Rail Strategic Outline Case.
- The Engagement team is supporting work on the Northern Transport Charter, with an initial meeting of the re-formed Member Working Group to be held in early June. Elsewhere, planning is underway for hosting and

attending external conferences and speaking opportunities throughout the calendar year, including the TfN Annual Conference.

- Further updates have been made to TfN's website to improve visitor experience.
- Internally, SECT is working to support the embedding of TfN's new ways of working when the office spaces reopen this summer, with a focus on supporting successful implementation of the model through effective and engaging internal comms.

Finance & Procurement

- The team is working closely with all Directorates to manage the procurement pipeline and develop the long-term procurement strategy for the coming year and beyond. This has included awarding contract extensions for the new financial year where appropriate.
- The 2021/22 budget has been uploaded to the financial reporting systems and, reflective of discussions at TfN Board, we have implemented a revised budget monitoring and virement process.
- Statutory accounts year-end work has commenced that will continue for several months through to the approval of the accounts by the 30 September deadline.
- Following the successful implementation of Predict, the new risk management software, we have cleansed and migrated risk data into the system and are now providing system training to users.

Legal & Democratic

- Virtual public meetings have continued to be held. However, regulations expressly permitting virtual meetings expired on 7 May 2021 and reports to the 24 March 2021 and 16 April 2021 Board meetings have reported on the position and implications. Legal action seeking a declaration from the High Court to confirm that virtual meetings remained a choice under the existing Local Government Act 1972 was dismissed on 28 April 2021 when the High Court ruled that primary legislation would be needed to explicitly permit virtual meetings after 7 May. Government consultation on the issue remains open and TfN will contribute evidence to this. The implications of the judgment for the 9 June Board and future meetings, including any potential urgent meeting when the Integrated Rail Plan is published, are under consideration - contingency plans are being developed and Members will continue to be kept updated and consulted as necessary.
- The TfN Modern.Gov website, system and "restricted app" remain in place and working well and further benefits of the system to streamline internal processes are about to be introduced.
- The team continues to support procurement and governance and provide general legal advice across a wide range of areas within TfN.

Strategy & Policy

- Preparation of materials for TfN's Decarbonisation Strategy public consultation is ongoing. The draft designed version of the Strategy document and the Communications and Engagement Plan have been sent out for comment to partners and are also being internally reviewed. The consultation launch date has now been set for 7 June 2021 and will run for 12 weeks.
- Work on a number of activities falling out of the Strategy has commenced, including Pan-Northern Electric Vehicle Charging Infrastructure Framework (led by TfN's Major Roads Team), Clean Growth Visions (focusing on developing evidence-based demand management narratives), consideration of embodied carbon assessment processes on our projects and facilitating a partnership examining hydrogen refuelling networks (through the North of England Hydrogen Forum).
- Work on the Freight & Logistics Strategy has continued. The technical documentation has now been finalised and the draft strategy is due to be issued to partners shortly for comments. We will be seeking approval from a future TfN Board following publication of the Integrated Rail Plan, with a consultation to then be planned to follow from the summer of 2021.
- Work continues to map out a roadmap to a revised Strategic Transport Plan (STP) for publication in February 2024. The activity in April has focused on engagement with TfN Strategic Oversight Group (SOG) to understand how it wishes to manage the programme, and exploring technical options and tools to support tracking progress and interdependencies across TfN programmes.
- Scoping work continues to develop options and recommendations on the initial outline programme for the Northern Transport Charter (NTC) development for 2021/22 in advance of the inaugural NTC Member Working Group meeting scheduled for 3 June.
- The team is hosting a roadshow with HM Treasury and Northern stakeholders to explore the revised Green Book and how it can be used by policy makers to deliver a range of outcomes.

Economics & Research

- Work continues on the TfN research programme linked to the Strategic Transport Plan evidence base. The Visitor Economy and Transport in the North of England study has established the size, profile and value of the Northern visitor economy and the travel patterns it generated pre-pandemic. Primary research is now underway with Northern residents and tourism and transport stakeholders to explore recent visitor travel patterns and identify transport solutions which could support the visitor economy.
- User Insight into Pan-Northern Travel (Phase 3) study has completed secondary data analysis of commuting patterns, other business travel and transport of goods in the North. A survey of 1,000 Northern business owners is being delivered during May to provide additional primary

insights which will support the development of a typology of business transport needs, behaviours and attitudes.

- TfN's research programme on Transport-Related Social Exclusion (TRSE) in the North of England continues. This programme has two parts: (1) a commissioned mixed-methods research project, and (2) a qualitative research project delivered by the Economics & Research Team. In April, the team finalised the plan for the secondary data analysis stage of the project, and presented initial outcomes for the literature review to the steering group. Alongside this, the qualitative survey closed on the 29 April 2021 with 312 responses. Analysis of this dataset will take place between May and July 2021.
- A scope has been developed for the Clean Mobility Visions project – a research workstream linked to TfN's Decarbonisation Strategy. This will involve a Rapid Evidence Assessment (REA) of policies to achieve a shift away from carbon-intensive forms of transport, and of the impacts of doing so on health, local economic growth, and social inclusion.
- Work on defining TfN's role in promoting environmental net gain and enhancing natural capital continues, with a presentation to partners.

TAME (Technical Assurance, Modelling & Economics)

- The Northern Rail Modelling System (NoRMS) iteration 2 model has been through a programme of testing to assure and verify the model updates and its subsequent results. An initial draft of the iteration 2 Model Development Report is being peer reviewed by industry specialists. Consolidated comments from the TAME team, DfT and specialist reviewers will be issued to the supplier to inform the final version. A meeting will be convened with DfT in May for a presentation.
- The Northern Economy and Land Use Model (NELUM) outputs were provided in response to DfT requests related to the IRP and Manchester Piccadilly. New Wider Impacts Calculator functionality has been finalised and development reports with preliminary results sent to DfT for review. TAME continues to provide analysis of NPR SOC outputs for a range of IRP-related queries from DfT. Feedback has now been received from DfT on the technical work produced for the original SOC deadline. Comments can be addressed ahead of the next SOC.
- TAME staff have started to support the Investment Programme Benefits Analysis (IPBA) and are finalising technical work requirements for the 2021/22 financial year.
- TAME staff have been involved with the Development Log system and Interventions Log system projects which are nearing completion. A wrap-up session was held providing comments and a final session is expected in May to close out these projects.
- Procurement activities have been progressing - Wider Impacts Partner and Stations Analysis Partner have been identified and are moving towards contract award. Bids have been received for the NorTMS Development Partner contract and are being assessed.
- Applications for the two Principal Analyst Roles have been processed and interviews completed. Appointments are to be announced in May.

- The TAME team has been working on the requirements for the Staffing Partner Contracts which are expected to start in August. The procurement of these contracts is now underway.

Integrated and Smart Travel (IST)

The TfN Board approved the closure of the IST Programme on 18 February 2021. This was formally put into effect by the IST Programme Board on 21 April 2021, and handover arrangements have been agreed with DfT. The Programme Board noted the arrangements for handover of any residual activity as follows:

- Phase 1 (Smartcards on Rail) residual activity includes management of Train Operating Companies (TOC) infrastructure procured or upgraded via the project; delivery of TransPennine Express (TPE) customer app, and final permissions for platform validator (P-Val) installations and overseeing completion of civils works; monitoring of benefits.
- Completion of Phase 1 will be overseen by Rail North Partnership as part of its regular 'scorecard' approach to franchise management (and future management).
- Phase 2 (Improving Passenger Information) - DfT has adopted the Disruptions Messaging Tool (DMT) to roll out nationally as part of the suite of tools available through its Bus Open Data Service (BODS) platform. Final contractual questions and service management have been agreed.
- The service management of the Open Data Hub contract has been transferred to the TfN IT team, with notice of cancellation for March 2022 having been issued to the supplier. The BODS platform will take over this role during this financial year.
- Finance approvals for any outstanding work have been agreed, and the Major Roads Director will act as budget holder.
- Monitoring and benefits management (over that noted above) will be undertaken by the Strategy team, to take place over one year only. Residual risks have been handed over to the Strategic Rail team. All documents have been retained and archived. Key documents have been gathered onto a register and may be made available to TfN Members if required.

A digital strategic role was identified in the business plan and has been established within the Strategic Rail team. A scoping document has been drafted which will act as a transitional document between the work of the IST team and that taken forward by the new postholder. Future IST updates will appear in the Strategic Rail section of this report.

Financial Performance

Financial Update

Summary

Expenditure incurred in April: £4.58m

Variance to monthly budget: Underspend of £0.38m (8%).

Headlines

- April actuals have been monitored against the initial 2021/22 budget.
- Underspend to date is principally driven by programme activity.

Programmes:

- Expenditure of £4.01m represented an underspend of £0.32m (8%) in the month.

Integrated & Smart Travel:

- Programme-wide expenditure of £0.25m represented an underspend of £0.16m in the month and is driven by residual Phase 1 activity. P-Val installation work is pending completion, notably at the listed building stations where planning consent was delayed and it is expected that the charges for this work will arise in later periods.

Northern Powerhouse Rail

- Expenditure of £3.67m represented an underspend of £0.17m (4%) in the month.
 - Network Rail expenditure on both the DSA and survey work was ahead of budget, although both applications were underspent against the most recent forecasts.
 - Underspends across other areas of the programme reflected the lower number of billable days in the month due to the Easter weekend and annual leave taken.

Major Roads (Strategic Development Corridors)

- Expenditure of £0.09m in the month is on budget. Both the Investment Programme Benefits Analysis (IPBA) and mobile data contracts commenced on schedule in April.

Operations:

Rail Operations

- Expenditure in the month of £0.19m is £0.02m under budget. This is driven by vacancies in the Rail North Partnership team - where interim

cover has not yet been filled – and the new IST role in the Strategic Rail team, the recruitment for which is now underway.

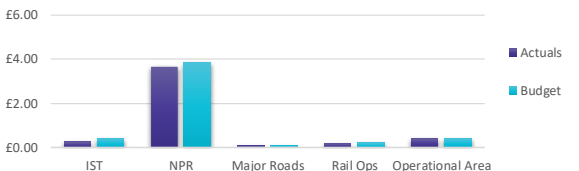
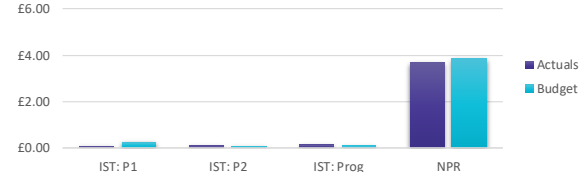
Operational Areas

- Expenditure of £0.38m in the month was an underspend of £0.03m.
 - £0.04m of underspend in Business Capabilities, is primarily due to phasing differences, with some savings in relation to ICT licence costs.
 - An overspend of £0.01m in the Strategy & Policy area is the net effect of both an increase in expenditure due to rephased activity which commenced at the end of the last financial year and marginal underspends in external consultancy.

Expenditure Control

- The 2021/22 budget has been uploaded to the financial reporting systems and, reflective of discussions at TfN Board, we have implemented a revised budget monitoring and virement process.
- This will provide earlier identification of slipping activity or cost savings, and also identify opportunities for new or additional activity to support the delivery of the TfN business plan.
- Reallocation or virement of resources will be reported each month in the MOR and will also be reflected in the quarterly Budget Revisions that are presented to the Board for approval.

Activity Dashboard

TRANSPORT FOR THE NORTH FINANCE DASHBOARD					PERIOD BUDGET CYCLE	1 BASE BUDGET	APRIL 2020/21		
PERIOD ACTUALS VERSUS BUDGET									
	Actuals £m	Budget £m	Var. £m	Var. %					
Integrated and Smart Ticketing	£0.25	£0.41	£0.16	38%					
Northern Powerhouse Rail	£3.67	£3.84	£0.17	4%					
Major Roads	£0.09	£0.09	£0.00	2%					
Programmes	£4.01	£4.34	£0.33	8%					
Rail Operations	£0.19	£0.21	£0.02	10%					
Operational Areas	£0.38	£0.42	£0.03	8%					
	£4.58	£4.97	£0.38	8%					
PERIOD ACTUALS VERSUS BUDGET: PROGRAMMES									
	Actuals £m	Budget £m	Var. £m	Var. %					
IST: Phase 1	£0.05	£0.25	£0.20	82%					
IST: Phase 2	£0.09	£0.05	£-0.03	-61%					
IST: Programme	£0.12	£0.11	£-0.01	-11%					
Northern Powerhouse Rail	£3.67	£3.84	£0.17	4%					
Major Roads	£0.09	£0.09	£0.00	2%					
	£4.01	£4.34	£0.33	8%					
FUNDING YEAR TO DATE					FUNDING FORECASTS TO OUTTURN (BASE BUDGET)				
Funding Stream	Actuals £m	Budget £m	Var. £m	Var. %	Actuals £m	Budget £m	Var. £m	Var. %	
TDF - Rail	£3.67	£3.84	£0.17	4%	TDF - Rail	£3.67	£48.48	£44.81	92%
IST - Capital and Revenue	£0.25	£0.41	£0.16	39%	IST - Capital and Revenue	£0.25	£1.52	£1.27	84%
Core Grant	£0.53	£0.57	£0.04	7%	Core Grant	£0.53	£8.54	£8.00	94%
Rail North Grant & Contributions	£0.11	£0.12	£0.01	5%	Rail North Grant & Contributions	£0.11	£1.32	£1.20	91%
Trading Income	£0.02	£0.03	£0.01	26%	Trading Income	£0.02	£0.33	£0.31	94%
	£4.58	£4.97	£0.38	8%		£4.58	£60.18	£55.60	92%

HR Update

Human Resources Update

Salaried Establishment as at **7 May 2021**

Established Permanent/Fixed-term Posts

Area	Permanent Posts (Over 2 years)	Fixed-term Posts (Up to 2 Years)	Total Establishment
CEO Office	2 (2.00 FTE)	-	2 (2.00 FTE)
Support Services	25 (25.00 FTE)	2 (2.00 FTE)	27 (27.00 FTE)
Operational & Delivery	84 (83.12 FTE)	24 (24.00 FTE)	108 (107.12 FTE)
Total Establishment	111 (110.12 FTE)	26 (26.00 FTE)	137 (136.12 FTE)
Strength (in post)	100 (99.12 FTE)	17 (17.00 FTE)	117 (116.12 FTE)
Appointed (start date pending)	5 (5.00 FTE)	0 (0.00 FTE)	5 (5.00 FTE)
Active/Pending Recruitment	3 (3.00 FTE)	1 (1.00 FTE)	4 (4.00 FTE)
Vacant – On-hold	3 (3.00 FTE)	8 (8.00 FTE)	11 (11.00 FTE)

Agency/Consultancy Resource – Covering Vacant Established Posts

Area	Posts (FTE's)
Support Services	1 Post (1.00 FTE)
Operational & Delivery	9 Posts (9.00 FTE)
Total	10 Posts (10.00 FTE)

Consultancy Resource – Contracts for Service (TDF Funded)

Area	Current Strength Posts (FTE's)	Year-End FY21/22 Projected Posts (FTE)
Support Services	0 Post (0.00 FTE)	0 Post (0.00 FTE)
Operational & Delivery – NPR	49 Posts (49.00 FTE)	101 Posts (101.00 FTE)
Total	49 Posts (49.00 FTE)	101 Posts (101.00 FTE)

The above are all NPR related posts and due to the nature of the funding (one-year only) and technical skills required, have been engaged via the contract for service route. Further roles (circa 52 posts) are anticipated to be brought in throughout the forthcoming year, with actual plans for this resource to be finalised once the IRP reports and a revised date for the submission of the NPR SOC is agreed.

Resourcing Update – For Information

TfN Board & Partnership Board Chair – John Cridland – is to retire from his role following the TfN Board Meeting on 27 July 2021. A paper will be presented to the TfN Board in June for members to consider the approach to appointing a successor.

Permanent Chief Executive Recruitment - Martin Tugwell – will officially join TfN on Monday, 2 August 2021. Tim Wood will continue as Interim Chief Executive until that time.

IST programme – following acceptance of voluntary redundancy requests from a number of team members, there now remains one employee at risk of compulsory redundancy as result of the closure of the programme; their redundancy notice runs to 31 May 2021.

HR Metrics – 2021/22 Year-To-Date

Corporate Sickness Level:	1.1%
Employment Policy Application:	0%
Employee Turnover (Voluntary Leavers):	0.7%
% of Employees from an Ethnic Minority Background:	16%
% of Employees declaring a Disability:	12%
Gender Mix - % of Female Employees:	40%
% of Male Employees:	60%

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	Number of KPIs with this status	
Achieved (complete)		0
On Track (in progress, no delays)		16
In Progress (in progress, may become delayed)		5
Delay (has missed a key deadline)		0
Delay BTYE – delayed beyond this year end		0
Not Started		5

Area	KPI	Detail	Progress	Status
Strategic Rail	1	Demonstrate clear Northern input in supporting and developing return to rail initiatives across the North to rebuild passenger numbers and aid economic recovery. March 2022	On Track Messaging and communications will continue to promote safe use of public transport in line with Government guidelines. The team is working with train companies identifying ticketing/marketing/offers to rebuild confidence, attract passengers back, and entice new passengers when appropriate.	
Strategic Rail	2	Deliver plans for rail hub enhancements around two major stations to maximise the potential of the network. October 2021/February 2022	On Track Work has continued on developing a Strategic Outline Business Case for a radical plan for Leeds Station, with the delivery of an economic case by Atkins.	
Strategic Rail	3	Demonstrate meaningful and beneficial engagement for the North on rail reform within three months of publication of the Williams White Paper. September 2021	On Track Tender documents are being prepared for consultancy support on this issue.	
Strategic Rail	4	Further embed the TfN rail journey time improvement initiative with Network Rail to deliver better reliability on at least two rail routes during 2021/22. March 2022	On Track Network Rail is now fully engaged with the Theoretical Line Speed process and are progressing the delivery of the York – Scarborough and Darlington – Bishop Auckland findings. Implementation is expected by March 2022.	
Strategic Rail	5	Pursue the digital transformation of fares, ticketing and information	On Track A scoping report for this programme has been prepared by the Integrated & Smart	

		through collaboration and the development of business cases across the North and/or through national rail reform. March 2022	Travel (IST) team as part of the project closedown and a role profile has been prepared for the new post.
Strategic Rail	6	Continue to use TfN's existing powers and role in the Rail North Partnership to deliver the best outcomes for passengers, within the financial and legacy infrastructure constraints, by influencing train operators and major programmes including TRU and Central Manchester. March 2022	On Track TfN is actively using its powers and voice to get a better outcome for passengers on Central Manchester - for example by seeking a meeting of NTAC to discuss investment for Manchester.
Northern Powerhouse Rail	7	Completion and submission of the Strategic Outline Case, timescale to be agreed following publication of the Government's Integrated Rail Plan. TBC Post IRP	In Progress Timings depend on IRP. Completion and submission dates dependant on IRP publication and subsequent agreements between TfN and DfT.
Northern Powerhouse Rail	8	Reconfirm NPR phasing plan in response to Government's Integrated Rail Plan. TBC Post IRP	Not Started Final phasing position in the SOC is dependent on the IRP conclusions and subsequent agreements between TfN and DfT.
Northern Powerhouse Rail	9	Complete initial survey work and commence OBC on early accelerated projects to start construction in FY 2024/25. September 2021	In progress Current survey works due to conclude in August 2021 as scheduled. However, the programme of activity post-surveys is dependent on IRP conclusions and subsequent agreements between TfN and DfT.
Northern Powerhouse Rail	10	Initiate additional survey work and commence Outline Business Case on early accelerated projects to enable delivery partners to start construction in FY 2024/25. January 2022	Not Started Further surveys and pace of commencing OBCs are dependent on IRP conclusions and subsequent agreements between TfN and DfT.
Northern Powerhouse Rail	11	Agree NPR governance arrangements with DfT as programme transitions to the next stage. TBC Post IRP	Not Started Not started. Awaiting publication of the Integrated Rail Plan.
Investment Programme Benefits Analysis	12	Commission the Investment Programme Benefit Analysis work and deliver the programme up to the Gateway Review. September 2021.	On Track Programme is on track with Inception Report and ASR in development.
Investment Programme Benefits Analysis	13	Subject to Gateway Review complete work on the Investment Programme Benefit Analysis which will be used as the evidence base for the next STP. March 2022	On Track Project baseline programme has been agreed and project is on schedule.

Major Roads	14	Produce a robust evidence base monitoring performance and types of journey on the MRN. This will support analysis of the impacts of Covid-19 to monitor and evaluate outcomes including changes in travel patterns and behaviours. October 2021	On Track	
			The project inception meeting for acquiring the 2020 MRN mobile device data has been scheduled for 6 April.	
Major Roads	15	Publish the updated Major Roads Report, following DfT publication of the national Transport Decarbonisation Plan and TfN Decarbonisation Strategy. October 2021	On Track	
			The technical report has been completed. The publication of the final Major Roads Report has been postponed so the report can take account of both the TfN Decarbonisation Strategy, and DfT's delayed Transport Decarbonisation Plan. This will not have any negative implications for other programmes.	
Major Roads	16	Use our evidence base to work with Highways England and DfT to identify TfN's priorities to be considered as part of DfT's Road Investment Strategy 3. March 2022	In Progress	
			Work with Highways England to develop the route strategies, which will feed into RIS 3, is ongoing.	
Major Roads	17	Work with our partners and DfT to scope out how TfN can best support plans for an integrated electric vehicle and/or hydrogen charging infrastructure network, supporting all communities in the adoption of low and zero emission vehicles. March 2022	On Track	
			The scope for this project is in development and will be presented to Executive Board in April.	
Major Roads	18	Continue to work with DfT's Acceleration Unit to ensure their awareness of the schemes identified in TfN's Economic Recovery Plan for their consideration of accelerating delivery. March 2022	In Progress	
			Engagement with DfT and the Acceleration Unit is ongoing.	
Strategy, Policy and Research	19	Consult on the draft Decarbonisation Strategy and seek adoption by the TfN Board in Autumn 2021. November 2021 Oct	On Track	
			Preparation of consultation materials and website on going. Consultation launch date set for June 7, to run for 12 weeks.	
Strategy, Policy and Research	20	Agree a plan to adopt a new Strategic Transport Plan by 2024, and commence a new NPIER programme as a first step. October 2021	On Track	
			Work continues to map out a roadmap to a revised Strategic Transport Plan (STP) for publication in February 2024. April activities have focused on engagement with TfN partner officers and technical development.	

Strategy, Policy and Research	21	Progress the advanced prioritisation mechanisms set out in the Northern Transport Charter, including analytical tools to allow prioritisation on a wider basis (economic, social, and decarbonisation) and independent assurance arrangements. March 2022	On Track	
			Initial scoping work exploring potential methodologies underway.	
Strategy, Policy and Research	22	Consult and adopt the TfN Freight and Logistics Strategy and work with the industry to agree implementation arrangements. December 2021	In progress	
			Technical work complete and strategy now being finalised. Completion and agreement with TfN Board will depend on publication of the Integrated Rail Plan.	
Strategy, Policy and Research	23	Provide input into the final stages of the Union Connectivity Review and respond on its publication. September 2021	On Track	
			TfN submitted a formal response into the Call for Evidence in December 2020. Following that we have made contact with the team supporting the review to understand any emerging findings and how TfN can support and are currently awaiting a response.	
Corporate	24	Develop and provide a Comprehensive Spending Review submission to Government. In line with timetable set by Government	Not Started	
			Not started. Will begin once the Government has set out the timetable and scope of the Spending Review..	
Corporate	25	Feed into emerging procurement practice as the UK's current 'EU style' regime is updated and look at opportunities to further increase social value. March 2022	Not Started	
			Not started. Will begin once revised procurement guidance starts to emerge.	
Corporate	26	Implement and further develop the agreed new ways of working, to include physical office design, office and remote working, corporate and constitutional meetings and IT strategy. Within 3 months of return to office	On Track	
			Subject to emerging Government guidance on the lifting of current lockdown/social distancing restrictions, TfN remains on-track to fully implement its agreed new ways of working and reopen both our Offices between mid-July and early-August 2021. The physical re-design of our Manchester office will be fully complete by the end of July and this will be followed by our Leeds office by the end of September.	



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Audit and Governance Committee – Item 5

Subject: Financial Outturn 2020/21

Author: Paul Kelly, Financial Controller

Sponsor: Iain Craven, Finance Director

Meeting Date: Thursday 10 June 2021

1. Purpose of the Report:

- 1.1 This report details the financial outturn of TfN for the financial year 2020/21 and provides a summary of the draft balance sheet as at 31 March 2021.

2. Executive Summary:

- 2.1 Over the course of the financial year 2020/21 TfN incurred expenditure of £57.83m set against an opening committed budget (i.e. excluding contingency) of £65.78m, generating a £7.95m underspend.
- 2.2 TfN's performance against budget was affected by four major factors in the year:
- i. the Covid-19 pandemic;
 - ii. the funding uncertainty caused by the postponement of the original spending review and the subsequent late notification of its funding allocation for 2021/22;
 - iii. delays to IST business case approvals and the subsequent decision to cease funding and therefore close down the IST programme; and
 - iv. the need to focus TfN modelling resources on the NPR programme.
- 2.3 In its correspondence of 4 January 2021, the Department of Transport set out TfN's funding envelope for 2021/22 and also reduced the in-year core grant allocation from £10m to £7m.
- 2.4 The core funded expenditure for the year reported in the March 2021 Monthly Operating Report was £7.26m. Subsequent analysis post year-end led to a reallocation between Core and Rail North Partnership funding which resulted in an increase of £0.03m to £7.29m.

3. Outturn and comparison to budget:

- 3.1 TfN's gross budget for financial year 2020/21 was £88.05m, of which £22.27m was contingency. TfN monitors financial performance against the net budget – that is, the budget excluding programme contingency envelopes. The net budget for 2020/21 was £65.78m.
- 3.2 Over the course of the year TfN formally revised its budget twice: after quarter 1, and again after quarter 2. A reforecast was also completed at the end of quarter 3, although that was not submitted for approval due to the timing and substance of the funding letter received from DfT in January 2021. A further reforecasting exercise was conducted in parallel with the 2021/22 budget process.
- 3.3 TfN's performance against budget was affected by four major factors in the year:
- i. the Covid-19 pandemic;
 - ii. the funding uncertainty caused by the postponement of the original spending review and the subsequent late notification of its funding allocation for 2021/22;
 - iii. delays to IST business case approvals and the subsequent the decision to cease funding and therefore close down the IST programme; and
 - iv. the need to focus TfN modelling resources on the NPR programme
- 3.4 The move to full remote working shortly before the beginning of the financial year directly drove cost reductions in several areas, including travel and stakeholder engagement. The pandemic had a further impact on expenditure during the year in a number of other areas, notably policy development and modelling and analysis where it impacted on our ability to usefully undertake activity (for example work surveying travel patterns and customer experience was deferred). Budget Revision 1 assumed a return to the office in the second half of the year. However, by Revision 2 it was accepted that this was unlikely until the new financial year.
- 3.5 TfN is constituted, and is required to function, as a standalone statutory entity. As members will be aware, TfN has no revenue raising powers, and is almost entirely funded by grants from DfT. Prior to the funding letter that was received at the beginning of January, TfN had very limited certainty with regard to its funding for the 2021/22 budget year. This impacted particularly on core funded activity, where TfN instituted a regime of cost control which reined back commitments that ran into 2021/22. In addition, a vacancy management process was put in place which resulted in c.15% of TfN posts being vacant by the end of the year.
- 3.6 The original budget included £1.15m for the completion in year of quantitative assessment work on the Strategic Development Corridors (what is now known as the Investment Programme Benefits Analysis or

IPBA). This work was removed from Revision 1 as the decision was made that the TAME resources needed to deliver the assignment should focus on the modelling required to support the NPR programme.

3.7 The following table highlights these movements:

	Base £m	Rev 1 £m	Rev 2 £m	Outturn £m
Programmes:				
Northern Powerhouse Rail	43.78	47.31	47.62	41.59
Strategic Development Corridors	1.15	0.07	0.06	0.06
Integrated & Smart Ticketing	9.69	9.73	9.77	8.39
	54.62	57.11	57.46	50.04
Rail Operations	2.98	2.82	2.46	2.22
Operational Areas	8.19	8.51	7.20	5.57
Total Net expenditure	65.79	68.44	67.12	57.83
Contingency	22.27	18.06	9.05	0.00
Total	88.06	86.50	76.17	57.83

3.8 The net outturn of £57.83m is a shortfall of £7.95m compared to the original budget. This was caused by a number of underspends across operational areas (£2.62m), NPR (£2.19m), SDCs (£1.09m), IST (£1.3m) and Rail Operations (£0.76m). It is notable (as set out above) that the impact of Covid 19, funding uncertainty, and the need to focus on NPR fell most heavily on Core funded activity (including the SDC work).

3.9 At a gross level (i.e. including contingency), the reduction of £10.33m between Revision 1 and Revision 2 was principally due to 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 (£3.60m), Network Rail (NR) Gap Analysis / Sequencing activity (£4.25m) and modelling (£0.65m). Whilst there was a marginal increase in committed NPR work, this was offset by reductions in the IST forecast as a result of delays to business case approvals and the subsequent withdrawal of programme funding.

3.10 The further gross reduction of £18.34m between the Revision 2 total and the outturn position of £57.83m was also largely driven by NPR where, in addition to the removal of £3.83m of unrequired contingency, there was also a £6.03m reduction in the committed budget for the work required (principally by NR) to deliver the SOC. This effect was exacerbated by further shortfalls of £1.63m in operational areas and £6.6m in IST, including £5.22m of contingency.

3.11 Changes to expenditure forecasts affect TfN's funding position. In the majority of cases, where TfN underspends against its budget its funding position is simply corrected by drawing down less government grant.

However, when underspend was due to be funded from TfN's Core Grant underspend will flow through to reserves. These reserves are then available for future deployment, being matched against slipped activity or deployed to meet anticipated shortfalls between core expenditure (net of recharge to programmes) and funding allocations.

3.12

Comparison to Net Budget	Outturn £m	Budget £m	Variance £m	Variance %
Programmes:				
Northern Powerhouse Rail	41.59	43.78	(2.19)	(5%)
Major Roads	0.06	1.15	(1.09)	(95%)
Integrated & Smart Ticketing	8.39	9.69	(1.30)	(13%)
	50.04	54.62	(4.58)	(8%)
Rail Operations	2.22	2.98	(0.75)	(25%)
Operational Areas	5.57	8.19	(2.62)	(32%)
	57.83	65.78	(7.95)	(12%)

Integrated and Smart Programme

3.13

IST	Outturn £m	Base £m	Variance £m	Variance %
Phase 1	4.55	3.49	1.06	30%
Phase 2	1.93	2.66	(0.73)	(27%)
Phase 3	0.12	0.94	(0.82)	(87%)
Phase 4	0.22	0.93	(0.71)	(76%)
Programme	1.57	1.66	(0.09)	(6%)
	8.39	9.69	(1.29)	(13%)

3.14 The IST programme's base budget, excluding contingency, was set at £9.69m. This comprised £4.04m of capital activity - for the completion of Phases 1 and 2 - and £5.64m of revenue activity. Revenue activity included operational costs in relation to Phases 1 and 2, IST programme support and the development of Phases 3 and 4 to progress to Department for Transport business case gateway approval. Outturn expenditure of £8.39m generated an underspend of £1.29m.

3.15 The overspend on Phase 1 reflects the slippage of costs from the final months of the previous financial year, notably as a result of delays to the installation of platform validators in support of the ITSO on Rail scheme. This was reflected by an increase in the Phase 1 budget at Revision 1. Although delivery is substantially complete, some residual activity will complete in the first quarter of financial year 2021/22.

3.16 Phase 2 underspend was driven by savings in the development of the Fares and Disruption Messaging tools and the Open Data Hub. Further enhancements to these tools were proposed as part of TfN's spending

review submission. However, these will not be taken forward as a result of the withdrawal of funding for the programme.

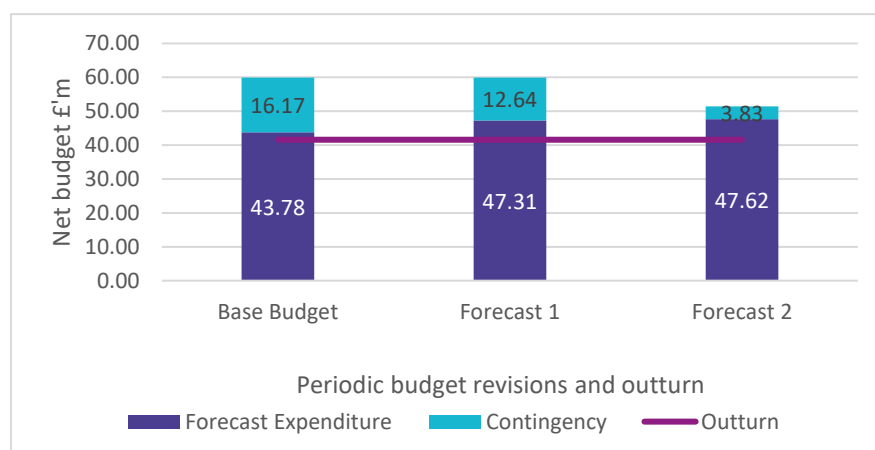
- 3.17 Phase 3 and 4 underspends resulted from delays and uncertainty in the progress of these projects. Although business cases were prepared in quarter 1, their review at IPDC was initially postponed until after the planned spending review. Ultimately the absence of any future funding led to the wind down of this activity.

NPR Programme

NPR	Outturn £m	Base £m	Variance £m	Variance %
Network Rail (DSA)	26.69	26.40	0.29	1%
Programme Development	7.74	7.77	(0.03)	(0%)
TAME	3.82	5.68	(1.86)	(33%)
Programme Support	3.34	3.59	(0.25)	(7%)
NPR Stakeholder Engagement	0.00	0.34	(0.34)	(100%)
	41.59	43.78	(2.19)	(5%)

- 3.19 The NPR Programme started the year with a total allocation of £59.95m, which included a base budget of £43.78m, supplemented with additional uncommitted contingency of £16.17m, both to manage inherent contracting risk and to respond to emerging priorities. The outturn position of £41.59m generated an underspend of £2.19m.

- 3.20 Funding made available for the NPR Programme consisted of £0.95m of TfN Core grant and a £59m allocation from the Transport Development Fund (TDF). TDF funding is subject to prior departmental budget holder approval of all expenditure requests by TfN.



- 3.21 At Revision 1 the budget was flexed to reflect the latest NR forecast, using capacity from the uncommitted contingency.

- 3.22 The £8.50m reduction in the gross total between Revision 1 and Revision 2 was principally due to 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 included amounts for ground investigation works (£3.60m), NR Gap Analysis / Sequencing activity (£4.25m) and modelling (£0.65m). At the same time, the committed budget was increased in line with estimates for the work required for the completion of the SOC.

- 3.23 The further reduction of £9.86m between the Revision 2 total and the final outturn position of £41.59m was due to the removal of unrequired contingency as well as significant reduction in the work required by NR in order to deliver the SOC.
- 3.24 Revised forecasts received from Network Rail after the submission of Revision 2 reflected a reduced level of expenditure. Modelling expenditure was also impacted by the on-going pandemic, with the Northern Rail Travel Survey and Customer Experience commissions being deferred. Limited commitment was received from the department to support the delivery of communication activity.
- 3.25 TfN communicated revised NPR forecasts to DfT at mid-year and provided revised outturn forecasts through NPR Programme board reporting and quarterly funding letters, allowing surplus funding to be redeployed at the Department's discretion in-year.

Strategic Development Corridor Programme

- 3.26 The reduced outturn position reflects the delay of Strategic Development Corridor (now called IPBA) activity into 2021/2022. This was the result of a prioritisation decision taken to allow the TAME team to focus on providing support to the NPR programme.

Rail Operations

3.27

	Outturn	Base	Variance	Variance
	£m	£m	£m	%
Strategic Rail	1.07	1.39	(0.32)	(23%)
Rail North Partnership	1.15	1.59	(0.44)	(28%)
	2.22	2.98	(0.76)	(25%)

- 3.28 The base budget for Rail Operations included additional resources to deliver the Blake Jones recommendations across both teams. These roles were subject to additional funding being received from DfT that was not forthcoming in 2020/21. This resulted in underspends of £0.2m in Rail North Partnership and £0.07m in Strategic Rail as the incremental resource was not funded and therefore not recruited. The remaining variances reflect vacant roles in the current team structure.

Core Operations

- 3.29 TfN's core operations areas cover the back, front, and middle office teams familiar to any public body. They include the teams that allow TfN to discharge its statutory obligations in relation to good governance and the sound-stewardship of public funds, along with the policy and strategy teams that help shape TfN's activity and its commitment to evidence-based decision making, and the communications and engagement teams that allow TfN to speak with one voice on behalf of the North.
- 3.30 The opening base budget for these teams stood at £8.19m (net) for the year after forecast recharges into the IST programme of £1.00m.
- 3.31 Savings were made over the course of the year as a result of Covid-19 and the uncertainty around funding. Staff and staff related costs were £1.0m lower than the base budget (predominantly due to unfilled vacancies) and savings were made on travel (£0.14m), stakeholder engagement activities (£0.22m) and building maintenance/ICT upgrades (£0.1m) as a consequence of remote working. A number of research projects were delayed and reduced in scope (£0.32m) plus expenditure on system development has not been incurred (£0.3m).
- 3.32 In total, therefore, the operational areas incurred net expenditure of £5.57m, generating an underspend of £2.63m against base budget:

	Outturn	Base	Variance	Variance
	£m	£m	£m	%
Leadership	0.30	0.32	(0.02)	(6%)
Finance	0.87	1.35	(0.48)	(36%)
Business Capabilities	2.62	3.78	(1.16)	(31%)
Programme Management Office	0.16	0.32	(0.16)	(51%)
Strategy & Policy	2.14	2.70	(0.56)	(21%)
Major Roads	0.48	0.73	(0.25)	(34%)
Total Expenditure	6.57	9.20	(2.63)	(29%)
Recharges to Programmes	(1.00)	(1.00)	-	0%
Net Expenditure	5.57	8.20	(2.63)	(32%)

- 3.33 Underspends were apparent across all of TfN's operational areas driven by the factors set out below.
- 3.34 The underspend within Finance (£0.48m) predominantly related to proposed development of the Enterprise Resource Planning (ERP) system. This work was intended to enable both the provision of improved management information and enhanced functionality to support growing programmes. This work was put on hold in light of uncertainties around IST and TfN funding more widely during the year. A further £0.1m of savings were made in relation to the flexitime module.

- 3.35 Much of the underspend in Business Capabilities reflected savings made from the change in working practices as a result of Covid restrictions and reduced recruitment activity due to vacancy management. This is mainly seen within HR (£0.3m – predominantly savings on recruitment fees and staff travel passes) and Stakeholder Engagement (£0.3m – representing reduced physical events and two unfilled posts). In addition, there were accommodation cost savings of £0.2m from one unfilled post and reduced premises costs, and deferred costs of £0.1m for IT infrastructure upgrades and enhancements.
- 3.36 The underspend in the Programme Management Office represents unfilled posts, principally the Head of the function.
- 3.37 There was less activity within Strategy & Policy, with projects delayed or reduced in scope due to Covid restrictions (external consultancy expenditure was £0.32m lower than base budget). In addition, the prioritisation of the NPR SOC work meant deferral of costs allocated to support Rail North activities (£0.2m) and led to the postponement of the IPBA. The Head of Modelling role has remained unfilled for part of the year, contributing £0.08m to the underspend.
- 3.38 The Major Roads underspend primarily relates to procurement delays of Mobile Device Data, which resulted in slippage of £0.14m into 2021/22, and a provision of £0.06m for work with Highways England that was not used. The remaining variance is due to a slippage of costs (£0.05m) associated with production of the updated Major Roads report (completion delayed awaiting sign off of TfN's Decarbonisation Strategy and the publication of the Government's Transport Decarbonisation strategy).

4.0 Funding

- 4.1 TfN resourced its forecast expenditure of £57.83m from a mixture of grant, contributions, and contracted income.
- 4.2 Variances between the planned use of resources compared to outturn partly reflect the variances in expenditure. However, the reduction in Core funding and wind down of IST activities has also impacted on expenditure:

4.3

Funding	Outturn £m	Base £m	Variance £m	Variance %
Core Grant	7.00	10.00	(3.00)	(30%)
IST Grant (Capital & Revenue)	8.39	9.69	(1.30)	(13%)
Transport Development Fund - Rail (NPR)	40.64	42.83	(2.19)	(5%)
Rail North Grants & Contributions	1.27	1.62	(0.35)	(22%)
Contracted Income	0.24	0.36	(0.12)	(33%)
Core Reserves	0.29	1.29	(1.00)	(77%)
	57.83	65.79	(7.96)	(12%)

4.4 The implications of underspend against grant envelopes varies by funding stream as follows:

- IST grant will be used to fund the wind down of the programme and the residue returned to the department.
- TDF grant is made available on an annual basis and awarded on a "need" basis with unused allocations being returned or redeployed at the Department's direction.
- Rail North grant is received in full by TfN each year, with unused amounts held for future use as grant unapplied.
- Core grant is received in full by TfN each year, with unused resource flowing through to the Core Grant Reserve.

4.5 The budgeted and actual movements in TfN's Core reserves in year are as follows with variances described above:

Core Grant Reserves	Outturn £m	Base £m	Variance £m
Reserve b/f	6.96	6.47	0.49
Draw	(0.29)	(1.29)	1.00
Reserve c/d	6.67	5.18	1.49

4.6 The final draw on reserves was £0.13m lower than the forecast outturn reported when the 2021/22 budget was submitted for approval. The majority of this movement (£0.09m) is a result of savings and overlap with activity budgeted for 2021/22. A smaller element (£0.04m) relates to slippage that will be built into Budget Revision 1 and submitted to the Board in July.

5.0 Balance Sheet and Reserves

Reserves and Grants Unapplied

5.1 At the year-end TfN had not applied all the grants that had been received over the course of the year. Dependent on the conditions placed on those grants, TfN holds unused allocations as either:

- Grants received in advance - noting that there are restrictions on these grants that mean they may have to be returned to the Department for Transport if not used.
- Grants Unapplied - this is a reserve for capital grants where conditions of use have been met but the resource has not yet been applied to meet expenditure.
- Earmarked Revenue Reserves - this is a reserve for revenue grants that may only be applied to specific expenditure where conditions of use have been met but the resource has not yet been applied to meet expenditure.
- General Fund Reserves - this our general reserve where revenue grant without restrictions on usage is held - in practice, this is where we hold unused allocations of our Core Grant.

5.2 As at the year-end, unapplied grants held in this manner are as follows:

2020/21	
£m	
Revenue Grants Received in Advance	
- Transport Development Fund - Road	0.01
	0.01
Usable Reserves	
Capital Grants Unapplied	0.28
- General Fund Reserves	6.17
- Earmarked: Devolved Powers	0.50
- Earmarked: IST Grant	1.25
- Earmarked: RNP Grant	0.03
Total Usable Reserves	8.23
Total Resource	8.52

5.3 These grants will be applied to expenditure in 2021/22 and future accounting periods where possible or be returned to the DfT if the grant conditions require us to do so.

- 5.4 The Core Grant allocations held in our General Fund Reserve provide the basis for our medium-term financial plan, enabling both an ongoing draw on that resource, as per the 2021/22 Budget Report, to support key development aspirations and underpinning our risk mitigation around our sensitivity to financial shock.
- 5.5 The 2021/22 budget included a draw on reserves of £2.54m during the year, resulting in forecast closing reserves at 31 March 2022 of £4m. Since that budget was set, closing reserves at 31 March 2021 were £0.13m higher due to slippage, savings and the RNP / core grant reallocation referred to earlier. Slippage of £0.04m is expected to be built into the budget at Budget Revision 1 with the net savings £0.09m flowing to Core Grant reserves.

Balance Sheet

- 5.6 As at the financial year-end, TfN's un-audited balance sheet recognised these grants and reserves along with working capital.
- 5.7 The balance sheet also includes several items required to be shown under international accounting standards, including a provision for untaken leave and specific accounting around pensions liabilities.
- 5.8 The balance sheet can be summarised as follows:

Balance Sheet 2020/21		£m		£m
Assets			Reserves	
Cash & Equivalents	18.02		<u>Unusable Reserves</u>	
Intangible Asset	0.00		Absence Reserve	0.24
Debtors	0.50		Capital Adjustment Account	-
	18.53		Pension Reserve	11.89
Liabilities				12.13
Provisions	(0.07)		<u>Usable Reserves</u>	
Grants Received in Advance	(0.01)		Capital Grants Unapplied	(0.28)
Pension Liability	(11.89)		Earmarked IST Grant	(1.25)
Creditors	(10.47)		Earmarked RNP Grant	(0.03)
			Devolved Powers Reserve	(0.50)
			General Fund Reserve	(6.17)
	(22.43)			(8.23)
Net Liabilities		(3.91)	Reserves	3.91

- 5.9 The main movements between the balance sheet at March 2020 and March 2021 relate to the treatment of IST Phase 2 intangible assets and the increased pension liability. These two movements taken together,

and in particular the magnitude of the pension liability, result in a net liability overall.

- 5.10 In its correspondence of 4 January 2021, the Department of Transport advised the cessation of funding for the IST programme. As a consequence of this decision, TfN was unable to carry these assets for future use and they were impaired in the year. This, coupled with the third and final year of amortization of the ERP system, results in there being no intangible assets at 31 March 2021. The proposed treatment is subject to the external audit that is due to commence on 7 June 2021.
- 5.11 TfN's creditor balance of £10.46m was elevated at year end by the reclassification of £3.48m of grants relating to the IST programme that were previously held as "received in advance" and will now need to be repaid. A further £0.52m of NPR related TDF that was unused in 2020/21 is also included.
- 5.12 The pension liability has increased as a result of applying the International Accounting Standard (IAS 19) for pension valuation. IAS19 requires that the scheme assets and liabilities are valued at the balance sheet date with reference to specific inflation and discount factors (the latter linked to corporate bond yields) as detailed below. These drivers, when applied to the profile of TfN's pension commitments, have resulted in a £5.81m increase in the pension liability recognised at 31 March 2021. These are accounting adjustments and reflective of being compliant with the standard and should be considered alongside the triannual actuarial valuation around contribution rates referenced above.
- 5.13 Inflation and discount factors

	31 March 2021	31 March 2020
	% per annum	% per annum
Pension Increase Rate (CPI)	2.80	1.80
Salary Increase Rate	3.55	2.60
Discount Rate	2.05	2.30

- 5.14 The triannual actuarial valuation undertaken in 2019 indicated that TfN was making appropriate contributions to the pension fund to meet its future liabilities. Discussions with GMPF have indicated that this is likely still to be the case. A slide pack that will be discussed at the meeting has been included at Appendix 5.1.

6.0 Recommendation:

- 6.1 That the committee notes:
- the outturn position for 2020/21 and the potential for accommodating slippage from 2020/21 into the revised forecast for 2021/22; and
 - the draft balance sheet and reserves at 31 March 2021 and the material movements in the year.

List of Background Documents:

Appendix 5.1 – Pension Update.

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.	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 for this paper.	Paul Kelly	Iain Craven

Legal

Yes	No
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Consideration	Comment	Responsible Officer	Director
Legal	The legal implications have been considered		Julie Openshaw

	and are included in the report.		
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Finance

Yes	No
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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	There are no direct resource implications because of this report.	Stephen Hipwell	Dawn Madin

Risk

Yes	No
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Consideration	Comment	Responsible Officer	Director
Risk	There are no material risks associated with this report.	Haddy Njie	Iain Craven

Consultation

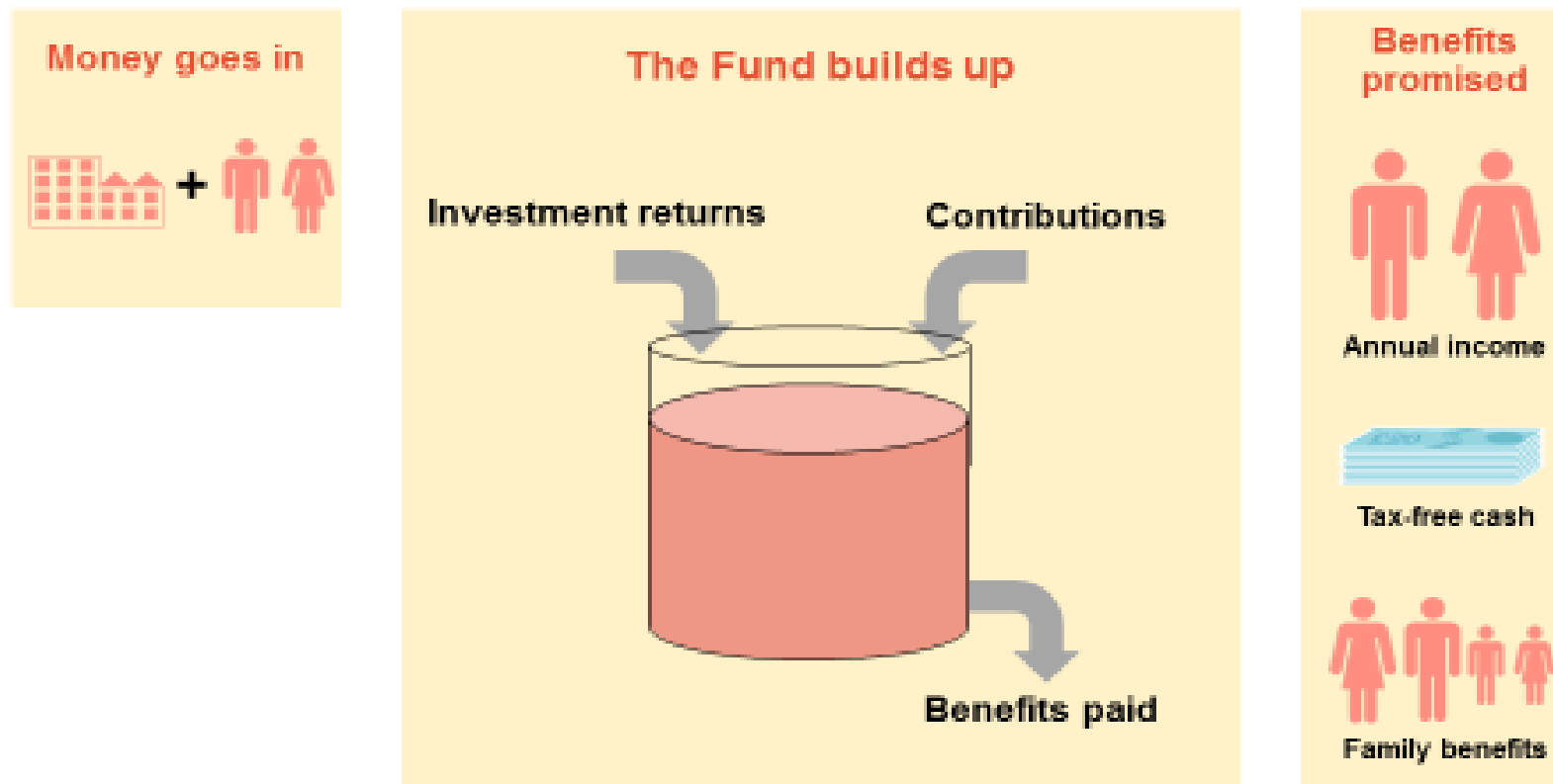
Yes	No
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Consideration	Comment	Responsible Officer	Director
Consultation	A consultation has not been carried out because it is not required for this report.	Paul Kelly	Iain Craven

Transport for the North / GMPF

10 June 2021

How does a DB scheme work?



Balance Sheet

Fund Assets

less

Estimated cost of meetings all benefits
earned by members

equals

Surplus or Deficit

**Difference between two large numbers,
so can be very volatile!**

Can be broken down by individual employer
and then grouped into pools of employers



Balance sheet(s)

Funding valuation (and recent estimate)

	31 March 2019	31 March 2021
Assets	£6.03m*	£9.63m
Liabilities	£8.25m*	£12.72m
Surplus/Deficit	(£2.22m)*	(£3.09m)

IAS19/FRS balance sheets

	31 March 2019	31 March 2020	31 March 2021
Assets	£4.43m	£6.94m	£10.27m
Liabilities	£8.06m	£12.90m	£22.16m
Surplus/Deficit	(£3.63m)	(£5.96m)	(£11.89m)

*Includes bulk transfer of c£1.6m not in 2019 IAS19 figures

Why the different results?

Most of the assumptions are similar:

- Inflation,
- Salary increases
- Life expectancy

One assumption is significantly different:

- Discount rate

Discount rate

How future pension payments are converted into a present value

For accounting figures, required to use expected return on AA-rated corporate bonds

For calculating ongoing funding position it should be set with reference to:

- The types of assets that the Fund invests in
- Employer(s)' ability to meet any shortfall due to poor returns

Estimating future investment returns

Benchmark Asset Allocation

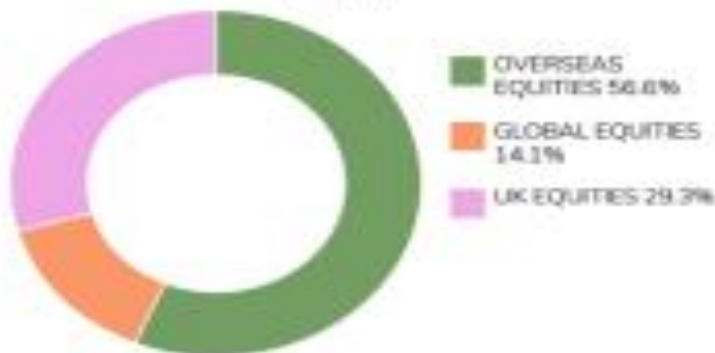
Major asset class split



Bonds/cash split



UK/Non-UK equity split



Overseas equity split



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Transport for the North Audit & Governance Committee – Item 6

Subject: Value for Money Self-Assessment

Author: Deborah Dimock

Sponsor: Iain Craven

Meeting Date: Thursday 10 June 2021

1. Purpose of the Report:

- 1.1 For Members to consider the Value for Money Self-Assessment and to advise the Finance Director whether they are satisfied, or to identify any significant concerns they may have and any amendments that are required.

2. Background

- 2.1 As part of the annual external audit, Transport for the North was informed by Mazars, its external auditor, that the new Code of Audit Practice 2020 placed greater emphasis on the effectiveness of the challenge provided by the Audit and Governance Committee. In order to demonstrate this, Mazars has requested that both Transport for the North Management and the Audit and Governance Committee complete a Value for Money Self-Assessment.
- 2.2 The Self-Assessment is designed to enable the Audit and Governance Committee to satisfy itself and to demonstrate that Transport for the North has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 2.3 The timing of Committee Meetings did not allow for the Self-Assessment to be brought to the Audit and Governance Committee for review before submission, and therefore the draft Self-Assessment was forwarded to Members of the Committee individually so that they could comment. The Self-Assessment was then amended to reflect the comments made by Members. The completed form is attached at Appendix 1. The comments shown in red have been added in response to comments by Members.

2.4 Mazars has also requested that Transport for the North's management complete a separate Self-Assessment to demonstrate the organisation's performance in relation to the following criteria:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency, and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

This second Self-Assessment has been completed by management and is attached at Appendix 2.

2.4 The purpose of this report is for Members to either identify any concerns that they may have or to confirm to the Finance Director that as a Committee they are satisfied with the completed Self-Assessments which are attached as Appendices 1 and 2.

3. Decision Required:

- 3.1 That Members identify any concerns that they may have with the arrangements Transport for the North has put in place to secure value for money in the use of resources.
- 3.2 That the Members of the Committee confirm that they are satisfied with both the completed Value for Money Self-Assessments.

Appendix 1:

Completed Value for Money Self-Assessment Form – Members

Appendix 2:

Completed Value for Money Self-Assessment Form – TfN Management

Required Considerations

Equalities:

Age	No
Disability	No
Gender Reassignment	No
Pregnancy and Maternity	No
Race	No
Religion or Belief	No
Marriage and Civil Partnership	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 –inc. considerations regarding Active	A full impact assessment has not been carried out because the report does not propose any new	Deborah Dimock	Julie Openshaw

Travel and Wellbeing	strategy or service provision		
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Legal

Yes

Consideration	Comment	Responsible Officer	Director
Legal	There are no legal implications as a result of this report	Deborah Dimock	Julie Openshaw

Finance

No

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

Resource

No

Consideration	Comment	Responsible Officer	Director
Resource	TfN HR Team has confirmed there are no new resource implications.	Stephen Hipwell	Dawn Madin

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

Appendix 1

Transport for the North

2020/21 AUDIT - VFM: Audit and Governance Committee

Self-Assessment

Self-assessment co-ordinated and completed by:	Deborah Dimock Solicitor
Date completed:	
Explain how the self-assessment is being considered by the Audit and Risk Committee, or equivalent	The completed self-assessment will be referred to Audit and Governance Committee for review

Value for Money Arrangements: Audit Committee Checklist

Background

The Code of Audit Practice applying from 2020/21 has increased the prominence and expectations of Audit Committees as those charged with governance. Specifically, one of the indicators of 'adequate arrangements' covers "effective challenge from those charged with governance/audit committee"

The reporting requirements of the Annual Governance Statement are largely unchanged, but with changes in the definition of "adequate arrangements" and the factors auditors are required to report on, it is important that there are no surprises.

Audit Committees should be sighted on both the definition of adequate arrangements and ensuring that these have been adequately reflected in the internal control environment and, where appropriate, in the Annual Governance Statement.

The table below can be completed by the entity for assurance to the Joint Independent Audit Committee, and then consideration by the Joint Independent Audit Committee.

Guidance notes to assist Audit Committees

For the purposes of this self-assessment, in addition to answering the questions in the table either Yes or No, it would be helpful to include a brief commentary to explain the reasons for the judgement reached.

VFM criteria/sub-criteria	Is the arrangement described in the AGS?	Is the arrangement described in the Annual Report/ Narrative Report?	If neither, how is the Audit Committee assured, these arrangements are in place?	Does the arrangement link to a specific Risk in the Strategic Risk Register?	Does the Audit Committee have significant concerns over the arrangements?
Financial sustainability:					

VFM criteria/sub-criteria	Is the arrangement described in the AGS?	Is the arrangement described in the Annual Report/ Narrative Report?	If neither, how is the Audit Committee assured, these arrangements are in place?	Does the arrangement link to a specific Risk in the Strategic Risk Register?	Does the Audit Committee have significant concerns over the arrangements?
How the body plans and manages its resources to ensure it can continue to deliver its services, including					
How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	Yes Through the monthly operating report, which includes information on TfN's financial position on a monthly basis	Yes	N/A	Yes Financial risks are identified in the Corporate Risk Register.	
How the body plans to bridge its funding gaps and identifies achievable savings	Yes TfN is fully funded by government grant – it only undertakes activity that is funded through DfT funding allocations. The NPR Programme has carried out a series of funding reviews to reduce the projected costs of the NPR Programme	Yes	N/A	Risks to continued grant funding are identified in the Corporate risk Register.	
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	Yes Annual Business planning process for short term spending based on DfT grants, contracted income and retained reserves. Strategic Investment Plan for capital investment to achieve the Strategic Transport Plan 2020 - 2050	Yes	N/A	Risks to continued grant funding are identified in the Corporate risk Register.	
How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational	Yes Annual Business Planning process is integrated into workforce planning. TfN's Business Planning process	YES	N/A	Resourcing and capital programme related risks are included in the Corporate	

VFM criteria/sub-criteria	Is the arrangement described in the AGS?	Is the arrangement described in the Annual Report/ Narrative Report?	If neither, how is the Audit Committee assured, these arrangements are in place?	Does the arrangement link to a specific Risk in the Strategic Risk Register?	Does the Audit Committee have significant concerns over the arrangements?
planning which may include working with other local public bodies as part of a wider system	includes the requirements of its major partnerships, the Rail North Partnership and NPR. TfN does not have a capital programme separate from grant funding provided by DfT. TfN has a Treasury Management Strategy that is reviewed annually by A&GC and approved by the Board.			Risk Register.	
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	Yes Lack of financial resilience is identified as a risk to TfN. Changes to grant funding are provided for in the Memorandum of Understanding with the SoS and the Grant Funding Agreements underpinning TfN's funding.	Yes	N/A	Yes The possibility of change to grant funding is identified as a risk in the Corporate Risk Register	
Governance:					
How the body ensures that it makes informed decisions and properly manages its risks, including:					
How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	Yes The Corporate Risk Management Strategy Regular risk reporting to Committee Internal Audit of TfN processes and systems of control Report of Ant-Fraud and Corruption Policy	Yes	N/A	-	
How the body approaches and	Yes	No	N/A	-	

VFM criteria/sub-criteria	Is the arrangement described in the AGS?	Is the arrangement described in the Annual Report/ Narrative Report?	If neither, how is the Audit Committee assured, these arrangements are in place?	Does the arrangement link to a specific Risk in the Strategic Risk Register?	Does the Audit Committee have significant concerns over the arrangements?
carries out its annual budget setting process	Progress reports on Business Planning exercise prior to submission of Annual Budget Report.				
How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed;	<p>Monthly Operating Reports are published every month of the TfN website and are reported to the Audit and Governance Committee for review quarterly.</p> <p>Monthly reviews by the finance team with individual budget holders.</p> <p>Periodic Budget Revisions provided to the TfN Board for approval.</p>	Yes	N/A	-	
How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee	<p>Yes</p> <p>Reports to the TfN Board and Committees are supported by qualitative and quantitative data, TfN carries out significant levels of research and data analysis to support its strategic plans and statutory advice to government. All decision items are referred to Scrutiny Committee before being considered by the Board.</p>	Yes	N/A	Yes – the risks associated with all key areas are included in the Corporate Risk Register.	
How the body monitors and ensures appropriate	Yes	Yes	N/A	Corporate risk of failure to comply	

VFM criteria/sub-criteria	Is the arrangement described in the AGS?	Is the arrangement described in the Annual Report/ Narrative Report?	If neither, how is the Audit Committee assured, these arrangements are in place?	Does the arrangement link to a specific Risk in the Strategic Risk Register?	Does the Audit Committee have significant concerns over the arrangements?
standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/ conflicts of interests)	TfN's Monitoring Officer, assisted by an in-house legal team, is responsible for ensuring compliance with legislative requirements and for monitoring officer and Member Codes of Conduct. The Monitoring Officer has reported to the Audit and Governance Committee in the Anti-Fraud and Corruption Policy report			with legislation is included in the Corporate Risk Register	
Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services, including:					
How financial and performance information has been used to assess performance to identify areas for improvement	Financial and performance information is regularly reviewed at Programme and Partnership Board meetings and performance is measured against targets and milestones. Continued grant funding is dependent on satisfactory performance.	-	N/A	-	
How the body evaluates the services it provides to assess performance and identify areas for improvement;	TfN is not an organisation that provides services to the public. TfN provides services under a number of Agreements with the SoS and those services are monitored and evaluated under the partnership arrangements with funding being dependent on	Yes	N/A	-	

VFM criteria/sub-criteria	Is the arrangement described in the AGS?	Is the arrangement described in the Annual Report/ Narrative Report?	If neither, how is the Audit Committee assured, these arrangements are in place?	Does the arrangement link to a specific Risk in the Strategic Risk Register?	Does the Audit Committee have significant concerns over the arrangements?
	achieving agreed targets and milestones.				
How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve;	Yes Governance of significant partnerships is through joint Programme or Partnership Boards whose membership include significant partners. Performance is regularly reported to and monitored by these Programme/Partnership Boards	Yes	N/A	Yes Risks to significant partnerships are included in the Corporate Risk Register	
Where the body commissions or procures services, how the body ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits	Yes All procurement is carried out through the purchasing system which ensures that all legislative requirements and internal procedures are complied with. A procurement cannot process through the system unless all checks, including legal checks, have been completed.	Yes	N/A	Yes Legislative compliance is identified as a procurement risk in the Corporate Risk Register	

Appendix 2

Transport for the North

2020/21 AUDIT - VFM: Management Self-Assessment

Self-assessment co-ordinated and completed by:	Deborah Dimock, Solicitor
Date completed:	

Value for Money Arrangements: Management Self-Assessment

Background

The NAO Code of Audit Practice applying from 2020/21 has changed the focus of the external auditor's work on Value for Money arrangements. Auditors must now identify risks of significant weaknesses in entities arrangements to deliver VFM as defined by three criteria:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services.
- Governance: how the body ensures that it makes informed decisions and properly manages its risks and
- Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

The entity themselves should be clear on what its arrangements are against each of the criteria and sub-criteria specified by the NAO.

This self-assessment schedule can be used to document the arrangements in place, the supporting evidence, and the key entity contacts for auditors to engage further in completing their VFM work.

VFM criteria/sub-criteria	Commentary on arrangements	Evidence	Key contact for further discussions
Financial sustainability			
How the body plans and manages its resources to ensure it can continue to deliver its services, including:			
How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	Annual Business Planning process	Annual Business Plan	Iain Craven

VFM criteria/sub-criteria	Commentary on arrangements	Evidence	Key contact for further discussions
How the body plans to bridge its funding gaps and identifies achievable savings	TfN is fully funded through government grant and receives only the funding necessary to carry out the activities agreed with DfT	Grant Funding Agreements	Iain Craven
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	Annual Business Planning Process	Annual Business Plan	Iain Craven
How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system	The annual business planning process includes workforce requirements and also the requirements of TfN's significant partnerships such as NPR and the Rail North Partnership	Annual Business Plan	Iain Craven
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	TfN has agreed a minimum level of reserves to mitigate against unplanned changes to expenditure and has an understanding with DfT set out in the MOU and the Grant Funding Agreements that DfT will assist with the orderly close down of any activities should this become necessary. In addition, the nature of TfN's business as a statutory sub-national transport body is that it is not exposed to unplanned changes in demand. Activity in excess of that in the business plan can only be undertaken where additional funding is made available.	MOU with the Secretary of State and Grant Funding Agreements with DfT	Iain Craven
Governance:			
How the body ensures that it makes informed decisions and properly manages its risks, including:			
How the body monitors and assesses risk and	TfN has adopted a Corporate Risk Management Strategy that is periodically reviewed,	Corporate Risk Record	Iain Craven

VFM criteria/sub-criteria	Commentary on arrangements	Evidence	Key contact for further discussions
how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	<p>amended and approved by the Audit & Governance Committee (A&GC).</p> <p>Regular risk reporting is provided to the A&GC and periodically to the TfN Board. In addition, risk narrative is included for review in the Monthly Operating Report.</p> <p>A system of internal process and controls is embedded in the ERP through which are managed commissioning, procurement, purchasing and payment. All of TfN's core processes are the subject of periodic internal audit review, the reports from which are presented to the A&GC.</p> <p>In addition, in 2020/21 a report was provided to A&GC on the Anti-Fraud and Corruption Policy.</p>	<p>Monthly Operating Report</p> <p>Purchasing System</p> <p>Internal Reports to the A&GC</p>	
How the body approaches and carries out its annual budget setting process	<p>Through the annual Business Planning process, involving all programme teams and support teams to produce a comprehensive Corporate Business Plan and Annual Budget. Reports are provided to the TfN Partnership Board, Board and Scrutiny Committee between the commencement of business planning in the Autumn and the approval of the budget in March which provide updates on progress and seek approval for the workplans being developed.</p> <p>In 2020/21 a Member Working Group was established to help expedite the planning and budgeting process, following the late notification of 2021/22 funding allocations by DfT.</p> <p>TfN also established a Steering Group, led by the CEO, to manage the process and take key decisions.</p>	<p>Annual Business Plan</p> <p>Business Planning and Funding reports to TfN Partnership Board, Board and Scrutiny Committee</p> <p>Member Working Group slides / minutes</p> <p>Steering Group Notes</p>	Iain Craven

VFM criteria/sub-criteria	Commentary on arrangements	Evidence	Key contact for further discussions
How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed	<p>TfN produces a Monthly Operating Report which provides a range of operational, programme, financial, resourcing and risk information. This is accessible on the public part of the TfN website and is provided to TfN governance forums including the Board, A&GC, Scrutiny Committee and the OBT.</p> <p>Monthly review meetings are held between finance officers and each budget holder. These are used to monitor activity, provide information to the MOR and produce periodic budget revisions.</p>	<p>Monthly Operating Report</p> <p>Records of monthly review meetings</p>	Paul Kelly
How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee	<p>Decisions in relation to Strategic Plans or Statutory Advice to Government are underpinned by a body of evidence. Strategic Plans are subject to public consultation.</p> <p>Board decisions are subject to pre-scrutiny by the Scrutiny Committee under the principle of "Scrutiny First".</p> <p>All decisions are made in public unless an obligation of confidence requires TfN to take them in private.</p>	<p>Board reports and background documents.</p> <p>Public Consultation report</p> <p>Scrutiny Committee reports</p>	Debbie Dimock
How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/ conflicts of interests)	<p>The Monitoring Officer, supported by an in-house legal team, monitors compliance with legislative requirements and reviews all Board and Committee papers before decisions are taken to ensure legislative compliance.</p> <p>The Monitoring Officer monitors officer declarations in relation to Gifts and Hospitality and is responsible for Members Declarations of Interests</p>	<p>Legal Report sign off</p> <p>Report to Audit and Governance Committee monitoring the Anti-Fraud and Corruption Policy</p>	Debbie Dimock

VFM criteria/sub-criteria	Commentary on arrangements	Evidence	Key contact for further discussions
Improving economy, efficiency and effectiveness: How the body uses information about its costs and performance to improve the way it manages and delivers its services, including:			
How financial and performance information has been used to assess performance to identify areas for improvement	<p>The Monthly Operating Report is published on the TfN and is available to all TfN Board Members and TfN's partners as well as the general public.</p> <p>In addition, TfN undertakes periodic budget revisions that are presented as reports to the TfN Board for approval. These identify where there are under / overspends and highlight mitigating activity where appropriate.</p>	<p>Monthly Operating Report</p> <p>Periodic Budget Revision reports provided to the TfN Board.</p> <p>Reports to A&GC</p>	Iain Craven
How the body evaluates the services it provides to assess performance and identify areas for improvement;	TfN receives grant funding from DfT which is subject to grant conditions. TfN demonstrates performance against agreed targets and milestones in order to draw down funding. Where slippage against milestones is identified, remedial measures are taken. Programmes are monitored, and performance is reported regularly to Programme Boards that are established for that purpose.	<p>Grant Funding Agreements</p> <p>Programme Board records</p>	Iain Craven
How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve;	<p>Performance is reported on a regular basis to Programme and Partnership Boards which monitor TfN's performance against agreed targets and milestones and would ensure that remedial action was taken where necessary.</p> <p>In addition, TfN has a specific committee (the Rail North Committee) to oversee its role in the co-management with DfT of the northern rail franchises via the Rail North Partnership.</p>	<p>Programme/ Partnership Board Records</p> <p>Rail North Committee reports and minutes</p>	Debbie Dimmock / David Hoggarth
Where the body commissions or procures services, how the body ensures that this is done in accordance	All contracts are subject to legal review and the purchasing system ensures that procurement is carried out in a way which complies with all	<p>Financial Regulations and Contract Procurement Rules</p> <p>Purchasing System</p>	Paul Kelly

VFM criteria/sub-criteria	Commentary on arrangements	Evidence	Key contact for further discussions
with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits	relevant legislative requirements.		

Do any of the following situations apply?

Matter	Yes/No	Commentary	Key contact
Organisational change or transformation, including mergers or reorganisation	Yes	DfT has withdrawn funding for the IST programme – whilst this will be wound down in the first quarter of 2021/22 the process to do so has commenced in 2020/21.	Peter Molyneux
Outsourcing, or transfer to alternative delivery models, e.g. formal partnerships, mutuals, social enterprises, joint ventures, or transferring services and functions back in-house/insourcing etc	Yes	The Rail North Partnership is hosted by TfN under an agreement with DfT. In addition, the NPR Programme is “co-cliented” under terms set out in an MOU but managed via a GFA.	David Hoggarth, Tim Wood
Major (new) capital projects	No		
Commercial activities, such as investment or trading, where the organisation has not considered the risks and benefits and is not managing those risks	No		
Debt restructuring, especially where this involves entering into unusual or complex forms of new borrowing, or is being used to finance unusual or complex schemes	No		
Legislative/policy changes requiring a body to take on a significant new function(s)	No		

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Transport for the North Audit & Governance Committee – Item 7

Subject: External Audit Update
Author: James Lyon
Sponsor: Iain Craven
Meeting Date: Thursday 10 June 2021

1. Purpose of the Report:

- 1.1 To enable Mazars, as TfN's External Auditor, to report upon the progress of the annual audit of the Financial Statements.

2. Executive Summary:

- 2.1 The External Audit Progress Report, produced by Mazars, is attached as Items 7.1.
- 2.2 Mazars may provide a further verbal update of the External Audit during the Audit & Governance Committee Consultation Call.

3. Recommendation:

- 3.1 That the Committee notes the External Audit Update.

4. Appendices:

- 4.1 Item 7.1 – Audit Progress Report

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
--	----

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	
-----	--

Consideration	Comment	Responsible Officer	Director
Finance	The financial implications are detailed in the report.	Paul Kelly	Iain Craven

Resource

	No
--	----

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

Risk

	No
--	----

Consideration	Comment	Responsible Officer	Director
Risk	There are no risks associated with the content of this report.	Haddy Njie	Iain Craven

Consultation

	No
--	----

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

Audit Progress Report

Transport for the North

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June 2021



1. Audit progress
2. National publications

Page 206

01

Section 01: **Audit progress**

Audit progress

Purpose of this report

This report provides the Audit and Governance meeting with an update on progress in delivering our responsibilities as your external auditors and also includes, at Section 2, for your information, a summary of recent national reports and publications.

2019/20 audit

Public Sector Audit Appointments (PSAA) Limited has recently confirmed its agreement of the fee variation related to the 2019/20 audit. We will arrange for billing in due course.

2020/21 audit

We have just started our audit of the 2020/21 financial statements in June. The planned timeline for completion of the audit is in accordance with the revised timetable for completion announced by MHCLG for the end of September. We will update Members in our Audit Completion Report and Annual Audit Report later in year.

02

Section 02: **National publications**

National Publications

	Publication/update	Key points
Chartered Institute of Public Finance and Accountability (CIPFA)		
1.	Fraud and Corruption Tracker	CIPFA's latest information has been published.
2.	Consultation on stronger Prudential Code	CIPFA is consulting on the Prudential Code, including proposals to strengthen the requirements for commercial investments.
3.	CIPFA Bulletin 06 – Application of the Good Governance Framework 2020/21	Provides updated guidance and takes into account the introduction of the CIPFA Financial Management Code 2019 during 2020/21.
Ministry of Housing, Communities and Local Government (MHCLG)		
Page 210	MHCLG's Consultation on amendments to the Accounts and Audit Regulations 2015	Consultation closed on the 1 st March 2021; the Accounts deadline was set as 31 July 2021 and Audit deadline of 30 September 2021.
National Audit Office (NAO)		
5.	Local government finance in the pandemic, March 2021	The report found that the Department's successful monthly collection of data and continued intensive engagement with the sector provided a good evidence base to underpin the financial and other support provided by government.
6.	Timeliness of local auditor reporting in England, 2020	The report is based on published data, the views of local authority finance directors, key stakeholders in the audit landscape, and audit firms.
7.	Public service pensions	This report outlines how the public service pensions landscape has changed since the Hutton Review and highlights key challenges for the future.

NATIONAL PUBLICATIONS

CIPFA

1. Fraud and corruption Tracker, February 2021

The latest CIPFA Fraud and Corruption Tracker (CFaCT), which includes local government data between 1 April 2019 and 31 March 2020, provides a baseline illustration about the prevalence of grant fraud in the public sector, just before unprecedented levels of COVID-19 grant funding for councils were released by the government in March of last year. The report follows previous warnings from the National Crime Agency and other law enforcement bodies of an increase in cases related to suspected COVID-19 grant fraud. Valued at an estimated loss of £36.6m, the report reveals only 161 instances of grant fraud occurred in 2019/20.

The report also shows that council tax continued to be the largest area of identified fraud for councils, with more than 30,600 cases totalling £35.9m in 2019/20. This year, 32% of respondents also stated their organisation had been a victim of a Distributed Denial-of-Service (DDoS)/hacking attack in the last 12 months, a 5% increase from the previous year. Survey respondents also expressed concern about councils' inability to tackle usual areas of fraud due to resource being re-directed into the processing and review of COVID-19 business grants.

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/grant-fraud-represented-less-than-of-uk-public-sector-fraud-pre-pandemic>

2. CIPFA consults on a stronger Prudential Code, January 2021

CIPFA has launched a consultation on proposals to strengthen the Prudential Code, following growing concerns over local government commercial property investments. The Prudential Code is a professional code of practice that aims to ensure local authorities' financial plans are affordable, prudent and sustainable. To date, the provisions in the Code have not prevented a minority of councils from taking on disproportionate levels of commercial debt to generate yield. The proposed changes are intended to prevent future misinterpretations of the Code and strengthen the necessary regard to its provisions to protect local decision making and innovation. The consultation will be open for 10 weeks and responses must be submitted by 12 April 2021.

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/cipfa-consults-on-stronger-local-government-prudential-code>

3. CIPFA Bulletin 06, Application of the Good Governance Framework 2020/21, February 2021

This bulletin covers the impact of the continuing COVID-19 pandemic on governance in local government bodies and the requirements of the Delivering Good Governance in Local Government Framework 2016 CIPFA and Solace (the Framework). It also takes into account the introduction of the CIPFA Financial Management Code 2019 (FM Code) during 2020/21.

<https://www.cipfa.org/policy-and-guidance/cipfa-bulletins/cipfa-bulletin-06-application-of-the-good-governance-framework-202021>

4. MHCLG’s Consultation on amendments to the Accounts and Audit Regulations 2015, February 2021

MCHLG has consulted on its proposed changes to the accounts publication deadline for 2020/21 and 2021/22.

The draft regulations includes provisions, at regulation 2 to change the publication deadline for principal authorities from 31 July to 30 September as proposed in recommendation 10 by the Redmond review, but for 2 years - 2020/21 and 2021/22. The intention is for the amended deadline to be reviewed after that period when it will be clearer as to whether the audit completion rate has improved.

The draft regulations also enable principal bodies to publish their draft accounts for inspection, linked to the later publication deadline, by removing the fixed period for public inspection, to say instead that the draft accounts must be published on or before the first working day of August. This will allow authorities and audit firms more flexibility to schedule their audits in line with the later publication deadline but, importantly, will not prevent them from being signed off earlier. This mirrors the approach taken in the Accounts and Audit (Amendment) (Coronavirus) Regulations 2020.

MCHLG’s consultation closed on 1 March 2021.

5. Local government finance in the pandemic, March 2021

The NAO published its report *Local government finance in the pandemic* in March 2021. Local authorities in England have made a major contribution to the national response to the pandemic. This has in turn placed significant pressure on finances, which in many cases were already under strain. The report examines if MHCLG’s approach to local government finance in the COVID-19 pandemic enabled the Department to assess and fund the costs of the new services which local authorities have been asked to deliver. It also examines whether the Department fulfilled its responsibilities in securing financial sustainability across the sector. The report focuses on:

- the financial health of the sector before the pandemic and the financial impact of the pandemic in 2020/21;
- action taken by the government to support the sector in 2020/21, including its effectiveness; and
- action taken by government to support the sector’s financial sustainability in 2021/22.

The report found that the Department’s successful monthly collection of data and continued intensive engagement with the sector provided a good evidence base to underpin the financial and other support provided by government. Action by the Department and wider government to support the sector averted system-wide financial failure at a very challenging time and means that the Department managed the most severe risks to value for money in the short term.

However, the financial position of local government remains a cause for concern. Many authorities will be relying on reserves to balance their 2020/21 year-end budgets. Despite continuing support into 2021/22, the outlook for next year is uncertain. Many authorities are setting budgets for 2021/22 in which they have limited confidence, and which are balanced through cuts to service budgets and the use of reserves.

<https://www.nao.org.uk/report/local-government-finance-in-the-pandemic/>

NATIONAL PUBLICATIONS

National Audit Office

6. NAO Report – Timeliness of local auditor reporting in England, 2020

On 16 March, the NAO published its report Timeliness of local auditor reporting on local government in England, 2020. Since 2015, the Comptroller and Auditor General (C&AG) has been responsible for setting the standards for local public audit in England, through maintaining a Code of Audit Practice and issuing associated guidance to local auditors. This report sets out the:

- roles and responsibilities of local auditors and national bodies to the local audit framework in England; and

facts relating to the decline in the timeliness of delivering audit opinions on local government in England and the main factors contributing to that decline in timeliness.

The report is based on published data, the views of local authority finance directors, key stakeholders in the audit landscape, and audit firms. The report also considers the impact on central government. Given the increasing financial challenge and service pressures on local authorities since 2010, local councils need strong arrangements to manage finances and secure value for money.

The report concludes that the position for 2019/20, with 55% of local authorities failing to publish audited accounts by 30 November, is concerning, given the important part that external audit plays in assurance over taxpayers’ money both centrally and locally.

Since the NAO reported on local authority governance and audit in 2019, and despite efforts by the various organisations involved in the local audit system and by the Ministry of Housing, Communities and Local Government, the report concludes that the situation has worsened. The increase in late audit opinions, concerns about audit quality and doubts over audit firms’ willingness to continue to audit local authorities all highlight that the situation needs urgent attention, which will require co-operation and collaboration by all bodies involved in the local audit system, together with clear leadership from government.

<https://www.nao.org.uk/report/timeliness-of-local-auditor-reporting-on-local-government-in-england-2020/?slide=1>

NATIONAL PUBLICATIONS

National Audit Office

7. NAO Report – public service pensions, March 2021

As an employer, the government provides public service employees with access to occupational pension schemes. As at 31 March 2020, there were more than 8 million members of four of the largest public service pension schemes (the armed forces, civil service, NHS and teachers' pension schemes), of which 2.8 million were retired and receiving pension benefits and 5.2 million were either current or former employees. Around 25% of pensioners and 16% of the working-age population are members of a public service pension scheme.

In general, public service pensions have become more expensive over time as the number of people receiving them has increased, owing to more members entering retirement and living longer. This trend applies across public and private pensions and is consistent with international experience. In 2010 the government established the Independent Public Service Pensions Commission, chaired by Lord Hutton (the Hutton Review) to undertake a fundamental structural review of public service pensions. Following the Hutton Review final report in March 2011, and a period of negotiations with trade unions representing public service employees, the government introduced reforms intended to manage the future costs of providing pensions.

Public service pensions are a notable benefit to public servants. HM Treasury focuses on the affordability of these pensions and who pays for them. The total costs of providing pensions have been increasing over time, reflecting increasing numbers of pensioners. The government's pension reforms over recent years have contained the rise in future taxpayer costs by making pensions less generous and by increasing contributions from employees. However, taxpayer funding has increased and it will take decades for the full effects of the 2011/2015 reforms to be seen in the government's affordability measure. The balance of taxpayer funding has shifted from central payments by HM Treasury to employer contributions by departments and organisations to ensure that employers bear the consequences of their employment decisions.

However, HM Treasury needs to monitor more than just affordability. Government's approach to protecting those nearest retirement has been ruled unlawful and will cost time and money to resolve. The government's reforms also take no account of pensions as a recruitment and retention tool, with pensions continuing to be relatively inflexible; the only real choice for most employees is to stay in the scheme or opt out altogether.

<https://www.nao.org.uk/report/public-service-pensions/>

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Transport for the North Audit & Governance Committee – Item 8

Subject: Internal Audit Update
Author: James Lyon
Sponsor: Iain Craven
Meeting Date: Thursday 10 June 2021

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 8.1 and 8.2.
- 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 8.1 – Follow Up Audit Report
Item 8.2 – Progress Report June 2021

List of Background Documents:

Follow Up Audit and Progress Report.

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 are included in the report.	Julie Openshaw	Dawn Madin

Finance

Yes	
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Consideration	Comment	Responsible Officer	Director
Finance	The 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.	Stephen Hipwell	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.	Haddy Njie	Iain Craven

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.		Iain Craven

TRANSPORT FOR THE NORTH

[Follow Up](#)

Internal audit report 1.21/22

Final

3 June 2021

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.

Background

We have undertaken a review to follow up on progress made to implement the previously agreed management actions from the following 2020/21 audits:

- Risk Management - Risk Register Deep Dive (1.20/21);
- Contract Management (2.20/21);
- Follow Up (3.20/21);
- Human Resources – Recruitment and Selection (4.20/21);
- Cyber Security Review (5.20/21);
- Investment Programme Assurance Review (7.20/21); and
- Income and Debtor Management (8.20/21).

Please note that no management actions were raised in the New Payment (Commissioning) Process (6.20/21) report.

The 16 management actions considered during this review comprised of nine 'medium' priority actions, six 'low' priority actions and one 'advisory' action (in respect of report reference 3.20/21). The focus of this review was to provide assurance that all actions previously agreed have been fully implemented.

Conclusion

Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion management has demonstrated **good progress** in implementing agreed management actions. Of the 16 management actions reviewed we have confirmed that:

- 13/16 (81%) management actions were confirmed as being fully implemented/superseded at the time of the audit; and
- 3/16 (19%) management actions that were due for implementation were ongoing and management actions have been restated with revised target implementation dates or updated management actions have been made. This comprises of two 'medium' priority and one advisory actions. We noted that progress had been made against one action assessed as ongoing and two actions were on hold due to the changeover of TfN's Chief Executive Officer (CEO). This factor has been taken into consideration when deciding the overall progress opinion.

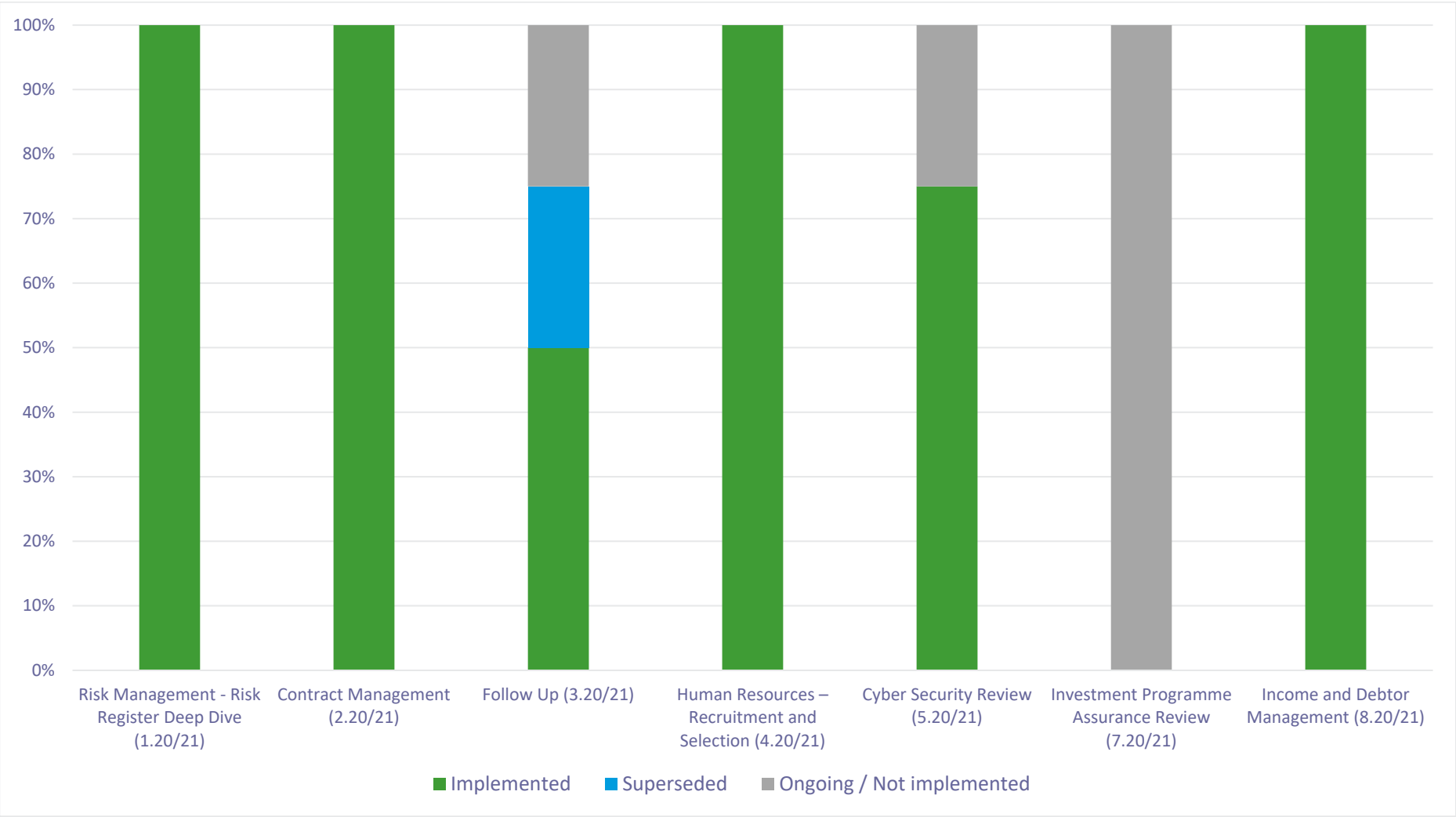
Details of all the implemented and superseded actions are included at Appendix B to the report.

Progress on actions

The following tables includes details of the status of each management action:

Implementation status by review	Number of actions agreed	Status of management actions				
		Impl. (1)	Impl. ongoing (2)	Not impl. (3)	Superseded (4)	Confirmation as completed or no longer necessary (1)+(4)
Risk Management - Risk Register Deep Dive (1.20/21)	1	1	0	0	0	1
Contract Management (2.20/21)	4	4	0	0	0	4
Follow Up (3.20/21)	4	2	1	0	1	3
Human Resources – Recruitment and Selection (4.20/21)	1	1	0	0	0	1
Cyber Security Review (5.20/21)	4	3	0	1	0	3
Investment Programme Assurance Review (7.20/21)	1	0	0	1	0	0
Income and Debtor Management (8.20/21)	1	1	0	0	0	1
Total	16	12	1	2	1	13

Implementation status by management action priority	Status of management actions					
	Number of actions agreed	Implemented (1)	Implementation ongoing (2)	Not implemented (3)	Superseded (4)	Confirmed as completed or no longer necessary (1)+(4)
Low	6	5	0	0	1	6
Medium	9	7	0	2	0	7
Advisory	1	0	1	0	0	0
Totals	16	12	1	2	1	13



2 FINDINGS AND MANAGEMENT ACTIONS

Status	Detail
1	The entire action has been fully implemented.
2	The action has been partly though not yet fully implemented.
3	The action has not been implemented.
4	The action has been superseded and is no longer applicable.
5	The action is not yet due.

Follow Up (3.20/21)

Original management action / priority / date	<p>Governance – Northern Powerhouse Rail Programme (6.19/20)</p> <p>Management will ensure that the Memorandum of Understanding (MoU) between TfN and the Department for Transport (DfT) is subject to an annual 'light touch' review in accordance with the stated requirement.</p> <p>(Advisory)</p> <p>Original implementation date: 31 March 2021</p>
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Audit finding / status	<p>We were informed by management that this action is ongoing due to the delay to the publication of the Integrated Rail Plan (IRP). The IRP is expected to set the context within which the governance arrangements for NPR will be managed. The intention is to agree an updated MOU between TfN and the Department for Transport (DfT) once the implications of the IRP have been considered.</p> <p>2 - The action has been partly though not yet fully implemented.</p>
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Management Action 1	Revised Management Action	Responsible Owner:	Date:	Priority:
	An updated agreement between TfN and the Department for Transport (DfT) will be put in place.	Finance Director	30 September 2021	Advisory

Cyber Security Review (5.20/21)

Original management action / priority / date	<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>
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Cyber Security Review (5.20/21)

(Medium)

Original implementation date: Depending on return to site access

Audit finding / status We were informed that this action remaining ongoing and will be addressed once staff have returned to site.
3 - The action has not been implemented.

Management Action 2	Original management action remains open and applicable.	Responsible Owner: Head of IT and Information	Date: 30 September 2021	Priority: Medium
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Investment Programme Assurance Review (7.20/21)

Original management action / priority / date A documented mapping exercise should be undertaken to formally link the actions included in the Northern Transport Charter to the Investment Programme objectives/actions and the KPIs included in the TfN Business Plan.
In addition to this, management may wish to consider the nature of the Investment Programme-related KPIs and the way in which performance against the KPIs is reported going forward (e.g. to allow for more flexibility with the KPIs and the related update reporting).
(Medium)
Original implementation date: To be confirmed as part of 2021/22 Business Plan

Audit finding / status We were informed by management that this action will be considered as part of the changeover of TfN's Chief Executive Officer and has therefore yet to be implemented.
3 - The action has not been implemented.

Management Action 3	Original management action remains open and applicable.	Responsible Owner: Interim Strategy and Programme Director	Date: 31 December 2021	Priority: Medium
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APPENDIX A: DEFINITIONS FOR PROGRESS MADE

The following opinions are given on the progress made in implementing actions. This opinion relates solely to the implementation of those actions followed up and does not reflect an opinion on the entire control environment.

Progress in implementing actions	Overall number of actions fully implemented	Consideration of high priority actions	Consideration of medium priority actions	Consideration of low priority actions
Good	75% +	None outstanding.	None outstanding.	All low actions outstanding are in the process of being implemented.
Reasonable	51 – 75%	None outstanding.	75% of medium actions made are in the process of being implemented.	75% of low actions made are in the process of being implemented.
Little	30 – 50%	All high actions outstanding are in the process of being implemented.	50% of medium actions made are in the process of being implemented.	50% of low actions made are in the process of being implemented.
Poor	< 30%	Unsatisfactory progress has been made to implement high priority actions.	Unsatisfactory progress has been made to implement medium actions.	Unsatisfactory progress has been made to implement low actions.

APPENDIX B: ACTIONS COMPLETED OR SUPERSEDED

From the testing conducted during this review we have found the following actions to have been fully implemented and superseded.

Follow Up	Management actions and categorisation
Risk Management - Risk Register Deep Dive (1.20/21)	<p>Implemented</p> <p>The Portfolio Risk Manager will ensure that the Directorate risk registers are updated consistently following each review point. Where there are no changes to a risk, and/or action, this will be documented as a nil return to ensure that there is a clear audit trail of senior management review. (Low)</p>
Contract Management (2.20/21)	<p>Implemented</p> <p>Management will ensure that mandatory Contract Manager training attendance is monitored going forwards through utilisation of the HR training spreadsheet. (Low)</p> <hr/> <p>Implemented</p> <p>(i) Programme Directors will ensure that at the start of a contract, a Performance Management Framework (PMF) is created for each contract, and the PMF is used during regular contract performance review meetings with suppliers. Minutes from contract performance reviews with suppliers will be saved in SharePoint.</p> <p>(ii) The Procurement Manager will provide oversight of the PMF process to monitor compliance and escalate non-compliance to a relevant Group/Committee, where necessary. (Medium)</p> <hr/> <p>Implemented</p> <p>(i) Management will update the Performance Management Framework (PMF) to enable lessons learned arising from contract review meetings to be captured.</p> <p>(ii) Programme Directors will ensure that supplier contract review forms, where possible supported by a supplier feedback form, are completed post contract to summarise lessons learned identified throughout the contract. These forms should be completed by the Contract Manager and supplier respectively and stored on SharePoint in the relevant contract folder.</p> <p>(iii) The Procurement Manager will provide oversight of the supplier review process to monitor compliance and escalate non-compliance to a relevant Group/Committee, where necessary. (Medium)</p> <hr/> <p>Implemented</p> <p>Management will ensure the contract log is fully complete to ensure contract review dates can be identified and monitored. Going forward, the log will be reviewed during the batch test undertaken every three months to ensure start and end dates are recorded so that Contract Managers are aware of and can take necessary action in regard to upcoming end dates. (Low)</p>

Follow Up	Management actions and categorisation
Follow Up (3.20/21)	<p>Implemented <u>Review of SharePoint (4.19/20)</u> Management will ensure that the Approved Internet Domains Policy and associated approved internet domain list is reviewed and approved at the earliest opportunity. Following approval management will ensure that the control framework identified in the policy, regarding the maintenance of the approved internet domains list, approving additions to the list and requesting changes etc, is put into operation and monitored in accordance with the policy. (Medium)</p> <hr/> <p>Implemented <u>IT Audit: Cyber Security Controls (4.18/19)</u> Following the implementation of the online Cyber Security training module, management will monitor and report compliance and take appropriate action to address non-compliance. (Medium)</p> <hr/> <p>Superseded <u>Risk Management Framework (1.18/19)</u> Management will review the value and applicability of the inclusion of a defined assurance framework within each of Transport for the North's risk registers. (Low) <i>RSM Comment</i> <i>We were informed by management that this action has been considered and a decision has been made not to implement a risk assurance framework. Therefore, this has been superseded on the basis that TfN considers alternative assurance arrangements suffice for its needs at this present time.</i></p>
Human Resources – Recruitment and Selection (4.20/21)	<p>Implemented 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. (Medium)</p>
Cyber Security Review (5.20/21)	<p>Implemented (i) 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. (ii) 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. (iii) 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. (Medium)</p>

Follow Up	Management actions and categorisation
	<p>Implemented</p> <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> <p>(Low)</p> <hr/> <p>Implemented</p> <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> <p>(Low)</p>
<p>Income and Debtor Management (8.20/21)</p>	<p>Implemented</p> <p>Management will establish a timeframe for the periodic review of the Grant Acceptance and Management Policy and ensure that reviews are carried out in line with the agreed timeframe. In addition, a version control section will be added to the Policy to capture changes made to the Policy following review, date of review dates and relevant approval at oversight Committee. (Medium)</p>

APPENDIX C: SCOPE

Scope of the review

The internal audit assignment has been scoped to provide assurance on how Transport for the North manages the following area:

Objective of the area under review

Management has introduced effective systems for the monitoring of implementation of agreed management actions and ensuring that these are implemented in line with the agreed timescales.

When planning the audit, the following areas for consideration and limitations were agreed:

To assess the degree of implementation achieved of the management actions raised in the following assignment reports:

- Risk Management - Risk Register Deep Dive (1.20/21);
- Contract Management (2.20/21);
- Follow Up (3.20/21);
- Human Resources – Recruitment and Selection (4.20/21);
- Cyber Security Review (5.20/21);
- Investment Programme Assurance Review (7.20/21); and
- Income and Debtor Management (8.20/21).

The focus of this review is to provide assurance that actions previously raised have been adequately implemented.

Please note that no management actions were raised in the New Payment (Commissioning) Process (6.20/21) report.

Limitations to the scope of the audit assignment:

- The review only covers audit management actions previously made and does not review the whole control framework of the areas listed above, therefore we are not providing assurance on the entire risk and control framework;

- We will ascertain the status of management actions through discussion with management and review of the most recent management action tracking report presented to the Audit and Governance Committee;
- Where the indication is that management actions have been implemented, we will undertake limited testing to confirm this;
- Where testing is undertaken, our samples will be selected over the period since actions were implemented or controls enhanced; and
- Where relevant to the management action being followed up, we will ascertain whether policies / procedures / documentation have been established but we will not assess whether these are fit for purpose.
- The results of our work are reliant on the quality and completeness of the information provided to us; and
- Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Debrief held	28 May 2021
Draft report issued	1 June 2021
Responses received	2 June 2021
Final report issued	3 June 2021

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Client sponsor	Iain Craven, Finance Director
Distribution	Iain Craven, Finance Director

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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.

Our report is prepared solely for the confidential use of Transport for the North, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. 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 and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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TRANSPORT FOR THE NORTH

Internal Audit Progress Report

10 June 2021

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1 Key messages

The internal audit plan for 2021/22 was approved at the February 2021 Audit and Governance Committee 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.



One audit assignment has been completed since the last Audit and Governance Committee meeting. This relates to the Follow Up (1.21/22) review which resulted in a ‘good progress’ opinion. All reports are referred to at Appendix A. [\[To discuss and note\]](#)



Fieldwork dates have been agreed for the internal audit reviews for 2021/22. Scoping meeting to discuss the focus of these reviews are currently taking place. [\[To note\]](#)



No changes have been made to the internal audit plan 2021/22 since the last Audit and Governance Committee meeting. [\[To note\]](#)



2 Reports

2.1 Summary of final report being presented to this committee

This section summarises the report that has been finalised since the last meeting.

Assignment	Opinion issued	Actions agreed		
		L	M	H
Follow Up (1.2021/22) In our opinion management has demonstrated good progress in implementing agreed management actions. Of the 16 management actions reviewed we have confirmed that: <ul style="list-style-type: none">13/16 (81%) management actions were confirmed as being fully implemented/superseded at the time of the audit; and3/16 (19%) management actions that were due for implementation were ongoing and management actions have been restated with revised target implementation dates or updated management actions have been made. This comprises of two ‘medium’ priority and one advisory actions. We noted that progress had been made against one action assessed as ongoing and two actions were on hold due to the changeover of TfN’s Chief Executive Officer (CEO). This factor has been taken into consideration when deciding the overall progress opinion.	Good Progress	13 of 16 actions completed		



2.2 Themes arising from control observations in 2021/22 reports

	Advisory	Low	Medium	High
Planning	0	0	0	0
Policies and / or procedures	0	0	0	0
Non-compliance with policies / procedures	0	0	0	0
Design of the control framework	0	0	0	0
Training / awareness for staff	0	0	0	0
Management or performance information	0	0	0	0
Lack of segregation of duties	0	0	0	0
Poor record keeping	0	0	0	0
Risk Management	0	0	0	0
Governance weaknesses	0	0	0	0
Information technology	0	0	0	0
Management actions from previous audit reports	1	0	2	0
Total	1	0	1	0

All actions to date relate to management actions from previous audit reports raised in the Follow Up (1.21/22) report. Themes will continue to be analysed throughout 2021/22 following the completion of each audit assignment.

Appendix A – Progress against the internal audit plan 2021/22

Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Target Audit and Governance Committee (as per IA plan 2021/22 / <i>change control</i>)	Actual Audit and Governance Committee
		L	M	H		
Follow Up (1.20/21) (Finance Director)	Good Progress	13 of 16 actions completed			July 2021	June 2021
Governance Effectiveness (Finance Director)	Fieldwork in progress	n/a			July 2021	n/a
Risk Management (Finance Director)	Due to commence 12 July 2021	n/a			September 2021	n/a
Purchase to Pay Framework (Finance Director)	Due to commence 4 October 2021	n/a			December 2021	n/a
Flexi-Time (Director of Business Capabilities)	Due to commence 18 October 2021	n/a			December 2021	n/a
IT Audit: Cyber Security or GDPR Governance (Finance Director)	Due to commence 17 January 2022	n/a			March 2022	n/a



Appendix B – Other matters

On-going liaison

Ongoing liaison has taken place between RSM and Iain Craven to discuss audit assignment scopes for 2021/22 and ongoing developments at TfN. In addition, RSM's Matt Humphrey met with Iain Craven and Hady Njie in April 2021 to discuss potential support that RSM can provide to TfN in regard to risk management and risk appetite arrangements.

Updates, briefings and invites

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

- Employment Matters (March and April 2021) – this is summarised below and we have incorporated a link to the full newsletter for further reading;
- Refreshing internal audit report – assurance levels (April 2021);
- Cyber-crime is on the rise - how can you protect your business (April 2021);
- We invited management at TfN to our:
 - Coronavirus Job Retention Scheme webinar on 11 February 2021;
 - North West post-Budget webinar on 4 March 2021;
 - Employment Matters Event that took place on 30 March 2021; and
 - The Perfect Storm - Are Covid-19 claims heading our way? Webinar provided by Gallagher's on 14 April 2021.

Employment Matters – March 2021 - <https://www.rsmuk.com/ideas-and-insights/employment-matters>

Can an employer dismiss an employee for failing to wear a face mask? - All employers have a duty to maintain the health and safety of their staff, so most will have included a general health and safety clause in their employees' contracts or handbook. It will be wiser for it to be in the contract than in a non-contractual handbook. Some sectors, such as construction, with heavy health & safety obligations will already include directions on wearing PPE on site which up to now would be aimed at protecting the worker themselves from harm. However, wearing a face mask is primarily (although not exclusively) to protect others. The Government is conducting further research into the effectiveness of masks in the workplace and the type of mask used, with a multi-layered approach likely. Guidance on these new challenging questions is emerging through Employment Tribunal decisions. However, every decision will depend on its own facts and so none will provide comprehensive guidance.

P11D and benefit in kind reporting – it's almost that time of year again - P11Ds are forms which employers must submit to HMRC each tax year to report the value of reportable benefits they have provided to employees and directors, where the benefits are not covered by a formal payrolling arrangement with HMRC, or are not dealt with under a PAYE Settlement Agreement ('PSA'). The deadline for submitting P11Ds is 6 July following the tax year and a copy of each employee's form P11D, or the information it contains, must be given to the employee by the same date. HMRC can charge penalties where P11Ds are submitted late or incorrectly. HMRC can also charge interest and penalties where Class 1A NIC, the employer's NIC due on chargeable benefits, is paid late. If an employer is chosen for a HMRC Employer Duties Review this will invariably look at P11D compliance, often over several tax years.

Return to the office – the role of coronavirus testing - It could be as many as 1 in 3 coronavirus cases are asymptomatic. An in-work testing regime could be introduced to identify these cases more readily and help to keep workforces safe from coronavirus. Testing could also give employees peace of mind about coming back to work with their colleagues, some of whom could be vaccinated, and some may not. Employers may even find they are able to get government support with testing. For employers that are not eligible for government support or who may have invested or intend to invest in testing our Employment Tax can advise on whether there is tax relief.

What do you need to do to be ready for the new tax year? - a few things that you may want to think about and plan for; IR35, Employment Allowance, National Minimum Wage (NMW) and National living wage (NLW) changes in rates, Final Submissions, Scottish Student Loans.

Uber drivers are workers but where does that leave the statutory employment status test now? - The Supreme Court has decided that Uber drivers are workers, ending a multiyear court case and confirming that Uber drivers are entitled to worker's rights including holiday pay and national minimum wage. The decision will impact the business models of many in the gig economy, but it has not settled the ongoing debate on how employment status is assessed or whether tax and legal employment status will be aligned.

UK employees working in Europe post Brexit - As an employer operating in a pre-Brexit environment, you will have been used to the free movement of people across the EU. Staff going on business trips, commuting between countries or undertaking more formal overseas postings have been commonplace arrangements. Whilst these have always brought with them various considerations regarding such aspects as tax, social security and healthcare, for employers, the post-Brexit certainly brings additional considerations: EU Social Security, Tax, Healthcare and Posted Worker Directive.

Budget 2021: Employment tax - Unsurprisingly the Chancellors announcements did not include any significant changes to employment taxes. The tax information and impact notes did, however, include a technical change to the new off payroll working administrative rules (IR35) which are being introduced from 6 April 2021, and some welcome easements and extensions to previous exemptions introduced because of the coronavirus; IR35, employer provided cycles and cyclists equipment, Coronavirus antigen tests, employees' home office equipment and company vans and cars.

Employment Matters – April 2021 - <https://www.rsmuk.com/ideas-and-insights/employment-matters>

Firing and rehiring – what is it and does it need further legislation to curb it? - Over the course of the last year, many employers have benefitted from the furlough scheme, saving on wage costs and staving off redundancies. However, as the furlough scheme winds down and the economy begins to reopen, employers will be planning how they adapt beyond the pandemic. In some cases, this may mean some workforce restructuring to get the right 'organisational fit' and possible contractual changes. However, it is not that simple for employers. There are legal processes which must be followed and the employer will need good reasons for making the contractual changes. If an employee has at least 2 years' continuous employment, they have the right not to be unfairly dismissed. If the employer wishes to make changes to their terms of employment which the employee is not agreeing to, before dismissing and offering re-employment on the new terms, the employer must have gone through a reasonable process. The employee must be given their contractual notice of dismissal before they commence work on the new terms.

Salary sacrifice for pension contributions – are you using it? - This is an arrangement where an employee agrees to a reduction in their contractual gross earnings (by an amount equal to their employee pension contributions) and in exchange, the employer agrees to pay increased employer pension contributions instead. Employer pension contributions to registered pension schemes were specifically excluded from the OpRA rules and using salary sacrifice for pension contributions continues to generate NIC savings for employees and employers when implemented correctly. The main advantage is the ongoing annual employer and employee Class 1 NIC savings. Employees should consider the wider effect a reduction in their salary can have on, for example, their entitlement to the State Pension, and other contributions-based state benefits, tax credits, and statutory maternity pay. It is best practice for employers to bring this to employees’ attention as part of the implementation process. Our specialists can provide advice on such arrangements and assist you with all aspects of implementation.

Permanent Hybrid working – Where are we now? - As lockdown eases and people start considering how they want to return to their offices the chancellor has warned bosses that staff may quit if they are not allowed to work from the office once the UK emerges from the current lockdown. Many employers are now faced with some strategic decisions around how to operate their organisations effectively in a post coronavirus world, having successfully run their businesses remotely for over a year now. Some large employers have started to set out their stall with some large global investment banks suggesting quite strongly that working from home will not be their long-term norm. Instead indicating they prefer a strategy that involves more of a return to their offices where they can collaborate freely and easily in person and build Company culture. On the other hand, other large global organisations, and some tech companies have indicated that they will offer work from home forever and will not expect their employees to return to offices at all; allowing full flexibility for UK based and global working. Whilst there are a number of considerations for home and hybrid working, either in the UK and globally there are also significant benefits to balance with the risk and governance issues. Allowing flexibility can be very powerful for employee engagement and being flexible on global location can open up the global talent pool, particularly for niche skills.

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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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.

Our report is prepared solely for the confidential use of Transport for the North and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. 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 and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

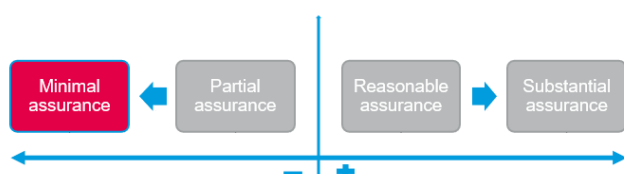
This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

ASSIGNMENT REPORT REFRESH 2021/22

Internal audit assurance levels

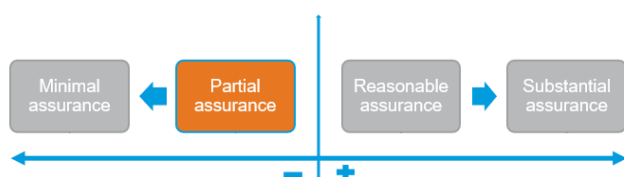
We always appreciate feedback from clients; and one of the consistent comments we are asked about is the use of the term 'no assurance' as one of our opinions. Having considered this and acknowledging that there is always some degree of control in place, we have updated our wording to change 'no assurance' to 'minimal assurance'. This change will be effective from audit plans that commence after 1 April 2021.

As you will be aware, each assurance level is illustrated with a graphic, which is accompanied by the formal wording which we include in our reports. For 'minimal assurance' (previously 'no assurance') this is represented by a red graphic. As we are making this subtle change to the wording, we have also taken the opportunity to refresh the graphics we use for all of our assignment assurance levels (see below).



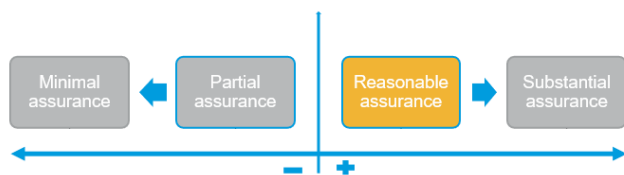
Taking account of the issues identified, the board can take **minimal assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Urgent action is needed to strengthen the control framework to manage the identified risk(s).



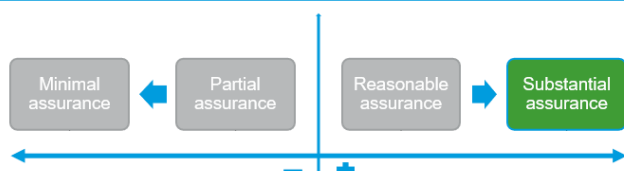
Taking account of the issues identified, the board can take **partial assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the board can take **reasonable assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

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(s).



Taking account of the issues identified, the board can take **substantial assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

For more information please contact

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TRANSPORT FOR THE NORTH

Draft Annual Summary 2020/21

Year ended 31 March 2021

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.



Transport for the North

RSM Risk Assurance Services LLP was appointed by Transport for the North to deliver a series of audit assignments, addressing areas where management and/or the Audit and Governance Committee required coverage or testing to inform their decisions and knowledge of the governance, risk and control environment. Our work for 2020/21 has been undertaken through the substantial operational disruptions caused by the Covid-19 pandemic. In undertaking our work, we recognise that there has been a significant impact on both the operations of the organisation and its risk profile, and our assignment findings should be read in this context.

ASSIGNMENTS COMPLETED

Assignment	Opinion issued	Findings agreed by priority			
		Low	Medium	High	Advisory
Risk Management – Risk Register Deep Dive (1.20/21)	Substantial	1	0	0	0
Contract Management (2.20/21)	Reasonable	2	2	0	0
Follow Up (3.20/21)	Good Progress	1	2	0	1
Human Resources – Recruitment and Selection (4.20/21)	Substantial	1	0	0	0
Cyber Security Review (5.20/21) Reasonable Assurance	Reasonable	2	2	0	0
New Payment (Commissioning) Process (6.20/21)	Substantial	0	0	0	0
Investment Programme Assurance Review (7.20/21)	Substantial	0	1	0	0
Income and Debtor Management (8.20/21)	Substantial	1	0	0	0

SCOPE OF OUR WORK

These assignments are just one of the elements of Transport for the North assurance framework and, if used properly, the results of our work can help management to inform and update the organisation's risk profile.

The purpose of this report is to provide a summary of our work delivered during the year. Our work has been planned and delivered as a series of individual assignment, delivering reviews and testing in areas at the request of management and the Audit and Governance Committee.

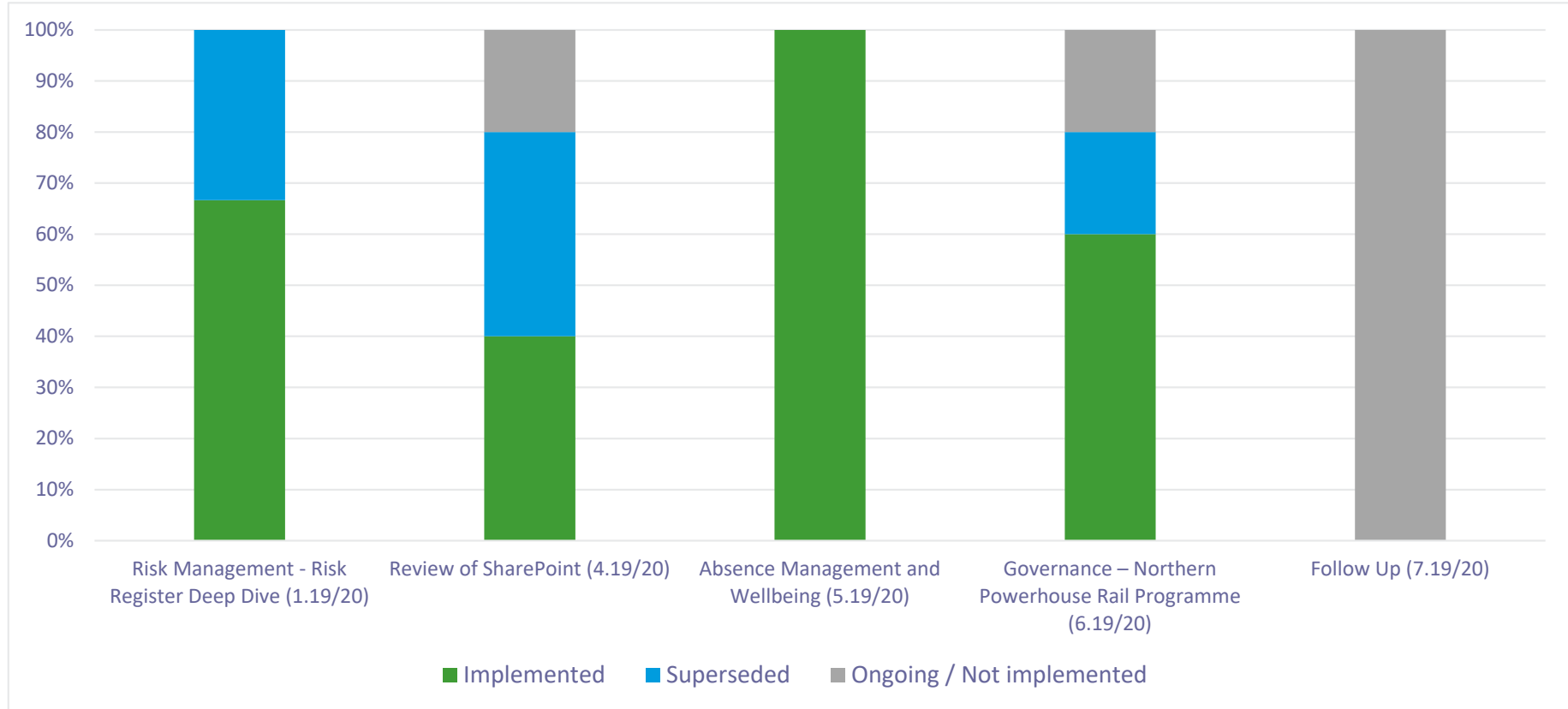
This report is prepared solely for the use of the board and senior management.

This report does not provide a formal annual internal audit opinion that would accord with Public Sector Internal Audit Standards and should not be taken to provide such an opinion.

Transport for the North

IMPLEMENTATION OF MANAGEMENT ACTIONS

The graph below shows the progress made by the organisation to implement actions previously agreed to address findings from our assignments.



We followed up the progress made by management to implement the 18 management actions raised in our 2019/20 assignment reports (six 'medium' priority, seven 'low' priority and five 'advisory' actions) . Of the 18 management actions reviewed we confirmed that:

- 14/18 (78%) management actions were confirmed as being fully implemented/superseded; and
- 4/18 (22%) management actions (two 'medium' priority, one 'low' priority and one 'advisory') were confirmed as ongoing and management actions have been restated with revised target implementation dates or updated management actions have been made.



YOUR RSM TEAM

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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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This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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Transport for the North Audit & Governance Committee – Item 9

Subject: Updated Corporate Risk Register

Author: Haddy Njie, Risk Manager

Sponsor: Iain Craven, Finance Director

Meeting Date: Thursday 10 June 2021

1. Purpose of the Report:

- 1.1 Transport for the North has updated the Corporate Risk Register (CRR) to reflect the Key Performance Indicators (KPIs) and business objectives outlined in the Business Plan for Financial Year 2021/22. The update of the CRR includes a re-assessment of risk impact scores and highlights uncertainties in relation to the Integrated Rail Plan (IRP) and the Devolution White Paper (now superseded by the Levelling-up White Paper). In addition to the principal risks and uncertainties associated with the organisation's corporate objectives, the business continues to manage the impacts of the coronavirus pandemic on programme delivery and business operations.
- 1.2 The intention of the report is to provide the Audit & Governance Committee Members with an update on the organisational risks relating to the business 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 & 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 & Governance Committee include 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 our 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 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 its objectives and priorities.
- 3.3 The Audit & Governance Committee is asked to consider the internal and external corporate risks that the organisation is facing and provide feedback per 1.3 above.

4. Recommendation:

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

5. Appendices:

- 5.1 Item 9.1 – 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
-----	----

Consideration	Comment	Responsible Officer	Director
Legal	Legal implications are covered within the report.	Debbie Dimmock	Julie Openshaw

Finance

Yes	No
-----	----

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
-----	----

Consideration	Comment	Responsible Officer	Director
Resource	The resource considerations are where applicable included within 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 9.1	Haddy Njie	Iain Craven

Consultation

Yes	No
-----	----

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

Transport for the North

Draft Corporate Risk Register

Updated June 2021



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 2021/2022 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 2021/22 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.

Section 1 summarises TfN's corporate level risks and the senior owner(s).

Section 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.

Section 3 provides a guideline in regard to the assessment of TfN's level of control on the proposed mitigation risk plans.

Section 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.

Section 1: Summary of TfN's Corporate Risk Themes, Probability & Impact Assessments and Ownerships

Corporate Risk Theme	The Covid-19 Pandemic prevents or delays TfN from delivering its objectives			
Risk Probability		Medium		
Nature of Risk Impact	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.			
Current Risk Impact			High	
Post-Mitigation Impact		Medium		
Risk/Mitigation Owner(s)	Interim Chief Executive (Tim Wood)			
Corporate Risk Theme	TfN Reputational and Political Engagement			
Risk Probability			High	
Nature of Risk Impact	The issue arises from reduced core funding (mitigated partly by DfT agreeing cost allocations into the NPR programme) and no funding for the IST programme, this means: (i) TfN will no longer be able to deliver its IST (smart travel) aspirations as set out in its CSR submission. (ii) TfN's ability to deliver in line with member aspirations will be reduced. The future role of Sub-national Transport Bodies (STBs) such as TfN needs greater clarity otherwise TfN's ability to deliver the economic, social and sustainability benefits could be reduced.			
Current Risk Impact			High	
Post-Mitigation Impact		Medium		
Risk/Mitigation Owner(s)	Interim Chief Executive / Finance Director (Tim Wood / Iain Craven)			
Corporate Risk Theme	Embedding the Strategic Transport Plan (STP) Across Programmes			
Risk Probability	Low			
Nature of Risk Impact	(i) TfN Programmes of work may 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. (ii) Inconsistent messaging as a result of uncoordinated activity could also weaken TfN's reputation with government, constituent authorities and wider stakeholders.			
Current Risk Impact			High	
Post-Mitigation Impact		Medium		

Risk/Mitigation Owner(s)	Interim Strategy & Programme Director (Tim Foster)		
Corporate Risk Theme	Delivery of Robust and Compelling Evidence to Support Investment Programmes		
Risk Probability		Medium	
Nature of Risk Impact	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.		
Current Risk Impact		Medium	
Post-Mitigation Impact	Low		
Risk/Mitigation Owner(s)	Interim Strategy & Programme Director (Tim Foster)		
Corporate Risk Theme	Transport Decarbonisation and Climate Change Emergencies		
Risk Probability		Medium	
Nature of Risk Impact	The failure to develop relevant policy positions, and undertake identified priority decarbonisation activities, would adversely impact on TfN’s credibility and influence as a Sub-National Transport Body and reduce its ability to deliver on the commitments laid out within the TfN Decarbonisation Strategy.		
Current Risk Impact		Medium	
Post-Mitigation Impact	Low		
Risk/Mitigation Owner(s)	Interim Strategy & Programme Director (Tim Foster)		
Corporate Risk Theme	TfN Operations		
Risk Probability		Medium	
Nature of Risk Impact	(i) Funding reductions may mean that TfN is unable to deliver the full range of its members aspirations. Failure to recruit and retain the right people with the right skills could negatively impact on TfN’s ability to deliver its objectives.		
Current Risk Impact			High
Post-Mitigation Impact		Medium	
Risk/Mitigation Owner(s)	Finance Director / Business Capabilities Director (Iain Craven / Dawn Madin)		
Corporate Risk Theme	TfN Compliance with Relevant Laws and Regulations		
Risk Probability	Low		
Nature of Risk Impact	(i) Potential reputational impacts with both stakeholders and the public. (ii) Financial impact, including fines or other penalties, for breach of statutory obligations such as Data Protection, Freedom of Information, Employment or Health and Safety legislation.		

	(iii)	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. Employees/Ex-Employees may raise employment tribunal claims against TfN.		
Current Risk Impact			High	
Post-Mitigation Impact		Medium		
Risk/Mitigation Owner(s)	Business Capabilities Director / Head of Legal Services (Dawn Madin / Julie Openshaw)			
Corporate Risk Theme	The Northern Powerhouse Rail (NPR) Strategic Outline Case (SOC)			
Risk Probability				Very High
Nature of Risk Impact	(i) Following the agreement that the publication of the Integrated Rail Plan will precede the NPR SOC, further delay in the release off the IPR will delay the submission of the NPR SOC. (ii) The recommendations that are contained within the IRP when it is published may not be aligned with the route / phasing advice that TfN has previously provided to the SoS. This would severely impact on the ability of the NPR Programme to deliver TfN's preferred network". The continued delay of the IRP publication and the possible impact it could have on co-client's ability to make long term programme decisions, might affect the achievability of the Partner endorsed phasing scenario. In addition, it could affect TfN's ability to exploit delivery opportunities across the industry.			
Current Risk Impact				Very High
Post-Mitigation Impact			High	
Risk/Mitigation Owner(s)	NPR Programme Director (Tim Wood)			
Corporate Risk Theme	Rail Operations (Franchise Management and Investment)			
Risk Probability				Very High
Nature of Risk Impact	(i) The replacement of the franchise system by service contracts directly funded by the Treasury through Great British Rail potentially diminishes TfN's role and influence over operations. (ii) Reductions in passenger numbers due to Covid-19 may lead to weaker business cases and therefore delay investment. This may result in ongoing customer dissatisfaction and could affect TfN's reputation by impacting on a significant part of its rail transformational programmes. Increased subsidy levels may also result in HMT seeking cuts to rail budgets.			
Current Risk Impact				Very High
Post-Mitigation Impact				Very High
Risk/Mitigation Owner(s)	Strategic Rail Director (David Hoggarth)			

Section 2: TfN's Probability & Impact Scoring and Assessment 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		Probability of the Risk Materialising (%)	Definition of Impact
5	An Issue	100% probability that the risk will materialise or the has materialised	<ul style="list-style-type: none"> One or more of the implications will have an effect on Business Plan objectives and/or KPIs
4	Very High	81-100	<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	High	51-80	<ul style="list-style-type: none"> Financial Implication: £1m - £2m Schedule Implication: 9 - 12 months National short-term negative media coverage Evidence of relationship issues with partners/or and third parties (such as Local Authorities, public)
2	Medium	21-50	<ul style="list-style-type: none"> Financial Implication: £500K - £1m Schedule Implication: 3 - 9 months Local media damage Minimal strained relationship with partners and/or third parties (such as Local Authorities, public)
1	Low	≤20	<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)

Section 3: Qualitative Assessment on the Levels of Mitigation Control

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 level of control:

- **High Control:** TfN has direct control over most of the available mitigation options - strategies that TfN has the power and/or ability to implement and as a result, contribute to the successful mitigation of the associated risk.
- **Medium Control:** TfN has some control over the available mitigation in conjunction with collaborative efforts with relevant partners or other stakeholders in order to be successful in the management of the action plans. TfN may be able to deploy additional resources to increase its ability to influence risk outcomes.
- **Low Control:** TfN has very limited control over the identified mitigations which must be a collaboration with the relevant internal and external parties. 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 or how these mitigations are implemented.

Each assigned control level will be accompanied by a progress summary and the most recent date that it was assessed and updated.

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

Risk ID: TCR01 - The Covid19 Pandemic prevents or delays TfN from delivering its objectives.....	9
Risk ID: TCR02 - Transport for the North's Reputational and Political Engagement	11
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Risk ID: TCR10 - Rail Operations – Franchise and Delivery	26

Risk ID: TCR01 - The Covid19 Pandemic prevents or delays TfN from delivering its objectives

Description of Identified Risks:

- (1) There is still a potential, albeit significantly reduced, for a significant number of staff within TfN or its supply chain might be affected by 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;
- (4) The pandemic reduces the efficiency with which certain activities can be delivered and therefore increases the costs associated with delivering them.

Impacts of Identified Risks:

- TfN's key programme and business deliverables may not be completed on time if the number of staff affected by 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.
- Impacts on central government decision-making in key areas such as the Integrated Rail Plan (IRP), the Environment Bill, the Comprehensive Spending Review and the Devolution White Paper will also impact upon TfN's ability to drive programmes.

	Assessed Risk Impact				
	Low	Medium	High	Very High	An Issue
Risk Probability					
Low		(risk 4)	(risk 1)		
Medium			(risk 2)		
High					
Very High					
An Issue			(risk 3)		

Mitigations of Identified Risks, Level of Control and Updates:

Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
a	1, 2 & 3	High	On-going	24/05/21
Organisational and individual Directorate Contingency Plans have been developed and are in place. These are further underpinned by TfN Corporate Business Continuity Plan (BCP). This includes the 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.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
b	1, 2 & 3	High	On-going	24/05/21
Programme and policy teams continue to identify and focus on the critical organisational outputs and deploy the available resources in the achievement of those priorities.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
c	1, 2 & 3	High	On-going	24/05/21
Programme teams continue to re-programme delivery plans and communicate changes to partners. The teams continue to work with consultants and partners to provide support where possible.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
d	1, 2 & 3	High	On-going	24/05/21
TfN continues to deliver its Business Plan where possible so as to minimise delays in delivering outputs and allow activity to be expedited once policy decisions by central Government have been communicated.				

Risk ID: TCR02 - Transport for the North's Reputational and Political Engagement

Description of Identified Risks:

- (1) Central Government's intention with regard to the future role of Sub-national Transport Bodies (STBs) is unclear. This uncertainty disrupts TfN's ability to recruit and retain talented staff and may prevent the organisation from fulfilling its objectives and delivering its programme of works. DfT's preference is for STBs to give their views in private rather than in public. Clarity on this position is required and DfT has indicated that it is considering proposing changes to the Communications MoU and/or Partnership Agreement;
- (2) There is ongoing uncertainty with regard to TfN's longer term funding settlement. With the exception of a small quantum of Rail North Partnership / Strategic Rail funding, all of TfN's funding streams expire at the end of the 2021/22 financial year. The Comprehensive Spending Review exercise that is expected later this year will provide an opportunity for TfN to make the case for its funding in the longer term. TfN's ability to deliver in line with member aspirations will be dependent on that settlement;
- (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.

Impacts of Identified Risks:

- 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.
- The uncertainty in relation to TfN's ongoing levels of Core funding makes it more difficult for TfN to deliver member aspirations to facilitate transformational economic growth in the North by means of transport interventions.
- 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.

	Assessed Risk Impact				
	Low	Medium	High	Very High	An Issue
Risk Probability					
Low					
Medium			(risk 3)		
High				(risk 2)	
Very High				(risk 1)	
An Issue					

Mitigations of Identified Risks, Level of Control and Updates:

Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
a	1 & 3	Medium	On-going	01/06/21
TfN aspirations in relation to its future role and associated powers have been set out in the Northern Transport Charter. TfN's 2021/22 Business Plan includes activity to develop capability and additional evidence on investment plans aligned with the Northern Transport Charter proposals.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
b	1 & 3	Medium	On-going	17/05/21
There is continuous engagement with Members and constituent authorities (at a political and officer level), stakeholders, and partners, to continue to represent 'One Voice' for the North.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
c	1 & 3	Medium	On-going	01/06/21
There is structured engagement with central government officials and decision-makers. TfN continues to respond to any DfT proposals to update the Communications MoU/Partnership Agreement once seen.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
d	1 & 3	Medium	On-going	17/05/21
TfN to focus on contributing to the recovery phase of the pandemic by ensuring we have ongoing dialogue with DfT, including the DfT Acceleration Unit, and with NTAC on the Economic Recovery Plan proposals.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
e	1, 2 & 3	Medium	On-going	17/05/21
TfN to highlight where necessary the limits of its powers and, when directed, to seek to extend its influence for greater decision making.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
f	2	High	On-going	01/06/21
TfN has undertaken a business planning and budgeting process for FY21/22 that focuses its available resources on key Member priorities.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
g	2	High	On-going	01/06/21
TfN has commenced engagement with the Board in relation to the 2021 Comprehensive Spending Review with a view to securing early agreement with regard to the key elements of its submission.				

Risk ID: TCR03 - Embedding the Strategic Transport Plan (STP) across programmes

Description of Identified Risk:

- (1) 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 embedding or aligning with the STP, it is likely to impact the delivery and cost of the STP programme. In addition, it creates reputational risk if TfN is inconsistent in its external messaging and statutory advice to government. Furthermore, 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.

Impacts of Identified Risks:

- Programmes of work developed in a way that does not contribute to, or runs counter to, the overall objectives and plans set out in the STP, resulting in the failure to achieve the aims of the STP and/or leads to sub-optimal impacts from transport investments.
- Inconsistent messaging as a result of uncoordinated activity weakens TfN's reputation with government, constituent authorities and wider stakeholders.

	Assessed Risk Impact				
	Low	Medium	High	Very High	An Issue
Risk Probability					
Low					
Medium			(risk 1)		
High					
Very High					
An Issue					

Mitigations of Identified Risks, Level of Control and Updates:

Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
a	1	High	Decreasing the Risk	21/05/21
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.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
b	1	High	On-going	02/05/21
A Policy Development Framework (previously known as the Assurance Framework) is being developed. The work will identify clear and consistent approaches to policy development across the organisation. The remit of this work is far reaching and will ensure embedment of the full policy cycle. In addition, the Policy Development Framework will enable decision makers to decide TfN's priorities for future projects and programmes to ensure alignment with the vision of the STP. This will be further developed as required to support TfN's role in any future investment process.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
c	1	High	On-going	21/05/21
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.				

Risk ID: TCR04 - Delivery of Robust and Compelling Evidence to Support Investment

Description of Identified Risks:

- (1) One of the objectives of developing the Analytical Framework (AF) is to allow the capture of the economic, social and environmental impacts of transformational transport schemes. Further developments are underway to ensure robust evidence around these impacts can be captured and quantified or qualified through the AF.

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 ability 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). In addition, the full requirements for TAME's contribution to the NPR programme in 2021/22 will remain uncertain until the publication of the Integrated Rail Plan (IRP). This uncertainty is likely to create a resourcing risk and required support to other TfN programmes.

Impacts of Identified Risks:

- 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 the organisation's key objective is to take a leadership role in delivering innovative business cases to secure investments.

	Assessed Risk Impact				
	Low	Medium	High	Very High	An Issue
Risk Probability					
Low					
Medium			(risk 1)		
High					
Very High					
An Issue					

Mitigations of Identified Risks, Level of Control and Updates:

Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
a	1	Medium	Decreasing the Risk	27/05/21
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.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
b	1	High	On-going	27/05/21
Programme timescales have been adjusted where it is sensible to make those adjustments without significantly impacting delivery against TfN's core objectives.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
c	1	Medium	On-going	27/05/21
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.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
d	1	High	On-going	27/05/21
Added value work will be brought into programmes at a later stage in the form of sensitivity analysis, ensuring that work undertaken to date can still provide value to TfN programmes.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
e	1	High	On-going	27/05/21
The TAME team structure was revised, and additional senior resources were introduced with improved engagement with TfN programmes to ensure Analytical Framework development and application activities meet the needs of the programmes.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
f	1	High	On-going	27/05/21
The team is undertaking scenario planning for different outcomes of the IRP. Additionally, the team has developed flexible professional services contracts, which can be scaled up and down to meet different levels of NPR resource requirements, thereby, providing a control mechanism to protect TAME's resources that are committed to other programmes.				

Risk ID: TCR05 - Transport Decarbonisation and Climate Change Emergencies

Description of Identified Risks:

- 1) 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 has now been developed and is reported within the Decarbonisation Strategy. It outlines how net zero emissions can be delivered within the North and the trajectory for change, with the impact of the Covid-19 pandemic accounted for within our Future Travel Scenarios. The Decarbonisation Strategy has been approved by TfN Board for public consultation during the summer of 2021. Assuming final adoption of the Strategy in late 2021, the Strategy details a number of recommendations, commitments and future activities for TfN. There is potential, due to funding and resource constraints, that TfN falls behind in developing appropriate and timely policy positions, as well as progressing the priority decarbonisation activities identified within the Strategy, leading to a risk that the level of policy commitment at both a national and local level does not materialise and that the North fails to achieve close to zero carbon emission for surface transport by 2045 (the key objective within TfN's Decarbonisation Strategy).
- 2) There is also a related risk, that TfN's Investment Programme is misaligned to the agreed Decarbonisation Trajectory and may require review in the light of this (Risk Factor 2).

Impacts of Identified Risks:

- There is a risk that the required level of policy commitment at both a local and national level to achieve the agreed rate of decarbonisation is not achieved and therefore TfN fails to deliver on its commitments laid out within the TfN Decarbonisation Strategy.
- Failure to develop relevant policy positions and undertake identified priority decarbonisation activities, adversely impacts on TfN credibility and influence as a Sub-National Transport Body.
- TfN's Investment Programme may not be compliant with TfN's Decarbonisation Trajectory. Any review may result in an Investment Programme which is misaligned with partners priorities. If the required level of policy commitment to deliver close to zero by 2045 is not achieved 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.

	Assessed Risk Impact				
	Low	Medium	High	Very High	An Issue
Risk Probability					
Low				(risk 2)	
Medium			(risk 1)		
High					
Very High					
An Issue					

Mitigations of Identified Risks, Level of Controls and Updates

Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
a	1	High	On-going	21/05/21
Careful programme planning to ensure TfN activities proposed in the Strategy are accommodated in business planning up until 2025 to ensure priority activities are given appropriate focus, resourcing and funding. By undertaking these research, evidence and data building, and facilitation activities, and providing the outputs to our Partners and national government, there is a higher likelihood of the required levels of policy commitment being achieved.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
b	1	High	On-going	21/05/21
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, this will include ensuring that TfN adopts appropriate and timely decarbonisation policy positions				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
c	2	High	On-going	21/05/21
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.				

Risk ID: TCR06 - Transport for the North's Business Operations

Description of Identified Risks:

- (1) There is a general risk that TfN fails to deliver programmes' output in a way that achieves Value for Money in TfN expenditure.
- (2) Uncertainty in relation to TfN's medium- to long-term funding position, particularly following funding reductions for 2021/22, might impact on TfN's ability to manage / deliver multi-year activity and may also negatively impact on its ability to recruit and retain suitably qualified staff.
- (3) The cessation of the IST programme, and the delay of the publication of the Integrated Rail Plan (IRP) and the Devolution White Paper within continues to create to create significant uncertainties which have the potential to impact on wider employee morale and confidence.

Impacts of Identified Risks:

- 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 and priorities.

	Assessed Risk Impact				
	Low	Medium	High	Very High	An Issue
Risk Probability					
Low			(risk 1) (risk 3)		
Medium					
High				(risk 2)	
Very High					
An Issue					

Mitigations of Identified Risks, Level of Control and Updates:

Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
a	1	High	On-going	24/05/21
Clear and well documented processes and procedures are in place. VfM and governance to be undertaken by both internal and external audits.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
b	1	High	On-going	24/05/21
Commissioning processes include OBT sign-off of expenditure, and explicit approval for expenditure against a schedule of delegations.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
c	2	High	On-going	24/05/21
Engagement with stakeholders to ensure the case for TfN's funding is supported by members, business and in Parliament.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
d	3	High	On-going	24/05/21
TfN continues, where funding conditions / certainty allows, to hire suitable qualified officers in all senior positions in a timely manner, but also including critical programme and back office roles. There is on-going training and communication across the organisation.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
e	2 & 3	High	On-going	24/05/21
A comprehensive People Strategy has been developed and is in place covering reward, workforce/skills planning, succession planning, recruitment and selection, talent, and performance management				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
f	3	High	On-going	24/05/21
A leadership programme is being delivered in the final two quarters of FY 2020/21 to further support the leadership capability within the organisation.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
g	1, 2 & 3	High	On-going	24/05/21
To continue to brief and update staff through the monthly updates, regular bulletins, employee forum and SMT meetings with regards to budget setting, IRP and other current uncertainties TfN is facing to keep them fully appraised and address any questions or concerns in a timely fashion.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
h	3	High	Completed - Risk Mitigated	24/05/21
The recruitment search for a new CEO has been completed with contract terms agreed. The new CEO, Martin Tugwell commences his position in August 2021. In the interim, the organisation is being led by Tim Wood, NPR Programme Director.				

Risk ID: TCR07 - Transport for the North's Compliance with Relevant Laws and Regulations

Description of Identified Risks:

- (1) 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.

Impacts of Identified Risks:

- 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 affect its ability to meet its objectives and/or result in 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 & 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.

	Assessed Risk Impact				
	Low	Medium	High	Very High	An Issue
Risk Probability					
Low		(risk 1)			
Medium					
High					
Very High					
An Issue					

Mitigations of Identified Risks, Level of Control and Updates:

Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
a	1	High	On-going	25/05/21
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.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
b	1	High	On-going	25/05/21
TfN ensures there are clear and well documented processes and procedures in place.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
c	1	High	On-going	25/05/21
Ongoing training on laws and legislations and communication across the organisation.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
d	1	High	On-going	25/05/21
Procedures are in place through modern.gov to ensure that there is continuous legal review to TfN's Boards and Committees.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
e	1	High	On-going	25/05/21
TfN employs in house legal and procurement specialists and where necessary seeks external legal advice on commissioning and procurement.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
f	1	High	Decreasing the Risk	25/05/21
A new process, modern.gov has been implemented to streamline report approvals and support efficient decision-making.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
g	1	High	On-going	25/05/21
TfN will seek external legal advice on legal issues as identified by the legal in-house team.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
h	1	High	On-going	25/05/21
TfN has employer's liability, public liability, and professional indemnity insurance in place to mitigate any financial liability.				

Risk ID: TCR09 - Northern Powerhouse Rail (NPR) Business Case Delivery and Programme Development

Description of Identified Risks:

Northern Powerhouse Rail is a high-profile programme that involves Northern partners, DfT, NR and HS2 and which is co-cliented by TfN and DfT as set out in the NPR MOU. NPR has developed a Strategic Outline Case (SOC) over the last 12 months, which detailed a reduced number of options from those identified at Strategic Outline Business Case (SOBC) and included the Member endorsed (February 2021) phasing scenarios and preferred NPR network. TfN had planned to submit the SOC in March 2021. However, the delay to the publication of the Governments Integrated Rail Plan (IRP) and the Secretary of State's request that TfN (and DfT as co-clients) delay submission of the SOC until the IRP is published (which was endorsed by Members in February 2021) – submission of the SOC remains on hold until the IRP is published.

The significant risks associated to the Business Case Delivery and Programme Development are listed below:

Key Significant Risks

- (1) **Integrated Rail Plan (IRP) Conclusions and Decision-Making:** The IRP was due to be published by the government in December 2020. However, this did not occur, and its publication is not expected in June 2021. The IRP and its conclusions carry the following risks:
 - (a) The conclusions of the Integrated Rail Plan (IRP) could have consequences for the SOC if its recommendations on funding envelope, phasing and/or specifying route options are different to those agreed by TfN Board. TfN has no direct involvement in the IRP and is unable to influence its conclusions beyond the statutory advice that it has already provided. This could result in delays to the next stage of the NPR programme both in terms of funding available for 2021/22 and scope of works (additions/removals) on permitted development. Furthermore, the NPR network may be decided by the government as a consequence of the IRP, which could result in the lack of partner agreement relating to the network.
 - (b) There is no certainty of when the IRP will be published. The later the IRP is made available to TfN, the less time TfN will have to understand the impacts of the review on the work done to date, address the conclusions, manage the consequential impacts and/or update the SOC if appropriate.
 - (c) The IRP is expected to recommend a way forward on the scope, phasing and sequencing of delivery of NPR (and other proposed rail investments upon which NPR is dependant). The recommendations may be different to TfN's Member endorsed preferred network and phasing and as a result, partners may not be able to agree with IRP decision(s). This could affect ways of working and result in programme delays.
- (2) **Co-client agreement of 2021/22 Scope:** Due to the delay to the IRP publication and the continued uncertainty of when it will be published, TfN may be unable to agree as co-clients the full suite of activity for FY2021/22. This is likely to cause delays to proposed programme activity for FY2021/22, including the impacts of commissioning and mobilising programme teams.
- (3) **TRU Integration:** The outcome of the IRP may include conclusions relating to the TRU option selection which ranges from small to larger improvements. The further TRU go with the option development, it is likely that some NPR corridors may be scaled back which might create a misalignment with the TRU Programme. Moreover, if there is a lack of engagement between NPR & TRU programmes (i.e.

TfN, DfT, NR), it is likely to impact on TfN's credibility and reputation with our Partners and the public.

Impacts of Identified Risks:

- Following SoS advice for the publication of the IRP to precede the SOC submission, this could impact on the future scope of the SOC.
- The outcome of the IRP may influence the NPR programme, the timing of submission of SOC, the next sequence of delivery and the OBC.
- The continued delay of the IRP publication and the possible impact it could have on co-client's ability to make long term programme decisions, might affect the achievability of the Member endorsed phasing scenario. In addition, it could affect TfN's ability to exploit delivery opportunities across the industry.
- This may cause delays to proposed programme activity for 2021/22, including the impacts of commissioning and mobilising programme teams
- The outcome of the IPR may include conclusions relating to the TRU solution which might create a misalignment with the TRU Programme.

	Assessed Risk Impact				
	Low	Medium	High	Very High	An Issue
Risk Probability					
Low					
Medium					
High			(risk 1c) (risk 3)		
Very High			(risk 2)	(risk 1a), (risk 1b)	
An Issue					

Mitigations of Identified Risks, Level of Control and Updates:

Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
a	1	Medium	On-going	21/05/21
Integrated Rail Plan Mitigation: TfN to continue to liaise with DfT to seek information regarding the publication date. A dedicated team has been established within the NPR Programme to review and respond to the IRP once available. Following the publication of the IRP, an assessment exercise is to take place on how the conclusions of the IRP differs to those presented in the SOC and how acceptable they might be to Partners. In addition, the team will ensure that there is robust Partner engagement to support the understanding and positioning of the IRP and what it means for the Strategic Outline Case.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
b	2	Medium	On-going	21/05/21
Co-client agreement of 2021/22 Scope Mitigation: A Scope activity paper was submitted to NPR Programme Board in February 2021 for endorsement to proceed on the majority of scope activities. Discussions are continuing on areas impacted by the IRP, including Liverpool - Manchester and Manchester – Leeds.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
c	3	Medium	On-going	21/05/21
TRU Integration: Integration meetings at working level are in place and further senior forums and sessions between NR, DfT and TfN will take place following the publication of the IRP and understanding its implications on TRU and NPR.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
d	1	Medium	On-going	21/05/21
Delay to programme development: Pre-Sequence 5 proposal, which identifies procurement strategies to support NPR delivery, is due to be delivered by NR at the end of May. NPR are to review document and discuss next steps with DfT, focusing on what, if anything, can commence pre-IRP publication.				

Risk ID: TCR10 - Rail Operations – Franchise and Delivery

Description of Identified Risks:

There has been a significant drop in demand for rail services as a result of the Covid-19 pandemic and it may take several years before passenger numbers recover to previous levels. In addition, the publication of the Rail Reform White Paper has insufficient detail about the role of TfN and other devolved bodies to allow a clear appreciation of their future role. These challenges have created the following risks:

- (1) There remains a risk that the passenger enhancements (such as the completion of new train programmes and additional services) will continue to be delayed with lower service offerings on routes.
- (2) There is a risk that the current services could be cut due to the increased cost of the subsidy that is required from the Treasury. In addition, the reduced current services could further impact future schemes, making schemes less viable as they have to be assessed against lower demand forecasts.
- (3) There is a risk that TfN could have a different role in service delivery following the publication of the Williams-Shapps review. The role of devolved bodies or Rail North Partnership is not outlined in the White Paper with current proposals showing rail contracts aligning under a new organisation (Great British Rail).

Impacts of Identified Risks:

- If there is a delay in investment and delayed rolling stock, passengers 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 the Treasury through Great British Rail, potentially diminishing TfN's role and influence over operations.
- Low passenger numbers post-Covid could reduce the viability of some existing services.

	Assessed Risk Impact				
	Low	Medium	High	Very High	An Issue
Risk Probability					
Low					
Medium		(risk 3)			
High					
Very High				(risk 1) (risk 2)	
An Issue					

Mitigations of Identified Risks, Controls and Updates:

Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
a	1	Medium	On-going	27/05/21
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.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
b	1 & 2	Medium	On-going	27/05/21
To continue with the close working relationship and communication with TfN member authorities on deliverables and risks - feeding back information through TfN governance structures.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
c	1 & 2	Medium	On-going	27/05/21
To continue to track train service performance and delivery via regular reporting dashboards.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
d	1	Medium	On-going	27/05/21
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.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
e	1 & 2	Medium	On-going	27/05/21
To continue to implement Blake Jones action plan to provide greater focus on passengers and ensure transparency with members as the COVID19 restrictions ease.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
f	3	High	On-going	27/05/21
TfN will continue to make the case for reform that supports the North's ambitions. TfN to respond to the Williams-Shapps White Paper within 3 months.				

Note: The post-mitigation risk assessment in Table 1 are 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, that is, in order to effectively carry out the mitigations. The avoidance and reduction of the assessed impacts are contingent on partners and members taking further actions.



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