

Transport for the North Audit & Governance Committee Agenda

Date of Meeting	Thursday 15 July 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. Following the Consultation Call, the Finance Director will take delegated actions having regard to the consultation. 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. This Consultation Call will replace the in-person Audit and Governance Committee Meeting scheduled for 15 July 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 or disclosable pecuniary interest they may have relating to items on the agenda and state the nature of such interest.</p>	Verbal Report

3.0	Minutes from the Previous Consultation Call To consider the minutes from the Consultation call held on 10 June 2021 and, if thought fit, to approve as a correct record.	3 - 10
4.0	Monthly Operating Report (May) To note the Transport for the North Monthly Operating Report.	11 - 36
5.0	Internal Audit Update To note the report from RSM Risk Assurance Services.	37 - 50
6.0	External Audit Update To note the reports from Mazars.	51 - 66
7.0	Draft Year End Statutory Accounts To consider the report from the Financial Controller.	67 - 190
8.0	Corporate Risk Review To highlight the significant risks associated with Transport for the North's ongoing transformational programmes.	191 - 224
9.0	Any Other Business	Verbal Report

Transport for the North Audit & Governance – Minutes

Meeting: Transport for the North Audit and Governance Committee

Date: Thursday 10 June 2021, 11:00am – 12:40pm

Venue: MS Teams remote meeting

Attendees:

Chris Melling (Chair)	Independent Member
Cllr Keith Little (Vice-Chair)	Cumbria County Council
Kevin Brady	Independent Member
David Pevalin	Independent Member
Graham Bell	Observer
Cllr Liam Robinson	Liverpool City Region
Cllr Heather Scott	Tees Valley

Invitees:

Karen Murray	External Audit, Mazars
Alex Hire	Internal Audit, RSM UK
Euan Miller	Greater Manchester Pension Fund
Dominic Jeffrey	Policy Advisor, DfT

Officers:

Paul Kelly	Financial Controller
Haddy Njie	Risk Manager
James Lyon	Legal Assistant
Deborah Dimock	Solicitor

Apologies:

Iain Craven	Finance Director
Julie Openshaw	Head of Legal

1.0 Welcome and Apologies

Action

- 1.1 Apologies from Iain Craven (Finance Director) and Julie Openshaw (Head of Legal). The meeting was attended by their respective deputies, Paul Kelly (Deputy S151 Officer & Financial Controller) and Deborah Dimock (Solicitor). The Chair welcomed Graham Bell as an observer prior to him joining the Audit & Governance Committee as an independent member in July.

- 1.2 The Chair advised that, due to the change in regulations around virtual meetings as Covid restrictions were gradually lifted but with the continuing requirements for social distancing, this was not a formal meeting of Audit & Governance Committee, but a Consultation Call held under the delegated powers of the Section 151 Officer.

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 There were no matters of accuracy arising from the minutes.

RESOLVED: To note the minutes of the meeting held on 18 February 2021 as a true and accurate record prior to formal approval at the next in-person meeting.

4.0 Monthly Operating Report (R)

- 4.1 The report was taken as read however Paul Kelly highlighted a new section within the Finance area concerning expenditure control which more proactively managed budgets on a monthly basis rather than quarterly.
- 4.2 Kevin Brady enquired about the IST programme, asking if it had been completely closed down and noting the importance of retaining the knowledge which had been built up within the team; Paul Kelly advised that the programme itself had ceased but a role had been created within the Strategic Rail team to coordinate IST activities across the North. The role was currently being recruited, however here were no candidates identified within the existing IST team for the new strategic role.
- 4.3 The Chair commented on the roll-out of the new Risk Management system, Predict, as noted in the report and Haddy Njie advised that this would be covered in further detail later in the agenda.

RESOLVED: The report was noted.

5.0 Financial Outturn Report (R)

- 5.1 Paul Kelly reminded the Committee of the purpose of the report, tracking the budget and expected financial position throughout the year with this report noting the closing position at the end of the financial year 2020/21.

- 5.2 The report also allowed TfN to accurately assess its reserve position and therefore provide a firm base on which to consider use of these reserves over the forthcoming years.
- 5.3 It was noted that TfN's Balance Sheet had moved from a position of overall net asset to overall net liability, driven by the treatment of intangible assets from the IST programme and accounting for the pension fund.
- 5.4 The chairman enquired about whether spend deferred from 2020/21 due to the pandemic would be realised in 2021/22. Paul Kelly stated the budget for 2021/22 had been compiled to include activity not delivered in 2020/21 due to the pandemic such as conferences and face to face (as opposed to remote) meetings.
- 5.5 The nature of TfN's funding situation was raised by Cllr Liam Robinson in the context of stress testing and scenario planning for future scenarios that could include further funding reductions. Paul Kelly reiterated the intention to focus on the business planning process that would be conducted later in the year and ideally after publication of the Integrated Rail Plan and the Comprehensive Spending Review both of which would be likely to inform future strategic direction.
- 5.6 Euan Miller provided an update on the TfN Pension Scheme with Greater Manchester Pension Fund (GMPF). GMPF is the largest of the 87 regional funds under the Local Government Pension Scheme with about 650 employers signed up to it including all the councils of Manchester and TfGM.
- 5.7 The basics of how the scheme functioned was described along with some of the assumptions that drove the fund management such as retirement age and inflation.
- 5.8 Euan described the two main pension fund valuation measures, i.e. the funding valuation and the IAS 19 valuation.

The former is measured every three years and forms the basis of funding contributions to be made by TfN for the following three years. The next valuation was due on 31 March 2022 and scheduled to be effective from 1 April 2023.

The latter is a measurement that is intended to allow comparison across other scheme members. Euan indicated that the vast majority of employers, using the IAS 19 valuation measurement, would show a deficit. Euan indicated TfN were therefore not unusual in showing a pension deficit.

Euan clarified that funding valuations produced different results due to the assessment of investment returns. The investment return for the funding valuation methodology was c3.5% whereas the investment return for the IAS 19 valuation methodology was set at c2.05%. This difference was the key driver to the different valuations.

- 5.9 Cllr Liam Robinson enquired about whether TfN had considered, or could benefit from, pension pooling. Euan indicated it was the very small employers that tended to benefit from pooling as the bigger employers (TfN included) were less exposed to isolated risks. However, if TfN were to subcontract out some of its activities, pooling could be a consideration.
- 5.10 Cllr Liam Robinson enquired whether the pension fund could invest in Northern infrastructure schemes. Euan indicated GMPF had an allocation of 5% to invest in local investments and also was part of a Northern pool including Merseyside and West Yorkshire schemes that invested in infrastructure schemes. The biggest challenge was being able to accurately assess scheme returns where they had yet to be built and/or had a long payback period.
- 5.11 The Chair asked if the Committee should be concerned with the findings and the level of deficit; Euan Miller replied that due to the calculations used it was always going to show a deficit and the level, while high, was not overly unusual. Euan reiterated the funding valuation, to be performed in March 2022 and effective from April 2023 for three years, was the more critical valuation to be considered. We would update the committee in due course.

RESOLVED: The Committee noted the reports and commented on the comprehensive and easily understandable nature of the Outturn.

RESOLVED: The Committee also thanked Euan Miller for his presentation at the meeting and would welcome further updates.

6.0 Review of Value for Money Self-Assessment (R)

- 6.1 It was reported that in order to demonstrate the effectiveness of challenge provided by Audit & Governance Committee under the new Code of Audit Practice 2020, the external auditors Mazars had requested that TfN Management and the Committee members completed Value for Money self-assessments.

- 6.2 The responses had been collated with the answers to the self-assessment questions being linked back to the Annual Governance Statement (approved at the previous meeting) which demonstrates how TfN adheres to best practice in matters of finance and governance. The draft self-assessments had previously been sent to all Members of the Committee and their comments had been taken into account in the final draft being considered by the Committee.
- 6.3 The Chair asked Members if they had any concerns or issues with the self-assessment; Cllr Liam Robinson asked if in future years it could come to the Committee first so it could be factored into their work programme although he acknowledged the difficulties of managing this within the current virtual meeting circumstances.
- 6.4 Karen Murray added that, from an external audit perspective, the evidence for Mazars to reach their judgment on value for money needed to be with them in the final quarter of the financial year, at the same time as the Annual Governance Statement is approved. This had not been possible on this occasion but would be the standard timeline in future.
- 6.5 There were questions as to how concerns previously raised by Members had been addressed; it was clarified that the concern about future funding which had been raised was addressed by a reference to the risk being included as a specific risk in the Corporate Risk Register.

RESOLVED: The Committee confirmed that they were satisfied with the draft self-assessments and that they had no concerns in relation to the arrangements in place to secure value for money.

7.0 External Audit Progress Report (R)

- 7.1 Karen Murray advised the Committee that Mazars were just commencing the audit of the accounts and had little further to report; a full report would be delivered at the meeting in September. Early indications showed nothing to be concerned about.
- 7.2 Mazars also supplied a set of external documents covering a range of audit matters including the audit timeline which had been adjusted by MHCLG to September for 2021 and 2022 due to the impact of the pandemic.

RESOLVED: The reports were noted and there were no questions.

8.0 Internal Audit Update
a. Follow Up Audit
b. Progress Report June 2021
c. Annual Summary 2020/21

- 8.1 Alex Hire introduced the reports briefly picking out the key points. Within the Follow Up Audit, good progress had been made in implementing the changes with only three actions ongoing; these actions had been given revised implementation dates and assigned to the relevant member of TfN staff.
- 8.2 It was noted that the remaining items were connected with IT: RSM clarified that the failure to complete the penetration testing was solely due to working remotely and that to date the methods of follow up had been well supported and assisted by TfN under full remote working conditions.
- 8.3 Kevin Brady asked why some of the actions were on hold until the new CEO had started in his role; Paul Kelly advised that he would seek clarification on this and report at the next meeting.
- 8.4 The remaining reports were taken as read and there were no further questions on the internal audit.

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

Action: Paul Kelly to follow up on 8.3.

9.0 Corporate Risk Register (R)

- 9.1 Haddy Njie reminded the Committee that it had signed off the revamped template at the previous meeting and the key risk themes, descriptions and mitigations had now been imported into the new template which was presented to the Committee.
- 9.2 Sections 2 and 3 had remained largely unchanged, showing how TfN assessed and measured its risks. Section 1 and 4 had undergone significant changes to better show the levels of risk and the methods of mitigation.
- 9.3 The main points of the changes were explained to the Committee which included dates of review and the status of the risk, describing it as ongoing, completed and so on.
- 9.4 The IST risks had been removed due to the termination of the programme. Kevin Brady commented that the political risk section was highly dependent on the delivery of IST and

as that programme had ceased, this risk had effectively now materialised; however there was a disconnect in the way that the Register reported this.

- 9.5 Significant updates had been made to the NPR risk due to the delay in publication of the IRP which was impacting both on delivery of the NPR Strategic Outline Case and the potential need to revise some aspects of the Preferred Network.
- 9.6 The risks around Decarbonisation had also received updates due to TfN's new Decarbonisation Consultation which opened up the possibility that TfN's developing strategy on the topic might not be aligned with the national policy.
- 9.7 Members noted that some of the risks remained at High and Very High levels and the question was asked if TfN could better mitigate some of them. However, Members welcomed the extra detail given in the revised report as a method of better monitoring and addressing risks.
- 9.8 Haddy Njie further advised that the new risk management system, Predict, was being embedded and so far, had been well received with staff being trained on its usage as it was rolled out.

RESOLVED: The new format of the Risk Register was received very positively by the Committee and the extra detail praised.

10.0 Any Other Business

- 10.1 The matter of the 15 July meeting was touched upon with further information to follow as to whether it would be held in-person (in which case it would be in Manchester) or virtually depending on the nature of Covid restrictions.

The meeting concluded at 12:40pm

r = report; p = presentation; v = verbal

This page is intentionally left blank

Transport for the North Monthly Operating Report May 2021



Contents

Introduction	Page
Summary from the Chief Executive	3
Programme Summary	
Northern Powerhouse Rail (NPR)	4-5
Investment Programme	6-7
Major Road Network (MRN)	8-9
Strategic Rail	10-11
Operations Summary	12-15
Financial Performance	
Financial Update	16-17
Activity Dashboard	18
HR Update	19-20
KPIs (Key Performance Indicators)	21-24

Introduction

Summary from the Chief Executive

Transport for the North (TfN) welcomed the publication of the Williams-Shapps plan for rail White Paper on 20 May, calling it “a major national moment and a shift in how the railway is run.” The White Paper reflects many of the priority areas for reform identified in the TfN submission to the Williams Review. We will now work collaboratively with government and Network Rail to work through the detail of our role and drive positive change in the interest of passengers. We will develop a more detailed response to the White Paper following discussion with the TfN Board.

Focus also remains on the Manchester Recovery Task Force (MRTF) and securing a sustainable outcome for the restoration of services through the Manchester area. TfN Members met with ministers to discuss progress through the Northern Transport Acceleration Council (NTAC), and TfN officers are working closely with DfT to make the case for further investment. On rail service recovery, there was positive news in relation to the Northern rail network as Northern saw an increase in demand by the end of May to 50% of pre-Covid levels, while TransPennine Express (TPE) achieved 52%. During the late May Bank Holiday week demand on Northern increased to more than 60% of normal levels.

TfN continues to await the publication of the Integrated Rail Plan (IRP), with the timing and content of the Northern Powerhouse Rail (NPR) Strategic Outline Case (SOC) notably dependent on its publication. TfN members have called publicly for the publication of the IRP which was initially expected at the end of 2020. In the meantime, work continues on areas of the NPR programme that support long term delivery, while colleagues also continue to work closely with Network Rail (NR). Work also continues around modelling, with the NELUM (Northern Economic Land Use Model) being applied to data runs and wider analysis, and the significant improvements in modelled benefits being validated with DfT analysts.

Work on the Investment Programme Benefits Analysis (IPBA) programme continued with the reference case assumptions approved by Executive Board members on 27 May. The first draft of the Appraisal Specific Report (ASR) was also presented to TAG (Technical Assurance Group) for feedback on the same day, with TAG expected to review and agree the ASR in the near future. The Major Roads team are in the early stages of work on TfN’s Pan-Northern Electric Vehicle Charging Infrastructure Framework project and the Director is preparing to give evidence to the Transport Select Committee on EV charging infrastructure.

Preparation of materials for the public consultation on TfN’s Decarbonisation Strategy is now complete, with the consultation launch date set for 7 June 2021 and planned to run for 12 weeks. Work has also continued on the Freight and Logistics Strategy, and the roadmap to the Strategic Transport Plan (STP) continues to be developed. TfN’s innovative programme of research around the visitor economy is nearing completion. A roadshow was also hosted on 18 May with HM Treasury and Northern stakeholders to explore the revised Green Book.

Northern Powerhouse Rail (NPR)

Monthly Summary

The Business Case team has received feedback from the DfT on the SOC five cases which were discussed at a co-client workshop on 4 May 2021. The case feedback is focused on the sections which the NPR team doesn't expect to be affected by the IRP and updates are being made by the Business Case team to address the comments. A further SOC update is scheduled to be issued to the DfT on 1 June 2021. Although the delivery of the Business Case is dependent on the publication of the IRP, the Business Case team is continuing to progress areas that will support longer term delivery, such as identification of strategies required for the next stages of NPR.

Delivery of remitted items across Infrastructure and Technical Assurance, Modelling and Economics (TAME) has progressed well in the month. The Manchester – Sheffield Sprint, which will focus on value engineering journey times, has been endorsed by TfN and DfT and will commence on 21 June 2021 and cost reviews for Liverpool hub costs commenced in the month. The TAME team took receipt of the final Northern Rail Modelling System (NoRMS) iteration 2 (2e) model in the month and this is now being used for network testing to support SOC delivery post IRP.

Activity Update

Infrastructure

Design development to achieve Network Rail standard GRIP 2 (Governance for Railway Investment Projects) on all single option corridors continued in the month and the NPR programme team is working closely with NR to optimise the delivery schedule to achieve a completion date of December 2021 for all corridors. Reaching GRIP 2 across single option corridors will support the programme to transition quickly, following IRP, from SOC to Outline Business Case (OBC) development. Ground investigation findings on the Leeds-Hull corridor suggest that ground conditions are better than expected, which is likely to result in savings to forecast construction costs. Savings will be confirmed once all surveys have been completed and final findings validated later in the year.

Technical Assurance, Modelling and Economics (TAME)

The Northern Economic Land Use Model (NELUM) is currently being applied in a programme of runs and wider analysis to support the NPR programme, including optioneering for NPR, testing the TfN Future Travel Scenarios, and assessing the value of additional land made available by different Manchester Piccadilly underground options. Discussions with DfT are ongoing and further testing of the functionality of the new Wider Impacts Calculator (WIC) are being conducted. The new WIC functionality is showing an uplift in Level 3 (transformational) benefits for NPR. The WIC now includes a valuation of the reduction in unemployment and an assessment of the additional welfare value placed on economic benefits that accrue to lower income households. TAME is currently in the process of finalising its review and signing off the work in the coming period.

Commercial Management

The Estimating team has continued to support the Manchester–Sheffield Infrastructure value engineering exercise, which includes review of HS2 and NR elements working with the NPR Infrastructure team in preparation for the sprint (as discussed in the summary section above).

Risks

Risk Summary	Summary of Mitigating Measures	KPI
<p>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.</p>	<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 under way 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
<p>Integrated Rail Plan decision-making - 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 dependent). 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.</p>	<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
<p>Co-client agreement of 2021/22 scope - As a result of TfN's dependency on the publication of the IRP, NPR is unable to agree as co-clients the remaining activities for 2021/22 which have commenced in April 2021. This could result in delays to proposed programme activity for 21/22, as well as impacts to commissioning and mobilising programme teams.</p>	<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
<p>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.</p>	<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
<p>Transpennine Route Upgrade (TRU) integration - If there is a lack of integration between NPR and NR TRU programmes or there are irregular forums or channels of communication (facilitated through NR) or there is no representation of opposite programme within governance in anticipation of IRP outcomes, the NPR programme may become misaligned from the Network Rail TRU programme during Sequence 4.1. This may result in the misalignment of designs and approaches, leading to rework, duplication of effort, negative impacts on benefits and the business case development.</p>	<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 Benefits 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 Executive Board approved the IPBA reference case assumptions on 27 May. This will provide a baseline for transport modelling.
- The project team has produced the first draft of the Appraisal Specification Report (ASR), which sets out the modelling assumptions and methodology. This was presented at the Technical Assurance Group (TAG) for feedback on 27 May.
- The team have reviewed the ‘NPR alignment’ risk, and within the context of the overarching Investment Programme Benefit Analysis, this is now considered to be a low risk to this project. We have recorded our assumptions in the Appraisal Specification Report and will review this risk and the Gateway Project Review.

Risks

Risk/Issue Summary	Summary of Mitigating Measures	KPI
<p>Partner feedback – Risk: If representatives from each of the local transport authorities and national delivery partners do not respond to requests for feedback on time, the review of products and overall programme may be delayed, which may incur further costs with our supplier. There is also a risk that the quality of reports is compromised if partners do not provide their input.</p>	<ol style="list-style-type: none"> 1. Produce a high-level timeline that explicitly references when input is required from partners (either via the Strategic Oversight Group (SOG) or TAG). 2. Where appropriate, identify design freeze points in the programme. 3. Manage expectations by making partners aware that no feedback will be accepted as their approval. 	12
<p>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 commitments set in TfN’s 2021/22 Business Plan, which could damage TfN’s reputation.</p>	<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 challenges. Actions to be filtered through to weekly calls action log. 	12

Programme and Look Ahead

- TAG to agree the Appraisal Specification Report.
- The project team will 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.
- The project team will produce an outline structure of the Gateway Project Review process and report.

Major Road Network (MRN)

Monthly Summary

Work is progressing on track with development of the 2020 dataset monitoring performance of the MRN, initial outputs expected in September, and likewise the preparatory work to support the commission for an Electric Vehicle (EV) Infrastructure Framework is making good progress, with a strong cohort of partner organisations supporting the project.

The team continues to engage with DfT and Highways England on inputting to the development of the SRN Route Strategies and RIS3 Programme, our aim being to ensure TfN's Vision, Objectives and Recommendations arising from the IPBA work strongly influence planning for future investment in the SRN.

Activity Update

- 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 commission for TfN's Pan-Northern Electric Vehicle (EV) Infrastructure Framework went out to tender 18 May 2021, with a closing date of 21 June 2021.
- The Mobile Device Data project, which will provide TfN with a 2020 dataset on the performance of the MRN for the North, is running on schedule. A statement of methodology has been finalised and following a workshop with local authority partners the project team is finalising the requirements for the API tool. The API is the interface partners will use to access data on the North's travel patterns, including the short and long-term impacts of Covid-19.
- 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 Major Roads Director is chairing the STB Liaison Group and following up meeting actions with other STBs, including joint working opportunities.
- The development of the Intervention Log, through manually mapping schemes in GIS, has been completed. This is being used to underpin work on the IPBA.
- TfN attended a workshop with DfT and Highways England on 13 May 2021 to review evidence for the Trans-Pennine Tunnel (TPT) and discuss the next steps.
- The management of long-term risks is ongoing and monitored on a regular basis with the project team and TfN Risk Manager.
- The team is continuing to engage with the DfT and our partners on monitoring and when required supporting progress, of MRN and Large Local Majors (LLM) projects. This includes initial discussion with DfT on capturing lessons learned and in future how to streamline the project lifecycle.

- The team plans to share a draft of the Major Roads Report (MRR) with the Major Roads Group and SOG in July, though publication of DfT's Transport Decarbonisation Plan and the outcome of TfN's Decarbonisation Strategy consultation must be seen before the report can be finalised.
- The 'negative perceptions of roads' risk, reported in the last few periods has not been recorded for this period due to its long-term risk proximity. The mitigation actions will continue to be an on-going exercise and monitoring.

Risks

Risk/Issue Summary	Summary of Mitigating Measures	KPI
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
Risk: EV Framework under-engagement - If partners are unavailable or unable to actively engage with the project, the infrastructure framework may not be fully endorsed, and the quality of outputs could be compromised.	<ol style="list-style-type: none"> 1. Hold one-to-one meetings with partners during project conception and maintain engagement with partners through SOG. 2. Create an EV Steering Group including volunteers from local authorities to guide, test and feedback on outputs. 	17

Programme and Look Ahead

- The team is continuing to support the development of TfN's draft Freight & Logistics, and Decarbonisation Strategies, the latter of which will go to public consultation starting 7 June 2021.
- Peter Molyneux, the Major Roads Director, will be attending the Transport Select Committee on 9 June 2021 to provide evidence on Zero Emission Vehicles and road pricing.
- Highways England has asked TfN to support the statutory public consultation events for the A66 dualling project, which will take place late summer 2021. This includes advice on the approach and input into stakeholder communications,
- The team is continuing to engage on the RIS3 pipeline studies and has been invited to provide feedback to DfT on the RIS3 objectives by 11 June 2021.
- The tender bids for the Electric Vehicle (EV) Infrastructure Framework development commission will be reviewed after 21 June 2021, with a targeted project start date of 12 July 2021.

Strategic Rail

Monthly Summary

The Williams-Shapps White Paper was published on 20 May 2021 and it signals a fundamental change in the way rail services are planned and delivered. There are both risks and opportunities for TfN. The team arranged briefings for Board Members and prepared a Board report to map out the next steps for engaging with the implementation. TfN has submitted an initial 'offer' to the Secretary of State setting out the benefits to Government and the North that would arise from TfN being at the heart of the new model in the North helping Government deliver on the change plan. Following the Board discussion, the team will start to prepare a more detailed response and case for change.

The other main area of work was the Manchester Recovery Task Force (MRTF), including a meeting of the Northern Transport Acceleration Council (NTAC) on 18 May 2021. Following this, a further 'hothouse' session has been organised on 18 June 2021 to further progress the infrastructure roadmap and seek reassurances for future growth and capacity in lieu of short-term service changes to improve reliability. As part of the work on the Taskforce, the team has developed a 'roadmap to resolution' covering both the short-term service changes and the longer-term infrastructure through a much stronger collaboration with the DfT.

Activity Update

Rail Operations

On 17 May 2021 restrictions were eased to allow further reopening of non-essential retail and leisure, which has led to an increase in passenger demand. Northern saw an increase in demand by the end of May to 50% of pre-Covid levels, TransPennine Express (TPE) has also seen an increase to 52%. During the late May Bank Holiday week, demand on Northern increased to more than 60% of normal levels and was 'near normal' on some weekend services indicating that the leisure market has the potential to recover very quickly. As the easing of lockdown restrictions continues, the operational focus remains on working with the industry to support the recovery.

Rail Investment

It has been confirmed by the DfT that the Outline Business Case review and determination of the 'end state' for the TransPennine Route Upgrade (TRU) project will go ahead in June this year as planned, even if the IRP (which will have a bearing on all future major project investment decisions) is not published by Government. An announcement of funding to support initial phases of delivery for TRU was also made toward the end of May 2021. £317m will support delivery of works taking place this year between Church Fenton and York and Manchester and Stalybridge. TfN welcomed the announcement as a positive step.

TfN also continues to support partner authorities on local schemes, including the East 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. The extension of platform 2 at Middlesbrough station has been completed in readiness for the introduction of services between Middlesbrough and London Kings Cross to begin in December 2021. The TfN-initiated process that reduced the cost of the new station at Horden is now being applied by Network Rail to cut the capital cost of the new Thorpe Park station.

The team has developed a TfN Stations Strategy - The Case for Inclusive and Sustainable Interventions. This includes improving accessibility at stations in the North.

Risks

Risk/Issue Summary	Summary of Mitigating Measures	KPI
<p>Risk: The short-term effect of Covid-19 on the reintroduction of services on to the network – There remains a risk that passenger enhancements (such as the addition of new services) will be delayed due to delays in driver training and lower service offerings on routes. 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 via the North of England Recovery Group 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 Rail North Partnership (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. 	1
<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. 	1

Programme and Look Ahead

- Support, monitor and assist the industry to rebuild services, passenger demand and confidence.
- Prepare for a full response to the Williams-Shapps Plan by late summer 2021.
- Working through the Rail North Committee and TfN Board, continue to consider the outcome of the MRTF consultation and identify the right infrastructure and service package.
- Develop proposals for addressing network gaps linked to the Long-Term Rail Strategy (LTRS) and produce the next stage of the TfN Stations Strategy (with a particular focus on accessibility).
- Continue to support TfN input/response to the anticipated IRP.
- 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.
- Secure Rail Network Enhancements Pipeline (RNEP) funding for TfN's line speed improvement programme - through the Infrastructure Board on 24 June 2021.

Operations Summary

Monthly Introduction

During May, operational teams have been working on; communication around the retirement of John Cridland from the role of TfN Chairman to the media and stakeholders (Comms); agreeing Grant Funding Agreements with the DfT (Finance); ongoing monitoring of discussions around virtual formal meetings and how TfN can comply with current regulations while still working within Covid-19 restrictions (Legal); Decarbonisation Strategy & Freight and Logistics Strategy (Strategy); Transport-Related Social Research; Phase 3 of the User Insight into Pan-Northern Travel, which has completed its fieldwork stage (Research); and beginning to map how new TAME partner contracts e.g. Wider Impacts, Stations Analysis and NorTMS (Northern Rail Transport Modelling System) development can deliver new NPR SOC inputs (TAME).

Activity Update

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

Stakeholder Engagement & Communications Team (SECT)

- The SECT has promoted TfN's activity proactively across external and internal channels throughout the month.
- Opportunities and key moments included TfN's response to publication of the Williams-Shapps Review of the Railway and the Queen's Speech. Elsewhere, TfN proactively stressed the importance of publication of the IRP without delay.
- The decision by John Cridland to retire from the role of TfN Chairman was proactively communicated to the media and stakeholders.
- Internally, preparation is underway for the opening of TfN's offices, dependent on the Government roadmap, with new ways of working to be implemented with a comprehensive communications strategy.
- Materials are being prepared for the launch of the Decarbonisation Strategy consultation in June 2021, with SECT working with the Strategy team to deliver the programme that will span 12 weeks.
- The team has been supporting delivery of the current online events programme, with speaking slots at key events including the Northern Transport Summit; Rail APPG (All-Party Parliamentary Group); and planning underway for the TfN Annual Conference scheduled for September 2021.
- The first meeting of the Northern Transport Charter Member Working Group is scheduled for June, while SECT is supporting the creation of an initial narrative for TfN's Comprehensive Spending Review submission this summer.

Finance & Procurement

- The team is working closely with all directorates and programmes to manage the procurement pipeline and seeking opportunities to expedite activity where possible.
- Grant Funding Agreements for 2021/22 have been signed with the Department, and the NPR Funding Letter for the first quarter has been submitted. In addition, the draft Statutory Accounts for 2020/21 are being finalised ready for the external audit to commence on 7 June 2021.
- Following the successful implementation of Predict, the new risk management software, all risk data has been migrated into the system and the team is now providing system training to users.

Legal & Democratic

- Regulations expressly permitting virtual formal meetings expired on 7 May 2021 and legal action to establish that existing law allowed their continuation was unsuccessful, which means that unless and until the law is changed, Board and Committee meetings must be held “in person” and with facilities for the public to attend in person in order to have formal status as a meeting. Reports to Board on 24 March 2021 and 16 April 2021 explained the developing position and implications. Government consultation on the issue remains open and TfN is contributing evidence to this. Because Covid-19 legal restrictions also remain in place, the 9 June 2021 Board date has been converted to a “consultation meeting” to allow the Interim Chief Executive to use delegated powers to make any necessary decisions, as permitted by the Constitution. Because the 27 July 2021 Board meeting will potentially need to make some decisions which are reserved to Board itself, that meeting may need to be held “in person” and it will be important to ensure that at least a quorum of Members is present in person. The 9 June 2021 “consultation” meeting will be presented with a full update on the current and emerging position and the arrangements being made for future decision-making while Covid-19 restrictions remain in place.
- The TfN Modern.Gov website, system and “restricted app” are now embedded and roll out of further benefits of the system to streamline internal processes is currently taking place.
- 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 now complete, this follows extensive internal and external review including of the draft designed version of the Strategy document and the Communications and Engagement Plan. The consultation launch date has 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 for comments. Approval will be sought from TfN Board in July, with a consultation 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 May has focused on exploring project management and visualisation options and tools to support tracking progress and interdependencies across TfN programmes.
- Papers and slides have been prepared to present to the inaugural Northern Transport Charter (NTC) Member Working Group on the 3 June.
- The team hosted a roadshow on 18 May 2021 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 first draft of the final report from the Visitor Economy and Transport in the North of England study has been prepared, providing evidence for the importance of the visitor economy sector for the North, and setting out initial recommendations for transport solutions which can support the sustainable recovery and future growth of the sector. The draft report will be reviewed by TfN, project steering group and other partners/stakeholders before being finalised and published in July 2021, aligned with the Rail Tourism Action Plan led by TfN's Strategic Rail team.
- User Insight into Pan-Northern Travel (Phase 3) study has completed the fieldwork stage of the survey of 1,000 Northern business owners, which will provide insights on recent and potential future commuting patterns, business-related travel, and demand for transport of goods. Coupled with additional qualitative insights from focus groups with business owners, the study will develop a typology of business transport needs, behaviours and attitudes and explore the potential impact of transport investments on the North's business base.
- 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 May, the team presented the interim project report to the steering group, which included outcomes from the literature review, a secondary research plan, and an outline of the primary research phase. Alongside this, the Economics & Research team mapped the areas gathered through the qualitative survey. The analysis of this survey will continue in June 2021 and July 2021.

- A revised scope has been developed for the Clean Mobility Visions project – a research workstream linked to TfN’s Decarbonisation Strategy. The revisions to the scope reflect further engagement with the research literature and input from TfN colleagues. This project is planned to begin in July 2021, following engagement with AAG (Analytical Assurance Group) and SOG.
- Work on defining TfN’s role in promoting environmental net gain and enhancing natural capital continues, with a presentation to partners.
- The team continues to develop TfN’s Monitoring and Evaluation Framework, an update on the latest phase of development was presented to AAG, SOG, and TfN colleagues at a Team Talks session.

TAME (Technical Assurance, Modelling & Economics)

- The Northern Rail Modelling System (NoRMS) iteration 2e documentation has been shared with TfN’s expert panel and DfT reviewers, and the comments received have been addressed. The 2e acceptance pack was presented at Programme Board and there are high levels of confidence in the performance of the model.
- Testing of the NoRMS 2e in a localised context on the Skipton-Colne corridor is indicating excellent levels of validation including at low usage stations, and this augurs well for application of the model in non-NPR environments.
- The Northern Economy and Land Use Model (NELUM) development is continuing with new functionality being tested. The TAME Team has made good progress on the NELUM NPR Future Travel Scenarios runs and completed the most recent series of NPR network tests.
- The TAME Team received positive feedback from DfT regarding a range of NPR SOC (Strategic Outline Case) information which was provided for use in the IRP. Positive discussions have been held with DfT relating to feedback on the suite of SOC documentation prepared, and the outcomes will inform planning of refreshed SOC.
- The team is beginning to map how the new TAME partner contracts such as Wider Impacts, Stations Analysis and NorTMS (Northern Rail Transport Modelling System) development can deliver new SOC inputs.
- TAME staff continue to support the IPBA with various activities including technical management of the work programme, preparation of Future Travel Scenario matrices, and further improvements to strategic assignment models.
- The Development and Intervention Logs, which TAME staff have been involved in, have now been completed and are being utilised across TfN programmes and by partners.
- Appointments for the two Principal Analyst Roles have been confirmed with expected start dates in August.
- The TAME Analysis Support Partner contract has gained approval at both NPR Programme and Executive Boards and will be released to the market on 2 June.

Financial Performance

Financial Update

Summary

Expenditure incurred in May 2021: £4.97m

Variance to monthly budget: Overspend of £0.18m (4%)

Year to date expenditure incurred: £9.55m

Underspend to date: £0.21m (materially on target)

Headlines

- May actuals have been monitored against the initial 2021/22 budget.
- The overspend in the month is principally driven by programme activity.

Programmes:

- Expenditure of £4.33m represented an overspend of £0.23m (6%) in the month – this was principally driven by the NPR programme.
- Year to date expenditure of £8.28m is generally on target but delays like IRP publication could have a material impact soon.

Integrated & Smart Travel:

- Programme-wide expenditure of £0.23m in the month represented an overspend of £0.08m.
 - The rephasing of residual Phase 1 activity has led to a catch up of expenditure forecast in the prior month. Remaining Northern activity is now forecast to complete in June 2021.
 - Several staff departures have resulted in the crystallisation of redundancy costs that were originally budgeted for later in the year.

Northern Powerhouse Rail

- Expenditure of £4.01m represented an overspend of £0.14m (4%) in the month. YTD expenditure of £7.68m is to budget.
 - NR expenditure on both the design and survey work is ahead of budget.
 - There was an underspend in the TAME team charges to NPR pending the start of new modelling and analysis partners recently contracted.
 - Underspends across programme support reflect a reduced use of business case support and several vacancies in the modelling team.

IPBA (Investment Programme Benefits Analysis)

- Expenditure of £0.09m in the month £0.01m (13%) ahead of budget.

Operations:

Rail Operations

- Expenditure in the month of £0.19m is £0.02m (11%) under budget. This was driven by vacancies in the RNP and TRU teams, where roles are funded from discrete grant.
 - .
- Core savings generated by the vacant IST role, in the Strategic Rail team, have been reallocated via the budget virement process.

Operational Areas

- Expenditure of £0.44m in the month was an underspend of £0.0m (6%), driven by the following:
 - £0.02m of underspend in Business Capabilities, is primarily due to phasing differences in SECT.
 - A net underspend of £0.02m in the Strategy & Policy team, with some accelerated activity in Policy offsetting underspends on modelling contractors and infrastructure. Underspends in the current month will allow for the extended use of contractors pending the arrival of recruited staff.

Expenditure Control

- Following the implementation of the monthly budget virement process, several new opportunities have been identified as supportive of the delivery of the 2021/22 Business Plan and were approved by OBT in May:
 - Enhanced NoRMS preparation
 - Bradford local connectivity assessment
 - Bradford St James Market assessment
- The total value of these activities is £0.06m. Funding of these opportunities has come from the reallocation of savings generated by delayed recruitment to the new IST role and utilisation of the strategic risk allocation.

Activity Dashboard

TRANSPORT FOR THE NORTH FINANCE DASHBOARD					PERIOD BUDGET CYCLE		2 BASE BUDGET		MAY 2020/21	
PERIOD ACTUALS VERSUS BUDGET										
	Actuals	Budget	Var.	Var.						
	£m	£m	£m	%						
Integrated and Smart Ticketing	£0.23	£0.15	£-0.08	-51%						
Northern Powerhouse Rail	£4.01	£3.87	£-0.14	-4%						
IPBA	£0.09	£0.08	£-0.01	-13%						
Programmes	£4.33	£4.10	£-0.23	-6%						
Rail Operations	£0.19	£0.22	£0.02	11%						
Operational Areas	£0.44	£0.47	£0.03	6%						
	£4.97	£4.79	£-0.18	-4%						
PERIOD ACTUALS VERSUS BUDGET: PROGRAMMES										
	Actuals	Budget	Var.	Var.						
	£m	£m	£m	%						
IST: Phase 1	£0.06	£0.04	£-0.02	-58%						
IST: Phase 2	£0.00	£0.01	£0.01	67%						
IST: Programme	£0.17	£0.10	£-0.07	-64%						
Northern Powerhouse Rail	£4.01	£3.87	£-0.14	-4%						
IPBA	£0.09	£0.08	£-0.01	-13%						
	£4.33	£4.10	£-0.23	-6%						
YEAR TO-DATE ACTUALS VERSUS BUDGET										
	Actuals	Budget	Var.	Var.						
	£m	£m	£m	%						
Integrated and Smart Ticketing	£0.48	£0.56	£0.08	14%						
Northern Powerhouse Rail	£7.68	£7.71	£0.03	0%						
IPBA	£0.13	£0.12	£-0.01	-5%						
Programmes	£8.28	£8.39	£0.10	1%						
Rail Operations	£0.39	£0.43	£0.05	11%						
Operational Areas	£0.88	£0.94	£0.06	6%						
	£9.55	£9.76	£0.21	2%						
YEAR TO-DATE ACTUALS VERSUS FORECAST TO OUTTURN (BASE BUDGET)										
	Actuals	F/cast	Var.	Var.						
	£m	£m	£m	%						
Integrated and Smart Ticketing	£0.48	£1.52	£1.04	68%						
Northern Powerhouse Rail	£7.68	£48.48	£40.80	84%						
IPBA	£0.13	£0.89	£0.77	86%						
Programmes	£8.28	£50.90	£42.61	84%						
Rail Operations	£0.39	£3.16	£2.77	88%						
Operational Areas	£0.88	£6.13	£5.25	86%						
	£9.55	£60.18	£50.63	84%						
FUNDING YEAR TO DATE					FUNDING FORECASTS TO OUTTURN (BASE BUDGET)					
Funding Stream	Actuals	Budget	Var.	Var.	Actuals	Budget	Var.	Var.		
	£m	£m	£m	%	£m	£m	£m	%		
TDF - Rail	£7.68	£7.71	£0.03	0%	TDF - Rail	£7.68	£48.48	£40.80	84%	
IST - Capital and Revenue	£0.48	£0.56	£0.08	14%	IST - Capital and Revenue	£0.48	£1.52	£1.04	68%	
Core Grant	£1.13	£1.20	£0.07	6%	Core Grant	£1.13	£8.56	£7.43	87%	
Rail North Grant & Contributions	£0.23	£0.24	£0.01	4%	Rail North Grant & Contributions	£0.23	£1.29	£1.07	82%	
Trading Income	£0.04	£0.05	£0.01	25%	Trading Income	£0.04	£0.33	£0.29	88%	
	£9.55	£9.76	£0.21	2%	£9.55	£60.18	£50.63	84%		

HR Update

Human Resources Update

Salaried Establishment as at **7 June 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	73 (71.64 FTE)	18 (18.00 FTE)	91 (89.64 FTE)
Rail North Partnership (Hosted)	13 (13.00 FTE)	3 (3.00 FTE)	16 (16.00 FTE)
Total Establishment	113 (111.64 FTE)	23 (23.00 FTE)	136 (134.64 FTE)
Strength (in post)	103 (101.64 FTE)	13 (13.00 FTE)	116 (114.64 FTE)
Appointed (start date pending)	5 (5.00 FTE)	0 (0.00 FTE)	5 (5.00 FTE)
Active/Pending Recruitment	2 (2.00 FTE)	2 (2.00 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 Consultation 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 to act as Interim Chief Executive until that time.

HR Metrics – 2021/22 Year-To-Date

Corporate Sickness Level:	0.6%
Employment Policy Application:	0%
Employee Turnover (Voluntary Leavers):	2.9%
% 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 2021-22. 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)	6
Delay (has missed a key deadline)	0
Delay BTYE – delayed beyond this year end	0
Not Started	4

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 is 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 through collaboration and	On Track	
			A scoping report for this programme has been prepared by the Integrated & Smart	

		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 the Digital Strategy Lead is currently being recruited.
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 Appraisal Specification Report 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		On Track

		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	The Mobile Data project is running on schedule.
Major Roads	15	Publish the updated Major Roads Report, following DfT publication of the national Transport Decarbonisation Plan and TfN's 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 RIS3, 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 commission is currently out to tender.
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	On Track Preparation of consultation materials and website complete. 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 Northern Powerhouse Independent Economic Review (NPIER) programme as a first step. October 2021	On Track Work continues to map out a roadmap to a revised STP for publication in February 2024. May activities have focused on exploring project management and visualisation tools to provide partners a regular update on progress.
	21		On Track

Strategy, Policy and Research		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	Initial scoping work exploring potential methodologies underway.
Strategy, Policy and Research	22	Consult and adopt the TfN Freight & Logistics Strategy and work with the industry to agree implementation arrangements. December 2021	In progress Draft strategy will be submitted to the July Board for consideration ahead of consultation on the content.
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, contact has been made with the team supporting the review to understand any emerging findings and how TfN can support. A response is awaited.
Corporate	24	Develop and provide a Comprehensive Spending Review submission to Government. In line with timetable set by Government	In Progress Initial preparatory work now underway. Detailed planning work will commence following the June Board meeting.
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 three 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 offices between mid-July and early-August 2021. The physical re-design of the Manchester office will be fully complete by the end of July and this will be followed by the Leeds office by the end of September.



Transport for the North
2nd Floor
4 Piccadilly Place
Manchester
M1 3BN



Transport for the North
Ground Floor
West Gate
Grace Street
Leeds
LS1 2RP



0161 244 0888



info@transportforthenorth.com



This page is intentionally left blank

Transport for the North Audit & Governance Committee – Item 5

Subject: Internal Audit Update
Author: James Lyon
Sponsor: Iain Craven
Meeting Date: Thursday 15 July 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 Report produced by RSM is attached as Item 5.1.
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 5.1 – Progress Report July 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
--	----

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	
-----	--

Consideration	Comment	Responsible Officer	Director
Legal	The legal implications 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.		Iain Craven

Resource

	No
--	----

Consideration	Comment	Responsible Officer	Director
Resource	There are no resource implications as a result of the report.	Stephen Hipwell	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.		Iain Craven

TRANSPORT FOR THE NORTH

Internal Audit Progress Report

15 July 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.

Contents

Contents	2
1 Key messages	3
2 Reports	4
Appendix A – Progress against the internal audit plan 2021/22	5
Appendix B – Other matters	6
For more information contact	8

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.



We have not issued any final audit assignment reports since the last Audit and Governance Committee meeting held in June 2021. The fieldwork for the Governance Effectiveness review has been completed and the final report will be presented to the next Committee meeting. The schedule for 2021/22 is 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

2.2 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

Page 44

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 / change control)	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 (Director of Business Capabilities)	Fieldwork completed.	n/a			July 2021 / September 2021 ¹	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 (Director of Business Capabilities)	Due to commence 17 January 2022.	n/a			March 2022	n/a

1 This review incorporated the use of a questionnaire issued to TfN Members and Senior Officers to gain insight into TfN's governance arrangements. The questionnaire closing date was extended until mid-June in agreement with management to provide the opportunity to obtain as many responses as possible.

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.

Updates, briefings and invites

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

- Employment Matters (June 2021) – this is summarised below and we have incorporated a link to the full newsletter for further reading;
- We invited management at TfN to our:
 - RSM NED Network - The Good Board; and
 - Embracing the future of work - hybrid working event taking place 19 July 2021.

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

Managing diversity and inclusion within your business. It is now widely accepted that diversity within businesses creates a competitive advantage. Therefore, HR and business leaders have a large part to play in ensuring conversations around diversity and inclusion (D&I) in the workplace remain high on the agenda. Firms committed to inclusivity may have established employee diversity forums and be regularly running sessions/drop ins to raise awareness of topical issues in this area and keep the conversation alive for their employees. Regularly educating people on diversity in the workplace is a way to remain proactive as an employer. That could be running webinars and podcasts, making sure voices are heard and inviting speakers to share their stories.

A summary of the June 2021 HMRC Bulletin. HMRC has recently released its e-bulletin with the latest updates on support for employers as we continue through the pandemic, as well as other key areas. HMRC has updated its policy paper 'Covid 19: how HMRC will continue to support customers and the economy'. The outline suggests that as the threat of the pandemic starts to reduce some employers will still be impacted greatly and they will make efforts to work with them to meet their needs while collecting tax in line with legislation. For June 2021 the government will continue to pay 80 per cent of the employees usual wage, capped at £2,500 per month. In July 2021 this will reduce to 70 per cent and a cap of £2,187.50 before August and September 2021 reducing to 60 per cent and a cap of £1,875. Employers will need to continue to pay furloughed employees the 80 per cent cap of £2,500 so this will mean funding the difference as the governments support reduces. Employers must also continue to pay the associated tax and National Insurance to HMRC throughout. If employers have asked their employees to work from home the employees may have additional expenses they can claim for. Employers may pay these expenses back, however if they can't the employee is entitled to claim tax relief to help with these extra costs. HMRC has an online service where employees can claim quickly and is now taking claims relating to periods up to 5 April 2022. HMRC is contacting employers where deductions for employees are being incorrectly recorded on the full payment submission following the update to guidelines. Employers could be made aware of issues by Generic Notification Service (GNS), post or telephone call. It's wise to remind yourself how these loan repayments should now work if unsure to avoid mistakes.

Undertaking labour supply chain due diligence for off-payroll workers. With the additional complexities created by the new IR35 rules from 6 April 2021, the need to undertake due diligence on labour supply chains for tax and NIC purposes is more important than ever. Failure to do so could result in unexpected income tax and NIC liabilities. Where off-payroll workers provide their services via third parties such as agencies or umbrella companies it is crucial to understand the supply chain, who the workers are engaged by, and how that party has engaged the worker. Failing to do this can result in the end user of the worker's services, or another party in the chain, being liable for underpaid tax and NIC, as well as exposing them to other legal and reputational risks. The introduction of the new IR35 rules from 6 April 2021 has further complicated the position, and with HMRC's continued focus on off-payroll workers, compliance has just become much more complex.

Hybrid working policies – Designing them with the employment legal risks in mind. With the Government's guidance to work from home if you can being lifted from July 19 2021, and employers embracing hybrid working, we explore some of the key employment legal risks which should be addressed when designing your hybrid working policy. While this article only explores the employment legal risks, it's crucial key stakeholders such as HR and Tax are included in the development of any hybrid policy given the implications for those departments.

Post assignment surveys

Page 47

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

Lisa Randall, Head of Internal Audit

lisa.randall@rsmuk.com

07730 300 309

Alex Hire, Senior Manager

alex.hire@rsmuk.com

07970 641 757

Andrew Mawdsley, Assistant Manager

Andrew.mawdsley@rsmuk.com

07734 683 992

Page
48

rsmuk.com

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.



The NED Network



The role of the Non Executive Director is crucial. Whilst not typically involved in the day to day operations of a firm, they should be influencing policy, culture and accountability.



RSM launched The NED network to help non executive directors stay abreast of key issues, networking with peers and share ideas.

Non executive directors are invited to join free of charge.



RSM will deliver an annual programme of events, along with supporting insights, articles and blogs designed specifically for our NED community.

For more information access the dedicated area of our website:

<https://www.rsmuk.com/non-executive-directors>

and

Join our dedicated [LinkedIn group](#) for regular updates, insights and discussion.

This page is intentionally left blank

Transport for the North Audit & Governance Committee – Item 6

Subject: External Audit Update
Author: James Lyon
Sponsor: Iain Craven
Meeting Date: Thursday 15 July 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 Item 6.1.
- 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 6.1 – 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	
-----	--

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

Page 55
July 2021



1. Audit progress
2. National publications

Page 56

01

Section 01:
Audit progress

Audit progress

Purpose of this report

This report provides the Audit and Governance Committee 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.

2020/21 audit

We received the accounts on 7 June 2021 and supporting working papers have been provided.

Although our audit work is progressing well, it is not yet complete. We will present our audit completion report to the next meeting of the committee on 16 September 2021.

02

Section 02:

National publications

Page 59

National Publications

	Publication/update	Key points
Ministry of Housing, Communities and Local Government (MHCLG)		
1.	MHCLG - Methodology for allocating £15 million to local bodies and review of Appointing Person regulations, 20 April 2021	£15 million in additional funding in 2021/22 towards external audit fees. Consultation on amending the timescale for setting fee scales.
2.	MHCLG - Local authority financial reporting and external audit: Spring update, 19 May 2021	A new regulator, the Audit, Reporting and Governance Authority (ARGA), to replace the FRC, preferred system leader. Public Sector Audit Appointments (PSAA) role to continue into next national procurement.
National Audit Office (NAO)		
3.	NAO Updated Guidance for Auditors, April 2021	Revised guidance for VFM arrangements work under the new Code of Audit Practice, including extended deadlines, and updated guidance on consideration of going concern in the public sector context.
4.	NAO Report – <i>Initial learning from the government’s response to the COVID-19 pandemic, May 2021</i>	Latest NAO report on learning from the government response to the pandemic.

NATIONAL PUBLICATIONS

MHCLG

1. MHCLG - Methodology for allocating £15 million to local bodies and review of Appointing Person regulations, 20 April 2021

The Ministry of Housing, Communities & Local Government (MHCLG) announced as part of its response to the Redmond Review, that it would provide £15 million in additional funding in 2021/22 towards external audit fees and the development of the proposed new standardised statement of service information and costs. The department has now launched a short, four-week consultation, seeking views on the methodology for allocating these funds to local bodies.

<https://www.gov.uk/government/consultations/consultation-on-allocation-of-15-million-to-local-bodies-for-audit/redmond-review-response-changes-to-the-audit-fees-methodology-for-allocating-15-million-to-local-bodies>

Running alongside this, the department has also launched a separate six-week consultation on the implementation of changes to the fee setting process for principal bodies set out in the Local Audit (Appointing Person) Regulations 2015. The consultation primarily seeks views on amending the timescale for setting fee scales, enabling the appointing person to consult on and approve a standardised additional fee, and for such payments to be made in year rather than at the completion of the audit.

<https://www.gov.uk/government/consultations/amendments-to-local-audit-fee-setting-arrangements>

NATIONAL PUBLICATIONS

MHCLG

2. MHCLG - Local authority financial reporting and external audit: Spring update, 19 May 2021

In December 2020, MHCLG delivered its response to the Redmond Review. This report details the actions already taken to implement the Redmond Review recommendations, and also sets out the government's thinking on the recommendations relating to systems leadership.

In March 2021 the government published a White Paper setting out its plans to reform corporate audit, reporting and governance. The White Paper set out details of how the government proposes to establish a new regulator, the Audit, Reporting and Governance Authority (ARGA), to replace the FRC. It also set out government plans to create a new audit profession that is distinct from the accountancy profession, and to encourage competition in the market for audit of large listed companies. We have looked at options for local audit in the context of these wider reforms.

In this context, it is our view that ARGA, the new regulator being established to replace the FRC, would be best placed to take on the local audit system leader role.

The Department welcomes the changes made in the latest Code of Audit Practice in relation to VFM reporting. Until recently, the Code required auditors to give a binary opinion on whether the proper arrangements were in place. However, this was revised in the recent update to the Code, which now requires auditors to provide a narrative statement on the arrangements in place. The department welcomes this change, as it is our view that the binary value for money judgement required under the previous Code did not provide sufficient information for taxpayers or local bodies, particularly in a context where the complexity and commercialisation of local authority finances has increased. The new value for money requirements in the updated Code including a new commentary on governance, arrangements for achieving financial sustainability, and improving economy, efficiency and effectiveness - should help to address this.

MHCLG has confirmed that PSAA is the organisation best placed to act as the appointing body, including overseeing the next procurement of audit contracts. There is a balance to be struck between cost and quality. Historically, there were concerns that fees were too high and it was right that real savings were delivered for the taxpayer following the abolition of the Audit Commission. However, the context has changed since 2014, including the structure of the market, plus new obligations and the complexity of the work. It is striking that local audit scale fees reduced by 40% between 2014/15 and 2018/19, while central government and FTSE100 fees have increased by 20%. We have been working closely with PSAA in recent months to develop our plans for allowing greater flexibility to reflect additional costs in audit fees, and are allocating £15m to local bodies to help with this and the additional requirements associated with implementing Redmond's recommendations.

<https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-spring-update/local-authority-financial-reporting-and-external-audit-spring-update>

NATIONAL PUBLICATIONS

National Audit Office

3. NAO Updated Guidance for Auditors, April 2021

In April 2021, the Comptroller and Auditor General (C&AG) approved and published updated auditor guidance:

Auditor Guidance Note 03 (AGN 03) - Auditors' Work on Value for Money Arrangements. This has been updated to enable auditors to give their opinion on the financial statements if they have not yet completed all their VFM arrangements work (where there is no material impact on the opinion), including the approach to reporting any further issues if necessary by exception when auditors issue their certificate. The AGN also introduced revised deadlines for the Auditor's Annual Report, which includes the new commentary on VFM arrangements, of up to 3 months after issuing the audit opinion.

Auditor Guidance Note 07 (AGN 07) – Auditor Reporting. This was updated to bring it into line with AGN 03 as above.

Supplementary Guidance Note 01 (SGN 01) - Going Concern – Auditors' responsibilities for local public bodies. The SGN focus is primarily on *Practice Note (PN) 09: Audit of financial statements and regularity of public sector bodies in the United Kingdom, (Revised 2020)*, setting an expectation that auditors will follow the approach it sets out. This recognises that going concern in the public sector context includes the concept of the 'continued provision of services' and the legislative basis for public services, which means that the circumstances that will give rise to a material uncertainty in going concern are relatively limited and rare, and would normally require legislative changes. This view is also reflected in the CIPFA Code, which recognises that the financial statements are prepared on a going concern basis.

The NAO guidance does, however, highlight the wider issue of financial sustainability and funding for public services. Management will still need to undertake a going concern assessment, and disclose an appropriate narrative within its financial statements in relation to the impact of the pandemic and pressures on funding, and disclose any potential material uncertainties should they exist.

All of the NAO auditor guidance is publicly available at this link: <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>

NATIONAL PUBLICATIONS

National Audit Office

4. NAO Report – *Initial learning from the government’s response to the COVID-19 pandemic, May 2021*

The NAO has recently published its *Initial learning from the government’s response to the COVID-19 pandemic* report, which is part of a programme of work the NAO is undertaking to support Parliament in its scrutiny of government’s response to COVID-19. The report finds that the COVID-19 pandemic has stress-tested the government’s ability to deal with unforeseen events and potential shocks. Government has often acted at unprecedented speed to respond to a virus which has caused dramatic disruption to people’s lives, public service provision and society as a whole. Government had to continue to deliver essential public services, while reprioritising resources to deliver its response to the COVID-19 pandemic and supporting staff to work from home. In its response, government has had to streamline decision-making, work across departments and public bodies and use a range of delivery structures.

Departments will need to reflect on the lessons learned to ensure that they capitalise on the benefits and opportunities these new ways of working have brought.

This report draws out learning from the reports that we have published to date, as well as other work we have published that covered the COVID-19 pandemic. It sets out this learning across six themes:

- risk management;
- transparency and public trust;
- data and evidence;
- coordination and delivery models;
- supporting and protecting people; and
- financial and workforce pressures.

The NAO will continue to draw out learning from the government’s response to the pandemic from our future work.

The full report is available from the NAO website. <https://www.nao.org.uk/wp-content/uploads/2021/05/Initial-learning-from-the-governments-response-to-the-COVID-19-pandemic.pdf>

Contact

Mazars

Director: Karen Murray

Email: karen.murray@mazars.co.uk

Manager: Campbell Dearden

Email: campbell.dearden@mazars.co.uk

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.

www.mazars.com

Follow us:

LinkedIn:

www.linkedin.com/company/Mazars

Twitter:

www.twitter.com/MazarsGroup

Facebook:

www.facebook.com/MazarsGroup

Instagram:

www.instagram.com/MazarsGroup

WeChat:

ID: Mazars

This page is intentionally left blank

Transport for the North Audit & Governance Committee – Item 7

Subject: TfN Year End Statutory Accounts

Author: Paul Kelly

Sponsor: Iain Craven

Meeting Date: Thursday 15 July 2021

1. Purpose of the Report:

- 1.1 This report provides an update on the progress of the production of TfN's Statement of Accounts.
- 1.2 The report is accompanied by three appendices:
 1. The Draft Unaudited Statement of Accounts;
 2. A supporting presentation that provides explanation on the content of those accounts; and
 3. TfN's Accounting Policies track changed from the version presented to the committee in February 2021.
- 1.3 The Statement of Accounts includes the draft Annual Governance Statement. This draft statement was reviewed at the committee meeting in February 2021.

2. Executive Summary:

- 2.1 In line with other local government bodies, TfN is required by statute to prepare an annual Statement of Accounts and for those accounts to be audited by an external body.
- 2.2 These accounts are prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. This Code is based on accounting standards and statutory requirements.
- 2.3 In common with previous years, TfN has secured the services of EY to assist in the production of the documents.
- 2.4 The Finance Director authorised TfN's draft accounts, to be published for public inspection, on 7 July 2021.
- 2.5 Mazars commenced its audit in the week commencing 7 June 2021.
- 2.6 The statutory deadline for publishing accounts for public inspection has been moved to 1 August 2021 (from 1 June) due to the ongoing effects

of the Covid pandemic. We elected to publish the accounts closer to this date to allow the external audit to progress and ideally consider and address and points emerging from the audit that may impact on the accounts.

- 2.7 The Draft Statement of Accounts was published for public inspection on 7 July.
- 2.8 The appendices to this paper include these draft unaudited Accounts and a supporting presentation. These documents are presented to encourage scrutiny from Committee members ahead of the next Committee meeting on 16 September 2021 when members will be asked to endorse the Accounts for recommendation to the TfN Board.
- 2.9 TfN Board will be presented with the final audited Accounts, the auditors' opinion, and the Committee's view on 29 September. TfN Board – as 'those charged with governance' – will be asked to approve the accounts.
- 2.10 During the accounts preparation process, conducted in April / May 2021, EY performed a detailed review of our accounting policies and noted a number of amendments to ensure compliance with the CIPFA code. These changes ensure the policies are up to date but, with the exception of additional narrative in certain notes, do not result in any changes to the financial statements.

3. Conclusion:

- 3.1 This a progress report with supporting documentation to encourage Committee members to scrutinise the draft accounts.
- 3.2 The paper notes that the Committee will receive another iteration of the Accounts on the 16 September at which point they will be asked to endorse the documents.

4. Recommendation:

- 4.1 Note the progress made on the production of the Annual Statement of Accounts and the proposed changes to TfN's accounting policies.

5. Appendices:

- 5.1 Appendix A - Draft Annual Statement of Accounts Supporting Presentation
- 5.2 Appendix B – Draft Annual Statement of Accounts (Unaudited)

5.3 Appendix C – Accounting Policies (track changed)

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 necessary for this report.	Paul Kelly	Iain Craven

Environment and Sustainability

Yes	No
-----	----

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 necessary for this report.	Paul Kelly	Iain Craven

Legal

Yes	No
-----	----

Consideration	Comment	Responsible Officer	Director
Legal	Legal implications are outlined in the report.	Julie Openshaw	Dawn Madin

Finance

Yes	No
-----	----

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

Resource

Yes	No
-----	----

Consideration	Comment	Responsible Officer	Director
Resource	TfN HR Team has confirmed there are no resource implications.		

Risk

Yes	No
-----	----

Consideration	Comment	Responsible Officer	Director
Risk	A risk assessment has been carried out and the key risks are included in the appendices.	Haddy Njie	Iain Craven

Consultation

Yes	No
-----	----

Consideration	Comment	Responsible Officer	Director
Consultation	A consultation has not been carried out because as it is not required for this type of report.	Paul Kelly	Iain Craven

This page is intentionally left blank

TfN Audit & Governance Committee - Item 7

Page 73

TfN Draft Statement of Accounts
2020/21



TRANSPORT FOR THE
NORTH

Contents

Public Inspection Period
Basis of Preparation
Key Items in this Year's Accounts
Structure of the Accounts
Core Financial Statements

Public Inspection Period

- Statute requires us to hold our draft accounts open to public inspection
- Local electors may then exercise statutory rights to inspect records and ask questions of the external auditor
- The inspection period must last for 30 working days
- Regulations were changed this year (and next) to allow authorities an additional two months to prepare their accounts. Draft accounts to be published before 1 August.
- The FD approved the draft accounts for public inspection on 7 July 2021.

Basis of Preparation

- TfN's position as a local government body is set out in legislation
- TfN therefore prepares its statutory accounts in the same manner as local government bodies such as local authorities and Combined Authorities
- The accounts are prepared in accordance with the CIPFA Code
- The CIPFA Code recognises accounting standards and statutory accounting requirements - where accounting standards and statute differ, statute has precedence

Key Items in this Year's Accounts

1. IST Phase 2 intangible assets
2. Revenue Expenditure Funded from Capital Under Statute
3. Pension Accounting
4. Prior year adjustment

IST Phase 2 Intangible Assets

Key Points

- At 31 March 2020 TfN had unamortised intangible assets of £3.529m. This was mainly IST Phase 2 assets but also included TfN's ERP system.
- ERP system was fully amortised in the year in line with our 3 year amortisation policy
- On 4 January 2021 ongoing funding for the IST Programme ceased
- Phase 2 asset expenditure was capitalised and assets amortised until 4 January 2021
- Phase 2 assets either transferred to DfT in year, just after year end or are scheduled to be transferred by 31 March 2022
- The major movements (as detailed in note 14) are:
 - £1.294m of additions in the year
 - £0.533m of amortisation in the year for the ERP system and operational IST assets until 4 January 2021
 - £4.29m of impairment representing the unamortised Phase 2 assets.
- After processing these transactions TfN is left with no intangible assets.

Revenue Expenditure Funded from Capital Under Statute

Revenue Expenditure Funded from Capital Under Statute (£2.79m)

- Phase 1 IST expenditure results in capital assets being acquired, but for the train operating companies rather than TfN
- Ordinarily, this would be treated and funded as revenue expenditure
- Statute allows TfN to override accounting standards and treat this as revenue expenditure funded by capital grant
- Expenditure recognised in the CIES as no assets created on TfN's balance sheet

Pensions Accounting

- The IAS19 valuation of TfN's pension liabilities results in a deficit as at 31 March 2021 of £11.889m.
- As set out in the presentation from GMPF to the June A&G Committee meeting, this valuation is largely driven by a discount-rate that is calculated from the yield of high quality bonds at the valuation date – these are currently low and have an adverse impact on the overall valuation.
- The actuarial valuation, completed for the purposes of calculating TfN's ongoing contribution levels, is carried out every three years. This allows contribution levels to be set at a level that gives it confidence that it has sufficient assets to meet its liabilities when they become due.
- The differences in the assumptions used to calculate these two figures, in particular the discount rate that is applied to the liabilities over time, can lead to significantly differing valuations.
- Whilst the IAS19 valuation indicates a significant deficit, the contributions that are being made are in line with the last triennial valuation. This will be reassessed in 2022/23 but is not expected that this would result in significant increases in contribution levels.
- This difference between the IAS and actuarial valuations is common within local authority schemes.

Prior Year Adjustment

- Note 30, page 56 of the accounts summarises an adjustment to the prior year accounts.
- In the 2019/20 accounts Movement of Reserves Statement, £1.104m of movement from capital grants unapplied was disclosed in the line “movement in earmarked reserves”.
- A similar transaction was processed in the 2020/21 accounts and a review of how this transaction should be disclosed confirmed that it should be disclosed in the line “Adjustments between accounting basis and funding basis under regulations” and that it had been incorrectly disclosed in the 2019/20 accounts.
- In instances such as this, a prior year adjustment is made and the relevant areas within the prior year accounts that are amended are marked as “updated”.

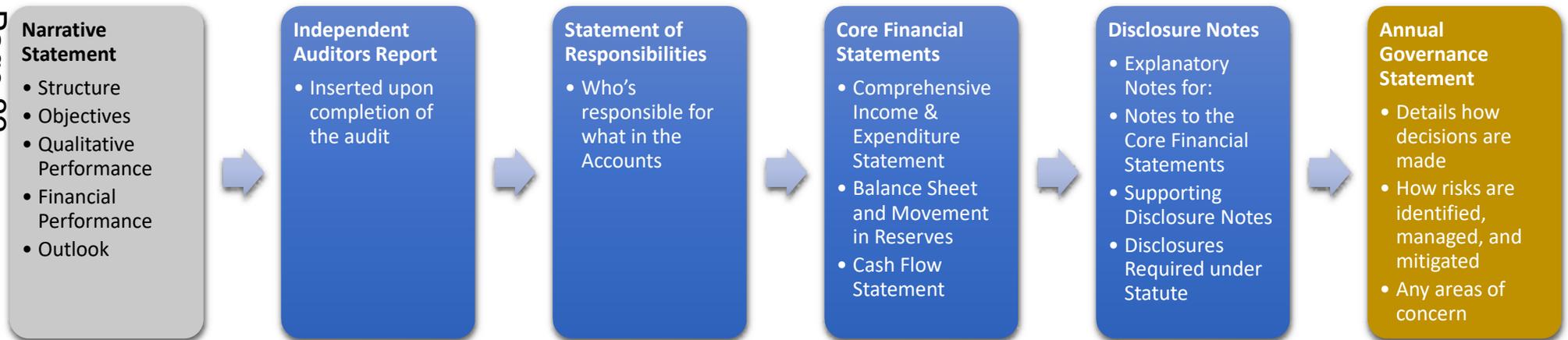
Structure of the Accounts



Structure of the Accounts

The structure of the accounts is largely determined by regulation and guidance. The accounts can be usefully divided into three parts:

1. The Narrative Statement
2. The Statutory Accounts
3. The Annual Governance Statement



Core Financial Statements



Comprehensive Income & Expenditure Statement

- Details income and expenditure for the year in accounting terms
- Differs from management outturn due to:
 - Accounting standards
 - Statutory provision
- Key issues include
 - Treatment of capital items
 - Treatment of net estimated pension liabilities
 - Recognition of grant income
 - Recognition of a provision for accumulated absences

Comprehensive Income & Expenditure Statement

1. The CIES structure is shown in accordance with our management accounts reporting structure

2019/20				2020/21		
Expenditure	Income	Net	Notes	Expenditure	Income	Net
£000	£000	£000		£000	£000	£000
1,500	(11)	1,489	Major Roads Programme (Strategic Development Corridors)	592	-	592
28,077	(26,932)	1,145	Northern Powerhouse Rail	41,708	(40,637)	1,071
12,181	(9,850)	2,331	Integrated and Smart Ticketing	11,635	(3,977)	7,658
2,138	(1,243)	895	Rail Operations	2,406	(1,541)	865
6,582	(0)	6,582	Operational Areas	5,908	-	5,908
50,478	(38,036)	12,442	Cost of Services	62,249	(46,155)	16,094
234	(234)	0	11 Financing and Investment Income and Expenditure	325	(181)	144
0	(10,940)	(10,940)	12 Taxation and Non-Specific Grant Income	0	(8,013)	(8,013)
50,712	(49,210)	1,502	Surplus or Deficit on Provision of Services	62,574	(54,349)	8,225
		1,009	28 Remeasurement of the net defined benefit liability / asset			4,857
		1,009	Other Comprehensive Income and Expenditure			4,857
		2,511	Total Comprehensive Income and Expenditure			13,082

2. Income above this line is revenue grant that is ringfenced to the areas of activity

3. Income below this line includes non-ringfenced grant, capital grants received in year and applied to cap ex, and income from investments

4. This includes pensions financing costs and income, and the standard income from cash on deposit

6. Note further pension revaluation expenditure



Reconciliation of Management Outturn to CIES

Differences between the costs and income shown in the management accounts arise from accounting standards and statutory overrides (page 15 of narrative statement)

Income	£m	
Outturn Position	(57.83)	
Adjustments for:		
Pensions	(0.18)	In CIES not in outturn
Capital Funding from Reserves	0.73	In outturn not in CIES
Amounts taken (to)/from General Fund Balance:		
Revenue Funding from Earmarked IST Reserves	2.68	In outturn not in CIES
Use of Core Reserves	0.29	In outturn not in CIES
RNP Grant taken to Earmarked Reserves	(0.03)	In CIES not in outturn
CIES Balance	(54.35)	
Expenditure	£m	
Outturn Position	57.83	
Adjustments for:		
Amortisation	0.53	In CIES not in outturn
Pensions	5.99	In CIES not in outturn
Movement on Absence Provision	0.08	In CIES not in outturn
IST Capital - Phase 2	(1.29)	In outturn not in CIES
IST Intangible asset impairment – Phase 2	4.21	In CIES not in outturn
ERP Impairment	0.08	In CIES not in Outturn
CIES Balance	67.43	

Grant Accounting

- TfN is an almost entirely grant funded organisation, so how TfN accounts for those grants as income is important.
- The key issues are around:
 - How TfN recognises the grants received as income
 - Where grant income is shown on the face of the CIES
 - How grants recognised as income but not yet applied to income are held
- Key determinants on how to apply treatments are:
 - Whether the conditions of use have been met
 - Whether there are restrictions on use
 - Whether unused allocations may have to be returned to the grantor
 - Whether the grants are capital or revenue in nature

Grants Shown in the Consolidated Income & Expenditure Statement

Grant Income Credited to Taxation and non-specific Grant Income and Expenditure

2019/20		2020/21
£000		£000
(10,000)	Core Grant	(7,000)
(940)	Integrated & Smart Ticketing Phase 2 Capital	(1,013)
(10,940)	Total	(8,013)

1. Grants received that are ringfenced to certain projects are credited to the services that they relate to.

2. Summarised on face of CIES. TfN core grant allocation reduced to £7m in 2020/21 and is a non-ringfenced (non-specific) grant.

8. Capital Grant received in year and applied to capital expenditure is shown through the CIES on the non-specific grant line along with any capital grant balances received in year but not applied.

Grant Income Credited to Services

2019/20		2020/21
£000		£000
(26,932)	NPR Transport Development Fund	(40,636)
(8,680)	Integrated & Smart Ticketing Revenue	(1,187)
(1,170)	Integrated & Smart Ticketing Phase 1	(2,790)
(582)	Rail North Partnership Grant	(681)
(11)	Trans-Pennine Tunnel Traffic Modelling	0
(67)	Rail North Local Contributions	(115)
(542)	Rail North Rail Grant (via Local Contributions)	(503)
(37,984)	Total	(45,912)

4. The significant increase in TDF revenue is commensurate with the increased programme.

5. The significant decrease in IST revenue income reflects the closure of the IST programme funded from reserves.

6. Rail North income is indexed and increased incrementally. At year end £31k of grant has been retained in earmarked reserves for utilisation in 2021/22.

3. Equates to grant income element of total on the face of the CIES of £46,155k. This total also includes £243k of contracted income.

7. This line relates to IST Phase 1 'REFCUS'. This income and expenditure is recognised through the CIES as no asset is recognised on TfN's balance sheet, but under statute the expenditure can be funded from capital grant

Grant Accounting

At the year-end we had not applied all the grants we have received over the course of the year to expenditure. Dependent on the conditions placed on those grants, we hold 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

Grant Unapplied

	2020/21 £m	Movement £m	2019/20 £m
Revenue Grants Received in Advance			
- Transport Development Fund - Road	0.01	0.00	0.01
	0.01	0.00	0.01
Usable Reserves			
Capital Grants Unapplied			
- Integrated & Smart Ticketing Phase 1 Grant	0.28	(0.02)	0.30
- Integrated & Smart Ticketing General Grant	0.00	(0.70)	0.70
	0.28	(0.72)	1.00
General Fund Revenue Reserves			
- Core Grant	6.17	(0.29)	6.46
- Devolved Powers (Earmarked)	0.50	0.00	0.50
- RNP Grant (Earmarked)	0.03	0.03	0.00
- Integrated & Smart Ticketing Grant (Earmarked)	1.25	(2.68)	3.93
	7.95	(2.94)	10.89
Total Usable Reserves	8.22	(3.67)	11.89
Total Resource	8.23	(3.67)	11.90

4. Capital grant in reserves has been applied to supplement grant received in-year

5. £0.50m earmarked reserve to enable TfN to react to the emerging devolution agenda with confidence

1. Reserve (plus revenue detailed below) required to fund IST programme shutdown in 2021/22

3. The Core Grant reserve (the General Reserve) has reduced to reflect utilisation in the year.

2. The IST revenue grant reserved has decreased overall. The residual reserve of £1.25m, plus the £0.28m capital grant referenced above, is required to fund the shutdown of the IST programme in 2021/22

Balance Sheet

- Details assets and liabilities
- Reserves show how the net assets are funded
- Reserves are split between:
 - Usable – available to resource expenditure
 - General Fund Reserves
 - Earmarked Reserves
 - Capital Grants Unapplied
 - Unusable – not available to resource expenditure
 - Capital Adjustment Account
 - Pensions Reserves
 - Accumulated Absence Reserve
- Unusable reserves allow for statutory overrides of accounting standards to be managed

Balance Sheet

31 March 2020			31 March 2021		
£000	Notes		£000		
3,529	14	Intangible Assets	0		
3,529		Long Term Assets	0		
599	15	Short-Term Debtors	505		
19,307	16	Cash and Cash Equivalents	18,021		
19,906		Current Assets	18,526		
(8,046)	17	Short-Term Creditors	(10,467)		
(126)	18	Provisions	(68)		
(10)	26	Grants Receipts in Advance - Revenue	(10)		
(8,182)		Current Liabilities	(10,545)		
(6,080)	28	Pension Liability	(11,889)		
(6,080)		Long term Liabilities	(11,889)		
9,173		Net Assets	(3,908)		
(11,887)		Usable Reserves	(8,224)		
2,714	19	Unusable Reserves	12,132		
(9,173)		Total Reserves	3,908		

1. The reduction in intangible assets recognises the amortisation and impairment of assets after IST funding ceased

2. Debtors have decreased due to reduction in prepayments and amounts due from TfN partners

3. Cash has decreased and represents usable reserves and net assets (mainly creditors)

4. Usable reserves decreased due to draw for Core Grant funded activity, utilisation for in year IST spend and net reclassification (to creditors) of grants to be repaid to DfT.

Page 93

5. Pension liability increased in 20/21 due to low discount factor used for IAS 19 valuation.

6. Unusable reserves debit has increased further due to pension fund valuation

Balance Sheet

- Details the inflows and outflows of cash in TfN's bank accounts over the course of the year.
- The Statement removes non-cash transactions required under accounting standards such as depreciation and amortisation.
- The Statement is split between flows of cash relating to:
 - 1. Operating Activities**
Day-to-day activity, normally of a revenue nature
 - 2. Investing Activity**
Ordinarily capital investment activity
 - 3. Financing Activity**
How an entity finances its activities through credit (not applicable to TfN)
- TfN's powers prohibit it from accessing credit, so the Statement is limited to operating and investing activity.

Cash Flow Statement

Page 95

2019/20 £000		2020/21 £000
1,502	Net (surplus) or deficit on the provision of services	8,225
(9,082)	Adjustment to surplus or deficit on the provision of services for noncash movements	(8,514)
940	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	1,013
(6,641)	Net cash flows from operating activities	724
1,705	Net cash flows from investing activities	561
(4,936)	Net (increase) or decrease in cash and cash equivalents	1,286
14,371	Cash and cash equivalents at the beginning of the reporting period	19,307
19,307	Cash and cash equivalents at the end of the reporting period	18,021

This is the CIES deficit and forms the starting point for determining cash movements

The CIES deficit is then adjusted for items in their that do not represent cash movements. This includes accruals, provisions, net pensions adjustments, impairments and amortisation charges

TfN has no financing activity, so this simply relates to investment items in the CIES. In 2020/21 this only reflects Phase 2 capital grant received and applied in year.

This is the residual capital expenditure funded from reserves (£1,293k - £1,013k = £280k) plus the movement on capital creditors (£281k).

The sum of the net cash flow from operating activities and investing activities should equal the movement on cash at the start of the year to cash at the end of the year.

$£19,307k - £18,021k = £1,286$
reduction

Accounting Policies

- Modification to Accounting Policies approved by committee in February 2021
- Technical advisors performed an in depth review of Accounting Policies during the accounts preparation phase in April / May 2021
- Proposed modifications more closely align policies to the CIPFA code. Full track changed version of Accounting Policies included in Appendix C
- No changes affect the numbers disclosed within the Statutory Accounts

Thank You

Page 97

Paul Kelly
Financial Controller

paul.kelly@transportfornorth.com



This page is intentionally left blank

Transport for the North Draft Unaudited Accounts 2020/21



Contents

Narrative Report	3
Statement of Responsibility for the Accounts	255
Comprehensive Income and Expenditure Statement	266
Movement in Reserves Statement	277
Balance Sheet	29
Cash Flow Statement	30
Note 1 - Expenditure and Funding Analysis	3131
Note 2 - Note to the Expenditure and Funding Analysis	322
Note 3 - Accounting Policies	333
Note 4 - Accounting Standards Issued, Not Adopted	40
Note 5 - Critical Judgements in Applying Accounting Policies	40
Note 6 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty	40
Note 7 - Material Items of Income and Expense	40
Note 8 - Events After the Balance Sheet Date	41
Note 9 - Adjustments between Accounting Basis and Funding Basis under Regulations	41
Note 10 - Transfers to/from Earmarked Reserves	42
Note 11 - Financing and Investment Income and Expenditure	43
Note 12 - Taxation and Non-Specific Grant Income	43
Note 13 - Expenditure and Income Analysed by Nature	43
Note 14 - Intangible Assets	44
Note 15 - Debtors	45
Note 16 - Cash & Cash Equivalents	45
Note 17 - Creditors	46
Note 18 - Provisions	46
Note 19 - Unusable Reserves	47
Note 20 - Cash Flow from Investing Activities	48
Note 21 - Cash Flow from Investing Activities	49
Note 22 - Members' Allowances	49
Note 23 - Officers' Remuneration	50
Note 24 - External Audit Costs	51
Note 25 - Grant Income	52
Note 26 - Related Parties	53
Note 27 - Capital Expenditure and Capital Financing	54
Note 28 - Defined Benefit Pension Scheme	54
Note 29 - Leases	59
Note 30 - Prior Year Adjustment	59
Annual Governance Statement 2020/21	60
Glossary	77
Independent Auditors' Report	822

Narrative Report

Organisational Overview and External Environment

Our Purpose

Transport for the North (TfN) is a statutory body of elected leaders and senior business representatives from across the North. Collectively, our members represent all the region's 15.4 million citizens and provide 'one voice' for the North on transport matters.

TfN is a symbol of the North's ambition and represents unprecedented collaboration toward a shared goal – to drive inclusive and sustainable economic growth and quality of life. We do this by identifying, making decisions on and planning the strategic transport infrastructure required to deliver an economic step change for the North. One that will leave a lasting legacy for future generations.

On 1 April 2018, after receiving parliamentary approval, we became a statutory body, the first of its kind in England.

The statutory powers that have been granted allow and empower us to:

- Develop and implement a Strategic Transport Plan for the North of England;
- Act as 'one voice' for the North, clearly communicating pan-Northern priorities to the Secretary of State for Transport;
- Coordinate and deliver smart ticketing systems across the North;
- Become a statutory partner in road and rail investment decisions, through the Rail North Partnership and Highways North Board;
- Oversee (jointly with the Department for Transport (DfT)) franchised rail services covering Northern and TransPennine Express franchises;
- Promote highways improvements of Northern significance, with the agreement of Government and relevant local transport and highway authorities; and
- Prioritise investment on the transport network.

Our primary function is to develop a long-term transport strategy for the North of England that will help to rebalance the UK economy and drive economic growth in the region. This has been done in the form of the Strategic Transport Plan published in 2019 – a robust blueprint to guide investment over the next 30 years.

Achieving statutory status was a landmark moment for devolution to our region. It ensures that Government is legally obliged to take into account the North's priorities when making transport infrastructure investment decisions.

Vision & Objectives

Our vision is of a thriving North of England where world class transport supports sustainable economic growth, excellent quality of life and improved opportunities for all.

We are making the case for strategic transport improvements across the whole of the North, which are needed to drive sustainable and inclusive transformational economic growth to rebalance the UK economy. We are doing this by looking at how poor transport infrastructure is holding back the North's economic potential, to provide an evidence-based case for investment.

By connecting the key economic areas of the North, we will drive growth, improve access to jobs and ensure the North is a great place to invest and live.

Our Plan

In February 2019, we published our Strategic Transport Plan (STP), which outlined our vision for a future transport network that would enable sustainable economic growth across the whole of the North.

Accompanying the STP is an ambitious, but deliverable, Investment Programme that will improve our roads and railways, ensuring we address the historic gap in investment and support the transformation of the North's economy.

Our initial ambitions in preparing the Strategic Transport Plan were determined by three core drivers:

1. Pursuing greater economic prosperity and wellbeing for those who live and work in the North
2. Connecting the key economic areas of the North will drive growth, improve access to jobs and ensure the North is a great place in which to invest and live
3. Identifying, making decisions on, and planning the strategic transport infrastructure required to deliver an economic step change for the North

The submission of our Strategic Transport Plan saw TfN fulfil one of the key functions under our statutory powers and marked a pivotal moment for the North. For the first time, the North has an investment blueprint – backed by our civic and business leaders – aimed at unleashing new levels of opportunity for future generations.

Summary of activity in 2020/21

The last year has delivered unprecedented challenges few could have predicted. The North's people and businesses have been rocked by the effects of the global pandemic and our transport network has formed part of an altogether different landscape due to prolonged Covid-related restrictions.

Previously crowded trains ran significantly below capacity, carrying key workers, with a strong focus on safety for passengers and train staff alike. The importance of freight movement across the North came to the fore and focus on walking and cycling infrastructure heightened as people explored different ways to stay local and active.

Notwithstanding the pandemic, throughout 2020/21 we stayed on track to deliver on the priorities of the North's civic and business leaders. A pragmatic partner to Government, we've spoken with one voice on a wide range of issues affecting the North. From ensuring rail services responded for those who relied upon them; to making strong, evidence-based cases for investment in our infrastructure, we have continued to deliver for the North's people.

Transport for the North's shared vision remains as resolute and relevant as ever as the nation looks to recovery. There has been excellent progress this year, with committed investment in some of our priorities and TfN being on the front foot of putting forward schemes that could be accelerated as part of our Economic Recovery Plan. TfN's main achievements in the year are summarised below:

- Agreed a single preferred way forward and phasing plan for NPR and submitted statutory advice to the DfT, pending completion of the Strategic Outline Case.
- Agreed and submitted to Government an Economic Recovery Plan (ERP) for the North, a prioritised pipeline of short-term investment projects to build back greener from the pandemic.
- Completed work to develop the Northern Transport Charter, endorsed by Board in 2020, setting out the future priorities and transport devolution in the North.
- Coordinated pan-Northern responses to a number of high-profile Government consultations including the Williams Review; Union Connectivity Review; National Infrastructure Commission's (NIC) Rail Needs Assessment; DfT's Decarbonising Transport: Setting the Challenge policy position paper; and Her Majesty Treasury's (HMT) Green Book Review.
- Developed a roadmap to recovery, supporting the rail industry in the response to Covid-19 to put passengers first and implement the Blake Jones recommendations.
- Updated a Major Roads Report, to be finalised and published following work on TfN's Decarbonisation Strategy, as well as continuing to support partners on promoting connectivity improvements and secure funding.
- Developed our first Freight and Logistics Strategy for the North, alongside a Decarbonisation Strategy to tackle surface transport emissions, for consultation in 2021/2.
- Launched research and insight programmes to support the STP, including research into the visitor economy and social exclusion; as well as publishing our future travel scenarios.

Summary of proposed activity in 2021/22

The year ahead will be one of rebuilding and recovery, 'building back better', but for the North it is also about catching up on decades of under investment, which, if pledges that have been made become commitments, greater investment in the north can become a key element 'levelling up'. Our 2021/22 Business Plan sets out how our activity for the year ahead will support these ambitions. Our prime activities for 2021/22 are:

- Rebuilding rail passenger numbers in the north as COVID-19 restrictions are lifted;
- Working with train operators, Department for Transport and Network Rail to get clarity on future rail investment while improving reliability on the railway given the historic infrastructure constraints;
- Completing and submitting the Northern Powerhouse Rail Strategic Outline Case following the publication of the Government's Integrated Rail Plan;
- Agreeing with DfT the governance for Northern Powerhouse Rail (NPR) as it moves into the next phase of development;
- Pursuing the Economic Recovery Plan with DfT's Acceleration Unit;
- Carrying out the Investment Programme Benefits Analysis, assessing how investment affects inclusivity and sustainability as well as economic activity; and
- Consulting on and completing our Decarbonisation Strategy ready for publication before COP26 (Conference of the Parties).

It should be noted, however, that uncertainties lie ahead. Firstly, a reduction in funding allocations year-on-year means the organisation will face challenges in achieving all of its ambitions in 2021/22.

Likewise, there remain unknowns at a national level. Several key Government policy decisions could significantly impact our work during the coming 12 months, shifting the context against which we operate. These include the anticipated publication of the Integrated Rail Plan for the North and Midlands; the Williams-Shapps Plan for Rail and creation of Great British Railways; the Levelling-Up White Paper; and anticipated Comprehensive Spending Review, all of which may have a bearing on our vision and role.

Despite these challenges, the North's leaders are committed to their pan-Northern objectives; continued collaboration; and securing a proactive and increased role in decision-making over the North's transport networks, whether through investment priorities or oversight of project delivery.

Governance

Transport for the North is a unique arrangement that sees Northern elected leaders and Local Enterprise Partnerships (LEPs) working together to speak to central government with a united voice.

Our Partnership Board is made up of elected and LEP representatives from all areas of the North, along with the Secretary of State for Transport and representatives from Highways England, Network Rail and HS2 Ltd. During the year the Board was chaired by an independent Chairman – John Cridland CBE. This body allows the North to speak with one voice on the transport infrastructure investment needed to boost the North's economy.

After nearly six years of service John Cridland CBE, TfN's Chair, indicated to the TfN Board on 9 June 2021 his intention to retire from the role. The board thanked John his work on behalf of TfN and his substantial contribution to the organisation since 2015. Councillor Louise Gittins will act as the Interim Chair until a new appointment is made.

The Partnership Board provides advice to the main decision-making body: the Transport for the North Board.

Business Model

TfN is a single-entity organisation, meaning we do not have a group-structure.

Our Business Plan for 2020/21, published in March 2020, set out TfN's Strategic Objectives and commitments for the year. That Business Plan can be downloaded here:

https://transportforthenorth.com/wp-content/uploads/TFTN_business_plan_20_21.pdf

The Business Plan was based around our four pan-Northern objectives, set out in the previous 'Vision and Objectives' section of this report.

In 2017 we established a framework to monitor and measure the progress and performance of TfN and ensure that we provide value for money. This framework focuses on two areas of performance:

1. **Organisational Key Performance Indicators:** these indicators measure our performance in the establishment of TfN as a Sub-National Transport Body and planning for the future. This includes ensuring we have the right capability and culture to deliver our vision.
2. **Programme Key Performance Indicators:** these indicators measure the performance of all our work programmes. There are four measures used to monitor the performance of our programme delivery: project scope; meeting programme objectives; milestone delivery; and budget. These are reported internally to our boards and externally through the Business Plan to demonstrate progress achieved in the previous year.

Delivering on Our Objectives

Our People: TeamTFN

Central to the success of our shared Northern goal is our team. We're proud of the talented, bright minds we attract and retain. Through our values-driven culture and shared goals, our diverse and dedicated employees are quick to adapt to the changing landscape in which we operate. We arm them with the tools and support to do so.

We are now in our fourth year of being an employer in our own right (since gaining statutory status). As such, our comprehensive suite of employment policies are now further developed and embedded and we continue to build our reputation as a best practice employer.

At the heart of this is our People Strategy, an all-encompassing plan that aims to ensure we have the right people, at the right time to deliver our organisational goals. This covers nurturing talent and rewarding our teams, as well as listening to their needs and responding where necessary - all of which are underpinned by our values of making a difference; collaborating; doing the right thing; and being driven to succeed.

This commitment to being among the best was demonstrated when we became among the first supporters of the Greater Manchester Good Employment Charter – an initiative aimed at developing good jobs and more opportunities for people to progress.

We hold ourselves to the same high standards as our peers across the North. As well as being an accredited Living Wage employer – an expectation of which extends to our supply chain - we're also an agile organisation, adopting family friendly working practices that mean our teams can work in different locations and at flexible times. Such agile and remote working practices mean we attract and retain talent from across the whole of the North. In return, we get the best out of people with a diverse range of backgrounds and experiences.

But we don't rest on our laurels. The importance of our employee voice, enshrined in our established Employee Forum and effective line management, has been further heightened with our #TeamTfN initiative. Based on the results of an organisation-wide survey, our ongoing action plan ensures TfN remains a great place to work. With everyone responsible for its delivery, it includes new and existing initiatives to promote teamwork, leadership, and health and wellbeing among other areas.

Recognising that everyone has the ability to shape and improve our organisation is a fundamental principle. Linked to this is our recognition of UNISON, with whom we regularly collaborate to support our teams regarding working practices and ensuring we always do the right thing.

Building on our status as Disability Confident employer, we've also established a Diversity sub-group – made up of employees - to make sure we reflect, embrace and celebrate the North's differences, and equip our teams to do so in practical ways.

Our TfN vision is based on creating opportunities. It is therefore only right that we hold true to this internally. We have transparent career pathways in place to unlock opportunities and give our people chance to grow with us. This complements the robust evaluation, reward, development and pay practices that nurture individuals in their career progression.

We embrace and open the door for the next generation of talent too. Our apprenticeships scheme provides school-leavers with the opportunity to develop in high-skilled and rewarding roles. We currently employ 4 apprentices (2.9% of our total workforce) which is ahead of the Government's 2.3% of all new starters target by March 2021. We're extremely proud of what our apprentices have achieved, with some going on to other opportunities within TfN, broadening their skillsets and experience.

Our Resourcing Plan:

As agreed by our Members, to maximise value for money we continue to minimise our reliance on external consultants' posts, wherever possible. This gives us certainty over resources and the balance of skillsets we can deploy. However, we are mindful of both the length of time needed to fill roles and the funding conditions within which we operate.

TfN is funded almost wholly by Government. In 2020/21 the uncertainty over future funding, along with the impact of COVID-19 and prioritisation of NPR modelling, caused some TfN activity to slow down or be rescheduled. Therefore, much of last year's planned recruitment was put on hold. As a result, TfN's staff numbers varied between 130-141 in the second half of the year, averaging 30 vacant posts.

Following the Comprehensive Spending Review in 2020, TfN received notice of in-year budget reductions and reduced core funding for 2021/22. This context of reduced resources has shaped our approach to the business planning process, ensuring we continue to progress and organise ourselves to best meet our organisational objectives, which are directed and approved by TfN's Board.

Our approach to people resourcing reflects these financial constraints, with a circa 14% reduction in our established posts. We have sought to manage this reduction, from 166 posts in 2020/21 to 142 posts in 2021/22, through removal of vacant posts where possible.

Furthermore, we continue to resource the NPR programme predominantly through service-based consultants, due to the nature of the one-year funding constraints, with potential for approximately 100 contractors working on the programme by the end of next year.

We will continue with this integrated approach to resourcing while only short-term funding commitment is available.

Covid-19 Pandemic

TfN moved to full remote working in line with Government advice on 17 March 2020. We made this decision to support our colleagues, their families, and the community as a whole, and thanks to our robust contingency plans we were able to operate effectively whilst navigating the changing situation. In common with many other organisations, we are currently implementing new ways of working based on employee feedback, which retains flexibility of working remotely but reunites colleagues for face-to-face collaboration. This will be fully implemented once Covid restrictions are lifted. We also remain in close contact with all our Members and partners, ensuring that, when we emerge from the current emergency, we will be ready to support our people, businesses and economy in the short-term and the long-term.

Robust Covid-19 processes, procedures and support mechanisms have been implemented to support employees and facilitate TfN's ongoing operations. An enhanced programme of internal communications has been introduced to keep employees well informed and supported, alongside a health & well-being (both physical & mental health) support programme. TfN has emphasised its pre-existing flexible working policies to support employees with carer's responsibilities and has regular HR business partner meetings with all line managers to support both employee welfare and on-going business operations/delivery.

The long-term impact of the pandemic is currently uncertain. As much as is possible and practical within the current context and allowing for changeable partner priorities which will inevitably impact our focus and the pace at which we work, TfN will continue its work as passionately as ever. Northern Powerhouse Rail will be a prominent area of activity for TfN in the coming year as we work with the Department for Transport (DfT) and partners to make key decisions on routes and submit a business case to Government during 2021 for the £39bn of investment needed to transform the North's economy.

Our Funding

Transport for the North has no powers to raise money from precepts and levies as most comparator transport authorities do. Instead, almost all of our funding is received in the form of grants from the DfT. This is reflective of the fact that TfN has, in the main, drawn down powers from central government that were previously funded through general taxation.

That grant funding principally comes in the form of discrete grant ring-fenced to specific areas of programme activity. Each year, the DfT also provides a general 'Core' funding grant that enables us to deliver on statutory obligations, to provide good governance and value for money, and fulfil our commitment to evidence-based decision making, whilst also resourcing some development activity.

Aside from this 'Core' grant and the Rail North grant that is made available to us to discharge our statutory functions, we earn grant support through bidding into the Department for development resources or passing business case gateway reviews to unlock funding for the delivery projects.

Where ring-fenced grants are unused, any unspent funding at the point that activity is completed will be returned to the DfT. Unused 'Core' grant allocations are taken to reserves and used to fund future period activity, reflecting that there are often timing differences between funding being provided and funding being required.

Initially, the DfT made grant available in 2020/21 to resource our opening gross base budget of £88.05m:

Resource	£m
Core Revenue Grant	10.00
General Fund Core Grant Reserves	1.29
Rail North Grant & Contributions	1.62
Contracted Income	0.36
Integrated and Smart Ticketing Grants	9.69
Transport Development Fund	42.82
	65.78
Contingency Envelopes	22.27
Net Resource Requirement	88.05

TfN was subsequently informed in January that its Core funding for 2020/21 would be reduced by £3m to £7m and that DfT would cease ongoing funding for the IST programme.

Our Medium-Term Financial Plan

Under statute, all local government bodies – including TfN – are required to operate to a locally defined reserves strategy that ensures that the organisation always holds a prudent level of reserves. Such reserves enable the organisation to operate with a degree of flexibility and guard against financial shock.

A prudent reserve strategy is particularly important to TfN as it has few other levers to mitigate financial risk. TfN's approach to managing financial risk therefore has to rest on two pillars:

- a) A prudent risk culture that ensures TfN limits its exposure to financial risk arising from contracting and business operations; and
- b) A prudent reserve strategy that ensures TfN always holds a level of cash at bank to guard against residual financial shock.

Practically, this means that TfN must work in collaboration with DfT and partners when entering into multi-year and high-risk transactions to ensure that the right balance of risk share is achieved. It also means that TfN's reserve strategy must be managed in conjunction with the use of the annual Core grant allocations. As Core grant is the only discretionary resource TfN holds that can fund expenditure, it follows that financial risk must primarily be managed through this resource.

Following discussions with the DfT when TfN was established as a statutory body, it was agreed that TfN would target a core cash balance of *no less than* £2m to be held as a cash reserve in any given year. The minimum of £2m was considered sufficient to allow for modest draws to be made in-year to meet un-budgeted opportunities that may arise, whilst also ensuring cash remained at bank to meet both unexpected costs and cash flow fluctuations.

From year to year, this reserve may be drawn upon in-year, or contributions made from surpluses, with adjustments being made in following years to replenish it. TfN accumulated General Reserves significantly in excess of this value during the period when it was being set up and mobilised as a statutory body.

During 2020/21 the Covid-19 pandemic, displacement of activity as a result of prioritising support for NPR and cost control measures put in place to address funding uncertainty led to increases in reserves that were offset by the £3m in-year reduction in Core grant. The Core grant reserve at the year-end was £6.46m.

TfN is faced with a significant quantum of activity that has had to be reprogrammed from 2020/21 into future years that will be funded from reserves carried forward as a result of the associated savings. This amounts to £1.5m in 2021/22. In addition, the £4m cut to TfN's Core funding has created a significant challenge in relation to the delivery of ongoing activity, even when the mitigations that have been agreed have been taken into account. The current high level of retained reserves in relation to the agreed minimum level provides TfN with the ability to sustain a run rate at levels above its Core funding allocation in the short- to medium-term. It was therefore agreed by the Board on 18 February that it would release £1.0m of reserves to support the delivery of TfN's ongoing activity in 2021/22.

These two reserve releases will still leave TfN with total Core Grant Reserves of £4.00m by the end of 2021/22, of which £3.50m will be General Reserve. At this level the Core Grant Reserves and the General Reserve equate to 66% and 58% of current annual Core funding respectively. As a result of TfN being 100% grant funded, TfN will not have sufficient certainty of funding to be able to finalise a medium-term financial strategy until after the 2021 CSR that is expected later in the year. However, reserves at this level should provide the organization with sufficient flexibility to address challenges as they arise.

Measuring our success in 2020/21

Qualitative Performance

In our 2020/21 Business Plan we set 16 Key Performance Indicators (KPIs) to ensure a culture of accountability and excellence for our organisation and our partners.

The KPIs were developed by:

- Reviewing our strategic, organisational and programme level objectives
- Understanding the actions needed to deliver those objectives
- Developing indicators to demonstrate the extent to which our actions are delivering changes
- Developing metrics to ensure that the changes can be measured

We have monitored our performance against these KPIs using a combination of qualitative and quantitative measures:

Area	KPI	Detail	Progress	Status
Corporate	1	Agree with Government the phasing and prioritisation of the Integrated Rail Plan for High Speed North. December 2020	Not delivered by the year end	
			TfN has submitted further statutory advice to Government on the Integrated Rail Plan. The Integrated Rail Plan (IRP) was expected to be published in December 2020.	
Northern Powerhouse Rail	2	Agree and submit Strategic Outline Case to Government. January 2021	Not delivered by the year end	
			In February, TfN Board endorsed the re-phasing of the SOC requested by DfT to allow for the IRP to be published, understood and responded to. SOC submission date is dependent on IRP publication and subsequent decision-making.	
Integrated and Smart Travel	3	Complete the delivery of the Integrated and Smart Travel on Rail Project (Phase 1). November 2020	Achieved	
			The Phase has been judged to have met its KPI with only minimal residual activity to be completed. Smartcards are available throughout the North. MerseyRail's Platform validators at their 66 stations are live. Northern has completed PVal installation at 92 of its 94 stations. Seven routes are live following DfT approval.	
Integrated and Smart Travel	4	Complete the delivery of Phase 2 of the Integrated and Smart Travel programme (informed customers). March 2021	Achieved	
			The Phase has met the KPI. The Fares Tool was handed over to DfT and is now being used nationally. The Disruption Messaging Tool (DMT) and Open Data Hub are being used by five City Region Local Transport Authorities (LTAs). The DMT contract has been assigned to DfT.	
Integrated and Smart Travel	5	Agree a plan for the delivery of contactless payments on rail, in collaboration with the DfT and Rail Delivery Group (Phase 3). December 2020	Cancelled	
			It is not possible for TfN to meet this KPI. There is no identified DfT funding to take this forward in the short/medium terms.	
Major Roads	6	Agree and approve the Transport for the North Major Roads Report. March 2021	Not delivered by the year end	
			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 TfN Decarbonisation Strategy and DfT's delayed National Transport Decarbonisation Plan. This will not	

Area	KPI	Detail	Progress	Status
			have any negative implications for other programmes.	
Strategic Rail	7	Implement the recommendations in the Blake-Jones review. June 2020	Achieved	
			The Blake-Jones Action Plan was approved at Rail North Committee in July 2020 and the team continues to embed the actions into the business as usual operating model. There are longer-term issues on funding for additional resource, and a response is awaited from DfT.	
Strategic Rail	8	Develop a TfN response to the Williams Review. Within three months of publication	Not delivered by the year end	
			A response to the Williams Review will be developed within three months of its publication. TfN is in the process of consulting partner organisations as to their priorities for our response.	
Strategic Rail	9	Support the industry and Rail North Partnership in the response to and recovery from Covid-19, including a strong focus on the needs of passengers and businesses, together with the short-term investment needed to support the recovery. March 2021	Achieved	
			TfN is proactively supporting the industry through the crisis and recovery, for example through the Rail North Officer Group (Operations). A plan to support the economic recovery by investment in infrastructure has been developed and submitted to DfT as part of the TfN Economic Recovery Plan and work has been completed on developing a "quick win" programme which has been shared with the DfT's Acceleration Unit.	
Investment Programme	10	Update and refresh the TfN Investment Programme, based on an agreed Assurance Framework and using the outputs of the Strategic Development Corridors Qualitative Sequencing process. September 2020	Achieved	
			The update of the Investment Programme following the qualitative sequencing process, and applying the developing Assurance Framework, has been achieved.	
Strategy	11	Develop a Decarbonisation Strategy for approval by the TfN Board and ensure that this is embedded in TfN's Investment Programme Assurance Framework. March 2021	Achieved	
			The draft strategy was approved at TfN Board on 24 March. The underpinning analysis is complete and ready to be applied in the Investment Programme Benefits Analysis work starting in April.	
Strategy	12	Develop an inclusive and sustainable growth framework that will sit alongside the Strategic Transport Plan and ensure that this is embedded in TfN's Investment Programme Assurance Framework. March 2021	Achieved	
			Following completion of KPI 16, TfN has developed the necessary Analytical Framework and supporting tools, scenarios and modelling capability to embed inclusive and sustainable growth into the assessment of the Investment Programme due to commence in April 2021.	
Strategy	13		Not delivered by the year end	

Area	KPI	Detail	Progress	Status
		Develop a Freight Strategy for approval by the TfN Board and ensure that this is embedded in TfN's Investment Programme Assurance Framework. March 2021	Work on the TfN Freight & Logistics Strategy is nearing completion and has been circulated to partner officers for review. The supporting evidence requires confirmation of HS2 plans through the IRP before the final strategy can be put to Board for approval.	
Modelling and Analysis	14	Complete and deploy the Analytical Framework throughout TfN's programmes. March 2021	Achieved	
			Technical Assurance Modelling and Economics (TAME) has recently deployed the Analytical Framework to support the NPR Strategic Outline Case, and a version of the Analytical Framework has been developed and tested in readiness for IPBA to start in April 2021. Further development and improvement of the suite of models is planned for the next financial year; and will be supported by TAME's partner contracts which are currently being procured.	
Organisation	15	Develop and provide a Comprehensive Spending Review (CSR) submission to Government. At date set by Her Majesty's Treasury	Achieved	
			A CSR submission was provided to the DfT on 28 August 2020 in line with departmental deadlines. On 21 October the Chancellor announced a revised one-year process to conclude at the end of November. TfN submitted a supplemental SR submission to the Department, reflecting the move to a single-year settlement, on 6 November.	
Organisation	16	Develop and adopt the Northern Transport Charter. June 2020	Achieved	
			The team completed work on the remaining Northern Transport Charter (NTC) proposals which were endorsed and adopted by the Board in July. There is now ongoing follow-on work about how to embed demonstrating TfN's capability for greater devolution in next year's business plan.	

Financial Performance 2020/21

Summary

In delivering the activity outlined in our qualitative performance we incurred expenditure of £57.83m.

This is lower than our budget (net of contingency) estimate of £65.79m, and principally relates to changes in the scope of programmes.

Our financial performance over the course of the year can be summarised as follows:

Total Net Expenditure	Actual £m	Budget £m	Variance £m
Revenue Programmes:			
Northern Powerhouse Rail	41.58	43.78	2.20
Major Roads	0.55	1.88	1.33
Integrated & Smart Ticketing	3.87	5.64	1.77
	<hr/> 46.00	<hr/> 51.30	<hr/> 5.30
Capital Programmes:			
Integrated & Smart Ticketing	4.53	4.05	(0.48)
Rail Operations	2.21	2.98	0.77
Operational Areas	5.09	7.46	2.37
	<hr/> 57.83	<hr/> 65.79	<hr/> 7.96

The reconciliation between this outturn and the CIES, which relates to statutory year-end adjustments, is detailed below.

Underspend in the Northern Powerhouse Rail programme was driven by a lower level of activity as a result of uncertainty pending the publication of the IRP. Underspend on the major roads programme relates to the deferral of the IPBA work into 2021/22. Underspend in the Integrated & Smart Ticketing (IST) programme was driven by a combination of lower than anticipated costs to complete programmes and curtailment of activity due to withdrawal of ongoing funding.

Where planned activity has now fallen into future financial periods, we have either reallocated in-year resource to other unfunded priorities or held over resource to future financial periods to be matched to re-planned activity.

Where previously planned draw-down of grant resource has not been required we have kept the DfT fully apprised of our requirements to ensure that resource earmarked to our programmes is safeguarded.

In meeting this expenditure, we applied grants received in year from the DfT and contributions from partners (£0.62m of Rail North Grant & contributions is from partners, the balance of £0.68m is received directly from the DfT as RNP Grant), grant held in reserve received in prior years along with a small amount of income generated from contracts for services provided to partner bodies:

Funding	Received In year £m	(To)/From Reserves £m	Total £m
Revenue Grant			
Core Grant	7.00	0.29	7.29
Transport Development Fund - Rail	40.63	0.00	40.63
Rail North Grants & Contributions	1.30	(0.03)	1.27
Integrated and Smart Ticketing Grant	1.19	2.68	3.87
	50.12	2.94	53.06
Capital Grant			
Integrated and Smart Ticketing Grant	3.81	0.73	4.53
	53.93	3.67	57.59
Contracted Income	0.24	0.00	0.24
	54.17	3.67	57.83

Over the course of the financial year TfN recognised funding totalling £57.83m. Grant received in year complements that grant held from the prior year. Both grants received in-year and grants held from prior years were used to fund expenditure.

Whether grant is used in-year depends on the level of expenditure, and whether that expenditure meets grant conditions. Dependent on the conditions placed on those grants, we hold unused allocations as either:

- Grants received in advance
 - Noting that there are conditions relating to initial recognition on these grants that mean they may have to be returned to the DfT 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

As at the year-end, unapplied grants held in this manner have decreased by £3.67m:

	2020/21 £m	Movement £m	2019/20 £m
Revenue Grants Received in Advance			
- Transport Development Fund - Road	0.01	0.00	0.01
	0.01	0.00	0.01
Usable Reserves			
Capital Grants Unapplied			
- Integrated & Smart Ticketing Phase 1 Grant	0.28	(0.02)	0.30
- Integrated & Smart Ticketing General Grant	0.00	(0.70)	0.70
	0.28	(0.72)	1.00
General Fund Revenue Reserves			
- Core Grant	6.17	(0.29)	6.46
- Devolved Powers (Earmarked)	0.50	0.00	0.50
- RNP Grant (Earmarked)	0.03	0.03	0.00
- Integrated & Smart Ticketing Grant (Earmarked)	1.25	(2.68)	3.93
	7.95	(2.94)	10.89
Total Usable Reserves	8.22	(3.67)	11.89
Total Resource	8.23	(3.67)	11.90

These grants will be applied to expenditure in 2021/22 and future accounting periods where possible or be returned to the DfT if it becomes likely that we will fail to comply with grant conditions.

The Core Grant allocations held in our General Fund Reserve provide the basis for our medium-term financial plan, enabling both a gradual draw on that resource to support key development aspirations and underpinning our risk mitigation around our sensitivity to financial shock.

Reconciliation Between the Management Outturn Income and Expenditure and the Comprehensive Income and Expenditure Statement (CIES)

The following table shows the differences between the management outturn position and those balances shown on the face of the CIES.

These variances arise due to differences between how we account for certain items under statute, and how we prepare the accounts under international accounting standards.

These differences principally arise around pensions accounting; capital accounting; the treatment of accumulated employee absence costs; and the treatment of grants received.

Income	£m	
Outturn Position	(57.83)	
Adjustments for:		
Pensions	(0.18)	In CIES not in outturn
Capital Funding from Reserves	0.73	In outturn not in CIES
Amounts taken (to)/from General Fund Balance:		
Revenue Funding from Earmarked IST Reserves	2.68	In outturn not in CIES
Use of Core Reserves	0.29	In outturn not in CIES
RNP Grant taken to Earmarked Reserves	(0.03)	In CIES not in outturn
CIES Balance	(54.35)	

Expenditure	£m	
Outturn Position	57.83	
Adjustments for:		
Amortisation	0.53	In CIES not in outturn
Pensions	5.99	In CIES not in outturn
Movement on Absence Provision	0.08	In CIES not in outturn
IST Capital - Phase 2	(1.29)	In outturn not in CIES
IST Intangible asset impairment – Phase 2	4.21	In CIES not in outturn
ERP Impairment	0.08	In CIES not in Outturn
CIES Balance	67.43	

Capital Accounting

- All expenditure is reported in our outturn, but capital expenditure is excluded from the CIES in line with generally accepted accounting practice.
- Amortisation of intangible assets is not included in the outturn. Amortisation costs are, however, shown in the CIES with the associated reduction in the value of assets.
- During 2020/21, the authority has recognised an impairment loss of £4.29m (2020: £4.323m) in relation to its intangible assets. The recoverable amount of the intangible assets has been reduced to their value in use, and £4.21m of the impairment loss charged to the Integrated Smart Ticketing line in the Comprehensive Income and Expenditure Statement. The assets have been impaired since there will be no further funding from DfT and the assets will no longer be available for use by TfN.
- The differences between the outturn and accounting standards are reflected in the unusable Capital Adjustment Account Reserve.
- The reduction in the Capital Adjustment Account represents the impairment of the asset (post amortisation).

Pensions Accounting

- A fundamental difference exists between the values TfN is required to expend via its Pension Fund under statute, and the expenditure TfN is required to recognise in the CIES under accounting standards.

- Principally, the outturn reflects employers' pensions contributions which are calculated under statute and reviewed as part of the actuary's triennial valuation.
- Accounting standards, however, require these costs to be removed from the face of the CIES and replaced with charges calculated under those standards.
- These charges include gains and losses on the values of pension fund assets and liabilities as valued at the accounting date. This matter can lead to volatile pensions adjustments on the face of the CIES as underlying bond market prices fluctuate.
- The differences between the outturn and accounting standards are reflected in the unusable Pensions Reserve.

Accumulated Absences

- Accounting standards require the costs of untaken leave as at the year-end to be shown in the CIES with an associated balance sheet entry in creditors.
- These values are not shown in the management accounts as they do not give rise to a cost.
- The differences between the outturn and accounting standards are reflected in the Accumulated Absence Reserve.

Grant Treatments

- The management accounts show those grants applied to expenditure in-year. This results in a balanced outturn position where income matches expenditure.
- Accounting standards require us to treat grants as income received through the CIES where the conditions of use have been met, even if the resource has not been applied to expenditure. This treatment effects RNP Grant unapplied which has been recognised in the CIES and taken to the General Fund. Similarly, as above where core and IST expenditure has been funded from reserves, no income is recognized through the CIES.

The balance sheet as at the 31 March 2021 recognises these reserves and unapplied grants, along with our other financial transactions.

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	0.51	Capital Adjustment Account	0.00
	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 Revenue Grants	(1.25)
Creditors	(10.47)	Devolved Powers Reserve	(0.50)
	(22.44)	RNP Grant Reserve	(0.03)
		General Fund Reserve	(6.17)
			(8.22)
Net Liabilities	(3.91)	Reserves	3.91

Year-on-year variances highlight key issues that have arisen during the year. The following table highlights that although net assets under control have reduced by £13.08m to a net liability of £3.91m, there have been a number of notable movements:

Net Assets	2020/21	2019/20	Variance
	£m	£m	£m
Assets			
Cash & Equivalents	18.02	19.31	(1.29)
Intangible Asset	0.00	3.53	(3.53)
Debtors	0.51	0.60	(0.10)
	18.53	23.44	(4.92)
Liabilities			
Provisions	(0.07)	(0.13)	0.06
Grants Received in Advance	(0.01)	(0.01)	(0.00)
Pension Liability	(11.89)	(6.08)	(5.81)
Creditors	(10.47)	(8.05)	(2.42)
	(22.44)	(14.27)	(8.16)
	(3.91)	9.17	(13.08)

Cash and cash equivalents have reduced on the prior year in part due to meeting the costs of the IST programme from grants received in the prior year. They remain at a level commensurate with accruals, grants received in advance and cash backed reserves. These cash balances will reduce as invoices related to those payables are received and settled, in year IST wind down costs are met, IST grants are repaid to the Department and cash reserves are required to fund in year activities.

Of more significant note are the movements associated with intangible assets and the pensions liability.

Transport for the North's intangible assets consist of its Enterprise Resource Planning (ERP) system and the complex information systems being developed within the Integrated and Smart Ticketing programme.

At the beginning of the financial year Transport for the North recognised intangible assets at £3.53m. At the end of the financial year, despite additions of £1.29m that balance had reduced by £4.82m to £Nil due to amortisation and impairment:

Intangible Assets	2020/21	Additions	Reductions	2019/20
	£m	£m	£m	£m
<u>Integrated & Smart Ticketing</u>				
Phase 2 - Customer Information	0.00	1.29	(4.47)	3.18
ERP System	0.00	0.00	(0.35)	0.35
	0.00	1.29	(4.82)	3.53

Intangible assets reduced for two reasons:

1. The ERP system was amortised in line with adopted accounting policies aligned to the length of the contract for the system's usage; and
2. DfT's cessation of IST funding referenced above has driven an impairment review of all the Phase 2 intangible assets. The fares data tool and the disruption messaging tool will be retained within the public sector, having been transferred to DfT. The open data hub will be operated by TfN for

the year to 31 March 2022 at which point it will either be transferred to DfT or, if DfT have developed their own tool, will cease to be operational.

The second prominent movement recognised in-year reflects the net £5.8m increase in TfN's pension liability. The pension liability shown on the balance sheet recognises the estimated net deficit of the future pensions payable to past and current employees.

This liability is measured in accounting terms and can vary dramatically from the actuarial forecasts and the pension fund's strategy for managing the future pension entitlements. This is due, in part, to the basis on which the accounting is performed; notably valuing the net assets and future liabilities on the basis of market conditions at the date of valuation.

The main issue that has impacted on the valuation of the net liability as at the end of the financial year is the reduction in the real discount rate (discount rate net of inflation) that is used to value scheme assets and liabilities. The reduction in real discount rate is due to a combination of lower discount rate assumption and a significantly higher CPI assumption. This effect is made more pronounced by the profile of TfN's liabilities as a result of having very few pensioners and a much larger proportion of younger active members as a proportion of the total than would be the case in most other authorities.

Partially mitigating the increase in the liability is the fund's performance over 2020/21 which has increased with returns on investments of +21.4%. This performance recognises, in part, the valuation of the fund portfolio at the 31st March 2020 as the Covid-19 pandemic impacted upon financial markets. In addition, in response to the last triennial valuation, TfN's employer's contributions increased by 14% in 2020/21, although the nature of the accounting valuation is such that this has a minimal impact in the deficit recorded on the balance sheet.

These major movements, along with Transport for the North's revenue and capital underspends for the year, effect the reserves position. Reserves are differentiated between those that are 'usable' and 'unusable'.

Usable reserves reflect uncommitted funds that can be applied to future expenditure. Usable reserves are generally differentiated on two points: whether they are earmarked to specific activity or available for general use; and whether they are available to fund capital or revenue activity. Unusable reserves are generally held to manage statutory adjustments to general accounting practice; normally to avoid capital and pensions accounting adversely impacting upon the General Fund balance.

As at the end of financial year 2020/21 Transport for the North's reserve position can be summarised as changing by £13.09m, reflecting the movement in net-assets:

Reserves	2020/21 £m	2019/20 £m	Variance £m
<u>Unusable Reserves</u>			
Absence Reserve	0.24	£0.16	0.08
Capital Adjustment Account	0.00	(3.53)	3.53
Pension Reserve	11.89	6.08	5.81
	12.13	2.71	9.42
<u>Usable Reserves</u>			
Capital Grants Unapplied	(0.28)	(1.00)	0.72
General Fund			
Earmarked Revenue Grants	(1.25)	(3.93)	2.68
Devolved Powers Reserve	(0.50)	(0.50)	0.00
RNP Grant Reserve	(0.03)	0.00	(0.03)
General Fund Reserve	(6.17)	(6.46)	0.29
	(7.95)	(10.89)	2.94
	(8.22)	(11.89)	3.67
	3.91	(9.18)	13.09

The movement in the capital adjustment account relates to the amortisation and impairment of the intangible assets referenced above.

The increase in the forecast net estimated deficit on future pensions payable is reflected in the increase in the unusable pensions reserve. This movement is made to avoid the adverse position impacting on the General Fund reserve. Instead, the pensions liability will be made good in time through long-term portfolio performance and, where necessary, increases in employer pension contributions.

Lower than anticipated expenditure in the year was offset by a reduction of in-year core grant, resulting in a draw on core grant of £0.29m in 2020/21.

Looking Ahead to 2021/22 and Beyond

We are extremely proud to be the first Sub-National Transport Body with statutory powers and we continue to be a strong and unified voice for the North on behalf of our constituent authorities and 15 million citizens.

We do this by employing the brightest minds who have a passion for our mission to create more opportunities. This passion and commitment is essential if we are to achieve our strategic goals and deliver against our plans outlined in our Business Plan.

Our adopted Business Plan for 2021/22 details what we have achieved in the last year, but it also looks ahead, providing direction for our teams and representing the priorities of the Northern leaders who make up our governance. Whilst our STP and accompanying Investment Programme have a long-term common goal, a sustained pipeline of infrastructure investment is needed. That means our vision being underpinned by short, medium and longer-term plans that advance wide-ranging interventions right across the North.

One key area of current policy uncertainty is the Integrated Rail Plan for the North and Midlands, which should help to shape next steps in relation to the NPR programme. The publication of the plan has been delayed and is expected shortly.

The forthcoming year presents both opportunities and challenges. With the Williams-Shapps Review into the UK railways having proposed a new model for how the system is run, TfN will respond to and work with the Government to make the case for our Northern leaders to play an increased and integral role in the future of the new Great British Railways. Our role in operational rail will continue to be a key area of focus and resources.

Further work will also be carried out on the Northern Transport Charter – a blueprint for further devolution to the North. This will continue the strategic planning exercise with our partners regarding TfN's future role and informing our submission to the anticipated Comprehensive Spending Review.

Financial Planning 2021/22

Transport for the North is subject to essentially the same regulatory framework as its local transport authority and combined authority partner bodies. This framework confers upon the organisation an obligation, a balanced-budget requirement, and also the need to adopt a reserve strategy.

These requirements, together with our relationship with the DfT, set the parameters within which we will manage our operations in relation to funding.

The 2020/21 business planning process identified our key strategic priorities and identified a common 'golden thread' from strategy to delivery. This 'golden thread' ensured that when detailed individual departmental plans were being designed and objectives set, there was a common and coordinated approach to delivery across the organisation. These common goals are what underpin the expenditure profile and budget for 2020/21.

These budgets are underpinned by the reserves strategy, which serves as our back-stop mitigation against financial risk.

Value for Money

We recognise the requirement to deliver our programme of works efficiently and effectively. The procurement of goods and services from external suppliers represents a major element of our expenditure. In order to ensure value for money, we have implemented a procurement framework that requires that the procurement of goods or services includes a competitive process that is appropriate to the value and complexity of the services/products and also minimises barriers for suppliers to participate in such exercises.

As both the scope and scale of the organisation's activities expands, we have recognised the need to provide additional procurement and contracting support to ensure that we are sufficiently resourced to discharge our obligations in this area.

Expenditure

In order to deliver the activity, set out in our Business Plan, we have a total budgeted expenditure for 2021/22 of £78.70m. This includes £51.64m of underlying programme expenditure, £18.52m of programme contingency; £5.38m of expenditure on core operations; and £3.16m of expenditure on rail operations. As a Sub-National Transport Body, we are unable to recover VAT on our purchases of goods and services.

In 2021/22 it is expected that there will be three elements of the programme budget:

Programme	£m
Integrated & Smart Ticketing	1.52
Northern Powerhouse Rail	48.48
Major Roads (Strategic Development Corridors)	1.64
	51.64

In addition, the NPR programme budgets include a contingency of £18.52m, held by DfT to manage risk and exploit opportunities that may arise during the year.

The operational budget covers the functions of the back, middle, and front offices of the organisation along with the business infrastructure. We are subject to the same regulatory environment as local and combined authorities and must discharge our responsibilities as an autonomous body. We must also act in accordance with the Memorandum of Understanding that TfN has with DfT.

Accordingly, the activity carried out within these areas represents the required enabling functions familiar to all public sector organisations, but also the teams that develop and deliver upon much of our aspirations. The total value of the operational budget is £5.38m, with the expenditure falling as follows:

Core Operational Area	£m
Leadership	0.31
Finance & Business Systems	1.01
Business Capabilities	3.09
Strategy & Policy	2.51
Gross Total	6.92
Recharges to Programmes	(1.54)
Net Total	5.38

Transport for the North also differentiates the expenditure incurred in delivering upon its statutory duties towards the North's rail franchises from the rest of its expenditure. This differentiation is drawn to reflect the different governance and funding streams associated with this activity, along with its high-profile nature.

The work of the Rail North Partnership team and Transport for the North's Strategic Rail team are grouped under the headline title of 'Rail Operations':

Rail Operations	£m
Strategic Rail Team	1.80
Rail North Partnership Team	1.36
	3.16

Transport for the North will remain almost entirely funded by grants from the DfT. Aside from a £6m Core grant funding allocation, this funding is ring-fenced for the purpose for which it has been allocated and in the main can only be drawn down as and when it is required. The funding that we are able to draw on during the year to pay for our budgeted expenditure is as follows:

TfN Funding	2020/21	
	£m	%
Core Grant	6.00	8%
Integrated & Smart Ticketing Grant	1.52	2%
Transport Development Fund - NPR	67.00	85%
Rail Operations Grants, Contributions & Traded Income	1.65	2%
Use of Reserves	2.54	3%
Total Resource	78.70	

The updated reserves strategy set out in the 2021/22 Budget report forecast a year-end General Fund Reserve of £6.54m, created from Core Grant underspends in prior years. It was agreed that £2.54m of this balance be drawn upon in 2021/22 to help meet the spike in the cost-base that will occur in year, including delivering the IPBA work and other non-repeating costs. This, along with specific earmarking, would reduce the reserve levels to £4m by the end of 2021/22, with further draws in subsequent years.

Draws upon the General Fund Reserve at this level are unsustainable beyond the medium-term. As inflation increases the amount of the Core Grant that is used to fund employee costs, there will be pressure to reduce discretionary expenditure.

Transport for the North notes the potential for a Spending Review in mid to late 2021 and will seek to feed into that exercise to press for a revised funding settlement that reflects inflationary pressures and the growing maturity of the organisation's activities and aspirations.

Financial Outlook

Transport for the North is almost entirely funded by the DfT. This means that we are particularly sensitive to the government funding cycles and decisions, both in terms of the quantum and the time period over which funding is granted.

On 28 October 2020, the government announced that, due to the ongoing uncertainty created by the Covid-19 pandemic, it would undertake a one-year Comprehensive Spending Review (CSR) rather than the three-year exercise that it had originally intended.

Following the conclusion of that process, TfN received a letter from the Department for Transport ("DfT") on 4 January. In addition to an in year reduction in Core Grant from £10m to £7m, this set out a reduced funding envelope for 2021/22 including a 40% cut to its Core funding allocation from £10m to £6m, and the cessation of funding for the IST programme. At the same time the funding allocation for the Northern Powerhouse Rail programme was increased from £59m to £67m, although the conditionality attached to this funding (arising both from the current uncertainties regarding the IRP and the normal departmental approvals required for any commitment) means that it is not possible to be certain as to the full extent of the eventual draw down.

This means that TfN only has funding certainty until the end of 2021/22. However, a multi-year CSR is considered to be likely in mid to late 2021, and TfN is already in the process of developing its proposals in advance of any submission being required.

To enable us to continue to deliver our functions as a 'going concern' we are party to a Memorandum of Understanding (MoU) with the DfT which, amongst other things, provides us with sufficient comfort that we are able to plan on a going concern basis.

Furthermore, the MoU commits the Department to an orderly wind-down of our financial affairs should the government make a future decision to either withdraw or reduce our funding allocations.

We have also sought to limit our exposure to potential changes in our discrete programme funding by ensuring that we do not make financial commitments in excess of the funding commitments made to us by government.

Statement of Responsibility for the Accounts

Transport for the North's responsibilities

Transport for the North is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. In Transport for the North that officer is the Finance Director
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Finance Director's responsibilities

The Finance Director is responsible for the preparation of the Statement of Accounts for Transport for the North in accordance with proper practices as set out in the *CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom* (the Code). In preparing this Statement of Accounts, the Finance Director has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Code.

The Finance Director has also:

- kept proper accounting records which were up to date, and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Finance Director

I certify that the Statement of Accounts gives a true and fair view of the financial position of the organisation at the accounting date and of the income and expenditure for the year ended 31 March 2021.

.....

Iain Craven
Finance Director
7 July 2021

Chairman's certificate

I certify that the Statement of Accounts for the year ended 31 March 2021 was approved at the meeting of the Board on xx xxx 2021.

Signed on behalf of Transport for the North

[xxxxxx]
Chairman of Board
xx xxxx 2021

Financial Statements and Disclosure Notes

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from grants and other income. TfN generates income to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost.

2019/20				2020/21		
Expenditure	Income	Net		Expenditure	Income	Net
£000	£000	£000	Notes	£000	£000	£000
1,500	(11)	1,489		592	-	592
			Major Roads Programme (Strategic Development Corridors)			
28,077	(26,932)	1,145		41,708	(40,637)	1,071
12,181	(9,850)	2,331		11,635	(3,977)	7,658
			Northern Powerhouse Rail			
			Integrated and Smart Ticketing			
2,138	(1,243)	895		2,406	(1,541)	865
			Rail Operations			
6,582	(0)	6,582		5,908	-	5,908
			Operational Areas			
50,478	(38,036)	12,442	Cost of Services	62,249	(46,155)	16,094
234	(234)	0	11	325	(181)	144
			Financing and Investment Income and Expenditure			
0	(10,940)	(10,940)	12	0	(8,013)	(8,013)
			Taxation and Non-Specific Grant Income			
50,712	(49,210)	1,502	Surplus or Deficit on Provision of Services	62,574	(54,349)	8,225
		1,009	28			4,857
			Remeasurement of the net defined benefit liability / asset			
		1,009	Other Comprehensive Income and Expenditure			4,857
		2,511	Total Comprehensive Income and Expenditure			13,082

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by TfN, analysed into 'usable reserves' that can be used to resource expenditure alongside income received in year and other 'unusable reserves'. The Statement shows how the movements in year of TfN's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to income for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Grants Un-applied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2020	(6,457)	(4,428)	(10,885)	(1,002)	(11,887)	2,714	(9,173)
Movement in reserves during 2020/21							
(Surplus) or deficit on the provision of services	8,225		8,225		8,225		8,225
Other Comprehensive Income / Expenditure						4,857	4,857
Total Comprehensive Income and Expenditure	8,225	0	8,225		8,225	4,857	13,082
Adjustments between accounting basis and funding basis under regulations (see note 9)	(5,286)		(5,286)	725	(4,561)	4,561	0
Net (Increase) or Decrease before Transfers to Earmarked Reserves	2,938	0	2,938	725	3,663	9,418	13,082
Transfers (to) / from Earmarked Reserves (see note 10)	(2,648)	2,648	0	0	0	0	0
(Increase) or Decrease in 2020/21	291	2,648	2,938	725	3,663	9,418	13,082
Balance at 31 March 2021	(6,166)	(1,781)	(7,947)	(277)	(8,224)	12,132	3,908

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Grants Un-Applied Account (Restated) £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2019	(5,577)	(1,944)	(7,521)	(2,106)	(9,627)	(2,057)	(11,684)
Movement in reserves during 2019/20							
(Surplus) or deficit on the provision of services	1,502		1,502		1,502		1,502
Other Comprehensive Income / Expenditure						1,009	1,009
Total Comprehensive Income and Expenditure	1,502	0	1,502		1,502	1,009	2,511
Adjustments between accounting basis and funding basis under regulations (see note 9)	(4,866)		(4,866)	1,104	(3,762)	3,762	0
Net (Increase) or Decrease before Transfers to Earmarked Reserves	(3,364)	0	(3,364)	1,104	(2,260)	5,875	2,511
Transfers (to) / from Earmarked Reserves (see note 10)	2,484	(2,484)	0	0	0	0	0
(Increase) or Decrease in 2019/20	(880)	(2,484)	(3,364)	1,104	(2,260)	4,771	2,511
Balance at 31 March 2020	(6,457)	(4,428)	(10,885)	(1,002)	(11,887)	2,714	(9,173)

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by TfN. The net assets (assets less liabilities) are matched by the reserves held by TfN.

Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'adjustments between accounting basis and funding basis under regulations'.

31 March 2020			31 March 2021
£000	Notes		£000
3,529	14	Intangible Assets	0
3,529		Long Term Assets	0
599	15	Short-Term Debtors	505
19,307	16	Cash and Cash Equivalents	18,021
19,906		Current Assets	18,526
(8,046)	17	Short-Term Creditors	(10,467)
(126)	18	Provisions	(68)
(10)	26	Grants Receipts in Advance - Revenue	(10)
(8,182)		Current Liabilities	(10,545)
(6,080)	28	Pension Liability	(11,889)
(6,080)		Long term Liabilities	(11,889)
9,173		Net Assets	(3,908)
(11,887)		Usable Reserves	(8,224)
2,714	19	Unusable Reserves	12,132
(9,173)		Total Reserves	3,908

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of TfN during the reporting period. The statement shows how TfN generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. Cash flows from operating activities cover the inflows and outflows from TfN's regular business activities, and do not include investing activities (such as the purchase of assets) or financing activity (such as borrowing and cash management activities). Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery, such as the intangible assets under development. As TfN does not have powers to access credit – such as loans and overdrafts – it does not have cash flows relating to financing activities.

2019/20		2020/21
£000		£000
1,502	Net (surplus) or deficit on the provision of services	8,225
(9,082)	Adjustment to surplus or deficit on the provision of services for noncash movements	(8,514)
940	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	1,013
(6,641)	Net cash flows from operating activities	724
1,705	Net cash flows from investing activities	561
(4,936)	Net (increase) or decrease in cash and cash equivalents	1,286
14,371	Cash and cash equivalents at the beginning of the reporting period	19,307
19,307	Cash and cash equivalents at the end of the reporting period	18,021

Note 1 - Expenditure and Funding Analysis

The Expenditure and Funding Analysis (EFA) Statement shows how annual expenditure is used and funded from resources (principally grants) by TfN in comparison with those resources consumed or earned by the organisation in accordance with Generally Accepted Accounting Practices ("GAAP").

It also shows how this expenditure is allocated for decision making purposes between the TfN management and reporting areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

Net Expenditure Chargeable to the General Fund Balance	2019/20 Adjustments (see note 2)	Net Expenditure in the Compre- hensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund Balance	2020/21 Adjustments (see note 2)	Net Expenditure in the Compre- hensive Income and Expenditure Statement
£000	£000	£000	£000	£000	£000
1,415	74	1,489	546	46	592
		Major Roads Programme (Strategic Development Corridors)			
961	184	1,145	950	121	1,071
		Northern Powerhouse Rail			
(1,984)	4,315	2,331	2,679	4,979	7,658
		Integrated and Smart Ticketing			
619	276	895	680	185	865
		Rail Operations			
5,731	851	6,582	5,085	822	5,908
		Operational Areas			
6,742	5,700	12,442	9,940	6,154	16,094
		Net Cost of Services			
(10,106)	(834)	(10,940)	(7,002)	(867)	(7,869)
		Other Income and Expenditure			
(3,364)	4,866	1,502	2,938	5,286	8,225
		Surplus or Deficit on Provision of Services			
(7,521)		Opening Combined General Fund Balance	(10,885)		
(3,364)		Plus / less Surplus or Deficit on the General Fund Balance for the Year (Statutory basis)	2,938		
(10,885)		Closing Combined General Fund Balance	(7,947)		

Note 2 - Note to the Expenditure and Funding Analysis

2020/21	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Total Adjustments
	£000	£000	£000	£000
Major Roads Programme (Strategic Development Corridors)	0	41	5	46
Northern Powerhouse Rail	0	113	8	121
Integrated and Smart Ticketing	4,913	68	(2)	4,979
Rail Operations	0	173	12	185
Operational Areas	354	411	57	822
Net Cost of Services	5,267	806	80	6,154
Other Income and Expenditure	(1,013)	146	0	(867)
	4,254	952	80	5,286
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement				
2019/20	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Total Adjustments
	£000	£000	£000	£000
Major Roads Programme (Strategic Development Corridors)	0	71	3	74
Northern Powerhouse Rail	0	173	11	184
Integrated and Smart Ticketing	4,091	231	(7)	4,315
Rail Operations	0	265	11	276
Operational Areas	248	594	9	851
Net Cost of Services	4,339	1,334	27	5,700
Other Income and Expenditure	(940)	106	0	(834)
	3,399	1,440	27	4,866
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement				

Adjustments for capital purposes – this column adds in amortisation and impairment in the services line.

Other Income and Expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices.

Net Change for the Pensions Adjustments - Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income.

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

- For Other Income and Expenditure – the net interest on the defined benefit liability is charged to the CIES.

Note 3 - Accounting Policies

General principles

The statement of accounts summarises TfN's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. TfN is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015, which those require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act. The accounting convention adopted in the statement of accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Going Concern Basis

TfN accounts for its operations on a going concern basis. This assumes that TfN will continue in operation for the foreseeable future.

TfN is party to a Memorandum of Understanding (MoU) with the Department for Transport that gives it the required comfort that it will continue to receive the necessary funding to discharge its statutory obligations into the future. Furthermore, the MoU commits the Department to an orderly winddown of TfN's affairs should future decisions be made by Government that either end or reduce TfN's funding.

Qualitative Characteristics

The usefulness of financial statements is enhanced if they are comparable between similar organisations and between financial years. The Code of Practice promotes comparability by designating the form and content of the financial statements.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments is accounted for as income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Prior period adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, ie in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Operating leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense to the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a rent-free period at the commencement of the lease).

Events After the Reporting Period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period, and the date the Statement of Accounts is authorised for issue.

Two types of event can be identified:

1. Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts are adjusted to reflect such events.
2. Those that are indicative of conditions that arose after the reporting period – the financial statements are not adjusted to reflect such events, but where a category of events would have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the financial statements.

Financial Instruments

Financial liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at cost and are carried at their amortised cost.

Financial assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. TfN holds financial assets measured at amortised cost. TfN's business model is to hold financial assets to collect contractual cash flows. Financial assets are therefore classified as amortised cost.

Government Grants & Contributions

Whether paid on account, by instalments, or in arrears, government grants and third-party contributions and donations are recognised as due to TfN when there is reasonable assurance that:

- TfN will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to TfN are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as liabilities. When conditions are satisfied, the grant or contribution is credited to the relevant

service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

When capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. When it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Overheads and Support Services

Costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance.

Principally, programme areas in receipt of permissive discrete grant will be recharged for the incremental costs of support teams on a calculated basis as agreed by the Finance Director.

Provisions

Provisions are made where an event has taken place that gives TfN a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the authority has an obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the Comprehensive Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

Reserves

Specific amounts are set aside as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund. When the expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the (Surplus) / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

Certain reserves are kept to manage the accounting processes for non-current assets and retirement benefits, and do not represent usable resources for TfN.

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year.

Where TfN has determined to meet the cost of this expenditure from existing capital resources a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the usable reserves of TfN.

Value Added Tax (VAT)

TfN neither provides services for consideration nor is able to recover the VAT incurred on expenditure.

Costs are shown gross of VAT within the relevant service lines on the face of the CIES.

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by TfN as a result of past events (e.g. software development) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to TfN.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and TfN will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset.

TfN determines a project to be technically feasible when it has passed an outline business case government approval gateway, or another appropriate review point undertaken by suitably qualified professionals.

Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise TfN's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by TfN can be determined by reference to an active market. In practice, no intangible asset held by the authority meets this criterion, and they are therefore carried at amortised cost. Where an intangible asset has an indefinite useful life, it shall not be amortised. Instead, it will be reviewed annually for impairment.

An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact

on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Employee Benefits

Benefits Payable During Employment

Short term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to TfN.

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by TfN to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. They are charged on an accruals basis to the appropriate service segment in the Comprehensive Income and Expenditure Statement at the earlier of when TfN can no longer withdraw the offer of those benefits or when TfN recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by TfN to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of TfN are enrolled in the Local Government Pension Scheme (LGPS). TfN pays an employer's contribution into the Greater Manchester Pension Fund, which is a fully funded defined benefit scheme administered by Tameside Metropolitan Borough Council.

The liabilities of the Greater Manchester Pension Fund attributable to TfN are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate advised by the actuary as specified in the defined benefit pension scheme note.

The assets of the Greater Manchester pension fund attributable to the authority are included in the Balance Sheet at their fair value:

1. quoted securities – current bid price
2. unquoted securities – professional estimate
3. unitised securities – current bid price
4. property – market value.

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
 - o current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - o past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement
 - o net interest on the net defined benefit liability (asset), ie net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
 - o the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the pensions reserve as other comprehensive income and expenditure – actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the pensions reserve as other comprehensive income and expenditure.
 - o contributions paid to the TfN pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees

Discretionary benefits

The authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Note 4 - Accounting Standards that have been issued but not yet adopted

The 2021/22 Code of Practice on Local Authority Accounting includes the following standards that have been issued but not yet adopted:

- a. Definition of a Business: Amendments to IFRS 3 Business Combinations
- b. Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- c. Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

TfN are of the view that the accounting standards mentioned above will have no significant impact.

Note 5 - Critical Judgements in Applying Accounting Policies

In applying the Accounting Policies, the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are as follows:

- As the majority of TfN funding comes from grants awarded by the Department for Transport, a key judgement is whether the grants include conditions or restrictions which impact on the recognition of these grants through the Comprehensive Income and Expenditure Statement.
- Costs in respect of the development of the complex information systems for Phase 2 of the Integrated and Smart Ticketing programme are identified as Assets under Development within Intangible Assets up until such point as they are ready for use and move to Operational Assets.
- Further to the decision to cease funding for the IST programme, all Phase 2 Intangible Assets have been impaired in the year as it has no value in use once the funding is ceased and the asset is to be transferred to the Department of Transport for no consideration.

Note 6 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by TfN about the future, or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Pension Liability

Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are expected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. TfN engaged Hymans Robertson LLP as consulting actuaries to provide expert advice as to the assumptions to apply.

The effect on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the Real Discount Rate would increase the defined benefit obligation by almost £3.349m. However, the assumptions interact in complex ways; details of the sensitivities are set out in Note 28.

Note 7 - Material Items of Income and Expense

In its correspondence of 4 January 2021, DfT confirmed the cessation of funding for the IST programme. Without ongoing funding, the assets within these programmes, that TfN had been carrying as Intangible Fixed Assets, were either transferred or anticipated to be transferred back to DfT.

In recognition of these decisions, Transport for the North impaired these capitalised assets (recognised in 2019/20) and charged the costs to the Consolidated Income and Expenditure Statement. An

adjustment, equivalent to this impairment, has been made, via the Movement in Reserves Statement (MIRS), to restate the General Fund.

Note 8 - Events After the Reporting period

The Statement of Accounts was authorised for issue by the Finance Director on 7 July 2021. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 9 - Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by TfN in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to TfN to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that TfN is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that TfN is required to recover) at the end of the financial year.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which TfN has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2020/21	General Fund Balance	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:			
Pension cost (transferred to (or from) the Pensions Reserve)	(952)		952
Holiday pay (transferred to the Accumulated Absences reserve)	(80)		80
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(4,254)		4,254
Total Adjustments to Revenue Resources	(5,286)	0	5,286

Adjustments between Revenue and Capital Resources			
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	0	725	(725)
Total Adjustments between Revenue and Capital Resources	0	725	(725)
Total Adjustments	(5,286)	725	4,561

2019/2020	General Fund Balance	Capital Grants Unapplied (Restated)	Movement in Unusable Reserves
	£000	£000	£000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:			
Pension cost (transferred to (or from) the Pensions Reserve)	(1,440)		1,440
Holiday pay (transferred to the Accumulated Absences reserve)	(27)		27
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(4,840)		4,840
Total Adjustments to Revenue Resources	(6,307)	0	6,307
Adjustments between Revenue and Capital Resources			
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,442	1,104	(2,546)
Total Adjustments between Revenue and Capital Resources	1,442	1,104	(2,546)
Total Adjustments	(4,866)	1,104	3,762

Note 10 – Movement in Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure.

	Balance at 1 April 2019	Transfers In 2019/20	Transfers Out 2019/20	Balance at 31 March 2020	Transfers In 2020/21	Transfers Out 2020/21	Balance at 31 March 2021
	£000	£000	£000	£000	£000	£000	£000
General Fund Reserves:							
Integrated and Smart Ticketing Revenue Funding Reserve	(1,944)	(3,651)	1,667	(3,928)	0	2,679	(1,250)
Earmarked Devolved Powers Reserve	0	(500)	0	(500)	0	0	(500)

Earmarked RNP Grant Reserve	0	0	0	0	0	(31)	(31)
Total General Fund	(1,944)	(4,151)	1,667	(4,428)	0	2,648	(1,781)

Note 11 - Financing and Investment Income and Expenditure

This note shows the incidental income generated by holding cash on deposit until it is required to resource expenditure, and also the interest costs associated with pension liabilities.

	2019/20		2020/21
	£000		£000
234 Interest payable on the net defined benefit liability			325
(234) Interest receivable and similar income			(181)
0 Total			144

Note 12 - Taxation and Non-Specific Grant Income

TfN does not have legal powers to raise precepts on the northern tax base and is almost entirely funded from grant resource. Some of this grant resource is discrete to programmes of activity and comes with restrictions on its use. Other grant, such as TfN's Core grant, is awarded without restrictions and is accounted for as 'non-specific' grant.

This note shows the value of non-specific grants and those capital grants not shown on the service lines of the Comprehensive Income and Expenditure Statement that have been recognised in year.

	2019/20		2020/21
	£000		£000
(10,000) TfN Core Grant			(7,000)
(940) Integrated and Smart Ticketing Capital Grant			(1,013)
(10,940) Total			(8,013)

Note 13 - Expenditure and Income Analysed by Nature

This note analyses TfN's income and expenditure by standardised descriptors. The note highlights that TfN is almost entirely funded from governmental grant and contributions, whilst the costs associated with professional service contracts and programme delivery is shown in 'other service expenses'.

2019/20		2020/21
£000	Nature of Expenditure or Income	£000
(52)	Fees, charges and other service income	(230)
(234)	Interest and investment income	(181)
(48,817)	Government grants and contributions	(53,939)
7,774	Employee benefits expenses	9,483
42,243	Other service expenses	48,020
354	Amortisation and impairment	4,746
234	Interest payments	325
1,502 (Surplus) or Deficit for Year		8,225

Other service expenses includes all professional service costs, accommodation and business infrastructure costs relating to all activities delivered by TfN. The main element of professional services is the Direct Services Agreement with Network Rail within the NPR Programme. Other costs are generally resource based service contracts for services required to deliver TfN's business plan.

Note 14 - Intangible Assets

TfN accounts for its software and software development as intangible assets.

This note recognises the development, and subsequent amortisation and impairment, of complex information systems for Phase 2 of the Integrated and Smart Ticketing programme which was aiming to deliver improvements to the way in which passengers access journey time and disruption information and enable the implementation of smart payment systems across the northern passenger transport network.

The note also recognises the development and implementation of TfN's enterprise resource planning (ERP) system. The ERP system is in use and is shown under the 'operational assets' column.

The intangible assets include both purchased licenses and the costs of internally generated software development. Where assets are operational, they are amortised in line with TfN's accounting policies, with charges commencing in the year after which they become operational.

In its correspondence of 4 January 2021, DfT confirmed the cessation of funding for the IST programme. Without ongoing funding, the assets within these programmes, that TfN had been carrying as Intangible Fixed Assets, were either transferred or are anticipated to be transferred back to DfT.

During 2020/21, the authority has recognised an impairment loss of £4.29m (2020: £4.323m) in relation to its intangible assets. The recoverable amount of the intangible assets has been reduced to their value in use, and £4.21m of the impairment loss charged to the Integrated Smart Ticketing line in the Comprehensive Income and Expenditure Statement. The assets have been impaired since there will be no further funding from DfT and the assets will no longer be available for use by TfN.

31st March 2020			31st March 2021		
Assets Under Development	Operational Assets	Total	Assets Under Development	Operational Assets	Total
£000	£000	£000	£000	£000	£000
Balance at start of year:					
5,223	902	6,125	2,112	2,072	4,184
0	(301)	(301)	0	(655)	(655)
5,223	601	5,824	2,112	1,417	3,529
Additions:					
2,275	0	2,275	1,294	0	1,294
0	107	107	0	0	0
(1,063)	1,063	0	(1,410)	1,410	0
0	(354)	(354)	0	(533)	(533)

(4,323)	0	(4,323) Impairment losses recognised in the surplus / deficit on the provision of services	(1,996)	(2,294)	(4,290)
2,112	1,417	3,529 Net carrying amount at end of year	0	0	0
Comprising:					
2,112	2,072	4,184 - Gross carrying amounts	1,996	3,482	5,478
	(655)	(655) - Accumulated amortisation and impairment	(1,996)	(3,482)	(5,478)
2,112	1,417	3,529 Total	0	0	0

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the authority. The useful lives assigned to the major software suites used by the authority are:

Useful Life (Years)	Internally Generated Assets	Other Assets
ERP		3
Integrated Smart Ticketing		5

Note 15 - Debtors

This note shows the value of money owed to TfN and the value of prepayments recognised. Sums due from TfN Partners reflects contributions due from Rail North authorities.

31st March 2020		31st March 2021	
£000		£000	
24	Employees	0	
244	Prepayments	215	
331	TfN Partners	289	
599	Total Debtors	505	

Total debtors include financial assets of £289k, which are carried at amortised cost. There is no significant difference between the carrying value and the fair value of these financial assets. There is no significant credit risk in relation to TfN's financial assets.

Note 16 – Cash & Cash Equivalents

At any time, we will hold cash in the bank or on deposit. This reflects TfN's reserve strategy to mitigate financial shock, and also inevitable timing differences between grants being received and cash being paid to suppliers and employees. The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2020		31 March 2021	
£000		£000	
4,307	Cash and Bank balances	4,021	
15,000	Short Term Investments	14,000	
19,307	Total Cash and Cash Equivalents	18,021	

Note 17 - Creditors

This note shows the value of obligations to employees and suppliers.

Obligations to employees include the accounting value associated with the accumulated absence provision – the financial cost of untaken leave as at the financial year-end.

Amounts owed to train operating companies are principally reflective of the grant arrangements in place to support the implementation of the ITSO on Rail smart ticketing project. These amounts have reduced as the programme reaches its conclusion.

Amounts owed to TfN partners include contractual costs for operational support, and the rail studies undertaken by Network Rail acting as the system operator for the northern rail network in support of the Northern Powerhouse Rail programme.

The table below includes financial liabilities of £10.467m which are carried at amortised cost. There is no significant difference between the carrying value and fair value of these financial liabilities. There is no significant market or liquidity risk in relation to these financial liabilities which are all due to mature within 1 year.

31 March 2020		31 March 2021
£000		£000
(163)	Employees	(244)
0	HMRC	(15)
0	Department for Transport	(4,000)
	Train Operating Companies:	
(701)	Arriva Rail North/Northern Trains Ltd.	(225)
(613)	Transpennine Express	(191)
(114)	Merseytravel	(21)
	TfN Partners:	
(446)	Transport for Greater Manchester	(750)
(3,643)	Network Rail	(2,250)
(2,365)	Trade Suppliers	(2,771)
(8,046)	Total Creditors	(10,467)

The balance of £4m due to Department for Transport relates to discrete grant received to date which will be repaid. This mainly includes balances relating to the cessation of the IST programme.

Note 18 - Provisions

Provisions reflect the amount set aside for probable, but uncertain, economic obligations. At 31 March 2021 this only included forecast amounts due to settle contractual issues with suppliers.

2019/20	Total Provisions	2020/21
£000		£000
(77)	Opening Balance	(126)
(49)	(Increase)/decrease in provision during year	58
(126)	Closing Balance	(68)

Note 19 - Unusable Reserves

This note recognises those reserves that do not contain resource that could be applied to meet TfN's funding requirements. These are largely accounting reserves where the effects of timing differences and statutory overrides of accounting rules are recognised:

2019/20		2020/21
£000		£000
(3,529)	Capital Adjustment Account	0
6,080	Pension Reserve	11,889
163	Accumulated Absence Account	243
2,714	Total	12,132

Capital Adjustment Account

The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or additions to those assets under statutory provisions. The account is debited with the cost of acquisition, construction or subsequent costs as impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The account is credited with the amounts set aside by the authority as finance for the costs of acquisition, construction and subsequent expenditure. Note 9 provides details of the source of all the transactions posted to the account.

Capital Adjustment Account		
2019/20		2020/21
£000		£000
(5,824)	Balance 1 April	(3,529)
4,323	Charges for impairment of non-current assets	4,290
354	Amortisation of intangible assets	533
2,274	Revenue expenditure funded from capital under statute	3,235
6,950	Net written out amount of the cost of non-current assets consumed in the year	8,057
(2,110)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(3,803)
(1,104)	Application of grants and contributions from the Capital Grants Unapplied Reserve	(725)
(1,442)	Capital expenditure charged against the General Fund balance	0
(4,656)	Capital financing applied in year	(4,528)
(3,529)	Balance 31 March	0

Pension Reserve

The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the authority makes employer's contributions to pension funds or eventually pays any pensions for which

it is directly responsible. The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Pension Reserve

31 March 2020		31 March 2021
£000		£000
3,631	Balance 1 April	6,080
1,009	Remeasurements of the net defined benefit (liability)/asset	4,857
2,353	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	2,087
(913)	Employer's pensions contributions and direct payments to pensioners payable in the year	(1,135)
6,080	Balance 31 March	11,889

Accumulated Absences Account

The accumulated absences account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the account.

Accumulated Absences Account		
31-Mar-20		31-Mar-21
£000		£000
136	Balance 1 April	163
(136)	Settlement or cancellation of accrual made at the end of the preceding year	(163)
163	Amounts accrued at the end of the current year	243
27	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	80
163	Balance 31 March	243

Note 20 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

31 March 2020		31 March 2021
£000		£000
(106)	Interest received	(146)
(106)	Total	(146)

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

31 March 2020		31 March 2021
£000		£000
(4,323)	Impairment and downward valuations	(4,290)

(354)	Amortisation	(533)
(3,338)	(Increase)/decrease in creditors	(2,702)
421	Increase/(decrease) in debtors	(94)
(1,440)	Movement in pension liability	(952)
(49)	Other non-cash movements charged to the surplus or deficit on provision of services	58
(9,082)	Total	(8,514)

The surplus or deficit on the provision of services has been adjusted for the following items which are investing and financing activities:

31 March 2020		31 March 2021
£000		£000
940	Any other items for which the cash effects are investing or financing cash flows	1,013
940	Total	1,013

Note 21 - Cash Flow from Investing Activities

31 March 2020		31 March 2021
£000		£000
2,645	Purchase of property, plant and equipment, investment property and intangible assets	1,574
(940)	Other receipts from investing activities	(1,013)
1,705	Net cash flows from investing activities	561

Note 22 - Members' Allowances

The authority paid the following amounts to the Independent Members of its Audit and Governance Committee during the year.

31 March 2020		31 March 2021
£		£
1,400	Independent Audit & Governance Committee Members	1,600

Note 23 - Officers' Remuneration

Under statutory provisions TfN is required to disclose the remuneration of senior officers. Senior officers include the Head of Paid Service – TfN's principal paid officer – and those officers who report to that post or hold statutory office. TfN also discloses the pay of its Chairman as an individual in a position of significant influence.

The remuneration paid to the authority's senior employees in 2020/21 is as follows:

Role	Salaries	Employer Pension Contribution	Taxable Allowances	Professional Memberships	Severance Payments
Chief Executive (Head of Paid Service) Barry White	£160,352	£22,244	£0	£0	£0
Chairman (pro-rata) John Cridland - Chairman full-time equivalent	£45,000	£0	£0	£0	£0
NPR Programme Director	£145,727	£25,357	£0	£343	£0
Major Roads Programme Director	£97,108	£16,897	£511	£369	£0
Strategic Rail Director	£115,869	£20,161	£533	£0	£0
Rail North Partnership Director	£121,385	£21,121	£0	£0	£0
Chief Financial Officer (Section 151)	£145,727	£25,357	£0	£395	£0
Business Capabilities Director Head of Legal Services (Monitoring Officer) - Joined 15/07/2020	£121,385	£21,121	£0	£163	£0
Strategy and Policy Director - Departed 08/01/2021	£85,583	£14,891	£0	£328	£0
Strategy and Policy Director - Joined 01/12/20	£110,594	£19,209	£0	£0	£0
Strategy and Policy Director	£42,789	£7,445	£0	£0	£0

The remuneration paid to the authority's senior employees in 2019/20 is as follows:

Role	Salaries	Employer Pension Contribution	Taxable Allowances	Professional Memberships	Severance Payments
Chief Executive (Head of Paid Service) Barry White	£156,060	£22,460	£4,316	£415	£0
Chairman (pro-rata) John Cridland - Chairman full-time equivalent	£45,000	£0	£0	£0	£0
IST Programme Director - Departed post 28/06/2019	£220,000				£93,689
NPR Programme Director	£35,456	£5,567	£0	£0	
Major Roads Programme Director	£141,826	£22,267	£1,600	£343	£0
Strategic Rail Director	£118,136	£18,547	£1,306	£331	£0
Rail North Partnership Director	£112,767	£17,704	£1,600	£0	£0
Chief Financial Officer (Section 151)	£112,767	£17,704	£1,600	£0	£0
Business Capabilities Director	£141,826	£22,267	£1,600	£395	£0
Head of Legal Services (Monitoring Officer) - Joined 15/07/2020	£118,136	£18,547	£0	£198	£0
Head of Legal Services (Monitoring Officer) - Departed post 04/07/2019	£57,325	£9,000	£0	£588	£0
Strategy and Policy Director	£22,763	£3,413	£325	£0	£0
Strategy and Policy Director	£26,714	£4,194	£0	£0	£0

- Joined 04/01/2020

Strategy and Policy Director

£31,383

£4,598

£0

£0

£0

- Departed post 30/06/2019

TfN is also required to disclose the number of officers whose remuneration is in excess of £50,000. Remuneration is inclusive of salaries and other taxable benefits, but not employer pension contributions. This disclosure is made in bands of £5k and does not include those senior officers detailed above:

2019/20		2020/21
10	£50,000 - £54,999	12
3	£55,000 - £59,999	8
5	£60,000 - £64,999	6
5	£65,000 - £69,999	2
5	£70,000 - £74,999	8
4	£75,000 - £79,999	8
2	£80,000 - £84,999	1
1	£85,000 - £89,999	1
0	£90,000 - £94,999	1
35		47

Note 24 - External Audit Costs

This note reflects the cost of TfN's external audit for the financial year.

2019/20		2020/21
£000		£000
33	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	33
0	Additional fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the prior year	4
33	Total	37

Note 25 - Grant Income

TfN is almost entirely funded from grants and contributions. Those values can be recognised in the CIES either on the non-specific income line, or on the services lines. The distinction between the two treatments principally reflects conditions or restrictions on those grants, and whether the grants are for capital or revenue expenditure.

Grants that are restricted to discrete activity are shown on the service lines. Capital grants supporting Revenue Expenditure Funded from Capital Under Statute (REFCUS), such as those that support the Phase 1 capital expenditure in support of the ITSO on Rail project, are also shown on the service line to reflect that that expenditure is shown in the CIES.

Grants without restrictions, and capital grants that have either been applied to expenditure or are yet to be applied to expenditure are recognised on the non-specific grant income line. The following note details all grants recognised in this manner:

Grant Income Credited to Taxation and non-specific Grant Income and Expenditure

2019/20	2020/21
£000	£000
(10,000) Core Grant	(7,000)
(940) Integrated & Smart Ticketing Phase 2 Capital	(1,013)
(10,940) Total	(8,013)

Grant Income Credited to Services

2019/20	2020/21
£000	£000
(26,932) NPR Transport Development Fund	(40,636)
(8,680) Integrated & Smart Ticketing Revenue	(1,187)
(1,170) Integrated & Smart Ticketing Phase 1	(2,790)
(582) Rail North Partnership Grant	(681)
(11) Trans-Pennine Tunnel Traffic Modelling	0
(67) Rail North Local Contributions	(115)
(542) Rail North Rail Grant (via Local Contributions)	(503)
(37,984) Total	(45,912)

Grants with conditions that may require unused allocations to be returned are shown as grants received in advance as a current liability.

Grant Receipts in Advance - Revenue

2019/20	2020/21
£000	£000
0 NPR Transport Development Fund	0
(10) Trans Pennine Tunnel Traffic Modelling	(10)
0 Integrated and Smart Ticketing Revenue Grant	0
0 Integrated and Smart Ticketing Capital Grant	0
0 Rail North Partnership (RNP) Grant	0
(10) Total	(10)

Grant received via Transport Development Fund governance must be returned to the Department for Transport if not required.

Note 26 - Related Parties

Transport for the North's Board is made up of elected and Local Enterprise Partnership (LEP) representatives from all areas of the North, along with Secretary of State for Transport and co-opted non-voting representatives from Highways England, Network Rail and HS2 Ltd.

As a result of this governance structure TfN enters into a variety of financial transactions with partner organisations with whom we share common control.

This note seeks to highlight areas where transactions could have potentially been entered other than at arms-length.

Members

TfN's elected members have direct control over TfN's financial and operating policies. Members' interests outside of TfN are recorded in the register of gifts and hospitality maintained by the Monitoring Officer. These interests include positions held by members in other public bodies and private interests.

Material financial relationships between TfN and those bodies are detailed below.

Officers

Officers may be able to influence financial or operational practices. There were no transactions in 2020/21 with bodies in which officers had a pecuniary interest and were able to exercise such an influence.

Funding

Transport for the North is almost entirely funded from the Department for Transport. The Secretary of State for Transport is represented on the Transport for the North Board leading to common control. Over the course of the financial year, grants to a value of £57.31m (2020: 44.82m) were received from the Department. Of this, £53.31m was recognised as income in the year, the remaining £4m of unused grant is held as a creditor to be returned to the Department.

Transport for the North is the recipient of local funding contributions for its Rail North activities. These contributions are made by the Rail North authorities (detailed in the narrative statement) and amounted to £0.62m in the year. The northern Rail North authorities are represented on the Transport for the North Board, whilst all authorities sit on the Rail North Committee

TfN is also party to several contracts where it delivers prescribed services on partners. This includes project management work for North Yorkshire County Council and services funded by Network Rail related to the Trans-Pennine Route Upgrade project. In 2020/21 income was recognised to the value of £0.24m (2020: £0.06m).

Expenditure

Over the course of the year Transport for the North was party to several arrangements where partner bodies supplied goods or services to the organisation.

Transport for Greater Manchester (TfGM) is the regional transport executive for Greater Manchester and controlled via Greater Manchester Combined Authority, a Transport for the North Constituent Authority, the mayor of which is a TfN Board member. Throughout the year TfGM has provided elements of Information and Communications Technology and facilities management support to the organisation on a contractual basis, whilst Transport for the North's Manchester based office space is leased from TfGM. In total, Transport for the North incurred expenditure of £0.64m (2020: £0.75m) with Transport for Greater Manchester.

Network Rail is the system operator for the northern rail network and are also represented on the Transport for the North board. During the year, Transport for the North engaged Network Rail in a number of rail studies in support of the Northern Powerhouse Rail programme. The cost of this activity in year was £26.95m (2020: £17.44m).

As part of the ITSO on Rail project within the Integrated and Smart Ticketing programme, Transport for the North provides grant support to the northern train operating companies. Under this arrangement,

Merseytravel, the regional transport executive for the Liverpool City Region area, have received grant support totalling £0.73m (2020: £0.51m).

Note 27 - Capital Expenditure and Capital Financing

During the year TfN incurred capital expenditure totalling £4.528m. This expenditure was incurred in delivering the Integrated and Smart Ticketing programme.

The following note reflects that expenditure and sources of finance. Reflecting that TfN is almost entirely grant funded, the majority of this expenditure was funded from capital grant discrete to the Integrated and Smart Ticketing programme.

Capital Expenditure and Capital Financing

31 March 2020		31 March 2021
£000		£000
0	Opening Capital Financing Requirement	0
	Capital Investment:	
2,382	Intangible Assets	1,294
2,274	Revenue Expenditure Funded from Capital Under Statute	3,235
4,656	Total Capital Spending	4,528
	Sources of Finance:	
(3,214)	Government Grants and other contributions	(4,528)
	Sums set aside from revenue:	
(1,442)	- Direct revenue contributions	0
(4,656)	Total Sources of Finance	(4,528)
	0 Closing Capital Financing Requirement	0

Note 28 - Defined Benefit Pension Scheme

As part of the terms and conditions of employment of its officers, TfN makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, TfN has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Greater Manchester pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of Tameside Metropolitan Borough Council as the administering body. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. largescale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

Discretionary post-retirement benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions relating to post-employment benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge we are required to make is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

General Fund Transactions

2019/20	2020/21
LGPS £000	LGPS £000
Comprehensive Income and Expenditure Statement	
Cost of Services	
Service cost comprising:	
2,070 Current service cost	1,918
177 Past service cost	23
106 Net interest expense	146
2,353 Total charged to Surplus and Deficit on Provision of Services	2,087
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement	
£000	£000
Re-measurement of the net defined benefit liability comprising:	
(874) Return on plan assets (excluding the amount included in the net interest expense)	(1,475)
(313) Actuarial gains and losses arising on changes in demographic assumptions	45
(1,510) Actuarial gains and losses arising on changes in financial assumptions	6,535
3,706 Actuarial gains and losses arising on changes other assumptions	(248)
1,009 Total charged to Other Comprehensive Income and Expenditure Statement	4,857
3,362 Total charged to the Comprehensive Income and Expenditure Statement	6,944

2019/20	2020/21
LGPS	LGPS
Movement in Reserves Statement	
£000	£000
(2,353) Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(2,087)
Actual amount charged against the general fund balance for pensions in the year:	
913 Employers' contributions payable to scheme	1,135

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

2019/20		2020/21	
LGPS		LGPS	
£000		£000	
(12,904)	Present value of the defined obligation	(22,155)	
6,824	Fair value of plan assets	10,266	
(6,080) Net (liability) / asset arising from the defined benefit obligation		(11,889)	

Reconciliation of the movements in the fair value of scheme (plan) assets

2019/20		2020/21	
LGPS		LGPS	
£000		£000	
4,430	Opening fair value of scheme assets	6,824	
-	Revaluation of opening fair value scheme assets	122	
4,430	Revised opening fair value of scheme assets	6,946	
128	Interest income	179	
Re-measurement gain / (loss):			
874	- The return on plan assets, excluding the amount included in the net interest expense	1,475	
913	Contributions from employer	1,135	
493	Contributions from employees into the scheme	566	
(14)	Net benefits paid out	(35)	
6,824	Closing value of scheme assets	10,266	

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

2019/20		2020/21	
LGPS		LGPS	
£000		£000	
(8,061)	Opening balance at 1 April	(12,904)	
(2,070)	Current service cost	(1,918)	
(234)	Interest cost	(325)	
(493)	Contributions from scheme participants	(566)	
Re-measurement gains and losses:			
313	- Actuarial gains / (losses) from changes in demographic assumptions	(45)	
1,510	Actuarial gains and losses arising on changes in financial assumptions	(6,535)	
(3,706)	Actuarial gains and losses arising on changes other assumptions	126	
(177)	Past service cost	(23)	
14	Net benefits paid out	35	
(12,904) Balance as at 31 March		(22,155)	

Local Government Pension Scheme assets comprised

2019/20			2020/21		
Quoted	Unquoted	Total	Quoted	Unquoted	Total
£000	£000	£000	£000	£000	£000
108	0	108	204	0	204
			Cash and cash equivalents		

Equity Securities						
620	0	620	Consumer	901	0	901
524	0	524	Manufacturing	802	0	802
392	0	392	Energy and Utilities	498	0	498
758	0	758	Financial Institutions	1,078	0	1,078
308	0	308	Health and Care	513	0	513
274	0	274	Information Technology	542	0	542
142	0	142	Other	166	0	166
3,018	0	3,018	Subtotal Equity Securities	4,500	0	4,500
Debt Securities						
258	0	258	Corporate Bonds (investment grade)	496	0	496
220	0	220	Corporate Bonds (non-investment grade)	133	0	133
478	0	478	Subtotal Debt Securities	629	0	629
Private Equity						
0	352	352	All	0	611	611
0	352	352	Subtotal Private Equity	0	611	611
Real Estate						
0	288	288	UK Property	0	384	384
0	288	288	Subtotal Real Estate	0	384	384
Investment Funds and Unit Trusts						
685	0	685	Equities	922	0	922
788	0	788	Bonds	1,301	0	1,301
0	331	331	Hedge Funds	0	523	523
171	605	776	Commodities	223	976	1,199
1,644	936	2,580	Subtotal Investment Funds and Unit Trusts	2,446	1,499	3,945
Derivatives						
0	0	0	Other	(8)	0	(8)
0	0	0	Subtotal Derivatives	(8)	0	(8)
5,248	1,576	6,824	Total Assets	7,772	2,494	10,266

Assumptions

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 31 March 2019.

Financial

Period Ended	31 March 2021	31 March 2020
	%p.a.	%p.a.
Pension Increase Rate (CPI)	2.8%	1.8%
Salary Increase Rate	3.55%	2.6%
Discount Rate	2.05%	2.3%

Mortality

Average future life expectancies at age 65 are summarised below:

	Male	Female
Current Pensioners	20.5 years	23.3 years
Future Pensioners#	21.9 years	25.3 years

Figures assume members aged 45 as at the last formal valuation date.

Historic mortality

Life expectancies for the prior period end are based on the Fund's VitaCurves. The allowance for future improvements is shown below:

Prospective Pensioners	Pensioners
Vita Curves with improvements in line with the CMI2018 model assuming long term rates of improvement of 1.50% p.a.	Vita Curves with improvements in line with the CMI2018 model assuming long term rates of improvement of 1.50% p.a.

Please note that the mortality assumptions used to value the Obligations in the Employer's Closing Position are different to those used to value the Obligations in the Employer's Opening Position.

Commutation

An allowance is included for future retirements to elect to take 55% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 60% of the maximum tax-free cash for post-April 2008 service.

Sensitivity analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

The sensitivities regarding the principal assumptions used to measure the scheme are set out below:

Change in assumptions at 31 March 2021	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	15%	3,349
0.5% increase in the Salary Increase Rate	2%	466
0.5% increase in the Pension Increase Rate (CPI)	13%	2,807

Note 29 - Leases

Lessee Operating Leases

TfN has 2 properties held under operating leases comprising the Leeds and Manchester offices. TfN also holds an operating lease for ICT equipment. The minimum lease payments due under non-cancellable leases in future years are:

March 2020		March 2021
£000		£000
253	Not later than one year	369
545	Later than one year and not later than 5 years	452
798	Total	821

The expenditure charged to the relevant service area within the Comprehensive Income and Expenditure Statement during the year in relation to these leases reflects a rent-free period on one of the leases which has been spread over the life of the lease in accordance with the Code. The charge was therefore £0.589m. This charge is allocated across all service areas.

Note 30 – Prior Year Adjustment

The accounts have been restated to incorporate the misclassification of a £1.1 million statutory transfer from capital grants unapplied to the capital adjustment account as a transfer to/from earmarked reserves within the Movement in Reserves Statement and Note 9.

	31-Mar-20 Capital Grants Un-applied Account £000	31-Mar-20 Capital Grants Un-applied Account (Restated) £000	Change £000
<i>Movement in Reserves Statement</i>			
Adjustments between accounting basis and funding basis under regulations	-	1,104	1,104
Transfers (to) / from Earmarked Reserves (see Note 9)	1,104	0	(1,104)
<i>Note 9 - Adjustments between Accounting Basis and Funding Basis under Regulations</i>			
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	0	1,104	1,104

Annual Governance Statement 2020/21

Introduction

This statement provides an overview of how Transport for the North's governance arrangements operate and reports on how they have been reviewed to ensure that they provide an effective system of internal control. It also summarises the governance challenges that the organisation faces, together with an explanation of what actions will be taken to implement improvements.

Transport for the North was established by the Sub-National Transport Bodies (Transport for the North) Regulations 2018 and came into being on the 1st April 2018, holding its inaugural meeting on 5th April 2018. This is therefore its third Annual Governance Statement and the organisation's Constitution, policies, procedures and systems continued to be developed during 2020/21. As a Sub-National Transport Body, Transport for the North's core functions are to prepare a transport strategy for the area and to provide advice to the Secretary of State regarding the exercise of transport functions in the area. Transport for the North is funded in these activities by the Department of Transport.

The Transport for the North Board is made up of the representatives of the twenty Constituent Authorities in the North who are the voting Members of the Board, together with representatives of the six Rail North Authorities and the Independent Chairman of the Partnership Board who are all co-opted Members on the Board. At its inaugural meeting the Transport for the North Board also appointed, as co-opted members, the representatives of the eleven Local Enterprise Partnerships in the Transport for the North Area and representatives of Highways England, Network Rail and HS2.

Transport for the North's governance arrangements are set out in its Constitution. All decisions relating to the Constitution, approval of the Budget and Business Plan and adoption of the Strategic Transport Plan are reserved to the Transport for the North Board. Other decisions may be delegated to Committees, the Chief Executive, and other senior officers under the arrangements set out in the Constitution. Under the Board the Rail North Committee oversees the management of the performance of the Northern and TransPennine Express rail contracts under a Partnership Agreement with the Secretary of State for Transport. The arrangements under the Partnership Agreement have continued under the new arrangements which have seen the Northern franchise taken over by the Operator of Last Resort (OLR) and the TransPennine Express franchise moved onto an Emergency Measures Agreement during the Covid-19 pandemic.

The Regulations which established Transport for the North provided for the appointment of a Partnership Board to advise on matters relating to transport in the area. The membership of the Partnership Board mirrors the membership of the Transport for the North Board with the addition of a representative of the DfT. During 2019/20 Transport for the North decided to enlarge the Partnership Board and the Partnership Board now includes a representative from Disability UK, the Committee on Climate Change, Transport Focus and three regional TUC representatives.

Transport for the North has a Scrutiny Committee made up of elected Members appointed by the 20 Constituent Authorities whose role is to review the decisions of the Transport for the North Board and to make recommendations in relation to transport in the area. Transport for the North has decided to adopt a policy of "Scrutiny First" under which the Scrutiny Committee has an opportunity, whenever possible, to comment on and influence decisions before they are made rather than scrutinising decisions which have already been taken.

Transport for the North has also established an Audit and Governance Committee consisting of five Board Members and three Independent Members, who have been publicly recruited on the basis of relevant skills, whose role is to provide assurance to the Board on governance, risk management and the internal control framework.

Since March 2020 Transport for the North, in common with the whole of the UK, has been affected by the Covid 19 pandemic. In response to the emergency, Transport for the North implemented its Business Continuity Plan and was able to move to full remote working. The implementation of the Business Continuity Plan has enabled the continuation of Transport for the North's governance arrangements and enabled its internal system of controls to continue to function.

Since March 2020 all Transport for the North's Boards and Committees have continued to meet through virtual meetings which have continued to be streamed live to the public.

1.0 Scope of Responsibility

- 1.1 Transport for the North is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. Transport for the North also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Transport for the North is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 Transport for the North has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework, Delivering Good Governance in Local Government. A copy of the Code of Governance is included in Transport for the North's Constitution and is on Transport for the North's website at <http://www.transportfornorth.com>. Alternatively, it can be obtained via a written request from:
Head of Legal, Transport for the North, 4 Piccadilly Place, Manchester, M1 3BN

This Annual Governance Statement demonstrates how Transport for the North has reviewed the effectiveness of its internal systems of control and how it has complied with its adopted Code of Governance in carrying out its functions. It is published in accordance with the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015.

2.0 Delivering Good Governance in Local Government

- 1.1 The governance framework comprises the systems, processes, culture and values, by which Transport for the North is directed and controlled and the processes through which it accounts to and engages with the community. It enables Transport for the North to monitor the achievement of its strategic objectives and to consider whether those objectives will lead to the delivery of its goal of transformational economic growth in the North of England, facilitated by improved transport infrastructure.
- 1.2 The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.
- 1.3 The system of internal control consists of a number of processes, policies and procedures that have been put in place in order to identify and prioritise the risks to the achievement of Transport for the North's aims and objectives, to evaluate the likelihood and resultant impact of those risks materialising, and to manage them efficiently, effectively and economically.
- 1.4 The governance framework was in place at Transport for the North for the 2020/21 financial year and up to the date of approval of the Statement of Accounts.

3.0 The Corporate Governance Framework

Transport for the North has adopted a Corporate Governance Framework that incorporates the following Core Principles:

1. Focusing on the purpose of Transport for the North, and the outcomes for the community, and creating and implementing a vision for the area;

2. Members and officers working together to achieve a common purpose with clearly defined functions and roles;
3. Promoting values for Transport for the North and demonstrating the value of good governance through upholding high standards of conduct and behaviour;
4. Taking informed and transparent decisions which are subject to effective scrutiny and risk management;
5. Developing the capacity and capability of Members and officers to be effective;
6. Engaging with local people and stakeholders to ensure robust public accountability;
7. Section 102I of the Local Transport Act 2008 imposes a requirement on Transport for the North, in the preparation of its Strategic Transport Plan, to have regard to the promotion of economic growth and the social and environmental impacts of the implementation of its proposals. This includes having regard for the impact of decisions on future generations.

The table below sets out examples of how Transport for the North has met the principles set out in the CIPFA Framework and also adhered to its governance commitments set out in the Code of Governance and includes hyperlinks to sources of further information.

A Behaving with integrity, demonstrating strong commitment to ethical values and respect for the rule of law	
Core Principle	
Promoting values for Transport for the North and demonstrating the value of good governance through upholding high standards of conduct and behaviour.	
<i>How we met the principle</i>	<i>Evidence</i>
<p>Those Members of Transport for the North who are elected Members of a Local Authority are expected to adhere to the adopted Code of Conduct of their Local Authority while carrying out their duties in respect of Transport for the North. Other co-opted Members are expected to adhere to the Cabinet Office’s Code of Conduct for Board Members of Public Bodies.</p> <p>Transport for the North has adopted a Code of Conduct for Officers and a Protocol on Member /Officer Relations, to which all officers are expected to adhere. Serious breaches of these Codes by officers would be investigated under the organisation’s disciplinary code.</p> <p>Transport for the North’s induction process for new recruits outlines the behaviours and values that are expected from officers.</p> <p>Transport for the North has a zero-tolerance approach to fraud and corruption and has adopted strong Anti-Fraud & Corruption and Whistleblowing Policies. During 2020/21 the Audit and Governance Committee reviewed the systems and controls in place to prevent fraud and corruption. These controls include the electronic procurement system which ensures that transactional</p>	<p>Constitution</p> <p>Code of Conduct for Officers Member/Officer Relations Protocol</p> <p>Human Resources On-boarding Policies</p> <p>Anti-Fraud and Corruption Policy</p> <p>Review of Anti – Fraud and Corruption Policy</p>

<p>flows through the system provides appropriate separation of duties and financial controls.</p> <p>During 2020/21 the Whistleblowing Policy was revised and a programme of training for employees is now being undertaken with the support of the charity Protect (formerly Public Concern at Work).</p> <p>Members are required to make a declaration of their disclosable pecuniary interests and also to declare any disclosable pecuniary interests in the business of the meeting at the start of all meetings of the Transport for the North Board or its Committees, and to take no part in such business, but to leave the meeting. Members Declarations of Interest are available on the Transport for the North website.</p> <p>Transport for the North has adopted a Code of Practice in relation to Gifts and Hospitality which was reviewed during 2019/20 and training on the Code was rolled out across the organisation. Guidance in relation to gifts and hospitality is included in the induction for all new employees.</p> <p>A register of Gifts and Hospitality is maintained by the Monitoring Officer, in which officers are required to declare any gifts or hospitality of more than nominal value which they have been offered, whether or not it has been accepted. An annual reminder is issued to all Employees and the Monitoring Officer reviews the register annually.</p> <p>Transport for the North has appointed a Monitoring Officer who works with Members and Officers to ensure that Transport for the North complies with its legal duties and all legal requirements. Transport for the North has an in-house legal team and the legal implications of all reports are considered and, where appropriate, legal advice provided within reports that inform decisions that are taken by Members. Legal advice is available to Members at all meetings of the Transport for the North Board and its Committees.</p> <p>The Monitoring Officer has statutory reporting responsibilities in relation to any unlawful decisions or maladministration.</p> <p>The Finance Director, as the Section 151 Officer, has responsibility for ensuring proper arrangements for financial management and has statutory reporting duties in respect of unlawful expenditure and financially imprudent decision making.</p> <p>Transport for The North is committed to promoting Diversity and Inclusion across all areas of the business, which includes people leading the organisation and people working in it. During 20/21 Transport for the North established a cross organisational Diversity</p>	<p>Whistleblowing Policy</p> <p>Constitution</p> <p>Declarations of Interest</p> <p>Code of Practice on Gifts and Hospitality</p> <p>Employees Induction</p> <p>Register of Gifts and Hospitality</p> <p>Constitution</p> <p>Board Reports</p> <p>Constitution</p>
---	--

<p>Working Group to develop a Diversity and Equalities Action Plan to ensure that respect for equality and diversity is embedded across the organisation both in employment practices and in the delivery of services and programmes.</p>	
<p>B Ensuring openness and comprehensive stakeholder engagement</p>	
<p>Core Principle Engaging with local people and stakeholders to ensure robust public accountability</p>	
<p><i>How we met the principle</i></p>	<p><i>Evidence</i></p>
<p>Transport for the North’s website is set out in a clear and accessible way, providing clear access to reports and minutes from Board meetings, along with updates on our core programmes and links to relevant documents. Transport for the North is also active on social media, which regularly shares links to the website where more information can be found (across several channels to widen audience), including promoting public meetings.</p> <p>All meetings of the Transport for the North Board and its formal Committees are held in public unless information which is either confidential under section 100A or exempt under Part 1 of Schedule 12A of the Local Government Act 1972 is to be disclosed. Copies of all minutes and agendas of the Board and formal Committees are available on Transport for the North’s website. All reports contain details of options considered and the advice provided by officers regarding legal and financial implications. The minutes include the reasons behind the decisions made. Transport for the North has a Freedom of Information Publication Scheme in place and seeks to publish information openly on its website wherever possible and practicable to do so.</p> <p>The Scrutiny Committee, made up of 20 elected Members representing its Constituent Authorities, reviews all reports before they are considered by the Transport for the North Board under the adopted principle of Scrutiny First and makes appropriate recommendations to the Board.</p> <p>During 2020/21 Transport for the North has held all its meetings virtually. It has continued to hold all meetings in public through live streaming the proceedings and proactively promoted this on all online channels, as well as directly to interested parties. All agenda and minutes continue to be available on the website.</p> <p>Live streams are publicised via Transport for the North’s social media platforms public attendance at meetings through watching the live stream has greatly increased during 2020/21.</p> <p>Under its Regulations, Transport for the North is required to establish a Partnership Board to advise it on all</p>	<p>Transportforthenorth.com website</p> <p>Board and Committee Agenda and Minutes</p> <p>Transport for the North’s website</p> <p>Constitution</p> <p>Transport for the North website</p>

<p>Members and other relevant stakeholders. To date, the podcasts have received a total listenership of 1,427.</p> <p>Transport for the North is committed to full public engagement. Extensive public consultation was carried out prior to the adoption of the Strategic Transport Plan and public consultation is currently being planned in relation to the Decarbonisation Strategy which will be rolled out in the Spring to enable the Strategy to be adopted before the Climate Change Conference in November 2021. Transport for the North will continue with its broader engagement to raise its public profile and awareness of Transport for the North programmes.</p> <p>Transport for the North has undertaken to engage fully with its Constituent Authorities and has established officer reference groups for all its major work programmes where officers from the different Local Authorities across the region have an opportunity to help formulate Transport for the North’s policies and proposals at an early stage.</p> <p>Transport for the North has also brought together a number of informal Members Working Groups to ensure the views of Transport for the North’s constituent authorities and their communities are heard and understood via their elected representatives and the views of the business community are heard via the LEP representatives. This engagement has contributed to the development of Transport for the North’s different programmes and initiatives, including the Northern Transport Charter and in support of business planning for 2021/2.</p> <p>During 2019/20 Transport for the North developed a new monthly operating report for Members, designed to support scrutiny and challenge of its programmes and operations. This report provides qualitative and quantitative performance information in a single report. The Monthly Operating Report has continued to deliver during 2020/21 providing members and the public with detailed information about the performance of Transport for the North’s major programmes.</p>	<p>Strategic Transport Plan</p> <p>Decarbonisation Strategy Consultation</p> <p>Monthly Operating Report</p>
<p>C Defining outcomes in terms of sustainable economic, social, and environmental benefits</p>	
<p>Core Principle</p> <p>Having regard to the promotion of sustainable economic growth, and the social and environmental impacts of its proposals and having regard for the impact of current decisions and actions on future generations.</p>	
<p><i>How we met the principle</i></p>	<p><i>Evidence</i></p>

<p>The creation of sustainable economic growth is a key driver behind the Strategic Transport Plan. The initial Northern Powerhouse Independent Economic Review published in 2016 identified the persistent gap in Gross Value Added per capita and productivity performance in the North compared to the rest of the United Kingdom. The main purpose behind the establishing of Transport for the North is to achieve a rebalancing of the United Kingdom's economy through improvements to transport and connectivity between the major conurbations in the North and across the region.</p> <p>In developing the Strategic Transport Plan (STP) we undertook a thorough evaluation of the environmental and sustainability impacts of the proposals contained in the Plan.</p> <p>The STP outlined how the climate and environment will be factored in the design and development of transport interventions and plan. A "Pathway 2050" has been developed to collaborate with partners and the government to deliver the ambitions of the STP and local transport plans in tackling carbon impacts and reductions from transport.</p> <p>During 2020/21 Transport for the North has developed a Decarbonisation Strategy which it is planning to roll out for consultation during the Spring of 2021. This will adopt ambitious targets for decarbonisation across the North.</p> <p>The Northern Transport Charter outlines an 'Inclusive and Sustainable North' as a key Transport for the North priority. This recognises that Transport for the North's investment programme must: contribute towards a reduction in carbon emissions; minimise the impact on the historical and natural environment; and, wherever possible, seek to deliver environmental enhancements.</p> <p>Proportionate environmental and sustainability assessments will be undertaken in relation to all proposals for infrastructure developments as part of the development or appraisal of options.</p> <p>Transport for the North's TAME function is also developing an Analytical Framework which consists of a series of analytical and modelling tools including NELUM (Northern Economic and Land Use Model), NoHAM (Northern Highways Assignment Model) and NorTMS (Northern Transport Modelling System). The tools contribute to the provision of evidence to support the promotion of the economic and social evidence-based analysis of Transport for the North's transformational programmes.</p> <p>The Analytical Framework reflects Transport for the North's commitment to evidence-based decision making and provides a consistent evidence base to support the decision-making process on the sequencing of future</p>	<p>Northern Powerhouse Independent Economic Review</p> <p>Strategic Transport Plan</p> <p>Decarbonisation Strategy</p> <p>Northern Transport Charter</p>
---	--

<p>interventions. This provides comfort to our Members, Constituent Authorities, and the Department for Transport that Transport for the North has fit-for-purpose decision making processes.</p> <p>All reports presented the Transport for the North Board and its formal Committees contain an assessment of the implications of the report in terms of sustainability, environmental impact and equality impacts.</p> <p>The Strategic Plan and Investment Programme set out transport interventions which will benefit future generations beyond 2050.</p>	<p>Board Reports</p> <p>Strategic Transport Plan</p>
---	--

D Determining the interventions necessary to optimise the achievement of the intended outcomes

Core Principle

Focusing on the purpose of Transport for the North and the outcomes for the community and creating and implementing a vision for the area.

How we met the principle

Evidence

The Strategic Transport Plan for the area is based on a robust evidence base and sets out our vision for transformational change in relation to transport infrastructure in the North.

The Investment Programme sets out an ambitious programme of infrastructure projects to be delivered over the period 2019 to 2050 that will implement Transport for the North’s Strategic Transport Plan. Proposed projects have been developed in collaboration with local partners and represent the best options for securing transformational change.

The Annual Business Planning process identifies the activities of Transport for the North’s programme teams for the coming year that will deliver the outcomes set out in the Strategic Plan and Investment Programme and identifies the financial and other resources that will be required to achieve delivery.

Transport for the North is fully funded by the Department for Transport and funding for the identified activities is provided in accordance with funding conditions set out in Grant Funding letters.

Transport for the North is committed to improving the standard of service provided by the railway network in the North and, under a partnership with the Secretary of State, manages the performance of the contracted railways in the region, Northern Rail and TransPennine Express. Through rigorous monitoring of the performance of these railways, Transport for the North has held their management to account and was instrumental in bringing

Strategic Transport Plan

Evidence Base

Investment Programme

Business Plan

the Northern Rail Franchise into public control under the Operator of Last Resort.

During the pandemic, Transport for the North was instrumental in developing the North of England Contingency Group which brought together all the main rail delivery partners to ensure that an emergency timetable was introduced to support front line workers and ensure that people could continue to make essential journeys during the pandemic lockdowns. In addition, Transport for the North has continued to use its powers and influence to shape the industry's rail investment programme in line with the Strategic Transport Plan (e.g. by inputting to the Transpennine Route Upgrade and Manchester Recovery Task Force). Transport for the North has allocated resources to pioneering a new approach to journey time improvements and a programme focussed on improving reliability for passengers and freight customers.

During 2020/21, the Northern Powerhouse Rail (NPR) programme has continued to develop the strategic case for the NPR rail network to link all the major urban centres of the North by a fast-reliable rail link. During the year the NPR team has worked with partners to refine the options to enable Transport for the North to provide statutory advice to the Government on its preferred route and to enable it to submit to Government, in partnership with the DfT, a Strategic Outline Case demonstrating the benefits to the North of its proposals.

The Strategic Transport Plan for the area is based on a robust evidence base and sets out our vision for transformational change in relation to transport infrastructure in the North.

During 2020/21, the TfN Major Roads Team led work on completing qualitative sequencing of the Northern Investment Programme, identifying interventions which could be brought forward for earlier delivery and preparing for work in 2021/22 on benefits analysis of the Investment Programme.

Drawing on evidence from the qualitative sequencing, TfN completed work on an Economic Recovery Plan in July and have shared the plan and supporting evidence with the DfT's Acceleration Unit.

In December, TfN completed work on developing Future Scenarios, which are integral to the appraisal of the Investment programme and to the development of TfN's Transport Decarbonisation Strategy.

Throughout 2020/21, TfN has continued work with partners on promoting improvements to connectivity and reliability for all road users. Successes include further investment in the Major Road Network, including MRN programme entry for schemes in Cheshire East, Cumbria,

<p>York and North Yorkshire; and funding for development to OBC for schemes in Lancashire, Stockport, Transport North East, Tees Valley and Liverpool.</p> <p>2020/21 has seen significant progress with delivery of the Road Investment Strategy, with TfN engaged in Highways England work on the development of plans for scheme delivery during RIS2 and RIS3 (Road Investment Strategy). This includes providing support for work on the A66 dualling and providing statutory advice on the Trans-Pennine Tunnel and M6-A1(M) studies.</p> <p>We completed data collection and analysis of journey time reliability, types of journey and geographical distribution of traffic using the Major Road Network (MRN) in 2019. This is the first time 24/7-year-round data has been collected across all MRN routes in the North and provides a pre-pandemic baseline.</p> <p>Throughout the year TfN has been monitoring the impact on travel patterns from restrictions resulting from the pandemic. These have had a profound impact on traffic levels and distribution of traffic on our highway network. We are sharing this data with partners and will use insights from the impact of Covid-19 to help inform future appraisal of investment proposals.</p> <p>One of Transport for the North's long-term ambitions for the North was to develop electronic ticketing across the North that could deliver the fair price promise and daily fare capping. This was being delivered through the IST Programme. Government funding cuts have meant that the current programmes have had to be curtailed. However, Transport for the North retains its ambition to see contactless ticketing progressed across all modes of travel in the North and will continue to seek funding to enable this to be achieved.</p>	
<p>E Developing the organisation's capacity, including the capacity of its leaders and the individuals within it</p>	
<p>Core Principle</p> <p>Developing the capacity and capability of members and officers to be effective</p>	
<p><i>How we met the principle</i></p>	<p><i>Evidence</i></p>
<p>Transport for the North has adopted officer development programmes, including a thorough initial Corporate induction programme for all new officers and line managers.</p> <p>All new employees to Transport for the North are subject to a formal six-month probationary process where performance is assessed alongside the provision of initial learning and development support and guidance.</p>	<p>Corporate Induction Guidance</p> <p>Probationary Policy</p>

<p>Annual staff appraisals and half yearly reviews enable the management team to review both capacity and capability within their teams and identify any individual training and development needs. Key Performance objectives are captured in the online appraisal tool 'PERFORM' and training is delivered via the core curriculum of training.</p> <p>Role specific training needs are met through work-based learning and investment in software to enable effective outputs. Further career development is supported via the procurement of appropriate interventions to best meet individual and organisation needs.</p> <p>Where appropriate the organisation funds specialist training courses for officers and supports continuous professional development. Members of the Senior Management Team have undertaken leadership training.</p> <p>Transport for the North has incorporated Apprentices into the workforce plan at key points of entry. This is underpinned by strong relationships with Training Providers and internal support via Mentors and Line Managers. Mentors are provided with full training.</p> <p>As Transport for the North introduces new policies and procedures, training sessions are held to make officers aware of these. Information on all policies and procedures is available on the Intranet and through our Learning Management system via e-learning modules.</p> <p>Transport for the North has invested in an e-learning and development tool "Learn" and all officers are encouraged to take advantage of this.</p> <p>Employee well-being forms a core element of Transport for the North's learning and development programme with the management of mental health at the heart of this activity. In normal times well-being events are held on a quarterly basis and Mental-Health First Aiders are on hand at both our operational bases in Leeds and Manchester.</p> <p>During the pandemic, employees' welfare has been particularly important and Transport for the North has held regular wellbeing sessions for all employees addressing mental and physical health and wellbeing including physical activity sessions such as Yoga, mental health sessions such as mindfulness and nutrition and healthy eating. Employees are encouraged to support each other through daily interactions on Yammer and through virtual social events.</p>	<p>Transport for the North Appraisal Guide</p> <p>Learning and Development Policy</p> <p>Mental-Health First Aiders Protocol</p>
<p>F Managing risks and performance through robust internal control and strong public financial management</p>	
<p>Core Principle</p>	

Taking informed and transparent decisions which are subject to effective scrutiny and managing risk	
<i>How we met the principle</i>	<i>Evidence</i>
<p>Transport for the North has adopted robust procedures for identifying, analysing and managing risk.</p> <p>To strengthen the robustness of the RMS, Transport for the North is implementing risk management software which will assist directorate and programme teams in the timely capture, escalation, and reporting risks, as set out in the RMS.</p> <p>The Audit and Governance Committee is responsible for independently monitoring and assessing the adequacy and effectiveness of the risk management framework with particular focus on</p> <ul style="list-style-type: none"> (i) the risk management strategy for managing key risks; (ii) risk ownership, accountability, and the development of mitigating actions; (iii) the alignment of internal audit and other assurance planning through a risk-based approach to auditing; and (iv) receiving reports from management on the adequacy and effectiveness of the internal control and risk management framework. <p>Transport for the North has a Risk Manager who is responsible for reporting on risk to the Finance Director who reports to the Audit and Governance Committee. The organisation has adopted a robust process for identifying, assessing, and mitigating risks and these are reported regularly to the internal Operations Board of Directors, to the Executive Board and to the Audit and Governance Committee. A risk report is also included in the Monthly Operating Report. In accordance with the Constitution, the Finance Director is responsible for the presentation of Corporate Risks to the Transport for the North Board.</p> <p>Project management systems are in place for all programmes and programme Directors report regularly on performance to Programme Boards and to the Transport for the North Board.</p> <p>Transport for the North has put in place a strong system of financial governance to manage and control its financial affairs. The Finance Director has overall responsibility for ensuring the effectiveness of internal controls. The Finance Director is supported by the Finance Controller who has day to day responsibility for ensuring adherence to the adopted processes and procedures. Transport for the North has adopted rigorous</p>	<p>Risk Management Strategy (RMS)</p> <p>Risk Management System (Part of Transport for the North's Risk Management Strategy)</p> <p>Constitution</p> <p>Governance Framework</p> <p>Reports to Audit and Governance Committee and Transport for the North Board</p> <p>Contract Procedure Rules</p>

<p>procurement approval procedures which ensure that all procurements comply with its contract procurement rules.</p> <p>Robust people management policies and procedures have also been adopted and embedded within Transport for the North in relation to code of conduct, recruitment and selection, probationary management, performance management, conduct and capability and absence management. This framework of policies and procedures for managing individual performance, conduct, capability, and attendance at work.</p>	<p>Recruitment & Selection, Probationary, Absence & Welfare, Performance Improvement, Disciplinary, Code of Conduct Policies</p>
<p>G Implementing good practices in transparency, reporting and audit to deliver effective accountability</p>	
<p>Core Principle</p> <p>Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</p>	
<p><i>How we met the principle</i></p>	<p><i>Evidence</i></p>
<p>Transport for the North considers the available evidence when making decisions. Transport for the North commissions extensive research for all its programmes and explores different options before prioritising proposals.</p> <p>The Strategic Transport Plan is based on a robust evidence base and was subject to a 13-week statutory consultation exercise during which officers and Members considered in detail the representations made by members of the public and stakeholders. The Strategic Plan is available for public inspection on the website.</p> <p>Transport for the North has established a Scrutiny Committee made up of elected representatives from the 20 Constituent Authorities. The Board made a decision at its inaugural meeting to adopt a "Scrutiny First" model and so all major decisions are subject to scrutiny before they are presented to the Board. The Scrutiny Committee therefore has an opportunity to influence the Board's decisions before they are made, rather than reviewing decisions after they have been taken.</p> <p>The Committee meets regularly and is supported by Transport for the North officers. It subjects proposals to scrutiny before they are presented to the Transport for the North Board, with the recommendations of the Scrutiny Committee being included in the officer's final report to the Board.</p> <p>All policies and proposals developed by Transport for the North are considered first at Officer Reference Groups, made up of officers from all the Constituent Authorities, and then by the internal Operating Board of Transport for the North Directors. Policies and proposals are then further considered by the Executive Board comprising the Chief Executives (or their nominees) of all the</p>	<p>STP and Evidence base</p> <p>Constitution</p>

<p>Constituent Authorities, before being reported to the Transport for the North Board.</p> <p>All major work programmes also have Programme Boards, which are attended by representatives of the DfT, where the progress of these programmes is regularly reviewed against agreed milestones and where major decisions are discussed.</p> <p>The Northern Powerhouse Rail project is co-cliented with the DfT and a Memorandum of Understanding with the DfT was approved by the Transport for the North Board on the 12th March 2020 setting out governance arrangements including regular reporting of finances, performance, and risk to a Programme Board.</p> <p>Transport for the North operates under Memorandum of Understanding with the Secretary of State for Transport and Officers of Transport for the North meet with representatives of DfT at regular Sponsorship Meetings.</p> <p>During 2020/21 Transport for the North has produced monthly monitoring reports that bring together performance and financial information to provide greater transparency in relation to ongoing operations. This report is published on TfN's website and provides to all members of the Transport for the North Board, the Scrutiny Committee and the Audit and Governance Committee with the information they need to challenge Transport for the North's performance.</p> <p>The Rail North Partnership Team reports regularly to the Rail North Committee, and is accountable to the Rail North Partnership Board which is made up of officers of the Constituent Authorities and the DfT where decisions in relation to the management of the performance of the contracted railways are made.</p> <p>Transport for the North has adopted robust procedures for identifying, analysing and managing risk. The risks are presented for discussion to Transport for the North's Operating Board, Audit and Governance Committee, DfT, and Transport for the North Board.</p> <p>Transport for the North has an Audit and Governance Committee which is responsible for independently monitoring and assessing the adequacy and effectiveness of the risk management framework.</p> <p>The Audit and Governance Committee receives a risk report at every meeting and the Committee selects key risks which it wishes to explore in greater detail.</p> <p>The Audit and Governance Committee includes three Independent Members appointed after a public recruitment exercise to provide an independent focus and additional expertise to support the Committee in its role.</p>	<p>Constitution</p> <p>Memorandum of Understanding with the Secretary of State</p> <p>Monthly Operating Report</p> <p>Rail North Partnership Board</p> <p>Programme and Corporate Risk Reports</p> <p>Constitution</p> <p>Corporate Governance Framework</p> <p>Constitution</p>
---	--

		anticipated White Paper on devolution	
Board Reporting	Embed and refine the Monthly Operating Report to ensure alignment of quantitative and qualitative reporting.	Monthly Operating Reports produced and circulated to Members on an ongoing basis	Completed
Virtual Meetings in response to the Covid 19 Pandemic	Enable remote attendance by both Members and the public at meetings of the Transport for the North Board other Committees	Virtual Meetings established for all Boards and Committees and Virtual Meetings Procedure Rules adopted	Completed

Governance Challenges identified for 2021/22 and beyond

Subject	Responsible	Target Date
Appointment of new Chief Executive	Dawn Madin	01/06/2021
Review of TfN Boards and Committees with particular reference to the General Purposes Committee	Julie Openshaw	31/03/2022
Review of Scrutiny function and in particular the policy of "Scrutiny first"	Julie Openshaw	31/03/2022

Conclusion

The governance arrangements as described above have been applied throughout this year and up to the date of the Annual Accounts providing an effective framework for identifying governance issues and taking mitigating action. Over the coming year Transport for the North will continue the operation of the governance framework and take steps to carry out the actions for improvement identified in the review of effectiveness to further strengthen its governance arrangements.

Signed
Chair of the Transport for the North Board

Signed.....
Chief Executive

Glossary

ACCOUNTING PERIOD

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCRUALS

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because;

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed

ASSET

An item having value to the authority in monetary terms. Assets are categorised as either current or non-current

- A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);
- A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a community centre, or intangible, e.g. computer software licences.

AUDIT OF ACCOUNTS

An independent examination of the Authority's financial affairs.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

BORROWING

Using cash provided by another party to pay for expenditure, on the basis of an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

BUDGET

The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

CAPITAL FINANCING

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME

The capital schemes the Authority intends to carry out over a specific period of time.

CIPFA

The Chartered Institute of Public Finance and Accountancy

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

CONTINGENT ASSET

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's accounts.

CONTINGENT LIABILITY

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CREDITOR

Amount owed by the Authority for work done, goods received, or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

DEBTOR

Amount owed to the Authority for works done, goods received, or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

AMORTISATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Authority's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)

Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EQUITY

The Authority's value of total assets less total liabilities.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXPECTED RETURN ON PENSION ASSETS

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

GOING CONCERN

The concept that the Statement of Accounts is prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Authority. These grants may be specific to a particular scheme or may support the revenue spend of the Authority in general.

IMPAIRMENT

A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

INFRASTRUCTURE ASSETS

Fixed assets belonging to the Authority that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Authority's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVESTMENTS (PENSION FUND)

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY

A liability is where the Authority owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Authority without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market.

LONG-TERM CONTRACT

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

NET BOOK VALUE

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for amortisation.

NET DEBT

The Authority's borrowings less cash and liquid resources.

NON-DISTRIBUTED COSTS

These are overheads for which no user now benefits and as such are not apportioned to services.

NON-OPERATIONAL ASSETS

Fixed assets held by the Authority but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATING LEASE

A lease where the ownership of the fixed asset remains with the lessor.

OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the Authority in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST (PENSIONS)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

PENSION SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

RELATED PARTIES

There is a detailed definition of related parties in FRS 8. For the TfN's purposes related parties are deemed to include the Authority's members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS

The Statement Of Recommended Practice requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.

RESERVES

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

RESIDUAL VALUE

The net realisable value of an asset at the end of its useful life.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

REVENUE EXPENDITURE CAPITALISED UNDER STATUTE (REFCUS)

Expenditure which ordinarily would be revenue but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature to voluntary organisations and back pay expenditure capitalised under Secretary of State Direction.

USEFUL ECONOMIC LIFE (UEL)

The period over which the Authority will derive benefits from the use of a fixed asset.

Independent Auditors Report

To be inserted.



Transport for the North
2nd Floor
4 Piccadilly Place
Manchester
M1 3BN



Transport for the North
Ground Floor
West Gate
Grace Street
Leeds
LS1 2RP



0161 244 0888



info@transportforthenorth.com



transportforthenorth.com

This page is intentionally left blank

Note 3 - Accounting Policies

General principles

The statement of accounts summarises TfN's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. TfN is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015, which those require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act. The accounting convention adopted in the statement of accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Going Concern Basis

TfN accounts for its operations on a going concern basis. This assumes that TfN will continue in operation for the foreseeable future.

TfN is party to a Memorandum of Understanding (MoU) with the Department for Transport that gives it the required comfort that it will continue to receive the necessary funding to discharge its statutory obligations into the future. Furthermore, the MoU commits the Department to an orderly winddown of TfN's affairs should future decisions be made by Government that either end or reduce TfN's funding.

Qualitative Characteristics

The usefulness of financial statements is enhanced if they are comparable between similar organisations and between financial years. The Code of Practice promotes comparability by designating the form and content of the financial statements.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received, rather than when payments are made.

- Interest receivables on investments is accounted for as income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Prior period adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, ie in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Operating leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense to the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a rent-free period at the commencement of the lease).

Events After the Reporting Period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period, and the date the Statement of Accounts is authorised for issue.

Two types of event can be identified:

1. Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts are adjusted to reflect such events.
2. Those that are indicative of conditions that arose after the reporting period – the financial statements are not adjusted to reflect such events, but where a category of events would have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the financial statements.

Financial Instruments

Financial liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at cost and are carried at their amortised cost.

Financial assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. TfN holds financial assets measured at amortised cost. TfN's business model is to hold financial assets to collect contractual cash flows. Financial assets are therefore classified as amortised cost.

Government Grants & Contributions

Whether paid on account, by instalments, or in arrears, government grants and third-party contributions and donations are recognised as due to TfN when there is reasonable assurance that:

- TfN will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to TfN are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution, are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor. Monies advanced as grants and contributions for which conditions have not been satisfied are carried on the Balance Sheet as liabilities. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

When capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. When it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital

Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Overheads and Support Services

Costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance.

Principally, programme areas in receipt of permissive discrete grant will be recharged for the incremental costs of support teams on a calculated basis as agreed by the Finance Director.

Provisions

Provisions are made where an event has taken place that gives TfN a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Group becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the Comprehensive Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the obligation is settled.

Reserves

Specific amounts are set aside as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund. When the expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the (Surplus) / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

Certain reserves are kept to manage the accounting processes for non-current assets and retirement benefits, and do not represent usable resources for TfN.

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year.

Where TfN has determined to meet the cost of this expenditure from existing capital resources a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the usable reserves of TfN.

Value Added Tax (VAT)

TfN neither provides services for consideration nor is able to recover the VAT incurred on expenditure.

Costs are shown gross of VAT within the relevant service lines on the face of the CIES.

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by TfN as a result of past events (e.g. software development) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to TfN.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and TfN will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset.

TfN determines a project to be technically feasible when it has passed an outline business case government approval gateway, or another appropriate review point undertaken by suitably qualified professionals.

Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise TfN's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by TfN can be determined by reference to an active market. In practice, no intangible asset held by the authority meets this criterion, and they are therefore carried at amortised cost. Where an intangible asset has an indefinite useful life, it shall not be amortised. Instead, it will be reviewed annually for impairment.

An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Employee Benefits Benefits Payable During Employment

Short term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to TfN.

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by TfN to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. They are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement at the earlier of when TfN can no longer withdraw the offer of those benefits or when TfN recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by TfN to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of TfN are enrolled in the Local Government Pension Scheme (LGPS). TfN pays an employer's contribution into the Greater Manchester Pension Fund, which is a fully funded defined benefit scheme administered by Tameside Metropolitan Borough Council.

The liabilities of the Greater Manchester Pension Fund attributable to TfN are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate advised by the actuary as specified in the defined benefit pension scheme note.

The assets of the Greater Manchester pension fund attributable to the authority are included in the Balance Sheet at their fair value:

1. quoted securities – current bid price
2. unquoted securities – professional estimate
3. unitised securities – current bid price
4. property – market value.

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
 - o current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked

- o past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement
- o net interest on the net defined benefit liability (asset), ie net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
 - o the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the pensions reserve as other comprehensive income and expenditure – actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the pensions reserve as other comprehensive income and expenditure.
 - o contributions paid to the TfN pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees

Discretionary benefits

The authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

This page is intentionally left blank

Transport for the North Audit & Governance Committee – Item 8

Subject: Updated Corporate Risk Register

Author: Haddy Njie, Risk Manager

Sponsor: Iain Craven, Finance Director

Meeting Date: Thursday 15 July 2021

1. Purpose of the Report:

- 1.1 In June 2021, Transport for the North (TfN) produced an updated Corporate Risk Register (CRR) that reflected the Key Performance Indicators (KPIs) and business objectives outlined in the Business Plan for Financial Year 2021/22. This was presented through the new risk reporting template. For this report, TfN has reviewed and updated where necessary the corporate risks and mitigating measures. Please note the following risk information has been included in the Corporate Risk Register:
- The corporate risk theme – TfN’s Reputation and Political Risk (TCR02), a new corporate risk has been documented relating to the leaking of confidential information.
 - In TCR06, TfN’s Business Operations - The risk of uncertainty on the outcome of the impending CSR and the delays in the publication of key policy documents have been added; and
 - Further robust mitigating measures have been identified to support TfN in the management and avoidance of the risks and uncertainties having an impact on business objectives for Financial Year 2021/22. These can be found in risk themes TCR02, TCR03, and TCR06.
- 1.2 The intention of the report is to provide 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 its direct control. The challenges and uncertainty faced by Transport for the North create both threats that need to be addressed, and opportunities that can potentially be exploited. Transport for the North’s Corporate Risk Register is presented at Appendix 8.1

3. Consideration:

- 3.1 Transport for the North’s approach to managing risk is described in its Risk Management Strategy (“RMS”) which sets out guidance on 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 8.1 – Transport for the North’s Corporate Risk Register.

Required Considerations

Equalities:

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

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

Environment and Sustainability

Yes	No
-----	----

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
-----	----

Consideration	Comment	Responsible Officer	Director
Risk	A full corporate risk assessment activity took place which can be found in Item 8.1	Haddy Njie	Iain Craven

Consultation

Yes	No
-----	----

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

Corporate Risk Register

Updated July 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: <ul style="list-style-type: none"> (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	<ul style="list-style-type: none"> (i) Reduced core funding in 21/22 (mitigated partly by DfT agreeing cost allocations into the NPR programme) and no funding for the IST programme means that TfN's ability to deliver in line with member aspirations will be reduced. (ii) 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. (iii) The leaking of confidential information may create a legal liability, and/or erode trust between TfN and the Department of Transport and thereby could potentially harm TfN's reputation, weaken its relationship with DfT and other partners and ultimately impact upon its financial position. 		
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	<ul style="list-style-type: none"> (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	<p>(i) There is the risk of the uncertainty on the outcome of the impending CSR and delays in the publication of key policy documents. These could create a potential impact in the difficulty to recruit and retain the right people with the right skills and as a result could negatively impact on TfN's ability to deliver its 2021/22 business plan.</p> <p>(ii) Funding reductions may mean that TfN is unable to deliver the full range of its members aspirations.</p>		
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	<ul style="list-style-type: none"> (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	<ul style="list-style-type: none"> (i) Following the agreement that the publication of the Integrated Rail Plan will precede the NPR SOC, further delay in the release of 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". 		
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	<ul style="list-style-type: none"> (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. (iii) 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
Risk ID: TCR03 - Embedding the Strategic Transport Plan (STP) across programmes	14
Risk ID: TCR04 - Delivery of Robust and Compelling Evidence to Support Investment.....	16
Risk ID: TCR05 - Transport Decarbonisation and Climate Change Emergencies	18
Risk ID: TCR06 - Transport for the North’s Business Operations	20
Risk ID: TCR07 - Transport for the North’s Compliance with Relevant Laws and Regulations.....	23
Risk ID: TCR08 - Northern Powerhouse Rail (NPR) Business Case Delivery and Programme Development.....	25
Risk ID: TCR09 - Rail Operations – Franchise and Delivery	28

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	30/06/21
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	30/06/21
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	30/06/21
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	30/06/21
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.
- (4) The leaking of confidential information may create a legal liability, and/or erode trust between TfN and the Department of Transport and thereby could potentially harm TfN's reputation, weaken its relationship with DfT and other partners and ultimately impact upon its financial position.

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.
- TfN's reputation with DfT, partners and members could potentially be adversely affected.

	Assessed Risk Impact				
	Low	Medium	High	Very High	An Issue
Risk Probability					
Low					
Medium			(risk 3)		
High				(risk 2, 4)	
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	30/06/21
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	30/06/21
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	30/06/21
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	30/06/21
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	30/06/21
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	30/06/21
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	30/06/21
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.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
h	4	Medium	New Mitigation	05/07/21

TfN has in place Confidentiality Agreements with Constituent Authorities in relation to Northern Powerful Rail and the Rail North Partnership to regulate information disclosed. In addition, the Confidentiality Agreement demonstrates how information and data may and may not be used, ensures compliance with data protection legislation and impose responsibility for compliance.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
I	4	Medium	New Mitigation	05/07/21
TfN's Disciplinary Policy defines misuse of information as gross misconduct and all employees have been reminded and will continue to be reminded of their obligation of confidence through a staff briefing.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
J	4	Medium	New Mitigation	05/07/21
The Codes of Conduct relating to Members of Constituent Authorities make provision as to the circumstances in which information may be disclosed. Each Constituent Authority will have its own Officer Code of Conduct and/or Disciplinary Policy which are likely to have similar provisions to TfN's, dealing with the treatment of confidential information.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
K	4	Medium	New Mitigation	05/07/21
TfN's processes seek to restrict where possible disclosure of data only to those within the organisation who need to possess such data in order to carry out TfN's business as a local authority. This will support the reduction of the risk of deliberate or accidental disclosure of information shared on a confidential basis.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
L	4	Medium	New Mitigation	05/07/21
As part of TfN's electronic communication processes, document classification is required as part of the Azure Information Protection for all documents and emails sent from within the TfN working environment. This provides validation of all information sent internally and externally.				

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	02/07/21
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	02/07/21
A Policy Development Framework (previously known as the Internal Assurance Framework) is being developed. The work will identify clear and consistent approaches to policy development across the organisation, building on the coordination work already underway in Strategic Oversight Group (SOG). In addition, the Policy Development Framework will enable decision makers to decide TfN's priorities for future projects and programmes to ensure alignment within the TfN programme as well as with partner programmes.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
c	1	High	On-going	02/07/21
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.				
Mitigations #	Risk Factors	Control Level	Status of Mitigation	Updated
d	1	Medium	New Mitigation	02/07/21
A Strategic Transport Plan (STP) Programme is being developed for TfN Board to agree and approve in September 2021. The STP programme will define and sequence the required activities needed, with clear milestones in place for the development and production of a revised STP. Furthermore, there is a plan for consultation and formal adoption by the Board, which is expected in 2024. Following its approval by TfN Board, the STP programme will be managed by the Strategic Oversight Group.				

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	29/06/21
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. In addition, the NoRMS peer review, critical for NPR Strategic Outline Case has been completed which received a positive outcome.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
b	1	High	On-going	26/06/21
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	29/06/21
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	29/06/21
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	29/06/21
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. A number of consultants continue to work with the team providing senior level input until the Analysis Support Partner contract is in place in August 2021.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
f	1	High	On-going	29/06/21
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 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.

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	28/06/21
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	28/06/21
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	28/06/21
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 delays of the publication of the Integrated Rail Plan (IRP), the Devolution White Paper and the Transport Decarbonisation Plan continues to create significant uncertainties. In addition, the uncertainty of the outcome of the impending Comprehensive Spending Review (CSR) and the full impact of policy of the Williams-Shapps Review upon TfN continues. Consistent with last year, this ongoing uncertainty beyond March 2022 means that TfN has instituted a pause in its recruitment of permanent roles. These factors taken together have the potential to affect TfN's ability to recruit and retain and therefore has an impact on wider employee morale and confidence and by extension its ability to deliver the 2021/22 business plan.

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, 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	05/07/21
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	05/07/21
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	05/07/21
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	05/07/21
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	05/07/21
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	05/07/21
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	05/07/21
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	05/07/21
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.				

Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
I	3	Medium	New Mitigation	06/07/21
TfN has communicated to staff the need to continue to deliver the activity set out in the 2021/22 business plan. During the pause in permanent recruitment TfN intends to use fixed term contracts, interims and consultants to provide the organisation with the resources it needs to meet its objectives.				

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	28/06/21
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	28/06/21
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	28/06/21
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	28/06/21
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	28/06/21
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	On-going	28/06/21
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	28/06/21
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	28/06/21
TfN has employer's liability, public liability, and professional indemnity insurance in place to mitigate any financial liability.				

Risk ID: TCR08 - 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 Government's 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 is 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, 3)		
Very High			(risk 2)	(risk 1a, 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	29/06/21
<p>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.</p>				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
b	2	Medium	On-going	29/06/21
<p>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.</p>				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
c	3	Medium	On-going	29/06/21
<p>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.</p>				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
d	1	Medium	On-going	29/06/21
<p>Delay to programme development: Pre-Sequence 5 proposal, which identifies procurement strategies to support NPR delivery was received in May. However, the review, discussion on next steps and endorsement is subject to IRP publication. The continued delay may result in seeking the opportunity to proceed with readiness for the next phase of delivery such as OBC to support partner endorsed delivery timescales.</p>				

Risk ID: TCR09 - 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, 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.



Transport for the North
2nd Floor
4 Piccadilly Place
Manchester
M1 3BN



Transport for the North
Ground Floor
West Gate
Grace Street
Leeds
LS1 2RP



0161 244 0888



info@transportforthenorth.com



transportforthenorth.com