

Transport for the North Board Agenda

Date of Meeting	Wednesday 29 September 2021
Time of Meeting	10.45 am
Venue	Manchester Town Hall Extension Chamber, Manchester, M2 5DB

Filming and broadcast of the meeting

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Item No.	Agenda Item	Page
1.0	Welcome & Apologies The Chair to welcome members to the meeting.	Verbal Report
2.0	Declarations of Interest 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.	Verbal Report
3.0	Minutes of Previous Meetings and Chief Executive's Consultation Calls To formally approve the minutes of: TfN Board meeting, 16 April 2021 Chief Executive Consultation Call, 9 June 2021 Chief Executive Consultation Call, 27 July 2021 and to consider any requests for updates on matters contained therein. Members are asked to note that the record of attendance for the Consultation Call on 27 July is incomplete, and therefore kindly indicate if any errors are observed.	3 - 28
4.0	Governance Report	29 - 58

	To review the Governance requirements as laid out in the reports.	
5.0	Recruitment of the Transport for the North Board and Partnership Board Chair To consider and approve proposals from the Governance Members' Working Group in relation to the recruitment and appointment of a new Chair of the Transport for the North (TfN) Board and Partnership Board.	59 - 68
6.0	Annual Governance Statement, Statement of Accounts Approval and Audit Opinion 2020/21 To consider and approve Transport for the North's Annual Governance Statement and Statutory Accounts.	69 - 220
7.0	Comprehensive Spending Review Submission To update Members on the Spending Review submission to DfT.	221 - 240
8.0	Strategic Transport Plan Road Map Development Programme To note and comment on the proposed programme to develop, consult on, and agree a new STP by 2024.	241 - 250
9.0	Rail Review Reform Matters - Responding to the White Paper To consider and endorse Transport for the North's response to the Williams-Shapps rail review.	251 - 276
10.0	Rail North Committee Feedback To note the feedback from Rail North Committee.	277 - 280
11.0	Corporate Risk Register Report To consider and discuss Transport for the North's recognised risks and approve the current Risk Register.	281 - 318

Transport for the North Board Minutes

Friday 16 April 2021
Virtual

Present:

John Cridland (Chairman)

Attendee

Cllr Gittins

Cllr Richard Burton

Mayor Andy Burnham

Cllr Michael Green

Cllr Liam Robinson

Cllr Paul Stewart

Cllr Stewart Swinburn

Mayor Dan Jarvis

Cllr Hans Mundry

Cllr Susan Hinchcliffe

Cllr Andy D'Agorne

Local Authority

Cheshire West & Chester;

East Riding of Yorkshire;

Greater Manchester Combined

Authority;

Lancashire;

Liverpool City Region;

North East Combined Authority;

North East Lincolnshire;

Sheffield City Region;

Warrington;

West Yorkshire Combined Authority;

York;

Rail North Authorities Attendees

Councillor Chris Brewis

Lincolnshire

Local Enterprise Partnership (LEP) Attendees

Roy Newton

Cheshire & Warrington LEP

Steve Curl

Cumbria LEP

Mark Rawstron

Lancashire LEP

Mark Roberts

Leeds LEP

Lucy Winskill

North East LEP

Peter Kennan

Sheffield City Region LEP

Partners in Attendance:

Graham Botham

Network Rail

Officers in Attendance:

Name

Barry White

Job Title

Chief Executive

Gary Rich

Democratic Services Officer

Julie Openshaw

Head of Legal

Rosemary Lyon

Legal and Democratic Services Officer

Peter Molyneux
Tim Wood

Major Roads Director
Northern Powerhouse Rail Director

Item Item

No:

1. Welcome & Apologies

- 1.1 The Chairman welcomed Members and apologies were received from Cllr Scott, Mayor Houchen, Cllr Les, Cllr Mackenzie, Cllr Waltham, Cllr Hannigan, Cllr Forbes and Cllr Sanderson.
- 1.2 The Chairman paid tribute to His Royal Highness Prince Philip before Members observed a minute's silence in respect of His Royal Highness passing.

2. Declarations of Interest

- 2.1 There were no Declarations of Interest.

3. Chief Executive Appointment and Interim Arrangements

- 3.1 The Chairman informed Members that the Appointment Panel had identified Mr. Martin Tugwell as the preferred candidate for the position of Permanent Chief Executive and Mr. Tim Wood as Interim Chief Executive whilst Mr. Tugwell completes his notice period.
- 3.2 As a Member of the Appointment Panel Cllr Gittins informed Members that the interview process had been robust and that following the second interview the Panel was unanimous in its decision to recommend Mr. Tugwell for appointment. She commented that Mr. Tugwell had made a number of commitments during the interview process and is keen that these commitments be delivered. These comments were echoed by fellow Panel member Cllr Brewis.
- 3.3 Members' comments were supportive of the appointment of Mr. Tugwell on a permanent basis and Mr. Wood on an interim basis.
- 3.4 Members agreed with Cllr Robinson who commented that at this critical time for the organisation. Mr. Tugwell will need to make an immediate impact. He suggested that one-to-one meetings with each of the constituent authorities should be arranged as soon as practical and that early objectives should be set for him, suggesting that the General Purposes Committee could lead on this with a report being submitted to the next TfN Board meeting in order to shape these objectives.

- 3.5 The Chairman explained that Mr. Tugwell has committed to meeting with all Board Members and where possible he will look to do this prior to taking up post.
- 3.6 Mr. Mark Rawstron highlighted the support that LEPs have received from the current Chief Executive and requested that this continues under the new Chief Executive.

The Chairman assured Mr. Rawstron that this matter was discussed at interview.
- 3.7 Members expressed their thanks to the Appointment Panel for all its hard work during the process and also thanked the current Chief Executive for all his hard work over the last three years. Members wished Mr. White well for the future.
- 3.8 The Chairman outlined the thorough nature of the interview process and thanked the Stakeholder Panel for their work and wished Mr Tugwell and Mr. Wood well.

Resolved:

- 1) That the TfN Board approves the appointment of Mr. Martin Tugwell as permanent Chief Executive and Head of Paid Service subject to completion of all required pre-employment and medical clearances;
- 2) That the TfN Board will consider and agree the required management arrangements for the permanent and Interim Chief Executive roles, noting the most pressing matter is setting of probationary objectives and performance review during this period;
- 3) That the TfN Board approves the appointment of Tim Wood as acting Chief Executive and Head of Paid Service between 21 April and 15 May and Interim Chief Executive with effect from 16 May 2021 until such time the next permanent Chief Executive commences employment.

4. Governance Report

- 4.1 Members received the report from the Head of Legal. The Chairman explained that the report was for noting and that Members would be updated as the legal proceedings move forward.
- 4.2 Cllr Hinchcliffe raised concern about the fact that the Board maybe unable to have proper debate going forward.

The Chairman commented that should the Integrated Rail Plan (IRP) be published in late May and formal meetings be unable to take place virtually then he envisages that the meeting on 9 June will be a consultative Board call to discuss the IRP and any other matters. Members' attention was drawn to the provision in the Constitution that allows the Chief Executive to make delegated decisions on behalf of the Board should this be required.

Resolved:

That the Board notes the position in relation to virtual Board and Committee meetings and requests that the position be kept under review.

5. Any Business Which the Chair is Satisfied is Urgent

- 5.1 Following a briefing meeting for Rail North Committee Members, Mayor Burnham raised the issue of the May 2022 timetable and related infrastructure issues. Members then discussed the issues raised at length.

Resolved:

That the update be noted.

6. Exclusion of Press and Public

- 6.1 There were no matters of urgent business.

7. Any Business Which the Chair is Satisfied is Urgent

- 7.1 There were no matters of urgent business.

Transport for the North Chief Executive Consultation Call (Board) Minutes

Wednesday 09 June 2021
Virtual

Present:

John Cridland (Chairman)

Attendee	Local Authority
Cllr Lynn Williams	Blackpool;
Cllr Craig Browne	Cheshire East;
Cllr Louise Gittins	Cheshire West & Chester;
Cllr Keith Little	Cumbria;
Cllr Gary McMaster	East Riding of Yorkshire;
Mayor Andy Burnham	Greater Manchester Combined Authority;
Cllr Daren Hale	Hull;
Cllr Charles Edwards	Lancashire;
Mayor Steve Rotheram	Liverpool City Region;
Cllr Stewart Swinburn	North East Lincolnshire;
Mayor Jamie Driscoll	North of Tyne Combined Authority;
Mayor Dan Jarvis	Sheffield City Region;
Cllr Heather Scott	Tees Valley;
Cllr Susan Hinchcliffe	West Yorkshire Combined Authority;

Local Enterprise Partnership (LEP) Attendees

Annette McDonald	Cheshire & Warrington
Steve Curl	Cumbria;
Mark Rawstron	Lancashire
Mark Roberts	Leeds
Lucy Winskill	North East
Peter Kennan	Sheffield City Region

Partners in Attendance:

Ben Smith	Department for Transport
Lorna Pimlott	HS2
Alan Shepherd	Highways England
Graham Botham	Network Rail

Officers in Attendance:

Name	Job Title
Dawn Madin	Director of Business Capabilities
Gary Rich	Democratic Services Officer
Iain Craven	Finance Director
Julie Openshaw	Head of Legal Services
Tim Wood	Interim Chief Executive
Tim Foster	Interim Strategy & Programme Director
Rosemary Lyon	Legal & Democratic Services Officer
Peter Molyneux	Major Roads Director
David Hoggarth	Strategic Rail Director
Deborah Dimock	Solicitor

Also in Attendance

Mayor Tracy Brabin (Observer)	West Yorkshire Combined Authority
Anit Chandarana	Network Rail

**Item Item
No:**

1. Welcome and Apologies

- 1.1 The Chairman welcomed Members and apologies were noted. The Chairman placed on record his thanks and the thanks of the Board to Councillor Chris Brewis for all his hard work and dedication to the Board during his time as the Member for Lincolnshire on the Board.
- 1.2 The Chairman asked Members to remind their Officers to update TfN on any changes following their AGMs and this should be done before the meeting on 27 July 2021. Members were also reminded about the Governance Audit consultation which could still be completed.

2. Declarations of Interest

- 2.1 There were no Declarations of Interest.

3. Minutes of the Previous Meeting

- 3.1 The draft minutes of the meetings of the Transport for the North Board held on 24 March and 16 April 2021 were considered. The Chairman explained that as this is not a formal meeting of the Board, the minutes

were for noting only and would be presented for formal approval at the 27 July 2021 meeting.

Resolved:

That the draft minutes of the Transport for the North Board meetings held on 24 March and 16 April 2021 be noted.

4. Governance Report

- 4.1 The report of the Head of Legal Services was received by Members and taken as read.

Appointment of a new Chair

- 4.2 Members paid tribute to the Chairman and thanked him for his hard work during his time as Chairman of the Board.
- 4.3 Members highlighted the importance of this appointment at a crucial time for TfN. Members agreed that Cllr Gittins should become interim Chair of the Board whilst the recruitment process for a new independent Chair was taking place, Members also discussed the possibility of a prominent independent Chair being appointed without the need for a recruitment process.
- 4.4 In summing up the Chairman explained that Members were keen to appoint an Independent Chair with the General Purposes Committee Members' Working Group considering the recruitment process.

Formal Meetings

- 4.5 Cllr Gittins highlighted the Government consultation on virtual meetings and suggested that this is something that Transport for the North should contribute to. The Head of Legal Services confirmed that Transport for the North is in the process of responding.
- 4.6 Regarding the meeting in July Mayor Burnham highlighted the current Government advice with regards to travel in certain areas of the North. He requested that the situation be kept under review before a decision is made. Members agreed with Mayor Burnham and stated that it should only be done if safe to do so.
- 4.7 Members expressed concern on the impact to democracy if all Members were unable to be present at face-to-face meetings due to Covid related issues.

Members were keen that arrangements should be put in place enabling those who cannot attend to have their views heard. The possibility of hybrid meetings was also discussed.

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- 4.8 Mayor Driscoll suggested the possibility of meetings rotating around the North of England.

The Chairman explained that this had happened in the past but that subsequently Members decided that meetings should take place either side of the Pennines on an alternate basis in order to save on Member travel time. However, he explained if there is an appetite amongst Members to go to different locations in the North then this could be considered.

- 4.9 The Chairman stated that a final decision on the July Board meeting would not be made until the situation had become clearer.

He explained to Members that when the Government ended the ability of statutory bodies who need to meet in public to have virtual meetings this prevented the continuation of the Board being able to meet virtually with Members being able to vote at these meetings as has been done since the start of the pandemic. He expressed the opinion that in the future hybrid meetings would probably be the best way to maintain some of what has been in place, with Members who are unable to be present being able to speak although being unable to participate in any formal votes.

The Chairman stated that the Head of Legal Services has a mandate to find the best solution to allow the greatest number of Board Members to contribute to the fullest effect.

- 4.10 Regarding the General Purposes Committee (GPC) the Chairman commented that this had already been addressed and that the proposal is that the Members' Working Group on the GPC would also pursue the proposals on the Chair roles and whether any changes would be required to the Constitution to facilitate hybrid meetings.

Resolved:

Appointment of Chair

- 1 Members noted the report and advised the Chief Executive that they wished to pursue proposals to recruit and appoint an independent Chair of the Partnership Board through the Members' Working Group on the GPC Members' Working Group.
- 2 As Members wished to recruit an independent person, they authorised the Director of Business Capabilities to work with the Members' Working Group on the GPC to draw up recruitment proposals.
- 3 Members noted that a report on this matter will be presented to the TfN Board at a future meeting.

Arrangements for Meetings

- 4 Members received the information and approved further investigation into the options available for a return to in person attendance at Board and Committee Meetings
- 5 Members discussed the options available for different ways of working so as to maximise the use of virtual meetings where possible.
- 6 Members requested that the Members Working Group set up to look at the General Purposes Committee also look at new ways of working following the ending of the virtual meetings provisions and noted that a report will be presented to the Board on any proposed amendments to the Constitution.

Review of the General Purposes Committee

- 7 Members received the information and agree to widen the remit of the Members' Working Group to include other governance issues as mentioned in the report.

5. Financial Outturn 2020/21

- 5.1 The report of the Finance Director was received by Members which was taken as read. Members had no questions on the paper.

Resolved:

That the Board notes the outturn position for 2020/21 and the potential for accommodating slippage from 2020/21 into the revised forecast for 2021/22.

6. Spending Review Planning

- 6.1 The report of the Strategy and Programme Director was received by Members. The Strategy and Programme Director informed Members that further reports on this would be brought to the 27 July 2021 and September 2021 Boards.

He explained that due to timing and uncertainty the report recommends starting now which will also allow for a fuller discussion at the 27 July 2021 Board.

Resolved:

- 1) That the Board note the likely timing of SR21 and the need to commence preparatory work in June.
- 2) That the Board agree the high-level approach outlined in section 4 of the report.

7. Government White Paper - Great British Railways: The Williams-Shapps Plan for Rail

- 7.1 The Chairman moved this item to the end of the agenda in order that the Chief of Staff from Network Rail could update Members.
- 7.2 Members received the report from the Strategic Rail Director. The interim Chief Executive then highlighted key areas of the report. He explained that there are points to welcome within it, particularly the creation of a single accountable guiding mind in Great British Railways, commitment to long term 30-year investment plans in rail infrastructure to support the levelling up agenda and recognition that local knowledge must be harnessed to provide the best outcomes. However he stated that further detail is required on devolution and the role of TfN and the fact that all the accountability sits with GB rail.

He explained that a letter has been sent to the Secretary of State making clear that TfN is an established organisation that can act as a statutory body that is representative of and based in the North of England. He further explained that TfN is in a unique position to make the Williams Shapps plan work quickly to the benefit of passengers and businesses.

The interim Chief Executive stated that a briefing for Members would be set up with Sir Peter Hendy or Andrew Haynes in the coming weeks.

The Interim Chief Executive explained that Mr Anit Chandarana sees a strong role for TfN due the knowledge possessed in the organisation and the fact that TfN speaks with one voice. He highlighted the fact that Network Rail is split into two in the North and that TfN would like to see a single organisation within GB Rail with which TfN can interface. Mr Chandarana welcomed this and confirmed that further discussions will take place.

- 7.3 Mr Chandarana stated that there would be a need for interim arrangements as GBR will not be legislated for until 2024. He explained that he envisages strong interaction and collaboration with various organisations as to what the interim arrangements will look like. He explained the Network Rail welcomes the white paper and it's right to bring industry and stakeholders together.
- 7.4 Members welcomed the report however Cllr Hale believes that there is an existential threat to TfN in this. He also highlighted the issue of fairer fare prices and wanted to know what the ability would be to influence this.
- 7.5 Ben Smith stated that the DfT recognises the important and unique role that TfN can play in this providing a pan regional overview and allowing regions to come together and speak with one voice and wants to use knowledge and experience that exists within the Board.

- 7.6 Mayor Burnham stated that he would welcome TfNs involvement on any Advisory Board, however he believes that a plan should be developed for the North where TfN will work with constituent bodies to develop how Members' aspirations can fit with running services across the North. He also suggested that there was a case for TfN to run the cross-north services.

Resolved:

- 1) That the Board notes the White Paper, and its focus on addressing the problems caused by the past fragmentation of the railway industry;
- 2) That the Board seeks clarity from Government that the existing arrangements and statutory powers of Transport for the North are not proposed to be changed, and can therefore provide a strong building block for Transport for the North's future role;
- 3) That the Board approves the next steps set out in Section 5 of the report
- 5) That the Board agree that the executive team develop a more detailed Transport for the North response to the Williams-Shapps Plan over the next 3 months, taking the form of a case for change towards a more fully devolved pan-Northern network. This would build on the recommendations in the White Paper and the commitment to local control cited therein and incorporate feedback already obtained from Transport for the North's partners regarding their ideal scenario for how the railway will evolve in the North over the next 30 years.

8. Manchester Recovery Task Force

- 8.1 Members received the report from the Strategic Rail Director. The interim Chief Executive then highlighted key areas of the report. Following which he invited Mr. Richard George to address the Board. The interim Chief Executive explained that Mr. George would be crucial in being able to break the log jams due to his extensive experience of timetabling and the rail network.
- 8.2 Mr. George stated that he is happy to help and highlighted that he believed the position is similar to where things were in 2018. He stated that he will do whatever he can do to help.
- 8.3 Mayor Burnham stated that the approach from TfN has been vindicated and it makes the case for TfN as we wouldn't be in this position if it wasn't for the fact that TfN were able to intervene with May 2022 originally proposed timetable changes being considered following TfNs suggestion. Mayor Burnham was grateful for the support of other Members at the exceptional meeting of NTAC.

He highlighted the necessity to continue to maintain the pressure on this and continue to be tough on what is being requested even though progress has been made. He highlighted the importance of IRP in this.

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- 8.4 The interim Chief Executive explained that an agreement has been made with the DfT that TfN can attend NTAC meetings where the Manchester Recovery Task force is being discussed.

He explained that there needs to be an understanding of how the Transpennine Route Upgrade, HS2, and NPR all integrate. He further stated that Manchester needs to be fixed. He stated that the baking in of the TfN analytical work and regional knowledge would help to move things at pace. He explained that all options remain on the table including platforms 15 & 16 at Manchester Piccadilly.

Resolved:

- 1) That the Board notes the report setting out the current position on services and infrastructure in and around Central Manchester.
- 2) That the Board notes the actions taken by Transport for the North and the proposed pathway to a resolution.

9. Northern Powerhouse Rail - Integrated Rail Plan Update and Programme for Strategic Outline Case Submission

- 9.1 Members received the report from Head of NPR Business Case Development. The Interim Chief Executive then highlighted the key areas of the report. He further added that he hopes that the Government will publish the IRP before summer recess as he believes this is vital, as delays in publication will cause delays to the Transpennine Route Upgrade, HS2 and NPR which will in turn will cause delay to growing the economy of Northern England.
- 9.2 Members expressed their concerns about the delay in the publication of the IRP and questioned how pressure could be applied to the Government in order to speed things up.
- 9.3 Mayor Burnham highlighted the 30% benefits figure for the TfN preferred network. He believes that this figure reinforces the need for ambition. He questioned whether the same modelling should also be applied to the whole HS2 NPR interface in the North of England. He believed that if this modelling is accepted then it justifies the higher level of spending.
- 9.4 Referring to the March Board, where Members were informed that the Strategic Outline Case would not be submitted, the Chairman reminded Members that the Board made two commitments. They committed to keep the pressure on the Government to publish the Integrated Rail Plan (IRP) as well as committing to continue with the work to produce the evidence to make the strongest possible case. He highlighted that this has produced new encouraging information allowing for the strongest possible case to be made.
- 9.5 The interim Chief Executive explained that the Government are hopeful that the IRP will be before summer recess and requested that Members

should continue to push Government on its publication. Members were assured that it was not the DfT who were holding up its publication.

In relation to NORMS he explained that it had not been fully accepted and hoped that it would be by the end of June 2021 but the DfT have not expressed and significant concerns and that this will be approved. He highlighted that three years ago the NPR network had a cost of £80 billion (network) with a BCR of just 0.1, currently the TfN Members preferred network would cost circa £42 billion with a BCR around 1. He stated that the IRP delay has been helpful to this point as it has allowed the completion the modelling iteration 2 driving the benefits increase. TfN would like to deliver SOC by the end of the year.

Resolved:

- 1) That Members Note progress on implementing the agreed scope of work for FY21/22, model development and the Strategic Outline Case.
- 2) That Members note the plan to review and respond to the IRP.

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Transport for the North Chief Executive Consultation Call (Board) Minutes

Tuesday 27 July 2021
Virtual

Present:

John Cridland (Chairman)

Attendee	Local Authority
Cllr Louise Gittins	Cheshire West & Chester;
Mayor Andy Burnham	Greater Manchester Combined Authority;
Cllr Daren Hale	Hull
Cllr Charles Edwards	Lancashire;
Mayor Steve Rotheram	Liverpool City Region;
Mayor Jamie Driscoll	North of Tyne Combined Authority
Mayor Dan Jarvis	Sheffield City Region;
Cllr Heather Scott	Tees Valley Combined Authority
Cllr Hans Mundy	Warrington;
Mayor Tracy Brabin	West Yorkshire Combined Authority;
Cllr Andy D'Agorne	York;

Rail North Authorities Attendees

Local Enterprise Partnership (LEP) Attendees

Steve Curl	Cumbria LEP
Mark Rawstron	Lancashire LEP
Mark Roberts	Leeds LEP
Lucy Winskill	North East LEP
Peter Kennan	Sheffield City Region LEP

Partners in Attendance:

Officers in Attendance:

Name	Job Title
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Item No:	Item
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1. Welcome and Apologies

- 1.1 The Chairman welcomed Members to the consultation call and apologies were noted.
- 1.2 The Chairman welcomed the incoming Chief Executive who attended the meeting as an observer. He also extended his thanks to the Interim Chief Executive for all his hard work over the last three and a half months.

2. Declarations of Interest

- 2.1 There were no Declarations of Interest.

3. Minutes of the Previous Meeting

- 3.1 The minutes of the previous meeting held on 9 June 2021 were considered. The Chairman explained that as this is not a formal meeting of the Board, the minutes could not be approved and were for noting only and would be presented for approval at the September meeting.

Resolved:

That the minutes from the Consultation Call on 9 June be noted.

Cllr Gittins suggested that Item 10 be taken first due to the importance of the issue and that some Members may be required to leave the meeting early. The Chairman and Members were in agreement with Cllr Gittins and Members discussed Item 10 first.

4. Governance Report

- 4.1 Members received the Governance report from the Transport for the North Head of Legal. The Chairman then summarised the key points in the report which was taken as read.
- 4.2 Peter Kennan expressed particular support for one of the proposed Constitutional changes which will allow Members unable to attend to a meeting in person to do so virtually at the Chair's discretion.

Resolved:

- 1) That Board notes the interim arrangements for the Chair of the Board and Partnership Board;
- 2) That Board notes the work of the Members' Working Group (MWG) and endorses the recommendations of the MWG in relation to the General Purposes Committee;
- 3) That Board authorises the Director of Business Capabilities, in consultation with the Members' Working Group, to agree the Chief Executive's probationary objectives, for agreement with him;
- 4) That the Board indicates its support for the proposed amendments to the Constitution to allow remote participation in meetings;
- 5) That the Board notes the proposal for the appointment of a new Independent Member of the Audit and Governance Committee;
- 6) That the Board endorses the recommendations of the Members' Working Group in relation to the Annual Meeting and future meetings of the Board.

5. Budget Revision 1

- 5.1 Members received the Budget Revision 1 Report of the Finance Director. The Chairman then summarised the report which was taken as read by Members.

Resolved:

- 1) That Board notes the contents of the report and approves the Budget Revision 1;
- 2) That Board notes the first quarter budget virements and that these have now been absorbed into this Revision.

6. Spending Review Planning

- 6.1 The report of the Strategy and Programme Director was received by Members. The Chairman then summarised the report which was taken as read.

Resolved:

That Board notes the likely timetable for the Spending Review, and the likely need to engage with Members in advance of the September 2021 Board meeting.

7. Freight Strategy

- 7.1 Members received the report and the draft Freight Strategy from the Strategy and Programme Director. The Principal Policy Officer for Freight and Logistics then highlighted the key points in the report and the

strategy before Members were able to ask questions and make comments.

- 7.2 The Principal Policy Officer for Freight and Logistics highlighted two specific issues for Members' attention. Firstly, she explained that the version Members received was continuing to evolve: it did not yet reflect the comments received from constituent authority officers relating to decarbonisation; as a result this section of the Strategy would need strengthening prior to consultation. She further explained that the policy did not reflect other comments received from constituent authority officers so these would also be included. On the issue of interventions, the Principal Policy Officer explained that these would be reinserted back into the Strategy.
- 7.3 The Chairman explained that the Strategy will be published in the Autumn for consultation.
- 7.4 Mr Peter Kennan requested that dialogue with LEPs takes place before it goes out to open consultation. He also suggested that strategy should tie into other priorities as well and not only decarbonisation. It was confirmed that congestion points will be included.

The Principal Policy Officer for Freight and Logistics explained that she would expand the information on congestion points.

- 7.5 Cllr Scott highlighted that HS2 Eastern leg is important to freight in the future and this needs to be added to the Strategy.

Resolved:

That the Board agrees to move to external consultation.

8. Northern Transport Charter

- 8.1 Members received the report from the Acting Head of Policy and Strategy. The Chairman summarised the report before inviting Members to ask questions and make comments.
- 8.2 Mr. Kennan raised the issue of the Citizens Assembly and expressed concern about the cost against the benefit of such a project and asked to see further information on this.
- 8.3 Mayor Driscoll highlighted the benefits of a Citizen Assembly after this had worked well in his area. He explained that they are really valuable but require an oversight panel to set the Terms of Reference and the questions that they need to examine.

- 8.4 The interim Strategy and Programme Director explained that officers will work with the Member Working Group for the Northern Transport Charter to design and test a pilot approach and provide the Board with reassurance before wider rollout.

Resolved:

- 1) That Board approved the Comms & Engagement plan outlined in Appendix 2 of the report to support the activities outlined in paragraph 4 of the report regarding 'Telling the NTC story.'
- 2) That Board approved the high-level activities in paragraph 5.3 which will allow delivery at pace against KPI 20 in the Business plan.

9. Accessibility at Stations

- 9.1 Members received the report of the Strategic Rail Director. The Head of Rail Specification and Delivery then outlined the key elements of the report.
- 9.2 Mr. Steve Curl suggested that there should be a wider assessment as advocated in the Green Book. He further suggested that stations should be looked that have poor accessibility and should look beyond the red list of stations.
- 9.3 Cllr Hale expressed concern about the economics of the matter. He believed that footfall would increase at stations when they become accessible as people unable to access stations currently due to accessibility will look to use different stations where there are no access issues.

He emphasised the importance of rail companies and station operators working with Members, TfN and user groups when they want to make changes to accessibility which may affect users.

He also highlighted that it is not just an issue of accessibility on to the trains but how passengers with disabilities are able to traverse larger stations as well.

- 9.4 Cllr Scott explained that Tees Valley is considering a programme of station interventions which will need to dovetail in with the work TfN is doing.
- 9.5 Mayor Brabin highlighted the fact that 57% of stations within the West Yorkshire Combined Authority are not up to standard. She also highlighted the need for there to be an integrated network of transport able to get passengers to the stations.

- 9.6 Mayor Burnham stated that the report needs to reflect the local approaches and further suggested that devolution of stations would further strengthen it.
- 9.7 Mayor Rotheram explained that Liverpool City Region was offered devolved stations when Chris Grayling MP was Secretary of State. He stated that there is a Memorandum of Understanding which has been waiting to be signed off by the Secretary of State for the last 18 months.
- 9.8 The Chairman suggested that the matter be connected with objectives for overall devolution.
- 9.9 The Strategic Rail Director stated that this would now be moved to a Strategic Case for investment and a further report would then be presented. He committed to working with Members to strengthen their local cases.

Resolved:

That Board agrees to the next stages in the workstreams described in the report namely:

- That Strategic Rail work with Technical Assurance, Modelling & Economics (TAME) to assess the potential for stations enhancements at all Category C to F stations in the North, in order to allocate them to one of the three potential routes to implementation;
- For those stations for which a strong economic case is identified for a package of accessibility and facilities enhancements, TfN Strategic Rail will commit resources to developing business cases for submission to the Rail Network Enhancements Pipeline;
- For stations with an intermediate economic case, TfN Strategic Rail will work with Local Transport Authorities and other partners in order to identify solutions which will strengthen the business case for packages of interventions by harnessing local knowledge. TfN's resources (such as assistance from TAME and the models in our Analytical Framework) can be used to complement appraisal undertaken by our partners and help them to develop successful business cases for stations improvements;
- For stations with a poor economic case, the case for accessibility improvements will continue to be made on social inclusion and regulatory grounds, with funding being sought from the Access for All programme and Mid-Tier fund;
- The above workstreams will be defined and co-ordinated through the development of an overall Strategic Outline Business Case for investment in accessibility in the North's railway stations; and
- TfN will use its influence through Rail North Partnership to progress the standardisation of items such as station branding, accessibility policies, staff training on accessibility issues, and public announcements. Some initiatives in these areas could be started relatively quickly.
- That TfN will work with Local Authorities to strengthen local cases

- That this will be linked to the campaign to devolve station to local control wherever feasible.

10. Northern Powerhouse Rail

- 10.1 Members received the report from the Interim Chief Executive who highlighted the key parts of the report. He firstly highlighted the current position regarding the Integrated Rail Plan (IRP).
- 10.2 Members expressed their concerns at the further delay to the IRP.
- 10.3 Cllr Munday commented that the Treasury is dictating what can be afforded for the North and that there could be conflict between what can be afforded, and the needs are for the North. He suggested that early conversations are required with Ministers so that the priority points for the North can be funded properly.
- 10.4 Referring to the letter sent to the Secretary of State following the last Rail North Committee Meeting, Mayor Brabin highlighted that one of the sought for outcomes was for the IRP to be published in July 2021. She highlighted the economic impacts of the delay to West Yorkshire as a result of the delay and the urgency of the matter and asked what Transport for the North can do in order to expedite matters.
- 10.5 Mr. Mark Rawstron explained that the LEPs would support the voices of the elected members. He explained that the LEPs have agreed to produce a draft letter contributed to by each of LEPs of the "NP11" and businesses, to add weight to elected members' voices.

Mayor Burnham commented that it is now 7 years since the North was promised transformational rail investment and expressed concern about his belief that the North is being kept uninformed on these matters and that this may be an attempt to force a sub-optimal network on the North without sufficient time to adequately challenge. He commented that the position is very serious and worried him greatly. He also expressed concern that the IRP has not yet been published and implications for the North.

- 10.6 Mayor Jarvis also expressed concern about the delay in publishing the IRP highlighting the impact that it is causing. He explained that the delay is adversely impacting the ability to take other plans forward and negatively impacting on economic development in the North and the business community.
- 10.7 Cllr Hale highlighted the cost implications of delay. He explained the longer the delay the greater likelihood there is to be an increase in costs in construction materials such as steel.
- 10.8 Mayor Driscoll also highlighted the impact that the delay in publication of the IRP is having on his area. As well as affecting business and

investment it is also impacting on train services. He explained that the North East has lost train services due to an historical decision in which there would be investment to increase capacity leading to three services an hour but now they are losing services to the North West.

He expressed concern at the silence he perceived currently from Government and suggested a meeting with Ministers to seek a commitment for publication before the end of the year.

- 10.9 Cllr Gittins supported the idea that a meeting with the Minister should take place and questioned what could be done whilst waiting for the meeting to take place.
- 10.10 Cllr Edwards asked if there had been any update on the Green Book which could simplify investment in the North.
- 10.11 In response to Members' comments the Interim Chief Executive highlighted the importance of business community's involvement in pressing Government on this issue. He commented that this is a major project to open up connectivity across North of England.

He then highlighted the work being done on NPR, explaining that survey work has taken place between Hull and Leeds resulting in a substantial reduction in the cost of the work to be done. He added that Sheffield to Hull would be the next place to be surveyed. He further added that work can also be done at Rotherham and Barnsley Stations.

Highlighting the cost of the Members' preferred network, the Interim Chief Executive explained that he believed that at least £5 billion can be deducted from the current £42 billion assured estimate provided by NR. He agreed with Members' concerns that the longer the wait, the more the costs are likely to increase.

He stated that NPR is a programme that is under financial control, but the team will continue to challenge costs as the Programme develops further and encouraged elected members to work with Government and support TfN's message.

- 10.12 The Chairman summarised three themes that Members had discussed. These were broadly: business supporting Northern leaders in applying pressure to Government to make a case for a transformational network, reinforcement of the impact that the delay in the publication of the IRP is having and seeking an early meeting with Government.
- 10.13 The Interim Chief Executive then went on to highlight the current situation with the Manchester Task Force following the letter to the Rail Minister after the Rail North Committee Meeting. He explained that a response is yet to be received but was expected to be imminent. He confirmed that Officers are working collaboratively with the DfT and some good progress is being made.

He expressed the view that there should be no timetable change in the North West in May 2022 and that the same should be the case in the East. He explained that a situation could arise whereby a "Covid timetable" remains in place in the longer term leading to passenger congestion on trains. He commented that investment in rail infrastructure would be likely to lead to people preferring rail transport to car travel.

- 10.14 Mayor Jarvis was pleased that work is being undertaken to reinstate a direct link from Sheffield to Manchester Airport. He requested that as soon as a response is received from Government then this is shared with Members and a meeting convened to discuss a response.
- 10.15 Mayor Brabin commented that Bradford would only have one direct LNER train to London per day under the plans out to consultation for the East Coast Main Line.
- 10.16 Cllr Mundry stated that everyone would lose from these proposals and questioned what the timelines would be in order to be able to hold the Government to account.
- 10.17 Mayor Burnham stated that he was not reassured and believes that the Government is not being open on this matter and expressed disappointment with the lack of response from the Minister to the Interim Chief Executive's letter.

He drew the Board's attention to the fact that In January 2020 the Board resolved to support investment in Central Manchester including 'Package C'. He stated that since this commitment the Department for Transport has made many other suggestions and has not supported 'Package C'. He stated that Members need dates and commitments on this matter and highlighted reports in the media that funding in Control Period 6 will be reduced again.

Mayor Burnham was of the view that Members should refuse the timetable and formally withdraw support for the December 2022 timetable.

- 10.18 At this point in the debate, the Interim Chief Executive informed Members that a response had been received from the Minister during the course of the discussion.
- 10.19 The Chairman asked the Interim Chief Executive to circulate the letter to Members to enable them to return to debate on this item later in the meeting.
- 10.20 The response was circulated, the matter adjourned, and returned to after other agenda items had been dealt with. The Chair highlighted a comment from Mayor Driscoll in the "chat bar" in which he suggested

that Treasury Officials should be requested to be present at any meeting set up with the Minister.

- 10.21 The Interim Chief Executive highlighted the key points of the response from the Minister. He explained that the letter highlights the benefits to passengers of B+ as well as stating their commitment to infrastructure improvements.

The Interim Chief Executive observed that the response indicates that an impasse has arisen on the matter and that a meeting with the Minister is required in order to resolve it. He suggested that the work around the B+ timetable should nonetheless continue in the background whilst awaiting a meeting with the Minister.

- 10.22 Members expressed disappointment with the tone of the letter.
- 10.23 Cllr Mundry believed that Members are being forced into an unwanted situation and that Government appears happy to provide timelines for everything but the start of the infrastructure work.
- 10.24 Mayor Rotheram commented that the letter was not about sharing ownership but devolving blame. He was concerned that any disruption caused could be attributed to the decisions made by the Transport for the North Board.
- 10.25 Mayor Jarvis believed that the letter undermines the Government's ability to work with Members constructively. He deemed neither option which had been presented to Members as acceptable and stated that a meeting with the Minister was needed later in the week.
- 10.26 Mayor Burnham stated that residents will not accept a lack of investment in the North.
- 10.27 The Chairman suggested that the Board continues to strive for a resolution and continue to make the point that acquiescing to "least worst" option needs to be done alongside a commitment to infrastructure improvements.

He agreed that an urgent meeting should be arranged with the Minister Chris Heaton Harris MP to seek a resolution to this issue and that should an agreement not be found then the Board is entitled to maintain its position and is not required to sign up to the "least worst" option if it is something the Board would deem unacceptable.

The Chairman added that the Board and the Rail North Committee should work jointly on this issue and suggested that the Interim Chief Executive together with the incoming Chief Executive work together with the most active Members of the Rail North Committee on this matter to exercise the Board mandate.

The Interim Chief Executive recommended a fourth point be added to the recommended decision in that that preparatory work should continue on the B+ timetable.

Mayor Burnham returned to his earlier remark on Control Period six and requested that a firm commitment is gained from Government regarding infrastructure for Central Manchester for this period.

Resolved:

- 1) That Board notes that the IRP will not be published prior to parliamentary recess (starting 22 July) and will now be delayed until September 2021 at the earliest.
- 2) That Board notes that the Strategic Outline Case for NPR is now unlikely to be completed within the FY21/22 and could take 6-12 months from publication of the IRP.
- 3) That Board notes that work will continue in order that progress can be made on implementing the agreed scope of work for FY21/22 and model development, but a review of the future work programme may be likely.
- 4) That Board notes that Officers will work across Transport for the North to understand the implications for the key deliverables and performance indicators set in our 21/22 Business Plan.
- 5) That an urgent meeting be set up with the Minister in order to continue to strive for a resolution of the Central Manchester infrastructure and timetable issue.
- 6) That Board notes that it need not accept the "least worst" timetable option if the Government's response is ultimately deemed unacceptable by it
- 7) That preparatory work should continue on the B+ timetable.

11. Formal Resignation of the Chairman and handover to the Vice Chair as Acting Chair

- 11.1 Just prior to the close of meeting to the Chair handed the Chair role to Cllr Gittins as future Acting Chair and extended to her his very best wishes for the future. He also thanked the Interim Chief Executive, all Members and extended his best wishes to the incoming Chief Executive.
- 11.2 Mayor Burnham led the thanks of the Board prior to the closure of the meeting.

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Meeting: Transport for the North Board

Subject: Governance Report

Author: Manjit Dhillon, Julie Openshaw, Gary Rich

Sponsor: Director of Business Capabilities

Meeting Date: Wednesday 29 September 2021

1. Purpose of the Report:

- 1.1 For Transport for the North Board to appoint a Chair and two Vice Chairs for the forthcoming year.
- 1.2 For Members to approve the appointment of a new Independent Member of the Audit and Governance Committee.
- 1.3 For the Board to appoint two Members to the vacancies for Board Members on the Audit and Governance Committee and to approve the membership of the Board and of Committees for the forthcoming year.
- 1.4 For Transport for the North Board to approve the Constitution for the coming year subject to approval of the following amendments:
 - a) Amendment of the membership of the General Purposes Committee to include a representative of the LEP Co-opted Board Members
 - b) Amendment of the Procedure Rules to provide for virtual participation in meetings by both Members and Officers;
 - c) Amendment of the Terms of Reference of the Partnership Board to remove the restriction on elected Members of Local Authorities within the TfN area being appointed as the Chair of the Partnership Board;
 - d) Amendment of the Terms of Reference of the Partnership Board to remove until further notice the requirement for the Partnership Board to be chaired by an Independent Chair appointed by Transport for the North;
 - e) Amendment of the Voting Matrix to reflect alterations in population figures since the last calculation was carried out in 2019.
 - f) Replacement of the Officer Code of Conduct in the Constitution
- 1.5 For Members to appoint a new Chair of the Partnership Board.
- 1.6 For Members to approve the Calendar of Meetings for the forthcoming year.

2. Recommendations:

- 2.1 That unless further nominations are received, the nomination of Councillor Gittins as the Chair of the Board be approved, and that Councillor Gittins be elected as Chair of the Board for the forthcoming year or until such time as an Independent Chair is elected.
- 2.2 That nominations be received for the Majority Vice Chair and the Minority Vice Chair be elected.
- 2.3 That nominations be received for the Minority Vice Chair and the Majority Vice Chair be elected.
- 2.4 That the Board appoints Graham Bell as the fourth Independent Member of the Audit and Governance Committee.
- 2.5 That the Board appoints two additional Members or Co-opted Members of Board as Members of the Audit and Governance Committee to fill the current vacancies.
- 2.6 That the Board approves the membership of the Board and of Committees for the forthcoming year as set out in Appendix 2.
- 2.7 That the Board approves the Constitution for the coming year subject to the amendments set out in Appendix 3; replacement of the Voting Matrix with the version at Appendix 4; replacement of the Officer Code of Conduct with the version at Appendix 5; and amendment throughout the Constitution to reflect the newly re-named South Yorkshire Mayoral Combined Authority in place of Sheffield City Region.
- 2.8 That the requirement for an Independent Chair of the Partnership Board be waived until further notice and the person appointed as the Chair of the Transport for the North Board be appointed as the Chair of the Partnership Board.
- 2.9 That the Calendar of Meetings set out in Appendix 6 be approved noting that these may be subject to change where necessary after consultation with relevant Chairs.

3. Main Issues:**Appointment of the Chair and Vice Chairs of the Board**

- 3.1 Under the provision of paragraph 2(1)(a) of the Transport for the North Regulations Transport for the North is required to appoint a Chair and may appoint Vice Chairs in each year. The Constitution empowers TfN to approve the appointment of one or more Vice Chairs each year. By convention one of the Vice Chairs is to be appointed from among the majority party the other is to be appointed from among the minority parties.

In the event that there is more than one nomination for an office there will be an election by a named vote in which the votes cast will be weighted calculated on the basis of population. The person elected will be the one who has the support of Members who between them hold more than 50% of the weighted votes of those present and entitled to vote.

Following the resignation of John Cridland as the Chair of both the Transport for the North Board and the Partnership Board, the Majority Vice Chair of the Board, Councillor Louise Gittins has been Acting Chair of the Board under the vacancy provisions in the Constitution and an appointment to the position of Chair of the TfN Board for the forthcoming year now needs to be made until such time as a new Independent Chair of the Board can be recruited.

At the Chief Executive's Consultation Call on the 9 June 2021 the Board indicated its unanimous support for Councillor Gittins to be nominated as Chair of the Board until such time as an Independent Chair could be recruited and appointed. Councillor Gittins is therefore nominated to be elected as Chair.

- 3.2 The Majority and Minority Vice Chairs are each appointed to serve for a year and appointments to these positions for the forthcoming year need to be made. At the consultation call on 27 July it was implicit that Councillor Louise Gittins was nominated as Majority Vice Chair. Any other nominations for Majority Vice Chair, and for Minority Vice Chair can be made at the meeting.

Appointment of an Independent Member of the Audit and Governance Committee

- 3.3 At its meeting on 24 March 2021 the Board decided to increase the number of Independent Members and to recruit a fourth Independent Member to serve on the Audit and Governance Committee. Following a public advertisement a recruitment exercise has been carried out in accordance with TfN's adopted recruitment policies and procedures and a suitable candidate has been selected and is now recommended for appointment.

Graham Bell, the selected candidate has proven experience and expertise in relevant business areas, particularly risk management. His CV is attached at Appendix 1. Graham will bring new skills and experience to the Audit and Governance Committee and is therefore recommended for appointment to the Committee.

Membership of the Board and Committees

- 3.4 Following local elections in May 2021 and the Annual Meetings of the Constituent Authorities there have been a number of changes to the membership of the Transport for the North Board and its Committees. The current membership of Transport for the North's Board, the Rail North Committee, the General Purposes Committee, the Audit and

Governance Committee and the Scrutiny Committee as notified to Transport for the North is set out in Appendix 2 and is recommended for approval.

- 3.5 There are currently two vacancies for Board Members (which can include Co-opted members) on the Audit and Governance Committee. At the time of preparation of this report, no nominations have yet been received; nominations are therefore invited for appointment to the two vacancies on the Audit and Governance Committee.

Amendments to the Constitution

- 3.6 **Increase in the Number of Independent Members of the Audit and Governance Committee**

At its meeting on 24 March 2021 the Transport for the North Board approved an increase in the number of Independent Members of the Audit and Governance Committee from 3 to 4. The Constitution needs to be amended to reflect this decision. The proposed amendment is set out in Appendix 3.

3.7 **LEP Membership of the General Purposes Committee**

The General Purposes Members Working Group (MWG) has now carried out a review of the appropriateness of the General Purposes Committee and has concluded that the Committee has a role to play in the governance of Transport for the North and should now be established. The MWG also concluded that the arrangements set out in the Constitution for membership of the Committee to be determined on the basis of Regional Groups is the most appropriate basis for membership and the best way to ensure representation of all geographical areas of Transport for the North on the Committee. However, the MWG considered that the membership of the Committee should be amended to include a representative of the LEP Members on the Board. The MWG considered that the terms of reference of the Committee should be reconsidered by the Committee once it meets but that its remit should not include the appointment, performance and discipline of statutory officer which should be the remit of a separate committee.

- 3.8 It is therefore proposed that the membership of the General Purposes Committee should be enlarged to include a representative of the LEP Board Members, and that the Constitution should be amended accordingly. The wording of the proposed Amendment is set out in Appendix 3.

3.9 **Virtual Participation in Meetings**

Now that the legislative provisions which enabled virtual attendance at Board and Committee Meetings have come to an end as from 7 May, the requirement for Members to attend meetings in person has been re-instated. The Constitution mirrors the legal requirements and

states that attendance as a Transport for the North Board or Committee Meetings shall be in person.

- 3.10 The holding of virtual meetings has reduced the time commitment required by both Members and officers in physically attending meetings due to the lack of travelling time. It is likely that some Members will wish to continue to attend virtually. However, the decision of the High Court has ruled out remote attendance and there is no provision in the Constitution which would allow Members not present in person at a meeting to take part virtually. At present the Transport for the North Constitution requires Members to be present in person at meetings and does not allow for anyone not present in person in the meeting to join the meeting virtually or to speak at meetings.
- 3.11 The MWG was asked to consider amendments to the Constitution which will allow Members to join formal meetings virtually and to contribute to the debate although it is important to note that they would not legally be entitled to vote or be counted as present for quorum purposes. At the Consultation Call on the 9 June 2021 it was also requested that Members should be able to put forward representations in respect of items on the Agenda when they were unable to be present in person at the meeting. The MWG has recommended that remote participation should be allowed with the agreement of the Chair and proposed the amendments to the Procedure Rules set out in Appendix 3. Reports on virtual participation in meetings were presented to the Scrutiny Committee, Rail North Committee and the Audit and Governance Committee. Generally, Members were in agreement for some meetings to be held as virtual Consultation Calls and noted the delegated powers in the Constitution granted to the Chief Executive, the Director of Rail North and the Finance Director to take urgent decisions following consultation with Members in instances where meetings are held as a Consultation Call. The Members also considered the proposed amendments to the Procedure Rules for their respective committee terms of reference and decided to consider further how many meetings they would like to have face to face. The Scrutiny Committee asked for additional information and resolved to consider a further report at a future meeting. Generally there was acceptance from the three committees that officers should further explore the availability and use of technology at meeting venues to allow virtual participation in meetings.
- 3.12 **Removal of the Restriction Preventing Locally Elected Members being Chair of the Partnership Board**

As is reported elsewhere on today's Agenda including a separate set of recommendations, the MWG also considered proposals for the recruitment of a new Chair of the Board and of the Partnership Board. They considered that it was important that the recruitment should be open to the widest possible field of talent and that the current

provision contained in the Terms of Reference of the Partnership Board (Appendix 5 of the Constitution) which prohibits anyone who has been an elected member of a local authority within the TfN area within the last five years from being appointed Chair of the Partnership Board, to be an impediment to this. They also felt it was illogical and discriminatory since elected members from outside the TfN area would be eligible for appointment. They therefore recommended that the Constitution should be amended to remove this restriction before the recruitment of the new Chair of Transport for the North is commenced. It should be noted that for the avoidance of doubt, this recommendation is also referred to in the separate report on today's Agenda.

- 3.13 The proposed amendment to the Terms of Reference of the Partnership Board is set out in Appendix 3.

3.14 Amendment of the Voting Matrix of Population Weighted Votes

Any decision of Transport for the North other than Rail Franchise/contract Matters which are not agreed unanimously are determined on the basis of population weighted votes. These are set out in the Voting Matrix and are calculated on the basis of the population of each Constituent Authority as at the relevant date as set out in paragraph 3(6) of the Schedule to the Sub-national Transport Body (Transport for the North) Regulations 2018. The last calculation of the weighted votes was in July 2019 and a new calculation of the population weighted votes has been carried out for 2021/22. This shows that there has been a change in population that necessitates an amendment to the weighted votes of Greater Manchester and South Yorkshire Mayoral Combined Authority (formerly Sheffield City Region) which each have an additional vote. The votes of all the other Constituent Authorities remain the same.

- 3.15 The amended Voting Matrix is set out in Appendix 4 with the amendments shown in red.

3.16 Replacement of the Officers Code of Conduct

It has become apparent that there are discrepancies between the wording of the Officers' Code of Conduct as included in the Constitution and the Officers' Code of Conduct on the HR site on the intranet. The most significant difference is the omission of the obligation of confidence from the Constitution. Since the Code of Conduct on the HR site has been the subject of consultation with the unions it is recommended that the Officers' Code of Conduct in the Constitution is replaced with the one which has been approved by the unions. The replacement Code of Conduct is set out in Appendix 5.

- 3.17 **Appointment of a Chair of the Partnership Board.**

Following the resignation of John Cridland as the Chair of both the Board and the Partnership Board there is a need for Transport for the North to appoint a new Chair of the Partnership Board.

- 3.18 Although the MWG considered that it was important for the Chair of the Board and the Partnership Board to be an Independent Chair, this is not possible for the period during which a new Chair is being recruited and it is recommended that the requirement for an Independent Chair of the Partnership Board included in the Terms of Reference of the Partnership Board is waived until a new Independent Chair can be appointed.

The MWG, when it considered the recruitment of a new Chair of the Board, recommended that the new Chair of the Transport for the North Board is also appointed as the Chair of the Partnership Board.

- 3.19 **Calendar of Meetings**

Members are asked to approve the draft Calendar of Meetings for the forthcoming year. The draft Calendar of Meetings is set out at Appendix 6, noting that these may be subject to change where necessary after consultation with relevant Chairs.

4. Corporate Considerations:

Financial and Resource Implications

- 4.1 There are no financial implications.

The resource implications have been considered and are included in the report.

The financial implications are included within the 2021/22 forecast. Financial implications for 2022/23 will be captured as part of the budget process for that year.

Legal Implications

- 4.2 The legal implications have been considered and are included in the report.

Risk Management and Key Issues

- 4.3 There are no risks associated with the content of this report.

Environmental Implications

- 4.4 A full impact assessment has not been carried out because it is not required for this report.

Equality and Diversity

- 4.5 A full Impact assessment has not been carried out because it is not required for this report.

Consultations

- 4.6 A consultation has not been carried out because it is not necessary for this report.

5. Background Papers

- 5.1 The Constitution.

6. Appendices

- 6.1
1. CV of Graham Bell
 2. Schedule of Members of the Board and Committees
 3. Proposed Amendments to the Constitution
 4. Amended Voting Matrix
 5. Replacement Officers' Code of Conduct
 6. Draft Calendar of Meetings

Glossary of terms, abbreviations and acronyms used (*if applicable*)

MWG – Members' Working Group

TfN - Transport for the North

GRAHAM BELL

Practitioner. Trainer. Author.



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ACTIVITIES

- **BSI Committee Member** - actively contributing to new national guidance on Emerging Risks and to the subject of Resilience.
- **The Complete Post-Pandemic Resilience Toolkit** - revised and expanded for 2021, this full-length book is now one of the most current and comprehensive sources of resilience-thinking on the market.
- **Journals, etc** – journal article published in the Continuity & Resilience Review (Emerald), together with contributions to The Manchester Briefing on COVID-19 and to the Continuity, Insurance & Risk (CIR) Magazine.
- **New books** - publication of a new book in Feb 2021, dedicated to the study of reality, motivation and mastering the art of personal change. A further book is scheduled for later 2021 on the subject of risk management.

SUMMARY

Specialising in resilience, preparedness and the management of strategic business risks.

Risk and assurance professional with 30 years' international experience in management, training and consultancy roles across manufacturing, telecoms, transport and energy sectors. This includes work assignments in the US and Middle East, a track record of successful project delivery, and leadership roles with a FTSE top 25 company. Currently working in the Civil Service.

Author of *The Organizational Resilience Handbook*, published by Kogan Page (2020), and *The Complete Post-Pandemic Resilience Toolkit* (2021). Journal articles published by Emerald and others in 2020 and 2021.

Founder of the CORP Academy and the Certified Organisational Resilience Practitioner (CORP) programmes, offering institute-approved training programmes and an Ofqual-regulated qualification course in Organisational Resilience.

Member of the BSI Committee tasked with establishing new guidance for organisations on Emerging Risk, having previously supported the 2021 revision of BS 65000, Organisational Resilience.

Trademark owner of the Organisational Resilience Capability Model® (ORCM).

Wider experience including business continuity, project and programme management, corporate governance, performance improvement, safety and crisis management.

Fellowship of the Institute for Strategy, Resilience & Security (ISRS) at University College London (UCL), and previously a Fellow at the Institute of Strategic Risk Management (ISRM).

KEY ACHIEVEMENTS

- Providing thought-leadership and innovation on the topics of risk and resilience.
- Establishing a new competency-based programme for professional certification.
- Authoring a full-length management text for award-winning publishers Kogan Page.
- Publishing an extensive new toolkit for practitioners during the COVID-19 pandemic.
- Design and delivery of public training courses and qualification programmes.
- Building and enhancing resilience capability in complex organisations.
- Managing a variety of strategic risk and assurance programmes.

KEY SKILLS

Organisational Resilience

Experience of the design and delivery of new resilience capability has enabled me to create unique models and frameworks together with a qualification programme for practitioners.

10

Project Management

In addition to successful delivery of client assignments, I have led 3 major organisational design, business separation and merger projects.

10

Training

I ran my first public training course, in the Middle East, over 20 years ago, and now deliver an Ofqual-regulated award programme for clients and as a public course.

10

Risk

I am a leading risk practitioner with the ability and willingness to challenge conventional thinking and to offer real value to Boards and senior management.

10

PERSONAL VALUES

I was first introduced to this value set over 20 years ago, and it resonates with me as much today as it did then:

- Passion and pride - consistently demonstrating how much success means to you and the organisation
- High velocity - moving and learning with pace in order to deliver the best possible solutions
- Special delivery - taking responsibility for ensuring that needs and expectations are always met
- Real people - saying what you mean and meaning what you say - building relationships based on honesty, trust and respect
- Radical outlook - encouraging an open, radical and innovative approach to new markets and new technologies

ATTRIBUTES

Highly productive with the ability to manage significant volume and complexity of work.

A natural curiosity coupled with the willingness to speak out and challenge accepted practices or norms.

Dedicated and analytical with a strong desire to do the right thing.

PROFESSIONAL EXPERIENCE

2021 --	Corporate Risk Disclosure & Barring Service (DBS) Delivering an overall risk management framework for the organisation. Providing assurance across risk strategy development and implementation. DBS is an executive non-departmental public body, sponsored by the Home Office. It is focused on helping employers make safer recruitment decisions.
2018 --	Director AJC Bell Consulting Limited Specialising in Organisational Resilience, Risk Management and Assurance and delivering the only qualification course on organisational resilience formally recognised by Ofqual. <ul style="list-style-type: none">• Training, consultancy and project assignments.• Clients have included BBC, Virgin Group and HM Forces. Founder of the CORP Academy, which is dedicated to providing professional recognition for the contribution made by resilience practitioners to organisational success and longevity. The CORP Academy is accredited by The Institute of Leadership and Management to provide learning programmes to the highest grade of professional membership (FInstLM).
2002 - 2018	Management and Leadership roles National Grid plc (UK and US) Assurance, Risk, Project Management and Safety roles during a 15 year career, which culminated in a Senior Leadership, Group-level role.
2000 - 2002	Project Manager Marconi plc Process redesign and performance improvement projects, including the design of a new Finance Shared Services organisation covering 2300 staff and implementation of European single currency (Euro) across finance operations.

ORGANISATIONAL RESILIENCE CAPABILITY MODEL®

I have designed and secured trademark protection for a new multi-dimensional approach to the study of resilience, and it is this model which forms the basis of my Ofqual-regulated management qualification programme and The Organizational Resilience Handbook. The model provides a strategic framework for the consideration of risk.

Through self-assessment, application of the Organisational Resilience Capability Model® (ORCM) can help practitioners develop an in-depth understanding of resilience within the context of their own organisation. In doing so, the model also provides the structures necessary to engage with senior management in developing meaningful and effective strategies for achieving greater resilience.

As part of the qualification course, the ORCM is presented alongside the Resilience as Power™ framework and in support of Modelling Future State Resilience™, both of which aim to reflect the realities of the post-pandemic environment.

CORPTM ACADEMY

Founded in 2020, The CORP Academy offers access to the very best in organisational resilience training and learning resources, and is dedicated to supporting practitioners in their understanding and application of resilience thinking, be that in relation to a formal qualification, certified professional status or simply in pursuit of information and knowledge.

By focusing on evidence and a commitment to viewing resilience as a strategic capability, Certified Organisational Resilience Practitioner (CORP) status offers meaningful professional certification to candidates from all backgrounds and from any organisational setting. The Academy offers three levels of certified status, from entry-level through to senior professionals and executive management.

The Academy continues to lead the way in applied resilience thinking, and has been awarded Institute Approved status for its leadership programmes - a kite-mark of quality from one of the UK's leading management institutes.

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Appendix 2

Membership of the Transport for the North Board and Committees

Transport for the North Board

Authority	Member	Substitute
Blackburn with Darwen	Cllr Phil Riley	Cllr Mohammed Khan OBE
Blackpool	Cllr Lynn Williams	Cllr Jim Hobson
Cheshire East	Cllr Craig Browne	Cllr Sam Corcoran
Cheshire West & Chester	Cllr Louise Gittins	Cllr Karen Shore
Cumbria	Cllr Keith Little	Cllr Peter Thornton
East Riding of Yorkshire	Cllr Jonathan Owen	Cllr Gary McMaster
Greater Manchester Combined Authority	Mayor Andy Burnham	Cllr Andrew Weston
Hull	Cllr Daren Hale	Cllr Dean Kirk
Lancashire	Cllr Charlie Edwards	CC Aidy Riggott
Liverpool City Region	Mayor Steve Rotheram	Cllr Liam Robinson
North East Combined Authority	Cllr Martin Gannon	Cllr Graeme Miller
North East Lincolnshire	Cllr Stewart Swinburn	Cllr Philip Jackson
North Lincolnshire	Cllr Rob Waltham	Cllr Richard Hannigan
North of Tyne Combined Authority	Mayor Jamie Driscoll	Cllr Nick Forbes
North Yorkshire	Cllr Carl Les	Cllr Don Mackenzie
South Yorkshire Mayoral Combined Authority	Mayor Dan Jarvis	Cllr Chris Read

Tees Valley	Mayor Ben Houchen	Cllr Heather Scott
Warrington	Cllr Hans Mundry	Cllr Russ Bowden
West Yorkshire Combined Authority	Mayor Tracy Brabin	Cllr Susan Hinchcliffe
York	Cllr Keith Aspden	Cllr Andy D'Agorne
Rail North Authority		
Derbyshire	Cllr Charlotte Cupit	Cllr Jean Wharmby
Lincolnshire	Been provided names now but need to confirm as have 3 names for 2 spaces	Been provided names now but need to confirm as have 3 names for 2 spaces
Nottingham	Cllr Rosemary Healy	Cllr Shuguftah Quddoos
Nottinghamshire	Cllr John Ogle	None named
Staffordshire	Cllr David Williams	Cllr Simon Tagg
Stoke-on-Trent	Cllr Daniel Jellyman	Cllr Abi Brown
LEP		
Cheshire and Warrington LEP	Annette McDonald	Roy Newton
Cumbria LEP	Steve Curl	None named
Greater Manchester LEP	David Rogerson	None named
Hull and East Yorkshire LEP	Tony Kirby	Stephen Parnaby OBE
Lancashire LEP	Mark Rawstron	Graham Cowley
Leeds City Region LEP	Roger Marsh	Mark Roberts
Liverpool City Region LEP	Asif Hamid	Mark Whitworth
North East LEP	Lucy Winskell	Mark Thompson
North Yorkshire LEP	Matthew Lamb	David Hern

South Yorkshire Mayoral Combined Authority LEP	Peter Kennan	Alison Kinna
Tees Valley LEP	Siobhan McArdle	Jerry Hopkinson
Partners		
Department for Transport	Emma Ward	Ben Smith
Highways England	Nick Harris	Alan Shepherd
HS2 Ltd	Michael Bradley	Lorna Pimlott
Network Rail	Sir Peter Hendy	Graham Botham

Rail North Committee (these will need to be amended)

Regional Group	Member	Substitute Member
Greater Manchester	Mayor Andy Burnham	Cllr Andrew Western
West Yorkshire and the City of York	Mayor Tracy Brabin	Cllr Susan Hinchcliffe
South Yorkshire Mayoral Combined Authority	Mayor Dan Jarvis	Cllr Chris Read
Liverpool City Region	Cllr Liam Robinson	Cllr Nathalie Nicholas
North East	Cllr Martin Gannon	Mayor Jamie Driscoll
Lakeland	Cllr Charles Edwards	Cllr Keith Little
Tees Valley	Mayor Ben Houchen	Cllr Heather Scott
North Yorkshire	Cllr Carl Les	Cllr Don McKenzie
Humber	Cllr Rob Waltham	Cllr Richard Hannigan
Cheshire and the Potteries	Cllr Craig Browne	Cllr Karen Shore
East Midlands	Cllr Charlotte Cupit	Yet to be Nominated

General Purposes Committee

(these will need to be included once you receive the nominations)

Regional Group	Member	Substitute Member
Greater Manchester	(To be appointed by Board)	(To be appointed by Board)
West Yorkshire and the City of York	(To be appointed by Board)	(To be appointed by Board)
South Yorkshire Mayoral Combined Authority	(To be appointed by Board)	(To be appointed by Board)
Liverpool City Region	(To be appointed by Board)	(To be appointed by Board)
North East	(To be appointed by Board)	(To be appointed by Board)
Lakeland	(To be appointed by Board)	(To be appointed by Board)
Tees Valley	(To be appointed by Board)	(To be appointed by Board)
North Yorkshire	(To be appointed by Board)	(To be appointed by Board)
Humber	(To be appointed by Board)	(To be appointed by Board)
Cheshire	(To be appointed by Board)	(To be appointed by Board)

Audit and Governance Committee

(there are currently vacancies for 2 Board Members and a request for nominations needs to be made before the Board Meeting and any nominees inserted)

Member
Chris Melling
Kevin Brady

David Pevalin
Graham Bell
Cllr Keith Little
Cllr Liam Robinson
Cllr Heather Scott
Constituent Authority Vacancy (to be appointed by Board)
Constituent Authority Vacancy (to be appointed by Board)

Scrutiny Committee

Authority	Member	Substitute
Blackburn with Darwen	Cllr Jim Shorrock	Cllr Jim Casey
Blackpool	Cllr Martin Mitchell	Cllr David O'Hara
Cheshire East	Cllr Laura Crane	Cllr Rod Fletcher
Cheshire West & Chester	Cllr Andrew Cooper	Cllr Richard Beacham
Cumbria	Cllr Neil Hughes	Cllr David Southward MBE
East Riding of Yorkshire	Member not Nominated	Member not Nominated
Greater Manchester Combined Authority	Cllr Rodger Jones	Cllr Elsie Wraighte
Hull City Council	Cllr Sean Chaytor	Cllr Haroldo Herrera-Richmond
Lancashire	Cllr Matthew Salter	Cllr Rob Bailey
Liverpool City Region	Cllr Lindsay Melia	Cllr Sean Halsall
North East Combined Authority	Cllr Cllr Tracey Dixon	Cllr Jim Foreman
North East Lincolnshire	Cllr Tom Furneaux	Cllr Stephen Harness
North Lincolnshire Council	Cllr John Davison	
North of Tyne Combined Authority	Cllr Carl Johnson	Cllr Richard Wearmouth
North Yorkshire	Cllr Paul Haslam	
South Yorkshire Mayoral Combined Authority	Cllr Chris Lamb	Cllr Joe Blackham
Tees Valley	Cllr Ashley Waters	
Warrington	Cllr Steve Parish	Cllr Cathy Mitchell
West Yorkshire	Cllr Manisha Kaushik	Cllr Kim Groves

York

Cllr Stephen Fenton

Cllr Anne Hook

Appendix 3

Proposed Amendments to the Constitution

Amendment to the Membership of the Audit and Governance Committee

19.2 Membership comprises:

- a) five members of the Transport for the North Board (not the Chair, or Vice Chair) appointed by the Transport for the North Board; and,
- b) **four** Independent members (to be recruited on the basis of relevant skills);

A representative of DfT (Department for Transport) will be invited to attend meetings.

19.8 Membership and Quorum

The Committee shall be composed of **nine** members and the quorum shall be three, of whom at least two shall be Members or Co-opted Members of the Transport for the North Board.

Amendment to the Membership of the General Purposes Committee

Membership

22.1.1 The General Purposes Committee shall consist of one Member and one Substitute Member appointed by each of the Regional Groups set out in paragraph 22.4 **and one Member and one Substitute Member to be appointed by the LEP Co-opted Members on the Board.**

Part 5 Procedure Rules

Public Speaking and Members Participating Virtually

23.76 Members of the public will not normally be allowed to address a meeting of the Transport for the North Board. Any request to address a meeting of the Transport for the North Board will be referred to the Chief Executive who will decide whether to make appropriate arrangements for the member of the public to meet either with officers of Transport for the North or a delegation of Members of the Board outside the Transport for the North Board Meeting.

23.77 **Members of the Board who are not in attendance at a meeting may participate in the meeting virtually provided that facilities are available to enable them to be heard and, if possible, seen by all Members and members of the public present at the meeting. Such Members will be entitled to speak in a debate with the agreement of the Chair but will not be entitled to move a motion or amendment or to participate in any vote. Such members shall not be treated as in attendance at the meeting for the purposes of quorum.**

23.78 Any Member of the Board who is not in attendance at a meeting may make written representations on any item on the Agenda provided such representations are received by the Monitoring Officer not later than 5pm on the day before the day of the meeting. Such representations will be read to the meeting by or on behalf of the Chair.

23.79 Officers of Transport for the North who are not in attendance at a meeting may participate virtually if invited by the Chair to do so and provided that the facilities are available to enable

them to be heard and, if possible, seen by all Members and members of the public present at the meeting.

Amendment to Appendix 5 the Terms of Reference of the Partnership Board

Meetings

- a) The Partnership Board shall meet quarterly or at such intervals as the Transport for the North Board shall determine;
- b) The Partnership Board shall be chaired by an Independent Chair appointed by Transport for the North; [to be waived until further notice]
- c) TO BE DELETED: The person appointed shall not be, or have previously within the last 5 years been, an elected Member of any Local Authority within the Transport for the North area;
- d) A meeting of the Partnership Board shall be quorate if not less than 10 Members of Transport for the North, 3 Co-opted Members representing Rail North Authorities, and 5 representatives of the LEPs are present; attendance shall be in person
- e) Decisions are expected to be made unanimously and without a vote. Where a unanimous decision cannot be reached a vote will be taken on the basis of one member one vote and a decision will be passed by a simple majority of those present and voting.

Appendix 4

THE VOTING MATRIX Amended 2021

Constituent Authorities	Population 2017	Population 2019	200,000 Or part	RN Votes
Greater Manchester CA	2,798,799	2,865,686	15	223
West Yorkshire CA	2,307,035	2,332,469	12	209
North East CA (now South of Tyne)	1,152,885	1,160,885	6	14
North of Tyne	819,345	833,167	5	51
Liverpool CR CA	1,544,420	1,559,320	8	59
South Yorkshire Mayoral Combined Authority (formerly Sheffield City Region)	1,393,445	1,409,020	8	78
Lancashire CC	1,201,855	1,219,790	7	55
Tees Valley CA	672,497	672,497	4	33
North Yorkshire CC	611,633	611,633	4	32
Cumbria CC	498,375	500,012	3	40
Cheshire East	378,846	384,152	2	21
East Riding of Yorkshire	338,061	341,061	2	9
Cheshire W. and Chester	337,986	343,071	2	11
Hull City	260,673	259,778	2	13

Warrington	209,704	210,014	2	12
City of York	208,163	210,618	2	54
North Lincolnshire	171,294	172,292	1	4
NE Lincolnshire	159,826	159,563	1	6
Blackburn with Darwen	148,772	149,696	1	6
Blackpool	139,870	139,446	1	15
Total Votes			88	

Rail North Authorities				
Staffordshire	(862,562)			1
Nottinghamshire	(805,848)			3
Derbyshire	(782,365)			14
Lincolnshire	(736,665)			7
Nottingham	(318,901)			15
Stoke-on-Trent	(251,648)			8
Total Votes			88	993

"Rail North matters" would be determined on the basis of the Rail North voting metrics.

Notes

- 1) Column 1 authorities are CAs/LTAs on their existing boundaries.
- 2) Column 2 population figures are ONS 2017 mid-year estimates based on current CA/LTA boundaries.
- 3) Column 3 population figures are ONS mid-year 2019.
- 4) Column 4 awards one vote to each CA/LTA for each 200,000 or part thereof of resident population.
- 5) Column 5 shows the number of votes each CA/LTA has as a member of RNL, based on one vote for each 0.1% of passenger miles on the Northern/TPE franchises relating to their area.

CODE OF CONDUCT



1. Standards

Employees should strive to ensure courteous, respectful, efficient and impartial engagement with all groups and individuals with whom they come into contact in the course of their employment.

2. Open Government

Employees should be aware of the obligations placed on public bodies to provide information to the public and must not restrict anyone exercising a right to access information. Employees should be aware of what TfN information is open to the public and assist members of the public seeking to access information which is not subject to exemptions from disclosure.

3. Diversity and Dignity at Work

Employees must ensure that they adhere to TfN policies and comply with all legislation relating to diversity and equal opportunity. All members of the community, customers and colleagues have a right to be treated with fairness and equity. Employees should be familiar with and adhere to TfN's Dignity at Work Policy and Diversity Policy. Employees should be aware that breaches of the Dignity at Work Policy are likely to be treated as a serious disciplinary offence. Employees who become a victim of harassment at work should report it to their Line Manager at the earliest opportunity.

Additionally, all employees must make sure they are aware of the factors which result in black and ethnic minority people, disabled people, women, gay men and lesbians and others with a protected characteristic suffering inequality and oppression and undertake their duties so as to seek to redress this.

4. Appointments

Where employees are involved in appointments, they must make appointments only on the basis of merit and must comply with TfN's Recruitment and Selection Policy.

5. Political Neutrality and Working with Elected Members

Mutual respect between employees and elected members of TfN is essential to good local government. Close personal familiarity can damage that relationship and prove embarrassing to both colleagues and Elected Members.

Employees must follow every lawfully expressed policy of TfN and not allow their personal or political opinions to interfere with their work. Where they are required to give advice to Elected Members and colleagues, it should be done with impartiality and aligned to any relevant professional codes of practice.

6. Service Provision

Each employee should understand the law governing their service and inform their Line Manager or TfN's Monitoring Officer (Head of Legal Services) of any impropriety, breach of procedure, unlawfulness or maladministration.

7. TfN Property and Use of Facilities

The use of public funds is entrusted to employees in a responsible and lawful manner, ensuring value for money for the local community.

Employees must use TfN facilities and resources only for TfN business and must respect the intellectual property of TfN which must not be used for personal gain or benefit whether for themselves or others. Misuse of TfN resources could be an act of gross misconduct under TfN's Disciplinary Policy.

8. Information Technology and Data Security

Employees should ensure that they adhere to TfN's Acceptable Use policy for IT and follow any requirements relating to security procedures when using computers and when storing and managing data.

9. Confidentiality

Employees must observe the duty of confidentiality which exists in relation to information received from third parties either from the government under an obligation of confidentiality or from other third parties under a confidentiality agreement or where the circumstances give rise to an expectation of confidentiality.

Employees must be aware of the risks to TfN of confidential information being disclosed inappropriately and take all necessary steps to avoid inappropriate disclosure, including using the correct TfN Classifications for all reports, emails, letters and other items of correspondence.

Employees must observe the confidentiality of TfN's own information when that information has been identified as confidential.

10. Indemnification of Employees

Employees will be indemnified from personal legal action against them when acting in good faith in the discharge of their duties.

11. The Media

Unless required to do so in the course of their work an employee must not deal directly with the press or the media. All media enquiries and contact should be referred to TfN's Head of Stakeholder Engagement & Communications or email mediarelations@transportforthenorth.com.

12. Contracts and Contractors

An employee must not seek or accept any gift or personal inducement in connection with the procurement of works, goods or services.

Employees should inform their Line Manager about relationships of a business or private nature with external contractors or potential contractors. Employees should not be involved in a tendering process where they have a close personal or business relationship with one of the tenderers. As soon as they are aware that this is the case they must notify their manager and asked to be replaced in the tendering process.

Whenever an employee is involved in the tendering process, they should follow TfN's tendering procedure's, ensuring that the process is fair and equitable and observing the rules relating to separation of roles during tendering.

13. Sponsorship

Where TfN wishes to sponsor an event, employees must ensure that they, their partner, or relative, do not benefit in any way from such sponsorship without full disclosure to their manager and the TfN Monitoring Officer.

14. Gifts and Hospitality

Employees must adhere to TfN's adopted Gifts and Hospitality Policy. Invitations to social or sporting events should be accepted only where TfN's Monitoring Officer has agreed that TfN should be seen to be represented at the event.

All offers of gifts and hospitality of more than nominal value must be recorded in the Register of Gifts and Hospitality whether or not they are accepted. If an employee accepts any hospitality, they should be mindful of all the circumstances of the offer and of the nature of the hospitality. They should get advanced authority from TfN's Monitoring Officer and the event must be recorded in the Register of Gifts and Hospitality. Employees should not accept personal gifts from contractors and outside suppliers. Any gift other than of a purely nominal value should be returned.

TfN's Monitoring Officer may give further guidance on the acceptance of gifts and hospitality and may dispense with the requirement to obtain prior agreement in relation to items of gifts and hospitality below a financial limit to be determined by him or her from time to time.

15. Personal Interests: Financial and Non-Financial

An employee must declare any financial interests which could conflict with TfN's interests to their manager or to TfN's Monitoring Officer.

Non-financial interests that it could be considered could bring about

conflict with TfN's interests should also be declared e.g. membership of outside bodies in a personal capacity.

Employees should be mindful not to place themselves in a situation where involvement in outside bodies could compromise their continuing professional duty to the interests of TfN.

When serving on outside bodies as a TfN appointee, an employee will be expected to represent and promote TfN's interests and policies as the circumstance dictate.

Employees should also declare membership of any organisation which is not open to the public, has no formal membership, requires a commitment of allegiance and which has secrecy about its rules, membership or conduct.



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Calendar of Meetings 2021-22

Committee	Meeting Dates
Transport for the North Board & Partnership Board	29 September 2021 24 November 2021 27 January 2021 30 March 2022 26 May 2022 27 July 2022
Rail North Committee	15 September 2021 15 December 2021 9 March 2022 14 June 2022
Scrutiny Committee	9 September 2021 4 November 2021 12 January 2022 10 March 2022 7 July 2022
Audit & Governance	16 September 2021 19 November 2021 3 March 2022 9 June 2022 14 July 2022

Please note that all meeting dates are subject to change at the discretion of the meeting Chair

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Meeting: Transport for the North Board

Subject: Recruitment of Transport for the North Board and Partnership Board Chair

Author: Dawn Madin, Director of Business Capabilities

Sponsor: Martin Tugwell, Chief Executive

Meeting Date: Wednesday, 29 September 2021

1. Purpose of the Report:

- 1.1 The purpose of this report is for Members to consider and approve proposals from the Governance Members' Working Group ("MWG") in relation to the recruitment and appointment of a new Chair of the Transport for the North (TfN) Board and Partnership Board.

2.	Recommendations:
2.1	<p>That the Board:</p> <ol style="list-style-type: none"> 1. Notes and supports the progress made to date and the process agreed by the MWG as set out at Appendix 2; 2. Approves the recommendation that there should be the same Chair for both the Board and the Partnership Board; 3. Approves the recommendation to amend the Constitution as set out in 3.3 of the report; 4. Approves the draft Role Profile at Appendix 1 as the basis for recruitment; 5. Approves the Terms of Reference for the Appointment Panel as set out at Appendix 3; 6. Considers and approves the proposed nominated representatives to the Appointment Panel as set out in 3.10 below.
3.	Main Issues:
3.1	<p>The Members of the Governance MWG (also styled as the General Purposes Committee MWG) are Cllr Louise Gittins (Chair), Cllr Susan Hinchcliffe, Cllr Liam Robinson and Peter Kennan (Sheffield City Region LEP). The MWG met on Wednesday 30 June 2021 to consider, amongst other matters, a report from the Director of Business Capabilities setting out proposals for the recruitment of the new Chair. A further meeting was held on 14 July 2021.</p>
3.2	<p>Appointment of Chair to both TfN Board and Partnership Board</p> <p>The first matter for consideration was whether TfN should recruit a single person to fulfil the roles of both Chair of the Board and the Partnership Board or whether the roles should be split and filled</p>

	<p>separately. The Members agreed unanimously that the Chair of TfN needs to have a strong voice and that to split the roles would weaken this ability. It would also cause confusion between the roles and increase the potential for disagreement between the two Chairs. The MWG agreed unanimously that TfN should recruit one individual for appointment as Chair of both the Board and the Partnership Board.</p>
3.3	<p>There was further discussion as to whether the existing restriction set out in the Constitution on any person who has been an elected Member of a Local Authority in the TfN area within the last 5 years being Chair of the Partnership Board should be lifted. The Members agreed unanimously that TfN needs to recruit an Independent Chair who can work effectively with all parties and stakeholders and did not want to restrict the possible recruitment of the best candidate. The restriction was considered to be unduly prescriptive, inequitable and illogical since politicians who had been elected members of local authorities outside the TfN area or over five years ago would already be eligible for appointment. They therefore agreed to recommend to the Board that the current restriction in the Constitution on eligibility for appointment as Chair of the Partnership Board be lifted in order to help to widen the potential candidate pool. It should be noted that for the avoidance of doubt, this recommendation is also included within the general Governance report which is also on today's agenda.</p>
3.4	<p>The role and renumeration</p> <p>The MWG considered that the Role description needs to reflect four main responsibilities:</p> <ol style="list-style-type: none"> 1. To have a definable connection with the North; 2. To champion the interests of the North as determined by the TfN Board; 3. To establish close working relationships with Members of the TfN Board; 4. To have a close working relationship with the Chief Executive. <p>Taking into account these considerations the MWG approved the draft role profile at Appendix 1.</p>
3.5	<p>Members considered that the current time commitment was insufficient for these responsibilities and recommended that it should be increased from 45 to up to 60 days per annum at the existing rate of remuneration pro rata.</p>
3.6	<p>Process for Recruitment</p> <p>As outlined above, the MWG recommends that the Constitution is amended to remove the restriction relating to membership of a local authority in the TfN area during the past 5 years; change to the Constitution requires a formal Board decision. In the event that this consensus at the meeting was not forthcoming and a vote was required, the support of at least 10 Constituent Authority Members who together hold at least 75% of the weighted vote.</p>

3.7	The MWG agreed the proposed process to recruit the Chair role, including the use of an Appointment Panel. The process and associated timeline endorsed by the MWG is available in Appendix 2 .
3.8	Similar to the process for the recent recruitment of the Chief Executive (CEO), this includes an Appointment Panel to lead the process and recommend the preferred candidate for appointment before final Board approval. Members considered that the Appointment Panel should be politically balanced and as far as possible, geographically representative of the TfN area. The Terms of Reference for this Appointment Panel are available in Appendix 3 .
3.9	The Appointment Panel Terms of Reference for approval (Appendix 3), have been adapted from those used for the recruitment process for the CEO role. Based on Member feedback, they have been amended to remove the requirement for unanimous agreement for the recommendation of a preferred candidate, which is replaced with a requirement for a majority decision of the voting Board Members (Observers not having a vote).
3.10	<p>The MWG recommends that the composition of the Appointment Panel, as detailed in the Terms of Reference, is as follows, noting that proposed nominated representatives have been sorted and received in advance of today's meeting for the Boards consideration and approval:</p> <ul style="list-style-type: none"> • Councillor Louise Gittins (Interim TfN Chair) – Chair of the Appointment Panel • Councillor Heather Scott - TfN Board Member (Conservative Party Group Representative) • Councillor Daren Hale - TfN Board Member (Labour Party Group Representative) • Councillor Craig Browne - TfN Board Member (Other Minority Party Group Representative) • Peter Kennan, SCR LEP - LEP Representative • Ben Smith - DfT Representative – Observer Capacity • Martin Tugwell - TfN Chief Executive – Observer Capacity
3.11	Given the need for the Constitution amendment, which cannot be approved until the Board meeting on 29 September, advertising of this role will commence shortly after and no later than w/c 11 October. The TfN HR Team will work with the agreed Appointment Panel in short order after the September Board meeting to sign off the full details of the recruitment campaign. In the meantime, the Board is invited to approve the Recommendations at 2.1 above.
4.	Corporate Considerations:
	<i>Financial and Resource Implications</i>
4.1	The financial implications for 2021/22 are captured in the reforecast and will be included in the budget process for 2022/23.

	The resource implications have been considered and addressed within the report.
	<i>Legal Implications</i>
4.2	The legal implications have been considered and addressed within the report.
	<i>Risk Management and Key Issues</i>
4.3	The risk management and key issues have been considered and addressed within the report.
	<i>Environmental Implications</i>
4.4	No environmental impact.
	<i>Equality and Diversity</i>
4.5	The equality and diversity implications have been considered and addressed within this report.
	<i>Consultations</i>
4.6	There was no consultation required.
5.	<i>Background Papers</i>
5.1	There are no background papers.
6.	<i>Appendices</i>
6.1	Appendix 1 – Draft Role Profile for Joint Chair Appendix 2 – Draft Process and Timeline Appendix 3 – Draft Appointment Panel Terms of Reference

Glossary of terms, abbreviations and acronyms used (if applicable)

MWG – Members' Working Group

Appendix 1 – Draft Joint Chair Role Brief**Transport for the North (TfN) Board and Partnership Board Chair****Role Brief & Person Specification****(drafted on the basis of joint roles - to be split out if not)****ACCOUNTABLE TO:** TfN Board**ANTICIPATED TIME COMMITMENT:** Up to 60 days per annum**REMUNERATION:** Up to £60,000 per annum (IR35 is applicable to this role)**INITIAL TERM OF APPOINTMENT:** Four Years – subject to re-appointment as Chair by the TfN Board on an annual basis in accordance with TfN's Constitution**NOTICE PERIOD:** Three Months**LOCATION:** TfN has offices in the centre of Leeds and Manchester, however, you will be required to operate flexibility across the whole of the North of England**MAIN PURPOSE**

Provide leadership and direction through Chairing TfN Partnership and TfN Board meetings and ensuring that TfN is run in a transparent and equitable manner, adhering to TfN's Constitution.

Support TfN's CEO where required in building and managing national, regional and local member, business and political relationships and work collaboratively to support the strategic leadership of TfN and delivery of its strategic priorities.

Lead ambassadorial duties on behalf of TfN and its members and where appropriate champion the North's interests alongside actively building TfN's brand and supporting delivery of its vision.

PRINCIPAL ACCOUNTABILITIES**Governance**

- Plan and prepare for TfN Board and Partnership Board meetings to ensure that all meetings are run efficiently, effectively, transparently and in accordance with TfN's Constitution.
- Effectively Chair TfN Board and Partnership Board meetings to ensure that there is full participation during meetings, that all relevant matters are discussed, and that effective outcome focused decisions are made and minuted in accordance with TfN's Constitution.

Strategy & Leadership

- Ensure that all Board members are involved in TfN's work, ensuring their full involvement and contribution to critical TfN decision-making.
- Ensure through TfN's CEO, Statutory Officers and Directors that relevant, accurate, timely and clear information is provided to the TfN Board and Partnership Board in order to make sound outcome focused decisions, monitor issues, and provide appropriate advice.

- Together with the Vice Chairs ensure that the TfN Board provides leadership, support, and advice to the TfN CEO and Executive Team.
- Act as a trusted adviser to TfN on business issues and as a lead representative for TfN across the business community as required.
- Uphold high standards of integrity and probity and support TfN's CEO and Directors in instilling the appropriate outcome focused culture, values and behaviours in the TfN Board's and across the wider organisation.

External Representation & Relationship Management

- Foster positive working relationships amongst Board members. Lead and ensure on-going proactive engagement with all Board Members acting as a key link between all members and TfN Officers as necessary.
- Ensure, in conjunction with TfN's CEO, that the views of major stakeholders are communicated to TfN Board's and that members of those Board's develop an understanding of those views.
- Support and work alongside TfN's CEO in acting as a key ambassadorial figure for TfN at a local, regional and national level championing the North's interests alongside actively building TfN's brand and supporting delivery of its vision.
- Support and work alongside TfN's CEO where appropriate in representing TfN in meetings with business and public-sector partners including with Government Ministers.
- Effectively represent TfN where appropriate via co-ordinated media, press, and PR activities, and ensure productive and positive relationships.
- Lead where appropriate the engagement of the private sector, and individual local authorities, to champion and deliver a shared agenda.

KNOWLEDGE/EXPERIENCE/SKILLS NEEDED

Knowledge/experience:

- Extensive leadership experience within the public, private or commercial sector.
- Proven experience of leading a partnership, including managing Board members, partner and stakeholder relationships.
- Track record of success in actively promoting effective collaborative and partnership working.
- Good understanding and knowledge of the political, central & local government and business environment across the North of England within which TfN operates.

Skills/abilities:

- Ability to Chair meetings effectively.
- Close affinity with the North and passion to champion the North's interests locally, regionally and nationally.
- Ability to exercise effective judgement and outcome focused decision-making in a political and multi-disciplinary environment.
- Well-developed strategic, influencing, and negotiation skills, and ability to work across organisations in an open and effective way.
- Ability to grasp strategic issues facing central & local government in the furtherance of growth policies and change initiatives.
- Excellent leadership and team working skills, with strong self-confidence and motivational skills.
- Excellent communication and presentation skills.
- Excellent networking skills.
- Demonstrable tact, diplomacy, and powers of persuasion.
- Ability to act in accordance with the seven Nolan Principles of public life.

Appendix 2 – Draft Indicative Recruitment Process & Timetable

There is approximately timeline of six weeks for the recruitment process (vacancy go-live to final appointment). However, this will be dependent on the availability of the Appointment Panel.

*Selection process subject to approval by the Appointment Panel

Activity	By When
Pre-Campaign	
Executive Search Agency briefed on Role Requirements & Potential Targets (including 1-2-1 virtual meetings with the AP)	W/C 20.09.21
Appointment Panel (AP) confirmed at TfN Board Meeting, alongside the required proposed constitutional change.	29.09.21
Necessary communication with AP to agree/finalise Recruitment Timeline and Selection Process*	W/C 04.10.21
Campaign	
Vacancy Go-Live (Search & Head-hunting) – 2.5 weeks' search period	W/C 11.10.21
Closing Date for Applications (via CV & Covering Letter)	27.10.21 – 12 Noon
Longlist (ABC) Report received & Shortlisting Meeting by AP completed* (Virtual Meeting via MS Teams)	03.11.21 – 14.00 to 16.30
Update to TfN Board – Confirming shortlisting & final interview dates	
Stakeholder Panel* (Virtual Assessments via MS Teams)	16.11.21
Final Interviews* (In-Person at TfN Offices, Manchester)	17.11.21
Preferred Candidate Identified (subject to TfN Board Approval)	TfN Board – 24.11.21

Appendix 3 – Draft Appointment Panel Terms of Reference

The Appointment Panel shall undertake the following functions:

- (i) selecting a preferred candidate, for recommendation to TfN Board, for the role of TfN Chair, including considering applications, forming a longlist and a shortlist, and conducting interviews; and
- (ii) recommending to TfN Board, before any offer of appointment is made by TfN, a preferred candidate for appointment to the role of TfN Chair.

Membership

The Appointment Panel shall consist of such membership as the Transport for the North Board shall determine following consultation with the Member Working Group. On 29 September 2021 the Transport for the North Board determined the membership as:

- Councillor Louise Gittins (Interim TfN Chair) – Chair of the Appointment Panel
- Councillor Heather Scott - TfN Board Member (Conservative Party Group Representative)
- Councillor Daren Hale - TfN Board Member (Labour Party Group Representative)
- Councillor Craig Browne - TfN Board Member (Other Minority Party Group Representative)
- Peter Kennan, SCR LEP - LEP Representative
- Ben Smith - DfT Representative – Observer Capacity
- Martin Tugwell - TfN Chief Executive – Observer Capacity

Each member of the Appointment Panel shall, in circumstances where they are unable to act, be permitted to nominate a Substitute Member, provided such person is another member of Transport for the North Board (or other DfT representative in the case of the DfT Panel member or TfN Director in the case of the TfN Chief Executive); in such circumstances, the member shall notify the Monitoring Officer of the Substitute Member nominated. Where a Member or Substitute Member attends the interview of a Candidate only that Member or Substitute Member may take any further part in the appointment process and after that point no Substitute Member may be appointed.

Chair

The Appointment Panel shall be chaired by the Majority Vice Chair of TfN Board, (also set to act as interim Chair of TfN Board). If the Majority Vice Chair of the TfN Board is not present at any Appointment Panel meeting, the members of the Appointment Panel who are present shall elect a chair from amongst their number, each Board Member (i.e. those present other than DfT Representative & TfN Chief Executive who are present in an observer/advisory capacity only) having one vote with regard to any matters for formal decision-making.

Quorum

Any such meetings (and associated decisions) of the Appointment Panel will only be considered Quorate if all voting members of the Appointment Panel (or their nominated substitute member) are present.

Rules of Debate, Voting and Procedure

Except where incompatible with the above, and as applicable, TfN's Procedure Rules as contained in its Constitution and Recruitment & Selection Policy shall apply.

Any decision of the Appointment Panel to recommend a preferred candidate to the TfN Board for appointment must be supported by a majority of the voting members of the Appointment Panel.

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Meeting:	Transport for the North Board
Subject:	Annual Governance Statement, Statement of Accounts and Audit Opinion 2020/21
Author:	Paul Kelly, Financial Controller
Sponsor:	Iain Craven, Finance Director
Meeting Date:	Wednesday, 29 September 2021

1. Purpose of the Report:

- 1.1 This report requests the Board's approval of Transport for the North's Annual Governance Statement and Statement of Accounts for financial year 2020/21.
- 1.2 The report is supported by an appended report from Transport for the North's independent external auditor which provides an unqualified, clean opinion.
- 1.3 This report should also be considered alongside the Annual Report from the Chair of the Audit & Governance Committee which recommends approval of the Accounts.

2. Recommendations:

- 2.1 It is recommended that the Board approve the corporate governance review and the Annual Governance Statement.
- 2.2 It is recommended that the Board notes the recommendation in the Annual Progress Report of the Audit & Governance Committee to approve the Statement of Accounts for 2020/21.
- 2.3 It is recommended that the Board approve the Statement of Accounts for financial year 2020/21.

3. Executive Summary:

- 3.1 Under Regulation 6(1) of the Accounts and Audit Regulations 2015 Transport for the North is required to carry out an annual review of the effectiveness of its system of internal controls and to publish a report of the review in its Annual Governance Statement. The Board is required to approve the Annual Governance Statement. The Annual Governance Statement Report is set out within Appendix 6.1. The

Annual Governance Statement is included in the Statement of Accounts at appendix 6.3a.

- 3.2 In common with partner authorities Transport for the North is required to publish a set of annual Statements of Accounts and an Annual Governance Statement in compliance with statute. Those Accounts are held open for public inspection and formally audited by an external auditor.
- 3.3 Under Transport for the North's constitution the Accounts are reviewed by the Audit & Governance Committee who are then required to offer an opinion to the Transport for the North Board. The Annual Progress Report of the Audit & Governance Committee is included at Appendix 6.2.
- 3.4 Transport for the North Board, as 'those charged with governance', are required to approve the Accounts and the Chairman of the Board is required to sign the Statement of Accounts. For the 2018/19 Accounts this was to be no later than the 31 July. Due to the Covid-19 pandemic the approval date for the 2019/20 Accounts was extended to 30 November 2020. For the 2020/21 Accounts the deadline was set at 30 September 2021. Appendix 6.3 provides a summary of the production, audit, and scrutiny of the Accounts and concludes by noting the audit completion report from Mazars which offers an unqualified opinion on the Accounts, and the recommendation from the Audit and Governance Committee for the board to approve the Accounts.
- 3.5 The Transport for the North Statement of Accounts for 2020/21 are included at Appendix 6.3a. The Audit Completion Report of Transport for the North's independent external auditor, which provides an unqualified, clean opinion on that Statement of Accounts, is included at 6.3b.

4. Appendices:

- 4.1 Appendix 6.1 – Corporate Governance Review and Annual Governance Statement Report
- 4.2 Appendix 6.2 – Annual Progress Report of the Audit & Governance Committee
Appendix 6.2a – Audit & Governance Committee terms of reference
Appendix 6.2b – Summary of progress
- 4.3 Appendix 6.3 – Annual Statement of Accounts Report
Appendix 6.3a - Annual Statement of Accounts
Appendix 6.3b – Independent Audit Completion Report

List of Background Documents:

There are no background papers to this report.

Required Considerations

Please confirm using the yes/no options whether or not the following considerations are of relevance to this report.

Equalities:

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

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

Environment and Sustainability

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

Legal

Yes	No
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Consideration	Comment	Responsible Officer	Director
Legal	The legal implications have been considered and are included in the report.	Julie Openshaw	Dawn Madin

Finance

Yes	No
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Consideration	Comment	Responsible Officer	Director
Finance	The financial implications have been considered and are included in the report.	Paul Kelly	Iain Craven

Resource

Yes	No
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Consideration	Comment	Responsible Officer	Director
Resource	Transport for the North HR Team has confirmed there are no resource implications.	Stephen Hipwell	Dawn Madin

Risk

Yes	No
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Consideration	Comment	Responsible Officer	Director
Risk	The Transport for the North Risk Manager has confirmed that there are no risk implications associated with this report.		Iain Craven

Consultation

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

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Transport for the North Board Meeting

Subject: Corporate Governance Review and Annual Governance Statement

Author: Deborah Dimock, Solicitor

Sponsor: Iain Craven, Finance Director

Meeting Date: Wednesday 29 September 2021

1. Purpose of the Report:

- 1.1 The purpose of this report is for Members to consider the corporate governance review and to approve the Annual Governance Statement.

2. Executive Summary:

- 2.1 Under Regulation 6(1) of the Accounts and Audit Regulations 2015 Transport for the North is required to carry out an annual review of the effectiveness of its system of internal controls and to publish a report of the review in its Annual Governance Statement.
- 2.2 The Annual Governance Statement is set out within the Annual Statement of Accounts at Appendix 6.3a.

3. Discussion:

- 3.1 Under the provisions of the Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 Transport for the North is required to carry out an annual review of the effectiveness of its internal systems of control and to publish a report of that review. This report, the Annual Governance Statement, was published in July, as required by statute, along with the Statement of Accounts and Narrative Statement.
- 3.2 The system of internal controls is all the measures taken together which Transport for the North has put in place to ensure that it safeguards public funds and delivers value for money. This includes Transport for the North's financial regulations and contract procurement rules which are set out in the Constitution. It also includes the risk management framework through which Transport for the North ensures that risks to its operations are identified and managed.

-
- 3.3 Throughout the year we have continuously reviewed the policies and procedures that Transport for the North has put in place since its inauguration in relation to procurement, financial management and risk management in order to identify areas for improvement.
- 3.4 In carrying out the annual review Transport for the North is required to comply with the guidance issued by CIPFA in its guidance "Delivering Good Governance". The guidance sets out six principle of good governance:
- A Behaving with integrity, demonstrating strong commitment to ethical values and respect for the rule of law*
- B Ensuring openness and comprehensive stakeholder Engagement*
- C Defining outcomes in terms of sustainable economic, social and environmental benefits*
- D Determining the interventions necessary to optimise the achievement of the intended outcomes*
- E Developing the organisation's capacity including the capacity of its leaders and the individuals within it*
- F Managing risks and performance through robust internal control and strong public financial management*
- G Implementing good practices in transparency, reporting and audit to deliver effective accountability*
- 3.5 The review assesses to what extent Transport for the North can demonstrate that it has acted in accordance with these principles in carrying out its functions over the year 2020/21.
- 3.6 The report of the review is set out in the Annual Governance Statement which is included within the 2020/21 Statement of Accounts in Appendix 6.3a.

4. Conclusion:

- 4.1 The corporate governance review has demonstrated that Transport for the North has an effective system of internal controls and that it has acted in accordance with the six principles of good governance during 2020/21. The report of this review is set out in the Annual Governance Statement.

5. Appendices:

- 5.1 The Annual Governance Statement is included within the Annual Statement of Accounts.

List of Background Documents:

There are no background papers to this 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 the report does not propose any new strategy or service provision.	Deborah Dimock	Julie Openshaw

Environment and Sustainability

Yes	No
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Consideration	Comment	Responsible Officer	Director
Sustainability / Environment – including considerations regarding Active Travel and Wellbeing	A full impact assessment has not been carried out because the report does not propose any new strategy or service provision	Deborah Dimock	Julie Openshaw

Legal

Yes

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

Finance

No

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

Resource

No

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

Risk

No

Consideration	Comment	Responsible Officer	Director
Risk	A risk assessment has been carried out and the key risks are included in the report.	Deborah Dimock	Julie Openshaw

Consultation

No

Consideration	Comment	Responsible Officer	Director
Consultation	A public consultation has not been carried because the report does not propose any new strategy or service provision.	Deborah Dimock	Julie Openshaw

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Meeting: Transport for the North Board

Subject: Annual Report of the Audit & Governance Committee

Author: Chris Melling, Chair of the Audit & Governance Committee

Sponsor: Iain Craven, Finance Director

Meeting Date: 29 September 2021

1. Purpose of the Report:

- 1.1 This report updates Transport for the North Board on the work undertaken by the Audit & Governance Committee over the last year.
- 1.2 The report provides a summary on the Committee's activity against its terms of reference, and its findings against its areas of scrutiny.
- 1.2 The report concludes with a recommendation for the Board to approve the statutory Statement of Accounts as presented to Board at this meeting.

2. Executive Summary:

- 2.1 The TfN Constitution prescribes the requirement for an Audit & Governance Committee.
- 2.2 This Committee is comprised of five members of the TfN Board, subject to changes in Board membership over the course of the year, and three independent members (and increasing to four, subject to Board's approval of the appointment of a fourth member) recruited on the basis of relevant skills.
- 2.3 The Committee's terms of reference are appended to this report for reference (Appendix 6.2a), but the Committee's principal purpose is to provide independent review and assurance to Members on governance, risk management and control frameworks.
- 2.4 During the 2020/21 financial year the Committee met five times, with a Chair appointed from its independent members. These meetings were remote and took advantage of short term Covid legislation that did not require them to be held in person. The committee has not met formally since the 2020/21 year-end – instead three Consultation Calls have been convened by the Finance Director (using his delegated powers) to enable the regular consideration of business once the legislation that had allowed for remote meetings to be held had expired, but where ongoing restrictions due to the pandemic meant that in person public meetings were not considered to be appropriate. It was intended that the Consultation Call held on 16 September would be a formal meeting of the committee but this was not possible due to

quoracy issues (although sufficient members attended the Consultation Call that it would have been quorate had it been possible to meet in person).

- 2.5 Given the environment of uncertainty within which TfN continues to operate, the Committee has focused on risk management, with the Corporate Risk Register Report a standing agenda item. In addition, given that TfN was established relatively recently, the Committee has continued to focus on gaining assurance as to the existence and efficacy of underlying processes and controls.
- 2.6 This report notes the progress the Committee has made in discharging its functions and contains a recommendation with regards the approval of the statutory Statement of Accounts.

3. Audit & Governance Committee Progress Report

- 3.1 The TfN Constitution prescribes the requirement for an Audit & Governance Committee to support Members in their oversight of TfN's affairs.
- 3.2 The Audit & Governance Committee consists of five TfN Board members and three (soon to be four, subject to Board's approval of the appointment of a fourth) independent members appointed by an open recruitment process. The Committee is chaired by an Independent member, with the TfN Board member for Cumbria as Vice Chair.
- 3.3 Over the year the Committee met, as outlined in 2.4 above, five times. Meetings have been attended by Department for Transport representatives, along with TfN's internal and external audit providers (RSM and Mazars respectively).

Work Plan

- 3.4 Over the year the Committee has agreed a number of standing items that should be brought before the Committee by officers. These include:
 - The Corporate Risk Registers;
 - Financial Reporting; and,
 - Constitution Reviews.

In addition, the relevant Monthly Operating Report is provided to the Committee for consideration.

- 3.5 The Committee also requires that instances, or suspicion, of fraud and corruption are reported to the Committee directly.
- 3.6 In addition to this, the Committee also approved the internal audit programme of activity, enabling the Finance Director to initiate this. This programme has been designed to provide the Committee with the

assurance it requires that TfN has implemented a control framework that appropriately manages risk.

- 3.7 The Committee has received regular updates from internal audit against this plan, and also updates from external audit as they have progressed the statutory audit.
- 3.8 During the year the committee required a number of specific items of work to be undertaken. These included a review of the anti-fraud and corruption policy that was carried out as part of the wider consideration of the Annual Governance Statement; a report on the Operational Rail Recovery Plan which itself arose from a report on risks associated with Covid-19; and report on the TfN assurance framework. In addition, a review and refresh of the Treasury Management Strategy was undertaken.
- 3.9 The Committee's activity vis-à-vis its terms of reference is presented in matrix form in Appendix 6.2b.

Internal Audit Activity

- 3.10 RSM was appointed as TfN's internal audit provider in 2018 following a competitive procurement exercise.
- 3.11 The Committee agreed the audit programme for the year, concentrating on the implementation of core control frameworks
- 3.12 RSM was able to provide the following level of assurance in these key areas:

Area	Assurance Level			
	Substantial	Reasonable	Partial	None
Risk Management – risk register deep dive	√			
Contract Management		√		
Recruitment and Selection	√			
Cyber Security Review		√		
New Commissioning and Payment process	√			
Investment Programme Assurance	√			
Income & Debtor Management	√			

In addition, the audit to follow up on the recommendations made by the internal auditor in previous audit reports identified "good progress" in relation to the follow up actions agreed with management.

- 3.13 The Committee is able to provide TfN Board with assurance from these reports that the necessary core controls expected of a public body have been implemented in the areas reviewed.

- 3.14 The Committee has tracked progress against agreed management actions throughout the year.

External Audit Activity

- 3.15 Mazars was appointed as TfN's statutory auditor in 2018 via the Public Sector Audit Appointment process and continued in this role during the year.
- 3.16 Mazars conduct the external audit, as required by statute. This audit considers whether the Statement of Accounts presents a 'true and fair view' of TfN's affairs.
- 3.17 The Committee has received progress reports from officers and Mazars throughout the year regarding progress in relation to the completion of the accounts and their subsequent audit and has reviewed the draft accounts three times through Finance Director Consultation Calls.
- 3.18 In accordance with TfN's Constitution, an important part of the Committee's remit is to recommend the Annual Accounts to the TfN Board. Unfortunately, due to quoracy issues (largely as a result of two previous Constituent Authority members losing their seats in the May elections), it was not possible to hold a quorate meeting on 16 September 2021 where this recommendation would formally have been agreed. However, the members in attendance at the Consultation Call held on the same day, who would have formed a quorum had it been possible to hold the meeting in person, were content that the accounts could be taken forward to the Board for approval.
- 3.19 Recognising the specific circumstances generated by the Covid-19 outbreak, the Committee notes that the process of finalising the Transport for the North accounts has been completed in line with the revised deadline of 30 September 2021 and that Transport for the North will use the 29 September 2021 Board to approve the 2020/21 financial statements in compliance with that deadline.
- 3.20 Whilst Mazars will not formally report their audit findings until release of the ISA 260 audit opinion to TfN Board, the Committee has sufficient comfort to recommend the accounts to Board for approval.

Risk

- 3.21 One of the first exercises that Committee undertook when it was first established was to review and approve Transport for the North's Risk Management Strategy. Subsequently, the Committee has a standing agenda item in relation to risk.
- 3.22 During the year the Committee has reviewed both corporate and programme risks and provided feedback with regard to the presentation of the information provided. This has included changes in the presentation of the corporate risk register to enhance the users

understanding of the likely effectiveness of TfN's risk mitigation strategies.

- 3.23 In February 2021 the Committee approved revised format for the Corporate Risk Register Report. These changes were implemented after discussions with officers and will improve the utility of the report for the users, including the Committee and the Transport for the North Board as well as other stakeholders.

Next Steps

- 3.24 The work programme for 2021/22 is intended to include the following:
- Consider the outputs produced by the Internal Audit plan for 2021/22.
 - Continue to monitor the impacts of Covid-19 on TfN operations.
 - Monitor Transport for the North's risk management activity.
 - Review corporate governance arrangements, supported by an internal audit review, against the Code of Corporate Governance and the good governance framework
 - Consider the preparatory activity being undertaken for the refresh of the Strategic Transport Plan.

- 3.25 The internal audit plan for 2021/22, approved by the Committee in February 2021, includes the following reviews of TfN activity:
- Governance Effectiveness Framework
 - Risk Management Strategy
 - Purchase to Pay
 - Flexi-time system
 - IT (Cyber security or GDPR)
 - Follow up

4. Conclusion:

- 4.1 Having reviewed the findings of internal audit and the submissions of officers, the Committee can provide assurance to the Board that in the areas reviewed TfN has implemented a sound control framework that appropriately manages risk.
- 4.2 Having reviewed the Statement of Accounts and received representation from officers and external audit, the Committee members recommend to the Board the approval of the Statement of Accounts as contained in this pack.

5. Recommendation:

- 5.1 The members of the Audit & Governance Committee have indicated that they are content for the Board to approve the corporate governance review and the Annual Governance Statement.

- 5.2 The members of the Audit & Governance Committee have indicated that they are content for the Board to note the recommendation in the Annual Progress Report of the Audit & Governance Committee to approve the Statement of Accounts for 2020/21.
- 5.3 The members of the Audit & Governance Committee have indicated that they are content for the Board to approve the Statement of Accounts for financial year 2020/21.

6. Appendices:

- 6.1 Appendix 1 - TfN Audit & Governance Committee terms of reference
- 6.2 Appendix 2 - Terms of Reference and Activity Matrix

List of Background Documents:

The following background papers were considered in preparation of this report –

Transport for the North Constitution:

Microsoft Word - Constitution Version July 2020 (transportforthenorth.com)

Internal Audit Reports to the Audit & Governance Committee:

Risk Management – risk register deep dive

Microsoft Word - Risk Management - Risk Register Deep Dive 1.20.21 REVISED FINAL TfN (transportforthenorth.com)

Contract Management

24.09.20-Audit-Governance-Pack.pdf (transportforthenorth.com)

Recruitment and Selection

Microsoft Word - Human Resources – Recruitment and Selection 4.20.21 FINAL TfN (transportforthenorth.com)

Cyber Security Review

Microsoft Word - Cyber Security Review 5.20.21 FINAL TfN (transportforthenorth.com)

New Commissioning and Payment process

Microsoft Word - New Payment (Commissioning) Process 6.20.21 FINAL TfN (transportforthenorth.com)

Investment Programme Assurance

Microsoft Word - Investment Programme Assurance Review 7.20.21 FINAL TfN (transportforthenorth.com)

Income & Debtor Management

Microsoft Word - Income and Debtor Management 8.20.21 FINAL TfN (transportforthenorth.com)

Progress Report

Microsoft Word - Progress Report February 2021 TFN (transportforthenorth.com)

Microsoft Word - Progress Report June 2021 TFN (transportforthenorth.com)

Microsoft Word - Progress Report July 2021 TFN (transportforthenorth.com)

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APPENDIX 6.2a

Audit and Governance Committee (TfN Constitution July 2020)

Statement of purpose

The Audit and Governance Committee is a key component of corporate governance providing an independent, high-level focus on the audit, assurance and reporting framework underpinning financial management and governance arrangements. Its purpose is to provide independent review and assurance to Members on governance, risk management and control frameworks. It oversees financial reporting, the Annual Governance Statement process and internal and external audit, to ensure efficient and effective assurance arrangements are in place.

Membership comprises:

- a) five members of the TfN Board (not the Chair, or Vice Chair) appointed by TfN; and,
- b) three Independent members (to be recruited on the basis of relevant skills);

A representative of DfT (Department for Transport) will be invited to attend meetings.

The Constitution places responsibility on the Audit and Governance Committee ‘to oversee the effectiveness of TfN’s risk management arrangements.’ The Constitution also makes the Finance Director responsible for discharging the functions of the ‘responsible financial officer’ under the Accounts and Audit (England) Regulations 2015, including ensuring risk is appropriately managed.

Terms of Reference

The core functions of the Authority’s Audit and Governance Committee are to:

- a) approve Accounts;
- b) recommend approval of the Annual Statement of Accounts for TfN;
- c) governance, risk, and control;
- d) review corporate governance arrangements against the Code of Corporate Governance and the good governance framework;
- e) review the Annual Governance Statement (AGS) prior to approval to ensure it properly reflects the risk environment and supporting assurances;
- f) monitor the effectiveness of arrangements to secure value for money;
- g) be satisfied that the assurance framework adequately addresses risks and priorities including governance arrangements in significant partnerships;
- h) monitor TfN’s risk and performance management arrangements including review of the risk register, progress with mitigating action and the assurance map;
- i) consider reports on the effectiveness of internal controls;
- j) monitor the anti-fraud strategy, risk-assessment, and any actions.

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APPENDIX 6.2b

Terms of Reference Activity	Considered	Comment
Approve Accounts	✓	The Committee has twice reviewed the Statement of Accounts and received representation from officers and progress reports from external audit.
Recommend Approval of the annual statement of accounts for TfN	✓	The Committee has recommended the approval of the Statement of Accounts to TfN Board.
Governance, risk and control	✓	<p>The Committee commissioned a number of internal audit reports throughout the year around key risks and financial controls. These included Contract Management, New Commissioning and Payment process, Income & Debtor Management and the Risk Register Deep Dive. In addition, reports were also received from internal audit which covered Recruitment and Selection, Cyber Security and Investment Programme Assurance.</p> <p>The Committee has further received reports from officers around Constitution reviews, programme and operational performance, and financial reporting. The Committee continues to review these areas as standing items on its agenda.</p>
Review corporate governance arrangements against the Code of Corporate Governance and the good governance framework	✓	The Committee oversaw the annual governance review, receiving a number of progress reports and reviewed and commented on the draft Annual Governance Statement prior to its publication for the statutory public inspection period.
Review the Annual Governance Statement (AGS)	✓	The Committee reviewed and commented on the draft Annual Governance Statement prior to its publication for the statutory public inspection period.
Monitor the effectiveness of arrangements to secure value for money	✓	<p>The Committee notes that effective arrangements for the delivery of value for money are derived from an effective control framework.</p> <p>The Committee has commissioned a number of reports from internal audit over the course of the year to test that framework. Internal audit reports found that substantial assurance could be had from TfN processes. The Committee also gained assurance from</p>

		<p>the reports provided by internal audit concerning the cyber security and risk management.</p> <p>Taken together, these reports give the Committee comfort that TfN has embedded a culture of value for money and implemented processes to ensure that those principles are at the heart of decision making.</p>
Be satisfied that the assurance framework adequately addresses risks and priorities including governance arrangements in significant partnerships	✓	<p>TfN is engaged in two principal partnerships, the Rail North Partnership and the co-clienting arrangements for the delivery of the NPR Programme. In both cases TfN is in Partnership with the DfT. In 2019/20 the Committee undertook a review of the governance arrangements for the NPR programme, which resulted in a Memorandum of Understanding being developed with DfT that was presented to the TfN Board for approval in March 2020. The ongoing risks to the delivery of TfN objectives that arise from these co-client arrangements are reflected in the Corporate Risk Register Report, which is a standing item on the Committee agenda.</p>
Monitor TfN's risk and performance management arrangements including review of the risk register, progress with mitigating action and the assurance map	✓	<p>The Committee has received risk register reporting as a standing item over the course of the year. The Committee has also commissioned internal audit to independently review risk management arrangements via a deep dive of the register.</p> <p>The Committee requires delivery against internal audit management actions to be reported to it as a standing item to ensure recommendations are progressed.</p>
Consider reports on the effectiveness of internal controls	✓	<p>The Committee approved the internal audit work programme for 2021/22.</p> <p>Internal audit progress is a standing invitee to the Committee's sessions and are required to report on their programme reviews, actions against recommendations, and best practice that could be implemented.</p> <p>The Committee also consider progress reports from external audit which is also a standing item on the Committee's agenda. Representatives from both internal and external audit are present for the entire agenda.</p>

Monitor the anti-fraud strategy, risk-assessment and any actions		A review of the Anti-Fraud and Corruption policy was carried out by the Committee during 2021/22, as part of the consideration of the Annual Governance Statement.
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Transport for the North Board Meeting

Appendix 6.3

Subject: Statement of Accounts and Audit Opinion 2020/21

Author: Paul Kelly, Financial Controller

Sponsor: Iain Craven, Finance Director

Meeting Date: Wednesday 29 September 2021

1. Purpose of the Report:

- 1.1 provides a summary of the production, audit, and scrutiny of the Accounts and concludes by noting the audit completion report from Mazars which offers an unqualified opinion on the Accounts, and the recommendation from the Audit and Governance Committee for the board to approve the Accounts

2. Executive Summary:

- 2.1 In common with partner authorities Transport for the North is required to publish a set of annual Statements of Accounts and an Annual Governance Statement in compliance with statute.
- 2.2 Those Accounts are held open for public inspection and formally audited by an external auditor.
- 2.3 Under Transport for the North's constitution the Accounts are reviewed by the Audit & Governance Committee who are then required to offer an opinion to the Transport for the North Board.
- 2.4 Transport for the North Board, as 'those charged with governance', are required to approve the Accounts. For the 2018/19 Accounts, which was a "normal" cycle, this was to be no later than the 31 July 2019. Due to the Covid 19 pandemic the approval date for the 2019/20 Accounts was extended to 30 November 2020. For the 2020/21 Accounts the date has been extended to 30 September 2021.
- 2.5 This report provides a brief summary on the production, audit, and scrutiny of the Accounts.
- 2.6 The report concludes by noting the audit completion report from Mazars which offers an unqualified opinion on the Accounts, and the

recommendation from the Audit and Governance Committee for the board to approve the Accounts.

3. The Accounts Process:

- 3.1 The statutory finance officer approved the publication of Transport for the North's draft Statement of Accounts on 7 July 2021. The Accounts were then laid open to public inspection from 7 July to 17 August, in accordance with statute.
- 3.2 Whilst all supporting documentation is also available for inspection if requested, no requests for such information were made.
- 3.3 Under Transport for the North's constitution the draft accounts are scrutinised by the Audit and Governance Committee on behalf of the Transport for the North Board.
- 3.4 The Committee are supported in this oversight by the statutory external auditors. The Committee approved Transport for the North opting into the Public Sector Audit Appointment (PSAA) process, with Mazars being appointed as the external auditor.
- 3.5 The Audit and Governance Committee formally reviewed the draft accounts in sessions on the 16 July 2021 and 16 September 2021.
- 3.6 At the latter session Mazars provided an audit completion report which supported an unqualified audit opinion. This opinion covers:
 1. whether the accounts offer a 'true and fair view' of Transport for the North's financial affairs over the period; and
 2. whether the organisation's governance, processes, and structures support statutory value-for-money considerations.
- 3.7 Following the issue of the draft audit completion report and its own scrutiny, the Audit and Governance Committee have indicated they are content for the Board to approve the Statement of Accounts for 2020/21.

4 Responsibilities:

- 4.1 Under the Transport for the North constitution the Board are 'those charged with governance'. This function requires the Board to:
 - make arrangements for the proper administration of its financial affairs;
 - appoint an officer to take responsibility for those affairs (the Finance Director);
 - manage its affairs to secure value-for-money; and,
 - formally approve the Accounts in session, within the prescribed timeline.

-
- 4.2 Board are supported in the formation of this decision by the work of the external auditors and their findings presented through the statutory report, and also the recommendation of the Audit and Governance Committee following its scrutiny.
 - 4.3 The report of the external auditor is appended to this report (Appendix 6.3b), whilst the Annual Report of the Chair of the Audit Committee is also presented at this meeting.
 - 4.4 Acknowledging officer responsibilities for the veracity and proper preparation and presentation of the information within the accounts, the Finance Director, as statutory finance officer, is required to physically sign the Accounts.
 - 4.5 The Interim Chairman, as the representative of the Board, is also required to physically sign the accounts to certify that the Board has formally approved them.
 - 4.6 Both the Interim Chairman and the Chief Executive, as Head of Paid Service, are also required to sign the Annual Governance Statement which forms part of the Accounts documentation.

5. Conclusion:

- 5.1 This report notes that Transport for the North's draft accounts were laid open to public inspection for the statutory period without objection being raised.
- 5.2 The report further notes the clean, unqualified audit opinion as offered by Mazars, the statutory external auditor.
- 5.3 The report finally notes the role performed by the Audit and Governance Committee supporting the Board in their approval of the Statement of Accounts for financial year 2020/21.

6. Appendices:

- 7.1 Appendix 6.3a - Annual Statement of Accounts
Appendix 6.3b – Independent Audit Completion Report

List of Background Documents:

There are no background papers to this report.

Required Considerations

Please confirm using the yes/no options whether or not the following considerations are of relevance to this report.

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.	Paul Kelly	Iain Craven

Environment and Sustainability

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

Legal

Yes	No
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Consideration	Comment	Responsible Officer	Director
Legal	The legal implications have been considered and are included in the report.	Julie Openshaw	Dawn Madin

Finance

Yes	No
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Consideration	Comment	Responsible Officer	Director
Finance	The financial implications have been considered and are included in the report.	Paul Kelly	Iain Craven

Resource

Yes	No
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Consideration	Comment	Responsible Officer	Director
Resource	There are no direct resource implications as result of this report.	Stephen Hipwell	Dawn Madin

Risk

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

Consultation

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

Transport for the North Statement of Accounts 2020/21



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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.



Since our inception there have been a number of changes to our governance structure.

Primarily, our constituent authorities increased by 1 to 20 in total, reflecting the creation of the North of Tyne Combined Authority and the North East Combined Authority (South of Tyne) from the former North East Combined Authority.

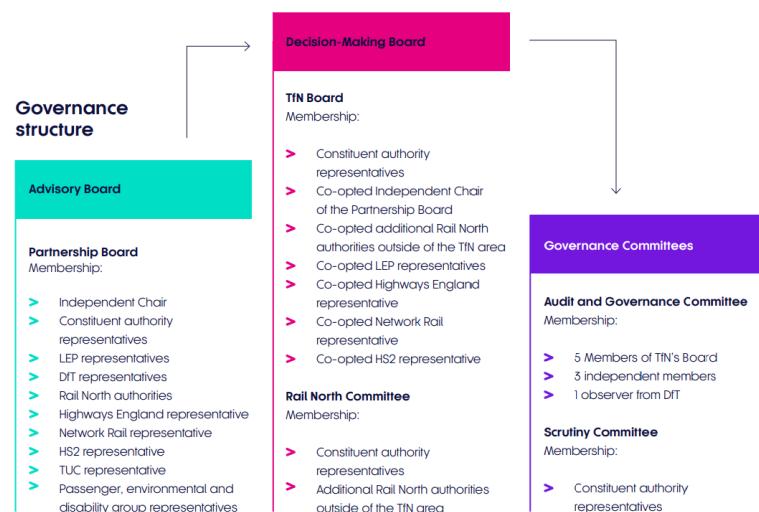
The Partnership Board was also expanded during 2019/20 to include new representative groups that will support the Board in drawing together a wider spectrum of views and expertise. Three regional Trade Union Council (TUC) representatives have joined the Board along with representatives of environmental, disability, and passenger transport user groups.

How we make decisions

We are proud of the fact that we are a membership organisation – led by the North, for the North. All corners of the region are represented on our Board, made up of local politicians and business leaders with an independent Chair. They are joined by representatives from our national delivery partners (Network Rail, Highways England and HS2 Ltd) and work closely with our neighbours in Wales, Scotland and the Midlands.

However, collaboration extends beyond this, and is characterised in the way that we work. Transport and economic officers from across the North work with us day-to-day, taking part in working groups for our major programmes and having significant input in the ongoing development of our Strategic Transport Plan and Investment Programme.

Transport for the North Board and Committee Structure



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 been 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	Acheived	
			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
	46.00	51.30	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
	57.83	65.79	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
Total Grant	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 Outturn Position	£m
Adjustments for:	(57.83)
Pensions	
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 Outturn Position	£m
Adjustments for:	57.83
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 disposal and 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 and disposal of intangible assets is not included in the outturn. Amortisation and disposal 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 £2.29m (2020: £4.323m) and a disposal of £2.0m (2020: £nil) in relation to its intangible assets. The recoverable amount of the intangible assets has therefore been reduced to £nil, £2.21m of the impairment loss charged to the Integrated & Smart Ticketing line and the disposal charged to other operating expenditure 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 loss on disposal and the impairment of the assets (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		
Cash & Equivalents	18.02	Reserves
Intangible Asset	0.00	<u>Unusable Reserves</u>
Debtors	0.51	Absence Reserve
	18.53	0.24
		Capital Adjustment Account
		0.00
		Pension Reserve
		11.89
Liabilities		12.13
Provisions	(0.07)	<u>Usable Reserves</u>
Grants Received in Advance	(0.01)	Capital Grants Unapplied
Pension Liability	(11.89)	(0.28)
Creditors	(10.47)	Earmarked Revenue Grants
	(22.44)	(1.25)
		Devolved Powers Reserve
		(0.50)
		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, impairment and disposal:

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 three 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;
2. The Fares data tool valued at £2.0m was transferred to DfT as planned; and
3. DfT's cessation of IST funding referenced above has driven an impairment review of the remaining Phase 2 intangible assets. 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	2019/20	Variance
	£m	£m	£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
<u>General Fund</u>			
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, impairment and disposal 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 2021/22 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 2021/22.

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	2021/22	£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 29 September 2021.

Signed on behalf of Transport for the North

Louise Gittens
Interim Chairman of Board
29 September 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		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	9,639	(3,977)	5,662
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	60,253	(46,155)	14,098
0	0	0	10	Other operating expenditure	1,996	0	1,996
234	(234)	0	12	Financing and Investment Income and Expenditure	325	(181)	144
0	(10,940)	(10,940)	13	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	29	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

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 11)	(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	1,104	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 11)	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	15	Intangible Assets			0
3,529		Long Term Assets			0
599	16	Short-Term Debtors			505
19,307	17	Cash and Cash Equivalents			18,021
19,906		Current Assets			18,526
(8,046)	18	Short-Term Creditors			(10,467)
(126)	19	Provisions			(68)
(10)	27	Grants Receipts in Advance - Revenue			(10)
(8,182)		Current Liabilities			(10,545)
(6,080)	29	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	20	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).

2019/20			
Net Expenditure Chargeable to the General Fund Balance	Adjustments (see note 2)	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund Balance
£000	£000	£000	£000
1,415	74	1,489 Major Roads Programme (Strategic Development Corridors)	546
961	184	1,145 Northern Powerhouse Rail	950
(1,984)	4,315	2,331 Integrated and Smart Ticketing	2,679
619	276	895 Rail Operations	680
5,731	851	6,582 Operational Areas	5,085
6,742	5,700	12,442 Net Cost of Services	9,940
(10,106)	(834)	(10,940) Other Income and Expenditure	(7,002)
(3,364)	4,866	1,502 Surplus or Deficit on Provision of Services	2,938
(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	2,917	68	(2)	2,983
Rail Operations	0	173	12	185
Operational Areas	354	411	57	822
Net Cost of Services	3,271	806	80	4,157
Other Income and Expenditure	983	146	0	1,129
	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. Also included is the loss on disposal of Phase 2 intangible assets (£1.996m).

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, i.e. 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 (e.g. 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), i.e. 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 29.

Note 7 - Material Items of Income and Expense

In December 2020 the fares data tool, one of the Phase 2 Intangible Fixed Assets, was transferred to DfT as planned. This has been disclosed as a disposal in the year and the costs charged to the Consolidated Income and Expenditure Statement. An adjustment, equivalent to this disposal, has been made, via the Movement in Reserves Statement (MIRS), to restate the General Fund.

In its correspondence of 4 January 2021, DfT confirmed the cessation of funding for the IST programme. Without ongoing funding, the assets within this programme, 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 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 Capital Grants Unapplied	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 Capital Grants Unapplied		1,104	(1,104)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,442		(1,442)
Total Adjustments between Revenue and Capital Resources	1,442	1,104	(2,546)
Total Adjustments	(4,866)	1,104	3,762

Note 10 – Other operating expenditure

Other operating expenditure includes the following items:

31 March 2020 £000	31 March 2021 £000
0 Gain/loss on disposal of intangible assets	1,996
0 Total	1,996

This disposal represents the planned transfer of the Fares data tool to DfT in December 2020.

Note 11 – 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 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
General Fund Reserves:						
Integrated and Smart Ticketing Revenue Funding Reserve	(1,944)	(3,651)	1,667	(3,928)	0	2,679
Earmarked Devolved Powers Reserve	0	(500)	0	(500)	0	0
Earmarked RNP Grant Reserve	0	0	0	0	(31)	(31)
Total General Fund	(1,944)	(4,151)	1,667	(4,428)	0	2,648
						(1,781)

Note 12 - 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 £000	2020/21 £000
234	Interest payable on the net defined benefit liability	325
(234)	Interest receivable and similar income	(181)
0	Total	144

Note 13 - 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 £000	2020/21 £000
(10,000)	TfN Core Grant	(7,000)
(940)	Integrated and Smart Ticketing Capital Grant	(1,013)
(10,940)	Total	(8,013)

Note 14 - 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		2,749	
0 Gain or loss on disposal of non-current assets		1,996	
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 15 - Intangible Assets

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

This note recognises the development, and subsequent amortisation, disposal 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 ERP system has been fully amortised in the year (this being its third year of its useful economic life as detailed below).

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 December 2020 the fares data tool was transferred to DfT as originally planned. This was treated as a disposal of £2.0m in the year.

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 £2.29m (2020: £4.323m) and a disposal of £2.0m (2020: £nil) in relation to its intangible assets. The recoverable amount of the intangible assets has therefore been reduced to £nil, £2.21m of the impairment loss charged to the Integrated & Smart Ticketing line and the disposal charged to other operating expenditure 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 Operational Development			Assets Under Operational Development		
Assets	Total		Assets	Total	
£000	£000	£000	£000	£000	£000
Balance at start of year:					
5,223	902	6,125	Gross carrying amounts	2,112	2,072
0	(301)	(301)	Accumulated amortisation	0	(655)
5,223	601	5,824 Net carrying amount at start of year		2,112	1,417
Additions:					
2,275	0	2,275	- Internal development	1,294	0
0	107	107	- Purchases	0	0
(1,063)	1,063	0	Assets that became operational in the year	(1,410)	1,410
0	(354)	(354)	Amortisation for the period	0	(533)
0	0	0	Disposals	(1,996)	0
(4,323)	0	(4,323)	Impairment losses recognised in the surplus / deficit on the provision of services	0	(2,294)
2,112	1,417	3,529 Net carrying amount at end of year		0	0
Comprising:					
2,112	2,072	4,184	- Gross carrying amounts	1,996	3,482
	(655)	(655)	- Accumulated amortisation and impairment	(1,996)	(3,482)
2,112	1,417	3,529 Total		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	0
Integrated Smart Ticketing	5	0

Note 16 - 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
45		

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 17 – 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 £000	31 March 2021 £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 18 - 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 £000	31 March 2021 £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 19 - 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 20 - 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	2,293

354	Amortisation of intangible assets	533
2,274	Revenue expenditure funded from capital under statute	3,235
	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposals to the Comprehensive Income and Expenditure Statement	
0		1,996
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 £000	31 March 2021 £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
<hr/>		
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 21 - 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	(2,293)	
(354)	Amortisation	(533)	
0	Disposal of intangible assets	(1,996)	
(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 22 - 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 23 - 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 24 - 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)	£160,352	£22,244	£0	£0	£0
Barry White					
Chairman (pro-rata)	£45,000	£0	£0	£0	£0
John Cridland					
- <i>Chairman full-time equivalent</i>	£220,000				
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	£121,385	£21,121	£0	£163	£0
Head of Legal Services (Monitoring Officer)	£85,583	£14,891	£0	£328	£0
Strategy and Policy Director	£110,594	£19,209	£0	£0	£0
- <i>Departed 08/01/2021</i>					
Strategy and Policy Director	£42,789	£7,445	£0	£0	£0
- <i>Joined 01/12/20</i>					

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)	£156,060	£22,460	£4,316	£415	£0
Barry White					
Chairman (pro-rata)	£45,000	£0	£0	£0	£0
John Cridland					
- <i>Chairman full-time equivalent</i>	£220,000				
IST Programme Director	£35,456	£5,567	£0	£0	£93,689
- <i>Departed post 28/06/2019</i>					
NPR Programme Director	£141,826	£22,267	£1,600	£343	£0
Major Roads Programme Director	£118,136	£18,547	£1,306	£331	£0
Strategic Rail Director	£112,767	£17,704	£1,600	£0	£0
Rail North Partnership Director	£112,767	£17,704	£1,600	£0	£0
Chief Financial Officer (Section 151)	£141,826	£22,267	£1,600	£395	£0
Business Capabilities Director	£118,136	£18,547	£0	£198	£0
Head of Legal Services (Monitoring Officer)	£57,325	£9,000	£0	£588	£0
- <i>Joined 15/07/2019</i>					
Head of Legal Services (Monitoring Officer)	£22,763	£3,413	£325	£0	£0
- <i>Departed post 04/07/2019</i>					

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 25 - 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	33
0 Additional fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the prior year	0	4
33 Total		37

Note 26 - 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 ITSOn 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		(59)
(542) Rail North Rail Grant (via Local Contributions)		(559)
(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 27 - 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 28 - 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 29 - 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. large scale 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
£000	£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
<hr/>	
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
<hr/>	
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)

LGPS	2019/20	LGPS	2020/21
£000	£000	£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	Cash and cash equivalents	204	0	204

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 30 - 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 31 – 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
Movement in Reserves Statement			
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)
Note 9 - Adjustments between Accounting Basis and Funding Basis under Regulations			
Capital expenditure financed from Capital Grants Unapplied (transfer to the Capital Adjustment Account)	0	1,104	1,1004

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.transportforthenorth.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>
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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.	
B Ensuring openness and comprehensive stakeholder engagement	
Core Principle	
Engaging with local people and stakeholders to ensure robust public accountability	
<i>How we met the principle</i>	<i>Evidence</i>
<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.</p> <p>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>

matters relating to transport to, from and within its area. The Partnership Board is a forum in which the elected Members of Transport for the North engage and consult with the business leaders of the area through representatives of the eleven northern Local Enterprise Partnerships and with the national transport delivery agencies Network Rail Highways England and HS2. During 2019/20 Transport for the North reviewed the membership of the Partnership Board and widened its membership to include representatives of the Northern, North West and Yorkshire & Humber Regional TUC areas, Disability Rights UK, Transport Focus and the Committee on Climate Change. This has broadened the interests represented on the Partnership Board particularly in relation to the environment and the interests of the travelling public.

Transport for the North carries out extensive stakeholder engagement through its Engagement team and the wider organisation. Transport for the North Officers meet regularly with Parliamentarians, Members and officers of other Authorities, representatives of the Welsh and Scottish devolved governments, representatives of business organisations, and other stakeholders, such as community groups. The types of events vary from attending All Party Parliamentary Groups meetings in Parliament, including the Transport Across the North All Party Parliamentary Group for which TfN is the secretariat; to roundtable events, and speaking engagements across the North and the rest of the UK.

The Transport for the North Conference was held virtually in December 2020 and was attended by 585 delegates. The sessions covered a variety of topics relevant to Transport for the North including: Putting passengers in the North first, High Speed Rail, Decarbonisation, Economic Recovery post-Covid-19, Business Priorities, Devolution, Active Travel, and Freight and Logistics. Speakers included TfN representatives, Board Members, Government Ministers, and other relevant stakeholders. Feedback received shows that 60% of delegates were very satisfied/satisfied with the event, with only 9% very dissatisfied/dissatisfied. Over 80% would attend another Transport for the North event.

Over the past 12 months, Transport for the North has facilitated six virtual webinars branded as TfNTalks, covering Strategic Rail, the Future of Roads, Northern Growth, Northern Powerhouse Rail, Integrated and Smart Travel, and Business Priorities. In addition to TfN representatives, panellists included Board Members, local and national politicians, and relevant stakeholders.

Transport for the North facilitates regular podcast episodes, which cover a large variety of topics, updates on Transport for the North's work and other salient events and issues. As with other Transport for the North events, the podcast includes TfN representatives, Board

Transport for the North
Regulations
Constitution

Memoranda of
Understanding signed with
the Welsh Government and
Midlands Connect

<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>
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<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>
<p>D Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	
<p>Core Principle</p> <p>Focusing on the purpose of Transport for the North and the outcomes for the community and creating and implementing a vision for the area.</p>	
<p><i>How we met the principle</i></p> <p>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.</p>	<p><i>Evidence</i></p> <p>Strategic Transport Plan</p> <p>Evidence Base</p>
<p>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.</p>	<p>Investment Programme</p>
<p>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.</p>	<p>Business Plan</p>
<p>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.</p>	
<p>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</p>	

<p>the Northern Rail Franchise into public control under the Operator of Last Resort.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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>	
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<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>	
E Developing the organisation's capacity, including the capacity of its leaders and the individuals within it	
Core Principle	
Developing the capacity and capability of members and officers to be effective	
<i>How we met the principle</i>	<i>Evidence</i>
Transport for the North has adopted officer development programmes, including a thorough initial Corporate induction programme for all new officers and line managers.	Corporate Induction Guidance
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.	Probationary Policy

<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>STP and Evidence base</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>Constitution</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>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>Constitution</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>Memorandum of Understanding with the Secretary of State</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>Monthly Operating Report</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>Rail North Partnership Board</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>Programme and Corporate Risk Reports</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>Constitution Corporate Governance 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>The Finance Director is responsible for the internal audit function. This has been contracted out to RSM which operates within an Annual Audit Plan that is approved by the Audit & Governance Committee. RSM attends each committee meeting and reports on progress against the Audit Plan.</p> <p>Mazars were appointed as Transport for the North's external Auditors via the Public Sector Audit Appointments (PSAA). The firm attends every meeting of the Audit & Governance Committee where it provides updates on progress throughout the year and can gain in-depth insights into the workings of Transport for the North.</p> <p>In line with best practice, Transport for the North publishes financial transparency reports each quarter, detailing all individual items of expenditure greater than £500 and all procurement card spend.</p> <p>Organisational organograms and salary information is also made available for public consumption on the external website.</p>	<p>Reports to Audit and Governance Committee and Transport for the North Board</p> <p>Annual Audit Plan</p> <p>Transparency Reports</p>
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Annual Review of the Effectiveness of the Governance Framework

The effectiveness of key elements of the governance framework are assessed throughout the year by the Chief Executive and Directors meeting as the Operations Board (OBT), by internal audit and by the Audit and Governance Committee. Performance in relation to key risks is reported to (OBT) on a monthly basis and regularly to the Audit and Governance Committee and also to the Transport for the North Board. Significant risks and performance in relation to key programmes is also reported to the Executive Board of Senior Officers of the Constituent Authorities at a monthly meeting.

Governance Challenges identified in 2019/20 for 2020/21 and beyond

Subject	Action	Progress	Target Completion Date
Review of the Constitution	To review the Constitution to bring in changes flowing from the Blake-Jones Review and the wider Members' review of the role of Transport for the North	The review was postponed to await the publication of the findings of the Williams Review	Held in abeyance
Adoption of the Assurance Framework	Implement and embed the Assurance Framework in Transport for the North decision-making processes	Further development of the decision-making process has been held in abeyance pending the	Held in abeyance

		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

Louise Gittens

Interim Chair of the Transport for the North Board

Signed.....

Martin Tugwell

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

Included as Appendix 6.3b.



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Audit Completion Report

Transport for the North

Year ended 31 March 2021

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September 2021

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Appendix D: Other communications

Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. Reports and letters prepared by appointed auditors and addressed to Transport for the North are prepared for the sole use of Transport for the North and we take no responsibility to any member or officer in their individual capacity or to any third party. Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

Audit and Governance Committee
2nd Floor,
4 Piccadilly Place,
Manchester,
M1 3BN

8 September 2021

Dear Members

Audit Completion Report – Year ended 31 March 2021

We are pleased to present our Audit Completion Report for the year ended 31 March 2021. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 18 February 2021. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

We would like to express our thanks for the assistance of your team during our audit. If you would like to discuss any matters in more detail then please do not hesitate to contact me on 0161 238 9248.

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Yours faithfully

Signed: 

Karen Murray
Mazars LLP

Mazars LLP
1 St Peter Square
Manchester
M2 3DE

01

Section 01: **Executive summary**

1. Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2020/21 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls; and

Net defined benefit liability valuation

Intangible assets novation

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements; unadjusted misstatements total, subject to the completion of outstanding matters.

Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2021.

At the time of preparing this report, matters remaining outstanding are outlined in section 2. We will provide an update to you in relation to the significant matters outstanding through issuance of a follow up letter.

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:

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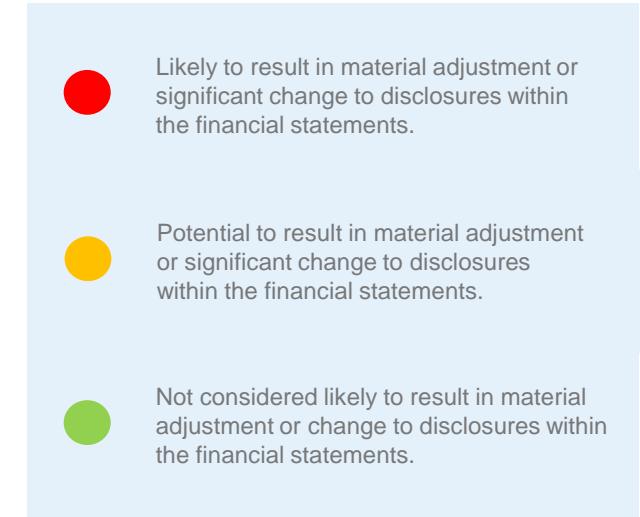
02

Section 02: **Status of the audit**

2. Status of the audit

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

Audit area	Status	Description of the outstanding matters
Pensions	●	We are awaiting the pension fund assurance letter from the pension fund auditor.
Review and closure procedures	●	Including reviews of completed work, checking the final version of the financial statements and consideration of any post balance sheet events.
Whole of Government Accounts	●	Reviewing and submitting the Whole of Governments Accounts consolidation schedules. The NAO has not yet issued guidance to auditors.



03

Section 03: **Audit approach**

3. Audit approach

Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in February 2021 and have not made any changes to our audit approach since then.

Materiality

Our provisional materiality at the planning stage of the audit was set at £1.014m using a benchmark of 2% of gross operating expenditure. Our final assessment of materiality, based on the final financial statements is £1.25m using the same benchmark.

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Use of experts

Management makes use of experts in specific areas when preparing TfN's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management's expert	Our expert
Defined benefit liability valuation and disclosures	Hymans Robertson Actuary for the Greater Manchester Pension Fund	PWC - commissioned by the National Audit Office

Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third party organisations that provide services to TfN that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services. The table below summarises the service organisations used by TfN and our audit approach.

Items of account	Service organisation	Audit approach
Payroll	Hawsons	We obtained our assurance by understanding the processes and controls that TfN has in place to assure itself that transactions are processed materially correctly. Our testing included substantive sample testing of transactions.

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Section 04: **Significant findings**

4. Significant findings

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding other significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 13 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any significant difficulties we experienced during the audit;

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Significant risks

Management override of controls]	Description of the risk
	In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

We addressed this risk through performing audit work over:

- Accounting estimates impacting amounts included in the financial statements;
- Consideration of identified significant transactions outside the normal course of business; and
- Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

Audit conclusion

Our work has provided the assurance we sought in the above areas and has not highlighted any material issues to bring to your attention..

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4. Significant findings

Net defined benefit liability valuation	Description of the risk
	<p>The net pension liability is likely to represent a material element of TfN's balance sheet. TfN is an admitted body of Greater Manchester Pension Fund, which had its last triennial valuation completed as at 31 March 2019. The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in TfN's overall valuation.</p> <p>Financial assumptions and demographic assumptions will be used in the calculation of TfN's valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of TfN's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes. There is a risk that the assumptions and methodology used in valuing TfN's pension obligation are not reasonable or appropriate to TfN's circumstances. This could have a material impact to the net pension liability in 2020/21.</p>
	<p>How we addressed this risk</p> <p>We completed the following procedures:</p> <ul style="list-style-type: none">• Critically assessed the competency, objectivity and independence of the Greater Manchester Pension Fund's Actuary, Hymans Robertson;• Liaised with the auditors of the Greater Manchester Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This included the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation is complete and accurate;• Tested payroll transactions at TfN to provide assurance over the pension contributions which are deducted and paid to the Pension Fund by TfN;• Reviewed the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges, utilising information provided by PWC, consulting actuary engaged by the National Audit Office; and• Agreed the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in TfN's financial statements
	<p>Audit conclusion</p> <p>Our work is ongoing as we require the pension fund auditor's letter of assurance. We have not identified any material issues to bring to your attention at this stage.</p>

4. Significant findings

Qualitative aspects of TfN's accounting practices

We have reviewed TfN's accounting policies and disclosures and concluded they comply with the 2020/21 Code of Practice on Local Authority Accounting, appropriately tailored to the TfN's circumstances.

Draft accounts were received from TfN on 7 June 2021 and were of a good quality and working papers were of a decent standard to support the financial statements.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

Wider responsibilities

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Our powers and responsibilities under the 2014 Act are broad and include the ability to:

issue a report in the public interest;

make statutory recommendations that must be considered and responded to publicly;

- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2020/21 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections have been raised.

|

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Section 05: **Internal control recommendations**

5. Internal control recommendations

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

We have no internal control recommendations to bring to your attention for 2020/21 and there are none relating to 2019/20 to follow up.

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Section 06: **Summary of misstatements**

6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of £38,000. There were no unadjusted errors. The table below outlines the misstatements that have been adjusted by management during the course of the audit.

Adjusted misstatements

	Comprehensive Income and Expenditure Statement	Balance Sheet			
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Intangible Assets (Impairments) Cr: CIES Net cost of services Dr: CIES Other operating expenditure (loss on disposal) Cr: Intangible Assets (Disposals)		1,996	1,996	1,996
		1,996			1,996
	Total adjusted misstatements	3,992	3,992		

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Impairments on intangible assets of £1.996m in the net cost of services should be shown as a loss on disposal in year rather than an impairment. This impacts on related notes in the financial statements such as the intangible assets note 15. The amounts are reversed out via the movement in reserves statement therefore there is no impact on the TfN's revenue account.

Disclosure amendments

We identified a number of trivial errors that were adjusted in the financial statements (eg. typos). Other disclosure errors noted below.

Note 26 Grant income credited to services: One misclassification error of £56k which should be shown in the Rail North grant line rather than rail north contributions.

Narrative statement and notes to the financial statements: The narrative statement was updated in a number of areas. For example to provide more information on TfN's main achievements during 2020/21 and to include a paragraph on the resignation and replacement of the Chairman.

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Section 07: **Value for Money**

7. Value for Money

Approach to Value for Money

We are required to consider whether TfN has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

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

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At the planning stage of the audit, we undertake work to understand the arrangements that TfN has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

The table overleaf outlines the risks of significant weaknesses in arrangements that we have identified, the risk-based procedures we have undertaken, and the results of our work.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

The primary output of our work on TfN's arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the Auditor's Annual Report in September/October 2021.

Status of our work

We are yet to complete our work in respect of TfN's arrangements for the year ended 31 March 2021. At the time of preparing this report, we have not identified any significant weaknesses in arrangements that require us to make a recommendation, however we continue to undertake work on TfN's arrangements.

Our draft audit report at Appendix B outlines that we have not yet completed our work in relation to the TfN's arrangements. As noted above, our commentary on TfN's arrangements will be provided in the Auditor's Annual Report in September/October 2021.

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7. Value for Money

Risks of significant weaknesses in arrangements

In our Audit Strategy Memorandum we reported the risks of significant weaknesses in arrangements that we had identified as part of our planning procedures. Our responses to those identified risks is outlined in the table below.

Risk of significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Work undertaken and conclusions reached
<p>1 Reductions in core funding TfN's 'Core' funding allocation of £6m for 2021/22 is a £4m reduction on the current allocation for 2020/21 and is £5.2m less than that requested in the CSR for 2021/22 (£11.2m). The gap in funding for 2021/22 will largely be met by charging core costs to NPR programmes and drawing on general fund balances.</p> <p>There is a risk that arrangements will not be in place to ensure that all costs will be fully funded for 2021/22 and that a proper and realistic budget will be set.</p>	<p>●</p>			<p>Work undertaken We reviewed the 2021/22 financial plan including consideration of any proposed charging of 'core' costs to the Northern Powerhouse Rail programme (NPR). The majority of expenditure for TfN is dependent upon the receipt of funding from the Department for Transport (DfT) and TfN will only commit itself to expenditure where appropriate commitments have been received. Therefore the main financial risk to TfN is with the core operational budget which is relatively small at £8.6m.</p> <p>Following the announcement of the funding reduction, DfT agreed to allow TfN the flexibility to charge £1.54m of central core costs into the NPR programme as well as appropriate direct costs (£0.95m). We have obtained evidence to support the direct costs and reviewed the basis of the apportionment of the recharges. These are not unreasonable and broadly in line with similar recharges on the IST programme in 2019/20 which were £1m.</p> <p>The current level of retained reserves of £6.67m is above the agreed minimum level of £2m. This provides TfN with the ability to sustain an expenditure run rate at a level which is above its core funding allocation in the short to medium-term to continue to support key developments. It also provides a level of risk mitigation against future financial uncertainty in the short term. The Board agreed to a release of general fund reserves of £2.60m (subsequently refined to £2.54m) for 2021/22, allowing TfN to set a Core budget envelope of £8.6m. This approach will result in general reserves of approximately £3.6m (excluding earmarked reserves) at the end of the 2021/22 financial year which is still a relatively healthy position for TfN. Total reserves will fall to £3.0m in 2022/23 and then to £2m by the end of 2023/24. On this current trajectory, TfN has acknowledged that it will face sustainability challenges in the medium-term as the reserves are utilised. To address this, TfN intends to perform a review of its expenditure and its reserves strategy once it has clarity with regard to its long term funding settlement through the Comprehensive Spending Review (CSR) expected later in 2021.</p> <p>However, this position needs to be carefully managed to ensure that TfN maintains sufficient cash and the resources to meet liabilities. TfN will need to consider how it will address its medium term position once the CSR is concluded, or should it be delayed.</p> <p>Conclusions We have not identified any significant weaknesses in arrangements at this time but we recognise that TfN cannot continue to draw on reserves without addressing the underlying financial position over the medium term.</p>

Appendices

A: Draft management representation letter

B: Draft audit report

C: Independence

D: Other communications

Appendix A: Draft management representation letter

Karen Murray
1 St Peter Square
Manchester
M2 3DE

September 2021

Dear Karen

Transport for the North - audit for year ended 31 March 2021

This representation letter is provided in connection with your audit of the financial statements of Transport for the North for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code).

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I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with Code.

My responsibility to provide and disclose relevant information.

I have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to individuals within Transport for the North you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Finance Director that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information. As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Board and relevant committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with the Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the financial position, financial performance and cash flows of Transport for the North

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Transport for the North in making accounting estimates, including those measured at fair value, are reasonable.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- Information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- The amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against Transport for the North have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code.

Appendix A: Draft management representation letter

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom. We have complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Finance Director for the design, implementation and maintenance of internal control to prevent and detect fraud and error. I have disclosed to you:

- All the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- All knowledge of fraud or suspected fraud affecting the Transport for the North involving:
 - management and Those Charged With Governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Transport for the North's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code. I have disclosed to you the identity of Transport for the North's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the statement of financial position date. An impairment review is therefore not considered necessary.

Charges on assets

All Transport for the North's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities..

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Group Accounting Manual, relevant legislation and IFRSs require adjustment or disclosure have been adjusted or disclosed. Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Other matters

I can confirm in relation to the following matters that:

- I have carried out an assessment of the potential impact of the United Kingdom leaving the European Union, including the potential outcomes at the end of the Implementation Period.
- COVID-19 - we have assessed the impact of the COVID-19 Virus pandemic on Transport for the North and the financial statements, including the impact of mitigation measures and uncertainties, and are satisfied that the financial statements and supporting notes fairly reflect that assessment.

Appendix A: Draft management representation letter

Going concern

I confirm that I have carried out an assessment of the potential impact of the COVID-19 Virus pandemic on Transport for the North, including the impact of mitigation measures and uncertainties and am satisfied the going concern assumption remains appropriate and that no material uncertainty has been identified. To the best of my knowledge there is nothing to indicate that the Transport for the North will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Annual Governance Statement

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Transport for the North's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS

Unadjusted misstatements

I confirm that the effects of any uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix.

Yours sincerely

Finance Director

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Appendix B: Draft audit report

Independent auditor's report to the members of Transport for the North

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Transport for the North for the year ended 31 March 2021, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

Page 21 give a true and fair view of the financial position of the Transport for the North as at 31st March 2021 and of its expenditure and income for the year then ended; and
have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Transport for the North in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Finance Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Transport for the North's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Finance Director with respect to going concern are described in the relevant sections of this report.

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Appendix B: Draft audit report

Other information

The Finance Director is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Finance Director for the financial statements

Explained more fully in the Statement of Responsibility for the Accounts, the Finance Director is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view. The Finance Director is also responsible for such internal control as the Finance Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Finance Director is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and prepare the financial statements on a going concern basis on the assumption that the functions of Transport for the North will continue in operational existence for the foreseeable future. The Finance Director is responsible for assessing each year whether or not it is appropriate for Transport for the North to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of Transport for the North, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21) and the Local Audit and Accountability Act 2014 (and associated regulations made under section 32) and we considered the extent to which non-compliance might have a material effect on the financial statements.



Appendix B: Draft audit report

We evaluated the Finance Director's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance; management bias through judgements and assumptions in significant accounting estimates; and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Audit and Governance Committee the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by Transport for the North which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to :

making enquiries of management and the Audit and Governance Committee on whether they had knowledge of any actual, suspected or alleged fraud;

gaining an understanding of the internal controls established to mitigate risks related to fraud;

discussing amongst the engagement team the risks of fraud; and

- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit and Governance Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Finance Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in April 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Appendix B: Draft audit report

Report on Transport for the North's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our view we are not satisfied that Transport for the North has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have not completed our work on Transport for the North's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in April 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2021.

We will report the outcome of our work on the Transport for the North's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

Responsibilities of Transport for the North

Transport for the North is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that Transport for the North has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of Transport for the North's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.



Appendix B: Draft audit report

Use of the audit report

This report is made solely to the members of Transport for the North, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of Transport for the North those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of Transport for the North, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed

- the work necessary to issue our assurance statement in respect of Transport for the North's Whole of Government Accounts consolidation pack; and

the work necessary to satisfy ourselves that Transport for the North has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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[Signature]

Karen Murray, Audit Partner
For and on behalf of Mazars LLP

1 St Peter Square
Manchester
M2 3DE

September 2021

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Appendix C: Independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

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Appendix D: Other communications

Other communication	Response
Compliance with Laws and Regulations	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
External confirmations	We did not experience any issues with respect to obtaining external confirmations.
Related parties	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ul style="list-style-type: none">a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; andb. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework. <p>.</p>
Going Concern	<p>We have not identified any evidence to cause us to disagree with the Finance Director that Transport for the North will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>



Appendix D: Other communications

Other communication	Response
Subsequent events	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
Matters related to fraud	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and the Audit and Governance Committee as 'those charged with governance' confirming that:</p> <ul style="list-style-type: none">a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud;b. they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud;c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving:<ul style="list-style-type: none">i. Management;ii. Employees who have significant roles in internal control; oriii. Others where the fraud could have a material effect on the financial statements; andd. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

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Mazars

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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.

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Meeting:	Transport for the North Board
Subject:	Spending Review 2021
Author:	Tim Foster (Interim Strategy & Programmes Director) and Iain Craven (Finance Director)
Sponsor:	Martin Tugwell, Chief Executive Officer
Meeting Date:	Wednesday 29 September 2021

1. Purpose of the Report:

- 1.1 Spending Review 2021 (SR21) was announced by the Chancellor on 7 September. SR21 will set departmental Resource and Capital DEL budgets from 2022-23 to 2024-25 and will conclude alongside an Autumn Budget on 27 October 2021.
- 1.2 As in previous years, TfN will be required to submit a bid for funding and the organisation's funding allocation for the next financial year and subsequent financial years will continue be determined by DfT. This therefore means that TfN is required to align its processes with departmental timelines and requirements.
- 1.3 The deadline for departmental submissions to HMT was 13 September. The Chancellor's letter set out the basis upon which SR21 would be undertaken:
[CX LETTER TO ALL SECRETARIES OF STATE 070921.pdf \(publishing.service.gov.uk\)](#)
- 1.4 The SR21 update report provided to the Board on 27 July indicated that TfN had already commenced preparatory work in relation to the spending review. TfN was therefore able to quickly provide the department with a submission in line with the parameters set out in this letter.

2. Executive Summary:

- 2.1 TfN's initial SR21 submission is included as Appendix 1. There will be further opportunities to engage with government in advance of the 27 October deadline.
- 2.2 The SR21 submission was discussed at Scrutiny Committee on 9 September. The points raised at the committee have been considered by officers and where appropriate the report has been amended.

- 2.3 SR21 is an ongoing process. A verbal update on the engagement that is being undertaken with the department will be provided by the Chief Executive at the Board meeting on 29 September.

3. Recommendation:

- 3.1 That members note the SR21 submission provided to DfT in advance of the 13 September deadline and provide comments regarding the substance of the submission.

4. Corporate Considerations:

4.1 *Financial and Resource Implications*

The Finance Team has reviewed this report and confirmed that the financial implications are included within the report.

The resource considerations are where applicable included within the report.

4.2 *Legal Implications*

Legal implications are covered within the report.

4.3 *Risk Management and Key Issues*

A full corporate risk assessment activity took place which can be found in Item 10.1.

4.4 *Environmental Implications*

A full impact assessment has not been carried out because it is not required for this report.

4.5 *Equality and Diversity*

A full impact assessment has not been carried out because it is not required for this report.

4.6 *Consultations*

A consultation has not been carried out because it is not required for this report.

5. Background Papers

- 5.1 Item 6 (Spending Review Planning) – TfN Board Pack 27 July 2021.

6. Appendices:



6.1 Item 7.1 – Appendix 1 – TfN SR21 Submission to DfT

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Date: 9 September 2021

Emma Ward

Department for Transport

Sent by e-mail to:

Emma.Ward@dft.gov.uk

Martin Tugwell

4 Piccadilly Place

2nd Floor

Manchester

M1 3BN

Tel: 0161 250 2711

Dear Emma,

Spending Review 21: Transport for the North

Following the Chancellor's confirmation that the Spending Review has now commenced, I am writing to set out our vision for Transport for the North for the next three fiscal years. We are committed to harnessing the investment made in Transport for the North over successive years to support and enable economic recovery and the delivery of planned growth. The capacity and capability held by TfN provides Government and our partners with the ability to develop business cases, challenge costs and accelerate delivery. In setting out our requirements in advance of the department's submission to Treasury we set out an ambitious but affordable agenda.

In the short time since our inception, TfN has established a clear role working alongside government, our member bodies and the wider transport sector to deliver improved outcomes for our residents and businesses. At the heart of our work is the need to bring forward credible and affordable long-term proposals for transforming the North of England's transport network. This submission sets out how we will use the certainty provided by a multi-year funding settlement to accelerate delivery, working with Government and our partners to reduce duplication, speed up processes and realise efficiencies. It builds on the constructive discussions we have held with officials across DfT (both as TfN and as part of the STB7 group), and the welcome recognition of the key role for STBs set out in the Transport Decarbonisation Plan.

Our funding ask is realistic and mindful of the fiscal challenges created by the pandemic, as well as the urgent need to support both government and our local partners to respond to both the economic consequences of the pandemic and the urgent need to decarbonise our transport network. We have therefore focused on piloting new activities which could be scaled over time, both to minimise additional costs to the exchequer and mindful of the need to demonstrate capability. We continue to work closely with the Department's Acceleration Unit in order to ensure that the learning gathered to accelerate the delivery of infrastructure proposals is applied more widely.

We would welcome further dialogue on the substance of these proposals and how we might work together to deliver them, as soon as possible. I anticipate that the Board will want to make additional representations to ministers as part of the SR21 process announced by the Treasury.



In themselves, these proposals represent an ambitious and progressive agenda for the organisation over the next three years, one that will deliver tangible benefits for the North.

In our view, we could – and should – go further. The pandemic challenged us to think differently about connectivity and the future of the transport system in the round. We face a collective challenge to meet the needs of the travelling public, decarbonise our transport networks and create new funding models that can support investment and level up opportunity.

These issues require strategic leadership by both national and regional bodies. We believe that to deliver place-based outcomes it is essential that we adopt a systems approach to infrastructure planning. The potential of innovation within the transport system is dependent upon the availability of ubiquitous digital connectivity as the driver behind wider changes in society that creates opportunity for changing the transport system. In addition, the focus on electric and hydrogen powered solutions increases the importance of investment in power generation and distribution services.

We need a systems approach that can align investment decisions in these areas, one that is focused on delivering place-based outcomes. This is the core strength of TfN, enshrined in our STP and the Northern Powerhouse Independent Economic Review critical to achieving a de-carbonised transport system.

We continue to work closely with the other Sub-national Transport Bodies where there is added value from a co-ordinated approach. And we continue to support their own programme of works by sharing our accumulated knowledge and experience. This approach maximises the benefit of the investment made by TfN and enables the other STBs to deliver their programmes in a timely and cost-effective manner.

I believe that TfN is well placed to help realise the Government's commitment to levelling-up and achieve a step change in terms of delivery. I would welcome the opportunity to discuss these thoughts further.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Martin Tugwell'.

Martin Tugwell
Chief Executive



Transport for the North Spending Review Submission

Summary

This paper sets out Transport for the North's funding requirements from DfT for the next three fiscal years (to 2024/25). In the short time since our inception, TfN has established a clear role working alongside government, our constituent members and the wider transport sector to deliver improved outcomes for our residents and businesses. At the heart of our work is the need to bring forward credible and affordable innovative long-term proposals for transforming the North of England's transport network. This submission sets out how we will use the certainty provided by a multi-year funding settlement to accelerate delivery, working with Government and our partners to reduce duplication, speed up processes and realise efficiencies.

Our funding ask is realistic and mindful of the fiscal challenges created by the pandemic, as well as the urgent need to support both government and our local partners to respond to both the economic consequences of the pandemic and the urgent need to decarbonise our transport network.

Our focus now is to deliver on our core statutory functions, including the delivery of a new Strategic Transport Plan by 2024, bringing forward clear proposals for investment, and playing an active role in establishing Great British Railways in order to realise the benefits at the earliest opportunity.

We will, continue to make the case for further devolution of budgetary control as set out in the Northern Transport Charter, in particular setting out how our unrivalled evidence base provides regional decision makers with the information that allows them to make informed choices. We see clear opportunities to harness TfN's current powers and funding and, with some investment, to realise a step change in our offer to local authorities, the department and our colleagues in the other sub-national transport bodies.

As in previous years, we are clear that a **multi-year settlement** is critical as it would allow TfN to more effectively and efficiently deliver the objectives of its members, government and its wider group of stakeholders. Our funding asks are as follows:

- TfN's core funding requirement over the next three years is **£8.5m** per annum, based on the assumptions set out in section 6.
- Continuation of the contractual arrangements that fund our rail co-clienting requirement (**£1.3m** per year (indexed)) which covers the costs of the Rail North Partnership and part of the cost of TfN's own strategic rail team.
- An additional **£2m** per annum for development funding enabling TfN to significantly strengthen our offer of support to local partners, our STB colleagues and to help NTAC accelerate Northern scheme development.



- Ahead of the publication of the Integrated Rail Plan, we currently estimate that around **£106m** funding will be required for Northern Powerhouse Rail in the next financial year 2022/23. This includes the c.**£1.5m** annual recharge for TfN services which we assume will continue.

1. Context

- 1.1 Our transport system is at the heart of our economy and central to the future success of our communities: it is the means by which people and places connect with services and opportunities.
- 1.2 Investing in the transformation of our transport system is key to realising the economic potential first identified in the Government's Northern Transport Strategy and the Independent Economic Review. Enabling our residents and businesses to realise their potential within their communities is the manifestation of the Government's commitment to 'levelling up'. The strength of that economic vision is at the heart of TfN's work from the Strategic Transport Plan through to the transformational project that is Northern Powerhouse Rail.
- 1.3 It is also key to ensuring that economic growth is sustainable in the longer-term. At the heart of this is ensuring the choices we make, and the investment we deliver, meets the needs of everyone: we need to address the reality that for some the cost of transport, or indeed the lack of any transport option, acts as a barrier. This has become more urgent in the wake of pandemic that has fundamentally changed how we view our relationship with our work, our places and our communities.
- 1.4 If we are to indeed decarbonise our transport system, we must change the way we plan and then deliver investment in our transport system. Our award-winning Strategic Transport Plan – vision-led, evidence-based – anticipated the need for such change and has demonstrated the North's strategic and thought leadership. Our innovative approach and willingness to tackle challenging issues head on has created an ambitious agenda for the North of England and can provide a strong foundation for the Plan for Growth.
- 1.5 As the North's statutory regional transport body, our focus remains on working with Government, our partners, and the wider community to deliver the Strategic Transport Plan. This submission sets out how we will use the certainty provided by a multi-year funding settlement to accelerate delivery, working with Government and our partners to reduce duplication, speed up processes and realise efficiencies.

2. Ambitious in our Purpose

- 2.1 TfN is the only statutory Sub-national Transport Body in the UK. Our overarching objective is to facilitate inclusive and sustainable transformational economic growth in the North of England. In doing so it is well aligned with the objectives of both central government, the 20 Transport Authorities that make up its membership, the 11 northern Local



Enterprise Partnerships that are represented on the Partnership Board and our delivery Partners including Network Rail, Highways England and HS2.

2.2 As the only STB with statutory status, our role is clearly defined in legislation and directly linked to the department's *strategic objectives*:

- Growing and levelling up the economy
- Improving transport for the user
- Reducing environmental impacts
- Increasing our global impact

2.3 In April 2018 Transport for the North came into being as a statutory body. Per the Sub-national Transport Body (Transport for the North) Regulations 2018, the organisation has the following general functions:

- a) to prepare a transport strategy for its area;
- b) to provide advice to the Secretary of State about the exercise of transport functions in relation to its area (whether exercisable by the Secretary of State or others);
- c) to co-ordinate the carrying out of transport functions in relation to its area that are exercisable by different constituent authorities, with a view to improving the effectiveness and efficiency in the carrying out of those functions;
- d) if TfN considers that a transport function in relation to its area would more effectively and efficiently be carried out by TfN, to make proposals to the Secretary of State for the transfer of that function to TfN;
- e) to make other proposals to the Secretary of State about the role and functions of TfN.

In addition, the Regulations set out a number of additional functions including in relation Franchise Management and specific functions to be exercised jointly either with the Secretary of State, Constituent Authorities or Highways Authorities.

2.4 The Explanatory Memorandum which accompanied the Transport for the North Regulations when they were laid before Parliament set out Transport for the North's role at clause 7.7:

"Their role as a 'bridge' between local and national government will provide people with a greater say on transport in their area and greater input into national level decisions because they are collectively speaking with 'one voice'."

It is in this "bridging" role where TfN continues to play a key role in translating the needs and requirements of the North of England into clear and credible proposals and worked collaboratively with government to identify the right solutions for transport users. It is this in this role that we see clear opportunities to further support the government and our Members commitment to achieve an improved offer for transport users as part of the next phase of TfN's development.



3. Putting transport users first

- 3.1 Our Strategic Transport Plan is our call to action – it's the North's Plan, prepared by the North for the North.
- 3.2 At the heart of our Plan is the importance of a user centred approach – understanding 'why' people chose to travel, what factors influence their choice and how connectivity can unlock the full economic potential of the North as set out in the Northern Powerhouse Independent Economic Review.
- 3.3 At the same time our experience through the pandemic has served to emphasise the scope for doing things differently and the potential for changes in travel demand to happen very quickly.
- 3.4 Our award-winning Future Travel Scenarios and work on our decarbonisation strategy enables us to work with partners to identify the measures that will effect the changes in travel behaviour required, whilst preparing for a more uncertain future.
- 3.5 The insight provided through the application of our Analytical Framework ensures that our approach reflects the needs of our communities and businesses right across the North – whether in better connecting our city regions, providing transport solutions for our rural communities or connecting our ports and airports to global markets. The quality of our evidence base has meant we can reflect the diversity of our communities, their characteristics and diverse travel needs in our strategies and decision making (for example in taking crucial decisions on NPR).
- 3.6 We have developed and agreed a clear investment pipeline for the North, provided concrete proposals for how key projects can be accelerated through the Economic Recovery Plan, and demonstrated how this is required to support the delivery of planned growth (economic and housing) and realise the economic potential set out in the Independent Economic Review.
- 3.7 Our analytical framework, designed and developed in collaboration with DfT analysts is now fully operational and producing the evidence for both the investment programme and Northern Powerhouse Rail. Our analysis is unique in being able to assess modal shift between road and rail; impacts on passengers and freight; conventional as well as transformational growth and a wide range of social, environmental and economic benefits. We are using that evidence to go further in sequencing priorities and strengthening decision making, based on evidence that fully reflects the complexity of the difficult decisions we face, as well as the full economic and social opportunities offered by a transformed North.
- 3.8 Our approach to prioritisation continues to be grounded on strong evidential foundations and in the expectation of a devolved, multi-modal transport budget and supporting financial framework. The Northern Transport Charter sets out a clear blueprint for how clear prioritisation decisions could be taken within such a framework. We now want to build on the experience of national agencies who have worked within 5-year investment programmes, to agree a rigorous approach that works for the North and government. We



see potential to draw on our work with the Acceleration Unit to pilot such an approach as a precursor to further devolution.

- 3.9 There are a number of specific areas where a pilot approach could be tested, including the development of CP7 or RIS3 priorities, or focusing on specific key bottlenecks or corridors of the North of England and agreeing an investment pipeline over a number of future Parliaments. These could include:
- The Southern Pennines corridor between Sheffield and Manchester City Regions, where major multimodal decisions are required and TfN is already developing plans for NPR and is a key stakeholder in the Trans Pennine Tunnel being led by Highways England.
 - Prioritising investment in our key station hubs – particularly Leeds, Sheffield and Manchester where NPR and HS2 decision making urgently needs to be integrated into the needs of local connectivity as well as through-passengers.
 - Developing multi-modal connectivity solutions for rural areas in partnership with our county councils, building on the work TfN is already doing to support rail investment in Cumbria, Northumberland and North Yorkshire.
- 3.10 We would welcome the opportunity to discuss this approach further with officials, but would envisage a pilot as a means of demonstrating our ability to develop clearly agreed long term investment priorities (eg for a particular geographical area), as well as demonstrating TfN's decision making and governance capabilities in preparation for taking on wider responsibility prioritisation and budgets in future. A prioritised investment programme (determined by a devolved budget) will allow us to:
- Give confidence to investors that the infrastructure required to support planned growth will be there.
 - Enable local partners responsible for delivering infrastructure to plan their resources more efficiently and effectively – reducing the cost of delivery and enabling benefits to be realised sooner.
 - Accelerate the delivery of investment by reducing/removing bureaucracy.

The Investment Programme Benefits Analysis (IPBA) programme currently underway will provide the first quantified evidence of the benefits of such an approach. We will continue to work with the DfT's Acceleration Unit to agree an approach to further sequencing and prioritisation activity.

4. TfN: Focused on Delivery

- 4.1 Since it was created, Transport for the North has demonstrated its credibility as the single voice of Political and Business leaders on issues of genuine strategic importance.
- 4.2 The TfN Board – and associated groups – have provided strong leadership on strategic issues: preparing an evidenced-based programme of investments



that will facilitate transformational, inclusive and sustainable economic growth.

- 4.3 This is now of intrinsic value to the North of England's economy, and that of the United Kingdom as a whole, and supports the core components of what has become the Government's 'levelling up' agenda – including tackling the productivity gap.
- 4.4 Transport for the North has carved out a proactive and multi-faceted role – providing a single, clear voice from North, as well as driving forward its own projects with a clear focus on transformation, innovation and securing value for money. This has seen Transport for the North flourish within its first two years as a statutory authority – tackling large, complex problems whilst in organisational infancy. This has been built on its truly collaborative work to measure the significant impact transport investment will have on the North's productivity and collective economy. For example, our collaborative work on NPR has produced clear credible proposals that meet the transformational ambition of the North at significantly reduced cost compared to the original vision, and we continue to actively drive down costs with a clear focus on value for money.
- 4.5 Transport for the North's success has been in uniting its civic and business leaders as 'one voice' for the North. It has clearly communicated the North's priorities for future investment, as well as providing recommendations during challenging times on the transport network. Transport for the North's ability to deliver its objectives has always been dependent on building and managing open and honest relationships with our members, partners and stakeholders across the region.

5. Maintaining Momentum: Accelerating Delivery

- 5.1 We have a clear vision for the next phase of development and the remainder of this parliament. Our core objective will be to produce and agree a new Strategic Transport Plan by 2024 – our central statutory function. The new STP will build on the ambitious and progressive agenda established by the first STP, addressing head-on both the opportunities for decarbonisation and the challenges of transport related social exclusion.
- 5.2 Alongside the STP programme, we will update the Northern Powerhouse Independent Economic Review (NPIER) as an essential part of refocusing our economic objectives, working with the NP11 to establish a new pan-Northern programme of research and analysis to support broader economic development and drive cleaner, greener and more inclusive growth.
- 5.3 Both the STP and the new NPIER will set out the importance of understanding the implications of trends in wider society (many of which have been accelerated by the pandemic), climate emergency and technological change. Building on our future travel scenarios, we envisage that our policy development programme will need to tackle a broader set of challenges around transport related social exclusion, rural mobility and strategic local connectivity. We will test and implement new forms of decision making (eg the development of a Citizens' Panel, and implementing



Independent Assurance Arrangements) that will support strengthened decision making within our governance arrangements.

- 5.4 Secondly, we will sharpen our focus on strategic prioritisation and delivery by:
- Producing an updated TfN Investment Programme in 2023, setting clear, sequenced investment priorities for the North of England for the next Parliament and specifically the North's requirements for CP7 and RIS3.
 - Progressing the development of Northern Powerhouse Rail toward construction – including accelerating work on key stations, design development and consents to enable delivery to start by the middle of this decade.
 - Continue our support for rail services through the Rail North Partnership. Supporting the rail industry to build back from the covid pandemic is essential in cementing the recovery of the North's rail market and reduce subsidies in the longer term, thereby delivering better value for money for government and passengers. TfN will continue to provide strong leadership to resolve key service infrastructure challenges in an integrated and collaborative way through Rail North.
 - Smart ticketing remains a priority for the North. Transport for the North is drawing on knowledge and experience from the previous Integrated and Smart Travel Programme to work with operators and local authorities to identify pilot projects and opportunities to integrate rail products with other modes including buses. In particular, TfN would support a rail-operator led pilot of Pay as You Go ticketing in the North of England as part of the national roll-out.
 - On decarbonisation we will work with our partners to accelerate the transition to net zero on our transport network, in our towns, cities and rural areas, whilst working with the NP11 and business organisations to maximise the opportunities for clean growth, building on our existing work on EV charging networks and partnership working on Hydrogen.
- 5.5 Thirdly we want to strengthen our role in shaping national programmes, building on Northern Powerhouse Rail, the Rail North Partnership and our roles with Highways England and Network Rail. We want to continue as an active and valued partner to delivery bodies and contribute to the national policy debate, providing technical expertise together with expert local knowledge and extensive partner and local stakeholder networks. Our priorities as follows:
- Williams-Shapps Plan for Rail and the creation of Great British Railways, working at pace with the transition team and drawing on the knowledge and experience of RNC and Rail North Partnership to set out a proposal for how to implement GBR (and to help accelerate the transition), with a clear role for TfN and partners in the new structure and setting the strategic direction for the North's rail network.
 - Building on our Major Roads evidence base, working with the department to shape the strategic northern priorities for the next Road Investment Strategy, the Major Road Network investment programme building on our Major Roads Programme and supporting the debate on the future of motoring funding.



- Agreed approach with DfT on major transport decisions, building on the collaborative approach we have demonstrated in NPR and pursued on the Manchester rail network.
- Work with the DfT chief analyst and economists across government to support the implementation of the new Green Book and revised TAG guidance, building on our industry leading capability, models and innovation and existing collaborations on NPR, Freight and Spatial Planning (also with MHCLG).
- We will support the National Infrastructure Commission to develop the next National Infrastructure Assessment and would welcome a strengthened role for TfN and our STB colleagues in ensuring that the National Infrastructure Plan has a strong regional focus.
- Work with, and support, the Department in the development of the updated National Networks National Policy Statement

5.4 Fourthly we will work with government, partners and our STB colleagues to build capability and accelerate delivery at regional and local level, including:

- Continuing the development and sharing of the analytical framework – including the creation of a common analytical framework across the STBs (representing a significant return on the investment by government in TfN analytical capability).
- Sharing best practice and capability with others, leading on key transport planning themes on behalf of the STB group – particularly building on our existing leadership on freight, decarbonisation and EV charging. TfN is supporting the inaugural STB7 conference in spring '22 as an opportunity to share knowledge and share best practice.

We want to accelerate local planning and delivery, preparing strategic business cases at a programme level and supporting delivery partners (both national agencies and local partners) to prepare individual business cases. A piloted approach, developed by DfT and TfN, could be quickly rolled out across the English regions by the end of the next SR period.

5.6 By the end of the Spending Review period TfN will have:

- Delivered on our statutory commitment to provide a new Strategic Transport Plan
- Established a clear role for the North in the strategic oversight of transport infrastructure planning on road and rail.
- played an active role in the management of services through Rail North and guided NPR development through to the early phases of delivery.
- Enhanced our reputation and role as the leading sub-national transport body with a clear framework for supporting regional, national and local partners.
- Prepared and ready to assume additional responsibilities for prioritisation and sequencing of a devolved northern infrastructure budget.

In this way the programme of work set out in this submission will deliver improved outcomes as a result of investment in transport infrastructure and services, to the benefit of all transport users.



6. Funding requirement

- 6.1 Transport for the North is funded via DfT and as a consequence it will be subsumed into the DfT submission for CSR purposes. This document sets out the funding that Transport for the North will require during the CSR period to discharge its statutory functions, support the delivery of Government policy and deliver upon the aspirations of its members.
- 6.2 Since the start of FY2018/19 TfN has *de facto* been operating on the basis of one-year settlements. As in previous years, we are clear that a multi-year settlement is critical as it would allow TfN to more effectively and efficiently deliver the objectives of its members, government and its wider group of stakeholders. A multi-year settlement would support TfN's ability to deliver value for money as it would allow:
- i) work programmes, such as the revision of the STP, to be properly planned and sequenced over a number of financial years.
 - ii) better management of the procurement pipeline with suppliers and the ability to drive better pricing based on certainty of activity.
 - iii) the recruitment of staff on permanent or long-term FTC basis, rather than a reliance on interims and consultants – this would lead to a more stable and resilient resourcing base at a lower cost than the current approach.
 - iv) TfN to retain its capacity and capability protecting the investment made in TfN to date, as well as enabling TfN to support the work of other STBs in a cost effective and timely manner.

6.3 Core Funding for 2022/23 to 2024/25

Per annum	£'m
Cost of TfN Core functions	10.5
Reserve releases	(0.5)
Recharges to NPR	(1.5)
Core funding requirement	8.5

- 6.4 TfN's core funding requirement over the next three years is **£8.5m** per annum, based on the assumptions set out in paras 6.5 and 6.7. This will allow TfN to deliver upon a range of strategy, analytical and policy development to which it is committed, maintain its contribution to operational rail activity, discharge its statutory functions (including the revision of its statutory Strategic Transport Plan in 2024/25) and fulfil all of its regulatory and governance obligations.
- 6.5 This requirement includes the ongoing management of TfN's reserves down to the £2m minimum level agreed with DfT in the 2018 MOU. It also assumes that the current recharge of £1.5m to the NPR programme



continues. Should this not be the case the overall requirement will increase to **£10.0m**.

6.6 **Rail Co-clienting (£1.3m, indexed)**

- 6.7 The costs of the Rail North Partnership and part of the cost of TfN's own strategic rail team are funded through a contract with the Secretary of State. Given the requirement for TfN to support the effective implementation of the Williams-Shapps recommendations in the North, the assumption is that it will continue through the spending review period. The revenues that TfN receives / allocates to resource its own strategic rail team and the Rail North Partnership team that it hosts, are set out in the table below:

	TfN Strategic Rail team £'m	Rail North Partnership £'m	Total funding £'m
Rail Administration Grant (via PTEs)	0.2	0.3	0.5
Rail North Partnership Grant	-	0.8	0.8
Rail Specific funding from DfT	0.2	1.1	1.3
TfN Core funding	1.4	-	1.4
Rail North partner contributions	0.1	-	0.1
Contracted Income (NYCC & NR)	0.1	0.3	0.4
Total	1.8	1.4	3.2

Any changes to the specific rail funding arrangements would place additional pressure on TfN's core funding. In addition, further to discussion with the Rail North Partnership team, it is assumed that any incremental activity in RNP will only be taken forward where additional funding is made available.

6.8 **Development funding £2m per annum**

- 6.9 As government seeks to accelerate delivery of schemes through a range of initiatives including DfT's Acceleration Unit and NTAC, this places an additional premium on there being a pipeline of projects that can be brought forward as funding is made available.
- 6.10 A separate allocation of development funding would allow TfN to develop and prioritise the pipeline of rail investments through our statutory partner role, assist in the development of road projects and provide hands on support to local authorities to expedite schemes. This would support the delivery of government policy agendas, accelerate scheme design and implementation and build capability at local level. Further, it would allow TfN to ensure consistency of approach, provide an assurance role and demonstrate the delivery of its STP.



- 6.11 This level of funding would allow direct support to up to three schemes, and to pilot some strategic prioritisation activity in particular areas as outlined in Section 3. We would agree a number of candidate schemes with DfT and our partners, based on clear criteria. In time, and with clear evidence of impact, this approach could also be scaled to:
- i) Increase the volume of potential rail and road projects that are within the Northern infrastructure pipeline that could be developed through to viability stage;
 - ii) commence development to strategic outline case of a small number of strategic freight interventions;
 - iii) Adopt a more structured approach to the work already being undertaken to develop short-term reliability enhancements on the North's rail network that can be delivered quickly in partnership with Network Rail / TOCs.

6.12 Northern Powerhouse Rail

	2022/23 £'m	2023/24 £'m	2024/25 £'m
RDEL	106.7	163.9	249.2
<i>Of which:</i>			
• TfN	76.6	132.9	218.2
• HS2	31.0	31.0	31.0
CDEL	-	14.9	62.0

- 6.13 TfN has considered the funding requirement for the NPR programme in the absence of the IRP. The following assumptions have therefore been adopted:
- i) In the absence of an alternative, it is assumed that the current co-client arrangement, hosted by TfN, will continue and that there will continue to be a £1.5m recharge to fund the ongoing support of other TfN functions necessary to deliver NPR;
 - ii) That the costs of the programme, including the committed costs to TfN (ie NPR team, TAME and other directly charged staffing costs, and accommodation and business infrastructure costs) and anticipated NPR delivery partner costs will be broadly similar regardless of the network choices and delivery model adopted;
 - iii) The RDEL and CDEL forecasts assume that the NPR programme that emerges from the IRP will be of a significant scale and timed to be delivered in the medium-term. As the IRP will set out the preferred timescale for the delivery of NPR, and as that remains yet to be published, our assumption is that the phasing remains as that presented by TfN to government – commencing with construction of key stations and a small number of route upgrades from the middle of this decade through 2040 when the whole NPR network will be



- operational. Whilst consistent with the forecast provided in 2020, the delay to the IRP has resulted in the consequential slippage of both the RDEL and CDEL forecast by one year, meaning that in the case of the latter the £336.5m that was previously forecast for 2024/25 now falls into 2025/26 and is therefore outside the scope of this submission.
- iv) That it will take time to gear-up programme activity, and that this may operate as a limiting factor on activity levels that can be achieved during the early part of 22/23.
- 6.14 Further to 6.2(ii) above, a multi-year funding settlement is of particular importance to TfN as it would give the supply chain confidence to support the scaling up of activity required to enable work for the delivery of key stations and the first route upgrades to be accelerated. In anticipation that the IRP will confirm delivery of NPR over the medium term, a significant scaling up of activity will be required independent of the network choices made. A continuation of short-term settlements will have the de facto result of causing delays to NPR, which is at odds with the drive to accelerate delivery of major infrastructure through initiatives such as Rail Project SPEED. Inevitably, it would delay potentially the most significant contributor to this government's levelling up agenda.
- 6.15 Co-clienting NPR with DfT has led to a great number of successes. TfN's involvement has meant that local knowledge of the challenges and opportunities has informed shaping our preferred NPR solution. In turn, this has ensured widespread political and business support for NPR across the North which will be beneficial as NPR progresses toward delivery. This joint working means that NPR benefits from other areas of TfN expertise, including the analytical framework to help articulate the wealth of benefits NPR will deliver for communities and businesses in the North as we build our business cases.
- 6.16 As co-client, TfN has been instrumental in realising efficiencies – through challenging costs and scope reductions of over £4bn have already been agreed with Network Rail on our preferred network. A further c.£5bn of reductions on this network have also been identified and are under review. To ensure that NPR delivers for the North in an efficient way, it is imperative that as NPR moves beyond the Strategic Outline case that TfN remains a core part of the project team as co-sponsors.
- 6.17 **Implementation**
- 6.18 TfN receives virtually all its revenue from central Government via the DfT. Given likely timings around the spending review, any business planning activity that can be undertaken in the autumn would be absent of any certainty with regard to the level of funding that will be available to it. This will of necessity limit the extent of any work that can reasonably be carried out prior to the funding allocation being made. The legal requirement for TfN to set a fully funded budget before the start of the new financial year will remain.



- 6.19 Clearly, any significant move away from current funding levels for either core activity or programmes will significantly increase the challenge that Transport for the North faces and may indicate the need for a "holding" budget to be put in place supported by a business planning process and revised budget to be completed in Q2 of 2021/22, once the NPR SOC and year end accounts processes had been finalised.

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Meeting:	Transport for the North Board Meeting
Subject:	Strategic Transport Plan Development Programme
Author:	Lucy Jacques, Acting Head of Policy and Strategy
Sponsor:	Tim Foster, Interim Strategy and Programme Director
Meeting Date:	Wednesday 29 September 2021

1. Purpose of the Report:

- 1.1 This paper seeks Board approval to establish a Strategic Transport Plan (STP) development programme.

2. Recommendations:

- 2.1 The Board is asked to agree the proposed programme to develop, consult and agree a new STP by 2024.

- 2.2 The Board is also asked to review and comment on the principles outlined in section 4 of this report.

3. Main Issues:

- 3.1 TfN has a statutory duty to produce a Strategic Transport Plan on behalf of the North of England. The first Strategic Transport Plan was adopted by the TfN Board in Feb 2019. The frequency at which the STP should be updated is not specified in TfN Regulations or the TfN Constitution, but a five-year cycle timed to align to industry processes is considered appropriate.

- 3.2 Given the long lead in time to prepare, consult and finally adopt a statutory plan, the TfN Business Plan committed to producing a high-level plan and agreeing that with the TfN Board in the autumn of 2021. This paper is seeking confirmation that TfN should establish a defined programme towards the next STP with the objective of adopting a new Plan in spring 2024.

- 3.3 The development of the STP will be a key priority for the organisation over the next three business years, requiring careful planning, coordination and extensive engagement with both members, stakeholders and government. The Board and its sub committees will play a key role in supporting and directing the programme.

Producing a new Strategic Transport Plan

- 3.4 The adoption of the STP in 2019 was a major milestone for TfN and the STP continues to provide a powerful articulation of the North's vision and ambition to transform connectivity for the benefit of both people and business. The next STP will need to match the vision of the original Plan, building on the very significant development work undertaken since 2019. In particular TfN has:
- Strengthened our policy positions in a range of areas (for example decarbonisation) and been used to provide statutory advice to government (for example on the Integrated Rail Plan and Union Connectivity Review).
 - Further expanded our evidence base across a range of areas to support the strategic and economic case for transport investment in the North.
 - Continued extensive design and development of Northern Powerhouse Rail, and
 - Completed development of the TfN analytical and appraisal framework, developing bespoke tools that improve TfN and our partners business cases.
- 3.5 In addition, a number of major building blocks are planned or in progress. In 2022, we will need to finalise the evidence base and agree how the strategic objectives (the "Why?" section) and substance of the STP needs to be updated to reflect:
- The economic assessment of the Investment Programme being undertaken this financial year,
 - The refresh of the Northern Powerhouse Independent Economic Review, currently being scoped with the NP11
 - Key research programmes including Transport Related Social Exclusion (TRSE), Visitor Economy and Transport, and Health & Wellbeing,
 - Decarbonisation Strategy and Clean Mobility Visions,
 - TfN's Freight & Logistics Strategy,
 - Further development of the Northern Transport Charter.
- 3.6 The new STP will also need to respond flexibly to external developments (including most critically the nature of the recovery from the pandemic), as well as changes in national policy expected over the next two years. Remaining uncertainty over key government transport policies that will shift the context in which we operate and will have a direct impact on the **What** and **How** sections of the STP, for example:
- The Integrated Rail Plan and Union Connectivity Review, both expected to be published in 2021.
 - The Levelling Up White Paper, expected this autumn.
 - Establishment of Great British Railways (GBR) and other reforms under the Williams-Shapps Plan for Rail.

- 3.7 In agreeing the programme with the Board we are also seeking initial steer on which elements of the 2019 STP should be retained and where a new approach may be required. This will be followed with extensive engagement activity with the Board and officers in the first phase of development.

4.0 Suggested principles to underpin a revised STP

The Board is invited to review and comment on the principles set out in this section of the paper.

- 4.1 The STP should continue to reflect the ambitious vision set out in the Northern Powerhouse Independent Economic Review (NPIER), to create an inter-dependent Northern economy and close the productivity gap between the North and the rest of the UK. Whilst the NPIER may need to adjust to accommodate a broader range of economic outcomes and the need to urgently decarbonise our economy, TfN's core mission should remain the correction of fundamental structural economic and social imbalances, both within the North and with the rest of the UK.
- 4.2 To achieve that balanced view of required outcomes, we should also continue to promote a "vision and validate" approach to transport planning – using the NPIER and our Future Travel Scenarios to set a realistic yet ambitious vision of future connectivity needs and working back from that. We should continue to look at the very long term, maintaining the 2050 time-horizon, unless a compelling new argument for extending the end date emerges.
- 4.3 Given the significant economic and social changes experienced since 2019, the next STP will need a much stronger articulation of why the initial vision of an inter-connected North, how change can occur over the next 30 years, and why the earlier transport interventions in the 2020s will start to make a difference to longer term outcomes (building on the SDC sequencing work).
- 4.4 We will integrate the TfN Decarbonisation Strategy into the next STP, so the opportunity of a clean efficient transport network is at the heart of our Plan. If necessary, we should be prepared to decouple economic growth from transport growth and factor in wider forms of connectivity, particularly digital and energy networks in order to secure the outcomes we need. Initial research on "clean mobility visions" is currently underway and will influence how we set the next evolution of STP objectives in 2022.
- 4.5 We will ensure a stronger voice for local people, passengers and businesses, building on the user insight programme of research and the citizen's engagement activities TfN is preparing to pilot. Alongside this we also need to ensure that our approach with the revised STP addresses the extent to which transport acts as a barrier and can

serve to exacerbate inequality within our communities. TfN's research into Transport Related Social Exclusion (TRSE) will report into Board in November and provide a robust evidence base on this topic.

- 4.6 In the "what" section – we will need to review and adjust the TfN Investment Programme in response to the outcome of the IPBA programme currently under way, and there will be significant changes to the rail section on NPR and HS2 following the publication of the IRP. Subject to the outcome of the IPBA work, we recommend continuing to promote a "programme level" approach to investment planning at the regional level, whilst continuing to actively support individual scheme development at local level.
- 4.7 We will also implement the TfN monitoring and evaluation strategy to ensure we are tracking the right outcomes across TfN interventions and linking these to specific interventions and policies to demonstrate added value.
- 4.8 The "how" section will need a much sharper focus on the next delivery period and set out clearly how TfN will help guide and support the delivery of transport interventions in the mid to late 2020s. In doing so we will work with DfT's developing view of the future role for Sub National Transport Bodies (STBs) and TfN's specific role as the only STB with statutory powers. We intend to work in close partnership with Highways England on the emerging route strategies and RIS3 programme, and with Network Rail (and then GBR) on the Control Period 7 investment programme.
- 4.9 Finally, we will integrate the Northern Transport Charter into the "how" section of the STP, so that there is a clear and agreed view of how TfN will continue to build and demonstrate capability in preparation for further devolution of powers in future.

5. Programme timeline and governance arrangements

- 5.1 We will recommend the Board agree a target date of spring 2024 for the adoption of a new STP. The timing reflects both the time required to undertake a significant update and the importance of setting clear priorities for key road and rail programmes for the second half of the 2020s.
- 5.2 The previous STP programme took around 12 months from Board approval of the draft strategy, including significant time for consultation and governance. Completing the new STP may be a quicker process, but we need to factor in time to undertake a full consultation with the public, revise the draft in response and then seek Board approval to adopt the Plan.
- 5.3 A detailed timeline of the high-level milestones is included at annex 1. Clearly the timeline and the milestones will have to be responsive to change depending on events. Through the programme there will be a

number of significant staging points and decisions for the Board, including:

- Mid/late 2022, agreeing a new NPIER and agreeing the objectives and outline scope of the next STP.
- Early 2023, the Board will need to agree the key road and rail investment priorities for the North, updating the Northern Infrastructure Pipeline, and the final evidence base for the STP.
- Spring/summer 2023 Board approval of the draft STP ready for consultation.
- Summer 2023: statutory public consultation on the draft STP
- Autumn 2023: response to the consultation.
- February 2024: new STP adopted by Board

These activities will be taking place and will need to be integrated with the wider activities set out in section 4 (above).

- 5.4 The STP programme will help guide and prioritise policy development, research and analysis within TfN over the next three business years. The technical detail and scope of the activity will need to be scaled to TfN's overall funding level and agreed with the Board through the business plan for 2022/23. We will need to carefully manage uncertainties and external dependencies and create a flexible plan that can respond to events. We also need to align to government and partner activities as well as industry processes, particularly the creation of Great British Railways.
- 5.5 The day-to-day management of the programme will be overseen by TfN's Head of Policy & Strategy with TfN's Strategy & Programme Director acting as the Senior Responsible Officer (SRO). TfN will continue to work with partner officers to manage the roadmap on an ongoing basis but with regular updates provided to Executive Board and the TfN Board to seek sign off to the evidence base and key policies as they are developed. Progress will be reported monthly through the TfN Monthly Operating Report.
- 5.6 An initial risk management approach has been developed, in line with TfN's overall approach to managing risks. At this stage of development, the key risks to delivery are the timetable and scale of work required in a short space of time. Uncertainty, particularly on future government policies, and failure to manage inter-dependencies with other TfN workstreams are also key risks. A full risk log will be established as a part of the programme governance and managed by the Strategic Oversight Group on behalf of the Board.

Northern Powerhouse Independent Economic Review Update

- 5.7 The Northern Powerhouse Independent Economic Review (NPIER) represented a unique collaboration between the then newly formed Transport for the North partnership, the Local Enterprise Partnerships,

local authorities in the North and central government. The NPEIR showed how better connectivity could support the economic transformation of the North's economy and close the productivity gap with the rest of the UK. The NPIER has defined the Strategic Transport Plan, Northern Powerhouse Rail and the Northern Investment Pipeline, and supports the workstreams, and provides a common point of reference for local plans and strategies across the North.

5.8 Updating the NPIER is a major task given the changes seen since the NPIER was published in 2016. TfN is working with the NP11 to create a new programme for the NPIER that will update the NPIER based on the following shared objectives:

- To set out a shared programme of data, evidence, and intelligence for the NPIER to further the case for investment in the North.
- To set out the challenges and opportunities across the whole of the North in the context of Brexit, Covid recovery and the Climate Emergency.
- To widen the lens used to view the economy of the North from a focus on productivity to a broader view which includes the environment and inclusion.
- To place the NPIER on a firm footing, underpinned by updated evidence and research overseen by clear governance and oversight.

5.9 In support of the STP programme and in preparation for the NPIER programme, TfN is commissioning new work in 2021/22 to revisit the central themes of the NPIER and review progress in growing the prime and enabling capabilities since 2016. A fuller programme of research will be commissioned next year in collaboration with Northern LEPs.

Engagement activities

6.1 Continued Stakeholder engagement will be critical to success of the programme. To support this an internal stakeholder mapping exercise is being developed to understand existing relationships between TfN colleagues and partners as well as government departments. We have held initial discussions with DfT officials on the proposed approach.

6.2 Following initial review we will then undertake some wider engagement primarily with officers initialling to explore options to enhance existing relationships and fill any gaps. In 2022 we will commence wider stakeholder engagement to seek early steers from key partner bodies and organisations.

7. Corporate Considerations:

7.1 *Financial and Resource Implications*

The financial and resourcing implications for 2021/22 will be included in the latest forecast and any future financial and resourcing implications will be considered and captured in subsequent years budget and business planning process.

7.2 *Legal Implications*

The statutory obligations on TfN under the Local Transport Act 2008 as amended by Cities and Local Government Devolution Act 2016 in preparation of the STP will be kept under review to ensure the STP is legally sound and complies with the legal requirements.

7.3 *Risk Management and Key Issues*

An initial risk assessment has been undertaken and the conclusions presented in section 5 of this report.

7.4 *Environmental Implications*

The need for an Integrated Sustainability Appraisal (ISA) to accompany the STP, and the extent to which changes to the existing ISA may be required is currently being considered by TfN. Additionally, the paper sets out TfN's intention to integrate the outputs of TfN's Decarbonisation Strategy and a number of subsequent related activities (e.g. Clean Mobility Visions) into the new STP.

7.5 *Equality and Diversity*

There are no new equality and diversity implications for TfN as a result of this report.

7.6 *Consultations*

A consultation is not required at this time.

8. Background Papers

8.1 None.

9. Appendices

9.1 Annex 1: STP Programme Timeline

Activity	Start Date	End Date
Develop programme to revise STP	March 2021	August 2021
TfN Board approval of plan to revise STP		Sept 2021
STP page turn with partners and identify authors	Jan 2022	March 2022
STP stakeholder engagement plan	Nov 2021	June 2022
Further refinement of STP objectives & aims of plan	Nov 2021	Sept 2022
Agree refreshed Investment Programme		Dec 2022
Finalise policy positions and start STP redraft		Dec 2022
Drafting the 'What' section of the STP	Sept 2022	Dec 2022
Complete STP Evidence Base		Dec 2022
Drafting the 'How' section of STP	Nov 2022	Jan 2023
Close out first STP by producing a 'you said, we did'	Jan 2023	March 2023
Drafting 'Why' section of STP	Jan 2023	March 2023
TfN Board approval word version of draft STP		April 2023
Designed version of draft STP for consultation	April 2023	May 2023
Commission external support to manage consultation	Jan 2023	May 2023
STP Public Consultation	June 2023	Aug 2023
Revise STP following public consultation	Sept 2023	Nov 2023
Word version of final STP through TfN governance	Dec 2023	Jan 2024
Designed version of final STP	Dec 2023	Jan 2024
TfN Board adopts final STP		Feb-24
Launch of final STP		Mar-24

Glossary of terms, abbreviations and acronyms used (if applicable)

Please include any technical abbreviations and acronyms used in the report in this section. (Please see examples below.) This will provide an easy reference point for the reader for any abbreviations and acronyms that are used in the report.

Great British Railways – GBR

Northern Transport Charter – NTC

Northern Powerhouse Independent Economic Review (NPIER)

Transport Decarbonisation Plan - TDP

Transport Related Social Exclusion – TRSE

Senior Responsible Officer – SRO

Strategic Transport Plan – STP

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Meeting: Transport for the North Board

Subject: Rail Reform Matters – Responding to the White Paper

Author: David Worsley (Head of Rail Specification & Delivery)

Sponsor: David Hoggarth (Strategic Rail Director)

Meeting Date: Wednesday 29 September 2021

Does the report contain information which has been identified as confidential or exempt as defined in S100A(2) of the Local Government Act 1972 (as amended) and/or is the information exempt as set out in Schedule 12A of the Local Government Act 1972 (as amended)?

- Yes**
- No** this report does not contain information identified as confidential or exempt.

1. Purpose of the Report:

- 1.1 This report provides an overview of how Transport for the North is responding to the Williams-Shapps White Paper, and how we are seeking to work collaboratively with the railway industry and the Great British Railways (GBR) Transition Team.
- 1.2 Transport for the North commissioned a supporting document (see Appendix) to help shape the response to the Williams-Shapps Plan; this document argues that the future relationship between Transport for the North and the wider railway industry should be based around four pillars which encapsulate Transport for the North's objectives and capabilities. Transport for the North's Scrutiny and Rail North Committees both endorsed the approach in their September meeting and consultation call respectively.
- 1.3 The document is intended to shape the restructuring of the railway industry in the North of England which will occur over the next few years as the Williams-Shapps Plan is implemented.

2. Recommendations:

- 2.1 Board members are requested to endorse the approach of building Transport for the North's future role in the railways around these four pillars:

1. Transport for the North as a strategic partner for Great British Railways;
 2. Transport for the North as the lead on multi-modal strategy and investment priorities for the North;
 3. Transport for the North as a provider of evidence, data and strategic insights; and
 4. Transport for the North as a unified voice for northern authorities, acting as the link between local devolution, integration and GBR's regions.
- 2.2 Further to initial positive discussions, it is proposed that Transport for the North and GBR Transition Team/ Network Rail work together to develop a proposition for joint working in the North of England under Great British Railways. Engagement has already commenced with the Great British Railways Transition Team. A workshop has also been scheduled with Network Rail's Strategy & Planning function to discuss the practicalities of co-ordinating long-term planning.
- 2.3 It is recommended that an item be added to the agenda of the November Transport for the North Board meeting for a joint report from the GBR Transition Team/ Network Rail and Transport for the North on future proposals for rail in the North.

3. Main Issues:

- 3.1 Transport for the North's Strategic Rail team have overseen the development of the response to the Department for Transport's White Paper titled *Great British Railways: The Williams-Shapps Plan for Rail*, which was published on Thursday 20 May 2021. The White Paper proposed the creation of a new body, Great British Railways, which will combine all of the functions of Network Rail with some powers transferred from the Department for Transport and the Rail Delivery Group. The key purpose of GBR is to provide a single focus of accountability in the railway industry. Train services will be provided by private operators under the terms of Passenger Service Contracts (PSCs). Although GBR will have significant control over timetabling and fares policy, the White Paper leaves open the possibility that local and regional authorities will have a role to play in the new structure.
- 3.2 The Board received a report at the 9 June 2021 meeting which highlighted Transport for the North's initial response to the White Paper and requested that this be developed into a fuller proposition for this Board meeting.
- 3.3 The contents of the response have been guided by three principal inputs to the document, namely:
- 1) Members previously expressed desire that Transport for the North's future role should be based around accountability to the

public, decentralisation of decision-making, transparency, and multimodal integration;

- 2) Building on Transport for the North's strengths, including our unique capability to undertake multimodal strategic planning at a pan-Northern level, focus on the economic benefits of East-West connectivity, support our analysis with cutting-edge modelling and a wide evidence base, and take forward lessons from our previous experience of representing our Northern partners and overseeing the region's two rail franchises; and
- 3) The output from a consultation exercise with partners authority officers, where a plausible scenario for the future delivery of rail investment and devolution of governance was developed.

Transport for the North will work with local partners to support greater local involvement and devolution appropriate to the needs of the area.

- 3.4 These inputs led to the development of a proposal for Transport for the North's future railway role as being based around these four pillars:

1st Pillar – Transport for the North as a strategic partner for Great British Railways: Given its existing capabilities, pre-existing relationships and the level of cohesion and trust that Transport for the North has built with Northern stakeholders, Transport for the North is well-placed to assist GBR in understanding the diverse requirements of the North, both from an operational and strategic perspective. GBR will also have specific powers and skills that can complement those of Transport for the North. There is therefore a strong case that Transport for the North can collaborate together with GBR on strategic issues through a formal relationship, and that GBR can deliver the rail element of Transport for the North's *Strategic Transport Plan*. It should be noted that Transport for the North's ability to be a strategic partner is not based purely on our capabilities in investment prioritisation, but also can be or has been demonstrated in crisis management (e.g. post-May 2018), timetable planning and spatial planning.

- 3.5 **2nd Pillar – Transport for the North as the lead on the multi-modal strategy and investment priorities for the North:** Working closely with local authority partners, Transport for the North can assess both preliminary funding requests and potential new projects to ensure that they adequately and appropriately fulfil the needs of Northern communities as a whole. Transport for the North can examine projects and proposals to avoid duplication and assess the role of different modes in meeting the overall transport task. In order to ensure effective prioritisation, Transport for the North will need greater budgetary oversight, in order to ensure that annual priorities are in line with available allocations at a given point in time.

- 3.6 **3rd Pillar - Transport for the North as a provider of evidence, data and strategic insights:** This will in turn inform evidence-based policy, enable information sharing (both between local authorities and with GBR) and break down silos between organisations. It will help avoid fragmentation particularly where bodies have overlapping boundaries and remits. Transport for the North's ability to provide technical support to local projects will shorten the timescales for project development, thereby reducing costs and realising benefits sooner. Crucially, Transport for the North can provide continuity in the evidence and knowledge base for the industry, mitigating the problem of lost wisdom when other organisations dissolve or restructure.
- 3.7 **4th Pillar – Transport for the North as a unified voice for northern authorities, acting as the link between local devolution, integration and GBR's regions:** Transport for the North will work with both small and larger devolved authorities and stakeholders to clarify, prioritise and bring to the fore the collective needs of various communities in the North. Transport for the North can act as the link between GBR and local authorities at different stages of devolution, particularly during the transition period. This will include providing a voice for communities and authorities who do not traditionally have strong buy-in from or interaction with central government. By using its convening power, Transport for the North can also bring stakeholders together to push against inertia in the system and move initiatives forward.
- 3.8 In order to build on the four pillars, strengthen the case for change, and develop the narrative for the vision of the future, some additional points have been made in the full response document. Some key elements which have been emphasised are:
- As GBR will be concerned with rail across the whole of Great Britain, and Transport for the North is concerned with all surface modes in the North of England, the area of overlapping concern should be aligned through ensuring that the Northern element of GBR's Whole Industry Strategic Plan and the rail element of Transport for the North's *Strategic Transport Plan* are substantially the same document;
 - Transport for the North and GBR will thus be able to build a strong mutually interdependent relationship, in which Transport for the North can help GBR develop the Whole Industry Strategic Plan, whilst GBR can deliver the rail element of Transport for the North's *Strategic Transport Plan*;
 - The oversight Transport for the North brings to operations through the Rail North Partnership can be built-upon for the new system of Passenger Service Contracts;
 - In some areas, it would be possible to devolve powers to local bodies more rapidly than the general reorganisation of the rail industry would imply. Local management of stations and their

environments is one such area and Transport for the North will work with local partners to support greater local involvement and devolution appropriate to the needs of the area;

- GBR and Transport for the North will not only collaborate on transport planning in the 30-year timescale (through the WISP and the STP), but will also co-ordinate their contributions to the decarbonisation agenda over the same time period;
- Smart ticketing remains a priority for the North. Transport for the North can draw on knowledge and experience from the previous Integrated and Smart Travel Programme and work with operators and local authorities to identify pilot projects and opportunities to integrate rail products with other modes including buses;
- Transport for the North can act as the holder of the regional evidence base, allowing our Analytical Framework and Appraisal Framework to act as the uniform standard for developing proposals; and
- Transport for the North will be able to reduce the cost of infrastructure not only by providing a robust cost challenge and sharing its insights, but by helping to co-ordinate enhancements with renewals workbanks and saving duplication of access and preparatory work (as demonstrated by the linespeed improvement programme).

3.9 Transport for the North's core strengths which can form the foundation of our future role include:

- Our Analytical Framework will underpin an emerging Appraisal Framework, which will standardise and thus speed up decision-making and project development across the North, enabling quicker realisation of benefits;
- Ultimately the success of "levelling up" and transformational growth will be measured in terms of land use change, and Transport for the North are in an ideal position with our Northern Economy & Land Use Model to forecast and monitor that; and
- Our convening and collaborating roles include work with Local Enterprise Partnerships (and thus the business community) and also building relationships with adjacent areas including Transport Scotland, Transport for Wales and Midlands Connect.

3.10 A dedicated Northern Region within Great British Railways would ensure maximum alignment, and Transport for the North has previously supported this reform. In 2016, the Government-sponsored *Shaw Report: The Future Shape and Financing of Network Rail* recommended the creation of a Network Rail route for the North, on the basis that it would bring a greater focus on improving the connectivity and performance of the rail network in the region. The

White Paper suggests that "For example, a new regional railway across northern England may be beneficial once Northern Powerhouse Rail transforms travel between major towns and cities across the Pennines." Transport for the North will continue to make the case for a dedicated Northern Region to be implemented as quickly as possible. The industry structural change that will flow from the White Paper is likely to be the least disruptive way of implementing this.

- 3.11 Any additional funding required to implement the proposals set out in this report would need to be provided by the Government or GBR as part of the creation of the new industry structure, and this would need to be considered as part of the next steps.

4. Corporate Considerations:

4.1 *Financial and Resource Implications*

Transport for the North Finance Team has confirmed there are no financial implications. Dependant on the implementation of the GBR Target Operating model there may be structural, resource and skills implications for Transport for the North. This will be kept under review and the Board appraised as this matter evolves.

4.2 *Legal Implications*

Any legal implications are included within the report.

4.3 *Risk Management and Key Issues*

There are no risk implications arising from this report and thus a risk assessment is not required.

4.4 *Environmental Implications*

A full impact assessment has not been carried out because it is not required for this report.

4.5 *Equality and Diversity*

A full Impact assessment has not been carried out because it is not required for this report.

4.6 *Consultations*

Transport for the North's partners have been informally consulted on our response to the Williams-Shapps Plan and will have the opportunity to provide further input to the case for change. The approach has also been considered by Transport for the North's Scrutiny and Rail North Committees.

5. Background Papers

- 5.1 The supporting response document can be found on Transport for the North's website at [Williams Shapps White Paper briefer \(002\).pdf](https://moderngov.co.uk/Williams Shapps White Paper briefer (002).pdf)

6. Appendices

6.1 Appendix 9.1 – TfN Response to the Williams Review.

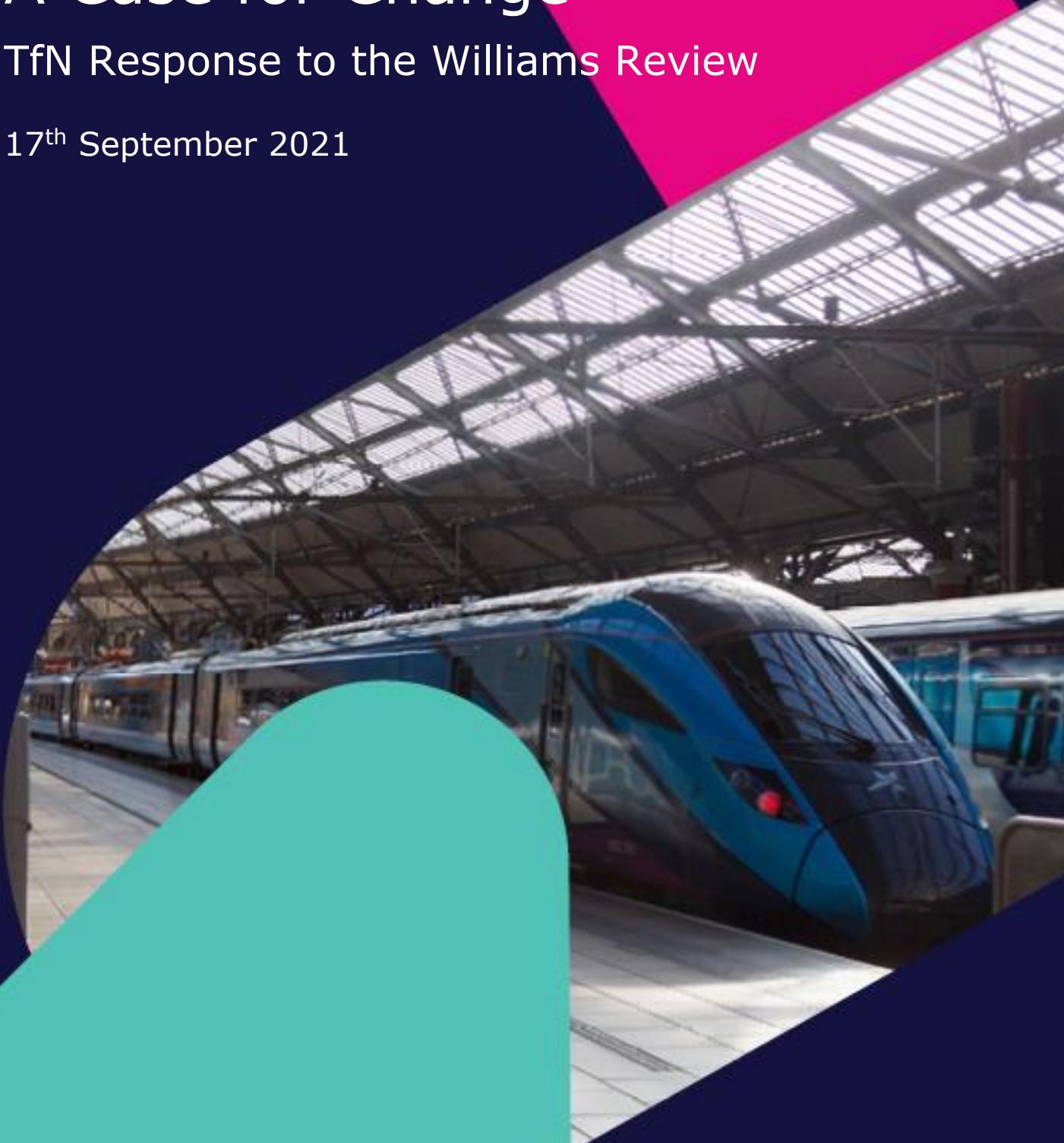
Glossary of terms, abbreviations and acronyms used (*if applicable*)

- | | |
|--------|----------------------------|
| a) DfT | Department for Transport |
| b) GBR | Great British Railways |
| c) PSC | Passenger Service Contract |

A Case for Change

TfN Response to the Williams Review

17th September 2021



Document details

Document history

Version	Issue date	Description of changes
1.0	17/09/21	Well progressed draft following multiple rounds of comments – first version to be transferred to TfN template

Reviewer list

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1 Context

This document sets out Transport for the North's (TfN's) vision for a future relationship with the wider rail industry that plays to already established strengths, and maximises the opportunities arising from the Williams-Shapps Plan to benefit individuals and communities across the North of England. As the industry embarks on a period of transition to a new way of working, TfN stands ready to fulfil a critical role as a 'guiding partner', working collaboratively with the emerging Great British Railways (GBR) to deliver cost efficiencies while driving up standards.

TfN and GBR have many shared values and goals, with levelling up, decarbonisation and transformational growth all at the forefront of the agenda. In the same way that TfN has a statutory obligation to deliver the *Strategic Transport Plan* (STP), GBR will in turn be guided by their own Whole Industry Strategic Plan (WISP). For each to succeed against their respective remits, it is clear that the two documents need to be very closely aligned, with the rail elements of the STP effectively mirroring the Northern section of the WISP. A shared evidence base and stated list of agreed multi-modal priorities, underpinned by TfN's highly credible analytical framework, will allow the industry to operate in a strategic manner, targeting the investment and service improvements where they are needed the most.

TfN also brings unparalleled local knowledge and a breadth and depth of stakeholder relationships, both across the North of England, and with the other Sub-National Transport Bodies (STBs). Continuing in this liaison role will allow TfN to speak with a unified voice, giving GBR the opportunity to focus on supplementing local governance arrangements across the North, without the need for additional layers, and thereby allowing them to focus on their core remit of coordinating the needs of the entire network. The highly successful Rail North Partnership can carry through into the system of Passenger Service Contracts, giving a crucial degree of control and accountability to Northern leaders.

2 TfN's established model for success

Since its establishment as the first statutory Sub-National Transport Body (STB) in 2018, TfN has put forward a clear vision for transport across the North of England. Guided by the *Strategic Transport Plan* (STP), one of TfN's most important roles is to speak with a unified voice for all local transport authorities, articulating the challenges faced by all transport users in the North on a day-to-day basis, and making the case for the investment required to make real transformational change.

When it comes to rail, TfN's statutory role has allowed it to play an integral part in driving the industry towards a network that is fit for purpose in the 21st century. Strategically, TfN continues to make the case for Northern Powerhouse Rail (NPR) as potentially the biggest step-change in rail connectivity in the North for generations, and the organisation has built an industry-leading analytical framework to forecast and demonstrate the associated benefits. Alongside this, the *Long Term Rail Strategy* (LTRS) sets out a 30-year vision for improving the North's rail offer to drive economic growth and prosperity, and underpins the work of TfN's Strategic Rail team.

In the more immediate term, merging with Rail North in 2018 has allowed TfN to work in partnership with the Department for Transport (DfT) to exert real influence over the two franchises that operated in the North, promoting outcomes that maximise benefits for passengers. Despite a number of significant challenges along the way, including the May 2018 timetable issues and the collapse of rail demand due to COVID-19, the Rail North Partnership continues to be held up as a successful mechanism for ensuring that industry is held to account on the day-to-day running of the railway, with the specific requirements of Northern residents placed front and centre when decisions are made.

Through these various roles and functions TfN has built up a series of well-established and multi-faceted relationships with key stakeholders across the industry, including Partner Authorities in the North, DfT and Network Rail. The existing structures and governance arrangements have allowed TfN to become an essential player in the delivery of rail across the North, filling a void in a region where a unified voice to address the overarching requirements of its many communities is essential. TfN has also demonstrated its operational agility and used its softer convening powers to lead the response to numerous challenges and short-term crises such as the COVID-19 related slump in passengers. While it is hoped that these challenges will become less significant and less frequent over time (as a result of a shift to a less reactionary model with a focus on long-term strategic planning), these relationships and established processes will allow TfN to continue to add significant value to the industry moving forward.

3 A new era for rail in the UK

This is a time of significant reform in the UK in the rail industry. The recently released Williams-Shapps Plan White Paper has proposed a new public body, Great British Railways (GBR) that will own and operate the nation's passenger rail network. The paper "sets out a plan for a revolution on the railways in Great Britain... by replacing franchising, accelerating innovation and integrating the railways, we will deliver an efficient, financially sustainable railway that meets the needs of passengers and those who rely on rail on a daily basis". GBR will integrate the railways, owning the infrastructure, collecting fare revenue, running and planning the network, and setting most fares and timetables. The actual running of services will be sub-contracted to private companies under a concessionary model.

The White Paper offers many valuable proposals to deal with national rail challenges: flexible ticketing to cater for new post-COVID-19 travel patterns, better coordination with other forms of public transport, single national accountability through a 'guiding partner role' and bringing together track and train. Indeed, many of the Williams-Shapps Plan outcomes demonstrate strong alignment with TfN's own goals and ambitions articulated through the STP and LTRS. However, the paper lacks detail around the vital role that sub-national and local transport authorities can play in the shift towards a more outcome-focussed railway. TfN welcomes the overarching principles outlined such as 'new partnerships with GBR's regional divisions that will give towns, cities and regions greater control over local ticketing, services and stations' – this is in line with TfN's current mandate and its activities supporting devolution where appropriate. To ensure that the valuable work that TfN has undertaken is not undone, particularly its mandated responsibility to deliver the STP, it is essential that TfN and GBR maintain a close working relationship, so that the unique requirements and strengths of the North continue to be brought to the fore of the restructured rail industry.

4 TfN's integral role going forward

This review, and TfN's response to it, represents a pivotal moment for the North to shape and influence the manner in which rail services will be managed and operated in the region for decades to come. It offers an opportunity for TfN to work with the Department for Transport (DfT) and GBR to place greater emphasis on passenger-focussed outcomes across the North, and increased accountability and devolution where it is in local and regional interests.

It is crucial that local and regional leaders remain at the core of any reform to the nation's railways and have a strengthened role in overseeing each region's network. A national approach to railways should not represent a missed opportunity for further devolution. As per TfN's September 2019 submission to the Review, 'the fundamental outcome required from the Williams Review is a pathway to devolution that allows the North to take responsibility for the region's railways from central Government'. To this end, regional representation and collaboration between TfN and GBR is essential, both through participation at the strategic level (for example, the proposed independent advisory body) and engagement with the 'locally rooted' regional railways.

It will be important to ensure that the role of TfN is clearly understood and protected as part of the White Paper's reform. GBR is to have five regional divisions, with their own budgets and be responsible for operational matters, with key strategic decisions to be taken centrally. In order to ensure that the North's voice is represented in any national discourse, it is vital that TfN has a seat both on the North West and Central and Eastern Regions governance structures. The important role of TfN in acting as a broker between local transport authorities and national actors must be maintained, and the progress TfN has made developing a coordinated voice for the North must continue. A system where Northern concerns are only considered at the operational level cannot adequately solve existing problems; in fact, it is likely that existing problems which require more strategic, region-wide solutions will only be exacerbated. This also runs against one of TfN's key rail reform priorities: accountability to the public through a structure that demonstrates responsiveness to communities in the North.

It should also be noted that TfN are supportive of a move towards a Northern Route in the medium to long term to ensure maximum alignment with TfN's own geographic remit, removing some of the cross-boundary friction that is a by-product of the current regional split resulting from the dominance of London markets. In 2016, the Government-sponsored *Shaw Report: The Future Shape and Financing of Network Rail* recommended the creation of a Network Rail route for the North on the basis that it would bring a greater focus on improving the connectivity and performance of the rail network in the region. The White Paper similarly suggests that "For example, a new regional railway across northern England may be beneficial once Northern Powerhouse Rail transforms travel between major towns and cities across the Pennines." TfN will continue to make the case for a dedicated GBR Northern Region to be implemented as quickly as possible. The industry structural change that will flow from the White Paper is likely to be the least disruptive way of implementing this.

5 Four pillars of TfN success in the rail sector of the future

In exploring the future role of TfN within a restructured rail environment, four thematic 'pillars' have been identified:

- TfN as a **strategic partner for Great British Rail**
- TfN as **the lead on multi-modal strategy and investment priorities for the North**
- TfN as **the provider of evidence, data and strategic insights**
- TfN as **a unified voice for northern authorities, acting as the link between local devolution, integration and GBR's regions**

These pillars are not exhaustive; rather they attempt to bring together some of the main activities and indeed strengths of TfN, with respect to the proposed GBR. In this context, the pillars do not attempt to describe in detail the work that TfN conducts with other modes such as roads or activities around decarbonisation, where this does not intersect with rail strategy and management.

The different roles that TfN plays in the rail sector in the North are supported by its statutory objectives and the overarching principles of the organisation. While TfN does not work in isolation (collaborating with the non-statutory STBs around the country to ensure that the North's rail operations are not at odds with those in other regions), part of its strength comes from being able to plan and provide a consistent service that functions across the different legislative and administrative boundaries of the North. This also ensures that there is a degree of central accountability for Northern concerns and decisions.

The following sections summarise each of the four pillars, considering both its current activities and how its role can be adapted to serve Northern communities in a restructured rail industry. There is particular focus on the *Strategic Transport Plan*, and how TfN can work with GBR to ensure that the commitments of this document are delivered to passengers and freight users in the North.

5.1 Pillar 1: Transport for the North as a strategic partner for Great British Railways

TfN as a strategic partner for Great British Railways

Given its existing capabilities, pre-existing relationships and the level of cohesion and trust that TfN has built with Northern stakeholders, TfN is well placed to assist GBR in understanding the requirements of the North, both from an operational and strategic perspective.
- A single rail strategy for the North is required, with alignment between the Northern Strategic Transport Plan and GBR's Whole Industry Strategic Plan

TfN's overarching ambition is to ensure the provision of a transport system that enables the North to realise its economic potential, while also improving the built

and natural environment in the region. TfN's *Strategic Transport Plan* articulates how this may be achieved, and is a key tenet in the North's broader economic strategy. For these ambitions to be realised, it is essential that TfN and GBR work in unison for Northern communities, so that the broader strategy of GBR and how rail operations will look like going forward is better reflected. The Strategic Transport Plan (STP) is based on a strong body of evidence and sets out what is required of the rail network to support the broader transport system and enable the projected growth and 'levelling up' agendas of Northern localities. To address the imbalance in growth between the North and other regions of the UK, it is critical that the Northern STP continues to exist. Indeed, this is now a statutory requirement. Without one, activities such as those stemming from the Towns Fund, the Levelling Up Agenda and other such initiatives will not have a supporting transport system to enable full benefits to be realised. This will only lead to the transport system of the North being exposed as lacking after the fact. It is therefore important that there is effectively a single strategy for rail in the North which will be jointly expressed through the STP and GBR's WISP. Through collaborative working, these should be built upon a consistent evidence base, building on the strong foundations that TfN have built over recent years. TfN have already had positive engagement with the GBR Transition Team as this important work commences.

In terms of supporting the STP through operational elements, TfN's existing role and capabilities also prove invaluable. When developing the specification of future concessions, regional input is particularly valuable to ensure that investment in various modes of transport is complementary, considers both the passenger and freight element and meets sustainable transport goals. As outlined in TfN's *Draft Decarbonisation Strategy*, the role of rail is particularly important to meet Net Zero objectives. The reliability and provision of rail must be improved to promote further mode shift, particularly away from the road sector, where possible. This is even more important in the freight sector, and particularly valuable in the North, where East-West connectivity between key ports presents a valuable opportunity to remove freight off the road network yet still ensure goods get to and from international markets. This must all be implemented using evidence from TfN's Freight and Logistics Enhanced Analysis report and the STP, to support the objectives of the STP. Given TfN's ownership and accountability for the STP, it is also important that TfN has a continuing role in the oversight and management of concessions once they are let so that local needs can be reflected in the train service offerings.

The North cannot work in isolation to unlock its economic potential, and the rail sector is a clear example of where collaboration can drive improved outcomes. In order to ensure that the rail elements of the refreshed STP are delivered, GBR and its regions will need to work with TfN.

TfN's network of knowledge and relationships will also assist GBR with its mandate. Since inception, TfN has fostered strong relationships with Northern stakeholders. Crucially, it also maintains strong cross-border cooperation with other STBs like Midlands Connect, with whom a Memorandum of Understanding has been signed, to ensure that administrative borders do not lead to operational difficulties and challenges in the provision of services for communities. These existing relationships, capabilities and the trust that TfN has developed with these parties means that the organisation is very well placed to

assist GBR in understanding the multiple requirements of the North, both from an operational and strategic perspective.

In the short-term TfN stand ready to play a key role with the GBR Transition Team as responsibilities are transferred to the new organisation. TfN is uniquely placed as the most established of the Sub-National Transport Bodies (STBs) with a strong track record in strategic rail planning to assist in the reconciliation of the disconnect between the economic-led geography of STBs and the railway-led geography of GBR's Regions. Although TfN often works with other STBs, TfN has the strongest presence in its communities, with a strongly defined statutory status, democratic legitimacy and its analytical capabilities. These all underpin TfN's desired future role within the restructured rail industry.

Once GBR is up and running this could also include a level of accountability. There are many different visions for what increased accountability could look like:

- TfN can assist the proposed Strategic Board of GBR by providing insight at a region-wide level;
- TfN could provide a key role in GBR's transition team, given its current remit across regions and its experience in bringing together competing demands to form a cohesive transport strategy;
- TfN could represent the group of STBs, ensuring that the individual requirements of towns and localities meet intra-regional transport strategy, inter-regional requirements and finally the overarching goals of a national transport system. Again, TfN's strength here lies in its understanding of the requirements across modes, ensuring that GBR does not compete with other modes where it is not necessary; or
- TfN could have responsibility for ensuring that GBR's Regions (which are currently proposed to only deal with operational elements) work closely to ensure that the broader strategic requirements are also being met (bringing operational and strategic elements of the transport task together).

5.2 Pillar 2: Transport for the North as the lead on multi-modal strategy and investment priorities for the North

TfN as the lead on
multi-modal strategy
and investment
priorities for the North

TfN can lead multi-modal strategy through the STP and use its analytical activities to assess funding requests to ensure they fulfil the needs of Northern communities
- examining projects and proposals for duplication, assessing the role of *different modes* in meeting the overall transport task, having a degree of budgetary oversight to ensure that annual Northern requests are in line with available allocations

Given TfN's existing remit and its awareness of the pipeline of required projects and proposals in the North through its stakeholder and data driven roles, it is a logical next step for TfN to work on prioritising those investments. This is something that TfN is already starting to do, through the Investment Programme and analytical framework. It is important that role is retained and strengthened as TfN develops its future relationship with GBR. While consensus of transport

requirements is important, it is equally important that projects are prioritised, to ensure that precedence is given to those projects which have the greatest urgency and provide support to the most customers or to those who have limited accessibility and few alternative options.

This may mean that the timing for some funding requests is altered, with consideration to other schemes that may provide benefits to wider communities or unlock growth in specific areas. Ultimately, while City Regions will remain as they are, with their own multi-modal strategies, TfN and GBR will ensure that all projects meet the longer term, strategic transport requirements of Northern communities. If TfN was given some budgetary oversight, it can ensure that Northern requirements are already evaluated to a degree and do not conflict with other proposed projects in adjacent parts of the North. To this end, TfN is already moving towards a 5-year planning cycle, which aligns with Network Rail's existing cycles, providing greater ease in aligning processes.

Accordingly, it is useful for TfN to develop transparent criteria for investment prioritisation and ensure that both preliminary funding requests and new Northern projects adequately and appropriately fulfil the needs of the North. Given TfN's purview across modes, this is particularly important. Transport for London has demonstrated how an authority that assesses the role of different modes in meeting the overall transport task prevents duplication and provides better inter-modal connectivity.

5.3 Pillar 3: Transport for the North as a provider of evidence, data and strategic insights

TfN as the provider of evidence and analysis

TfN as a body that assists both local and national bodies with strategic insights that are supported by data and evidence.
- which in turn informs evidence-based policy, information sharing (both between local authorities and in future, with GBR) and breaks down silos/stems the fragmentation of Northern authorities and transport bodies, including those who often have overlapping boundaries and remits.

TfN has always placed a strong emphasis on ensuring that it is able to provide value to its stakeholders, by not only listening to local requirements and sharing this information with other Northern authorities, but also by analysing the data, extracting strategic insights, and providing this back to stakeholders to ensure that they are well informed. This enhances the ability of Northern authorities to develop more robust policy, that is informed by data, and enables transport policies that are economically sustainable in the long run.

TfN have invested in a powerful and wide-ranging analytical framework which is only just beginning to demonstrate its capability in the appraisal of transport schemes across the North. This analytical framework is already being used to support the development of rail schemes in the North and is valued as a reliable evidence base that is providing insights which were previously not available to Northern policymakers and operational partners. As this capability grows further, TfN aims to cement its position across the industry as a body which produces high-quality, impartial intermodal modelling outputs that carry real weight with funders and decision makers.

This will also help TfN and the rail industry as a whole work in a less reactionary manner, having visibility of potential issues and even potential structural

conflicts between stakeholders. Having this oversight will be crucial in shifting towards a more strategic and long-term mindset for the industry and will also prevent operational problems from occurring or lead to them being identified before they cause extensive problems (for instance, inputting a range of future demand scenarios where there is uncertainty – for example post-COVID recovery – to help to understand where future crowding and reliability hotspots may occur). By using this analytical framework, Northern authorities can both avoid duplication of efforts and prevent inefficient strategy and policies that then need to be undone or refreshed when the economic or community specific data is examined. This is a particularly valuable toolkit that TfN and GBR can use to assess the baseline before implementing any changes or reform into communities. TfN can provide GBR with these insights so that the evidence base across Northern communities is both consistent, well-articulated and well understood.

5.4 Pillar 4: Transport for the North as a unified voice for northern authorities, acting as the link between local devolution, integration and GBR's regions

TfN as the link between devolution, local integration and GBR's regions

TfN's role as a voice for Northern Authorities, working with both small and larger devolved authorities and stakeholders to clarify, prioritise and bring to the fore the collective needs of various communities and stakeholders in the North.
- *including a voice for communities and authorities who do not traditionally have strong buy-in or interaction with Central Government.*

As demonstrated through the other pillars, TfN can play a key role in the devolution agenda by providing the much needed 'regional glue' as it works with the Mayoral Combined Authorities and other local transport authorities in collating and co-ordinating pan-regional intelligence and ensuring fair treatment for all. Devolved decision-making is particularly important, in both theory and practice*. (**Devolved urban networks tend to have higher frequencies and much better off-peak services than those networks which aren't, citing just one example.*)

As a fundamental part of its remit, and to underline the value of a pan-regional view, TfN has worked extensively since its establishment to develop and foster relationships with other Northern Authorities, be they councils, local authorities, transport authorities or transport providers. In this time, it has developed strong relationships with these stakeholders and has an acute understanding of the sometimes-competing interests of different parties. TfN has worked with both small and large authorities, including those representing communities who do not typically have strong technical capabilities or capacities to assess and champion for transport needs, and those with traditionally limited interactions with Central Government. TfN is uniquely placed to continue to build these relationships, and to speak as the unified authoritative voice for transport needs across the North, while also supporting devolved authorities with their transport agendas. This key role to support both devolution and growth across the North will prove even more crucial in helping knit together initiatives as the Government's forthcoming Levelling Up White Paper is released, offering further autonomy to local leaders.

TfN will not only listen to, and collate the wide-ranging ambitions of Northern stakeholders, but will continue to have strategic conversations with partners about which concerns should be brought to different funding tables and central decision makers, and when these matters should be addressed. This will allow for a more coherent transport system to be developed; one that serves both intra- and inter-regional transport requirements appropriately. Given the complex political geography of the North, the 'cross-border' jurisdiction of TfN will continue to be particularly valuable in identifying and prioritising the collective needs of the North.

Rail North Committee members, including Mayors, have already identified TfN's role as an enabler for devolution – providing regional coherence but also assisting in resolving conflicting demands between Combined Authorities. In turn, TfN will also act as a bridge between devolved Combined Authorities, regional transport requirements and the new operational regions of GBR. It should be noted that any future transport governance arrangements will also have to accommodate the City Devolution Deals which have already been agreed by authorities.

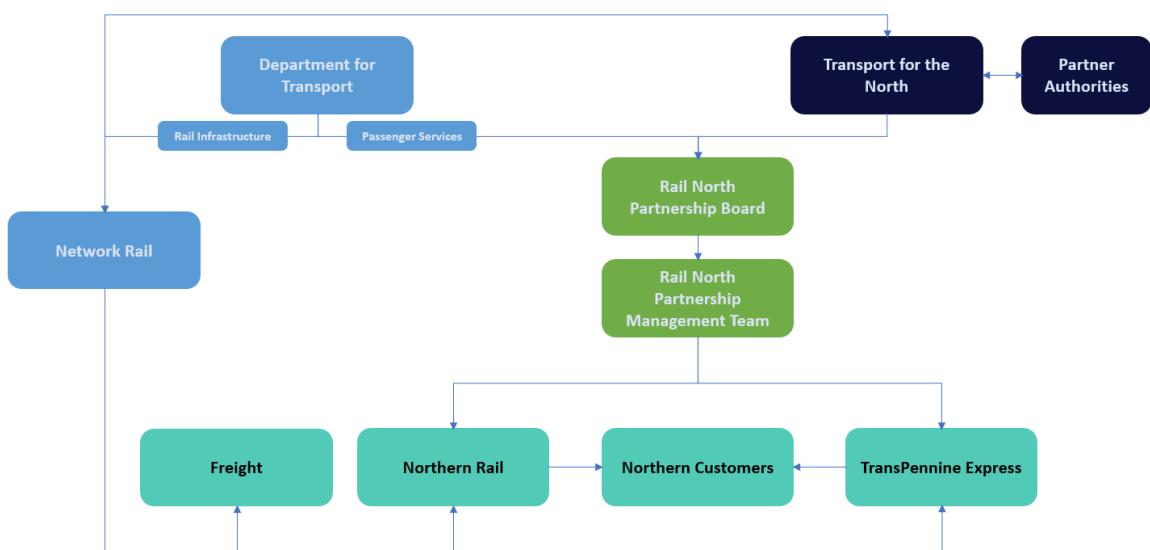
6 Embracing the opportunity

The four pillars identified above clearly demonstrate the role that TfN can play in the new industry structure, and the significant added value that successful integration will bring. As a relatively new organisation that remains agile enough to adapt to changing circumstances, TfN has a clear mandate to act in the interests of all rail users in the North and is ready to embrace the opportunity to work collaboratively with GBR and other industry partners to achieve shared objectives and ambitions. TfN's strategic planning framework can supplement national interests to ensure past mistakes are not repeated, and that the Williams-Shapps Plan becomes the start of a long and successful era for the railway.

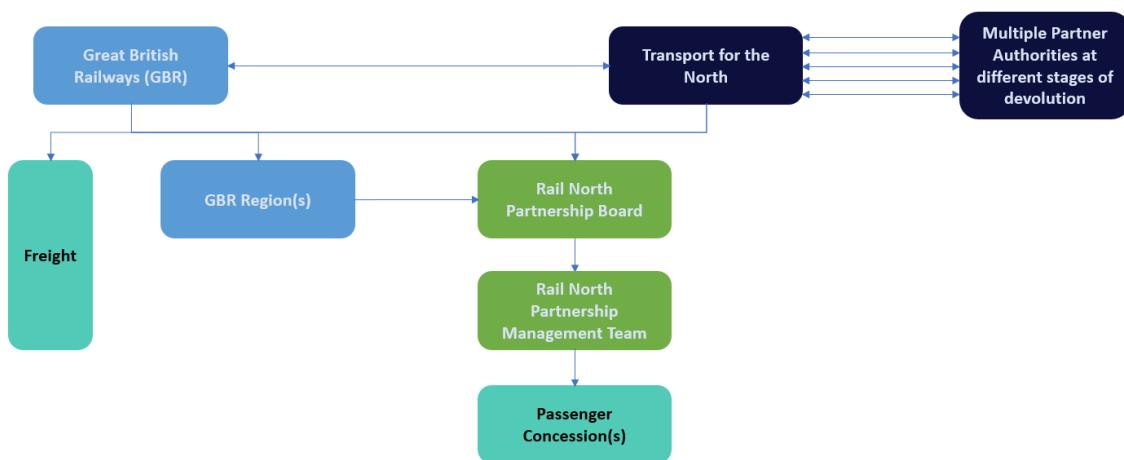
TfN have also begun mapping the Williams-Shapps Plan outcomes against its own objectives and ambitions. There are some strong areas of alignment, notably around delivering a modern passenger experience that is easy to access and use, innovative ways of working with the private sector to help drive cost-effectiveness, and increased speed of delivery and efficiency enhancements. These commonalities can be built upon to deliver change at a national level that also works for rail users in the North.

6.1 Enhancing existing relationships to add value...

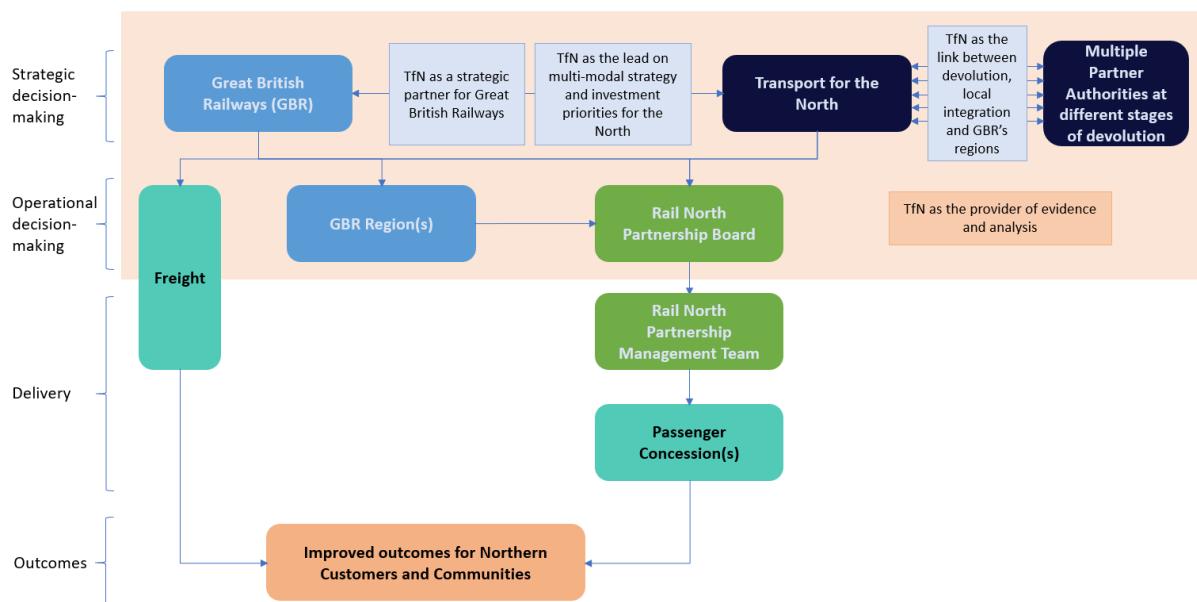
The below diagram provides a high-level summary of the existing rail industry structure, and TfN's role within it.



The second diagram, below, highlights the simplified nature of the future structure of the industry, including TfN's role in liaising with partner authorities across the North who will be embarking on devolution journeys at different speeds, and with different end goals.



The third diagram, below, highlights how the four pillars identified through this response will play a central role in TfN adding value. The diagram focusses on the operational elements of the industry, but with GBR taking on the responsibility for infrastructure from Network Rail, there are also significant opportunities for TfN to help shape the strategic pipeline of investment to align with local objectives and deliver enhanced outcomes for passengers. The large shaded orange box highlights the fact that TfN have the capability to support right across the industry with its extensive evidence base and renowned analytical framework.



6.2 ...while minimising risks

The outcome mapping exercise has also flagged some risks and challenges that need to be addressed in due course. For example, delivering a modern

passenger experience, particularly in the wake of a global pandemic that has 'reset' demand, while clearly the right thing to do, will be challenging as TfN and others look to enhance the cost-effectiveness of running the railway. Trade-offs will need to be clearly articulated and decisions made with full transparency and accountability. There will also be a need to balance the needs of private sector operators with the needs of customer and broader regional objectives. The premise of a financially sustainable railway could also prove challenging at a time when there is a need to address decades of underinvestment in the North. As post-COVID-19 demand rebuilds, and the new ways of working are implemented, there will be opportunities to make railways more financially sustainable with investment targeted in the right way to support wider agendas such as decarbonisation and supporting economic development.

It could also be perceived that the potential role of TfN dilutes the simple lines of accountability that the White Paper proposals are seeking to establish. However, this is where TfN's flexibility and deep understanding of Northern geography and politics can add richness and value. TfN's role will be different in different places, responding to local ambitions and needs. Where there is local ambition and capacity, most notably the larger Combined Authorities, TfN will avoid assuming the role as intermediary, and function primarily as the strategic unified voice. In areas where there is less local capacity for direct engagement with GBR, TfN's role will flex to offer a greater framework of support. This will ensure that the different and distinct roles of TfN and its Partner Authorities in relation to GBR will be clearly set out and understood by everyone, securing the required accountability.

Freight also has a critical role to play in the success of the railway, but once again this will lead to trade-offs with passenger services for space on a finite network.

Finally, the notion of a simpler industry structure which remains highly centralised for operational reasons will continue to pose a risk to the delivery of TfN's stated ambitions around passengers and communities. There needs to be decision-making and accountability at the local level to ensure the needs of these communities are fully understood and addressed. The challenge that TfN is ready to take on in its role in the new industry structure is to facilitate increased devolution and localisation where it is appropriate within the GBR structure and can support communities in maximising the benefits of their railways.

7 Summary

As has been demonstrated through the presentation of the four pillars, the well-established roles, and capabilities of TfN can be built upon to support the new national railway governance and operations. With a continued evolution towards stronger accountability and an established relationship with the new GBR, TfN can continue to deliver strategic guidance to the communities of the North and act as a key Northern resource and partner for GBR. As demonstrated throughout this response TfN carries out a number of unique roles and responsibilities that cannot be fulfilled by other industry players. The combination of strong analytical and technical capabilities, an intimate knowledge of the opportunities and challenges faced by communities right across its geography, and a strong democratic mandate through its partner authorities and board structure, TfN is committed to working closely with GBR to ensure the interests of all Northern rail users are considered as the industry moves through this transition period and beyond.

TfN as a strategic partner for Great British Railways

Given its existing capabilities, pre-existing relationships and the level of cohesion and trust that TfN has built with Northern stakeholders, TfN is well placed to assist GBR in understanding the requirements of the North, both from an operational and strategic perspective.
- *A single rail strategy for the North is required, with alignment between the Northern Strategic Transport Plan and GBR's Whole Industry Strategic Plan*

TfN as the lead on multi-modal strategy and investment priorities for the North

TfN can lead multi-modal strategy through the STP and use its analytical activities to assess funding requests to ensure they fulfil the needs of Northern communities
- examining projects and proposals for duplication, assessing the role of different modes in meeting the overall transport task, having a degree of budgetary oversight to ensure that annual Northern requests are in line with available allocations

TfN as the provider of evidence and analysis

TfN as a body that assists both local and national bodies with strategic insights that are supported by data and evidence.
- which in turn informs evidence-based policy, information sharing (both between local authorities and in future, with GBR) and breaks down silos/stems the fragmentation of Northern authorities and transport bodies, including those who often have overlapping boundaries and remits.

TfN as the link between devolution, local integration and GBR's regions

TfN's role as a voice for Northern Authorities, working with both small and larger devolved authorities and stakeholders to clarify, prioritise and bring to the fore the collective needs of various communities and stakeholders in the North.
- including a voice for communities and authorities who do not traditionally have strong buy-in or interaction with Central Government.

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Meeting: Transport for the North Board

Subject: Rail North Committee Feedback

Author: David Hoggarth (Rail Strategy Director)

Sponsor: David Hoggarth (Rail Strategy Director)

Meeting Date: Wednesday 29 September 2021

1. Purpose of the Report:

- 1.1 This report provides feedback to the Board from the Rail North Committee Strategic Rail Director Consultation Call held on 15 September 2021.

2. Recommendations:

- 2.1 Board members are requested to note the feedback from the Rail North Committee Consultation call.

3. Main Issues:

3.1 Response to the Williams-Shapps White Paper

The Committee considered a report on Transport for the North's response to the White Paper. Committee members endorsed the approach and welcomed the work done to date including the work on the proposed four pillars drawing on the strengths of Transport for the North and its partners.

- 3.2 The core proposition is to work with Great British Railways as a strategic partner in the North's railway building on the strong work and track record Transport for the North has developed with the industry in multi-modal planning and the existing Rail North Partnership arrangements.
There is a separate report to the Board setting out the proposed next steps to develop a strategic partnership.

3.3 Manchester Services and Infrastructure

An update on Manchester Services and Infrastructure was provided. This highlighted the progress that had been made on improving the December 2022 timetable proposed by the Manchester Recovery Task Force (including Sheffield City Region- Manchester Airport and cross-Warrington services). Progress was also reported on a roadmap setting out the 'exit strategy' (an essential requirement) from the

December 2022 timetable utilising future service changes and infrastructure delivery to improve the timetable. Transport for the North and the DfT have developed a new collaboration to work to deliver these outcomes – including a commitment to assess specific interventions such as platforms 15/16 at Manchester Piccadilly.

- 3.4 The next steps were highlighted as:
- 1) Publication of a consultation report on the Phase 1 consultation together with the new collaboration linking service development to infrastructure through a roadmap; and
 - 2) a second phase of public consultation (led by the operators) on the detail of the timetable proposals.
- 3.5 Operational Update
- Rail North Partnership and the train operators provided updates on the covid recovery and plans for future timetable changes.
- 3.6 It was reported that demand and revenue recovery across the North had been strong, particularly around leisure journeys and that operators are delivering a range of promotions to support the recovery. Operators highlighted the need to be agile in future timetable development to take advantage of the changing markets.
- 3.7 Whilst it was highlighted that operational performance had generally been very good members raised some concerns about services changes and performance in the North West, particularly on Sundays. Concern was also raised about revisions to services in the Humber region while additional York to Harrogate services from December 2021 were welcomed.
- 3.8 An update was provided on the East Coast Main Line service changes which have been deferred from May 2022. Transport for the North co-ordinated a strong response to the consultation on behalf of authorities across the North. The industry is now developing alternative proposals which will be available for consultation with members shortly.
- 3.9 Other Issues
- A report was presented on the outline Transport for the North (Strategic Rail) business plan for next year. Members endorsed the objectives and the approach to financial contributions from partner authorities. This will be reflected in future business planning reports to the Board. It was also agreed to arrange a member briefing meeting to discuss an approach to future service provision in October.

- 3.10 The Committee was informed about the planned changes to Transport for the North's Constitution to facilitate virtual participation in meetings and considered the format of future Committee meetings.
- 3.11 A report on Transport for the North's input to operator business plans was also considered.

4. Corporate Considerations:

4.1 *Financial and Resource Implications*

The financial and resourcing implications to implement the proposals within this paper are contingent on additional funding being provided by the Government or GBR. Future financial and resource implications will be set out as part of the Business Planning process for 2022/23 and presented to a subsequent meeting of the Board.

4.2 *Legal Implications*

The proposed changes to the Transport for the North Constitution are the subject of a separate report to the Board.

4.3 *Risk Management and Key Issues*

There are no new risks as a result of this report.

4.4 *Environmental Implications*

None.

4.5 *Equality and Diversity*

None.

4.6 *Consultations*

The report refers to the public consultation in relation to the proposed December 2022 Manchester area service changes.

5. Background Papers

- 5.1 There are no background papers to this report.

6. Appendices

6.1 There are no appendices to this report.

Glossary of terms, abbreviations and acronyms used (*if applicable*)

Please include any technical abbreviations and acronyms used in the report in this section. (Please see examples below.) This will provide an easy reference point for the reader for any abbreviations and acronyms that are used in the report.

- a) DfT *Department for Transport*

Meeting: Transport for the North Board

Subject: Corporate Risk Register Report

Author: Iain Craven, Finance Director

Sponsor: -

Meeting Date: Wednesday 29 September 2021

1. Background:

- 1.1 Transport for the North has updated the Corporate Risk Register ("CRR") to continue to reflect the Key Performance Indicators (KPIs) and business objectives outlined in the Business Plan for Financial Year 2021/22. The update of the CRR includes a significant revision of the template as agreed with and approved by the Audit & Governance Committee, as well as the usual identification of new risks, re-assessments of risk impact scores and highlighting of issues. In addition to the principal risks and issues associated with the organisation's KPIs, the business continues to manage the impacts of the coronavirus pandemic and associated arrangements on programme delivery and business operations.
- 1.2 The CRR was presented at the Audit and Governance Committee on 16 September 2021 for feedback and approval. It has subsequently been updated to reflect changes that have occurred since the reports were published for that meeting.
- 1.3 The terms of reference for the Audit and Governance Committee includes the requirement for the committee to "monitor Transport for the North's risk and performance management arrangements including review of the risk register, and progress with mitigating action".
- 1.4 Transport for the North's corporate risks stem from the agreed KPIs and from a range of other sources, some of which are beyond Transport for the North's direct control. The challenges and uncertainty faced by Transport for the North create both threats that need to be addressed, and opportunities that can potentially be exploited. Transport for the North's Corporate Risk Register is presented at Appendix 11.1

2. Recommendation:

- 2.1 Board is invited to:

- a) Consider the report and appendix;
- b) Discuss the information provided in the Corporate Risk Register; and
- c) Subject to any required amendments arising from discussion, approve the content of the Corporate Risk Register as a reflection of the current position.

3. Consideration:

- 3.1 Transport for the North's approach to managing risk is described in its Risk Management Strategy ("RMS") which sets out guidance for how risks are identified, assessed, managed, and reported. The RMS has been applied in updating the Corporate Risk Register.
- 3.2 It is essential that Transport for the North and its programme teams recognise, understand, and manage the risks that could negatively impact on its ability to achieve its objectives and priorities.
- 3.3 This report provides the Board with an update on the organisational risks and issues relating to the business KPIs/objectives which can be found in the Corporate Risk Register.
- 3.4 The key changes from the previous version considered by the Board in March 2021 are as follows:
 - *The Covid-19 Pandemic prevents or delays TfN from delivering its objectives (TCR01)* – The likelihood of a significant number of TfN or supplier staff being affected by Covid-19 and thus impacting TfN's key programmes and business deliverables has been reduced to a Low assessment reflecting the impact of the vaccine roll-out. However, delays to government policy announcements due at least in part to the pandemic means that the overall level of post-mitigation risk level associated with Covid-19 remains at Medium.
 - *TfN Reputational and Political Engagement (TCR02)* – This risk was assessed as an issue in March 2021 due to the final cessation of the IST programme and the core funding settlement. Subsequent mitigation efforts aimed at strengthening TfN's relationship with the department and the development and submission of TfN's Spending Review proposals have led to this being reduced to medium. In addition, TfN is currently responding to a request from the department to put forward proposals for the drawdown of additional in-year funding for 2021/22.
 - *Embedding the Strategic Transport Plan (STP) Across Programmes (TCR03)* - The overall level of post mitigation risk for TCR03 has been reduced from Medium to Low following an exercise to

reassess the level of risk to which TfN is now exposed, particularly given the mitigations that are in place and the fact that these are largely controllable by TfN.

- *TfN Operations (TCR06)* – The post-mitigation risk level has been reduced from High to Medium. This reflects our mitigation efforts aimed at strengthening TfN’s relationship with the department and the development, the submission of TfN’s Spending Review proposals and the timely permanent recruitment of a new Chief Executive.
- *TfN Compliance with Relevant Laws and Regulations (TCR07)* - The overall level of post mitigation risk for TCR07 has been reduced from Medium to Low following an exercise to reassess the level of risk to which TfN is now exposed.
- The Integrated and Smart Travel programme issue that was previously included in the risk register has been removed. The programme is currently being wound-up.
- *Rail Operations (Franchise Management and Investment) (TCR10)* – The risk description has been amended to reflect the publication of the Williams-Shapps review and the specific matters arising from Manchester Central Corridor and East Coast Mainline timetabling. The overall level of risk associated with rail operations remains Very High.

4. Appendices:

4.1 Appendix 11.1 – 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.		Iain Craven

Environment and Sustainability

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

Legal

Yes	No
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Consideration	Comment	Responsible Officer	Director
Legal	Legal risks to Transport for the North are identified in the Corporate Risk Register and there are no new	Julie Openshaw	Dawn Madin

	legal implications as a result of this report.		
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Finance

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

Resource

Yes	No
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Consideration	Comment	Responsible Officer	Director
Resource	The HR Team has reviewed this report and confirmed the resourcing implications are captured within Risk Register.	Stephen Hipwell	Dawn Madin

Risk

Yes	No
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Consideration	Comment	Responsible Officer	Director
Risk	A full corporate risk assessment activity took place which can be found in Item 11.1.		Iain Craven

Consultation

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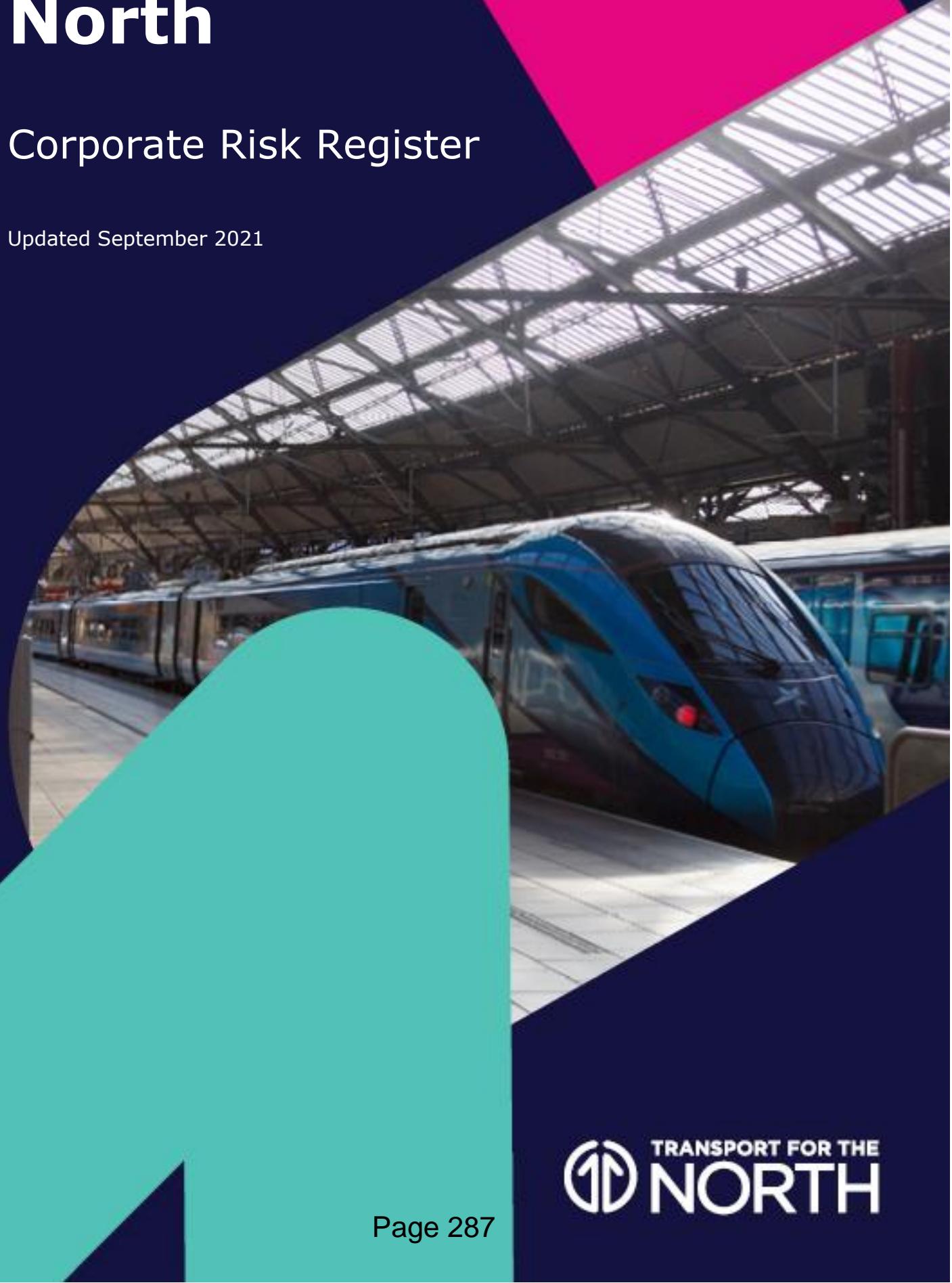
Consideration	Comment	Responsible Officer	Director
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Consultation	A consultation has not been carried out because it is not required for this report.		Iain Craven
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Transport for the North

Corporate Risk Register

Updated September 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 (TCR01)		
Risk Probability		Medium	
Nature of Risk Impact	<p>Business deliverables may not be completed on time if:</p> <ul style="list-style-type: none"> (i) A number of staff within TfN or its supply chain might be affected by Covid-19. (ii) TfN decision making / governance processes might be 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)	Chief Executive (Martin Tugwell)		
Corporate Risk Theme	TfN Reputational and Political Engagement (TCR02)		
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)	Chief Executive / Finance Director (Martin Tugwell / Iain Craven)		
Corporate Risk Theme	Embedding the Strategic Transport Plan (STP) Across Programmes (TCR03)		
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	Low		
Risk/Mitigation Owner(s)	Interim Strategy & Programme Director (Tim Foster)		
Corporate Risk Theme	Delivery of Robust and Compelling Evidence to Support Investment Programmes (TCR04)		
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 (TCR05)		
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			High
Post-Mitigation Impact	Low		
Risk/Mitigation Owner(s)	Interim Strategy & Programme Director (Tim Foster)		
Corporate Risk Theme	TfN Operations (TCR06)		
Risk Probability		Medium	
Nature of Risk Impact	<ul style="list-style-type: none"> (i) The uncertainty regarding the outcome of the impending CSR and delays in the publication of key policy documents could create potential impacts in relation to TfN's ability 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. (ii) Funding reductions may mean that TfN is unable to deliver the full range of its members aspirations. 		
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 (TCR07)		

Risk Probability	Low			
Nature of Risk Impact	(i) Potential reputational impacts with both stakeholders and the public. (ii) Financial impact, including fines or other penalties, for breach of statutory obligations such as Data Protection, Freedom of Information, Employment or Health and Safety legislation. (iii) The ICO may issue a decision notice or the HSE may issue an enforcement notice if it found that TfN was in breach of the legislation. Employees/Ex-Employees may raise employment tribunal claims against TfN.			
Current Risk Impact			High	
Post-Mitigation Impact	Low			
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) (TCR09)			
Risk Probability				Very High
Nature of Risk Impact	(i) Following the agreement that the publication of the Integrated Rail Plan will precede the NPR SOC, further delay in the release of the IPR will delay the submission of the NPR SOC and could affect the future scope of business cases, such as OBC and FBC (ii) The recommendations that might be in 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. (iii) The outcome of the IRP may include conclusions relating to the TRU option selection which ranges from small to larger improvements. There is a lack of engagement between NPR & TRU programmes (i.e., TfN, DfT, NR) which is likely to affect the programme and thus impact on TfN's credibility and reputation with our Partners and the public.			
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) (TCR10)			
Risk Probability				Very High
Nature of Risk Impact	(i) The long-term effect of Covid-19 on the viability of train services and future investment decisions. (ii) 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. (iii) Proposed timetable changes on the East Coast Main Line (ECML) in May 2023 and Manchester in			

	(iv)	December 2022 will have an impact on local connectivity, thereby reducing choice for passengers. TRU fit with the wider investment strategy in the North.	
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 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

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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 number of staff within TfN or its supply chain to be affected by coronavirus, or by steps taken by suppliers to respond to the 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 continues to cause 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 might also impact upon TfN's ability to drive programmes.

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

Risk Trend since Previous Report	Decreased
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Mitigations of Identified Risks, Level of Control and Updates:

Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
a	1, 2, & 4	High	On-going	24/08/21
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, & 4	High	On-going	24/08/21
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, & 4	High	On-going	24/08/21
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, & 4	High	On-going	24/08/21
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.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
e	3	Low	On-going	26/08/21
TfN has made representations to DfT regarding the challenges created by delays to policy announcements and in particular the IRP.				

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 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 risk of 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.

	Current 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					

Risk Trend since Previous Report	Decreased
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Mitigations of Identified Risks, Level of Control and Updates:

Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
a	1 & 3	Medium	On-going	19/08/21
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	19/08/21
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	19/08/21
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	19/06/21
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	19/06/21
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	24/08/21
TfN has undertaken a business planning and budgeting process for FY21/22 that focuses its available resources on key Member priorities. It has also introduced a revised monthly activity review and virement process to help ensure it delivers its business plan.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
g	2	High	On-going	19/08/21
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	On-going	18/08/21
TfN has in place Confidentiality Agreements with Constituent Authorities in relation to Northern Power 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	On-going	19/08/21
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	On-going	19/08/21
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	On-going	19/08/21
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	Low	On-going	19/08/21
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.

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

Risk Trend since Previous Report	No Change
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Mitigations of Identified Risks, Level of Control and Updates:

Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
a	1	High	On-going	20/08/21
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	20/08/21
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	20/08/21
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	On-going	20/08/21
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.

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

Risk Trend since Previous Report	No Change
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Mitigations of Identified Risks, Level of Control and Updates:

Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
a	1	Medium	On-going	23/08/21
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	23/08/21
Programme timescales are being 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	23/08/21
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	23/08/21
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	23/08/21
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 September 2021.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
f	1	High	On-going	23/08/21
The team is undertaking scenario planning for different outcomes of the IRP. Additionally, the team has developed flexible professional services contracts, which can be scaled up and down to meet different levels of NPR resource requirements, thereby, providing a control mechanism to protect TAME's resources that are committed to other programmes.				

Risk ID: TCR05 - Transport Decarbonisation and Climate Change Emergencies

Description of Identified Risks:

- 1) The UK government has set a climate change ambition that the UK will have net zero greenhouse gas emissions by 2050. This is an ambitious target, which moves from the previous government position of 80% reduction. Within the Strategic Transport Plan (STP), TfN has committed to develop a "Pathway to 2050" which has now been developed and is reported within the Decarbonisation Strategy. It outlines how net zero emissions can be delivered within the North and the trajectory for change, with the impact of the Covid-19 pandemic accounted for within our Future Travel Scenarios. The Decarbonisation Strategy has been approved by TfN Board for public consultation during the summer of 2021. Assuming final adoption of the Strategy in late 2021, the Strategy details a number of recommendations, commitments and future activities for TfN. There is potential, due to funding and resource constraints, that TfN falls behind in developing appropriate and timely policy positions, as well as progressing the priority decarbonisation activities identified within the Strategy, leading to a risk that the level of policy commitment at both a national and local level does not materialise and that the North fails to achieve close to zero carbon emission for surface transport by 2045 (the key objective within TfN's Decarbonisation Strategy).
- 2) There is also a related risk that TfN's Investment Programme is misaligned to the agreed Decarbonisation Trajectory and may require review in the light of this.

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.

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

Risk Trend since Previous Report	Decreased
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Mitigations of Identified Risks, Level of Controls and Updates

Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
a	1	High	On-going	23/08/21
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	23/08/21
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	23/08/21
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.

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

Risk Trend since Previous Report	Decreased
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Mitigations of Identified Risks, Level of Control and Updates:

Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
a	1	High	On-going	19/08/21
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	19/08/21
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	19/08/21
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	19/08/21
Due to funding uncertainties beyond 2021/22, TfN has constituted a temporary pause on recruitment on permanent posts. To mitigate the impact on the business, 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 to provide the organisation with the resources it needs to meet its objectives. TfN has communicated to staff the need to continue to deliver the activity set out in the 2021/22 business plan.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
e	2 & 3	High	On-going	19/08/21
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	19/08/21
An emerging leaders' programme is being delivered in the final two quarters of FY 2021/22 to further support leadership capability within the organisation.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
g	1, 2 & 3	High	On-going	19/08/21
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.				

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.

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

Risk Trend since Previous Report	No Change
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Mitigations of Identified Risks, Level of Control and Updates:

Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
a	1	High	On-going	18/08/21
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	18/06/21
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	18/08/21
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	18/08/21
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	18/08/21
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	18/08/21
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	18/08/21
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	18/08/21
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. TfN 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 the submission of the SOC until the IRP is published means that the submission of the SOC remains on hold.

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. Despite TfN's efforts in support of achieving a July 2021 publication, no further update has been provided by DfT on the publication date. The IRP and its conclusions carry some additional risks:
 - (a) The conclusions of the 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 proposed 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 goes 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, there is a risk of lack of engagement between NPR & TRU programmes

(i.e., TfN, DfT, NR) which might affect the programme and thus 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 development of the SOC as well as the future scope of business cases (for instance – OBC and FBC) on NPR.
- The network that emerges may not be aligned with TfN's preferred network as advised to DfT.
- The outcome of the IRP may influence the NPR programme, the timing of submission of SOC, the next sequence of delivery and the OBC.
- The continued delay of the IRP publication and the possible impact it could have on co-client's ability to make long term programme decisions, might affect the achievability of the Member endorsed phasing scenario. In addition, it could affect TfN's ability to exploit delivery opportunities across the industry.
- This may cause delays to proposed programme activity for 2021/22, including the impacts of commissioning and mobilising programme teams
- There is a risk lack of engagement between NPR & TRU programmes (i.e., TfN, DfT, NR) which might affect the programme and, thus impact on TfN's credibility and reputation with our Partners and the public.

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

Risk Trend since Previous Report	Increased
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Mitigations of Identified Risks, Level of Control and Updates:

Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
a	1	Medium	On-going	17/08/21
Integrated Rail Plan Mitigation: TfN to continue to liaise with DfT to seek information regarding the publication date. A dedicated team has been established within the NPR Programme to review and respond to the IRP once available. Following the publication of the IRP, an assessment exercise is to take place on how the conclusions of the IRP differs to those presented in the SOC and how acceptable they might be to Partners. In addition, the team will ensure that there is robust Partner engagement to support the understanding and positioning of the IRP and what it means for the Strategic Outline Case.				
b	2	Medium	On-going	17/08/21
Co-client agreement of 2021/22 Scope Mitigation: A Scope activity paper was submitted to NPR Programme Board in February 2021 for endorsement to proceed on the majority of scope activities. Discussions are continuing on areas impacted by the IRP, including Liverpool - Manchester and Manchester – Leeds.				
c	3	Medium	On-going	17/08/21
TRU Integration: A TRU-integration working group has been created at a working level to make sure appropriate discussion / agreement is taking place. An initial meeting was held with Network Rail in August 2021 to discuss the way forward on knowledge sharing between TfN and Network Rail. Subsequently, these sessions are intended to become monthly meetings to allow for more collaboration on key infrastructure. In addition, it is also intended that senior TfN officers (NPR Programme Director, Tim Wood and/or Strategic Rail Director, David Hoggarth) will attend regular TRU oversight and TRU Programme Board meetings. These planned measures will enable discussions to take place at working and strategic levels, ensuring areas of interest are sufficiently communicated and understood by the organisations involved (TfN, DfT and NR).				

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, combined with the capacity of the current infrastructure, have created or exacerbated the following risks:

- (1) **The long-term effect of Covid-19 on the viability of train services and future investment decisions.** The impact of the pandemic on travel is likely to continue to affect the time it will take for the industry to recover to pre-Covid-19 levels. 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.
- (2) **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.** 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).
- (3) **Proposed timetable changes on the East Coast Main Line (ECML) in May 2023 and Manchester in December 2022 will have an impact on local connectivity, thereby reducing choice for passengers.** On the ECML, there is a risk of reduction in East-West connectivity to facilitate an additional North-South service from Newcastle to London. Furthermore, and in relation to Manchester, a new timetable is likely to reduce services to improve performance on the routes through Manchester putting pressure on some services and stopping patterns as there is currently no commitment to infrastructure works to restore services in the future. Initial ECML timetable delivery date has been postponed from May 2022 to at last May 2023.
- (4) **TRU fit with the wider investment strategy in the North.** There is a risk that the IRP reopens discussion on existing government commitments to the main 'building blocks' including both legs of HS2 Phase 2b, NPR and TRU.

Impacts of Identified Risks:

- Low passenger numbers post-Covid could reduce the viability of some existing services.
- Less investment in services and infrastructure as a result of weaker business cases.
- 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.
- 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 (although this also represents an opportunity for TfN to make a case for further involvement in the management of the rail network).
- Timetable amendments to address capacity issues could result in a decline in services to some areas.

- Failure to integrate investment programmes could affect TfN's reputation by impacting on a significant part of its rail transformational programmes and the delivery of the Strategic Transport Plan.

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

Risk Trend since Previous Report	Decreased
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Mitigations of Identified Risks, Controls and Updates:

Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
a	1	Medium	On-going	15/09/21
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 rebuild passenger confidence.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
b	1	Medium	On-going	15/09/21
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	Medium	On-going	15/09/21
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	15/09/21
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	Medium	On-going	15/09/21
Following the implementation of the Blake Jones action plan, continue 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	2	Medium	On-going	15/09/21
TfN, through its role on the RNP, continues to engage with the DfT at the highest level. TfN has appointed a consultant to respond to the White Paper and put forward the role TfN can play in GBR in the future. This paper goes to TfN Board on 29 September for endorsement as the agreed position.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
g	3	Low	On-going	15/09/21
In their consultation response for the ECML, TfN working with Partners has outlined to Operators and the Department the key concerns of the regions. TfN has appointed a consultant to explore how regional services that would be lost can be restored on ECML. To support this TAME has been commissioned to produce economic impacts of the timetable change on the ECML.				

Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
h	3	High	On-going	15/09/21
A collaboration between DfT and TfN to develop a roadmap of investment to support further capacity on the ECML will be established. Likewise, regarding Manchester, collaborative work continues with DfT to underpin a roadmap linking infrastructure to future service development.				
Mitigation #	Risk Factors	Control Level	Status of Mitigation	Updated
i	3	Medium	On-going	15/09/21
Strategic Rail, Strategy & Programmes, and NPR to continue to work together to identify potential integration between TRU, NPR and HS2 and understand how they best interface with other's programmes across the North (Manchester, Leeds/Sheffield/York etc).				

Note: The post-mitigation risk assessment in Table 1 is rated Very High (VH) following the adoption of some of the identified mitigations. This is the same rating as the current risk assessment as TfN does not have the full range of levers within its current powers and responsibilities to implement the mitigations that is, in order to effectively carry out the mitigations. The avoidance and reduction of the assessed impacts are contingent on partners and members taking further actions.

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